A Whitepaper by Luxor Corporation

Improving Sales Productivity:
What We All Know but Rarely Do

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Executive Summary

In a rapidly changing world, businesses are constantly struggling to stay ahead of the competition. Given the current economic conditions, an important part of doing so is generating sales and increasing sales volume. Sales professionals are being challenged more than ever before to perform as businesses and consumers remain hesitant to spend. As the economy slowly recovers, people are slow to take their wallets out again, making selling more difficult. Companies need to maximize their return on investments in attracting and retaining customers, and sales productivity is crucial to success. Increasingly, there is a need to find ways to achieve higher levels of efficiency.

"62% of the average company's revenue is brought in by 20% of the total sales force"

- Kevin Bandy, Accenture

According to Kevin Bandy, Global Lead Sales & Marketing at Accenture, 62% of the average company's revenue is brought in by 20% of the total sales force.[1] Beyond selling skills alone, there are many internal and external factors that affect a salesperson's close ratio, including: quality of leads, availability of relevant information, and support provided by management. Any of these factors can have a significant effect on the productivity of an individual sales person.

As the marketplace becomes increasingly more competitive, are you and your sales team doing everything you can to be more effective? Do you have all the necessary processes, systems, and resources to ensure you are operating in the most productive manner? When evaluating sales productivity, some questions to consider include:

- Are your salespeople focusing on the right leads and opportunities?
- Is your sales message consistent with the marketing message?
- How well do you know your customers?
- Do you stay in touch with your customers and actively encourage feedback?
- Do you keep track of your competitors and how you compare against them?
- Do your salespeople have access to timely, relevant, and easy-to-find information?
- Are your salespeople receiving the support and training they need?
- Do you know what the sales pipeline looks like?

The considerations above are obvious and we all know what the answers should be. However, more often than not, organizations find themselves not doing the very things they know to be crucial for remaining competitive in the marketplace. This paper will take a look at the questions that every organization should be asking itself and how these issues can be addressed.

[1] CRM Evolution 2009 Conference and Exhibition. August 24-26, 2009.

Are you focusing on the right leads and opportunities?

Every sale starts with a lead. Without a lead, there is no sale – however, not all leads are created equal. Some leads may not be ready to buy now; others may never be ready to buy, at least not from you. All too often, salespeople waste precious time focusing on leads with little or no revenue potential. Salespeople are stretched thin for time, and choosing the right leads to focus resources on is vital to success. This requires efficient processes for lead qualification and management.

Not all leads are created equal. Consider factors such as:

- Stage in buying cycle
- Decision timeframe
- Budget size
- Budget status
- Level of engagement
- Repeat vs. one-time purchase
- Amount of servicing and support required
- Fit with your company's offering
- Etc.

Determining which leads to actively pursue and which to focus less energy on is a key step in effective sales activities. Not all leads generated by marketing or through cold-calling are ready to meet with a sales professional, and those that are need to be followed up with quickly. According to Forrester Research, 47% percent of B2B marketers report sales closes fewer than 4% of all marketing-generated leads, and 41% report an average delay of three days in between lead generation and sales follow-up.[2] This discrepancy is often due to lack of a formal qualification process, resulting in failure to build a strong pipeline of opportunities. When a lead comes from a lead generation process such as a web form entry, it needs to be properly qualified before being passed along to the sales department. When this isn't done, weak leads make their ways to the sales department. Salespeople start to simply ignore the leads passed from marketing or exert less effort, as they would rather spend time on leads they generate themselves and know are qualified. Sales begins to think that marketing doesn't produce viable leads, and marketing, in turn, thinks sales isn't closing. The two departments don't work together, and many potential customers are lost between the cracks.

A CRM system can help streamline the process of qualifying and managing leads, increasing efficiencies between the two departments. Salespeople can create rules or criteria for lead assignment, so when a lead is deemed "sales-ready" by marketing (based on these pre-determined criteria set by sales), it is automatically assigned to them. Thus, marketing is responsible for the first steps in qualifying and sorting the leads before they reach the sales force, and sales reps feel more confident that the leads they are receiving have better potential to close. The system could be set up so a numerical value is assigned to each lead based on a combination of parameters such as budget size, decision timeframe, etc. and salespeople only need to follow up with the leads that meet a predefined numerical score. Alternatively, the system could be set up with different descriptive "buckets" that leads are sorted into, such that sales and marketing are responsible for only those in certain buckets. Automating the lead management process can accelerate the collection and distribution process, ensuring salespeople receive notifications while the leads are still hot. Salespeople are able to close a higher ratio because the percentage of viable deals in the pipeline is higher.

[2] Laura Ramos, Forrester Research, "How Mature is B2B Lead Management", November 30, 2006.

CRM further helps salespeople prioritize their focus by providing a sales stage classification process. Salespeople can tag leads/opportunities at different stages, letting them know how close each is to being closed. This helps salespeople keep track of which leads are moving forward, which need more attention, and which should be returned to marketing for nurturing. Instead of dropping leads that are not currently ready to buy but which may be profitable in the long-term, sales is able to follow a simple process of reassigning the leads to marketing while focusing their time on those that could viably produce sales in the short-term. This process helps salespeople shorten their sales cycles, leading to higher revenues.

Are your sales and marketing people delivering the same messages?

In addition to working together on managing lead flow, sales and marketing departments need to align their branding messages. Studies from recent years demonstrate failure in most companies to integrate their sales goals with marketing activities, citing statistics such as:

- 80 to 90% of marketing collateral is considered useless by sales[3]
- 58% of a vendor's marketing content is not relevant to potential buyers and reduces the vendor's chance of closing a sale by 45%[4]
- As much as 40% of a sales rep's time is spent creating presentations, customizing messaging and preparing for pitches[5]

According to a CMO Council report, fewer than 20% of the respondents said that their sales and marketing departments are extremely collaborative.[6] Respondents identified the two most important roles marketing could play in optimizing sales performance as fielding campaigns that generate leads and nurture opportunities, and providing customized, value-selling presentation materials. Salespeople need available messaging to help them communicate the company's value proposition to potential customers. Often, salespeople create their own messaging because each sales scenario is unique; however, they still need support from marketing in the form of targeted presentation material. The problem is that sales and marketing often don't work together, resulting in confusion and miscommunication. When marketing launches a campaign, sales needs to deliver a consistent selling message, but salespeople won't do so if they see no value in what marketing is doing. And in order for marketing to know what to do, they need feedback from salespeople, who are the ones actually interacting directly with customers.

[3] American Marketing Association. Proceedings of the Customer Message Management Forums. 2003.
[4] International Data Group. IT Buyer Survey. 2008.
[5] CMO Council Study. 2004.
[6] CMO Council. "Closing the Gap: The Sales and Marketing Alignment Imperative". 2008.

In order to bridge the gap between sales and marketing, a new model needs to be developed, whereby the two departments share more information and collaborate in developing a consistent brand message. Once the model is complete, technology tools such as those offered in CRM systems can help streamline some of the processes in sharing information. Campaign management tools allow sales to see clearly on the campaigns marketing is running – all the information such as start and end dates, goals, budgets, etc. can be shared between the users. Marketers can track the progress of the leads acquired from different campaigns and make the appropriate adjustments to brand messaging, which sales executes.

How well do you know your customers?

A recent business trend facing companies is the shift from a product-centric model to one that is customer-centric. This has changed the way sales activities are conducted, as the focus evolved from pure selling to developing and managing relationships. Paramount to business success is the ability to establish and maintain meaningful relationships with customers and potential customers alike: knowing their prospects inside-out helps reps plan their sales approach to be as relevant and effective as possible. Personal service increases the likelihood of a sale, since people prefer to purchase from someone they trust. Although building trust is a vital step to selling, it often takes longer than businesses would like. That is why it is important to be as relevant as possible to them with every touch point, with each advancing the stage of the sale.

Given that each selling scenario is unique to the customer, every good sales person needs to customize the sale to the individual prospect. Doing so requires detailed information on the prospect – for example, problems and challenges, project requirements, budget, industry, geographic location, etc – and the more information that is available, the better a sales rep will be able to tailor the sales message. However, keeping track of all the intricacies of each customer account can be very challenging, especially as the list of details grows. Since the sales cycle can often stretch over long periods of time, salespeople might touch base with a prospect every few months – and in between the contact points, much can be forgotten. Each time a salesperson meets with a prospect, he or she should be building on his/her knowledge of the prospect and moving the potential sale along. Sale reps cannot rely on information retained in their heads or scribbled in a notebook; they need a way to track and retrieve information about their contacts that goes far beyond written notes or data in a spreadsheet.

A CRM system provides an efficient way for salespeople to track every piece of necessary information surrounding a customer with the click of a mouse. All the information is stored in a centralized system, with customer details and interactions available anytime. In a web-based solution, the information can be accessed from any location with Internet access, so sales professionals don't need to be in the office to retrieve the necessary data. As long as they have Internet access, they have customer data access.

A major benefit of sharing information in a centralized system is that anyone is able to pull up information relating to an account, giving confidence to salespeople who may have to deal with customers they were not personally responsible for. If an account changes hands, the CRM system ensures seamless transfer of client information. While the personal relationship can't be captured, the system ensures that there is no loss of information about the customer, their preferences, and history with the company. This way, the prospect does not feel the loss of the relationship between him/herself and the company. By giving salespeople the ability to really "know the customer", a CRM system helps them develop more meaningful relationships, leading to higher probabilities of closing sales. For those who are worried about too much visibility, there are several different permission levels that can be used to edit who has access to what information.

Do you stay in touch with your customers after the sale?

Only 4% of people who have issues voice their complaints

- Cooperative State Research Education and Extension Service

All too often, salespeople will close a deal and never check in with the customer or will only do so when they remember. Then they are surprised when a customer leaves with little notice. The problem is that most organizations place a far larger focus on acquiring customers than retaining them; once the sale is made, they fail to continue to pay the same level of attention to the customer. However, the process of acquiring a customer is only half the battle; you to work continually to retain the customer. Otherwise, if they are not locked in, they will walk away. If they are bound to a contract, they will resent you and leave when it's over. Either way, you have just lost a customer and may receive negative word-of-mouth.

While most businesses have a department for support and customer service, sales should still be engaging with customers to follow up just to show interest and mitigate potential problems. We often assume that if we don't get complaints, everyone is happy. However, studies have indicated that most people with problems never complain – only 4% of people who have issues actually voice them.[7] Some people cannot be bothered, and others may believe complaining doesn't achieve anything.

[7] Cooperative State Research Education and Extension Service. 2000.

So if your dissatisfied customers never call support or customer service, and you don't have a model for checking in with them, you may never know that something is wrong. It costs five times more to acquire a new customer than to fix a problem for a current customer.[8] Having constant touch points with customers alerts you to potential issues and also lets them know you are committed to their business. By checking in periodically, salespeople can prevent minor problems from escalating into major ones. This is much easier than trying to recapture the customer when they are close to walking out and/or selling to a completely new customer. By keeping in touch, you can prevent customer dissatisfaction by addressing issues early on and demonstrating you care about the relationship.

Salespeople know the importance of staying in touch with customers, but keeping track of all the contacts and touch points is a near impossible task. Writing reminders in calendars and on post-it notes only adds to the clutter they are already immersed in. Given the importance and the difficulty of tracking customer touch points, a tool that makes it easy for sales reps to check in with customers can improve their productivity considerably. A CRM system offers reminders and to-do's, which salespeople can use to remind themselves of upcoming tasks. Users set how far in advance they want to be reminded of tasks, and can attach different priority levels. Notifications can be set to pop-up when users log in to the system, emailed to them, texted to their mobile devices, or a combination of the above. Users can also set up recurring events with whichever frequency they specify. By automating the process of reminders, salespeople can ensure they are constantly in touch with customers. Another way to ensure consistent contact is to set up activity or inactivity alerts. Alerts differ from appointments and to-do's in that they are only triggered based on pre-set criteria. Users can choose any number of criteria as triggers – for example, being notified every time three weeks go by without any form of communication with a specific customer. This way, users can ensure that they don't forget about important accounts – the system will alert them as necessary.

It is always important to know what is going on with customers, and a CRM system makes the process of following up easy and routine. And because a CRM system tracks activities – such as e-mails the customer has received – sales reps don't need to go flipping through their calendars and outbox to see if they've touched base. By achieving a clear picture of the state of customer accounts, the sales team is able to not only lower the percentage of accounts lost, but also to gain valuable customer feedback. This provides insight into trends which can be used to guide future product improvements as well as sales strategies.

[8] CEOWorld Magazine. "How Much to Spend to Acquire New Customers?" May 13, 2009.

How organized are your salespeople?

According to studies conducted on sales force effectiveness, salespeople spend only 11% of their time actively selling to customers. A surprising 49% of salespeople's time is spent on administration, problem-solving, dealing with mistakes, and searching for information.[9]

"When you think about how critical sales performance is to a company's top line, it is shocking how little time sales reps spend on what they were hired to do – sell," says Luiz Carvalho, chief executive officer of Proudfoot Consulting, which conducted the study. In many companies, important information about customers and deals is strewn over a number of databases and files. Contact phone number, previous transactions, and invoicing data may all be scattered in different departments. This makes it difficult to manage accounts, especially when it comes to preparing for sales meetings; reps have to locate and organize all the different components, leading to time being wasted on administrative duties.

Salespeople spend on average only 11% of their time actively selling to customers

- Proudfoot Consulting

Salespeople need to be able to quickly retrieve information they need in an organized fashion. A CRM system allows users within the whole organization to enter information into one centralized system; any relevant data is available with one click. The system presents the information in a clear, simple format and sales reps can quickly access the necessary information to help them work their deals. For example, if a sales rep is working on a lead, he or she can see all the information associated with the lead – contact info, company background, related contacts and opportunities, etc. – simply by clicking on the name of the lead. There is no need to run around different departments obtaining different pieces of information to form a complete picture. Additional relevant data – such as previous transactions – is also available one more click away. With web-based CRM systems, users can input information and access the system from laptops and mobile devices without physically being at his/her desk. This ensures that the information is always up-to-the-minute as it can be updated from anywhere the moment it occurs.

In addition to helping sales stay organized and retrieve more information more quickly, a CRM system also helps sales professionals by freeing up time they would otherwise have spent filling out activity reports to prepare for sales meetings. With all of their information stored in the system, sales managers can quickly run reports to see where everyone is with their sales cycles and what's in the pipeline. Sales reps can dedicate less time to organization and preparation, and more time to selling.

[9] Proudfoot Consulting. "2006 Proudfoot Productivity Report". 2006.

How do you keep track of your competitors?

Sales is a highly competitive field – you are not the only one selling to your customers. In order to gain their business, you need to convince them that you can provide them with more value than your competitors can. To do so, you must know who your competitors are and what they are doing. Keeping an eye on your competition helps you identify your own strengths and weaknesses and know when and how to adjust your sales message and strategy. Sales managers and individual sales reps should be keeping track of what the competition is doing and which sales are being lost to competitors. You need to know things such as: who your competitors are, how many sales are being lost to whom, and for what reasons (if possible). This allows your sales team to identify patterns and address problems. However, without the proper tools, it can be difficult to see how you compare against the competition – you cannot confidently modify the sales approach with little insight to the root of the problem. Many organizations don't have an organized process for tracking their competitors, and as a result base their strategies on internal cues.

A CRM system gives sales professionals the ability to track competitors, and gain insights into various strategic areas. The many different reporting functions give sales teams the ability to track and analyze almost everything they want about the competition. For example, many systems have a "competitor win loss" report where users can create a list of competing products and sales literature from competitors. This offers insight into the competition's marketing and sales material, allowing your team to develop countering strategies. Users can filter the report to receive only the data that they need; for example, total sales lost to Competitor X or total losses in Month Y. From the analysis of reports, you can learn about the strengths, weaknesses, and strategies of your competitors, as well as your status by comparison.

In another module of CRM systems, often called the products module, salespeople can enter information on competitors' products. You can track what the competition is selling, for how much, what they offer, and compare their offering to yours. Knowing what the competition offers that you don't is important, and creating custom views will give your sales team insight into how the competition is affecting your business in terms of sales. By tracking competitive information and generating customized reports, sales managers can identify areas in which sales teams are being presented with the most challenges from competitors. Using this information, managers can move to address the issue and arm their sales force against the competition.

Do you know when salespeople require support or additional training?

60% of executives identify sales training as their top priority for improving sales performance

- Proudfoot Consulting

According to studies, 63% of executives believe that a good salesperson is made, not born, and 60% identified sales training as their top priority for improving sales force performance.[10] Although salespeople receive periodic training and assessments, many would benefit from more targeted training and coaching when it's needed. Individual salespeople don't often approach their managers and ask for help, and it can be hard for sales managers to identify when and why certain reps are struggling. Given the large number of reps each manager is responsible for and the length and complexity of sales cycles, it is difficult for managers to achieve a clear image of where each sales rep stands. Chasing down salespeople for performance updates is time-consuming and inefficient for both sales managers and reps.

A CRM system provides sales managers with insights into the pipeline, the sales team's performance, and other factors affecting sales outcomes. By fully understanding what is happening within their sales force at all times, managers are able to intervene and provide support when their assistance is needed. They can monitor sales performance and look at different metrics, which provide them with the data to determine who could benefit from additional training in different areas. They can actively improve sales outcomes by ensuring their salespeople receive targeted professional development support and follow best practices in driving deals toward closure.

Another benefit of CRM systems is providing clear identification of deals that are at risk or require management intervention. Sales managers can be more proactive in stepping in to facilitate deal progress. The sales reporting functions of CRM help managers keep track of overall sales activity and gain insights into reasons for wins and losses, providing valuable information that can be used to strengthen future sales processes.

[10] Proudfoot Consulting. "2006 Proudfoot Productivity Report". 2006.

Conclusion

The role of sales in today's business environment is more challenging than ever before. As the economy slowly recovers, customers are still hesitant to commit and selling to them is increasingly difficult. Organizations need to find ways to help their salespeople achieve higher levels of sales productivity, as increased productivity will ultimately result in increased sales. This paper has outlined many of the things that every sales department knows they should be doing but doesn't – things that can improve sales performance dramatically. We all recognize the importance of staying in contact with customers, keeping tabs on competitors, delivering consistent messages between departments, etc. – but often these steps are ignored because there is no system in place to streamline all of the necessary processes and provide the required visibility. A CRM system can help address all these issues, reducing bottlenecks, automating activities, and providing a clear view into all facets of the sales process. CRM systems help salespeople by improving lead flow, minimizing the gap between sales and marketing, streamlining their activities, and giving management a better understanding of the sales pipeline. Implemented properly, with staff support and adoption, CRM systems can drastically increase sales productivity and ultimately revenue for any business.