

Sales Transformation:

Improving Business Results by
Changing Your Sales DNA



Today's economic uncertainty, the proliferation of technology, increased competition, lower margins, more informed buyers and increased market pressure for sales growth have forced business management to rethink the way they sell their products and services. "Sales Transformation" has become the catch phrase for virtually every C-level executive in the race to find answers to questions about sales and earnings growth, positioning and differentiation; even survival.

Most agree on Sales Transformation's basic definition. In order to gain market share and protect/grow existing customer relationships, organizations must affect a shift in perception among their prospects and customers. They must move from being perceived as an "Approved Vendor" to being viewed as a "Trusted Advisor/Partner". CSO Insights (csoinsights.com), a highly respected research firm that continually surveys thousands of Chief Sales Officers representing a broad spectrum of businesses, defines Approved Vendor as "a company seen by the majority of your customers as a legitimate provider of the products or services you offer, but you are not recognized for having any significant sustainable, competitive edge over alternative offerings." While there are multiple levels in between, a Trusted Partner is defined by CSO as "a company seen as a long-term partner whose contributions (products, insights, processes, etc.), are viewed as key to your client's long-term success."

So why is this transformation necessary? Let's face it. It is far easier for customers to change vendors (even if they are "legitimate") than to replace a partner or advisor they truly trust. Since no one wants to be left out or behind, the race to transformation begins. Unfortunately, while some are in the backstretch nearing the final turns of the race, many, if not most, are still looking for the track.

Data from the latest Sales Performance Optimization Report released February 1, 2011 by CSO Insights, shows that while sales performance improved in many areas last year, less than one-third of the organizations surveyed had reached "Trusted Partner" status. For those companies that achieved this status, the rewards were plentiful. Nearly two-thirds of their reps met or exceeded quota, 90% met company plan while experiencing the lowest sales-force turnover rate. The fate of those at the "Approved Vendor" end of the spectrum supported the race to change. Just a little over half of their reps met or exceeded quota, only 82% met company plan while experiencing turnover rates that were almost 22% higher than their counterparts at the "Trusted Partner" end of the spectrum.

While there is plenty of evidence proving sales transformation a necessity, the leap from vendor to partner can make Evel Knievel's Snake River Canyon Jump look like child's play. Where do you begin? If you are in the majority of organizations searching for ways to reach the highest levels of performance and win (or at least show) in the race to transform, what elements of your sales effort do you focus on? What's most important?

People, Process and Structure

In simple terms, businesses leaders are responsible for managing three things: people, process and structure. When we ask managers to tell us which they believe is the

highest management priority, the vast majority chooses people. “Our people are our most important resource,” they say, and I understand their position. No structure is relevant, no process necessary, without good people to implement. The truth is, it is this very opinion that lies at the root of a major challenge with Sales Transformation. As evidenced by the high sales-force turnover rate exposed in CSO Insights’ 2010 data, many managers come to the conclusion they have a sales “people” problem. They believe they hired the wrong people for the job: too many technologists, not enough “business” people; too many farmers, not enough hunters. So they churn the bottom quartile of their sales team (in many cases, significantly more) in an effort to find the right fit and mix, only to end up with the same disappointing sales performance they began with. Truth is, it’s not just a people problem.

So what are the highest priorities for Sales Transformation? If a company wants to avoid vendor status, process and structure override people in terms of priority. Without clearly defined process and structure, we take good, capable, well-meaning people, leave them to figure things out on their own, and set them up to be victims of failure. Then we place the blame on them for our miserable sales performance. And to add insult to this injury, we fire them. Quite frankly, if we hired the wrong people for the job, that too, is a process problem.

The truth is, the primary obligation of any business is to develop the concise, clear *processes* and *structure* by which their people can transform and succeed. *Then* we can take ordinary people, place them in that structure, teach them the processes by which we know they can succeed, and manage them to extraordinary results. If you examine any department of any business that produces consistent results over a period of months, years or even decades, it is typically because someone has identified the logical, repeatable process by which the department performs its function. It doesn’t matter what people in the department come and go. It doesn’t matter who is on vacation. The processes and structure implemented and managed by the business drive the performance. Accounting, inventory control, human resources, shipping/delivery, dispatch, R&D, and manufacturing are, in all SUCCESSFUL businesses, driven by clearly defined process and structure.

With this understanding, it should come as no surprise that 71% of companies not yet attaining “Trusted Partner” status with their customers in CSO’s 2010 survey used *random* or *informal* sales processes with their customers. The majority of the 29% winning the race and reaping the benefits, identified and utilized either formal processes or dynamically altered their formal process in response to changes in market conditions, competitive landscape and/or shifts in the economy to earn and maintain “Trusted Partner” status.

Sales Relationship/Process (SRP) Matrix™ - 2011 SPO Survey Analysis

Trusted Partner		Performance Level 3 29% of Firms		
Strategic Contributor				
Solutions Consultant	Performance Level 2 46% of Firms			
Preferred Supplier	Performance Level 1 25% of Firms			
Approved Vendor				
	Random Process	Informal Process	Formal Process	Dynamic Process

But while commitment to a formal sales process (at a minimum) appears an obvious starting point, the track is littered with obstacles that keep organizations from successfully implementing a standardized way in which all sellers approach their customers. Following are the critical elements of sales transformation that the most successful organizations have focused on and the least successful have ignored. To find out where you are relative to overcoming these obstacles, simply answer the questions at the end of each section

Total Buy-In

A new and different sales process may be necessary, but transformation of a sales organization only happens when we change the behaviors of the sales people in it. Ever tried to change the day-to-day behaviors of sales people? If so, you probably know herding cats is a breeze in comparison. As a result, companies invest millions in CRM, SFA, sales training initiatives and marketing materials and get lower than expected return because none of these expenditures necessarily result in true behavioral change in their sales organization. No behavioral change, no improvement in sales performance, no sales transformation.

Here is the challenge: in order for sales people or managers to behave differently, they must first decide *for themselves* there is a gap between their current behavior and their desired behavior. An organization deciding there is a need for transformation and asking them to change, or trying to force them to, is not enough. What leverage does a manager have in that case? Management by compliance becomes the call of the day (we recognized the need to change, spent the money and bought the programs, so do it

or your fired). In other cases, we have seen management set up programs that simply offer up new ideas for the audience to “pick and choose” those things they think most valuable. Unfortunately, if participants don’t perceive they have a weakness in a particular area, it is ignored as irrelevant. The result can be the perception that “Sales Transformation” is a passing fad (flavor of the month) with people in the sales organization waiting for the next one to come along. The organization ends up with the same random or informal process they began with. The truth is that in order for adults to change, THEY must first be hit with the realization “there is something to learn”. If this doesn’t occur, change won’t take place. Driving improved behavior requires the exposure of current behaviors that are not yielding the desired results. Only when the seller is aware of their current weaknesses and the resulting negative impact, are they open to new ideas that involve behavioral change.

Exposing gaps in current behavior may get someone's attention, but real change won't occur unless the sellers are motivated to adopt a new behavior that clearly addresses the gap exposed in their current approach. Since they will do what they believe is in their own best interest, their belief that a new approach, new systems and materials will yield higher sales, more income and greater job satisfaction is essential. That means management and those developing and delivering new programs have a sale to make. Their sale is to have people in the organization use processes, programs and tools for themselves, NOT because the company demands it. This sale and the motivation it elicits precipitate all meaningful behavior change. If they don't believe, no change occurs; nothing happens. **If you don't overcome this obstacle, transformation stops here.**

Here are a few questions that will help you determine where you are relative to overcoming this obstacle:

Have you clearly defined a formal process by which everyone in your organization sells?

Have you piloted the process with a broad spectrum of your sales team to be certain it is customized and applicable to all?

Do ALL of your sales people believe that utilizing the formal sales process will result in significant impact on their sales and margins?

Is the process dynamic enough to allow for the uniqueness of your customers and changes in your competitive landscape? Will it support changes in your product portfolio?

Is the process focused on expanding the value you deliver to customers through the sales engagement?

If the answer to any or all of these questions is no, you have work to do to achieve sales transformation.

Changing the Conversation

Most organizations spend countless man-hours and dollars making certain everyone on their sales team fully understands their company's product and service offerings. "Product specialists" with a significant depth of knowledge on certain technologies/feature-sets/functions have become the norm for many organizations trying to find ways to differentiate their approach and provide additional value to their prospects and customers. When queried, these masters can quote chapter and verse from product and service manuals inches thick. Unfortunately, we are molding these folks to be better technologists, not better business people. This creates another obstacle to transformation.

Remember, for an organization to reach "Trusted Partner" status, they have to be seen as a long-term partner whose contributions are viewed as key to their client's long-term success. For your contributions to be viewed as key, the conversation with your customers has to shift from technology/features/functions, to the customer's business. It has to shift from the IT and purchasing departments to a broad spectrum of people throughout our customer's organization.

We have seen reps from countless organizations continually approach their customers with boatloads of technology trying to determine whether or not any of it is seen as beneficial by the customer. It is as if they are a solution in search of a problem. Sometimes they get lucky, most times not. Once again, these reps can be walking/talking product manuals, but if asked, most couldn't tell you their customer's business vision, goals, plans, processes, strengths, weaknesses, opportunities and threats.

Here is the problem: In many, if not most situations, THE ONLY true differentiator of your products and services will be the amount of measurable impact they have on what your customers are trying to accomplish as a business. If we don't know their vision, goals, plans, etc., you end up being just another "Approved Vendor" peddling the same basic products and services as others in that category. As a result, customers can perceive there are little, if any, significant differences in your offering. In those cases, if they make a decision to buy, price becomes the determining factor. Sales organizations having BUSINESS conversations and understanding how their customers measure success BEFORE talking products and services become the "Trusted Partner". These reps are able to provide significant strategic value by demonstrating measurable impact on things like their customer's productivity and efficiency, image, expenses, revenue, safety, security and stability.

Here are a few questions that will help you determine where you are relative to overcoming this obstacle:

Does your formal sales process provide a foundation for your sales people to understand the customer's business first?

Are your Sales People talking to a broad spectrum of people in your customer's business outside of IT and/or purchasing?

Can your Sales People tell you the vision, goals, plans, processes, strengths, weaknesses, etc. of their customers OUTSIDE the realm of your company's products and services?

Are you or your sales people regularly invited to your customer's business to discuss their driving business issues as a strategic partner BEFORE there is an obvious need for what you sell?

If the answer to any or all of these questions is no, you have work to do to achieve sales transformation.

Training and Tools

When you address training and tools as part of Sales Transformation, they become far more than the traditional transfer of skills and knowledge. When we are taking on the task of changing selling behaviors, we're talking about changing the DNA, the very culture of the sales organization, a MUCH bigger task and obstacle for transformation. Training is the "launching pad" for the entire endeavor. It plays a more prominent role and must be designed to promote significantly greater understanding and recall in order to facilitate behavior change. Sellers must be able to clearly see how new methodologies and processes apply to their day-to-day activities, and understand and accept the impact of doing so. As a result, the following have to be considered:

- **Trainer experience and credibility.** If a trainer/facilitator has no practical experience from which they draw and, as a result, can't demonstrate new skills in a compelling and believable fashion, sellers have tremendous difficulty seeing how these new skills apply to their "reality". If the instructor has a successful sales background, they become far more believable. Through practical experience, they can effectively demonstrate how new knowledge and skills are applied.
- **The facilitation of incremental change.** Sales Transformation doesn't mean everything changes at once. Changing everything NOW is not only improbable, but impossible. The process has to be broken down into bite-sized pieces, each foundational, each standing on its own logic and truth. Sales transformation happens by changing one behavior at a time over time. As a result, the program has to be designed and tools developed to support and facilitate mastery of each individual piece of the process.
- **Integration.** Tools and programs like SFA, CRM, product training, management training; any and all programs delivered to the sales organization MUST be in

support of the formal process. Metrics need to align with the methodology and measure, or at least facilitate, a discussion of behavioral change, not just results.

- Alignment of sales and marketing. To be effective and supportive, all lead generation programs, support materials, presentation templates, product releases, must be in concert and in alignment with the formal sales process.
- Prepare managers as coaches. We have witnessed many attempts to transform sales organizations fail because only sales reps attend sales training. No one has as much exposure to sales reps as their managers. It is essential that field level managers attend exactly the same training as their direct reports. There is no possible way they could reinforce a formal sales process without possessing a deep understanding of what the process is. They also require additional training to make certain they possess the skills and tools to effectively coach everyone on their team on an on-going basis.
- Tracking behavior and correlating improved selling effectiveness to better business results. From the very outset of the program, desired impact on business results must be identified and the ideal behaviors for sales people and leaders must be defined. As training programs are implemented and tools and reinforcement are provided, the organization must measure changes in behavior and their impact on performance. This helps validate investment, but more importantly identify the characteristics of training and the performance systems and work environment that are impacting success so that challenges may be addressed.

Here are a few questions that will help you determine where you are relative to overcoming this obstacle:

Do the people conducting your training have legitimate, practical sales experience?

Is your formal sales process and associated tools designed to facilitate incremental improvement over time?

Is your formal sales process completely integrated with your systems such as SFA, CRM, and Management programs?

Do your SFA systems and management tools include measurement of behavioral change and not just results?

Are your marketing programs and materials completely aligned to your formal/dynamic sales process?

Do you require your sales managers to attend the same training as their sales teams?

Do you provide additional training and tools for sales managers to prepare them as coaches?

If the answer to any or all of these questions is no, you have work to do to achieve sales transformation.

Management and Accountability

The real impact of an investment in a formal sales process, behavioral change and resulting Sales Transformation is only realized when sellers and management become proficient with new skills or more proficient with existing skills. Companies often rely on classroom learning activities to drive proficiency when ample time just isn't available ("We sent you to training, now where are the results?"). The truth is, behavioral change won't happen from attending a few training sessions. Proficiency will come with different skills at different times for different individuals. On-going management and coaching must therefore facilitate an effective proficiency assessment and support continuous incremental improvement for each individual seller and manager. Significant ROI will not be generated by a handful of people changing. It occurs when the majority, if not all, commit to, are held accountable for, and ultimately execute key selling behaviors more effectively. Each level of management has a responsibility, from field level to senior levels. If true behavioral change is going to take place, everyone has to be held responsible and accountable for his or her role. Remember, Sales Transformation is about changing the very culture of the organization. The culture won't change unless managers are deeply and inextricably involved.

That being said, transformation isn't for the weak of heart. It takes strong management that is committed to change. Accountability at all levels becomes the focus here and a major obstacle for transformation. Accountability is defined as "responsibility to someone for some activity". Notice, the definition does not say "some result", rather "some activity." Results don't happen unless the activities required to produce them happen first. Many sales organizations fail to "transform" because managers are unable or unwilling to drive the behaviors or day-to-day activities that will deliver the desired results.

Therefore, management must consistently engage in the following coaching behaviors at each level of the sales organization:

- Set goals for activity (number of proposals, contacts, etc.) and proficiency (closing ratios, average sale value, proposal ratio, etc.) with every member of their team that are mutually agreed upon and continually reviewed/updated.
- Regularly and consistently seek to uncover gaps in performance relative to those goals.
- Identify the root causes for failure to perform (environment, commitment, capacity, skills, knowledge).

- Determine corrective actions/activities required to address the root causes for failure.
- Evaluate each report's performance to make certain incremental improvement is taking place.

So what can management leverage to accomplish this? Let's re-visit this notion of everyone "buying in". As a reminder, that was the first obstacle. If you haven't already, now is the time to realize its significance. If, in fact, everyone in the organization agrees that there are gaps in sales and management behavior that must be addressed in order to become our customer's "Trusted Partner", and everyone agrees that the programs, processes, methodologies and tools provided will enable them to close those gaps, management is simply holding people accountable for what they already believe is in their own personal interest. Leaders have EARNED the right to manage by compliance. They are OBLIGATED to hold their people accountable.

Here are a few questions that will help you determine where you are relative to overcoming this obstacle:

Are all managers fully committed to your formal sales process?

Have you and your managers clearly defined activity and proficiency metrics for every individual on your sales team?

Do your managers consistently review those metrics to uncover gaps in performance?

Do your managers hold everyone on their team accountable for their commitment to your formal/dynamic sales process?

Senior management buy-in and support

A real commitment to Sales Transformation is evidenced not only by senior management acknowledging the requirement to change, but actually EXPERIENCING the change with the rest of the organization. This obstacle has kept many organizations from fully realizing transformation. True Sales Transformation doesn't happen when an individual on a team assumes the role of a Trusted Partner. That likely has already happened multiple times with many of your sales people and customers. It happens when YOUR ENTIRE COMPANY assumes that role. A company cannot assume the role unless representatives at the most senior levels understand the formal sales process, set the example and hold everyone in the organization accountable for transformation. As examples, they should be involved with and responsible for:

- Attending the training that defines the selling process/methodology and the required coaching behaviors. They should witness the buy-in and leverage that experience later when engaging with sellers and managers.

- Understanding the key methodologies and inspecting them when engaged with sellers and sales managers.
- Making certain comp plans are in support of the required changes in behavior.
- Alignment of sales support organizations and marketing to ensure transparent, coherent, cohesive programs to support the company's role as "Trusted Partner".
- Continually seeking and reporting successes.
- Promoting internal endeavors to find ways of better serving customers.
- Managing their own direct reports as they would expect field level managers to manage theirs (commitment and accountability).

Here are a few questions that will help you determine where you are relative to overcoming this obstacle:

Do your senior managers attend training and understand the key methodologies?

Have you made certain comp plans are in support of the desired behavioral changes?

Have you insured your entire organization is in alignment and support of your formal sales process?

If the answer to any or all of these questions is no, you have work to do to begin sales transformation.

Conclusion and Summary

Remember, the key to transforming your organization from Approved Vendor to Trusted Partner is changing the behaviors, the DNA, the very culture of your entire organization. While this transformation is not easy, addressing the following will put you on track in the race to change and give you an excellent chance of winning:

Commit to a formal sales process (at a minimum) for your entire organization

Ensure buy-in by everyone in the organization

Make certain you change your customer conversations (both who and what) from technology/features/functions to what your customers are trying to accomplish as a business.

Training is the "launching pad" for transformation. Make certain your programs and tools are designed for the ultimate goal: BEHAVIORAL CHANGE.

Prepare your managers as coaches. Their ability to reinforce the methodologies that form your sales process is essential and critical.

Establish clear plan for setting behavioral expectations and inspecting behaviors to drive accountability for change.

Make certain there is Senior Leadership buy-in and support. It can be the difference between success and failure.

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AXIOM Sales Force Development
740 E. Campbell Road
Suite 120
Richardson, TX 75081
1.800.933.8503
www.axiomsfd.com