

## *Sales Process Optimization*



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# *Sales Process Optimization*

Customers expect added value not only from a product or service, but also from the supplier's entire selling organization. This added value must be at the core of a selling organization's processes and methodologies in order to deliver optimal, consistent and predictable results to the customer and, in turn, drive revenues, profitability, and predictability.

## *Index*

- White Paper: Sales Process Optimization ..... 1-13
- The "Oneness" Concept ..... 14-16



**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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## *Sales Process Optimization*

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

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## Abstract

The purpose of this white paper is to discuss the issues facing today's selling organizations and how to assess and prioritize improvement efforts to current environments, processes, methodologies, and enabling technologies. The ultimate goal of these activities is to realize and sustain long-term growth via a systemic approach aimed at increasing revenue and profitability. The strategy for addressing these issues is represented by a framework called Sales Process Optimization (SPO), developed by Critical Path Strategies.

## Table of Contents

Background	4
Market Overview and Trends	5
Goals and Benefits of Sales Process Optimization	6-8
SPO Tool Kit Description and Deliverables	9-10
Conclusion	11-12
About Critical Path Strategies	13

## Background

In the age of continuous quality improvement, organizations have trimmed and streamlined operations to compete effectively and efficiently in the global market. Until recently, these efforts have been primarily focused on service delivery, manufacturing, and financial operations, with little or no emphasis on the selling process. Now, selling organizations are migrating toward the next logical step in optimizing their operations—selling processes and methodologies are being scrutinized and perfected to meet the ever-increasing demands of a more sophisticated and demanding customer base.

In today's selling environment, organizations face a series of unprecedented challenges that include increased global competition, shorter product life cycles, blurred industry lines, and heightened customer expectations. New and efficient solutions for these challenges will help to distance a supplier from its competitors. However, even more complex challenges are on the horizon, demanding that suppliers take initiative to further differentiate themselves from their competition. Electronic commerce, alternative distribution models, and deciding which revenue growth/profitability initiatives to champion are just some of the examples of issues these organizations must address in their efforts to gain and sustain new business.

The underlying theme in this complex set of challenges is the customer's demand for added value. No longer can a supplier simply rely upon a quality product or service, priced competitively and delivered on time. Customers expect added value not only from the product or service, but also from the supplier's entire selling organization. A sales force must be equipped to deliver benefits that improve the value

chain and grow the customer's business advantage by creating new opportunities and, at a minimum, reducing costs. This added value must be at the core of a selling organization's processes and methodologies in order to deliver optimal, consistent, and predictable results to the customer and, in turn, drive revenues, profitability, and predictability.

## Market Overview and Trends

In research conducted by the H. R. Chally Group, those selling organizations cited as World-Class Sales Performers identified the following key areas as important to customers as they define needs and expectations of their suppliers.

### Ability to Focus on Internal Core Competencies

Customers are looking more to their suppliers to provide expertise in areas that fall outside of their core competencies. Suppliers are thus expected to provide value beyond the “product” itself, in the form of “business partner consulting.”

### Solutions Versus Products

Customers seek suppliers that understand their business and needs well enough to provide them with solutions rather than just products.

### Substantiate Added Value

Customers demand that suppliers substantiate added value by providing total service beyond the sales call, negotiation, production, and delivery.

In addition, the Chally report cites the salesperson’s effectiveness in the account as more important to the customer’s business than the features and quality of the product, which have come to be expected of all suppliers. These customers also identify the salesperson’s failure to understand their business as the greatest source of frustration in developing a long-term partnering relationship.

## Goals and Benefits of Sales Process Optimization (SPO)

In striving to better align a selling organization's processes and methodologies with customers' needs and expectations, the SPO process addresses specific issues currently facing the organization and desired future states.

Through four key components—**Strategy, Technology, People, and Process**—SPO focuses on these issues and helps drive the organization toward a future state in which increased revenue and profitability become repeatable, measurable results.

Each of the four components—Strategy, Technology, People, and Process—focuses on different issues a selling organization may face. Figure 1 illustrates the four key components of a SPO assessment and resulting benefits to drive increased revenue and profitability. Following are some of the issues that Critical Path Strategies has helped client organizations address through SPO assessments:

### Transactional Vendor Mentality

The reactionary mindset that leads a supplier to believe that having the right product, in the right quantity, at the right price, at the right place is enough to set it apart from the competition. In fact, this transactional view dissipates value and drives to a commoditized relationship.

### Inefficient Selling Teams/Individuals

So-called selling teams are not sharing information and best practices to best support business-to-business relationships. Individuals are relying upon their own experiences, both successes and failures, to set individual strategies without taking advantage of the wealth of shared experiences and knowledge available via the entire selling team.

### Free Agent Syndrome

Expensive, high-demand salespeople set the direction of the selling organization

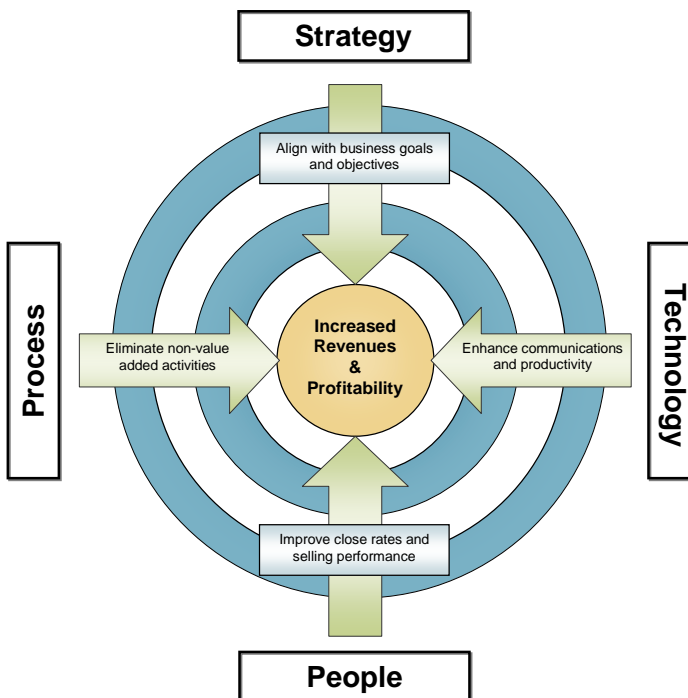


Figure 1. SPO Benefits

## Goals and Benefits of Sales Process Optimization

with increasing demands for significant individual compensation and increased autonomy and flexibility. Often plagued with high turnover, organizations victimized by “free agency” lack the consistency and quality necessary to compete in today’s more global and complex marketplace.

### Inefficient Knowledge of Opportunity Environment

Sales managers and representatives continue to struggle with the lack of vital information needed to fully realize and capitalize upon all the opportunities relative to a given application, client, or organization.

### Ineffective Transition from Selling Process to Execution and Implementation

With unstable and ineffective processes, selling organizations experience a breakdown in integral steps in the delivery process. Poor communication of requirements and expectations creates this environment and continues to sour any existing relationships and jeopardize the development of new ones.

### Excessive Non-Value Added Activity

A selling organization’s effectiveness can be crippled by an abundance of paperwork, inefficient reporting procedures, ineffective sales calls, and time-consuming meetings.

### Customer or Competitor-Defined Opportunities and Solutions

Stifling incremental and long-term growth opportunities, this reactive approach only responds to the needs as defined by the customer’s known opportunities, and to those identified by a more proactive and better positioned competitor. “Unmet Needs” rarely surface.

SPO addresses each of these issues and projects a desired future state using proven methodologies and processes.

Following are six future states that, if achieved by a selling organization, will result in increased revenue and profitability, sustainable growth, and more meaningful relationships with customers.

### Establish Business Partner Relationships with Strategic Customers

Sell beyond the product, the price, and the delivery. Build a relationship that adds value to the customer by acting as a business consultant, offering information as an added value to traditional products and services.

### Leverage New and Existing Methods to Reach More Customers

Creatively enhance the scope of the opportunity environment with new means of establishing contact with customers. Utilize new technologies and media, and better leverage of traditional forms of communication and message dissemination.

### Create New Sources of Value with Collaborative Selling Teams

Capitalize on the collective knowledge shared by the entire selling team, including members outside of the traditional realm of the selling function. Manufacturing, distribution, finance, and service roles can add value and insight to understanding the needs of the customer and creatively developing solutions.

### Provide Added Value Through Total Solutions

Substantiate added-value claims with total solutions that reach beyond the functional scope of your product or service. Demon-

## Goals and Benefits of Sales Process Optimization

strate an understanding of the customer's landscape by providing solutions ancillary to the primary purpose of the product.

### Create New Opportunities Within Existing Customer Accounts

Know your customers. With a deeper understanding of your existing customers and their needs, your selling organization can create new opportunity areas and develop solutions that significantly extend the value proposition.

### Enter Customer Relationships Earlier to Broaden Exposure to Selling Opportunities

Move your product or service functional benefits upstream in the customer environment. Create demand for your solutions that precede needs that you can fulfill as you move downstream. With your existing relationship with the customer, your exposure to these needs and the likelihood that you will be engaged to fulfill them improves dramatically.

## SPO Tool Kit Description and Deliverables

Fundamentally, the SPO solution is about maximizing, deploying, and permeating current best practices, and supplementing them with best practices of world-class selling organizations. It is designed to help a selling organization align its strategies with the overall business objectives and with the customer's needs.

As illustrated in Figure 2 below, the hub of the SPO solution is the Executive Sponsor's Strategy for Change in the selling organization. This Executive Sponsor must be engaged to support and drive the efforts to effect change throughout the company, with comprehensive buy-in from all levels of the organization.

Around this executive's strategy are three distinct phases of change and the associated tools that drive the strategy. CPS works with the Executive Sponsor's team to implement the full range of applicable tools. The tools are designed to address specific issues the selling organization must overcome to take it to the next level of performance. The following paragraphs provide a brief description of each tool.

### Best Practices Research

Best practices research includes a multi-day review of current processes, including methodologies, techniques, competencies, structure, and benchmarks. This effort is supported by interviews with up to twenty key stakeholders (account managers,

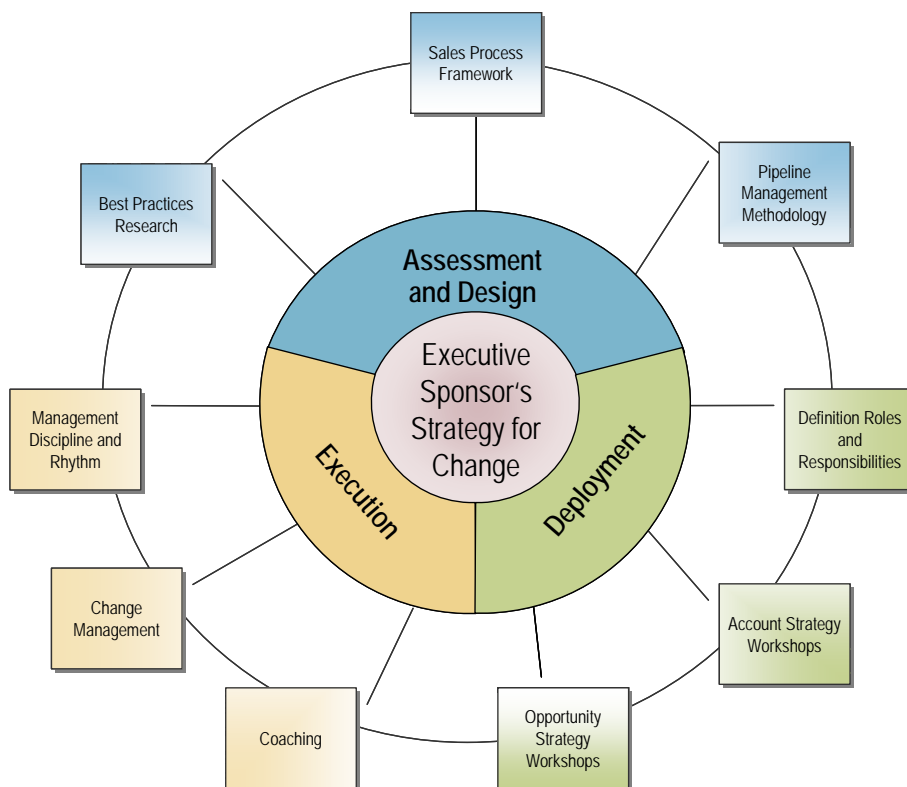


Figure 2. SPO Tool Kit

## SPO Tool Kit Description and Deliverables

sales management, customer service representatives, delivery managers, etc.) and multiple meetings with the process champion(s).

### Sales Process Framework

Initially, the team develops a definition of “Stages of the Sale” and an “Account Management Framework.” Each stage is then further defined on two levels:

- Desired Outcome – What is the customer’s message to the selling team?
- Critical Best Practices – Based on TRUST for each stage:
  - T - Have we demonstrated a **T**echnical fit?
  - R - Are trusted **R**elationships in place?
  - U - Does the **U**tility of our solution create business value?
  - S - Is our **S**trategy on track to meet the customer’s and our business expectations?
  - T - Have we enrolled the right people on our **T**eam to execute the strategy?

Metrics that ensure sustainable success are also defined and established.

### Pipeline Management Methodology

The team defines the methodology the selling organization must employ to develop a predictable pipeline of business opportunities to meet quarterly and annual revenue objectives.

### Roles and Responsibilities Definition

The team documents the selling organization’s accountabilities to the team, the business, and the customer.

### Account Strategy Workshops

Team training is deployed to reinforce the Account Strategy with particular attention to enterprise value alignment, relationship mapping, and opportunity identification. Plans are documented, shared, reviewed, and visible.

### Opportunity Strategy Workshops

Team training is deployed to provide a consistent methodology for developing strategies for significant sales opportunities. This includes a process for managing the sales strategy as a project, with documented milestones and accountabilities.

### Management Discipline and Rhythm

The SPO team defines management accountability based on best practices for review and inspection of the pipeline, account strategies, and opportunity strategies. Format, reporting, and technology enablement are part of this work.

### Coaching

The management team is trained on sales management best practices for coaching sales teams to success.

### Change Management

Deliberate selling organization process reviews are designed and conducted to measure the selling organization’s progress towards the future state.

## Conclusion

Today's intensely competitive global market has rendered obsolete the stereotypical glad-handing, relationship-dependent salesperson of the past. *Increasingly, world-class companies are realizing that optimization of the selling process is as much a determinant of success as the investments made in redesigning other core business processes.* There can be no islands of excellence in achieving aggressive growth and profitability goals—selling processes must be addressed with the same vigor that other core business processes were attacked with over the last decade.

It is axiomatic that selling expenses are one of the major components of corporate costs. What is less apparent, however, is that in terms of structure, organization, control, and methodology, selling is the most undisciplined of all business functions. Traditional efforts to optimize selling functions have relied on limited scope activities that are not based on the real strengths of the company. Implementation of new strategies, technologies, or sales training programs that are foreign to the corporate culture significantly increase risk.

“Avoid the Four Perils of CRM,” a Harvard business review article, highlighted this dilemma. Despite the apparent value of identifying promising customer relationships and extending the relationships with those most valuable customers with custom-built solutions, over 55% of these customer relationship management initiatives fail to deliver. The problem is also highlighted by the Gartner report “Sales Training Initiatives Target Improved Skills and Results.” The report states that the current business environment acknowledges that “the sales organization is a critical piece of this process” and that the

skills required of successful salespeople today are very different than they were a few years ago. Why is it that so many companies are left disappointed in their sales training investments? What should be paramount in the minds of executive management is that these failures damage their credibility with the sales organization and consistently result in significantly higher costs per user.

Critical Path Strategies' Sales Process Optimization avoids these pitfalls. We approach the SPO from the perspective of illuminating, optimizing, and institutionalizing current best practices within your organization. Our methodologies identify not only needed process changes, but integrate these changes using a Change Management approach designed to ensure the successful integration of the improved process and methodologies across the entire enterprise.

The end result of this encompassing approach is a seamless integration of the selling process with the total corporate entity. Selling is more than merely securing business through customer interaction. Selling is the organization's key contact point for sharing of information and communication with the market.

Sales Process Optimization will bring vital information needed to make growth-enabling decisions in a real time environment to every critical functional area—Operations, Marketing, Finance, Service, Development, and Technical Services. For the selling organization, SPO is the implementation of enabling technology and practices that ensure profitable growth with existing customers. The application of methodologies developed with SPO will allow penetration to new markets at reduced costs as well. With growth

## Conclusion

comes the necessity to add additional sales professionals. With methodologies and coaching practices already fully developed and documented, the risks and costs of incremental growth are greatly reduced and thus, more manageable.

*Sales Process Optimization is the key to leveraging core competencies, improving efficiency, and integrating these improvements across the entire organization to best provide breakthrough results.*

## About Critical Path Strategies

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.

*The “Oneness” Concept*

by Art Wilson



*CPS’ market research on “Oneness” focuses on an ever-increasing area of business importance—how to present a ‘single face to the customer’ and come together with customers to drive business value for both companies.*

As sales professionals managing strategic or complex accounts, most of us have been confronted by an irate customer who has become frustrated in trying to resolve an issue with our companies. A common complaint might be something like the following:

*“I’m tired of dealing with you people. I call one person and I’m told to call somebody else. That person tells me to call a third person. Why can’t you guys get your act together?”*

*“Do I have to talk to George for Product X and to Nancy for Product Y. Why do I have to deal with so many people? I want one person to talk to.”*

Sometimes, presenting “one face to the customer” has a different implication. Many of our clients, in their journey to take their relationships with a short list of their most important customers to a richer level, are exploring ways to create more value. Some of them have coined the term “oneness” to describe that journey. This may even result in the creation of a third entity by the two companies that drives mutual value in the marketplace.

The desire to work more closely with strategic customers can be attempted in so many different ways that it is hard to put a name to the concept. Coordinated customer communications, joint planning, coordinated listening, and problem resolution, or joint research and development are just a few of the approaches. For simplicity, we will represent all of these actions as elements of a concept we call “oneness.”

Critical Path Strategies and Filigree Consulting conducted an assessment of emerging best practices associated with the concept of improving overall relationships or “oneness” with strategic accounts. At a high level, we found that oneness efforts are being pursued in a number of ways and at multiple levels, but our study indicates that companies that have formalized their approach to oneness overwhelmingly believe the efforts are contributing to improved results.

### Research perspective on Oneness

As a research-based consultancy, Critical Path Strategies has a firmly rooted commitment to conduct meaningful studies that explore topics that could provide insight into emerging best practices within customer-facing organizations. In our work with our clients, we found that a recurrent theme was an expressed interest in providing “one face to the customer.”

Our decision to investigate this topic brought us in contact with 25 companies who represented some of the pioneers in the implementation of oneness programs. From them we learned several key elements of successful oneness efforts and one overriding concept:

**Oneness is all about the continuum of value:**

**Value exchange**  
**Value recognition**  
**Value creation**

### Evolution of Oneness

As we discussed the concepts of oneness with our study participants, it became clear to us that oneness is not an end state nor is it a process with a defined beginning, middle, and end. In fact, we believe that oneness is best represented as an evolution along a continuum of value development. While there are three recognizable states, a company can enter at any point along the continuum and still achieve measurable benefit.

In the **initial state**, buyers and sellers are bound together by a set of buyer's needs and seller's value propositions that, hopefully, mesh (Figure 1.) In formalized relationships, the account team and customer decision-making units of the two companies engage on a "buy-sell" level. In this case, the seller's product is provided in exchange for money. Thematically, the conversations between the buyer and the seller revolve around this **value exchange**.

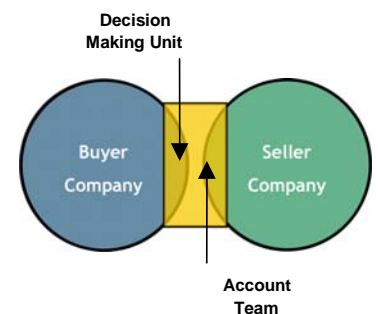


Figure 1. Initial State of Buyer-Seller Relationship

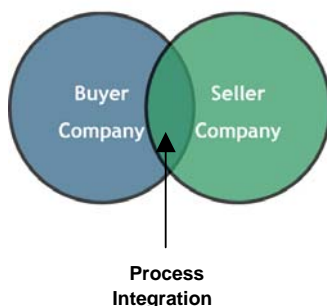


Figure 2. Transition State of Buyer-Seller Relationship

Moving this type of relationship forward is predicated on the buyer's recognition of the value delivered by the seller. This **value recognition** is an important step toward developing a deeper relationship.

As the relationship enters a **transition state** (Figure 2), buyer and seller begin to automate the value exchange, reaching into their provisioning, supply chain, and financial processes. It is here that the dialogue between the buying and selling companies begins to expand into how mutual benefit can be achieved. The two "partners" may now begin innovative joint thinking about how to achieve greater mutual benefit.

As the organizations continue to evolve (Figure 3), communication effectiveness and information exchange expand the partnership possibilities. The ultimate state of oneness is represented by forming a virtual business unit with mutual value creation through the delivery of business value to other entities.

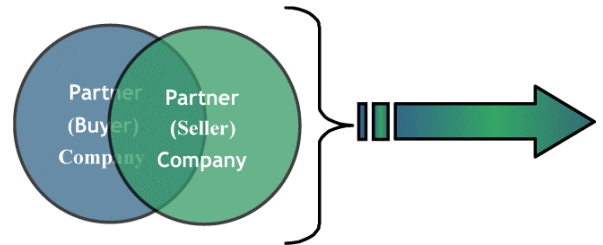


Figure 3. Combined Value Proposition and Net New Value Creation

### Oneness Best Practices

While the study of oneness is nascent, participants did suggest a number of best practices that may provide insight and guidance to those interested in initiating or furthering oneness efforts. Best practices included:

- Improvements of internal communication
- Account Management tools
- Joint offering development
- Agreements on mutual priorities
- Coordinated internal planning
- Customer needs analysis
- Executive involvement
- Authority to fix problems
- Hiring the right people
- Training for skills gaps
- Team stability and long-term account assignments
- Optimized team structures
- Customer communication tools



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In summary, although the concepts of oneness have existed and been applied at a person-to-person level for a long time, the consistent application across a specific account is a relatively new, but increasingly important topic. While companies are approaching their oneness programs in a variety of ways, almost all are pleased with their results to date. We believe that this is an emerging area of excellence that can provide exceptional differentiation for companies of varying sizes and industries.