



Haven't Got Time for the Pain

Times are hard out there. But whatever the realities of our current economic climate, sales leaders are still accountable for the results of the selling organization. In this current do-more-with-less environment, what's a CSO to do?

HAVEN'T GOT TIME FOR THE PAIN

A year or two ago you were probably wrestling with growth issues and your ability to field a selling organization and anticipate and meet demands from your key customers. Today, while still focused on these customers, you are searching for ways to affordably support them in a down market without risking the upside. **What's your confidence level in allocating ever fewer resources at a time like this?**

A review of your selling organization agenda in terms of investment and results works well at rapidly understanding its strongest and weakest links. It highlights surgical ways to fund sales initiatives in the current business environment and identifies opportunities to reallocate and invest for the upside.

WHAT'S ON YOUR AGENDA?

Chief Sales Officer Agenda Model



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In this economic environment, cash is king. Tough investment and cost-cutting decisions need to be made to ensure that a business remains viable. But decision-makers who are worried about their company's financial stability need to remember: The source of a company's cash flow is its customers.

The Critical Path Strategies' Chief Sales Officer Agenda provides the framework for a dialogue, which explores the current internal and external environmental factors driving CSO initiatives in today's challenging economic and business environment.

Many of Critical Path Strategies' clients have asked us what their peers are doing to improve the effectiveness of their sales organizations and sales results. Critical Path Strategies' Chief Sales Officer Agenda (CSO Agenda) provides the framework for this dialogue, which explores the current internal and external environmental factors driving CSO initiatives in today's challenging economic and business environment. It helps identify the critical functions within sales organizations that deserve organized efforts and precious resources during these difficult times.

EXTERNAL FACTORS



In addition to the economic climate, what external factors are sales executives and their senior leadership teams grappling with?

Global marketplace. When it comes to business, the world is shrinking. As the world economy becomes increasingly integrated and globalized, U.S. companies are looking to develop more revenue opportunities in global markets. With over 95 percent of the world's population living outside the U.S., there are tremendous markets for our goods and services in other countries.

China is changing the competitive landscape with great strides in economic and commercial developments. With its low labor rates and burgeoning middle class, China is an important trade partner for most developed nations. It is fast becoming a manufacturing base for the world in providing quality products at low prices.

Globalization is putting pressure on European companies to adapt business strategies, including location and sourcing decisions, to an increasingly competitive business environment. They are not generating comparative advantage simply on the basis of their home market labor costs and technology base. They are building it by looking for efficiency advantages at a dozen points down global supply lines.

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Intense competition. Traditional competitors are battling for share of wallet in stagnant markets, but new disruptive competitors with intriguing value propositions and agility are appearing on the horizon.

Pricing. Few competitors are offering value pricing vs. share pricing. CSOs seek to enrich each transaction with profitable revenue. The days of the quick decision or convenient purchase are gone. Customers are commoditizing purchases and almost always require a price concession.

Supplier relationship management. Customers are continuing to refine their supplier relationship management expertise and processes. These initiatives are typically driven by the purchasing organization, and always start with price. The ultimate goal is to significantly reduce the spend, the cost of the process of purchasing goods, services, and implementation, and the

prospect of declining margins, as well as increased investment in redesigning their company's processes to meet the demands of their customers. Sometimes they are unable to effectively respond and risk losing the business.

INTERNAL FACTORS

What internal factors are moving sales executives to make investments and burn energy to change?

Channels and partners. Many organizations have reconfigured their coverage model for cost reasons and expanded their dependence on channels—some with success, but many promises have been unfulfilled.

Key account focus. Top account sales have been the saving grace for many companies during these tumultuous years, but it hasn't been easy. Most CSOs remain disappointed that their teams are not really focused on growth in conjunction with the client's business strategy, but rather on punching through a transaction this quarter. And why not? Transaction focus by management at quarter end seems to be all the energy these teams can muster to keep the boss off their back.



Sales executives are currently focusing resources and selling organization efforts on elements that improve sales effectiveness and cost of sales within tight budgetary constraints.

Sales team continuity. The CSOs we work with have gone through several downsizing efforts. They are as frustrated with turnover almost as much as their customers are.

Sales metrics. Traditional sales metrics of bookings and billings are on the cliff. Even top performers struggle to meet performance levels of the past. There are more “no decision” or “do nothing” opportunities than ever before. Sales cycles are elongated. Productivity in terms of the cost of sales is anemic.

The challenge for sales executives is to acquire and allocate investment dollars to address these factors in an environment where cost pressures remain strong and stringent business case hurdles must be passed. How are they addressing them?

In Critical Path Strategies' observations, sales executives are currently focusing resources and selling organization efforts on the following CSO Agenda elements to improve sales effectiveness and cost of sales within tight budgetary constraints.

MARKET AND CUSTOMER COVERAGE

A business's customer base is its ultimate source of cash flow; however, not all customers are created equal. Segmenting customers has taken on a new level of importance. CSOs are focusing here to **deliver more recognizable client value**, and to **better manage internal costs**. Knowing which customers are driving cash flow and are critical to retain, and which customers are less profitable but consuming critical fixed resources help inform investment and cost-cutting decisions.

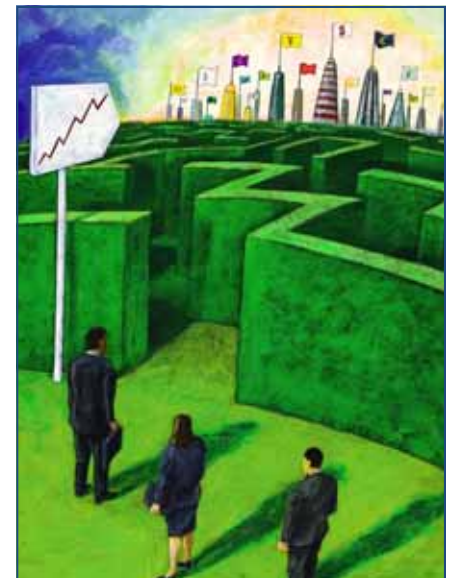
. . . these sales executives are adding “teeth” to their global and national account programs by demanding disciplined, coordinated implementation of national account programs and policies.

Many CSOs have deployed industry-specific solutions, and formed global account teams to mirror their customers’ organizations. In addition, these sales executives are adding “teeth” to their global and national account programs by demanding disciplined, coordinated implementation of national account programs and policies.

CSOs are also driving customer value by **implementing account management-based organizational models** vs. product specialty silos. They are deploying resources much closer to the customer to drive accountability. Segmenting helps determine the sweet spot, but is increasingly difficult. They are capitalizing on cross-selling opportunities, and enrolling a wide variety of team members (e.g., technical support personnel, customer service representatives, etc.) in their selling efforts.

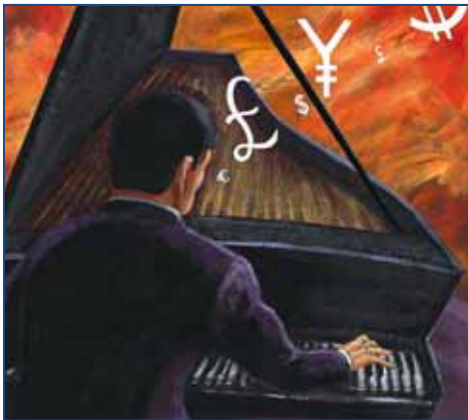
These efforts are being made more effective with **market-based and customer role-based messaging**. Within each segment, key account managers are doing a much more intense analysis of the value message they want delivered to different functional executives. Buying decisions are increasingly made by committee, with each member of the committee viewing the solution value proposition differently.

In the area of channel and partner effectiveness, **segmentation and alignment** are common themes. Channels are being required to develop, present, and update their market and key account strategies.



MANAGEMENT RHYTHM

Many CSOs have extended the application of **business management principles** to the sales function. They are refining their sales metrics, and reshaping the associated review process to be more deliberately structured and predictable, complete with calendared commitments. Their reviews are designed to facilitate learning on the part of both management and the sales team, and to ensure that accountabilities are clear and appropriate.



For the CSO, the challenge is about making the numbers every quarter, while also providing the sales management team with the underlying leadership training and coaching to provide “passion injections” for sustainable growth.

Management’s focus for the sales organization is squarely on profitable **revenue growth**. Since customer-facing time is a recognized driver of revenue growth, CSOs are willing to invest in efforts that facilitate more quality face time for their sales professionals. Management is also extending review processes to encompass rigorous pipeline management as a precursor to revenue growth.

One consistent theme we see across our clients’ initiatives is a much more **demanding environment for sales managers**. The tenure expectancy of many sales managers is only 14 to 18 months. CSOs are stretching the span of control for these managers—asking them to manage more salespeople and accounts than in the past. Many acknowledge, however, that the majority of the sales managers are ill equipped for this extended task. We also see much more focus on the sales manager’s leadership capabilities and skills. For the CSO, the challenge is about making the numbers every quarter, while also providing the sales management team with the underlying leadership training and coaching to provide “passion injections” for sustainable growth.

TRAINING AND SKILLS DEVELOPMENT

How to provide training and skills development in a cost-cutting environment is a real conundrum—with unanticipated consequences. From a human resources perspective, the scenario plays out like this.

Non-revenue-producing sales support people are usually the first to go. The loss of these in-house experts impacts the sales reps' knowledge base and time management. Field reps and the newest, least productive reps are often the next to go—good bye future bench. Then the highest-paid salespeople are targeted. As they leave, so does institutional in-house industry knowledge. As managers follow, the span of control goes up and the coaching capacity goes down. Frustration might lead top performers to mentally—or physically—check out, perhaps to seek greener pastures with competitors. A few new hires and new technology, processes, and turnover means training and development needs are high, while the funding bucket is low.

To drive change in behavior, activity, and results, CSOs are increasingly **investing in coaching skills** for their sales managers, as well as looking for point training solutions “surgically applied for impact.”

REWARD AND RECOGNITION

Change via downsizing is painful even when it's necessary and humanely executed. For the “survivors,” it often means doubling up to keep up. They have to adjust to a new order—one in which they have more work to do and different jobs to learn—for the same money. Just when CSOs need people to step up, help out, improve work processes, and provide astonishing customer service, layoff survivors are feeling most battered.

Especially at times like this—when trust has been injured—what people want, more than anything else, is **recognition and appreciation** for their efforts. Communication is next. People want to feel appreciated and want to know what's going on. CSOs can help them feel and see their value—and help restore trust—by providing rewards and recognition wherever they feel they can legitimately do so.



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TECHNOLOGY INTEGRATION

Technology continues to be a key enabler of sales effectiveness across sales organizations. It supports the sales organization with critical current and historical information. CSOs are clearly identifying the technologies their sales organizations will use, and what level of use is “meets minimum.” The focus is on being good at a short list of **technology-enabled processes** that really make a difference—knowledge management (resource-rich databases), pipeline management, and centralized proposal generation.

SALES EXECUTION



The initiatives outlined above all come together as a part of sales execution. CSOs acknowledge that **execution is the key**—whether they are segmenting and managing accounts in a new way, implementing a sales management process with rhythm, activating training programs to enhance skills, or capitalizing on the availability of technology to improve sales effectiveness. It is increasingly not about style and form, but about speed and results. Because of the cost of sales disappointments over the last year or two, the intensity of measurement of sales results, share of wallet, and emerging focus at the activity level (calls, demos, proposals, pipeline) is increasing. Pipeline management and focused activity management to achieve pipeline velocity are key sales management competencies.

Another common theme is that sales organizations are beginning to listen to the voice of the customer again, and it is frequently not a pleasant harmony they hear. Many customers feel they have been abandoned as they deal with salespeople who:

- ▼Do not know their business
- ▼Are not reliable
- ▼Are not credible
- ▼Are not team-oriented
- ▼Drive toward a date and a number, not value

This dissonant harmony, coupled with less than robust sales results, is probably driving the greatest levels of change. In this environment, Critical Path Strategies finds CSOs much more willing to invest in sales execution, and to outsource when their internal expertise or lack of speed in implementation adds execution risk. Examples of this investment include lead generation, knowledge management, CRM on demand, training development and delivery, hard-hitting consulting projects, and call centers.

CONCLUSIONS

What all of this boils down to is the need to make smart, informed investment and cost-cutting decisions that have both a short-term and a long-term perspective. Maintaining a customer perspective in these trying times will ensure that the right activities receive investment and customers are satisfied and secure.



Those that retain their customers in the current economic environment will not only be more resilient in the short term, but also best positioned to prospect when the economy rebounds.