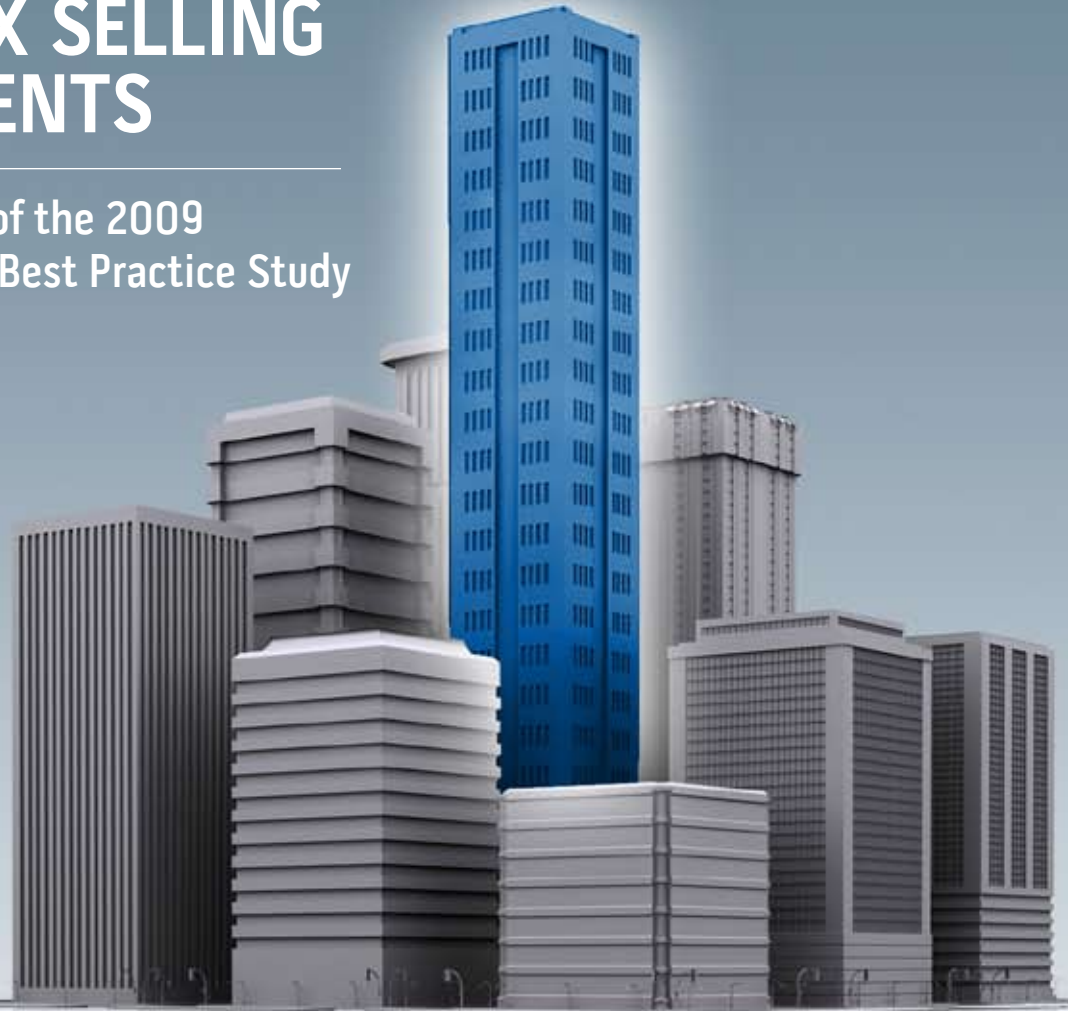


GROWTH STRATEGIES FOR SALES LEADERS IN COMPLEX SELLING ENVIRONMENTS

Executive Summary of the 2009
Miller Heiman Sales Best Practice Study



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The Sales Performance Company

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Executive Summary of the 2009 Miller Heiman Sales Best Practice Study

When resources are restricted and sales are still expected to increase, how do sales leaders re-prioritize activities that will best help meet this challenge?

Successful sales organizations do not do one or two things well; they maintain a high level of performance across all of the selling and sales management activities required to support the sales process. There is no easy answer to solve every performance issue, but taking a strategic and deliberate approach to how the challenges of a given sales organization are addressed will provide a roadmap for the year ahead.

GOING AGAINST THE NORM

During a down economic cycle, companies often respond by cutting operational costs and people. But, cutting back during a downturn can result in vulnerability to competitive threats and leave the organization unprepared for when the market conditions improve. Businesses that make focused investments now with their limited resources will find themselves in a position of greater strength when the economy picks up.

GAINING PERSPECTIVE FROM THE DATA

The results of the *2009 Miller Heiman Sales Best Practices Study* revealed the selling and sales management activities that have the greatest impact on producing results. With fewer resources to invest, which areas should be of highest priority based on the results they can influence? Looking at the traditional metrics of sales performance, this study can serve to guide sales leaders in prioritizing their areas of focus.

We've based this prioritization of activities on the responses from those we identified as World Class. These World-Class Sales Organizations were remarkable not only in their ability to consistently practice a wide range of sales best practices, but that they were more likely to produce better results than their peer group in several key metrics.

Five metrics were examined in making the determination of which activities had the greatest impact on organizational performance. These metrics are common to sales leadership dashboards. The organizations we identified as World-Class were able to achieve a higher level of growth compared to their peers in these key metrics examined in this study:

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

ABOUT THE SURVEY

The survey tool used in this study has significance as well. The questions selected for the survey were based on the best practices of sales organizations around the world. In the course of working with high-performance companies during the past 30 years, we have created a picture of how sales leaders view their sales organizations. The questions we asked in this study are based on the selling and sales management activities that are most frequently practiced to achieve high-performance results. These activities are organized into six key elements:

1. Opportunity Creation
2. Opportunity Management
3. Relationship Management
4. People and Organization
5. Support and Enablement
6. Management Execution

Although technology and market conditions have changed over this time, the fundamentals for achieving results have remained remarkably consistent.

USING THIS REPORT

Considering the five metrics used in our analysis, sales leaders can begin to focus their attention on the activities that have the greatest impact. What are the challenges to producing positive results in your organization?

Sales leaders face significant challenges in the year ahead as they guide their sales organizations to achieve revenue goals:

- Winning all the addressable share of each current client
- Pressure on pricing and margins
- The risk of losing the largest and most profitable customers
- Increasing competitive threats
- Weak prospecting activity
- A large percentage of salespeople not achieving quota
- Being surprised when forecasted deals are lost
- Motivating a sales team to perform during difficult conditions
- Retaining top performers who may be tempted to find new opportunities

HIGH IMPACT SELLING AND SALES MANAGEMENT ACTIVITIES

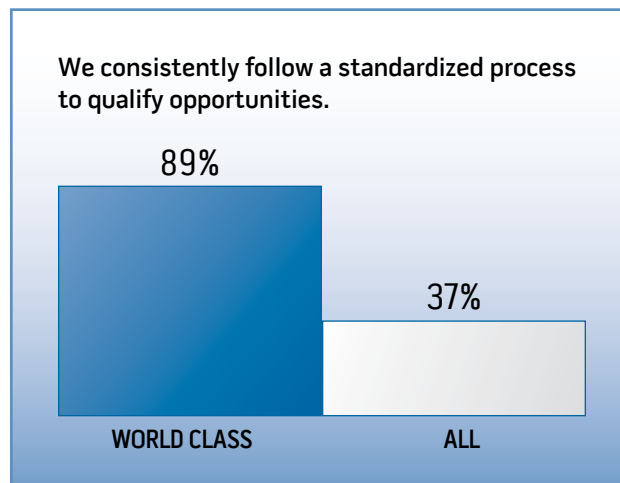
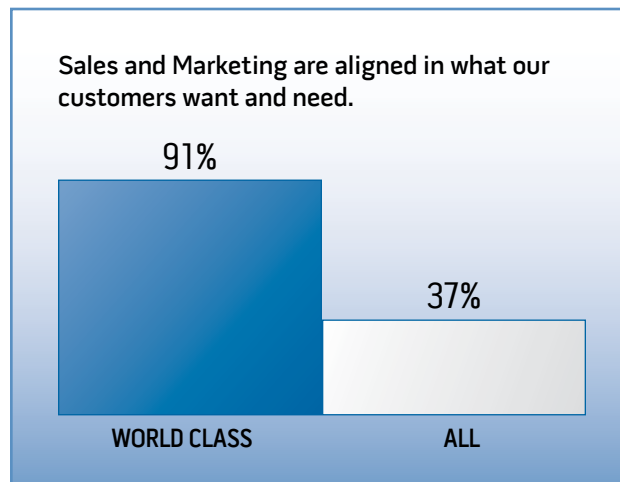
By definition, World-Class Sales Organizations are those who have applied a comprehensive approach that includes selling and sales management activities from all six elements of sales performance. But in a deeper analysis, we looked at which of these 51 activities had the greatest impact on achieving measurable results. We identified the top two in each of the six elements. This provides sales leaders with a priority list to determine where their efforts are most likely to produce the greatest results.

CREATING OPPORTUNITIES

Creating Opportunities Defined

World-Class Sales Organizations are disciplined and organizationally focused on creating opportunities. They develop consistent criteria for the types of accounts and opportunities they want to pursue, and walk away from those that aren't a good fit. They understand what customers are trying to accomplish, fix, or avoid. When they present a solution, they differentiate based on their unique strengths.

The top two activities in this element that were shown to have the greatest impact on results were:



The results metric measured for this element was growth in the number of qualified opportunities/leads.

Organizations in which sales and marketing are aligned regarding their target market, customer profile, and lead definitions are in a much stronger position to produce quality leads. Maintaining a consistent and highly visible process to qualify opportunities will be critical in the coming year when resource allocation will be highly scrutinized.

A company's ideal customer profile will likely change as market conditions change. New criteria may emerge or current criteria can increase in importance. Strong sales and marketing alignment supports lead quality by preventing marketing from focusing on targets that are no longer a priority.

“The gap between sales and marketing continues to be an issue for many organizations,” says Bill Golder, Miller Heiman executive vice president of sales. “Solving this disconnect is high on many sales leaders’ priority lists right now as they look for ways to drive top line sales more effectively.”

Communication may be one of the biggest obstacles to address in this area as these organizations should be equally aware of client needs and how each department is assessing and managing leads.

“There is a lot of progress that can be achieved through creating common definitions and holding people accountable,” says Golder. “At a minimum, sales and marketing should regularly be coming to the same table to discuss where new opportunities are coming from.”

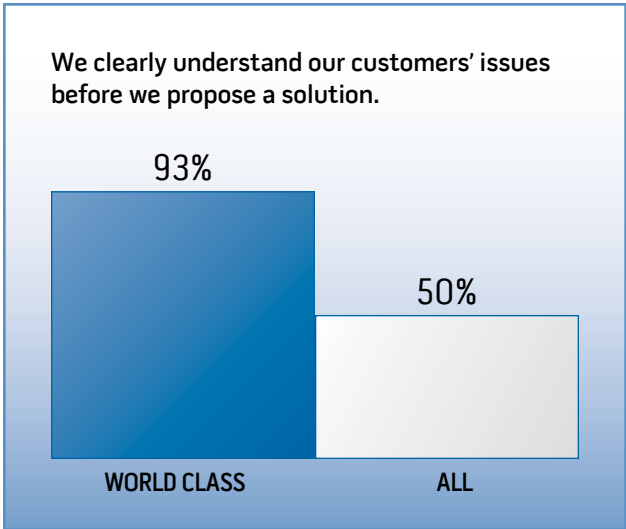
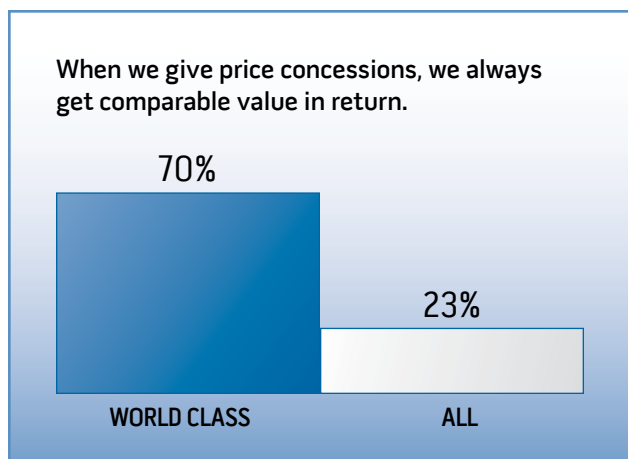
Today’s sales organizations can’t afford to misappropriate resources. Focusing on those opportunities that represent solid business potential should be high priority. Lead quality should be prioritized over quantity in the coming year.

MANAGING OPPORTUNITIES

Managing Opportunities Defined

World-Class Sales Organizations are able to effectively manage opportunities through to close. This involves developing and executing a strategy necessary to win complex deals. They effectively assign resources to the opportunity, identify the key players in the decision making process, understand their issues, and influence them to support their solutions. Then, they manage the final negotiations and ensure sound delivery of the solutions.

The top two activities in this element that were shown to have the greatest impact on results were:



The results metric measured for this element was growth in new account acquisition.

As the most highly visible and measured area of sales, our experience has shown that managing opportunities to close is where most organizations prioritize their improvement efforts.

All sales activities should start with the customer at the center. By truly understanding what the customer is hoping to achieve, an organization will make better decisions about the opportunity with that customer. Is the customer willing to enter into a relationship that will provide value for both the buyer and the seller? If the answer is “no,” an executive decision must be made about the long-term value of moving ahead with this customer.

According to Bob Miller, founder of Miller Heiman: “When your customers get the short end of the stick, they will likely take their business elsewhere, usually to your competitors. On the other hand, if you regularly allow customers to take advantage of you, your company will surely suffer lower margins and a host of other unfortunate consequences including the burnout of your salespeople and customer-support personnel. In short, you’ve got to respect your customers’ right to a fair deal, and they’ve got to respect your right to make a reasonable profit.”¹

Reaching all people who have influence over the outcome of your sale is also a key activity that should be practiced with discipline in difficult times. Our study revealed a trend in the number of respondents who reported being surprised by the loss of a significant deal was at a three-year high. According to Golder, “In a good economy, it can be viewed

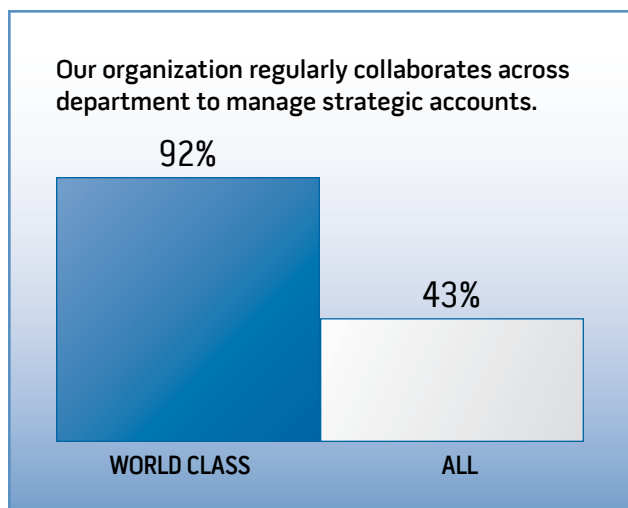
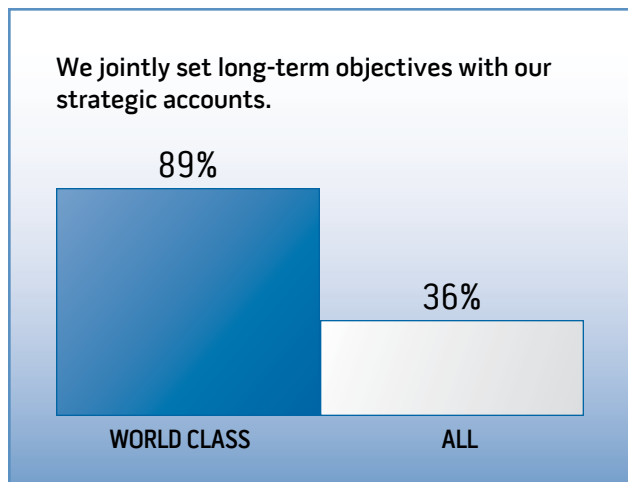
as a managed risk to not reach all decision makers in a sale. In a poor economy, this discipline acts as insurance against losing the sale unexpectedly.

MANAGING RELATIONSHIPS

Managing Relationships

Customers, especially strategic customers, are considered corporate assets by World-Class Sales Organizations, and they manage these relationships extremely well. World-Class Sales Organizations invest in their largest, most strategic accounts. They understand their customer’s business, engage in joint planning, and make focused investments that add value to the customer and ensure their mutual success. They build solid business partnerships that can’t be easily displaced by competitors.

The top two activities in this element that were shown to have the greatest impact on results were:



The results metric measured for this element was customer retention.

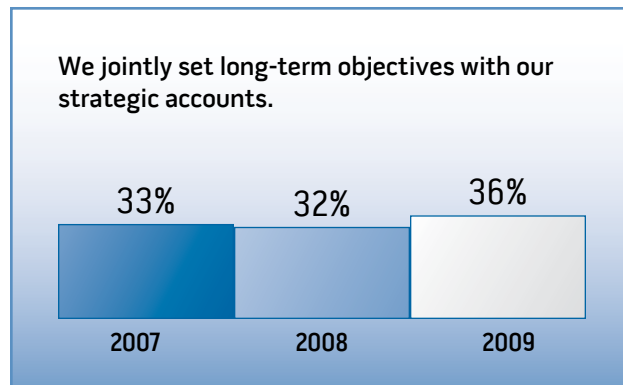
There is a pitfall to consider with the high-value activity of cross-departmental collaboration to manage strategic accounts. As more departments are included in the management of an account, the need for team facilitation increases. “The account manager is a natural choice for this role,” says Golder, “but an assessment of skills can help ensure that this leadership role is properly assigned. As this is likely to become a more common way to manage key accounts, you need to be clear on the role of the account manager. Skills, credibility, and authority must be in place for this team leader to be successful.”

Significant focus should be placed on an organization’s management practices that support the retention of existing customers. This is an area where attention should increase in a down economy as competitors look for opportunities in a shrinking marketplace.

Unexpectedly losing a strategic account is a question that was asked in previous years. In 2008, only 29 percent agreed that they have not been surprised by the loss of a client. In 2009, it decreased to 25 percent agreement, which marks a three-year low..

It is in an organization’s best interest to get closer to customers. Open forums for sharing long-term business objectives and getting customers involved in corporate planning processes is something World-Class Sales Organizations are incorporating more frequently into their operations.

This trend is supported with data from the previous three years of this study, but there is still significant room for improvement:





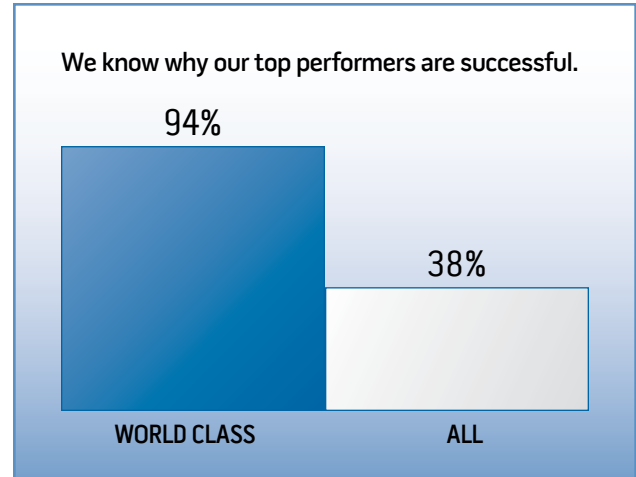
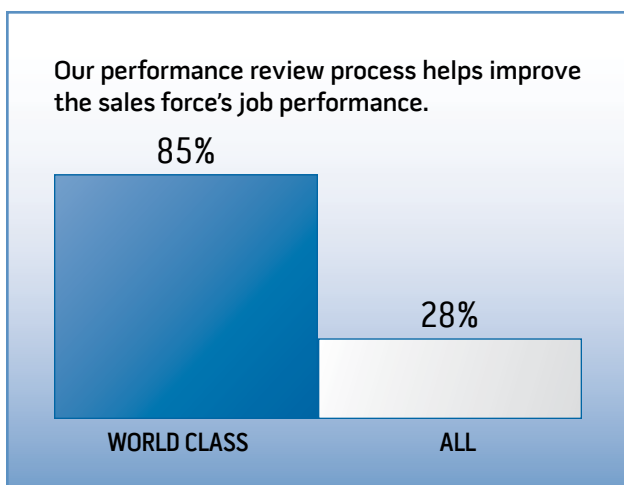
“I’m surprised that more organizations have not taken a closer look at the impact of customer churn and lost opportunities that are a direct result of their limitations in being able to adapt to customers’ needs,” says Sam Reese, CEO of Miller Heiman. “Identifying these barriers and making it easier for customers to engage will provide immediate results.”

MANAGING PEOPLE AND THE ORGANIZATION

People and Organization Defined

World-Class Sales Organizations work to ensure that their sales forces are successful. They understand what differentiates top performers and leverage those best practices across the organization. They have distinct processes and tools for ensuring they have the right people in the right roles and evaluating their current capabilities and areas for future development.

The top two activities in this element that were shown to have the greatest impact on results were:



The results metric measured for this element was quota achievement of the sales force.

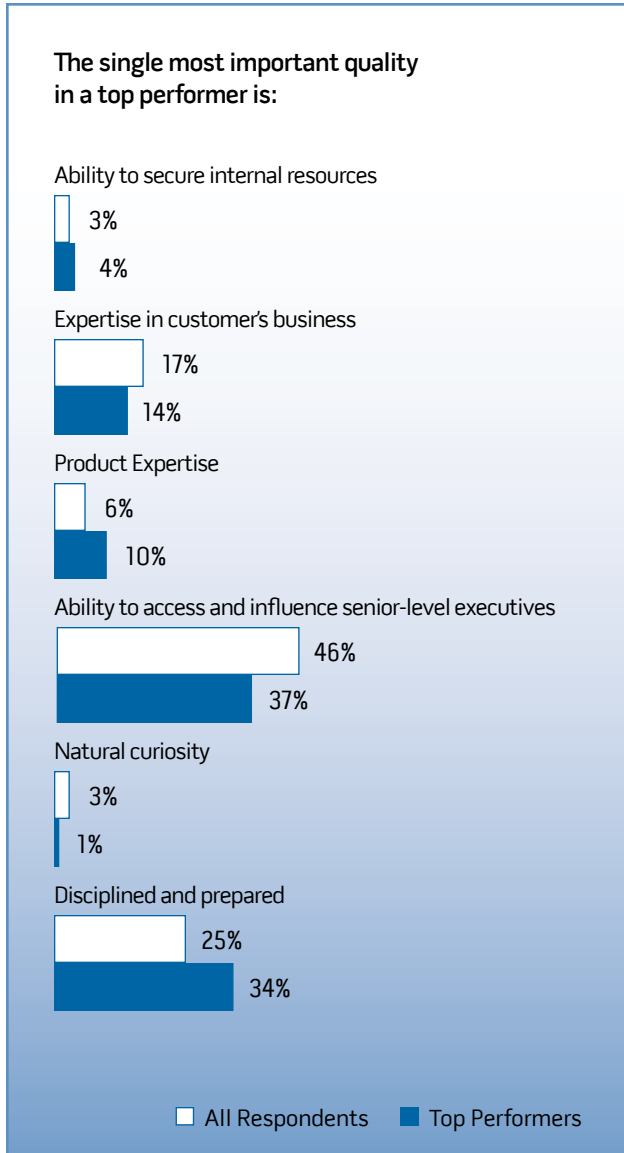
The top two activities that are linked to driving results in this category are tightly aligned. If you understand what your top performers are doing that is producing results, you can share this information for the benefit of the team. There are repeatable best practices that can be applied in ongoing forums such as sales meetings, opportunity reviews, and coaching sessions.

“Top performers are not born. In fact, they can be replicated to a great extent,” says Reese. “They figure out the activities that produce results better than others, they are disciplined about these activities, and they know how to secure the support of others.”

But, top performers are not often incented to proactively share this information, and sales management needs to take an active role in propagating this information.

Performance reviews are typically not seen as valuable and the documentation is not referred with any frequency. For companies who have figured out how to inject value into this process, where the end-goal is to impact the sales team’s job performance, the results are dramatic.

One additional noteworthy point on the topic of understanding top performers is in how this group responded to our survey regarding the question of the most important quality of a top performer. Top performers placed almost equal importance on the “ability to access and influence senior-level decision makers” as they did on “being disciplined and prepared.” Other respondents placed a much higher value solely on accessing and influencing senior-level decision makers.

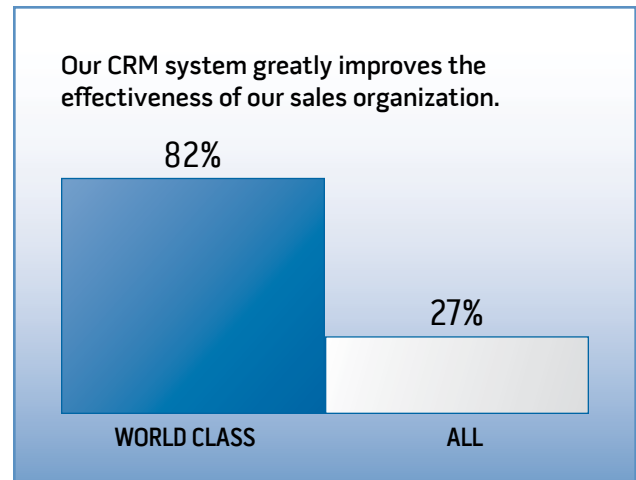
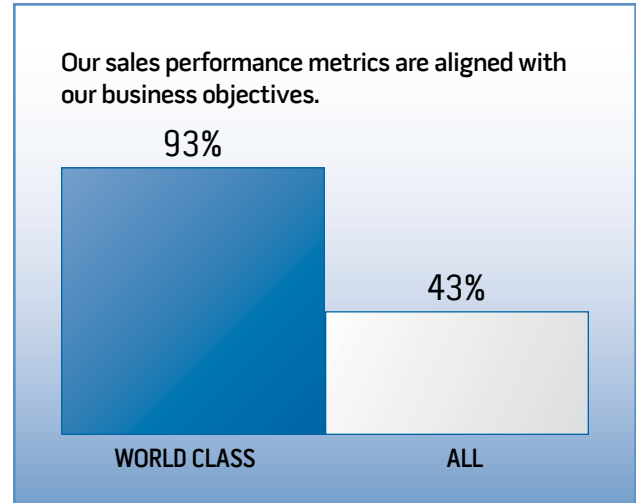


SALES SUPPORT AND ENABLEMENT

Support and Enablement Defined

World-Class Sales Organizations clearly reinforce and support important processes and policies needed to drive consistency. They know that even the most compelling business processes won't stick in an organization if they are cumbersome to adopt. And, they carefully think through key change initiatives to maximize their success. For example, this could include introducing technology to enable process change or aligning compensation plans to reinforce desired behaviors.

The top two activities in this element that were shown to have the greatest impact on results were:



The results metric measured for this element was forecast accuracy.

For organizations looking to improve their ability to accurately forecast revenue, the activities that should be elevated to address internally are the alignment of sales performance metrics with business objectives and integrating this data within a system that is recognized as providing value.

“Making data-driven decisions is key,” says Golder. “Because confidence trickles down and translates into performance, sales leadership needs quality information to be able to demonstrate confidence in the direction they are taking their organization.”

“Improving forecast accuracy is a topic that cuts across many departments within an organization,” says Reese. “The solution will be the result of collaboration and

the ability to make quick decisions, based on facts, so strategies can be course corrected as needed in the coming year.”

Checklist

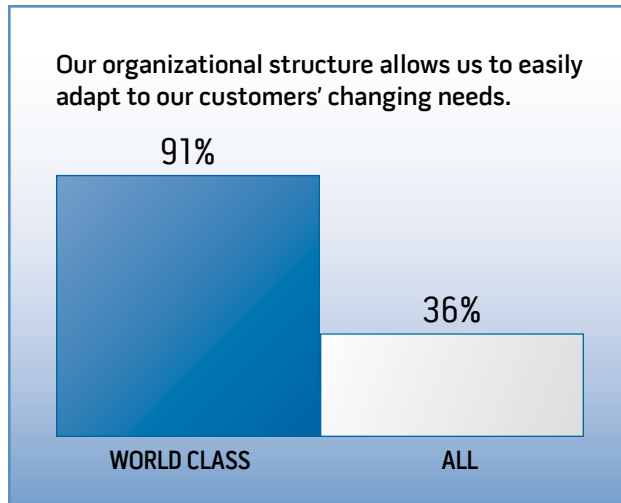
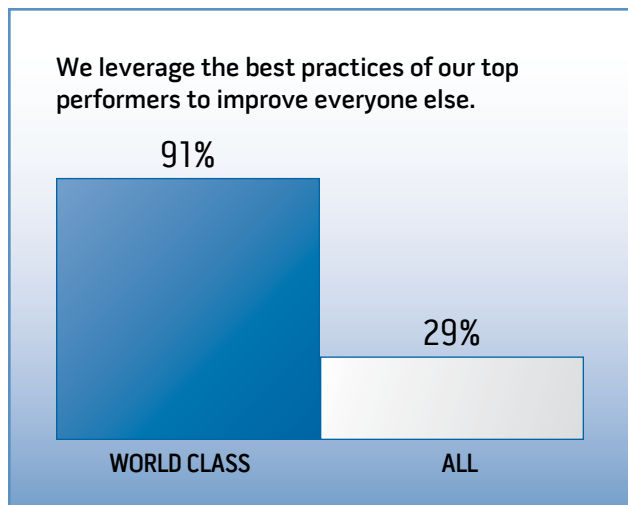
- What are the key business priorities for 2009?
- How are these priorities being managed?
- What does the sales dashboard look like?
- Who is regularly reviewing this information and how?
- Is accountability in place?
- Are the results credible?
- Where is this information maintained?
- Is sales force compensation aligned with these objectives?

MANAGEMENT EXECUTION

Management Execution Defined

Lastly, we find that the very best sales organizations have a management team that is actively engaged in the sales process. Management is seen as investing adequate time to improve the sales force’s performance and shares the best practices of those with a proven record of results. The organizational structure allows for flexibility to adapt to customers’ changing needs, an attribute that will likely serve them well in the coming year. They also maintain connections with their customers to closely monitor what changes may be coming. They are rewarded with forecasts that are perceived as an accurate indication of reality.

The top two activities in this element that were shown to have the greatest impact on results were:



The results metric measured for this element was quota achievement of the sales force.

Companies who demonstrate excellence in this area are coaching their people to spend time with customers in an effort to better understand the customers’ needs.

We see a significant gap in perception among the study respondents from different title levels when it comes to the question of leveraging the best practices of top performers. The C-level believes this is happening with much greater frequency (42%) than the sales team (23%). There may be under-utilized opportunities for improvement in many organizations that will result from exploring this perception gap further.

Adapting to customer needs is likely to become a higher priority this year as companies make business decisions in response to economic conditions. These decisions can dramatically change the way a supplier or service provider must successfully manage their client. This is another area where it becomes important to take a cross-departmental view of customer engagement and management.

IN CONCLUSION

The theme for 2009 is re-prioritization. Getting close to customers is going to be among the safest strategies for companies to include on this year’s priority list. New opportunities will be recognized faster and with more predictability from those customers you already know. Growth must also come from new customers, so being laser-focused on where those opportunities will come from is key to best allocate limited resources. Everyone

in your organization must think like a salesperson in 2009. This requires organizations to increase their ability to collaborate among team members.

The activities highlighted in this study provide suggestions for sales leaders to consider as they set their organization's priorities. Every organization and industry will face a different set of challenges, but this study shows that you will dramatically increase your potential to achieve results by applying a comprehensive and disciplined approach to your sales effort. ■

ABOUT MILLER HEIMAN

Thirty years ago, *Strategic Selling*® launched a company. Thirty years later, *Strategic Selling*® is just one part of what Miller Heiman offers sales organizations. Over the years, we have earned our clients' trust with our in-depth knowledge of the sales process and our demonstrated ability to deliver results.

At Miller Heiman, we help companies overcome the challenges that affect productivity and top-line growth. We go beyond treating symptoms by introducing *The Miller Heiman Sales System*™ as a long-term commitment to understanding challenges and building solutions. With all of the appropriate tools and experience, we are able to quickly and effectively lead our clients to success.

Miller Heiman provides the processes that ensure results:

- Improving Sales Force Productivity
- Managing Sales Talent
- Transitioning from Product-led to Solution-led Selling
- Winning High-value Complex Deals
- Shortening Sales Cycles
- Improving Sales Forecast Accuracy
- Evaluating and Integrating Sales Forces Pre-and-Post Merger
- Protecting and Growing Strategic Accounts

1. Bob Miller, "Sales Myths and Misconceptions: The Customer is Always Right," *The Harvard Business Review* (May 2008): p. 2.

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