

Achieving Sales Effectiveness with Sales Workflow Management

Increasing Revenue and Reducing Costs by Managing Sales Process and Content

Paper at a glance: Sales effectiveness is more than sales automation. In addition to the technology, it is the people, process, and information required to enable individual sales representatives and the sales organization as a whole to continuously realize their potential. There is much unrealized potential – value – in systematizing workflow and associated hand-offs of fine-grained sales activities that comprise coarse-grained sales stages. While sales stages are typically enabled in sales automation systems, the component activities conducted among individuals within the extended sales team are rarely facilitated or captured anywhere other than e-mail. The resulting lack of management visibility and lost leverage impede revenue generation by compromising the ability of sales organizations to identify breakpoints and improve efficiency and effectiveness. Sales Workflow Management is the key to harnessing this unrealized value. It organizes and automates the workflow and associated hand-offs of fine-grained sales activities, captures results, simplifies interactions across the extended sales team, and increases the sales representative's selling time.

The take-away: Sales Workflow Management impacts overall sales effectiveness, improving both top-line revenue growth and bottom-line cost management.

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"...[sales effectiveness is] the discipline, including tools and techniques, of enabling every sales representative to maximize revenue contribution while minimizing sales costs."

Customers IncorporatedSM Trend: Sales Effectiveness a Discipline

During 2006/07, organizations will recognize sales effectiveness as the ability to realize a sales organization's business potential through structured application of people, process, technology, and information. As such, sales effectiveness will be codified as a structured discipline through 2007/08, supplanting its misuse as a synonym for Sales Force Automation (SFA) and Customer Relationship Management (CRM). By 2008, CRM programs featuring sales projects will consistently employ sales effectiveness principles as a means to ensure success.

Introduction

Sales teams are driven by one thing: beating their targets. From both a sales rep's and sales manager's perspectives, business processes encroaching on time in the field are bad while those enabling more time with customers and prospects are good. Combine good processes with controlled sales costs and accurate pipeline information and you have sales effectiveness, right? Not so fast...

What is Sales Effectiveness?

Sales effectiveness in its many forms (who wouldn't want to be effective?) is being cast as the next big thing. It's a top-of-mind discussion point for corporate executives, especially those leading Business-to-Business (B2B) companies where team-based and complex selling environments prevail. The industry has not agreed on a standard definition of sales effectiveness. We believe it should be defined as the discipline, including tools and techniques, of enabling a sales organization to maximize revenue while minimizing sales costs. There are best practices in four categories that if optimized in B2B selling will lead to improved sales effectiveness: people, process, technology, and information.

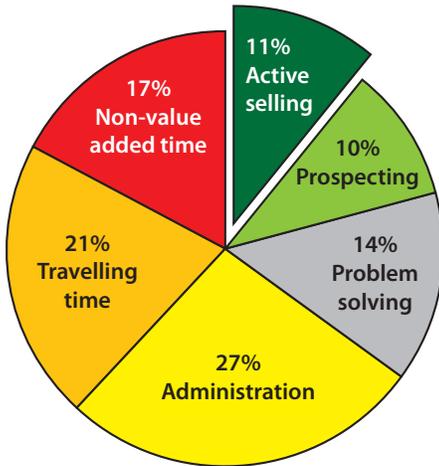
- **People** — Implement sales effectiveness programs to benefit quota-carrying sales reps as well as sales management by considering both the process needs of the sales team and the information needs of the management team.
- **Process** — Structure sales processes with a sales methodology, applying its grammar as the language of the sales team.
- **Technology** — Optimize both coarse-grained and fine-grained processes in which an extended sales team engages during a sales cycle to minimize administrative and non-selling activities.
- **Information** — Simplify the sales team's task of accessing relevant structured and unstructured content when assembling customer-facing materials such as proposals and presentations

Unrealized Value Abounds

Given the historic lack of focus on sales effectiveness, complex B2B selling environments are rife with worst practices. Having addressed what is presumed to be (though may not actually be) sales effectiveness, organizations often experience underwhelming results and remain largely unaware of untapped value.

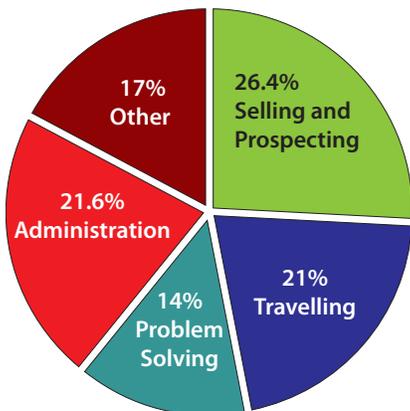
- In the name of effectiveness, too many organizations problem-solve around administrative cost cutting as opposed to productivity improvements, consequently taking sales reps out of the field to focus on back-office processes.
- Most organizations have implemented sales force automation (SFA) systems to facilitate what they believe to be sales effectiveness. Most systems, however, are designed to collect management reporting information, not to help sales reps sell. Consequently, sales reps perceive the SFA system as a hindrance and a barrier to time in the field, which results in their only sporadically performing (often double) data entry. The lack of timely data entry impedes management reporting and information accuracy.
- Further exacerbating the SFA = sales effectiveness myth is the sales methodology trap. SFA systems provide the ability to track sales stages but not activities and associated collaboration within each sales stage. As a result, these activities are performed outside the system, often in e-mail, resulting in poor hand-offs, wasted resources, higher costs, and decreased revenue attainment.

Figure 1 -
How sales time was spent in 2005



Source: 2005 Proudfoot Productivity Report, Proudfoot Consulting

Figure 2 -
Sales Effectiveness Increases Selling Time By 25.7%



- The previous scenario presents a huge coordination and process management challenge. Coordination defaults to the sales rep (as deal owner) who essentially acts as a project manager for each activity. The sales rep must determine the right series of activities and approvals, identify and locate the right content, determine what, if any, content is missing and from where to source its creation, all while managing internal and client/partner e-mail threads. We note that at this level of granularity, activity workflows are largely ad hoc and even if pre-defined workflows do exist, lack adaptability. These activities require massive amounts of time and are a profound misallocation of resources.

While achieving sales effectiveness includes avoiding these very common worst practices, the obvious flip side -- embracing best practices -- is far more difficult as every sales organization believes it is already applying best practices. Before we explore how to fully exploit the value of sales effectiveness, let's take a look at its potential returns.

The Sales Effectiveness Opportunity is Huge

Formalizing an organization's approach to sales effectiveness can provide rapid returns.

- Between 2003 and 2005, average B2B sales reps spent only 21% percent of their time actively selling and prospecting, and 27% of their time on the administrivia required to transact sales (See Figure 1). This time spent on administration represents a huge opportunity for sales organizations to increase productivity. We estimate that implementing sales effectiveness best practices will reduce administrative time by 35%; to be very conservative we'll assume 20%, therefore increasing time for all selling-related activities by 25.7% (from 21% to 26.4%).
- Usually relating to changing customer priorities, far too many deals evaporate during the protracted time it takes to move a deal through the proposal and contract processes. Systematizing and shortening these processes will close many of the cracks through which deals slip.
- Structuring collaboration workflow models in such a way as to be configurable to specific deal criteria will improve relationships among the sales reps and their extended selling team partners. This semi-structured workflow cuts costs by reducing time spent on deals across the entire extended sales team.
- Most sales managers make decisions based on historical data. Configuring sales systems to better mirror sales processes will facilitate regular usage by sales reps, injecting current data into decision-making. This real-time information will enable executives to make more accurate and timely decisions based on forward-looking information rather than only looking back over their shoulders.

The Name of the Game: Regain Lost Leverage

The benefits of improving sales effectiveness are derived from regaining leverage previously lost within sales processes. The multiple activities associated with almost every sales stage typically resemble a patchwork quilt of manual interfaces (e.g., phone, e-mail, SFA systems) and redundant tasks. As a result, errors and inefficiencies abound in some of the most critical activities such as pricing and quoting, account planning, proposal preparation, contract closure, and ordering. At best, these issues cause lengthened sales cycles and lost sales; at worst, lost customers.

Achieving Sales Effectiveness with Sales Workflow Management

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Let's explore just one of these critical activities - proposal preparation/delivery in more detail. In a complex selling environment, proposals can require input or review from 5-10 different people (in some cases more) many of whom are outside of the sales organization (e.g., marketing, finance, engineers, consultants, product managers). Sales reps spend time filling out multiple, often redundant forms, and duplicating data entry in the SFA system. Communications with the extended team are generally multiple e-mails resulting in multiple threads. Further exacerbating the problem is the lack of a formalized extended sales team; participation is often ad hoc and time-consuming to facilitate. Experienced sales reps will attempt to mitigate the resultant risk by "selling" internally – using personal capital and a lot of time to call in favors and marshal resources to short-cut internal approval processes. In many organizations these issues are manually fixed by intentionally creating bottlenecks: taking the most knowledgeable people out of their domains as they are best positioned to deal with their section of the proposal. This further limits capacity across the domain teams.

Given that a key mandate of every senior sales and sales operations executive is to decrease sales costs while increasing productivity, we believe that regaining sales process leverage is a critical imperative. Many popular quick fixes backfire. Simply assigning a higher sales target per sales rep fails because without resources to support them, most reps will miss their numbers; cutting expenses is only a short-term fix as expenses per sales person rarely track at the same ratio as revenue per sales person. The only consistently successful alternative: increase sales rep productivity by creating more efficient ways to enable sales processes thereby freeing time for selling activities. We caution that implementing a new SFA system is not the answer; SFA systems alone are deficit in coordinating complex sales activities within the sales stages of an opportunity.

Figure 3 - Sales Process [Before]

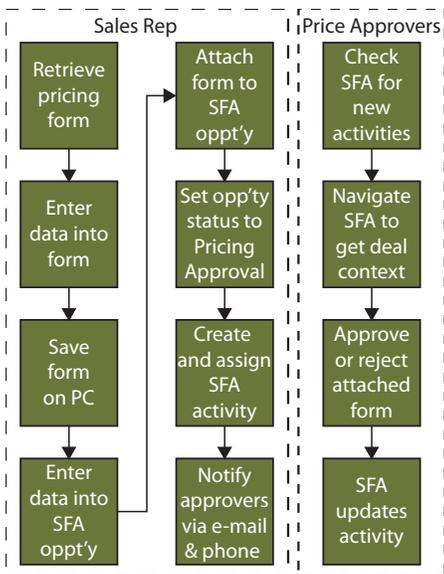
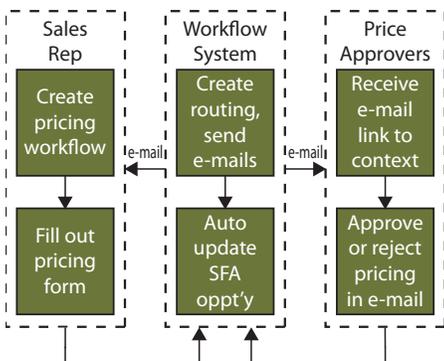


Figure 4 - Sales Process [After]



Case Study

Profile: The large, rapidly growing sales team of a multi-billion dollar, multi-national service company sells special projects into new and existing clients.

Challenge: Sales processes feature an inordinate amount of duplicate entry, are regularly delayed, and are error prone. Price approvers hold expensive SFA licenses though they only use the system occasionally. Customers regularly complain about the buying experience while improving customer relationships is a high-visibility corporate initiative. All too often, sales reps don't know who the correct approvers are and must research the appropriate chain of command. There is no automatic notification to either approvers or back to sales reps causing them to waste time calling and e-mailing approvers. Delays are constant as managers are frequently on the road with limited access to the SFA system. (See Figure 3)

Solution: The company streamlined sales processes by implementing Sales Workflow Management, resulting in an average of five additional deals per sales rep per year. Compliance with approval requirements was nearly perfect on the first attempt, and finance is able to finalize contracts and bill an average of six business days sooner. Furthermore approvers no longer hold SFA licenses, which have been reassigned to the sales force. (See Figure 4)

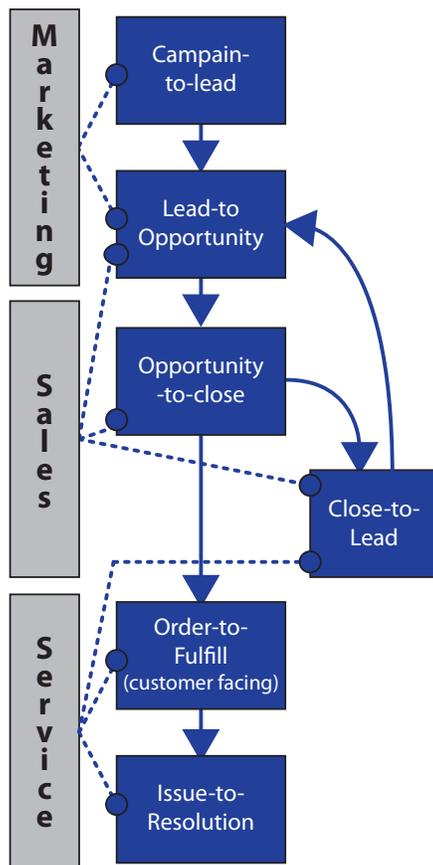
Improving Sales Effectiveness via Sales Workflow Management

The takeaway from the above scenario is this: regaining sales process leverage is not optional. Therefore sales organizations must implement a new, must-have element of sales effectiveness: Sales Workflow Management. Sales Workflow Management is the ability to define, implement, and manage sales processes including the fine-grained activities that comprise sales stages.

Features of a Successful Sales Workflow Management Solution

Sales Workflow Management doesn't just happen. At a high level, the best Sales Workflow Management solutions will go beyond supporting activities inside the SFA system to provide support for activities conducted outside the SFA system. In addition, the solution must embrace the idea of semi-structured activities whereby a sales rep can start with a process template that can be adapted to meet specific sales scenario requirements. This discipline is also a key to simplifying interactions across the extended sales team and unburdening the sales rep. While the focus of this paper is on harvesting the impounded value in sales, process hand-offs abound leaving unrealized value in the adjacent CRM domains within the Engage process (i.e., marketing and customer service). (See Figure 5) Moreover, good Sales Workflow Management technologies recognize the people, process, technology, and information elements that must be brought to bear.

Figure 5 - Engage Processes



People

- Improve cycle times by quickly and accurately determining the correct members of the extended sales team and better utilization of the primary and extended sales team
- Reduce workflow queue times by proactively involving participants in their native workspace (e.g., e-mail)
- Easy to learn so that savings in cycle time and queue time are not compromised in training time
- Increase field time by decreasing time spent on administrative tasks and coordination efforts

Process

- Provide a flow structure for the fine-grained activities associated with critical sales stages
- Streamline account planning activities, enhancing the likelihood that account plans requiring input from many people are accurately completed and maintained
- Enhance corporate process improvement initiatives such as Six Sigma by limiting manual errors

Information

- Collaboratively create, store, access, and manage sales content
- Retain visibility and access to both structured (e.g., information in a database) and unstructured (e.g., account knowledge, sales context e-mail threads, sales collateral) information
- Improve forecasting and forward-looking business optics via seamless information entry into SFA systems

Technology

Sales Workflow Management is physically implemented by purchasing an enabling application and integrating it with existing core SFA/CRM business systems. Sales Workflow Management elements fit within the CRM technology ecosystem as follows:

Operational CRM — Operational CRM comprises the systems that employees use to automate processes and interact with customers, often called the “front office.” Criteria for Sales Workflow Management in the operational CRM domain include the ability to create templates for activity-specific, semi-structured

Customers IncorporatedSM Trend Sales Workflow Management

We believe that Sales Workflow Management is a mission-critical element of sales effectiveness. During 2006, cyclical economic pressure will again result in sales budget decreases relative to target increases, forcing sales executives to seek ways to improve sales productivity. By early 2007, the fixation on expense reduction will be supplanted by a focus on revitalizing existing SFA technology investments. Through 2007/08, productivity gains from Sales Workflow Management investments will become essential to harvesting unrealized value from SFA implementations as well as a stimulus to increasing effectiveness of complex and team-based selling transactions.

workflows to be executed in a user's native environment (e.g., e-mail) and a configurable operational dashboard to provide a panoramic view of all processes.

Collaborative CRM — Collaborative CRM is the application of communication interfaces (e.g., e-mail, conferencing, chat, portal) to facilitate interaction between customers and the organization. Sales Workflow Management specifically enhances interaction among members of the (extended) sales team servicing each customer. We note that implementation of collaborative capabilities should not force use of an additional workspace, but rather leverage native communication tools such as e-mail.

Analytical CRM — Analytical CRM is the analysis of data created in the operational and collaborative environments for the purpose of business performance management. Sales Workflow Management enhances the analytical CRM environment by providing performance information relative to workflow and sales process, complementing current SFA analytics with more granular data associated with fine-grained sales activities.

Sales Effectiveness: The Rest of the Story

As we've seen, sales effectiveness and Sales Workflow Management present a huge opportunity to improve the efficiency and effectiveness of sales organizations. There are of course other elements that should be considered part of the overall sales effectiveness discipline.

Best Practices: People

Create an Environment of Criticality and Extreme Visibility - Sales reps must be prepared to have their pipelines interrogated on a number of levels, including all levels of sales management. The most critical element to system adoption: periodic phone calls from the executive team to field sales reps and sales management to discuss accounts or express interest in metrics/rankings.

Train Sales to Use System-Enabled Processes, Not the System - Pure systems training (e.g., learning features and keystrokes in a classroom) is fairly useless. Organizations must approach training from a process point of view, where the technology is baked directly into the DNA of the sales process and is just one of several process enablers.

Best Practices: Process

Adopt a shared sales methodology - No SFA/CRM system on the planet can mitigate inconsistent or non-existent sales processes. Sales organizations tend to have too many methodologies or none at all -- or a methodology specifying only coarse-grained sales stages, resulting in sales reps having to fend for themselves when it comes to determining how to execute the stage.

Implement structured and semi-structured workflows - There are two big problems that often accompany automating methodology in the field: 1) overly structured sales stage workflows fail to accommodate differing sales situations and account nuances, causing sales reps to work outside of the system; and 2) no definition of sales stage activity and associated workflow, causing sales reps to create their own ad hoc activity flow, which leads to lost leverage. The special sauce is structuring sales stages while defining semi-structured sales stage activities via templates. In this way, sales reps can adapt templated, semi-structured workflow to their particular sales scenario, eliminating the ad hoc leverage problem while the structured sales stage creates a consistent 'lens' to assess sales team productivity.

Best Practices: Technology

Avoid the silver bullet mentality - Consider sales automation technology not as just a critical management system but also as a day-to-day sales facilitation system. Do not, however, assume that simply implementing technology without all the associated elements of Sales Workflow Management and sales effectiveness will lead to maximum sales productivity.

Design systems for adoption - Organizations must avoid 'over-engineering' the system: deploy only what will be used in the field and keep navigation very simple. As most of the extended sales team lives inside e-mail, whatever technology is adopted should leverage e-mail to ease adoption.

Accept that e-mail will forever be part of the sales process - E-mail is here to stay, and will never be completely replaced by SFA. As such, appropriate structure and workflow must be provided to sales processes generally performed in e-mail (e.g., proposals, pricing, contracts).

Best Practices: Information

Develop success metrics and measure regularly - Useful metrics include pipeline breadth and depth, number of opportunities per sales stage, unqualified leads in pipeline, delays in fine-grained sales activities, win/loss ratios, et al. Forecast accuracy is especially effective as it requires sales reps to regularly document and promote their opportunities.

Align sales compensation with strategic goals - Variable compensation must be designed to underscore corporate direction and motivate desired behaviors. For example, if a company is attempting to boost sales of a particular product, targets must be specifically assigned and the compensation plan must financially reward sales of that product.

Provide real-time and near-real time reporting and analytics - Providing information (e.g., predefined reports) at the push of a button is critical to adoption. In addition to reports, analytics (i.e., discovery of insight from information) are critical to identifying (though not by itself correcting) performance issues through analysis such as cause and effect.

Harness the value of unstructured information - Not all critical information lives in a structured database – e.g., account knowledge, e-mail threads, content collaboration. Retaining visibility and access to this unstructured information is crucial to sales decision-making processes.

Conclusion

Organizations must think broadly about sales effectiveness and reach beyond the CRM/SFA systems to encompass best practices in people, process, technology, and information domains. Resolving inherent process and content problems (especially relative to e-mail) is critical to gaining full leverage from sales methodologies. A new category within sales effectiveness, Sales Workflow Management, can provide just enough structure to mitigate lost leverage in sales activities such as pricing approvals, contract negotiations, proposal creation, inconsistent pricing policy enforcement, and time wasted in double entry of information (e.g., SFA, e-mails). Sales Workflow Management simplifies interactions across the extended sales team and unburdens the sales rep, impacting overall sales effectiveness and improving both top line revenue growth and bottom-line cost management.

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About the Authors

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Jim Roche has over 25 years of sales, marketing, and management experience. He is an industry-recognized expert in creating and operating world-class sales teams. A 2005 American Business Award finalist for Best Sales Executive, Jim has held a variety of sales roles ranging from "carrying a bag" and running large and highly decentralized sales teams to creating and implementing sales automation systems training, and running worldwide sales operations organizations. Jim focuses on a value-based approach to sales and is also a certified Value Selling methodology trainer.



About Customers Incorporated, LLC

Customers Incorporated is a business and technology consulting firm with a singular passion - to help our clients maximize their customer equity. We start with a very simple premise: a business and technology strategy should be designed around the customer rather than an individual department, a particular product line, or a specific technology. Using a customer lifecycle lens (engage, transact, fulfill, service [ETFSSM]), we help our clients compete and win by balancing their investments in customer relationships with optimizing the return on those relationships; investing in the right products with the right feature set in the right market. Our business experience is proven. And so are the results we bring to our clients. We've helped them unlock value in areas such as sales, marketing, customer service, sell-side commerce, order management and fulfillment, enterprise architecture, application provisioning and procurement, and CRM business strategy. We've shown them how to transform their business, their thinking - and their bottom line.

