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Acknowledgments

We would like to thank all of the sales executives who patiently invested the time to provide data on 122 metrics related to the performance of their sales teams. Without their support and insights, the development of the research knowledge base used in the creation of the 2014 Sales Management Optimization Key Trends Analysis would not be possible.

We would like to thank CallidusCloud and Hoopla for their thought leadership and underwriting support for this project. We also owe a debt of gratitude to many colleagues, mentors, and advisors whose help made this project possible. To list them all would be impossible, but a couple deserves special mention: Anthony Robbins, Co-founder at CloudCoaching International, and Walter Rogers, CEO and Co-founder at CloudCoaching International.

Finally, we would like to thank our editing team whose hard work, diligence, and endless hours made this project possible. Thanks to Kim Cameron, Diane Hodges, Ph.D., and Andy Jesmok.
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2014 Sales Management Optimization Study Introduction

The data used for this analysis were gathered as part of CSO Insights’ 5th annual Sales Management Optimization (SMO) study. During this research effort, we surveyed over 1,200 companies worldwide, collecting information on 122 sales management effectiveness metrics. By way of geographic coverage, 56.8% of the firms taking part in the study were US-based companies, 43.2% International-based. With regard to the size of firms, 38.1% were small businesses, 42% medium-size companies, and 19.9% global enterprises. This was a cross-industry study, with the largest concentration of participants representing the industries shown in Figure 1.

The graphs used in the following Key Trends Analysis reflect the aggregated results from the study participants. Advisory Services clients seeking segmented responses based on factors such as industry, company size, geography, complexity of sales process—virtually every metric in the study—may obtain this information by contacting their CSO Insights Analyst.
2014 SMO Study Key Trends Analysis Introduction

“Hope is Not a Strategy”
-Rick Page

We want to start this year’s Sales Management Optimization study with a tribute to a good friend, sales visionary Rick Page, who sadly passed away a few months ago. Rick was the author of one of our favorite books on sales and sales management, bearing the title of the quote shown above. When Rick first published Hope is Not a Strategy over a decade ago, we were encouraged by the fact that Rick was calling sales professionals out (us included) and pointing to a major flaw in how many sales reps sold and managers managed. We were relying too much on hope to get deals done.

Our “hope” at that time was that this realization would motivate Chief Sales Officers (CSOs) and their management teams to bring more science to the art of selling, and to rely on metrics instead of hunches in assessing the status of opportunities and determining next steps in their deals. But that was a hope, not a strategy, and if we fast forward to today and survey the sales landscape, we see Rick’s words still ring true.

The reason we say this is that without a doubt, the single observation from last year’s Sales Management Optimization Key Trends Analysis that generated the most feedback from readers was that the average win rate of forecast deals at 45.7% was less than the odds of winning at the craps tables in Las Vegas on a “pass” bet at 49.3%. A 45.7% win rate represents a lot of “hopes” that did not close, and CSOs, CEOs, and CFOs let us know this realization served as a wake-up call for their companies—and dealing with the issue was going to be a boardroom level discussion, not just a sales management one.

So a year has gone by, and we recently gathered new data from 1,200+ companies as part of the 2014 Sales Management Optimization survey. When we revisited the outcome of forecast deals, the figure for this year was 45.9%. Statistically, that is an insignificant difference from the all-time study low recorded in the 2013 Sales Management Optimization study. While this was initially discouraging news, we reminded ourselves that sometimes averages can hide insights. So we analyzed the spread of win rates across the study participants. Figure 2 summarizes the results of the analysis.
This figure shows that at one end of the spectrum, the range of performance results is significant, with nearly one in four sales organizations closing 25% or less of the deals they forecast, while one in five firms has a win rate in excess of 60%.

Next, we segmented the study data by four classes of win rate effectiveness in order to review the percentage of salespeople who met or achieved their revenue targets. Table 1 shows the trends that surfaced.

<table>
<thead>
<tr>
<th>Sales Reps’ Quota Attainment as Related to Win Rates of Forecast Deals</th>
<th>Percentage of Reps Making Quota</th>
</tr>
</thead>
<tbody>
<tr>
<td>Win Rates: ≤ 25%</td>
<td>39.8%</td>
</tr>
<tr>
<td>Win Rates: 26% – 40%</td>
<td>50.1%</td>
</tr>
<tr>
<td>Win Rates: 41% – 60%</td>
<td>55.0%</td>
</tr>
<tr>
<td>Win Rates: &gt;60%</td>
<td>66.8%</td>
</tr>
</tbody>
</table>

Table 1 – As Win Rates Go Up, So Does Sales Rep Success
Many companies clearly have a win rate problem, and the more severe it is, the more sales performance suffers. So that begs the question, “Whose problem is it?” When considering low win rates, while some responsibility needs to be laid at the feet of the sales reps, sales management also needs to bear some of the accountability. Remember, we are talking forecast. The determination of if and when to move a deal in the pipeline to the “commit” stage in the sales process is usually a joint decision between a salesperson and the manager.

The 2014 Sales Performance Optimization (SPO) study analyses provided an in-depth look at the variety of options sales organizations have available to increase the effectiveness of their sales teams. In the following 2014 Sales Management Optimization Key Trends Analysis, we explore how to do the same for the people leading those teams. Does it matter who is hired into sales manager positions, does compensation impact behavior, how much and what types of training do managers need, how can managers best utilize their time to support their reps, what tools do managers/should managers be using to do their jobs? These are many questions that we explore.

We hope the information presented in this analysis will help you to more effectively optimize your organization’s sales management efforts. While we believe the issues raised have broad applicability, we encourage you to use this information only as the basis for brainstorming and goal planning sessions for identifying and prioritizing your sales management objectives.

Everyone can benefit from understanding the strategies and tactics other companies are using, but in the end, you must implement solutions that fit your specific business needs and not those of other firms. To help you effectively design and implement the strategies and tactics needed to optimize the performance of your sales managers, we can provide a benchmark of how your organization is performing in relationship to your peer group and also profile how other companies are leveraging people, process, technology, and knowledge to address any weaknesses your sales organization may have. To discuss that in more detail, or if you have any questions or comments on the information presented in this report, feel free to contact us.

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Summary of Findings

What is the best path for individuals to go into sales management positions? The chart to the right shows that companies have different opinions on this topic. The choice with the most votes is promoting salespeople who have shown success at being solid individual contributors. But we only need to look at professional sports to see that great athletes don’t always make great coaches.

For companies that have chosen this approach, we have previously published a number of best practices to consider. For example, ADP shared that when salespeople express interest in moving into management, they enter into a formal program designed to expose them to what that role really entails and give them some training prior to making that career move. Heartland Payments Systems created a hybrid position in which territory managers could continue to sell and manage a small number of reps. If they found that the role was not a fit for them they could easy transition back into a pure sales role.
Coming in at a close second was hiring seasoned sales managers with experience in the firm’s industry. While these people clearly know the market and already possess the skills to be a manager, the issue to be on the lookout for is how well they will fit into the company’s sales culture. To help answer this question, we advocate leveraging assessment services to determine how their personal sales DNA matches up to the company’s.

Third on the list is getting an experienced sales manager from outside of the company’s market. On the surface it may seem that these individuals have an additional hurdle to overcome in that they need to learn about a new marketplace. However, when we compared the sales performance of this group of companies to the groups that primarily promote their own reps or hire experienced players from within their industry, we did not see any major differences in areas such as win rates of forecast deals or percentage of salespeople making quota.

That was not the case when we looked at the last group of firms: those companies that move existing employees with management experience in other function areas into sales management positions. In the following table, we show how they compare to the other three groups.

<table>
<thead>
<tr>
<th>Sales Performance as Related to Types of Individuals in Sales Management Roles</th>
<th>Percentage of Reps Making Quota</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reps Promoted into Sales Management</td>
<td>56.5%</td>
</tr>
<tr>
<td>Outside Sales Managers; Your Industry</td>
<td>55.2%</td>
</tr>
<tr>
<td>Outside Sales Managers; Other Industry</td>
<td>55.0%</td>
</tr>
<tr>
<td>Existing Managers; No Sales Experience</td>
<td>48.8%</td>
</tr>
</tbody>
</table>

A case can be made that getting general managers to understand the challenges facing sales teams can benefit the company. Just realize that those individuals may require more help to become effective at doing that job.
Summary of Findings

When study participants were asked to share what their compensation package for sales managers looked like, we found a big swing in dollar amounts, as reflected in this chart. Next, we were interested in knowing what a company got for paying more.

We found that win rates of forecast deals did not vary significantly between any of the pay ranges shown in this chart. Two trends of interest surfaced. The first is related to the size of the deal. For companies that pay managers <$75,000 a year, 79.5% of those firms reported an average deal size of less than $25,000. That compared to only 13.9% of the companies that had pay packages in excess of $200,000. Second, as pay went up, so did the percentage of overall revenue plan attainment. Again, on the low end, companies with pay packages of <$75,000, on average, achieved 78.4% of their company’s revenue goal. That number increases steadily to 97.6% for the >$200,000 group.

Key Findings

- Higher pay does not translate to higher win rates.
- Paying the right talent can have an impact on overall plan attainment.
- Revenue is the primary factor that determines variable pay.
Factoring in all of the study responses, the pay packages were made up of 61.5% base salary and 38.5% variable pay. When drilling deeper into the makeup of those plans, we asked what metrics were used to measure and/or compensate sales managers. The table to the right shows the importance placed on revenue and margins, reflected in the dark gray part of the bar graph.

The chart also tells another story. If it is true that an organization elicits the performance it rewards, then most sales managers’ compensation packages are telling them to “make it happen!”

If forecast accuracy suffers, customer churn goes up, reps don’t use the sales process or the CRM system, if the culture is poor and productive reps leave, managers may be dinged at their annual review. But the feedback they get with each and every paycheck is that those things are not what matters. The number is. So make the number.

When benchmarking best-in-class sales management teams, we typically see that their financial success is tied to more than just hitting their revenue target. This includes the compensation packages for all levels of sales management. Advisory Services clients interested in learning more about how these programs are structured and the systems these companies are using to administer their plans may contact their CSO Insights Analyst.
Key Findings

- Managers need many skills to be successful; many aspects of training need improvement.
- Training investments are increasing on a year-over-year basis.
- Majority of sales management training programs are internally developed.

Summary of Findings

In assessing the types of training provided to sales managers, the training that got the lowest rating was forecast/pipeline management, with over half of the companies surveyed identifying they need to improve the quality and/or quantity of programs in that area. Of note is that the 55.3% Needs Improvement figure is up significantly from 45.3% last year.

When looking at the sales performance numbers, the effectiveness of forecast/pipeline management training can have a significant impact on closing deals as the win rates for the Needs Improvement, Meets Expectations, and Exceeds Expectations groups were 43.5%, 49.2%, and 55%, respectively.

Sales process training topped the list, with 44.7% of firms reporting they met expectations, and 16.9% stating they exceeded expectations. Again, we saw noticeable differences in sales performance with regard to adoption rates of a
sales methodology by the sales force. As shown in the following table, when managers are given the proper training they can more effectively reinforce and enforce the use of their sales methodology across the sales force.

<table>
<thead>
<tr>
<th>Adoption of Sales Methodology by Sales as Related to Sales Process Training Ratings</th>
<th>Sales Process Training: Needs Improvement</th>
<th>Sales Process Training: Meets Expectations</th>
<th>Sales Process Training: Exceeds Expectations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Methodology Adoption: &gt;75% of Sales Reps</td>
<td>63.7%</td>
<td>38.3%</td>
<td>8.2%</td>
</tr>
</tbody>
</table>

Overall, there is an increase in the funds invested in sales management training. We want to assess in more depth what types of training generate the best ROIs. We will publish a supplement to this study addressing this question later this year. But for now, a high level analysis points to a relationship between sales manager effectiveness and sales training budgets. That is, better training equals better sales management performance.

When looking at the sales management training programs, we found that 50.2% of the firms surveyed developed their own sales manager training programs, while 49.8% licensed a commercial offering. Twenty-eight different commercial programs were mentioned by companies participating in this study.

We collected user satisfaction ratings for all of the commercial programs. In general, commercial sales manager training programs received higher marks than internally developed education programs, but the ratings between
training vendors varied widely. Advisory Services clients who would like to receive these customer satisfaction ratings for specific sales training vendors should contact their CSO Insights Analyst.
Summary of Findings

The turnover rates for sales teams have been relatively flat for the past three years. Based on this, we are very encouraged to see a noticeable drop in the voluntary turnover rate of 15.2% and the involuntary turnover rate of 13.3% reported in the 2013 Sales Management Optimization study.

We have previously reported on a number of factors that can increase or decrease turnover. The first of these is the relationship between sales reps and their manager. The quality of the coaching they receive is a key reason that good salespeople stay with their firm and marginal performers are able to turn their game around and avoid being let go. We are starting to see an increase in the number of sales management teams leveraging technology to help them improve coaching, which we will discuss in more depth later in this analysis when we answer the question: How much time per week does a sales manager spend coaching each of his/her reps?

Key Findings

- **Sales rep turnover is noticeably down from prior years.**
- **Need to consider programs to keep the “rain makers.”**
- **Minimizing turnover is key as new rep ramp up time is increasing.**

What are your current annual sales rep turnover rates?

- 11.6% Voluntary Turnover (Sales rep leaves)
- 10.8% Involuntary Turnover (Sales rep is let go)
Keeping turnover low is becoming more important based on another metric we have been tracking as part of our Sales Management Optimization study. The chart to the right shows a summary of the responses we received when we asked the study participants to quantify the ramp up time for a new salesperson. This was defined as a new hire being able to generate the same sales volume as an experienced salesperson.

We see that 47.2% of sales organizations take ten or more months for new salespeople to become fully productive. That is up significantly from the 35.2% figure from the 2013 Sales Management Optimization study. It is worth mentioning that the 2014 Sales Performance Optimization found that when there is an open sales slot, the majority of companies look for existing salespeople within their industry. But even experienced reps can take a long time to start producing.

One question we added to the 2014 Sales Management Optimization study was “What percentage of your revenues is generated by the top 20% of your salespeople?” The Pareto Principle would lead you to believe the figure is 80%. The real number came in at 58.2%, which is still significant. Going back to the findings on page 8, less than half of the firms surveyed are measuring their sales managers based on their ability to retain top sales talent. This is something the rest of the companies may want to revisit. When a top 20% rep leaves and is replaced with a regular sales professional, most companies will be take a revenue hit. Management needs to focus on minimizing the frequency of these events.
Key Findings

- How managers spend their time has changed minimally in the past year.
- Coaching is a better use of a sales manager’s time than directly selling with reps.
- Time available is increasing as ratio of reps to manager is declining.

Summary of Findings

In evaluating how sales managers are spending their time, very little has changed from what we saw in the 2013 Sales Management Optimization study. A total of 64.4% of a manager’s week is available to work directly with his/her teams: directly selling with them, providing coaching, or working to manage the pipeline or the forecast.

While the mix for those three items has shifted slightly, when you add up the 2014 Sales Management Optimization figures for those three items you get 64.2%. Also, over one third of a sales manager’s time is spent on meetings and other tasks.

Based on input from our advisory board, we did an analysis of which strategy was more effective: increasing the amount of selling time managers spend with reps, or increasing coaching time. As the amount of time spent with salespeople on these two tasks increased, the resulting performance of the sales teams consistently increased. But
the best results were achieved by companies that focused on more coaching. Their win rates of forecast deals were 8.2% higher than the “more selling time” group and the percentage of overall revenue attainment was 5.2% higher.

A trend that may help increase the amount of time managers can spend with their sales teams is a change in the ratio of sales reps to sales managers. The chart to the right shows the average number of direct reports managers have today versus a year ago. The number has decreased by half of a headcount.

It should be noted that this is still up from the all-time study low of 5.9 reps per manager that we reported in the 2010 Sales Management Optimization study. So is there an optimal number that companies should target?

Looking at all of the study data, the performance of salespeople held fairly steady until you got to a manager to rep ratio of ≥9, and then sales team performance started to fall off. What was more revealing were the results of analyzing the data based on the average deal size.

If a company was going after many smaller transactions, then the rep to manager ratio did not seem to have a big impact on sales performance. However, in companies where the average deal size exceeded $100,000, a ratio of 5-6:1 showed the best results.
**Summary of Findings**

Based on the relationship of effective coaching to sales team performance, we wanted to develop a better understanding of the approach that sales management was using with regard to structuring how coaching is delivered. In the table presented below, roughly one in five companies has adopted a formal process for how their managers coach and mentor their sales team members. The remainder of the companies reported leveraging an informal process, where more often than not it is left to the discretion of the sales managers as to how to work with their reps.

What we always want to know in a case like this is, does it really matter which path you take as long as salespeople are getting coaching? In drilling into the data, we looked at the percentage of reps making quota and the percentage of overall revenue plan attainment for the company as a whole. As you see in the following table, the two informal approaches fare about the same. However, the formal coaching group clearly out performs both of them.
Another trend we found of interest is the feedback received when we asked what metrics sales managers were leveraging to determine which of their salespeople needed coaching. The chart below summarizes their input.

The majority of these metrics provide managers with a number they can use to compare reps against each other or against the rep’s past performance. The interpretation is often “good number,” good rep; “bad number,” bad rep. This makes the assumption that the number reflects what salespeople do and how well they do it.

As we have noted in the past, sales reps do not “do” their number. Rather, they do things that result in them achieving their number. This surfaces a shortcoming in the metrics that managers have access to today, in that they fail to give the manager an understanding of what is behind that number. If, for example, reps have a poor closing ratio, managers need to know why. Are they ineffective against certain competitors, are they having issues selling value, are they ineffective at engaging certain stakeholders? In the Going Forward section at the end of this analysis, we will discuss how sales...
analytics/big data are poised to change this dynamic of sales management and provide insights to do much more targeted, effective coaching.
Key Findings

- The average rep receives less than two hours of coaching per week.
- More coaching time does not always translate into better results.
- Emerging trend is that more companies are investigating how to provide “virtual” coaching to salespeople.

Summary of Findings

Continuing our analysis on sales rep coaching, we wanted to understand how much of their manager’s time each salesperson receives per week and what type of coaching they were receiving. In the chart above, we see the spread of the responses. On average, sales reps receive slightly less than two hours of coaching time per week.

This time is divided into two types of coaching. The most common type is focused on coaching salespeople on specific deals they are working. In addition, salespeople also receive coaching time dedicated to overall skill development and knowledge—or best practices sharing. One metric from the 2014 Sales Performance Optimization study worth noting is that 75.7% of the 1,200+ companies surveyed stated that sales managers were directly involved in the process of reinforcing/enforcing sales methodology training as part of their coaching expectations.

A question asked by our advisory board was, “Does the amount of coaching reps receive impact their sales results?” To explore that question, we segmented the study data based on coaching time and found that the answer wasn’t that simple. Just because a salesperson receives more coaching support does not by itself tie back to better sales results.
Rather, it was the combination of time and the quality/quantity of coaching training that managers received that moved the revenue dial one way or the other.

We added a new question to the Sales Management Optimization study to get a better understanding of the role that technology is playing in sales coaching. Over the past several years we have seen the emergence of new CRM tools to provide selling insights to reps. These tools come in two flavors. The first is focused on account planning. With this, the intent of CRM is to guide the salesperson through all of the steps necessary to create a strategic account plan for each key client.

This approach increases the consistency and thoroughness of the planning process. These plans can subsequently be integrated into the firm’s CRM system to become a living/breathing part of the opportunity management process, versus something that reps create once, put in a three ring binder, and forget about.

The second set of tools is often classified as “playbooks.” If strategic account plans tell reps what to do, playbooks help them do it. They provide insights into which tactics to use at each step of the sales process, tools and collaterals to use, best practices other reps have leveraged to close deals, and more.

As shown in the above chart, 12.6% of firms have a system such as this already in play. What we are finding is that 56.1% of those firms have built their own system, while 43.9% have licensed a commercial offering. As the amount of time a sales manager has to coach is limited, we expect technology to play a bigger role in coaching going forward.
Key Findings

- Number one challenge of sales managers is focusing reps in the right direction.
- Account planning and buy cycle understanding are challenging.
- Need to help reps pursue more real opportunities and less imaginary ones.

Summary of Findings

The 2014 Sales Management Optimization study looked at twenty-five best practices that our past studies have shown to be “mission critical” or “very important” aspects of sales management. Next, we analyzed which of those items sales managers were having issues with in regard to consistently and effectively executing those tasks at various stages in the sales process.

The chart shown above presents the top five challenges sales managers encounter as they work with their teams to do effective account planning. Topping the list is helping optimize sales rep effectiveness at prospecting. As we noted in the 2014 Sales Performance Optimization Study Find More Analysis, salespeople today are responsible for generating nearly half of the leads they pursue. If this is a challenge for your team, you may want to review the insights ADP shared on how social networking is becoming a sales rep’s new best friend with regard to effective prospecting. Download our Sales Management 2.0 eBook, Volume 10 and read the interview with Liz Gelb-O’Connor.
The second, third, and fifth items on the list tie directly to improving the account planning processes. The study data show that this is a challenge for many companies. We previously released an online briefing on how a Netherlands-based global technology firm, ORTEC, optimized their coaching process around account planning. The key was to have sales teams initially identify the necessary strategies and tactics needed to sell certain offerings to specific accounts. They were to identify who the key stakeholders were within those prospect firms that they needed to engage. You can view ORTEC’s experiences by clicking on the following link: ORTEC Case Study Online Briefing.

The last item on this list, account prioritization, is one we have written about several times over the past two years. Our research has shown that when companies analyze the data they have collected around past deals that have ended as wins, losses, or no decisions, they can uncover attributes about those opportunities that they can use to determine if new prospects are more likely or less likely to buy from them.

It could be, for example, that your company is more effective at selling into certain vertical industries, differentiating against certain competitors, solving certain problems, etc., than others. If managers can help reps leverage lessons learned from the past to pursue more high quality opportunities (and avoid low probability ones), then salespeople are able to start the sales process with an existing advantage.

Based on benchmarking dozens of initiatives in this area, we have created a Buy Cycle/Sell Cycle Analysis Facilitator’s Guide that illustrates how to conduct this type of account analysis. Contact your CSO Insights Analyst to obtain your copy.
Key Findings

- Sales teams know they need to call high but often have problems doing so.
- If reps are going to lose, they need help losing earlier.
- The burden is still on sales to define a realistic ROI or face having to discount a deal to close it.

Summary of Findings

Moving on to sales teams executing their sales strategies and tactics, we again evaluated established sales best practices to see how management teams were performing. The chart shown above presents the top five challenges that managers encounter as they try to support their salespeople in qualifying and closing opportunities.

In the 2014 Sales Performance Optimization Study Win More Analysis, we highlighted that, on average, the study participants had to deal with four decision makers to get a deal done—each with an agenda they want the sales rep to address. The first two items on the chart show two key hurdles sales teams are struggling with to effectively engage stakeholders.

The first of these is knowing what the key issues are that will influence each stakeholder’s buying criteria. Our benchmarking has shown that more companies are turning to Sales Intelligence (SI) services to help sales teams develop a better understanding of the key people they are engaging in the sales process. Our 2014 Sales Performance Optimization study found that 58.3% of firms already leverage SI services, with many of these sales
organizations subscribing to multiple services. As the user ratings of the various options available varied widely, let us provide a few observations.

To provide the insights salespeople need to fully understand their stakeholders, firms want to leverage SI services that will automatically scan web postings, news feeds, and social media threads to find, synthesize, and present key pieces of information about the prospect’s market, competitors, employees, and more. This requires state-of-the-art analysis capabilities which are not found in all SI offerings. Your CSO Insights Analyst can provide you with the ratings that users have given to the SI services they use.

The last item on the list—selling value and therefore avoiding discounting—continues to show up as a top five challenge year after year, and it doesn't need to. We segmented the study data based on the quality/quantity ratings companies gave their sales management purchase justification training programs. The following table shows a summary of that analysis and makes a strong case for investing in increasing the effectiveness of the people leading sales teams.

<table>
<thead>
<tr>
<th>Sales Management Purchase Justification Training Rating as Related to Sales’ Ability to Sell Value</th>
<th>Justification Training: Needs Improvement</th>
<th>Justification Training: Meets Expectations</th>
<th>Justification Training: Exceeds Expectations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ensure Reps are Selling Value: % of Firms Meeting/Exceeding Expectations</td>
<td>35.5%</td>
<td>69.6%</td>
<td>92.1%</td>
</tr>
</tbody>
</table>
**Summary of Findings**

The fact that many companies have issues impacting their ability to effectively manage their revenue pipelines and forecasts is not a secret. So what is standing in the way of meaningful progress in dealing with this issue? That was the question we posed when we asked the Sales Management Optimization study participants to identify the key barriers that were in their way of increasing their effectiveness. The chart above summarizes their responses.

Anyone who has been in sales has had occasions where they have been too optimistic about the status of a deal. As shown above, 48.5% of the firms surveyed reported that they have the “hope” fairy whispering in the ear of their sales teams all too often. We don’t want to rehash this issue, because it wouldn’t be a serious problem if sales managers had data and metrics to use as a counterbalance to a salesperson’s self-assessment of the status of their deals. As we will discuss items two through five, you will see those insights are often missing.
One trend contributing to this lack of metrics is that sales management teams are often using tools that are inadequate to help them perform their jobs. However, there is a ray of light as study findings revealed that 17.9% of the firms surveyed have implemented sales analytics/big data solutions for use by their sales management teams. We have previously published how the use of these types of applications was one of the key contributors to Stanley Black & Decker taking their win rate of forecast deals from an already respectable 59% to 76% in one year. We will conduct a mini-study on technology advances in this area later in 2014.

When we have had discussions with sales executives on what information managers really need to more effectively assess the validity of their forecast, the examples we got were very sales-centric. They focus on analyzing things that sales are doing during the sales process. That is covering only part of the equation. What about buyer-centric metrics that help reps understand what their prospect is doing during the buying process?

The chart to the right shows the responses we received when we asked companies to tell us what, if anything, they are doing to see how well their sell cycle is aligned with their customer’s buy cycle. The chart shows that only 17.1% of firms have a process in place for doing this continually. We have previously published how effective buyer behavior validation is one of the single biggest factors in increasing sales forecast accuracy.

One best practice that surfaced from our recent Sales Engagement Optimization study is rather than emailing information to prospects throughout the sales process; those items can be placed in a cloud-based microsite (a prospect-specific online content repository). This approach not only deals with the currency of content issues and ease of access by the customer/prospect, it also provides...
an effective way to read a buyer’s digital body language as they engage (or don’t engage) with the content the salesperson has shared with them. Contact your CSO Insights Analyst if you haven’t seen the full results of that study.
2014 Sales Management Optimization Going Forward Analysis

The 2014 Sales Management Optimization study data clearly show that sales management teams need to overcome a number of challenges if they are going to hit their revenue targets for this year—and beyond. The last question we asked of survey participants was what their planned focus will be for increasing the effectiveness of their teams in 2014. The following chart summarizes their responses.

![Sales Effectiveness Priorities for 2014]

Having had a chance to review the full study data in detail, as well as benchmarking a number of best-in-class sales organizations that participated in the survey, the following summarizes our views on the 2014 sales effectiveness priorities shown in the chart above.
• **Lead Generation Effectiveness Needs to Focus on “Better” Not “More”:** Our [2013 Lead Management Optimization study](#) found that only a third of companies surveyed were increasing their lead generation budgets significantly. This means that generating considerably more leads may not be an option for many firms. However, innovations in analytics are allowing any sized company to generate better leads. A case in point is a software firm that uses big data services to analyze the key attributes of their existing customers to deliver insights that better enables them to target new prospects. Before this initiative, they tracked a small number of figures: organization size, geographic presence, prospect’s title, etc. Big data analysis surfaced upwards of 100 attributes of good customers. When this firm began using big data to analyze their prospect lists, they found their lead conversion rate increased by three times.

• **When Optimizing the Sales Process, “What” Needs to be Supported by “How”:** The “what” of selling is clear to most sales professionals: call high, create a sense of urgency, differentiate, sell value, etc. The struggle is how to do these things. An example of the power in dealing effectively with “how” was shared with us by a best-in-class professional services firm. They reviewed 150 deals that had ended in no decision and went back to the drawing board to develop effective sales messages that they targeted toward these prospects. After training the sales teams how to successfully reengage those accounts, they were able to convert over a quarter of those stalled deals into won business.

• **Optimizing Forecast Accuracy Will Not Happen Without Metrics:** Over the past few years—across a variety of industries—we witnessed several major turnarounds in forecast accuracy. The common thread between all of these initiatives is that sales organizations have moved away from managing their forecasts with spreadsheets or their opportunity management application in their CRM system. The emergence of sales analytics is giving managers the ability to leverage metrics to analyze the likelihood of a deal closing and to compare that to the sales rep’s assessment of those deals. When this happens, the size of the pipeline initially goes down, as poor quality deals are dropped. But the end result is a significant increase in win rates, as Stanley Black & Decker experienced. As we overviewed earlier in this analysis, they increased close rates of forecast deals from 59% to 76%.

• **Optimizing Coaching Needs to Blend High Touch and High Tech:** The fact that salespeople need more help is clear from the results of this study and the [2014 Sales Performance Optimization](#) research project. The companies doing the best job at coaching their sales teams are investing in skills training for sales managers and technology
to supplement personal coaching with virtual coaching. Sales team collaboration and sales playbooks solutions are finally gaining traction, and we see this is the best way to give salespeople multiple ways to tap into the knowledge of the enterprise to sell more effectively. A medical products firm increased cross-selling by 240% when they introduced a tablet-based playbooks solution that salespeople could leverage during face-to-face calls. Once more firms start to see the power of virtual coaching, we expect a significant uplift in sales organizations adding it to the list of support services they provide their teams.

- **Reducing Competitive Losses and No Decisions Require Buyer Validation**: The fact that many forecast deals are not closing points to a problem with opportunity assessment. With best-in-class firms, we see that the forecast management process continues to rely on tracking selling behaviors: number of calls made, sales process tasks completed, communications with prospects, and more. However, best-in-class companies take it a step further and gather data on buying behavior from a number of sources. These include tracking the prospect’s web interactions with the vendor, analyzing email and calling data, and having prospects complete tasks throughout the sales cycle that demonstrate they are investing time and effort in understanding the vendor’s products. Again, CRM 2.0 technology is playing a key role in going forward. Not all deals will close, but the sooner those opportunities are dropped, the more time sales will have to spend on high quality deals.

Sales 2.0 is clearly about optimizing the performance of sales teams, but companies also need to focus their efforts on better supporting the sales leaders that salespeople are turning to for help. It is uplifting to see that for each challenge the 2014 Sales Management Optimization survey data surfaced, our best-in-class company benchmarking efforts found real world examples of sales organizations that have successfully dealt with these issues. After you have had a chance to fully digest the findings of this study, feel free to give us a call. After getting your input on where your firm’s sales performance needs to be improved, we can share real-world examples of how your peers are already achieving their goals.

As always, we wish you good luck and good selling.

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Sales Performance Optimization

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Win More Analysis
Keep & Grow More Analysis
Sales Management Analysis
Recommendations Going Forward

Sales Management Optimization Key Trends Analysis

Lead Management Optimization Key Trends Analysis

Sales Compensation & Performance Management Key Trends Analysis

Custom Surveys Addressing Key Sales and Sales Management Challenges Worldwide

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About CSO Insights

CSO Insights is a sales and marketing effectiveness research firm that specializes in measuring how companies leverage people, process, technology, and knowledge to improve the way they market and sell to customers. For twenty years, CSO Insights’ surveys of over 15,000 sales effectiveness initiatives have been the standard for tracking the evolution of the role of sales, revealing the challenges that are impacting sales performance, and showing how companies are addressing these issues.