The Best Practices of High Performing Sales Teams: 'Sales Effectiveness Measurement'

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High Performing Sales Teams Measure and Track Their Sales Effectiveness and Customer Value Creation

Prior to launching PMI ten years ago, I held Chief Sales Officer positions with several organizations. Sometimes my Chief Sales Officer responsibilities included marketing and sometimes my responsibilities included customer service. But in all cases, it was clearly understood that I was the guy that was responsible for making the numbers. I often reflect upon these experiences in my client work today. It was probably the best preparation that anyone could have for the type of work that PMI does, and other PMI'ers with the same type of background agree: the challenges of modern sales executives are daunting and formidable, and "walking in their shoes" is the only way to truly understand the stress and difficulty of this role.

By combining my own experiences with the Chief Sales Officers that I have had the opportunity to work with, certain things stand out as best practices required for high performance. In some cases, success can be connected with a specific best practice because it has been implemented. In some cases, there has been a lack of success that appears to result from the absence of a specific best practice. The **Best Practices of High Performing Sales Teams** article series will focus on sales best practices that tend to be predictors of success in sales leadership/management, sales performance/execution, sales strategy deployment and strategic account management.

Best Practice: Sales Effectiveness Measurement

We've all heard it many times: "You can't manage what you don't measure." Today, sales effectiveness measurement has become such an essential best practice that ES Research Group, the leading analyst in the sales best practices market, has devoted an entire body of research and coverage to this dimension of sales performance (www.esresearch.com). To date, only four firms in our market have been certified by ES Research for excellence in sales performance measurement, and PMI is delighted to be included among this group. Our perspective is that while all sales organizations need to measure, they don't necessarily need to measure the same things.

The Problem with Numbers

Sometimes it seems as though we're obsessed with numbers, giving rise to popular not-so-truisms that we hear frequently. Do *the numbers tell the story,* or is it the interpretation of the numbers that tells the story? How about *the numbers don't lie*? Perhaps not, but those spinning the numbers in whichever direction is most convenient to their agenda can certainly create false impressions. Then there's one of my personal favorites: *It's all in the numbers.* This is absurd, because at least in sales effectiveness, it's what contributed to the numbers that's most important. Abstract numbers taken out of context can be as bad for sales effectiveness measurement as having no numbers or metrics at all. For example, is one billion a large number? Is 10% a small number? I would submit that it's a matter of perspective, and subject to interpretation in the context of the broader discussion.

The Opportunity to Measure Sales Effectiveness

Based on my experience, sales success is about sales performance and productivity, customer value and relationships, planning and execution, teamwork and coaching and revenues and growth. Each of these dynamics provides sales management with opportunities to measure effectiveness. And while within each category there are numerous possibilities for metrics and measurement, some of the more typical include:

- **Sales Performance and Productivity:** Are account teams performing against written account plans, and is the individual sales productivity of sales reps where management expects it to be?
- **Customer Value and Relationships:** Are sales reps focusing their sales activities on the creation of customer value and building authentic "high and wide networks" within their most strategic accounts?
- **Planning and Execution:** Are account managers "planning to grow" their strategic accounts, "planning to win' their sales opportunities and executing against a defined sales process?
- **Teamwork and Coaching:** Are account teams demonstrating effective teamwork by presenting "one face (and consistent messaging) to the customer," and are sales managers coaching their account managers and sales reps in the field?
- **Revenues and Growth:** Are sales reps, account managers and account teams achieving targets for top-line and bottom-line revenues, and are they growing and solidifying their positions (as compared to competition) in their most important accounts?

The opportunity to measure sales effectiveness within each of these categories is practically unlimited – which can be both a problem as well as an opportunity. The sales organization that attempts to measure everything may well find themselves measuring little or nothing. Additionally, time wasted in pursuing measures and metrics that don't hit the mark with an organization's corporate objectives and growth and go-to-market strategies can actually be a negative factor in the categories above, as well as a potential drag on sales morale.

Why Should We Measure Sales Effectiveness?

When launching a sales effectiveness measurement program, it's important that sales managers and salespeople understand why the organization is implementing sales metrics and what sales leadership expects to achieve through the measurement of sales performance. Ask yourself this question:

Are you more likely to feel the need to measure sales effectiveness in good times or in bad?

When markets are hot and we're exceeding revenue targets, we sometimes feel that we're too busy doing business to invest time assessing our sales effectiveness. And so what inevitably occurs is that the measurement process is delayed until times aren't so good, the sales organization is underperforming and revenue targets are being missed. This approach can create an impression that sales effectiveness measurement is more about the past (determining what went right and wrong) than the future (enabling success and avoiding mistakes), when in reality, it should be about both. Based on PMI's work with clients, the measurement programs that are most effective tend to have the following types of objectives:

1. **Understand the Past** (through the assessment of clearly defined metrics)
2. **Enable the Present** (by equipping sales managers and salespeople with the appropriate processes, skills and tools to drive sales effectiveness and repeat successful sales behaviors)
3. **Improve the Future** (by identifying and avoiding poor practices and adopting new sales best practices to enable predictable, repeatable success).

When the sales organization understands that these are some of the core objectives that are driving the implementation of sales effectiveness measurement, it helps mitigate the concern that metrics and measurement are tools for assigning blame. PMI's client experience has shown that effective sales measurement programs include clear objectives that are communicated to the field and reinforced by strategies, plans and actions to drive deployment and adoption.

What Should We Measure?

This brings us to the question of "what should we measure?" Based on our client experiences, the answer varies by company. Older metrics programs tended to be more prescriptive in nature and assigned fixed standards around activities, revenues, win-rates, forecast accuracy, discount %, time to close, # of leads converted to opportunities, slippage rate and adherence to sales process. These types of measures are more quantitative in nature and are certainly alive and well today, provided that consistent and accurate data exists to develop and support them. On the other hand, there are metrics and measure that are more qualitative in

nature, and we believe that when these types of metrics are deployed in combination with those that are more quantitative, the picture of sales effectiveness becomes clearer. Qualitative measures may include effective teamwork, customer loyalty, account penetration, effective deployment of sales strategy and growth of sponsor networks, to mention a few. How should you determine what your organization should measure? We suggest the following approach:

- **Develop** company-specific "Zones of Sales Effectiveness" for your organization that identify what drives your sales effectiveness
- **Design** the appropriate measures and metrics based on the leading indicators that drive sales performance within each Zone
- **Deploy** your sales measurement program in a way that adds value to sales managers, salespeople and even customers.

We find that today's customers are all to willing to make suggestions and provide input regarding sales effectiveness, particularly when the relationship between the supplier and the customer is strategic in nature. After all, who is typically the first to know if sales execution is as effective as it should be? And these types of discussions with strategic customers can absolutely elevate the dialogue between the parties as it suggests a level of collaboration and accountability that can be a powerful differentiator in today's economy.

How Should We Measure?

Let's begin by quickly dispelling a myth: having implemented CRM or SFA (Customer Relationship Management or Sales Force Automation) technology does not guarantee that you will measure sales effectiveness, and the absence of it does not mean that you can't. Certainly, enabling technology can be an asset when implementing a sales effectiveness measurement program, but the lessons of the past have taught us that these systems must be properly implemented, deployed, maintained and reinforced if they are to be a part of the sales effectiveness solution rather than just an extension of the problem.

Though the scope of this article doesn't allow for in-depth discussion about specifics, suffice it to say that a reasonable starting point for initiating your sales effectiveness measurement program is to begin asking the following types of questions around your sales organization:

1. When we experience sales success, what are we doing that typically causes us to be successful?
2. When we are not successful, can we track or connect these outcomes to specific executables or milestones in our sales process where we first began to fall behind?
3. When we are delighting our customers, how are we creating value for them and differentiating ourselves us from our competition?

4. When we are growing strategic relationships with our most important customers, how are we aligning with them and building relationships based on trust and credibility?
5. When we win competitive sales opportunities, how are we positioning our solutions with the customer and where/when is this occurring during our sales process and sales execution?
6. How can the answers to these questions help us to develop our own company-specific "Zones of Sales Effectiveness," and what types of measures and metrics can be leading indicators of future sales success?

Conclusion

High performing sales teams develop, design and deploy sales effectiveness measurement programs to help them understand past performance, enable current sales execution and improve their future results. These organizations not only measure sales effectiveness, but they also do something far more important: they modify and adjust their sales approaches and go-to-market strategies based on what they learn from the measurement process. Does it take commitment, effort and resources to initiate and implement sales effectiveness programs? Certainly it does. But the costs of doing nothing are far greater, and the benefits of predicting market needs and evolving the sales organization to meet these needs are significant.

Next Month

Our next article will extend the **Field Sales Coaching** and **Sales Effectiveness Measurement** articles into something quite tangible: the sales effectiveness and productivity of middle performers. In **More from the Middle,** we will discuss how to increase overall sales performance by capturing the best practices of top performers and implementing these throughout the sales organization.

Performance Methods, Inc., recognized by TrainingIndustry.com as one of the *2009 Top Sales Training Companies,* will be featured in a series of articles that will focus on the **Best Practices of High Performing Sales Teams.** PMI is proud to serve the needs of a broad group of industry-leading companies and will be sharing with the TrainingIndustry.com readership how leading global firms are deploying proven best practices to increase sales effectiveness, create customer value, grow customer relationships and gain competitive advantage. The **Best Practices of High Performing Sales Teams** article series will cover a number of critical areas of sales performance and provide readers with insight into how sales best practices are being deployed effectively by world-class sales organizations in a variety of industries. These articles will provide special emphasis on key best practices driving effective sales leadership/management, sales performance/execution, sales strategy deployment and strategic account management.