

## *Chief Sales Officer Agenda*



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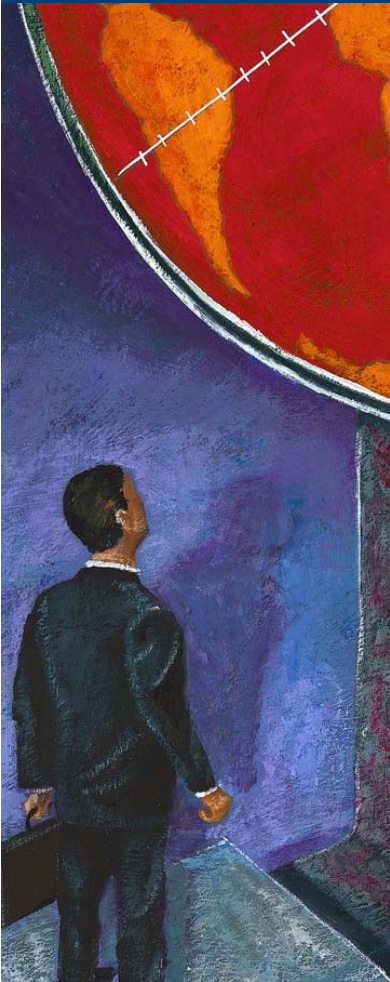
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# Chief Sales Officer Agenda

CPS' CSO Agenda pyramid architecture helps CSOs quickly surface issues, target the most critical areas within their organization for improvement, and identify where to spend their time, resources, and money for optimum sales effectiveness.

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**ABOUT CPS.** Critical Path Strategies helps clients improve the effectiveness of their sales organization. Our portfolio of services addresses the strategic, organizational, and relationship issues that impact selling performance. Our powerful processes enable clients to transform their sales culture, enhance their competitive position, and accomplish strategic business initiatives. Our clients—emerging companies and members of the Fortune 500 alike—typically measure 100 to 500 times their CPS investment in revenue growth.

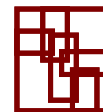


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# *The Chief Sales Officer Agenda*

*A consulting practice of Critical Path Strategies, Inc.*

December 2001



RESEARCH STUDY BY:  
Filigree Consulting  
[www.filigreeconsulting.com](http://www.filigreeconsulting.com)

## Abstract

This paper identifies the key success factors and initiatives engaged by high-level sales executives in support of their direct sales teams in their most important customers. We relate these data points to the sales organization, the business and the role of the respondent. We also map the respondents' initiatives to a model developed by the study sponsor, Critical Path Strategies ([www.criticalpathstrategies.com](http://www.criticalpathstrategies.com)) to describe the critical aspects of the Chief Sales Officer Agenda.

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## Scope of Study

### Scope

25 high-level interviews

### Participants

Sales executives from relationship-intensive B2B industries

### Partial list of companies responding:

- Administaff, Inc.
- Brio Technology, Inc.
- CH2M Hill Companies, Ltd.
- CompuCom Systems, Inc.
- IBM Corporation
- Intermedia Communications
- Martin Marietta Materials
- McDATA Corporation
- Microsoft Corporation
- Oracle Corporation
- Pentax Technologies Corporation
- Perot Systems
- SAS Institute, Inc.
- Storage Technology Corporation
- The Gates Rubber Company
- Zones, Inc.

## Overview

### Executive Overview

In 4Q 2001, Filigree Research conducted a study of high-level sales executives to understand their priorities and initiatives in support of their customer-facing teams in their key accounts.

Respondents were recruited from relationship-intensive B2B industries, including high technology, durable goods distribution and professional services companies. Respondents ranged from “chief” sales executives to “divisional” sales executives, with a span of assigned business objectives in the \$200M to \$2B range, with a few larger. Several of the high-level executives had operational and/or marketing responsibilities in addition to their sales responsibilities.

Twenty-five interviews were conducted. We explored the respondents’ sales structure, role in the organization, planning constructs, organizational development and critical success factors. We reviewed and assessed a model intended to describe, evaluate and communicate their business agenda.

### Key Findings

Across this broad range of input, respondents described a broad range of issues, success factors and approaches. When focused on their largest (or key) customer teams, more similarities emerged.

Respondents generally described their critical success factors and the initiatives they had enacted to deliver on them in terms of delivering value, developing people resources and focus on customers. They were considerably different in terms of their priorities and ways to address these factors.

The CSO Agenda model presented to the respondents was generally accepted. Tailoring the model may be necessary based on the specific conditions that a business faces, including customer relationship type, transaction size, solutions deployed and impacts as a result of organizational transformation.

Overwhelmingly, respondents place high value on best practices and benchmark information that provides insight into their challenges. Sources of such information varied considerably. We observed that beyond peer groups, and infrequent participation in associations, there is simply not that much available. Further, we are surprised that the sales technologies used to address key accounts appear to have changed little in the last several years.

As a result of our interactions, we believe strongly that the development and support for a model that can enhance the thought leadership available for key account sales would be of high value to a significant number of sales executives.

## Introduction

The study sponsor, Critical Path Strategies, Inc. ([www.criticalpathstrategies.com](http://www.criticalpathstrategies.com)), commissioned this study to develop a broader understanding of the key issues affecting high-level sales executives, with a specific focus on how they manage and support their customer-facing teams in their key customers. The CPS team has developed a model that they use in their business to support best practices assessment and consultation.

Part of the purpose of this study was to tune those offerings and to further extend their knowledge and thought leadership in this area.

The model (Figure 1) is the result of their efforts, with some initial tuning provided by the study respondents. CPS is currently working to further refine this model, as indicated by the study.

The model, dubbed “The CSO Agenda,” is intended to provide a framework for success of sales and ultimately deliver client value.

Definitions of specific facets of the framework are included as an appendix to this white paper.



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Figure 1. CSO Agenda Model

## Model Value and Use

Almost all (90%) of the study respondents saw such a model as useful, particularly when backed up by best practices information. Almost half (45%) described the model as having high to very high value. A smaller percentage (20%) expressed specific comments about how they could use the model immediately.

Comments:

*“... (this) is a great model. It provides peer group alignment, and a road map...”*

*“ the model lays out all steps, provides structure, process and linkage to other functions”*

Generally, most respondents who saw value in using the model thought the model would make an effective communications tool for both upward communications to their management and for communications to their sales team. A lower percentage saw the model useful as a planning tool. It is fair to say that while a large number of respondents saw the concept as valuable, a considerably smaller number (20%) expressed a strong propensity to assign resources to building and/or using an agenda model.

A few respondents expressed that they already had a similar model in place and were using it. To them the model was not “new news.” Respondents from the largest companies interviewed expressed the opinion that while such a model was useful, it was too simplistic. In contrast, respondents from the smallest organizations tended to be more focused on specific tactical issues, and expressed a limited interest in the model concept.

Respondents were asked to provide input on what they perceived as missing from the agenda model. The strongest message here was that the model “does not sufficiently address the importance” of line management, and in particular, first line management. In a similar vein, several comments were made about leadership in general, and about creating culture. Critical Path Strategies has updated the model to reflect these comments.

Several key inputs were made regarding the lowest layer on the model (Developing a Coverage Strategy – consisting of Evaluating the Competition, Customer Segmentation, Value Recognition, Branding and Channels and Organization.) Several of the respondents strongly perceived these tasks as marketing, not sales responsibilities. This was particularly strong for the largest companies interviewed.

## Critical Success Factors and Initiatives

One of the issues encountered in the interview process was insufficient time to fully describe the model to respondents. We decided to focus on collecting input on success factors and initiatives and to later test the fit of the model to what the respondents described as their focus. A high percentage of this input was described by the model, which we will discuss in this section.

Prior to discussing the model, respondents were asked to describe their critical success factors and the initiatives they had engaged to support them. In this section of the interview we collected a wide variety of input, from extremely broad and strategic to more focused, tactical factors and initiatives. Generally, success factors were described as being relatively stable over time, with the predictable relationship between the strategic/tactical nature of the factors and time.

Most frequently the factors included the customers, the people and the numbers, but not always in that order or priority.

How people planned to get there (the initiatives), was much more interesting and varied.

The respondents prioritized their critical success activities as demonstrated in the chart below (mapped to the initial agenda model.)

The top priority for almost half of the respondents addressed: *ensuring the delivery and recognition of client value – using an approach that involves developing and executing on customer plans.* In Figure 2 below, this concept is labeled “Account Management Execution.”

Given the study context of key account marketing and a preponderance of the respondents offering complex solutions, this is not surprising. Also not surprising are the next priorities:

- ◆ Skills Development
- ◆ Recruiting and Hiring



\*As a result of the study, the Sales Planning segment in the original model has been redefined as “Sales Management & Leadership.”

Figure 2. Critical Success Factors and Initiatives

## Critical Success Factors and Initiatives

From this mapping, four groups were resolved based on their priorities.

A group we have denoted as the “foundational” group was focused on building value (solutions), brand and coverage models. This group (approximately 20% of the respondents) had a strong “marketing and sales” flavor, with most of the respondents in this group having both responsibilities. This group expressed the strongest interest (of any group) in the model from the perspective of their propensity to assign resources to building and using an agenda model.

The group with the largest percentage of respondents (approximately 40%) we denoted as “managing the accounts.” These tended to be established sales and marketing organizations, focused on working high relationship accounts using people, support, and planning. This group represented the second highest propensity to assign resources to building and using an agenda model.

Broad-thinking sales executives, focused on a “systems” approach to sales and marketing, we have labeled “people, planning & products.” They represented about 15% of the respondents. These respondents tended to work in highly developed organizations with complex solutions. They were focused on broad organizational development issues intended to enhance client value via developing their people, developing and executing exceptional plans, and enhancing the value of their solutions.

Respondents focused on their people, organization, skills, and compensation system were denoted as “building the organization” (approximately 25% of respondents.) These respondents tended to be from organizations in transition and were generally focused on building their sales teams and infrastructure.

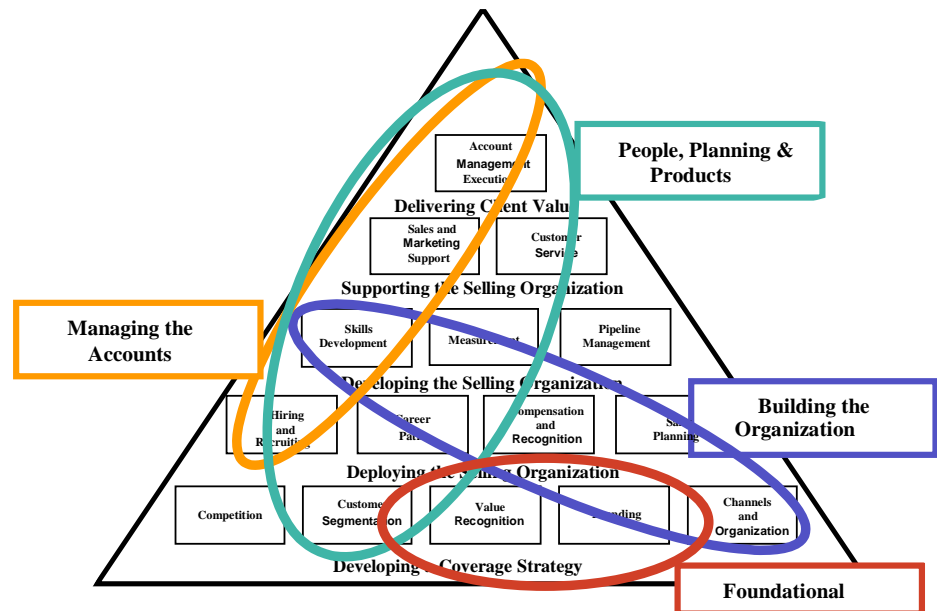


Figure 3. Four Identified Groups Based on Respondents Priorities

## Other Issues Expressed

In addition to line management and leadership, and providing clarity on the roles of marketing and sales, several other issues were expressed that are not encompassed by the base agenda model. Of these, the most pervasive included the following areas.

Issues created by managing a broad diversity of sales models affecting systems, process, and the sales management models. This concern was based on several different types of diversity, including customer relationship type, transaction size, solution/competency deployed and impacts as a result of organizational transformation. This issue was most frequently expressed by large organizations with fairly broad markets (and hence several coverage models and complex channel systems.) Several members of this group also expressed a need to address issues created by increasing degrees of specialization in their sales/delivery deployment model.

A fair number of reported success factors and initiatives were focused on building an organizational sales model, defining roles and responsibilities, rules of engagement, process, and structure. We perceive this as a potential replacement for or augmentation of the lower layer of the agenda model.

Some respondents reported a success factor or initiative focused on managing the integration of sales and perform resources in their coverage and engagement models. Generally, these respondents had a high degree of professional or consulting service content in their solutions.

### Summary

This study was intended to surface the key issues and approaches used by high-level sales executives whose customer-facing teams operate in key accounts in relationship-intensive sales environments. Further, we intended to understand the value, uses, and approach to supporting the target audience with a model that described the key issues they faced in managing. Twenty-five conversational interviews were conducted by Filigree Research ([www.filigreeconsulting.com](http://www.filigreeconsulting.com)) to begin the exploration of these issues. As a result of our interactions, we believe strongly that the development and support of a model than can enhance the thought leadership available for key account sales would be of high value to a significant number of sales executives.

## Appendix

### Respondent Profile

#### Sales Structure and Practices

Respondents described a broad variety of channel systems, with their key account programs predominately covered by direct sales teams (90%). Across the sample, channels systems ran from simple (35%) to complex (20%) for all customers. Sales styles were also varied from traditional relationship oriented industrial sales to highly consultative solutions sales.

Specific key account programs (defined as an emphasis on largest or most profitable customers) existed in over 85% of the respondents. Most of the others had a plan to implement a program. Almost all had a plan to enhance their key account sales. Several were concerned about increasing transaction size and revenue per representative metrics.

#### Planning/View of Sales and Marketing

We explored the type of planning and the role of planning in the sales process. Most of the executives we interviewed (70%) had significant input to the planning process. The focus of the planning was also examined—the balance of revenue vs. profit as a focus of planning was about even, as was the balance of focus on specific accounts vs. market segments.

Generally, the chief sales officers interviewed were either part of a team that was responsible for establishing their sales goals, or were themselves largely responsible for those goals. As expected, lower level executives had less of a role but often did provide significant input to the process.

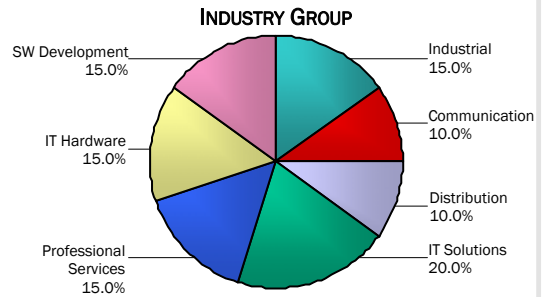
Marketing and sales integration was also discussed and was surprisingly well rated, on average, as “very closely to moderately closely linked,” with very few reporting extremely disparate relationships. Several respondents mentioned programs or initiatives that were in place to improve the coordination (and integration) of marketing and sales.

#### Support and Infrastructure

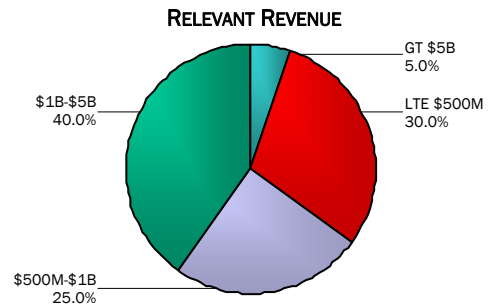
About half (55%) of the respondents had fully implemented CRM from a broad variety of sources, including several “home grown” implementations. A higher percentage (68%) of respondents had fully implemented ERP systems. Almost all respondents had broad customer support programs and significant infrastructure invested in serving and delivering their products, services and solutions.

## Respondents Demographics

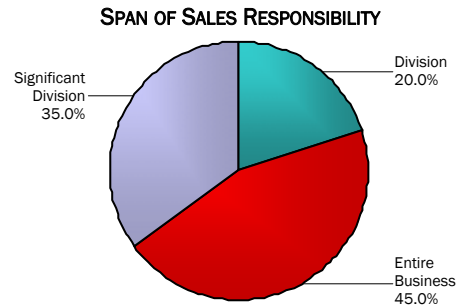
Respondents were from a broad distribution of industries, with a preponderance (75%) in high technology. The remaining respondents were from durable goods distribution and the industrial sector.



Respondents reported a broad range of revenue assignments ranging from approximately \$200 million to \$7 billion, with most in the \$400 million to \$2.5 billion range.



Eighty percent of the respondents had responsibility for a major portion or all of their company's revenue. The remaining 20% were from the largest of the companies interviewed, and represented significant revenue assignments.



About half of the respondents were either Chief Sales Officers, or Corporate Vice Presidents, generally representing the highest (or tied for highest) sales executives in their companies. The remaining half were Divisional or Group sales executives, generally from the larger companies.

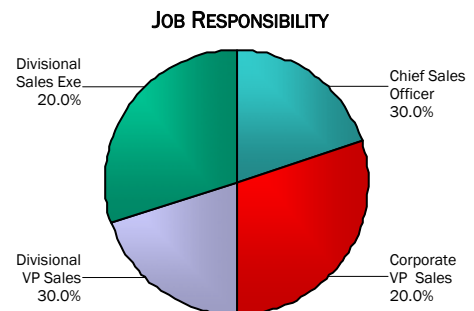


Figure 4. Respondents Demographics

## Study Summary

Partial list of companies responding:

Administaff, Inc.  
 Brio Technology, Inc.  
 CH2M Hill Companies, Ltd.  
 CompuCom Systems, Inc.  
 IBM Corporation  
 Intermedia Communications  
 Martin Marietta Materials  
 McDATA Corporation  
 Microsoft Corporation  
 Oracle Corporation  
 Pentax Technologies Corporation  
 Perot Systems  
 SAS Institute, Inc.  
 Storage Technology Corporation  
 The Gates Rubber Company  
 Zones, Inc.

25 high-level interviews

Sales executives from “relationship-intensive” B2B industries

The model, dubbed “The CSO Agenda,” is intended to provide a framework for success of sales as a business.

Specific focus on how high-level sales executives manage and support their customer-facing teams in their key customers.

The model has five major layers:

- Develop a strategy
- Deploy sales
- Develop sales
- Support sales
- Deliver client value

Almost all (90%) of the study respondents saw such a model as useful, particularly when backed up by best practices information.

Almost half (45%) described the model as having high to very high value.

A smaller percentage (20%) expressed specific comments about how they could use the model immediately.

Respondents were asked to provide input on what they perceived as missing from the agenda model. The strongest message here was that the model does not sufficiently address the importance of first-line management.

While a large number of respondents saw the concept as valuable, a considerably smaller number (20%) expressed a strong propensity to assign resources to building and/or using an agenda model themselves.

Most frequently, critical success factors included the customers, the people, and the numbers, but not always in that order or priority.

How people planned to get there (the initiatives) was much more interesting and varied.

Top Priorities:

- Ensuring the delivery and recognition of client value using an approach that involved developing and executing on customer plans.
- Skills development
- Recruiting and hiring
- Customer service

From the mapping of critical success factors and initiatives, four patterns of priority emerged:

- Foundational (approximately 20% of respondents) – focused on building value (solutions), brand, and coverage models
- Managing the Accounts (40%) – focused on working high-relationship accounts using people, support, and planning
- People, Planning & Products (15%) – focused on a “systems” approach to sales and marketing
- Building the Organization (25%) – focused on their people, organization, skills, and compensation system

Other issues expressed by the respondents’ success factors/initiatives included:

- Managing a broad diversity of sales models
- Increasing degrees of specialization in sales/delivery deployment models
- Building an effective organizational sales model
- Managing the integration of sales and perform resources in coverage and engagement models



## About Critical Path Strategies

Critical Path Strategies helps clients improve their competitive position by providing comprehensive consulting services to improve the effectiveness of major account sales organizations. Our portfolio of services addresses the strategic, organizational, and relationship issues that impact selling performance. Engineering successful sales teams the Critical Path Way enables clients to develop strong selling organizations, build high-value customer relationships, and accomplish strategic business initiatives. Our clients—emerging companies and members of the Fortune 500 alike—typically measure 100 to 500 times their CPS investment in revenue growth.

## About Filigree Consulting

Filigree Consulting administered this study and performed the analysis of the results. Filigree provides custom research, project management, and research consulting for client projects as part of its focus on information-intensive industries. Filigree Consulting works with clients to help them align with key constituencies and build competitive advantage through fact-based decision-making.



## Definitions

### Developing a Coverage Strategy

- Evaluating the Competition -  
Analysis of Competition, SWOT, Win/Loss, and Market Share.
- Customer Segmentation -  
Identification of segments, vertical markets, and tailored strategies.
- Value Recognition -  
Creating value and recognition of that value will yield the most profitable results – pricing, packaging, and high-impact results.
- Branding -  
Brand definition, recognition, and leverage.
- Channels and Organization -  
Design of go-to-market approach and coverage.

### Deploying the Selling Organization

- Recruiting and Hiring -  
Definition of best attributes for recruiting, disciplined hiring, and rapid integration of new hires.
- Career Path -  
Alignment of talent with opportunity, skills development, and communications of expectations for advancement.
- Compensation and Recognition -  
Design of compensation system, performance planning, and recognition programs.
- Sales Management and Leadership -  
Development of sales line managers and an effective sales leadership model.

### Developing the Selling Organization

- Skills Development -  
Skills planning, gap analysis, and training planning.
- Measurement -  
Design, deployment, and communication of metrics.
- Pipeline Management -  
Opportunity identification, selection, and opportunity management.

### Supporting the Selling Organization

- Sales and Marketing Support -  
Investment in staff and programs to manage change, sales force automation, and effective integration of marketing and sales.
- Customer Service -  
Service-level expectations and management, linkage of delivery and sales and retention programs.

### Delivering Client Value

- Account Management Execution -  
Customer plan development, communications, and execution – ensuring the delivery and recognition of value.

*The New Sales Agenda for Growth*

by Art Wilson



*The outcome of a properly structured and implemented sales agenda consists of positive business results and desired behavior change characterized by passionate actions of every member of the selling organization and the clients they serve.*

*The late 1990s and early 2000 years were difficult, but economic indicators are now positive. Executive teams continue to pull out of the bunker and prepare for growth. We see our clients' clients investing – but doing so cautiously. For many reasons, the heyday of uncontrolled spending won't return anytime soon. What actions and sales leadership are they taking to match their sales agenda to the realities of this upturn?*

We see our clients doing many things, but three types of sales growth agendas seem to be prevalent.

#### Aligning Value for Growth

Your customers are starved for growth. If you can align your sales teams' strategies to "Create Value for Growth" for their customers rather than just "Exchanging Value" (commercial transactions), their value proposition will be much more compelling. In the following paragraph, a case example of aligning for growth is outlined.

Salesforce.com – Salesforce.com is a relatively new company with a new value proposition for the Customer Relationship Management (CRM) space. Their offering is scalable, on-demand delivery of customer relationship management applications. Their growth and business strategy is aggressive and exciting. If your selling team assigned to Salesforce.com could uniquely improve their growth leadership as they reinvent the CRM space, your team's value proposition would be very compelling.

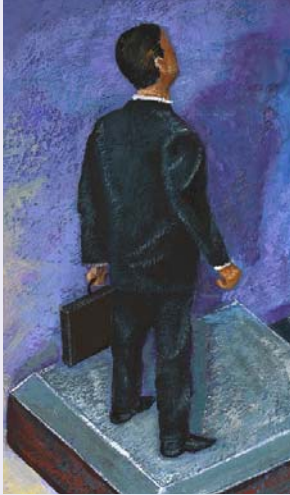
The sales team selling to Salesforce.com should be asking:

- What can we do to help Salesforce.com improve its new logo acquisition sales programs?
- What can we do to help Salesforce.com differentiate themselves in the marketplace?
- What can we do to help Salesforce.com extend their reach within accounts where they have made the initial sale?

#### Improving your Customers' Performance with Thought Leadership and Innovation

Your customers are growth-oriented, but still cautious and have not lost sight of continuously improving their performance. A great example of this is highlighted in the June 2004 *Fortune* article on IBM.

One of the points of the article is that IBM is deploying thought leadership directly to specific customer business issues. The Chairman and CEO made a call on a major retailer looking to improve "same store sales." The retailer's CEO and CFO framed their most important issue as "trying to get more revenue per shopping cart."



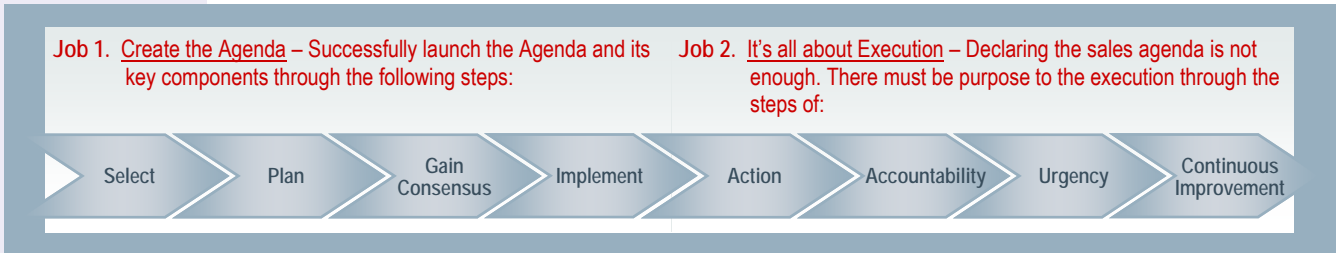
The IBM sales team was expanded to include product development people. They developed a prototype smart shopping cart with built in scanners and LED screens. These carts guide the shopper through the super stores promoting related products and special promotions to those placed into the cart. The IBM client is testing the system now.

Improving the Quality and Velocity of the Pipeline

The pipeline of opportunities is often an under managed asset of a company. The size, quality, and velocity of opportunities moving through it directly correlate to the future value of the firm.

Several of our clients are squarely focused on this aspect of growth—they believe that the visibility of opportunities, coupled with a management team focused on helping their sales teams identify critical actions to improve the size, quality, and velocity of a deal, will significantly improve predictable, robust results.

These sales agendas must be carefully crafted . Sales executives must provide an environment where the short list of most important initiatives can be selected and successfully implemented. Leadership’s responsibilities include two very important jobs.



The outcome of a properly structured and implemented sales agenda consists of positive business results and desired behavior change characterized by passionate actions of every member of the selling organization and the clients they serve.

*Supporting the Selling Organization*

by Art Wilson



*Through careful assessment of the desired outcomes in the selling process, the chief sales officer or senior sales executive can provide the support that the selling team and customers need to enable valuable interactions on a repeated basis and ultimate recognition of value delivered.*

*Delivery of client value is a function of the efforts of a broad range of a company's resources. From pre-sales consulting to order entry, from installation to post-sales support, the salesperson depends on flawless execution by a community of functional experts to enable the customer to acknowledge the contribution of a company's product or solution and the team that delivers it. Not surprisingly, in many companies, the internal processes to develop, deliver, and implement customer solutions are well thought out and developed. Why is it that so many customers deride the selling team? Why is it the exception when customers are willing to declare the financial or strategic value that a seller's solution has enabled their company to experience?*

The truth is that too often the solution does not perform as the customer anticipated and expected. More frequently, the offering was not adequately linked to a critical business initiative so that the benefits could not be measured. It is imperative for senior sales executives to assess the selling process and identify those key areas where the interactions with the extended selling organization actually enhance the customer's perception of the supplier—even before the contract has been signed. In the context of our Chief Sales Officer Agenda, the process of "Supporting the Selling Organization" includes:

- Sales and Marketing Support, and
- Customer Service



The task of assessing how the resources of a company can be marshaled into a cohesive unit to support the selling team can be daunting. Simplicistically, customer interactions tend to be categorized as "before the sale" and "after the sale." In reality, customers' perceptions are a result of any information-bearing experience they may have with a company independent of a particular opportunity or transaction. For example, a customer may see one of your advertisements and not like the colors or artwork in the ad. Or a customer may read an unflattering article about the service your company provides in a trade magazine. Opinions can be formed about a company based upon exposure to a Web site or pieces of direct mail that may have been received. The bottom line is that a prospect's preconceived notion often hampers a salesperson's ability to begin a conversation even before a single interaction occurs. Sales executives must do everything in their power to ensure that each and every customer encounter between a salesperson and a potential or current customer



adds value. The sales team needs to focus on building relationships with your most important and strategic accounts. To do so, they must be armed with the right information that aligns your company's most important capabilities with the client's most critical needs. Even more importantly, the sales team must trust that the company will deliver as promised. The logical partners in this quest are the Marketing and Customer Service functions.

The challenge is in knowing where to begin. The Sales, Marketing, and Customer Service functions are managed separately. For a senior sales leader to affect the operations of either Marketing or Customer Service, it is important to have a clear understanding of the gaps in support for the customer and the sales team. A Best Practice that we have witnessed involves conducting an "audit" of all the contact points that may be experienced by a client. For each and every customer interaction, there is a desired outcome from the client's point of view and then there are the "real" outcomes that may be experienced. The chart below provides a simplified consumer-based example:

Sales Process Contact Point	Expectation	Experience	Message Sent Positive/Negative	Desired Outcome	Importance Target for Improvement Who
Order a software product over the web	<ul style="list-style-type: none"> <li>Locate the product information</li> <li>Place order</li> <li>Enter creditcard</li> </ul>	<ul style="list-style-type: none"> <li>Product info hard to find</li> <li>Search engine slow</li> <li>Error message: page unavailable</li> </ul>	Your time is not valuable <b>NEGATIVE</b>	<ul style="list-style-type: none"> <li>One click to find product information</li> <li>One click to order entry page</li> <li>Enter information once</li> </ul>	<b>HIGH</b> Usability study to improve web experience <b>WEB TEAM</b>
Call the 1-800 number to order the product	<ul style="list-style-type: none"> <li>Phone answered by a real person</li> <li>Gain knowledge and help</li> </ul>	<ul style="list-style-type: none"> <li>Automated voice system</li> <li>Multiple selections</li> <li>Long wait time</li> </ul>	Your order is not important <b>NEGATIVE</b>	<ul style="list-style-type: none"> <li>Connection to a knowledgeable resource within one menu selection</li> <li>15 second maximum wait</li> </ul>	<b>HIGH</b> Incorporate option to access a real person from automated voice system <b>CUSTOMER SUPPORT</b>

Answering questions such as the following can help you identify potential areas of concern in managing strategic accounts:

- How does your sales team currently contact a new strategic prospect?
- What is the prospect's experience with your voicemail or email system?
- How do your current customers receive information about new products or services?
- What information does a sales rep use when discussing the new offering with the client: Is it product based or value based?
- Is it possible that a customer could receive different messages about a new solution from multiple sources within a company?
- Does the sales team establish clear value statements that relate your solution benefits to individual client needs?
- Can these benefits be measured and tracked in support of value recognition?
- When one of your most important clients has a problem and can't reach the sales rep, what escalation policy exists?



By identifying the gaps in existing customer outcomes, the sales executive can have a factual discussion with the *chief marketing officer* and *customer support executive* to establish a realistic number of initiatives to address the problems. *Marketing* can provide enormous value in pre-conditioning the marketplace and in driving general demand. Marketing can also develop sales tools and customer-based messages that help establish management of customer messages. *Customer Support* is often responsible for the interactions that leave lasting impressions on customers that influence their purchase or repurchase decisions over time.

Through careful assessment of the desired outcomes in the selling process, the chief sales officer or senior sales executive can provide the support that the selling team and customers need to enable valuable interactions on a repeated basis and ultimate recognition of value delivered.

## *Developing the Selling Organization*



*To achieve extraordinary and sustainable levels of top-line revenue growth, management must implement processes and strategies that will maximize the efforts of their Selling Organization. Reaching the optimum goal of delivering client value on a sustainable basis requires that there be a series of actions, methodologies, and measurements that will continuously improve and drive the necessary behaviors of the selling team. Three primary areas of focus that must be addressed include **skills development, measurements, and pipeline management.***

### SKILLS DEVELOPMENT

There are a variety of competencies at every level of a selling organization that are based on experience, training, and motivation. To provide an organization with the optimum selling team, a company must develop all players to ensure that they possess the skills required for success. Questions that must be answered are: Where are we and where do we want to be? How do we bridge the competency gap? How much can we afford to invest?

**Where are we and where do we want to be?** A review of the important constituencies of customers, sales management, top-performing sales professionals, and sales support teams can help you gain insight that will allow you to confirm your current state and the vision of a desired future state.

**How do we bridge the competency gap?** Key initiatives to bridge the competency gap normally include a combination of internally and externally delivered training. These development programs should not be viewed as a one-time investment. Because the selling landscape changes, so must the skills profile of the sales teams. A “must do” to successfully bridge the competency gap is the introduction of programs that enable the development of sales management leadership. Examples of sales management leadership include regularly scheduled account and territory reviews, sales calls, coaching, and win/loss reviews.

**How much should we invest?** World-class selling organizations routinely invest 5% to 10% of payroll in competency development. Your investment should not be viewed as an event, but rather an ongoing investment in continuous improvement and excellence that will result in attaining a desired future level of skills and competencies.

MEASUREMENTS



When evaluating the appropriate measurements needed to achieve the desired levels of success, there is a balance between setting expectations, measurement of activities, evaluation of skills, and reward systems. If current measurement systems do not align with the requirements of the market, customers, and even the selling organization itself, you can expect a significant disconnect in terms of activities and achievement of desired results. The combination of expectations, capabilities, and rewards achieves balance when consistently measured against appropriate goals.

Measurements developed with the input of management, the selling organization, customers, analysis of the competition, market conditions, and other resources such as industry best practices will result in solid measurements, which will help drive the desired behaviors to achieve results. While clearly important, measurements should not be tied exclusively to financial performance—qualitative measurements of delivering client value are also part of the equation.

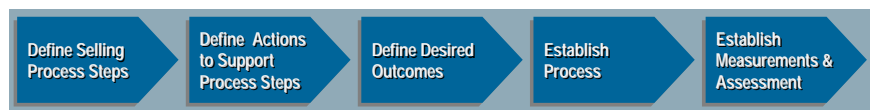
The effectiveness of measurements is also driven by the quality and frequency of communication. Reporting the status of the measurements—against company objectives as well as individual rankings—produces the most consistent behaviors over time. Such reporting also provides management with an opportunity to point to role models for the behavior that they seek.

PIPELINE MANAGEMENT

An assessment of the quantity and quality of a selling organization’s pipeline of potential business is a good indicator of its value. Too often we manage by financial results, which is like steering a boat by watching its wake. While earnings are a report of past results, the pipeline is an indicator of future success. Pipeline processes at their best have clear definition of qualitative and quantitative indicators of progress. Forecasting of any kind is a gamble, but improving the predictability of results will allow management to make better decisions.

Effective pipeline measurements should be designed to align with the “selling process” and to the steps that mark the progress of a sale from identification of prospects through the close. After the collection of historical data and with the inclusion of some “value judgments,” management can make predictions or forecasts of results, which can lead to dramatic improvement in financial results.

Clients working with CPS to define their pipeline management system review and assess the following areas:



The ultimate goals for effective Pipeline Management are velocity (decreasing the time it takes a customer to buy), reward (increasing the size of the opportunities), and effectiveness (increasing the odds of closing each opportunity.) When appropriately defined and implemented, the Pipeline Management process offers your company the opportunity to effectively communicate accomplishments, evaluate best practices, improve predictability and, ultimately, improve the Delivery of Client Value.

In summary, our experience tells us that to develop a world-class selling organization, the critical components of skills, measurements, and pipeline management must be in place and working effectively. A company that makes the commitment to developing and supporting a well-documented pipeline management system can expect 80% of the return with 20% of the investment if these areas are in sync.



## *Deploying the Selling Organization*



*Fielding the best team, based on the “game plan,” is fundamental to Selling Organization success. From our extensive experience in working with clients developing sales organizations, CPS has identified the following four components of successful selling organization deployment: Recruiting and Hiring, Career Path, Compensation and Recognition, and Sales Management and Leadership. In this article, specific best practices, observations, and ideas for each component area are presented that will enable the CSO to line up the right resources on the biggest opportunities.*

### Recruiting and Hiring

The best sales professionals must be at the forefront of sales deployment strategy. It is often the biggest investment a sales executive makes. Research shows that sales professionals assigned to the top 20 % of a firm’s customer base often represent 70 % to 80% of the potential profitability of the total enterprise. Recruiting and hiring “relationship specialists” who understand that their job is not only to sell, but to assure that products and services delivered to customers are highly valued by the buyer is crucial. Continuity of future sales and sustainability of profitable business relationships often relies upon such specialists.

A specific best practice is for management to conduct periodic, face-to-face meetings with the customer to understand their view of the state of the relationships with your company and sales organization. The outcome of this assessment helps profile specific needs for development of the current salesperson and can define the skills and experience for recruiting the best candidate in order to build and sustain a high-value customer relationship. Having such an optimum profile of an individual or team to be assigned to your key customers is invaluable. We are asking the customer to define the competencies they look for in a highly valued salesperson.

### Career Path

A career path strategy and communication plan directed to the highly valued sales professional is critical to key account relationships. Whenever a valued salesperson leaves an account, the result is often customer anxiety over lost efficiency and “training” the replacement. It is at this point that the selling firm is most exposed to competition. The personal relationship value is about to change. The customer wants continuity, including consultative selling, expertise, and trust. The challenge to the firm is to retain the best sales performers that provide the most value to our customers.



## Compensation and Recognition

Compensation and recognition are clearly motivators for most sales professionals because, like athletes, the measure of the sales function includes risk and sometimes the fear of readily observed failure. It is critical to align the elements of a compensation and recognition plan to assure that the desired outcomes are clear and prioritized. A salesperson is quick to analyze and drive toward accomplishing compensation elements that are the most clear and appear to be the easiest to accomplish.

A best practice is to compensate, and thereby recognize, the sales professional according to the customer's objectives. The continuity that the customer desires can be addressed through the best practice of creating an exciting career path for the highly valued salesperson. Firms that understand the value of sales excellence to the enterprise continually invest in their top sales professionals who demonstrate a client-centric focus. A documented plan will provide the sales professional the confidence that he or she can earn authority, greater responsibility, and recognition with the firm as they continue to grow—all while continuing to add value to their client's business.

It is optimal and practical to customize key elements of a compensation plan to reflect accomplishments toward achieving the customer's key business initiatives. Using the CPS Customer Value Alignment tool, the sales team identifies (and then verifies with the customer) the key business initiatives of the customer. Selling management is simply focusing some recognition based on customer success. This sends three important messages to both the salesperson and the customer: 1) the importance of customer centricity to your firm, 2) the value of partnership, and 3) the pragmatic advantage of clear alignment to mutual goals.

## Sales Management and Leadership

Sales management and leadership rounds out a "best case" deployment strategy for the sales organization. "Leadership" involves assisting the sales professionals, not "managing" them. Sales leaders and teams recognize that the deployment of sales management and leadership at the right time in the sales cycle can often be the critical last action toward success. Sales management can often gain access to top decision makers or executive approvers in the customer rapidly. Some examples of effective sales management leadership are:

**Opening the Door** - Providing support early in the sales process by making pro-active sales calls or personal involvement in presentations to customers.

**Being Part of the Team** - Providing support in highly competitive selling situations. A sales manager's experiences and knowledge of best practices learned across a broad spectrum of customers and creative implementations provides valuable consultative support.

**Helping with the Close** - Providing support during the "close" process through direct involvement with the customer can often reduce the closing cycle time and provide the additional commitment to the customer to assure success because of the capability of the firm.



**Being an “Internal Champion”** - Acting as a liaison with other internal company departments to balance and manage the firm’s assets, resources, and profit thresholds against the customer’s requirements.

In summary, Deploying the Selling Organization lays the foundation for your selling organization. The goal is to be a player “coach” as you . . .

- Line up the best players against the best opportunities,
- Reward customer success as well as sales achievement, and
- Demonstrate sales management commitment to the salesperson’s long-term selling career.

## Developing an Effective Coverage Strategy

by Ken Evans



*The following factors signal the need for a coverage strategy review:*

### Internal Drivers

- New executive team
- Significant merger
- Too much turnover in the “customer facing” team
- Channel conflict

### External Drivers

- Rapid market shift in technology
- Escalating competitive losses
- New competitors
- Evaporating margins

*Every company recognizes that a well thought out coverage strategy is the foundation for effectively supporting their customers. In fact, there is solid evidence that this should be one of the first strategic decisions a firm makes as well as recognizing that these plans cannot be static. When something in your coverage strategy is not working as well as planned, your existing strategy may need a thorough review. What drives a company to initiate such a review?*

Even when companies recognize and attempt to address the internal or external drivers that impact the coverage model, a far more critical impetus may demand their attention. The loyalty or defection of our most profitable and valuable customers is considered by many to be the most important reason to reassess a coverage strategy.

**Customer Value Segmentation.** Keki R. Bhote, in his book Beyond Customer Satisfaction to Customer Loyalty, says the key to prosperity is to line up the resources of the firm on its most important customers. Many companies are doing just that as they review their coverage strategies and focus on Account Management Execution. Bhote refers to the consulting firm A.T. Kearney and the model they use to help clients discover those customers that would really like to serve for life.

If an organization can segment its customers, it is possible to better understand the mandatory services that will deliver the most value. Some services on the existing menu may have little value to some customer sets and may be wasted. When that is the case, a company is simply not getting recognizable value. Even worse, resources have been applied and the expectations of the most important customers have not been met. Segmentation that is based on the needs of the customers a company wants for life is grounded in a commitment to deliver recognizable value.

A.T. Kearney’s “metal” analogy model describes a clear customer value segmentation philosophy and strategy.

- **Platinum.** These customers are very profitable for us. We win. They win. We want to weld ourselves together. We are developing strategic alliances with them and will merge our business processes together to create more value.
- **Gold.** This customer set is also very important. Strategic alliances may not be practical or affordable at the current time, but it is a powerful and rewarding today and could be even better in the future.
- **Silver.** This customer set is where we can begin to make more progress if we differentiate our services.
- **Bronze.** This is the slippery slope. Bhote refers to research that says that 60% to 75% of these customers cover the firm’s fixed and variable expenses. This may be the area that is in need of the most review.
- **Tin.** These customers are not necessarily bad, but they do not pay us what we think they should. They kill us by draining resources and energy from our service portfolio and perhaps should be someone else’s customer.



**How do my competitors approach the ‘precious metal’ customers?** After you have identified the precious metal customers, knowing your competitors’ coverage strategy and tactics for those customers can provide valuable insights. Two ways to uncover your competitors’ strategy are through benchmarking and research.

**Benchmarking.** What do my competitors do to cover their “precious metal customers?” What might they do to try and win my precious metal customers? What do other non-competitive companies do to cover their most important customers? Look at what your competitors and others in the industry are doing. Is your company’s coverage strategy comparable? Better? Need improving?

**Research.** There is substantial secondary research data about competitors on the Web. Some companies go a step further and hire market research firms that can rapidly articulate your competitors best practices. The best research, however, is with your best clients.

**Is my branding campaign effective? Are my channels effective?** Companies that are more “marketing oriented” make greater use of Branding and Channels as avenues to reach the precious metal customers.

**Branding.** The fundamental element in branding is a base understanding about what your company stands for in the marketplace. This is not necessarily what we hope we stand for, but what “IS.” If you are not sending the right message to your customers, you may need to decide if you should invest in branding campaigns for selected markets or even on a customer-by-customer basis.

**Channels.** Channels discussions are some of the most exciting discussions you will hear in the coffee shop shared by the sales department and the marketing department. The selection and deployment of internal or external resources to provide the most appropriate access to your existing or potential customers is one of the most critically important decisions made by selling executives. The focus should not be on the bronze and tin customer coverage as it so often is. The focus should be on the precious metal customers and their needs. After you take care of “precious metal,” then talk about what you can afford for those bronze and tin customers.

**Summary.** When a company reviews its coverage strategy, the level of inspection should be consistent with the level of concern that something is not working well. Take the first step by segmenting your customers as to the rewards they can provide for your company. After you identify your *precious metal customers*, determine (1) how you measure up to your competitors for their business, (2) if your company’s branding is sending the right message, and (3) if you are using the right channels to reach those customers. Identifying these key elements of your coverage strategy will help you to uncover gaps that may exist. Knowing where the gaps are in your coverage strategy will allow you to effectively plan for a higher level of account management execution.