

# 2009 MILLER HEIMAN SALES BEST PRACTICES STUDY

## INDIA HIGHLIGHTS



MILLER  
HEIMAN<sup>®</sup>  
The Sales Performance Company

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## INDIA HIGHLIGHTS

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Right sizing, cost efficiencies, meeting targets, and customer relationship management are the key words driving most sales organization in today's tough economic scenario. India is as affected by the market dynamics as is most part of the globe. The Indian markets have been traditionally conservative and, in these times, this may be a blessing in disguise to cushion the industries against major setbacks. With the coming of a majority government and the picking up of traditional businesses, India is potentially promising a GDP of 7 percent.

However in a price-sensitive, conventional market what are the initiatives sales organizations can focus upon?

The *2009 Miller Heiman Sales Best Practices Study* is the sixth annual effort to determine the broad challenges currently facing the sales profession. The respondents included in this report are limited to those who are selling in a complex selling environment - those who are required to influence multiple decision makers in what is typically a long sales cycle. Looking at the sales organization in six main areas, study participants were asked to respond with their level of agreement regarding 51 critical sales activities.

This report is specific to responses from India.

According to the findings of the study, sales organizations in India excel in managing opportunities. Their salespeople know how to gain access to key individuals in their prospect firms and build the relationships needed to understand their opinion of their products or services. Throughout the sales process, these sales organizations are aware of how their deals are progressing and are rarely surprised by their outcomes.

Areas where Indian organizations struggle are found in creating opportunities and managing people. The data also show that these sales organizations may be challenged with commoditization issues. Because of this, their organizations lose value in sales and struggle

more than organizations in other parts of the world in their ability to uncover new opportunities.

### HOW INDIA COMPARES TO SALES ORGANIZATIONS AROUND THE WORLD

In our analysis, we looked at the data from two perspectives: how a region compares to the benchmarks of all other respondents and how a region compares to a group of high-performing companies we call "World-Class Sales Organizations."

To be considered as a World-Class Sales Organization, companies were evaluated based on an algorithm that incorporates their activities in each of the six sales elements covered within this survey. Additionally, these sales elements correlate to superior sales performance as demonstrated by five key metrics.

The five sales metrics examined in this study were:

- Average account billing
- Sales force quota attainment
- Number of qualified opportunities/leads
- Customer retention
- Forecast accuracy

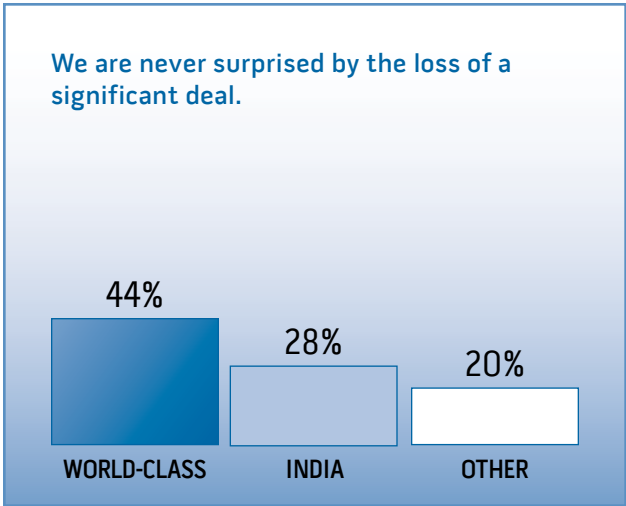
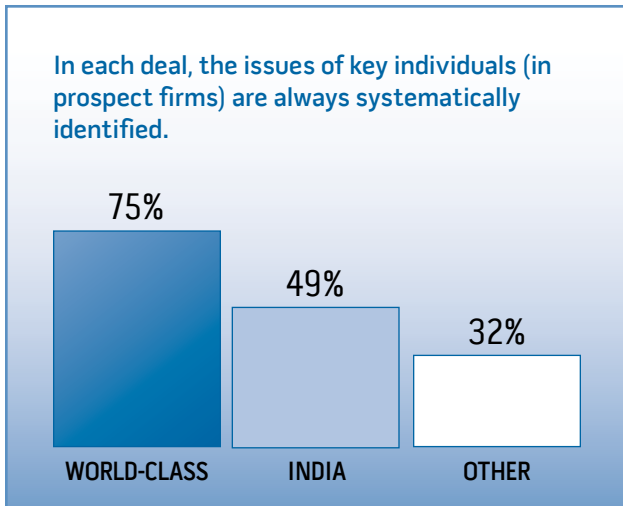
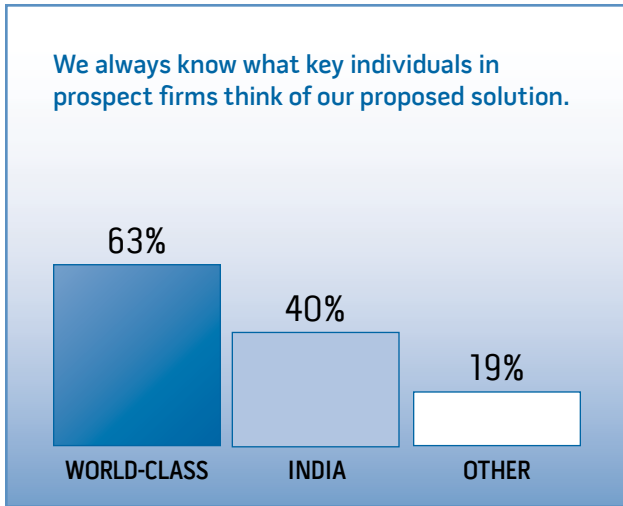
### Sales Activities Where India Reports Above Average Performance

Overall, when compared to other regions of the world, India showed strong results with better performance than others in the majority of sales and sales management activities. When compared to World-Class Sales Organizations, however, the activities where sales leaders should focus their efforts to increase their competitive edge becomes more apparent.

Managing existing opportunities is an area of strength for India. There are several activities in this area of the sales process where the responses from this country are significantly better than those from other parts of the

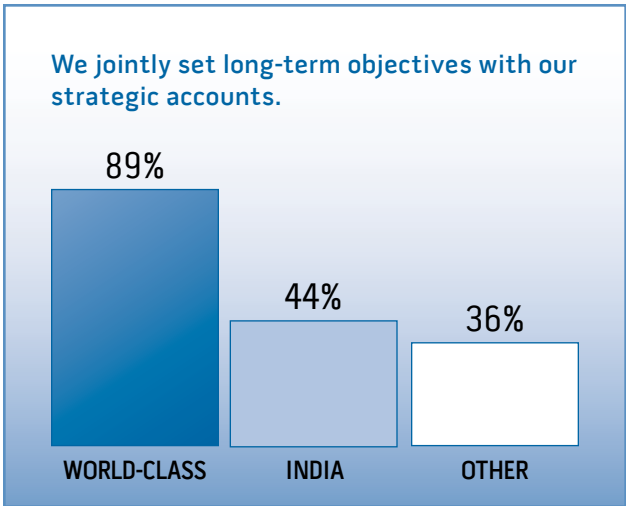
world. Sales organizations in India reported that they are significantly more likely to agree that these practices are in place:

- Knowing what key individuals in prospect firms think about their proposed solution
- Systematically identifying the issues of key individuals
- Understanding the reason behind a lost sale, rather than being surprised by a sudden loss

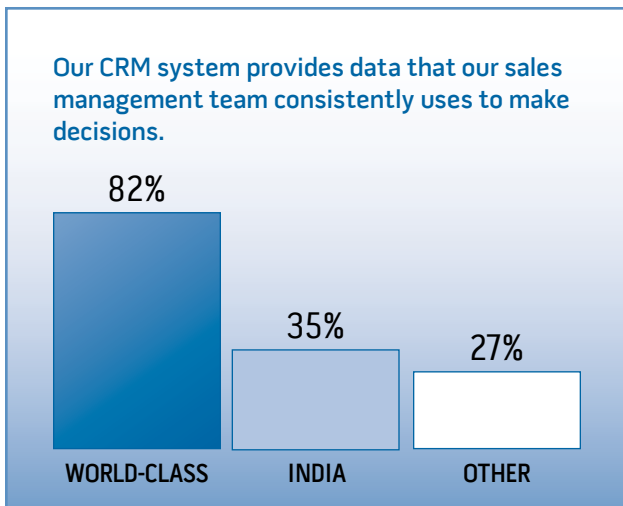


The management of existing relationships and support of sales productivity improvement are also areas of strength for India with significantly better agreement in these activities:

- Setting long-term objectives with strategic accounts
- Having a CRM system that sales management consistently uses to make decisions
- Being able to spend more time with customers because of their CRM system
- Having sales performance metrics that are aligned with business objectives



While there is room for improvement in the value companies are recognizing from customer relationship management (CRM) systems, India is reporting better success in basing decisions on CRM data and being able to spend more time with customers as a result of CRM. World-Class Sales Organizations are nearly three times more likely than India respondents to agree that their sales management team consistently uses CRM data in decision making and nearly four times more likely when compared to other parts of the world.



### AREAS FOR IMPROVEMENT

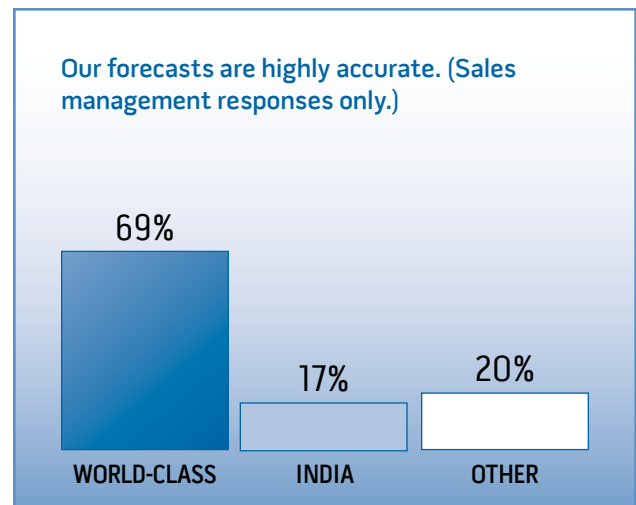
The sales and sales management activities where India is under performing compared to other study participants are concentrated in the areas of creating new opportunities and managing people. These activities include:

- Having a formalized value proposition that is compelling to prospects
- Effectiveness in selling new products and services
- Understanding customer’s business needs from a prospect’s perspective
- Significantly discounting in order to win
- Understanding why top performers are successful
- Open and honest communication between sales managers and salespeople

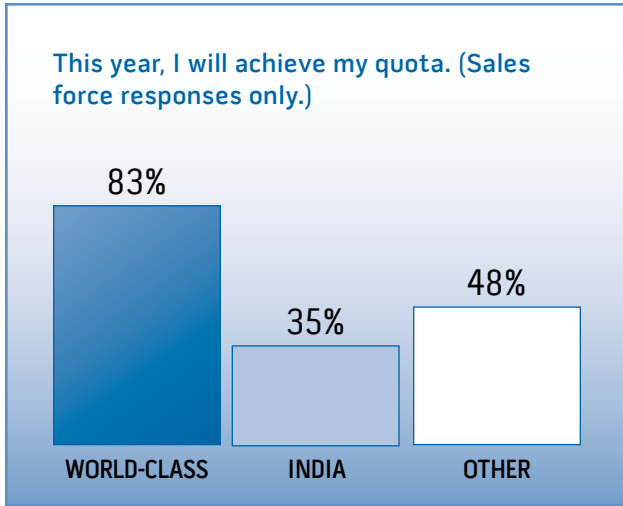
A formalized value proposition is essential for communicating with customers and prospects. It is important to note that this value may change over time, which is especially true when the economy shifts significantly. When a value proposition is informal, it may not be understood by everyone in the organization in the same way. That may lead to different interpretations of company strategies and goals.

Also important is to avoid the use of a general value proposition that could apply to many different customers. According to Michael Light, regional vice president for Miller Heiman Asia Pacific, “Salespeople should tailor the value to the individual customer, for this industry, for this market, for this time. Marketing materials are useful tools, but salespeople add value through what they bring to the customer.”

The responses from sales management titles in our India data indicated that forecast accuracy is an area for prioritization with only 17 percent of responses indicating that forecasts are highly accurate. Compare this to 20 percent of other study respondents and 69 percent of World-Class Sales Organizations.

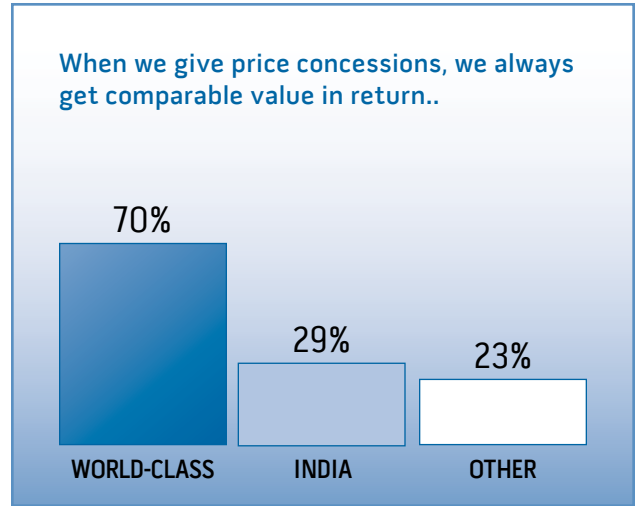
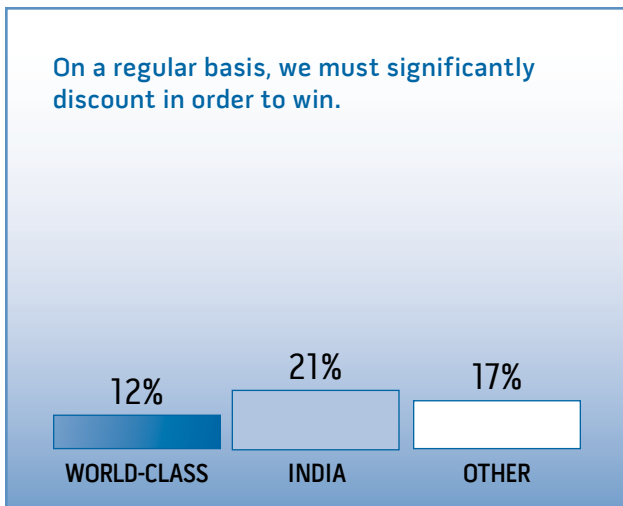


Further, the salespeople in this country lacked confidence in achieving quota. India falls significantly below the other study participants in this question with only 35 percent of the sales force respondents agreeing that they believed they will achieve quota this year. Nearly half, 48 percent, of salespeople in other regions believed they would achieve quota and 83 percent of World-Class Sales Organizations shared this confidence.



Improvements made in the critical areas of sales and sales management mentioned above will result in more accurate forecasts and in the sales force's ability to achieve quota.

Discounting is an issue to be addressed for many sales organizations and those in India are no exception. The region reported that significant discounting is necessary on a regular basis to win business. Only one other region in the study reported higher agreement. India was slightly ahead of the rest of the world when it came to getting comparable value in exchange for price concessions, but at 29 percent agreement, there is room for improvement. In comparison, 70 percent of World-Class Sales Organizations reported that they are able to secure comparable value when they give price concessions.



India has always been a price-sensitive market and this seems to be validated from the scores. In a “me-too” market where there is hardly any differentiation, salespeople are obviously reliant on price differentiation. Securing comparable value in return for price concessions is an area for improvement globally.

“Securing comparable value is an underutilized request of customers,” said Priya Sachdev, director of sales and marketing for a Miller Heiman partner based in New Delhi. “These requests can include extending the length of the contract, stocking more items, or reducing or eliminating services in the contract. It’s important to understand the needs of the customer so realistic requests can be made.”

### IN CONCLUSION

Overall, sales and sales management activities in India compare favorably to the practices seen in other areas of the world. The focus for this region should be on continuing to drive improvement in the areas mentioned above. Developing a better understanding of your current customers may have the greatest impact as it will help develop criteria for building a stronger, more relevant value proposition and reduce the need for discounting, or at least securing value in exchange for price concessions. As World-Class Sales Organizations demonstrate, companies who apply these best practices consistently, across all areas of selling and sales management, are in a far stronger position to realize their desired business results.

## CONTRIBUTORS

### Michael Light

As regional vice president, Asia Pacific, Michael's responsibilities include operating the Australia corporate office of Miller Heiman. He has a strong sales, marketing, sales management and general management background within consumer goods organizations, including Taubmans Paints, Pacific-Dunlop and Hanimex. He has lived and worked in Sydney, Melbourne, Singapore, Malaysia and Hong Kong, and has considerable facilitation experience from both his corporate and consulting careers. His professional consulting experience includes sales process training and personal development, as well as outplacement and recruitment. He also consults in the area of developing sales cultures for organizations.

### Priya Sachdev

As director of sales and marketing with Sales Principles, Priya's responsibilities include managing and executing the Miller Heiman solutions pan India. She has a strong sales, sales management and consulting background with FMCG, office automation, and leading training and consulting organizations. Based in New Delhi, she has sales and consulting experience and has partnered with many leading Indian and multinational organizations to provide sales performance management solutions.

## OBJECTIVES AND RESEARCH

### OBJECTIVE:

To obtain a clear understanding of the complex selling environment, its challenges, and trends.

### SCOPE

- Identify activities where World-Class Sales Organizations are outperforming the competition
- Prioritise activities to improve the effectiveness of the sales organization
- Provide insights on the trends facing sales organizations during 2009

### RESEARCH METHOD

The survey was designed as exploratory research to collect primary data using a structured design. Formal

statistical procedures were used to analyse the data. Such procedures included exploratory factor analysis, reliability analysis, regression analysis, and frequency analysis. This is the sixth year of this study.

### SURVEY INSTRUMENT

After the broad issues and metrics were reviewed, the instrument was subjected to a pretest. The final instrument contained six sales elements and a customer environment section with a total of 51 closed-end questions based upon a 7-point Likert scale for responses of Strongly disagree, Disagree, Somewhat disagree, Neutral, Somewhat agree, Agree, Strongly agree. Fourteen metric-type questions were included in this study. Finally, six demographic questions were included.

### TIME FRAME

Data were gathered from September 17 to October 27, 2008.

### POPULATION

Responses were solicited globally from sales professionals who are currently or have been in contact with Miller Heiman. However, the study was not limited to Miller Heiman clients. We actively pursued a cross section of participants, industry and geography, for the study from a variety of databases.

#### World-Class Sales Organizations

- 218 respondents qualify as World-Class Sales Organizations
- 7 percent of all respondents
- Complex sales only
- B2B selling environment

#### All Other Sales Organizations

- 2,972 respondents
- Complex sales only
- B2B selling environment

### ORGANIZATION OF SURVEY QUESTIONS

The sales activities included in this study have been grouped in six elements.

- Create Opportunities - targeting and gaining access to prospects, scoping their needs, and qualifying opportunities
- Manage Opportunities - resourcing qualified opportunities and managing the sales process through closing
- Manage Relationships - protecting and growing strategic accounts
- People & Organization - organizing, staffing, developing and managing a high-performance sales force
- Reinforcement & Enablement - providing infrastructure and programs to enable sales productivity improvement
- Management Execution - aligning the organization and driving behaviors essential for success

The sales system framework describes the essential activities in a sales organization. The survey questions that provided the data for this study all individually support one of these areas.

### PERFORMANCE GAPS

We analysed the data to identify areas where World-Class Sales Organizations are outperforming compared to all other organizations in the study.

By employing principled activities, World-Class Sales Organizations, on the average, delivered 18 percent greater revenue than the typical sales organization. The greatest differences in the performance of sales activities between WCOs and all other organizations exist in Support and Enablement. Many of the differences are 100 percent and 200 percent which indicates that a typical sales organization can improve its performance by focusing its efforts on providing infrastructure and programs to enable sales productivity improvement more effectively.

Performance gaps between World-Class Sales Organizations and all other organizations are ranked in the following chart. By performing the activities described within a particular element well, an organization can increase its performance as measured by a metric.

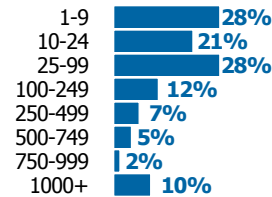
PERFORMANCE DIFFERENCE	ELEMENT DIFFERENCE	AS MEASURED BY
Support & Enablement	28%	Accuracy of Forecasts
Managing Relationships	22%	Customer Retention
Creating Opportunities	21%	Qualified Opportunities/Leads
People & Organization	21%	Quota Achievement
Management Execution	21%	Quota Achievement
Managing Opportunities	18%	New Account Acquisition

\*Difference – reported percentage between World-Class group and the average for all other respondents

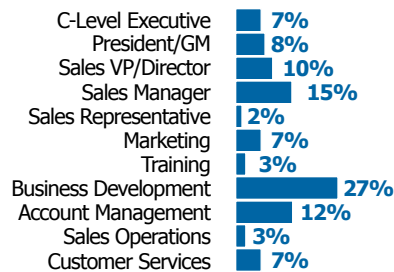
All results shown in this report are based on results from participants who are involved in a complex selling environment. This criteria was selected to allow for more targeted analysis of the challenges in this area so we can provide greater value to companies who operate in a similar environment.

### REGIONAL DEMOGRAPHICS

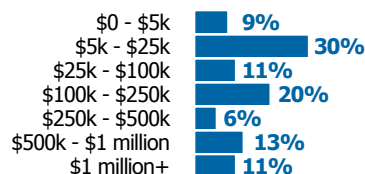
#### Sales Force Size



#### Titles



#### Deal Size



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