


Performance Improvement Consulting
Sales Transformation

European Sales Survey 2009

Can You Sell More?*



*connectedthinking

PRICEWATERHOUSECOOPERS 

Forward



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The importance of sales relies on its central role in sales creation, on its role of being the public face of the company, and on the fact that it is entrusted with the most important corporate asset – the customer.

However today's business environment is exposing the weak spots in corporate selling capability and is making it harder to ignore critical performance issues previously concealed by a growth market. These weaknesses now undermine key components of the sales machine and will continue limiting sales effectiveness even after the economy improves. Furthermore the Sales Force is caught between two conflicting objectives. On the one hand they are being asked to increase prices, sell more and further differentiate the value proposition. On the other hand there is increased scrutiny on what they do, and they must deliver more but spend less.

Never before has managing customers and sales been more important than it is today. In today's uncertain market conditions a sales strategy is truly tested. Business leaders are rightly questioning their sales investment strategy and facing up to tougher decisions on market coverage, customer mix, product mix and payment risk. Enhancing customer facing activities is crucial in reinforcing confidence in meeting customer needs in these tougher times. This therefore requires an even more detailed understanding of customer value in order to revitalise the sales strategy and inform the key decisions that matter.



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In a market where we are often competing for the same customer and have similar offerings, what can organisations do to truly make a difference? Beyond simply cutting the cost of sales, smart organisations are seizing the opportunity to transform existing sales models in an effort to stay ahead of the pack.

PwC have pinpointed 3 key differentiating attributes that successful companies are concentrating on, in these tough economic times.

- ✓ Rather than a knee-jerk reaction to acquire new customers or enter new markets, leading companies focus on organic growth opportunities – it is far more costly to acquire new customers than to increase revenues from existing customers through better account penetration, cross selling and up selling.
- ✓ Take an “outside – in” view of your sales organisation. Be obsessive about understanding how customers buy your products & services and build clear, segmented value propositions that can be implemented through your sales channels.
- ✓ Execute brilliantly! “Earn the right to sell” through superior customer experience – many aspire to world class selling and service but few can truly deliver time and time again due to a failure to link operational service decisions with front line delivery requirements and customer desires.

Whilst battening down the hatches is prudent, it is only effective if you do not lose sight of the direction in which everybody is heading. The simultaneously critical questions that organisations are asking themselves in order to survive in the current climate are:

- Do we have the right sales strategy to meet the changing economic conditions?
- Are we targeting the right customers?
- Do we have major prospective customers with little or no existing sales coverage?
- Is now the right time to optimise or right-size our sales talent?
- Should we reassess how we apply our total sales investment?

In response to the significance of the sales role in an organisation's overall growth and customer strategy, PricewaterhouseCoopers is proud to present a unique perspective on the sales organisation and the performance of sales teams in the PricewaterhouseCoopers European Sales Survey 2009.

This paper brings together the survey findings and feedback from interviews with Sales Directors to highlight the differences between leading and developing sales teams. This comparison provides insights for all sales executives by delivering an understanding of the areas on which leading teams focus to continually improve their performance within the market.

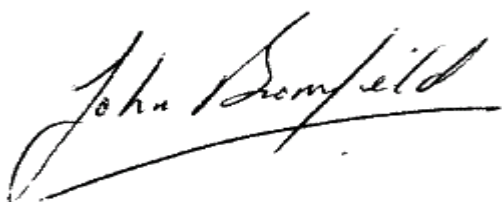
The research shows leading teams outperforming developing teams across key sales metrics:

- They achieve twice the revenue growth
- They achieve four and a half times the customer growth
- They achieve one and a half times higher conversion rates

In addition, research shows developing sales organisations that choose to embrace improvement opportunities can improve their sales performance.

PricewaterhouseCoopers is delighted to provide this European perspective to an issue which we are also reviewing on a global basis, the results of which will be available later in 2009.

Best wishes,



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We assist clients to achieve organic, profitable growth through transforming and aligning their customers, employees, channels and markets. This could involve accelerating customer acquisition and growth, increasing customer satisfaction, improving employee and customer engagement or aligning product strategies to ensure they meet customers' needs. We collaborate with our clients to assist them with design, management and execution of lasting change.

Executive summary

Many organisations pursue sales excellence as part of their overall strategy, but how many can claim real success in consistently meeting this goal? Initiatives seeking to improve product development, pricing or sales channel management, are constantly launched but many fall by the wayside or fail to deliver an outstanding customer experience. This paper highlights the key performance characteristics of the most successful sales organisations.

PwC chose 11 key qualitative questions from the total survey questions from which to rank companies into 4 quartiles. By comparing the leaders (top performers) to the developers (bottom performers) the survey uncovers insight from which the reader can build a picture of the vital components and how they are applied to drive a first class sales function.

Sales Strategy

“**New is not necessarily better**”. From research we see it is typically **seven times more expensive to acquire a new customer as against retaining one**. Many companies are better served by focussing more time and resources on improving customer relationships, account management and penetration. Starting from scratch often takes longer than expected, costs more and can have a negative ROI. Companies should evaluate getting more out of existing customers as well as investing in new

- Companies in the Leading category are mainly focusing on organic growth, whereas those Developing are more likely to be pursuing new markets and new products
- Leaders are significantly more likely (90% of them) to be confident that they have the right sales channel mix and that they understand their channel costs

Sales Management

Without the right level of rigour, balanced by coaching skills, the sales management role will fail to control its business or to drive the sales team to high performance. **75% of sales managers indicate that they have had no formal training in their role** - yet this role is pivotal in leading organisations

- Developers are struggling to breakdown customer profitability and hence optimise the sales effort focus
- Sales Managers in Leading companies are more 'hands on' - spending twice as much time coaching and are more actively involved in actual selling
- Leaders have a consistent approach to pricing

Sales Process

The world does not stand still and neither should the sales process. This is the fundamental engine behind the sales function and to maximise return **needs regular refinement, and agility, to adapt to the changing environment and customer expectations**

- 70% of Leaders believe their process matches customers expectations against 42% of Developers
- Lack of qualification leaves Developers spending too much time on low margin sales
- Developers see the need to focus on identifying new opportunities but Leaders continue to aim to improve their qualification process

Sales Talent Management

Firms need a holistic approach that encompasses absolute clarity in the role, differentiates in terms of opportunity and career development, and truly invests in quality and calibre of sales leaders. In addition it is crucial that reward is aligned to the strategic goals of the company. **Many firms are taking advantage of the availability of skilled workers in the current climate to increase their capability to compete for business**

- Leaders are 50% more incentivised to work according to company strategy and have 70% less turnover of staff
 - 50% of Developing firms lack a robust training plan to develop sales skills
 - Both Leaders and Developers see talent recruitment, sales culture and incentives as improvement areas
-

Sales Technology

The business cases for sales technology are often poorly defined with benefits rarely tracked. As Generation 2.0 systems become more common they should be leveraged to drive the sales function's goal of a single view of the customer which in turn drives more sales. **Whilst many new technologies and channels are emerging, the accuracy and quality of the customer data is still hampering many firms in providing the service a customer expects**

- Leading firms' ability to have one view of the customer is 4 times higher than Developers – they understand their customers better
- 40% of Developing companies lack effective IT support systems with which to enhance their customer experience and sales processes
- Both Leaders and Developers list internal communications as their main priority. Better communication is one of the key issues that always appear on companies' staff engagement surveys. The question is "will it ever be resolved?"

Notes

Methodology

Telecoms and IT companies make up the largest percentage of the leading quartile

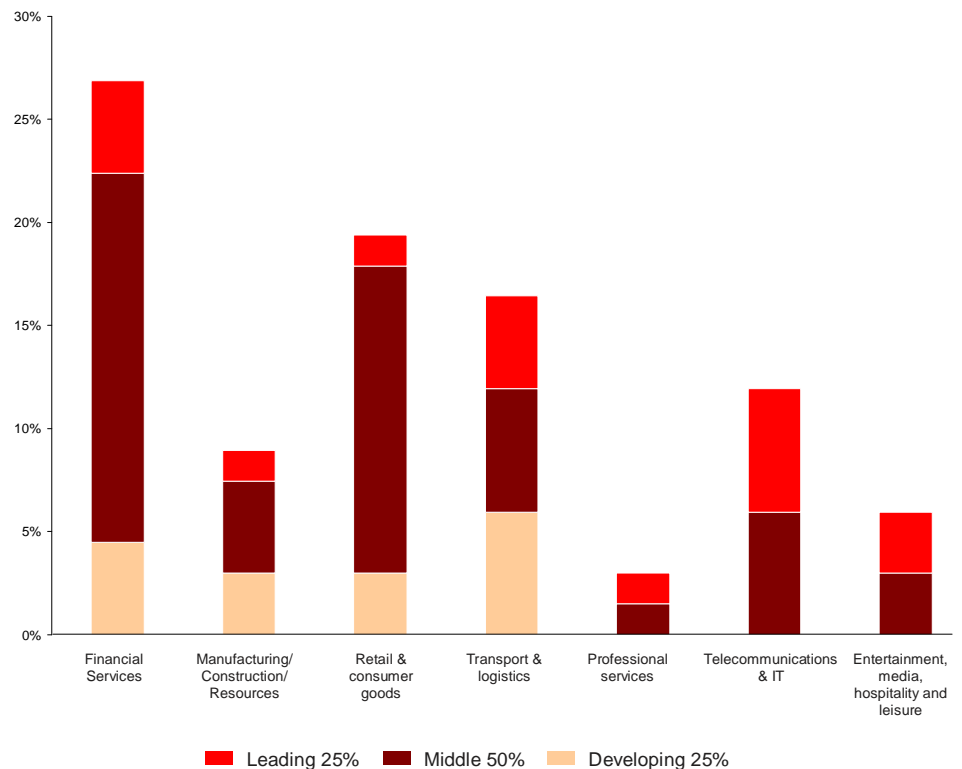
Data collection

Seventy five sales leaders with primary responsibility for driving the sales strategy and leading the sales team were surveyed and/or interviewed between October 2008 and February 2009.

To provide comparative insight respondents were ranked based upon answers submitted to 11 of the qualitative questions. (See page 38). Those ranked in the first quartile were deemed “Leading” and those in the fourth quartile “Developing”.

Research scope

Industries covered include: consumer goods, retail, telecommunications, financial services, manufacturing, construction, resources, transport, technology and professional services.

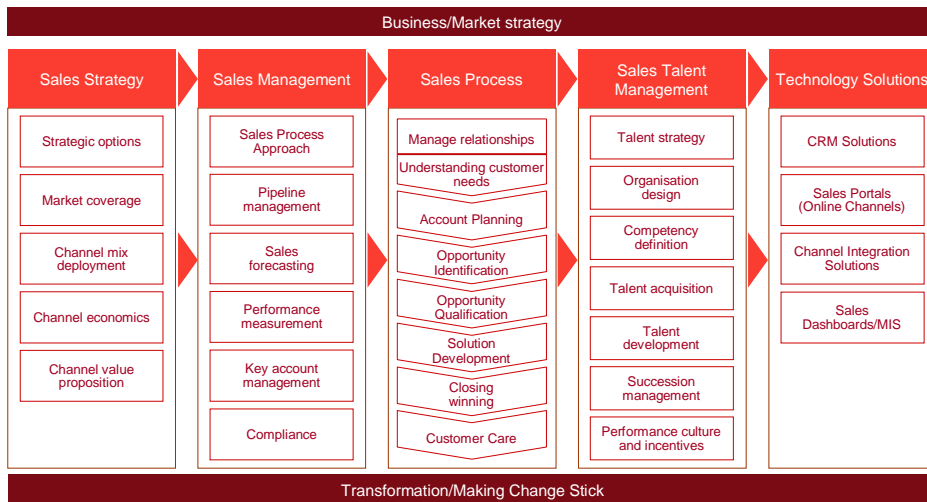


Sales framework

The survey used PwC's sales and channels transformation framework, to form the basis of the questionnaire.

By methodically reviewing each area we were able to consider if the organisation had a holistic, balanced and disciplined approach in each area of the sales framework.

It only takes one area of the sales framework to be malfunctioning to place strain on all other components



The survey findings have been broken down into the five component pillars as detailed in the framework. It is only when considered on a holistic basis that true efficiencies can be obtained through integrating an agile, aligned and disciplined approach to each area of the framework.

The components are:

- Sales Strategy
- Sales Management
- Sales Process
- Sales Talent Management
- Technology Solutions

Sales strategy

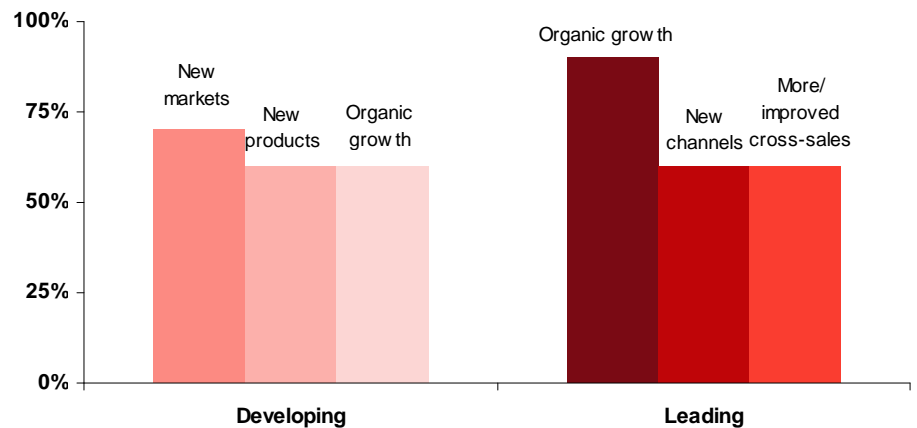
Strategic challenges

There are some consistencies in the sales strategy for all of the Leading teams. However individual characteristics differ according to market context, maturity and customer profile. It is therefore critical to consider each organisation, and its situation as a unique challenge.

Developers are still looking for new markets and products which is a risky investment in the current economic climate

All sales teams see organic growth as a key strategic challenge. However developing teams are looking to new markets and new products in addition, while leading teams are looking to new channels and improved cross selling to drive desired growth.

Respondents' top three strategic challenges



The results show that for both developing and leading sales forces there is a view that organic growth will prove to be a challenge in the coming year, particularly in the current economic environment.

However for developing teams there remains a focus on seeking out new customers in new markets, and perhaps a reliance on new products, to help with their revenue growth targets.

Leading teams believe that all their markets are already addressed and that the challenge now is to focus on better managing the channel to market and leveraging these channels to cross-sell to existing customers.

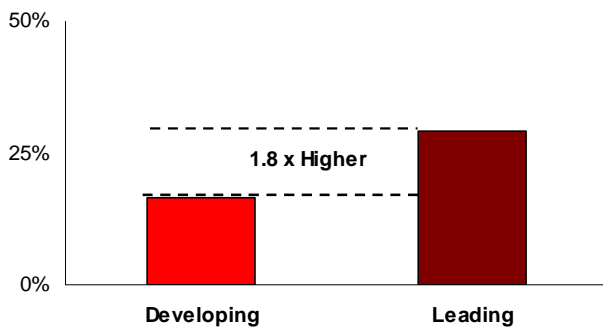
There is an implication that developing teams are relying on their ability to access new markets or having new products to sell in order to achieve their revenue targets.

New customers

Leading teams focus on both existing and new customers to achieve revenue growth – developing teams are less able to access turnover from new customers.

New customers provide twice as much sales turnover for Leading companies than Developers

Percentage of sales turnover from new customers



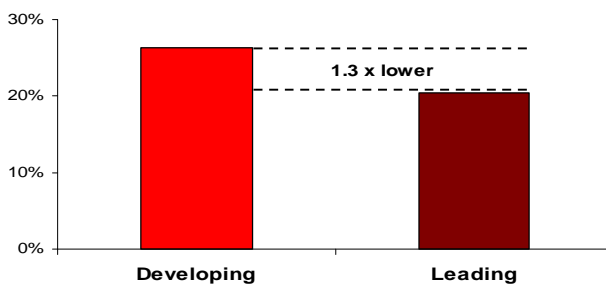
Although Leading teams regard organic growth as their strategic challenge in the coming year, they are also dependent on revenue from new customers to achieve growth. Leading teams achieve almost a third of their revenue from new customers.

Dormant customers

Leading teams have 30% fewer dormant customers. This is often aligned to the ability to understand the customers' needs on an ongoing basis. This cannot be achieved without regular contact and actioning the information gleaned from these touch – points.

Failure to embed an ongoing customer management strategy will make control of dormancy almost impossible

Levels of dormant customers



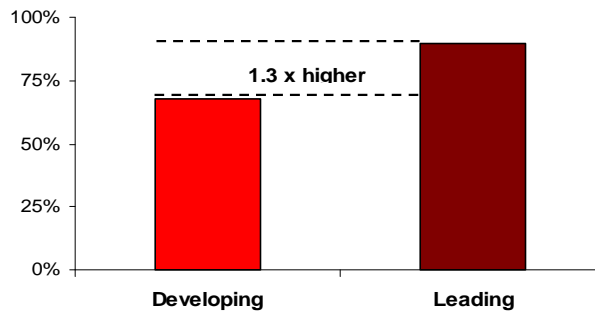
Dormant customers are often an untapped source of revenue. They can be left dormant for reasons of lack of coverage, lack of resources or because of past record of customer problems. Leading teams are more likely to put resources into re-engaging with such potential repeat customers.

Not knowing your delivery channel costs often leads to the chasing of unprofitable sales

Channel mix

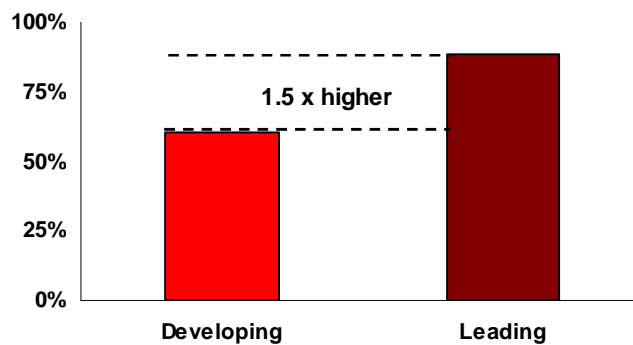
Leading teams are confident they have the right mix between face-to-face, call centre and web channels. A deep understanding of these costs is common to Leading teams.

Right mix between sales channels



Leading teams are confident they understand channel costs and the mix of different channel models. A major aspect of understanding channel models is being able to make educated trade-off decisions between coverage, capability and cost.

Know the cost of sales channels



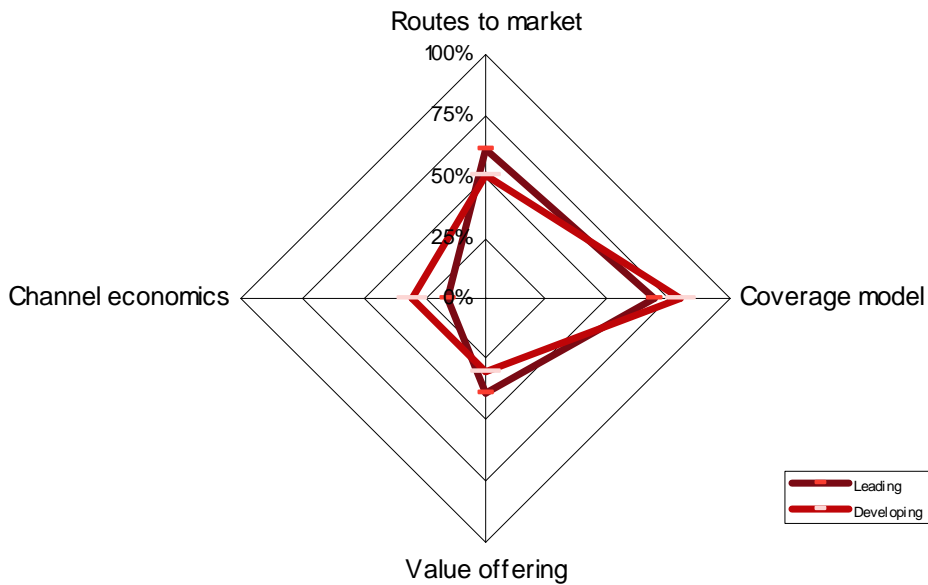
Sales channel decisions require clear understanding of the revenue and costs associated with each sales channel. Additional revenue might be gained through finding new channels to market. Optimising the economics of a specific channel can directly impact bottom line results, for example optimising lower cost web channels, particularly in an economic downturn.

Sales teams that understand the cost to serve, cost to acquire and revenue derived from different sales channels are better able to understand where profitable growth will arise. These teams are able to make educated decisions about which sales channel mix will deliver the best sales results. Taking the time to do this will have a real bottom line impact.

Channel improvement opportunities

% of respondents that rated the area as a top one or top two improvement priority

Unexpectedly, route to market and coverage models are of higher concern than channel economics and value offering



Both the leading and developing teams see the main scope for improvement in the coverage model in order to obtain market share. However, there is little emphasis on channel economics, which is key to managing in a down turn as channel costs and profitability become increasingly important. Furthermore, the advent of new channels and customers wishing to interact across multiple channels should trigger a requirement to understand the differing costs of a sale.

The developing teams were less inclined than leaders to address the value offering which could be a mistake, given the current down turn in the market and at a time when customers are placing considerable focus on where to spend their disposable income.

PwC point of view

SALES STRATEGY

The overall objective of a sales strategy is to provide the best sales return on an investment. To achieve this, the strategy should focus on three attributes of sales channel design:

1. **Capability:** what alignment exists between the needs of our market segments and each channel value proposition?

Clear knowledge of customer segment needs is the starting point to align unique channel capabilities to consistently deliver specific value propositions.

2. **Coverage:** what channel investments are required to provide effective reach and capacity to deliver the go to market objectives?

Understanding the dynamic and competitive nature of the market together with the geographic spread of opportunity supports a model of market reach required to optimise the channel footprint and provide appropriate capacity to address customer requirements.

3. **Cost:** what economic fact base exists from which to assess channel investment risk/return trade offs?

An ongoing calibration between market needs and performance requires a robust understanding of channel economics to provide a framework for channel coverage / capability tradeoffs and as the basis for aligning key performance metrics to strategic business outcomes.

Balancing these attributes across market segments and geographies to deliver a consistent customer experience within an affordable economic framework will often involve a multi-channel approach. In particular, multi-channel investment decisions should make trade offs transparent across each channel coverage / capability scenario and assess these trade offs against economic costs and benefits.

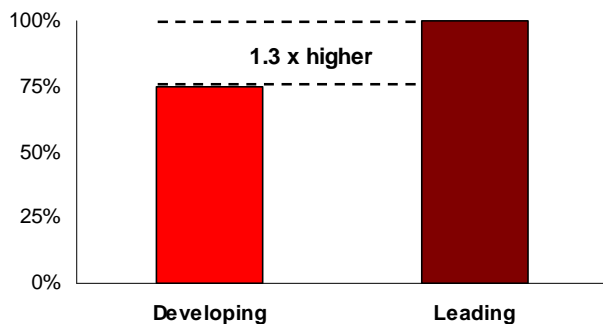
Sales management

Formal sales management

Leading teams invest in formal, dynamic sales management processes which maximise their productive time and ensure they are not slowed down by unnecessary internal bureaucracy.

75% of sales managers asked have had no formal training. A great sales person is not a direct qualification to be a great sales manager

Teams with formal or dynamic sales management process



Leading teams mandate and enforce best practice sales management processes, which allow for changes to be made to the sales process to reflect fluctuations in the sales environment, whilst retaining core disciplines. This greater focus on formal sales management processes may also reflect a greater clarity on the definition of sales management roles.

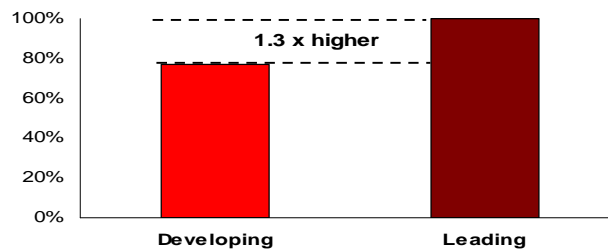
Often the leading sales person becomes the sales manager, and in response to the question “how much training were you given?” 75% said they learned on the job and had no formal training. The ability of the sales manager to lead, coach, motivate and drive their staff is one of the pivotal roles in an organisation and they should very much be a leader as opposed to a manager.

Monitor the sales pipeline

A formal process to migrate opportunities through the pipeline is vital to ensure business comes to fruition. Too often the pipeline is weaker than people will admit

Leading teams continuously and consistently monitor their sales pipeline and invest in fulfilling the potential of future customer needs

Companies that monitor their pipeline



Whilst most companies monitor their pipeline (all the leading companies do), often there are questions to be asked concerning levels of accuracy and validity of opportunities. A formal robust process for moving potential business from initial discussion to fruition is critical and avoids any negative impact in areas such as forecasting and resourcing.

The accuracy of the pipeline is often questionable where sales staff are judged on future potential business, due to a natural tendency to be more optimistic about levels of customer interest than for example finance personnel who are more interested in the actual numbers that are entered into the business at predicted times. Agreed stages of probability built into pipeline measures are vital in maintaining a consistent flow of business through the organisation.

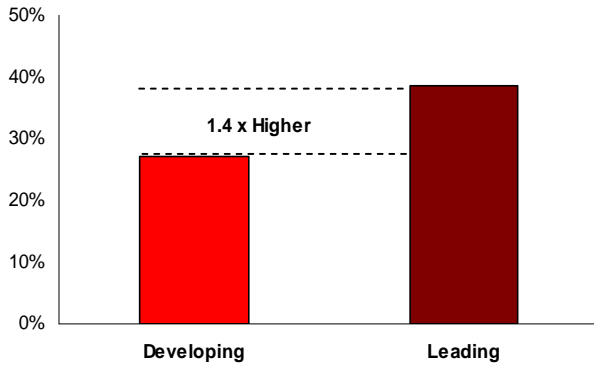
Another benefit of measurement is in allowing any regular bottlenecks to be resolved via training and strategies to focus on redressing issues preventing the flow through the pipeline.

Sales management attributes

Sales managers in the leading teams actually lead by example by spending more time actively selling and providing coaching.

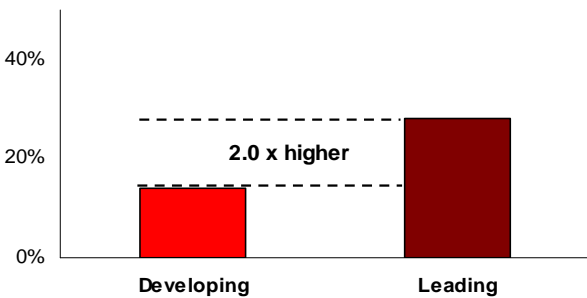
Leading sales managers practice what they preach, as well as consistently creating regular time to coach their team

% sales management time spent actively selling



Sales managers in the leading teams spend almost half their time in actively selling and hence were more likely to spend time with customers. Additionally, almost one third of the sales manager's time in the leading teams provided hands on support and coaching for their sales teams.

Sales managers time spent coaching



This combined with investing in training and development of the sales team is a major factor in improving the performance of the sales teams and consequently increasing revenue.

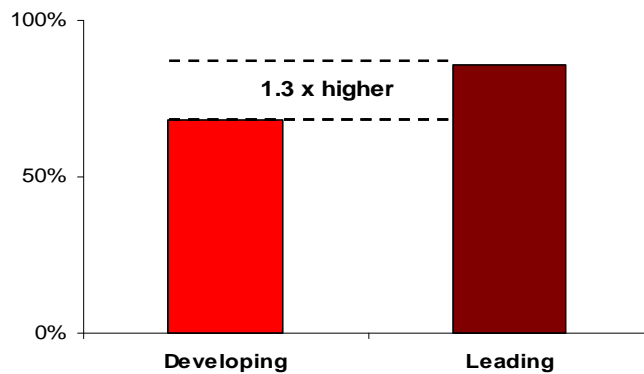
In many cases extensive coaching programmes are launched only to fail to maintain commitment due to the amount of dedicated time required to their operation. Many have found a short sharp session covering one issue is often more beneficial than a prolonged programme approach. Good sales performance management information will highlight areas staff can benefit from tailored coaching. Leading companies have aligned these two areas.

Sales data

Sales data is often, out of date, unmanaged and therefore paints a negative image, which in turn leads to lack of use. Regular cleansing of supporting data is an absolute necessity

A good handle on pipeline data allows sales teams to focus on the right opportunity at the right time, improving the performance of the sales team without increasing sales expenses.

Accuracy of supporting data



Almost all sales teams can improve the accuracy of their pipeline data by focusing on developing more sophisticated forecasting systems for potential sales prospects. In addition, formally delegating the responsibility to ensure pipeline data is accurate and current will markedly improve the pipeline quality. This in turn allows sales teams to focus on opportunities that have the potential to deliver the highest sales revenue and profit.

Data security is also a top priority and future regulation is likely to focus on this to an even greater extent. Good data management requires a formal structured approach and should not be as is often the case, placed in the hands of inexperienced staff

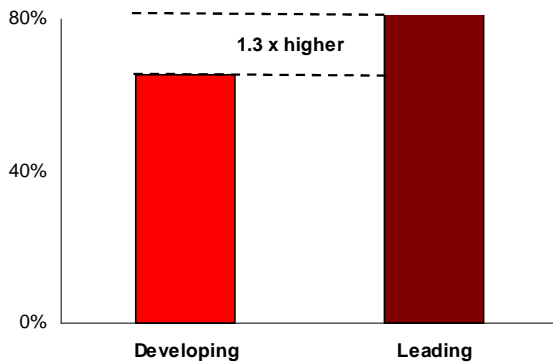
Good clear and concise performance management information is essential in allowing managers and staff to understand how they are performing, and where any development issues exist that require training and coaching. Leaders ensure data is easy to locate, simple to understand, and relevant for driving performance of the team. It must also flow through into individual's performance appraisals to ensure accountability.

High margin, high growth accounts

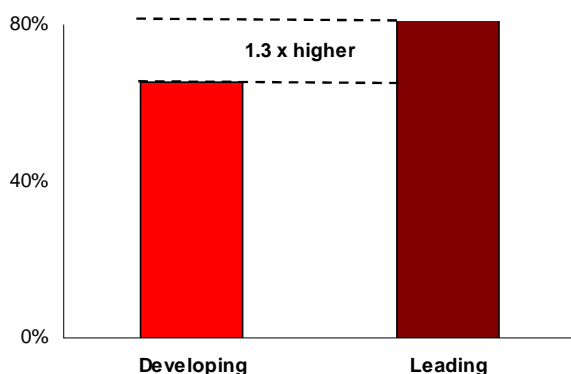
Leading teams focus on high margin, high growth accounts by aligning key account teams to these customers.

Leaders segment their clients to understand the most profitable, therefore allowing alignment with their high achieving sales people to maximise potential

Adequacy of mechanisms to cope with high margin, growth accounts



Ability to segment customer base by profit margin



As leading teams have the ability to segment customers by profit margin, they are better able to focus on high growth and high margin accounts. By comparison, developing teams are at a significant disadvantage and lack the capability to focus on and therefore understand, key account opportunities within the market. Furthermore, leading teams have a much stronger understanding of their offerings compared to developing teams and can articulate this to customers.

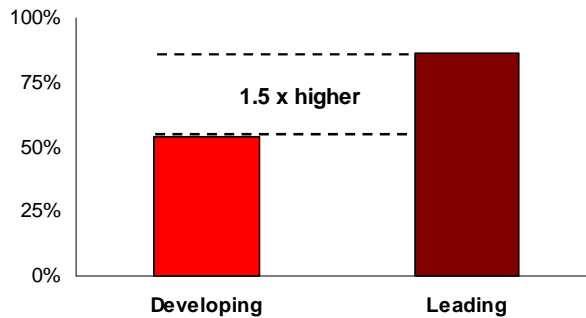
Developing teams need to rapidly cultivate the ability to focus more on high margin, high growth accounts and should ensure their territory coverage model encourages team members to concentrate on these opportunities. In addition, developing teams require a stronger understanding of their offering to begin to drive superior returns via value added offerings that are differentiated from their competitors, whilst at the same time seeking to drive cross-selling opportunities to deliver incremental revenue.

Profitable accounts

Understanding your customer profitability allows for better informed pricing decisions to protect margin

Leading teams know which accounts are most profitable and align their sales team to these customer accounts

Ability to assess profitability down to customer level



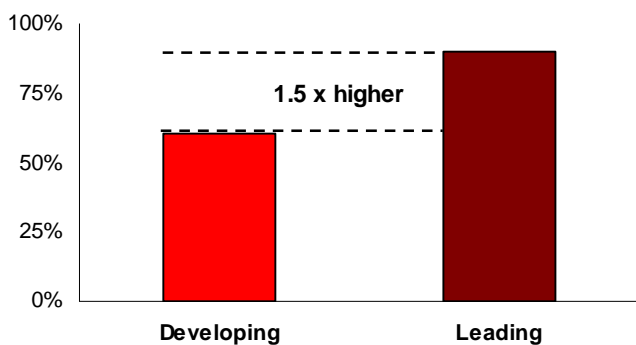
Leading teams have access to information that allow them to understand which customer accounts are the most profitable and hence use their sales force to concentrate on these accounts. This will give the leading teams a stronger opportunity for organic growth through focusing on the profitable customer accounts.

Developing teams need to be able to access information that will allow them to understand the profitability of each customer account in order to determine where the sales team should concentrate their efforts.

Many businesses spend a significant amount of time with customers each year only for them to buy at the same level as before. In many cases there are customers who are managed on a reactive basis that provide very good sources of revenue. What potential for extra revenue is there if companies were to proactively understand their needs?

Pricing of deals

A consistent pricing approach to all deals leads to better margins



Lack of consistency in pricing drives deals to meet sales targets and often not business objectives

Leading teams apply a consistent pricing strategy for all deals. This avoids poorly controlled and excessive discounting, resulting in greater margin

Developing teams are more likely to have a flexible approach to pricing. This may appear to be appealing as it places more decision making in the hands of the sales teams, however it is more likely to drive inconsistency and to have decisions made in order to achieve a sales team's target rather than the business objectives.

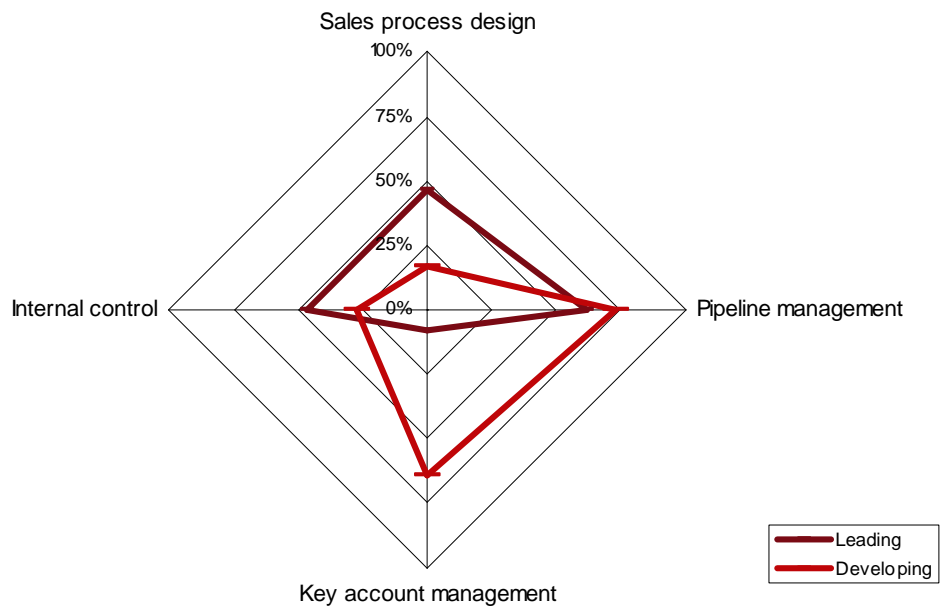
The fact that 90% of leaders have a consistent pricing policy as opposed to only 60% of developers is a major highlight of where differences in revenue are created. Leaders will compete more on value than price alone. Consistent pricing strategy encourages sales teams to develop better value based sales skills.

Respondent's improvement opportunities

Leaders want to drive the efficiency and simplicity of the process to create better margins, whilst Developers are wrestling with their key account structures

A holistic, well designed sales management process, including focused key account management teams, leads to better sales conversion rates and more valuable sales.

% of respondents that rated the area as a top two sales management improvement priority



Pipeline accuracy is a function of compliance and sales discipline, which the focus on the sales process design and improving CRM systems should help to achieve. As noted earlier the validity of the figures in the pipeline should be qualified from the business' viewpoint without relying solely on the salesperson.

Having the ability to access accurate information, including customer account information and an understanding of the high margin accounts is crucial to revenue growth. Whilst developers see key account management as a major improvement area, if the other basic sales behaviours are not present, it will be difficult to drive forward.

PwC point of view

SALES MANAGEMENT

The results of the survey confirm the PwC view that disciplined sales management drives not just results but it drives the *right* results. This means not just selling anything at any cost – but ensuring there is a clear focus on product mix, account profitability and the other metrics that ensure that business strategy is realised. This discipline, the discipline of good sales management, does not stop at the first couple of tiers of managers. Managing sales extends right to the top of the organisation (after all the CEO will be judged on these results) and needs to do so in a consistent manner.

Disciplined sales management is not just a function of a well run Monday morning sales meeting. Good discipline should be a mix between management rigour and the recognition of the importance of the softer skills, such as coaching. This can deliver much more than driving just the revenue line.

Over time this enables a better mix of performance across the sales team, with less dependency on a few high performers and fewer stragglers, who under-perform. Furthermore it decreases sales staff churn, which in turn reduces sales costs and contributes directly to the higher performance. It creates the sense of a team – within sales and beyond to the other key departments – so essential in value and solution selling. Good sales managers can help build careers so sales staff are motivated by more than the sales commission and want to sell the right thing. Lastly, and arguably most importantly, this blend of hard and soft disciplines needs to be supported by the correct sales reports and measures. In short it needs performance management that covers:

- Results measures
- Forecasts by revenue and profit
- Sales activity and customer insight measures
- Qualitative measures such as behaviour and feedback.

The right Key Performance Indicators and metrics need to be easily available to sales management. They need to be able to interpret the data, draw insights and set the right forward actions. These actions need to give priority and focus to the most profitable and valuable clients, markets and products. It is this ability to see and act on the right data that the survey shows is differentiating the leading companies from the developing ones.

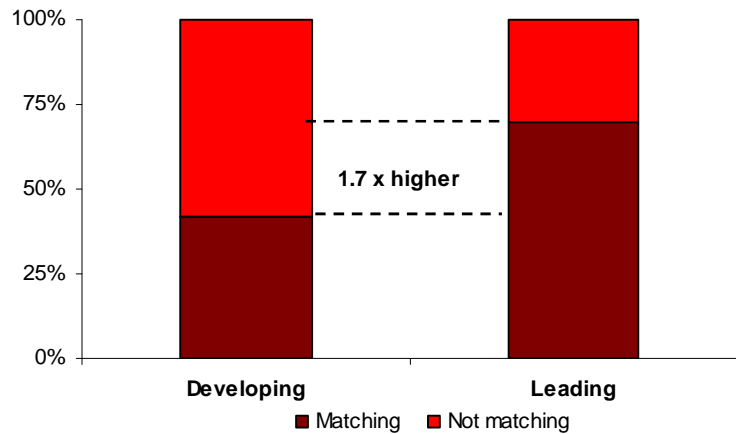
Sales processes

Understand customer expectations

70 % of Leaders say their sales model matches what their clients expect; where as only 42% of developers can agree

Both leading and developing teams need to understand their customers' needs and align their product or solution spectrum to meet customer expectations.

Current ability to sell across the product to solutions spectrum versus customer expectations



Approximately 42% of developing teams and 70% of leading teams believe their product or solution spectrum is aligned to their customers' expectations. Therefore, there is opportunity for both leading and developing teams to further align their sales organisations to customers' needs.

Many companies are stuck in a product silo sales model, when most now believe that selling to customer segments builds longer relationships, with more sales and revenue generated, and a better understanding of the value of the customer. This in turn allows for improved pricing decisions. With customer satisfaction high in mind, this change needs to happen quickly to maintain competitiveness.

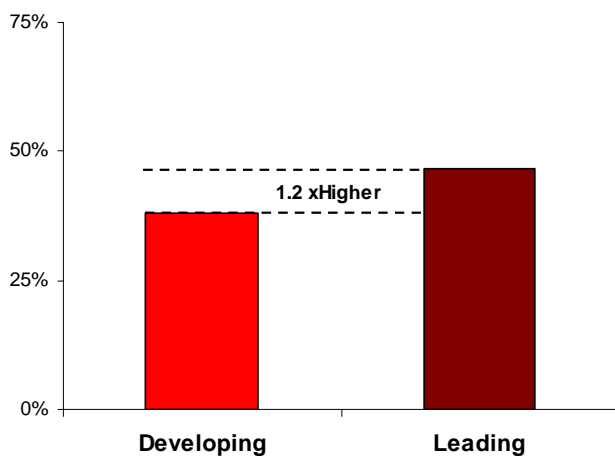
Customer centricity is often raised as the ultimate goal, built on a true understanding of customer need. However companies often underestimate the organisational change required to support such a strategy. Where it has been implemented the results are significant.

Superior conversion rates

Leading teams convert 24% more qualified opportunities than developing teams who are still converting an average of 1 in 3 opportunities.

Profitability is often hampered by lack of selectivity, resulting in too many low value, low margin wins

Conversion rate



Successful conversion of qualified opportunities is a result of the application and management, of an effective sales process. This process should include:

- A diagnosis of customer needs
- A procedure to ensure the right sales opportunities are identified
- A method for developing competitive solutions
- Identified practices to close sales opportunities

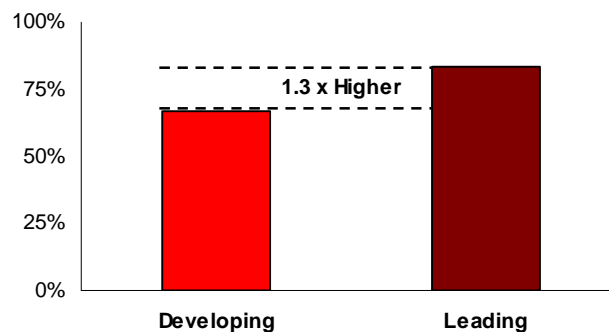
Developing teams that wish to increase their sales conversion rates for qualified opportunities must implement a dynamic but formal sales process. Without this, there is little chance sales will improve.

Being selective

Too many firms overlook the cost of a sale, resulting in many unprofitable deals which take time to redress

The high level of selectivity toward bids displayed by leading teams leads to greater sales conversion rate and therefore lower cost of sales. It also allows leading teams to identify and target sales relationships that have high revenue potential.

Respondents are selective enough on sales bids



Developing teams spend too much time on low margin accounts for three key reasons.

- Staff do not have the right skills to ascertain whether the account has the potential for high volumes and high margins
- They do not identify the right sales contact at the client organisation
- Having identified they are building a relationship with the wrong person, they are often not willing or able to develop a value based discussion with the right sales contact

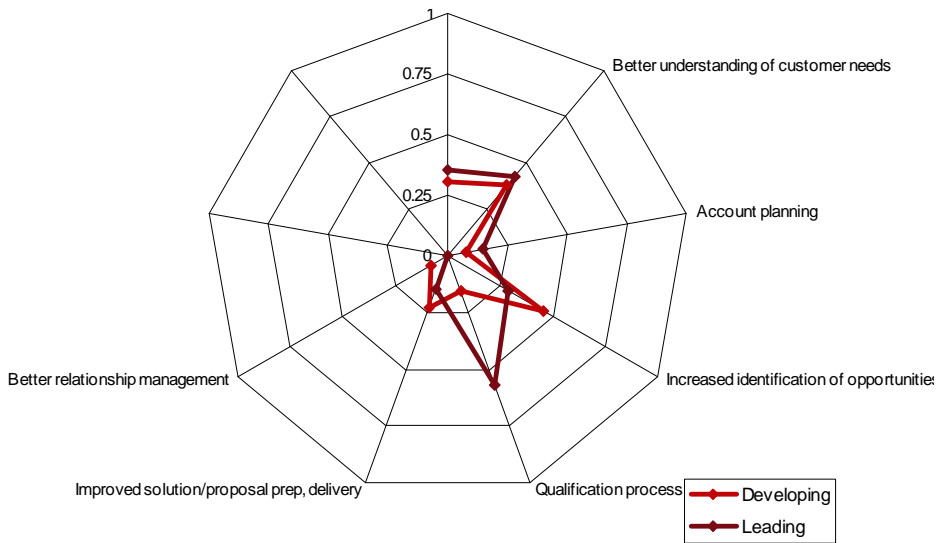
Sales executives of developing teams that are not identifying appropriate contacts in the customer organisation, or who are not assessing the right information to make a decision whether a sale is worth pursuing, need to change their qualification process and potentially, increase sales training to improve performance in these areas. Failure to do so risks losing market share to competitor organisations that do have this dynamic right.

Respondent's improvement opportunities

Having a better understanding of customer needs and knowing which opportunities to follow up will better serve growth potential

Improving the qualification process is a high priority for Leaders, whereas Developers just want more leads

% of respondents that rated the area as a top one or top two improvement priority



There is an opportunity for both teams to gain a deeper understanding of their customer's needs by spending more time with them, gaining insight into their challenges and finding solutions to meet them.

Understanding customer need is critical. Embedding them into product offerings drives customer value and consequently profitable growth. However, building customer insight, with which to understand buying requirements is often hampered by poor customer relationship management practices.

Leaders in addition, are keen to simplify the process by which a sale comes to fruition which will help reduce costs, whereas the developing teams simply want to find more opportunities, which encourages the danger of chasing unprofitable business if they are not selective enough.

PwC point of view

SALES PROCESS

The sales process is the real engine of the sales function and is vital that it runs efficiently to leverage the value of strategy, management, people and technology. Key questions that firms should ask themselves regarding the process should be:

- Does the process drive a good return on investment?
- Does it put the customer at the heart of the process?
- Is it a rigorous and consistent process allowing room for individuality?
- Does it really allow staff to establish the customer needs both immediate and in the future?
- Is the matching of solutions to those customer needs happening in a logical, relevant and seamless manner?

As with most engines there is a constant need to develop, refine and fine tune to achieve optimal performance against the competitive market.

One thing is for sure ONE size does not fit all and if one looks at the evolution and capabilities of the various distribution channels it is clear that customers are becoming increasingly demanding and wish to interact in multiple ways.

Crucial elements to a successful sales process are:

- **Segmentation** – Ask most companies if they segment their customers and they will say yes. Ask them how they do it, and you will start to get a large divergence of answers! One of the biggest failings PwC sees in segmentation models is that they are historic and not dynamic with little agility to move and react with the customer.
- **Sales training** – Training and development of staff in the desired process for each segment is vital, in the current economic climate of cost reduction, maximising the effect of any training and development is key. It should be highly aligned to the most recent strategy of the company.
- **Technological assistance** – Is a major focus to enable companies to achieve one view of the customer. This can be one of the biggest aids or indeed hindrance to sales efforts and large transformational decisions will need to be made in the next few years by many firms if they are going to make progress to achieve a truly customer centric organisation.

However sales process cannot be an adjunct to technology enablement and vice versa. Technology enablement of “How we sell” needs to be in the fabric of day to day sales management

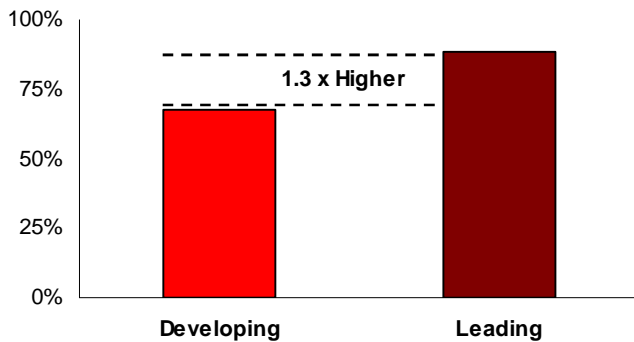
Sales talent management

Superior skills

Leading teams place the right people in the right jobs. Leading teams are able to correctly assess the strengths of their talent to get the best out of their team. Importantly, senior sales staff act as mentors and guides for other team members.

Sales skills levels are linked to company culture and a commitment to invest in training even in tough environments

Have the required selling skills



Developing teams face a competitive disadvantage as leading teams, starting from a stronger base, accelerate their capability development. Addressing this issue will require more than sales training budgets. It will require a learning and coaching culture and for sales management to be accountable for involving themselves with developing talent.

Sales functions have the opportunity to change their sales culture by embedding in the business the principles of learning, coaching, mentoring and rewarding sales staff. An overt commitment to these principles from senior management is a prerequisite.

The current climate is allowing many firms to up-skill their workforce as many experienced people are appearing on the market. This is resulting in the belief that organisations will be optimally placed to take advantage of the upturn when it arrives!

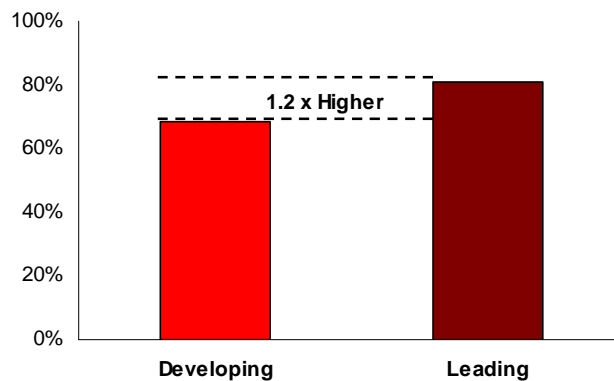
Sustainable success at sales force effectiveness requires not only the right people, but more importantly a robust sales process to operate within.

Task alignment

Whilst both quartiles believe they are good at aligning the best staff to the best sales opportunities, a lack of customer segmentation can dilute its effectiveness

Both teams recognised that experienced teams should work on high value deals.

Right resource alignment to high margin, high growth accounts



The majority of developing teams need to find the right alignment between sales staff and sales opportunities: high value staff should work on high value deals. The first step in this process is identifying which deals have the potential for high value so experienced staff are allocated to these opportunities.

Developing teams that are better able to align tasks with staff experience will see significant increases in the revenue base, at the same time ensuring talented staff are challenged and focused on accounts that will help them achieve their full potential.

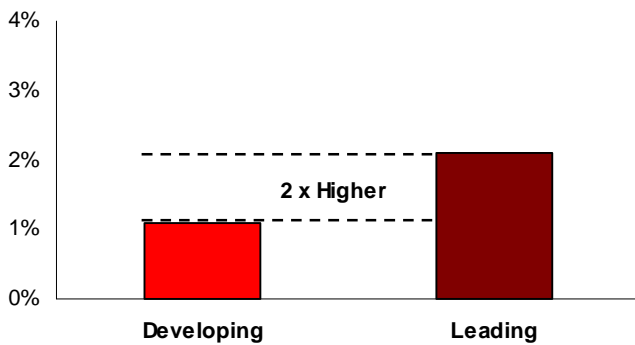
In the survey the coverage model to align the right staff to the right customer is mainly driven by geography. However delivery channels which cross many borders could be better leveraged to enable more conversations between high achievers and high margin customers.

Sales training investment leads to higher sales

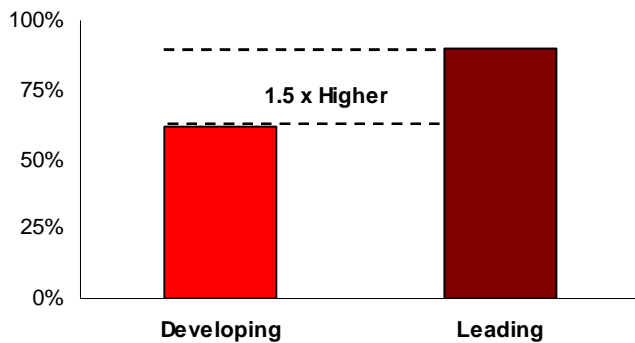
Leading teams invest twice as much in percentage terms in sales training than developing teams.

In the current environment many firms have cancelled training expenditure. It is imperative that informal coaching is maintained to avoid extra pressure on sales

Sales training investments as a % of annual turnover



Robustness of training plan to develop sales skills



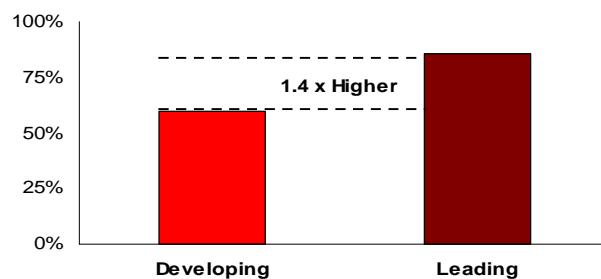
There is a direct correlation between the higher sales training expenses that leading teams incur, and the higher revenues they earn.

Developing teams must prioritise sales training if they want to develop revenue. Implementing sales training initiatives will also have other benefits, including more sophisticated sales identification processes, better knowledge of target markets and more motivated staff.

It is crucial that the aggregate of individual performance plans result in the achievement of the company goals. In many firms these are not aligned.

Leading teams feel they are fairly rewarded and incentivised to meet their sales objectives.

Staff are incentivised to meet sales goals



Only 60% of developing teams feel they are adequately incentivised to meet performance targets.

This means there is a significant opportunity for developing teams to better align incentives with performance goals, in order to drive the required sales teams behaviours to deliver improved results.

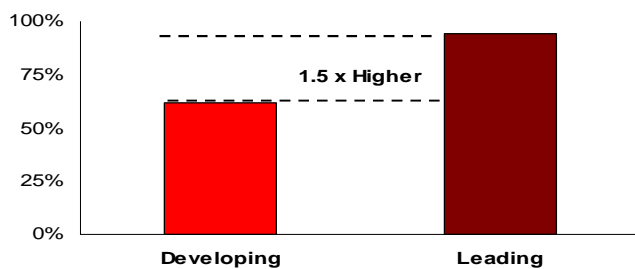
25% of leading firms do not feel incentivised to meet sales goals. Many firms list training as an incentive as part of the overall package and yet those same firms have cut their training budget. Lack of an incentive will result in fewer sales which will drive further cost cuts resulting in a downward spiral.

Goal focus

Aligning incentives with sales goals and company strategy focuses the sales team on key priorities, at the same time giving the team the best chance to exceed performance expectations.

To often the agreed targets do not align to the companies stated strategy metrics.

Staff incentivised to work according to the company strategy



All staff, but particularly sales staff, must work towards a defined target or incentive. If these are not correctly aligned, the success of the team will suffer. Incentives need to be flexible and need to be able to change quickly, as market conditions move or in case there is a strategic or tactical push to sell a certain product.

Developing teams need to address this dynamic if they want to become leading teams, as focus and alignment to company strategy is integral for successful delivery of that strategy.

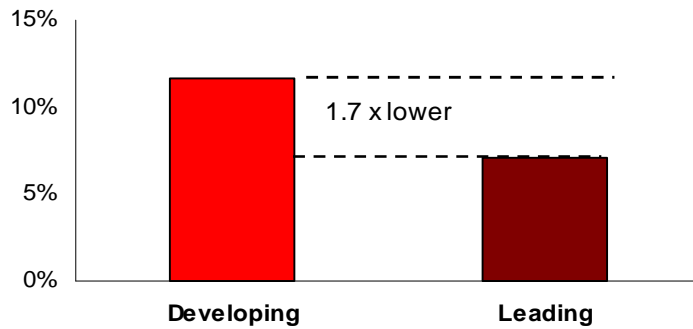
The discord between the sales targets and the company strategy is highlighted by 50% of the developing companies. It must be addressed quickly as people achieving personal goals but the company failing its corporate objectives will breed frustration when incentives cannot be met due to lack of revenue. In Leading companies if all staff achieve their targets then the company will over achieve its results.

Staff turnover

The current environment has reduced voluntary turnover. At the same time many highly skilled sales people are available on the market. Leading firms are using this as an opportunity to address their skill requirements

Leading teams investment in their staff yields lower staff turnover.

Staff turnover



The higher confidence of leading teams is a reflection of the additional sales training they receive, as well as the extra time sales leaders invest in coaching and staff retention compared to developing teams.

Developing teams that want to increase the confidence of their talent, and thereby increase their ability to drive revenue, have to invest in mentoring and staff development programs and commit to them. Teams that do this will naturally experience lower staff turnover, which also positively impacts the bottom line.

Respondent's improvement opportunities

The best way to attract, develop, deploy, reward and retain talented sales staff is to ensure there are clear links between sales outcomes and career development. Get the sales culture right, and variables such as staff retention rates and the ability to hire the best staff will fall into place.

% of respondents that rated the area as a top one or top two improvement priority

	Recruitment of talent	Improve staff retention	Sales culture	Incentives/rewards	Organisation structure
Developing	46%	8%	62%	54%	33%
Leading	58%	17%	58%	33%	17%

Both leading and developing teams believe their key improvement opportunities lie in recruitment, culture and incentives.

This recognition is important, as the right sales culture, recruitment strategy and incentives are key components for improving sales revenue and profitability.

Sales culture is driven by staff being proud to advocate their own company and therefore being willing to go the extra mile with customer service. Staff surveys frequently mention communication as an area for improvement particularly in these uncertain times. The effect upon sales culture of keeping people informed in an inclusive manner should not be ignored.

The variability in response demonstrates that there is no one answer. It is a blend of actions that will create sustained improvement

SALES TALENT MANAGEMENT

Paying for performance - am I getting the right return on my sales incentive plan?

The intent behind all sales incentive plans is to pay for performance - but organisations frequently struggle to establish the right pay-for-performance relationship. The following are three key steps to ensure an appropriate return on investment on your sales incentive spend.

1. Understand your current spend and the performance uplift associated with any incremental spend

Many organisations struggle to evaluate current spend as the management and administration of incentive plans are often decentralised across business units and/or across departments such as sales/HR/ finance.

2. Examine the correlation between incentive plan metrics and business performance

Often organisations will notice a misalignment which can occur for many reasons, two of which include: incentive metrics and performance levels being misaligned with business objectives (e.g. paying incentives based on revenue when the business is focused on profit), and/or significant weighting being placed on non financial metrics which do not necessarily translate to improved business performance.

3. Ensure the sales incentive plan is aligned with other elements of the sales effort

Sales organisations, particularly those experiencing significant change, spend significant time and money reviewing and tweaking their incentive plans in order to better drive performance. However getting the right return on a sales incentive plan is only partially dependent on the incentive plan design. Sales incentive plans frequently fail simply because other elements of the sales effort are reinforcing or encouraging different behaviours than those rewarded through the incentive plan.

In summary, to reap the returns on an incentive plan, it is critical to understand total incentive spend and the performance uplift associated with any incremental spend. In addition, any performance metrics linked to incentive payments should have a strong correlation to business objectives. Finally, the incentive plan in and of itself cannot drive a change in behaviour. All sales management practices need to be leading toward the same outcomes as the incentive plan.

Attracting and retaining your top sales talent

Successful talent management relies on a holistic approach to attracting, retaining, and managing top talent. However, sales functions frequently neglect to adopt a holistic approach - often viewing sales force reward as the primary talent management tool. Furthermore, effective talent management is particularly critical in the sales function given the direct impact on revenue and customers - the loss of a top performer can result in a reduction in revenue from key customers, or even the loss of a key customer. Conversely, failing to manage out a poor performer can significantly impact revenue flow as opportunities in high potential accounts are not realised.

The following are three key improvement opportunities - outside of reward - for sales organisation's to focus on in order to retain and motivate key talent:

1. Provide absolute clarity of role

Providing clarity as to priority accounts and priority activities is key to minimising sales force frustrations and ensuring retention of top talent. Sales people want to sell - remove constraints and distractions and reduce any unnecessary administration responsibilities.

2. Create strong differentiation in terms of job opportunities and career development

Retaining and motivating top sales talent requires differentiating the best from the rest through more than just higher levels of pay - creating a role for top talent on key accounts or in large bids/deals is a great way to provide a development opportunity but also to recognise a job well done. Other development opportunities may include attendance and/ or presentation at industry conferences or temporary deployment in an Assistant Sales Manager role.

3. Invest in quality and calibre of sales leadership

The role of sales leadership - particularly first line sales management - has been found to be consistently important in retaining talent and in getting the sales culture right. Investing in sales leadership through recruitment, and training and development is critical, as is ensuring that the right talent is promoted into leadership roles - promoting your best sales person to a management role is not necessarily best for them, their team, or for the company.

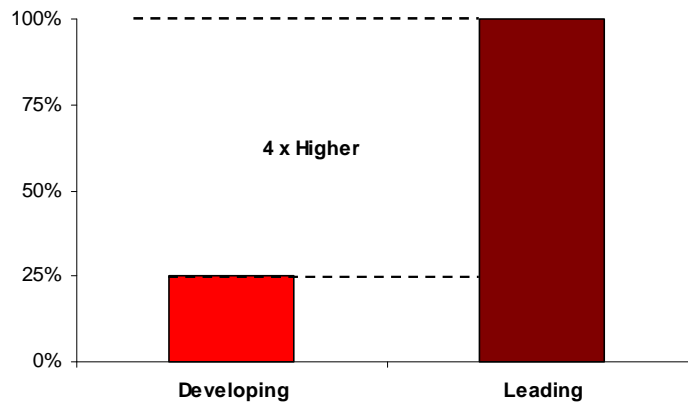
Technology solutions

Access to customer information

Providing one view of the customer is a huge differentiator to gaining regular profitable sales via an exceptional customer experience.

Leading teams believe that the ability to see “one view of a customer” across all the different product lines or services improves sales performance.

Ability to have one view of the customer



A single view of the customer is critical in today's multi-channel, multi-offering, multi-line of service environment. CRM tools are essential in pulling separate but related data together to gain this single view.

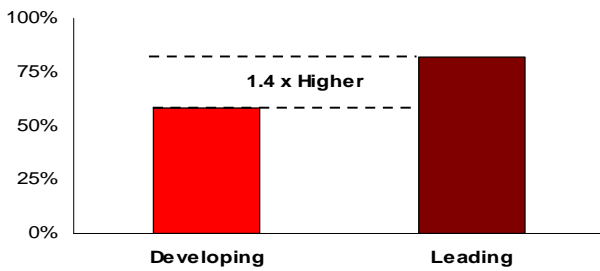
This is more than just a single view of all opportunities and deals. Account managers in particular need to understand the total view of all interactions with their client through all channels. This includes service performance – technical service, delivery adherence, billing issues, complaints handling – and through to sight of all revenues.

In developing their ability in this area developing teams should be mindful that in many industries this involves costly system transformation. However as the above chart shows one view of the customer” is a foundation attribute of all leading sales organisations.

Investment equals revenue

Leading teams believe that investing in and using leading CRM systems delivers improved sales performance.

Effectiveness of IT related support systems



Customers will never understand why systems often do not communicate to each other and it detracts significantly on their perceived experience

Access to the best possible data collection and analysis systems enables sales teams to more effectively manage the sales process and grow revenue.

Developing teams need to increase their market knowledge and make improvements to knowledge management systems before they can generate the comparatively better sales results of leading teams.

IT systems also reflect the performance management information at hand for sales management. Effective systems will have effective (the right data, at the right time) reporting. Without these the sales organisation is running blind.

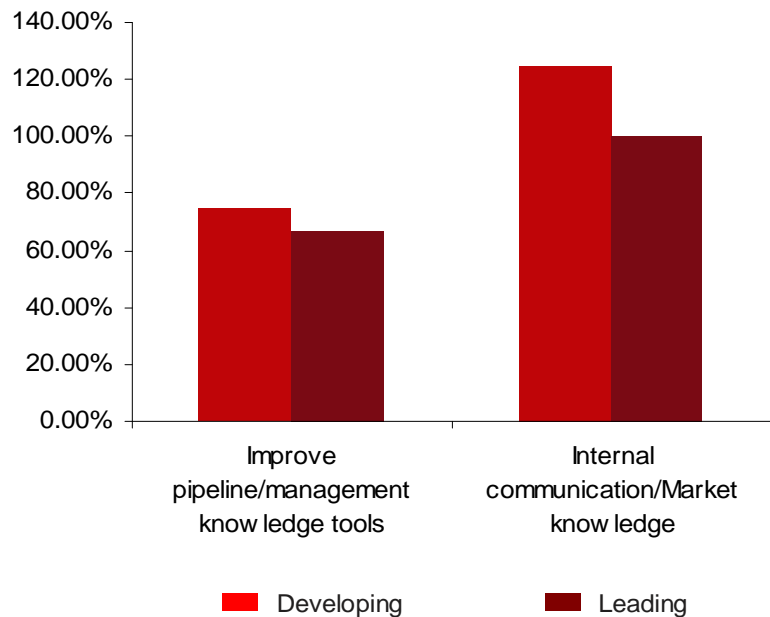
Respondent's improvement opportunities

Internal communication is high on all companies' agenda as is the channel for its delivery. Selectivity of distribution is becoming increasingly important to avoid swamping front line staff and diluting the message

% of respondents that rated the area as a top one or top two improvement priority

	Improve CRM/ Pipeline tools	Improve knowledge management tools	Internal Communications	Market knowledge
Developing	50%	25%	75%	50%
Leading	40%	20%	60%	50%

Both leading and developing teams believe their improvement opportunities are more in relation to internal communications and market knowledge.



Many firms relate management tools and market knowledge as a defining requirement in the improvement of their sales function. However it is worth bearing in mind that it is how people use it both initially and on an ongoing basis that will be the real drive to better performance. The tools themselves and the gathering of knowledge alone will not create the difference.

PwC point of view

TECHNOLOGY SOLUTIONS

Customer Relationship Management (CRM) has a poor reputation and Sales Force Automation has probably got an even worse track record of success. Yet leading companies are leveraging their sales systems to improve sales performance and gain greater customer insight.

The PwC view is that there are many historically poor sales system implementations. They were not adequately geared to help companies sell better and not designed to give sales people the right information. Worse, the business cases were often poorly defined, the benefits rarely tracked effectively and a few years later – all forgotten.

Sales systems are now in Generation 2.0 – with greater flexibility and improved ability to push the right data to the sales people at the right time. In addition, sales systems are now better integrated with the total channel management design giving the opportunity to gain a single holistic view of the customer. Leading companies are taking advantage of this opportunity.

The question of internal communication is a critical one as this is a constant on most staff surveys. It is debateable as to whether this will change no matter how much communication is delivered. Indeed PwC has seen many firms where the sheer deluge of information, circulars and instructions is totally overwhelming and so loses its intended impact. The right balance in delivery is often overlooked and with the multiple channels available in today's companies this should be considered as a fundamental part of the sales strategy.

About PwC

PricewaterhouseCoopers helps clients understand the relationship between what customers want and the economics of delivering it, and to use these insights to increase profitability.

PwC works with some of Europe's leading organisations to create a long term sales and channel strategy that integrates people, processes, skills and technology. We provide advice to deliver lasting and measurable change.

SURVEY QUESTIONS CHOSEN FROM WHICH TO RANK RESPONDENTS

Respondents were ranked based upon answers submitted to the following questions.

- 1 I believe I know the costs of the different sales channels in sufficient detail.
- 2 I believe our pricing strategy is consistently applied to all deals.
- 3 Our sales teams feel rewarded and properly incentivised to meet their sales objectives.
- 4 I believe our sales teams feel rewarded and properly incentivised to work according to the strategy of the company.
- 5 Do you have the required selling skills in your sales teams to meet customer expectations?
- 6 How robust is your roadmap or training plan to develop the required sales skills in your organisation?
- 7 How effectively, in your organisation, is the allocation of sales staff to high margin, high value deals working?
- 8 How adequate are any mechanisms you have in place to ensure your best resources are focused on the high margin, high growth accounts?
- 9 How selective do you feel your organisation is on sales bids/proposals?
- 10 We have the right mix between face to face, call centre and web sales channels.
- 11 How likely are you to meet your sales objectives?

Example client experience

Industry	Client issue	PwC approach	The outcome
Banking and Capital Markets	An International Bank needed to provide training to senior staff to improve their ability to develop positive and lasting customer relationships. This was necessary as current poor customer service was an inhibitor to their ambitious growth plans.	PwC designed, developed and delivered a behavioural change program to address customer service issues. A course was also developed to include interactive case study material, actors and personal coaching for senior executives.	Over 3,500 staff at all levels within the corporate and commercial relationship management teams were trained. This improved awareness of business issues and improved morale and confidence amongst staff. Customer satisfaction scores also improved.
Information Communications	Pressure on sales results, continued introduction of new products and services, issues with talent attraction and retention, and a need to improve staff motivation were all impacting the sales force performance of an international telecommunications provider.	Working with a multi-disciplinary team, PwC designed and delivered a sales competency and certification program and has been certifying the client's sales force for the last 3 years. PwC also designed various sales force job descriptions, implemented Sales Assessment Centres and Development Centres, and provided support in the project management and reporting of the initiative.	This project delivered a number of clear performance improvements. These included: <ul style="list-style-type: none"> • Sales force motivation improvement • Turnover control • Positive impact on sales results • Positive impact on corporate image
Information Communications	An international satellite broadcaster had aggressive growth plans to secure 10m subscribers by 2010. To achieve this, it needed to keep in touch with its customers' needs through a sophisticated segmented marketing strategy and a customer relationship management system (CRM).	PwC helped the client implement large scale change in the way it captured, used, and managed customer information. A dashboard view was created to display relevant information relating to the customer. PwC also managed the change program and secured the functional solution acceptance of the CRM design.	8 million subscribers were migrated to the new central system. The client can now better understand the profitability of customers, tailoring prices and products to suit. Benefits from the new approach of collecting and analysing data are being realised.
Banking and Capital Markets	An International Bank needed to differentiate their marketing and sales process to help deliver better shareholder value.	PwC led the operational delivery of a pilot program, from visioning through to design and implementation. Pilot branches and channels were selected, customers were segmented, customer treatment strategies were developed and testing guidance was written for frontline staff.	The client implemented a successful pilot program to improve their marketing and sales approach. The pilot was rolled out across the branch and contact centre network. The Bank's analyst briefing claimed a 12% sales uplift in the pilot branches as a result.
Manufacturing	A world leading manufacturer had to stop out-of-control discounting, build key distributor relationships and reduce costs of low value sales in order to achieve their growth	PwC designed interventions to drive out low priced orders, increase sales value and build key relationships. This involved segmenting the customer base, whilst very low value customers were invited to apply for distribution through strategic wholesale. A cascade pricing strategy was also developed with various discounting levels starting at market price and concluding with promotions.	The client's target was £500k of retained revenue in year 1. PwC identified £1.6m (120% of planned amount) of lost revenue by addressing poorly applied discounts, weak order control and lost value.
Retail and Consumer	An international retail cards and party supply business needed to improve staff resource planning to increase sales and better meet customer needs.	PwC modelled actual time requirements of staff activities at each location and a computerised system capable of analysing past and predicted sales was implemented.	The overall wage bill has decreased by £1m and sales have increased by 4.5%. Improvements implemented with change management have helped the client focus on the customer rather than the resourcing process.

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