

QDI STRATEGIES

20/20 Vision for Marketing Breakthroughs

Four Steps to a Strategic & More Effective Sales Force

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One can't pick up a business publication or newspaper today without reading about some well-known company that is downsizing...right-sizing...or re-engineering itself. With everyone's attention on finding ways to take cost out of the business or become more internally efficient, little is said about making the company's sales force more productive. (The one exception might be in the pharmaceutical industry.) With sales costs representing up to 10% to 15% of total revenue in some companies, this is an area that offers a substantial return on investment.

As a preliminary step toward evaluating sales productivity, management might ask three basic questions:

- Has the company's sales per person gone up in real terms over the last 5 years? If so, by how much?
- What percent has the company's sales cost gone up in the same period?
- What is the difference between #1 and #2?

If this short exercise indicates that costs have risen faster than sales, then an evaluation of sales and sales support activities is in order.

A proper assessment of the sales force should focus on both internal and external factors. Internal because sales force structure can effect how successfully a company's marketing strategy is executed. External because sales force productivity depends in part on the effectiveness of the marketing

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strategy they are charged with implementing. This evaluation process should contain the following types of questions.

External

This analysis involves looking anew at your marketplace...talking to customers, non-customers and channels...and asking the following questions:

- Is your company's marketing strategy consistent with changes that may have occurred in your marketplace over the past several years? Ensure that the sales force is not responsible for implementing a faulty strategy.
- Is the sales force properly executing your company's strategy?
 - In executing the strategy, is the sales force meeting the requirements and expectations of your customers?
 - Is the sales force performing activities that have value to your customers? To your distribution channels?

Internal

This introspective assessment provides insight into how well your sales force is positioned to successfully execute your marketing strategy. The types of questions to ask are:

- Can each member of the sales force articulate the company's strategy and describe his/her responsibilities in executing it? Sometimes a communication breakdown occurs between marketing and sales, and a common understanding of strategy and execution requirements is never achieved by the sales force.
- How does your sales force spend its time?
 - Are the activities appropriate based on

your marketing strategy?

- Is there a difference between star salespeople and the balance of the sales force in how they allocate their time?
- Given required sales activities, are assigned territories appropriately sized?
- Is your current sales compensation program designed to encourage proper execution of your marketing strategy?
- High performing companies tend to spend more on employee training. Is your sales force getting the right type and amount of training?
- Are the company's hiring criteria still in line with required sales functions and performance levels?

Although this does not represent an all encompassing list of issues that should be addressed when evaluating sales force effectiveness, it does represent the first step toward that end. It is an opportune time to re-establish your sales force as one of your company's most valuable assets.

Train Your Salesforce to be Strategic

Most marketers know that a good business plan is critical to the success of a company or division. The same holds true for the success of a sales rep, but most are not taught to think strategically. The most valuable asset that a sales force has is time, and efficient use of that time often spells the difference between "average" and "above average" performance.

Sales training typically focuses on the product (features / benefits) or on selling skills. While both are important to the success of the sales force, a third type of training can often mean the difference between "average" and "above average" performance.

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While the sales force may not have direct control over product-related portions of the corporate plan, execution of the plan is very much within its control. To sales management, the entire market is like a battle plan, to which resources are deployed to reach key objectives. Training the sales rep to manage his territory strategically represents a major opportunity for management. Teaching four planning steps can lead to strategic sales.

Step 1

Good planning starts with good information on which to base decisions. The same holds true for strategic sales planning. Examples of the type of information needed for this planning process to be effective are:

- An opportunity analysis which identifies key accounts within a territory...both current and competitive accounts.
- An understanding of how the buying process works and the key decision criteria are within those accounts.
- An understanding of where (industries and applications) your product fits best and the company's strengths/weaknesses, thereby helping the rep target customers where the company is most likely to have a competitive advantage.
- Knowledge of competitive weaknesses that your company's strengths can be best positioned against.

Sometimes this information is disseminated in a random fashion or never organized to be useful in the planning process. A clear connection needs to be made between this market information and strategic sales planning.

Step 2

Armed with the knowledge described above, the rep is then prepared to develop realistic account plans. In general, these plans can fall into two categories:

- Offensive - strategies to grow share within current accounts or within new customers, and
- Defensive - a plan developed to defend share within current customers.

When analyzing a territory, key customers should be identified and a plan be developed to defend the company's position within those accounts which are particularly vulnerable to competition. Based on the rep's knowledge of competitive strategies, specific plans can be developed to reduce the company's vulnerability within those key customers.

Next, a strategy should be developed to gain incremental business from the territory. Current and/or new customers can be part of this plan. Knowledge of each target company (Step 1) is critical to this effort. Account information tends to be more readily available on current customers than on potential accounts. However, a disciplined, on-going effort at information gathering should produce the knowledge required to develop account plans for new customers.

Other information a rep would need to know to complete this planning process are:

- How large is the opportunity within each account?
- What percent share can be reasonably achieved given your competitive advantage over the current supplier?
- What is the probability of success given a reasonable time frame?

This information can then be used to prioritize the target customers and should produce realistic sales goals. Additionally this information can form the basis for setting actionable account plans

Step 3

The next step is *execution of the strategy*. Execution involves determining the amount of time that will be needed to implement the strategies laid out in Step 2 and ensuring that the appropriate resources are available to successfully implement the strategies. In other words, who will do what and when. It should also be noted that the objective of every sales call is not necessarily to make the sale but to move closer to closure. Consequently, the time to successfully execute can take longer than anticipated.

Step 4

The final step involves *monitoring the strategy implementation*. Identifying specific milestones for each account should be implemented to ensure proper strategy execution. Flexibility is key to the whole

process. If unforeseen events affect the successful execution within any of the accounts, then contingency plans or retargeting of new customers should be considered.

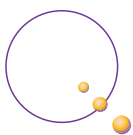
Why not expand the number of strategic planners in your firm? Getting the sales force to take a broader perspective of territory planning and become strategic thinkers will go a long way toward producing above average results in the field and for your company.

About QDI Strategies, Inc.

QDI Strategies, Inc. is a marketing consulting firm that specializes in helping companies make breakthroughs in product, brand and channel strategies. Our consultants have helped clients to develop and implement breakthrough decisions across numerous industries over the last twenty years. This experience provides you with the expertise to develop market-driven answers to your business issues.

For More Information

If you would like to receive additional information or would like to arrange an informative presentation to your management team, contact Karl Beide at 847-566-2020.



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