

Levers for Strategic Planning and Sales Growth

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It's a comprehensive process that will help you develop deal strategies to hit your year-end goals. Strategic Selling® shows you how to shorten sales cycles and close business by leaving nothing to chance. It helps you to identify those most likely to close, and with an effective strategy, you can hit your numbers and meet your quota.

Levers for Strategic Planning and Sales Growth

By Sam Reese
President and CEO

We've barely crossed the threshold into autumn, but it's time to think hard about next year. Although the change of calendars is still a few months away, right now is the right time for intensive growth planning and strategizing. That way, when January rolls around, you and your sales team can hit the ground running.

Of course, that's easier said than done. Many organizations rely on inadequate, fragmented methods of preparing for a future that will be here all too soon.

Often, the biggest problem is the large gap between those working up from the bottom--that is, the field team--and those working down from the top--the corporate leadership team. The field tends to forecast conservatively, worrying about actually making its numbers. Leadership, on the other hand, is usually more generous with its projections because it's rewarded for its overall sales wins.

The two teams should meet in the middle, but all too often, that doesn't happen. Instead, they cobble together a compromise that's reached without solid information or critical thought. That creates tension between the two groups as they work toward those numbers--and the conflict is likely to escalate down the road as they work toward those somewhat arbitrary numbers.

It doesn't have to be that way. Obviously, it's important for leaders to push the field team to steadily increase their sales, but it's equally important to do so based on accurate, well-thought-out information.

Obtaining that information starts with understanding exactly where your organization invests in growth. That knowledge provides everyone involved with a solid platform for strategic planning for the year ahead.

According to a classic study by leading management firm McKinsey & Company, there are really just seven strategies, or "levers," for growing profitable sales. They are:

1. Improving products by enhancing existing offer-

ings so they look more attractive, work better or last longer; developing new options and lines.

2. Improving marketing by changing the message, the mix, the media and the spend as needed.

3. Improving pricing by, for instance, deciding whether to bundle, offer discounts or establish loyalty programs.

4. Improving customer service by increasing availability, adding new capabilities and promoting higher-quality interactions.

5. Improving distribution by expanding existing channels while adding new ones.

6. Improving customer relationships by striving to enhance and deepen them while offering greater value.

7. Improving sales effectiveness by providing training, organizational learning and other tools to help representatives not only sell more, but to sell well.

Any overarching organizational growth plan should consider all seven levers, setting individual priorities and goals for each. But those last two--customer relationships and sales effectiveness--are, in fact, the most reliable strategies for increasing your profitable sales. If you assume that either or both will happen naturally, you're missing opportunities to position your organization for strong, steady growth.

The Customer Relationship Lever

Driving growth via the customer-relationship lever involves more than promoting continuous improvement in your customer-service organization. It requires investing in your sales team's customer-relationship skills as well.

The effort begins by promoting--and gaining everyone's buy-in to--the mission of moving beyond simply providing commodities to their clients. The new goal: having each salesperson evolve into the role of trusted

advisor, becoming a true partner who contributes to customers' business objectives and, ultimately, to their growth.

You and your sales team must get to the heart of the concept of what each client wants to fix, accomplish or avoid. Once you understand their business and their needs, you'll also understand much more clearly exactly how you can help them. You'll be able to prescribe relevant, targeted solutions, rather than responding to a product request or handing over a Band-Aid. Ultimately, knowing as much as possible about each customer--particularly those making up your key accounts--will help create predictable revenue streams and more abundant opportunities.

Obtaining that knowledge requires giving salespeople the tools they need to develop deeper, wider customer relationships. For instance, consider training them in how to make executive-level calls so they can build stronger relationships with the leadership teams at their key accounts. Or help them develop a quarterly business review process, in which they sit down with executives of each customer company to evaluate the quality of whatever your organization provides to them.

This exercise accomplishes two important things:

- It allows you to measure the value of what you're giving your clients and, if necessary, to make course adjustments fairly early on.
- It opens up an opportunity for talking about additional ways in which you can help them solve problems, build business, outdo their competitors and achieve other goals.

One tip for moving that discussion forward: Ask your clients, "What have you budgeted for our products and services for the next year?" You'll learn a great deal from their answers, and you'll have a realistic starting point for thinking about what more you might offer them.

The Sales Force Effectiveness Lever

Mark Twain, the famous 19th-century author and humorist, is widely quoted as observing that "everyone

The 7 Levers for Profitable Sales Growth

According to a classic McKinsey & Co. study, profitable sales growth depends upon constant improvement in seven key areas:

1. **Products**
2. **Marketing**
3. **Pricing**
4. **Customer Service**
5. **Distribution**
6. **Customer/
Client Relationships**
7. **Sales Effectiveness**

talks about the weather, but nobody does anything about it." At many companies, the same might be said of leadership attitudes about improving sales force effectiveness: Executives and managers say they want their salespeople to do better, but they don't do anything--or they don't *do* the right things--to make that happen.

Often, the problem stems from reluctance to invest in improvement initiatives. In such cases, sales leadership typically assumes that those first five growth levers--products, marketing, pricing, customer service and distribution--inherently make it easier for the sales force to sell. In other words, this line of thinking goes: If our pricing is on target, if we offer stellar service and so on, that should automatically drive strong sales.

Unfortunately, what typically happens (to the sales leadership's surprise and disappointment) is that market pressures force them to discount their pricing, or they find that their service quality isn't as big a competitive advantage as they initially thought. Meanwhile, the sales force still needs help.

An active approach will produce much better results. Decide what your sales force most needs to boost its effectiveness, such as executive-level calling skills or

more sophisticated processes for managing and growing key accounts. Invest in the best available tools for improving the team's capabilities in those areas.

Then, level with your salespeople about what you're providing and why, positioning the initiative as a collaborative effort designed to benefit the entire organization. Explain that you're investing in their development with plans for strong returns. Make sure they understand that you expect to see measurable results: improved productivity, better close rates, bigger deals or accelerated sales cycles.

Finally, push the sales force to help you build a stronger growth plan by developing forecasts that are more ambitious but still achievable. For instance, let's say salespeople initially predict they'll each do about \$6 million in business next year, an estimate you consider a bit too cautious. In that case, you might ask your reps whether their new skills and knowledge might reasonably enable a slightly higher forecast--perhaps \$6.5 or even \$7 million.

Another way to boost those forecasts: Let salespeople develop "stretch targets," in which they strive to exceed their basic sales goals--but aren't penalized if they ultimately don't hit those higher numbers. In other words, for stretch targets to succeed, you must position them as *goals* rather than as *quotas*. Talking about quotas will make people anxious and fearful that they've set themselves up. Instead, encourage them to follow this advice from another well-known author, the contemporary motivational speaker Les Brown: "Shoot for the moon. Even if you miss, you'll land among the stars."

A Trio of Questions

In addition to pulling those two levers, successful strategic planning requires that you consider three important questions that can be easily summed up by the acronym NEC (for New, Existing and Churn):

- How much **new** business can we expect?
- How much **existing** business can we expect? What kind of growth can we expect from our current customers, especially those in our key accounts?
- How much **churn** should we expect? How much business isn't going to repeat; how much attrition from existing accounts are we likely to experience--and what can we do to prevent it, compensate for it or turn it around?

Answering the NEC questions provides more building blocks for your planning platform and helps reveal where you should concentrate your growth efforts.

As just one example, your plan's new-business section might hinge on an aggressive prospecting plan, its existing-business section might involve an intensive product push, and the churn element might call for launching a highly targeted campaign to win back important lost customers.

The other critical step at this stage: reviewing the sales pipeline. Determining exactly what's in the funnel--and exactly where each item stands right now--will also shine a light on where you should invest your time and energy. Then you can incorporate your plans for executing on each piece of business based on the priorities you've set.

Looking Ahead

Suddenly, January doesn't seem all that far away, does it? But that certainly shouldn't be cause for panic if you begin planning intensively and taking a few key action steps right now:

- Work on closing the gap between leadership and field-team forecasts.
- Know where your organization is investing in growth; incorporate those priorities into next year's plan.
- Invest in ways to help salespeople build strong customer relationships.
- Invest in ways to help salespeople improve their performance.
- Encourage salespeople to aim high; assure them that they won't be penalized if they don't hit their ambitious stretch targets.
- Determine the amount of new business, existing business and churn you expect next year; make sure your plan includes specific strategies for addressing

each.

- Review the sales pipeline and set priorities about which opportunities to pursue.

Together, those steps will go a long way toward making the New Year be exactly what it should be: an exciting time brimming with fresh opportunities for growth.

Sam Reese is President and Chief Executive Officer of Miller Heiman, Inc. He is co-author of "Successful Global Account Management" and "The 7 Keys for Managing Strategic Accounts."

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, protect and grow key accounts, manage talent and optimize sales strategies and operations.

With a prestigious client list that includes Fortune 500 clients, Miller Heiman helps companies 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 calling 877-552-1747.

Miller Heiman – Free Consultation with a Sales Expert

We appreciate your interest in Miller Heiman. There are many ways for you to get to know who we are, what we do, and how we can help you. Below are some suggestions:

Call us for a free consultation:

- North America: 877.678.3380
- UK: 0800 132595
- Rest of World: +775.827.4411

Contact us by e-mail:

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