



A Process-Centric Approach to Sales Effectiveness

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Executive summary

Organizations can demonstrably improve the effectiveness of their demand generation and revenue achievement activities (also known as sales and marketing) by getting a clearer and more holistic picture of their enterprises' sales and marketing process, identifying broken or nonexistent process, and automating and streamlining processes to increase efficiency and competitive advantages. Companies often mistake technology as the complete answer, but technology is only part of the answer. The real issues are doing the right things (sales effectiveness) and doing them well (sales efficiency). A process-centric approach to sales effectiveness helps organization strike that balance.

By seeing sales as an endeavor that involves the entire enterprise, businesses can build processes that not only support individual and discrete components of the successful sales process (such as prospecting and lead generation; project scoping, pricing and bid preparation; account management; and channel strategies), but also facilitate the seamless flow of product, service and customer-based information across different business units. When sales, marketing and delivery are in synch, customers are better served and the opportunities for continued business increase exponentially.

Your sales process: Is it in synch or out of control?

This white paper invites readers to take a process-focused look at sales effectiveness, or more broadly, at demand generation and revenue achievement. Its purpose is to debunk several notions about sales effectiveness, specifically the notion that rigorous and closely followed enterprise processes limit sales and marketing flexibility, as well as to show the benefits of looking at sales and marketing processes in a more holistic and integrated fashion.

By doing so, business units responsible for demand generation and revenue achievement will be better able to determine and leverage *what they do right* (or what gives them a competitive advantage) and how to do these *right things better* by automating, streamlining and introducing more efficiency into the sales and marketing processes.

We start by noting the obvious: Two parts of the enterprise have the most impact on the bottom line. One is units within the business that focus on demand generation and revenue achievement, more commonly known as sales and business development. These units include marketing, direct and indirect sales. The second part is support and service units such as product support, help desks and field service.

In every company, both sides of the coin are run by business and organizational processes. In the case of service and support, these processes tend to be fairly well-defined and followed, (i.e., handling a support call in a contact center). Success in this case is measured by the efficiency of the process—or by how quickly and inexpensively the customer issue is resolved.

Most enterprises can't say the same, however, of sales and marketing. In sales and marketing, success is often measured by ill-defined metrics, such as how many deals get closed, and less by the efficiency of the process. The process, in fact, may be inelegant, sloppy or all but invisible, but as long as it gets the job done, few organizations ever bother to observe how the process works.

In our experience as consultants to hundreds of demand-generation and revenue-achievement organizations, we've seen that fewer than one in 10 have well-documented sales and marketing processes, and even fewer have a clear understanding of how various players and components in the process contribute to the same bottom-line objective.

Moreover, many organizations don't feel this is necessarily a bad thing. The attitude that "sales is more an art than science" is commonplace. Sales and marketing vice presidents and other executives often feel that getting everyone to follow the same sets of procedures is akin to herding cats—a useless and endlessly frustrating endeavor that alienates natural-born salespeople.

As a consequence, many businesses pay less attention to understanding and controlling the "mega" process of demand generation and achievement, which we call a "holistic" view of sales, and which involves the interactions of people and technology, all working toward the same strategic objectives. The result is often lack of synchronization among the functions of sales, marketing and support, and even within these functions in large organizations.

When the linkages among these players are poorly understood or broken, the results are fairly predictable:

- Managers can't forecast accurately, usually due to the lack of defined qualifying processes and metrics that can firmly establish probabilities based on historical factors or known issues. In contrast, companies that take a holistic view of sales and marketing pay an extraordinary amount of attention to qualifying processes and metrics. At the extreme end of this tendency are companies like Cisco. These companies are so insistent on forecast accuracy that managers can actually make their quotas for the year and still get fired for submitting inaccurate forecasts.
- Key messages in marketing materials may be off target, focused on wrong industries or the wrong prospects, and all but useless to sales. (In fact, numerous studies show that the bulk of material/collateral delivered by marketing is never even used by sales.) This tendency is pronounced in businesses in which marketers view their role as visionaries and forward thinkers responsible for charting the path for the company based on market research. In contrast, businesses in which marketers view their role as primarily one of demand generation and revenue achievement tend to pay more attention to the practical needs of sales.
- The wrong products are configured when sales people have out-of-date product configuration material and product specs.
- Sales lacks the right information when negotiating with customers and starts heavily discounting too early in the product cycle.
- Customer wallet share is smaller than it otherwise could be.
- Leads cost too much. Conversion rates are too low.

More of an art than science?

Most barriers to sales effectiveness can be traced to dysfunctional processes. But when sales performance lags, organizations may be tempted to spend money on "point" solutions—more sales training on how to close sales, more prospect lists, more brochures and case

studies—but rarely look at ways to improve the underlying process or fix the sources of dysfunction. And when the problem is due to a dysfunctional process, improvements made in specific areas will rarely have a significant or lasting impact.

A clarification of what we mean by “process” is probably needed here. Most people think of process as a workflow that can be illustrated with a Visio drawing. But process can also represent alignment in organizations and business units by channel or product. For example, at one major software company, sales was aligned by product (CRM, Human Resources, Financials and other products in the company’s ERM suite). Sales managers for each product area had a defined “process” for managing their customers. But these sales managers also jealously guarded their customers and wouldn’t introduce sales managers from other product areas into their accounts out of fear these other sales managers would embarrass them or cut into sales of their products. The result was little to no cross-selling of products in accounts. Thus, in terms of demand generation and revenue achievement, the enterprise “process” was seriously dysfunctional, although no one in the company would have diagnosed the problem as a “process” issue.

Clearly, organizations need a strong process that allows the various players in demand generation and revenue achievement—across the enterprise—to work together to meet the common sales objectives. Unfortunately, sales and marketing are typically the part of the business with the least mature processes compared to product development, finance and accounting, service and support, and other functions. Sales and marketing organizations that have immature processes tend to look like the following:

- They’re marked by poor collaboration and cooperation. No formalized processes exist for team selling or sharing information between marketing and sales. Some organizations may have collaborative and cooperative attitudes but lack a formalized system or process for turning good notions into reality.
- They’re marked by fragmented decision-making processes. Sales units operate autonomously of marketing, product development, support and service, and within sales units, sales reps themselves tend to be autonomous.
- They have disjointed and disconnected lead management processes. Sales and marketing staff may retain separate repositories of leads and seldom share information. Too much selling knowledge resides with the individual sales representative. In some cases, sales and marketing may cooperate, but they maintain independent data sources.
- Sales representatives or IT managers make decisions on sales technology. Adoption is left to the individual representative. Marketing maintains separate systems as well. If an interdepartmental system like CRM is in place, adoption is inconsistent among personnel.

Looking at it holistically

Based on our experience in helping hundreds of organizations understand what’s really going on within their sales organizations, we’re convinced that the challenge facing most sales managers is the ability to see their sales processes holistically—to see the big picture and understand how all the different components work both in isolation and together. In order to do this, organizations have to understand what makes them effective in generating demand and revenue, as well as, of course, what limits their effectiveness. They also have to understand how the right processes and technology make them efficient at accomplishing all the things that make them most effective.

Many organizations, however, focus on effectiveness (i.e., training on closing techniques) and neglect efficiency. As we noted, few sales organizations even bother to thoroughly document their sales processes—a first step in determining where the process is working and where it isn't. That's where something we call Enterprise Process Modeling comes in.

Doing the right things in the right way: Enterprise Process Modeling

Enterprise Process Modeling (EPM) is based on the premise that when you have a problem to solve, different parts of the organization have to be in harmony to solve that problem. They need to share the same information, work toward the same goals, use the same tools and speak the same language.

In sales organizations, the problem is often a lack of synchronization and faulty or nonexistent linkages between different players in the demand generation and revenue achievement process. Different regions or business units are out of step with each other and using different tools and techniques to forecast and track customer information. Marketing has little idea what types of collateral sales really needs to sell. Customer information is stored in separate systems with no central access to those who need it. The list is endless.

EPM brings the different components together to make processes more effective and efficient. It shows you how to do the right things and how to do them in the right way by helping you look across functional lines and traditional boundaries to enforce a holistic view of demand generation and revenue achievement. It provides an architectural view of what historically may have been seen as a black box or cloud of activity. It provides a more structured and systematic approach to sales management, which has become mandatory for many companies in today's economy. Meeting your number at the end of the quarter may no longer be good enough. As with the example of Cisco cited above, how you hit your quota may now be just as important.

How it works

EPM usually takes place as the first step in an Apex IT Customer Relationship Management engagement, although we often perform a process modeling engagement as a standalone service. During the process, we dissect a company's mission-critical business processes. In terms of sales, we learn how prospecting and lead generation is conducted; we learn how solutions are crafted and how sales engineers/solution designers are engaged; we learn how projects are scoped, how those projects are priced; and how final bids are prepared and delivered. We also learn how accounts are managed, channel partners are used and how channel strategies affect the overall sales process.

More importantly, we are able to see just how those processes in the sales operation connect to and interact with the processes of other business units. In many cases, we discover that there simply is no connection. Sometimes we learn that one business unit has no idea what another is doing. In other cases, we learn that sales reps have no idea of what goes on in customer service, or that sales reps in one region have minimal interaction with corporate marketing, whereas reps in another region are setting the tone for the entire corporate demand creation strategy.

This confusion is a direct result of bad information management and ineffective knowledge transfer—problems themselves that often result from a poorly developed process.

To create a scalable means of capturing and leveraging corporate intellectual property, it's absolutely necessary to break down the walls that separate the sales operation from marketing, customer service and delivery. In reality, the sales process is one mega-process that begins on the front end with the identification of the perfect customer and continues

through to prospect identification, selling, delivery/fulfillment, and post-delivery customer service and maintenance. The role of marketing in the process is changing dramatically. We find, as does Michael Bosworth in his new book *Customer-Centric Selling*, that marketing is moving from the last step of the product development process to the first step of the sales process.

Business process modeling for the demand generation and revenue achievement side of the business is not a simple process, but our methodology makes it systematic and seamless. We also help you focus attention only on those aspects of your sales and marketing business processes that provide a competitive advantage. There is little point in spending time and money looking at and possibly reengineering processes that don't add value directly to your bottom line. For sales and marketing, we typically look at the follow topics:

- Margin pressure
- Forecasting
- Cost of sales and sales cycle times
- Selling process complexity
- Number of participants (on sales team)
- Sales fallout
- Size and complexity of offering
- Time to market
- Lead process
- Lead aging
- Number of channels and type
- Reliance on high-cost channels
- Competition

By seeing sales as an endeavor that involves the entirety of a corporation's enterprise, businesses are able to build processes that not only support each of the previously mentioned activities, but help facilitate the seamless flow of product-, service- and customer-based information across different business units. When sales, marketing and delivery are in synch, customers are better served and the opportunities for continued business increase exponentially.

Aligning sales processes to your strategic objectives

Apex IT's process-oriented approach to helping you tune up your sales effectiveness ensures your business processes are aligned with your strategic objectives as well as your sales objectives.

Improving sales effectiveness can lead to expanded revenue opportunities, improved marketing effectiveness, a shorter sales cycle or a host of other similar goals. In any of these cases, you need an enterprise view of how you attract and capitalize on your customer interactions to effectively drive revenue.

Effective processes that maximize your sales opportunities depend on having the right information at the right time in the process. Making this happen for your sales team is manageable when your people, process, technology and data are all aligned with your strategic objectives.

A focused process analysis and design initiative is a critical and pragmatic approach to managing process change across your organization. Some examples of strategic directives or goals we can address include:

- Set and achieve demanding customer satisfaction goals.
- Drive cross-selling from a holistic view of the customer.
- Establish smooth, mutually valuable inter-enterprise processing.
- Improve operational effectiveness and linkage between sales and the back office.
- Establish agile sales practices that enable pursuit of new business opportunities.
- Improve time-to-market of new products and services.
- Reduce costs by improving efficiencies and eliminating wasteful efforts.
- Improve decision-making with accurate real-time monitoring and reporting.

The role of technology

In the past, many companies have been quite successful without leading edge CRM product suites. Some still are today and they dominate their marketplaces or industry niches with little more than contact management software, Excel spreadsheets and email. With that being said, there is typically vast room for improvement in both areas of operational effectiveness and efficiency as long as the target organization understands that business process design and customer strategy should come first, with technology enablement coming second.

If implemented properly, CRM product suites can provide a means to achieve the aforementioned business goals. CRM suites like PeopleSoft can serve as both knowledge transfer facilitators and conduits for inter-department communication. But they are not solutions themselves.

If improperly implemented, CRM applications can lead to lost business capital, strain already thin IT resources and create a lack of credibility among employees. If the value of a CRM application can't be easily seen by those responsible for maintaining it post implementation, and those who will ultimately use it on a day-to-day basis, the chances of success are very thin.

CRM has been called an ecosystem or technology environment that enables people to work faster and more efficiently. By gathering all customer interaction information in the same database and making it accessible through the same portal, it provides a uniform customer view to everyone who has customer contact. It can be used to help your sales and marketing organization do the right things. A guided selling process, for example, can direct a new sales rep through a series of steps or activities that help (or “force” if you like) the rep to do the right things at the right point in time. CRM can also help you do the right things well. Sales reps can instantly see available balances, credit scores, installed products and complaint histories; questions can get answered on the first call. You can certainly be effective without CRM, but you probably can't be as efficient as your most efficient competitors who are using it.

But CRM is just part of the whole solution. Organizations that lack insight and understanding into their sales and marketing processes may implement a CRM system first and then hope the software will force the organization into adopting more effective and efficient processes later. When we hear businesses say, “We are going to use whatever best practices are built into the software,” we know implementation will be difficult and the chances of success greatly diminished.

The truth is, CRM software by itself does very little. Rather, CRM is a framework for organizing processes to maximize successful prospect and customer interactions. But first those processes *have to exist* and the ones that give you a competitive advantage have to be identified and understood. Only then can you use CRM to make these processes more efficient.

That's why enterprise process modeling is often an essential prelude to planning for a CRM implementation. It helps you understand what you are doing right today and shows you how to leverage CRM to make these processes more efficient.

Why Apex IT

Apex IT is recognized as the nation's leading independent Customer Relationship Management (CRM) consulting firm. We have helped clients in a diverse cross section of industries realize the potential of their CRM systems, while ensuring their applications are deployed on time, within budget and to scope.

We don't pretend to have all of the answers. But what we do have is unique insight into the sales operations of hundreds of companies. We know how to create effective sales processes, how to effectively combine back-office and front-office operations, and how to successfully leverage CRM technology. Just as important, we have a good understanding of what not to do. The result: our client satisfaction rate of over 90 percent is more than double the industry average for CRM implementations.

Interested in learning more? Visit Apex IT at www.apexit.com or contact your Apex IT sales representative at 651.287.9366.

HOW APEX IT SOLUTIONS MAP TO YOUR ENTERPRISE

CRM EXECUTIVE VISION/STRATEGY

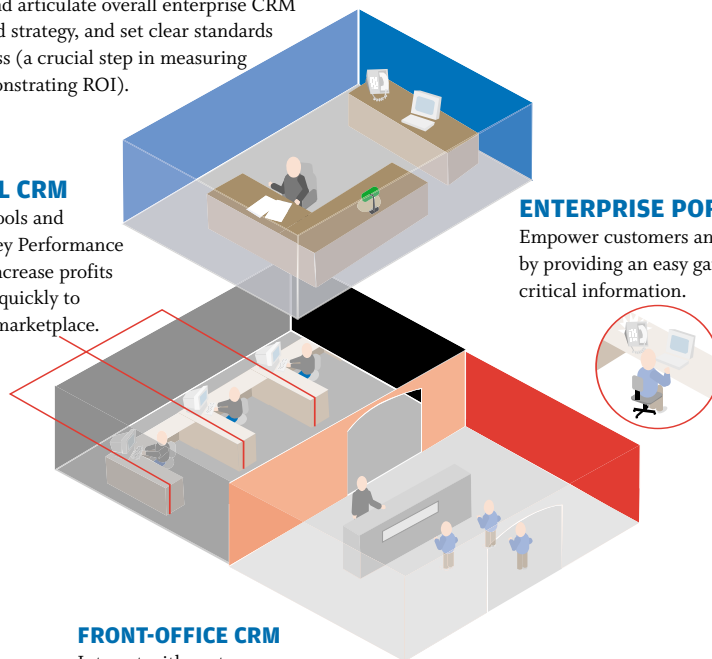
Define and articulate overall enterprise CRM vision and strategy, and set clear standards for success (a crucial step in measuring and demonstrating ROI).

ANALYTICAL CRM

Use analytical tools and features (like Key Performance Indicators) to increase profits and react more quickly to changes in the marketplace.

ENTERPRISE PORTAL

Empower customers and employees by providing an easy gateway to critical information.



FRONT-OFFICE CRM

Interact with customers more intelligently and more profitably, using real-time marketing, sales and service solutions.