Sales automation guide

Foreword

1. An overview of sales force automation in the modern business world

2. How to build a sales strategy that harnesses the IT mega-trends

3. How is sales force automation evolving – and what does it mean?

4. Your step-by-step guide to selecting a sales force automation solution

5. How to drive staff adoption of SFA

6. How to measure sales success – and forecast failure!

7. Why does sales performance management make more sense than CRM?
Foreword.

Dynamics CRM Product Marketing Manager at Microsoft UK
Gina Timm

Historically, the sales department has had something of a rocky relationship with technology.

If we think back to the first generation of sales force automation, not only was it fairly user-unfriendly, but it was also implemented entirely for the benefit of the sales leaders rather than the reps themselves.

Unsurprisingly, this served as a dual-pronged blow to adoption rates, as early sales force automation became an unwelcome presence for reps.

There were further challenges, as well. Organisations soon found that they needed to build their entire sales strategies around the technology, incorporating processes that would account for their reps’ need to return to the office to log back onto the network.

In light of the above, it’s easy to see how early sales force automation could have presented almost as many problems as it solved.

But things are changing.
The consumerisation of technology has meant that the latest generation of salespeople entering the corporate world are more tech savvy, while sales force automation tools are increasingly user-friendly, making the rep’s job easier.
Furthermore, thanks to the emergence of mega-trends such as mobile and Cloud, organisations are finally able to build the technology around the sales strategies, rather than the other way around. And with the era of Big Data well and truly upon us, the new generation of sales force automation tools is enabling reps to capitalise on rising volumes of customer information, with the data at their finger tips no matter where they are.

With this in mind, this ebook examines how the world of sales is being supercharged by the IT mega-trends of social, mobile, Big Data and Cloud, and answers some of the questions that are emerging from this new sales force automation landscape, such as: how to build a sales strategy that encompasses the new technology trends, how the sales force automation vendor landscape is changing to incorporate the likes of Big Data and social, and how to choose the best sales force automation vendor for your needs.

I hope this ebook will provide you with the platform to capitalise on the renaissance that is occurring within sales force automation.
Chapter 1.

An overview of sales force automation in the modern business world

Neil Davey, editor, MyCustomer

The mega-trends of mobile, social, Cloud Computing and Big Data are coalescing to have an unprecedented impact on organisations and their component departments. In sales teams alone, these disruptive trends have the potential to transform operations by empowering staff with better technology, knowledge and mobility.

However, sales has a reputation as being something of a laggard when it comes to embracing newer technology, and historically there has been resistance to the adoption of sales force automation (SFA) tools. While a new generation of more tech-savvy salespeople are coming on stream, many others are still stung from having to work with a generation of SFA systems that were technically challenging and seemingly offered little value to the rep.

But with the mega-trends also reshaping SFA offerings, salespeople could finally have tools that will help them sell, and collaborate with partners, customers and team members.

“These trends are arriving at the right time and the right place for the sales profession,” says best-selling author and sales authority Sean McPheat. “In terms of the objectives of the modern-day sales professional, it
is about making more sales, doing more in less time and having immediacy of information. And if you think about the mega-trends that we’ve got – mobile, social, Cloud and Big Data – they are complementing those objectives really well.”

So how are the trends shaping sales tools and techniques in 2013?

**Social media**

Patrick Stakenas, research director at Gartner, says: “90% of sales people spend time on social networks every day, whether it is for personal or business use. So basically every sales rep, every day, is on the internet on social media sites. But how do we use that from a sales perspective?”

One powerful way that social media is facilitating salespeople with their jobs on a daily basis is through social sales prospecting and research, helping them to better qualify leads and conduct prospecting activities more efficiently while also being better informed about accounts and prospects.

“Some of the advanced sales intelligence systems like ZoomInfo, InsideView and iSell crawl the internet looking for things where someone
has posted something on the likes of LinkedIn, Twitter or Facebook, so that when you are looking at prospects it’s not just name, address and phone number, you can also see that, for instance, someone was at a conference,”

says Jim Dickie of CSO Insights.

“It means you have insights into things they have been doing that you could use to start a conversation or show them that you know about their business or priorities. And this can become a really good research tool for sales people so that they can more effectively engage customers and prospects.”

Social media has implications for the likes of lead qualification, competitive intelligence, the profiling of prospects and maintenance of up-to-date contact information, and salespeople can have access to real-time feeds on contacts, pulling information from the web and online communities to support these functions.

And these activity feeds are not only focused on people – they can also detail activity around opportunities and markets so that as information changes relating to these topics, salespeople can know about it
immediately as it is automatically posted on to the activity feed. Given the value and popularity of this functionality, Gartner has predicted that within two years every sales force automation tool will embed activity feeds into their core offering.

But sales teams are also capitalising on social media to improve internal collaboration, improving interactions within the sales force, between salespeople, as well as with other departments within the business. And this collaboration is even being extended outside of the walls of the organisation to external partners and customers, to support activities such as RFPs, contract work and the building of bespoke solutions.

“One of the things we’re finding is that a lot of companies now have communities or Facebook-type architectures within their SFA systems so that they can talk to one another and post messages and files and proposals,” notes McPheat. “If you close a deal, you can see it then and there in front of you and everyone can see it on their updates as well, so there is much more of a community feel as opposed to sending out an email that I’m closing this or doing that.”

**Big Data**

Customer data exists in many different places both inside and outside the business, and with the volume increasing at a rapid rate it presents both a challenge and an opportunity for salespeople.

“The volume of information inside of an organisation is doubling and will continue to double every 12-18 months over the course of the next couple of years,”
says Stakenas. “Big Data isn’t just about the data that is coming from the internet, it is also about repurposing the ‘dark data’ within your organisation that you have not been able to get much out of in the past. With new tools and new operative analytics applications you can do different types of searches deep inside the data – you can search inside a document and search inside reams of data that you’ve had around forever.”

Christopher Cabrera, founder, president and CEO at Xactly, adds: “There is a huge opportunity for Big Data to significantly impact the modern sales department. However, many companies have yet to embrace Big Data from a sales perspective. In almost every business today, large amounts of data around every sale are captured and stored across a variety of systems, including sales performance management (SPM), CRM, finance, HR and payroll. However, in the past, it would have been time and cost prohibitive for most companies to try to derive meaningful insights from such large and diverse sets of data. The emergence of new Big Data and analytics technologies is changing that paradigm.

“Finance and sales leaders in virtually any sized organisation can now obtain Big Data-driven insights that can enable them to create stronger sales teams, optimise incentive compensation plans, better understand their best customers, and motivate improved sales behaviours. These insights can also help predict and drive future sales performance by enabling better modelling, more effective incentive planning, and more realistic sales forecasting.”

Ed Farquhar, EMEA marketing director at PROS,
notes: “Typically, enterprise businesses today have somewhere between 750TB and 1000TB of data. By using Big Data applications, sales teams can confidently identify what customers want, their likelihood to purchase and, subsequently, how they would like to buy. Providing timely, personalised and relevant proposals gives sales professionals the opportunity to achieve competitive advantage and outperform in global markets.”

Analytics technologies are also on the cusp of advancements that will have enormous implications for sales teams. While professionals have traditionally worked in a ‘descriptive’ analytics environment, which can anecdotally tell you what happened (we won/lost) but won’t allow you to do anything about it, there is a shift to ‘diagnostic’ analytics, which can tell you why things happened, providing more insight alongside the hindsight. This information is not just anecdotal, because it is being tracked.

The next stage will be even more significant as ‘predictive’ analytics will enable professionals to find out what will happen next, something that will improve win rates. Potentially in a few years there will then be ‘prescriptive’ analytics which will tell us how to make certain results happen – i.e. what steps to take to improve win rates. With most sales organisations presently between descriptive and diagnostic, there is an enormous opportunity waiting around the corner.
Mobile

“So by 2014, smartphones and tablets will overtake laptops as the primary device for sales force automation or sales technology by salespeople,” says Stakenas. “And in the next year most sales technology companies will have optimised their applications so that salespeople can use them from a smartphone or a tablet.”

While laptops proved cumbersome for salespeople as they sought to sell products/services in front of a customer – the start-up time alone could be frustrating – and smartphones were portable but had limitations related to screen size, the proliferation of tablets has provided reps with the perfect tool to use in a customer-facing situation. Both portable and simple to use on the fly, tablets enhance meetings with customers by improving the visualisation of complex data and sales content.

“As part of our annual Sales Performance Optimisation Study, we ask companies what technologies they are providing their salespeople,” says Dickie. “About five years ago around 20% of the companies we surveyed said that they were giving salespeople access to corporate information via mobile...
devices – which at that time were cell phones. But the reality back then was that it was very simplistic stuff – you can check your calendar, see your contacts, see your records in the CRM system – predominantly efficiency things rather than anything to help you perform better.

“Going forward to today, we found in our most recent study that about 45% of companies are now giving reps access to corporate systems via mobile devices, and half of those are via iPads or Android tablets. And while predominant uses are still around things like calendars and checking CRM records, now with tablets you can do presentations as well.”

Additionally, the CSO Insights research reveals that a small group (15-20%) are emerging that also use the devices to do workflow tasks that a rep would do with the customer, such as a guided needs analysis, with the system prompting the salesperson to ask questions to the prospect based on the answers that are provided. By understanding the co-requisites and prerequisites, it guides the rep to the next question to ask. This ensures that the salesperson asks all the questions in a single session versus multiple sessions.

Furthermore, because all the answers have been collated, the sales person can then go into a “solution configuration mode” and be able to provide recommendations to the prospect based on their responses – what it would cost, when it could be delivered, how it could be implemented, and so on.

“You can really do a lot of those tasks in a single meeting with a client that before might have taken
three, four or five meetings, and actually go for the close, capture the signature on the screen and move on,” says Dickie. “This is where I think we’re going to see the power – most of the CRM investment up to now has been helping reps plan for a call, or follow up on a call, but mobile is going to allow them to make not just more calls, but make really great calls.”

Cloud

Over 50% of sales force automation deployments are done in the Cloud today, and this number is going to continue to increase. Stakenas describes the Cloud’s popularity: “Less performance (because 80% of people don’t need 80% of the functionality in software) for less money (because people like paying less), paid for as they use the software (because people realise they’re paying for software they don’t use; see above, plus 17% maintenance for what they don’t use), delivered via the provider’s servers (because people now know they use only 20% of their servers’ capacity), which are managed by the provider’s staff (because people have realised that the biggest component cost of software is people).”

The Cloud has had an enormous impact on the flexibility of the salesperson, enabling them to close a deal in real-time, with the customer signing there and then, as well as allowing agents to deliver presentations on the fly.

Dickie explains: “In the past, if I was making a sales call and I got out there and I brought the brochures for the products I talked about but the customer asked
for information about another product, I’m at a loss as I don’t have that with me. With Cloud Computing now I can get access to any of the materials that would be stored on corporate systems. They might be on Sharepoint or some other repository so that I can get access to the most current version of those types of things. But I can still download it. So it’s the best of both worlds – I should be able to get access to it but if not I can download and have those things resident on storage capacity on the tablet device itself so I can work when I’m sitting on an aeroplane and as soon as I land I’m connected just like I would be if I was back in the office.”

Richard Britton, CEO at CloudSense, adds that there are additional benefits delivered to the business in the back office.

“For example, Cloud Computing is helping to cut down the time from quote to cash, improving cash flow. It is also giving sales teams true mobility across any device with solutions accessible from anywhere, transforming the business into a truly mobile enterprise.
“A further benefit of the Cloud is its ability to create integrated businesses. Cloud order management solutions, for example, help to link the operations and sales teams, giving insight into the whole customer journey and providing a single view of the customer. The Cloud is invaluable in ensuring that data is being effectively shared between departments, which can otherwise become siloed and isolated from other areas of the business.”

Cloud SFA solutions are also appealing as applications can be procured and implemented quickly and easily, without the team having to wait for IT. Nonetheless, while there is a temptation to cut IT out of the loop, IT should be involved in making technology decisions. For reasons such as security and integration, the IT side needs to work with the business side, providing guidance and guidelines.
Chapter 2.
How to build a sales strategy that harnesses the IT mega-trends
Neil Davey, editor, MyCustomer

As we discovered in the last chapter, mobile, social, Cloud and Big Data are converging, with the sales department seemingly sat directly on the nexus point. Not only are these mega-trends impacting sales behaviours, but also sales technologies. Mobile, social, Big Data and Cloud are influencing the entire sales force automation (SFA) ecosystem, from sales opportunity management (contact management, sales forecasting, lead distribution, etc.), to sales effectiveness (prospect qualification, proposals/contracts, order management, etc.) and sales performance management (objectives/quota management, territory management, etc.).

With such widespread influence, sales teams that harness these forces have the potential to significantly improve their business results.

“The trends help the sales leaders address the perennial issue of how to make salespeople more productive, while the next generation of sales tools also mean you can have deeper insight about your customers – know which ones to call, be able to qualify leads better, be able to enter in data whilst you’re in the field and get data that you need,” says Bill Band, VP and principal analyst for Forrester Research. “The primary driver for implementation of
the first generation of SFA tools was around reporting for management. But most of the new technology trends help sales people more – they make them smarter, more effective, more efficient, and they have data available to them when they need it. So these developments collectively benefit the sales person more than the previous generations of SFA did.”

But these technology changes also necessitate wider changes within the sales department, if they are to fully benefit from the forces, says Patrick Stakenas.

“In the past, organisations had to build their sales strategies around a technology, versus now building the technology around the sales strategies,” he explains. “So with on-premise-type tools you built your sales processes around having to come back to the office and log back in and be on the network and so on. But that all goes out the window with Cloud and mobile. And the amount of information that is coming from Big Data and social is also changing the way sales organisations manage their business.”

And Stakenas believes the impact is such that the mega-trends actually “invalidate” many existing sales strategies.

“Everything that we knew a couple of years ago as it relates to managing the sales organisation and how we sold is changing,” he continues. “For instance, we used to be the informer – we would show up as a sales person to a customer and they wouldn’t know anything about the topic or what we’re selling. Now, 60% of the decision is already made by the person because of the internet. But that doesn’t mean that it is going to eliminate sales reps – in fact, quite
the opposite. There is a great need for sales people because there is so much information out there and the information that they’re finding on the internet is confusing the buyer, so professionals have to show up with even more information and be super sales people because they know that their buyer is probably as educated as they were a couple of years ago. So these four trends are changing the way that sales people sell these days, and changing strategies related to how the sales rep interacts on a daily basis and how the buyers are buying.”

And there are other changes taking place that will shape the IT strategies of the modern sales department. In the recent past, people’s most sophisticated computing experience would be at work, but this has now changed. The proliferation of excellent devices and applications with minimal learning curves has meant that people have become more sophisticated users of technology in a short span of time. And today’s empowered individuals expect access to similar functionality in their jobs, demanding the likes of location services, contextual search results and interaction with social networks, across multiple devices. Ultimately, this ‘consumerisation’ of technology, means that IT strategies must adequately support the rep, or they will seek out alternative access to tools and apps to support their jobs.

“If IT wants to keep control here and if they want to keep it collaborative, then it is going to have to move with the flow,” says Stakenas. “They are going to have to mobilise the existing on-premise tools, because if IT doesn’t do it then salespeople are going to find it on their own – they will buy their own applications
or download their own CRM applications on their phone. As far as information goes, IT is going to have to figure out ways to adapt the old systems of record like Hyperion and Business Objects and Cognos that spit out Excel spreadsheets, because nobody wants Excel spreadsheets anymore, they want that data pushed to them in a dashboard or in a way that is already pre-formatted.

“It is the same with mobilisation. IT organisations need to recognise that the Cloud is going to be the method of delivery and the utilisation tool is going to be a mobile device. So IT will either have to buy new systems to replace legacy systems or go into the marketplace and look for tools that can help them convert their existing applications to mobile.”

This leaves IT with a lot of work to do in the next couple of years to ensure that the systems are updated to enable the sales force, but it is work that is essential.

**Harnessing the IT forces**

So how can sales organisations adapt their strategies to harness these disruptive technology forces?

“The major thing we recommend is don’t start with technology – start with workflow,” says Jim Dickie. “Take a look at what salespeople are doing on daily basis: how much time are they researching prospects; how much time are they spending generating their own leads; how much time does it take to do a needs analysis of a new client, or to build a proposal,
or to get the pricing done right, or whatever it is. Start looking for an opportunity to really streamline things to save time or optimise things like building a proposal to solve a problem. Then go back and ask how technology could help you do that.”

For instance, don’t think about it as a Big Data project, says Dickie, think about how you are installing a system to take a look at your existing customers to find out what their ordering patterns are and then putting them in peer groups.

“For example, if I’m selling medical devices, I can look at what a cardiologist typically orders versus interns versus OB/GYN, so that I can realise what a typical client should order. Then, when I’m getting ready to call on a new prospect and out of the 50 things that the average cardiologist orders this guy is only ordering 12, I can see I have got 38 cross-sell opportunities,” continues Dickie.
“So if you start by taking a look at how your people are doing their jobs today you can see where the roadblocks are, or the things that are being done ineffectively. And at that point you sit down with companies like Lattice Engines or PROS in the Big Data space, or Salesforce.com or Oracle in the CRM space or Marketo or Eloqua in the lead generation space, and you ask them to tell you how their product helps you solve your problems. So you are doing things that you know will probably have an impact on efficiency and effectiveness and therefore should impact both the top line and the bottom line.”

Stakenas, meanwhile, has the following advice for sales leaders seeking a place to start to harness the strategic benefits of social, mobile, Big Data and the Cloud.

“Start with mobile. The key thing is to start with the devices – figure out what you’re going to do with the company and whether you’re going to distribute devices or encourage bring your own device (BYOD),” he advises. “BYOD is a very common thing these days. If you decide that bring your own device is OK, and that you’re going to let sales people use their smart phones or tablets that they already own, then start with that, and start opening up your systems. Even five years ago, you had specific builds on your laptop and you have to have that build, and you couldn’t change it and you couldn’t download applications – you were relegated to what the company gave you. That time has passed. Now sales reps will leave their laptops behind and take tablets so that they can have their personal apps along with their business apps.

“From there, look at the Cloud from an IT perspective
and how it can enable you. Even if it’s something that isn’t out in the world from a pure Cloud perspective, in a multi-tenant SaaS environment, even if it’s a private Cloud that I’m able to get to and keep logged in on a 24/7 basis from my tablet or phone, start with that. At least give your sales people access to the information they need via these tablet devices, and if you just do those two things – recognise mobile and recognise the Cloud as a way for salespeople to get access – that is a huge start.”

**And for those sales teams that have yet to get started, there’s no time to waste.**

“Sales organisations must embrace these new technologies or risk becoming irrelevant,” emphasises Christopher Cabrera. “The Cloud has lowered the barrier to entry for cutting-edge, best-of-breed sales applications – making them cost-effective, secure and easy to install and maintain. Sales and IT teams that have not begun to embrace these technologies are already behind the eight ball when it comes to their competition.”
Chapter 3.

How is sales force automation evolving - and what does it mean?
Neil Davey, editor, MyCustomer

“It will be like comparing the radio to high definition television”. That’s how Patrick Stakenas believes the sales force automation (SFA) of 2000 will stack up against the SFA tools emerging over the next couple of years. And this evolution will be the catalyst for much wider changes in the way that sales departments operate and organise.

Back in 2000, SFA was viewed very much as a management tool to measure rep performance, with very little value for the salesperson in terms of helping them sell. They were also far more technically challenging than the tools of today, requiring the assistance of IT to manage updates and upgrades, and with complex mobile synchronisation architectures that were often unreliable. It is little surprise, then, that user adoption was patchy at best, and that an estimated 80% of SFA deployments failed to show any measurable return on investment. But sales technology has evolved significantly since then – with major implications for reps.

“Like many enterprise applications, sales applications are becoming more user-friendly and intuitive,” says Christopher Cabrera. “This is essential for sales organisations for a few reasons. For starters,
if technologies are too complex, sales simply won’t use them. We saw this in the early days of CRM. You want your sales team spending as much time as possible serving customers and selling. You don’t want technology to become an inhibitor to that, so simplicity is key. As sales reps and managers spend a lot of time traveling, easy access to information via mobile devices is also critical.”

The first generation of sales force automation tools was primarily designed to provide a reporting tool for management. However, the latest tools are far more focused on helping sales people to be smarter, more effective and more efficient, meaning they benefit salespeople far more than the original generation of tools.

The four most significant IT trends are mobile, social, Cloud and Big Data – mega-trends that are converging in a “nexus of forces” to create a “technology-immersed environment”, according to Stakenas.

“New business opportunities emerge from this nexus of forces, especially scenarios that extend reach and relationship to customers, citizens, patients, employees or any other participant in an ecosystem of humans and machines,” he notes. “The combination of pervasive mobility, near-ubiquitous connectivity, industrial compute services, and information access decreases the gap between idea and action. To take advantage of the nexus of forces and respond effectively, organizations must face the challenges of modernizing their systems, skills and mindsets, and selecting technology providers who support the nexus of forces.”
Unsurprisingly, therefore, Stakenas predicts that it’s not only sales organisations that ignore the IT mega-trends that will be in for a rough ride – it is also the technology providers as well that will suffer at the hands of rival vendors that embrace the opportunity more quickly. So how are SFA vendors responding to mobile, social, Cloud and Big Data, and how is this shaping the SFA landscape?

With as many as 70% of all the SFA deals now Cloud deployments, it has rapidly overtaken on-premise as the preferred choice.

“It’s usually Microsoft Dynamics On Demand or Salesforce.com, while SAP has made another commitment to Cloud through its SAP 360 offering, which is a combination of on-premise plus Cloud, so in sales force automation Cloud is the de facto deployment option now,” adds Band.

“The vendors are moving fast and they are utilising the Cloud,” says Stakenas. “There isn’t a vendor I know that is on-premise only. They just can’t compete in the marketplace unless they offer applications through the Cloud. It used to be
that you were either on-premise or Cloud, but now it’s either you’re on-premise and the Cloud or just Cloud.”

This has had a widespread impact on the sector.

“Cloud is leading to greater commoditisation in enterprise software,” suggests Alan Haley, founder and MD of Europa Communication. “This means that many vendors are having to lower prices, which has one positive benefit of moving the purchasing decision downstream from executive to department head.”

**Mobile migration**

Just as all vendors have moved to the Cloud, so there is a similar migration to mobile.

“Without exception, every sales technology firm is optimising their applications for mobile,” says Stakenas. “Whether it is HTML5 or native applications for the specific devices like iOS or Android, they are doing it. In some cases they are just optimising their web interfaces so that even if it’s not designed for mobile devices at least the framework will work inside a mobile device. But they’re all doing it.”

“Mobile is at the top of the list now as a consideration when organisations are choosing SFA systems,” adds Band. “Most of the companies I work with already have some kind of SFA, and the number one thing
they’re looking for when making a new decision is the mobile aspect of it. Modern sales organisations want to equip their mobile sales organisations with tools to present material more compellingly, they need tablets to have geo-location to tell them where to go next and be able to collect information not only by adding in data fields but by taking a picture of a display and sending it back to the head office. So mobile is very important – it adds new capabilities to salespeople beyond data collection and recording.”

Stakenas believes that, together, Cloud and mobile have had a significant impact on the market, eliminating many of the complexities that encouraged users to adopt an on-premise suite approach.

“For example, an enterprise does not have to concern itself about platform compatibility since the application is running on the SaaS provider’s infrastructure. The clear trend is toward ecosystems versus a single provider.”

But this shift isn’t without its own challenges. He continues: “One clear concern of this push toward ecosystems is from a financial perspective: the cumulative effect of adding multiple ecosystem providers’ SaaS bills on top of each other. In essence, companies have to pay for multiple infrastructures from each provider, versus a suite provider who would be able to leverage one infrastructure for all of its applications.”

As such, Stakenas recommends that buyers consider not just the functionality that the SFA vendor provides, but also the ecosystem that has evolved to support the seller’s functional gaps.
Unsurprisingly, social media is also proving influential in the SFA vendor marketplace, with many vendors building social capabilities into their offerings, whether that be collaborative tools or social data insight tools.

“Because of the new tools coming into the market, there is a lot of interest in sales collaboration tools such as Chatter,” says Band. “Social feeds are increasingly being implemented in organisations where there’s a requirement to collaborate around deals and share information. Organisations can now organise their teams and collaborate around deals in a way that used to be theoretical but is now possible.

“But we’re also seeing more vendors offering social data capability, such as Lattice Engines. They make a database of what’s going on in social conversations and boil it down to provide indicators to the sales organisation about what kind of people they should talk to next and what calls to make. And then there’s also LinkedIn providing more information to sales organisations as well, of course.”

**Fantastic business**

This use of social media to provide better insights about prospects based on social data really serves as the intersection with Big Data, where organisations take all the information that is out there about businesses – activity announcements, sentiment, etc. – and apply predictive analytics to deduce the next best company to contact.

And Ashley Verrill, managing editor at [Software Advice](https://www.softwareadvice.com)
believes that social media data represents the biggest trend impacting sales force automation at present.

“We’ve seen social media integrated in SFA systems before – contact information is stored alongside Facebook, LinkedIn, Twitter and other social profile information in the SFA. What I’m starting to see more now is insights being pushed to the user because an opportunity for action has been surfaced. Let’s say for example that a salesperson is targeting a specific corporate account. They have three different contacts from that company in the SFA. All of a sudden one day, all three contacts start posting about a new acquisition the company announced that day. This presents an opportunity to reach out and congratulate the most influential decision-maker, so the SFA might prompt users to take this action with an alert.

“This development of technologies that deliver sales insights in real-time extends beyond social media. For example, I’ve seen products that can alert sales reps when someone in their ‘marketing suite’ visits the website (without having to wait for them to fill out a form). This is based on data immediately gleaned from that visitor’s IP address. This information can also be integrated with the SFA, so reps can see when that person last visited the site, what pages they viewed, or what content they downloaded.”

Despite increasing revenues being the number one goal for sales organisations, research into the benefits of SFA investments by CSO Insights has found that only 18% of users said that the tools had helped them increase revenue. As such, Jim Dickie is unsurprised that the likes of social and Big Data have proven so influential to the SFA market.
“The traditional capabilities of SFA aren’t really designed to make you more effective, they are designed to make you more efficient. People are realising that Big Data can help them prioritise what accounts to go after and what to sell them, and social can help identify the right contacts and how to reach them, and mobile can help me show video clips on my sales visits,” says Dickie. “And so vendors are realising that they have to start delivering these things. 80% of the companies we surveyed in our last study already have a CRM system, but a quarter of those said they would be willing to switch systems. And because of Cloud Computing it is easy to go from vendor A to vendor B if you’re dissatisfied. So the vendors know they have to deliver a complete solution because it is the only way they’re going to protect their customer base – if they don’t provide it then the customer will go to another vendor that does.”

And ultimately, the changes are good for the buyers.

“Embrace the changes. Adapting your choice of IT applications, if done well, will save you money, enable you to grow faster and make your employees happier,” concludes Chris Rhodes, CEO of Companybook.

“There is so much fantastic business software available today – that only huge companies could afford just a few years ago – and most of it is Cloud-based
and accessed via a browser, so your team doesn’t need to be tied to a desk.”
Chapter 4.

Your step-by-step guide to selecting a sales force automation solution

Neil Davey, editor, MyCustomer

As we discovered in the last chapter, the latest generation of sales force automation tools have gone “high definition” – helping reps to sell to customers and collaborate with partners, and finally banishing SFA’s reputation as little more than a management tool to keep staff in line.

With vendors supercharging their SFA offerings with mobile applications, social functionality and simple access to sales-related data, these tools have never offered reps a greater competitive advantage than they do now.

But the software selection process can often be fraught with challenges. The vendors will the heftiest marketing clout – and therefore the highest visibility – aren’t necessarily the best fit for your organisation. So how do you cut through the sales spin to identify the best SFA solution for your firm?

Before you start the process of sifting through the solutions on offer and speaking to the vendors, it is important that you’re crystal clear about a number of key factors that will influence your requirements.
These include:

- Your purchase timeline.
- The number of users.
- Your implementation timeline.
- The amount time and resources you have available for training.
- The biggest pain points you’d like to address.

“This final point is extremely important,” says Ashley Verrill. “Knowing what issues you want to overcome will help determine which features are most important to you, which of course will dictate which products best fit your needs. Our analysts talk to hundreds of SFA buyers each year, and the most common pain points include the need to reduce costs per sale, increase accountability, more accurately forecast sales, and improve client retention rates. If you already have a pretty good idea of the features you want, be sure to prioritise each in a list and identify each as being a ‘must have’ or ‘nice to have’.”

Jim Dickie agrees that sales leaders should firstly give proper consideration to their pain points before beginning the research process – particularly as technology investment may not be the answer to your problems.

“Is technology always the answer? No,” he emphasises. “It’s important you really understand the problem before you start deciding how you’re going to fix it. And once you’ve done that there are
four things to look at: people, process, knowledge and technology. It may be that the specific problem you have is going to be better served by focusing on process or people than technology. So you have to make your bets wisely. You have a set number of dollars you can spend to optimise your sales performance and you have to move those dollars around as you see the real problems that need to be solved.”

**Cloud or on-premise?**

A further important consideration is whether or not you want to house the software on your own servers, or ones owned by the software company. This will dictate whether you should consider on-premise or Cloud-based software.

“Many companies are moving to Cloud-based solutions because they typically have a lower cost of entry, and updates are delivered instantly, among other benefits,” says Verrill. “But on-premise versions are still popular among companies that already own their own data servers and would rather pay more upfront and avoid the monthly subscription fees, which are common with Cloud-based software.”

The costs associated creating with Cloud solutions versus on-premise solutions will also be important to take into consideration when your budget.

“You need to ask yourself whether you’re ready to pay a high upfront cost but minimal investments afterwards (except for maintenance, training and upgrades), or if you’d prefer to pay month-to-month
for the subscription, typically priced by the number of people that will use the system,” adds Verrill.

When it comes to identifying the specific functionality that your organisation requires of a tool, it is worth considering your buyer type. This will determine whether you need more specialised features than contact management, leads management, workforce automation and reporting.

**SFA buyers typically fall into one of four categories:**

- Direct sellers, or organisations that sell through direct field representatives, telesales teams, or both.
- Channel sellers, or buyers that work for organisations that sell through channel partners.
- Enterprise buyers, or buyers in very large organisations that might sell direct and through channel partners.
- Small business buyers, or those companies that just want to move beyond storing contact and interactions in their email inboxes and shared spreadsheets.

“Buyers in the channel and enterprise categories might want specialised tools for sending and tracking leads across different organisations within the same company, or from the organisation to a selling partner,” says Verrill. “They likely also will need to integrate with other enterprise management systems; such as payroll, accounting and so on. That’s not to say small business or direct sellers wouldn’t also want to consider integrations. Email integration, for example,
is extremely important for every type of buyer.”

Software functionality

As you begin to examine the spec of the different solutions, Sean McPheat agrees that the issue of integration should be one of the main items on your agenda.

“You’re obviously going to have lots of data in your legacy systems or other systems in your company, so you are going to want to know how to integrate the data you have currently got within the SFA system that you are going to purchase, and you’ll want to know how easy it is to do that.”

And McPheat adds that there are several other matters that you must bear in mind as you examine the capabilities of different solutions.

“Flexibility is important because you want the system to be able to be customised and shaped around how you sell,” he explains. “You need to think about what you sell and how you sell it first of all, and then make
sure that whatever system you choose has flexibility to be tweaked. And going off the back of that is the configuration of it as well – it has to be easily modified and updated without relying on technicians to do the programming.”

And there are other things to keep in mind, he says. “The reporting capability of it is going to be one of the big keys in user adoption – you don’t want the system to be just keeping score, you want to be using the data so you can make better informed decisions. So while there is going to be some standard reports that are already there, you also need to be able to create your own reports, so you need to examine the level of customisation of reporting that you can create as well.”

He continues: “And another important factor is scalability. It is OK if you have got 10 sales people today, but if you are going to have 100 in a year’s time, you need to know you can scale up. Can you scale up and pay as you go, or are there going to be ranges – 20-50 licenses – or can you add them as and when?”

**Probing questions**

When it comes to opening a discussion with the vendors themselves to dig deeper into the tools on offer, Dickie has the following advice to help identify the most appropriate system.

“It is a good idea to talk to the vendor and say ‘show me people like me’. That could be a variety of things – show me people in my industry that are utilising your technology to sell, for instance; or show me people
that have long sell cycles like me and how they’re using it to sell; or show me people that just sell with a telesales group that are your customers, because that’s what we’re doing, and show me how you sell. That really helps you understand where the expertise is within these companies. And this is important because you want a system that works for you, rather than you working for the system. You want to find something that really fits into the way that you’re selling today – you don’t want to have to retrain your sales guys.”

He continues: “Ask the vendor to show you something that makes sales people more effective. Put the burden on the solution provider – how am I going to sell more at the same price, or sell the same amount at a higher price, or do everything at a lower cost of sale? Get them to bring something else to the table besides wanting to tell you about their IT architecture, because for VP of sales it is all about top line and bottom line, you don’t want to hear the IT pitch. You want them to tell you how they’re going to help you hit your 2013 number and position you to grown even more in 2014.”

Finally, Patrick Stakenas believes that given the influence of social, mobile, Big Data and the Cloud on the SFA marketplace, sales leaders would be wise to investigate how well these IT mega-trends are supported by vendor offerings.

“From a Cloud perspective, there are several factors that you should consider,”
he explains. “You should look at their business model – is the vendor committed to SaaS or Cloud? You need to look at who their customer base is – that is a validation that their SaaS model works. You should look at how configurable the SaaS vendor is – is the product configuring/customising, because if you’re doing the customising you want to avoid it, you want to make sure you are doing configuration in the Cloud. You should also make sure that there is a tremendous amount of testing in your environment, that integration should be expected with these Cloud applications, that you’re going to be able to tie it to your back-end systems. And you also want to check that the platform and architecture are sound, because it’s important that what they’re built on is compatible potentially with the integration aspects of your back-end systems.”

From there, Stakenas recommends examining the mobile capabilities of the solution.

He continues: “Look at how you’re going to use the Cloud as a mechanism to get it to the tablet or smartphone, and then how you are going to move data. From an evaluation standpoint, look at these key things as they relate to SaaS and then how you are going to manage the hardware or devices, because unless you are going to buy the devices like businesses used to five or ten years ago with Blackberries (which most organisations don’t want to do anymore), you are going to need an open environment where you can bring your own device.”
Chapter 5.

How to drive staff adoption of SFA
Neil Davey, editor, MyCustomer

“They can lead a horse to water, but you can’t make it drink”. Many business leaders must have wryly reflected on that proverb over the last 15 years while their latest batch of reps neglected their sales force automation (SFA) tools.

Gartner estimates that circa 2000 some 80% of SFA deployments failed to show any measurable return on investment, as salespeople shunned the technology, either because they didn’t think it would help them sell, because of technical difficulties, or because they viewed it as a tool for management.

Jim Dickie explains: “When SFA first came out, salespeople said ‘OK I get what the system does for the company – it puts all of my records in a single repository, so that if I get fired or I quit, the knowledge doesn’t walk out the door with me. But what’s in it for me?!’

Sean McPheat adds: “Especially in the early days there was a lot of resistance because it was viewed as a place to keep score – it was Big Brother checking up on you. But the real reason they were created was to help you make better informed decisions and to keep on top of things all of the time.

“Sales professionals should have been told that the
advantages of SFA are that they’re going to allow you to be able to speak to more clients, and understand your own sales processes. But, instead, a lot of salespeople just viewed it as another form to fill out – and if you’re updating a system, you’re not out there selling. Bearing in mind the systems from 10 years ago were complex beasts, salespeople made the choice between making 10 calls and filling out five forms on a complex system, and they always chose to make the calls.”

From a technology perspective, things have certainly improved markedly over the past 15 years, with Patrick Stakenas suggesting that comparing the SFA of today with that of 2000 is “like comparing the radio to a high definition television”. Modern systems help reps sell and allow them to better collaborate with partners, team members and customers. And with new SFA tools capitalising on the nexus of mobile, Big Data, social and Cloud trends, salespeople have never had so much power at their fingertips – all of which has given SFA adoption a welcome but not unexpected boost.

“Mobility has greatly improved adoption because salespeople want to be able to have the information,” says Bill Band. “Cloud has improved user adoption because you can get the tools out, deploy them quicker and get feedback from users so they can improve
the SFA tool more quickly and that improves user adoption. In the old days, if you created something from Siebel for the salespeople and they didn’t like it then it would take you a year to fix it. Now, with Microsoft, Salesforce.com or SugarCRM you can create a prototype, get users involved, get the feedback and do agile development. It improves adoption because you can iterate the solution to improve their needs faster.

“Salespeople also very much like the social aspect. They would previously always be struggling to get insights about the companies and the people they’re trying to call on and now with all these new data inputs there is a very valuable information flow to the salesperson. And if that is available to them then they want to use it and adopt the tool.”

And with a new generation of young sales reps joining the workforce, who have grown up surrounded by consumer technology, there is a particular onus on sales leaders to ensure that the SFA technology they deploy reflects the consumerisation of IT that has taken place in the business world.

Band notes: “As a salesperson, you’re also a consumer and you have young people coming into the sales field and they expect to have the same kind of tools or abilities that they can have in their private life.”

**Staff education**

Ensuring that the systems are up to scratch is vitally important. But equally important is the training that reps receive. With the latest generation of SFA tools
potentially delivering so much value to salespeople, they need to be educated about how the technology can aid them, to encourage adoption.

“Reps are starting to be told the things that sales force automation can do for them if they use it,” says Dickie. “For instance, with workflow – if they put their contacts into the system and tag them with their roles and the types of products they’re interested in, then when a new product announcement comes out marketing can automatically send an email to that person about that. The salesperson doesn’t have to do that anymore, the system can do it automatically. But if the details aren’t there, then the burden falls on the rep to do that – they have to send out 50 emails and make 50 phone calls.

“So you need to tell them that if there is information in the system and it is current and accurate, there are many things that the system will automatically do for them. It will automatically generate their forecasts, they don’t have to go and plug everything into Excel. It will automatically calculate what their commission statements are going to be, so they don’t have to go and figure them out. It will automatically send out invitations if there are webinars or seminars in their area that they want their prospects to go to. So it is kind of bribing them, and explaining that if data is in there, good things will happen for them. If data is not in there, then they will have more work to do.”
McPheat says that both carrot and stick are being used by many organisations to further encourage adoption.

“The most successful companies are linking the sales force automation systems to performance measurement these days, so they’re including them in their performance management systems and it’s a criteria of performance – you will fill out your system with the latest up-to-date information,” he says. “And off the back of that, a lot of companies are actually rewarding activity as well as the end product.”

Ken Krogue, president and co-founder of InsideSales.com, agrees that brands would do well to look at incentive programmes to encourage adoption. “We have tested and found some great results with what we call an ‘effort bonus’, he explains. “The typical structure is a base salary plus incentives and we include a small proportion of the base to include the level of engagement with the effort and the data
integrity of the sales teams. And that has been a huge success. They are very coin operated and we have rankings on data integrity like we have rankings on sales performance. Granted, it is a much smaller piece of the potential income, but if it’s there at all they will notice and drive towards it.”

Gamification

A more sophisticated way of encouraging SFA adoption that is emerging is gamification, the process of integrating game mechanics and dynamics into technology and business process to drive participation. A growing number of sales leaders are now exploring how extrinsic rewards and recognition can improve adoption. The potential that this holds is such that Gartner has predicted an evolution from sales force automation to sales force gamification, with managers highlighting the intrinsic rewards of helping colleagues on the team through social indicators, while delivering appropriate extrinsic rewards for more mundane tasks.

And while businesses are looking to weave game dynamics into the process flow, SFA vendors themselves are seeking to support the trend with new functionality.

“There are quite a few companies engaging this,” says Krogue. “We have found real-time dashboards and statistics in the form of leaderboards will immediately boost sales significantly. But you can also present challenges around real-time promotions or contests around an effort format (such as calls
and appointments) and result format (sales closed). The ability to put statistics in real-time in front of the sales teams and then allow them to compete and to recognise for individual and team achievements has been very powerful.”

With new initiatives like gamification accompanying tried and tested techniques such as financial rewards and education, and with the maturing of the technology itself, sales force automation is experiencing greater adoption rates than ever before. “You can lead a horse to water, but you can’t make it drink” is no longer an excuse for sales leaders.

“Overall, a lot of salespeople have bought into what SFA can do – they are being given better training, there is better reporting facilities and they are also linking it to performance management as well. And all those together mean that you are getting much higher levels of adoption compared to 10 years ago,” concludes McPheat.
Chapter 6.

How to measure sales success – and forecast failure!
Neil Davey, editor, MyCustomer

On the face of it, sales performance is pretty simple to measure – it all comes down to pounds and pence.

But the maturing of sales technology has also allowed sales leaders to gain visibility into a host of other sales-related statistics, besides revenue. And unlike revenue, which can only tell bosses if a rep did or didn’t hit their targets, some of these other stats can provide diagnostic and predictive insight, to allow leaders to support reps in danger of missing their goals, and even optimise the wider sales strategy.

Indeed, technology has revolutionised sales measurement, to provide unprecedented visibility into the operations of the sales team.

“If technology is an integral part of your daily life, then you can get much more definitive in how you measure things, because you have got more metrics,” says Jim Dickie.
“Ten years ago the key thing for a sales person was whether you made your number or not. And if you did you were a good rep and if you didn’t you were a bad rep. Now all of a sudden, I can see if you’re adhering to the sales process – are you making enough first calls, are you actually doing all the steps that we want you to do? And I can start to find things like you’re really good at calling on some customers, but really bad on calling on this other one, so I’ll know I need to work with you on that.”

If the sales system reflects every mail sent out, every phone call made, every proposal generated, how often content on products has been accessed and how often training courses were accessed, then it gives sales leaders much greater visibility into which reps are doing things the right way, and which ones need some extra coaching and mentoring – and this can be realised early and proactively, versus reactively.

“I don’t want to wait until you have missed your number to start worrying about what we can do,” continues Dickie. “I want to start to see that you have the potential of missing your number because the activity is not there, and you’re not putting enough things into the pipeline. And if I can get proactive as a sales manager, I can help turn you around.”

**What metrics?**

But with so much data at your disposal, what are the metrics you should be keeping an eye on? The selection of measures will depend on many factors, including the company’s sales processes
and requirements, and also the maturity of the organisation’s sales automation system, as this will support the collection and analysis of performance data. However, there are some popular recommended alternatives to revenue – even metrics that can provide useful steer for the wider sales strategy.

“Every company is different, but you should do proper funnel management, with the financials at the bottom, and with the number of leads and opportunities you must work through, and that is where stripping out your sales process into component parts is so important, because you want to be able to measure every single stage,” says Sean McPheat. “How many calls do you make to meet one decision-maker? Out of those decision-makers how many appointments do you make? Out of those appointments how many actually went ahead?

“You need to go down to that level of detail because you might have appointments set at 50, but only 30 of them take place. You need to know why those 20 did not take place.

“Now it might be that people are being railroaded into appointments, so you might want to go back and take a look at what’s happening at that particular stage. So then you go and meet the decision-maker and then if a proposal has to take place, what is the average length to create the proposal? How much is the proposal for? And then all of the steps after that – closing ratios, close won ratios – so that you can really get an understanding of where clients are being lost in the sales process, and where deals are being won as well.

“For example, in some companies and we find that
certain sales people doing the same job have got 90% closing ratios on deals between £0-10,000. There are others that have a 90% closing ratio on everything above £10,000. So as a sales manager you have a decision to make – do you give all the ‘smaller’ deals to these people who are dealing with the less than 10k deals? Because it can inform how you set up the structure of your sales team. On the face of it they are all doing the same job but unless you drill into the facts and figures and work this out, you will never really optimise what you’re doing.”

Dickie recommends activity and conversion rates as good metrics, such as how many calls are being made per week; how many of the people that got into stage one of the sales process (needs analysis) actually went to stage two (presentation); and how many of those that got to presentations went into education; and how many of those then went into proposal phase; and how many of those actually closed?

“You can start tracking all the way through on what is happening throughout the sales process, not at the very end in terms of was the deal won or not,” he explains. “I want to make sure that I can understand if we’re not winning deals, why the deals are falling apart. I want to be able to track what is happening at every step on the sales cycle so that I
can debug the cycle, because we live in a very fragile world in sales and if the economy gets better or worse the sales process has to adjust. And if government regulations get tighter or looser, the sales process has to adjust. Or if the competitive landscape changes and you get a new competitor into the marketplace, the sales process has to adjust. It is important to have visibility into everything that everybody is doing and all of these metrics will give you the chance to make better decisions because you’ll be making them based on metrics not hunches.”

Ken Krogue highlights that financial metrics are increasingly being supplemented with other measurements in newer branches of sales.

“Traditional sales only looks at the financial indicators – the revenue of the sale – but what inside sales has pioneered is looking for leading indicators,” he explains. “In football, scoring the touchdown is the revenue driver, but the first down and yards on the field are the leading indicators of sales that will happen. And so it is important to be measured both on effort as well as results and key milestones like appointments set and held, and connected rates – i.e. what percentage of the leads that salespeople have been working on have actually been spoken to, which is distinct from contact rates.”

Elaborating on the importance of measuring connected rates, he continues: “We’re finding that the average company only talks to 27% of their leads, and they usually take about two days to call back on a lead and only make about 1.5 phone calls on a lead before they give up and move on. But there’s some incredible leverage if they respond much faster. In fact, if you
can respond within five minutes to a lead, the odds of reaching that lead are 100 times greater than waiting the two days that the typical company does. So these measures of sales performance are very powerful.”

**Dangerous measures**

Furthermore, the implementation of financial goals alone can also actively encourage bad behaviours amongst sales teams. Subjecting sales people to a strict set of measures solely focused on financial indicators such as revenue will certainly encourage behaviours to deliver against those measures, but potentially at the expense of other important behaviours such as longer-term customer relationship building activities.

“Just using financial indicators to measure sales performance is dangerous and can lead to a transactional mentality and potential abuse,” notes Jeremy Cox, principal analyst at Ovum. “The more enlightened organisations track customer perceptions of value and include this as a performance measure. If firms wish to replace the old bow tie arm’s length relationship between their organisation and the customer organisation, then they should also monitor the breadth and depth of relationships they have.”

De’Edra S Williams, engagement director at Paranet, agrees: “Client satisfaction scores are critical. It is imperative that your sales team sell, but ultimately your organisation should also measure how good they are at selling to and retaining their customers. If sales is meeting clients expectations by offering
them products that meet their company’s needs, then the sales team should be able to continue to provide additional products and services over the life of their respective customers. This can only be achieved if the customers are satisfied with the products and services sold to them by the sales organisation.”

So, pounds and pence are important – but there is so much more to measure in the modern sales department. And by setting metrics and KPIs more creatively, sales leaders can achieve unprecedented insight into the inner workings of their team, and allow them to optimise their reps.

“You need to think about turnover, profit and margins, and you can do all of that within a sales system. But really the financial indicators are the end point – where you want to get to,” says McPheat. “If you’re setting up your system correctly and measuring at each stage of the process you can have key performance indicators all throughout the sales process, so that the rep focuses on the KPIs at proposal stage, pre and post meeting, and so on, and the end financials will take care of themselves.

“Where a lot of sales people fall down is they just focus on the end figure and want to magically improve it. Where sales systems come into their own is that you can analyse exactly what you’re doing and how you’re doing it and where people are dropping out and where your strengths and weaknesses are. And so you should create a set of KPIs that you can work on individually, because if you take care of those then ultimately the turnover, profit and margins will take care of themselves.”
Chapter 7.

Why does sales performance management make more sense than CRM?
Neil Davey, editor, MyCustomer

“First prize is a Cadillac El Dorado. Second prize is a set of steak knives. Third prize is you’re fired.”

David Mamet’s 1992 film Glengarry Glen Ross might have been a dramatic depiction of life in the cut-throat world of sales, but it wasn’t considered particularly unrealistic. Sales was a dog eat dog world.

That may not necessarily have changed, but 20 years later and sales leaders have learnt to take a more sophisticated approach to motivating their reps to help the team hit their targets.

“There has been a huge shift in thinking from sales VPs in the past five years,” explains Patrick Stakenas. “In the old days, there was very much a ‘sell or you’re fired’ mentality – so you would hire a sales person, give them some training, give them some leads and a computer and tell them to go out and sell, and it was up to them to figure out how and understand the market and so on.

“But now it is changing to a much more nurturing environment, where they work with the sales people,
understand where their strengths lie, and where their potential cautions are, and then attack those weaknesses with training. And this training isn’t just classroom training, but ongoing information, iterative processes that allow the sales person to get better at what they do and more knowledgeable about how to sell.”

This more sophisticated approach to sales people has been largely driven by the acknowledgement that just as consumers have evolved in recent years, so reps have changed as well.

“A big piece of this is the concept of Generation X and Generation Y,” notes Stakenas. “A lot of the baby boomers are retiring, and the attitude of working 24 hours a day or doing whatever needs to be done to make the sale is kind of going away. The new generation is coming up and saying that they’re willing to work hard, but they want help to be successful. Generation X and Y have a much grander expectation of using technology and being coached and nurtured in the selling process.”

With traditional sales tools not providing adequate support for these changes, an emerging branch of technology has begun to bloom – sales performance management (SPM). Distinct from sales force automation (SFA) and CRM technology, SPM encompasses automation software and data analysis to manage sales quotas, territories, incentive compensation, hiring and onboarding, appraisals, sales coaching and forecasting. And with IBM’s 2012 acquisition of leading SPM player Varicent Software, the signs are that the wider industry is acknowledging the growing interest in the technology.
“Sales people are recognising that they can’t get the functionality that they need inside of their CRM and SFA tools – they want a system based around the sales rep, rather than a system based around the customer,” says Stakenas. “You’re not able to have that interaction or coaching or compensation or behavioural management environment inside of the CRM world. So SPM is taking on a life of its own, because it’s a different model. It is fundamentally a model based around the rep as opposed to being based around the customer.

The seeds of SPM were sown with incentive compensation management a few years ago, he continues. “Incentive compensation was just a tool for HR or finance to use to calculate commissions, but that has changed to this because there is lots of information there that can be used to help drive behaviours – how profitable the seller is; are they selling the right markets; are they selling the right products; do they know and understand the market? And once you better understand these things you have a much higher trained sales force.”

**Motivational science**

Explaining the growing interest in SPM, Christopher Cabrera believes that sales leaders are waking up to what he calls “the motivational science of compensation”.

“As the proverbial carrot-and-stick model suggests, certain targets motivate people. What we are finding now though, is that a new generation of workers
is motivated by multiple factors – everything from money, to trips, to public recognition,” he says. “Sales performance management technology enables companies to better understand what drives performance and results within their organisation and how to create and align incentive programs that motivate desired behaviours that are in line with company goals."

And of all of SPM’s functionality, its ability to streamline incentive compensation plans is one of the biggest draws for sales leaders.

“At the heart of most sales performance management initiatives is incentive or sales compensation,” continues Cabrera. “For example, US companies spend more than $800 billion a year on sales compensation – three times more than they spend on advertising. Even though the cost of compensation dwarfs other areas of spend, like advertising, companies tend to analyse comp plans much less rigorously than they scrutinise line items like ad spend. Businesses as a whole simply don’t do a very good job of measuring, iterating, and optimising their incentives and compensation.

“In addition, the risk has become too significant. Gartner estimates that sales compensation managed on spreadsheets (still the most common method) can result in an error rate of 3–8%. Again, across thousands of reps, you are talking material risk, threat of non-compliance, and millions in lost money.”

Jim Dickie also emphasises the important role that SPM plays in nurturing rep knowledge – something that is crucial in the modern sales environment.
“Knowledge is the differentiator these days,” he explains. “What you sell used to be the big deal – when I started selling for IBM years ago, they said it’s your product that is your competitive edge. But product lifecycles have collapsed now, so if you have a feature function advantage today, the competition is probably going to replicate it really quickly. So what you sell is not the only thing to think about – how you sell is.

“So if I can be more responsive, if I can be more professionals and knowledgeable, I’m going to differentiate myself from the competition. So you have to start realising that there are a whole lot of assets that your company has besides the products you sell, and if you can leverage the corporate knowledge base then you can do a much better job of competing.”

How to choose an SPM solution

So what do businesses need to know about SPM – and how should they choose an SPM solution?

Stakenas recommends that as a starting point, sales leaders should evaluate the type of sales organisation that they have, what their philosophy is, and what corporate objectives they are trying to achieve – for example, are they in close mode, recover mode or acquisition mode. This will provide some initial steer for what they will then be looking for from a solution.

“If you’re in growth mode, for instance, you are probably going to need less coaching tools, but you are going to need more incentive compensation or territory tools, or objective and quarter management tools,” he says. “If you are in recover mode, you
are going to need more coaching tools and you are going to need more sales training tools and appraisal management tools to help bring the sales force along. If you are in acquisition mode, you are going to need collaboration tools to bring the sales forces together. So, evaluate the type of sales force that you have, the type of environment that you’re in as a company, and then approach it with an understanding of what you’re trying to accomplish – whether you’re trying to expand territories and be more aggressive with compensation, or trying to coach and nurture your sales reps to be better performers.”

Once that is understood, you can then start looking at the vendors and what they can offer against this. “There are some vendors that offer a very broad functionality, and there are others that have very narrow functionality,” Stakenas continues. “But you may find that if you are in growth mode and you have a strong ICM territory management system currently in place, maybe you just need to get better utilisation out of those tools and work with the current vendors. Other companies who are just using pure SFA or CRM for sales type tools may find that they don’t have anything, however – they are still using spreadsheets to manage compensation and they don’t have any behavioural management tools in place, so they need to go and look at it.

“So again – understand the sales force, understand the market that you serve, and then apply the functionality that best helps you get where you want to be.”

Cabrera’s advice when it comes to SPM is to ensure
that you aren’t automating for automation’s sake. “Customers need to really get to the heart of what they are trying to achieve, and then find a solution or partner that can meet those needs,” he explains.

“For example, if an organisation automates a bad compensation plan, they will still end up with bad results. Customers should find a vendor that can partner with them for the long run; one that offers the services and technology they need today, and the vision that can enable them to continue to innovate and transform their sales processes in the future.”

Brian Hawkes, chief executive of foresite SPA, also warns businesses to be wary of some tools labelled ‘sales performance management’, and recommends that sales leaders do a proper investigation into any solutions on offer.

“SPM is commercially still in its infancy and as yet
is not very well defined,” he says. “As with CRM, vendors are using SPM to describe a wide range of functionality which makes it confusing for businesses to know exactly what they are buying into. Companies should therefore beware of anything that appears to be CRM under another name, or is merely an extension of front office functionality – e.g. territory or quota management, and evaluation or training tools.”

Despite this warning, Hawkes believes that businesses will ultimately feel the benefit of SPM tools, as they look to support the modern sales work force.

He concludes:

“SPM is not something to be avoided just because it is ‘new’ – companies have been developing their own in-house ideas for many years. In today’s sales environment it arguably makes better common sense than CRM/SFA in many regards.”
What is **MYcustomer**

MyCustomer.com is an online community of customer-focused professionals, sharing news and advice on fields including customer service, customer experience, marketing, sales, CRM and social CRM.

**Published by Sift Media**

Sift Media is a leading business-to-business publisher specialising in online, interactive professional communities. With a range of services including websites, email publications, industry awards and events, Sift Media delivers original, branded content to over half a million professionals in accounting and finance, small businesses and start-ups, HR and training, IT, marketing, customer management and knowledge management.
Microsoft Dynamics is a flexible, powerful business solution for customer relationship management (CRM) and enterprise resource planning (ERP) that can help make your people more productive and can grow with your business. Learn more here: http://www.microsoft.com/uk/sfa

Founded in 1975, Microsoft (Nasdaq ‘MSFT”) is a worldwide leader in software, services and solutions that help people and businesses to realize their full potential.