



# **Invest in Sales Fundamentals to Sell Successfully in this Recession**



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Do recessions sink all sales-boats equally? Historically, recessions have a way of separating good sales forces from the rest, exposing weaknesses in selling and sales management fundamentals that weren't obvious in the easier times. Market share and profitability fall faster and farther at those companies whose sales resources have lost their agility. However, successful companies use recessions as a challenge to identify and optimize their selling opportunities.

The U.S. experienced only two brief recessions in the twenty-plus years preceding the recession that began in 2001.<sup>1</sup> Over this largely recession-free period, selling wasn't exactly tough, and as a result, sales forces weren't suitably prepared for the 2001 recession and performed poorly. A survey of more than 1,300 sales management individuals revealed companies had a 2003 win-rate of less than 46%.<sup>2</sup> What was the root cause of their poor performance? Senior executives surveyed reported that it was shortcomings in sales representatives' behaviors and capabilities, not bone-dry sales pipelines.<sup>3</sup>

Over the past decade, selling has become more customer-centric. Buyers who once just valued product knowledge now expect sales representatives to have done the research necessary to learn their companies' business problems, formulate bundled product/service solutions that enhance their customers' profit-making formulas, and also be able to quantify the value of proposed recommendations.

What's the reality? A 2007 modest win-rate of 48.7%<sup>4</sup> suggests a range of possible selling weaknesses as companies enter this recession – sales processes aren't in-tune with buyers' expectations, salespeople lack sales process discipline, solutions developed by sellers are missing the mark, and/or companies haven't invested enough time and energy in their sales capabilities.

So, what should a company do to increase its odds of emerging a winner? ***Companies that make intelligent investments in their sales capabilities are likely to find themselves exiting the recession stronger than when they entered.***

### **Start Right**

At the very beginning of the change identification process, senior management should identify and engage those sales managers who will be strong, visible and effective sponsors of the company's efforts to improve its selling capability. Each manager should be assessed from the perspectives of how he/she will adapt to the changes being made and critically, also influence others on the sales team. Active supporters will be needed. Passive supporters must be converted. Opponents should be marginalized or terminated.

Pay special attention to the company's top performing salespeople during implementation and throughout the recession. These are the individuals you cannot afford to lose, either due to the anxieties associated with change or competitors' initiatives.

Finally, generate enthusiasm across the sales force through regular communication of senior management's vision, the opportunities that will follow from the improved sales capability, how the company will get there from where it is today, what salespeople must do to help move the plan forward, the status of change, and successes as they occur.

### **Balance Short- and Longer-term Priorities**

Excluding the Great Depression, historically the duration of a U.S. recession has ranged from 8 to 27 months and averaged slightly less than 14 months.<sup>5</sup> Given this time frame, companies must enhance both short-term performance and long-term sales health. For example, a company looking to cut costs should not thin its sales force so severely that it leaves itself exposed competitively when the economy improves. The company might be better off leveraging its existing resources and customer relationships by cross-selling current products/services. Such an initiative would be

relatively low-risk since the sales processes and skills are known, and it is a pragmatic first step in the transition from product to solutions selling. It is also a form of customer relationship management that is key to retaining customers.

### **Upgrade and Realign Sales Resources**

Conduct a performance assessment of each salesperson. Terminate the poor performers. Replace no more than one-third of them. The replacements should be competitors' high performers – e.g., individuals who can change the results in a territory, of an assigned group of customers, for a sales team, etc. Pay attention to, but don't be discouraged by, the amount of pay required to hire these impact players because the combination of two dynamics creates a staff realignment opportunity. First, the results delivered by one high performer will be more than those generated by two or three low performers. Second, the compensation cost of high performers will be less than the benefit- and overhead-loaded total pay of the lesser performers.

Dust off your customer segmentation, CRM and financial databases and verify the identity of valuable current customers and attractive prospects. Research the targets. Identify the changing needs of current customers and respond with solutions that both demonstrate your significant contribution to their success and differentiate you from your competitors.

Implement a swat team strategy that pairs product/service experts with proven sales activity wizards (e.g., need identifiers, closers). Match the teams against winnable, high-value prospective customers.

Use the fresh look at customer segmentation and sales force resizing as occasions to rebalance territories. In particular, recognize the sales force's revised capacity and competency mix and the number of important customers and prospects requiring close attention. During the recession, customer knowledge gained through customer relationships will be important to the development of solutions that create competitive distinction. Relationships also provide a degree of "stickiness" that checks customer

turnover. Creativity will be needed to correlate sales workload and account/territory potential in order to execute the best-in-front and swat team strategies, while minimizing the disruption of existing salesperson/customer relationships.

Expect managers to drive results. Reducing staff will narrow your sales management span of control and create additional time for managers to manage, train and coach, ensure sales process adherence, join in on customer calls, and assist in the development of customer-centric solutions.

Salespeople make decisions every day about what selling activities are important, on whom to call, and what products to sell. Whether their decisions are right or wrong, they determine how your sales assets are tactically allocated. Don't leave it to chance that your salespeople are spending sufficient time with important current customers and prospects. Sales managers should guide the action plans of salespeople by using every opportunity to communicate sales priorities and strategies. No sales force member should wonder what is expected of him or her.

### **Implement a Pre- and Post-sale Review Process**

Assign a group of high-level cross-functional resources the task of reviewing and giving feedback on the game plans for selling into assigned accounts and the structure of product/service solutions offered. This will ensure: 1) customers' needs have been identified and addressed, 2) differentiating facts have been articulated in sales presentations/proposals, and 3) the sales process is validated.

This group should also be responsible for conducting win/loss post mortems, whose purpose is to learn what went well, what didn't and why in specific sales competitions. The findings should then be turned into lessons learned, suggestions for improvements, and dos/don'ts for future new business situations that are distributed to all sales force members. Post mortem data can also be used to build a win-scoring model that provides insight into deal characteristics that indicate whether you have a higher or lower probability of winning specific deals.

## **Pay Attention to Sales Support**

Strategy and capability changes will challenge current sales support processes and systems. Planning for investments in sales capabilities and sales processes and tools should begin at the same time. For example, information systems that identify customers and contacts may require expanded customer insight to facilitate the sale of customer-specific solutions up into organizations and/or to cross-functional decision-making teams. Sales training may need to take a different form to ensure accelerated learning, to avoid the need to take salespeople out of the field, and to provide the means of perfecting skills in a low-risk environment (rather than testing lessons learned in front of customers).

New sales tools should also be explored. For example, consider building a central repository of sales knowledge. Then salespeople and internal company experts can access the knowledge and share best practices, providing everyone with instant access to what the most knowledgeable resources know and how the best performers sell.

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Companies that out-perform in this recession will focus on growing revenue, not just protecting it. They will achieve this by: 1) upgrading sales resources, 2) aligning salespeople with the right customers, 3) ensuring sales processes are proven and followed, 4) using customer information for advantage, and 5) providing salespeople with the training and tools to succeed. These strategies are directly targeted at winning business more predictably, reducing the cost of winning sales and improving sales productivity. Smart sales teams actually view recessions as a strategic opportunity. When all the news is dark and financial markets are in turmoil, companies whose salespeople are energized and focused on clear strategies will not only survive this recession, they will be well positioned for better performance in the recovery.

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**TopMark, LLC** specializes in sales effectiveness and sales compensation solutions that enable clients to: field a finely tuned, results-oriented sales capability; capture current performance improvement opportunities; and position themselves for future competitive challenges. For more insight regarding TopMark’s perspectives on sales effectiveness and sales compensation, visit <http://www.top-mark.com/>.

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- <sup>1</sup> Simon M. Potter, “Forecasting the Frequency of Recessions”, June 2006, Federal Reserve Bank of New York, 33 Liberty Street, New York, New York, 10045, <http://www.rbnz.govt.nz/research/workshops/27jun06/2647401.pdf>.
  - <sup>2</sup> Sales Effectiveness Insights – State of the Marketplace Review, CSO Insights, 2004.
  - <sup>3</sup> “Selling in Turbulent Times”, survey conducted by Accenture and the Economist Intelligence Unit, 2003.
  - <sup>4</sup> Sales Performance Optimization – 2008 Survey Results and Analysis, CSO Insights.
  - <sup>5</sup> Recession.org – <http://recession.org/main/history-of-recession-in-the-us>.