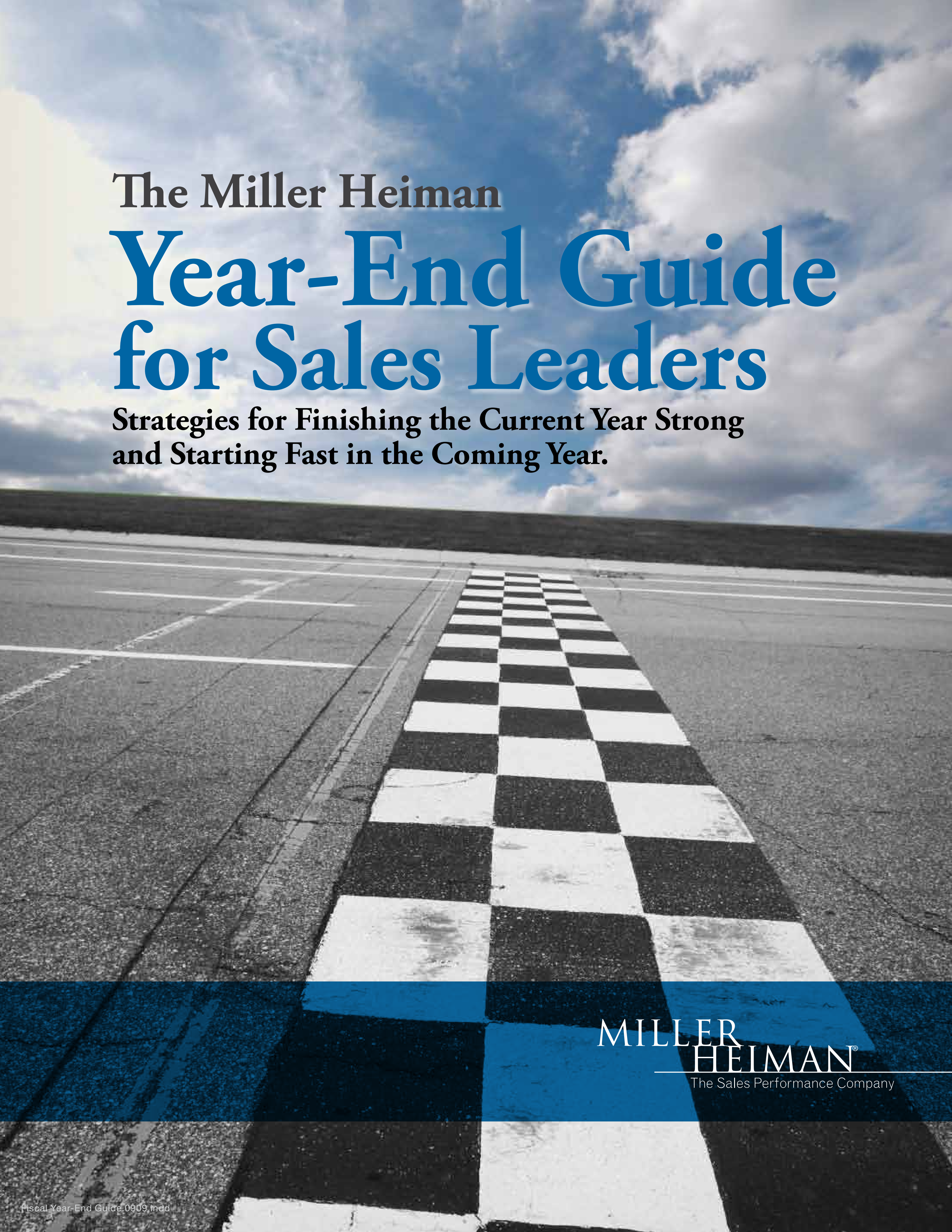

The Miller Heiman

Year-End Guide for Sales Leaders

Strategies for Finishing the Current Year Strong and Starting Fast in the Coming Year.

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The Sales Performance Company

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Optimizing Opportunities

Strategic Planning and Sales Growth

Opportunity Management

Appendix

Optimizing Opportunities

Seven Essential Steps to Help You Hit Year-End Numbers

Article Highlights:

- Focusing on quality rather than quantity
- Determining which deals are likely to close by year-end
- Knowing the business issues that key customers want to address
- Aligning your sales process with customers buying processes
- Involving and engaging your salespeople
- Assessing the value you are providing your best customers

It's the third quarter. For most sales executives, panic mode has set in so that they now pound on their teams to close as many deals as possible to achieve sales goals.

This may not be the best approach to achieve sales goals. In fact, it may hurt the company in the long run. Sam Reese, president and CEO of Miller Heiman, writes why this time of year is the best time to focus on two things: 1) prioritizing resources, and 2) staying focused on customers. He offers seven steps that can help you achieve both these goals—and, as a result, move toward hitting your milestones when the year comes to a close.

Seven Essential Steps

The way I see it, the real end-of-the-year push starts in the third quarter. I remember competing in races consisting of quarter-mile laps, and the key to being a world-class miler lies in the third lap. That third lap puts you in a position to win. That's where you build the momentum you need to come out ahead in the fourth. The same strategy holds true for selling—and managing and motivating a sales team—through the end of the year: Start gearing up now to guarantee a strong finish. This is the time to prioritize.

Just as important, this is the time to stay focused on the customer.

Following are seven steps to help you achieve both those goals—and, as a result, move toward hitting your milestones when the year comes to a close.

1. Identify and Prioritize Your Best Opportunities.

Too many sales executives make the mistake of giving in to their natural sense of urgency as the fourth quarter approaches, insisting that their staff try to close as many deals as possible before the year ends. Focusing on quality, rather than quantity, is a far more effective approach.

Sales organizations have to be especially careful about how they allocate their resources at this time. They need to make sure their salespeople are spending the right amount of time on the right deals.

That determination requires taking a systematic and collaborative approach to identifying the best opportunities, starting with the ones already in your sales funnel. Focus on those closest to your "sweet spot"—that is, the ones that best match your company's target audience and your capabilities for delivering exactly what those customers need.

Then estimate the likelihood of closing each important deal by year's end. You need to really understand what's happening with your high-priority deals. Take a look at where each of those deals is today and what you need to do to advance it.

Working with facts rather than gut feelings, estimate the odds of closing the most promising deals by year's end.

For any given opportunity, is the likelihood 50 percent? Seventy-five percent? Ninety-five percent? Making such determinations will help you pinpoint the high-priority opportunities and set the strategy to move them forward.

2. Know the Business Issues that Key Customers Want to Address.

Examine each deal not only from your own perspective, but from your customer's point of view. Figure out how urgent their issue is to them. You really can't prioritize an existing opportunity if you don't know the client's concept—what they're trying to fix, accomplish or avoid.

In fact, trying to move ahead without this knowledge is a common mistake, especially during the year-end push. Salespeople sometimes push too hard too early, trying to close the deal while the customer is still trying to figure out the problem. You have to address that issue first. You need to understand what exactly they're trying to do and why. If you can't quickly articulate the business issue they're trying to address, you aren't ready to close the deal.

If you're trying to close customers when they still don't know exactly what their problem is, it creates a big sense of dissonance. In other words, you might get the short-term gain of a quick sale, but possibly at the expense of future opportunities with that particular customer.

3. Align Your Sales Process with Your Clients' Buying Processes.

It's also important to understand each client's decision-making process—who's involved, who the key stakeholders are and who makes the final call. With that information, you can understand the specific obstacles you're facing, and you can figure out the specific actions you need to take to overcome them. Then you can craft a plan to move the deal forward—again, focusing on the customer's desired business results rather than your own.

In the long run, trying to "jam" through a deal won't benefit you or the customer. Don't short-cut the sales process in attempts to expedite things. The sales process and the client's buying process have to stay in alignment. If you lose the deal today, it also falls out of the pipeline for the future.

4. Always Be Creating.

It's important to prospect for and develop new business throughout the second half, as opposed to just pushing through existing opportunities in hopes of hitting great year-end numbers. You still need to build a robust pipeline to next year.

That may seem like common sense, but it's not all that common. Most people nod their heads and say, "Of course, we do that"—but few really do it. The rationale: People assume that if they don't close in the fourth quarter, the business will spill over into the following year and they'll have the whole first quarter to catch up. No wonder the second and third quarters are often weak.

Change the old sales cliché "ABC" from "Always Be Closing" to "Always Be Creating." Regardless of the time of year, all sales team members should constantly spend time working on new opportunities and relationships.

Develop some programs to keep the prospects growing. Such initiatives aren't necessarily formal, complex or time-consuming. They can be so simple. Just encourage people to schedule a little time specifically for identifying new opportunities—even just two hours a week. Then make sure sales managers have good systems in place for talking about those efforts—not necessarily official reports, but regularly-scheduled discussions about how and when to proceed.

5. Remember Your Existing Customers.

Everyone knows that it takes far more time and energy to develop a new customer than to keep one you've already got. But it's surprising how often salespeople forget that in their dash to the fourth-quarter finish line.

People often get so busy with new deals that they forget about their largest existing customers. But it's very important to remember your biggest clients as you push toward the end of the year.

Why bother, if they're already your best customers? As you continue to strengthen those relationships, other opportunities will start to emerge. Meanwhile, letting your biggest clients coast puts those relationships at risk.

For those reasons, sales organizations should constantly assess the value they're providing to their best clients. That way, they can suggest additional solutions that solve those clients' problems or help them achieve their goals. When you do that, you become a trusted advisor rather than just a provider of goods or services—and that's likely to pay off with even more business.

One way to gain deeper knowledge about your best clients: Collaborate with colleagues in other departments who also deal with them. They can help you develop comprehensive profiles of those accounts that will, in turn, let you get a better handle on what those customers need—perhaps even before the customers know themselves.

6. Involve and Engage Your Salespeople.

In discussing how managers can keep their employees growing as they push toward the fourth quarter, there are three key sales process categories:

- Identifying and creating opportunities
- Pursuing existing opportunities
- Managing important relationships

At one time or another, everyone on the sales team should get experience with all those processes. Rather than risk having people become stagnant or too specialized, let them spread their wings: Mixing up those activities from time to time will create freshness and prompt some creative new thinking.

7. Rekindle the Passion.

Contests, bonuses and other incentives are time-honored traditions for motivating salespeople. However, all too often, such activities fall under the heading of "hygiene factors"—that is, they're nice to have and may even work to some extent. But such short-term initiatives aren't the most effective way to generate long-term momentum and drive results.

Instead, tap into salespeople's core values to remind them what about the profession excites them: helping customers solve problems and achieve, even exceed, their goals.

Salespeople need to get back the passion for what they do, and for understanding what their clients are trying to do and how they can help them.

I meet with my own sales vice presidents regularly. The only thing on the agenda, all we talk about, is their customers. I want to know everything about their customers: What are they using us for? Why are they excited about doing business with us? Who else like them might want to do business with us, too?

Such discussions should go a long way toward firing up any good sales team: After all, if you can't get excited about answering those kinds of questions, you're probably in the wrong business.

By Sam Reese, President and CEO Miller Heiman

The Nuts and Bolts of Deal Review

Article Highlights:

- The importance of mandatory attendance
- The two extremes of funnel management
- The customer-validation process
- Re-energizing superstars with public recognition
- Pairing low performers with stars
- Prioritizing each deal from customer's buying perspective

The final quarter: It's time for a big push. Salespeople scramble to meet their numbers, and sales leaders expect people on their team to cross the finish line aggressively. To avoid getting into a situation where desperate salespeople jam product (thereby putting at risk the opportunity for long-term relationships with clients), systemize your deal review process.

Past, Present and Future

There are three reasons to embark on a deal review process, according to Rob West, sales consultant for Miller Heiman:

1. To look back and reflect on performance versus goals.

2. To look at current activity levels from two perspectives:
   - Explore whether the amount of selling activity is sufficient to support sales targets.
   - Discover to what extent the activities are balanced across the different types of selling work being done (prospecting, qualifying and closing).

3. To look at the forward pipeline or funnel in terms of what's coming down the pike.

While all three categories of funnel review are critical for growth, forward-looking deal review processes help you plan for meeting your sales team's end-of-year forecasts.

The Process: Mandatory Attendance

Deal review process attendance is mandatory for sales leadership because they provide counsel on which deals to pursue, and what resources are appropriate.

And, as West comments, "A lot of breakdowns can take place when resource commitments are made without the participation of the people who own the resources." What happens then? If salespeople come up with strategies without consulting those responsible for resources—marketing or product development, for example—and the resources aren't available, then it's back to square one.

"Whoever has their hands on the trigger of resources should be involved," West says.

The Process: Two Extremes

Imagine these two scenarios as described by West: One of your account managers has 20 deals in his funnel. Another account manager has only three deals in hers. The deal review process will be very different for each example because each manager will have to take different sets of action to accomplish his or her goals.

For the account manager with only three deals, the conversation can focus on understanding the actions required to move each deal through the funnel. On the other hand, the account manager with 20 deals in his funnel needs objective criteria to help him choose where best to spend his efforts.

Critical Steps to Hit Year-End Goals

1. Classify Your Ideal Customers

Determine where your sales team's time is best spent by taking steps to identify ideal customers for your company. West explains that in the Miller Heiman process to establish top criteria, your company should ask questions that are a blend of demographics, hard issues, and psychographic factors, which tend to be less tangible but can be more telling.

Demographic question samples:

- How much revenue potential does the customer bring to the service-provider or vendor?
- How many locations does the company have?
- How many employees does the company have?

Psychographic question samples:

- Is the company innovative or conservative?
- Is the company an innovator or follower?
- Is the company loyal to its vendors, or does it choose vendors by price alone?

Organizations should identify which criteria describe an ideal customer, and then compare the results, deal by deal, to pinpoint which are most desirable to pursue.

2. Drive Sales

When it comes down to the wire, West recommends taking a straightforward approach. "If you have a customer who accepts your value proposition, but the deal isn't moving forward due to time or resource constraints, you can say something like, 'Look, we both have tangible goals we want to achieve by the end of the year. To that end, we'd like to give you an incentive to take action more quickly.'"

The critical distinction is the customer-validation process, according to West: When the customer has already validated and acknowledged his or her need for your product or service, you're in a safe place to make that offer, but "if the deal is still in play and has not been validated, that move [offering an incentive] comes across as a negotiation ploy, which undermines your value because you're defining yourself in terms of the financial piece."

3. Leverage Top Performers

To re-energize superstars who have been bringing deals in consistently throughout the year, West suggests a recognition program. "Announce the top sellers on a regular basis—guaranteed, your salespeople will begin to actively compete. Recognition programs help bring things front and center for the short term."

And to light a fire under those who aren't making significant strides, partner them with thriving peers.

As West says, "Sometimes people who are struggling react well to the stick, some react well to the carrot, and some react to neither if it comes from management— but they react strongly when someone in their own peer group takes ownership to help them along."

A mentorship program has the added benefit of encouraging the mentor, as well, since it can be flattering to be perceived by leadership as someone good enough to help those who need it.

It's Not Just About You: Customer Consequences

A deal that's in the 30-day funnel must be a deal that will close in 30 days, says West. That may seem like common sense, but optimism can lead salespeople to underestimate the amount of time it will take to close a deal. Bottom line: If there are no consequences for the customer, there's less urgency—and no solid date on which the deal can be won.

Customer consequences can range from compliance to cost-savings to revenue growth. Salespeople operating on year-end deadlines need to realize which deals are imminent—not from a selling perspective, but from the customer's buying perspective. Then, West says, salespeople should focus on deals in which there are consequences, or focus their energy on creating consequences.

"A lot of salespeople fall prey to letting their quota—or the timelines through which the company measures its own financial performance—dictate their sales activity," West says. Clearly, it's important for salespeople to hit numbers, but they also must respect the customer's own decision-making process.

Strategic Planning and Sales Growth

Levers for Strategic Planning and Sales Growth

Article Highlights:

- Hitting the ground running in Q1
- Establishing a solid platform for strategic planning
- The salesperson's role in the customer relationship
- Setting "stretch targets"
- Planning for new, existing, and churn business

We've barely entered the third quarter, but it's time to think hard about next fiscal year. Right now is the right time for intensive growth planning and strategizing. That way, when the new year rolls around, you and your sales team can hit the ground running.

Of course, that's easier said than done. Many organizations rely on inadequate, fragmented methods of preparing for a future that will be here all too soon.

Often, the biggest problem is the large gap between those working up from the bottom—that is, the field team—and those working down from the top—the corporate leadership team.

The field tends to forecast conservatively, worrying about actually making its numbers.

Leadership, on the other hand, is usually more generous with its projections because it's rewarded for its overall sales wins.

The two teams should meet in the middle, but all too often, that doesn't happen. Instead, they cobble together a compromise that's reached without solid information or critical thought. That creates tension between the two groups as they work toward those numbers—and the conflict is likely to escalate down the road as they work toward those somewhat arbitrary numbers.

It doesn't have to be that way. Obviously, it's important for leaders to push the field team to steadily increase their sales, but it's equally important to do so based on accurate, well-thought-out information.

Obtaining that information starts with understanding exactly where your organization invests in growth. That knowledge provides everyone involved with a solid platform for strategic planning for the year ahead.

According to a classic study by leading management firm McKinsey & Company, there are really just seven strategies, or "levers," for growing profitable sales.

They are:

1. Improving products by enhancing existing offerings so they look more attractive, work better or last longer; developing new options and lines.
2. Improving marketing by changing the message, the mix, the media and the spend as needed.
3. Improving pricing by, for instance, deciding whether to bundle, offer discounts or establish loyalty programs.
4. Improving customer service by increasing availability, adding new capabilities and promoting higher quality interactions.
5. Improving distribution by expanding existing channels while adding new ones.
6. Improving customer relationships by striving to enhance and deepen them while offering greater value.
7. Improving sales effectiveness by providing training, organizational learning and other tools to help representatives not only sell more, but to sell well.

Any overarching organizational growth plan should consider all seven levers, setting individual priorities and goals for each. But those last two—customer relationships and sales effectiveness—are, in fact, the most reliable strategies for increasing your profitable sales. If you assume that either or both will happen naturally, you're missing opportunities to position your organization for strong, steady growth.

The Customer Relationship Lever

Driving growth via the customer relationship lever involves more than promoting continuous improvement in your customer-service organization. It requires investing in your sales team's customer-relationship skills as well.

The effort begins by promoting—and gaining everyone's buy-in to—the mission of moving beyond simply providing commodities to their clients. The new goal: having each salesperson evolve into the role of trusted advisor, becoming a true partner who contributes to customers' business objectives and, ultimately, to their growth.

You and your sales team must get to the heart of the concept of what each client wants to fix, accomplish or avoid. Once you understand their business and their needs, you'll also understand much more clearly exactly how you can help them. You'll be able to prescribe relevant, targeted solutions, rather than responding to a product request or handing over a Band-Aid. Ultimately, knowing as much as possible about each customer—particularly those making up your key accounts—will help create predictable revenue streams and more abundant opportunities.

Obtaining that knowledge requires giving salespeople the tools they need to develop deeper, wider customer relationships. For instance, consider training them in how to make executive-level calls so they can build stronger relationships with the leadership teams at their key accounts. Or help them develop a quarterly business review process, in which they sit down with executives of each customer company to evaluate the quality of whatever your organization provides to them.

This exercise accomplishes two important things:

1. It allows you to measure the value of what you're giving your clients and, if necessary, to make course adjustments fairly early on.

2. It opens up an opportunity for talking about additional ways in which you can help them solve problems, build business, outdo their competitors and achieve other goals.

One tip for moving that discussion forward: Ask your clients, "What have you budgeted for our products and services for the next year?" You'll learn a great deal from their answers, and you'll have a realistic starting point for thinking about what more you might offer them.

The Sales Force Effectiveness Lever

Mark Twain, the famous 19th-century author and humorist, is widely quoted as observing that "everyone talks about the weather, but nobody does anything about it." At many companies, the same might be said of leadership attitudes about improving sales force effectiveness: Executives and managers say they want their salespeople to do better, but they don't do anything—or they don't do the right things—to make that happen.

Often, the problem stems from reluctance to invest in improvement initiatives. In such cases, sales leadership typically assumes that those first five growth levers—products, marketing, pricing, customer service and distribution—inherently make it easier for the sales force to sell. In other words, this line of thinking goes: If our pricing is on target, if we offer stellar service and so on, that should automatically drive strong sales.

Unfortunately, what typically happens (to the sales leadership's surprise and disappointment) is that market pressures force them to discount their pricing, or they find that their service quality isn't as big a competitive advantage as they initially thought. Meanwhile, the sales force still needs help.

An active approach will produce much better results. Decide what your sales force most needs to boost its effectiveness, such as executive-level calling skills or more sophisticated processes for managing and growing key accounts.

Then, level with your salespeople about what you're providing and why, positioning the initiative as a collaborative effort designed to benefit the entire organization. Explain that you're investing in their development with plans for strong returns. Make sure they understand that you expect to see measurable results: improved productivity, better close rates, bigger deals or accelerated sales cycles.

Finally, push the sales force to help you build a stronger growth plan by developing forecasts that are more ambitious but still achievable. For instance, let's say salespeople initially predict they'll each do about $6 million in business next year, an estimate you consider a bit too cautious. In that case, you might ask your reps whether their new skills and knowledge might reasonably enable a slightly higher forecast—perhaps $6.5 or even $7 million.

Another way to boost those forecasts: Let salespeople develop "stretch targets," in which they strive to exceed their basic sales goals—but aren't penalized if they ultimately don't hit those higher numbers. In other words, for stretch targets to succeed, you must position them as goals rather than as quotas. Talking about quotas will make people anxious and fearful that they've set themselves up. Instead, encourage them to follow this advice from another well-known author, the contemporary motivational speaker Les Brown: "Shoot for the moon. Even if you miss, you'll land among the stars."

A Trio of Questions

In addition to pulling those two levers, successful strategic planning requires that you consider three important questions that can be easily summed up by the acronym NEC (for New, Existing and Churn):

- How much new business can we expect?

- How much existing business can we expect?
  What kind of growth can we expect from our current customers, especially those in our key accounts?

- How much churn should we expect? How much business isn't going to repeat; how much attrition from existing accounts are we likely to experience—and what can we do to prevent it, compensate for it or turn it around?

Answering the NEC questions provides more building blocks for your planning platform and helps reveal where you should concentrate your growth efforts.

As just one example, your plan's new-business section might hinge on an aggressive prospecting plan, its existing business section might involve an intensive product push, and the churn element might call for launching a highly targeted campaign to win back important lost customers.

The other critical step at this stage: reviewing the sales pipeline. Determining exactly what's in the funnel—and exactly where each item stands right now—will also shine a light on where you should invest your time and energy. Then you can incorporate your plans for executing on each piece of business based on the priorities you've set.

Looking Ahead

Suddenly, the new year doesn't seem all that far away, does it? But that certainly shouldn't be cause for panic if you begin planning intensively and taking a few key action steps right now:

- Work on closing the gap between leadership and field-team forecasts.
- Know where your organization is investing in growth and incorporate those priorities into next year's plan.
- Invest in ways to help salespeople build strong customer relationships.
- Invest in ways to help salespeople improve their performance.
- Encourage salespeople to aim high; assure them that they won't be penalized if they don't hit their ambitious stretch targets.
- Determine the amount of new business, existing business and churn you expect next year; make sure your plan includes specific strategies for addressing each.
- Review the sales pipeline and set priorities about which opportunities to pursue.

Together, those steps will go a long way toward making the new year be exactly what it should be: an exciting time brimming with fresh opportunities for growth.

By Sam Reese, President and CEO Miller Heiman

Strategic Planning For Dummies and Experts Alike

Article Highlights:

- The Strategic Planning Process
- Determining if the strategic plan is sound
- The importance of involving sales in strategic planning
- Operational support issues to consider

The bottom line: Sales is responsible for delivering the company's top line growth. While hitting the numbers is important, says Erica Olsen, vice president for M3 Planning and author of Strategic Planning for Dummies, salespeople are often so busy working to deliver year-end goals that they're left out of the strategic planning loop, either by choice or circumstance.

Sales leaders and their teams bring knowledge about client needs and wants to the table that can help keep the company from making costly missteps, Olsen suggests. And, sales leaders can make sure future plans are in alignment with its department's resources.

The Miller Heiman Sales Performance Journal asked Olsen, who has helped a wide range of clients craft and implement strategic plans, to explain. The edited exchange follows.

Sales Performance Journal: You're a huge proponent of strategic planning in general. Why is it so important?

Erica Olsen: Well, it's only important if a company wants to grow. If a company wants to grow, they need a strategic plan. And if they're forecasting growth, the sales organization really needs to be involved in the development of revenue goals, because sales is responsible for that top line growth.

In the boardroom, we toss out numbers—10, 20, 30 percent—but we may not think through the impact of the goal on sales or support.

There's one organization I know of where sales was given a goal of 30 percent growth. The sales organization delivered. The rest of the operation couldn't support it! The realistic goal on the manufacturing side of the house was only about three percent. So sales can't fulfill contracts to retailers, sales gets incentives based on deliveries… the entire organization is a mess.

The sales were made, but revenue goals weren't reached. It's a case of left hand/right hand, of not really paying attention. Sales was successful but no one asked the tough question, "Can we deliver?"

SPJ: How can sales help avoid disasters like this one?

EO: They can help determine if a strategic plan is sound. They can use a Balanced Scorecard [a strategic planning system developed by Drs. Robert Kaplan and David Norton that examines organizations from four angles: learning and growth, business process, customer and financial perspectives] as a kind of "sniff test" to see if the strategy will work. They can ask: Do we have the people to support the operations? Are we delivering value to customers to meet financial goals? Do we have the right people in the right places in the operation to deliver what we're selling to provide value to our customers?

Look at the strategy. Really get connected with the rest of the organization. Get strategic planning to a point here everyone can say confidently: yes the market is there, yes the organization is behind us to fulfill what we're selling, and yes we have the right people in the right roles to get there [reach the revenue target]. It takes the unknown out of it. It's much less "pie in the sky" when you ask those questions. These are the questions the Fortune 100 asks.

SPJ: So sales will help drive the profitability of the organization by doing more than just selling.

EO: If sales is at the table and engaged in a way they can make a difference, they'll have a huge impact on their department and overall profitability. Sales has a ton of customer information. They have any number of customer touch points, whether the information is gathered in a formal manner or not. What are the trends? They can actually affect the product they'll be selling next year with this information.

[For this to work,] sales must view [the strategic planning effort] as a benefit and not as wasted time. Sales will waste more time in the long run because they didn't take that day [to attend planning sessions]. Sales leaders must review the numbers, ask the questions and make sure there is alignment.

Realizing the true role the sales force can play should be very exciting for anyone in a leadership role. The result is empowering. Looking at sales as strategic rather than tactical is ultimately empowering.

SPJ: And the results?

EO: Strategic planning works. [We've seen that] just getting people talking—even if the plan is ultimately faulty in some way—results in an average growth rate of 12 percent. Failure to plan is planning to fail.

Strategic Planning Reality Checklist for Sales Leaders

Article Highlights

- Identifying alignment gaps
- Internal metrics to benchmark
- Building alignment to support execution

A strategic plan starts with good intentions, but is virtually useless without implementation. Achieving solid results depends on a plan that is attainable and fact-based. The following checklist will help you avoid some common traps that come back to haunt sales leaders over the course of the year.

1. Know Your External, Market-Driven Factors

If you have aspirations of growing—by going after new market segments or launching products, for example—you must firmly establish business objectives and align the sales force with those objectives. Establish a clear baseline and identify the gaps in alignment.

New vs. Existing Regions

- What is the revenue potential in these existing and new regions?
- Based on our competition, how much market share can we achieve and how quickly?

New vs. Existing Accounts

- What is the revenue potential in these existing and prospective accounts?
- How much carryover business have we have already booked and are there any multiyear contribution effects?
- What is our risk of losing a strategic account to a challenger?

New vs. Existing Products

- What is the market potential for existing and new products?
- Based on our competition, how much market share can we achieve and how quickly?
- What marketing support do we need to be successful?

2. Know Your Internal, Organization-Driven Factors

Even if the market potential exists, you need to have the people and organization in place to execute the plan. Overall, in terms of recruiting and development, you should use metrics as benchmarks—whether that's for attrition rate, or the length of time it takes to fill a sales position or ramp up a new hire to full productivity—to base your implementation plans on solid facts.

Current Production

- How much does the typical rep sell in a year?
- How does this production vary across regions, products and key accounts?

Sales Rep Attrition

- What is our voluntary, involuntary and total turnover rate?
- What is the opportunity cost of an open territory?
- Are we at risk of losing a top producer?
- Why have we lost top producers in the past?

Time to Recruit

- How long does it take us to fill an empty position?
- What investments can we make to shorten recruitment time without compromising quality?

Time to Ramp-up

- How long does it take to bring a new rep to full productivity?
- What is the reps' productivity during the ramp-up period?
- What investments can we make to shorten time to full productivity?

Time for Excellence

- What capabilities do our reps need to be truly successful?
- What skills do they have today and what are the gaps?

3. Align the Organization to Execute the Plan

Once there is a clear understanding of the external and internal factors, then the next step is to build alignment to support successful execution.

Coverage

Based on our growth plans and the talent-related factors, how many reps do we need to hire?

Based on ramp-up time and productivity, how much can we except new hires to contribute in the new fiscal year?

Penetration

Based on the risk and opportunities in our strategic accounts, what focus investments are needed to protect and grow these accounts, and when can we expect a return on these investments?

Specialization

Based on new markets and new products, does the existing sales force have the capability and motivation to realize the potential, or do we need to develop specialists?

Alignment

Even if the market potential exists and we can hire and deploy a sales force, can we create sufficient awareness, fulfill demand and satisfy our customers?

Some Final Thoughts…

Gauge your present situation and make sure you have the right information to set accurate and attainable objectives. Involve department leaders to ensure buy-in across the company, and to demonstrate to all employees that the company intends to follow the plan and effect change. Then, keep checking your progress against the plan, for a map to guide your company to change and growth.

Opportunity Management

Time: The Ultimate Currency

Editor's note: Bill Golder has an online column entitled "Chronicles of a Sales Leader" that appears monthly in Sales & Marketing Management. The following is a featured article.

Article Highlights:

- The resource that doesn't vary
- Spending time on the right priorities
- A framework for success

When you compare the resources available to most companies, it hardly ever seems fair. There are always those that have more people, a bigger marketing budget, more offices, more offerings, etc. Name a resource and you're probably able to point out who has the upper hand and who has the short end of the stick.

However, the most precious of all resources is the one currency that is distributed exactly the same for everyone – time. There isn't one other resource in the world in which we get that blessing. Imagine if time were a paycheck we all got in line for each week. My check, paid to the order of Bill Golder in the amount of 24 hours 7 days a week, is the same as yours and anyone else who happens to be reading this and wondering why this matters. Whether you're Bill Gates or Bill Golder, the paycheck is the same. I have to admit I like the sound of that.

This is important because in large part we take time for granted and spend it like there's an endless supply. In sales, we spend time analyzing our competition and what they have and don't have vs. what we have and don't have. Then we either fret too much over what we don't have or get too confident over what we do have. We create great brochures, podcasts, email campaigns and presentation decks that emphasize the areas in which we are resource rich. While all are important, I would argue that there isn't a greater resource in the craft of selling than time. Of course, how we spend that allotment of time each week is where the great divide exists in terms of the "haves" and the "have-nots." That one characteristic, I would argue, is what puts one group of salespeople on the wrong side of the tracks. As I think of all the salespeople I've known who consistently deliver, the one common characteristic is that they spend their time on the right activities. Sales is a numbers game, but it is how the minutes are spent vs. how many cold calls knocked down in a day that makes the greatest difference.

Often times, when we analyze deals won or lost, it rarely comes down to product, resource or price advantages as key attributes. It most typically comes down to positioning, time spent with the right buying influences, and credibility. I boil it down to how well time was spent on an opportunity. Most of the deals lost come down to things like time spent with the wrong people and time spent talking to the client about strengths that are not important. Essentially, lost sales almost always come down to time spent on the wrong priorities.

The more complex the deal, the more choices a salesperson must make on the strategies and actions to win. Those choices are all about where time will be invested and what people to spend that time with. In today's current environment, we are seeing more and more deals lost due to conditions that have changed over time. Initiatives that were once high priority have been deep-sixed due to missed earnings. Salespeople who can't efficiently assess and anticipate these situations are likely spending time on the wrong strategies and with the wrong people.

Sales managers should think of themselves as advisors and experts in clock management for their teams, just as financial advisors are to those making decisions with their money. In football, the best coaches and quarterbacks are often excellent managers of the clock – a critical resource that's equally distributed to both teams. Great sales managers are no different. They make sure their team is focused on the right deals and constantly drive a consistent framework for evaluating and setting the right strategies on each one.

The best sales organizations (and Miller Heiman's latest research study validates this) have invested in standard process of how their sales team engages with their customers - and they are outperforming their peers. They are winning because they have a common language that enables their salespeople and managers to more efficiently make decisions, coach, and ultimately execute better strategies to win.

The study revealed that sales organizations who organized standard processes and activities around opportunity creation, opportunity management, and relationship management significantly outperformed their peers in the areas of customer retention, new client acquisition, forecast accuracy, percentage of sales team achieving quota, and greater quantity of qualified opportunities in the funnel. Additionally, these organizations showed much greater effectiveness in areas like sales force automation (SFA) and customer relationship management system

(CRM) adoption as well as better identification of the best practices of their top performers. Simply put, they've made a commitment to put framework around how their teams will leverage their time to drive organic growth. Whether you're a sales leader or front line salesperson you should ask yourself if the time being allocated to you or your organization each week is being properly invested.

With all the talk about fewer resources than ever, we shouldn't lose sight of the fact that time is the one resource that remains unchanged. You can choose how it's spent and whether or not it becomes your greatest strength or your least leveraged asset.

By Bill Golder
Executive Vice President of Business Development Miller Heiman

YOUR TIME, YOUR TERRITORY: ADDING METHOD TO YOUR MANAGEMENT STYLE

Abridged from the Miller Heiman Sales Performance Journal: Don't Let the Economy be an Excuse for Poor Performance

Article Highlights:

- Assessing key factors for success
- Making the most of what is available
- Effectively planning your time
- Knowing when to walk away
- Recognizing new opportunities
- Understanding your customers

Once they impart the rudiments of product training, many sales managers are notorious for telling salespeople, "Now, get out there and sell!" Yet, in our annual survey of sales best practices, year after year we find that World-Class Sales Organizations aren't always in such a rush. In fact, the world's most successful sales organizations tell us that there are methods behind their sales activities – methods that are taught by sales managers and other coaches, endorsed by executives, and practiced by salespeople, day in and day out.

Much can be learned by studying top performers, both inside and outside your organization. In fact, our research shows that there are areas for improvement that you can tap into immediately.

A little more than one third of the organizations who participated in our annual research study of selling and sales management best practices agreed that they know why their top performers are successful. Further, only 29 percent agree that they leverage what they know about their top performers to improve others.

Time and territory management are two specific areas where top performers excel that organizations can quickly apply best practices. In that spirit, we asked a panel of Miller Heiman executives about the key elements of effective time management and territory management.

Effective Time Management

Sales is, by nature, a tactical exercise. How salespeople manage their tactical repertoire affects how their time is allocated. When they spend most of their time reacting to existing customer issues, it's likely they will be busy. But will they be productive and successful? Not necessarily. In fact, many sales mistakes occur when salespeople fail to ask themselves strategic questions such as, "What are my goals and objectives? And what strategies will align with those goals and objectives?" In our experience, top salespeople do the best job at triage: When they take over a new territory, for example, they know they will need to spend a certain amount of time answering existing customers' questions about products and services, and quoting prices. But they also know they'll need to invest their time in identifying new customers. Moreover, they understand that success relies not only on responding to customer requests, but knowing how to leverage internal resources, planning and allotting time effectively, prioritizing, keeping an eye on the sales funnel, and using technology in an efficient manner.

Leverage Your Internal Resources

According to Bill Golder, Miller Heiman's executive vice president of business development, "Top salespeople do excellent triage as it relates to reacting to events. They build solid relationships with people in their own organizations who can handle the questions and fill the needs." Golder notes that salespeople sometimes get involved in production or other aspects of big projects that don't relate directly to selling. "They think they have to do it all themselves," says Golder. "But the fact is they haven't built strong relationships with the support functions in the organization." Golder recommends that salespeople get to know the people in customer service, client services, product, legal, production and operations. "They can get quick answers by calling them," he says. "They don't have to do everything themselves."

According to Richard Blakeman, Miller Heiman's sales vice president for the western region, "We come out of a history in sales where either the largest ego or the largest opportunity will be the driver. But if all the resources go to the salespeople who make the most noise or have the biggest deal, you may be pulling in resources you don't need." Instead, he says, a disciplined approach needs to be adopted to bring in the right resources at the right time of the sales cycle. "Don't enable a resource hog," Blakeman cautions. "Ask yourself whether the deal is qualified to begin with. Is there a fit based on client priorities? Is there a fit based on your company's track record with the client? Do they fit the ideal customer profile? If, for example, this company (or ones like it) always ends up sending out an RFP anyway, all these up-front resources may be wasted.

Bethany Schultz, Miller Heiman's vice president of client engagement, agrees that knowing when you need internal resources is a key to good time management. "Top performers," she says, "know how not to lead internal resources down a false path. They're creative, collaborative, confident, and able to think outside the bounds of, I need him on this call. And when internal resources are booked, says Schultz, top performers still know how to get to them. They know that if an executive can't make it to a sales call, for instance, a phone call may be second best.

Disciplined Planning: Weekly, Daily, Monthly

Top salespeople, says Golder, recognize that there are only so many hours in a day. "They continually ask themselves, 'What are the most beneficial activities that will help me meet my goals?'" And they write those activities down in a formal planning system. Whether one uses Outlook, Lotus Notes, Blackberry, a Franklin Planner or even a simple wall calendar, writing down daily, weekly and monthly plans keep top salespeople on track and focused on those key, strategic activities.

According to Blakeman, "Our natural inclination is to focus our time and energy on things that have the most immediate results, i.e. at the bottom of the funnel." But without a plan, he says, it's hard to spend enough time at the top of the funnel. "On any one day, salespeople may be too busy to deal with the top of the funnel." But at least every week, he says, attention should be directed to the opportunities at the top of the funnel. "Part of every day will be reactive," he concedes. "But how can that be balanced with the more strategic demands?" His advice: salespeople should schedule in the time at least once a week, and apply self-discipline to stick with the plan.

Schultz notes that managers may need to coach salespeople to write down their plans and stick to their schedules. "But it's not enough just to say, 'Go plan.' Salespeople need to focus on quality. So don't measure success by how many calls a salesperson made in their allotted time period. Ask, 'Did you build rapport? What were the results?'"

Lose Quickly

Many sales professionals spend too much time on opportunities that have all the markings of time wasters. Often, they know in their gut that they should walk away, but their pride just won't let them. One of the biggest challenges a salesperson will face is in prioritizing his or her time around deals they have the greatest chance of winning. "Undisciplined organizations will spend a lot of time responding to a request, even if they got it blind, or pricing requests where there's no opportunity to learn what the company wants," says Golder. "It may be a marquee company. You may want the sale. So, go back and ask for more information if you need it. And if they balk, walk away."

According to Blakeman, "Losing quickly is about being honest with yourself. When looking at an opportunity, be disciplined; trust your methodology." If, for example, you have identified four characteristics of companies that are likely to do business with you, and you spot only one in a given company – walk away.

Keep Sight of Your Funnel

Salespeople with too many opportunities at the top of their funnel may be saying "yes" too often instead of being selective about which opportunities hold the most promise. "Clear out the opportunities that won't go anywhere," advises Golder. "Focus on the best bets." Another time management black hole is the one big deal in the funnel that takes up too much of a salesperson's time. "Then when they lose it," he says, "they realize there's nothing else left in the funnel!"

Schultz adds, "There are selling priorities – things you have to do. Salespeople must be disciplined and feed the funnel. Force themselves, or be coached, to work on what's at the top. And measure all selling activities against the time it takes to conduct them. This requires real discipline."

Master Your Email

According to Schultz, "Not all email is created equal." She recommends having a system for prioritizing. For example, some email programs allow users to color code incoming messages. "Code your boss's emails red, and open them right away," she recommends. The others should be sorted, prioritized and managed appropriately to make best use of your time. And sales leaders, she says, should avoid creating an environment where people are forced to respond immediately. Last-minute meeting notices and eleventh-hour instructions sent via email may not reach the recipient in time to act.

Everyone – not only sales professionals – risks wasting time by responding to emails on the fly. "Very few emails require an immediate response," says Golder.

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Rather than interrupting what you're working on to answer emails as they arrive, he recommends checking email two or three times a day. Setting aside time to deal with email – whether mobile or in the office – is a best practice, according to Golder.

According to Blakeman, "The most unproductive thing you can do is handle a single email multiple times. When you read it the first time, act on it," he advises.

Effective Territory Management

Before top salespeople "get out there and sell" they take a disciplined look at their territories – and make critical decisions about who their ideal customers are and how best to communicate with them. Similarly, top-performing sales managers don't want their salespeople to hit the streets without solid funnel management practices, an understanding of the ideal customer profile, and a strong sense of how their sales activities align with rewards.

Know the Customer

"In territory planning," says Golder, "all attributes that line up with the ideal customer tell you where to spend time." He says it's a best practice to hone in and conduct a thorough analysis of current clients. "Know why you serve them well. Is it because of how they make buying decisions? Is it because of their size or certain demographics? Look at the attributes of your best customers and share these characteristics among your team so companies with those same attributes are more quickly identified. Those without should not be given the same consideration for resource allocation."

Schultz agrees. "There are things you can look for in prospects and current clients that tell you whether you'll be successful. It's okay to put those things first." For example, she says look for characteristics of success, maybe it's clients who are open and honest and those who will pay for value. "If you have five opportunities and three of them display those qualities, work on those three first." Of course, she says, salespeople need to know their product and their geography as well. "But move the qualities of successful customers up on the list."

Blakeman recommends segmenting a plan around sources of business. "How much business will you get from the growth of existing customers," he asks. "How much business will you get by selling new products to existing customers? And how many new customers will you need?" Answering those questions, even with educated guesses, will help sales professionals manage their territories more effectively.

New Opportunities with Existing Clients

While identifying and selling to new clients is important, it's usually easier to sell a new product or service to an existing customer than to a brand new client. Golder suggests that salespeople should ask themselves: What share of wallet do I have for each existing client? New opportunities to sell to existing clients may be identified – and that translates to more economical and efficient territory management.

"Know how you're organized," Schultz advises sales leaders. "And know what you are sending your team out to do – find new clients, sell to old ones or both."

Know What's Required to Sell to or Service Your Clients

Consider the entire sales cycle, says Golder, and think about how it will involve you. Does it require a lot of face-to-face time? If so, physical proximity becomes important, depending on what you're selling. According to Golder, "Servicing some clients can be done by phone. Others – oftentimes bigger customers – need more sales support, more face-to-face time. You need to know that up front so you can make sales support decisions."

Blakeman continues: "For salespeople, face time with customers is the most valuable opportunity they have, especially at the beginning and end of a sales cycle. Knowing when to schedule face time is critical," he says. "Make an investment in an early face-to-face meeting. That will provide 'the right' to schedule several subsequent phone meetings."

Schultz says it's also critical to think about whether you can actually service a customer who decides to buy more. "It can be frustrating to have goals around selling when you have difficulty delivering," she says. "When the issue is not in the ability to sell, but in the ability to deliver the way customers want it, this may require managing customer expectations. You must have good internal relations to be effective."

Solid Sales Management

Effective territory management, according to Golder, requires sales management to have a solid understanding of the funnel and knowledge of who can best guide activities, coach salespeople and correct the course when needed. "Sales managers," he says, "should get actively involved in funnel management." When sales managers constantly ask salespeople what they're working on and why they're working on it, they can coach and guide them toward the right opportunities.

"At the end of the day," says Schultz, "this is really the role of a first line manager. And, in my experience, they do remarkably little of it." Rather, she says, they get bogged down in reports and meetings. "Salespeople need coaching," she insists. "It takes a strong solid sales manager to understand what we really want our salespeople to do and how to motivate them to do it."

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According to Blakeman, "We talk about sales managers as coaches, but coaching isn't generic. Coaches need to see what's going on. They need to coach against a plan." Undisciplined coaching, he says, can be a big waste of time. "A sales rep would say that good coaching means that his time isn't being wasted, that the sales manager is providing structured input."

Align Compensation Plans and Metrics

Schultz, Blakeman and Golder have all seen situations where sales executives complain that they can't get their salespeople to find new clients, while these very same executives continue to reward their salespeople for servicing existing accounts, not for finding new ones. "Make sure compensation plans and metrics that track results are aligned with what's happening in the territory," says Golder.

"Is your company motivating and rewarding the right behavior?" asks Blakeman. He stresses the importance of educating salespeople about the company's most important levers. "If a company says it's a growth company and its strategy is to grow market share, the salespeople will know they must take business away from competitors." And they need to know they will be rewarded for doing so. "But in the comp plan, if every dollar is the same as every other dollar, how can you incentivize salespeople to pull the right levers?"

Conclusion

In today's economy, maintaining a rigorous process around time and territory management is critical. One way to accomplish this is to identify and share best practices of top performers within your own organization. We've provided some ideas in the article above, but our research highlights the fact that the opportunity for improvement in this activity exists in many companies. To read our most current research findings in this area, visit www.millerheiman.com.

About our Annual Study

The Miller Heiman Sales Best Practices Study is an annual effort to determine the broad challenges currently facing the sales profession. The respondents included in this report are limited to those who are selling in what Miller Heiman has defined as a complex selling environment - those who are required to influence multiple decision makers in what is typically a long sales cycle. Looking at the sales organization in six main areas, study participants were asked to respond with their level of agreement regarding 51 critical sales activities.

Responses are solicited globally from sales professionals who are currently, or have been, in contact with Miller Heiman. However, the study is not limited to Miller Heiman clients. We actively pursue a cross section of participants, industry and geography, for the study from a variety of databases.

By Bill Golder
Executive Vice President of Business Development Miller Heiman

When's This Sale Going to Close?

A Best Practice for Shortening Sales Cycle Length

Article Highlights:

- The need for accurate forecasts
- The three key drivers that affect Sales Cycle Length
- Evaluating Sales Cycle Length

When you compare the resources available to most companies, it hardly ever seems fair. There are always those that have more people, a bigger marketing budget, more offices, more offerings, etc. Name a resource and you're probably able to point out who has the upper hand and who has the short end of the stick.

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This is important because in large part we take time for granted and spend it like there's an endless supply. In sales, we spend time analyzing our competition and what they have and don't have vs. what we have and don't have. Then we either fret too much over what we don't have or get too confident over what we do have. We create great brochures, podcasts, email campaigns and presentation decks that emphasize the areas in which we are resource rich. While all are important, I would argue that there isn't a greater resource in the craft of selling than time. Of course, how we spend that allotment of time each week is where the great divide exists in terms of the "haves" and the "have-nots." That one characteristic, I would argue, is what puts one group of salespeople on the wrong side of the tracks. As I think of all the salespeople I've known

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who consistently deliver, the one common characteristic is that they spend their time on the right activities. Sales is a numbers game, but it is how the minutes are spent vs. how many cold calls knocked down in a day that makes the greatest difference.

Often times, when we analyze deals won or lost, it rarely comes down to product, resource or price advantages as key attributes. It most typically comes down to positioning, time spent with the right buying influences, and credibility. I boil it down to how well time was spent on an opportunity. Most of the deals lost come down to things like time spent with the wrong people and time spent talking to the client about strengths that are not important. Essentially, lost sales almost always come down to time spent on the wrong priorities.

The more complex the deal, the more choices a salesperson must make on the strategies and actions to win. Those choices are all about where time will be invested and what people to spend that time with. In today's current environment, we are seeing more and more deals lost due to conditions that have changed over time. Initiatives that were once high priority have been deep-sixed due to missed earnings. Salespeople who can't efficiently assess and anticipate these situations are likely spending time on the wrong strategies and with the wrong people.

Sales managers should think of themselves as advisors and experts in clock management for their teams, just as financial advisors are to those making decisions with their money. In football, the best coaches and quarterbacks are often excellent managers of the clock – a critical resource that's equally distributed to both teams. Great sales managers are no different. They make sure their team is focused on the right deals and constantly drive a consistent framework for evaluating and setting the right strategies on each one.

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Appendix

About Miller Heiman

Miller Heiman is the global leader in sales performance solutions with more than 30 years of documented results. The company works with leading organizations to improve sales effectiveness through issue-based consulting and training.

At Miller Heiman, we help companies overcome the challenges that affect productivity and top-line growth. We go beyond treating symptoms by introducing The Miller Heiman Sales System® as a long-term commitment to understanding challenges and building solutions.

Headquartered in Reno, Nevada, Miller Heiman has additional corporate offices in the United Kingdom and Australia and offers programs worldwide in 15 languages.

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108,000 sales leaders get our best thinking. Subscribe to Miller Heiman's Sales Performance Journal today to join them. Visit www.millerheiman.com/journal.

Miller Heiman Integrates with Microsoft Dynamics

For companies using one of today's leading CRM platforms, integrating their sales process into the technology can increase usage and retention, as well as improve the quality of reporting. Organizations using Microsoft Dynamics are able to track the success of their Miller Heiman enabled sales strategies, alongside their sales forecast and other company data.

Learn how to incorporate Miller Heiman's *Strategic Selling*® Blue Sheet*, Conceptual Selling*® Green Sheet*, or Large Account Management Process*℠ Gold Sheet sales tools into Microsoft Dynamics.

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