



The CEO Challenge for June 2009

“I’m lying awake worrying about sales!”

As you’re well aware, a CEO is constantly juggling a myriad of challenges. But when it comes to sleep deprivation, the top culprit is typically revenue-related ... burning questions such as

1. Is my sales manager doing a good job?
2. Is my star salesperson going to quit?
3. Why does one salesperson excel while others struggle?

This stress frequently stems from two beliefs:

1. That consistent revenue generation depends on the talents of a few select individuals
2. That those individuals operate in a world lacking both structure and predictability.

Good news: You can eliminate this chaos! Revenue generation is a science similar to other disciplines inside your organization. And there are three keys to your success:

1. Create a solid revenue generation strategy
2. Align your organization to support your revenue strategy
3. Build the team and structure to implement consistently.

Let’s look at each of the three “late night worries” and develop an action plan to put each one to rest.

Do you have comments, questions or feedback on this article? Please share your thoughts at <http://www.therevenuegame.com/ceochallenge/06/worrying-about-sales/>.

Subscribe to the challenge via email or RSS at <http://www.therevenuegame.com/ceochallenge>.

The monthly CEO Challenge is published by The Revenue Game, a revenue consultancy that helps clients generate predictable, profitable growth. To get in touch with us directly, please contact Jane Adamson, CEO, at (866) 356-8979 or janeadamson@therevenuegame.com.

LATE NIGHT WORRY #1: IS MY SALES MANAGER DOING A GOOD JOB?

The primary reason for this confusion: organizations give sales leaders conflicting instructions. On one hand, sales managers are compensated for bringing in new revenue today – being in the field and closing deals. On the other hand, sales managers are asked to look forward and make strategic decisions about alliance partners, compensation models, product development and all kinds of things that don't have anything to do with driving revenue NOW.

Revenue and strategy ... you need both, **but not from the same person**. A company that uses what we call “CRO Thinking” shouldn't expect or ask sales managers to work on strategic questions that eat up their time and even take away from today's revenue in exchange for a more profitable future. It's not fair to the sales manager, who ends up wearing two hats that may directly conflict with each other.

You shouldn't have to wonder whether the Sales Manager is doing a good job. It should be clear to everyone.

Action Plan

1. Task the Sales Manager with short-term revenue goals based on a revenue strategy built by the entire leadership team.

That revenue strategy should include a future vision, one-year objectives, and 120-day action plans. Without such a strategy, the sales team (supported by the Sales Manager) typically just “wings it.” For example, when a deal comes along, the rep goes after it regardless of whether it's on strategy or not. If a particular message seems to work, the rep will keep using it whether it's consistent with the company's message or not. Same thing with pricing – the rep will try to close the deal at whatever price point will work.

To replace this haphazard activity, the team needs a revenue strategy to guide their actions. However, the responsibility for creating that strategy lies with the leadership team, and the responsibility for executing it lies with the Sales Manager. That gives the sales team focus, direction, and accountability for specific results.

2. Measure results – and not just top line results.

Challenge the leadership team to measure indicators and milestones that track progress toward the one-year plan. If the organization is falling behind, it's up to the leadership team to review the revenue plan and determine where the issues lie.

Do you have comments, questions or feedback? Please share your thoughts at <http://www.therevenuegame.com/ceochallenge/06/worrying-about-sales/>.

Subscribe to the CEO Challenge via email or RSS at <http://www.therevenuegame.com/ceochallenge>.

LATE-NIGHT WORRY #2: IS MY STAR SALESPERSON GOING TO QUIT?

This concern usually points to what we call an “alignment” issue, and here’s an example. A sales rep brings in a big deal. Instead of handing it off for others to fulfill, the rep then has to:

- Create a complex proposal
- Argue with finance about pricing
- Wait for pricing to be approved
- Cajole operations about delivery terms such as due date or materials specs
- Make sure customer service understands how the deal has been packaged
- Defend contract terms
- Oversee everything to make sure it meets customer expectations.

Each department (some would say silo) has justifiable reasons for their actions. Yet what the rep hears is “Bring in revenue!!! Oh wait ... not THAT revenue. We really meant THIS revenue.” Suddenly there are all kinds of additional qualifiers that previously didn’t exist – the company wants to reduce excess capacity, provide a particular delivery schedule, hit a certain margin and so forth. Frustrations rise and the local bar does good business that night.

Your internal processes and culture impact your bottom line and your ability to keep stars on board. Sadly, many organizations drive star reps away. Stars won’t stick around when organizational barriers limit their success. After all, their talents are portable.

Action Plan

1. Develop a revenue strategy.

Just as we mentioned in the previous section, your entire senior team should develop a 3-year revenue strategy that includes financial goals, the niches you want to dominate, and the infrastructure you need to support your sales team. Then create a 120-day executable plan that you consistently monitor and evolve. (Learn more about revenue strategy here: <http://www.therevenuegame.com/ceochallenge/05/chief-revenue-officer/>.)

2. Align and rally your entire organization around the revenue strategy and 120-day plan.

Do you have comments, questions or feedback? Please share your thoughts at <http://www.therevenuegame.com/ceochallenge/06/worrying-about-sales/>.

Subscribe to the CEO Challenge via email or RSS at <http://www.therevenuegame.com/ceochallenge>.

Since everyone has participated in its development, all teams should recognize the part they play in its success. The priority: teamwork. Sales reps need team support. With it, a superstar rep won't have to beg for help from people who feel abused by having to "support" sales. Instead, the rep will have good, talented resources that are aligned and enthusiastic to support the generation of revenue rather than do battle over terms.

3. **Make sure your compensation plan supports the generation of revenue throughout your organization.**

If the comp plan rewards sales for current revenue but compensates other teams for different activities, then you don't have true alignment. Compensation is a powerful tool – use it to drive revenue-supporting activity in every function.

LATE NIGHT WORRY #3: WHY DOES ONE SALESPERSON EXCEL WHILE THE OTHERS STRUGGLE?

If this fear is familiar, look at everything you ask your sales reps to do and calculate the amount of time the typical rep spends actually selling (moving a deal forward when no one else in the company can do it cheaper or better). The best sales organizations spend 20-25% of their time actually selling. In average firms, it's 10% or less.

What else are typical reps doing? Going to meetings, writing proposals, going through bingo cards from the trade show, politicking, filling the pipeline and so forth.

Have you noticed that star reps frequently don't do all of these other things? That's because stars know where to invest their time. They don't follow the rules because the rules limit their success. Frustrating or not, these stars are actually doing the best things for the organization.

Your job is to understand what a good sales rep **should be doing** and institutionalize those activities across the board.

Action Plan

1. Set an improvement goal.

If you can jump from 10% a week to 12% a week, you may enjoy an astounding revenue gain.

Do you have comments, questions or feedback? Please share your thoughts at <http://www.therevenuegame.com/ceochallenge/06/worrying-about-sales/>.

Subscribe to the CEO Challenge via email or RSS at <http://www.therevenuegame.com/ceochallenge>.

2. Define clear steps in the sales process.

Know exactly who should be doing each task and what support is needed along the way. Then add metrics so that the organization can evaluate the status of your pipeline, where deals are stuck, and what needs to be done to improve results.

3. Delegate non-selling activities.

Give those activities to a team that can do them cheaper or better (for example, marketing should focus on filling the pipeline).

4. Create tools and systems.

The idea is to create better tools, collateral, and systems to handle certain sales process steps so that sales reps can focus on moving deals forward when nobody else can.

CONCLUSION

It's time to banish those sleepless nights! To increase your confidence in your team, start with a solid revenue strategy, then carefully align the organization so that your internal structure supports that strategy. Great and talented individuals are a gift to be treasured, not a dependency to be feared.

What do you think?

Please share your thoughts and experiences with us at the URL below!

<http://www.therevenuegame.com/ceochallenge/06/worrying-about-sales/>



Creative Commons Attribution-Share Alike
3.0 Unported License.

Do you have comments, questions or feedback? Please share your thoughts at <http://www.therevenuegame.com/ceochallenge/06/worrying-about-sales/>.

Subscribe to the CEO Challenge via email or RSS at <http://www.therevenuegame.com/ceochallenge>.