



HOW TO ELEVATE SALES TEAM PERFORMANCE:

APPLYING THE CSO INSIGHTS SALES RELATIONSHIP/PROCESS MATRIX

A whitepaper from



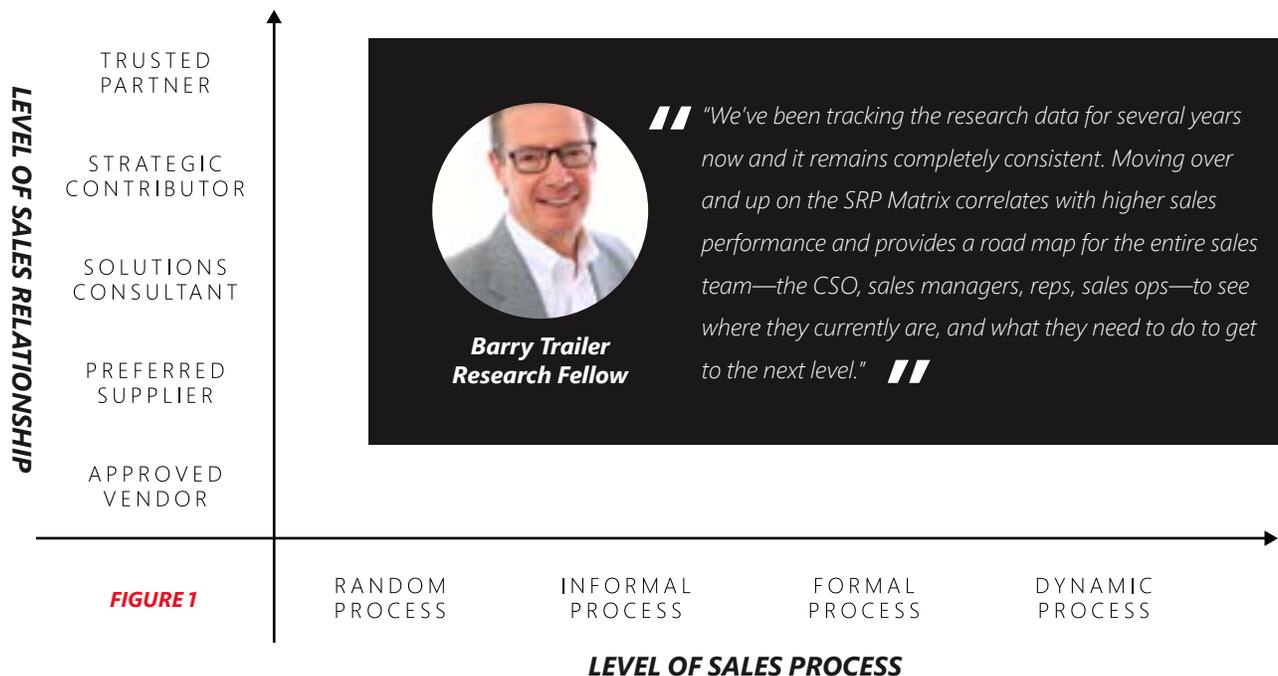
and





LEARNING THE LEVELS

CSO Insights first presented our Sales Relationship/Process (SRP) Matrix™ (see Figure 1) in 2007 and we have been tracking its key metrics for the past eight years. The SRP Matrix serves as a framework for firms to quickly identify how they currently operate and what levels of relationship and process implementation they need to achieve to remain competitive going forward. As it turns out, elevating their position along each dimension is not simply a “nice idea.” Our data clearly and consistently supports the importance of firms doing so.



We've defined three Performance Levels based on four key metrics:

1. Percentage of sales reps meeting or beating quota
2. Percentage of overall revenue plan attained
3. Total sales rep turnover
4. Sales forecast accuracy

These Performance Levels play out across the SRP Matrix (see Figure 2). The percentage of firms surveyed that fall into each Performance Level is also shown.

CSO INSIGHTS 2014 SALES RELATIONSHIP/PROCESS MATRIX™

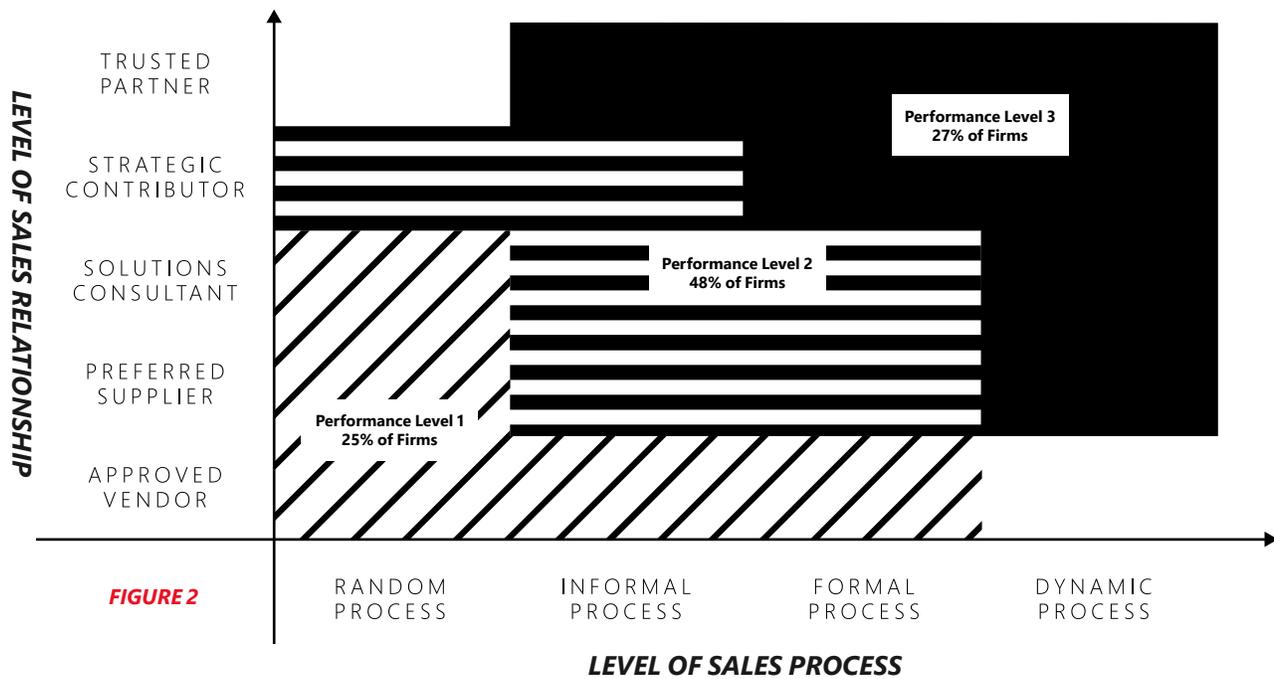


FIGURE 2



There are clear performance differences when moving over and up in the SRP Matrix; Table 1 shows the four defining metrics (with sales forecast accuracy divided into three categories), moving from Performance Level 1 to Performance Level 3. The differences are significant, translate into meaningful results, and are a basis for continued and improved competitive differentiation.

2015 Sales Performance Optimization Study Level Comparison	Level 1: 2014 results	Level 2: 2014 results	Level 3: 2014 results
% Reps Making Quota	53%	58%	64%
% of Company Plan Attainment	76%	84%	89%
% Forecast – Wins	39%	44%	51%
% Forecast – Losses	37%	31%	28%
% Forecast – No Decisions	26%	25%	21%
% Sales Force Turnover	21%	16%	12%

TABLE 1





MAKING THE SRP MATRIX OPERATIONAL

One of the challenges facing sales as a profession is a lack of common or standard terminology. Absent clear definitions, everyone is left to his or her own interpretation, limited in large part to each person's own experience. You'll notice that the four metrics used to define our three Performance Levels are not subject to such variability—these are quantifiable terms normally tracked by sales organizations. But other common terms such as “close rate” are much less concrete. Does close rate mean the percentage of all sales accepted or generated leads that ultimately wind up as business? Or is it the percentage of proposals your firm submits that ultimately close? Or the percentage of proposals that made the cut that then successfully resulted in a signed contract? When we asked an audience of Chief Sales Officers

(CSOs) to define close rate, the answer that emerged was “It depends when you start counting.” True enough. So answer this: what is the definition of “when you start counting” that is consistently applied across *your* sales force? Typically, even this is up for interpretation or variation in how, or even whether, this metric is calculated.

In an effort to apply some rigor and assist firms in more consistently identifying where they are (current state) and where they believe they need to get to (desired end state), this paper presents definitions for each cell along the SRP Matrix axes, and then lists escalating characteristics for each Level of Relationship.

For example, if close rate is a term that is subject to numerous definitions, imagine how many ways “preferred supplier” can be defined. With this in mind, consider the definitions in Table 2, not because they are “correct,” but because applying an agreed-upon set of definitions and characteristics enables consistency and a basis of comparison across teams, across divisions, and ultimately against other organizations within the same industry.

Defining Levels of Relationship	APPROVED VENDOR (V)	PREFERRED SUPPLIER (PS)	SOLUTIONS CONSULTANT (Cs)	STRATEGIC CONTRIBUTOR (Ct)	TRUSTED PARTNER (TP)
Definition	Reps have detailed knowledge of their product/service offerings	Reps understand how customers use their products/services and have a proven track record of delivering as promised	Reps understand the buyer’s business and how their products/services will help improve the buyer’s business (i.e., the customer’s customer)	Reps understand the buyer’s industry and how their products/services will help improve the buyer’s competitive position	Reps understand the buyer’s organization and how purchasing their products/services impact long-term relationship goals/objectives
Characteristics	<ol style="list-style-type: none"> 1. Focuses on product function/feature knowledge 2. Basic sales skills (presenting, proposing, discovery) 3. Tactical orientation 4. Limited contacts within accounts/prospects 5. Technical skills (including ability to put together an accurate bid/proposal) 	<ol style="list-style-type: none"> 1. Strong technical knowledge 2. Understands how customers use the product 3. Accountability/proven delivery within promised time frame 4. More established contacts; moving up in the buying organization (less room for error) 5. More repeat business and referrals 	<ol style="list-style-type: none"> 1. Ability to diagnose and prescribe 2. Rapport (built through business acumen and solid communication) 3. Knowledge of organizational structure (ours and theirs) 4. Competitive knowledge 5. Industry expertise 	<ol style="list-style-type: none"> 1. Domain and business expertise 2. Able to advance and accelerate buying process 3. Contribute to the success of their business plans 4. Proactive solution provider 5. Considered part of the buying organization’s team 	<ol style="list-style-type: none"> 1. Network of contacts and partners 2. Part of strategic vision 3. Long-range view (and ability to support it) 4. Willingness to share ups and downs 5. Defined and aligned objectives

TABLE 2



Similarly, definitions are offered in Table 3 at a high level for each of the four Levels of Sales Process, along with escalating characteristics associated with each level.

Defining Levels of Sales Process	LEVEL 1 RANDOM (R)	LEVEL 2 INFORMAL (I)	LEVEL 3 FORMAL (F)	LEVEL 4 DYNAMIC (D)
Definition	No documented or adopted sales process	Sales process has been documented and exposed to reps but use by reps is not reinforced/enforced	Sales process has been documented and exposed to reps and use by reps is reinforced/enforced	Sales process has been documented and exposed to reps and use by reps is reinforced/enforced, plus metrics are constantly running
Characteristics	<ol style="list-style-type: none"> 1. Reps do what they feel needs to be done to advance/close sales opportunities 2. Managers track activities and bookings 3. SMEs brought in as needed with little/no briefing on topics to be covered 4. Proposals are generated by individual reps mostly using cut and paste from prior proposal efforts 5. Reps operate as “lone wolves” and keep winning tactics to themselves 	<ol style="list-style-type: none"> 1. Reps know there is a sales process; some use it as a road map, and others map their own course 2. Managers track activities, pipeline, and bookings 3. SMEs brought in as needed with little/no briefing on topics to be covered 4. No/few standard templates 5. Some rep sharing of ideas but no basis for group metrics or learning 	<ol style="list-style-type: none"> 1. Reps have integrated the sales process into their daily sales activities 2. Managers track key metrics via dashboards and reports 3. SMEs are part of the collaborative team-selling model and focus on specific items to be addressed 4. Proposals leverage templates, follow proposal/playbook guidelines 5. CRM system is the foundation for social, marketing, and sales templates 	<ol style="list-style-type: none"> 1. Reps receive leads, performance metrics, and organize opportunities by highest process score/priority 2. Managers are updated on metric changes and alerts provided on leading indicators 3. Product managers/marketing are constantly mining pipeline and sales data looking for emerging challenges/opportunities 4. Template/playbook-based proposals are tracked throughout the process and win/loss stats are constantly reviewed 5. Best practices are routinely identified and shared across the sales team

TABLE 3





CALCULATING YOUR ORGANIZATION'S SRP VALUE

Now that these building blocks are in place, we can establish coordinates so you can more rationally define not only which cell in the SRP Matrix represents your current location (e.g., Vendor/Informal), but also more precisely locate where your organization lies within the cell (e.g., V2/I3). In this case, you'd be saying that your reps typically are making product pitches and have mastered basic sales skills doing so; at the same time, reps are largely ignoring the documented sales process, reporting activities/pipeline/bookings to their managers, and using SMEs in an ad-hoc and ill-prepared way. We could then establish the relationship as Vendor level = 1.2 and process as Informal = 2.3. Multiplying these somewhat arbitrary values yields an SRP value of 2.8 (2.76 rounded up).

There are two valid reasons supporting this approach. The first is based on the concept of precision versus accuracy. Accuracy is a measure of how correct an answer is; precision is a measure of how replicable an answer is. An archer hitting dead center of a target's bull's-eye on the first shot is accurate, but scattering the next five arrows all over the target lacks precision (i.e., the first arrow could simply be a "lucky" shot). Clustering all five arrows within a 1-inch diameter circle but on the outer ring of the target is precise, but not accurate. Clustering all five arrows in the center of the bull's-eye is both precise and accurate.



In this case, we are going for precision: a systematic and repeatable approach to identifying your sales team's location within the SRP Matrix. Accuracy in the application of these definitions will only come over time. But by recording both your team's SRP location and its associated performance metrics, you'll be able to link performance figures with relationship and process adjustments.

Second, identifying where you *are* and where you *need to be* (e.g., V2/I3 = 2.8 to Ct3/F3¹) helps establish what work needs to be done to migrate over and up in the SRP Matrix. Clearly, the types of reps and skills they possess, the tools and methods used to support them, and the behaviors you reward will need to change *before* your position on the SRP Matrix changes. This model will help you consider various paths and approaches to realizing the changes your team needs to make over time.

Do higher levels of implementation translate to higher levels of performance?



It is also worth considering which dimension affords the easiest, fastest, and most economical path. Because Level of Relationship is defined from the buyer's perspective, it is fair to say that you, as the seller, have less direct control over this. Conversely, because the Level of Sales Process implemented is wholly an internal function, you—as the sales leader in charge of implementation—have complete control. The question then becomes, do you truly believe higher levels of sales process implementation will translate into higher levels of sales performance?

¹V2/I3 SRP Value = 2.8; Ct3/F3 SRP Value = 4.3 x 3.3 = 14.2



CONCLUSION

As you evaluate our assertion that higher levels of sales process implementation translate into higher levels of sales performance, you should know that the data is completely consistent over an eight-year period: there is an absolute correlation between the two. What is notable in this regard is the speed with which the overall survey population (14,000 over nine years) has shifted. In 2007, 17 percent of firms were at Performance Level 3, while 34 percent of firms were at Performance Level 1. By 2012, the ratios had reversed (see Figure 3). For those that remained

at the lower level, they watched their competitors' taillights get very small, very fast.

The Great Recession was likely one of the major influences driving the shift to greater process tracking and measurement. Simply stated, when times were tight, CSOs and their managers wanted to be certain they were making the most of every opportunity; firms began measuring everything.

SRP MATRIX HISTORICAL SHIFT 2007–2014

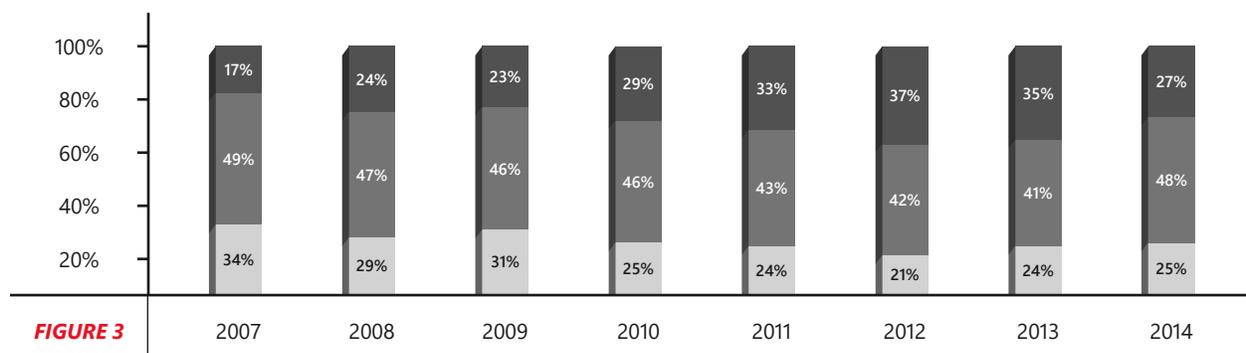


FIGURE 3

A business truism is that “rising revenues hide all sins.” Unfortunately, this appears to be reflected in a retreat from the sales process over the past two years, with a significant drop last year.

We’ve postulated various reasons for this pattern, but highest on our list is *complacency*. The numbers are there, so why worry? You can certainly take this position, and your competitors sincerely hope that you will.

Our suggestion is that you take advantage of this opportunity not only to catch up, but also to get ahead. Use the definitions provided to establish a relative benchmark for your organization’s SRP location and value today. Record your performance metrics (i.e., percentage of reps meeting and beating quota, revenue attainment, total rep turnover, and forecast accuracy).

Next, use the characteristics to help plot a road map for getting to higher levels in the near and long term. This will allow you to consider what investments and trade-offs to make, along with the relative costs and gains, to think more strategically about your organization’s evolution.

There is no question that change is rampant in today’s marketplace. Buyer expectations and behaviors, competitive activity, product complexity, and entry into new markets are just some of these changes—and you cannot continue to turn a blind eye to them. To assume your reps will know what to do and be able to do it when the confluence of these changes wash over them is wishful thinking.

The future does indeed belong to those who prepare. The SRP Matrix can provide the basis for your determining what, when, and how to do so.

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