

THE FIVE FUNDAMENTALS of EFFECTIVE SALES MANAGEMENT

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Presented by

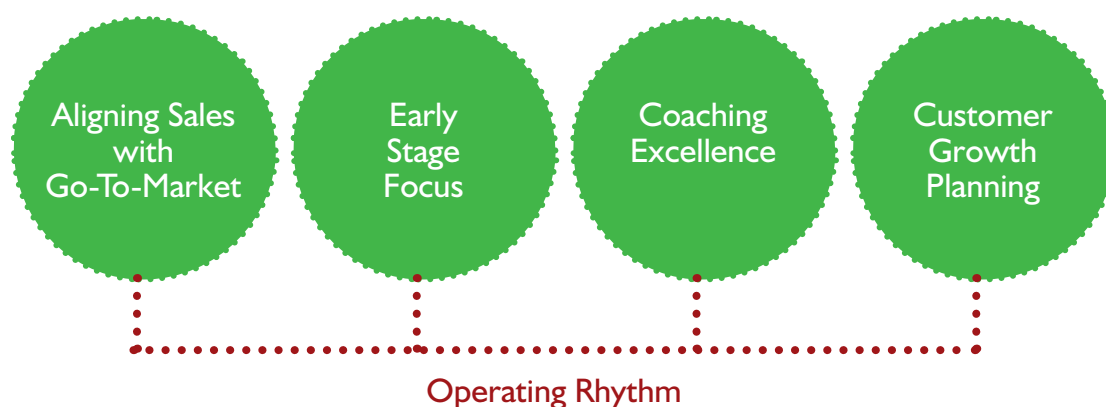


“Five Fundamentals of Effective Sales Management”

Tom Landry, the legendary football coach, once remarked, “The secret to winning is constant, consistent management,” which is a perfect summation of what it takes not only to win Super Bowls but also to manage a winning sales team. The key for sales leaders lies in constantly focusing on those activities where they can provide clarity for sales people, coach and improve their skills, and add value to their opportunities and accounts, and doing all of this consistently within a predictable framework.

(Please note throughout this whitepaper, the term “sales leader” applies to anyone in a sales management position from front line sales manager to Chief Sales Officer)

To achieve this there are five fundamental management activities that effective sales leaders leverage to build and maintain successful, winning sales teams. These activities include a careful alignment with the organization’s Go-To-Market strategy, a deliberate focus on early stage pipeline opportunities, a dedication to coaching, and a deliberate approach to account growth, all underpinned by a carefully designed and rigorously adhered to operating rhythm.



Knowing Where to Focus - One of the greatest challenges with any management position is knowing where to focus and how to avoid constant fire fighting. In sales leadership, this is perhaps even more acute due to the inherently dynamic nature of sales. Under pressure to deliver revenue, sales leaders will often migrate towards the latter stages of the sales process believing that helping to get deals over the line is the best use of their time. They do not appear to realize that by doing so they are often implicitly endorsing poor selling practices. The frenetic end of the sales cycle is the habitat of the ineffective sales leader. Here, it is too late to align or qualify the opportunity appropriately, and there is little time and few opportunities to coach. Here also, the pace and activities are dictated by the opportunity rather than any operating rhythm.

Focusing on the five fundamentals of effective sales management, on the other hand, places control firmly back in the hands of the sales leader, and provides him or her with a blueprint for ensuring that sales people focus on the right opportunities, qualifying them properly, while they as sales leaders are consistently adding value to the sales process and coaching their sales people. Some of the benefits of this approach include the following:

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- Sales people aligned with the organization's Go-To-Market strategy
- Sales people being able to identify and properly qualify the right opportunities and target customers
- Increased forecast accuracy and pipeline velocity
- Account growth
- Increased skill levels and effectiveness of sales team
- Predictable and efficient processes
- Increased effectiveness of the sales leader

ALIGNING SALES WITH GO-TO-MARKET STRATEGY

Where Strategy and the Market Intersect - There has been a lot written recently about Sales and Marketing collaboration, much of it focused on how both groups can work together to produce better, more effective collateral and tools for the sales organization. All of this is good, however, there is a fundamental step that needs to take place first, and that is for the leaders of the sales organization, be they executives or frontline sales managers, to sit down with marketing and other relevant groups to review the company's Go-To-Market strategy. Why is this fundamentally important? Simply put, the GTM should be the source from which Sales, Marketing and every other function in the organization draw their understanding about the value proposition, how the products/services are positioned, and most importantly, who their target customers are and what common characteristics they share. The Sales Manager plays a pivotal role because he or she is ultimately the point at which strategy directly intersects with the market.

The effective sales manager uses the Go-To-Market strategy as the foundation for deliberate and informed decision making. It forms the basis of their sales strategy, including:

- Working with each of their sales people to target the right profile of customer
- Ensuring that prospecting plans are leveraging the right value proposition, messaging and positioning
- Properly qualifying opportunities early in the sales cycles to ensure they meet the right target customer profile
- Collaborating with Support and Implementation teams to appropriately resource and support the right opportunities

Assessing the Health of your Pipeline - The effective sales manager then continues to use the Go-To-Market strategy as an ongoing rubric by which to assess the health of the pipeline and how effective their sales people are at filling it with the right profile of opportunity. It is through this constant reinforcement that sales people become attuned to the strategy and use it to actively manage their own pipelines and books of business. Once this happens the organization has achieved a level of alignment with its target customers and the market that can have a significant economic impact on the organization in terms of better-aligned customers, higher margins and more efficient resource management.

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Absent a process of coming together to agree to all of this, the Sales Manager is often left to interpret how best to approach the market which may result in them opportunistically targeting a broader range of customers rather than those ideally suited to the company's offerings. This can result in a whole host of issues that eat into margins and resources, such as products/services being “adapted” to meet the needs of misaligned customers or custom and one-off products being produced for individual customers creating a sales culture of “any business being good business”.

HAVING AN EARLY-STAGE FOCUS

Early Stage vs. Super-Closer - Effective sales managers understand where they should invest most of their time and where they bring the greatest value to both individual sales people and the organization itself. It is not, as is so often the case, in being the “super closer” parachuting in at the end of a sales cycle to rescue a deal or push it over the line; rather it is at the other end of the sales cycle completely.

It will become clear why this is the case once we spend a moment examining that in fact the “super closer” approach to sales management is an admission that there has been no effective management during the earlier phases of the sales cycle. The need for a sales manager to take a hands-on, almost crisis management role late in a sales cycle can usually be traced to a series of missteps earlier in the sales cycle. The type of missteps the effective sales manager avoids because they are watching for them when the opportunity is in its earliest stages.

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Take for example, a less than rigorous exploration of the needs of the customer on behalf of the sales person leading to them making some assumptions. An effective sales manager would coach and send the sales person back to do additional discovery work with the potential customer before allowing the opportunity to progress. The ineffective sales manager, on the other hand, busy firefighting late stage opportunities, is more likely to decide that they will focus on the opportunity when it is a little further into the sales process and take at face value the assumptions being made. This almost guarantees that the sales manager will indeed be interacting with the opportunity later in the sales cycle as they try to rescue a clearly misaligned customer.

Another example is solutions being offered too early in the sales cycle, which can either stall an opportunity because the customer was not ready to be presented with a solution or it misses the chance to expand the solution and create greater value. Either way the ineffective, fire-fighting, super-closer sales manager is simply creating more problems for themselves by allowing these poor sales practices continue.

There Are No Short-Cuts to Good Selling - All of this leads to a sales culture of short cuts and bad selling habits that result in the early stages of the pipeline being stuffed with ill-qualified opportunities. This in turn wastes valuable resources, inflates the pipeline, and sends win/loss ratios into a spiral. It becomes the classic numbers game. The sales manager is now so reliant on that smaller number of opportunities that make it to the latter stages of the pipeline that they have to invest all of their time here. This is where discounting rears its ugly head, and sweeteners are thrown in or last minute customizations are promised, all of which are compensating for the lack of rigor and oversight earlier in the process.

“The effective sales manager understands that while there will always be times when their help is required with late stage opportunities, their job is to ensure that this is kept to a minimum because of all the preparation work done during the early stages.”

To begin with (as mentioned in the first of the fundamentals of effective sales management), the sales manager plays a pivotal role in ensuring that the Go-To-Market strategy flows through the sales organization and out into the market. One of the biggest areas of impact is in opportunity selection. Every new opportunity that is either uncovered by a sales person or comes into the lead queue by some other route is immediately scrutinized by the sales manager to see how many of the characteristics of the ideal customer/opportunity it appears to have. Having a set cadence for doing these kind of reviews with new opportunities achieves two important objectives; firstly, it keeps the front end of the pipeline lean and uncluttered by speculative opportunities, and secondly, it teaches the sales person that they need to qualify opportunities more rigorously themselves before they introduce them for review by the sales manager. Over time, sales people putting more rigor into qualifying their own opportunities reduces the level of oversight the manager needs to apply, freeing them up for other high value activities such as coaching and mentoring.

Once a new opportunity is properly qualified, the effective sales manager will then work with the sales person on a strategy for the opportunity, including:

- Brainstorming different approaches to the opportunity;
- Looking for where the opportunity might be expanded to include more products/services;
- Identifying possible roadblock and pitfalls;
- Helping to map the key players within the customer's organization and what role they will play;

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Investing this time and focus at the beginning of a sales cycle ensures that the opportunities that progress are well qualified and have a greater than average chance of closing. This in turn increases forecast accuracy and pipeline velocity, which again is where effective sales managers distinguish themselves.

Effective Resource Management - Another benefit of this rigorous early-stage focus is that even if an opportunity makes it through the initial review phase and enters the pipeline, the effective sales manager will continue to scrutinize its progress closely during the early stages. This allows the sales manager to quickly identify whether the opportunity is progressing sufficiently and that the sales person is gaining the right level of contact or movement. If the effective sales manager does not see the requisite level of progress, this presents an opportunity to work with the sales person on some remedial steps (something which is much harder to do later in a sales cycle). The manager also has the chance to either de-prioritize or remove the opportunity from the pipeline altogether if he or she decides that the opportunity is not worth the investment of time and resources.

Such decisive action early in the sales cycle is critically important to successful resource management as well as pipeline accuracy. Given that it is always better to over-resource your best opportunities and that one of the biggest (often hidden) costs in any organization is the amount of time and resources invested in deals that are subsequently lost, resource management is an important part of the effective sales manager's job.

Effective sales managers who deliberately invest their time and focus at the front end of the sales cycle produce the following results:

- More effective sales people who are better at identifying and qualifying the right opportunities
- Achieve better forecast accuracy due to the pipeline being populated with opportunities that have a better than average chance of closing
- Reduce opportunity cost by not investing resources and time in opportunities that should not be in the pipeline
- Have more time to invest in coaching and mentoring sales people
- Ensure that the organization's go-to-market strategy is executed against in the market place

COACHING EXCELLENCE

As is the case in sports, music, dance, and other disciplines that require ongoing commitment and hard work, coaching is a key enabler to great performance in professional sales.

Coaching isn't easy, and not everyone can or should be a coach. Coaching, whether you are the recipient or the provider, requires patience, self-awareness, humility, and a desire for improvement that exceeds one's desire to maintain the status quo. Coaching can be intimidating, even scary for some. A productive coaching relationship requires that there be a “safe zone” between the coach and the performer, a certain level of mutual trust that enables the sort of candid feedback and commitment to action required for positive, intentional change in performance.

Coaching in professional sales comes with certain challenges, some which are universal and cross-disciplinary and some that are very specific to the task of coaching sales people.

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Avoiding the temptation to sell for the sales person – One of the greatest temptations for professional sales coaches is to step in and take over, to demonstrate what great looks like while the salesperson observes. The obvious downside of succumbing to this temptation is that it violates the “safe zone” principle, demonstrating to the salesperson that the coach does not trust him or her to do the job. It also sends a strong message to the salesperson about the value of coaching. Put simply, the salesperson concludes that there is no value in the “coaching” they’ve received when the coach does all the work. **Doing the selling for the sales person de-credentials the salesperson, and it doesn’t really teach anything, other than expose the reality that the coach doesn’t actually understand what great coaching looks like.**

If you have arranged with a salesperson to participate in a sales call as a coach, then sit back, be quiet, and observe. Otherwise, you are not coaching... you’re selling.

Focusing on Planning, Execution, and Outcomes – One of the more challenging commitments to which one must live up as a sales coach is to maintain a consistent rhythm with those you are coaching. That consistent rhythm is relatively simple to define which implies that it is simple to execute. Not so. Factor in the normal distractions, customer related issues, and other responsibilities facing a sales manager on a day-to-day basis, and one will begin to understand why it can be so difficult to maintain the following, simple rhythm:

- Plan with the salesperson. Whether you are planning an upcoming call, planning a competitive strategy to win a piece of new business, or planning a key account strategy, supporting a salesperson by simply being there while he or she is planning can reap huge rewards.
- Observe. When the situation is right, observing a salesperson as he or she executes the call you’ve planned or the strategy you’ve hatched together can provide extremely valuable insight into how to improve performance. Is it possible to coach without observing people in action? Certainly. The feedback a coach is able to offer after observing someone in action, however, can be more specific, more targeted to the real needs of the person being coached, and generally more valuable to the sales person (assuming feedback is delivered in an effective way. We’ll get to that later.)
- Review the outcome. What better way is there to measure the effectiveness of a plan and its execution than to look at its outcome? This is what the most effective sales managers do. They ask questions like the ones below to ensure ongoing focus on achieving important outcomes with customers and to create helpful insights for the sales person.

“Did we achieve the outcome we wanted?”

“Why or why not?”

“What is the next outcome we seek to achieve?”

“How can we ensure that we are able to achieve that outcome?”

Reinforcing Skills and Role-Playing – Have you ever played a round of golf without first visiting the driving range or the practice green? Have you ever participated in a recital without warming up or walking through your music or your steps?

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How did that work out for you?

In a similar way, professional selling without regular practice, reinforcement, and live walk-throughs or role-playing leaves a seller unprepared to perform at his or her best. Part of the role of a coach is to ensure that sellers have opportunities to practice and reinforce their skills, preferably in the context of the real-world opportunities that they address on the job. But how many sales managers actually create an environment where role-playing, practice, and reinforcement are a normal and required element of doing the job of professional selling? In our experience, the answer is, “Not nearly enough.” Skill reinforcement and role-playing are often sidelined by events...overtaken by the day-to-day tasks and reactivity that is often a part of selling.

Consider the value of good practice time on your performance or the performance of your team. Commit to practice and reinforcement, and do so within the context of real-world scenarios. Consider what role coaching can play while your team is practicing.

Take a look at your calendar right now and identify the periods in which you can carve out some time for practice. How much time can you find in any given week? An hour? Several hours?

Coaching versus Selling - From the following list, consider which elements relate to “coaching” and which ones relate to “selling”:

- Planning
- Helping another party to draw conclusions about problems or opportunities they should address (and the impact / cost of doing nothing)
- Proposing actions that will help the other party to achieve a positive outcome
- Obtaining commitment from the other party to take action
- Following up to ensure action was taken and progress is being made toward the desired outcome

Did you find it difficult to separate the “coaching” tasks from “selling” tasks? Why do you think that is?

In the end, Coaching is Selling. Which brings us to our last point related to coaching, for now. Put yourself in a salesperson's shoes for a moment. You've just finished a call with a prospective client, and your coach was there to observe your performance. You're a little bit nervous about what she is about to say, but you are open to her coaching because she was a superstar salesperson in her own right.

You hear something like this, “Good job on that call. I think that went well. There are a few opportunities that you missed during the course of the discussion, and I've jotted them down here in some notes that I am happy to give you. The next time around, I'd like you to ask some different types of questions to get the customer to open up some more. I think there is more to the story than what the customer revealed to us today.”

Let's assume that feedback is mostly on target and that your coach has it mostly right.

What conclusions did your coach allow you to draw about your own performance? What questions did she ask you to help you see where there might have been some missed opportunities during the call? How committed are you to changing your approach to similar calls in the future?

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We’ve used this simple and real-world example to illustrate the point that the “push” style of communication is no more effective in coaching than it is in selling. The coach in our example delivered information that probably would be useful if the salesperson fully committed to applying it, but in the end, the coach’s choice to push versus pull the salesperson toward a few, simple conclusions greatly diminished the value of her coaching. How much more impact could the sales manager in our example have made on the performance of her salesperson if she applied “pull” strategy to the discussion? *“A coach is someone who can give correction without causing resentment.” – John Wooden*

CUSTOMER GROWTH PLANNING

Account planning in many organizations tends to be an annual or otherwise infrequent, periodic process by which management extracts somewhat useful information from the sales force about key customer relationships. Once that information is extracted, sales management plays little to no role in helping that account plan to succeed. Sales people derive some value but not very much from the process.

In the most effective sales organizations, account planning is a more frequent and more valuable process by which sales teams develop and launch effective strategies for growth, based on their ability to address issues and opportunities that are strategically important to their customer. Management plays the role of facilitator and thought partner, and they establish and maintain focus on more than just the first or immediate sale but on the overall growth of the customer relationship.

Turning opportunities into strategic accounts – Sales managers can be instrumental in helping sales teams turn individual “opportunities” into strategic and highly valuable relationships with entire customer organizations. They can do so by helping salespeople think about important customer problems that are not being adequately addressed, the big opportunities that customers are missing, and the various and unexpected ways in which their firm can help customers achieve success.

Sometimes, a sales manager can create massive value for sales people simply by helping them to connect the dots between certain strategically important customer problems and the capabilities that they can bring to bear for the customer. In a sense, they can help salespeople to step far enough back from the trees to see the forest in front of them. They can help salespeople to see the “big picture” and to plot a strategy that will help their customer to achieve big success.



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Assembling account teams – Similar to the point made earlier regarding establishing a cadence or an operating rhythm for a sales team, a manager can be instrumental in the successful growth of a customer relationship simply by ensuring that the right resources (people) are in place to achieve that growth. In a sense, helping to assemble an account team that has what it takes (i.e. the know-how, the experience, the capability, clarity on the GTM) to develop a long-term relationship with a customer may be one of the most important things a manager can do.

For example, as mentioned earlier the sales leader plays a pivotal role in bringing the organization's Go-To-Market strategy alive in the market but equally they play a critical role in bringing customer insights back into the organization to influence the ongoing evolution of the GTM. This cannot be achieved without the sales leader spending time analyzing customer accounts and helping uncover wider needs within those accounts.

Ensuring that the right resources are in place to ensure account growth is an ongoing task rather than a one-time event, and the most effective managers today are in the habit of evaluating account team assignments on a regular basis. From there, setting account growth goals, regularly reviewing account teams' progress toward those goals, holding teams accountable to their plans, and creating insight for those teams along the way are vital elements of the effective sales manager's job.

ESTABLISHING A FORMAL OPERATING RHYTHM / CADENCE

We've seen so many organizations make a verbal commitment to change without actually changing anything in their daily routines. Every great performing sales organization with which we've worked has put that commitment into practice and altered their operating rhythm or cadence to enable positive changes to take hold. A sales team that follows a set rhythm, in which it focuses deliberately on what is ultimately most important, and does not stray from that rhythm, is going to be a successful team.

In the absence of a well-thought out cadence that spans from the top ranks of the organization down to field sales people, things such as early-stage opportunity planning, call planning, and proper focus on what is important to customers will predictably fall by the way-side.

Think about it. How many organizations do you know that have made a commitment to be more customer-focused or more intent on creating and delivering customer value? We imagine quite a few. How many of those organizations have actually mandated that their leaders, their middle managers, and their field force adapt their calendars and change their daily routines to reflect that customer focus? How many of them require that their people get together on a regular basis to identify ways to create more value for customers in the way that they sell and engage? We bet the answer is, “Not many.”

“ In the end, the lack of a proper cadence boils down to a problem of management. **Managers who do not set the tone for their teams by establishing a cadence whereby they focus on the right things with the right frequency are doomed to patchy performance at best and at worst...failure.** Will you choose to establish a cadence for your team or not? ”

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Conclusion:

Now that you have been introduced to the Five Fundamentals of Effective Sales Management, the next step is to implement them within your sales organization or team. To help you with this process, we have included an action plan with defined activities. The only thing we ask in return is that you provide us with feedback on how this works for you and your team (email us at: jgolden@focused-revenue.com and matt@usr-llc.com)

Action Plan:

1. Review your organization's Go-To-Market Strategy with your sales team.
 - a. Make sure they have a uniform understanding of the Go-To-Market proposition and can articulate it;
 - b. Identify the 5 to 7 key characteristics of the ideal target customer/opportunity;
 - c. Instruct your sales team to review all of their current early-stage opportunities to see how many of these key characteristics are present.
2. Conduct an audit of all early stage opportunities.
 - a. Formally review all the current early-stage opportunities with your sales team;
 - b. Remove from the pipeline or suspend (pending further qualification) any opportunities where a sufficient number of key characteristics have not been identified
 - c. Brainstorm ways of expanding or creating additional value in those opportunities where a majority of the key characteristics are present.
3. Commit to Coaching.
 - a. During your review of the GTM and your early stage pipeline audit, find coachable moments to reintroduce it into the culture;
 - b. Draw up a list of behaviors (keep it to no more than three or four) that you want to instill into your sales people and coach consistently until they become embedded.
4. Customer Growth Planning.
 - a. Identify a small number of accounts per sales rep that appear to have growth potential;
 - b. Set aside time on your calendar to do regular (say quarterly) planning sessions with the reps on their individual accounts;
 - c. Set growth targets for each of the accounts and review during quarterly sessions.
5. Establish an Operating Rhythm:
 - a. Meet with your team to discuss what will be required of the entire team to ensure the business outcome you seek to achieve;
 - b. Identify high priority discussions / meetings that the team must incorporate into its schedule going forward;
 - c. Identify discussions / meetings that the team may be having right now that are no longer of high value to the team or its customers;
 - d. Commit to an operating rhythm with your team that ensures focus on high priority / high value items (e.g. early-stage opportunities, strategic account planning) at the right times and the right frequency.
 - e. Agree to treat important meetings (i.e. opportunity reviews, pipeline meetings, account planning sessions) as if they were important customer meetings. Do not cancel them. Try not to reschedule them.
 - f. Stay true to the rhythm you agree to with your team.

John Golden

John Golden is the Amazon Best Selling Author of "Winning the Battle for Sales: Lessons on Closing Every Deal from the World's Greatest Military Victories" and has recently published his second book "Social Upheaval: How to Win at Social Selling".

A globally acknowledged thought leader, John, has a passion for small to medium businesses, especially in helping unlock the advantages they can hold over larger organizations in terms of focus, agility and speed of execution.

He previously held the position of President & CEO of Huthwaite, the creators of SPIN Selling, where he achieved the highest revenue, operating profit and margins in the company's long history. The average operating profit margins of 20+% achieved during his five-year tenure compared with a 10% average margin during the 10 years previous to his arrival.

Likewise as President & CEO of Omega Performance, Golden achieved operating profit margins of 20+% during his three-year tenure compared with a 14% average during the prior 5 years.

Drawing on his time successfully running small-to-medium businesses and business units, as well as interacting with a multitude of diverse organizations across the globe, Golden has developed a framework for how to identify and target 7 levers that can deliver revenue and margin growth. He founded Focused Revenue Results to help other small and mid-market businesses achieve their goals and unlock their growth potential.

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Focused Revenue Results



Matt McDarby

Matt is the President of United Sales Resources, a professional sales firm that helps small to medium sized companies to win new business. In addition to leading USR's sales effort, he runs the company's central sales performance office, providing support and coaching to USR staff and customers.

Prior to founding USR, Matt served as the Vice President of Enterprise Sales for Huthwaite, the creators of SPIN Selling, where he was also the company's top producing salesperson. Before joining Huthwaite, he worked in sales, sales management, and consulting roles in the technology and professional services industries in the New York City and Washington, DC metropolitan areas.

Matt has personally coached several hundred sales leaders from a wide range of industries, helping them to plan and execute strategies to win new business and create value for their clients. He is the author of several white papers on the topic of sales and sales leadership excellence and the lead researcher and developer of the "Total Customer Strategy" methodology for key account sales.

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