

## **The Two Critical Reasons You Need a Formal Sales Process**



**Vantage Point Performance**

### **\$400 Million of Chaos**

If there is one component of the selling system that is most taken for granted, it is the sales process. Sales executives spend at least *some* time forming strategies, developing skills, building tools, and measuring performance. However, few companies give due consideration to their sales process; that is, the series of tasks that their salespeople must perform to move an opportunity from lead generation to closure. From our perspective, the sales process is the backbone of any sales force and second only to the sales strategy in its impact on the success of a company. Ignoring the process will constrain your sales force's output, even if you have the best strategy, skills, tools, and metrics in place.

The danger of not proactively designing a powerful, formal sales process is perhaps best illustrated through a conversation we had with a \$400 million technology company whose revenues had stagnated. They were frustrated by their inability to improve their sales force's productivity, so they approached us for advice. Our initial discussion contained an exchange that went something like this:

Vantage Point Performance: *So you have a little more than 250 salespeople in the field?*

Discouraged Senior Executive: *That's right.*

VPP: *And what exactly do they do?*

EXECUTIVE: *They're supposed to be finding new customers.*

VPP: *How are they supposed to do that?*

EXECUTIVE: *I don't know.*

VPP: *You don't know what they're supposed to be doing, or you don't know what they're actually doing?*

EXECUTIVE: *Neither.*

VPP: *Well ... Do you have any kind of standard sales processes for them to follow?*

EXECUTIVE: *No.*

(Pause)

VPP: *So you have 250 people in the field selling in potentially 250 different ways?*

EXECUTIVE: *I guess so, yes.*

VPP: *How different are the customers they sell to?*

EXECUTIVE: *They're pretty much the same types of customers.*

VPP: *Do you think there's possibly a 'best' way to go about selling to those customers? A way that mirrors how they typically buy your products?*

EXECUTIVE: *I'm sure there is, but I don't know what it would be. And I bet most of our salespeople don't know either.*

VPP: *If you have no standard sales process, then I'm guessing you can't really measure how successful your salespeople are at doing whatever they do?*

EXECUTIVE: *Well, we know how much they each sell. That's about it.*

VPP: *How long is the average sales cycle?*

EXECUTIVE: *Around 6 months or so.*

VPP: *And you don't measure anything that they do for the 6 months prior to their potentially closing a sale?*

EXECUTIVE: *No, not that I know of.*

(Longer pause)

VPP: *So, you have 250 salespeople, with no formal sales process, doing something (you don't know what) to your customers, over a 6 month period, and you have no metrics to track and improve the effectiveness of their selling activities?*

EXECUTIVE: *That pretty much sums it up . . . I think we may have gotten to the heart of the problem, huh?*

Recounting this true story, it is easy to see why the company was struggling to improve their salespeople's productivity. It is also easy to see how important sales processes are to a sales force. If you do *not* have good, standardized sales processes:

1. Your salespeople do not know what they need to do to succeed
2. You cannot measure and improve the effectiveness of your sales force.

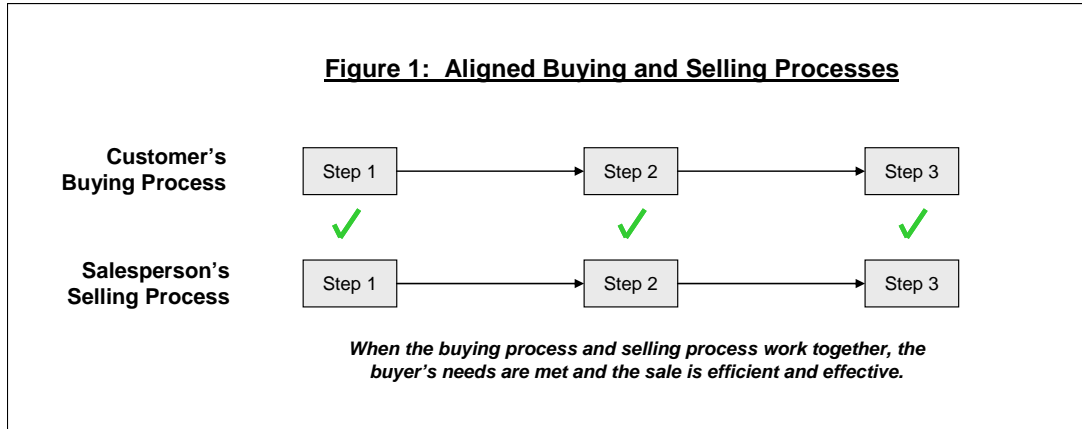
On the other hand, if you have even a rudimentary sales process that is aligned with your target customers, you are well on the way to building a world-class sales force and a real competitive advantage. Before we look at these two points in depth, let us briefly discuss why the sales process is so critical to a company's success.

### **Mirror Images**

Every sale has two distinct perspectives – the buyer's and the seller's. The buyer's perspective is the most important by far, since they are the ones who must ultimately be satisfied in order to make a purchase. Buyers have a series of steps

that they go through as they identify and fulfill their need. This series of steps, or the *buying* process, can span the 9 seconds it takes to buy candy in the grocery checkout line, or the 9 months it takes to buy a major software package. Regardless of the length and intensity of the buying cycle, the seller's job is to satisfy the buyer's needs at every step along the way. The seller's activities that accomplish this goal are known as the *sales* process.

In a successful sale, the buying process and selling process are mirror images of one another. They work in tandem – starting together and ending together with mutual steps in between. When the sales process and buying process are aligned, the sale is both effective and efficient. The buyer moves from step to step as quickly as possible, and the seller closes the sale by meeting the buyer's needs all along the way.



However, when the two processes are misaligned, the sale is unlikely to be effective or efficient. When the seller omits required steps, then the buyer's needs are not met and the salesperson will likely lose the sale. When the seller inserts unnecessary steps into their process, the sales cycle is extended and the buyer could become impatient. Either way, if a competitor's salesperson is moving in lockstep with the buyer, the opportunity will end up in the 'lost' column.



can *assure* you I won't buy it without driving it first." And the salesperson calmly informed me, "I am sorry then, sir, but I can't let you drive the car." We never made it to step 5.

After much reflection on this event, I have concluded that this specific car was an extremely popular new release, and they probably had dozens of people coming in each day for joy rides. In fact, the salesperson smugly informed me that many people *had* in fact purchased the car without driving it – not even particularly caring what color it was. Since the dealership had designed its selling process for this particularly frivolous customer segment, it was fatally misaligned with my inflexible buying process. Had their process matched mine, I might very well have purchased the car a couple days later. Alas, it was not to be.

The point is that the sales process is critically important in any customer interaction. If the sales process isn't perfectly designed to meet the expectations of the buyer, the buyer becomes frustrated and the sale is in jeopardy. It should be a fundamental activity of sales management to identify how their target customers buy and to develop a standardized way to sell to them. Yet, we are alarmed by how many organizations fail to follow a formal sales process. Given the importance of selling the way your customers buy, why is this still the case?

### **Trial and Error Is Never a Best Practice**

Some companies, like our \$400 million technology firm, haven't implemented a formal sales process simply because they don't realize how vital it is to their success. These companies are only one conversation away from enlightenment, and their performance can improve dramatically once the light bulb goes on in their heads.

Other companies, though, have intentionally refrained from investing in a sales process because they maintain an outdated vision of the salesperson as a maverick – an aggressive individualist who is born to sell. "We don't need to provide them with anything," they reason. "It's their job to find and close the deals. If we told them how to do their job, they'd ignore us anyway."

These loner salespeople do exist, but they are an endangered species. Because of the complexity of selling today and the demands of sophisticated customers, professional salespeople can no longer succeed on their own. The world's top salespeople recognize this, and they are typically found working for companies that provide them with the infrastructure they need to succeed – good product offerings, proven customer strategies, training on critical skills, tools to support their activities, and yes . . . formal sales processes.

This fact was nicely described by an acquaintance of ours who recruits high-end sales resources for Fortune 500 companies. He said, "If you want to hire a really good professional salesperson, you have to show them that you have a system in place that works. A great salesperson doesn't want to come into an ambiguous

environment where they're going to have to waste time figuring out what to do – They want to step into a defined system where they can hit the ground running and use their talents to succeed immediately.” How true this is.

Like most of us, salespeople don't like to be *told* what to do, but they do like to *know* what to do. That is the purpose of a sales process. By providing your sales force with a good selling process that mirrors your customers' buying process, you are providing them with a roadmap to success. In the absence of a standard sales process, your salespeople are likely developing their own processes based on trial and error experiences with live prospects. Recall the 250 salespeople we mentioned previously. They almost certainly had 250 different ways of selling the same products to the same types of customers. Can you imagine how much bad selling they were inflicting on their prospects? We have to blame their sales leaders for their customers' pain and frustration, because salespeople should not be required to learn through trial and error. They should be coached on the best way to sell to their customers.

In short, it is management's responsibility to understand how your customers buy and then design an appropriate selling process for your sales force to execute. Otherwise, most of your salespeople will not know what to do, and you will not know what most of them are doing. They will muddle through their opportunities, losing business along the way, until they hopefully discover how to sell to your customers. Not a comforting thought.

### **Lifting the Fog**

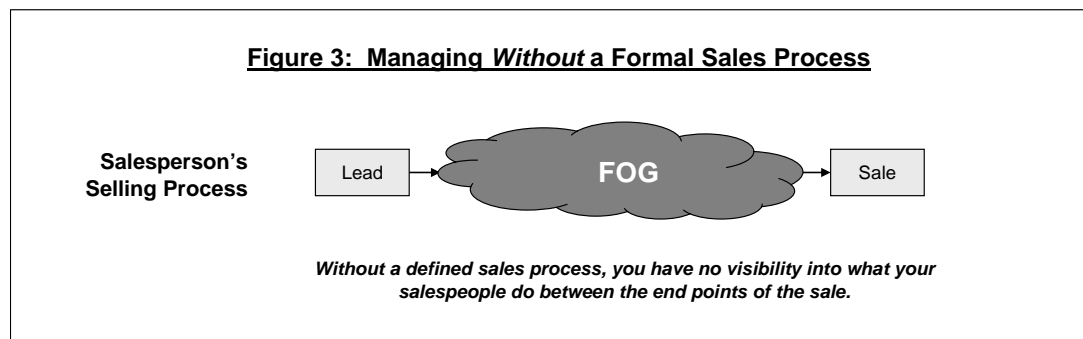
The second critical reason you need a standardized sales process follows some very basic logic. Without a process, you have nothing to measure. If you can't measure it, you can't improve it. If you don't improve, you could lose your job. Also not a comforting thought.

Clients frequently ask us which performance metrics they should be using to manage their sales force. Often they are putting the cart before the horse, because they don't even have a sales process. Without a standardized process with common activities and milestones, there's really not much to measure. This is why many companies are stuck with two of the least useful types of metrics – the volume of leads that go into the sales cycle and the number of deals that come out of it.

Nearly every sales manager in the world knows how *much* their salespeople sell. They generate report after report documenting what comes out of the back end of the sales cycle so they can identify and reward their best salespeople. But like our technology company, this information gives them little insight into what their best salespeople are actually doing. It simply quantifies their output – the sales that emerge from the dense fog of the sales process.

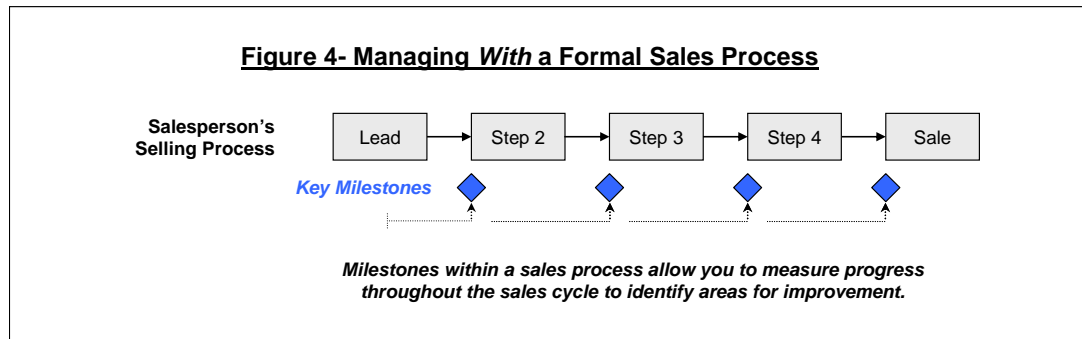
The second type of metric that most companies track is the volume of leads going into the fog along with the salesperson. While their sales managers are busy generating revenue reports, the salespeople are equally busy preparing their call reports. Call activity is fairly easily measured, and it provides interesting data on which salespeople are working the hardest. But that is all it can tell you – how hard your salespeople work.

The problem is that in a consultative sales force, these two cherished metrics don't always correlate. That is, your skilled salespeople who produce the most sales are not necessarily the ones who make the most calls. Then you have to wonder what the top sellers are doing in between the call log and the revenue report that enables them to convert a higher percentage of leads into customers. Unfortunately, you only have data on what goes into the fog and what comes out. You have no idea what the best salespeople are doing in the middle – what they are doing during the sales process.



Imagine for a moment that you run a manufacturing plant. Raw materials go in one door and finished goods come out another. It would be practically impossible for you to improve the productivity of the plant by only measuring the volume of raw materials and the number of finished goods. However, if you could examine the many individual tasks that take place between the two doors, you could isolate where in your factory waste is created and where defects occur. With this information, you could dramatically increase the productivity of your plant by improving the problem areas within the manufacturing process.

Improving sales productivity is identical to this manufacturing example. You have to measure what takes place between the end points of the process in order to improve what happens in the middle. This can only be accomplished if there is a formal sales process with identifiable tasks and milestones along the way. Otherwise, the sales 'process' is a chaotic blur of many different salespeople performing many different tasks in many different ways. Interpreting and managing the chaos is impossible, and you can go insane trying. But once you lift the fog, you can see your challenges and opportunities with clarity.



Again, if you have no process, you have nothing to measure. If you can't measure it, you can't improve it. If you can't improve it, your job is at risk. And again, this is not a comforting thought.

### Take Comfort

Without a well-designed sales process, most of your sales force will not know how best to sell to your customers. Further, it will be impossible to measure and improve how effective your salespeople are at moving prospects from one end of the sales process to the other. Whether or not you recognize the fact, you will have chaos in your sales organization.

However, *with* a formal sales process, your salespeople will know exactly what to do on a daily basis to satisfy your prospects and convert them into sales . . . You will know with certainty how your salespeople are performing and where they need your help . . . Your sales force will continually improve, generating more and more revenue with less and less effort. Life will be good.

If you invest in implementing a standardized sales process that becomes the backbone of your sales organization, then the happier state of affairs can be your reality. Otherwise, you will likely be doomed to endure the frustration of our \$400 million technology company – trying to fix problems that you can't even see.

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