

# ***Sales Management 2.0***

Optimizing Sales Performance 2010 - Volume 2



By Jim Dickie & Barry Trailer

**Current Studies by CSO Insights Available to Research Clients:**

***Sales Performance Optimization –***

***Executive Report***



***Lead Generation Optimization –***

***Executive Report***



***Demystifying the Sales Effectiveness Challenge –***

***Executive Report***



***Inside/Telesales Performance Optimization –***

***Survey Results and Analysis***



***Sales Compensation/Incentive Management –***

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### **Acknowledgements**

We wish to thank all the far-sighted industry executives who so unselfishly contributed their time and insights to the creation of this publication. In addition, we owe a debt of gratitude to our editing team Kim Cameron, Dr. Diane Hodges and Andy Jesmok.

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<b>Vice President, Global Marketing and Regional Director, Sales &amp; Marketing, Aon Corporation</b>	
At Aon, we view sales and marketing transformation as a Program and not a Project. Programs are continuously evolving to achieve objectives. Projects are a means to achieving overall Program objectives and have fixed start and end dates. Over the past three years, we implemented a common process with a common language amongst our 8,500+ sales teams in more than 80 countries.	
<b>Mr. David Zuchowski.....</b>	<b>12</b>
<b>Vice President of National Sales, Hyundai Motor America</b>	
Through November 2009, the automotive industry was down 23%, yet Hyundai sales were up over 6%. It was the best performance in the industry. So obviously we did something different than anybody else, and we have had a lot of companies want to understand what that was.	
<b>Mr. Thomas Blondi.....</b>	<b>21</b>
<b>CEO, Spin.com</b>	
If your sales force is not producing the results you need them to achieve, one of the first things that you need to seriously consider as the sales leader for your company is are we to blame? To start this self-exploration, there are three areas you need to examine to see if the messages you are sending the sales force, directly or indirectly, are focusing them on the right goals and objectives.	

**Mr. John Williams.....29****Senior Executive Vice President for Worldwide Sales, Marketing, and Support, StorageTek (retired)**

At StorageTek, over a four year period we took sales from \$700 million to \$2.2 billion, and we did this all through productivity gains—we did not add any additional salespeople during that time. In retrospect I think the main foundation of our success was that we concentrated on three things—metrics, process, and tools.

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CSO Insights benchmarks the challenges faced by today's sales and marketing organizations. We track trends in the use of people, process, technology and knowledge to improve sales effectiveness. Research is the core of our business. Each year, we survey thousands of Chief Sales Officers (CSOs) to learn the challenges they view as most critical.

## **CSO Insights Sales Management e-Book Project Overview**

One of the great personal benefits of the benchmarking work we do here at CSO Insights is that we get to tap into the wealth of experiences and wisdom of numerous sales and marketing thought leaders. In light of the significant challenges surfaced from surveying over 2,800 companies worldwide during the course of our 2010 Sales Performance Optimization (SPO) study, improving the effectiveness of our sales teams is more critical today than ever. Because of this, we have committed to producing a series of e-books to share some of the knowledge our colleagues in the sales world have shared with us.

In each e-book we first overview some of the key findings from our latest SPO research. We will then present a series of commentaries generated from interviews we conducted that profile the approaches that CSOs and their teams are utilizing to effectively leverage people, process, technology, and knowledge to improve sales results, even in tough economic times.

For the purposes of this e-book, we selected four interviews that we felt covered a broad range of issues and ideas that would be of interest to many sales and marketing executives for helping to optimize their strategies for 2010. In future e-books we will be taking specific topics such as territory and compensation management, improving lead generation, hiring and developing new sales talent, optimizing cross-selling and up-selling, effectively leveraging CRM technologies, more effectively engaging channel partners, improving sales management via analytics, etc.

Through this continuing exchange of insights we hope to make this e-book series an ongoing educational process for sales executives, versus a one time learning event. If you have suggestions for topics you would like to see covered, or if you have a story you are willing to share, please contact Jim Dickie, Managing Partner at CSO Insights via email at [jim.dickie@csoinsights.com](mailto:jim.dickie@csoinsights.com) or phone 303-521-4410.

## The 2010 Sales Effectiveness Challenge

CSO Insights recently completed our 16th annual Sales Performance Optimization (SPO) study. Over 2,800 companies worldwide took part, providing data on over 100 sales metrics to help assess how well sales teams are performing, what challenges are they facing, and how are companies effectively leveraging people, process, technology and knowledge to effectively deal with those issues. As we entered 2009, we all knew we were in for a bumpy ride. So how bad was it? We asked the 2010 SPO study participants to share with us how they performed against their 2009 corporate revenue plan. Figure 1 shows the average of all their responses compared to the results of our study a year earlier.

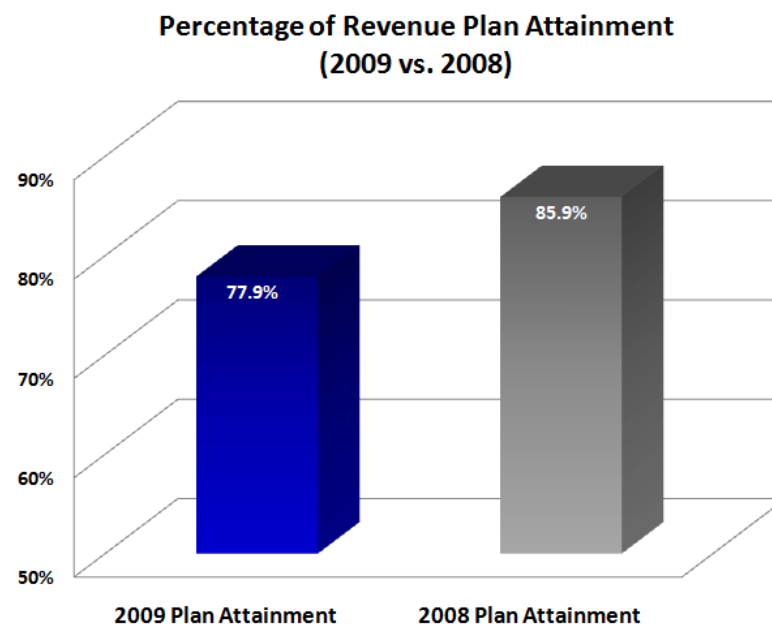


Figure 1

Here we see a drop of 8% from 2008 to 2009, which represents the largest single year decline in performance in the history of the study. What contributed to this collapse? Clearly, the state of the economy was part of it. The overall study data showed that for most companies uncertainty in the



marketplace resulted in longer sales cycles, more calls required to close deals, and lower average size of the deals that closed. This was true for most companies, but not for all. Drilling in deeper to the individual versus aggregated responses we found individual examples, in all industry sectors, where companies had successful years. In benchmarking a number of these projects we found a trait common to them: in the face of turbulent times these sales organizations adapted to the changes in their marketplaces to grow their revenues while others struggled.

Here we are now in 2010. But what will happen this coming year is confusing. There are pundits predicting the recovery has already started, as well as others raising the red flag that the second wave of “W-shaped” recession is looming around the corner. So, what course of action should we take? We asked all the 2010 SPO study participants to share the top priorities they had for increasing sales effectiveness this year. A summary of their responses is seen here in Figure 2.

#### Top Sales Effectiveness Initiatives for 2010



Figure 2

The chart shows that sales management teams have ideas about "what" they want to do this year to optimize sales performance, but often "how" to do that is not so clear. To help you turn your ideas into action, in the following e-book we will share with you some of the experiences of companies that we found who had weathered this or past economic downturns.

We will start with Joe Demmler from Aon reviewing how his firm's sales transformation investments paid big dividends in 2009 and are positioning them for future growth in 2010. Next, Dave Zuchowski overviews the decisions that Hyundai made that allowed them to grow in 2009 when others in the automotive industry suffered. Tom Blondi, CEO of Spin.com, shares his experiences on how sales management teams can step up their performance. Finally, we republish a classic interview of how John Williams guided StorageTek from \$700M in revenues to \$2.2B over a period of four years by turning his sales transformation vision into reality.

We believe the issues that are raised in this e-book have broad applicability, and we invite you to share this publication with your colleagues. However, we encourage you to only use this information as the basis for brainstorming how to deal with the operational challenges your organization faces. Everyone can benefit from understanding the strategies and tactics others are using, but in the end we must implement strategies and tactics that fit our specific business needs and not those of other firms.

If you have any questions about the information contained in this e-book, would like to discuss your specific challenges, or if you would care to share some of your experiences and lessons learned, please call or email us.

We wish you good luck in successfully optimizing the performance of your organization.

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**Joseph M. Demmler**

*In 2007, when we first interviewed Joe Demmler regarding Aon's Global Sales & Marketing program, Aon was 18 months into the program referred to as the Revenue Engine. In only 18 months, a Sales & Marketing platform had been deployed to more than 6,500 sales and marketing professionals in 70 countries. The program consisted of five levers, each individually representing a major undertaking even before considering the global scope of the program. In the last two years, not only has Aon succeeded in its original plan, but they are also realizing its benefits and continuing to improve the process.*

*Joe Demmler is Vice President, Global Marketing and Regional Director, Sales & Marketing— Europe, Middle East & Africa, and is currently based in Paris. He is one of the architects of the Aon Sales & Marketing program and was responsible for the global deployment of Salesforce.com that, as of today, has more than 8,500 sales and marketing professionals in 80 countries. Prior to joining Aon, he held executive positions at Accenture and PricewaterhouseCoopers/IBM Business Consulting Services where his focus was sales and marketing effectiveness and CRM focused in financial services.*

*Jim Dickie*

**At Aon, we view sales and marketing transformation as a Program and not a Project. Programs are continuously evolving to achieve objectives. Projects are a means to achieving overall Program objectives and have fixed start and end dates. Over the past three years, we implemented a common process with a common language amongst our 8,500+ sales teams in more than 80 countries.**

Aon is a leading provider of risk management services, insurance and reinsurance brokerage, and human capital consulting services. Over our 20+ year history, we have built broad global resources to create innovative solutions. Our company name "Aon" is Gaelic for "oneness." We live by that name, bringing together worldwide distribution, a vast base of intellectual capital, and leading technology. This allows Aon to serve our clients in the most custom-tailored manner possible. Today we influence, not write, more premiums than anyone else in the world.

In 2005, a new senior management team, led by CEO Gregory Case, came on board committed to a results oriented approach to business. Greg's focus on fundamentals and facts extended to sales and marketing; a common sales and marketing process to better serve our global clients, drive organic growth, and improve efficiency with our organization by consolidating more than 30 disparate sales tools. Greg's mantra, "For any investment we make, the outcome has to help our clients or help our colleagues help a client." To support this, a task force was formed to develop and implement a standardized sales process-- a "oneness," if you will--for sales and marketing worldwide.

It is worth noting that at the time this was a proactive sales and marketing effectiveness initiative versus a reactive one. For years Aon had been seen as a market leader. This initiative was to lay the foundation for growth to continue unabated. The company saw the need to put the processes and tools in place to have a deeper level of visibility into their business globally.

What was apparent from the start was that "standardization" was something Aon would need to create; in sales and marketing each geography had its own way of doing things and they also had their own systems to support what they were doing. An example is that we had over 30 *different* CRM systems installed across the enterprise with minimal, if any, data sharing between them. The initial goals for the program became clear: create one way of doing sales and marketing, and implement one system to support this way of doing business.

## PROGRAM LAUNCH

The program plan called for the new process and system to first be developed and implemented with a single business unit in the United States. We then branched out to other geographies and business units. To facilitate this program, we enlisted Accenture to help design and implement the required business changes, and we also selected Salesforce.com as the new technology platform to use to manage the change.

Beginning with the US operations, the program team developed a common set of definitions for the business. These definitions went down to the level of getting universal agreement on terms as basic to the

business as “prospect,” “client,” “opportunity pipeline stages,” etc. Based on the initial thinking that went into this work, as these definitions were next taken to the United Kingdom and then to the rest of the world, only minimal changes were required for corporate-wide buy-in.

The CRM system requirements were not only to pick the best functional fit, but to select the system that met another goal of their new CIO: drive IT costs out of the business. Further, the new executive team was looking to change the way global programs were delivered. More specifically, the programs would be owned by the business which would be responsible for their success. When the decision was made in 2005, Aon selected Salesforce.com, which has shown that it can meet the needs of large global sales teams. It is currently supporting 8,500 users and it was implemented with minimal Aon IT support.

### CHANGE MANAGEMENT

Clearly a program like this represented major changes for the people in sales and marketing. To overcome resistance to this change, Aon used a threefold approach. The first was a clear message directly from the CEO and senior business leaders that this new way of business was not optional. The CEO and senior executive team advocated the importance of the program both internally and externally in forums such as calls with financial analysts during quarterly reporting to the street and industry speaking engagements.

Second, was the need to “sell” the sales and marketing teams on what was in it for them—to show them how they would benefit personally from the program’s success. All sales professionals understood that the program was designed to help them to be more targeted and their performance incentives would be linked to performance. The benefit was immediately clear to sales—that the process would put more money into your pocket as well as identify those who did not perform based on full transparency into the sales process.

And third, in each major geography, the senior sales leader was assigned a marketing executive who would team together to drive sales activity using a common set of metrics globally.

Instead of focusing on adoption or utilization rates, we decided to measure program success based on business outcomes such as: 1) accuracy of sales forecasts and 2) percentage of new business generated

from targeted sales campaigns across all client segments. Further, simply measuring the metrics at a business level would not be sufficient; instead the metrics were taken down to an office level and individual producer level.

### PROGRAM PAYOFFS

Four years into this program we are seeing that by having one way of doing business I can go anywhere in the world and talk about probability adjusted pipeline or the four stages of our sales cycle and everyone knows exactly what we are talking about. For example, the common definitions gave marketing greater visibility into the specific types of leads sales were looking for. Based on these clearer insights, they implemented a marketing automation system to optimize the quality and quantity of leads they were generating.

We now have a global sales and marketing platform that provides Aon great flexibility and visibility in understanding their business. For Aon Global, the group which manages the largest clients, there is now one global view of business across Aon's largest business units increasing their ability to cross-sell and drive organic growth in new business. In addition, Aon now has a multi-dimensional view of their business which allows us to slice and dice the data by product, country, region, industry, etc., and give people any view of the operations they want to see.

We can now estimate the average spend on brokerage business for every country and region of the world based on industry, product and/or market segment. That is critical knowledge, as you want to place your bets most effectively on what to do going into next year. Because of that insight, we have been able to increase the revenues resulting from campaigns five-fold. For example, what that has meant to us this year in Europe, is that in the countries being hardest hit by the current economic situation, we are still finding ways to grow our business.

In countries where we have the right sales leadership, there is a maniacal focus on targeted selling. That sends a clear message to sales teams. Use the processes and the systems and you will personally be more effective. This moves the whole initiative away from something being driven by corporate in Chicago, to a

way for reps to personally be selling more effectively in Italy or in Spain who are focused on business outcomes – growing revenue and expanding our business.

Another significant payoff has been consistently improving pipeline accuracy and our ability to forecast results. Aon is very focused on forecast accuracy—that is, what will close, for how much, by when. Our objective was to exceed an accuracy rate of 80%, and that has been accomplished.

In addition, the global deployment of a single sales and pipeline management process and technology platform has provided all sales and marketing professionals around the world with the ability to more closely align these two functions. What we are achieving is a true closed-loop sales and marketing process which allows us to ensure that the entire enterprise is aligned behind the key concepts that are driving organic growth of the business on a global basis. In fact, it is hard to tell sometimes where marketing ends and sales begin because they work so closely together.

### **GOING FORWARD**

All of the work done over the past few years has set the stage for Aon to launch a global program focused on continually increasing effectiveness. This program has five key components, three of these are relevant to most companies: local market planning, client focused marketing, revenue management, and increasing client facing presence.

Aon is now in the position to have the ability to determine the best business strategies to be employed in every local market they sell into. We have been capturing sales cycle data for over a year now and have invested in a sales analytics platform that is allowing us to surface the best methods for targeting real customers with real needs. Then as we work those opportunities through the pipeline, we know the best practices for ensuring client needs are met and deals close.

And because of the closed-loop nature of the process, things will only improve over time. For example, today Aon is able to track the ROI of every single marketing campaign run worldwide. These insights will, in turn, help maximize the success of the ongoing investments going forward. Another advantage resulting from this will be sharing insights with customers and shaping new programs

With our continued focus on delivering distinctive client value, we have just initiated deployment of Client Promise. At its core, the Aon Client Promise is Aon's globally consistent value and service delivery methodology that ensures every client receives the best customized risk advice and brokerage services in the industry regardless of their geography, industry or market segment. The Client Promise is an articulation of Aon's unique value proposition for clients. It creates a common language among our colleagues to describe why Aon is different, and what clients can expect when working with Aon. Similar to the Revenue Engine, the Aon Client Promise is focused on the following business outcomes: 1) personalized client promise plans based on the client's needs and priorities; 2) full transparency in how we create and deliver value to clients; and 3) delivering distinctive client value.

#### **ADVICE TO MY PEERS**

To make an initiative like this work it starts with leadership from the top. That then needs to filter down to leadership at a regional, country and office level. We are asking people to change how they work and we need to motivate them to make that transition. That being said, these people also need to see this as something that helps them personally. They must not view this as just a corporate directive; they need to believe that the new process and the new platform will make them more efficient and more effective.

Second point is what we referred to as speed over perfection. Our Chief Marketing Officer, Phil Clement, early in the program, gave the direction to deploy the global platform as quickly as possible. It did not have to be perfect but we needed the foundation to build common definitions. Three things we did well: defined processes we felt would work, implemented a platform that could support the work to be done, and deployed it quickly to the sales teams globally.

Too many companies want things perfect before they roll them out, and so projects take way too long to achieve results. We felt confident that we were on the right track, so we got our account executives doing business the new way and then focused on process improvement to achieve the results over time. While this approach may appear to be higher risk in terms of gaining adoption, we had a knowledgeable team consisting of business leaders around the work and it was the right approach.



We are now four years into the program, and we are still not perfect, but we are much more effective and innovative than we would have been had we taken the approach to test the concepts in a lab versus getting people to actually use them in the field.

## **SUMMARY**

Aon is not just focused on what we sell, but also how we sell. We are changing the whole sales process. For example, in the past if a European pharmaceutical firm wanted to buy property coverage, we would help them with their property coverage. But did we truly help them change their business and manage their risk?

Our sales training program, Distinctive Client Value, changes the dialogue account executives have with clients. Today, when we talk to that pharmaceutical client, we are talking about true pharma/chem solutions to manage risk. We will explore the product development life cycle, the clinical trial process, their balance sheet, etc. We are not talking only about property coverage. Instead, we are demonstrating that we know their business, we know what keeps them awake at night, and we can help them manage that risk. It is a solution versus product conversation.

This all ties back to Greg Case's original vision of running our business based on fundamentals and facts. That's now a reality at Aon. And as visibility into our business becomes increasingly clear, insights into how to optimize our performance will continually surface quickly. As an ever more agile competitor we will proactively adapt our sales and marketing efforts based on changes in the marketplace. The net result of one process and one platform is one way, the best way, to meet the needs of our customer base. And that will clearly be a significant competitive edge.

### David Zuchowski

*Dave Zuchowski has been witness to nearly three decades of change in sales in the automotive industry. Dave graduated from the University of Washington in 1980, and joined Ford Motor Company in Seattle, WA. Over the next 20+ years he held numerous positions at Ford, rising to National Field Operations Manager. In 2003, he joined Mazda North America as Vice President of Sales, and then in 2007 he took over the helm as Vice President of National Sales for Hyundai Motor America. If you spend any time talking to Dave, you quickly understand that here is a sales executive that understands that success in selling today is something that needs to be supported by the whole enterprise, and in the case of Hyundai the extended enterprise through the channel, as well. In the following, Dave shares some of the experiences Hyundai encountered during one of the most turbulent periods ever in automotive sales and, in fact, grew total sales when others around him were losing market share.*

*Jim Dickie*

**Through November 2009, the automotive industry was down 23%, yet Hyundai sales were up over 6%. It was the best performance in the industry. So, obviously we did something different than anybody else, and we have had a lot of companies that want to understand what that was.**

### HYUNDAI IN AMERICA

Before I talk about our marketing and sales effectiveness initiatives, let me share some background on Hyundai. People are often surprised to learn that Hyundai is the 4<sup>th</sup> largest automotive company in the world. We are larger than Honda, larger than Nissan. In the US we are 7<sup>th</sup> in volume, right now chasing Dodge to get to 6<sup>th</sup>.

We've been in the US since 1986. Since 1999 we've gone from less than 100,000 units in sales to over 400,000 units annually today – representing significant market share growth. Initially, we entered the US

market with the Excel, which to be honest, had enough quality problems that it became the butt of jokes on Late Night TV talk shows that severely tarnished our brand image and reputation.

Looking back, 1999 was a critical time for Hyundai in the US market. We had to make a decision to either bow out or to really make our way in the market and that's when we came out with, what was at that time, an industry leading warranty – 10 year/100,000 mile power train warranty, 5 year/60,000 mile base warranty. Nobody else in the industry was even close to that level of commitment, and naturally it created a lot of visibility for us.

It's important to understand that this wasn't just an external message that we were sending. An equally strong internal message was sent to the entire organization, beginning with the engineers and manufacturing folks, that unless we were able to design and build a vehicle that would back-up this warranty, we would be in a position to bankrupt the entire corporation.

This began a passion in the organization for quality that continues to be one of our basic business tenets to this day. In fact, this year Hyundai was recognized by JD Powers and Associates in their annual survey as the top non-luxury vehicle in terms of quality. Better than Honda, better than Toyota; only behind Lexus, Porsche, and Cadillac. Clearly, taking the quality issue head on in 1999 started us down the growth path we continue to enjoy today, ten years later.

Over that same period of time, a tremendous metamorphosis occurred in terms of our product line. We have completely upgraded our products and expanded into new segments that we'd never competed in before - mid-sized cars, vans and SUVs. This culminated in 2009 when our all-new Genesis was named North American Car of the Year by a respected group of automotive writers. This very prestigious award put us on the map for the first time in the luxury segment. Now people say luxury car; Hyundai a luxury car? And the answer is; a definitive yes.

## THE ECONOMIC CRISIS

For the first eight months of 2008, things were going along fairly well for Hyundai, until mid-September. We can actually mark the collapse of the automotive industry as the day Lehman Brothers went down in mid-September. We immediately experienced a situation where people were not coming into dealerships and therefore weren't buying cars. As no manufacturer could react quickly enough to slow down production, inventories went crazy and the industry spiraled and collapsed.

In the ensuing months, everyone in the industry tried to do everything we could think of to counteract the situation. But none of the traditional levers that manufacturers pull to stimulate demand proved to be effective. Rebates weren't working, low APRs weren't working and lease payments weren't working. This wasn't impacting just the domestic players, but imports, as well. Absolutely nothing was working.

### **New Plans for a New World**

All of us in the industry were trying to look at this crisis from new angles, and the innovative answer that Hyundai America has gotten so much credit for this past year actually started over a beer. Joel Ewanick, our Vice President of Marketing, and I sat down and said, "Look, we are facing a tremendous risk here. This is like nothing anybody has ever seen before. This is completely unprecedented. If we think that trying traditional approaches to unprecedented problems is going to solve this, we're dead wrong because we're already watching all of our competitors try that and fail miserably. We've got to break out. We've got to try something different. We've got to take a risk, and we've got to move quickly on this."

That first discussion was the beginning of the Hyundai Assurance program. We started exploring ideas like FDR's Fireside Chats during the depression, where he was able to convey a sense of confidence and stability with the notion of "a chicken in every pot." Then we focused in on the idea of "what can we do to make people feel better about a difficult situation?"

We developed several different ideas and literally in a couple weeks Joel had researched each of these

concepts in consumer clinics and focus groups. He pulled together groups consisting of Hyundai owners as well as competitive owners and the key insight that came out of these sessions was their overwhelming concern about job security. Many of the consumers we talked to were staying out of the market simply because they weren't comfortable with their job situation.

Our discovery that job security was a root cause for consumer confidence issues represented a huge opportunity for Hyundai, but also presented a major concern. How exactly does one go about talking with potential car buyers about the risk of losing their job without appearing to be negative? It was a risky proposition. But we took the idea of Hyundai being there for you in the event you lost your income to the consumer groups and it really struck a chord, resonated on a very basic level and made complete sense to them.

### **Rapidly Birthing a New Idea**

We decided to take the uncertainty issue head on, and back it with our company commitment. And we wanted to get the message out to consumers on air in time for the NFL Playoff Games, which started the first week in January. Normally a program like this, from drawing board to execution phase, is probably a six month process. You need to get input from the consumers, and then you need to take the research to the dealers. If they agree, you then need to find an underwriter, secure legal clearances, find a funding source and get budget approval, develop the creative, produce the commercial and place the media buy.

Well, an amazing number of things came together very quickly on this program. In fact it was 68 days from the time we were scribbling on the back of a napkin in a bar about what we thought needed to be done. At that point the job protection we were talking about was our own - if we didn't do something significantly different then the company was going to find somebody who could.

That's how Assurance got born. Initially we said, "If you buy one of our cars and you lose your job, then we'll take that car back and it's not going to impact your credit history. The underlying message was simply, "We are here for you." And then we morphed that into, "Oh, by the way, if you lose your job then

we'll pick up your payments for three months to keep you in your car while you try to find another job, and if you can't find a job after three months, we'll still take your car back." So it went from Assurance to Assurance Plus.

### Hitting a Chord with Buyers

The response was terrific. It was one of those unusual situations where external events that we couldn't have known about nor planned for magnified the impact of the program. For instance, at about the same time we were breaking with Assurance, the domestic manufacturers were flying to Washington in their private jets to seek financial bailout support from Congress. It painted them in a very bad, probably unfair manner, and yet at the same time here's this South Korean company that's saying, "We're in this with you. We're going to get through this together."

If imitation is the sincerest form of flattery, then we were very flattered. The success of our program sparked more than 100 imitators both within and outside the industry. Whether it was clothing store sales where if you lost your job you could bring your suit back, or home sales, or season ticket sales, we saw the "Assurance" concept applied in a number of different flavors. But in each case it was typically referred to as "the Hyundai Assurance program."

We became known as an innovative company that was very quick to act and not averse to taking risks. That positioning snowballed and got us a tremendous amount of media coverage while at the same time we were being named North American Car of the Year by a highly respected and objective panel of automotive writers. Shortly thereafter JD Powers came out and recognized Hyundai as having the best quality among all non-luxury brands, better than Honda, Toyota, etc. It was just one thing after another, and for a brand that was seeking to find its way in the US market, this type of third party validation was extremely critical. Assurance really was the trigger event that set the tone in January (2009) for our success amidst a rapidly collapsing industry which was far worse than anyone had forecast.

## SALES, MARKETING AND CHANNEL ALIGNMENT

Looking back on what transpired, Assurance, at its most basic level, was purely a Tier 1 corporate advertisement message. Tier 1 doesn't talk about the deal on the car. It doesn't talk about the specific product or its attributes. It says, "We want you to buy a Hyundai." Normally a dealer will look at Tier 1 advertising and say, "That's great. You're building your brand, but we need something that is hard hitting that will drive traffic to my showroom floor and help sell cars for me. That's what we need."

The real beauty of Assurance is that it was able to transcend a corporate message and become the focus of Tier 2 (dealer group) and Tier 3 (individual dealer) advertising efforts. Historically, we spend about the same amount for Tier 1, as is spent by dealers at Tier 2 and Tier 3. So we ended up with a significant amount of advertising budget focused on a singular message to provide an extremely unified and aligned marketing platform for Assurance.

What we were able to do by having sales and marketing working closely together was to implement a Tier 1 message, Assurance, and evolve that into a Tier 2 message, which was Hyundai dealer group advertising, and then also make it relevant for Tier 3 messaging which met the needs of individual dealer advertising, as well.

### Assurance Results

At that time consumers didn't care if a car was \$500 higher than another. They didn't care if the APR was 0.0% or 1.9%. Those things didn't matter to them. What 40% of the people told us was that the reason they are not going out to buy a car is that they are concerned about the economy. When we dug deeper, the majority of those people said specifically they were concerned about their job prospects. They were thinking, "I'm not going to lose my job today, but with all these consolidations that we are seeing, I may lose my job over time."

Again, taking a single message and spreading it across our three different levels of advertising was a

significant deal for us. We had not increased our advertising budget for 2009; in fact, the budgets were actually down. But with that single message our awareness went up. Whether it was a dealer ad in a local newspaper, or a banner ad on the Internet, or a dealer group ad, or corporate advertising spot during the Super Bowl, the Academy Awards, etc., everywhere you looked you saw Assurance and you thought about Hyundai. That drove people to our website in record numbers and to our showrooms.

All of this worked out tremendously well for us. To put it into perspective, if we had just held our market share, our volumes would have declined about 90,000 units year-over-year based solely on the industry collapse. Instead, our sales were actually up about 4,500 units. From an absolute share perspective, we went from 3.0% of the market in 2008 to 4.3% so far in 2009. In an industry that measures a tenth of a point of share growth as having made wonderful inroads, Hyundai market share is up a full 1.3 points on a year-over-year basis, an amazing 40% increase in our share of the industry.

### **LOOKING FORWARD**

From a Hyundai corporate viewpoint our focus for 2010, like every other OEM, will plan to grow our sales and sustain this momentum. We believe the industry will, in fact, stabilize and improve slightly in 2010 because it came in so low in 2009. Our projections are that the industry is going to be up about 8% in 2010. But at Hyundai, we are looking for a 15% sales increase.

That growth will be driven, in large part, by the launch of a brand new Sonata, which is an awesome mid-size sedan. We are also going to introduce a brand new Tucson. These are completely different vehicles than the ones they are replacing. We're targeting completely different buyers. The challenge is that we have finite resources, in fact, fewer resources, and two all-new cars to launch. How do we deliver on the projected volumes on those new cars without cannibalizing sales of our existing vehicles? To make that happen we not only have to work harder, we also have to be smarter regarding how we invest the marketing funds we have available.



This difficult year has taught us several key lessons and generated a number of best practices. The main insight we are taking forward is that we can't slap ourselves on the backs and praise ourselves with "atta boys" and go back to doing business as usual. We know that we are going to have to have new messaging. It won't be Assurance. It will have to be something else. And the message itself isn't as important as the fact that it will have to be breakthrough thinking which we would be able to stretch so that it is integrated across dealers, dealer groups and corporate advertising.

Our ability to execute effectively this year helped us earn credibility and trust from our dealers. It's going to help us accomplish what we need to do this year as we now have sales, marketing and the dealer network all aligned toward meeting common goals.

#### **ADVICE TO PEERS**

If I were to share any insights with other sales organizations they would be these. Number 1: "same old, same old" in a dramatically different world is not going to cut it. This is not new news, but I think it is as true in our industry as it is across all industries. You've got to be creative; you've got to step out of the box; you've got to look at things differently. You've got to see it from the eyes of the consumer. The way the world existed two years ago simply doesn't exist anymore.

If you are trying to do the same things the same way because that's what you are comfortable with, you are going to fail. Not because you are any less effective, but because the expectations of the consumer are completely different. The spending-at-any-cost, ridiculous consumption mentality is gone. The new world is much more value driven.

Number 2: you cannot look at sales and marketing as two completely separate functions. They have to be integrated as a cohesive, single function that doesn't work against each other. We have to leverage the strengths of both in our company. At Hyundai, the three biggest budgets we have are product development, the incentives we spend on vehicles and the advertising that we deliver to the marketplace. We cannot have the incentive team arguing with the advertising team about whether we need less

advertising and more rebates on the cars, or vice versa. You've got to have a shared vision of what it's going to take to move your brand in the right direction.

I have not always agreed with the way we have gone to market over the past couple of years here at Hyundai. The reason I accepted the plan was because I trusted my partner Joel and knew that at the end of the day we are both measured on and paid off the same metrics in terms of volume and market share and there is more than one way of getting there. I know that he also felt the same way. Recognizing that, you have got to be willing to compromise in order to succeed.

My third piece of advice is that speed is critical. After-the-fact, we discovered that the underwriting company we secured for Assurance had already been approached by Ford before us, but they couldn't get the right people together fast enough to get the project approved.

They eventually came out with a similar program that lasted 60 days, but they dropped it because it didn't have the impact of Assurance, it wasn't first to market and it was viewed as a "me too" or "copy cat" program.

Assurance was clearly a watershed program for us. But a critical success factor was the speed with which we were able to go to market. You can't be burdened by bureaucracy. You can't be paralyzed by fear of making a wrong decision. Again, in this brave new world that we are dealing with, and in a very difficult economy you have got to take calculated risks while quickly validating your convictions. If you do so, you'll be successful.

### Thomas Blondi

*Tom Blondi is one of those rare individuals who has the business and technical knowledge and experience to wear literally any CXO hat. He has over 25 years of experience in the information technology industry, and specializes in evaluating the effectiveness of early stage companies: their strategic positioning, sales/marketing strategies, and organizational infrastructures to execute those plans. He is currently the CEO for Spin.com. Prior to that, Tom held executive management positions at companies such as Cyclone Commerce, Peerless Systems, Software AG, and Informatics. Tom has written extensively and lectured professionally all over the globe on a variety of industry, sales, marketing, and strategic management issues. He is a graduate of Southern Illinois University, with a double major in mathematics and physics. Tom shares with us the following insights how we may be our own worst enemy when it comes to having an underperforming sales organization:*

*Jim Dickie*

**If your sales force is not producing the results you need them to achieve, one of the first things that you need to seriously consider as the sales leader for your company is are we to blame? To start this self-exploration, there are three areas you need to examine to see if the messages you are sending the sales force, directly or indirectly, are focusing them on the right goals and objectives.**

Years ago, I came across a saying that has always stuck with me: “An organization elicits the performance it rewards.” Most sales executives will tell you that they currently have plenty of external problems impacting the performance of their sales teams, so the last thing they need to do is compound that by creating internal problems as well.

When sales fails to meet expectations, you need to take a hard look at everything you are doing, and I have found that a good starting point is to first assess what type of performance you are currently rewarding. Rewards can come in a number of forms, but they typically fall into three categories: compensation, recognition, and involvement. How we leverage each of these three factors can have a huge impact on our results.

## COMPENSATION

How we pay people is the most obvious way we reward and influence performance in sales. We are all aware that the way that you structure commission and bonus plans can definitely impact behavior. I think the thing we often fail to do though is really think through exacting what messages those plans send; what are we really motivating the sales force to do?

### **Sending the Wrong Message**

The absolute worst thing we can do is give sales people the impression that we don't want them to push their limits. You may think no one in their right mind would do that, but I have seen it happen. One clear way to send that message is by putting a cap on how much sales people can make in commissions.

Here I am, telling my best and brightest people to go out and work really hard to close deals, bring in more money for the company, and yet I put limits on what they can make. What an insane idea. We all need to understand that sales people are commission plan lawyers. They take those plans and turn them inside out figuring out ways to best leverage them. You put a cap on earnings, and as soon as they start to approach that number they are going to manage to that level (sandbagging deals) every time.

What is wrong with the concept of sales people making a lot of money? They are only going to achieve that if they bring in a lot of orders in the first place. I use to work for a gentleman named Walter Bauer, who was the founder of Informatics, one of the first software companies in the computer industry. Walt used to take real pride in how much his sales people made. He wouldn't do it publicly, but once a quarter during senior staff meeting, he would read off the names of all the sales people who were making more than he was. He honestly loved that.

That is the kind of message we need to send to the sales force, that we are happy, even ecstatic when they are successful, and we do not begrudge them making a good living.

### Smoothing Out Monthly/Quarterly Performance

It is a mistake to put in place any type of compensation program that dis-incentivizes sales people. I would much rather focus on motivation. Over the years, I have seen a number of creative ways we can use quota plans to achieve the results we want.

For example, one of the firms I worked for in a past life use to have severe revenue spikes where upwards of 60% to 70% of their sales came in the last five days of the quarter. As you can imagine, this led to some nail-biting experiences when things didn't go exactly as we had forecast them. We were able to reduce the number of times we were surprised, and also the degree to which we were surprised, by making a fairly minor change in our quota plans.

What we did was stagger the month-end closing dates for international and domestic operations. We moved the date that we closed the books for commission purposes for the international sales people to the 15<sup>th</sup> of the month, and kept the domestic sales force on the traditional month-end date.

What this allowed us to do was get a sanity check early in the month regarding just how sales were progressing. If international met or beat their numbers, then we could breathe a little easier. If they missed their goals, then we knew a couple weeks earlier that we needed to get more aggressive with the North American team. The sales force adjusted to this move without much problem, and the change certainly made operations more manageable.

### Avoiding Summer Doldrums

Another challenge for sales management is dealing with the slowdown in orders over the summer months or any 'seasonal' sales cycles. Many sales executives have resigned themselves to the idea that this is a fact of life. But it doesn't have to be. One strategy we tried that worked was moving the quota year-end from December 31<sup>st</sup> to September 30<sup>th</sup>.

The way the commission plan was structured, the quota performance numbers we used to calculate commission accelerators, bonuses, and sales club qualification were all based on sales rep performance

from October to September, instead on January to December. Our sales people figured out really quickly that they couldn't slide through the summer and then hope to have a great Q4 to bail them out. They needed to find ways to keep selling aggressively during the summer months, which they did.

Another program I've seen implemented was to pay double commissions on deals that closed in July and August. There were a couple of interesting twists to this plan. First, you had to be on or above your year-to-date quota going into July to qualify for the bonus program, and secondly, the extra commissions weren't paid to the sales person until April 1<sup>st</sup> of the following year.

This accomplished two objectives. It motivated the sales people to push hard during what historically were the toughest months of the year, and it also reduced voluntary turnover. The company had very aggressive growth goals year-to-year, so every January quotas went up significantly. Prior to implementing this plan, they had a spike in sales attrition in Q1 of each year, as a number of reps panicked when they got their new sales targets and left the company to take other jobs.

Under this arrangement, leaving cost the good performers quite a bit of money. Because of this, many decided to ride it out through the first quarter in order to pick up the extra commissions. By April 1<sup>st</sup> they could now see that, while their quotas were a push, they were not as impossible as they thought they were going to be at the beginning of the year, so their desire to go somewhere else to work was reduced.

### **Generating References vs. Deals**

One of the key messages that we need to send to the sales force is that ultimately what we want are referenceable customers versus orders. We have all seen reps whose main focus was to move product. At times, their aggressiveness generated orders that turned into account management nightmares down the road when products didn't function exactly as they had been portrayed during the sales process. Again, compensation programs can have an impact here.

We need to motivate sales people to structure deals for success right from the start. One tactic I have used to accomplish this is to tie a portion of the commission payment to customer success and satisfaction. I reviewed one program that was structured so that the sales person received only 70% of

his commission when he booked the order. The remainder was at risk depending on whether the customer could get the product to work to their satisfaction in a timely manner or not.

Once the implementation of the system took place, the sales team had 90 days to get the customer live and into full production. The remaining commissions were not released until the economic buyer at the customer account went to the vendor's customer web site and filled out a survey saying that they were formally satisfied with their purchase. Plans like that send a very clear message.

### **Change the Plan, Change Behavior**

I am sure you know of a number of other ideas. If your sales people are discounting too much, start paying them on margin instead of revenue and they will quickly cut back on how much money they give away in negotiations. If you need to keep sales people continuously pushing hard throughout the year, then implement rolling 90-day quotas versus annual numbers.

The point I am trying to make is that if we change the plan, we can often change behavior. I think it would benefit any sales executive to take some time each year to analyze and really understand the power that compensation plans represent in helping to positively or negatively impact performance.

One last observation I have on this topic is these plans shouldn't be done in a vacuum. Compensation programs need to be aligned to, and supported by, other corporate initiatives to be effective. For example, it doesn't do you much good to offer sales people a double commission bonus for closing new leads in 90 days if marketing plans to shut down their lead generation efforts for a quarter to conserve cash. When you develop these plans, you should review them with the rest of the senior management team to make sure everyone is working out of the same playbook.

### **RECOGNITION**

Of course, motivation doesn't always have to take the form of cash. Recognition (psychic income) is another powerful tool to accomplish the same objective. We all know that, we all say that, but again I think we underutilize recognition far too often.

There have been a number of studies over the years that point out the fact that generally sales people are very ego-centric. Let's look for ways to leverage that. What are some ideas here? I don't know if they still do this, but one simple thing that IBM used to do was recognize their top performers, those who made the 'Golden Circle,' by giving them personal business cards that had the 'Golden Circle' symbol embossed on them. Sales people felt good about giving those cards out. Being recognized as the best of the best became something to strive for.

### **Motivating to Help Others**

An idea I have used in the past was the 'Respected Reps' program. Prior to our annual sales meeting, we would survey the field sales force and ask them who they felt were the most respected people in the field. You could only nominate someone who achieved quota, but this wasn't just a total numbers award.

In addition to revenue attainment, these people also had to have made a significant contribution to the others in the sales force. Maybe they took the time to pass on leads to other regions or other divisions, maybe they shared collateral they created, or maybe they emailed the team to pass on a best practice they uncovered. The message we wanted to send here was, in addition to being an individual star, we also want them to be a team player.

At the sales meeting we recognized all their contributions and gave them a chance to be the host for a major event, like a cocktail party or a dinner. I found this approach to be very effective at motivating people to want to go the extra mile.

On the topic of sharing, I recently saw a software application that allows sales people to share good ideas and best practices. Other companies have tried to do this before, but the shortcoming I saw in their approach was that there was nothing really motivating the reps to take part in this program.

The system I saw solves that problem two ways. The first is that users earn points for sharing a best practice, using a best practice, or commenting on one. I believe these points are tied to prizes, so that would be a compensation issue. But there is also a recognition component as well.



The system keeps track of who submitted each best practice and also how valuable other reps found that strategy or tactic to be. The reps that consistently get the highest ratings from their peers are featured on a rotating basis on the system home page. Every time a user signs on to the system, one of the first things he or she sees is a picture and the name of a sales team member that has been recognized for the frequency and quality of the information he or she shares with other team members.

## INVOLVEMENT

The last leverage point we have is involvement. What do I mean by that? If we have a problem in sales — revenues are down, margins are eroding, expenses are too high, customer satisfaction is down, etc. — I think the message we need to send to the sales force is that we all need to be part of the solution.

I am a firm believer in having sales people take an active role in coming up with solutions to the business challenges we face. As a part of our annual strategic planning process, we have invited the top performing rep to sit in on those sessions with senior management and help define the goals, objectives, and strategies for the company.

Another way to approach this is to create a Sales Advisory Board. This is a group of six to ten top performers who represent their peers and have direct input into any changes that might be considered regarding territories, channel management, new product ideas, training, sales compensation, incentives, or benefits.

The Advisory Board works with sales management to define the sales policies and procedures that the sales force lives by for a given quota year. Under this approach, you do not dictate change to sales people; you involve them in the process from the start so, in the end, they don't see this as management's plan for sales. Instead, they see it as the sales team's plan.

Once these programs are put into place, if problems arise, then the Advisory Board reconvenes and comes up with recommendations or changes. This is not a one-time activity, but rather an ongoing endeavor. Each year you add or remove members based on who currently are the top performers. This ensures that you get a continual flow of new blood and new ideas.

You may not want to start off with a program this sophisticated, but there are a number of other ways to get the sales force more involved in problem identification and resolution. You could tack an extra session on to a national sales meeting to collect people's thoughts on the strengths, weaknesses, opportunities, and threats that they see in the marketplace. If costs prohibit you from bringing everyone together, then you could do web-based surveys to collect their insights and opinions.

The objective is to get the sales force more involved. These are the people who are living and breathing the sales challenges we face on a daily basis. Who else in our company is in a better position to come up with solutions?

#### **KEEPING ONE EYE INTERNALLY FOCUSED**

There is an old Chinese toast that goes, "May you live in interesting times." Some days I feel that things are a little *too* interesting. I could probably stand a few more mundane days myself. But based on current market conditions, I don't see that happening any time soon. We have seen how hard selling is this year and next year may well be challenging too.

We absolutely do need to change how the game is played going forward, and we ought to utilize every lever we can to do that. The best thing about compensation, recognition, and involvement is that they are all under our control in sales. Optimizing these three areas will not solve all the issues we face, but it is a good starting point.

John Williams

CSO Insights Classic: Initially Published in 2004

*John Williams' accomplishments in achieving world-class sales productivity have been profiled in Newsweek, CRM magazine, featured on CNN, and more. In his 35 years as a veteran of high tech sales and marketing management he has achieved results that any CSO would envy, most notably as Senior Executive Vice President for worldwide sales, marketing, and support for StorageTek. Prior to that, John was the Vice President of sales for Grid Systems, managing the company through its startup phase to ultimate acquisition by Tandy Corporation, and he also worked for Memorex. John has retired but still lectures on how to optimize sales force performance. When I interviewed him I asked him to review his experiences at StorageTek, since the issues he successfully dealt with there are the same challenges many sales organizations are facing today.*

*Jim Dickie*

**At StorageTek, over a four year period we took sales from \$700 million to \$2.2 billion, and we did this all through productivity gains—we did not add any additional sales people during that time. In retrospect I think the main foundation of our success was that we concentrated on three things—Metrics, Process, and Tools.**

We live in an era where increasing shareholder value is of critical importance in every boardroom across the nation, across the world. Each corporate officer is being turned to and asked to come up with new innovations to optimize the performance of his or her piece of the business to help contribute to that goal.

I'm a firm believer that today the biggest return on anything you can do in a company is to make your salespeople more productive. It is not optimizing back office processes more. It is not fine tuning finance more. It is not about improving the quality of manufacturing more. The biggest contribution you can

generate to the bottom line comes from increasing the efficiency and effectiveness of the sales force. I say this from experience.

### THE SALES EXCELLENCE CHALLENGE

When I took over all the front-offices functions for StorageTek worldwide, we were just coming out of bankruptcy. The focus of all of us on the executive management team was to rebuild our credibility with our customers, our investors, and Wall Street. Based on the current economic climate I would venture to guess that many other companies are facing those same issues today.

At StorageTek, each of us on the executive team made a personal commitment to ensure that our operations directly contributed to the success of the company going forward. For my part, I had a two-year window before our next generation technology would come to market. During that time I had to revamp the sales force and get them ready for a new age of business. We were looking at massive changes: new products, new ways of selling, and new tools.

Well, we survived that period of massive upheaval. I am personally very proud of the fact that over the next four years we tripled sales revenues, increased customer satisfaction, and actually reduced our cost of sales, not just in terms of sales as a percentage of revenues, but in fixed dollar costs as well. Perhaps some background on what we went through could be useful.

### GETTING THE LAY OF THE LAND

When I took over the position of Executive Vice President of Worldwide Field Operations, I was actually coming back to StorageTek. I had worked as a sales executive for the company before leaving to start a PC hardware company.

While I had some previous knowledge on how things worked, and in fact had kept in touch with people in the company over the years, upon my return it occurred to me that it would be a mistake to let any of that influence my decision process on where to take things from here. I decided that I needed to do my own

due diligence analysis of the company as it existed today. I needed to get a current perspective on how operations were currently managed. So I personally visited every major sales offices, analyzed how we did business, and I was shocked at what I found.

### **Process Morass**

First, the company's processes were very antiquated and overly complex. The sales process was full of inefficiencies. It took on average 50 calls to close an order. I am talking 50 'real' calls: face-to-face meetings with a customer, over an average sell cycle of nine months. We computed the expense and determined that each of these calls were costing us about \$1,200.

Once we got an order, things didn't get any better. To fully understand quote-to-cash cycle, we produced a workflow chart that documented everything that needed to be done to produce an order. I am not joking—the final document ended up being eight feet long, even after using miniature print. We calculated that it was costing us \$700 to process the paper work using these procedures. I actually put that chart up in my office, hanging from the ceiling, and I would look at it and shake my head.

### **Relationship vs. Solution Selling**

The second thing I found was that I had good, solid sales people. The majority of the members of the sales force had been around the industry a long time. During that time they had developed very solid relationships with their customers. But an issue was that they relied very heavily on those relationships to close business.

The new products coming down the pipe were going to be more innovative and more complex than anything we had to sell before. Taking these new solutions to market was going to entail a much higher degree of strategic selling than any of the current team members had ever experienced, but it was clear we had to make that transition to be successful.

### Dart Board Forecasting

We had no customer relationship management (CRM) tools in sales. Consequently, forecasting at best was black magic, with no consistent logic to the black magic. Worldwide, I had over 1,000 direct account executives doing business over 1,000 different ways. People were not even using the same rules in this guessing game.

Because of this, we were creating problems for other parts of the business. Finance never knew exactly when sales were going to close. Manufacturing never knew exactly what those orders would include. Services never knew exactly who would be needed where and when to get the units operational.

Even with all of this, the company was still fairly stable; we were making money. But I looked at our sales force and knew they were going to get killed in the future because they were not in a position to handle what was coming at them. There was a tsunami headed their way, and they didn't see it.

Based on the numbers we were going to have to put up on the board, it was obvious that we were going to have to turbo-charge sales; we needed a massive increase in productivity and effectiveness.

### CHARTING THE NEW COURSE

As the top executive in sales, I made it clear that I was personally committed to champion the project. I explained to everyone the difference between 'committed' and 'contributing' by using the old ham-and-egg breakfast analogy. Regarding the breakfast, the chicken contributed, the pig was committed. This time I was willing to be the pig.

In optimizing sales in the past, I had looked at new ways to leverage people, process, and technology. It had already been made abundantly clear to me that I would not be getting any additional headcount for a long time to come, so process and technology became the two major items that we focused on.

**Create the Vision of What ‘Better’ Looks Like**

My first task was to create the vision for how we needed to sell going forward. The vision document reviewed the metrics of how we were presently performing; detailed the holes in the way we did business; laid out the new sales process; pointed out where efficiency, effectiveness, and communications improvements needed to be made to implement that process; and finally, defined the technology tools the team would need to support their work efforts.

Before rejoining StorageTek, I spent ten years running the sales operations for a laptop computer company, so I understood technology from both an application and hardware standpoint. I put together the vision of how I wanted us to operate. My ultimate goal was to provide each of our sales people with a personal administrator and a personal engineer to support them; they would just happen to be in the form of a laptop computer.

I presented this vision to the board to get their approval. The initial plan called for spending \$3.5 million—nearly \$18,000 per sales user—for hardware, software, application customization, training, and support to equip the sales people in North America. Based on the success we achieved in the States, we would then roll the systems out worldwide.

As I said before, we were in a period of very austere budgeting at that time, not unlike today for many companies, so getting money for this project meant taking it away from other people's budget. Because of this, I had to develop a detailed project plan showing how we could generate an ROI for the project within 12 months. I had to personally commit to achieve that number. I made sure I had a firm commitment for the funds before I said anything to the sales force. In addition, I had to sell other departments on why they should support me in this endeavor, so I gave a lot of thought into what was in it for them if my plans were put into action. Ultimately I gained complete support for this initiative.

**Take a Phased Approach**

The code name for the project was Apollo, since just like the moon-landing program, we were phasing our reengineering efforts in over time to minimize risk. Our first goal was win the sales force's support for the initiative. To do that we needed to pick a few things, two or three, that could really make a difference to them, and do those extremely well. We were not going for a Rolls Royce right out of the chute; we were going for a steady, reliable Jeep. Something we could get out quickly, something that could go wherever the sales force went, something that added real value.

The initial rollout included a proposal generation system, a presentation system, and an opportunity manager that functioned as the sales people's right hand desk drawer, holding all of their customer files, which allowed them to be more effective when working remotely. We also had a number of capabilities to support improving communications between the members of the sales force.

**Get a Support Crew**

To increase our chances for success, and to speed up the creation of the system, we enlisted outside help to make this project happen. When we started the initiative, Apple had what I considered to be the best laptops available. They not only provided the hardware, but they also gave us five of the best software engineers I ever met, and they wrote the applications and had them beta ready in about three months.

On the process side, we brought an outside consulting firm to work with us. I am a big believer in getting some outside eyes involved in a project like this, because you need the involvement of some people who have no vested interest in the status quo, who are ready to look for innovation.

**Push the Team**

We have a very aggressive project time line. I had heard about two- and three-year implementations for projects like this, and that was unacceptable. We needed problems solved now. Beta testing lasted two months, and this was then followed by a one-month pilot where we trained a set of users across the States



and had them kick the tires. A month later, we brought all the sales people together and did three full days of training to make sure they felt totally comfortable with the new processes and the tools.

### **Get User Buy-in**

Notice I said sales people; the sales managers were not invited to the rollout. In fact, they had to stay back in the offices and cover their accounts while the account execs came to HQ for the launch. We did this to make a statement that the tools, processes, and technology that the sales people were being given were truly meant to increase their productivity, their efficiency, their effectiveness. I had already seen too many projects fail when the sales teams perceived that what they were being given were things that had sales management's best interest at heart, and not necessarily theirs.

After they left, during that first quarter of usage we set aside a \$50,000 budget to award success in using these tools. If someone gave us a story about how the systems helped them win a deal, they might get \$1,000. Give us a great idea for how to improve the applications or processes and you'd get a \$500 night on the town. We spent every cent of that money, and it was absolutely worth the investment.

### **Continuously Gather Metrics**

Within two weeks of the launch we had a 55% adoption rate. By that, I mean sales people were using the tools on a daily basis. After six months we were up near 90%. All along the way we gathered new metrics on our performance so we could see if we really were improving or not.

After six months of active usage, I was able to go back to the board and show in hard dollars, to the CFO's satisfaction, that we had achieved the full ROI that we had set for the project. By focusing on new ways to do things, and giving sales people the information and tools they needed to do their jobs, we collapsed the sales cycle down from 50 calls to 35. We reduced the sell cycle length from nine months down to seven. We reduced the cost of a sales call by 60%. We dramatically increased our service revenues. Prior to starting the project, I would have been happy if we had achieved any of these numbers, and here we did them all in six months.

**Repeat All Over Again**

From that point on, I never had any problem getting money from the board. They saw the real returns their investments were generating. Over the next five years we rolled out a new release of the system every six months. Each phase of the project had the same objective; find three or four new problems still impacting the effectiveness of sales teams, design solutions for those challenges, train the people how to use the new tools, and start all over again.

Over time we added tools to help the sales force do financial analysis, lay out the floor space of a computer room, handle expense analysis, and even streamline a new sales order entry system. Yet with all of that, when I retired we still had plenty of areas for improvement. The vision kept expanding over time, based on new business needs, new technology, new competitors, sales force reorganization, and so on.

**LESSONS LEARNED**

If I were going to give any advice to my peers, based on what we learned, first I would say that executive sponsorship is key to the project. As the sponsor, you have several roles. First, you need to set the vision—no one else can do that for you. If you do not have a corporate officer willing to take on this responsibility, then don't even start.

Second, you need metrics before you do anything else. These are not always easy to get, they can be very time consuming to collect, but I don't know how you can build your vision for improvement without them.

Third, be ready to break some legs. I don't want to make it sound like everything went smoothly every day. It didn't. We did have some sales people and sales managers who pushed back against the changes we were making. If you find terrorists who are trying to sabotage the project—kill them. You cannot afford to keep these people around.

Fourth, make sure you know what the purpose of the pilot really is. Too many people think the goal of the pilot is to ensure the code works. Well, that is what beta testing is for. The intent of the pilot is to prove

that you can generate true business value using the tools. If you don't see a clear ROI during the pilot, stop the project and redesign the systems until you do. Never give the users something that has no value.

Finally, fund the project appropriately. I know we are all worried about spending money today, but this is an investment, not an expense. Figure out what it will cost to do the project the right way, figure the payback, and if the numbers look right, then commit to invest the funds.

Back when we started down this road we were way ahead of the pack. The way we leveraged technology and process was a real competitive advantage for us. Now these systems are a matter of competitive survival. My message to other sales executives is prepare now for the tsunami coming to your industry. To delay today is to court disaster.

### About CSO Insights

CSO Insights benchmarks the challenges faced by today's sales and marketing organizations. We track trends in the usage of people, process, technology and knowledge to improve sales effectiveness.

Research is the core of our business. Each year, we survey thousands of Chief Sales Officers to learn the challenges they see as most critical. We also review offerings from solution providers to retain our position as the experts on options for CSOs.

We write numerous articles and speak at major sales and marketing conferences to share what we've learned with executives like you.

Founded by Jim Dickie and Barry Trailer, CSO Insights has served sales and marketing executives for over 15 years. We offer only pragmatic suggestions, experienced-based examples and the kind of insights you'll want before your next Executive Strategy Session or Board meeting!