Sales Performance Optimization: 2013 Key Trends Analysis

Can We Get Off the Sales Roller Coaster in 2013?

Compliments of:

RICHARDSON
Sales Training & Strategy Execution™
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Sales in 2012: Performance Review and Contributing Factors

When we published the results of our 18th annual Sales Performance Optimization (SPO) study in January 2012, 92% of firms had increased their revenue targets from their 2011 goals. One-third indicated this was a >15% increase over the previous year’s sales plan. Considering all of the economic and political uncertainty and the high degree of global competition, we were eager to see how the year would play out.

The 2013 Key Trends Analysis provides a macro view of how the 1,200+ sales organizations that took part in this year’s study performed in 2012. (An analysis of the study demographics is included in Appendix A.) We identify some of the major trends that positively and negatively impacted sales behavior in 2012, and overview the eight key attributes found in high performance sales organizations.

The Key Trends Analysis is a macro overview of the findings, and the eleven topical reports deliver a detailed analysis of each topic. The Going Forward Analysis is a must-read, as it identifies the trends that can have the biggest impact on sales performance in 2013.

2012 Performance from a Sales Rep’s Perspective

As the world’s economy crashed in 2009, so did sales reps’ performance in quota achievement—only 51.8% hit their revenue targets. The economy and sales rebounded for two years, and this figure increased to 59.4% in 2010 and 63.0% in 2011. Figure 1 shows how sales reps performed in 2012.

![Percentage of Reps Making Quota](image)

**Figure 1**
The average number of reps making quota was 63% for 2012.

When comparing the 2012 results with those of 2011, is the glass half empty or half full? Sales performance flattened out; however, in the face of revenue target increases and marketplace turmoil, sales teams should be recognized for maintaining their level of performance in 2012.
How did sales reps’ performance translate into company-wide revenue attainment? Figure 2 shows the distribution of the percentage of overall sales targets companies achieved in 2012.

In the chart above, there is a wide variance in results. Some companies were effective in selling during uncertain times, as over four in ten firms met their goals for 2012. However, the 22.7% figure for firms achieving <75% of plan is an increase from 14.1% a year earlier. Clearly, some firms encountered roadblocks to success.

Later in this report we discuss some of the key strategies high performing sales organizations employ. But first, let us share some of the macro-level trends that impact sales performance based on our overall analysis of the 2013 Sales Performance Optimization study data.

- **Sales Force Turnover is at an All-time Study Low:** In 2009, many sales organizations used the business downturn as an opportunity to dismiss non-performing salespeople. The good news for 2012 is that many companies were able to keep a high percentage of those proven performers as overall turnover decreased from 25.6% to 21.5% last year. [Note: Overall turnover includes voluntary and involuntary separation. Voluntary—reps leave on their own accord. Involuntary—employment is terminated by the company.] (Source: 2013 Sales Performance Optimization Sales Rep Hiring/Compensation Analysis)

- **Average Deal Size Increased:** The value of an opportunity went up in 2012. Buyers see light at the end of the tunnel and are willing to make bigger deal commitments than in the past few years. Sales teams are more effective in cross-selling and up-selling. (Source: 2013 Sales Performance Optimization Sell Cycle Analysis)

- **New Rep Hiring Trending Up, Ramp-up Trending Down:** As a means of increasing revenues, nearly two-thirds of companies plan to expand the size of their sales teams. For the first time in several years there is a decrease in the
time required to get new salespeople fully productive. However, with 35% of sales organizations reporting ramp-up times of >10 months, there is room for improvement. (Source: 2013 Sales Performance Optimization Sales Rep Hiring/Compensation Analysis)

- **Sales Training Investments Increase**: On a year-over-year basis, there was a 13% increase in the average annual investment per salesperson. We have previously written of the impact that personnel development can have on sales performance and sales rep loyalty, so it is encouraging that companies are investing more in their teams. However, the study found that how budgets are allocated is key to increasing sales success. Shifting funds from product and sales skills training to education on the customer's challenges and purchase justification training is generating the best ROI. (Source: 2013 Sales Performance Optimization Sales Process Analysis)

- **Sales Support Services Investments Increase**: 2012 was a year where sales organizations invested in services to help their sales teams sell more effectively. Two-thirds of all firms now provide sales reps access to Sales Intelligence services to gain insights into their prospects. Core CRM solutions have been implemented by 83.6% of firms. CRM 2.0 tools such as eSignature, MobileCRM, Sales Team Collaboration, Sales Playbooks/Sales Knowledge Management, Sales Management Analytics, and Incentive/Compensation Management are gaining converts as sales organizations look for tools to solve specific sales challenges. (Sources: 2013 Sales Performance Optimization Sales Strategy, Core CRM, and CRM 2.0 Analyses)

- **Forecast Accuracy Continues to Decline**: In theory, the sales forecast should represent the deals in the company’s pipeline that have the best chance of closing in the near-term (e.g., 30, 60, or 90 days). That number is at an almost all-time study low of 46.5% in 2012. Turning this trend around will require improvements in sales management effectiveness. Sales managers are challenged to assemble the right team, provide proactive coaching, and adapt the sales process to changes in the marketplace. (Sources: 2013 Sales Performance Optimization Sell Cycle and Sales Management Analyses).

- **Buying-by-Committee is Still the Norm**: The days when sales reps could rely on their internal champion to make a deal happen are a thing of the past. On average, salespeople engage 4.5 decision makers to get to yes. This creates challenges as they attempt to move an opportunity through the sales funnel. Reps are required to tailor presentations, proposals, and ROI analyses to multiple stakeholders, each with multiple agendas. (Sources: 2013 Sales Performance Optimization Sales Strategy and Sales Execution Analyses)

- **Closing Accounts is One Thing, Growing Them is Another**: Conventional wisdom says that it is easier to sell to an existing customer than to a new prospect. This was confirmed by the 2013 study data—only 23.8% of the firms reported challenges in renewing business or generating repeat orders. However, farming new deals from existing customers and penetrating other business units...
are proving to be challenging for sales teams. (Source: 2013 Sales Performance Optimization Account Management Analysis)

- **Harnessing the Power of the Enterprise is Desired, but Challenging:** An increased number of firms are focused on customer-facing organizations working together rather than functioning as stand-alone entities. Even simple steps such as determining a common definition for a “lead” helps close the gap between sales and marketing. More firms are investigating ways to improve sales and support alignment and leverage the knowledge of personnel who regularly work with existing customers in order to help sales teams maintain and enhance customer relationships. (Source: 2013 Sales Performance Optimization Sales, Marketing, and Support Alignment Analysis)

We present what sales organizations should focus on to increase their efficiency and effectiveness in the 2013 SPO Going Forward Analysis. Advisory Services clients should contact their CSO Insights Analyst to discuss the findings in this and the remaining eleven topical reports.

As a final comment, we remind readers that we talk about “averages,” and they can often hide trends that make or break sales performance.

In the following section, we explore the differences in how companies sell as it relates to the level of relationship they have with their customers and the level/rigor of sales process they implement into their sales efforts.

Lastly, we overview the eight sales performance attributes of best-in-class sales organizations that surfaced from the sales and marketing studies we published in 2012.
2013: Sales Relationship/Process (SRP) Matrix Analysis Revisited

Six years ago we published a study in *Harvard Business Review* in which we detailed how the level of sales process a company adopts can impact revenue generation. In 2010, we published another article that brought the levels of relationship a company achieves with the majority of its customers into the equation.

The premise of the Sales Relationship/Process Matrix is that in addition to *what* you sell, it matters *how* you sell. How you sell has two major components: 1) the value your customer perceives you bring to the table—your relationship; and 2) how you engage and work with your clients—your process. Within these two aspects of selling, companies fall into one of a variety of categories. For those who are new to our SRP Matrix concept, see Appendix B before reading further.

The Sales Relationship/Process Matrix is represented in Figure 3.

**Sales Relationship/Process Matrix™**

![Figure 3](image)

This is the foundation to evaluate the effect of “how you sell” on sales performance.

As mentioned, averages can hide invaluable insights. Therefore, we segmented the study data based on the two axes of the SRP Matrix and analyzed sales performance for each subset of sales organizations in relationship to where it fits on the grid.

The gray areas in Figure 4 represent conditions that cannot be achieved. Companies that operate at Level 1 – Random Process cannot achieve Level 5 – Trusted Partner. Conversely, Level 4 – Dynamic Process sales organizations have, at a minimum, determined how to achieve Level 2 – Preferred Supplier.
There are fewer Level 1 sales organizations than other SRP Matrix levels.

The red, yellow, and green sections of the SRP Matrix represent the distribution of the percentage of firms that correspond to those sections on the grid. We will discuss the performance differences, but first Table 1 shows the evolution of sales relationship and process achievement since 2008.

<table>
<thead>
<tr>
<th>Percentage of Sales Organizations at Each Level of Sales Performance</th>
<th>2008 SRP Matrix Analysis</th>
<th>2013 SRP Matrix Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of Level 1 Sales Organizations</td>
<td>34%</td>
<td>21%</td>
</tr>
<tr>
<td>% of Level 2 Sales Organizations</td>
<td>49%</td>
<td>42%</td>
</tr>
<tr>
<td>% of Level 3 Sales Organizations</td>
<td>17%</td>
<td>37%</td>
</tr>
</tbody>
</table>

Table 1

There is a significant rise in the percentage of Level 3 companies.

The reason for the migration away from Level 1 sales performance to Level 3 is overviewed in the following analysis. We segmented the study participants based on their levels of relationship and sales process adherence and analyzed their average sales performance across six key performance indicators, as shown in Table 2.
### 2013 Sales Performance Optimization Study Level Comparison

<table>
<thead>
<tr>
<th></th>
<th>Level 1: 2012 Results</th>
<th>Level 2: 2012 Results</th>
<th>Level 3: 2012 Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Reps Making Quota</td>
<td>55%</td>
<td>62%</td>
<td>67%</td>
</tr>
<tr>
<td>% of Company Plan Attainment</td>
<td>85%</td>
<td>90%</td>
<td>93%</td>
</tr>
<tr>
<td>% Forecast - Wins</td>
<td>40%</td>
<td>45%</td>
<td>52%</td>
</tr>
<tr>
<td>% Forecast - Losses</td>
<td>33%</td>
<td>28%</td>
<td>24%</td>
</tr>
<tr>
<td>% Forecast - No Decisions</td>
<td>27%</td>
<td>27%</td>
<td>24%</td>
</tr>
<tr>
<td>% Sales Force Turnover</td>
<td>27%</td>
<td>21%</td>
<td>19%</td>
</tr>
</tbody>
</table>

Table 2
Average sales performance across key metrics.

Beginning with the percentage of salespeople making quota, an increase occurs when moving from Level 1 to 2 and again from Level 2 to 3. The success of salespeople contributes to the percentage of overall revenue attainment, and overall revenue attainment percentages increase in relation to upward movements in levels.

What is contributing to this difference in sales performance? The next three numbers convey an interesting account. Level 2 sales organizations have a win rate of forecast deals five percentage points higher than Level 1 firms. Continuing across the table, on average, Level 3 companies win noticeably more deals than their Level 2 counterparts.

The biggest contributor to these differences in performance is in the percentage of deals that end as competitive losses for these three groups. As relationships deepen and process becomes engrained into how sales organizations operate, sales teams determine ways to distance themselves from their competitors.

Study findings show that at Level 3, companies begin to see a decrease in no decision rates. This issue of an ever-increasing number of opportunities that end with the prospect doing nothing is discussed in detail in the 2013 Sales Performance Optimization Sell Cycle Analysis. For now, let’s say that anything that decreases no decisions rates is a major plus for sales performance.

The figures in the last row of the table show the average turnover rates for the three levels of sales organizations. A drop of eight percentage points is noted as companies move up to the next level, translating to a 30% lower turnover rate for Level 3 firms when compared to Level 1.

Why does this occur? Put yourself in the shoes of one of your sales reps. Which level sales organization would you want to work for? A factor to consider is the predictability of success. Reps working for Level 3 companies envision how they can succeed instead of hoping they will be successful. How they are perceived by their customers and how the
company trains them to execute in their territories give them a high degree of confidence that they are able to do their job.

As previously mentioned, turnover is at an all-time study low. However, let’s review the opposite end of the perspective. In 2004, a significant increase in new sales rep hiring enabled firms to feel confident about the economy. In an effort to generate sales growth, companies added salespeople, primarily those with selling experience in their industry. The hiring of experienced people drove voluntary turnover rates up to over 35%. When adding in involuntary turnover, the overall turnover rate was 51%.

When the next round of hiring opportunities are available to sales, which sales reps are likely to take a call from a recruiter? Conversely, which sales reps are likely to be meticulous about making a move and choose to stay with a company where they know they can be successful?

One last question. Which sales organization would you want to lead as CSO?

If sales rep hiring and retention are areas that require attention from your company, you will find the sales transformation case study we published in 2012 for Fairchild Semiconductor to be of interest. It profiles how Allan Lam, Executive Vice President, Worldwide Sales and Marketing, migrated his Level 1.5 worldwide sales organization to a Level 3, shifted sales performance, and increased margins from 24% to 31%.

This exclusive interview with Allan Lam may be accessed below.

Allan Lam, Executive Vice President, Worldwide Sales and Marketing, Fairchild Semiconductor: Interview.
Attributes of Best-in-Class Sales Organizations

Before reading the individual 2013 Sales Performance Optimization Topical Reports, let us share a couple of last items. Figure 5 illustrates the top reported objectives for 2013 as related to hitting revenue plans.

**Top Sales Objectives for Next 12 Months**

<table>
<thead>
<tr>
<th>Objective</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capture New Accounts</td>
<td>65.0%</td>
</tr>
<tr>
<td>Increase Sales Effectiveness</td>
<td>51.6%</td>
</tr>
<tr>
<td>Increase Existing Account Penetration</td>
<td>35.9%</td>
</tr>
<tr>
<td>Optimize Lead Generation</td>
<td>34.5%</td>
</tr>
<tr>
<td>Reduce Sell Cycle Time</td>
<td>23.7%</td>
</tr>
<tr>
<td>Improve Customer Satisfaction</td>
<td>19.9%</td>
</tr>
<tr>
<td>Optimize Deal Size - Up-sell/Cross-sell</td>
<td>17.6%</td>
</tr>
<tr>
<td>Improve Margins/Reduce Discounting</td>
<td>16.8%</td>
</tr>
<tr>
<td>Reduce New Rep Ramp-up Time</td>
<td>12.2%</td>
</tr>
<tr>
<td>Improve Team Selling</td>
<td>10.4%</td>
</tr>
<tr>
<td>Increase Reorder/Renewal Rates</td>
<td>9.2%</td>
</tr>
<tr>
<td>Other</td>
<td>3.3%</td>
</tr>
</tbody>
</table>

**Figure 5**
A variety of approaches are leveraged to achieve 2013 revenue goals.

Sales organizations have divergent views on how they will deliver their 2013 revenue commitments. For many firms, closing net-new customers is the path to sales success. Others are focused on increasing the effectiveness of their teams or generating revenues from existing customers.

Clearly, each of the sales management teams knows the needs of its sales team better than anyone. These are worthy objectives; however, we have a key observation. All of the above are strategies and remind us of a quote from a business visionary that we have always taken to heart:

**Culture Eats Strategy for Breakfast!**
—Peter Drucker

As you review the results from the 2013 Sales Performance Optimization Study Analyses, we hope they generate a wealth of ideas for you to optimize the performance of your sales organization. We highly recommend that you also consider the sales culture within your firm that will be the recipient of the changes in selling that these objectives bring about.
When benchmarking best-in-class sales organizations from the past decade, we found eight cornerstones that are the foundation for a great sales culture. Figure 6 summarizes those attributes.

The following is an overview of each attribute:

- **Right Focus**: It all starts with knowing your purpose in the marketplace. No company can be all things to all people, but with the right focus, it can be all things to all important people. Companies with the right focus know what problems they solve, which competitors they do well against, their real value proposition, and focus their sales teams on accounts that are the best fit for their solutions.

- **Right Team**: Best-in-class firms have a profile of the people they want for their sales team. This becomes more than an exercise of reviewing résumés. While résumés show how well applicants performed in previous employment, they are not always predictors of how well they will do within your company. Therefore, these sales organizations assess salespeople’s DNA as well to ensure they are a fit for the organization.

- **Right Motivation**: The right sales team needs to be given the right motivation. This requires sales management to analyze the messages the compensation plan send to the salespeople. How does your incentive plan reinforce/enforce that you want reps to build strong customer relationships? The same holds true for generating new orders, new customers, etc.
• **Right Prospects:** Best-in-class sales organizations ensure that sales and marketing are aligned with the specific prospects to pursue. An analysis has identified the stakeholders to engage, and both sales and marketing have access to accurate data and insights on the prospects.

• **Right Planning:** Strategic account planning is not a buzzword—it is the foundation of the sell cycle. Sales teams at best-in-class firms know that proper planning is the key to their success.

• **Right Support:** Support within best-in-class firms comes in a variety of forms. These sales organizations assess the training needs of their sales force and invest in effective development programs. They know the CRM tools reps need and make them available. They ensure that the rest of the enterprise (finance, legal, product development, customer support, etc.) have what they need from sales and build strong internal relationships to deliver support services.

• **Right Execution:** Planning the work is one thing; best-in-class firms ensure the reps work the plan. Sales managers are not in place to be super-salespeople, swooping in at the last minute to save the day and close the deal. Instead, they are coaches and mentors who continuously monitor how reps need help with specific deals. If a deal is going to be lost, they ensure it’s lost as soon as possible, allowing time to do the right things with the right prospects.

• **Right Evolution:** Best-in-class sales organizations realize that optimizing how they sell is never done. They understand that the sales strategies that work today may not work tomorrow. Changes in the economy, political environment, competitive landscape, etc., may necessitate changing how they sell. They strive to be proactive in making changes.

Reflect on how many of these attributes are engrained in your sales culture. If all eight are present, that is great. If some are missing, then we encourage you to address these cultural issues and your key strategies. Our benchmarking has shown the combination of these two can turn how you sell into a sustainable competitive edge in your marketplace.

We hope the information in this Key Trends Analysis and the 2013 Sales Performance Optimization Topical Reports will help you optimize your sales performance.

While issues raised have broad applicability, we encourage you to use this information as the basis for brainstorming and goal planning to identify and prioritize your organization’s operational challenges. Everyone can benefit from understanding the strategies and tactics of other companies, but in the end, you have to implement solutions that fit your specific business needs, not those of other firms.

Advisory Services clients have direct access to their CSO Insights Analyst at any time, and we encourage you to use this service. Contact us if you have questions or comments regarding these reports, want to know companies that excel in any specific
area, or how best to invest your sales transformation budgets. Sales transformation is challenging, but you don’t have to go it alone.

Good Selling. No. Great Selling in 2013!

Jim Dickie  Barry Trailer
Managing Partner  Managing Partner
CSO Insights  CSO Insights
(303) 521-4410  (916) 712 9621
jim.dickie@csoinsights.com  barry.trailer@csoinsights.com
2013 Sales Performance Optimization Study Analyses

Borrowing a concept from reengineering visionary, Michael Hammer: Sales Optimization is not the result of doing everything a couple of percentage points better, but rather doing a couple of things an order of magnitude better.

The analyses and metrics contained in each report are:

- **Key Trends Analysis**: Major declines were evidenced in sales performance over the past year, what contributed to the drop in effectiveness, and insights regarding how and why some firms are outselling their peers through investments made in supporting sales teams, increasing process adoption, and enhancing the relationship the vendors have with their customers.

- **Sales Rep Hiring/Compensation Analysis**: Ability to hire successful reps, planned changes in the size of sales forces for 2012, voluntary and involuntary sales rep turnover, experience profiles of new hires, utilization of competency testing in hiring, average rep ramp-up time, average sales rep and sales manager compensation targets, and the ability to implement compensation programs to drive selling behavior.

- **Sell Cycle Review Analysis**: Average sell cycle length, number of calls required to close a deal, pipeline conversion rates (number of leads resulting in a discussion, discussions resulting in a presentation, presentations and proposals that result in a sale), average win/loss/no decision rates, and percentage of deals that close as forecast.

- **Sales Strategy Analysis**: Ability to target the right accounts to pursue, develop strategic account plans for key accounts, thoroughly research accounts prior to contacting them, generate enough leads, and properly qualify prospects and incubate leads that have interest but currently no time.

- **Sales Execution Analysis**: Ability to understand the customer’s buy cycle, effectively present features and benefits, differentiate from the competition, align solution to customer’s needs, generate a proposal/bid/configuration, cross-sell/up-sell, sell value/avoid discounting, close business, and the key reasons why companies win and lose deals.

- **Account Management Analysis**: Ability to introduce new products, farm additional business from existing customers, effectively communicate with customers, renew business, create customer loyalty, and generate/maintain case studies and references

- **Sales Management Analysis**: Ability to hire reps who will succeed, provide managers with timely and accurate sales metrics, accurately forecast business, calculate commissions, conduct win/loss reviews, adapt the sales process to changes in the marketplace, proactively identify reps who need additional coaching/mentoring, share best practices across the sales force, and manage the rate of change impacting sales reps.
Sales Process Analysis: Types of sales processes being utilized, adherence to that process, analysis of sales organizations developing their own versus licensing a commercially available methodology to support the process, analysis of commercial offerings being used, and the overall impact sales process has on their sales performance.

Core Customer Relationship Management (CRM) Analysis: Percentage of firms that have evaluated and implemented a CRM system, comparison of licensing a commercially available system versus building the application in-house, analysis of the impact that CRM has on a sales force’s ability to sell, and usage of outside resources to implement CRM systems.

CRM 2.0 Usage Analysis: Percentage of organizations that have gone beyond implementing a core CRM application by adding capabilities related to Incentive and Compensation Management, Sales Intelligence, Sales Collaboration, Sales Social Networking/Playbooks, Sales Analytics and Forecast Management, Big Data, and Social CRM.

Sales, Marketing, and Support Alignment Analysis: How sales rates the level of support they receive from marketing in terms of the impact of the company's website, availability of sales tools/collateral, an assessment of the quality and quantity of leads generated by marketing, and the amount of time it takes for lead generation programs to start generating sales. In addition, the relationship that sales has with customer support is explored.

2013 Going Forward: This year we took a slightly different approach on our analysis of what the data in each of the Sales Performance Optimization topical reports mean and provide a formula (and a parable) with step-by-step instructions to ensure real progress is made on your sales effectiveness initiatives this year.

To help you more effectively leverage the data and insights in each of the analyses as a basis to fine-tune your sales strategies and tactics, we recommend that you take the 2013 Sales Performance Optimization survey if you have not already done so. (Contact CSO Insights for the link.)

As you review the 2013 Sales Performance Optimization study findings, you will be able to compare your company’s performance to other sales forces and determine where your team excels, equals, or lags behind the performance of the aggregated survey population.

In the topical reports we refer to other analyses, case studies, and white papers published on lead generation, sales process, sales management, CRM, sales effectiveness best practices, etc. Advisory Services clients can obtain these documents from their CSO Insights Analyst.
Appendix A
2013 Sales Performance Optimization Study Demographics

Since 1994, CSO Insights has conducted an annual survey to assess the challenges facing sales teams, determine why these problems exist, and benchmark how companies are leveraging people, process, technology, and knowledge to increase the efficiency and effectiveness of their sales forces.

The initial study was based on a survey of 150 technology firms. Over the past nineteen years, participation grew to over 1,500 firms across multiple industries. Figure 1 provides a breakdown of the industry segments of the firms taking part in the 2013 Sales Performance Optimization study.

![Vertical Industry Make-up of Participants](image)

Based on the expansion of the participation base, we produced segmented analyses for the following vertical industries:

- Advertising/PR/Media Firms
- Distribution
- Electronics Manufacturing
- Manufacturing–Non-computer
- Medical Devices
- Professional Service–Business
- Professional Services–Tech
- Software
- Telecommunications
- Travel and Hospitality
We looked at two metrics to determine the size of the firms. The first was the number of salespeople employed by the organization. A summary of the responses is shown in Table 1.

<table>
<thead>
<tr>
<th>Sales Force Size</th>
<th>% of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;25 Reps</td>
<td>61.0%</td>
</tr>
<tr>
<td>25–50 Reps</td>
<td>9.5%</td>
</tr>
<tr>
<td>51–250 Reps</td>
<td>43.9%</td>
</tr>
<tr>
<td>251–500 Reps</td>
<td>5.3%</td>
</tr>
<tr>
<td>&gt;500 Reps</td>
<td>0.3%</td>
</tr>
</tbody>
</table>

Table 1

The second metric shows total sales revenues. By way of segmenting firms, we view small companies as businesses that generate ≤$50M in sales, medium-sized companies with $51M–$1B in sales, and large enterprises as corporations exceeding $1B in sales. Figure 2 shows the participation breakdown based on those criteria.
Appendix B
Sales Relationship/Process (SRP) Matrix Concept Overview

The premise of the Sales Relationship/Process Matrix concept is that, in addition to what you sell, how you sell matters. How you sell has two major components: 1) relationship—the value your customer perceives that you bring to the table and 2) process—how you engage and work with clients. Within these two aspects of selling, companies fall into one of a few categories.

Companies fit into one of five levels of relationship with customers and prospects in their marketplaces:

Five Levels of Sales Relationships

- **Level 1 – Approved Vendor**: You are seen by the majority of your customers as a legitimate provider of the products or services you offer but are not recognized for having any significant, sustainable competitive edge over alternative offerings.

- **Level 2 – Preferred Supplier**: Based on your marketplace reputation and past dealings with your customers, while competitors may offer alternatives, you are usually seen as the preferred vendor with whom to do business.

- **Level 3 – Solutions Consultant**: Based on a specific set of product-related, value-added insights or services you offer, your customers see you as not only a vendor but also a consulting resource on how to best use your products or services.

- **Level 4 – Strategic Contributor**: Above and beyond the products and services you offer, your customers view you as a source of strategic planning assistance for dealing with broader-based challenges they are currently facing.

- **Level 5 – Trusted Partner**: At this highest level, you are seen as a long-term partner whose contributions (products, insights, processes, etc.) are viewed as key to your client’s long-term success.

In addition, our past analysis has shown that sales organizations fall into one of four levels when it comes to the processes they use to find, create, and expand customer relationships.

Four Levels of Sales Process

- **Level 1 – Random Process**: Your company may be perceived as anti-process, although what you really lack is a single standard process. Essentially sales reps do their own thing their own way.

- **Level 2 – Informal Process**: Your company exposes your salespeople to a sales process and they are expected to use it, but its use is neither monitored nor measured.
Level 3 – Formal Process: Your company regularly enforces the use of a defined sales process (sometimes religiously). You conduct periodic reviews of the process to see how effective it is and make changes based on the analysis.

Level 4 – Dynamic Process: Your company dynamically monitors and provides continuous feedback on sales reps’ use of your formal sales process. You proactively modify the process when you detect key changes in market conditions—new competitors emerging, changes in governmental regulations, shifts in the economy, etc.