Sales Management Optimization
2016 Key Trends Analysis
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Acknowledgments

We would like to thank all of the sales executives who annually share the data related to their sales performance and the best practices they are leveraging to optimize how they manage and enable their sales teams. Without their support and insights, the development of the research knowledge base used to create the 2016 Sales Management Optimization Key Trends Analysis would not be possible.

As part of our mission to provide sales leaders with the latest trends and strategic thinking from their global peers, CSO Insights leveraged the questions and data sets from four current studies to share highlights and trends related to today’s selling organizations. Sales leaders use our analyses to refine their strategies to improve the performance and productivity of their sales teams.

We would like to thank our editing team whose hard work, diligence, and endless hours made this project possible. Thanks to Paul Maxwell, Diane Hodges, PhD, Melissa Paulik, and Andy Jesmok.

*Note: Hyperlinks in this report marked by an asterisk are accessible only to CSO Insights’ research members.*
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2016 Sales Management Optimization Introduction

To create the 7th annual Sales Management Optimization Key Trends Analysis, CSO Insights leveraged insights and data collected from the 2016 Sales Performance Optimization, 2015 Sales Enablement Optimization, 2015 Sales Compensation and Performance Management, and 2015 Sales Engagement studies. As part of these research efforts, data for the 2016 Sales Management Optimization Key Trends Analysis were drawn from the responses of executives from upwards of 1,500 global companies. While over 300 sales-effectiveness-related metrics were collected from these studies, this Key Trends Analysis consists of metrics that are specific to sales managers in their day-to-day efforts to manage, compensate, and enable their sales teams.

Contact your CSO Insights Analyst if you are interested in the data and analyses from the 2016 Sales Performance Optimization and Sales Enablement Optimization studies.

Key Trends Analysis Introduction

“The measure of success is not whether you have a tough problem to deal with, but whether it is the same problem you had last year.”

—John Foster Dulles

All of the discussion today about how buying is changing inevitably leads to questions about the impact these changes will have on selling. Some have predicted that we are on the verge of the death of a salesman, with buyer access to information via the internet and the growing prowess of marketing reducing the need for salespeople, if not making the sales function obsolete altogether.

Based on our belief that data are vastly more valuable than opinions, we have been researching why and how sales needs to evolve to keep pace with changes in the marketplace. CSO Insights’ 2016 Sales Performance Optimization Study* found that only 2.9% of all the firms surveyed plan to decrease the size of their sales forces in 2016. Another 29.7% said the size will remain the
same, and the remaining 67.4% shared that they are going to be adding net-new salespeople this year. So clearly companies have other ideas in mind rather than shutting down the sales function. But what do those look like?

We have presented at, or taken part in, numerous conferences and forums around the world this past year, and a key theme at these events is how the role of salespeople needs to evolve. Companies need to move the mindset of salespeople away from transactions: rapid, repetitive, and routine; to interactions: creative, complex, and proactive. Firms need to quit mouthing the phrase “win-win” and actually make that philosophy a reality. They need to move away from the obsession with the sell cycle, and truly understand the customer’s journey.

Will this necessitate changes for sales? Definitely! But change does not need to just occur at the salesperson level. To oversee this evolution in sales, the people leading the sales teams are going to have to be a major part of the change equation as well. To meet the new needs of the marketplace, will companies continue to hire those who fit the success profiles of the past? Will it continue to be acceptable that 54.8% of companies operate with either no sales process or an informal one? Will the win rate of forecast deals, which came in at 46.9% in the Sales Performance Optimization Study this year, be viewed as acceptable by executive management and the board going forward? Our bets are that at every level of the sales organization, from the sales professional all the way up to the CSO, companies are going to experience significant changes. So what is the basis for backing up our assumption?

Let’s refer back to the John Foster Dulles quote. How did you react when you read it? A first pass, this observation might evoke a “Yeah, I can see that.” But let’s take a moment to put it into context. As part of the 2016 Sales Performance Optimization Study, we asked the study participants, “What are the top three challenges that need to be successfully dealt with in 2016?” The chart to the right summarizes their responses.

As you go through the list, do you see issues you are struggling with right now? Were those issues on your list last year? The year before
that? The year before that? Now, the words of Dulles may have a new meaning. You know what the challenges are and what you need to change, but are you making it happen?

In the seven topical reports that comprised the 2016 Sales Performance Optimization Study, we mainly focused on the challenges facing salespeople today, why these problems exist, and, more importantly, what can be done to successfully deal with these issues. In this report, we do the same for sales management. As the basis for this analysis, we gathered data from CSO Insights’ most recent Sales Performance Optimization, Sales Enablement, Sales Compensation and Performance Management, and Sales Engagement studies that were directly related to sales management. From these data, we selected the ten key trends that help set the stage for how sales management is performing today so we can explore how this function needs to evolve going forward.

We will be following up this initiative with the launch of our second annual Sales Enablement Optimization Survey in April, 2016. In this study, we explore how companies can, or are, more effectively leveraging people, process, technology, and knowledge to redefine the engagement between salespeople and customers and between salespeople and sales management as well. The results of that study will be released in July, 2016.

The graphs in this analysis reflect the aggregated results from study participants. Advisory Services clients seeking segmented responses based on factors such as industry, company size, country, and complexity of sales process may obtain this information by contacting their CSO Insights Analyst. We also look forward to discussing how you can apply the insights of the data in this report to optimize the performance of the people leading your sales teams.

Question on the study data or the findings presented in this report may be directed to:

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Key Findings

- Time available for sales managers to spend selling with salespeople is decreasing.
- Pipeline/forecast management time is increasing, but the accuracy of the forecast is not.
- Best Practice: Give managers the tools and metrics needed to do management by exception.

Observations and Insights

The average ratio of salesperson to sales manager is about 7:1, so there are always several salespeople vying for a given manager’s time. As the chart shows, there are also a number of tasks competing for a manager’s attention. On a year-over-year basis, the most noteworthy observation is the percentage of a manager’s work week that is devoted to selling alongside salespeople. The 20.7% figure from this year’s study represents a significant drop from the 27.5% figure reported in 2015.

So what did sales managers do with all that extra time? If you guessed they devoted more of their time to “coaching” instead of “selling,” you would be wrong. The 2015 coaching time average was 20.8%—only a trivial change on a year-over-year basis. However, the time consumed by internal meetings and other management tasks did go up to 25.6% of a manager’s time from 21.9% last year.
Sales managers are also spending more time in pipeline/forecast management. In the 2016 Sales Performance Optimization study, the average win rate of forecast deals came in at 46.9%, as shown in the chart to the right.

Salespeople can’t be expected to close 100% of all opportunities; however, a sales forecast is something a company creates itself. The forecast review process has some major flaws in it when the salesperson and manager’s assessment of whether a deal will close is wrong more than half the time. In past studies, when we asked about the barriers to more accurate forecasting, the top three issues cited were:

- Sales’ self-reported assessments are too optimistic
- Managers lack predictive information
- The available information is not current or accurate

When we asked survey participants to share what technology they use to manage the forecast/generate reports, 81.2% said they use spreadsheets or the forecast management capabilities that are part of their core CRM application. We have written about the limitations to this approach (inability to leverage historical data, inability to analyze conversion rate success from one stage in the sales cycle to the next, inability to see in real time which deals are changing and how, etc.). It is worth noting that 12.8% of the firms surveyed said that their sales managers regularly use sales analytics/big data solutions to help them do their jobs.

We have been gathering a variety of case study examples that show how sales analytics combined with a core CRM platform can help managers. First, analytics can replace the hunches often used in the pipeline/forecast review process with metrics, making time spent reviewing forecasts more productive. Second, the applications can monitor the performance of each salesperson and generate insights into which ones are struggling more than others in terms of sales effectiveness and why. This then allows sales leaders to manage by exception, making optimum use of the time they have for coaching. For a briefing on these trends contact your CSO Insights Analyst.
Key Findings

- Companies continue to expect a lot of different tasks from sales management.
- Method for managing all sales compensations plans makes it hard to impact multiple behaviors.
- Best Practice: Align sales management compensation to both long and short term goals.

Management Behaviors Impacted by Compensation Plans

Observations and Insights

In our past research, when we asked companies to identify their main source of sales management talent, past sales success at the company was almost always at the top of the list. As an individual contributor, the salesperson’s focus is on making their number. As shown in the chart above, when a salesperson transitions into a sales management role, a new set of expectations comes with being the leader of the team instead of just a member.

While motivating sales managers to perform these tasks is one thing, having them effectively do so is another. Looking at the full scope of the list begs the question, “What are you doing to help your sales management team develop or enhance their skills at performing all of these tasks?” We cover a number of the items on the chart in this report, and you will see that many sales
leadership teams struggle with execution. We also see a yellow flag regarding the approach companies are using to manage compensation plans.

Of the firms surveyed, 62.4% rely on manual calculations or spreadsheets to handle compensation management tasks. This can severely limit the number of metrics that can be actively woven into the compensation management equation. The increasing use of commercial incentive management CRM systems is helping companies not just design comprehensive compensation plans, but to administer them as well.

In sales, short-term results are always top of mind: Are we hitting the numbers? But with the amount of change happening in buying and selling, sales management needs to focus on long-term cultural changes as well to be successful over the long haul. Fairchild Semiconductor shared the results of its sales transformation efforts to improve margins where sales management compensation was directly linked to the success of the initiative. The project was championed by Allan Lam, Fairchild’s EVP, Worldwide Sales and Marketing. At the beginning of the project, Allan shared his new vision for sales with his management team and solicited feedback on where the sales organization needed to go and how to get there. Early in the discussions, the sales management team identified 36 barriers to success, 32 of which were deemed unsolvable.

Working on these issues over the next several months, the sales management team was able to identify ways to deal with these challenges to the point that, while the 36 barriers still existed, 33 were now seen as solvable and the remaining three were rated as hard. Each member of the management team was asked to draw up an individual adoption plan for implementing the initiative, and a significant portion of his/her variable compensation pay was linked to the success of the initiative. Over an 18-month period, Fairchild’s not only increased margins by 33%, it also engineered a manager culture shift inside the organization. Compensation played a key role in ensuring sales management’s buy in.
Key Findings

- Ability of sales managers to hire the right salespeople is increasing noticeably.
- More sales organizations bring science to the art of hiring sales professionals.
- Best Practice: Look to hire solid sales performers and future sales leaders as well.

Observations and Insights

The CSO Insights 2016 Sales Performance Optimization Study found that the average turnover rate (both voluntary and involuntary) for sales organizations is 16.1%. In addition, 66% of the firms surveyed reported plans to add net-new salespeople in 2016, and 48% plan to increase the sales force by 11% or more. Increasing effectiveness in hiring the right salespeople will be a priority for many organizations this year.

However, hiring is not a core competency for many firms. As shown in the chart above, only 43.1% rated their hiring effectiveness as meets or exceeds expectations. While this is up slightly from 41% in the 2015 Sales Performance Optimization Study figure, the fact that 64.7% of companies reported that the ramp-up time for a new salesperson is seven months or more needs to be factored in. If a company’s new salespeople fail to deliver, the organization can incur a significant hit to revenues if it lets people go and replaces them with new hires.
Many sales organizations are focused on formalizing the hiring process for new salespeople; 46.5% of the firms reported that they are conducting formal sales aptitude/competencies assessment testing for new sales candidates. Predicting whether or not candidates can handle a specific sales role and whether they are likely to be rainmakers rather than average performers, can be a key advantage for sales managers.

The chart to the right illustrates that the vast majority of the sales executives see positive results in terms of improved hiring effectiveness from aptitude testing.

We benchmarked ADP, a firm that has been using testing as part of its sales talent acquisition process for several years. It added a unique twist to the assessment process.

ADP creates two success profiles. The first looks for sales candidates who have the right behavioral DNA, cultural fit, and skills aptitude to be a solid individual contributor as a salesperson. But the scope of interest goes beyond having a team of productive sellers. ADP also wants to ensure that within the sales force it has a pool of people who can grow into future sales leadership positions. These two profiles can vary widely.

For example, the attribute of being “selfish” with their time is a good thing for salespeople as they need to be laser focused on driving their number. However, as a sales leader, being selfish with time can be counterproductive. Companies want people who are motivated to coach and mentor their sales team. To learn more about ADP’s approach to sales hiring, click the following link to access the CSO Perspective eBook interview with Ken Powell*.
Key Findings

- Seeing continued deterioration in the ability of managers to identify which salespeople need help.
- Linkage exists between CRM adoption and ability to do proactive coaching.
- Best Practice: Implement sales analytics and new coaching models based on tracking the sales cycle.

Observations and Insights

As noted on page 4, sales managers spend 21.2% of their time coaching their sales teams. Of that time, 67% was focused on opportunity-specific coaching, while 33% was used for skills reinforcement/new competencies development coaching.

One of the keys to effective coaching is to be proactive rather than reactive. If an opportunity challenge or threat can be identified early, more time is available to optimize sales performance.

As the chart shows, 48.5% of the firms surveyed said they were effective at recognizing which salespeople needed coaching. That figure represents the continuation of a negative trend seen over the past five years, as the meets/exceeds figure was 59.6% in 2011.
The study raises the concern that sales managers often have to rely on hunches instead of metrics when making decisions on who to coach and how; the most cited source of input managers use to determine who needs coaching is “self-reported” behaviors of salespeople. But the study data also point to how technology can provide managers with another look into how salespeople are performing. In the 2016 Sales Performance Optimization Study, 87.9% of the firms had formally implemented a core CRM system (Salesforce, Oracle, SAP, Microsoft, etc.). The chart to the right shows the level of adoption within those sales organizations.

When we segmented the study data by adoption rate and then looked at the rating for proactive coaching effectiveness, the following trend emerged. For firms with a CRM adoption rate of >75%, the meets or exceeds expectations rating for proactive coaching was 62.3%. That number dropped to 43.9% for firms with a CRM adoption rate of 51% – 75% and dropped further to 32.1% for firms with an adoption rate of ≤50%.

Stanley Black & Decker shared an example of the power of leveraging CRM to provide sales managers with metrics and insights into the performance of salespeople. They implemented a sales management analytics system to constantly monitor the status of all key deals in the pipeline. The system looked for red flags in the sales funnel—changes in opportunities related to deal movement, deal size, projected close date, etc. The data were synthesized on a rep-by(rep-basis for managers to use during their coaching sessions.

Stanley Black & Decker monitored the performance of its sales teams over the first year of implementing this new sales management initiative. It found that the total pipeline decreased by 35%, but the “closed-won” sales volume increased by 47%. The most impressive improvement was that win rates of forecast deals increased from an already respectable 59% to 75%

Advisory Services members interested in integrating sales process and technology to improve the ability to do proactive coaching should contact their CSO Insights Analyst to set up a briefing on best practices in Sales Management 2.0.
Key Findings

- While coaching is seen as a key task for managers, many organizations treat it informally.
- Solid coaching has the desired result of increasing salesperson effectiveness.
- Best Practice: Separate coaching from day-to-day sales management.

Observations and Insights

Our past research has shown that the vast majority of sales organizations rate the priority of sales coaching as either “mission critical” or “very important.” This year’s study data also found that there are different camps regarding how managers should handle that task.

As seen above, the most common approach is to leave it up to each manager to determine the right way to coach. It is worth mentioning again that for many companies, the primary source of sales management talent is promoting successful salespeople. However, the world of professional sports has demonstrated repeatedly that great athletes don’t always make great coaches. So is leaving coaching up to the discretion of a manager who has never been a coach a good choice? A quarter of the organizations surveyed have an informal coaching process in place and 45.2% leave the process for coaching up to the manager. The remaining
29.3% of firms have adopted a formal process, with one-third of those sales organizations aligning that process to the sales enablement technology framework.

Given that companies use different approaches for handling this aspect of sales management, we were interested in seeing what, if any, differences there would be in the sales performance of sales teams based on these approaches. A major objective of training is to increase the effectiveness of salespeople at selling. Since a key indicator of success is closing deals, we segmented the study data based on how companies were coaching and compared that to the outcome of forecast deals. The table below shows the results.

<table>
<thead>
<tr>
<th>Chosen Approach to Coaching as Related to the Outcome of Forecast Deals</th>
<th>Coaching Left to Manager</th>
<th>Informal Coaching</th>
<th>Formal Coaching</th>
<th>Formal Coaching w/Alignment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Win Rate of Forecast Deals</td>
<td>39.3%</td>
<td>42%</td>
<td>51%</td>
<td>54.1%</td>
</tr>
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</table>

As shown in the graph on the previous page, we see that the 70.7% of the firms that are leaving coaching up to the discretion of each manager or only providing them with an informal process for handling the task are taking a beating when it comes to helping their salespeople win more deals. To see the full impact of formal coaching, calculate what your company’s revenues would be if you could increase your win rate by 12–14 percentage points, and then look at what that would do to your company’s stock price.

The data make a clear case for not only reviewing how coaching is implemented, but also who does it. We had the opportunity to write a case study on SAS, a technology company based in Cary, NC, that shared an innovative approach to coaching salespeople on how to develop and implement strategic account plans. Instead of asking sales managers to take on this task, SAS has a team of experienced professionals who support both the sales professionals and their managers.

These sales coaches have sales management experience but do not carry the burden of day-to-day management responsibilities. Their only focus is to ensure that account executives do the work necessary to create and effectively implement comprehensive strategic account plans. If you want to investigate an alternative way of providing high quality coaching to your sales teams, you can click on the following link to view the interview with Jason Huckabee on the SAS Case Study Initiative.
Observations and Insights

The world of sales is driven by numbers, e.g., sales revenue, margins, customer churn, and market share ratings. We find it perplexing that many companies are challenged with producing accurate and meaningful metrics about what their sales organizations are doing/not doing to generate those numbers. There is a saying, “If you can’t measure it, you can’t manage it.” Our research shows that there is nearly a 50/50 split between companies that can measure sales performance and those that cannot.

To this quote we add the corollary, “If there is essentially nothing to measure in the first place, then it is very hard to measure anything.” Here is what we mean. We have written often about the four levels of sales process implementation. In Level 1, Random Sales Process firms, each salesperson is left to do his/her own thing. In Level 2, Informal Sales Process, there is guidance in the form of what might be called “tribal wisdom.” There is some semblance of a way to sell, but salespeople don’t have to adhere to
it. In Level 3, Formal Sales Process, firms have standardized a process for selling that salespeople are expected to use. Finally, in Level 4, Dynamic Sales Process, firms not only have a formal way of selling, they also have the systems in place to track how the process is working. If a company is operating on a random or informal basis where there is no consistency in what sales teams are asked to do, all that can be measured is the ambiguity of how salespeople are selling, which yields little if any insights.

We segmented the study data based on the level of sales process the study respondents selected for their companies. We then compared the percentage of the sales organizations in each of those four categories with how they rated their ability to provide sales management with performance metrics. The table below summarizes the results of that analysis.

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<tbody>
<tr>
<td>Ability to Provide Managers Access to Metrics: Meets/Exceeds Expectations</td>
<td>19.4%</td>
<td>50.6%</td>
<td>59.1%</td>
<td>69.2%</td>
</tr>
</tbody>
</table>

Looking at the data, any Random Process sales organization should, minimally, bring more rigor and structure to how they sell. But ultimately, how do companies get to Level 4? We had an opportunity to benchmark a sales transformation initiative at CT Corporation, a Wolters Kluwer company. They have a 122-year track record of success in providing corporate regulations, guidelines, and compliance management services to Fortune 500 firms.

At the start of this project, CT already had an experienced and talented sales team. Their goal was to apply more science to how they sell. To support sales management, they had been collecting data on a handful of metrics: number of interactions with clients, number of face-to-face meetings, number of proposals generated, year-to-date revenues per salesperson, etc.

By integrating their sales process into the CRM system and implementing sales analytics reporting capabilities, CT was able to generate a new level of KPIs at the individual product line and territory levels. Click CT Corp KPI Case Study to view the online briefing of their transformation journey.
Observations and Insights

Earlier in this report (page 4), we looked at how much time sales managers dedicate to the task of forecast management. Here we want to examine how effective they are at this task. In our study, only 43% of the sales organizations rated their ability to accurately forecast business as a core competency. We should note that this is an improvement from the 36.5% figure reported a year ago, but it still points to a major issue that remains unaddressed by many companies.

For 2015, the overall average win rate of forecast deals was 46.9%. But again, that is an average, which means that there are companies that perform far better—and far worse—than that figure. That prompted us to look more closely at the data to see if we could identify factors that can improve the ability of a company to execute the task of forecast management. We did this using a spread analysis of the survey responses. The chart on the next page shows how widely divergent win rates were across the survey population.
A small subset of companies have figured out how to achieve a win rate of over 70%, while nearly a quarter are seriously struggling with a win rate of less than 35%. Using this spread analysis, we looked at attributes of sales forecasting success and found two worth noting.

As part of the previous metric, we discussed the four levels of sales process. The analysis for forecast management best practices surfaced yet another argument for bringing more process rigor into a sales organization. Of the firms that achieved a greater than 70% win rate, 65% of those organizations were either Level 3 – Formal Sales Process, or Level 4 – Dynamic Sales Process. Those numbers fell consistently as we moved down the win rate ladder, to the point that for firms with a win rate of <35%, only 32% had a sales process level of 3 or 4.

Another factor that shows promise for improving forecast management is the integration of buyer interest validation into the process. For the vast majority of the companies surveyed, the number one criterion used to assess buyer interest or intent was the salesperson’s self-reported assessment. Based on the poor win rates, using that opinion alone is clearly not working. A small, but growing number of sales organizations are assessing buyer interest in a whole new way.

One software firm found that changing how they share information with prospects is providing a new level of insight into buyer intent. Previously, they shared content during the sales process by emailing data sheets, competitive analyses, proposals, contracts, etc. They were able to tell if the prospect received the materials but had no insight into what they did with them. Today, the software firm places all content into a client-specific microsite. This allows them to see what content the prospect is accessing and how. If they see a high level of engagement with materials, it is one more sign that the buyer is seriously considering the offering. Conversely, if they send out a proposal and no one reads it, then that is a clear sign of low buyer interest. We have several case studies that we can share on a one-on-one basis. If this is an area of interest, contact your CSO Insights Analyst for a briefing.
Key Findings

- Improvement seen in the ability of companies to analyze wins and losses, but well below past highs.
- While it takes effort, win/loss analyses can have a major impact on sales effectiveness.
- Best Practice: Think like a customer and let their insights drive your sales and marketing.

Observations and Insights

To paraphrase philosopher George Santayana, “Those sales teams that fail to learn from past failures are likely to repeat them.” Conversely, “Those sales organizations that fail to learn from past successes may well not repeat them.” With that in mind, we continue to find it disheartening that too few sales organizations are competent at conducting the analysis necessary to learn from their past selling efforts, whether they were opportunities that ended as wins, losses, or no decisions.

When we combine this year’s respondents who said their win/loss review process either needs major redesign or needs improvement, the resulting 60.2% is down from the 63.7% figure reported a year ago. But if we go back to the 2011 study data, that figure was only 38.6%. With all the discussion about how much the buying process has changed, one would think there would be a greater sense of urgency to do the research necessary to discover why deals are won or lost, and more importantly, what an organization can do to take advantage of emerging opportunities or proactively deal with new threats.
To put into perspective the value of performing this sales management task well, we segmented the study data based on analysis proficiency levels and then looked at sales performance metrics related to the outcome of forecast deals. As shown in the table below, as win/loss analysis effectiveness improves, competitive losses go down. If companies can get into that rare exceeds expectations group, they can also significantly reduce their no decision rate.

<table>
<thead>
<tr>
<th>Outcome of Forecast Deals as Related to Ability to Conduct Win/Loss Reviews</th>
<th>Reviews: Needs Major Redesign</th>
<th>Reviews: Needs Improvement</th>
<th>Reviews: Meets Expectations</th>
<th>Reviews: Exceeds Expectations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of Forecast Deals that End as Competitive Losses or No Decisions</td>
<td>Losses: 36% No Decisions: 25%</td>
<td>Losses: 30.2% No Decisions: 24.6%</td>
<td>Losses: 26.6% No Decisions: 24.3%</td>
<td>Losses: 26.8% No Decisions: 17.8%</td>
</tr>
</tbody>
</table>

Dave Zuchowki, Vice President of National Sales Hyundai Motor America, shared an excellent case study example of how this can be a game changer. At a time when the automotive industry was down 27%, Hyundai was up by 2%. It was the best performance in the industry. So, obviously, they did something different from the competition. The innovative answer that Hyundai America has received so many accolades for actually started over a beer.

Dave told us that he sat down with Joel Ewanick, their Vice President of Marketing, and said, “Look, we are facing a tremendous risk here. This is like nothing anybody has ever seen before. It is completely unprecedented. If we think that trying traditional approaches to unprecedented problems is going to solve this, we’re dead wrong. We’re already watching our competitors try them and fail miserably. We have to break out. We have to try something different. We have to take a risk, and we have to move quickly on this.”

Dave and Joel launched an initiative to really understand why people were buying fewer cars. In doing so they received invaluable free consulting from their customers and prospects. They found that potential buyers had dramatically changed their thinking from which car to buy to whether they should buy a car at all. Their insights became the basis for a fundamental shift in the industry, which was spearheaded by Hyundai’s creation of the Buyers Assurance Program. By listening carefully to their customers, Dave and Joel produced great results where no other automotive company could. The lessons from this are clear: listen to your buyers, deliver what they need, and the results will follow.
Key Findings

- Ability of organizations to share best practices across the sales force is improving.
- Access to sales insights is one thing; effectiveness of that content is another.
- Best Practice: Make sharing of sales insights easy and part of the sales culture.

Observations and Insights

While we continue to see marketing get dinged for the quality and quantity of content they create for sales, they are only part of the equation for providing sales teams with what they need to sell effectively. We have long maintained that the answers to almost every sales challenge a company faces today probably already exists within their firm. Some innovative salesperson has come up with an effective answer to an objection, a way to create a sense of urgency to make a purchase decision now, a method for clearly differentiating your offerings from the competition, etc. But if you do not have a formal process in place to collect, synthesize, and share those insights, then those best practices are wasted.

In our study, 50.1% of the firms meet or exceed expectations at sharing best practices. This figure represents a noticeable improvement from the 42.2% figure reported last year. Two technology innovations appear to be contributing to this trend. The first of these is that more companies are leveraging internal social networking/collaboration solutions such as Chatter, Jam, Jive, Yammer, etc.—55% of the firms surveyed reported implementing one of these systems. We also found that 39.2% of the firms...
have implemented a sales content management system, e.g., ClearSlide, Callidus, Savo, Showpad, or Seismic, and that more of those organizations are using the applications to manage the content generated by the sales force and by marketing.

In addition to looking at information access, we also researched the effectiveness ratings of various sales content and tools. The chart to the right shows the results of our analysis of content shared with customers. Many companies are doing an adequate job of sharing effective product information and product presentations, but many other items on this list are receiving poor ratings.

Solving this problem needs to be a team effort, and sales management needs to lead the charge for what the sales organization can do to make improvements. A best practice that a billion-dollar-plus technology reseller shared with us shows a good use of both the “carrot and the stick” for sales management to promote best practices and content sharing.

After implementing a system that combined both collaboration and content sharing within the sales organization, sales management launched a program that awarded salespeople points for contributing, using, and commenting on/enhancing best practices and content. The top point getters each month were eligible for cash bonuses (the carrot), but there was another part of the program as well. To qualify for the sales club, salespeople not only had to hit their revenue target, they also had to earn a minimum number of points (the stick). This change to the compensation plan showed how serious management was about getting everyone focused on optimizing sales effectiveness through sharing. For other insights into sales content management, review the result of the 2015 Sales Enablement Optimization Study Key Trends Analysis.
Key Findings

- While the sales ecosystem can change quickly, the ability for sales to respond is often slow.
- Proactive changes in how sales professionals sell leads to more people making quota.
- Best Practice: Change sales training from an “event” to a “process.”

Effectively Adapt Sales Process to Market Changes

Observations and Insights

Technology industry business visionary John Chambers, Chairman of Cisco Systems, is noted for observing that *market transitions wait for no one*. In the world of sales, it may seem as if sales organizations are in a constant state of transition based on the changes they encounter in buyer expectations, economic climate, competitive landscape, governmental regulations, changes in the breadth, depth, and complexity of the products sold, etc. So how well are sales organizations keeping pace with all of this change?

After seeing this aspect of sales management deteriorate over the past three years, the pendulum has started to swing the other way. The percentage of firms in the meets/exceeds categories came in at 46.5% this year versus 43.9% last year. But the chart above still paints a troubling picture regarding the ability of many sales organizations to adapt to change in their marketplaces, and clearly there is still a great deal of room for improvement.
To put in perspective what “right” versus “wrong” process adoption means to sales results, we segmented the study data using the four categories of performance used in the chart on the previous page and then looked at sales performance in each of these categories. The table below summarizes what we found.

<table>
<thead>
<tr>
<th>Sales Performance as Related to Ability to Adapt Sales Process to Change</th>
<th>Adapt: Needs Major Redesign</th>
<th>Adapt: Needs Improvement</th>
<th>Adapt: Meets Expectations</th>
<th>Adapt: Exceeds Expectations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of Salespeople Making Quota</td>
<td>46.4%</td>
<td>54.1%</td>
<td>58%</td>
<td>88.6%</td>
</tr>
</tbody>
</table>

To help their sales teams become more agile in adapting to market place changes, some companies are trying to make ongoing sales training a process instead of a one-time, classroom-based event. For example, we benchmarked a project for a major pharmaceutical firm. The pharmaceutical industry is one that continually experiences rampant changes. For this firm, one challenge is keeping its sales and support teams plus marketing personnel up to speed on the 30+ drugs they currently sell, as well as updating product knowledge on upcoming drugs that are in their development and clinical trials pipeline.

The company turned to mobile sales enablement technology to help with this ongoing knowledge-transfer task. Several times a week, the company “pushes” out information on changes in the marketplace or product line along with scenario-based quizzes that assess each person’s ability to apply what he/she is learning in the context of real-world interactions with customers and prospects. The content is accessible on tablets or smartphones, giving sales personnel anytime/anywhere access to this new sales content. They can take the training course as they have time and receive immediate feedback from the system on how well they did.

The system also provides feedback to sales management so they can determine which individuals demonstrate proficiency in applying the new sales knowledge and which are still having problems. This allows them to coach by exception and to increase their sales management effectiveness as well. The company reported that 85% of their salespeople who handle specific drugs are able to stay current with changes in the markets. To get an overview of where mobile CRM is headed, Advisory Services members can request a briefing from their CSO Insights Analyst.
2016 Sales Management Optimization Key Trends Analysis Conclusion

The content of this analysis paints a clear picture—sales managers face a number of complex challenges. For sales leaders to improve the performance of the teams they lead, they are going to have to find ways to improve their own performance. So how do they make this happen? In the past, we have profiled the experiences of sales leaders such as Kelli Stephenson, Ian Levine, Ken Powell, Rob Jeppsen, Joe Demmler, etc. who have championed the sales effectiveness initiatives at companies including ADP, AON, Experian, SunGard, Iron Mountain, and Zions Bank. While we praised their efforts, they were often viewed as lone voices crying in the wilderness.

But what was once a rarity in sales is now a trend. We asked the 2016 Sales Performance Optimization study participants, “Does your organization have a separate sales effectiveness/sales transformation team to support your sales force?” A total of 31.5% of the firms said they did, and 5.9% said it is planned for 2016. Based on the documented success rates of these efforts, we expect the presence of a sales enablement function within companies to be as common as sales operations is today.

One of the main drivers for this shift is that organizations realize that while there needs to be fundamental changes in how companies sell, they cannot add this as another task to throw on the backs of sales management. As shown by the list of tasks already being asked of sales managers (page 6), the day-to-day realities of keeping the sales engine moving are extensive. Expecting these individuals to create a new vision for selling going forward, as well as the strategies for how to get there, in their “spare time” is a recipe for failure.

Sales enablement must partner with sales management to make this happen. While sales management (and sales teams) will clearly have to direct the creation of the sales transformation vision, sales enablement will be chartered with taking the lead to surface the right strategies and tactics. So what does sales transformation look like? Our colleague in Europe, Tamara Schenk, who was the Vice President of Sales Enablement at T-Systems in Europe, defined sales force enablement as the following:

A strategic, cross-functional discipline designed to increase sales results and productivity by providing integrated content, training, and coaching services for salespeople and frontline sales managers along the entire customer’s journey, powered by technology.
To provide you with insights into how to introduce this function within your company or take it to the next level if you have already started down the path, we invite you to do two things.

- View CSO Insights’ online briefing: [2015 Sales Enablement Optimization Study Highlights](#)
  - This 22-minute briefing will overview the key trends from our inaugural Sales Enablement Optimization Study, as well as provide you with an initial framework for how to best structure sales enablement for success.

- Review CSO Insights Research Notes on the [Sales Force Enablement Definition* and Sales Enablement: Strategic Issues 2016.](#)
  - These are two of a series of Research Notes we published on sales enablement over the past year that you can share within your sales organization to create a common vocabulary regarding what sales enablement could/should be, as well as surface the issues that can impact the success of these initiatives.

As always, after you review these resources, Advisory Services clients are encouraged to set up a briefing with their [CSO Insights Analyst](#) to discuss how best to apply the insights and concepts we have presented to solve the challenges facing their organizations.
About CSO Insights

CSO Insights is dedicated to improving the performance and productivity of complex business-to-business sales organizations. We measure and analyze the behaviors, metrics, and strategies behind world-class sales performance, providing our members with the research, data, and expertise required to build strategies for sales performance improvement.

With over 20 years of sales research experience, the CSO Insights team is comprised of respected analysts with decades of success as sales practitioners and sales executives. This unique perspective, along with our wealth of sales performance metrics and benchmarks, give us the exceptional ability to collaborate directly with sales leaders around the world to explore the best practices, strategic trends, and next generation capabilities driving sales performance.

Our research, data, and expertise help sales leaders create and execute strategies to find more, win more, and keep and grow more business. CSO Insights’ annual sales and marketing effectiveness studies have become industry standards for sales leaders seeking operational metrics, data, and analysis, most notably the *Sales Best Practices Study*, *Sales Performance Optimization Study*, and *Lead Management and Social Engagement Study*.