



Blind Faith and the Bottom Line: What's Driving Sales Performance

EXECUTIVE SUMMARY

The assertion that bottom line results are the only true indicator of company performance is commonplace. Equally, "making target" is often used as the only relevant indicator of a sales representative's performance. In fact, targets are only as good as the skills of the people setting them and the data on which the target setting process is based. So are there better ways of improving sales performance? Do we need to broaden our perceptions of "best practice"? This survey suggests that most sales people believe that taking a longer term perspective will achieve more sales and better customer relationships, but their targets are so short-term that few are prepared to take the risk to change.

This survey provides real ammunition for anyone convinced that the best way to unlock the true potential of salespeople is to invest in longer-term learning and professional development backed by a culture that embraces coaching for high sales performance.

The full 46 page report is available on request. E-mail Valerie Heritage of Communication Challenge Ltd at val@index360.com or telephone her on +44 (0)116 259 6896 or +44 (0)7836 524477.

Participants

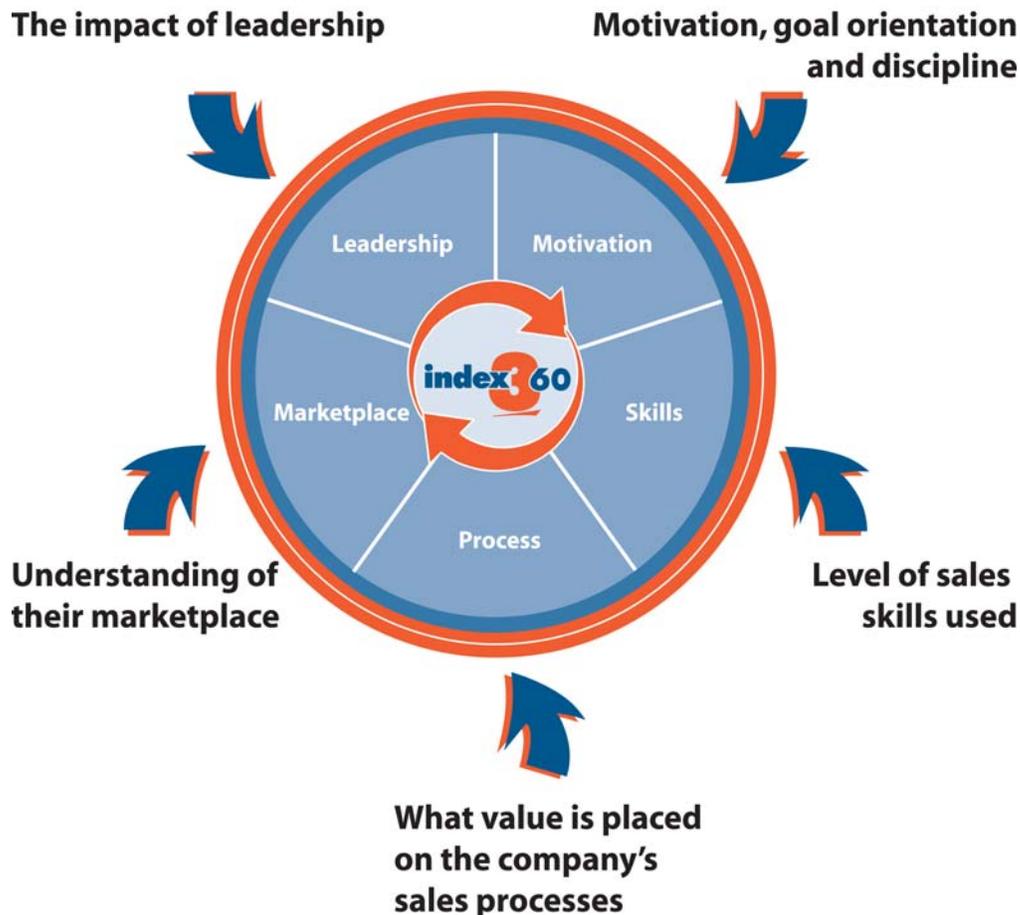
Backed by the Institute of Sales & Marketing Management (ISMM) and the Sales Training Association (STA), this research was conducted in 2006. The findings are based on the input of 426 participants from 19 organisations. Respondents included salespeople, their managers, and sales directors.

• Mergermarket	• Wella UK
• Xerox UK & Europe	• o2
• Hallmark Cards plc	• GR Lane Health Products
• Brakes Foodservice Solution	• GlaxoSmithKline
• Company- i	• New Horizons Training
• Barclays Asset Finance	• Sunguard Availability Systems
• Janssen-Cilag UK	• Business Link Gloucestershire
• Masterfoods	• Novartis Consumer Health UK
• Huntsman Polyurethanes	• Merial Animal Health
• Tom James Europe	

Research Objectives

This research was conducted to explore what was and wasn't working in the eyes of salespeople. The survey focused on the current strengths and development needs of sales teams in terms of five drivers: **leadership, motivation, skills, processes** and **understanding of the marketplace**.

Sales Performance Model:



Methodology

We gathered the data using salesPerformanceindex360©, an online survey developed by The Communication Challenge with USP Coaching and Training. The index360© process is especially suited for this sort of research, with the capacity to set benchmarks both within and between teams and different organisations. The survey consists of 60 positive statements about these drivers. Using a scale of 1 to 7, with 7 being "agree totally" and 1 being "disagree totally", respondents rate the degree to which the statements apply to their organisation and its sales teams. There are no "right" or "wrong" answers; this is about perceptions, which create the context in which those salespeople operate. Each organisation's results were confidential; the nineteen organisations were identified in reports only as Company 1 to 19. While they knew their own company's number, the rest were anonymous.

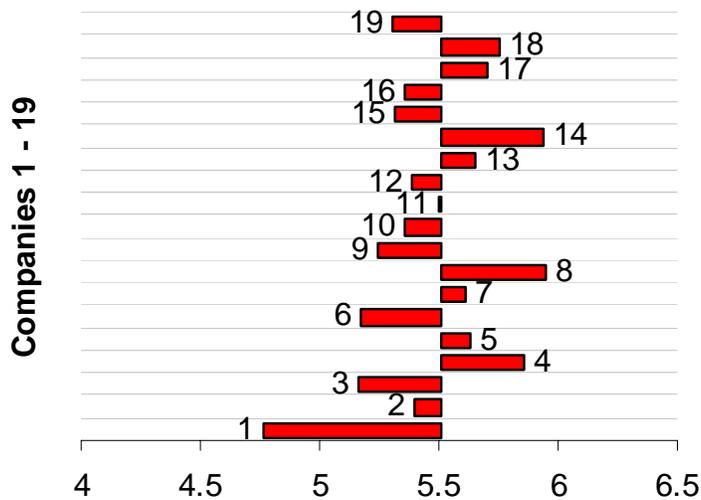
The results

The 46 page full report is based on individual company reports that generated over 600 pages of data. To give readers of this summary an idea of the richness of the data, we present here the main conclusions, with a number of data charts to indicate the type of material covered in the full report.

The survey's findings are based on the development of an overall benchmark. Using a scale of 1 to 7, this survey's benchmark was set at an overall average of 5.51 based on all answers by all respondents to all 60 questions. This is a good score, revealing some of the natural ebullience of salespeople, whose upbeat approach to their work is a key to their motivation and success. This benchmark allows us then to see which issues score above (strengths) and below (development needs) this average.

Different organisations scored either below or above this average, allowing each of the 19 responding companies to see where they lay relative to the other participants.

Average scores all organisations



Leadership

Successful sales teams need good leadership as much as any function, yet the research showed that there were many areas falling short of what salespeople would like to see.

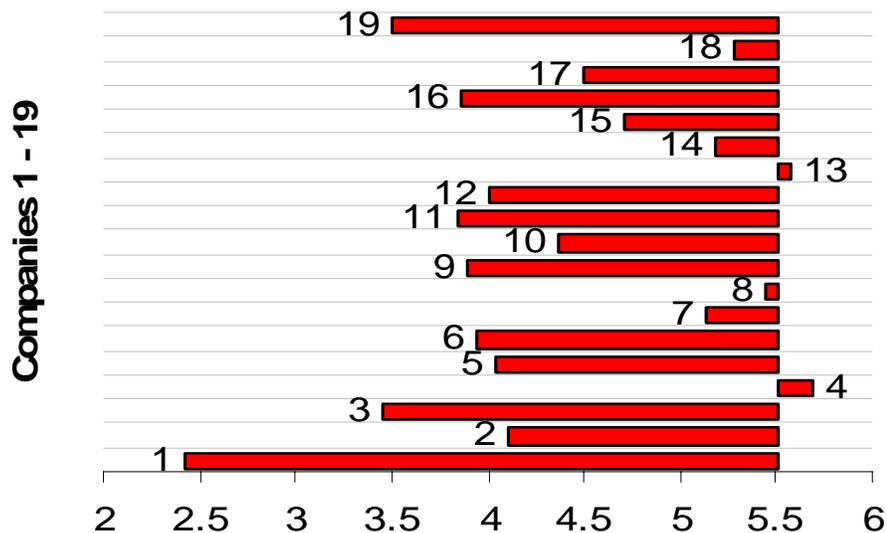
- **Strengths:**

Managers scored best on *making decisions* and on *acknowledging the achievements of others*.

- **Development opportunities:**

Company leaders were seen by salespeople as failing to *balance short term priorities against long-term plans*; this was seen by sales teams as one of the four worst failings in the survey. The failure of *company leaders to spend time coaching* is even worse, the second weakest area of the 60 statements surveyed.

Company leaders spend time coaching teams and individuals Q 48



- **Key finding:**

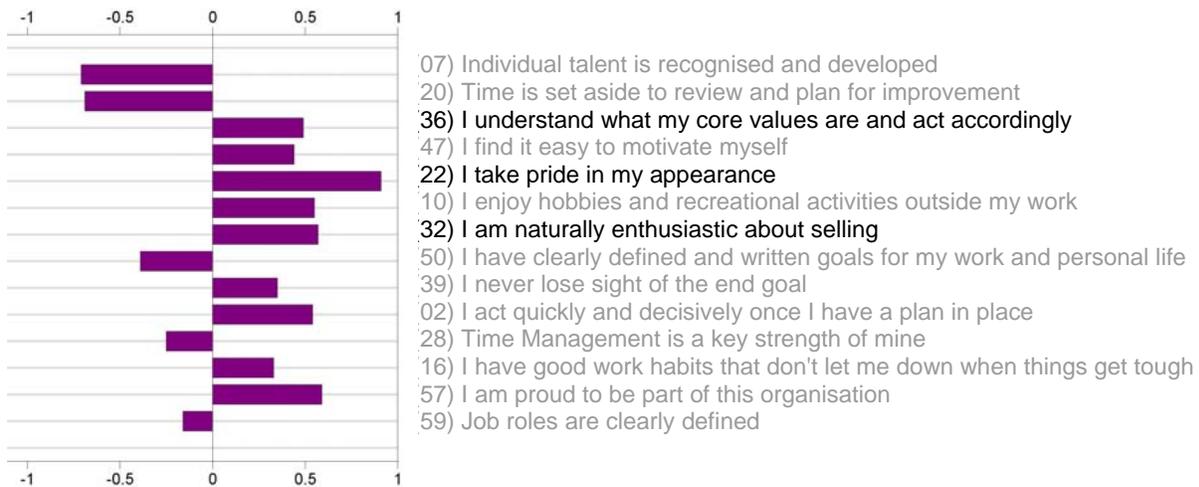
The emphasis on the bottom line is all-consuming, and the companies leaders' short term perspective means that they and managers are not investing the time needed to coach salespeople into better performance. Few salespeople dare take the risk of questioning this focus, even though they say they know it is damaging in the long term.

Motivation

Salespeople are highly motivated as a rule; it's built into a sales mind set that is reinforced by the usual measures of revenue targets and the bottom line.

- **Strengths:**

Motivation is one of the stronger drivers of sales performance, with six of the 14 statements receiving a score of 6 or above. Three particular strengths were: their *understanding of their core values, taking pride in their appearance, and their natural enthusiasm towards selling.*



Benchmark 5.5 (represented by 0 in the table above)

- **Development opportunities:**

Salespeople were much less positive about their *organisation's ability to recognise and develop individual talent*, giving this a score of only 4.80. This may be related to the lack of coaching salespeople feel their leaders give them. Or it could be that salespeople find the "blunt instrument" of sales targets too simplistic a measure of performance. This conclusion is also borne out in the low score of 4.82 given to the statement "*Time is set aside to review and plan for improvement*".

- **Key finding:**

No matter how motivated salespeople are on a personal level, if an organisation fails to recognise and reward the behaviours it wants to encourage, then they will not take responsibility for developing the personal skills needed to challenge a short term revenue-led strategy. They look to others to help motivate these behaviours and create a culture that questions and learns from experience.

Skills

Salespeople generally have strong confidence in their own skills; it goes with the territory. The results support this conclusion; skills is the one driver out of the five where almost all of the sales teams from the 19 organisations are willing to rate themselves as performing particularly well.

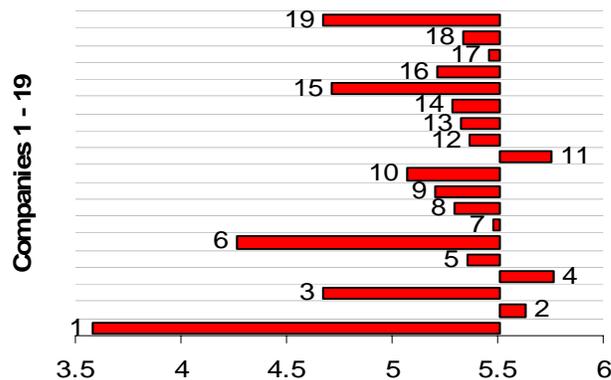
- **Strengths:**

Three skills at the heart of sales technique scored over 6- *questioning, opening a sales call or meeting, and flexing communication styles to suit the listener.*

- **Development opportunities:**

The only traditional skill area that nearly all respondents thought needed more work was negotiation, and many added the qualification of sales leads into this category. A number of respondent organisations were marked down on their attitudes toward ways of improving performance, with 4 of the 19 registering scores below 5. Other areas of the survey (Process and Understanding of the Marketplace) revealed other training needs- most notably in the “nuts and bolts” of sales processes, client record keeping and systems, and in the more managerial skills of coaching, and creating a learning culture capable of improvement.

We negotiate on all variables before giving concessions Q 51



- **Key finding:**

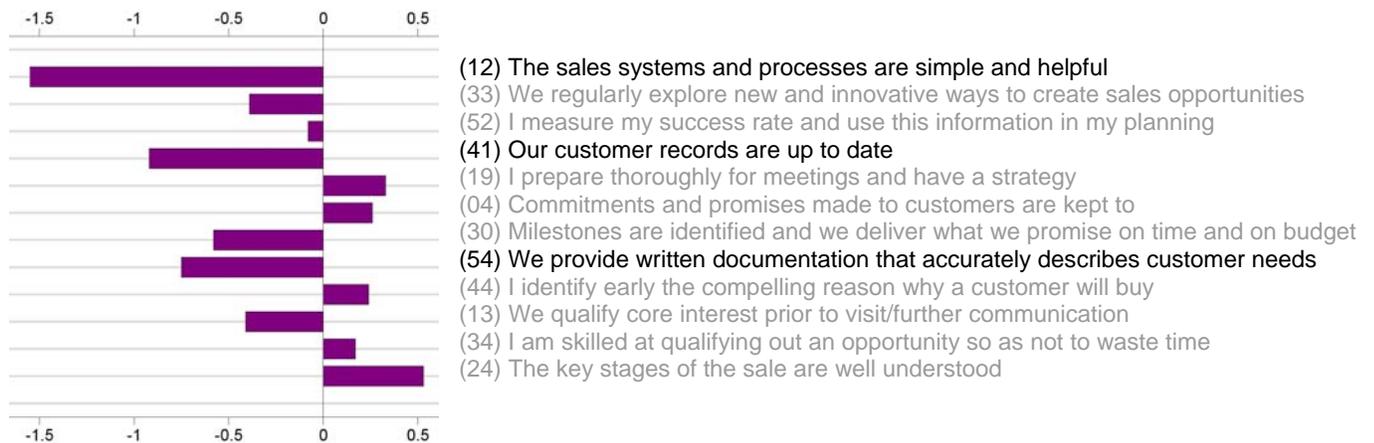
Traditional training needs assessment may well be missing the mark for salespeople. Organisations need to take a longer term view, developing sales staff's capacity to learn from experience, share best practice and understand the significance of good sales processes and systems. Both of these require a longer term perspective of development than the traditional off-the-shelf “sales training packages”.

Processes

Across the whole survey, sales systems and processes received the lowest score (3.60) of the five drivers. There is almost universal dislike amongst salespeople of the sales processes in their organisations, which are all too often dismissed as “paperwork and bureaucracy”. Yet, they freely admit that client records are out of date, customer documentation is poor and systems are not used properly, without taking personal responsibility for these.

- **Strengths:**

All but one of the 19 organisations’ respondents agreed that *the key stages of the sale are well understood* by their company, even if they don’t like the processes that support those stages. They have a higher opinion of the parts of the sales process that they took personal responsibility for, such as *preparing for meetings*, and *identifying the compelling reason why the customer will buy*.



Benchmark 5.5 (represented by 0 in the table above)

- **Development opportunities:**

One aspect of process that comes in for heavy criticism is providing *written documentation that accurately describes customer needs*. With an average score of only 4.76, not one of the 19 organisations was able to score over the 5.5 survey benchmark. Respondents almost universally disagreed that *The sales systems are simple and easy to use* in their organisation, with the largest organisations scoring this particularly low- under 3.0 on the scale of 1 to 7.

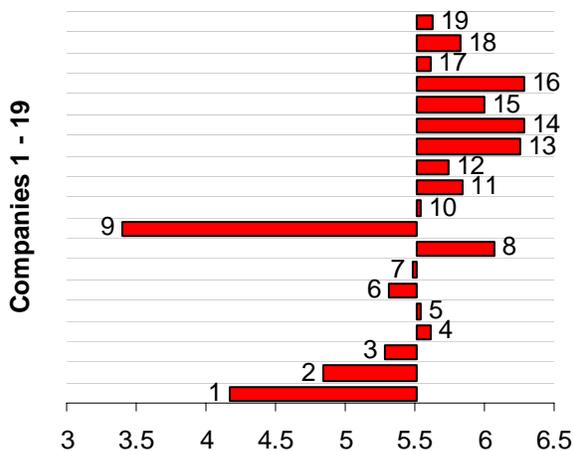
- **Key finding:**

If salespeople are in close touch with customer needs, then they do not seem to be taking any responsibility for capturing that for their company, given their hostility to paperwork, documentation and record keeping. That said, the culture is unlikely to change unless companies recognise and reward good performance in these areas rather than focusing solely on short term, bottom line sales revenues.

Understanding of the Marketplace

Selling skills aside, a sales team's success is heavily dependent upon its knowledge of customer needs and how the organisation's offering meets those needs, particularly when compared with the competition. The survey findings point to an interesting contradiction, best summarized as the "blind faith" strategy.

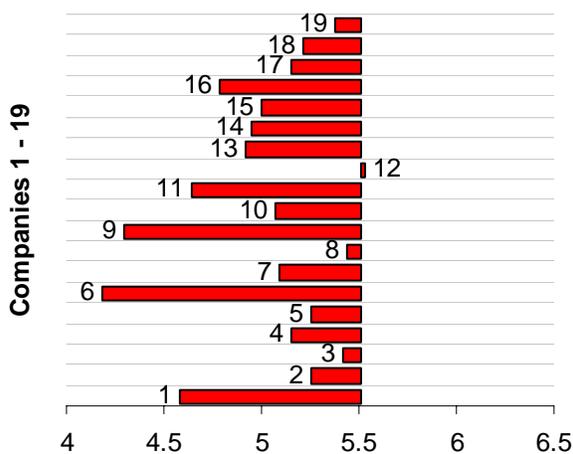
It is easy to describe our competitive advantage Q 60



Strengths:

Most salespeople rated highly their *knowledge of their own products and services*, and believe that *our company's product is the best in the market*, as well as being able to *differentiate our products from the competition*. Yet only 1 out of 19 organisations agreed strongly that they *have a good understanding of the competitors' products and services*.

I have good knowledge of competitors' products and services Q 26



Development opportunities:

Only 2 out of 19 were *confident that the company structure will deliver the service promised*. Few organisations said they had a *good understanding of industry-wide benchmarks*, and few thought they took *regular steps to improve our offering versus the competition*.

- Key Finding:**

Without a good understanding of the competition and of industry-wide benchmarks, it seems that salespeople are relying on blind faith, with too little time being devoted to market intelligence and competitor analysis. This blind faith in the quality of their offering to the customer is contradicted when they admit to worrying about whether the rest of the company will let them down on the after-sales delivery.

Learning from Comparisons

One of the key features of the survey is that it allowed interesting comparisons to be made between respondents from different teams within the same organisation. This can identify best practice to be shared across the company. It also reveals where things are not working well. By making comparisons, sales directors can not only prioritise what needs to be done, they can also identify where they need to focus their efforts first, to raise performance.

- **Managers vs. Rest of Team:**

In a number of cases, participating companies used the data to reveal differences between geographically-based teams. Best practice can then be discussed and shared. Problems can be addressed in those teams where it is needed rather than taking a “one size fits all” approach. Some companies drew comparisons between salespeople and their managers or sales directors, to test for the “rosy tinted glasses syndrome”, where managers can think things are better than they are.

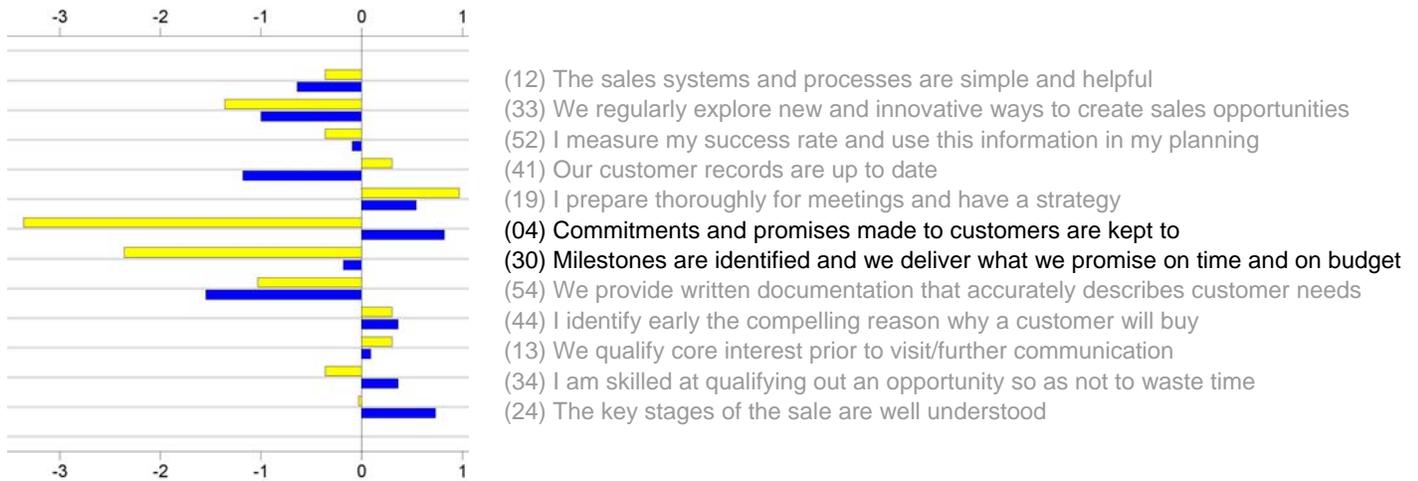
Looking at how one organisation's managers scored relative to the four teams surveyed, average scores show this effect is clearly at work:

Team	A	B	C	D	Managers
All Questions	5.28	4.94	5.10	5.55	5.63
Leadership	4.83	4.22	3.94	5.53	5.44
You & Motivation	5.52	5.30	5.38	5.55	5.61
Skills	5.57	5.40	5.75	5.88	5.90
Process	4.94	4.82	5.11	5.13	5.31
Marketplace	5.53	4.90	5.30	5.68	5.93

- **Comparisons between teams**

This sort of comparison can expose issues which might otherwise not be made visible, given the general trend of salespeople to want to appear upbeat and positive in their manager's eyes. In one company, two different teams scored very differently on the statement *Milestones are identified and we deliver what we promise on time and on budget.*

Sales Processes



Benchmark 5.36 (represented by 0 in the table above)

- Team one
- Team two

The company's sales director used this knowledge to explore what worked well in one team, and transfer the learning to the other two teams

- **Key finding:**

The sophisticated and data rich results provided by salesPerformanceindex360© allow sales teams to learn much about best (and worst) practice between different teams, and to encourage a learning culture that is key to raising sales performance throughout an organisation. Of course, only time will tell if the organisations involved take these lessons to heart. The results provide ammunition to those willing to challenge the "blind faith and bottom line" fixations of sales, to develop a learning culture and to provide as much coaching as the salespeople need.

Next steps

This isn't an 'academic' exercise. We are interested not only in the current findings about how teams' assessed their own performance but also in how they will take the feedback and use the results of this research, to take action and improve performance. Consequently, we aim to repeat the research in the future to see what changes in performance have taken place.

About the Authors

The research has been undertaken by a team whose principal members are:

Valerie Heritage: owns and runs the index360© process, and was responsible for managing the survey element of the research. She is an independent consultant, *The Communication Challenge Ltd*, focusing on improving the performance of teams and individuals in organisations.

She can be contacted on: val@index360.com

Catherine Sweet: was the main author of the report. She worked for many years in marketing and communications, as a line manager and Director, in the City of London, and latterly for Local Government. She is now an independent consultant, *4CS*, working on change, coaching, and corporate communications.

She can be contacted on: catherinesweet@btinternet.com

Tim Sweet: was the co-author of the report. He was one of the creators of the index360© process, and has worked with Valerie for many years on its development. He is an independent consultant, *YKW Consultants*, specialising in coaching, leadership and managing change.

He can be contacted on: timsweet@btinternet.com

Mike Turner: undertook many of the research visits to organisations. He is an independent consultant, *USP Coaching and Training*, specialising in sales performance improvement. He worked with Valerie Heritage in developing salesPerformanceindex360©

He can be contacted on: mike@uspcoachingandtraining.co.uk

Acknowledgements

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We also thank three consultants who are members of the Sales Training Association- John Andrews, Tim Royds and Cheryl Harding - for their work in recruiting and feeding back results to four of the participating organisations.

Much of the original idea for the research stemmed from work with sales teams at Janssen-Cilag UK and Britvic Soft Drinks over many years. Working with these teams on coaching and leadership led us to feel that research into the performance of sales teams would be valuable. Individuals who have been particularly helpful to us are David Roe, Head of Training and Development, Elaine Macnamara, Performance Coach Manager, and Nikki Harman, Sales Academy Manager, all from Janssen-Cilag UK; and Tim Roberts, formerly Director of Customer Operations Division, and Iain Ogram, formerly Learning and Resource Manager, from Britvic Soft Drinks.