

Legacy Sales Practices Undermine Teamwork – Part I

Autonomous salespeople, exclusive territories, incentive compensation and sales quotas conflict, directly, with the very notion of teamwork; business results suffer, accordingly.

"Buying processes" have become much more sophisticated, especially in complex B2B sales environments. Decision makers and decision influencers now routinely conduct online research for their buying teams. Very few autonomous salespeople can fully and capably engage today's very well informed buying teams. Accordingly, sales organizations must "up their game"; the platform is burning; the iceberg is melting; true sales teamwork may afford the only viable response.

Unfortunately, the inertia of legacy practices inhibits most sales organizations from making the right moves. The old model of autonomous salespeople, with exclusive territories, assigned quotas, sales commissions and multi-tasking behaviors thwarts progress toward greater teamwork.

A closer look at the legacy sales behaviors makes the self-imposed handicaps clear.

Exclusive territories make little or no sense. To the extent that the buying process has become more sophisticated, one might reasonably expect that the 80/20 rule has moved in the direction of 90/10. But, even at 80/20, eight out of ten territories lack the efforts of top-performing sales people.

Meanwhile, because sales managers generally expect autonomous sales people to do their own prospecting, solution development, proposal generation, call planning, appointment setting and CRM updates, while stewarding the delivery of sold business, resolving customer problems, answering emails, attending sales meetings, assisting with sales contracts, helping to collect past-due receivables, travelling and filling out expense reports, even the best sales people spend very little time actually selling. Just as importantly, very few top sales people perform at top levels in each of the multi-tasking assignments that enable sales success – i.e. especially: prospecting, solution development, proposal generation and stewardship of sold business.

Sales commissions typically reward salespeople for revenues in their territory, while quotas set revenue expectations. In setting quotas and paying commissions, few organizations distinguish between four different sources of revenue: (i) franchise sales, (ii) carryover sales, (iii) account penetration and (iv) prospect conversion. Only the last (iv) of these revenue sources requires current sales efforts. Accordingly, most companies routinely pay "unearned" commissions to sales people and ignore (do not reward) the contributions that others make to top-line success. Why don't engineers and marketers get commissions when new products "sell themselves" to the delight of customers (an example of franchise sales)? Why don't operations personnel get commissions, when exceptional cost, quality and delivery performance on a three-year contract (an example of carryover sales) earns more of the customer's business (an example of account penetration)?

Because legacy territory, quota and commission practices reward salespeople for things other than selling, the development of high-value new customers generally does not receive the priority attention that it deserves; and because autonomous salespeople must juggle so many other balls, they manage fewer new business development appointments, often with less than the best prospecting, preparation and/or support.

Until "sales teams" becomes something more than "teams in name only", sales performance will necessarily suffer.

The notion of productivity driven by specialization and orchestrated through teamwork dates to Adam Smith (*"Wealth of Nations"*; 1776), who wrote: *"The division of labour [labor], however, so far as it can be introduced, occasions, in every art [including complex B2B sales], a proportionable [proportionate] increase of the productive powers of labour [sales teams]."*

A true team of specialists affords the best way to drive the four modes of revenue generation and to bring to the sales challenge the level of preparation and support required by today's increasingly high-performance buying processes.

Part II of this whitepaper will look at some implementation specifics, including how to sell more, with greater certainty, while lowering overall selling costs. The approach involves four responsive initiatives: (i) *standardize revenue generation practices*, (ii) *put a team of specialists to work*, (iii) *centrally schedule* all sales activity and (iv) *manage for overall system performance*.

Stage One: Use of Time. The salespeople spent the following percentages of their time in each activity:

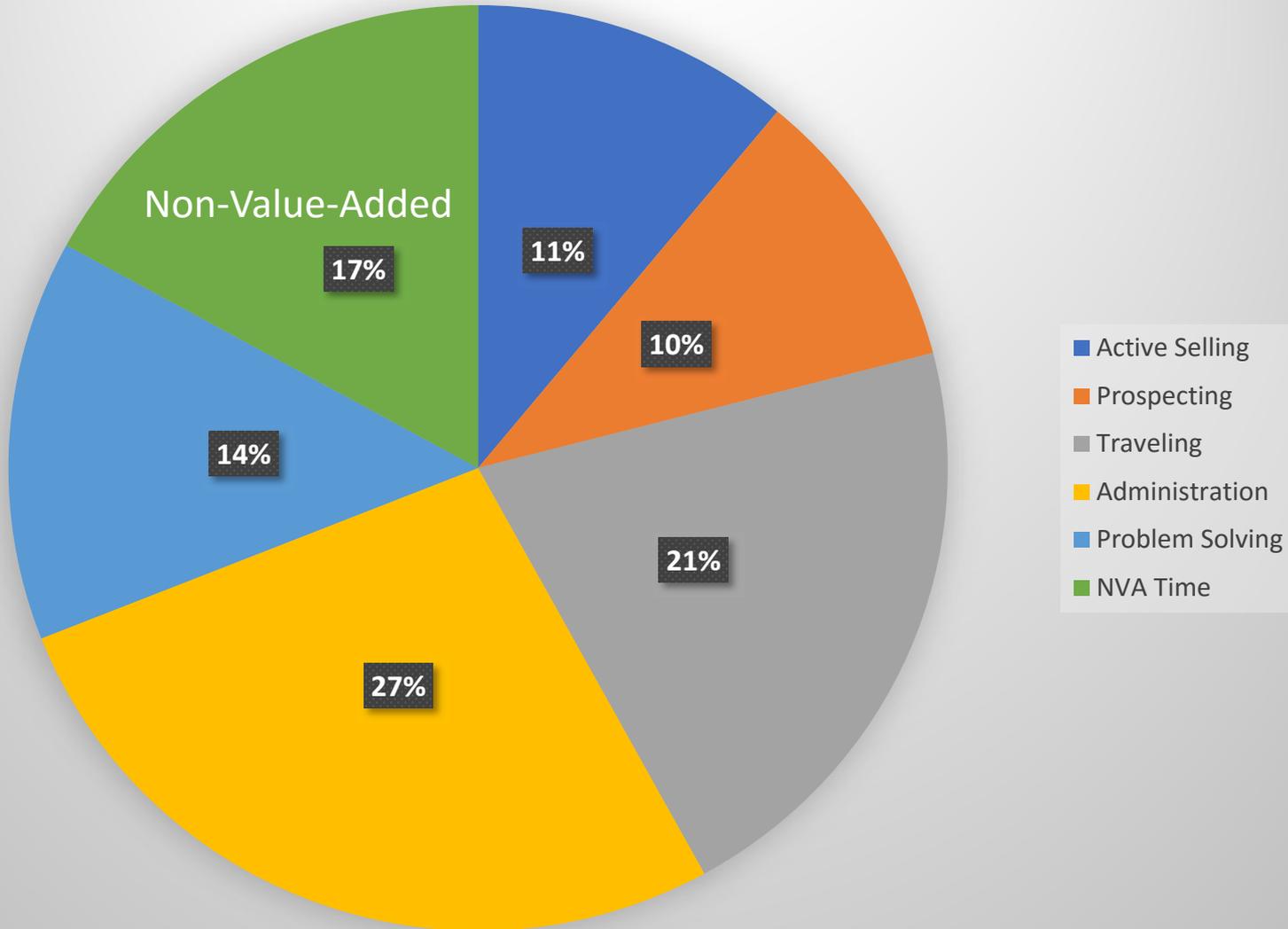
- Active selling – 11%
- Prospecting – 10%
- Traveling – 21%
- Administration – 27%
- Problem solving – 14%
- Nonvalue added time –17%

Stage Two: Personal Effectiveness. With only 21% of available time spent actively selling or prospecting, Proudfoot researchers wondered how effectively that time was being used. The answer is not very effectively at all. In making this determination researchers used a simple scale ranking system as they observed the sales reps, rating them in eight key sales skills before, during and after each face-to-face or telephone call. Here are the eight observed competencies and the percentage of reps who rated poor, improvement needed and good:

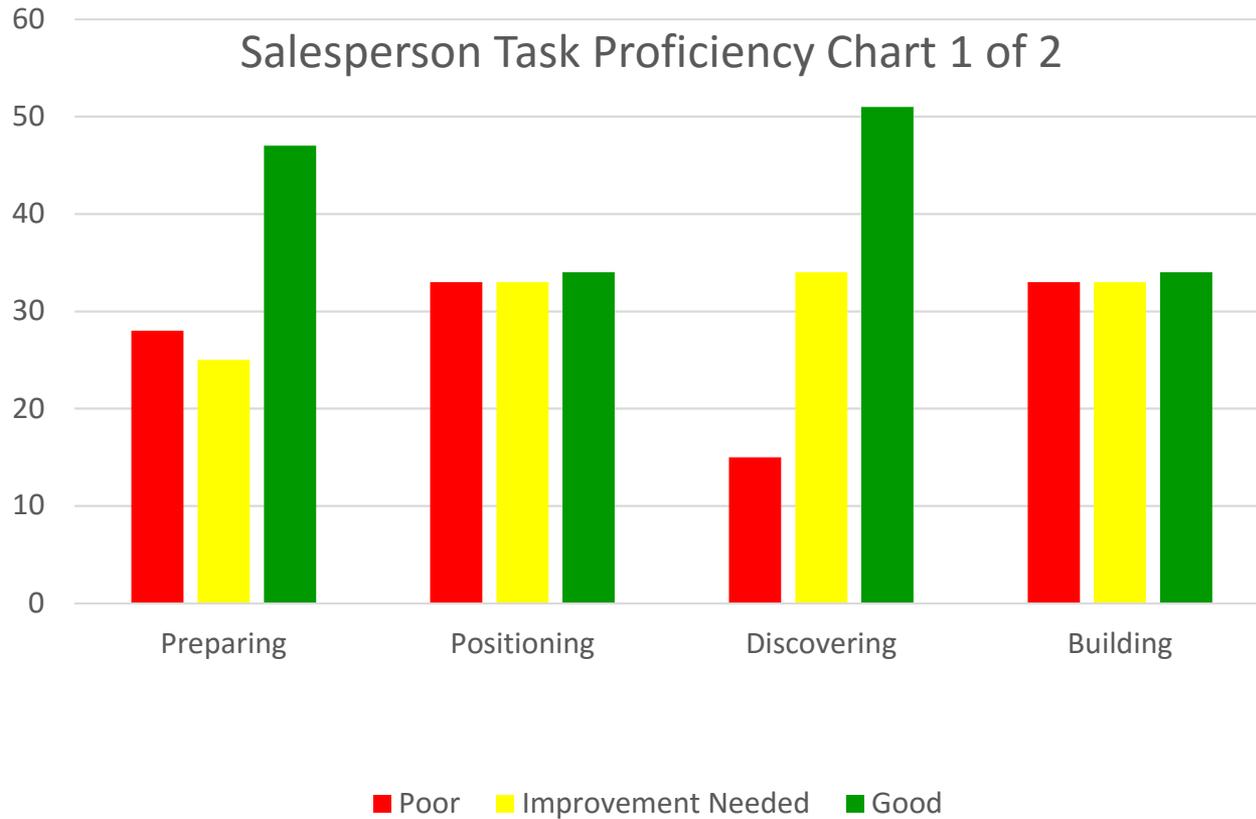
- Preparing –28% (poor), 25% (improvement needed), 47% (good)
- Positioning – 33% (poor), 33% (improvement needed), 34% (good)
- Discovering – 15% (poor), 34% (improvement needed), 51% (good)
- Building – 33% (poor), 33% (improvement needed), 34% (good)
- Presenting – 48% (poor), 26% (improvement needed), 26% (good)
- Securing – 37% (poor); 38% (improvement needed); 25% (good)
- Concluding – 46% (poor), 29% (improvement needed), 25% (good)
- Debriefing – 60% (poor), 25% (improvement needed), 15% (good)

The greatest deficiency – debriefing – has considerable impact, say the researchers. They define debriefing as ensuring all commitments are met, issues are identified, reviewed and resolved and output is recorded for the next meeting. Poor performance in this area means commitments made to customers are broken, issues discussed are unresolved and order details are poorly communicated internally, resulting in errors.

How Salespeople Spend Their Time



Salesperson Task Proficiency Chart 1 of 2



Salesperson Task Proficiency Chart 2 of 2

