

UNDERSTANDING
THE
SALES PROCESS

TAB EDWARDS



THE CULTIVATION
OF HAPPINESS



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Question

Does your organization have a formal sales process in place?

☐ YES

☐ NO

I'M NOT A BETTING MAN, BUT IF I WERE ...

I'd be willing to bet that your organization does *not* have a formal sales process in place. Despite most firms' best intentions, it is unlikely they have a genuine sales process in place within their organizations. I say this because, for more than 20 years, I have developed, consulted on, analyzed, studied, and designed scores of organizations' sales programs, big and small, global and domestic. And what I found is that fewer than 10% of the organizations that my colleagues and I have analyzed—organizations that *believe* they have comprehensive sales processes in place—in fact, do not.

Sure, organizations have developed sales *playbooks*, some organizations have implemented territory planning routines, other organizations have schooled their sales staffs on the finer points of the sales *cycle* (as they define it), and most organizations have invested in some form of sales development & training for their teams. Yet, none of the firms studied—and few others—have implemented a sales *process*. The reason? Because most leaders don't fully understand that which *is* a sales process.

THE EVIDENCE

When my colleagues and I ask sales leaders to draw or diagram their organization's sales process, the diagram below is a representative example of that with which we are generally presented:



It turns out that these stages to the sale (or sales cycle) are what are often considered by sales leaders to be a sales *process* when, in actuality, these stages are as their name implies: the “stages to the sale” or a “sales cycle”. This begs the question ...

WHAT IS A “SALES PROCESS”?

To begin the discussion of a sales process, it is constructive to start by defining a basic **process**. A process is the way something gets done. It is a series of actions or operations that are performed and/or engaged in order to achieve some desired end. Therefore, at a basic level, a *sales process* is the way that a firm’s sales organization performs actions and engages with operations toward the achievement of a set of desired sales outcomes. From a systems-thinking standpoint, however, a sales process is the system of plans, products & services, processes, relationships, enablement, support, marketing programs, and people skills that the firm defines in support of delivering a world-class customer experience.

Given this basic definition, the operative question to ask in order to gain insight into a sales process is this: What are all of the plans, products & services, processes, relationships, enablement, support, marketing programs, and skills that impact the achievement of a desired sales end or outcome? When we consider the answers to *this* question it becomes easier to appreciate the elements of a sales system and, therefore, that which is known a sales process.

SALES “SYSTEM-THINKING”

Management consultant, Total Quality Management thought leader, and author of several important works on performance improvement, including the book *Quality, Productivity, and Competitive Position*, W. Edwards Deming maintained that improvement is not possible without “profound knowledge,” which comes from, among other things, an appreciation for “systems”—how they work, their deficiencies, their performance metrics, and what’s required to improve them.

Systems exist to achieve some vision or accomplish a goal. In most cases, in order to accomplish a goal, the system must improve at something related to the accomplishment of the goal. And making improvements is not possible without (profound) knowledge of the system or the **process(es)** inherent in the system designed to achieve an objective or accomplish a goal. Organizations should seek to optimize important systems and processes toward the best outcome possible.

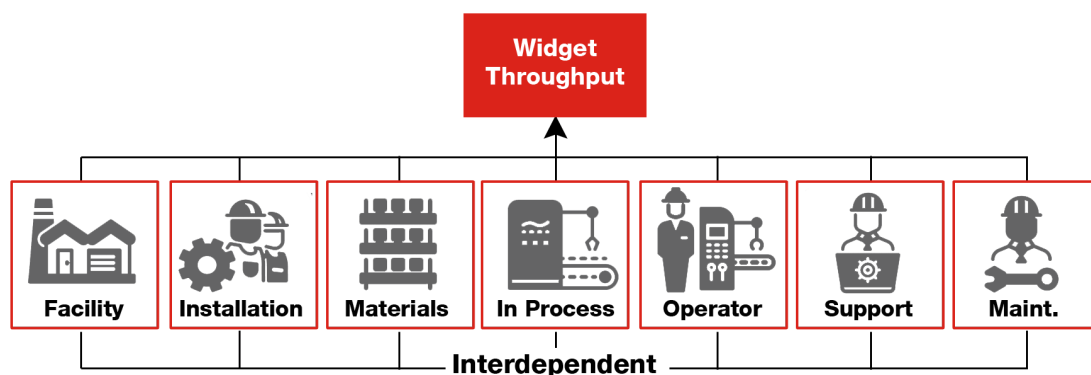
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Optimization is about, among other things, maximizing the value of a resource or making the most effective use of it, whether that resource is capital, workers, or raw materials. If, for example, a widget-making machine—under favorable conditions—is capable of producing between 900 and 1,000 widgets per-hour, but in your organization the widget-making machine is only producing 600 widgets per-hour, then it is safe to say that the machine is not optimized (i.e. it is producing widgets at a sub-optimal level).

How does the widget-machine-owning organization begin to optimize the performance and productivity of the machine? The organization must first acknowledge that widget-production is not simply a matter of speeding up the widget-making machine, but is instead a process of optimizing the widget-production **system**. So, if a manufacturing goal is to churn out between 900 and 1,000 widgets per-hour, then the organization must consider all of the elements of the widget-making system that can impact the production of widgets. This is illustrated in the diagram below.

widget-production is not simply a matter of speeding up the widget-making machine, but is instead a process of optimizing the widget-production system

A “SYSTEM” FOR WIDGET PRODUCTION



In this example, if the goal of the organization is to increase and optimize widget production, the organization would have to consider all of the **levers** of widget production beyond the widget-making machine, such as the quality of the raw materials being used; the process for inputting the materials into the machine; the quality of the machine’s installation; the preparedness of the environment and the conditions in which the machine will operate; the skill of the machine operator; the system support provided; and the maintenance and upkeep of the machine. If any one of these levers of optimization is suboptimal, the output production-level of the widget-making machine will be diminished. Therefore, if the organization wants to optimize widget production, it must consider the impact of all of the aforementioned levers of widget production on output levels.

This idea of optimization and the impact of various parts of a system on performance and productivity not only applies to machinery, but also applies to any job function, role, or responsibility where the process of performing those activities can be defined and mapped, including sales.

EXPANDING THE “SALES-THINKING” PARADIGM

For many sales leaders, the idea of considering the role of the more broadly-defined determinants of sales outcomes raise an understandable-yet-narrowly-focused question:

“If the job of our sales representatives and their managers is to win sales and grow our business revenue, why should we waste time discussing a “system” when improved sales skills are what’s needed to achieve our desired sales outcomes?”

Having worked with sales-focused firms, their sales professionals and sales leaders at companies of all sizes and industries in countries around the world, I acknowledge that this question exists in the minds of many. And, from the practical (or shall I say, *tactical*) perspectives of these sales leaders, it is an understandable question that warrants consideration.

When I am asked this or similar questions by sales leaders, I reply to their question with a series of three questions; the dialogue goes something like this:

Sales Leader (SL): “Our sales reps are here to sell our goods and services in order to achieve their sales quota and generate revenue for the firm. Why should I spend my time focused on all of the elements of this “system” you described, when simply improving their sales skills will lead to more sales?”

Me: “What is the ultimate desired outcome of each of your reps’ sales engagements – to simply make a sale and generate revenue, or to make a sale and develop a long-term customer who is loyal to your firm and willing to promote you to their peers?”

SL: “The latter.”

Me: “What is necessary for your firm to achieve that desired outcome? Can a sales rep do it all by him/herself? Think about it: sales, product quality, implementation, service & support, customer care, etc.?”

SL: “OK. Now I get it.”

I want to make it clear that, practically speaking, the question posed by these sales leaders is a worth considering. While, ideally, it is a best-practice to address the elements of the sales system and the other determinants of performance in an effort to improve the effectiveness of their sales professionals, practically however, for some firms that is not always feasible.

Many firms today operate from a short-term perspective, especially at publicly-traded companies; leaders are often measured on a monthly or quarterly basis and, because of

these short-term pressures, their most common demand from their sales teams is to close sales and bring in money—now! That demand forces sales leaders to apply a quick-fix when sellers underperform: fire them or take them out of the field for a few days to attend sales training workshops. That's it. No atomistic viewing of the elements of the sales system, no holistic consideration of seller effectiveness. Nothing. Just sales training.

Sure, sales training can help improve a seller's performance, but how will you know that sales training is the most impactful lever to pull when trying to improve the overall performance of the entire sales team?

- Could *product reliability* help?
- Could the *span of control* of the sales managers help?
- Could more efficient *territory planning* and *market segmentation* help?
- What about a better *sales go-to-market plan* or improved *account planning*?

When we think of achieving desired sales outcomes from this perspective, it becomes easier to understand selling from a broader perspective. This is how we think of selling as a system of interrelated *processes*.

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THE CULTIVATION OF HAPPINESS

To provide additional clarity and a better appreciation of selling as a system of interrelated processes—or, a sales process—I have found it beneficial to consider the sales process from the perspective of a restaurateur. Think of the business as does a restaurateur: What is the desired outcome of every restaurant owner? **Answer:** *To make people happy.*

Restaurant owners, just as all organizations that serve customers, commonly desire one thing: to provide an exceptional customer (dining) experience for their patrons. Why? Because if the experience is exceptional and exceeds expectations, then the restaurants' patrons will give great reviews, recommend the restaurant to their friends, and will return to the restaurant for another meal. When they do, it increases the stature of the restaurant, leading to additional business and revenue. Isn't this what for-profit sales leaders want, too?

Ok. Now, let's examine a goal or desired outcome through the prism of the narrowly-focused sales manager as it relates to that of the restaurateur.

Previously, in reference to considering sales as a system, the narrowly-focused sales manager asked: "If the job of our sales representatives and their managers is to win sales and grow our business revenue, why should we waste time discussing a 'system' when improved sales skills are what's needed to achieve our desired sales outcomes?"

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This response implies that the sales manager's selling paradigm (a way of looking at something, driven by the manager's experiences and beliefs) is one through which the manager believes that improving selling skills alone will lead to the desired outcomes. Compared to the restaurateur, that's analogous to believing that improving a chef's cooking skills will "provide an exceptional dining experience."

Let's explore this comparison further.

TOP CHEF

Tom Colicchio, the chef and owner of Crafted Hospitality (which boasts such restaurants as New York's Craft and Las Vegas' Heritage Steak and Craftsteak), is a celebrity chef most known for his work as head judge and executive producer on Bravo TV's Emmy award winning reality culinary competition, Top Chef. Tom's Mission for all his restaurant brands is the same: **To make people happy**, and that includes—most heavily—his restaurants' guests.

QUESTION: Will Tom make his restaurants' guests "happy" by simply serving really good food? The answer is quite obvious: No!

This becomes clearer when we compare a restaurant (or any other going concern) to a sales-focused firm. What we find is that achieving desired outcomes requires the contribution of every tentacle of the organization. This is illustrated in the table that follows.

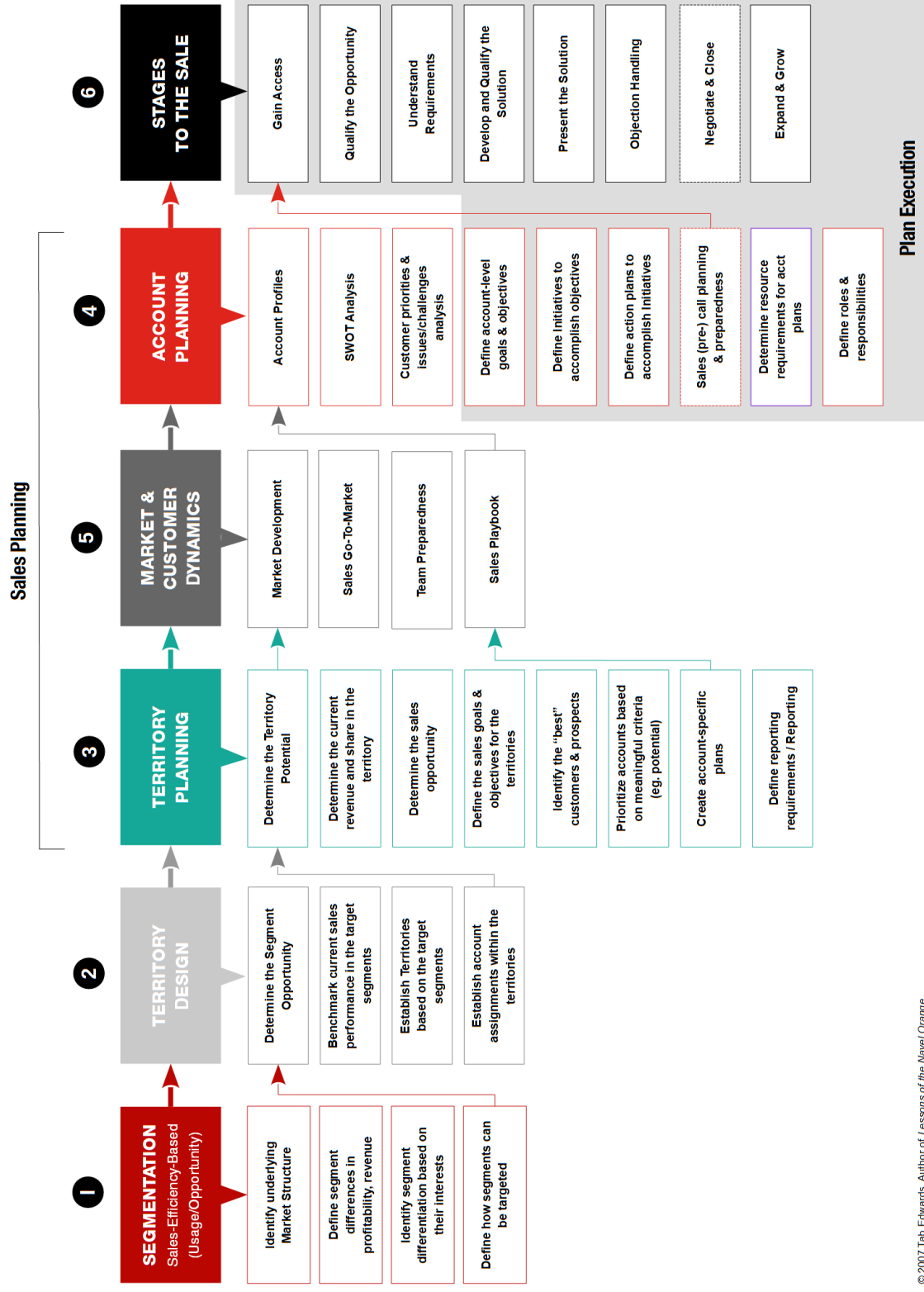


Delivering a truly exceptional experience requires the contribution of every aspect and entity of an organization, from the executive leadership team to the call center representative to the box in which the company's product is shipped. It requires a system of related processes that impact a sale: a sales process.

COMPARISON		
ELEMENT	RESTAURANT	SALES FIRM
Desired Outcome	To make guests happy	To deliver an exceptional customer experience
Contributors to the desired outcome (“Levers”)	<ul style="list-style-type: none"> • Region, culture, and cuisine • Location, market opportunity • The facility • Resources • Product offerings • Competition • Mission, goals • Go-to-market (including pricing) • Internal processes • Support • Personnel (hospitality, management, etc.) • Equipment • Raw ingredients • Chef’s talent & technique • The barista’s skill • The food • The beverages • Something unexpected 	<ul style="list-style-type: none"> • Market in which the firm operates • Territories, opportunity, and client-types serviced • Resources • Product offerings • Competition • Mission, goals • Go-to-market (including pricing) • Internal processes • Support (management, etc.) • Personnel • Enablement, tools • Raw talent • Sales Pro’s talent • A solution to clients’ problems • Added value

As this comparison illustrates, just as with a restaurant, the firm’s ability to deliver a desired sales outcome (e.g., an exceptional customer experience or a “happy” customer) is dependent on more than the performance of the sales professional; just as a great dining experience goes far beyond great food and great service. Sure, a seller’s acumen and skill can mean the difference between a sale and a loss. And often, gaining a sale is enough for many managers. But delivering a truly exceptional experience requires the contribution of every aspect and entity of an organization, from the executive leadership team to the call center representative to the box in which the company’s product is shipped. It requires a system of related processes that impact a sale: a **sales process**.

Interrelationships Throughout the Sales Process



THE ELEMENTS OF A SALES PROCESS	
PROCESS ELEMENT	CHARACTERISTIC
SEGMENTATION Sales-Efficiency-Based	Identify underlying Market Structure Define segment differences in profitability, revenue Identify segment differentiation based on their interests Define how segments can be targeted
TERRITORY DESIGN	Determine the Segment Opportunity Benchmark current sales performance in the target segments Establish Territories based on the target segments Establish account assignments within the territories
TERRITORY PLANNING	Determine the Territory Potential Determine the current revenue and share in the territory Determine the sales opportunity Define the sales goals & objectives for the territories Identify the “best” customers & prospects Prioritize accounts based on meaningful criteria (e.g. potential) Create account-specific plans Define reporting requirements / Reporting
MARKET & CUSTOMER DYNAMICS	Market Development Sales Go-To-Market Team Preparedness Sales Playbook
ACCOUNT PLANNING	Account Profiles SWOT Analysis Customer priorities & issues/challenges analysis Define account-level goals & objectives Define Initiatives to accomplish objectives Define action plans to accomplish Initiatives Sales (pre-) call planning & preparedness Understanding the customer buying approach Determine resource requirements for acct plans Define roles & responsibilities
STAGES TO THE SALE	Gain Access Qualify the Opportunity Understand Requirements Develop and Qualify the Solution Present the Solution Objection Handling Negotiate & Close Expand & Grow

SALES PLANNING

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PLAN EXECUTION

A “Sales Process” can be different things to different firms. Fundamentally, a sales process is the process that a firm’s sales-focused associates enable toward the accomplishment of a desired sales outcome. From a systems-thinking standpoint, however, a sales process is the system of plans, products/services, processes, relationships, enablement, support, marketing programs, and people skills that the firm determines in support of delivering a world-class customer experience.

However a firm defines it, for a sales process to support the delivery of a desired sales outcome, it must be clearly defined, communicated, understood, and adopted by those involved in sales-related activities ●