



Creating Predictability in Sales

Achieving Predictability in the Post-COVID World

By Michael E. Smith

In October 2018, we published an article on the topic of “operationalizing” the sales team, a sales approach characterized by standardized, repeatable processes, systems, and tools. This more disciplined approach to selling improves seller productivity, expands margins and enhances the ROI on expenditures made in sales and marketing. The changes wrought by COVID-19 have heightened the relevance and value of operationalizing the sales organization. Today’s massive shift toward digitization of the sales function is enabling businesses to move through the evolutionary stages of sales maturity and reach the highest levels of performance much faster and with far less risk.

In light of this extraordinary set of events, we are publishing a new version of this article, updated to reflect today’s sales landscape, to guide companies on the journey to operationalize their sales teams. If you have not yet started down this path, now is the time for these four reasons:

- Through operationalization, companies are achieving 50%+ improvements in sales productivity and 10%+ reductions in sales costs*
- Digitization is enabling sales forces to move through the stages of maturity at 2x or 3x historical speeds*
- Change management has never been easier as employees see the clear imperative to change*
- Your competitors are likely operationalizing their sales function creating a cost and effectiveness advantage*

In most companies, the sales function has lagged other areas in the revolution of efficiency, transparency, and measurement that has taken place over the past several decades. Functional areas such as operations, logistics, and finance have been streamlined and “operationalized” with repeatable processes that result in a consistent set of well-defined outputs from a given set of inputs. Sales, however, has remained largely an “art” form with reps given free rein to generate sales in any manner they choose rather than being guided by a company playbook with repeatable processes that are aligned with company strategies. In these organizations, the inputs—sales talent, front-line management, enablement,

and tools—produce inconsistent and unpredictable outputs, leading to unsatisfactory sales performance. As one CEO put it:

“I put a dollar into the candy machine, pull the lever, and I get a candy bar. I put a dollar into the sales machine, pull a lever, and have no idea what will come out.”

While digitization of sales is beginning to change this situation, many executives still feel that there is something inherently uncontrollable about sales—that it is a “black box” and that any attempt to try to operationalize this function will scare away the best salespeople and doom the company to poor financial results. We emphatically disagree with this view. Gaining control of sales is not only possible, especially in today’s virtual sales environment, it is essential to sustainable top-line performance. Sales functions can and should be streamlined and operationalized to achieve the same levels of efficiency, transparency, and measurement that have become expected from the rest of the company. And now is the time to do it because virtual selling makes all the activities in a sales team transparent—and transparency is a key enabler of operationalization.

The benefits of operationalizing sales, particularly in the post-COVID environment, cannot be overstated. Through operationalization, companies are achieving 50% or more improvement in productivity and 10%+ reductions in their sales costs, thus driving a significant ROI.

A fully operationalized sales function is characterized by uniform, repeatable processes, a consistent management cadence, standardized toolsets (like CRM) used by all, and a detailed set of metrics that drive key business decisions. The result is a more predictable, transparent sales function which can be managed far more effectively and efficiently to achieve growth objectives. In short, it operates like a candy machine: when leaders put something in, they know exactly what they’re going to get out.

Every sales organization can become fully operationalized by taking the same kind of rigorous, scientific approach that has been used to drive improvements to other company functions. The first step is to understand the starting point. We typically see four stages in a sales organization’s development. These stages are characterized by increasing standardization of processes, metrics, accountability, and management, progressively leading to a more flexible and scalable organization that achieves improved and sustainable growth rates.

Stage 1 (Artisans at Work)

On this stage, companies are dependent on a few hybrid (hunter and farmer) superstar sales reps for most of their revenue from both existing and new customers. There are typically as many different sets of sales practices and behaviors as there are reps and managers, resulting in frequent (and often unpleasant) revenue surprises. Since the population of superstars in the market is limited, companies in this stage have increasing difficulty scaling the sales

organization. Hiring junior reps into this environment of inconsistent, personalized sales practices typically leads to poor results and high turnover as new reps struggle to find their own way to meet targets. Sales organizations in the Artisan at Work stage seldom have any real sales management, and company-sponsored sales tools are used inconsistently, if at all. While Stage 1 sales forces are leveraging some modern tools like video, it's not in a consistent way—and it's not well orchestrated across the organization or leveraging best practices for virtual engagement.

Stage 2 (Building the Foundation)

Stage 2 companies are putting more structure and systems in place to improve management of the sales function, enabling managers to track more easily what their sellers are doing. There is still a prevailing reliance on "gut feel" in decision making here as salespeople are reluctant to change (especially the superstars!), but that is starting to wane as data becomes more prevalent in driving behavior. Onboarding becomes easier with the increased structure and discipline enabling companies to begin to successfully "grow their own" sales reps. There is more visibility into the pipeline in Stage 2 and companies begin to better understand how activities drive results—what words/language resonates with potential customers, at what point in the sales effort a demo works best for moving the sale forward, etc. However, Stage 2 companies still tend to lack consistent sales cycle definitions, and sales productivity remains highly variable. While stronger sales managers are now in place, each has their own view of what "good" looks like, so coaching is inconsistent and alignment with company strategies is hit or miss. Managers are shifting to more of an activity-based management approach, meaning they're looking at how many calls sellers are making, whether they are calling on the right customers and prospects, how they balance virtual and face-to-face, etc.

Stage 3 (Accelerating for Growth)

Companies entering Stage 3 have implemented standardized processes, developed a solid management foundation, and have begun to focus on accountability for results from both existing and new accounts. They have moved to an activity-based management approach and are focusing on accountability for results, leveraging data and many of the virtual tools available to improve sales and sales manager effectiveness. These include data and tactics such as conversation analytics, use of AI, and the capturing of data at each stage of the sales process. Since metrics and processes, both face-to-face and virtual, are coordinated and largely adopted across the company, business decisions can be accelerated, and performance challenges identified and addressed before they become problems. Sales reps follow company-directed sales practices in Stage 3. This allows companies to have far more flexibility in account and territory assignment, particularly with the adoption of virtual selling which can break down the typical territory/geographic barriers. Through technology, performance is visible and monitored daily, leading to less frequent revenue surprises and improved sales productivity. Sales management has developed a consistent cadence and is providing consistent coaching to their sales teams. In a virtual environment, virtual "ride-alongs" happen often, giving reps more frequent coaching and performance feedback. As a result of the improved visibility and feedback, senior management can begin to see alignment between their strategies and action by sales.

Stage 4 (Operationalizing the Sales Team)

Companies in this peak stage are characterized by strong sales operational performance (inside, virtual, face-to-face, etc.) across a full range of indicators. In today's world, these indicators include:

- End-of-quarter sales results within 10% of beginning-of-quarter pipeline forecast
- CRM routine compliance by 95%+ of the sales force, along with improved automatic capture of activity-related data through virtual engagement
- Front-line manager ride-along and coaching compliance exceeding 95%+ of the sales force and, for virtual, at least one virtual ride-along with every direct report, every week
- Front-line sales managers proactively using activity and performance metrics as a management tool and systematically raising the bar for acceptable performance (leading and trailing indicators)
- Consistent and transparent pipeline and performance metrics used as the foundation for all sales-related business decisions, compensation, promotions, and exits
- Recruiting success at 70%+, measured as the proportion of new hires successfully onboarded and meeting performance goals within 6-9 months
- A focus on continuous improvement of all facets of the sales function, such as lead generation, account planning, effective customer engagement, pricing effectiveness, etc.

At each stage of maturity there are different levers leaders can pull to improve results in the near term while increasing the repeatability and predictability of the sales function. For example, the approach to sales compensation will typically change as the level of maturity increases. In immature organizations, quotas are usually set individually based on last year's sales, whereas a mature organization will apply a formulaic approach across all sales reps that is based on the opportunity of each territory, compensation cost of sales (CCOS) calculations, and expected performance curves.

At each stage of development, there also are barriers to progress which must be overcome to avoid stalling and losing growth momentum. The sales functions of most companies get stalled in Stage 1 or 2 because they don't realize the improvement opportunity available to them, they are concerned about the magnitude of the changes required, and/or they are not sure of the key steps they need to take to move forward. Stage 3 companies typically recognize the importance of continuing sales effectiveness improvement and we see organizations stalled in this stage less frequently. Maintaining the high-performance levels of Stage 4 requires continuous improvement to avoid complacency and keep the operational edge that will continue to drive accelerated growth.

The advent of virtual selling makes everything easier—the barriers are smaller and the road to achieving results is clearer than ever. As a result, companies can move through the stages of maturity at 2x or 3x the pace they were able to in the past. Previously, one of the biggest hurdles to progressing through the stages was visibility. In a typical pre-COVID field sales organization,

management had little day-to-day visibility into what their reps were doing in the field, relying on delayed reporting to understand the status of a deal and the activities filling a rep's day. COVID changed all that. When sellers were forced into virtual, we saw a sudden, widespread willingness to invest in workflow automation, AI, and other tools essential to transforming the mysterious black box into a predictable candy machine. Now, with real-time visibility into the conversations and activities of reps, and with AI to help better understand the likelihood of a deal moving forward, companies can see where problems lie in real time, enforce the "company way" of selling, and monitor rep activities and performance.

To succeed in today's market, it is imperative that sales teams drive improvements to performance and reduce costs. Companies that previously may have struggled to make headway in operationalizing their sales forces have an unprecedented opportunity to do so now through the widespread digitization of the sales function that is happening in response to the COVID-19 pandemic.

Finding the "As Is" State

The starting point for operationalizing the sales function is assessment of the current state of maturity. Executives can determine their "as is" state by exploring questions such as:

- Are high-powered individuals dominating our sales function or do we have broad-based success?
- Are salespeople selling what we strategically want them to be selling?
- Do we have the optimum mix of sales to existing customers and new logos?
- Are reps selling how we want them to sell?
- Are they leveraging the right balance of virtual and face-to-face to drive improved productivity?
- Do we have sales managers who proactively manage, following a standard "Company Way of Selling" that is based on best-in-class management practices?
- Do we have the tools in place to give us the metrics we need?
- Do we have transparency into the sales activities and processes across the sales team?
- Do we have forecasting accuracy and pipeline visibility?

These kinds of questions help reveal a company's current stage and the critical levers that must be pulled to move toward Stage 4. Blue Ridge Partners' Self-Assessment tool, part of our Top Line methodology, can help structure the assessment, ensuring all areas are considered and helping to identify the most important opportunities.

In determining their "as is" state, one of our manufacturing clients asked themselves, "Do we have broad-based sales success across our regions?" The answer was a resounding no.

While regional sales managers were generally making quota, it was happening on the backs of a few strong sales reps, with everyone else in the regional sales teams performing well below expectations. This situation is typical of sales organizations in Stage 1 or 2. In this case, scant attention was being paid to helping the low-performing reps succeed while poor performers were being retained due to fear of creating open territories and damaging the manager's performance. While each sales team could meet its targets due to the performance of the strong few, the organization was not scalable. Revenue growth stalled and then began to decline. Leaders realized the organization was stuck in Stage 2 and they needed a way forward to turn around performance and scale the business.

Aiming for the “To Be” State

In a way, we all got a mulligan in 2020. But that grace period is ending, which means now is the time to plan for how your business will go forward in a much more virtual world. Think hard about where you are today and where you want to go. To do that, you need to define the “to be” model for how you will coordinate all your sales functions' activities—sales process, compensation, territories, more hands-on effective management, more support for the development of your team, etc.

Once a company understands the maturity stage of its sales function, the next step is to lay out a roadmap for achieving the operationalized state, then to rigorously execute against this roadmap to improve sales effectiveness. Done right, these steps can really ratchet up performance. For instance, our manufacturing client's realization that its sales organization was stuck in Stage 2 led to a concentrated focus on improving front-line management and coaching, better aligning quotas with expectations, improving the timeliness of metrics, and streamlining the hiring/on-boarding process. By pulling these levers in sync with a coordinated roadmap, the company improved overall sales productivity by more than 10 percentage points and moved to Stage 3, Accelerating for Growth. Another client, by leveraging AI for conversational analytics in seller-prospect conversations, was able to more precisely predict the key messages that best resonated with prospects. By fine-tuning the messaging and value proposition, the client was able to engage more effectively and significantly increase the probability of closing the deal. For another client, AI was able to identify the deals that were most likely to move forward, enabling the company to direct its resources toward these prospects. The result was a shorter sales cycle and improved conversion rates.

It is important to keep in mind that there must be a systematic approach to developing the roadmap. There are many interrelated moving parts that must be synchronized for the organization to progress without disruption. Racing ahead on one dimension without correspondingly improving others will not lead to overall success. Becoming world class at lead generation, for example, doesn't help if sales reps are not available or are not properly incented to chase the leads. Similarly, implementing the right technology tools so sellers can be more effective working in a virtual environment doesn't move the needle if sales managers aren't leveraging the available data and information to lead their teams in a proven, prescribed, more hands-on way.

One of our clients had all the right pieces in place except one: the consistent use of a CRM system for managing sales activities and pipeline performance. Because of this gap, management was consumed with micro-managing activities, reacting to perpetual emergencies, and revising and reconciling inconsistent numbers rather than directing and coaching their teams to achieve stronger performance. Once senior management realized what was happening, they established a mandatory CRM compliance program: deals that were not properly entered into the CRM system didn't exist and the salesperson was not compensated. They also brought in virtual selling tools, giving them the ability to better capture virtual engagement data. These actions got immediate results.

There is a wide assortment of interrelated levers companies can pull to drive improved sales operational performance. While it is certainly possible to pull any lever at any time, the level of maturity usually dictates whether there will be a positive return from pulling the lever. The following are examples of levers which, if pulled at each level of maturity, typically produce a positive outcome:



Without a clear understanding of the potential financial and behavioral impact of these actions and the interrelationship between levers—particularly in the post-COVID, more virtual environment—it is easy to make a false step and actually have a negative impact on revenue performance. That's why a synchronized, comprehensive roadmap is so critical. It is also critical that a company seeking to travel down the path of operationalizing sales has the commitment and active participation of senior management before starting down that path. Leading a sales

team toward higher stages of performance involves significant change. The strong support of everyone from senior management down through the sales manager ranks is essential to success. Now, at a time when change is expected and normal, senior-level support and a willingness in the sales ranks to adopt new ways of operating has never been higher.

While the journey to sales excellence is not easy, it is achievable with a plan, with disciplined execution, and with the advent of virtual with its automated workflows that at last make the “black box” transparent. In the end, the rewards in terms of sustainable revenue, EBITDA growth, and company valuation are well worth the effort.

How Blue Ridge Partners Can Help

Blue Ridge Partners specializes in helping clients accelerate revenue growth—it’s all we do. We are frequently asked to help companies establish the road map that will guide their sales operationalization along a progressive path that drives continually improving results. Some of our clients have a good idea of where the best opportunities lie but need help in designing and implementing specific initiatives in the most effective manner, driving desired outcomes without disrupting current performance.

We have a series of tools, diagnostics, and methodologies that we have developed to expedite the assessment and implementation process and more quickly achieve results. These include the Self-Assessment tool mentioned above that quickly provides an indication of relative sales maturity and an initial view on which levers will provide the biggest opportunities for profitable growth. We would be happy to help administer and analyze this survey at no charge as a way of introducing our firm and getting you started on the path to fully operationalizing the sales function.

About Blue Ridge Partners

Blue Ridge Partners is recognized as the most experienced, impactful and respected firm that is exclusively focused on helping companies accelerate profitable revenue growth. We have worked with hundreds of companies on business model transitions, where we are known for rolling up our sleeves, being focused and pragmatic in our analyses and delivering tangible results that focus on the "how" of execution. In our work with over 600 clients worldwide, we have amassed extensive knowledge of the issues that affect revenue performance. For more information visit www.blueridgepartners.com.

Our Locations



Headquarters

1350 Beverly Road, Suite 115
McLean, VA 22101
USA
+1-703-448-1881

United Kingdom

Quadrant House
55-58 Pall Mall
London SW1Y 5JH
United Kingdom

Germany

An der Welle 4
60322 Frankfurt am Main
Germany

Australia

Level 3
480 Collins Street
Melbourne VIC 3000
Australia
