

# Twelve Initiatives of World-Class Sales Organizations

Executive Summary: *2012 Miller Heiman Sales Best Practices Study*

If the economy were a season, we are looking at an early spring after a long, hard winter. There is still uncertainty that it is here to stay, but confidence is growing that we are actually moving in the direction of better conditions.

But there are some organizations that were able to insulate themselves better than others through the cold. Some organizations continued to produce enviable results through the last year.

Every year, Miller Heiman enlists the feedback of sales professionals from around the world to identify the best practices that are most effective in generating real results for sales organizations who are working in a complex selling environment where there are multiple decision makers and lengthy sales cycles.

In the annual Miller Heiman study, we seek to understand what makes an organization successful from year to year. In the *2012 Miller Heiman Sales Best Practices Study*, a handful of distinct pictures emerged for sales leaders to consider when validating and continue developing their strategies for achieving success in the coming year.

1. **Understanding Your Customers**
2. **Priorities for Front-Line Sales Management**
3. **Technology's Role in Improving Business Results**

## **What Does World-Class Look Like in a Sales Organization?**

World-Class Sales Organizations are an exclusive segment of our annual research that provides an ambitious but attainable measuring stick for other organizations who are working toward achieving high-performance results. To be included in this segment means you are producing better results compared to other organizations in a group of sales performance measurements: the ability to find and win new business, keep existing customers, and improve productivity among the sales team, which all ultimately lead to increased revenue. World-Class Sales Organizations had nearly 20 percent better year-over-year growth in the following metrics when compared to other respondents in our study.

- Qualified opportunities
- Account acquisition
- Account retention
- Productivity per salesperson
- Quota achievement

The strategic issue our annual research seeks to answer is: what were the activities that World-Class Sales Organizations applied more frequently to differentiate themselves and produce superior results? A strategic issue is a question that requires thought, data, perspective, knowledge and context for the chief sales officer to be able to answer.

## Big Pictures in Sales Performance

1. Understanding Your Customers
2. Priorities for Front-Line Sales Management
3. Technology's Role in Improving Business Results

### Understanding Your Customers

Clearly defining the attributes of the ideal customer profile allows salespeople and teams to better develop their account strategy and prioritize their efforts. Developing an organizational model of the ideal customer allows salespeople and teams to more prescriptively qualify based on the collective experience of the sales organization. These organizations react quickly when changes occur in the sales cycle thus allowing their salespeople to spend more time on deals they can win. This not only allows for improved prospecting and higher win rates; it also results in higher retention. Best practice activities in this area have helped World-Class Sales Organizations increase customer retention by 19 percent over other organizations.

### Priorities for Front-Line Sales Management

Front-line sales managers typically have several hurdles to work through before they reach a position of high performance. They nearly always have the characteristics of a top-performing salesperson, but the biggest gap continues to be the lack of the attributes of an effective sales manager. There is more pressure to perform, more responsibility, and more at stake for poor performance. But even with this increased visibility, many companies still do not invest much in sales management training and development. The fact is sales managers who are effective in coaching consistently deliver more value to their organizations. They understand the timing differences between providing sales call feedback and providing real sales coaching. It is a smart area to invest. So, how do you support sales managers so they can drive a greater return for the organization?



**World-Class Sales Organizations Don't Make Excuses.** "People blame the economy when in fact there is still plenty of business in the market."

- 2012 survey participant

## Defining a World-Class Sales Organization

World-Class Sales Organizations are companies that adhere to a broad array of best practices to ensure the best possible sales results. Here is a look at how the activities in this study are organized.

### Creating Opportunities

World-Class Sales Organizations keep their sales funnels filled with high-quality opportunities by applying well-defined prospecting plans.

### Managing Opportunities

World-Class Sales Organizations have a clearly defined methodology to guide them in winning new business.

### Managing Relationships

World-Class Sales Organizations are proactive in managing relationships and spend more time with key accounts, especially at the executive level.

### People and Organization

World-Class Sales Organizations know why their top performers are successful and use that information to improve their sales force's performance.

### Operations and Enablement

World-Class Sales Organizations utilize infrastructure, technology, and programs to enhance sales performance.

### Management Execution

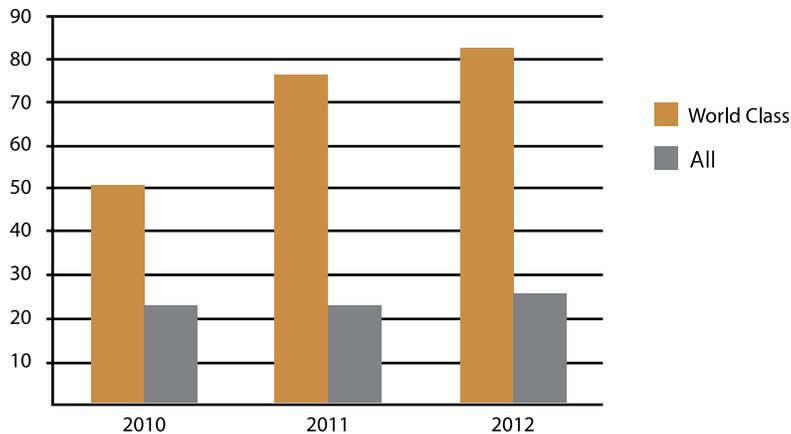
Management in World-Class Sales Organizations align their organization to meet the needs of their customers and executive leadership takes an active role in the sales process.



## Technology's Role in Improving Business Results

In last year's study, we noticed a significant shift in confidence in CRM data among World-Class Sales Organizations. It was like a switch was flipped compared to prior years' numbers, year-over-year confidence in CRM data among World-Class Sales Organizations jumped by 50 percent, while other organizations remained unchanged. Nearly all the World Class Sales Organizations reported their organizations have clearly defined the activities required for each stage in their sales funnel, where only 30 percent of others have taken this step. This precision and consistency in how World Class Organizations communicate about opportunities and funnel movement drives the confidence in data coming from the CRM. In the current year's results, a 3x gap remains between the World-Class Sales Organizations and others. World class companies are definitely getting more leverage out of CRM technology.

**Our sales management team is highly confident in the data available from our CRM system.**

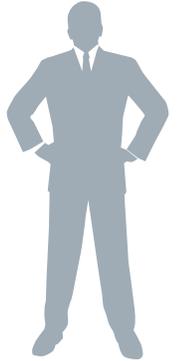


## Top 12 Initiatives for 2012

World-Class Sales Organizations out-perform others in many activities, but our analysis has isolated 12 activities prevalent among top performers that are shown to have the most significant influence over driving better results in key metrics and top line growth performance. Of the more than 50 activities included in this annual study, these are the 12 activities that have the strongest cause and effect relationship with finding, winning, and keeping customers and ultimately increasing revenue.

**“Our company has completely reorganized by market segment in an attempt to become more customer focused for 2012 to drive significant revenue growth.”**

- 2012 survey participant



**“We continue to see sales cycles delayed longer than we'd like, but one of the greatest rewards is staying the course with weekly selling actions to overcome delays and obstacles and win the business while competitors choose to disengage.”**

- 2012 survey participant



**“The greatest risk I see to our business is a continued lack of quality coaching of sales staff by sales management.”**

- 2012 survey participant



## Create Opportunities

In our analysis, year-over-year growth in qualified leads had the strongest ties to having a compelling value proposition and a formal process for lead qualification. Qualified lead growth is a leading indicator of revenue growth.

### Top Initiatives for Increasing Qualified Leads

1. We have a formalized value proposition that is very compelling to our prospects.
2. We consistently follow a standardized process to qualify opportunities.

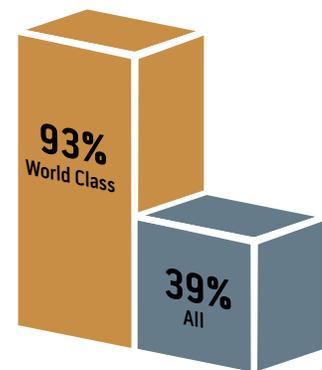
Improving demand generation that will result in viable new opportunities is essential to good funnel health. World-Class Sales Organizations are more effective at targeting and gaining access to qualified prospects. They develop consistent criteria for the types of accounts and opportunities they want to pursue and walk away from those that aren't a good fit.

The value to individual clients will vary, but the key messages of an organization's value proposition will be based on the input of cross-functional team members and be clearly understood by the entire organization. It is the role of the salesperson to adapt the key messages to communicate value that will be meaningful from the client's perspective.

■ **Strategic Issue:** How do you improve demand generation and prospecting performance?

**RISK:** “Our biggest challenge is being able to articulate the value we deliver to our clients. We need to be able to demonstrate ROI on every opportunity we are chasing.”

- 2012 survey participant



We have a formalized value proposition that is very compelling to our prospects.

## Manage Opportunities

Growth in account acquisition among World-Class Sales Organizations was most significantly tied to collaboration on deal pursuit and developing a clear understanding of the customer prior to a proposal.

### Top Initiatives for Increasing Account Acquisition

3. Our organization is highly effective in allocating the right resources to pursue large deals.
4. We clearly understand our customers' issues before we propose a solution.

As organizations have moved well past cost-cutting to operational efficiency, effective resource alignment has become imperative.

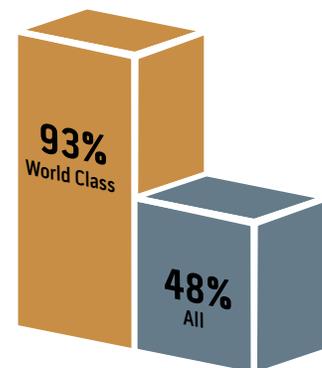
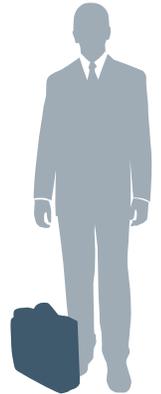
World-Class Sales Organizations are disciplined about effectively aligning resource to the opportunities that meet the criteria for further investment. This involves developing and executing a strategy necessary to win complex sales.

There is nothing more important in the successful management of an opportunity than developing a clear understanding of the customers' issues prior to creating a solution to fit their needs. This includes identifying where the customer is in their buying process and aligning appropriate selling actions and resources accordingly. As part of a win-loss analysis, consider where resources were best invested and where resources were allocated too soon in the customer's buying process.

■ **Strategic Issue:** How are buyer behaviors affecting successful sales cycles?

“The greatest risk I see is our team creeping back to thinking we know better what our customers' wants and needs are than they do.”

- 2012 survey participant



We clearly understand our customers' issues before we propose a solution.

## Managing Relationships

Top-performing organizations are effective at both account retention and driving year-over-year revenue growth with existing accounts.

### Top Initiatives for Increasing Account Retention and Year-over-Year Revenue Growth

5. Our organization regularly collaborates across departments to manage strategic accounts.
6. We have relationships and dialog at the highest executive levels with all our strategic accounts.

Strategic accounts are recognized as corporate assets among World-Class Sales Organizations. Executives take an active role in understanding and engaging with these accounts. They understand their business, engage in joint planning, and are instrumental in securing resources that add value to their client's business and ensure their mutual success.

World-Class Sales Organizations spend more time thinking about how they are perceived by their customers. They find out how they are characterized by their customers and how much the relationship is valued. In account reviews, they focus on validating this perception because their strategy hinges on the customer's perspective.

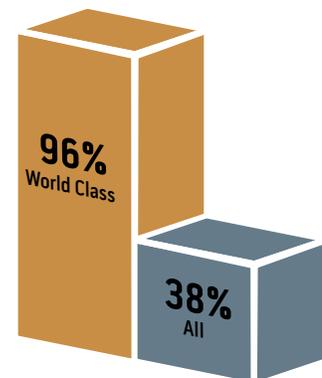
It's important to recognize that perceptions may vary among contacts in the buying organization depending on the breadth of product or service lines your company offers and the size of the customer organization. When done effectively, this understanding can present great insight to be able to leverage areas of strength in the relationship to go broader and deeper with the relationship.

■ **Strategic Issue:** How do you improve customer retention, satisfaction and loyalty?

**Risk:** "Vendor consolidation as result of reduced budgets where we have a nascent presence."

**Reward:** "Same parameter working in our favor where we have stable relationships."

- 2012 survey participant



**We have relationships and dialog at the highest executive levels with all our strategic accounts.**

## People and Organization

Salesperson productivity is a metric that is most significantly impacted by an effective new hire process and staying close to top performers.

### Top Initiatives for Increasing Salesperson Productivity

7. Our process for getting new hires to full productivity is highly effective.
8. When we lose a high-performing salesperson, we always know the reasons why.

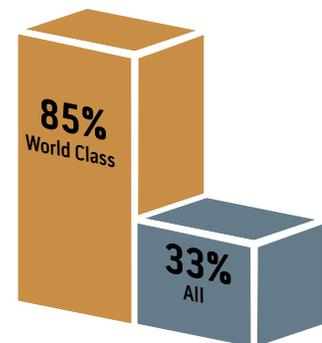
Top salespeople perform best when they have a strong infrastructure to support them. World-Class Sales Organizations are five times more likely to report that their process to accelerate the path of new hires to full productivity is highly effective. As a result, these organizations experience shorter ramp up times and increased salesperson productivity.

Top performers want to be on a winning team. They want to work for a successful company. World-Class Sales Organizations get ahead of the reasons why top performers leave and instead ask, why do top performers stay? Many studies have shown that pay is not the top motivator for most employees. The key is to understand what drives top sales performers in your organization to ensure the motivations and conditions are right for supporting their ability to succeed.

■ **Strategic Issue:** What is our strategy for talent management?

**Risk:** “Attrition of high performers as economy picks up.”

- 2012 survey participant



When we lose a high-performing salesperson, we always know the reasons why.

## Operations and Enablement

Salesperson productivity is also significantly influenced when performance measurement is tightly aligned with business objectives and when there is a high degree of confidence in the data being measured.

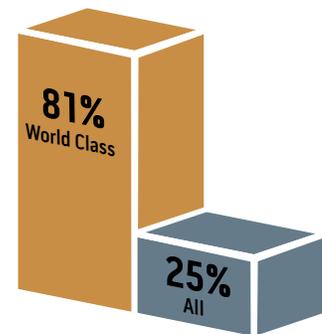
9. Our sales performance metrics are aligned with our business objectives.
10. Our sales management team is highly confident in the data available from our CRM system.

What gets measured gets done. That's why World-Class Sales Organization's chief sales officers review and adapt their sales performance metrics to ensure they match up with the goals they have set. Results, activity and opportunity/pipeline/forecast data provide the historical, current and future representation of the sales organizations ability to perform. Sales operations play a key role in developing and reporting the metrics. CRM systems have proven their ability to capture and display tangible data from financial systems but also intangible data that must be obtained from salespeople. The difference between World-Class Sales Organizations and the rest of the pack is not the technology they use, but rather it's the management discipline to coach and adopt the principles of their sales methodology and sales processes. Confidence is not in "CRM Data." It's the knowledge that the sales force finds value in following the established guidelines for data entry and data management.

■ **Strategic Issue:** How do we utilize analytics to manage and drive our business?

**One Salesperson's Perspective:** "The largest barrier to my productivity is ineffective CRM and the database for our business...I created my own and use it rather than the company's."

- 2012 survey participant



**Our sales management team is highly confident in the data available from our CRM system.**

## Management Execution

Leveraging the best practices of top performers and spending time with customers were the distinguishing characteristics of World-Class Sales Organizations that resulted in improved quota attainment.

### Top Initiatives for Increasing Quota Achievement

11. We leverage the best practices of our top performers to improve everyone else.
12. In an average week, our sales force definitely spends sufficient time with customers.

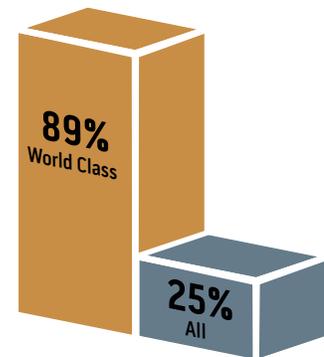
Top performers are valuable not only for the revenue they generate, but for what they can offer to help improve other members of the sales team. Recognizing, documenting, and sharing these best practices are activities that will return value in the form of quota achievement. Putting top performers in a mentor role can be a motivator. Many view this as recognition of their talent. This doesn't work for all top performers, but it is highly effective for others. Recognize that best practice sharing may seem easy on the surface, but long-term adoption is as hard as any other change.

To truly know your customers means spending time with key people in the client's organization. Customer management strategies are dynamic and should be regularly monitored and adapted based on the customer's requirements. Sales management has a responsibility to set mechanisms in place to ensure that the customer's environment is well understood and strategy is aligned to drive continued results.

■ **Strategic Issue:** How do you create and support a culture of sales collaboration?

**RISK:** “Minimal knowledge and best practice sharing and propagation across the organization from high performers.”

- 2012 survey participant



We leverage the best practices of our top performers to improve everyone else.

## Priorities for sales leaders

In 2012, Miller Heiman expects to see significant emphasis on growing customer intimacy among companies who are pursuing improvements in their sales performance. Programs that facilitate customer feedback and offer greater discipline in analyzing and leveraging the findings will continue to mature as companies seek to better understand key pivot points in the customer relationship cycle. The sales force will undoubtedly benefit from these initiatives.

Collaboration in companies as a key mechanism to pursue and retain business will remain a hot topic through the coming year. The relationship with customers that extends beyond the sales organization can be tapped in order to uncover new opportunities, monitor customer satisfaction, and reveal risk factors.

The focus for front-line sales management in 2012 will be to orchestrate change. As companies look to define and execute on their growth plans, the role of the sales manager is to drive the action necessary to achieve the results. Their role should be viewed mainly as a conduit to drive action, which is highly dependent on their leadership and coaching skills. Top-performing organizations are figuring out there is more science and measurability in the “soft” side of coaching and that effective coaching is tightly correlated to results.

The activities included in this report are all part of the company’s overall selling system and are interdependent on each other. Your organization will be stronger in some areas than others. Recognize your specific strengths but also understand how they fit within the entire system, and how they can help reveal some key areas of weakness as well.

## Get More From the 2012 Miller Heiman Sales Best Practices Study

### Sales Performance Spotlight Newsletter: Research Meets Practical Application

A key finding from the current best practice research is delivered each month through Miller Heiman’s *Sales Performance Spotlight* newsletter. Subscribers receive data, charts, and commentary about how these highlights can be applied to improve performance in their organization. They also get access to the data archives. Subscribe at <http://www.millerheiman.com/subscribe>.

### Miller Heiman Research Institute

The Miller Heiman Research Institute expands and extends the company’s core research, the *Miller Heiman Sales Best Practices Study*, an on-going study of sales best practices since 2003. As a result of this formal research initiative and day-to-day business relationships with sales leaders and sales professionals, the company is able to continually validate and refine its sales effectiveness solutions and ensure their application in today’s selling environment. Through the Miller Heiman Research Institute, sales leaders have concierge access to research, as well as thought-provoking analysis, customized data and compelling insight into the complex issues, best practices, comparative data and leading edge innovations to find answers to the challenges they face and opportunities they seek to capitalize.

## About the 2012 Miller Heiman Sales Best Practices Study

The 2012 Miller Heiman Sales Best Practices Study engaged respondents ranging from account managers to high-level executives from around the world, with the objective of analyzing how the behavior of a World-Class Sales Organization is different from that of the average sales organization. This research is conducted annually for the benefit of our clients to provide insights into the selling and sales management activities that are producing the greatest results, and to support our commitment to the ongoing development of products and services that will help our clients achieve their goals. The survey for the 2012 data was conducted in the fall of 2011.

### Research Method

The survey was designed as exploratory research to collect primary data using a structured design. Formal statistical procedures were employed to analyze the data. Such procedures included exploratory factor analysis, reliability analysis, regression analysis, and frequency analysis. This is the ninth year of this study.

### Survey Instrument

After the broad issues and metrics were reviewed and discussed with key informants, the instrument was subjected to a pretest. The final instrument contained six sales activity sections and a customer environment section with a total of 59 closed-end questions based upon a 7-point Likert scale for responses of Strongly disagree, Disagree, Somewhat disagree, Neutral, Somewhat agree, Agree, Strongly agree. Fifteen metric questions and six demographic questions were included to this study.

### Time Frame

Data were gathered from October 11, 2011 to December 2, 2011.

### Population

Responses were solicited globally from sales professionals who are currently or have been in contact with Miller Heiman. However, the study was not limited to Miller Heiman clients. We actively pursued a cross section of participants, industry and geographic, for the study from a variety of databases owned by Miller Heiman and partner organizations.

### All Sales Organizations

- 1,227 respondents
- Complex sales only
- B2B selling environment

### World-Class Sales Organizations

- 74 respondents qualify as World-Class Sales Organizations
- 6 percent of all respondents
- Complex sales only
- B2B selling environment

## Participation by Industry

<b>Technology</b>	<b>19.9%</b>
Technology - Hardware	45.2%
Technology - Services	29.7%
Technology - Software	25.1%
<b>Consulting &amp; Professional Services</b>	<b>10.1%</b>
<b>Manufacturing</b>	<b>8.3%</b>
<b>Healthcare</b>	<b>8.2%</b>
Healthcare - Capital	41.5%
Healthcare - Consumables	30.5%
Healthcare - Services	28.0%
<b>Other</b>	<b>7.7%</b>
<b>Finance, Insurance &amp; Banking</b>	<b>7.1%</b>
<b>Business Services</b>	<b>6.4%</b>
<b>Oil/Gas/Energy</b>	<b>5.5%</b>
<b>Telecommunications</b>	<b>5.4%</b>
Services	57.4%
Equipment	42.6%
<b>Industrial &amp; Chemical</b>	<b>4.8%</b>
<b>Construction</b>	<b>4.3%</b>
<b>Transportation</b>	<b>3.4%</b>
<b>Aerospace and Defense</b>	<b>2.6%</b>
<b>Hospitality and Food Service</b>	<b>2.3%</b>
<b>Pharmaceuticals</b>	<b>2.3%</b>
<b>Consumer Products</b>	<b>2.1%</b>

