SADR Extractions

Five Part E -Book Series from the 2005 Print Edition of "Sales Automation Done Right"

Part 2

The Core Competencies

SADR Extractions

Five Part E-Book Series from Print Edition of "Sales Automation Done Right"

We are releasing "Sales Automation Done Right" in e-book format in five parts following the structure of the print edition. When our print copies are all gone we won't be doing another printing—the next book will be Opportunity Portfolio Management which expands on the sales methodology in SADR.

What's included?

With each Part we are including the front matter, table of contents, introduction and index for the full book. Seems overkill but I can see situations where it might be useful.

The material from the book is exactly as it appears in the book – the same files are used to generate the PDFs.

Introduction to Part Two – The Core Competencies

Part 2 shows how the day-to-day selling activity revolves around four core competencies of selling management. It shows how sales automation can have a positive impact on the administration, organization and management challenges associated with those competencies.

This material will be of interest if:

You are managing a sales team and implementing SFA or CRM

You are redesigning your CRM system for the best efficiency

You are orienting sales administration staff to work more effectively

We hope you enjoy the books—remember, the SalesWays HUB (hub.salesways.com) is the ideal venue for questions or discussion on the content.

Keith Thompson

April 2, 2013

Sales Automation

DONE RIGHT

Sales Automation

DONE RIGHT

LEVERAGING TECHNOLOGY
FOR COMPETITIVE ADVANTAGE
IN SALES

Keith Thompson Ph.D

SalesWays Press
Toronto

SalesWays published books are available at special discounts for bulk purchases by corporations, institutions and other organizations. For more information please contact us through the SalesWays Web Site.

All companies, people, products and situations referenced in examples and case studies throughout this book are totally ficticious and are not intended in any way to relate to real life business situations.

SalesWays Press
P.O. Box 142
Malton, Ontario L4T4C2
905 673 2085
www.SalesWays.com

Library and Archives Canada Cataloguing in Publication

Thompson, Keith T. (Keith Thomas), 1943-

Sales automation done right : selling in the digital age / Keith T. Thompson.

Includes index.

Also available in electronic format.

ISBN 0-9737247-0-6 (bound).--ISBN 0-9737247-1-4 (pbk.)

1. Selling--Data processing. I. Title.

HF5438.35.T48 2005 658.8'00285 C2005-901969

Printed in Canada

10 9 8 7 6 5 4 3 2 1

Cover by William Ng

DEDICATION

To all my friends at Ardexus, and to my wife, for the patient support and encouragement needed to make this book a reality.

CONTENTS

ILLUSTRATIONS

ACKNOWLEDGEMENTS

This book only happened because of the dedication of a few remarkable individuals who helped carve out the sales method that plays such an important part of the story. From the start, Chris Fales and Chris Hamoen chose CRM and SFA technology as their lifetime career path because they developed an early passion for the possibilities of this exciting business. Darka Migus, the head of a very successful sales team, kept us all on track, so we didn't stray from the guiding principles of the sales process, until she tragically passed away in 2001. This was a dream team, and I thank them all for making it possible.

Throughout the lengthy history of getting this book together I was fortunate to have two wonderful editors. Ted Frankel guided me in the onerous task of crafting my raw material into the beginnings of a respectable book. Leo Law took the mostly complete manuscript and challenged every nook and cranny of it until it met his very high expectations. Without either of them I could not have got this project finished. Jeffrey Barrie, I thank, for his enthusiasm and his efforts to speed up the schedule!

Many other people contributed, and I'm sorry that I can't mention them all by name. But special acknowledgement is due to all those very successful salespeople who lived and breathed the ideas of *sales automation done right,* and put them into practice. After all, they were the ones exposed to the most risk as their livelihood depended on maintaining high sales. But the new technology didn't let them down, and now they are the most ardent proponents of it. Thank you again.

PREFACE

In my early years I was not sure what to do with my life, and I think that this may have eventually given me the credentials to write a book about sales automation. Let me explain.

I studied as a physicist. When I look back, I took the easy way out. Doing physics was the easy way out because I was reasonably good at it—good enough to get a PhD. Unfortunately being good at something doesn't always mean you like it. Some aspects of research physics imposed disciplines that I thought were good for me. I liked the logic and the questioning. I was taught to question everything: Why? Why not? What does this mean? Why does that happen? A physicist never writes anything down unless it is understandable and defensible before their peers.

But at last I realized that physics didn't really excite me—but selling did. Even though I wasn't selling professionally, I was doing my best to persuade everyone I knew that my way was the best, whether it was which car to buy, or which book would make the best read. I wondered about a career in sales, maybe selling the very complicated instrumentation that I used everyday in my research. After all, I had some strong feelings about that too! So eventually, I escaped academia to start a career in high technology sales. Nine years of learning and practicing physics left me with skills I might not otherwise have had. The same skills helped me in my effort to find the best way of using the computer in the sales process.

That's why this book looks at sales automation through a magnifying glass. It examines the process of selling in a way that the technology would want to see it—clearly, with no ambiguity. The origin of the earth in a "big bang" can be described in the few lines of an equation. Why can't an accurate sales forecast depend on a nine-point Probability Matrix and the Priority Cube? In fact, it can, because logic and mathematics are the easiest languages for computers to understand. Existing sales methods need to be rethought so they fit better with the computer. This is what I've tried to do, and I think all those years in physics helped me get it right.

The Beginnings

In the early eighties, a few visionary companies introduced the personal computer, and although it was tagged "personal," it was quickly adopted for business use, and driven by new spreadsheet and database applications that were designed specifically for it. Around that time, I started a distribution company specializing in the sales and service of high technology instrumentation. From the start, I was hooked on the way PCs could assist in all facets of business, even if it had very limited power by today's standards.

Business first adopted the PC in the financial and accounting departments (the Back Office). This is understandable, as the pure number crunching environment of the Back Office suits the computer best. But soon, other high value uses were found. Graphics and Desktop Publishing applications transformed the effectiveness of the marketing department. Networking and electronic mail made it possible for everyone to get *connected*. Also everyone quickly realized that networked PCs provided an excellent solution for the storage and dissemination of information. In large organizations, the PC was a genuine alternative to the mainframe; in small companies it was the first engaging taste of the possible impact of technology on business success.

Sales teams became interested. They are in the Front Office and their concerns were different to their Back Office comrades. While they do deal with numbers, much of their vital information was stored in the form of *text*. If a salesperson engineered a last minute tactic that saved a sale, the details could be recorded, and the information could be reused to secure future deals. To do this, technology was needed that could store *all* the significant events in a company's history with its customers, and then to make that information universally accessible to anyone who might need it. Previously the Mainframe could do it, but, now the PC could too. Technology's promise of connected work teams combined with easy and low cost access to an abundant store of customer information was Nirvana to the early champions of automation in the Front Office.

The technology that first enabled true electronic collaboration between members of the sales team was Ray Ozzie's brainchild, Lotus Notes. Notes brought the essential pieces of the puzzle together in a gloriously unified and easy-to-use package: messaging, synchronization, security, collaboration, databases, and on top of all that, fast application development. In 1993, I realized that our company had to move to Notes if we really wanted a culture in which customer knowledge was created and shared by everyone, no matter where they might be, or what time of day it was.

We took the data from the endless files that resided in the marketing, sales and service departments. Files from paper, computers and people's heads were all put into *one* Notes database. Then we wrote the applications that allowed everyone to put information in, and take information out. When we finished, we had developed our own Customer Relationship Management (CRM) software. But, going forward from the progress we had made, we were fascinated by another important question. Given that the computer had so much capability to store information and analyze it in a million different ways, should it not also have the potential to help win a sale? I don't mean in the sense of being a glorified secretary, but actually getting involved in the sales process itself. The hopeful result would be that the salesperson would *win* more sales.

SFA and CRM

The term "Customer Relationship Management" or CRM, describes the vision and effort used by a company to develop close bonds with its customers. In the last ten years, software applications have been developed that are indispensable in making CRM objectives happen. CRM is predominantly focused on Front Office (customer facing) processes, and sales is a very important part of the Front Office.

The sales department is only one (albeit very important) element of the Front Office. Processes that happen in the sales department contribute to the overall CRM effort. Sales Force Automation (SFA) is about using computers to make sales teams perform better, and part of that mission is tightly integrated with CRM process, but part of it is not. This is why the understanding of CRM and SFA has too many businesses and salespeople confused.

The terms SFA and CRM are often confused and wrongfully equated. Sales Force Automation should focus on increasing the *effectiveness* of the salesperson, that is, to make them more competitive in the sale itself. This is a little outside of the scope of CRM, which is more focused on the *efficiency* of the salesperson in handling the customer transaction. As you can see, SFA and CRM are closely intertwined and even though some readers might think this book should be called "Customer Relationship Management done right," that would not be correct. *Sales automation done right* strives to demystify the separate identities of CRM and SFA by focusing on the impact of technology on *sales effectiveness*.

My company's early work in using technology in the business had given us a CRM tool in which we could embed our sales automation. After all, we had a company to run and our business was selling. Our primary objective was to give a computer to every salesperson and let them run with it. When we looked at existing sales methods, we realized they were designed in an earlier time—before computers were so easily accessible. We now had to devise a method to fit the computer.

Developed and Tested in Real Life

Over a ten year period, we crafted the ideas and methods that form the bulk of *sales automation done right*. The design team was a wonderful mix of seasoned (but open-minded) sales veterans and enthusiastic young computer programmers. The ideas presented here evolved through debate, argument, and acres of diagrams scrawled over whiteboards and the backs of napkins. As we developed the ideas, we rolled them out through the software to the sales force. We had a dozen salespeople, so we quickly got feedback on whether our stuff worked, and in many cases we had to do some fine tuning.

The reason that I am a zealot for automation in sales is that I have first hand experience of the dramatic benefits it can bring to the success of the company. Our CRM and SFA infrastructure enabled our business to sustain double digit growth over many years, with very little increase in administrative and support overhead. Our salespeople were able to win more sales by being more competitive and more efficient. The thing is, any company can do it, but sadly, most don't. Large enterprises have rushed to embrace sales automation (through CRM), but small business is lagging way behind. It's a pity, because the payback can be very high and the returns come quickly. There's no doubt that managers and executives who have the ability to make the changes are thinking about it, but with this kind of business change, it's easy to deliberate on the issue for far too long. I hope that some of the ideas presented here will provide the catalyst to hasten more budding projects into reality.

How to Read It

If I pick up a new book, I always skim it. I gravitate to books that lend themselves to be read that way, so it's no surprise that *sales automation done right* is just like that. For that reason, there are a lot of diagrams. The chapters tend to be short, and are divided into five Parts. Essential points are summarized at the end of each chapter. In Parts 2, 3 and 4 there is an underlying thread which is important for the reader to understand.

Part 1 talks generally about SFA, what it is and how it relates to CRM. It discusses the impact of CRM and SFA on the company and the people within it, and how it affects and changes company culture. There is also an illustration of the natural steps that organizations follow in adopting technology to solve operational and process pains, and how to short track the final solution.

Part 2 shows how the day-to-day selling activity evolves around four core competencies of selling management. It shows how sales automation can have a positive impact on the administration, organization and management challenges associated with those competencies.

Part 3 is the heart of the book and centers on the *meaning* of "selling" and the need to describe it in a language that the computer can understand. It shows how customer interactions fall into two distinct categories, one of which leads to the framework of the sales process. A picture of the sales cycle evolves with fundamental selling skills used in the appropriate way as the sale develops. A generic way to gain consistency in forecasting is presented, and a link is drawn between the judged value of a sale at a specific point in the sales cycle to the priority that the sale has in a portfolio of opportunities.

Part 4 homes in on technology and the different ways it impacts the goals of sales automation. There is discussion of how a model of the sale can be derived, which can then be stored in the computer and used to measure progress in an actual sale. The importance of good interface design is explored, along with the advances in hardware and connectivity that make the application useable.

Part 5 briefly discusses the issues that are important to make sure the sales automation project works, warns of potential pitfalls, and reflects on the importance of technology as applied to improving sales effectiveness.

A few words about the layout: Propositions are scattered liberally in most of the chapters, and are meant to be thought-provoking. Bolding stamps out **big** words that are essential to the concept and italicizing reinforces the *power* of the word in its context.

A number of definitions appear in the text, where appropriate, mainly in discussion of the sales method. A more complete collection of definitions is included in the glossary.

Even though the content of *sales automation done right* was conceived in the working business environment of a company that was at the smaller end of the SME (Small to Mid Enterprise) designation, I think that the material is of value to anyone in sales, from the executive heading up the global sales operation, to the manager of a small sales team, to the solo salesperson working it out on their own. The wonderful thing about the sales process is that it is simple, elegant and universal.

Whether you have the stamina to plough through it all, or you just catch a piece that makes your sales effort stronger, I hope *sales automation done right* makes an enjoyable read.

PART 2

The Core Competencies

CHAPTER 7

The Challenge of Managing Sales

Breaking it into chunks

Part 2 explores how sales methods can be adapted to sales automation, starting with the outer "shell," a framework that follows the established fundamentals of selling, on which can be built the details of the method. In *sales automation done right,* this framework is based on the core competencies of selling.

Sales automation systems can often become bloated and complicated simply because of the massive functionality that can be put into them. The software is expected to store every scrap of information about the customer, but also to provide the workflow and administrative infrastructure that keeps the selling process humming. Yet, it also has to be easy and intuitive to use.

Proposition
The usability and acceptance of a sales automation system depends on how well its structure follows the real life challenges that face the sales team.

After all, what goes on in the computer should follow the sales method, and the organization of "how we sell" has a lot to do with the method. Salespeople shouldn't need to fumble through a maze of menus and screens figuring out how to get their selling job done because the layout of the software should make that obvious.

So, what challenges do salespeople face daily? Knowing the answer makes it easier to design a sales automation system that encourages and supports more productive selling.

The Salesperson's Responsibilities

A salesperson must be a strategist, a communicator, an HR expert, a psychologist, a mind reader, a statistician, and above all an excellent manager and organizer of his or her own personal resources. The number one personal resource is time. Salespeople must organize themselves to create as much selling time as possible.

The dilemma is always, "What is the best way to use my time?" Is it making new contacts? Visiting my best accounts? Developing new accounts? Traveling my territory looking for new business? And, the biggest concern of all, "Which sales opportunity should I be working on first?" Not surprisingly, salespeople have faced all of these issues before, and some well-proven management principles have evolved to make things easier to handle. These principles need to be included in the automation software. This exercise is the first attempt at making the sales method mesh with the technology.

Chunk It!

A common way to deal with what seems to be an unsurmountable task is to "Chunk it!" Break down the "whole" into manageable pieces, or chunks. How to chunk the salesperson's management challenges is revealed in a snapshot of what he or she does from day to day.

They visit customers and potential customers because salespeople don't exist without customers. Customers are people, or *contacts,* and occupy the top level of importance in the sales profession. With their customers, they discuss opportunities to do new business—*sales opportunities* with associated *sales cycles*.

The salesperson normally doesn't just call on a single contact; rather, the visit will be to an *account,* where there will be many like-minded contacts all of whom represent potential business. If the account is large, it may be all or part of an organization. Focusing on accounts is an efficient way for salespeople to utilize their selling time.

Salespeople must be conscious of where their accounts are located within their *territory*. The territory is their area (mostly geographical) of responsibility, and within it, it's up to the salesperson to make things happen.

We now have a structure on which we can chunk:

- The chunk that relates to the geographical scope of the salesperson's responsibilities is called *Territory* Management.
- The chunk that relates to groups of customers within organizations is *Account* Management.
- The chunk that relates to sales opportunities is called *Sales Cycle* Management.
- The chunk that relates to people is called *Contact* Management.

A competency is a skill that must be mastered to be successful. We've identified four *management* competencies that apply to salespeople. These competencies are about the management of *selling* (not *sales* management, because that has developed to mean something quite different), and every salesperson has to first understand their significance, and then go on to master them.

Proposition
To sell successfully, salespeople need to master only a few core competencies, specifically four.

Each of our four competencies addresses a well defined segment of sales activity, and each confronts salespeople with a different test of their skills.

The Relationship Between the Competencies

There is a relationship between the four competencies that we can use to advantage in the sales automation system.

The Territory contains all the Accounts for which the salesperson is responsible. Each individual Account contains a number of people, or Contacts, who could be potential customers. When it comes to sales opportunities, we get very precise. The sales opportunity (with its associated Sales Cycle) is given to the salesperson by the customer contact. This is the way it works in reality. Even if a team is in charge of the purchase, there is always one contact that is the central point of focus in the sale. This contact is in charge of the sales opportunity. In some businesses, it is possible that the salesperson may be working on more than one opportunity from the same contact, and *sales automation done right* accommodates this.

Notice that this discussion is within the realm of *definitions* discussed in Part I. The precision of definitions is needed to develop a convenient relationship model of the competencies that reflects reality, and one that ultimately, the computer can understand. Remember, the computer (technology) will be reinforcing definitions to the salesperson through the method (technique).

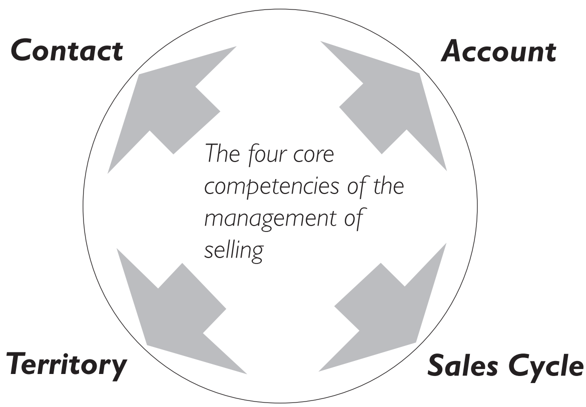

Figure 7-1: The four core competencies (TASC)

Hierarchy Rules!

Figure 7-2 shows the relationship between the competencies in the form of a **hierarchy**. The structure of the hierarchy flows directly from real life experience.

- The Territory is at the top, and has one or more Accounts. In some sales organizations, the territory may be only one account, but it is usually more.
- The Account is at the second level, and each account can have one or more Contacts within it.

- Contacts are the third level down, and as we said earlier, contacts can each own one or more sales opportunities with individual Sales Cycles (the fourth level).
- Although the Sales Cycle is shown as the lowest level, the hierarchy can go one step lower. As we shall see later, a special type of customer contact interaction is linked specifically to the sales opportunity.

Another way to describe these relationships is to say that the Territory **owns** the Account, which in turn owns the Contact, who in turn owns the opportunity with its related Sales Cycle. This is going further into language that the computer understands.

Proposition
The relationships linking the four core competencies can be expressed in a hierarchical structure that can be duplicated on the computer.

This hierarchy makes it easy to drill down through the Customer Knowledge Store to get information that links directly to the four core competencies. An additional benefit of this structure is that information becomes more accurate. The software is designed such that a new opportunity can't be added unless all the information above it in the hierarchy is already in the Knowledge Store. If it isn't, then it must be put in.

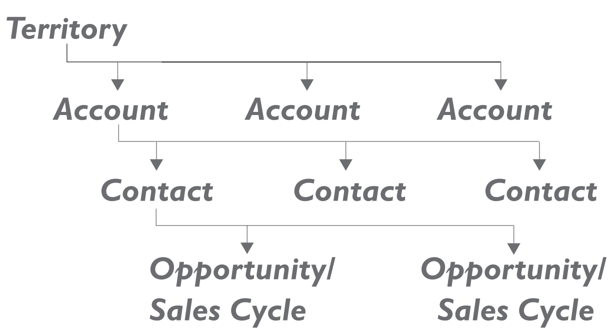

Figure 7-2: The T, A, S, and C relationship

The core competency hierarchy imposes a sense of order into the information system. Many SFA programs allow critical information to be entered without rules, and lets any piece of information be linked to another. This is dangerous from several points of view. If anyone can enter information in their own style, inconsistency creeps in. This makes it difficult for team members to understand what their colleagues are doing, and even tougher to collaborate on an agreed strategy. The other issue is method—having a structure (hierarchy) entwined with the Knowledge Store makes it much easier to overlay a sales method. Sticking to a defined method involves discipline, and it takes less effort to enforce the discipline if the data is entered in a structured way.

In the next four chapters, we look at the four core competencies one by one. This is not meant to be an exhaustive review, but just an inkling of where automation can excel. After all, the bulk of this book is about just one competency—Sales Cycle Management.

Points to Remember

1. The four core competencies of selling are Territory Management, Account Management, Sales Cycle Management and Contact Management.
2. Sales automation software should be designed to provide easy access to areas that are specific to each core competency.
3. The four core competencies follow a convenient hierarchical relationship which can easily be modeled on the computer.

CHAPTER 8

Territory Management

Where do I operate?

Jealously guarded, the territory is highly prized by salespeople, which is not surprising, since the size and quality of the territory directly impacts the salesperson's income. Throughout the course of history, disputes over territorial dividing lines have led nations to wars, and in the sales department, it is not much different. Emotions can run high if sales territories are ambiguously defined or unfairly adjusted because of changes in the business.

The last chapter made Territory the top of the hierarchy of core competencies, but not because it is the most important. Rather, the Territory sets the *boundary limits* within which salespeople are given responsibility. It tightly defines the accounts that are assigned to the salesperson, and Account falls directly under Territory in the hierarchy.

The Territory

Territory is usually thought of in terms of geography—for instance, consider the following examples: "West of Highway 11 and North of Highway 7," "Southwest Ontario," "Midwest US," "New York City," "Asia." These could be the territories of a random selection of salespeople from different organizations. Someone selling aircraft might have the whole of Asia as a territory, and a copier salesperson could have just New York City. The geographical size of the territory varies largely depending on the type of business and the product. For the most part, territory definitions are determined by how accounts are distributed, and how easily a salesperson can service the business by traveling from one account to another.

Geography may be a determining factor in defining the territory, but it is usually not the only one. Territories can be geographically disjointed, especially in larger sales teams that are responsible for diverse product lines. For instance, John's territory could include the entire state of New York for the Industrial Copier product line but he may also have special responsibilities to sell the High Speed Printer line only in the city of New York. So a more appropriate way to define territory is in terms of accounts.

> *Territory*: The list of accounts over which a salesperson has been given the responsibility to sell their products.

This list could in fact be defined by "every account in the state of Arizona," in which case we are back to geography, but often it is not so simple. The definition has some interesting ramifications. A territory may have hundreds of accounts in it or maybe just one. It's not uncommon for a salesperson to be responsible for just one account if the level of business and attention to customer satisfaction warrants it.

Territories can also overlap. The same account may be handled by two different salespeople from the same company, each having a different product line to sell (more on this later).

Territory Management

Salespeople face quite different problems than sales managers when it comes to Territory Management. The sales manager is interested in setting up and administering territories and making the necessary changes with business growth or turnover in the sales force. Salespeople are more focused on managing travel in their territories to make better use of time when it comes to developing, sustaining and harvesting business.

Salespeople can't be in two places at the same time. With accounts scattered all over the territory, the question is "Where do I go next?" The challenge of Territory Management is overwhelmingly driven by consideration of location and geography.

Proposition
The essence of Territory Management for the salesperson is "Where?"

Where do I go next month to close out year-end business? Where do I go to develop new business? Where do I go to put out the fires? Where are my top ten accounts located? All responsibilities of the salesperson have a *where* component about them. The key to good Territory Management is devising travel schedules and routes to efficiently work as many sales opportunities as possible. Problems get more profound as the territory gets larger.

Sales automation can really help the salesperson in deciding where to go next. All they need to do is open up their computer and view any part of their business according to geography: globe, continent, state, city, street and building if necessary. There should be a complete history of the past business, current business and future potential, tagged by *where* it is—sales administration has made sure that everything that goes into the Customer Knowledge Store, from leads to proposals to purchase orders, is tagged with exact addresses and locations.

The objective for the salesperson must be to intelligently devise travel plans that provide regular contact with accounts in the territory, while having due concern for the logistics and personal resources. If the accounts are confined to one large city, problems in determining routes won't be so bad, and if necessary, quick adjustments can be made whenever emergencies crop up. Problems arise with very large territories in which accounts may be hours away by plane or car. Expenses mount up and travel time is often wasteful. If the question is, "I'll be in New York the week after next, let's see what's going on there," then the computer can help.

Sales managers, although they also have a keen interest in seeing their salespeople working their territories effectively, have an additional problem—how to create and administer territory structures. Managers initially set territories at a size that is manageable by the salesperson, with sufficient sales potential to compensate fairly. As a company grows, the sales force grows with it. Territory definitions then need constant tweaking and may sometimes have to be completely rechartered. Conversely, for companies facing bad times, sales teams may downsize and territories can get larger. When salespeople come and go, as they inevitably do, territory performance has to be maintained through the changes.

Once a territory exists and is producing, its revenue performance must be measured and monitored. Is it yielding business comparable to expectations and to other territories? What does the sales manager do when he sees that Rick is extracting $3 million per year from his territory when everyone else is doing $1 million? Taking accounts from Rick to give to someone else will make him unhappy, but the playing field may have to be leveled to make it fair for everyone. It's time for the territory to be divided.

Whether you are the sales manager or the salesperson, sales automation makes management of the territory much, much easier. We'll review a few important cases of how this is so in the next few sections.

Organizing Territories—Territory Groups

Adjusting and administering territory definitions along with the associated chore of reallocating salespeople's responsibilities can be a huge headache. *Sales automation done right* introduces the concept of Territory Groups, which makes the job a lot easier.

As an example, let's take a company working on creating territories from the many accounts in a metropolitan area, shown diagrammatically in Figure 8-1. The problem is compounded by the fact that the company has two distinct product lines: High Speed Printers (HSP), and Industrial Copiers (IC). The accounts for each product are quite different. Copiers are sold to large print facilities, and the HSP line is sold directly to end users, typically smaller institutions. Each product line needs its own team of specialist salespeople.

The HSP team has enough accounts in the city to warrant four salespeople, so they conveniently create four territories: Northwest, Northeast, Southeast and Southwest, as shown in Figure 8-1 (1). The territories are allocated respectively to Bob, Rick, Sue and John.

Figure 8-1 (2) shows that the IC team has only enough accounts within the city for two salespeople, and it decides to make two territories, West and East—West includes the Northwest and Southwest territories of the printer team, and East includes the Northeast and Southeast territories. The West is given to Glen and the East is given to Steve.

The Technical Support team does the post-sales training, maintenance and support on both the High Speed Printer and the Industrial Copier lines, and in addition, it does pre-sales assistance for both teams. Ralph is a technical specialist and his territory, seen in Figure 8-1 (3), comprises all of the accounts for the two product lines in the entire metropolitan area.

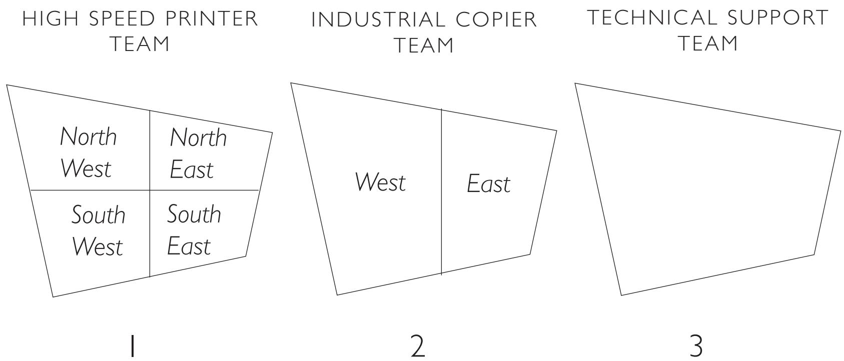

Figure 8-1: Territories for High Speed Printer sales team, Industrial Copier sales team and Technical Support team

So within the city there are three distinct sets of territories. *Sales automation done right* refers to these sets of territories as Territory Groups.

> *The Territory Group*: The administrative structure of the territories belonging to a sales team.

A company may have just one Territory Group where each salesperson sells all of the products. There could be many Territory Groups depending on product lines or other sales related functional groups such as technical support. The example shows Territory Groups that overlap, which is very common. A Territory Group can consist of just one territory, such as Ralph's in our example.

Administering Territory Groups

What happens if Steve decides to leave the company? His manager decides that, at this time, he won't be replaced. Instead, Sue, having worked in the IC group before, will take Steve's territory in addition to her own for a period of six months. Sue's territory now straddles two territory groups. If you asked Sue what her sales territory was, she would reply: "Well, it's the whole eastern part of the city for copiers, and just the southeast for printers." Her territory description still fits within our definition of territory. She is really telling us the accounts for which she is responsible for both printers and copiers. Overlapping of responsibilities across territory groups happens a lot, especially as the company moves more toward team selling. For instance, in the example above, Ralph is an essential part of the selling effort for both product lines because his responsibilities span six territories and two territory groups.

Figure 8-2 shows the structure of Territory Groups within the company, and notice again that it is a hierarchy. When territory information is organized this way on the computer, it becomes easy to roll-up territory information. For example, the territory's sales are obtained by a summary from the accounts in the territory. Just one step further takes the roll-up to the level of the Territory Group, and the manager of the HSP division, for instance, can easily see the group's performance and its breakdown by territory.

- High Speed Printers Territory Group
  - City, Northeast — *Rick*
  - City, Northwest — *Bob*
  - City, Southeast — *Sue*
  - City, Southwest — *John*
- Industrial Copiers Territory Group
  - City, West — *Glen*
  - City, East — *Steve*
- Technical Support Territory Group
  - City, Entire — *Ralph*

Figure 8-2: A sales department's territories structured as Territory Groups

The Territory Group is created after first creating the accounts. The next step is to define the territories within the group by allocating the accounts. Only then are the salespeople assigned to the territories. When Territory

Groups and territories have been determined, it will be up to sales administration to ensure that the system is maintained and updated. When a new account is added, for instance GDPN Boston, it may belong to the Northeast territory for printers and the East territory for copiers. It will be allocated to each territory automatically by referencing its Zip Code. Salespeople have already been assigned to their respective territories and are therefore automatically tagged by the computer to the account.

Administering even a small sales team can be challenging. When the team numbers go from ten to fifty to one hundred, the problem gets intimidating, and a sales automation system is the only way of avoiding this potential nightmare. This is another example of the how the computer creates efficiency for the sales team, which ultimately translates into a win-win for both the company and the customer.

Points to Remember

1. A good sales automation tool makes it much easier to see where potential business, current business and past business exists in the territory. Personal resources (most importantly, time) can then be better allocated.
2. Administering territories as the sales force grows to more than one can be tough. If the sales force is over fifty, it can be a nightmare. Make sure that your sales automation solution has all the features that make adding, changing or consolidating salespeople into territories that much easier.
3. Organize territories for different sales teams into Territory Groups.

CHAPTER 9

Account Management

Efficient selling

The *account* can be a fixation with salespeople. Salespeople want to "own" accounts. Owning an account means that the competition is so convinced it's yours, they won't give it much time. This can only happen if the salesperson has built a reputation for delivering a solution that works. Solutions are not just sold; there has to be ongoing support, laying down the foundation for more business. It takes a long time to develop an account to the point where there is trust of one vendor's product over another. That loyalty can easily be lost through mismanagement by the salesperson or the sales team.

In the four competencies hierarchy, the Account falls directly below Territory. As we move down the hierarchy we are getting closer to the two most important competencies. Contact is the first of these, and the importance of accounts stems from the fact that the Account is a group of contacts, each of whom could be a customer.

The Account

Accounts are related directly to *organizations,* and organizations can range in scope from gargantuan to tiny. The word "related" is chosen carefully—accounts don't have to be organizations—they can be *small* parts of large organizations.

Within the account are *contacts,* who fuel business for the salesperson. The contacts are focused on a common goal, simply because they work for the same organization. They require similar products or services and represent the chance for multiple sales opportunities and ongoing business within the account.

> *Account*: A group of like-minded people (contacts), in one location that can be conveniently targeted by the sales team using a common sales strategy.

Accounts can be companies, governments, universities, hospitals, factories, doctor's offices, private residences—in fact, almost anything, depending on what's being sold. *Sales automation done right* takes the view that the account provides a piece of business that can be managed and developed by an *individual* salesperson. Viewed from the corporate or enterprise level, an account could be global, but the salesperson only worries about the account that he or she sees—typically local.

Take the example of a large multinational pharmaceutical company that has plants and offices scattered throughout the world. If you make drug manufacturing equipment, you might view the pharmaceutical company as just one account. But, it's a different story if you are a manufacturer of office equipment, in which case, your product has universal application and can be used anywhere. In this case, the pharmaceutical company would constitute hundreds of potential accounts worldwide.

Account Management

The idea of the account being a group of contacts with similar goals and interests suggests that there may be an opportunity for efficient selling.

Proposition
The essence of Account Management is *efficiency*.

The efficiency comes from serving a group of similar customers at the same location, which means efficient marketing, sales effort, service, logistics, and therefore, reduced selling costs. The benefits are huge to the sales team that sets out a sensible account structure with an active and ongoing Account Management strategy. Sales automation plays a significant role in making this happen.

The best kinds of accounts are the ones that have the possibility of providing a salesperson with multiple selling opportunities, where each opportunity has a different contact "owner." Here, there is a real chance of building loyalty in the account through long term attention to relationships and service. The reputation that the salesperson gains with certain customers can be used to win others over within the same account.

Efficient *marketing* has already been mentioned, and indeed, the marketing department has a lot to gain from account driven strategies, and the benefits will, of course, trickle through to the sales department. Contacts within the account think on the same wavelength, and short, low cost, focused marketing campaigns usually generate lots of willing listeners.

Multi-level Account Structures

As with Territory Management, administering accounts can present headaches to the sales department. In the case of large multinational or global accounts, assigning and maintaining them is definitely challenging. Sales automation helps, but only if some work has been done up-front in breaking down complex organizational structures into conveniently-sized sales accounts. Some pause for careful planning in setting up account structures pays off in spades later on.

Let's look at an example: Smith Print Corporation (Smith PC) is a manufacturer of high quality digital printing equipment and they have just implemented a new CRM/SFA system. Their sales administrator is setting up the account structure for their largest customer, Global Digital Printer Network or GDPN. GDPN is a company specializing in all types of printing, from mass produced to publish-on-demand, and has offices worldwide. Smith PC sells equipment to them in every country in which they are located.

Smith PC has two distinct product lines that address both the low-end and high-end market for digital printing equipment. Each product line has its own specialist sales force. GDPN is large and diversified, and it uses both of the Smith PC products. GDPN manufacturing plants use the sophisticated Industrial Copier that costs hundreds of thousands of dollars per installation. Decisions for this product are made within the Head Offices of GDPN, in conjunction with the manufacturing locations. GDPN Research

Centers use Smith's low-end High Speed Printer product, and as this product is much cheaper, buying decisions are made directly at the location.

The Smith PC sales administrator breaks down the global GDPN organization into accounts that fit the efforts of the two sales teams, recognizing their different selling processes, revenue volumes and sales staff in each territory. She determines that each Research Center represents enough business to warrant it being an individual account handled by an individual HSP salesperson. The Branch Offices and Training Centers carry a lot of weight in the purchasing decisions at the Research Centers, so she also breaks those out into accounts and hands them off to the salesperson covering the Research Center.

GDPN Manufacturing Plants each buy their own equipment with heavy input from the Head Offices in each country. Accounts are created accordingly and divided up amongst the IC sales team. Her initial list of accounts for the GDPN groups in the United Kingdom, Germany and US is represented by Figure 9-1. Each account represents a separate physical location. All the informational details such as address, contacts, and organization structure are linked to this one line account description.

The list looks a little intimidating to anyone wanting to find information about specific GDPN accounts, especially when only three countries are shown—what would the entire global GDPN structure look like? The reason it looks challenging is that the sales administrator is working with just a one level account structure. She has to somehow accommodate a complex organization chart within a single line description. It's easy to see that this is restrictive for handling large organizations. Data is difficult to enter and even more difficult to retrieve. If someone wants to find the Research Center in London they can't use any kind of easy "type ahead" feature. They would have to type "GDPN, UK, London, R.. ," before they got to it, and no one has the patience for that. The way to overcome this problem is to add more account levels.

Figure 9-2 shows what happens if the software provides a three level account structure. Again, this is a *hierarchy* which seems well suited to the computer. The sales administrator has set up a top level of "Country," then a second level of "City," and a third level of "Facility." If account information is set up this way, data is more easily accessible. To locate details of the same

GDPN UK Research Center in London, first go to GDPN—UK, then to London, then Research Center. This is much easier than looking through a huge list of similar sounding possibilities.

- GDPN, UK, London, European Headquarters
- GDPN, UK, London, Research Center
- GDPN, UK, Glasgow, Branch Office
- GDPN, UK, Glasgow, Training Center
- GDPN, Germany, Hamburg, Head Office
- GDPN, Germany, Hamburg, Training Center
- GDPN, Germany, Hamburg, Ink Research Group
- GDPN, Germany, Frankfurt, Manufacturing Plant
- GDPN, US, Boston, North American Headquarters
- GDPN, US, Boston, Research Center
- GDPN, US, Boston, Training Center
- GDPN, US, New York City, Manufacturing Plant

Figure 9-1: Single level account structure

In the same way as Territory Groups in Chapter 12, information can easily be rolled-up with this kind of account structure. The manager for IC sales in Europe can see the total sales for Germany by consolidating the sales for Hamburg and Frankfurt.

The Designated Account

Be careful not to confuse account with organization. The example shows that the GDPN organization stretches far and wide, and must be subdivided to fit the needs of the Smith PC products and sales teams. Smith only has one salesperson in Germany for their high value Industrial Copier, their account is GDPN—Germany. The High Speed Printer group has two salespeople covering the country, and a different salesperson handles each of the GDPN accounts in Hamburg and Frankfurt. The term *designated account* is useful to describe which part of the account organization has been given as a specific salesperson's responsibility. In our example, therefore, GDPN—Germany is a designated account for the lone Smith Industrial Copier salesperson in Germany. Other subordinate levels in the GDPN account structure are designated accounts for salespeople belonging to the HSP team.

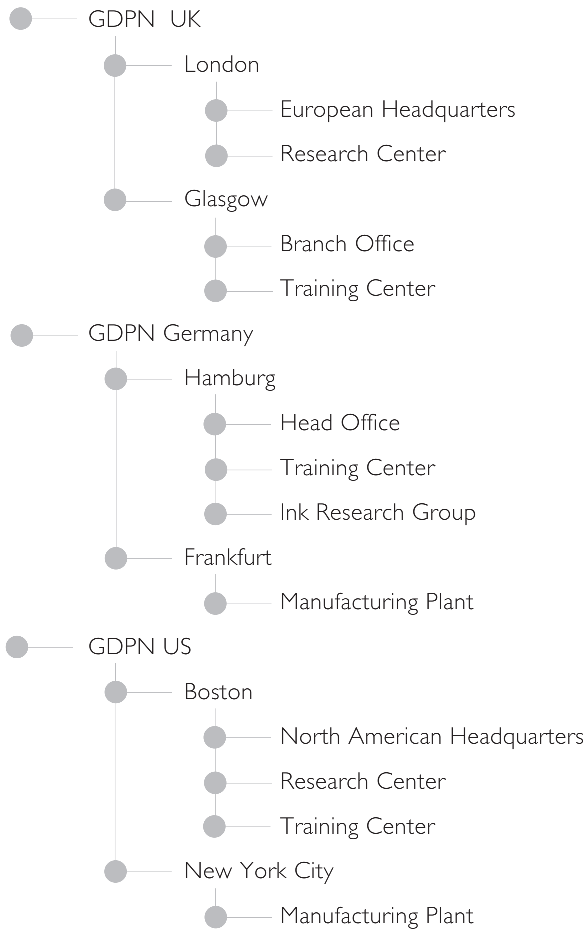

Figure 9-2: Three level account structure

The more the number of specialist sales teams and the larger the customer's organization, the more complicated the structure of accounts becomes. This is not a problem with a sales automation system that easily handles a multi-level account structure.

Front Office Accounts or Back Office Accounts?

The Account is not an idea that is exclusive to the Front Office. Actually, the very word *account* rings up images of finance—yes, the Back Office has its accounts too. It seems tempting to have just one list of accounts across the entire company, but this may not be such a good idea.

The principal focus in the Back Office finance group is that invoices get sent to the right addresses and that bills get paid. Their list of accounts is set up accordingly. If the customers are small organizations, the accounts may be the same as those set up by the sales department, but as the customers get larger, this is usually not the case. The account that pays for the product could be in different city than the account that originally purchased it. The product may also get shipped to a different address than the one that the salesperson sold it to.

As we said earlier in Chapter 4, the sales department sets up accounts totally differently. They concentrate more on breaking down customer organizations into convenient groups that they can market and sell to. Customer contacts also are different; the Front Office talks to buyers and users, whereas the Back Office talks to the administrative people in the customer's purchasing and receiving departments.

The answer is to maintain two completely independent lists of accounts, but to have them linked together through the CRM technology—information sharing between Front and Back Office is expected anyway. Let each side set up their accounts how they want to, and bring them together in the information sharing process.

Points to Remember

1. Dividing large customer organizations into accounts that are suitable for your product range and sales team can be a challenge. Make sure that your CRM/SFA system provides the flexibility of a multi-level account structure to make the job easier.
2. Watch out—the accounts that belong to finance can be quite different from those that belong to sales.

CHAPTER 10

Contact Management

The relationship reigns

Everyone in sales has heard of Contact Management. If salespeople don't have a corporate sponsored CRM system, you can bet that they administer their valuable customer information through one of the popular brands of Contact Management software.

Contact Management is the forerunner of all SFA and CRM applications. It's easy to understand why—the salesperson depends on a foundation of a strong rapport with the customer, and Contact Management software is a powerful tool to help build that rapport and maintain it.

In the core competency hierarchy, the Contact falls beneath Account. We have seen that accounts consist of groups of people (contacts) that are working together with a common purpose.

The Contact

Generally a contact is anyone that we communicate or associate with. In sales automation, the scope gets narrowed down to include just the people who directly affect the salesperson's business, or have the capability to influence it. Contacts may have needs which at some point, will turn into sales opportunities, and they have to be treated with the importance that they richly deserve. Without the contact, there is no business.

Contact: Someone who has the potential to purchase your product or who may have the power to influence its purchase.

The contact is a person; a real live human being. The contact is the customer, or someone very close to the customer. At the end of the day, the contact controls or impacts the sale.

Contact Management

Originally Contact Management software was introduced as a specialized database application to log information about people we know and our ongoing dialogue with them. Business quickly adopted this tool, and salespeople, especially, flocked to it. When this happened, features were added to include more of the sales process, which led to *Sales Force Automation*. Expansion of functionality outside of the sphere of the sales department led to the humble Contact Management application ultimately morphing into *Customer Relationship Management*.

Proposition
The essence of Contact Management is the *relationship*.

Relationships are very important—between people and between companies; after all, organizations are just groups of people working together. When those people are doing business according to the traditional buyer-seller model, the relationship that exists between them becomes very meaningful.

There are good relationships and bad relationships, and of course, the salesperson strives to create customer relationships which will hopefully assist in the effort to win the sale. Good relations are based on trust, co-operation, shared feelings, and a mutual need. Relationship building is largely dependent on the art of selling, but is also partly based on the care with which the salesperson manages the knowledge formed from previous dialogue with the customer. As far as the customer is concerned, the salesperson should only be focused on *them*—it's of no interest that there may be ninety-nine other contacts vying for some attention. So, the information on any one customer should be recorded and *known*. The average salesperson has hundreds of contacts, and to manage all of that information, there is a need for notebooks, rolodexes, and the computer.

The best way to manage contact information is by using a two-pronged approach. First, the core information about the contact has to be recorded, both personal and business related, and then the history of the relationship must be logged. Many people are guarded about their personal information, and salespeople should be sensitive to this. Only the information that the customer is comfortable with providing should be recorded. Some customers may like getting birthday cards from salespeople, but not all of them will, and the salesperson has to judge whether it is appropriate or not. Some customizable fields may be needed in the database for salespeople to store their own favorite pieces of information about their contacts. Relationship building is much easier if salesperson and customer share common interests outside of business. Business related information will consist of the routine phone, fax and e-mail data, but also the position and responsibilities of the contact within their organization, and whether they are customers or influencers.

One thing is certain, people like any kind of information stored about them to be totally accurate. Unfortunately, it's easy to build sloppy databases where information is incomplete or just not correct. A lot of damage can be done to the relationship if contacts think that they are not important enough to even get their name spelled correctly. If contact data is being collected within a CRM system, quality becomes more important to watch out for, because a number of different people may be entering information on the customer. A good automation tool will have features that encourage the collection of quality data.

Relationships depend on an ongoing conversation with the customer. Here, we are using the word *conversation* in the greater sense, meaning the historical exchange of information between buyer and seller that will determine the quality and the sustainability of the relationship. The way this exchange happens is through an interaction with the customer, and what happens in that interaction is of vital importance.

Interacting with the Customer

Salespeople should spend as much time in front of their customers as possible, because relationships are built and developed best through personal contact—face-to-face is better, but if that's not possible, the phone is next best. The essential results of these interactions with the customer should be recorded. In this way, a history of the relationship is always available for review. In business, relationships last a lifetime, but sales teams change, and current strategies can only be honed from knowledge of what has happened in the past.

Customer interactions are so important in sales automation that two chapters are devoted to them in Part 3. Interactions feed the information that is used to build the relationship. Direct personal contact is not the only kind of interaction that is important. Any event involving communication between the salesperson, or (in the case of CRM) the salesperson's organization, is a customer interaction and must be recorded. This will include marketing promotions, purchase orders, invoices, service requests or any other component of the business transaction. If a customer phones, it should be possible to quickly review their interaction history to see when the last contact was made, and to get a broad picture of what has been happening (or maybe not happening) in the relationship. Customers are impressed when you know what was discussed the last time you both spoke, even though that may have been six months ago.

One particular customer interaction is very important, and that is the one that occurs during the period of time where the salesperson is making an active effort to win a sale against competition. Later, we delve into why it is important to be able to record this type of interaction in the context of the particular sales opportunity that it applies to. This lets us see a summary of the current state of the *sales process* and its effectiveness in winning the sale.

In closing off this chapter on the contact, we need to reinforce that good relationships are essential for successful sales, but be careful. This contact is also a customer with interests driven by higher forces within their own organization. They may turn away from you if the competition can offer a solution that might suit their situation better. Relationships are put aside when greater allegiances or other agendas prevail. Salespeople cannot rely on relationships alone; the requirement to actually *sell* can never be relinquished.

Good salespeople balance their skills of bonding or rapport against pure selling skills, which will lead us, at the end of Part 2, into a valuable discussion of which core competency is Number One. But, before that comes the sales cycle.

Points to Remember

1. The most successful way to build relationships with people is to know and understand as much about them as possible. The Contact Management section of your SFA or CRM software can make this happen.

2. If you collect and store information about contacts, make sure it is correct. People get upset if they see their personal data badly mangled through careless record keeping.

3. Relationships are ongoing and dependent on the results of interactions over time. The essential results of all interactions with the contact have to be stored to form the true description of the relationship.

CHAPTER 11

Sales Cycle Management

It's time to sell

Salespeople don't sell all the time because they have to do many other things to support their selling efforts. True selling skills are reserved for a time frame that is special—one that *encapsulates* the customer's buying process. This period in time is called the **sales cycle**. The sales cycle plays a central role in describing the **sales opportunity**. In fact, this chapter could easily have been called "Sales Opportunity Management," but for reasons that will become clearer in later chapters, we prefer to use the term "Sales Cycle Management."

In the hierarchy of the core competencies, the sales opportunity is linked directly to a contact, and s*ales automation done right* is very specific about this. A customer contact (a person) *owns* a sales opportunity with its associated sales cycle. Some might argue that the sales opportunity comes from a committee, a company, an account, or a group of contacts, but in nearly all cases, there will be a central figure that spearheads the effort to buy. It is up to the salesperson to identify that individual as the owner of the sales opportunity.

Associating an opportunity with a single contact makes it much easier to navigate through a large list of opportunities. Often, other contacts will affect or influence the buying decision, and the salesperson must include them in sales strategies. But the individual who is logged as the owner of the opportunity will usually be the customer who has the most to gain from the purchase, or who is a principle advocate of the need to buy.

The Sales Cycle

The sales cycle is so closely associated with the sales opportunity that both terms need to be discussed together. A sales opportunity is aptly named because it is a chance for the salesperson to show their stuff and go win a sale. An alternative word for opportunity is "break," as in, "Give me a break." A salesperson might say, "I've had a two month spell with nothing happening—something has to *break* soon," meaning, "I need someone (a customer) to give me an opportunity to *sell*."

> *Sales opportunity*: A well-defined situation in which the salesperson is given a chance to sell their product or service against an alternative competitive solution.

This element of competition is important—selling always involves competition. A sale involves two parties; one tries to *influence* the other in making a specific choice from a number of options (minimum two). There are "competing" alternatives—the customer makes a choice, and one possible response is to buy nothing at all. Competition offers the customer the widest view of available options, and also offers a prospect of negotiating the best value.

> *The sales cycle*: Measured in units of time (days, weeks, months, years), it is the lifespan of the sales opportunity. It also represents the *only* available time to get the sales job done.

The sales cycle has a *start* and an *end*. Once the start date is identified, the length of the sales cycle can be established by estimating when the customer will make a final decision on what to buy—then the sales process has to be made to fit. This is why the sales cycle is so important, and why the salesperson should always be conscious of how much time is left within the sales cycle to complete the sale.

Fortunately, sales automation can help by keeping a list of open opportunities along with their *current* sales cycles. We say current, because a sales cycle can quickly and unexpectedly take on a life of its own and compress or expand, becoming shorter or longer. Because the date the sale started is fixed, the only way for the sales cycle to change is if the projected end date moves closer or further away.

It is the sales opportunity that represents business value to the salesperson. An opportunity is characterized in a number of important ways, some of which are: the monetary value of the deal, the ease with which the deal can be won, and the point in the future that it can be won. The sales cycle is the arena in which competitive selling skills occur to make the sale happen for one salesperson over another. Managing the sales cycle involves the appropriate use of true selling skills—*which* skills to use and *when* to use them. The salesperson that gets this right has the best chance of winning the sale. The logical flow of the sales process within the sales cycle leads to a better understanding of the value of one sales opportunity over another, and helps the salesperson manage their resources to best benefit the overall sales effort.

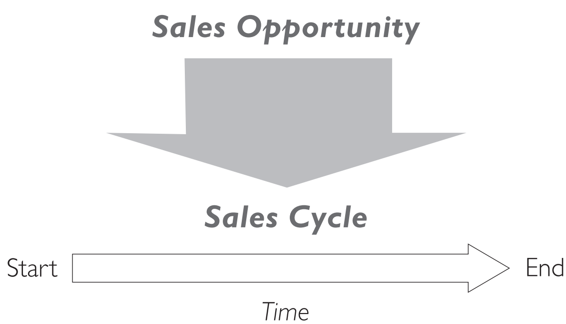

Figure 11-1: A sales opportunity has an associated sales cycle

Two Sales Cycles?

When a customer decides to buy something, they follow a *process* to ensure that the final purchase is the right one. All options are researched and an appropriate period of negotiation is set aside to make sure that the best deal is struck with the winning supplier. This *buying* process takes time, and the amount of time taken is the sales cycle. As soon as the customer brings in potential suppliers for consultation, the sales cycle has begun—this is the customer's sales cycle. The sales cycle *as seen by the customer* exactly mirrors the buying process.

> *The customer's sales cycle*: The time that elapses between the customer initiating the buying process to making the final decision to purchase.

But for the salesperson, the start of the sales cycle is literally the day that they *find* the sales opportunity. If this is the day that a purchasing agent calls the office to say a competitive proposal is needed for a customer's requisition, it is too late—the sales cycle, as far as the customer is aware, started a long time ago. The competitor has been working the sale for a while, and you knew nothing about it. Now, it's uphill all the way; cross your fingers and hope that something can be salvaged at the last minute.

> *The actual sales cycle*: The time that elapses between the salesperson *discovering* the sales opportunity and the customer making the final decision to purchase.

The actual sales cycle is the only one that the salesperson needs to worry about. Those smart (or lucky) enough to be working with the customer from the start of the buying process have an actual sales cycle that is equal to the customer's sales cycle. This is a situation that all salespeople should strive to achieve. Later, other vendors might stumble on the situation and get a chance to participate, but they have some time to make up. Their actual sales cycle is *less* than the customer's sales cycle. Figure 11-2 shows the two sales cycles.

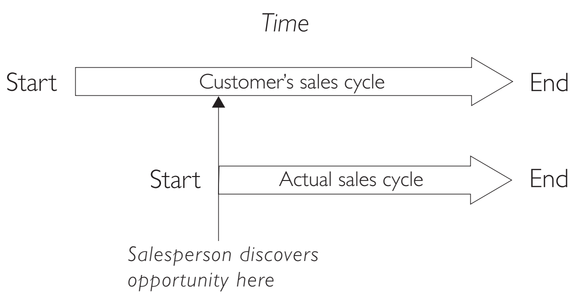

Figure 11-2: The sales cycle as seen by the customer and the salesperson

Since the actual sales cycle begins only when the salesperson becomes *aware* of the customer's intention to buy, it is almost always shorter than the customer's sales cycle, and in many cases too short. If the customer waited two months before contacting the salesperson about a product with a six-month sales cycle, the "actual" sales cycle will be six months, whereas the customer's sales cycle would be eight months. A shortened sales cycle means that there is less time to sell, and makes the sale much more difficult. This is why continual interactions with the potential customer base are necessary to discover new opportunities *early* in the customer's sales cycle.

Sales Cycle Management

One of the most important issues about managing the sales cycle is recognizing that a sales opportunity exists and the sales cycle has started. Salespeople must be continuously on the lookout for new opportunities during their regular conversations with customers or potential customers. Once the opportunity is identified, it should be recorded, preferably in the sales automation system and not just in the salesperson's head. This way, it won't be forgotten.

Sales cycles vary from days to years, depending on the complexity of what is being sold.

Proposition
The essence of Sales Cycle Management is *time*.

An integral part of recording an opportunity is to enter the date that the sale is *expected* to conclude (the date the opportunity is logged is taken to be the start date). With these two dates, the computer calculates the duration of the sales cycle in units of time. Sometimes the date of conclusion of the sale is referred to as the *close date*.

As each opportunity gets recorded, a list of *potential* business is built up. When the opportunity is won or lost, the record is closed (but still saved in the Customer Knowledge Store), and removed from the list. A description of each opportunity should include basic information such as customer name, account, product, and price, but most importantly, an estimation of the date that the sales cycle will *end*.

As mentioned earlier, it's possible, even likely, that the close date will be revised a number of times. So not only must the details of the opportunity be logged initially, they must be *updated* as the sales cycle assumes its normal flow. A good sales automation system can monitor the sales cycle on a daily basis and keep track of what should be happening at that point, but this only works if the salesperson provides up-to-date information on when the sale is expected to end.

Keeping an eye on the time left to sell is important, but so is *timing* of events within the sales cycle. In the sales cycle, the salesperson interacts with the customer through meetings, phone calls, proposals, e-mail and a variety of other ways. These *interactions* together form the process for executing strategies and tactics that the sales team thinks have the best chance to secure the sale. The substance of the interactions is important, but so too is their timing. When do they happen in the sales cycle and how do they happen in relationship to one another? Successful selling depends on mastering specific skills and knowing how and when to use them at different times within the sales cycle. Using the wrong skill at the wrong time can cause a setback in the sale. Planning customer interactions would not be too bad if there were just one sales opportunity, but that is never the case. A busy salesperson could be working on scores of opportunities at any one time. These sales cycles will be running on totally different time schedules. Keeping track of what to do and when to do it is very difficult. Sales automation can make the job much easier, as the computer has no problems at all in keeping an eye on time and determining when things need to get done.

Predicting the Future

Pinning down the start of the sales cycle is a singular event—it happens once, and that's it. However, the predicted end-date of the sale will more than likely change many times in the sales cycle. There are lots of reasons for this, but the principle one is that customers invariably take longer than they think to make decisions. Expectations set down early in the sales cycle are often proven wrong. This means that salespeople have to be on their toes to watch for signs that the projected purchase date has been moved, either forward or back. Managing the sales cycle means staying on top of the "best guess" of when it will end. It is the only parameter that tells the salesperson (and the computer) how much time there is left to sell.

Predicting when the customer will make a final decision can be straightforward in some cases, but difficult in others. It may be necessary to look months, or even years into the future. If the customer is rushed to meet a deadline for the purchase, they may be prepared to share that information with the salesperson. If there is no urgency on the part of the customer to make a decision, the sales cycle can drag on. If the sales cycle is long, perhaps a year or more, it's very difficult to forecast within a few months when the purchase date will be, especially in the early stages. Obviously, the job gets easier closer to the end, when most of the work has been done in the evaluation and the customer can go ahead and make a decision.

But no matter where we are in the sales cycle, the beginning, toward the end, or somewhere in the middle, it is extremely important for the salesperson to be cognizant of when the sale will *end*, and to update that information as best they can, whenever it changes. All too often this is forgotten, and there is danger of losing track of how business is progressing and when it is going to happen. This problem is compounded when many opportunities are being worked at one time.

Predicting close dates is important because all salespeople are required to forecast. Forecasting is one of the sales team's most important and fundamental responsibilities. There is always pressure on business, from enterprise level down, to predict performance into the future, quarter-by-quarter and year-by-year. The top-line driver to business performance is revenue, which is derived directly from the sales team's bookings. There are all sorts of ways that sales managers grapple with forecasting. Historical results, economic climates and seasonal considerations are a few factors that influence forecasting, but when it comes down to it, going to the salespeople and asking them what they are going to book next month or next quarter is the best way to do it. There's no option for the salesperson other than to open up the list of opportunities and review each sales cycle to judge when it will close, and this becomes the basis for the forecast.

But, salespeople should have their own personal reasons for knowing the end of the sales cycle. Without having a good idea of how much time there is left in the sales cycle, it turns out that it is very difficult to manage the list of current opportunities. The challenge becomes tougher as the list swells—so tough that if the salesperson is not careful, opportunities will start to fall through the cracks. That means wasted business and lost revenue. In today's increasingly competitive business environment, salespeople have larger territories, more accounts and consequently, more opportunities to handle. The list of opportunities must be organized, characterized and managed so that the salesperson's resources are used to best effect.

Salespeople should regularly review their open opportunities and update the close date for each one. We'll see later that the smart ones review their opportunities after each important interaction with the customer. It makes most sense to log any change in the close date at this time.

Managing Many Sales Cycles

On any day, a salesperson will be working a number of sales opportunities. They have to, because they are not going to win all of them—competition is fierce. It's important to review the opportunity list regularly to make sure nothing is getting overlooked. The problem is compounded by the fact that there will usually be a large spread of sales cycle lengths within the list. Some reasons for this have been discussed already; different products will have their own sales cycles, and the average sales cycle varies anyway, because of unusual influences within the sale. There is also another factor that causes widely varying sales cycles, and that is the issue of the salesperson discovering the opportunity later in the customer's sales cycle (this effect is so important that it will be discussed in greater detail in Chapter 19).

The salesperson will be faced with managing situations with sales cycles that range from early (the sales opportunity has just been found) to late (the customer is about to buy, and the salesperson needs to close), and inevitably, cases of everything in between. This is a tough proposition to manage, and the salesperson is tugged into many different directions at once. A decision has to be made on which order to work the opportunities. It's not good enough to take the common approach of simply concentrating on the opportunities that are about to end. This tactic often leads to neglect of opportunities which are early in their sales cycle, meaning not enough work will have been done to ensure that a successful closing is possible later. In fact, the entire sales cycle should be worked with the same intensity throughout. A consistent selling effort is needed all the way through the entire sales cycle, but this kind of discipline is rarely practiced by salespeople.

Fortunately, the computer can do a great job of maintaining a long list of opportunities and making sure that they are all treated with the right degree of importance. Here is an example of where *sales automation done right* can really make the salesperson's responsibilities much more painless, and this is the story that unfolds throughout the whole of Part 3.

Influencing the Length of the Sales Cycle?

There has been much written about how CRM and SFA offer the potential to shorten the sales cycle, which will theoretically lead to more sales. A shortened sales cycle implies that the customer needs less time to carry out the buying process. There's no doubt that companies who faithfully execute the principles of CRM will win respect from customers, and that will mean reduced competitive influences in the business relationship. This not only results in "easy" deals, where competition is given just a token invitation to participate, but sometimes in exclusive deals where the customer feels comfortable enough not to invite alternative proposals.

The realities of tougher economic times have made customers more tuned to the increased value that alternative bidding brings to the table, and it's difficult to remove all elements of competition entirely in dealings with the customer. However, there are some situations where the sales cycle can be shortened. A solution may be unique and stand head and shoulders above the competition, or there could be some single differentiator that cannot be matched, in which case the customer may be prepared to stop the normal procurement process and quickly make the decision to buy your product.

In most cases, it is not possible to have a significant impact on when the sales cycle will finish. The competitive sales process plays out in its own time: proposals have to be reviewed, products evaluated and careful buying procedures followed. The process takes its natural course, and salespeople can rarely hasten it up.

Sales automation done right is a little different and suggests that the salesperson should try to *lengthen* the sales cycle. We're not suggesting for one moment to try to delay the close date—rather, learn about the opportunity sooner, and lengthen the actual sales cycle. This, more than anything else, will ensure that there is plenty of time to sell, with no pressure from trying to force important sales strategies into inadequate sales cycles. If, for whatever reason, the sales cycle gets compressed, the salesperson could be faced with a stiff uphill battle. The objective must be to do all that is possible to ensure that the sales cycle has enough room in it to execute the sales process in the best way possible.

Points to Remember

1. The essence of selling includes competition, and competitive sales environments deliver sales opportunities.
2. Every sales opportunity has a measurable sales cycle.
3. Getting the sales team to recognize the start of the sales cycle as early as possible is the first important step to moving them from reactive to proactive selling.
4. Log and update! Log the opportunity and, at the same time, make the best guess at the close date. Watch out for issues in the sale that will modify the close date.
5. The only sales cycle that the salesperson should focus on is the actual sales cycle. For better or for worse, this represents the only time there is to sell.
6. It's tough to manage multiple sales cycles in different stages of development. There must be some way to place a value on the sales opportunity, one to another. This happens through a conscious analysis of the sales cycle.

CHAPTER 12

T, A, S and C

Where do we go first?

We've broken down a salesperson's responsibilities into four categories that we call the core competencies, and we've shown how each competency can be positively impacted by sales automation. There is nothing new here—this way of looking at the daily challenges facing salespeople has evolved through many years of trials and experience. But we have viewed the problem with a strict focus on technology and sales, and when you do this, the logical division into Territory, Account, Contact and Sales Cycle seems to jump out at you.

Even though the management of selling has been reduced to just four competencies, there will always be the question of, "If I had to pick just one competency to master, which would it be?" The strict answer is that the competencies are interdependent, and salespeople should work to master them all. The best salespeople combine their attention to the competencies so as to provide a harmonized approach to their selling activities.

But, against better judgment, we will now attempt to rate the competencies, and this is not such an easy job. We'll start at the bottom and work our way up.

Number Four—Territory

Territory Management: Sound *organizational* skills are all that's needed to manage the territory properly. Even people who sell poorly can still concoct ways to travel around their accounts in a way that makes sense. This is not to undermine the importance of knowing where to find the business in the territory, and being able to get to it regularly and effectively. Salespeople have to constantly allocate their time appropriately to creating new accounts, closing current business and taking care of established customers. They have to fit these activities into their schedules in a way that guarantees not only this year's revenue goals, but also those of years to come.

Number Three—Account

Account Management: There is a lot about Account Management that has to do with marketing. After all, a typical account has many contacts, each of whom could be a customer, and mostly, there is a commonality across their needs. This represents an opportunity to project a message to a narrow subset of highly interested listeners. Accounts have to be managed using a consistent targeted approach and with a view to revenue development, revenue renewal, and revenue maintenance. Part of the account management process is a regular review of all account activity, including the business generated and interactions made with all the contacts. This is only possible using a good SFA or CRM application with robust Account Management features.

Numbers Two and One

Out of the two remaining competencies, it's very difficult to choose a winner—they are almost in a dead heat. On first thought, that might not seem to be the case, after all, without contacts there would be no sales opportunity. We know that's the case because the business transaction between a buyer and a seller doesn't make sense if you remove one of the participants. This strongly suggests that Contact Management should come first in the list of competencies.

But it's not so simple. In Contact Management, we've seen that strengthening relations is key. However, salespeople can't rely on relationship building alone to survive, and at some point selling skills are needed to compete, and this is where Sales Cycle Management comes into play. Earlier in Chapter 4, we talked about two distinct styles of selling. The "relationship focused" style relies on building customer rapport to win the sale, whereas the "opportunity focused" style depends fair and square on using sales skills. The best salespeople have both skills and can blend them with varying degrees to fit the current need. There are two quite different situations that the salesperson needs to contend with, in which the blending of relationship building and true selling skills is sharply different. The boundary between these two states is governed by whether a customer is in a current buying process or not. In mid sales cycle, the salesperson will be heavily opportunity focused, but if the customer is between purchases (sales opportunities), the salesperson must be in relationship focus mode, well-positioned for when the next sales opportunity comes along.

What's obvious is that the two distinct selling styles depend heavily on the mastery of the top two competencies, as we see in Figure 12-1.

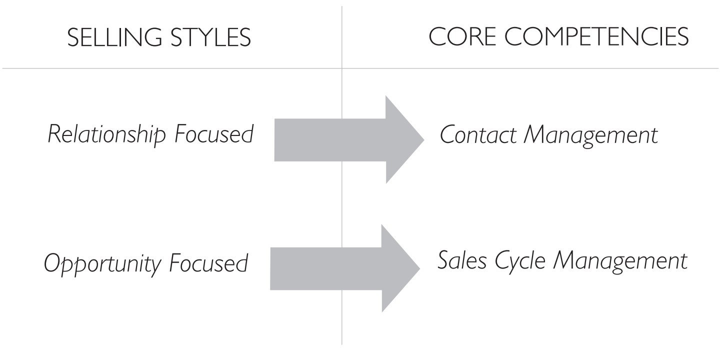

Figure 12-1: The top two core competencies are related to selling styles

Contact Management is the competency that is all about relationships—how to develop them, and, just as important, how to maintain them. This is the part of selling that is the art, but the art has to be controlled and used at the right time and place. That is where Contact Management comes in.

Proposition
The *relationship focused* selling style depends on mastering the competency of *Contact Management.*

Relationship building relies on the salesperson's personal traits, but other resources are needed too. For successful rapport with many contacts, a huge amount of personal and work-related information needs to be known and recorded. The only way to do this is by practicing good Contact Management, and using the technology tools that support it.

Sales Cycle Management defines what selling is all about. Within this special time domain that represents the sales opportunity, the salesperson exercises special selling skills with just one goal in mind—to convince the customer that their solution is the one to choose. This is the time for opportunity focused selling.

Proposition
The *opportunity focused* selling style depends on mastering the competency of *Sales Cycle Management.*

There should be a total awareness of the sales cycle, the position in the sales cycle, and what is happening—which skills should be used, how the process is moving along, and whether the strategy is playing out as planned. This is the science of selling, and for maximum effectiveness, the salesperson leans on Sales Cycle Management for assistance.

The perfect salesperson has the ability to sell effectively with both styles, but for best results, *blends* relationship and opportunity focus to suit a particular customer interaction. The corollary is that *both* the competencies of Contact and Sales Cycle Management need be mastered to help to make this happen.

Balancing Opportunity and Relationship Focus

The perfect salesperson can switch at will from one selling style to the other. Individual salespeople will feel more comfortable with just one style. Some will be gregarious, and love socializing with people; they will lean toward a relationship focused style of selling. Those who like the strategy of the sale and the calculated execution of a well defined sales process will be more inclined to be opportunity focused. Salespeople who naturally graduate towards one style will try to offset this inclination if it's inappropriate for the moment. For instance, if at the close of an important sale, the salesperson relies entirely on their strength with people but totally ignores basic closing skills, there won't be much chance of winning. Some opportunity focused activity has to occur even if it goes against the grain. The natural balance of the two basic selling skills within the individual leads to four *types* of salespeople. Figure 12-2 shows how this happens.

The diagram shows four distinct situations dependent on whether the salesperson shows a high or low *natural* degree of relationship or opportunity focus. "Natural" means the usual day-to-day practice that is most comfortable for them. There will be many instances where they are fighting against this comfort zone.

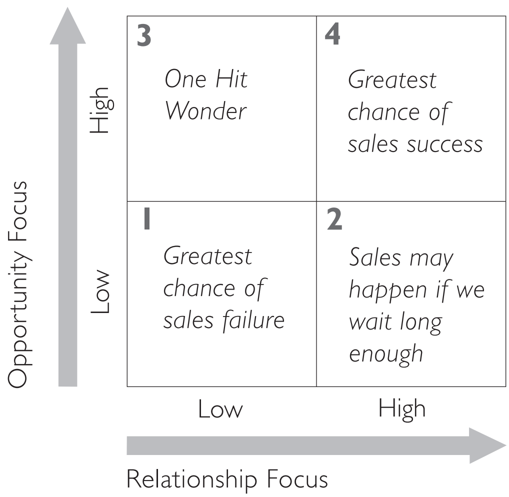

Figure 12-2: Four different types of salespeople

Quadrant One: Salespeople in this quadrant shy away from the personal touch, and to compound matters, they are not that good at seeking or closing deals either. Fortunately, there are not too many Quadrant One salespeople in the profession—they left long ago.

Quadrant Two: Here, salespeople exhibit a high level of success in winning over customers on a personal level, but have poor skills when it comes to competitive selling. With some luck, they will net some sales, but more determined and able competitors will give them a hard time.

Quadrant Three: Salespeople in this quadrant are aggressive sellers, but show little attention to establishing trust or rapport. They may win some sales, but have little chance of creating a revenue stream from repeat orders. The contact simply has no confidence in the salesperson. If there are many accounts in the territory, the salesperson can move on and get more business, but at some point, they will run out of customers. Business will be unsustainable because customers won't trust the salesperson.

Quadrant Four: This is where all salespeople should strive to be. These salespeople have developed trust and loyalty with their customers through ongoing attention to the relationship. But at the same time, they are always searching for the sales opportunity, and when it happens, their sales skills are sufficiently developed and tuned to win the sale. This salesperson has the unique talent to use both relationship building and selling skills in complete harmony and to vary the mix of these skills as required by the *immediate* moment in the selling discussion. In Chapter 14 we'll show how this idea helps out immensely when we try to classify the customer interactions that are most important for *sales automation done right*.

But If We Could Pick Just One

Even though Contact and Sales Cycle Management are rated as the top two competencies, when we are really pinned down, Sales Cycle Management must come out on top. That's because *sales automation done right* is about the technology and sales—Sales Cycle Management is where this coupling produces the best return. Sure, technology can help manage contacts, accounts and the territory, but that is just glorified database management.

Not so with the Sales Cycle—the computer can do much more than file and sort a list of sales opportunities. It can be made to understand and assist with all that goes on in these precious moments of time that determine the possibility of doing business. It can suggest the proper skill to use at specific times in the sale, it can judge the true value of an opportunity, and warn the salesperson that it needs more attention. What's more, it can fill the role of a friendly sales coach in the analysis of an ongoing sale.

More than in any other area of SFA or CRM, the positive impact of technology is the greatest when it comes to managing the sales opportunity and the sales cycle. If all sales teams could be convinced of this fact, they would start looking at their computers as being a great way to move toward the coveted Quadrant Four.

Figure 12-3 is a simple diagram of what we are trying to express. The Sales Cycle is the central competency and the other three are peripheral, but important. In fact, the competencies of Contact, Account and Territory Management are just three different ways to tackle the real job, which is mobilizing all the best efforts of the salesperson to work the prized opportunity list in ways that will generate most revenue.

Now we move on to Part 3, the meat of *sales automation done right,* and an explanation of how automating the major processes in Sales Cycle Management can be realized in practice.

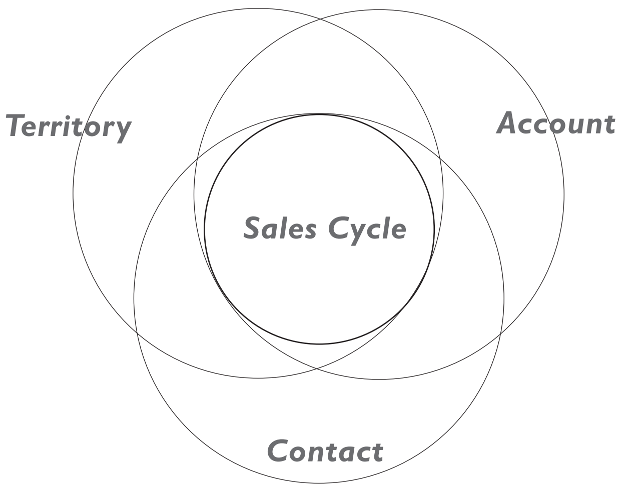

Figure 12-3: Sales Cycle Management is the central competency

Points to Remember

1. Mastering all the four competencies is the way to go, but the enormous importance of relationships and sales opportunities make Contact Management and Sales Cycle Management stand out as the top two to work on.
2. Sales Cycle Management is the competency that benefits most from applying technology to sales.

Glossary

There are many definitions scattered throughout *sales automation done right*. This glossary throws in a few more, along with examples that are framed specifically from the point of view of the salesperson. Making a short, all-encompassing description of what a word or few key words should mean is tough to do. As I've learned in my years of designing SFA and CRM solutions, there will be controversial elements in some of these explanations. But then it is up to the reader to look at other reference material to formulate their own ideas. That can only help foster a better understanding of the concepts.

ACCOUNT

An account is a logical grouping of people who work for a common organization and therefore, have shared interests. The account is designated by the Sales Manager to be conveniently targeted by the sales team with a planned sales strategy. Account Management is one of the four core competencies of the management of selling.

Example: "My Sales Manager gave me a new account. It's a new division of Image International Corp, whose Baltimore group have been good customers of ours for years. This new Buffalo division should need at least twenty Industrial Copiers to get started."

See related topics: Contact, Sales Cycle, Territory.

ACTUAL SALES CYCLE

The actual sales cycle is the amount of time that the salesperson has to sell their product to the customer. It is the time between the salesperson discovering the sales opportunity and the time that the customer awards the business to the successful vendor.

Example: "I could kick myself for not visiting Global Diodes more often. I've learned that they want five High Speed Printers, but the competitors have been working on the requirement for over three months. I've only got a month to show them we have a better solution."

See related topics: Average Sales Cycle, Buying Process, Customer's Sales Cycle.

ART OF SELLING

The art of selling is the salesperson's ability to secure a sale through their natural skills at communicating, building relationships and engendering trust.

Example: "I'm in good shape. I get on really well with the purchasing agent at Global Diodes, after working on our relationship for the past year—we are both avid sports fans. I know that he will give me the business if it comes to a tie."

See related topics: Relationship Focused Interaction, Science of Selling.

AVERAGE SALES CYCLE

The average sales cycle is the most probable length of time that it takes for a salesperson to sell a given product or service. The sales team will only be able to derive the average sales cycle through experience of many sales opportunities over a period of time. There will be deviations in the average sales cycle (shorter or longer) because of abnormal influences on the customer's usual buying process.

Example: "It usually takes six months to sell a Type 560 printer, but this customer already has five on the shop floor, and they are pressured by workload. We'll see this one go through in a month."

See related topics: Actual Sales Cycle, Buying Process, Customer's Sales Cycle.

BACK OFFICE

The Back Office is, collectively, the departments or functional groups in the company which are essential to the successful operation of the company, but are not regularly in direct contact with the customer. These could be finance, manufacturing, development, inventory control, shipping/receiving and others.

Example: "I rely upon my manufacturing group to consistently produce a good product. Otherwise, I would find my sales commitment tough to fulfill."

See related topics: Front Office.

BINARY SALES FORECAST

A binary forecast is a prediction of future revenues by the sales team that is determined on a decision of which actual sales opportunities will be sold, rather than taking some form of average or weighted summation over a number of possible sales opportunities.

Example: "I'm including the GDPN deal in my binary forecast for April. Even though the Welland deal could close that month, I'm not sufficiently confident to include it, but it will show up in my weighted forecast."

See related topics: Sales Forecast, Weighted Sales Forecast.

BUYING PROCESS

This is a process that most customers use to purchase a product or service from start to finish. The buying process proceeds in three distinct stages: recognizing the need, evaluating solutions, and negotiating value.

Example: "A customer called for information on our new series of printers. She thinks she will want one for her new production line, and is in the early stages of researching what's available. She'll want to try out her own protocol on a selected few before coming to a final decision."

See related topics: Sales Process.

CLOSE PHASE

The Sales Model defines the Close Phase as the final phase in the three phase sales cycle in which the dominant skill used is closing. In this phase, the salesperson and the customer work together to negotiate a mutually agreeable value proposition that hopefully leads to a successful conclusion for the salesperson. The other two fundamental skills, probing and proving, are used to support the closing effort.

Example: "We've finally shown how our printer will do everything they need. They should have enough information to go ahead. We'd better start finding out if there's any reason for them not to place an order."

See related topics: Close Skill, Probe Phase, Prove Phase.

CLOSE SKILL

The fundamental skill of closing is the ability of the salesperson to uncover any barriers that prevent the customer from placing an order, and to overcome those barriers such that a decision can be made.

Example: "I think all the objections to making a decision have been answered satisfactorily. I overcame their concerns about budget by working out an extended payment plan reaching into their new fiscal year—we should get the order."

See related topics: Close Phase, Probe Skill, Prove Skill.

CONTACT

A contact is a person who could buy your product or who may influence the decision to buy your product. Contact Management is one of the four core competencies of the management of selling.

Example: "Ms. Corning is the one with the immediate need for an Industrial Copier and is directing the sale, but she won't buy without consulting her associate in Baltimore. I also think the purchasing agent will have a say in the matter."

See related topics: Account, Sales Cycle, Territory.

CRITICAL INTERACTION

A Critical Interaction is an opportunity focused interaction that occurs within a sales cycle. Strategies and tactics designed to win the sale are played out in Critical Interactions with the customer. Critical Interactions are most often two-way, but can be one-way.

Example: "I sent the buyer our final offer which showed a 5% discount and an extra year of warranty."

See related topics: Customer Interaction, Non-Essential Interaction, One-Way Interaction, Opportunity Focused Interaction, Relationship Focused Interaction, Two-Way Interaction.

CRM (SEE CUSTOMER RELATIONSHIP MANAGEMENT)

CRM PROCESS

The CRM process is the process that governs the smooth flow of responsibilities between the three Front Office groups of marketing, sales, and service, in their ongoing efforts to find customers, sell them product or service, and maintain their level of satisfaction.

Example: "I'm glad that marketing are still targeting the GDPN organization even though they are one of our loyal and trusted customers. Every so often a new manager is hired, who has had no experience of our products, and we need to make sure they get to know who we are quickly."

See related topics: Customer Acquisition and Retention Loop, Customer Relationship Management.

CUSTOMER ACQUISITION AND RETENTION LOOP

The customer acquisition and retention loop is a closed loop multi-step process diagram that shows how a new customer's transaction is passed between marketing, sales, and service in a CRM system. In this case, the customer transaction encompasses everything between learning about a product, to becoming a lifetime user, and potentially a repeat customer (hence the loop).

Example: "This is the third generation of Industrial Copier that GDPN has purchased. I'm pleased that Smith's vision of providing lifetime value and service is paying off."

See related topics: CRM Process, Customer Relationship Management.

CUSTOMER INTERACTION

A customer interaction, or simply, an interaction, is any event in which the company touches (relates with) the customer, regarding mutual business relationship.

Example: "I met with the purchasing agent of Lexington, and they seem set to go ahead with our offer. I'll enter this into the CRM system so everyone can share the news."

See related topics: Critical Interaction, Non-Essential Interaction, One-Way Interaction, Opportunity Focused Interaction, Relationship Focused Interaction, Two-Way Interaction.

CUSTOMER KNOWLEDGE STORE

The Customer Knowledge Store is the company's bank of information about all the dealings that have occurred with the customer in the past, good or bad. The Knowledge Store is a historical database of all interactions between the company and the customer.

Example: "I looked back at what had happened with Lexington two years ago when Brad had that account. Brad was very close to the customer, but was suffering from the bad performance history of the old Type 520. I think that stuff is still haunting us."

See related topics: Customer Interaction, Customer Relationship Management.

CUSTOMER RELATIONSHIP MANAGEMENT

Customer Relationship Management, or CRM, is a way of doing business with a focus on creating a long term relationship with the customer, such that the customer is more inclined to offer continued business rather than seeking competitive solutions. As such, this definition does not imply any connection with technology. But the term CRM has grown to mean the computer-based networking and software applications that make the closeness to the customer more easily achievable.

Example: "We've been doing business with Lexington for over ten years, and the efforts we've been putting in with servicing their account and tailoring our product to their specific issues are really paying off. They are very reluctant to try anything from Universal, as the trust just isn't there."

See related topics: Sales Force Automation.

CUSTOMER'S SALES CYCLE

The customer's sales cycle is the time that elapses between the customer initiating the buying process, and the point at which a decision is made on which product to buy. If the salesperson is close to the customer from the very start of the buying process, the actual sales cycle will be equal to the customer's sales cycle.

Example: "Mr. Smith told me that he had been thinking about getting a High Speed Printer, and today his boss said it was a good idea, as funds were available, so he is starting to collect information. I'm glad I'm in at the start of this situation. He said he'll plan to get a unit *installed in October, so he will need to make a decision by the first week of September, which is only six months from now."*

See related topics: Actual Sales Cycle, Average Sales Cycle, Buying Process, Sales Cycle.

DIRECT BENEFITS OF SALES AUTOMATION

The direct benefits of sales automation enable salespeople to make best use of their selling skills, resulting in an improvement in the ratio of sales won to sales lost. The salesperson becomes more effective.

Example: "I checked my progress in the Global Diode sale with my sales automation system. It suggested that I need to spend more time with the economic decision maker. That is not a bad idea."

See related topics: Indirect Benefits of Sales Automation.

FRONT OFFICE

The Front Office is the collection of departments or functional groups within the company that deal directly with the customer. Typically these are marketing, sales and service.

Example: "I see from my CRM system that the service group was out at Lexington today, and they have discovered that the customer could use another CL-250."

See related topics: Back Office.

FUNDAMENTAL SKILLS

The three fundamental skills of selling are probing, proving and closing. Each of the three skills is dominant in a particular phase of the sales cycle. The fundamental skills are comprised of a set of lower level skills necessary to achieve the primary objective of the parent skill. In any Critical Interaction at least two, and sometimes three of the fundamental skills are used to differing degrees, dependent on the position in the sales cycle.

Example: "It's near the end of the sale and in tomorrow's meeting, my objective is to show the customer that my service can meet all of his expectations, in spite of this being a competitor's account. That's going to take all of the diplomacy (probing), product knowledge (proving), and negotiating (closing) capabilities that I have."

See related topics: Closing Skill, Critical Interaction, Probing Skill, Proving Skill.

IBO (SEE IDENTIFIED BUSINESS OPPORTUNITY)

IBO ESSENTIALS

The IBO Essentials are three pieces of information that the salesperson uses to characterize a sales opportunity. The important parameters of Probability and Priority can be calculated directly from the IBO Essentials. The three pieces of information are "Will it happen?" "Will we get it?" and "When will it happen?"

Example: "This IBO is my best shot at booking something in August ('When will it happen?' is August). The customer is happy with the machines he has already bought from us ('Will we get it?' is High), and the need is very high ('Will it happen?' is also High)

See related topics: "When will it happen?", "Will it happen?", "Will we get it?".

IDENTIFIED BUSINESS OPPORTUNITY

The Identified Business Opportunity is a term used in *sales automation done right* to describe the sales opportunity. Emphasis is on the fact that the salesperson has correctly qualified the opportunity as real. In the sales automation system, IBOs are given unique numbers to distinguish them from each other (i.e. IBO #2020).

Example: "After talking to marketing about their meeting with GDPN at the Print Show, I'm going to open up an IBO for a Type 560 for the GDPN Boston facility."

See related topics: Sales Opportunity.

INDIRECT BENEFITS OF SALES AUTOMATION

The indirect benefits of sales automation enable the salesperson to work more sales opportunities by making administrative, support, and connectivity tasks much easier—in other words, by making the salesperson more efficient.

Example: "Since we implemented sales automation, doing quotations has become a cinch—no more scribbles on pieces of paper that get sent off to Head Office. Now everything flows electronically, and I can see when support has completed the quote and sent it out. It's freeing up more time for me to sell."

See related topics: Direct Benefits of Sales Automation.

INTELLIGENT RESPONSE TECHNOLOGY

Sales automation done right uses Intelligent Response Technology on the computer to compare the salesperson's current performance against a model of the most successful strategies used in the past. If necessary, the computer provides advice to the salesperson on changing strategies to win the sale.

Example: "I entered my best guess on the sale as to whether it would go through and whether we would get it. Then I detailed out my progress—the computer disagreed, and felt that my 'Will it happen?' was not High, but Medium. It suggested that I do more talking with the economic decision maker."

See related topics: Sales Environment, Sales Model.

LEAD

A lead is an expression of interest in your product or service, and represents a potential sales opportunity.

Example: "I got a message from the receptionist this morning. Mr. Smith from Lexington called to request information on the new Industrial Copier."

See related topics: Long Term Lead, Sales Opportunity.

LONG TERM LEAD

A long term lead is one that cannot be qualified immediately to a positive result (an opportunity), or a negative result (close the lead, the customer is not buying anything). Rather, the customer is not buying now, but there is a strong possibility that they will buy in the future. The long term lead is kept open, and the salesperson follows up regularly in order to be ready when the lead turns into an opportunity.

Example: "The service engineer called to tell me that the customer only expected an in-service life of three years, and at that time, would need to buy a larger unit. I will enter this as a long term lead."

See related topics: Lead, Sales Opportunity.

MARKETING DEPARTMENT

The marketing department is the functional group that finds potential customers, qualifies them and hands over positively qualified leads (IBOs) to the sales department. In the customer acquisition and retention loop, the marketing department comes before the sales and service departments.

Example: "I received ten new IBOs from marketing today. They were qualified at the Los Angeles Print Show."

See related topics: Sales Department, Service Department.

NON-ESSENTIAL INTERACTION

A Non-Essential interaction has no real importance in measuring the relationship with the customer or impacting the strategy of winning the sale. As such, it need not be recorded into the CRM system.

Example: "I called the purchasing agent to check into the state of Mr. Smith's requirement, but she was not there, and I did not leave a message."

See related topics: Critical Interaction, Customer Interaction, One-Way Interaction, Opportunity Focused Interaction, Relationship Focused Interaction, Two-Way Interaction.

ONE-WAY INTERACTION

One-way interactions occur when one party contacts the other, but there is no immediate connection or response. A response may never come, if so, the interaction stays one-way. If a response comes later, the interaction becomes two-way.

Example: "I've sent an e-mail to the purchasing agent saying that we will meet Universal's warranty proposition, but I haven't heard back from them. It's been a week already."

See related topics: Critical Interaction, Customer Interaction, Non-Essential Interaction, Opportunity Focused Interaction, Relationship Focused Interaction, Two-Way Interaction.

OPPORTUNITY FOCUSED INTERACTION

In opportunity focused interactions, the salesperson's primary objective is to use true selling skills to win the sale from the competition.

Example: "The final presentation of our proposal went down well with everyone. The President said that we would definitely get the order."

See related topics: Critical Interaction, Customer Interaction, Non-Essential Interaction, One-Way Interaction, Relationship Focused Interaction, Two-Way Interaction.

OPPORTUNITY PORTFOLIO

The Opportunity Portfolio is the list of open sales opportunities that the salesperson is currently working on, and has yet to close.

Example: "Right now my sales automation system tells me I'm working on fifty open opportunities—this time a year ago, I had only thirty."

See related topics: Sales Opportunity.

PRIORITY

The priority assigned to a sales opportunity is a measure of its importance with respect to other opportunities that need to be worked.

Example: "This is a new opportunity that's at the start of the sales cycle. The customer heavily favors the competition, but if I leave it alone, I don't stand a chance. It's tough to prioritize it, as I have a lot of other situations that are about to close in which I am favored vendor. I think I'll deal with those first and then come back to this one."

See related topics: Probability Matrix, Priority Cube, Probability Index.

PRIORITY CUBE

The Priority Cube takes the idea of the Probability Matrix one step further by adding in another three-point possibility, which is skill phase (Probe, Prove or Close). With the Priority Cube, an opportunity has three parameters associated with it: "Will it happen?", "Will we get it?", and skill phase. Each of the parameters has three options, leading to a three-by-three-by-three matrix or cube, with twenty-seven possibilities.

Example: "I'm very confident that this sale will happen ('Will it happen?' is High), but I'm not so sure that I will win it ('Will we get it?' is Medium), which gives me a probability of 60%. I'm in the Probe Phase (skill phase), and I still have time to improve on this situation. I'm going to give it top priority with the hope of moving the 'Will we get it?' to a High."

See related topics: Probability Matrix, Skill Phase, "When will it happen?", "Will it happen?", "Will we get it?".

PROBABILITY

Probability is an expression of the chance that a sale will be won. It is most often expressed as a numerical percentage (i.e. 50%). In *sales automation done* *right,* the probability is calculated from a matrix constructed from the salesperson's answers to the questions "Will it happen?" and "Will we get it?"

Example: "This sale has a fifty percent chance of us winning in April."

See related topics: Probability Index, Probability Matrix, "Will it happen?", "Will we get it?".

PROBABILITY INDEX

The Probability Index is a unique point on the three-by-three Probability Matrix constructed from the possible answers to "Will it happen?" and "Will we get it?" Each answer can be one of the three possibilities: High, Medium or Low.

Example: ""Will it happen?" is High, but "Will we get it?" is Low." That's position 3 on the Matrix and a probability of 25%."

See related topics: Probability, Probability Matrix, "Will it happen?", "Will we get it?".

PROBABILITY MATRIX

The Probability Matrix is a three-by-three grid constructed from the answers to the questions "Will it happen?" (High, Medium, Low) and "Will we get it?" (High, Medium, Low).

Example: "This customer will definitely buy in June, and I'm sure we'll get the order. 'Will it happen?' is High, and 'Will we get it?' is High. That's position 9 on the Matrix and a probability of 80%."

See related topics: Probability, Probability Index, "Will it happen?", "Will we get it?".

PROBE PHASE

The Probe Phase is the first in a three phase sales cycle in which the primary focus of the salesperson is on the skill of probing. The skill of proving will also be used to a lesser or equal degree in support of probing.

Example: "This is a six-month sales cycle. I should be focusing on probing for the first three months."

See related topics: Close Phase, Probe Skill, Prove Phase.

PROBE SKILL

The fundamental skill of probing is the ability of the salesperson to find out everything about the customer's requirements and to discover all the issues that are behind their decision to purchase a product or service.

Example: "I've got to get to the bottom of how this decision will be made—I have a suspicion that purchasing may try to rein in the budget towards the end of the deal."

See related topics: Close Skill, Probe Phase, Prove Skill.

PROVE PHASE

The Prove Phase is the second in a three phase sales cycle in which the foremost objective for the sales team is to prove. The associated skills of probing and closing will be used with lesser degree to support the proving effort.

Example: "I'm reaching the three-quarter point in the sales cycle. Now is the time to get the customer in front of a machine to test how their application works."

See related topics: Close Phase, Probe Phase, Prove Skill.

PROVE SKILL

The fundamental skill of proving is the ability of the salesperson to provide evidence to the customer and to convince them that the solution that they offer is the best.

Example: "At the factory demonstration today, Ralph proved conclusively that our High Speed Printer could outperform Universal's demonstrator unit on both throughput and color control. He managed to shoot down all the claims that Universal salespeople were making about their demonstrator."

See related topics: Close Skill, Probe Skill, Prove Phase.

QUALIFICATION

Qualification is the process of checking that a lead has the potential to become a sales opportunity. If it is qualified positive, an opportunity has been discovered. If it is qualified negative, there is no sales opportunity, but the record of the lead can be kept for future marketing activity.

Example: "I called Mr. Smith this morning. He is just interested in what's new in the industry and does not need or even use Industrial Copiers. I've qualified the lead as negative."

See related topics: Lead, Long Term Lead, Sales Opportunity.

RELATIONSHIP FOCUSED INTERACTION

In opportunity focused interactions, the salesperson's primary objective is to measure, nourish and build the relationship with the customer.

Example: "It's been six months since the copier was installed. I paid a visit to see if the customer was still happy, and everything seems to be just fine. They would be happy to become a reference site."

See related topics: Art of Selling, Critical Interactions, Customer Interactions, Non-Essential Interactions, One-Way Interactions, Opportunity Focused Interactions, Two-Way Interactions.

SALES AUTOMATION (SEE SALES FORCE AUTOMATION)

SALES CYCLE

Measured in units of time (days, weeks, months, years), it is the lifespan of the sales opportunity. It also represents the only available time to get the selling job done. According to whether you are the customer or the salesperson, the sales cycle may be different. Sales Cycle Management is one of the four core competencies of the management of selling.

Example: "I made one of my routine calls to the Lexington facility to talk to the VP of Production. I showed him the flyer on the new Type 560, and he was thrilled. It has all the features he has been asking for. He checked his budget and he has enough funds to buy one. I think he's serious. This IBO could close in just six weeks."

See related topics: Actual Sales Cycle, Average Sales Cycle, Customer's Sales Cycle, Account, Contact, Territory.

SALES DEPARTMENT

The sales department is the functional group within the company that takes positively qualified leads (IBOs) from the marketing department and attempts to win as many of them as possible. In the customer acquisition and retention loop, the marketing department comes before the sales department, and the service department comes after.

Example: "Over 50% of the leads I've received from marketing in the past year have resulted in won orders. I'm keeping the service group very busy with installations."

See related topics: Marketing Department, Service Department.

SALES ENVIRONMENT

Sales Environment is used to describe everything about the sale that will ultimately determine its outcome.

Example: "I think I've identified all the decision makers, but I'm not sure about the politics of this sale, and who is really driving the purchase."

See related topics: Sales Model.

SALES FORCE AUTOMATION

Sales Force Automation, or Sales Automation, is a way to use technology to improve sales performance, directly or indirectly. Directly, by improving the salesperson's effectiveness, and indirectly, by improving the salesperson's efficiency. *Sales automation done right* suggests that a more appropriate definition is one that leaves efficiency to CRM and effectiveness to SFA.

Example: "Since we've installed a sales automation system, I've found it frees up more time for selling, and the built-in sales method also helps too."

See related topics: Customer Relationship Management.

SALES FORECAST

An estimate of future sales usually provided in terms of booked revenue, but sometimes in terms of product units. A forecast is usually generated by the individual salesperson, and the manager rolls up the total across the entire sales team.

Example: "I don't expect to book much in June, so this quarter won't be too good, but next quarter looks as if it will be a winner."

See related topics: Binary Forecast, Weighted Forecast.

SALES MODEL

The Sales Model is a set of descriptions, understandable by the computer, that attempt to define the ideal performance of the salesperson as they progress through the sales cycle. It is built up from four key components: time, fundamental skills, Critical Interactions, and information.

Example: "I'm about three-quarters of the way through this sale and I should be focusing on proving the benefits of my product. The next time I meet with the customer, I'm going to take my Product Manager to try to see if there are any details of the customer's application I have missed."

See related topics: Customer Interaction, Fundamental Skills.

SALES OPPORTUNITY

The Sales Opportunity is the chance given to a salesperson by a prospective customer, to offer their product or service to fulfill the customer's requirements and needs. In *sales automation done right,* the Sales Opportunity is called the IBO, which stands for Identified Business Opportunity.

Example: "Mr. Parker called to say that the old Universal machine had died, and they have an immediate need for a replacement. They will have to follow the normal tendering routine. I'll enter it into the system as a new IBO that will probably close in September."

See related topics: Identified Business Opportunity.

SALES PROCESS

The sales process is a proven, repeatable and well-established set of Critical Interactions through which the sales team implements their strategies and tactics to win the sale.

Example: "We're about three-quarters through this sales cycle, and I need to think about organizing a demonstration of the Type 560. Seeing the performance of this machine usually puts us ahead."

See related topics: Buying Process, Critical Interaction.

SALES STRATEGY

A strategy is a plan to move from the current situation to a preferred situation in the future. A sales strategy is a predefined plan to win the sale from the competition. Ideally the strategy starts at the beginning of the sales cycle and is enacted through Critical Interactions as the sales progresses. Strategy, tactics and process are intimately linked.

Example: "This is a key sale in a competitor's account. We need to do everything we can to win this one, including offering the best price."

See related topics: Sales Process, Sales Tactics.

SALES TACTICS

Tactics are the actions that are used to put strategies into effect. If tactics are executed successfully, as planned, then the strategy is on the way to happening. Tactics are executed through Critical Interactions and are the "hook" between the strategy and the sales process.

Example: "I know that Roger Smith is central in the politics of the organization. I'll take him to lunch to see if he knows how the decision will be made."

See related topics: Sales Strategy.

SALES TEAM

The sales team is the group of people whose mission is to convince the customer that their solution is better than that of their competitors. The team can comprise of field salespeople, inside salespeople, sales administration, technical support or any other group that supports the sales effort.

Example: "If Ralph from Technical Support had not come with us to the factory, the customer would not have been convinced that the Type 560 could do the job."

See related topics: Sales Department.

SCIENCE OF SELLING

The science of selling is a set of rules that describe how to handle a sale, specifically, where certain skills and strategies should be employed, and to what degree they should be used. These rules have been compiled and refined over many years by sales professionals.

Example: "I'm about halfway through this sale, and still have a lot of proving to do with this customer—I would be stupid to try to close this now."

See related topics: Art of Selling.

SERVICE DEPARTMENT

The group within the company responsible for all aspects of supporting a product or service after a customer has purchased it from the sales department. In the customer acquisition and retention loop, service follows on from sales, but the CRM process flows from service to marketing, because at the end of a product's life cycle, the customer may need a replacement, and marketing must be aware of this new potential for business.

Example: "Bob from service called me to say that GDPN Boston have two of our old Type 90's that will need replacing next year. I'll alert marketing to make sure they meet up with them at next week's Print Show in Los Angeles."

See related topics: Marketing Department, Sales Department.

SFA (SEE SALES FORCE AUTOMATION)

SKILL PHASE

A skill phase is a phase of the sales cycle in which one of the fundamental skills of selling is dominant over the others. There are three skill phases corresponding to the three fundamental skills of probe, prove and close.

Example: "My sales automation system is telling me that I have twelve opportunities that are in the Close Phase. I only have two in Prove Phase and none in Probe. I need to bug marketing for some more leads."

See related topics: Close Phase, Probe Phase, Prove Phase.

TERRITORY

The Territory is the list of accounts over which a salesperson has been given the responsibility to sell their products. Territory Management is one of the four core competencies of the management of selling.

Example: "My territory was expanded today, from everywhere south of Broad Street and west of 67th, to the whole southern half of the city."

See related topics: Territory Group, Account, Contact, Sales Cycle.

TERRITORY GROUP

The Territory Group is the administrative structural organization of the territories belonging to a specific sales team. The territory group concept makes it easier to administer changes in territory responsibilities that happen through company growth or product expansion.

Example: "When Steve leaves, I get his territory, which means that I sell the IC line, and take on the extra geography of the East."

See related topics: Territory.

TWO-WAY INTERACTION

Two-way interactions are willing dialogues between the customer and the salesperson that happen in real time (face-to-face, or on the phone), or quasi real time (e-mail, voice mail, or even fax or letter).

Example: "I sat with the customer for two hours, and we had ample opportunity to discuss how our product could solve a lot of issues in his process."

See related topics: Critical Interaction, Customer Interaction, Non-Essential Interaction, One-Way Interaction, Opportunity Focused Interaction, Relationship Focused Interaction.

WEIGHTED SALES FORECAST

A sales forecast in which the revenue associated with each sales opportunity is multiplied by the percentage probability of winning the order. The results are then summed across all opportunities.

Example: "The Lexington deal is huge; around $1,000,000. But at 10%, our chances are really low. That will still contribute $100,000 to my weighted forecast."

See related topics: Binary Sales Forecast, Sales Forecast.

"WHEN WILL IT HAPPEN?"

The answer to "When will it happen?" is the salesperson's best estimation of when the customer will finally decide which vendor will receive their business and awards an order. "When will it happen?" is one of the three IBO Essentials.

Example: "We've been working at this for nine months. I am sure we will see the order two months from now, at the end of our third quarter."

See related topics: IBO Essentials, "Will it happen?", "Will we get it?".

"WILL IT HAPPEN?"

"Will it happen?" is a question that tests the salesperson's opinion on whether a sales opportunity will go through to completion. The answer to "Will it happen?" can be one of three choices: High, Medium, or Low. "Will it happen?" is one of the three IBO Essentials.

Example: "This customer has budgeted for a Type 560 and is acting like he will get the cash, but he's tried before and has been unsuccessful. I would say that 'Will it happen?' is Medium."

See related topics: IBO Essentials, "Will we get it?", "When will it happen?".

"WILL WE GET IT?"

"Will we get it?" is a question that tests the salesperson's opinion on his or her chances of winning the sale over the competition in the event that the sale goes through to completion. "Will we get it?" can be one of three choices: High, Medium, or Low. "Will we get it?" is one of the three IBO Essentials.

Example: "This division of Lexington has nothing else but Universal Equipment. The customer is happy, and I think for this sales opportunity, 'Will we get it?' is Low."

See related topics: IBO Essentials, "Will it happen?", "When will it happen?".

WORKFLOW

Workflow is the process of getting a task completed by dividing it into discreet chunks, each of which is handled by a different person or group. When complete, the chunk is moved to the next person or group in the process. Workflow works best when it moves electronically, and not using paper.

Example: "The new system for processing orders works well. The salesperson checks the customer's purchase order, and if it's OK, passes it to sales administration to write up. The details then go to order entry for processing."

See related topics: CRM Process.

INDEX

U

W

Want to know more?

To view a continuing discussion on the ideas presented in *sales automation done right,* visit the SalesWays Web Site at:

www.salesways.com

- communicate with the author, and the team of creators of the sales methods described in the book
- learn about OPM (Opportunity Portfolio Management) Sales Training programs, that explore these sales methods in more depth
- join the ongoing blog discussion on new ideas and developments in sales methodology, techniques, strategy, and all technological issues that affect sales
- check on the latest CRM and SFA technology products that employ the ideas *of sales automation done right*