

Secrets of High Performance Sales Organizations

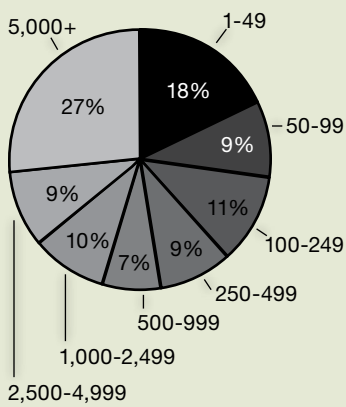
CONTENTS

Introduction	2
What do WSOs do well?	3
Creating and prioritizing opportunities	3
Managing opportunities	4
Managing relationships	5
Involving their companies' executives	6
Leveraging talent.....	7
About Miller Heiman.....	8

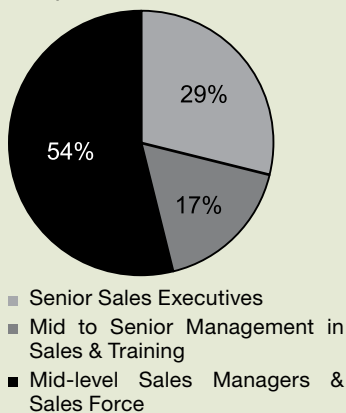
Secrets of High Performance Sales Organizations

By Anne Stuart

Company Size



Respondent Job Title



It's easy to identify the highest-performing sales organizations: Obviously, they're the ones with the most sales. The real challenge is figuring out how they got there. How do these sales superstars maintain a consistent, comfortable distance between themselves and their competitors? How do they retain and increase market share? In other words, why do they excel? Exactly what is it that sets them apart from the rest of the pack? What do they do that the others don't—or don't do as well?

Those are among the questions Miller Heiman set out to answer in its *2006 Sales Performance Study*, which pinpoints the most effective strategies of winning sales organizations (WSOs). The third annual study is part of Miller Heiman's long-term analysis of sales trends, issues, success metrics and best practices. More than 7,000 sales professionals have participated in the ongoing effort, making it the world's largest known continuous research project focused on sales performance.

The 2,176 sales professionals surveyed in the latest study make up a particularly diverse palette of respondents (see sidebar: ["2006 Sales Performance Study at a Glance"](#)). Participants range from top executives to midlevel managers to front-line account reps. They work for companies of all sizes in nearly 20 industries. And while most are based in North America, this year's survey includes, for the first time, significant international influence: Nearly a third of participants represent organizations based overseas.

But researchers were interested in the biggest way in which participants differ—specifically, what strategies the best use to set themselves apart from the rest. "We wanted to find out what key sales performance issues are facing sales organizations," says Miller Heiman COO Damon Jones. "Then we wanted to find out how the better organizations are dealing with them and what they're doing differently than the others."

2006 Sales Performance Study At a Glance

Conducted: November 2005

Goal: Identify strategies of Winning Sales Organizations (WSOs)

Respondents: 2,176 sales professionals

Job Functions: Senior sales executives, about 29%; midlevel sales managers and sales reps, about 54%; other, including sales and training managers, about 17%

Company Size: Large enterprises, 45%; midsize organizations, 16%; small businesses, 39%

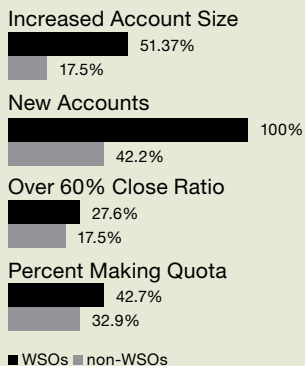
Industries Represented: 19; best represented include business services, consulting/professional services, health care, manufacturing, technology

Location: North American, 72%; international, 28% (Europe, 16%; Asia, 6%; other locations, 6%)

WSO Performance Criteria: Significant increases in revenue, average account billing and number of new accounts acquired

Respondents Qualifying as WSOs: 8%

WSO to non-WSO Comparison



Researchers drew the top performers from among sales executives whose companies met three criteria involving significant year-over-year increases in:

- Revenue
- Average account billing (revenue per customer)
- Acquisition of new accounts.

While nearly 80 percent of respondents reported that revenues were up, most fell out of the reckoning because they couldn't meet one or both of the other two criteria, Jones says. After winnowing out all those companies, researchers were left with an elite sampling of 8 percent of respondents that they designated as WSOs.

"No one area stood out where outstanding results differentiated WSOs. Rather they were consistently and significantly better across the board in all areas, which totaled a huge advantage," says Dario Priolo, Executive Vice President of Business Development for Miller Heiman.

What Do WSOs Do Well?

The Miller Heiman study found that winning sales organizations excel in five critical areas (for a quick summary, see sidebar: ["What Makes a Winner?"](#)).

1. Creating and prioritizing opportunities. Seventy-two percent of WSO respondents rely on well-defined methodologies for deciding which opportunities to pursue. That's almost a third better than other respondents. "In other words, nearly half the non-WSOs have no standard system for identifying the best opportunities," Jones says. "That's like fishing wherever you want and hoping that something will bite on your hook."

WSOs also typically use a proactive, well-defined, highly focused approach to sales. They can define the ideal customer—71 percent

What Makes a Winner?

Miller Heiman's research, involving responses from more than 7,000 sales professionals in the past three years, indicates that Winning Sales Organizations (WSOs) typically excel in the following five key performance areas:

1. **Opportunity creation.**

WSOs rely on well-defined methods to identify and rank opportunities; they focus on selling solutions rather than products.

2. **Opportunity management.**

WSOs use standard methods to prepare for sales calls and reach top executives, but customize approaches to decision-makers' individual styles.

3. **Relationship management.**

WSOs effectively manage both external and in-house relationships; they collaborate with other departments to identify and serve key accounts.

4. **Management controls.**

WSOs' senior corporate executives—including those in other functions—actively promote and participate in the sales process.

5. **Leveraging talent.**

WSOs use their top performers' expertise as benchmarks for hiring decisions, coaching and assessments.

report that they align sales efforts to that target—and they understand what compels those clients to buy. At the same time, their efforts include creative thinking and problem-solving skills that customers value highly. And, they emphasize problem-solving rather than product-pushing: WSOs focus on solution-based selling 26 percent more often.

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As a result, WSOs tend to achieve better close ratios, shorter sales cycles and fewer instances of discounting—all of which add up to more wins and more revenue.

Non-WSOs, in contrast, “seem to waste resources pursuing business that they don’t really have a good chance of winning,” Jones says. “Typically, it’s a situation where their products and services are not a good fit for what the customer is trying to accomplish.” But because salespeople are wired for tenacity, it sometimes takes strong management to convince them to stop chasing those opportunities. Jones adds, “You have to create clear criteria indicating that not every piece of business is necessarily a good piece of business for your company. Make sure that you’re putting resources on prospects only if you have a good chance of winning them.” When sales seem unlikely, redirect those resources to deals you’re more likely to win.

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2. Managing opportunities. Winning sales organizations also make better use of those opportunities, according to the Miller Heiman study. WSOs get access to more senior-level executives than their

Sales Performance by the Numbers

Following are some key trends and issues identified in the Miller Heiman *2006 Sales Performance Study*:

The biggest headache:

As in past years, finding, winning and keeping business dominated sales professionals' concerns, with 62% of sales leaders ranking it as having the most impact on their organizations.

Other top concerns:

- Leveraging sales-team talent
- Developing skills to identify and manage opportunities
- Gaining company-wide support for sales practices
- Effectively leveraging required resources

peers, and their sales forces are better at persuading those top decision-makers to buy, succeeding about 32 percent more than non-WSOs do.

How do they do it? Overall, WSOs tend to have well-defined processes for moving through the sales funnel from prospect to close; they make sure the right deals get the right attention at the right time. And they're savvy about customizing their sales approaches to executives' decision-making styles, adapting quickly when confronted with several different styles.

Above all, WSOs strategize for every meeting with a prospect or client. "We found that winning sales organizations are 30 percent more likely to have a standard approach to sales calls," Jones notes. In contrast, he says, about 60 percent of the non-winning survey respondents have no regular format for sales calls: "They fly by the seat of their pants and then wonder why they don't get the right outcome from those meetings."

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Bottom line: Sales teams looking to join or remain in the WSO ranks must follow the classic Boy Scout motto: "Be prepared."

3. Managing relationships. WSOs, more than most, recognize the importance of long-term customer relationship management, according to the Miller Heiman study. They know their customers' businesses as well as their own, and they monitor trends that are likely to affect those clients' needs.

WSOs are also expert at managing in-house relationships. Fifty-eight percent report working with people throughout their companies to better serve strategic business accounts—that's 20 percent more often than non-WSOs. "Sales is no longer the total fiefdom of the sales function. It's now the responsibility of a much broader part of the organization," says Jones, who calls this internal collaboration

Sales Performance by the Numbers

The good news (all results refer to changes from the previous year):

- Respondents reported:
 - A 6% increase in average deal size
 - A 5% increase in new-account acquisition
 - A 4% gain in average purchase per customer
- Nearly 80% reported an increase in revenues.

The bad news:

- Respondents reported:
 - A 3% increase in the use of significant discounting to win business
 - A 9% jump in the typical discount percentage.
 - A 7% decrease in opportunities resulting in wins
 - A 4% drop in the number of sales representatives meeting their quotas
 - 63% reported lack of an effective hiring process for qualified sales professionals
- Overall, 24% of respondents reported an increase in [sales-team] turnover.

among the most significant sales-performance trends to emerge in the past decade. “The focal point of customer relationships increasingly involves people from across departments.”

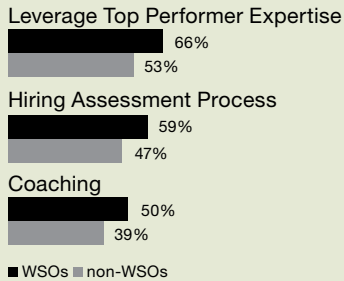
What’s the first step for sales organizations hoping to improve both internal and external relationships? Again, standardization. “Having systems and processes and standard ways for managing customer relationships really helps because it puts everyone on the same page,” Jones notes. “If you have a common way for how you talk to customers, you can strategize around key customer relationships. People from other departments can participate and support and really understand what the lead sales rep or account manager is trying to accomplish.”

4. Involving their companies’ executives. In a related finding, WSOs tend to involve their own corporate leadership in the sales process. Seventy-seven percent of WSOs said their senior-level executives actively promote and participate in the sales process, which is 20 percent more often than non-WSOs. Highly effective organizations also excel at working with managers of other departments to identify their companies’ most important accounts and develop organization-wide approaches to supporting them. More than half of WSOs reported working with leaders from finance, marketing, IT, engineering and other departments to accomplish that goal.

That means that even though many sales organizations have undergone staff reductions, they can still build strong customer relationships with the help of those other departments, many of which now directly interact with customers more than ever before. The single most important element in those efforts’ success is strategic coordination. “It requires the organization to be organized,” says Jones. “If I’m the account manager, I’ve got to make sure everyone else understands my plan, my strategy.”

Miller Heiman’s study credits those cross-organizational efforts with helping sales superstars better understand and more quickly adapt to changing buyer behavior. According to the survey results, WSOs feel

WSOs Have Better Ability to Manage Their Sales Forces



16 percent less price pressure in buyer decisions than non-WSOs do, and their buyers are less likely to delay their purchasing decisions.

5. Leveraging Talent. Finally, WSOs strategize around their people. “They put a lot of emphasis not only on finding and retaining the right talent, but leveraging it throughout their organizations as well,” Jones says.

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Overall, sales leaders ranked talent maximization as one of their five most pressing issues, second only to ongoing worries about winning and keeping profitable business. But when asked how well they were meeting the talent challenge, participants gave themselves low marks, rating that area fourth out of five in terms of success. Both responses may correlate to another startling survey result: 24 percent of all organizations surveyed reported an increase in turnover. (See sidebar: [“Sales Performance by the Numbers”](#)).

In delving into the talent challenge, researchers polled respondents about whether and how they maximized use of their top performers, specifically regarding benchmarking, coaching and evaluations. “We asked, ‘Are you sharing information about what they do? Are you replicating their behavior and processes? Do you profile them, create models and then align hiring standards with them?’” Jones explains. “People haven’t spent enough time thinking about the natural tendencies or “DNA” of their top performers. You can have a generic skill set you want in a salesperson, but the key is determining what you want for your organization.”

That’s an area where WSOs clearly excel. Sixty-six percent leverage their top performers’ expertise—that’s 25 percent more often than other respondents. They’re also more likely to hire the right people in the first place: 45 percent have what they consider “very

effective” processes for hiring top talent, compared with 36 percent of non-WSOs.

Jones calls those findings critical differentiators. “You need to understand why your top performers are your top performers,” he says. In fact, that’s a good starting point for any sales organization hoping to become—or to stay—a WSO.

About the Author

Anne Stuart is a Boston-based freelance writer who specializes in writing about business issues.

About Miller Heiman

Miller Heiman has been a thought leader and innovator in the sales arena for almost thirty years, helping clients worldwide win high-value complex deals, grow key accounts and build winning sales organizations.

With a prestigious client list including Marriott Corp., Dow Chemical, Pepsi, Schwab Institutional and Wells Fargo, Miller Heiman helps clients in virtually every major industry to build high performance sales teams that deliver consistent sustainable results to drive revenue.

The company is headquartered in Reno, Nevada and has offices around the world. More information can be obtained by visiting the company’s website at: www.millerheiman.com.