HOW TO MAKE YOUR NUMBER IN 2014

SBI's 7th Annual Research Project

JULY 2013

This research report summarizes Sales Benchmark Index's approach, findings and evidence supporting the forward looking sales and marketing trends of 2014.

Sales Benchmark Index

888.556.7338

www.salesbenchmarkindex.com

About Sales Benchmark Index Research

Each year Sales Benchmark Index (SBI) produces a piece of forward looking research that allows organizations to understand what leading sales and marketing executives are doing heading into the new year. In this report, SBI discusses what these leading sales and marketing organizations began doing in Q4 of 2012 through Q2 of 2013. Most importantly, SBI analyzed what changed in their sales strategies, the causes of the changes, and the early results from the changes. SBI produced this report to enable other progressive organizations to follow these early trends in 2014 to achieve similar results.

If you want help implementing some or all of the trends leading companies are embracing for 2014, please contact Christina Dieckmeyer at 317-750-7443 or email her at christina.dieckmeyer@salesbenchmarkindex.com.

If you are not sure if you are ready for direct assistance but want to learn more, please subscribe to our blog here. Each day SBI publishes a proven best practice including a companion execution tool that you can put to work immediately. It is delivered to your mobile device and can be read in less than 5 minutes, 365 days per year.

About Sales Benchmark Index

SBI is a sales and marketing consultancy focused exclusively on helping B2B companies "make the number". SBI uses the benchmarking method to help clients accelerate their rate of revenue growth. The benchmarking method enables SBI clients to gain access to and implement best practices from the top sales and marketing organizations.

Executive Summary

In 2011, the Sales Executive Council published research that found typical customers complete 57% of their buying journey before contacting a supplier. The implications of this now popular statistic on traditional selling techniques are profound.

Figure 1 - Buyer Purchase Decision Timeline

On the far left of the buyer journey in *Figure 1 – Buyer Purchase Decision Timeline* is the starting point, where the buyer due diligence begins. This is where a buyer realizes that he may have a problem and starts performing research, indicated in orange.

In the middle is where the buyer first contacts a seller. This is where the buyer reaches out to sellers in a variety of different ways and says I am working on a problem. I stumbled into you. You may be able to help me.

To the right, indicated in white, is the journey between the first contact with sellers and when the buyer makes a purchase decision. This 43% is where traditional selling techniques begin.

Since Sales Executive Council published this research, SBI has been monitoring this trend, see *Figure 2 – B2B Buyer Trends Since 2011*. In 2012, SBI's research found the buyer work before contacting sellers increased to 61%. In 2013, it jumped another four percent to 65%. In 2014 SBI expects a repeat of the last 2 years with a move to 69%.

[1]Source: CeB, MIC Customer Purchase Research Survey, 2011.

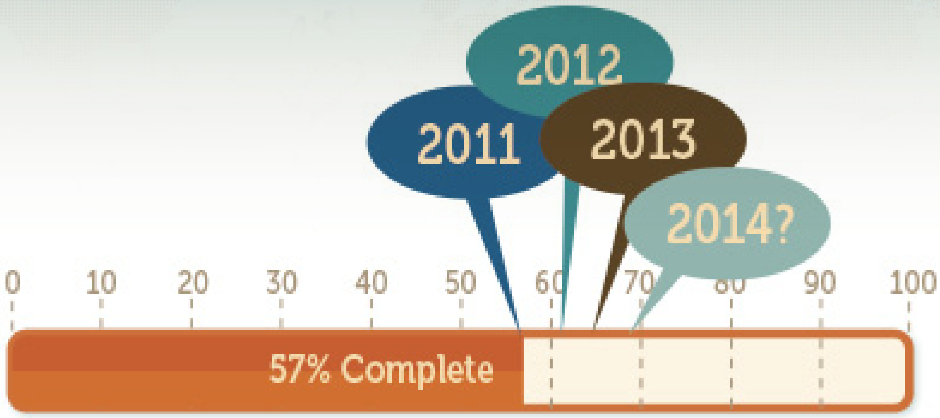

Figure 2 – B2B Buyer Trends Since 2011

This fundamental shift in behavior is the result of a new breed of buyer. The new buyer is well informed, technology enabled, saturated with media, and suffering from information overload. As a result, he does not have the time or the desire to meet with sales people. Therefore, he self-directs his educational process in search of a solution to his problem.

If you agree this trend has impacted your buyer, you have a choice to make. This is the most important decision that you can make heading into 2014.

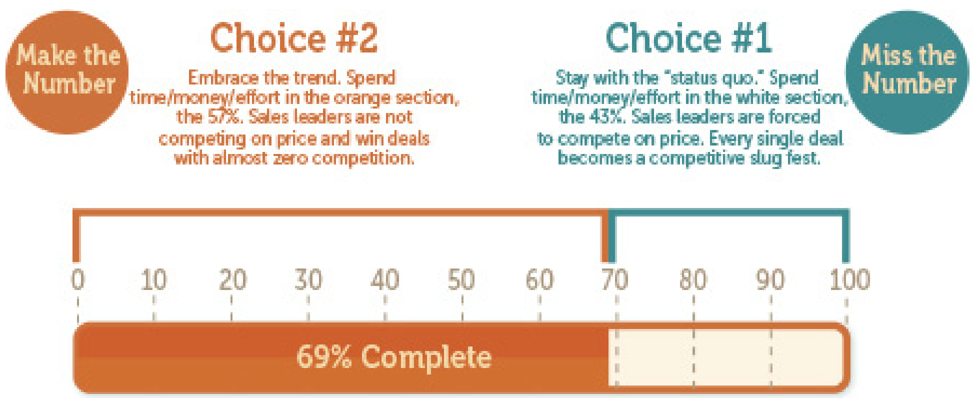

Figure 3 – The Most Important Choice for 2014

Choice #1 says you can deny this trend is real. You can say to yourself that this is not happening to my buyers. That research does not apply to my sales force. In essence, you place a bet that the internet is not impacting your buyer's purchase behavior. SBI's research shows this is a mistake. Sales leaders choosing choice #1 stick with the status quo. They will spend their time, money, and effort in the white section, the 31%. As a result, every deal will be a competitive slugfest. They will win or lose based on price and price alone. They will be unable to get into deals early enough to influence the customer's evaluation criteria. If you make that choice, SBI's research suggests that you are going to miss the number more than half the time, see *Figure 4 – % of Companies on pace to Make the Number in 2013*.

An alternative to that fate is Choice #2. You say to yourself that you are not going to fight this trend. Betting against the internet's impact on your buyer is a bad bet. You embrace it and, instead, make it work for you. You resolve to spend your time, money and effort in the orange section, the 69%. SBI research shows that sales forces doing this will rarely compete on price and often win deals with zero competition because they "got in early". Sales leaders making this choice are 56% more likely to make the number

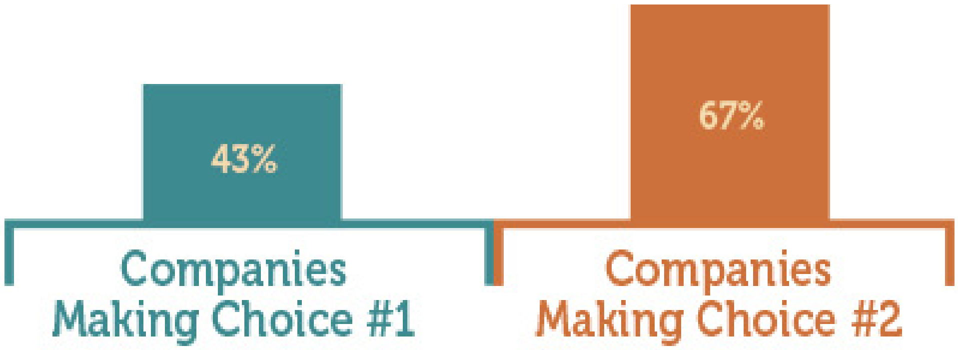

Figure 4 - % of Companies on pace to Make the Number in 2013

If you take away one thing from this report, it is this. **Force yourself and your sales team to make a choice.** You can stick with the status quo and have a 43% chance of success. Or you can embrace this buyer trend and improve your chances of 2014 success to 67%.

If you choose the latter, there are 4 elements to your 2014 sales strategy that you should implement. We refer to them as Silver Bullets:

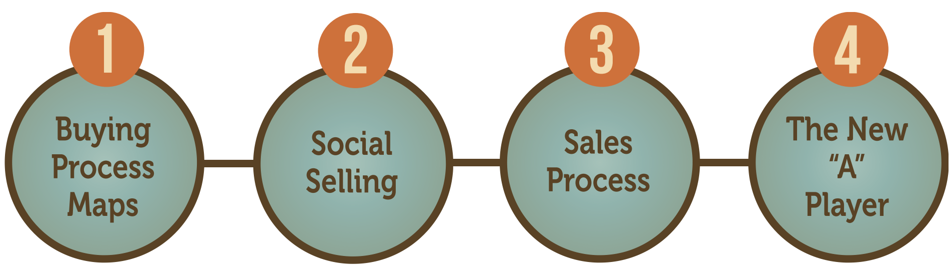

Figure 5 – The 4 Silver Bullets for 2014

1. Buying Process Maps - Buying process maps unearth what is happening during those orange and white sections of the buyer journey.

2. Social Selling – Social selling is a modern prospecting technique that generates appointments with decision makers inside of target accounts early in the buyer's journey.

3. Sales Process – Traditional selling methodologies like Solution Selling, Strategic Selling, Consultative Selling, etc. no longer work. New buying behavior requires new selling behavior.

4. The New "A" Player - The new "A" player in 2014 is a very different sales person than the sales person who has been successful in the past. The new "A" player has evolved with the buyer.

2014 Key Trends...

69%

of the Buyer Journey will be complete before a buyer first contacts a sell in 2014

56%

greater chance for your sales force to attain quota if engaging buyers before buyers contact a seller

37%

higher win rates when using a Buying Process Map

4.2X

more likely to get an appointment if there is a personal connection with a buyer

20%

shorter sales cycle when using a Custom Sales Process

30%

shorter ramp to productivity if hiring the new "A" player

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Research Approach

SBI's research findings presented in this report are pulled from eleven data collection techniques across 4 lenses; see Figure 6 – SBI Research Sources Collected 7/12-6/13.

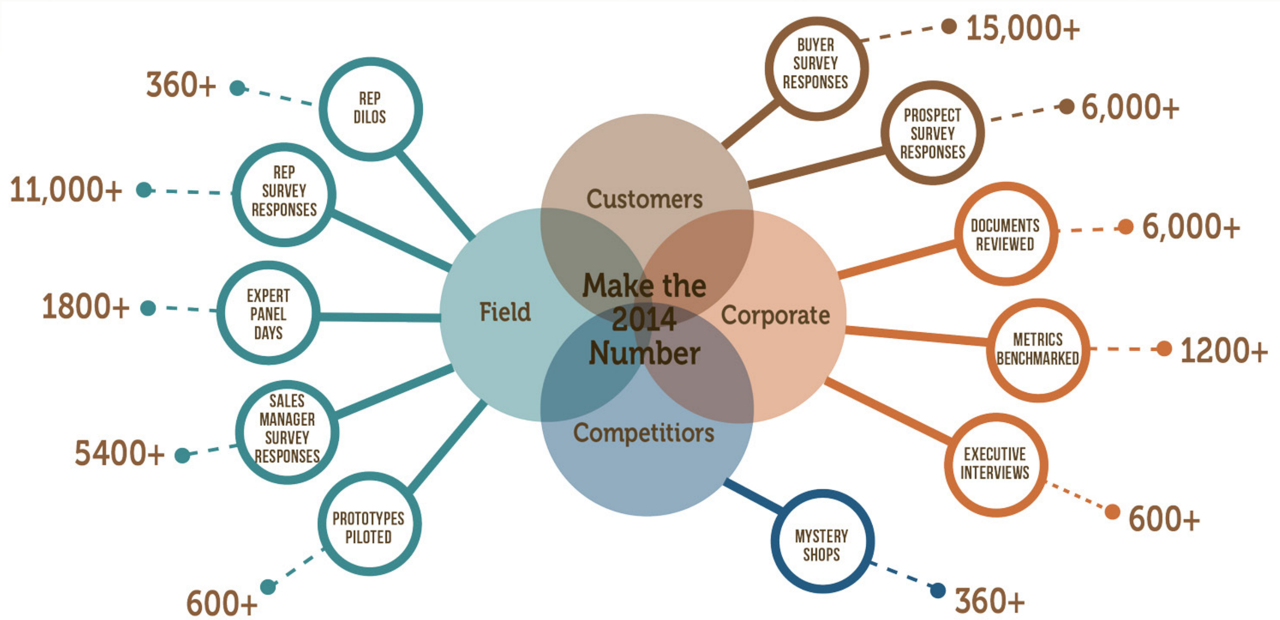

Figure 6 – SBI Research Sources Collected 7/12-6/13

The first lens is the Customer lens. Some call this the market view, comprised of current customers and potential prospects. SBI uses the customer lens to understand, from the customer's perspective, how buyers buy and how buying behavior is changing. Over the last year, SBI collected input from:

- More than 15,000 current buyers. These are people who recently made complex B2B purchasing decisions.
- More than 6,000 prospective buyers. These are people who are contemplating making complex B2B purchase decisions.

SBI separates Customers from Prospects because they behave differently. Customers have already made a purchase decision, providing insights on what they had done previously, and why. Prospects may or may not be in the market to make a purchasing decision, providing insight on what they anticipate doing, and why. By comparing and contrasting Customers to Prospects, SBI is able to identify ways in which buyer behavior is changing.

The second lens is the Corporate lens. Some call this the executive view. SBI uses the corporate lens to understand what executives want their sales force to deliver. During the last year, SBI collected input from:

- More than 6,000 documents reviewed. Examples of documents include account plans, training material, compensation plans, etc. Because producing documentation requires investments from sales leaders and their team, they represent executive priorities.
- More than 1,200 metrics benchmarked. Examples of metrics include data points like revenue per head, cost per head, quota attainment figures, etc. Metrics indicate both leading and lagging performance. This empirical data provides a view into what corporate executives are measuring, revealing what is important than to them.
- More than 600 executive interviews. Executives include the CEO, CFO, CMO, the Head of Sales, Head of Human Resources, the Head of Products, etc. SBI wants to hear directly from their point of view what it means to be a world-class sales organization.

The third lens is the Competitors lens. SBI uses the competitor lens to understand how similar sales and marketing organizations are engaging customers in different ways. Over the last year, SBI collected input from:

- More than 360 individual mystery shops. A mystery shop is where SBI poses as a customer or a prospect. We shop several vendors within the same product category to understand how the sales forces differentiate themselves, at the moment of truth. The moment of truth being when a seller and a buyer are actively engaged in a sales campaign.

Mystery shops illuminate how organizations, selling the same product, service, or solution, in the same category, to the same set of buyers, sell similarly or differently. If two companies are calling on the same buyer with an equal value proposition, the differences in selling approach, and the associated results, validate what is working and what is not.

The fourth lens is the Field lens. SBI uses the field lens to understand the sales person's perspective, what is contributing to and preventing success when sales teams engage with buyers. Over the last year, SBI collected input from:

- More than 11,000 sales reps. SBI uses surveys to understand what reps are experiencing from their customer base. Surveys uncover how reps are spending their time overcome sales objections, utilize technology tools, and what they want from their sales management team.
- More than 360 sales rep DILOs. A DILO stands for Day In the Life Of. This is where SBI goes out into the field and rides with sales people to understand, through direct observation, the typical day. SBI has found that often sales reps respond to interviews and surveys one way but then do something entirely different when they are in their natural habitat.

- More than 1,800 expert panel days. An expert panel is where SBI gets together the top 10% of a company's sales force in a classic focus group. SBI uses this select group to understand what they are doing that is contributing to their success. SBI extracts this insight, summarizes it and turns it into intellectual property that can be spread it across the remaining 90% of the sales force. The goal in doing this is to replicate top performance.
- More than 5,400 frontline sales managers. These are people that manage sales people directly. SBI uses sales managers to understand the differences between what corporate wants/expects and the realities that their field sales teams are experiencing. The front line sales manager has a very unique perspective and a difficult job, sandwiched between those two oftentimes conflicting stakeholder groups. Yet it is the most important job in all sales organizations, serving as the connective tissue that links the corporate strategy to field execution.
- Test results from more than 600 field prototypes. These are actual sales improvement programs where SBI captures before and after results to see what works and what does not. Examples include lead generation programs, buyer personas, call plans, technology tools, sales process, etc. SBI tests to see how the prototype performed. Did it behave like anticipated? Did it generate the desired outcomes?

Qualitative and quantitative data collected from these sources is analyzed using rigorous statistical processes. Highly trained, industry experienced professionals with a focus on removing biases from any single lens/source ensure quality, accuracy, timeliness, and integrity of the findings. Statistical analysis techniques used by SBI include:

- Pattern and Trend Recognition – Sales Benchmark Index constantly seeks out patterns and trends to ensure integrity of the data is maintained. If patterns and/or trends from a single data source contradict previous findings, in-depth analysis is performed to validate or disqualify the findings.
- Deductive Reasoning – Sales Benchmark Index constantly challenges previously known facts to validate the conclusions drawn from the data. Conclusions or findings are updated in real time as data becomes available.
- Inductive Reasoning – Sales Benchmark Index uses a proprietary Hypothesis Testing Methodology based on proven statistical principles that allows confidence levels to be associated with all data findings. Because some findings cannot be statistically proven with 100% certainty, Sales Benchmark Index constantly analyzes and refines the findings to ensure the highest level of statistically sound confidence can be associated at all times.
- Verification – Sales Benchmark Index seeks out data to prove or disprove data and Best Practices. For each Best Practice, the expected results from deploying each technique are verified after implementation.

- Predictive Analysis – Sales Benchmark Index does not limit itself to just historical data analysis. A variety of Predictive Analytics is used to describe or categorize the data and develop models to understand behavior. These can then be used to guide future decision making.
- Regression Analysis – Sales Benchmark Index has found that selling cannot be simplified to test a single hypothesis in isolation. Understanding the relationships among multiple inputs using techniques like regression analysis allows for relationships and dependences to be quantified and measured.
- Constant Refinement – Sales Benchmark Index Best Practices are never static. Research and refinement is an ongoing process with new information constantly integrated as new data sources are located or existing data becomes available.

Silver Bullet #1 - Buying Process Maps

What Is a Buying Process Map?

A Buying Process Map (BPM) is a sales tool that maps the decision making process used to purchase a product, service or solution.

What does a Buying Process Map Do?

A Buying Process Map provides a sales team a blueprint so they can get into deals early enough to win them.

What does it mean to use a Buying Process Map?

The use of a Buying Process Map means that the buyer and seller are completely aligned resulting in the elimination of blown opportunities.

Benefit of using a Buying Process Map

A win loss analysis likely shows you that you are winning somewhere between 20 and 40% of your later stage deals. That means 60 to 80% of them are lost. You are either losing to your competition or you are losing to no decision, meaning the buyer never even made a purchase decision. If you use a Buying Process Map, you are going to win more of those deals.

Leading sellers create reasons why buyers want to meet with them. If sellers successfully get in early, the competition is not going to be able to. A Buying Process Map can be used to win a deal before the competitors even know there is a deal. This is the benefit of using a Buying Process Map.

The 3 Components of a Buying Process Map

When SBI studied top producing sales organizations, we found there were three components to a BPM:

- Buying Phases
- Key Buyer Actions
- Micro Decisions

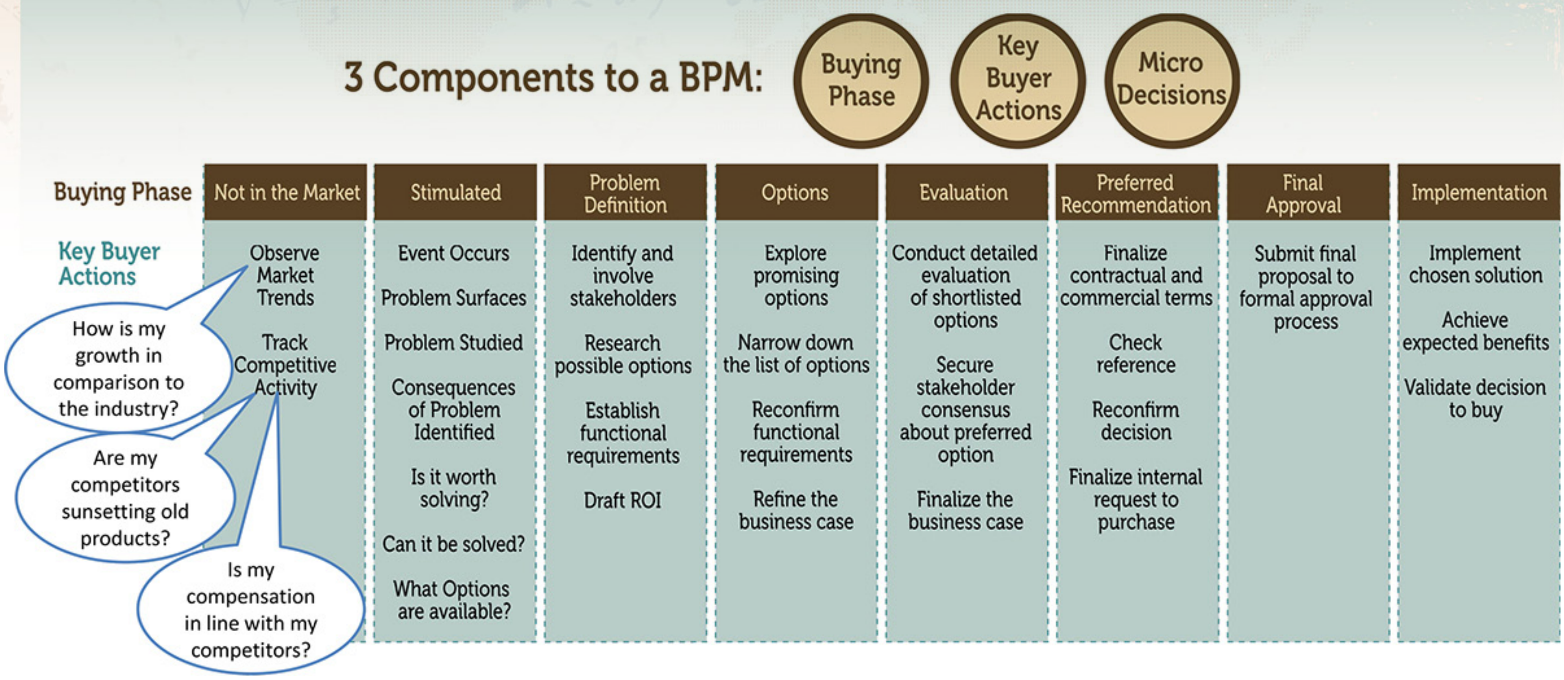

Figure 7 – Buying Process Map Prototype

Buying Phases

The first component is the buying phases. In this prototype there are eight of them, see Figure 7 – Buying Process Map Prototype:

- Not In the Market – Buyers typically start with "Not in the Market". This is when a buyer shows up for work on Monday morning at 8AM. He or she has no idea you exist and does not have a problem that your product, service or solution solves. That is where a buying process starts.
- Stimulated – In this phase, something happens to the buyer. There is a trigger event. Maybe the CEO has a new strategy and as it rolls down through the organization, it stimulates the buyer to go into the market for your product, service, or solution. Something happens, known as a trigger event, that takes the buyer from "Not in the Market" to "Stimulated" and in the market for your product.
- Problem Definition – Here the buyer is trying to get his arms around the problem. What is it? Is it a big problem or a little problem? When does the problem need to be addressed? Who is impacted by the problem?
- Options – Now that he has the problem defined what options does he have to solve this particular problem? Can this problem be solved internally? Can it be solved with outside help? Is doing nothing a valid option?
- Evaluation – Now that he has a list of options he compare options A, B, C, D, and E. Which one is the best option to solve this particular problem? Why is that?

- Preferred Recommendation – Now that he has evaluated all of his options, he wants to make a decision. Does he want to go with option C? Does he want to go with option E? What is his preferred recommendation? What are the risks associated with this recommendation?
- Final Approval – When significant dollars get spent, there is an approval process. Very often, it has to go through finance. It might have to get through legal. It might have to go all the way up the flagpole to the CEO. It needs some type of final approval process.
- Implementation – This is where a buying process typically ends. The buyer has signed the contract. The vendor has shipped him the product. The buyer is now implementing it.

Key Buyer Actions

The second component is the key buying actions. In this prototype, the buyer performs actions in each phase, known as key buyer actions. See *Figure 7 – Buying Process Map Prototype*.

For example, in "Not in the Market" the buyer might be observing market trends or tracking competitive activity.

In the "Options" phase, there are four actions. Maybe the buyer is exploring promising options. For example, the buyer might be doing some searches online. Maybe the buyer is narrowing down the list of options, starting with 10 suppliers and narrowing the list down to 3. Maybe the buyer is reconfirming his functional requirements. What the buyer thought he needed earlier in the buying process has changed now that he has educated himself. Maybe he is refining the business case. He has put together return on investment analysis or some type of total cost of ownership and is now refining it.

These are key buyer actions. They are used by a sales force to answer the question - where is the buyer in the Buying Process Map?

If a seller does not know where the buyer is, he is going to be out of alignment with the buyer. This causes friction between buyer and seller and elongates the sales cycle. For example, let us assume a seller thinks the buyer is early on in his process, maybe "Not in the Market" or "Stimulated" phase. Yet in reality, the buyer is all the way through "Preferred Recommendation". Given the misunderstanding, the seller may start out by asking a large number of exploratory questions. The buyer will then get frustrated with the seller. The buyer would say, "Hey, I have already answered all those questions. You are in my office today because I want a price". If a seller is not prepared to engage that way because he does not know where the buyer is, the seller going to frustrate the buyer. The seller is creating work for the buyer. That busy buyer may have scheduled a 1-hour meeting with the seller, but would likely end it after 15 minutes because they were not in alignment.

Micro Decisions

The most important part of the BPM is Micro Decisions. Micro decisions lead to macro decisions. A mistake that sales organizations make frequently is they think in the macro. The seller wants to know if he is going to close the deal or not. Is the buyer going to make a purchase or not? This is the wrong mentality to take. Buyers have to make micro decisions along the way before they make a macro decision. If the buyer is unsuccessful in making these micro decisions because he cannot get the information that he needs to answer his questions, he stops. When he stops, what happens? He goes dark. He leaks out of the funnel. The seller is left wondering what happened. If the seller converts these micro decisions into micro questions and focuses selling efforts on answering the micro questions, he will help the buyer progress through the buying process. This will result in the seller obtaining the result he wants – the buyer will reward the seller with the business.

Figure 7 – Buying Process Map Prototype shows examples of micro questions in the "Not in the Market" phase that help a buyer make the micro decisions. The buyer might be asking himself:

1. How is my growth in comparison to the industry?
2. Are my competitors sun-setting their products?
3. Is my compensation in line with my competitors?

Think of them as information needs that the buyer has at this moment in time. The appropriate action as a salesperson would be to help the buyer answer these three questions before moving ahead.

What a seller wants to do with this is answer the question - what are the micro decisions that the buyer needs to make right now? Paying attention to the terminology that the buyer uses when expressing these micro decisions as questions will help place the buyer on the continuum of the buying process map.

Empirical Evidence to Support Buying Process Maps

Now that you understand what Buying Process Maps are and how they can be used, what evidence exists to support that they are effective?

SBI's research found that companies making use of a Buying Process Map experience a 42% longer customer buying cycle length than companies without a Buying Process Map, see *Figure 8 – Buying Process Length*. This is positive and is counter intuitive. This does not mean that the seller is slowing down the buyer's decision process. Instead it represents awareness of the early stages of the buyer decision process; those that typically come before the Options phase. It better reflects buyer behavior than simply selling behavior. This awareness is critical to getting into deals early.

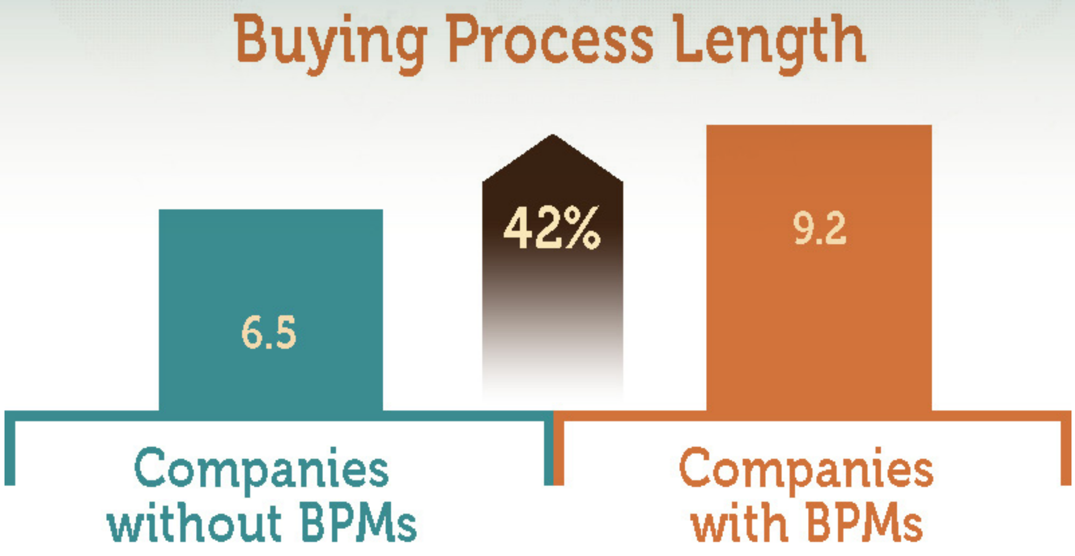

Figure 8 – Buying Process Length

To support the Buying Process Length impact, SBI looked at the percentage of deals where a seller engages prior to a customer entering the Options phase of the buyer journey. With a Buying Process Map in place, sellers are more than twice as likely to get engaged with a buyer early enough to help define the problem, see *Figure 9 – % of Deals Seller Engages Prior to Options Phase*.

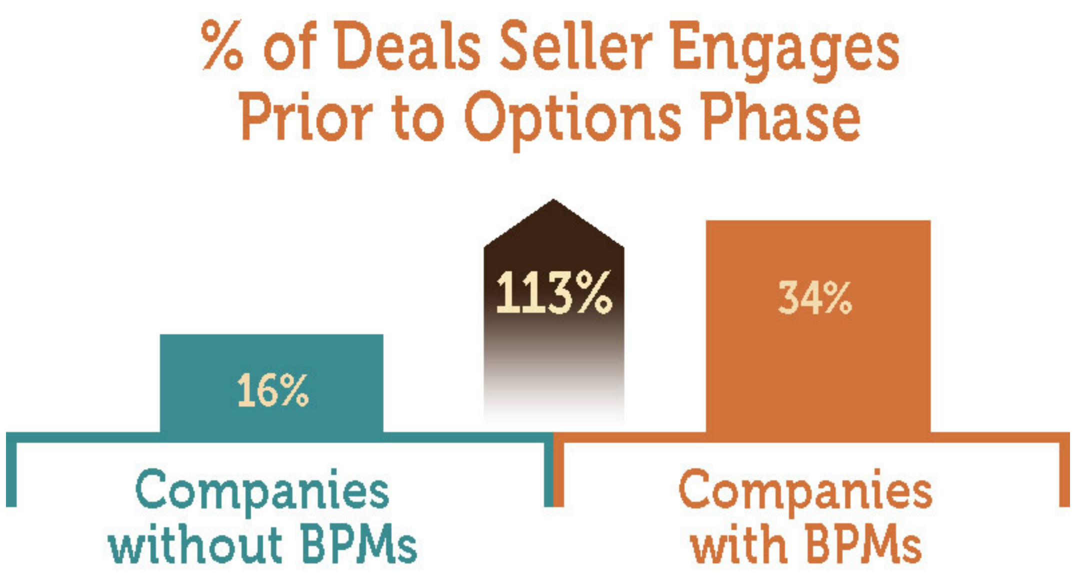

Figure 9 – % of Deals Seller Engages Prior to Options Phase

When sellers engage with buyers prior to the buyer doing Options research, the competitive threats are cut in half, see *Figure 10 – Number of Competitors Involved in Each Deal*. SBI found that the number of competitors involved in a deal where companies have a Buying Process Map is 1.8 compared to 3.4 where companies do not have a BPM. This is a 47% reduction in the number of competitors a seller is trying to beat in each deal.

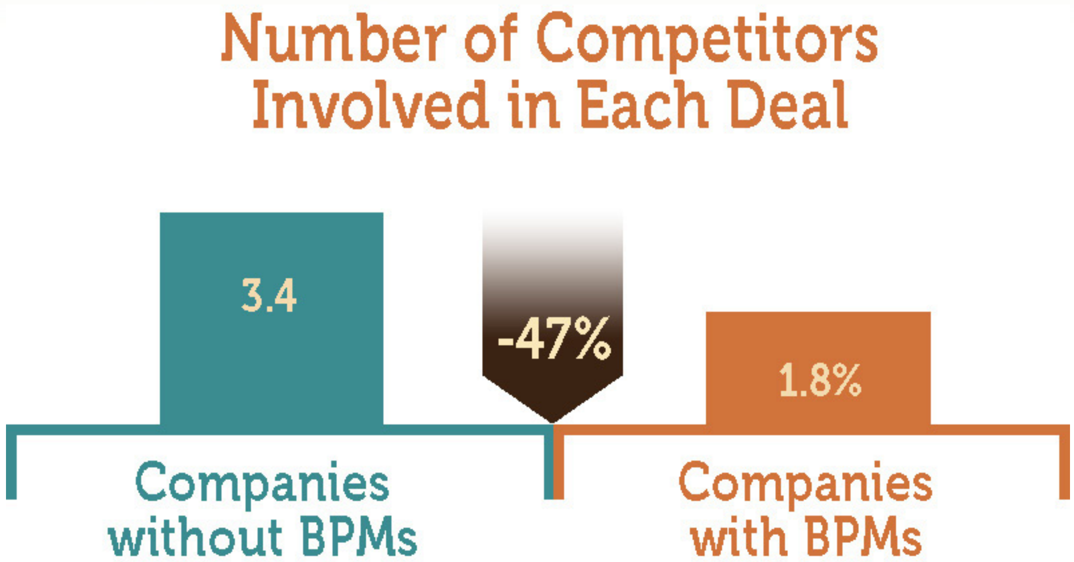

Figure 10 – Number of Competitors Involved in Each Deal

When companies use a Buying Process Map to get in early and eliminate the competition, the first mover enjoys 37% higher Win Rate, see *Figure 11 – Win Rate*.

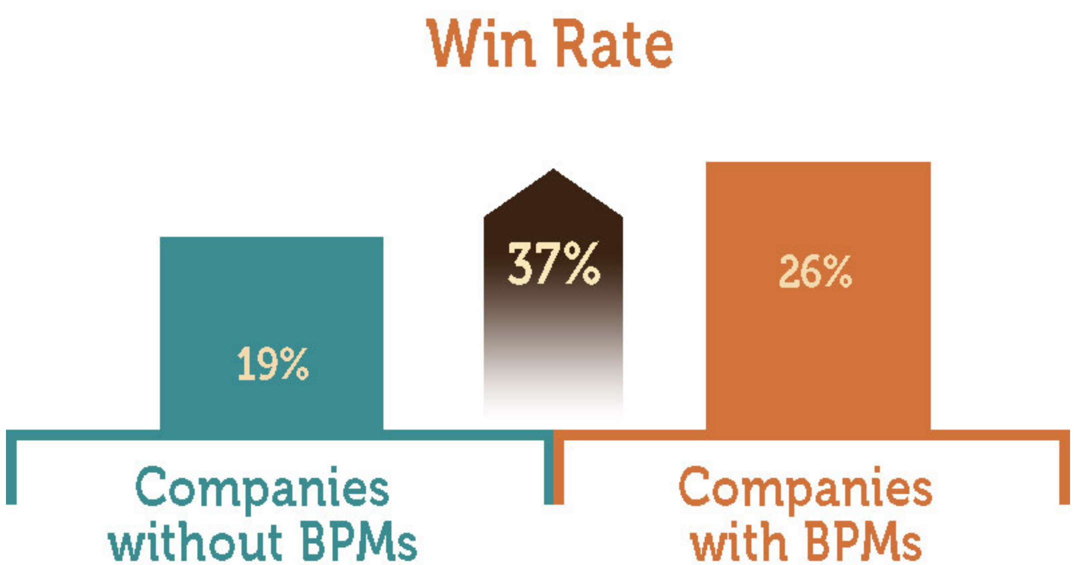

Figure 11 – Win Rate

Another benefit of using a Buying Process Map is an increase in average deal size; see *Figure 12 – Average Deal Size*. By eliminating or reducing the number of competitors, sellers are not required to compete solely on price. By getting in early enough to assist in the problem definition, sellers develop a trusted advisor relationship with buyers that also drives price premiums.

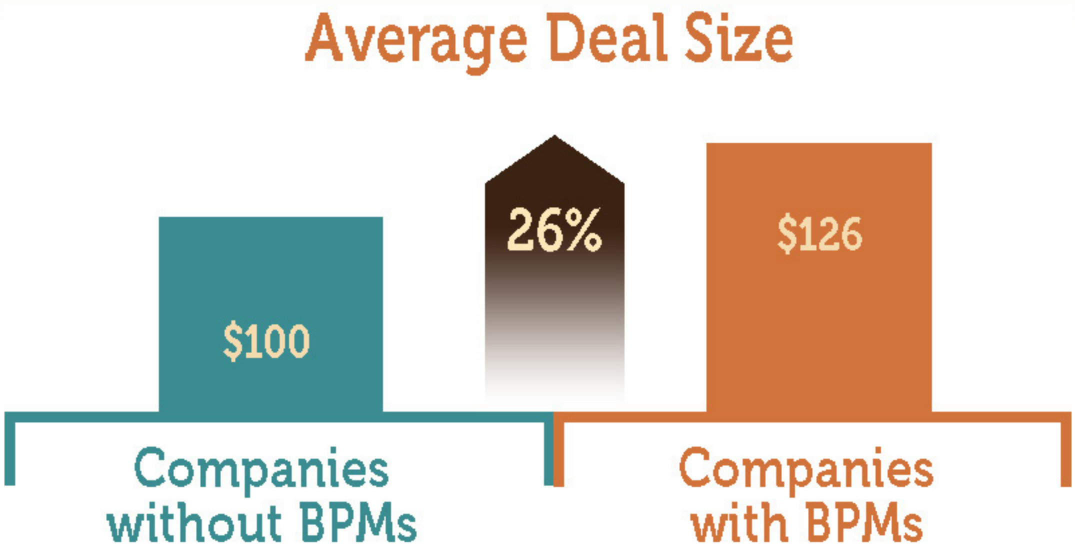

Figure 12 – Average Deal Size[2]

The research shows that Buying Process Maps work. To summarize the findings, companies with Buying Process Maps realize:

- 42% longer buying cycle, a positive
- 113% greater chance to engage with a buyer prior to the Options phase
- 47% fewer competitors involved in each deal
- 37% higher win rates
- 26% higher average deal size

[2]Because deal sizes vary significantly, SBI normalized the average deal size at $100

What Should You Do Now?

Do you know how your buyer buys?

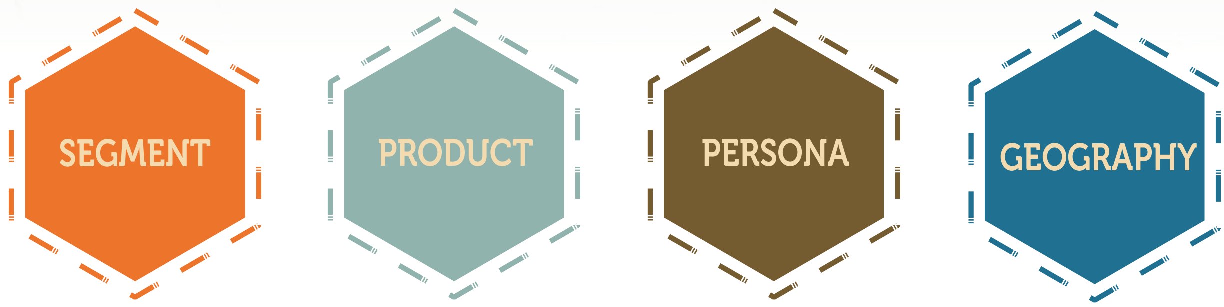

Figure 13 – Buying Process Maps Next Steps

A single Buying Process Map cannot accurately represent all your buyers. You likely sell to many different types of buyers, each behaving differently. SBI has found that buyers typically vary by the following dimensions:

- By segment – Buyers buy differently by industry.
- By product – Buyers buy different products, services and solutions in different ways.
- By persona – Buyers involved in the decision making process have different needs and therefore make purchase decisions differently.
- By geography – Buyers in the US buy differently than those in EMEA, APJ, and LATAM.

Once you have taken an initial stab at defining the buckets of buyers, you can begin research to understand how they buy, performing win/loss study, mystery shopping, interviews, etc. You need to look at both existing customers, to understand how prior customers bought, and prospects, to understand how future customers anticipate making a purchase decision. Your research will reveal new groups of buyers that need to be added to the list. You will also find similarities among buyers that allow them to be combined into a single bucket. The key to success with buying process maps is to not create a generic BPM and spread it across the entire organization. You need multiple BPMs to account for how different buyers buy.

Silver Bullet #2 - Social Selling

What Is Social Selling?

Social selling is a modern prospecting methodology that fills the funnel with opportunities.

What does Social Selling Do?

Social selling generates meetings with decision makers inside of target prospects.

What does it mean to use Social Selling?

Using social selling means a sales team can make its number without any dependencies on other departments.

Social Selling Becomes Mission Critical

In 2013 social selling started to become mission critical. Social selling has shown up in research from time to time in the past. But there has not been enough evidence to prove it worked. That changed in 2013. SBI started to see proof that if sales forces put forth the time and energy to master social selling, they hit the number. It appears we are just getting started on this trend and will see another 7 to 10 years of it.

In the past, a sales force had to depend on marketing for sufficient leads to make the number. Over the last 3 years, SBI has seen an over rotation in the dependence on marketing. Marketing has created optimism implementing lead generation programs, lead management initiatives, demand generation programs, marketing automation technology, etc. All these tools are needed, but they are not delivering the expected results. SBI research has found sales forces that depend primarily on marketing for opportunities to fill the funnel are unlikely to make the number. It is now time for sales to take ownership of opportunity identification through self-reliant prospecting. The way to do that in 2014 is social selling.

#1 Source of Rep Generated Opportunities
(note: 70/30 split sales-to-marketing best-in-class)

#1 Shift in Sales Training Dollars
(note: 48% budget increase)

#1 Social platform LinkedIn
(note: 56% of total)

#1 Lead to close conversion rate
(note: 15% from first contact inside 12 months vs. 3% marketing sourced)

Figure 14 – 2013, The Year Social Selling Became Mission Critical

A few data points to support this finding:

- Social Selling is the number one source of rep generated opportunities. Today about 30% of opportunities are sourced from marketing while 70% are sourced by sales. Successful reps began adopting social selling techniques in 2012 to source their own opportunities.
- Social Selling represents the number one shift in sales training dollars, a 48% increase in 2013. New trends typically do not get significant discretionary training budget dollars as they are unproven. The 2013 budget increase is evidence it is working.
- Social selling has the highest lead to close conversion rate of all prospecting methodologies. Social Selling sees about a 15% prospecting conversion rate, at least 5 times greater than the 3% prospecting success rate from marketing activities.

When thinking about Social Selling, think LinkedIn. It is the number one platform used in B2B selling, capturing 56% of the share and growing at a rapid pace. Facebook, Pinterest, Instagram, Tumblr, Google+ and the many others make up the remaining share; suggesting LinkedIn is the single most important social platform.

The 3 Steps to Social Selling Excellence

Figure 15 – 3 Steps to Social Selling Excellence

There are three social selling steps leading sales forces implement:

1. The first step is creating world class LinkedIn profiles. Prospects today rely on the web to do their research. Not just research on problems and their solution options, but on people who can help them in their journey. When a buyer does a search looking for help, which LinkedIn profiles appear? If not a seller's, the seller has lost an opportunity. When a buyer looks at a LinkedIn profile, the first question he asks is if this person can help me – Photo, Headline, Connections, Experience, Organizations, Honors/Awards, Projects, Education, Skills, Experience, Endorsements, Testimonials, etc. Is the profile internally focused on the seller or the seller's company? Or is the profile buyer centric? If the profile does not convey the seller is someone worth meeting, the buyer will not engage with the seller.

2. The second is increasing the reach of the sales force. This is done by multiplying the number and quality of connections in their LinkedIn database. In 2014, sales forces will make or miss their number based on the quantity and quality of the team's LinkedIn Connections. LinkedIn Connections is the sales database. Marketing has their own database built from purchased lists, website form fills, etc. A quality sales database should be large enough to support Social Selling. It must include the right people. It cannot consist of fraternity brothers, people from the country club, etc.

3. The third is generating referrals amongst buyers. To monetize the sales database, a process is needed to get warm introductions to decision makers in target accounts.

Success Rates of Traditional Prospecting vs. Social Selling

The cold calling appointment success rate varies between 1% and 3%, according to The American Association of Inside Sales Professionals.[3] Why do sales people still bother with cold calling? Because it used to work and habits are hard to break. But today's buyers are not answering their desk phones anymore. They live with smart phones in their pockets and that is how they choose to communicate. Recent years has seen a shift to email. But email open rates today have declined to 4.4%, according to Google.[4] The chances of getting an email through to a decision maker, having it read and ultimately having him take the action are very low. The volume of emails coming at the new informed buyer has rendered email prospecting unproductive.

[3]Source: AAISP, 2012.
[4]Source: Google, 2013.

According to the Edelman Trust Barometer, 84% of B2B decision makers begin their buying process with a referral.[5] Say you are the CEO and you need to raise capital. You want to talk to some investment bankers. What are you going to do? Are you going to go to an investment-banking website? Is an investment banker going to batch and blast email spam you? Is an investment banker going to cold call you? No, you are going to call one of your friends. This is an important decision for you. You are going to trust somebody who is a friend and in your network. If he refers you, it is a high quality referral. Trust is the name of the game in B2B sales. This is why the best sales forces are leverage social selling as a way to hit the number. Referral selling is back in a modernized way called Social Selling.

The 5 Step Process to Generate Social Referrals

Figure 16 – The 5 Step Process to Generate Social Referrals

[5] Source: Edelman Trust Barometer, 2013.

Leading sales organizations follow a five step process to generate social referrals:

1. Identify the Referral Sources – Identify all the individuals who can be asked to generate a referral, either today or sometime in the future.

2. Build Referral Database – Turn the referrals sources into an online referral database. Offline referral generation no longer works. The days of going to a trade show to swap business cards is a thing of the past. If two people meet each other and swap business cards neither has any idea who the other knows. They cannot see one other's database. However, when two people connect online, they are in each other's network on LinkedIn. They can now see the other's connections. Simply moving the referral generation program online allows each to create a referral database and be targeted in the referral program.

3. Create Social Debt – Sellers need to earn the right to ask for a referral. If someone you barely know asks for a referral you are going to tell them to take a hike. If someone has invested in your success, he can ask for a referral and you will probably do it with a smile on your face. This is what it means to create social debt. Doing something valuable for an individual without being asked.

4. Obtain Referrals – To obtain referrals, a seller has to have the courage to ask for them. But only after having generated social debt.

5. Iterate – As a seller goes through these five steps, he is going to learn what works and what does not. He has to keep iterating. The work never ends.

The Most Effective Forms of Social Debt

Figure 17 – Most Effective Forms of Social Debt

SBI has studied numerous forms of social debt and found there are five that are most effective, see *Figure 17 – Most Effective Forms of Social Debt*. Embracing these is the best way to get started on social selling.

1. Warm introduction to a dream prospect – Every person you know is trying to help their company make the number. They have a list of dream prospects, people they want to sell to. They are having the same problem as you. They are dealing with the new buyer, the buyer that does not want to meet them. They are trying to generate introductions to their dream prospects. If you are the person who secures that meeting, you just created social debt.

2. Help with a professional job search – The individuals inside of your accounts and prospects are going to move around. They are always looking for the next opportunity. They have career aspirations. If you help them land that dream job, you just created social debt.

3. Introduce a qualified candidate for an open position – Many executives and key decision makers believe that they are only as good as their people. Very often they have open positions or are looking to replace a poor performer. Yet they are having a hard time finding the superstar "A" player. If you help executives fill a critical position with a superstar, you have just created social debt.

4. Generate professional visibility – Your dream prospects and customers are doing great things in their job. But usually these are well-kept secrets. They are struggling to differentiate themselves in the complicated, competitive B2B sales world. If you can figure out a way to get them professional visibility, be it speaking on a webinar, profiling them in a blog post, writing an article for publication, etc., you have just created social debt.

5. Connect somebody to a professional peer – Let us say someone is selling technology to the Chief Information Officer. That is a lonely and challenging job. CIOs today are dealing with a tremendous amount of pressure. Very often a CIO would love to talk to a peer who is experiencing similar difficulties. By being a broker, connecting one CIO to another CIO, you have just created social debt.

If you do these five things, and you do them well, then you are on your way to social selling success.

Empirical Evidence to Support Social Selling

Now that you understand what Social Selling is, and how it can be used, what evidence exists to support that it is effective?

SBI research found that reps using Social Selling techniques realize 66% greater quota attainment than those using traditional prospecting means, see *Figure 18 – Quota Attainment*. This confirms the importance of modern prospecting proficiency in driving results. If sales reps want to make the number, they need to assume responsibility for their own prospecting and embrace social selling to engage with a buyer early in his journey.

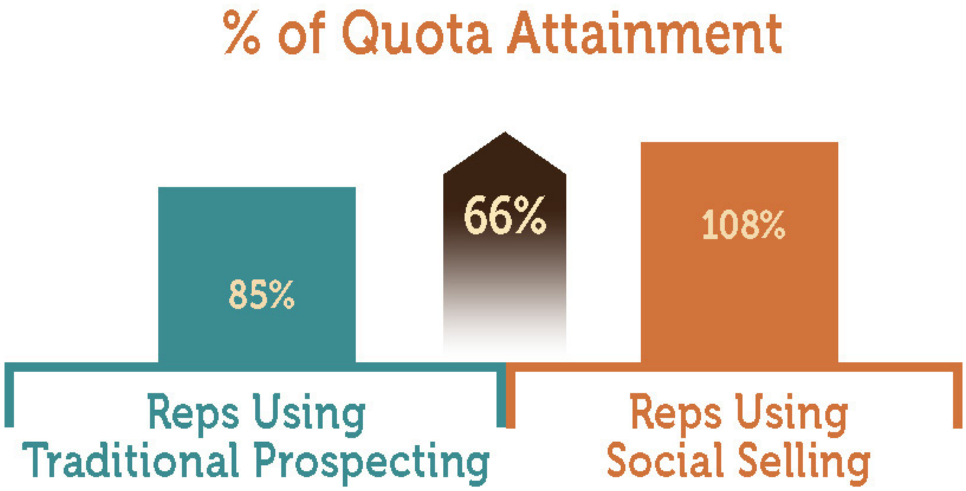

Figure 18 – Quota Attainment

Reach matters. SBI found when a sales rep wants an appointment with a buyer; they need to have a personal connection with that individual. Without a connection, the sales rep has a 5% chance of getting an appointment. However, if a personal connection exists, the chance of an appointment leaps to 21%. The buyer is 4.2 times more likely to engage with the sales rep when a connection is present.

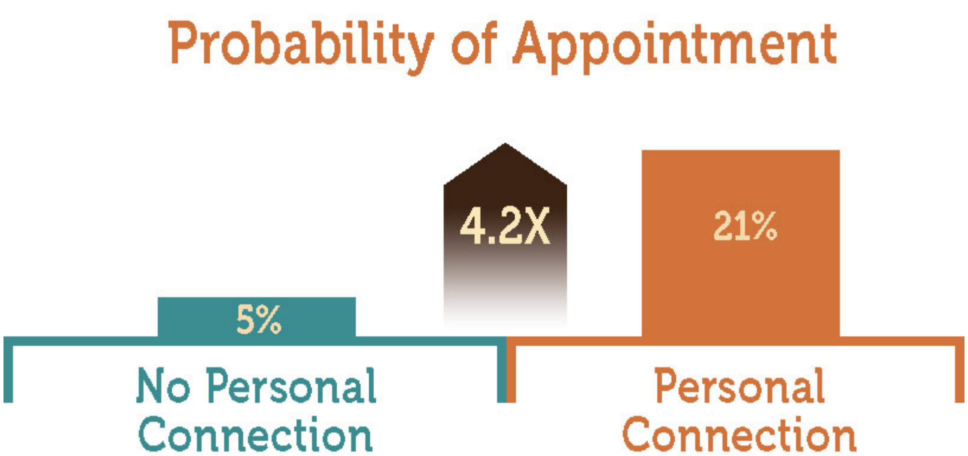

Figure 19 – Probabilty of Appointment

To further validate the value of personal connections, SBI looked at the relationship between number of LinkedIn connections and rep quota attainment, see *Figure 20 – % of Reps Attaining Quota*. SBI found the number of connections is directly linked to quota attainment. Ideally this statistic would also look at quality of the connections, however today that is still a manual process that requires tagging and is therefore highly unreliable. Reps with less than 250 LinkedIn connections have a 52% chance of attaining quota. Reps with 5000+ linked in connections have a 98% chance of attaining quota. The results stair-step up as the number of LinkedIn connections rises. If sales reps are not building out their personal connections today, their chances of success in 2014 are going to be slim.

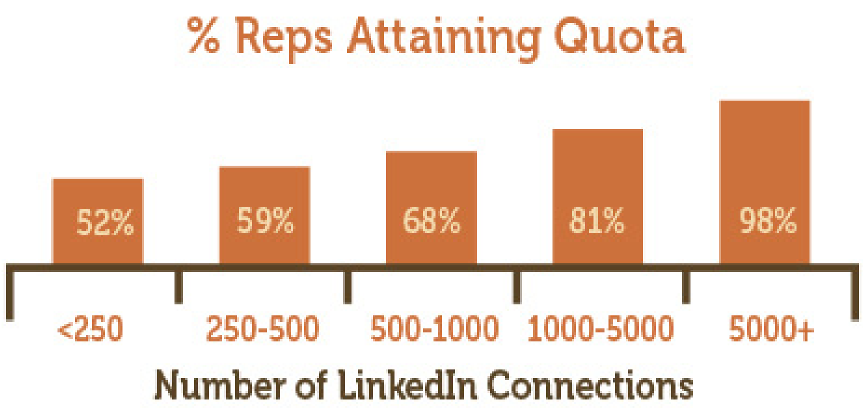

Figure 20 - % of Reps Attaining Quota

Reps using social selling are more active than reps using traditional prospecting, see *Figure 21 – Appointments per Week*. On average they make 7.8 appointments per week, compared to 4.3 appointments for reps using traditional prospecting. Prospecting is hard in today's environment. But it becomes manageable through social selling as buyers respond positively to Profiles, Reach and Referrals.

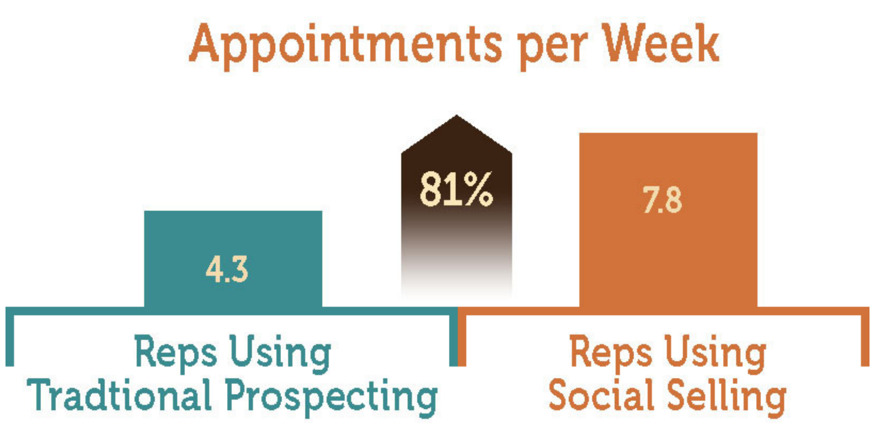

Figure 21 – Appointments per Week

Not only are reps using social selling more actively, but they are able to secure appointments with more decision makers, see *Figure 22 – % of Appointments with Decision Makers*. Research shows it is getting harder just to get to the first meeting. Today's new buyer has an extraordinary number of priorities and daily tasks. Meeting with you, a seller, is at the bottom of a very long list. This new buyer is suffering from information overload. But if a sales rep is effective at social selling, he can get more meetings with the decision makers.

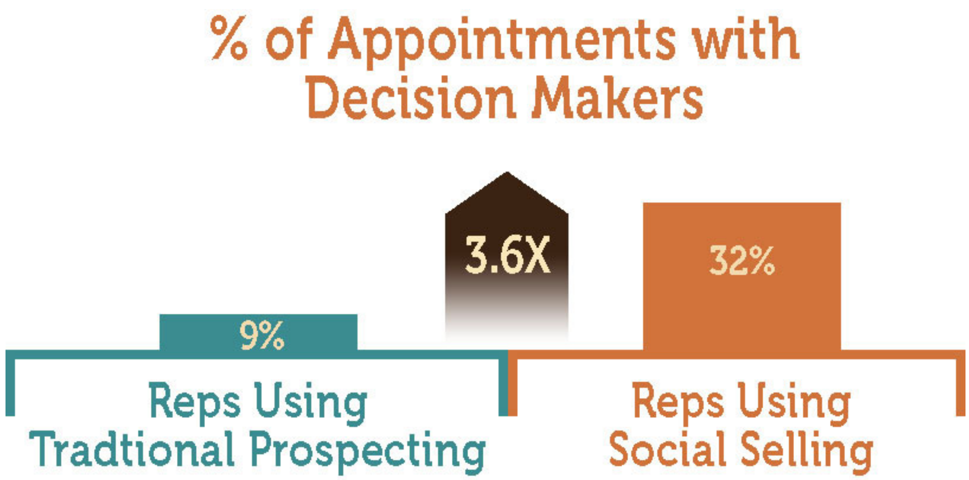

Figure 22 - % of Appointments with Decision Makers

Social debt requires deposits before referral withdrawals are made, see *Figure 23 – Probability of Referral*. After 7 social debt actions, there is a 31% chance that a referral source will provide a referral. A single social debt action results in a 4% chance of a referral. This 4% may be disappointing, but 4% is still a better conversion rate than can be expected with cold calling or email prospecting.

Figure 23 – Probability of Referral

Similar to connections, referrals also determine quota attainment; see *Figure 24 – % Quota Attainment*. Reps with 4 or more referrals per month typically achieve more than 100% of quota. Reps with fewer do not. Referrals require proficiency at all aspects of Social Selling – Profiles, Reach, and Referrals. To make the number in 2014, reps need to be mastering these skills now.

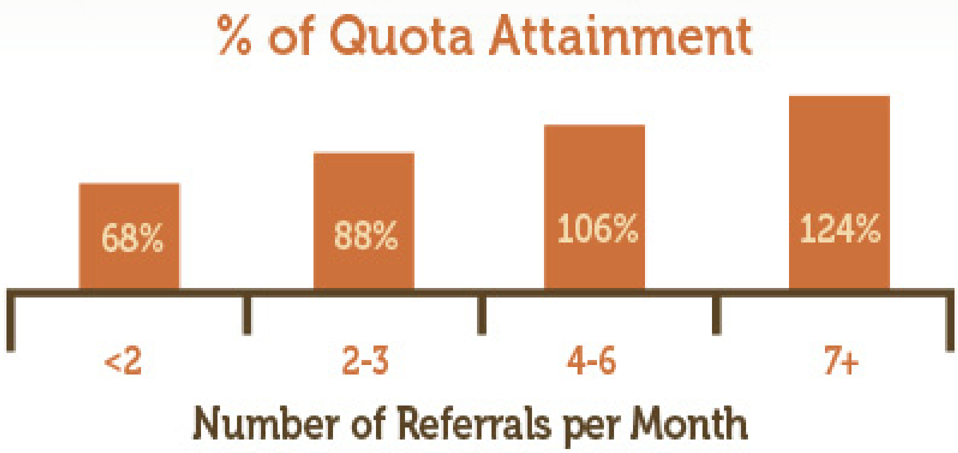

Figure 24 – % Quota Attainment

The research shows that Social Selling works. To summarize the findings, reps using Social Selling realize:

- 66% higher quota attainment
- 4.2X better chance of getting an appointment if have a personal connection with buyer
- 88% greater chance of attaining quota with 5000+ LinkedIn connections than <250 LinkedIn connections
- 81% more appointments per week
- 3.6X greater likelihood to meet with decision makers
- 7X greater chance to get a referral after 7 or more social debt deposits then less than 2
- 82% more quota attainment with 7 or more referrals per month then less than 2

What Should You Do Now?

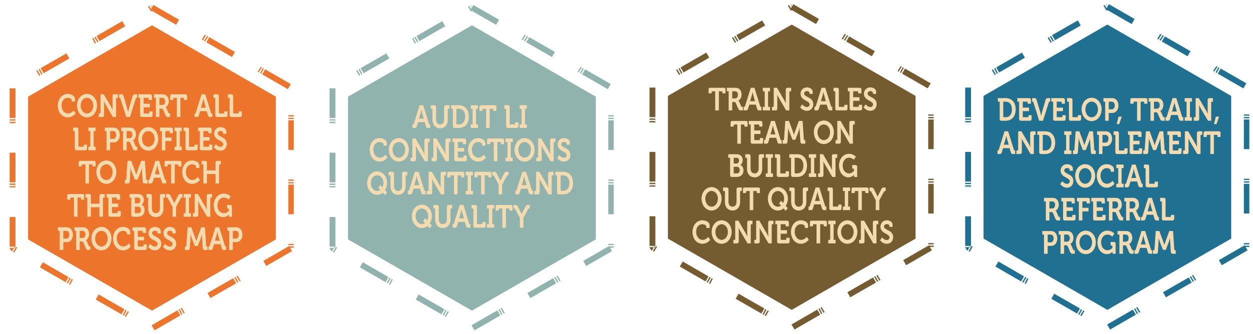

Figure 25 – Social Selling Next Steps

Leading sales organizations are taking 4 immediate actions to get value out of Social Selling in 2014, see *Figure 25 – Social Selling Next Steps*:

- Have the sales force re-write their LinkedIn profiles to match the Buying Process Map. The sales force needs to represent themselves as a group who understands the buyers they are trying to reach.
- Audit the LinkedIn connections of the sales force for quantity and quality. Determine if they have enough effective reach.
- Train the sales team on building quality connections. Everyone needs to grow their network intelligently.
- Develop, train and implement the social referring program. The sales force needs to convert Social Selling effort into referrals that result in revenue.

Silver Bullet #3 - Sales Process

What Is a Sales Process?

A sales process is a customized approach to selling a product, service or solution.

What does a Sales Process Do?

A sales process allows a sales team to sell the way the customer wants to buy.

What does it mean to use a Sales Process?

The use of a sales process results in higher close rates and reduced cycle times.

Traditional Sales Processes No Longer Work

In the 2010 paper, Is The Pain Worth It, McKinsey found 75% of solution selling projects fail.[6] Since 2010, SBI has seen this trend accelerate across the family of sales methodologies developed in the 1980's – SPIN Selling, Strategic Selling, Consultative Selling, etc. SBI's experience is that more than 90% of these implementations do not generate the expected returns. These methodologies were built at a time when buyers were analog. Today's informed, socially connected buyers do not respond to traditional selling methods. Traditional selling methodologies were not built for the internet, Google, email, smartphones, tablets, LinkedIn and other technology tools used by today's buyers.

The Modern Approach to Sales Process

The modern approach to sales process is to build a custom sales process using the following 5 steps:

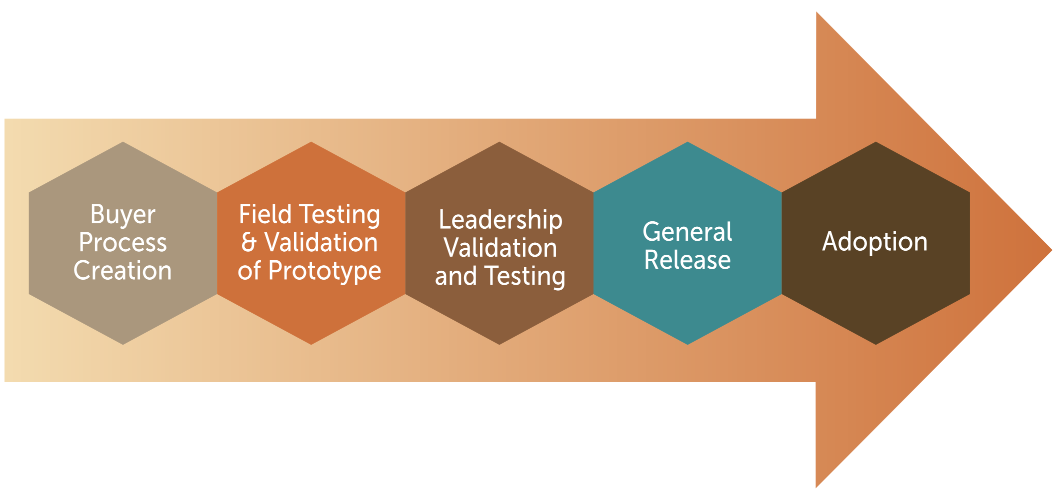

Figure 26 – 5 Steps to Build a Custom Sales Process

[6]Source: Is The Pain Worth It, McKinsey, 2010

1. Buyer Process Creation – Begin with a Buying Process Map to understand how the buyers make purchase decisions.
2. Field Testing and Validation of Prototype – Borrowing from the software development methodology known as agile, build a prototype. Then field validate the prototype through a select group of sales reps. Alter the prototype using feedback from sales reps actually using it in the field.
3. Leadership Validation and Testing – After field testing, the prototype moves to the leadership team for validation and testing. Leadership will need to train, coach and drive adopt of the sales process. Before that, they need to see for themselves that it works.
4. General Release – At this step, the sales process is launched to the rest of the sales force. Launch is facilitated and training conducted by the sales leadership team.
5. Adoption – Sales Process is not a onetime training event. It is a program that requires persistent reinforcement. By the time a seller asks the majority of the sales force to use the sales process, it has already been used and tested by members of the field and leadership team. This dramatically increases the likelihood the sales process is adopted.

Agile vs. Waterfall Approaches to Build a Custom Sales Process

The agile development methodology from the software industry has permanently changed the way sales process initiatives get rolled out. The following discussion compares the new agile and traditional waterfall approaches to sales process rollout.

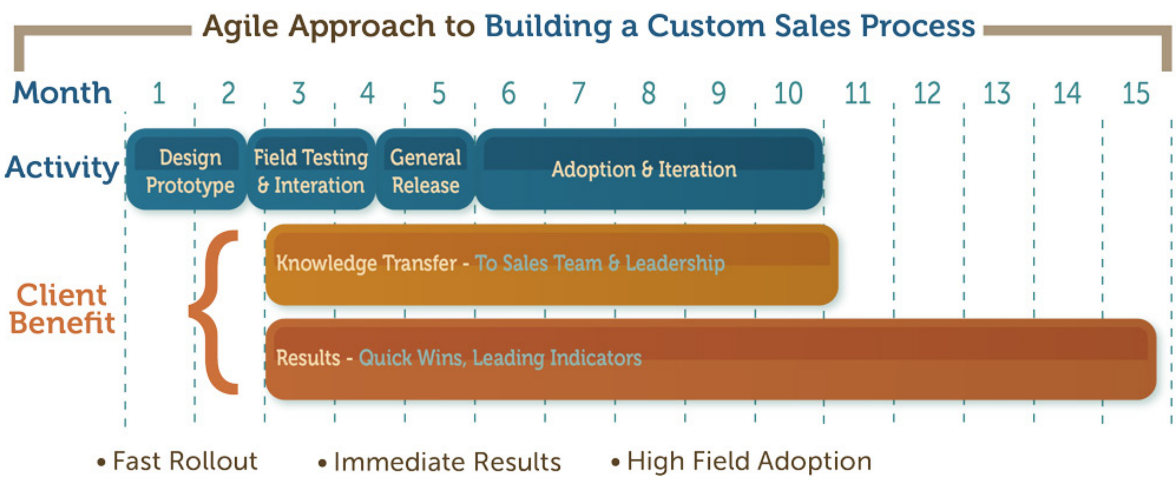

Figure 27 - Agile Sales Process Rollout Plan

Figure 27 - Agile Sales Process Rollout Plan shows a typical 15-month rollout schedule used by leading sales organizations. The first thing you will notice is that within 6 weeks of launching the program, a prototype is designed and field testing begins. Nobody embracing agile says "trust me; several months from now there will be this miraculous process". Instead, usage begins right away and the iteration process takes over.

By the third month, knowledge is being transferred. Results through quick wins and leading indicator metrics are evident. Field testing and iteration continue for about 2 months, followed by a general release in month 4. That is followed-up with 6 months of Adoption and Iteration.

One of the benefits of using agile is the knowledge transfer. Leading selling organizations are no longer dependent upon a third party for training, license fees, etc. With agile the sales process is built and owned by the sales force. If you want to differentiate your company based on the way your sales force engages customers and prospects, you simply cannot invest in a sales methodology from a sales training company. Your competitors can license the same methodology. The training vendors will not grant you an exclusive license. Therefore, you must build a proprietary, in-house sales process. This insures your sales approach is different than your competitors.

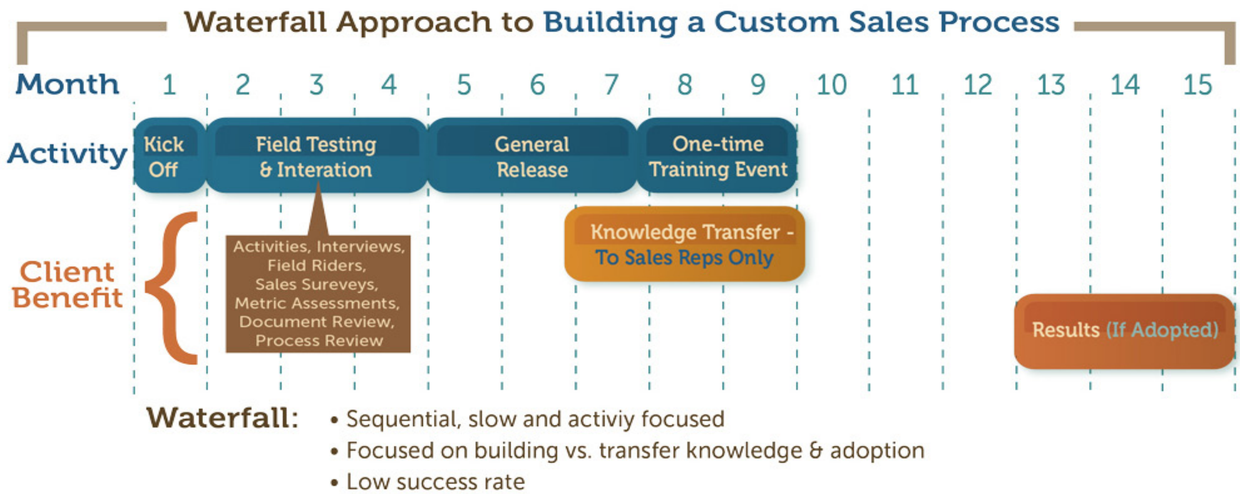

Figure 28 – Waterfall Sales Process Rollout Plan

Figure 28 – Waterfall Sales Process Rollout Plan shows another 15-month rollout schedule; however, this one is using the waterfall approach. In month one, there is a big kick off meeting. That is followed by a set of discovery activities lasting about 3 months - interviews, surveys, metrics assessments, etc. Following discovery is 3 months of design. Finally, about 8 months into the project there is a big training event where everyone comes together to get trained – often at a sales kickoff event. From that point forward it is 'wait and see' if the sales process will produce results as the sales cycle needs to play out.

Waterfall processes were useful at a time when business moved at a slower pace. The issue today is that buyers change faster than waterfall approach can handle. For example, if it takes 15 years to paint a bridge, the painting never ends. About the time a painter finishes, the first part of the bridge has begun to rust again. The painter spends his life painting the same bridge. With a waterfall sales process, it is similar. If the waterfall method accounts for a changing buyer, it gets stuck in a constant discovery/design loop and never gets launched. If a sales organization ignores buyer changes and simply rolls out what buyers were doing a year ago, the sales process will be out of alignment with the new buying process. A sales process that is not aligned with the buyer or one that does not produce results will never get adopted.

In contrast, an agile approach eliminates this risk as it is based on constant iteration through prototypes, field/leadership testing, adoption feedback, etc. For this reason, SBI has found leading sales organizations embrace agile to roll out a custom sales process aligned to the way their buyer's buy.

Adoption Plan

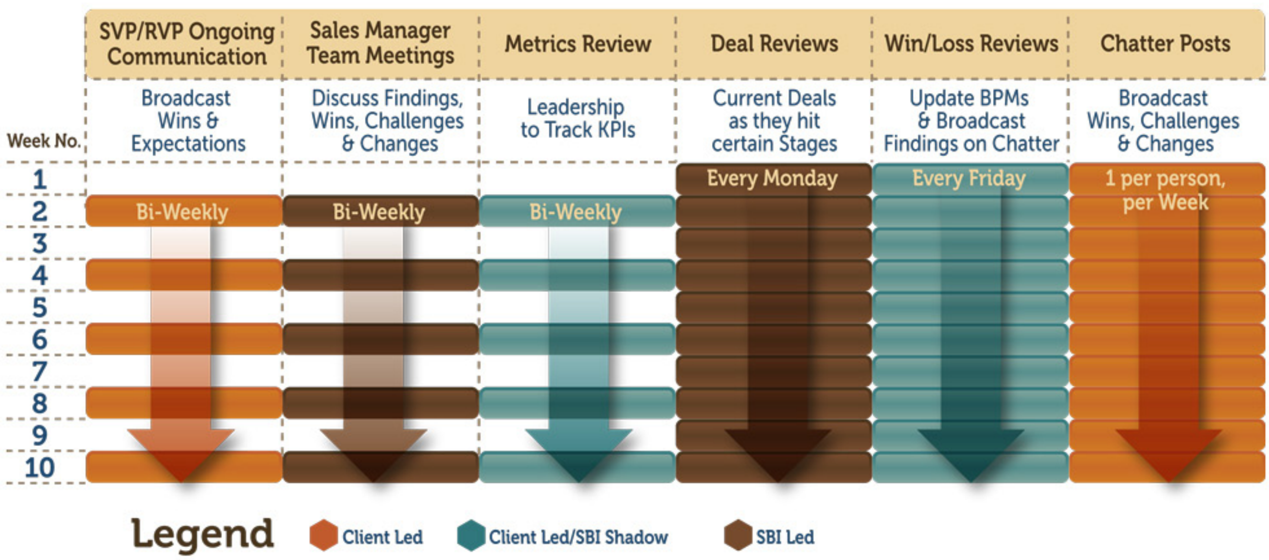

Figure 29 – Sales Process Adoption Plan

SBI has seen the 90% failure rate on sales process rollout projects jumps to nearly 100% if the project does not include an adoption plan. No adoption plan is certain failure. *Figure 29 – Sales Process Adoption Plan* is a simple 1 page adoption plan, representative of the ones used by leading sales organizations. In this plan are 6 activities:

1. Communications from the Head of Sales to broadcast wins, review expectations and provide regular visibility that leadership has bought into sales process adoption.
2. Team meetings driven by the sales managers to discuss with the field team execution level findings, wins, challenges, changes and ways to be successful.
3. Metrics review with Sales Ops to track KPIs and movement of leading/lagging indicators of success
4. Deal reviews with the sales management team to inspect opportunities as they hit certain stages

5. Win loss reviews looking for ways to modify the BPM and sales process based on reasons customers either buy or do not buy

6. Collaboration on a social tool, Chatter, Lync, Yammer, Jive, etc. to broadcast wins, challenges and changes on a daily basis.

This example shows a 10 week schedule, however adoption never stops as iteration on the sales process never stops. With agile the ongoing new learnings get incorporated and changes communicated in near real time.

Empirical Evidence to Support Sales Process

Now that you understand what Sales Process is and how it can be used, what evidence exists to support that it is effective?

Leading sales forces with custom sales process have a 33% higher win rates than sales forces with either a traditional sales process or no sales process at all, see *Figure 30 – Win Rate*. Buyers reward sellers with the order when sellers engage the way the buyer wants to buy.

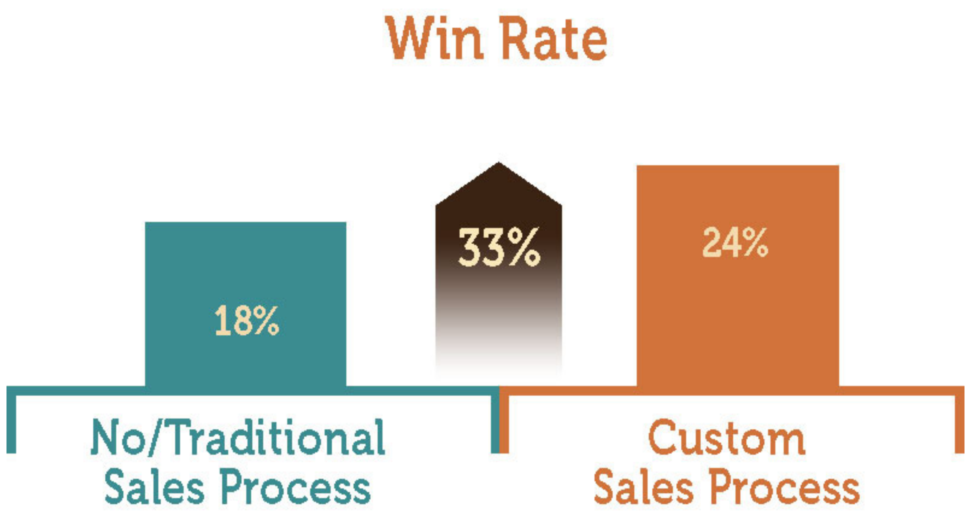

Figure 30 – Win Rate

Aligning the sales process with the buying process, through a custom sales process removes friction and reduces the sales cycle length by 20%; see *Figure 31 – Sales Cycle Length*. When a sales force has no sales process, sales reps are likely to focus on the macro decision and not the micro decisions. When a sales force has a traditional sales process, there are cycles added to the sale because the new buyer wants to do one thing while the sales process tells the seller to do another. A custom sales process enables the seller to address the micro questions in sequence shortening the time it takes a buyer to make the macro decision.

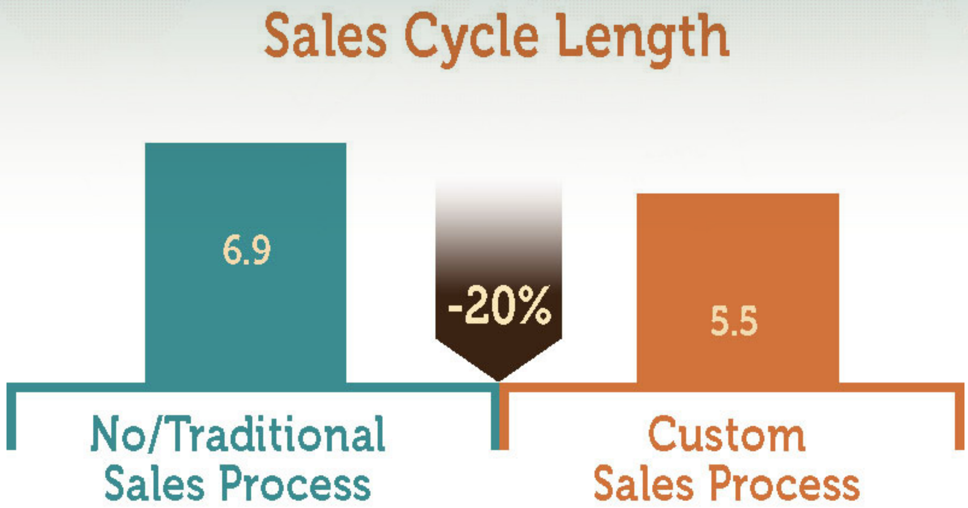

Figure 31 – Sales Cycle Length

Probability of success, defined as attaining the objectives for the sales process, jumps more than 6X when a custom sales process is deployed using an Agile approach, see *Figure 32 – Probabilty of Success*. Common objectives for sales process include Win Rate, Sales Cycle Length, Adoption Rate, and Quota Attainment. SBI has found that traditional sales processes have a less than 10% chance of success. Custom sales process deployed through an agile approach are successful more than half the time, primarily because Agile drives adoption and the desired changes in behavior. With Agile, the process is owned and built by the field sales team, not outside trainers, not the corporate team. With Agile, the process is aligned with current buyer behavior, not buyer behavior from decades ago or even a year ago.

Figure 32 – Probabilty of Success

When results are actually achieved, SBI has found the agile approach outperforms the waterfall approach, see *Figure 33 – Time to Realize Results (Months)*. As discussed previously, many waterfall approaches fail. However, in the rare scenarios where they succeed, it takes more than 13 months for results to appear. This means a sales force deploying sales process using the waterfall approach will not see results until the next selling year. When an agile approach is used, results appear in 2 quarters, less than half the time required with waterfall.

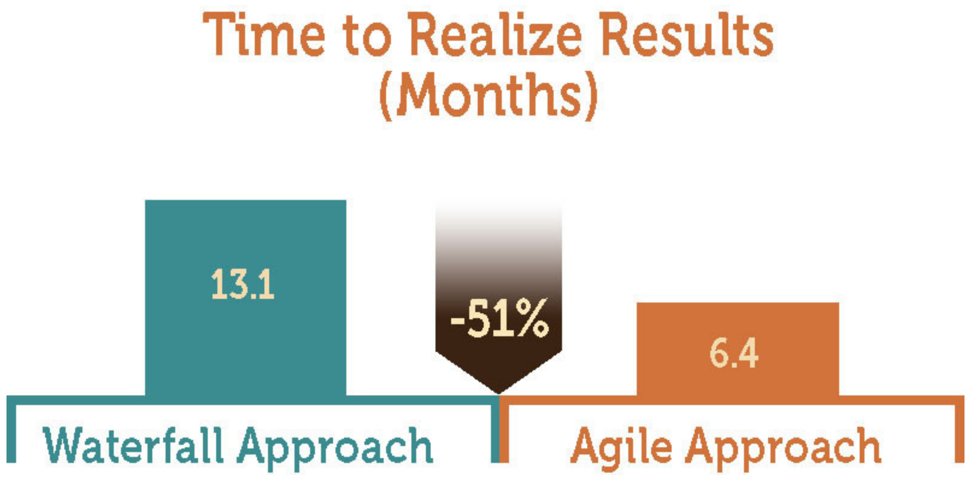

Figure 33 – Time to Realize Results (Months)

SBI has found that all the buyers of a given product do not buy using the same process. Therefore, a single sales process is not enough to achieve the overall sales quota number, see *Figure 34 - % Quota Attainment*. Although no sales process performs the worst at 88%, the best way to exceed the number by 5% in terms of overall quota attainment of the sales force is to deploy multiple sales processes. If this sounds too complicated, a single sales process outperforms no sales process.

Figure 34 - % Quota Attainment

The research shows that Custom Sales Process works. To summarize the findings, companies with Custom Sales Process realize:

- 33% higher win rates
- 20% shorter sales cycles
- More than 6X higher probability of success
- 51% less time to result
- 19% greater quota attainment with multiple sales processes than a single sales process

What Should You Do Now?

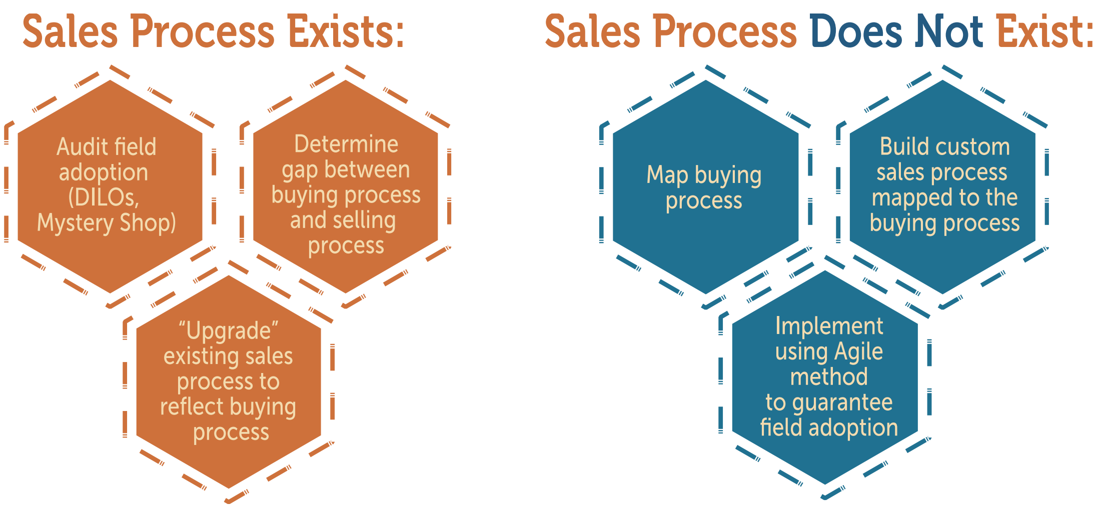

Figure 35 – Sales Process Next Steps

So how are leading sales organization getting value out of Sales Process in 2014? That depends if they have a sales process in place that is currently being used.

Leading selling organizations with an existing sales process do three things.

1. Audit the field adoption of the current sales process. Techniques used include interviews to test for understanding, DILOs to witness if the sales process is being put to use, mystery shopping your own sales team to see if they are following the sales process. If the sales process is not adopted, it is possible to consider moving to the scenario below where there is no existing sales process.
2. Determine the gap between the buying process and the selling process. This starts with understanding the buying process. If you try to map that process to the selling process, is it in alignment or not?
3. Upgrade your existing sales process to close any gaps identified in step 2, so long as they can be fixed. Follow-up the upgrade with a re-launch the process to build upon the body of knowledge already in place.

Leading selling organizations without an existing sales process do three things.

1. Map the buying process using the BPM approach described in the first silver bullet.
2. Build a custom sales process mapped directly to the buying process using the agile approach described in this silver bullet. This includes designing the prototype, field testing and validation, leadership validation and testing.
3. Implement using an agile method to guarantee field adoption. This includes a general release followed by adoption and iteration.

Silver Bullet #4 - The New "A" Players

What Is the New "A" Player?

The new "A" Player is a new breed of sales rep uniquely equipped to sell to the modern buyer.

What does the New "A" Player Do?

The New "A" player sells the way the new buyer wants to buy.

What does it mean to employ the New "A" Player?

The hiring and developing of the New "A" Players results in a higher percentage of reps exceeding quota, more revenue per sales rep and shorter ramp times for new hires.

New "A" Player Sales Rep Competencies

SBI has found leading sales organizations have changed their selling competencies more significantly than in years past. With the new informed buyer, the buying landscape has changed. To keep pace with the way buyers are buying, leading sales forces are overhauling their talent program to embrace the New "A" player competencies

Figure 36 – New "A" Player Competencies shows an example of a talent review across 10 competencies that define the new "A" player sales rep. Each competency is rated on a scale of 1 to 6 – one or two is a "C" player, three or four is a "B" player and a five or a six is an "A" player. The competency is assessed through an interview that mimics job performance by simulating the interactions with a buyer during their buying journey. The goal is to have as many "A" players on the sales team as possible. The current talent of the team is compared to the benchmark goal to identify gaps.

Individual Competency	Definition	Rating 1-6	Benchmark 1-6	Gap
Social Personal Branding	The ability to create and perpetuate a digital brand that portrays expertise.	2.0	3.3	-1.3
Social Reach	The ability to amplify one's brand and attract a growing volume of the right relationships.	4.0	3.7	0.3
Social Referral Generation	The ability to get warm introductions to decision makers inside of target accounts.	1.6	2.8	-1.2
Social Prospecting	The ability to gather, and act upon, account and persona intelligence.	2.0	4.8	-2.8
BPM Recognition	The ability to identify the location of a buyer on a buying process map.	2.4	5.3	-2.9
Sales Process Execution	The ability to sell the way the buyer wants to buy.	5.1	3.8	1.3
Technology Proficiency	The ability to leverage SoLoMo tools, SFA, and Marketing Automation.	5.2	5.1	0.1
Insight Generation	The ability to create new demand by proactively bringing new insights to target accounts.	1.0	1.6	-0.6
Content Production	The ability to create, and curate, valuable lead nurturing content and syndicate it across social connections.	3.1	3.7	-0.7
Lead Management	The ability to receive, and understand, lead intelligence from the marketing department, and convert leads into opportunities.	2.4	5.6	-3.2
		2.88	3.97	-1.09

Figure 36 – New "A" Player Competencies

Many of these competencies are new for sales reps, so here is an overview of each:

- Social Personal Branding – the ability to create and perpetuate a digital brand that portrays expertise of the buyers the rep is pursing.
- Social Reach – the ability to amplify one's brand and attract a growing volume of the right relationships, think quality LinkedIn connections.
- Social Referral Generation – the ability to get warm introductions to decision makers inside of target accounts.
- Social Prospecting – the ability to gather and act upon account and persona intelligence.
- BPM Recognition – the ability to locate where the buyer is in the buyer journey.
- Sales Process Execution – the ability to sell the way the buyer wants to buy.
- Technology Proficiency – the ability to leverage social, local and mobile tools as well as sales force automation and marketing automation to generate results.
- Insight Generation – the ability to create new demand by proactively bringing new insights to target accounts.
- Content Production – the ability to create and curate valuable lead nurturing content, and syndicate it across social connections.
- Lead Management – the ability to receive and understand lead intelligence from the marketing department while converting leads into opportunities.

These 10 competencies are not the only competencies that are required to sell effectively today. However they are very different than the competencies used to evaluate sales reps in the past – assertiveness, negotiation, active listening, objection handling, etc. Those skills are still required. They have become the 'table stakes' to sell within the 31% of the buyer journey where a buyer engages a sales rep. However, the new competencies enable a sales rep to sell in the 69% when the buyer is conducting the buyer journey on their own.

Talent Portfolio

Leading sales organizations create a talent portfolio to assess the talent of their team. A talent portfolio plots each rep on a grid where the vertical axis represents accountabilities and the horizontal axis represents competencies; see *Figure 37 – Talent Portfolio*. Accountabilities are things that need to get done to facilitate a purchase decision. Competencies are skills that must be embraced to relate to the new buyer.

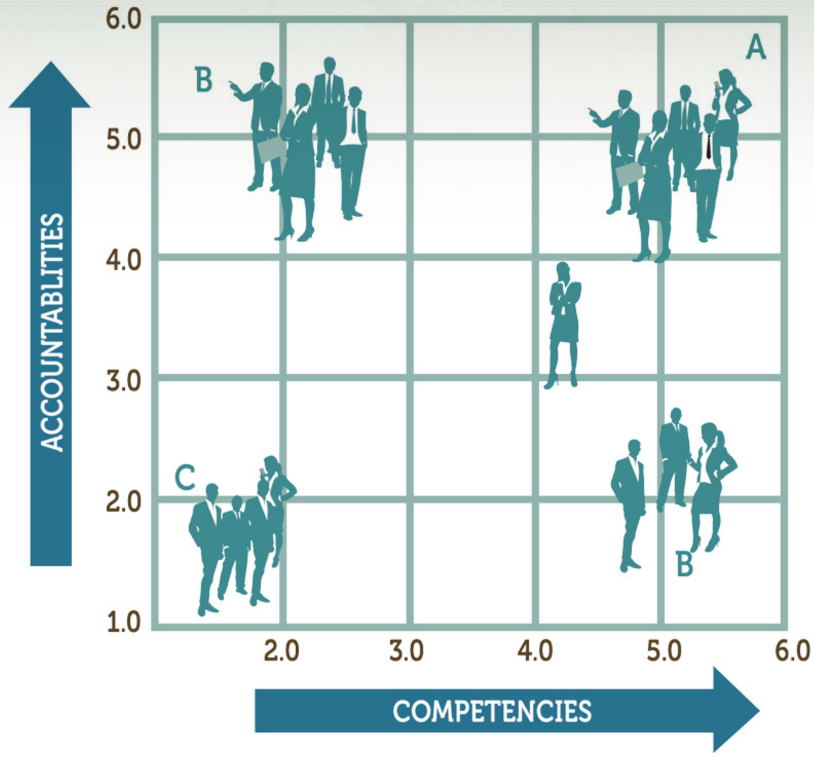

Figure 37 – Talent Portfolio

This talent portfolio identifies "A" players, "C" players and two types of "B" players – those strong on accountabilities and weak on competencies and those strong on competencies and weak on accountabilities. Once identified, leading sales forces take action on the data. First they replace "C" players with "A" players. With "B" players the critical question is, can this individual be developed into an "A" player in less than a year? If the "B" player can evolve, then continue investing. If this is an unlikely outcome, replace the "B" player with "A" player talent. And with "A" players, they need to be well taken care of and deployed in the most important territories.

Org Structures for 2014

The right talent is important in 2014. But equally important is how the talent is structured to go to market. SBI has found that the org models are evolving as much as the talent itself. Today there are 7 dominant sales organizational models, see *Figure 38 – Org Structures for 2014*.

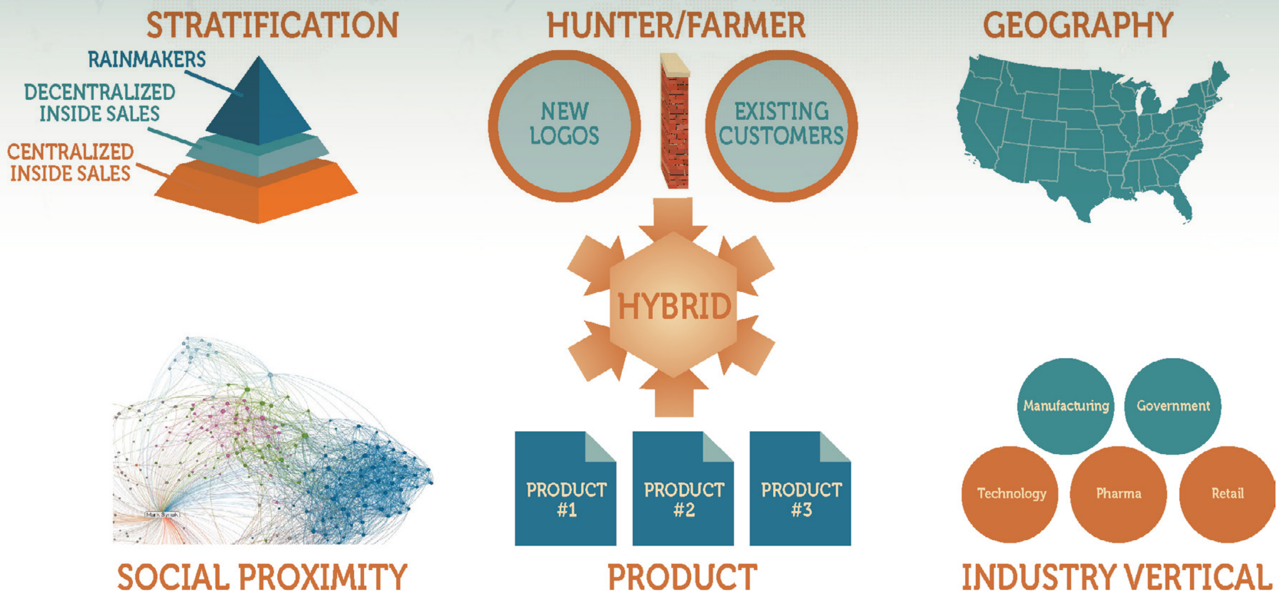

Figure 38 – Org Structures for 2014

The first organizational sales model is known as stratification, the classic pyramid based on account size. At the top of the pyramid are key accounts called on by the best sales people in the sales force. In the middle, a shrinking part of the pyramid, is decentralized inside sales. This is the classic field based B2B sales organization however most of these people no longer report to an office. They work from home performing the majority of the time selling virtually either on the phone or on the web. At the bottom of the pyramid is centralized inside sales. Think of a corporate headquarters environment where there is a floor of sales people selling on the phone or on the web.

The second organizational sales model is the classic activity model of hunter/farmer. Hunters are focused on selling to new accounts or new logos. Farmers are focused on up/cross selling existing customers, and customer retention. There is a brick wall in between those two groups because they need to remain focused. Allowing hunters to farm or farmers to hunt hinders performance.

The third organizational sales model is geography. This form is still widely deployed today. It makes sense to place sales reps close to customers. It makes assigning leads to sales reps easy. Some customers still value knowledge of the local market. Geographic territories minimize travel time and associated costs. However with an increase in virtual selling techniques the power that once existed in geographical models is declining.

The fourth organizational sales model is the classic product model. This is typically deployed by organizations that are driven by the product groups, where product management is the dominant corporate function - these product groups are often organized by BU with a General Manager running each BU and separate sales forces representing each product.

The fifth organizational sales model is industry vertical - manufacturing, government, retail etc. Sales forces that structure this way have found that buyers place value on the level of industry expertise a sales force brings. These buyers must be willing to pay a price premium for this service as it is an expensive model to deploy. Most often this is deployed when a sales force is selling solutions or services, not products.

The sixth organizational sales model is a new one called social proximity. It defines territories based on each sales person's network connections. For each account, they ask who is most connected to this account? Through analyzing the networks of the sales force, leading sales organizations assign accounts based on who each sales person knows and who they are likely to gain access to. Say a sales rep is based in Atlanta and a new lead comes in from an executive at Home Depot. That lead gets routed to the sales rep in Atlanta. But what if that sales rep is not connected to that particular executive nor has people in their network who have strong ties to that person? They are going to have to work a lot harder to move a deal forward than a sales person else who is either connected directly to that executive or is well connected to Home Depot leaders. This organizational model is still in experimentation mode. But it is continuing to gain traction, replacing traditional geographical models.

The seventh organizational sales model is a hybrid. Leading sales organizations have found that trying to incorporate more than 2 org design principals is less effective than researching the buyer and picking the 1-2 that best suit their needs. Leading sales organizations live with the tradeoffs of not trying to be all things to all buyers. Instead they differentiate by getting really good at the ones most valued by their buyers.

How to Determine the Right Org Model

The best tool to determine the best org model is a consulting approach known as RACI – Responsible, Accountable, Consulted, and Informed, see *Figure 39 – RACI Prototype*.

PROCESS:	Prospecting		Sales Process				Account Management		
Role / Activity	Increasing Reach	Referral Generation	Top of Funnel	Middle of Funnel	Bottom of Funnel	Implementation	Retain	Cross Sell	Upsell
Sales Manager	A	A	A	C	A		I	A	A
Account Manager	C	R	I	A	C	R	A	R	R
Overlay Specialist	I	R	I	R		C		A	A
Lead Development Rep	C	R	R					R	C
Customer Service Rep	C	R				R	R		C
Sales Rep	R	R	R	C	R	A	I	I	I

INDEX:
- R – Responsible
- A – Accountable
- C – Consulted
- I – Informed

Figure 39 – RACI Prototype

Use of this tool follows the following sequence.

The first thing to do is lay out the work that needs to get done based on what is known about the buyer journey. For example prospecting includes the activities that need to be accomplished to engage a buyer before they reach out to sellers.

The second thing to do is lay out the roles in the organization, for example Sales Reps, Sales Managers, etc.

Then gather the necessary stakeholders and determine which are the right resources to perform each activity. For example:

- If a VP of Sales is holding the Sales Manager accountable for increasing reach, they would add up the number of quality LinkedIn connections that his sales people have by key buying persona. The Sales Manager is on the hook for the result, and is being held accountable.
- The sales reps that report to the sales manager are responsible for doing the work, for actually increasing the reach by connecting to net new people and expanding their network.
- A Lead Development Rep might need to be consulted to enable the sales rep to perform that job.
- The Overlay Specialist might need to be informed so that the same buyer inside of an account is not getting multiple invitations from the same company.

This is a simple example of how a RACI works. It needs to be repeated across each of the activities and each of the roles. At the conclusion there will be a clear understanding of who does what. From there the 7 org models are evaluated to pick the one that best aligns with placing the right resources on the right activities.

Empirical Evidence to Support the New "A" Player

Now that you understand what the New "A" Player is and how it can be used, what evidence exists to support that it is effective?

Reps with the new "A" player competencies achieve 31% greater quota attainment, see Figure 40 % of Quota Attainment. Quota attainment is defined as the percentage of quota achievement. If a rep has a $1M quota yet achieves $800M in production, he has 80% quota attainment. Buyers are willing to engage with new sellers who help the buyer make the right decision. The gap between traditional competency production and the New "A" player widened in 2013 and is expected to further spread in 2014 as well.

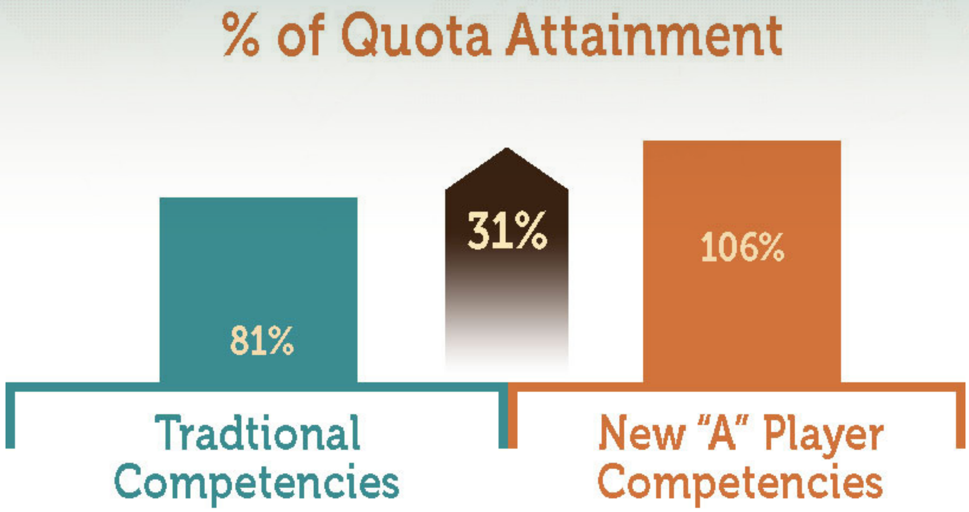

Figure 40 % of Quota Attainment

Reps with new "A" player competencies ramp 30% faster than reps with traditional competencies;, see *Figure 41 – Rep Ramp Time (Months)*. Ramp time is defined as the time required for a sales rep to achieve full quota production. Traditional reps have a steep learning curve. They need to learn the market, the products, the company, the competitors, the buyers, etc. New "A" player reps face similar challenges. However, they already have an established network. They have an approach for understanding and engaging with buyers. There is real value in their network and the ability to engage with buyers. That can immediately be put to use to short the ramp time to productivity.

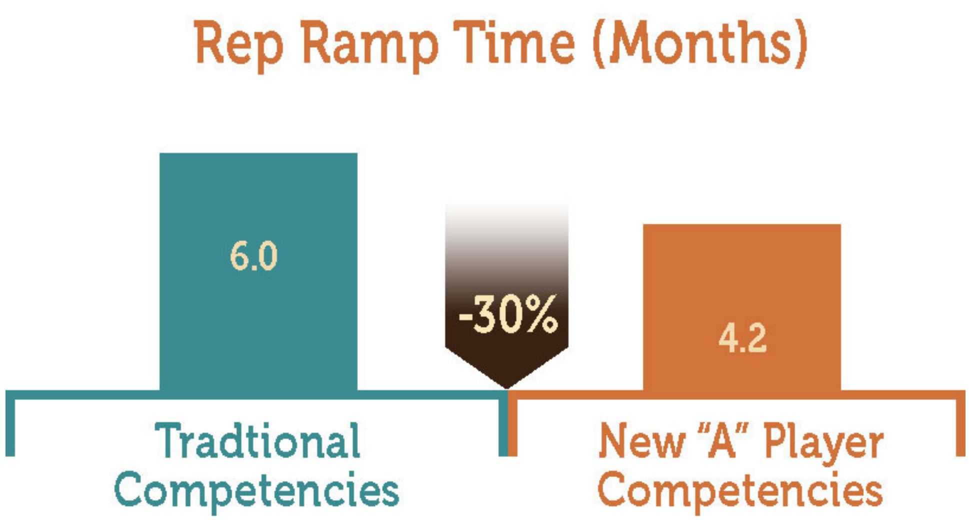

Figure 41 – Rep Ramp Time (Months)[7]

[7]Because ramp time to productivity vary significantly, SBI normalized the average ramp time at 6 months

Hiring success with the new "A" player is 61% higher than reps with traditional competencies, see *Figure 42 – Hiring Success*. Hiring success is defined as the probability that a rep will achieve full quota production within the stated ramp time to productivity specific to the employer. It is still early to measure this metric as the New "A" player competencies have only been utilized for about a year, but the early results are promising. If a sales leader hires a new "A" player, there is a 92% chance that "A" player will attain quota in the ramp time. If that same sales leader hires a traditional rep, there is only a 57% chance that rep will attain quota in the ramp time.

Hiring Success

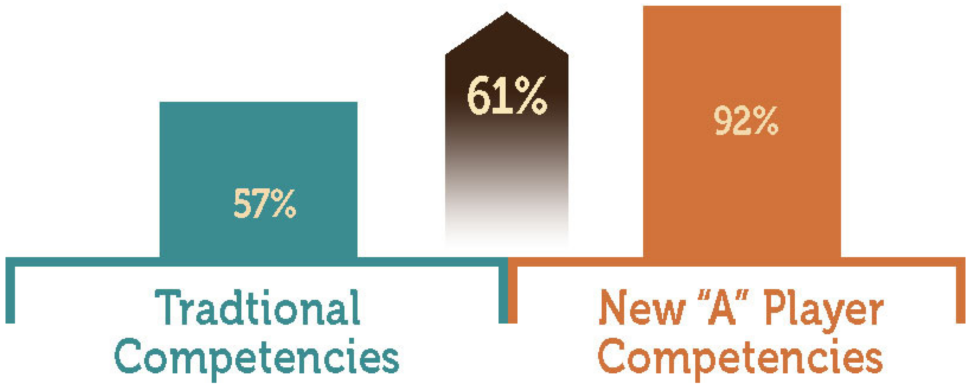

Figure 42 – Hiring Success

With each position that turns over, there is lost selling productivity from the role being vacant and a new hire ramping to productivity. New "A" players are 55% less likely to turnover, see *Figure 43 – Sales Rep Turnover*. New "A" players are more likely to make the number and not be pushed out involuntarily. New "A" players achieve quota and receive compensation rewards that keep them from looking for a new job. On the other hand, traditional reps face the common circumstances that drive their replacement – getting fired, finding a new job before they get fired, etc.

Sales Rep Turnover

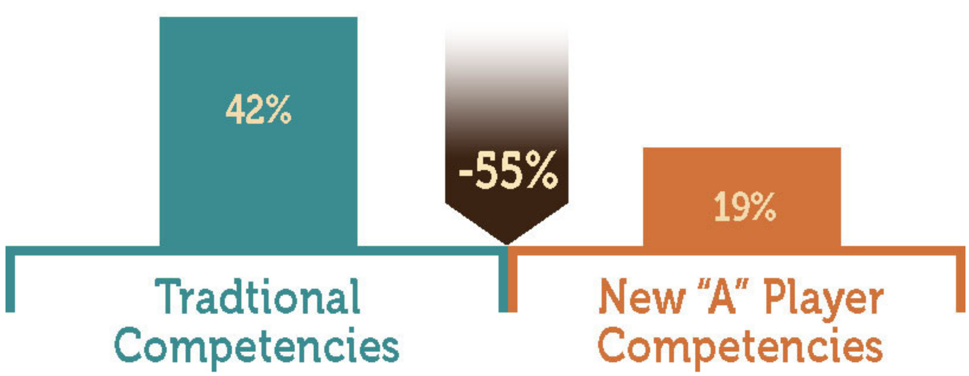

Figure 43 – Sales Rep Turnover

SBI found there is an optimal org model complexity that enables sales teams to make the number, see *Figure 44 – Probabilty of Quota Attainment*. Leading sales forces deploy 2 or fewer models. They achieve success through specialization and getting very proficient in the areas that are most important to buyers. Sales forces with 3 or more models try to be all things to all buyers. They hedge their bets as they do not fully understand what buyers value. They confuse their teams with unneeded complexity in the go to market model. As a sales leader, force yourself to choose the tradeoffs that matter most.

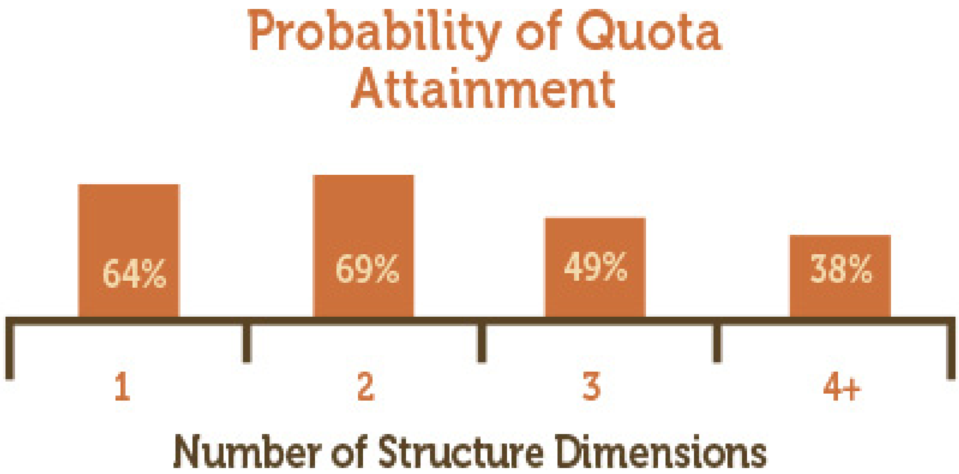

Figure 44 – Probabilty of Quota Attainment

The research shows that the new "A" player outperforms. To summarize the findings, new "A" players realize:

- 31% higher quota attainment
- 30% shorter ramp time to productivity
- 61% higher chance of being a successful hire
- 55% less turnover
- 31% or more probability of quota attainment with less than 2 org structure dimensions then with 3 or more

What Should You Do Now?

Figure 45 – New "A" Player Next Steps

Leading sales organization are taking 6 actions to get value out of the new "A" Players in 2014:

1. Assess the Sales force Against the Modern Competencies – Assess the existing sales force against the new competencies/accountabilities. Categorize the team by "A" player, "B" player, "C" player. Going forward only hire people that demonstrate "A" player competencies.
2. Get "A" Players in Best Territories – Re-assign "A" players to the best territories. SBI has seen an immediate 10% productivity improvement by matching the best sales reps with the best territories. Limiting "A" players to inferior territories is a problem easily fixed.
3. Build Development Plans for "B" Players – Build individual development plans to transition "B" players to "A" players in 2014.
4. Replace "C" Players with Newly Hired "A" Players – "C" players need to be replaced with "A" players. "C" players squander opportunities, frustrate customers and distract the team. Do not let these "C" players prevent you from achieving your objectives in 2014.
5. Build Interview Process to Bring in Only Modern Sellers – Build an interview process to ensure only modern sellers are hired. Do not add to the problem by hiring yesterday's sales person. Add to the solution by hiring tomorrow's sales person
6. Perform RACI Exercise to Determine Correct Org Structure – Perform a RACI exercise to determine the correct organizational structure. That is usually done twice a year by leading sales organizations as they evolve to keep pace with changing buyers.

Putting This Research To Work

Through work with leading sales and marketing organizations, SBI found they embrace an annual sales planning process, see *Figure 46 – Annual Sales Planning Process*. This example assumes a company is on a calendar fiscal year beginning in January and ending in December.

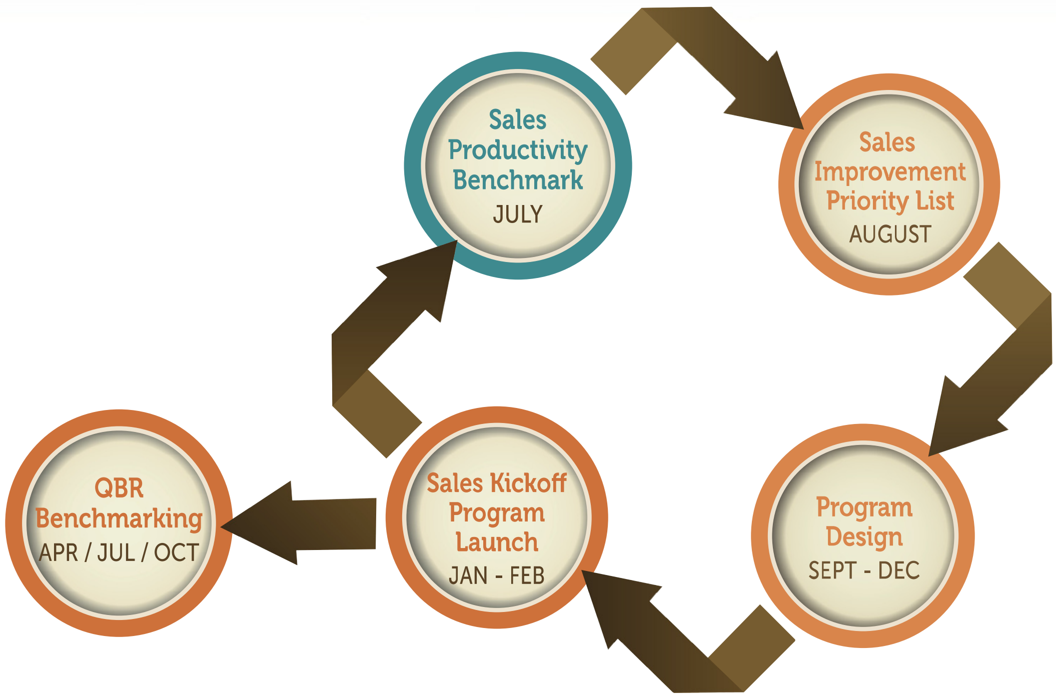

Figure 46 – Annual Sales Planning Process

These leading organizations begin by benchmarking their sales force in the July time period. With this benchmark, they seek to understand how well their sales force is performing against a set of productivity measures relative to other sales forces inside/outside of their industry. The purpose of the benchmark is to create a baseline.

Following the benchmark, the process moves to a sales improvement priority list in August. The purpose of creating a priority list is to focus on 3-5 things that will be done in the coming year to make the biggest impact on making the number. One problem that plagues underachieving sales forces is they try to do too much. Trying to do a dozen or more individual initiatives is a sure recipe for failure.

Once the priorities are identified, it is time to get into program design from September to December. It is one thing to say we should do X, Y and Z. It is quite another thing to turn X, Y, Z into project objectives, assign a project team, develop a project plan with milestones, dates, deliverables, and task ownership and get to work. There is a lot of work to prepare for an implementation launch.

Typically leading sales and marketing organizations launch programs at what is known as the sales kickoff event (SKO). That happens in the January to February timeframe. The annual SKO is typically the only time during the year when the entire sales force is in one place together. It is a great time to launch a new initiative and build excitement. But the work does not stop there.

Leading companies follow up launch with Quarterly Business Review (QBR) benchmarks. Typically this occurs at the beginning of each quarter – April, July, October and January. QBR benchmarking is a way to track progress, monitor results and ensure execution that drives results is happening.

The process repeats itself starting the following July.

This Best Practice annual sales planning process is what SBI has found drive success at leading organizations. It therefore is the suggested approach to putting this research to work inside of your organization to help you make the number starting in 2014.

Conclusion

Throughout this report we have looked at the changes in buyer behavior and how they are impacting sales forces. Buyers today are more informed, more technology enabled, more saturated with information. As a result they are performing more of their journey in a self-directed fashion before contacting a seller.

Remember the one takeaway from this report. **Force yourself and your sales team to make a choice.** Choice #1 says spend your time on yesterday's sales strategies because you believe your buyer has not changed his decision making process. Sales leaders making this choice have a 43% chance of success. Choice #2 says spend your time on tomorrow's sales strategies because you believe your buyer has permanently changed his decision making process. Sales leaders making this choice have a 67% chance of success.

If you pick Choice #2, invest heavily in the 4 silver bullets:

1- Buying Process Map

2- Social Selling

3- Sales Process

4- The New "A" Player

Sales Benchmark Index wants you to make the number in 2014. We can help you. If you want help, give Christina Dieckmeyer a call at 317-750-7443 and she will get you to the right person. If you prefer email, she can be reached at christina.dieckmeyer@salesbenchmarkindex.com.

If you have it covered, good for you. Check in with our blog from time to time by clicking here. Periodic check-ins will keep you up to date on SBI's latest research.

Good luck in 2014.