

Creating the High Performance Sales Team

In a world where competition is growing stronger by the day, driving down revenues and margin, reducing win ratios, whilst concurrently increasing the effective cost of sale, the need for a genuinely high performance sales team has never been so critical to any organisation's future as it is today.

So what differentiates a high performance sales team from any other?

The first and most important differentiator is organisational approach, or 'culture'. Does the organisation recognise the need for sales improvement, and is it ready to embrace the changes required to ensure its future success in the new world?

The second key differentiator that sets high performance teams apart from any others is their ability to understand what is really important to their customers. This requires a significant mind set change and a willingness to adapt, as what may be thought of as important today by the sales team, and what customer's really want, may be some considerable distance apart. Bridging this gap frequently requires different knowledge and a different way of operating. The required changes can be significant personally and organisationally.

Not all organisations, nor all sales teams are ready for change of this magnitude, nor are they all capable of implementing it. Those that can and do, however, will be the winners. So what are these differences? In many cases the answer is deceptively simple. Identify what is truly important to your customers; build offerings to meet these real requirements; deliver the right offerings to the right people in the customer, in a way that is appropriate for them. So if it is this easy, why is everyone not doing it?

Most organisations invest in the wrong activities, identify inappropriate information, and build their futures on what they think is important, not what their customers think is important. ICDL call these organisations 'Inside-out'. Inside-out organisations sit in their offices, analyse their offering and invest time, energy and resource in trying to identify how they can 'beat the competition', and where they

can sell more of their products or services. They do not invest in understanding the customer's needs and continuously adjusting their offering to achieve best fit. The result is generally seen as follows:

- Unreliable Sales Forecasts
- Poor Customer Service
- Focus on Cost Cutting
- Highly Competitive
- Blame Culture
- Take no Risks

ICDL call high performance organisations 'Outside-In'

Outside-in organisations go out and stand in the shoes of their ultimate end users, look back at them and their competition and ask themselves, "standing here, looking back, what do I need to do to make my organisation, our offering and our partners seem more valuable to this end user than our competitors"? This thinking drives remarkable change throughout the organisation, and through this, changes the perception of the end user. The results are clear:

- Take 'Customer' Risks
- Reliable Sales Forecasts
- Focus on Customer Needs
- Everyone Focused on 'Customer'
- Strong Orientation on 'Partnership'

Indeed the ability of any sales team to become a high performance sales team is predicated on the organisation to which they belong having a high performance mind set.

So what sorts of changes are required to become a high performance organisation?

Businesses today need to make their customer's challenges their own!

Knowledge. The knowledge required to become a high performance organisation is more about customer's customer, and beyond if appropriate, than it is about own business, own customer or own competition. ICDL's ethos is predicated on answering the question 'so what?' from the customer's perspective. The achievement of this goal normally requires a significant change in the type of data that is perceived as critical to success within the organisation.

Organisational approach. Many organisations are not driven by the only goal that matters in business; that of becoming more important, invaluable and indispensable to their customers every day. Instead they are driven by what they think is important. This drives short-term only cost-cutting thinking, not the short, medium and long term customer-partner thinking that is vital to long term sustainability in a competitive world. The achievement of this goal usually requires the implementation of a different business approach or structure to achieve optimal success.

Individual mind resetting. People over time have become 'used' to a certain way things are done around here. The critical change underlying the ability of any organisation to improve sustainable success rests here. Some organisations will be ready to accept that success in the 21st Century requires different thinking patterns to those that achieved success in the 20th Century, some won't. Those that do recognise this and implement the mind resetting that is required will succeed; the rest will fail.

The remainder of this document takes a closer look at each of the sections above and identifies appropriate actions and strategies required to transform an organisation into a high performance organisation, ready to succeed in a the 21st Century.

Knowledge

Customers are getting more sophisticated. They are having to; they have the same issues of reducing margin and increased competition. They have to meet the expectations of their customers and, if they are not an end user sales organisation, their customers then have to meet the expectations of their own customers. Improvements in distribution logistics and communications have enabled nearly all businesses to buy, sell and cooperate on a global level. Customers, meanwhile, have the chance to shop around and compare prices globally. The result, even locally orientated mid-sized companies find themselves in a global market, even if they do not export or import themselves.

Business has always been like this, it is just that today, end users are becoming more demanding, with price expectations being set by low margin internet businesses, and service levels likewise. It is no longer enough just to be competent, to succeed today you have to create Value at each and every step of the process. Value is the ability to create perceived differentiation, and the perception of enhanced quality when viewed from the ultimate end user's perspective. Why do end users perceive more Value in Sony products than JVC when they are built on the same production line?

Finding the answers to questions like this forms the core of the knowledge that organisations required today to compete successfully and thrive. If organisations are not creating Value and differentiation, and positioning the qualities that underpin these factors in the minds of their customers and beyond, they will be at the whim of the market, rather than being a driving force dominating the market.

The problem with 'business as usual' today, is that this ideal state no longer exists. Today's market is characterized by great organisations who customers choose to buy from, and the rest. The rest however are being driven to adopt lower and lower cost models to survive. In a recent survey by AC Nielsen, 65-85% of customers who say they are satisfied are actually looking for something better and will not think twice about switching to a competitor. As the power of information technology grows, all players in a market will have access to far more information. Thus, totally new business models will emerge in which even players from outside the industry are able to vastly change the basis of competition in a market.

If people in an organisation don't understand how a company is supposed to be different, how it creates value compared to its rivals, then how can they possibly make all of the myriad choices they have to make? Every salesman has to know the strategy -- otherwise, they won't know who to call on, or what to say. Every engineer has to understand it, or they won't know what to build.

The knowledge required to achieve these goals has changed, most organisations store of knowledge hasn't. The results are clear today and getting clearer. Those that gather the best customer focused knowledge and use it to produce the best differentiated Value for their customers are and will continue to produce the best results.

Organisational Approach

High-performing companies produce extraordinary results that extend beyond customer service and shareholder gain. These companies become agents and models of constructive innovation and create places where people can learn, achieve, and grow.

What these companies do consistently display is the ability to sustain performance over time and over changing market circumstances. Their record of achievement has a positive slope over decades. And, even more significantly, they produce benefits for all stakeholders inclusively—not for the benefit of management at the expense of employees and shareholders, or for employees and shareholders at the expense of suppliers and the community.

The world today is changing faster than ever before. Technological developments, financial constraints, expanding markets, restructuring and mergers, new philosophies and government legislation are all putting pressure on organisations to change and stay dynamic. Yet the process of change is far from easy, and implementing it successfully makes considerable demands on the managers involved.

As in any development it is important to understand who the stakeholders are and what roles each will play. For example in most organisations, more key stakeholders reside outside the organisation than inside. Indeed the most influential stakeholders are always outside of any organisation.. the customers.

So why is it then that when an organisation looks to change, it is nearly always driven by the goals, desires and decisions of the internal stakeholders, not the most influential group? Normally it is simply driven by lack of knowledge about what the external influencers really want, and hence a lack of understanding about how to effect the changes that are really required. This leads to the ineffective compromises seen so often in companies under the heading of 'restructure'. The problem is usually that any change programme is driven from internal perceptions, which frequently have no basis in well researched fact.

Once an organisation has acquired the required knowledge, how to change to best meet the customer demands becomes a much more straightforward activity.

The first area requiring restructure in any business destined to succeed is the customer facing elements usually comprising sales and marketing, for without this group being at the vanguard of change, the relevance and impact of any changes made are diluted. Change must start by positioning the outcome in the minds of the key customer and partner influencers and showing them what's in it for them. Once this is clear, the urgency, purpose and direction for internal change is clear to all, and is therefore much more likely to succeed.

(Excerpt from a May 2006 report from Watson Wyatt:

Sales Forces at High-Performing Firms Spend More Time in the Field)

Sales professionals at high-performing companies on average spend nearly 100 more hours a year on selling activities than their counterparts at poor-performing firms, a new study by Watson Wyatt shows. In addition, they spend 111 more hours per year cultivating relationships with prospective clients than their counterparts at poor-performing company's Sales professionals at high-performing firms tend to be more enthusiastic about their companies' products and services than those at low-performing firms.

Eighty-three percent of salespeople at high-performing firms think their products and services are among the best offered in their markets, versus 57 percent at low-performing firms. In addition, 70 percent of reps at high-performing firms consider their products and services innovative, compared with 39 percent at low-performing firms.



High-performing firms provide more significant variable pay opportunities, such as commission and bonuses – 37 percent of total compensation versus 26 percent at poor-performing firms. Overall, top sales people at high-performing firms receive 50 percent of their pay in incentives, while their counterparts at low-performing companies receive only 42 percent. Top sellers are also more likely to believe they have reasonable or achievable quotas (65 percent versus 47 percent).

The key elements are

The perception of the high performance sales team that their products and services are innovative and among the best offered in the market. that between selling to existing clients and prospecting, high performance sales teams spend 211 extra hours with their customers and prospects each year than poor performing sales teams.

What drives their perception of the products and services being innovative and the best? Their customer's tell them so. Why would they do that? Because High performing Organisations have researched their customer's business needs and aligned carefully their offerings, innovating where the fit is less than optimal.

Individual mind resetting

The following extracts are taken from an article entitled "High Performing Companies Succeed with Innovation & People" which appeared in a Journal called Business & Legal Reports.

"Most companies today feel overwhelmed by the extent of change confronting them. While many recognize the impact on their business and people strategies, most are still, at best, cobbling together solutions and relying too heavily on traditional thinking and programs in an effort to meet their new economy needs," said Emmett Seaborn, principal and leader of the Towers Perrin global Total Rewards consulting group. "High-performing companies focus more attention on people - an asset critical to delivering on key new-economy success factors such as superior customer value propositions, innovation, new products and growth," said Seaborn.

High Performers Are Different

High-performing companies -- those in the 90th percentile of the study group based on total shareholder return over the past five years -- are already living the new model. The research findings show that they share a vision of the future and certain key characteristics. Their strategies consistently emphasize innovation, growth, product customization and technological leverage, rather than cost management, operating efficiency and consolidation. They do the following:

- Outperform competitors in offering a meaningful proposition to customers;
- Recognize the critical role leaders play in engaging employees in the business;
- Believe their employees have a superior understanding of how their day-to-day decisions and actions affect business results;
- See the ability to innovate as a critical workforce attribute;
- Unanimously favour differentiating reward packages based on individual and business performance, and plan to do so within the next few years; and
- Place greater emphasis on career-enhancement opportunities, challenging work and company brand as ways to focus employees on delivering business results

However, high performing companies are more confident about their ability to adapt to change overall and are already focusing on critical elements of new economy competitive strategy - product and service excellence, customer relationship management, brand and global industry leadership. The research results show that companies' current focus on improved profitability (which 35% of survey respondents said was a critical or important focus in executing strategy), cost management (26%) and growth by acquisition (21%) will give way to an emphasis on innovation (27%), new markets (15%), new products and services (25%), and e-commerce sales solutions (19%).

Interestingly, a traditional approach of growth by acquisition also becomes less important over time as the rise of strategic partnerships becomes a means to gain access to new technologies, markets, customers and branding opportunities.



"This is not to say that companies will ignore profitability and cost management as elements of solid business practice," said Jackie Wiles, Project Director of the Thought Leadership Services Division of the Economist Intelligence Unit. "Rather, they see profits coming from growth as opposed to wringing cost out of the organization or automating work to gain operating efficiencies."

So, as can be seen, this approach is well studied academically, well recognised by the Trade Institutions and Thought Leaders, and is happening now.

To start your change contact ICDL on +44 (0)118 979 8433 or e-mail us at enquiries@thebusinessaccelerators.com.

ICDL was founded in 2000 to help Blue Chip organisations adapt to the rapid changes taking place in customer demand and increasing complexity of global competition.

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