Richardson is again presenting the results of its annual research survey of field sales reps, senior sales professionals, and sales leaders. The 2016 Selling Challenges Study uncovers the issues that sales professionals see in the year ahead that have the potential to interfere with achieving quota. The survey questions focus on the entire sales process, from prospecting through closing.

Written By:
Meghan Steiner | @RichardsonSales
This report provides a top-level analysis from all responders and compares changes from the previous year, which includes Richardson recommendations for overcoming these challenges.

### DATA AND DEMOGRAPHICS

<table>
<thead>
<tr>
<th>More than 400 responses were received</th>
<th>Company size</th>
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<tr>
<td>37% listed sales representatives as their core role</td>
<td>58% revenue greater than $500 million</td>
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<tr>
<td>43% listed sales managers as their core role</td>
<td>27% revenue less than $200 million</td>
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<td>&gt;57% of respondents had five or more years in the same role</td>
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<thead>
<tr>
<th>Quota size</th>
<th>Industries</th>
<th>Sales Space</th>
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<tbody>
<tr>
<td>75% carry a goal of over $1.25 million dollars</td>
<td>38% Financial Services</td>
<td>&gt;85% in B2B sales</td>
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<td>10% Professional Services</td>
<td>7% Technology</td>
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<table>
<thead>
<tr>
<th>Top-three responses</th>
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<tr>
<td>16% identifying triggers/sales signals that indicate issues that you can resolve</td>
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<tr>
<td>14.4% identifying target accounts</td>
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<td>10.3% qualifying prospects</td>
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Identifying sales signals was once again the top sales prospecting challenge in 2016, remaining the same on a year-over-year percentage basis from 2015, at 16% of the respondents. Ongoing changes in B2B-buyer patterns continue to have an effect on prospecting, as many buyers identify potential selling partners through online search engines, referrals, and social research. Buyers are more informed about potential solutions and company services that can alleviate their business issues or spur growth. They have much clearer ideas about what they want to purchase, making it difficult for sales professionals to identify sales signals that indicate issues that they can resolve.

Identifying target accounts, the second issue of concern, nearly doubled in reported responses compared with the prior year. This can have a direct correlation to the inability to identify buyer signals, as sales professionals do not know whom to target anymore. It has become more difficult to reach buyers overall, and when sales professionals do get through, there are few points of connection and, subsequently, not many distinct signals.

Qualifying prospects, the third most-cited challenge, doubled from 5% in 2015 to 10% in 2016. More and more, sales representatives are finding it difficult to get any kind of response from prospects, which has a direct impact on the ability to qualify them. Nurturing leads, e-mails, phone messages, and LinkedIn InMails, to name a few, are not getting returned, which creates significant hurdles for sales and, to a certain degree, marketing.

The top-three challenges in 2016 are interconnected and may be a direct cause-and-effect problem stemming from the universality of digital communications, resulting in shifts in buyer behavior. Sales and marketing professionals are having an increasingly difficult time getting buyers to respond to correspondence, promotions, and basic, lead-nurturing activities, particularly with the increasing number of communications that everyone is exposed to these days. Hundreds of e-mails, InMails, re-marketing messages, etc. are having a reverse effect than intended. Buyers are shutting down inbound communications and relying more on their trusted networks for information. To get through, sales professionals must be skilled in conducting a valuable and valued needs dialogue with buyers when the opportunity arises. At the same time, they must be able to provide meaningful insights during their brief encounters.

**RICHARDSON INSIGHTS**

Many sales professionals are struggling with prospecting and demand generation. Some organizations are now shifting to new client-development structures, whereby the marketing function is directly responsible for building a lead-nurturing system, and sales focuses on managing and growing existing accounts. Looking ahead, sales professionals should adjust their prospecting strategies and tactics. They must become savvy in leveraging social selling tools, like LinkedIn and Twitter, to not only connect but to watch and listen to what potential prospects are saying and learn what is important to them. In this way, sales professionals can better identify potential buying signals, pinpoint target accounts, and better qualify prospects. They also must have the will, skill, and tools to be deeply prepared and understand their prospects’ business, while also being well versed in their own company’s value proposition.
In 2016, which of the following do you feel will be your biggest challenge in uncovering and exploring client needs?

<table>
<thead>
<tr>
<th>Top-three responses</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>creating value and insight during the conversation with the client</td>
<td>27%</td>
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<tr>
<td>uncovering complete information regarding the decision-making process</td>
<td>26.6%</td>
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<tr>
<td>exploring client issues and challenges to define the strategic impact of your solution</td>
<td>19.4%</td>
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Not much has changed in the past year for sales professionals when it comes to uncovering needs. In 2016, respondents cited the same top-three challenges as in 2015, with similar percentages. The decision-making process continues to evolve and become more difficult for many sales professionals. More find that they are selling to a group of decision makers, not an individual, with no clear way to determine how a final buying decision will be made, nor the roles of those on the buyer’s team. Additionally, buying organizations are continuing to involve procurement resources at the end of the deal, in order to negotiate price and terms. This adds even more complexity to the seller’s journey because procurement officers typically have not been involved with the deal from the beginning. They are far removed from any emotional involvement of the decision, mainly focused on obtaining the best possible price.

The second two challenges — creating value during the conversation and identifying the strategic impact of a solution — are directly linked. In a Forrester report, only 27% of buyers found that salespeople are knowledgeable about the buyer’s specific business, meaning an astounding 73% of buyers don’t think salespeople understand their company’s needs. For sales professionals to overcome these challenges, they need to develop the skills to better understand their customers from a business perspective. This includes asking the right questions in the context of business, building the business knowledge necessary to provide value to their customers, and positioning their value to customers in terms of customer business metrics, not just “how great” their solution is.

**RICHARDSON INSIGHTS**

To help overcome these issues, sales professionals need to do a better job at preparation, including studying their customers, organization structure, industry dynamics, and their financial metrics of success. There are many tools available to sales professionals today — such as Twitter, LinkedIn, online investor reports, and Google Alerts. There is no excuse for not being well prepared before approaching targeted and strategic accounts. If sales professionals are not leveraging these information resources or don’t have the business experience required to provide insights, they need to work on developing the process and skills in order to be able to position themselves as a true business consultant to their customers.
In 2016, which of the following do you believe will be your toughest negotiation challenge?

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<tr>
<th>Challenge</th>
<th>Percentage</th>
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<tr>
<td>Gaining higher prices</td>
<td>29.2%</td>
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<tr>
<td>Handling adversarial negotiations</td>
<td>21.2%</td>
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<tr>
<td>Customers who continue to reopen the negotiation/more concessions</td>
<td>18.8%</td>
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Time and again, sales professionals and sales leadership report one of their biggest negotiation challenges to be the role of procurement. As previously mentioned, procurement typically enters the process at the last phase, without any emotional attachment to the deal or process. Their sole mission is to drive down the price or get additional products or services at the same price. When you look at the top-three challenges of 2016, you can start to see some of the fallout from this shift in the buying process and the addition of procurement. As one of the open-ended responses received stated, “Just when we thought we had made it through all of the hurdles, processes, budget cuts, committees, and nobody willing to make a decision to begin to finalize the deal, the opportunity goes to procurement, and the first thing they say is ... we need to cut prices across the board, 15%.”

Another potential reason for the three negotiation challenges identified is increased competition and the lack of clear differentiation and value propositions among all of the players in today’s global 24/7 marketplace. Additional feedback in the survey revealed these statements:

- “The challenges that I am facing every day is that many of our clients and prospects view our product as a commodity. They are just looking for the lowest rates.”
- “Delivering a differentiated product and being able to back it up will make us a service leader and allow us to start to capture higher prices again.”

RICHARDSON INSIGHTS

There are two key recommendations to consider. First, how to deal with procurement; and second, learning how to provide more value so that sales professionals can differentiate their products and services.

When negotiating with procurement, there a few tips to keep in mind. The sales professional should be the one to start the discussion. Additionally, don’t negotiate too soon, and try not to give concessions right away. Any potential trades need to be prioritized, always asking for something in return for anything given up.
In 2016, which of the following will be your most difficult challenge in closing a deal?

- Competing against a low-cost provider: 48%
- Positioning competing value proposition (differentiating your product/service): 14.8%
- Creating a compelling case for change in order to avoid a “no-decision”: 8.4%

Responses to this question provided insight into another clear trend facing sales professionals in the marketplace — challenges that stand in the way of closing deals. Competing against a low-cost provider and positioning value is very much related and accounts for more than 62% of the responses. This is an extremely high result that has not changed much year over year, with the top-three issues remaining the same. Even so, the second-place response, positioning competing value proposition, increased by three points from 11.87% to 14.80%. The third-place response, creating a compelling case for change in order to avoid a “no-decision,” dropped by half from 16.89% in 2015 to 8.4% in 2016.

**RICHARDSON INSIGHTS**

The selling landscape has been forever changed by rapid technology development and highly connected global marketplaces in which commoditization can happen almost instantaneously. As one survey respondent remarked, “The challenge is many of our clients and prospects view our product as a commodity. They are looking for the lowest rates, deepest buying or loosest guidelines. Due to high levels of competition, this market is creating challenges. Protecting my margin and increasing revenue is my biggest challenge as clients don’t see the difference, and they are buying on price.” Sales professionals are going to have to adapt to survive. They need to develop the skills to provide relevant insights and value during the dialogue. This ability comes from investing sufficient time in order to better understand their clients’ industry ecosystem, internal business, and metrics of success. They clearly must shift their tactics from positioning a product or service to having the tools and insight to illustrate clear value and ROI. As for marketing groups, they are going to have to do a much better job at sales enablement.
In 2016, which of the following will be the most difficult to deal with in terms of managing an account?

- Finding ways to add relevant value for various stakeholders: 27.08%
- Balancing sales and relationship management: 24.58%
- Addressing problems and complaints: 19.58%

When reviewing all of the shifts previously mentioned — changing buyers, increasing technology, 24/7 global markets, social selling, commoditization, heightened client expectations — the responses in this section seem quite logical. Sales professionals are juggling many balls both internally in order to ensure execution of the solution and externally in order to try satisfying their clients. The responses year over year were primarily the same, except for addressing problems and complaints, which more than doubled in mention from 2015 and joined the list at number three.

**RICHARDSON INSIGHTS**

Consider these two interesting and relevant facts from a Bain & Company survey:

- A 5% reduction in the customer defection rate can increase profits by 25% in profit.
- IT costs are 6-7 times more to acquire a new customer than retain an existing one.

Because of the hurdles in acquiring new customers, sales organizations need to focus on the tools, processes, and resources needed to not only satisfy customers but to exceed expectations. This may mean changes in organizational structure, such as freeing up account managers’ time to focus solely on managing existing accounts.

At Richardson, we are seeing more of a shift in responsibilities in the industry, with early demand generation, nurturing, and qualifying of leads now being handled by existing marketing departments or even “new demand generation” departments. We are also seeing the growth of inside sales departments and what is called SDRs, or sales development resources. One of the critical factors of success in these transfers of responsibilities and creation of new departments will be how new hires are on-boarded and trained. They must have deep product knowledge, solid selling skills, and a good understanding of the customer’s business and industry.
In 2016, which of the following do you feel will be your biggest challenge in expanding relationships?

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<th>Top-three responses</th>
<th>25%</th>
<th>23%</th>
<th>21%</th>
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<tbody>
<tr>
<td>cross-selling</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>providing insights and challenging my clients</td>
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<td></td>
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<tr>
<td>aging products</td>
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The final survey question seeks to identify the specific challenges that sales professionals face in the growth phase of a client lifecycle. This question represented the biggest change in response, year over year, with cross-selling as the biggest challenge, almost doubling from 13.98% in 2015 to 25% in 2016. Aging products also increased significantly, from 13% in 2015 to 21% in 2015, while the number two response — providing insights — dropped 8 points to 23% in 2016.

**RICHARDSON INSIGHTS**

Providing the right training for the right roles is always an issue for corporate training, as budgets are often tight, and priorities are hard to juggle. As survey respondents remarked:

"I HAVE A CONCERN ABOUT THE TYPE OF TRAINING THAT I AM RECEIVING VS. THE TRAINING THAT I HAVE BEEN ASKING FOR."

"WE NEED TRAINING THAT REFLECTS THE CHANGES IN THE MARKETPLACE AND SHIFTS IN OUR ROLES AND OVERALL STRATEGY. WE KEEP GETTING STALE PRODUCT TRAINING THAT DOES NOT SEEM TO HELP."

If you are not implementing a skills-based training program focusing on cross-selling, we strongly recommend it’s time to develop one, given this surging 2016 challenge. Cross-selling and upselling is a critical competency regardless of the sales roles, but when sales professionals are focusing on trying to expand relationships, it is a must-have skill for success.
Aging products is certainly an issue for many companies. Products and services can be quickly outdated due to the rapid growth, shifts, and adoption rates in digital technologies. Mobile tech, cloud computing, next-generation apps, and wearables are disruptive technologies affecting such industries as healthcare, communications, media, financial services, supply chain management, and retail, to name a few. In the annual PwC Global CEO Survey, one of the biggest issues for CEOs was how they were going to invest in digital technology — and what that means for the future of some of today’s most recognized companies. Those who don’t invest in technology to address the “I want it now” market mentality will face increasingly difficult times ahead.

ADDITIONAL CHALLENGES IDENTIFIED

Open-ended feedback by respondents identified a number of additional trends and concerns for sales professionals:

**Lack of Sales Management Structure —**
Sales professionals feel that their current organizational sales structure is inadequate. The issues most often cited were too many sales professionals per sales manager and not enough “deal coaching.” Organizations need to assess their structure, develop an appropriate ratio of sales management to field sales reps, develop a coaching cadence, and make sure sales managers have the skills to provide both developmental coaching, as well as deal and presentation coaching. Sales professionals also indicated that managers are still spending too much time in the weeds and managing such sales activities as meetings attended, calls made, and e-mails sent.

**Marketing and Sales Alignment —**
This issue remains troublesome, particularly for financial services companies. Many sales professionals felt that they were not being supported with enough qualified leads, sales enablement tools, or market data to provide insights. Marketing and sales in the next few years must become completely aligned to be successful. This means that marketing and sales need to develop a joint service level agreement (SLA) and make sure both groups are accountable to that commitment.

**Customer Service —**
Sales professionals are concerned with the levels of customer service that their clients are receiving. Lack of accountability, high turnover of customer service reps, poor communications skills, and the increasing incidence of customer service reps not even calling back customers are just a few of the consistent themes. As more and more everyday challenges arise dealing with differentiation of products and services, having to compete on price, and cost-cutting to meet profitability goals, re-establishing a focus on exceptional customer care is an essential strategy that organizations can use to differentiate themselves and recapture eroding price margins.
2016 SELLING CHALLENGES STUDY

2016 SELLING CHALLENGES STUDY SUMMARY

Respondents felt strongly that the selling environment has never been more challenging. Sales professionals at all levels, roles, and experiences are increasingly challenged with such hurdles as shifts in buyer behaviors, buying by committee, procurement demanding price concessions, demands to provide value, maintaining lower costs, heightened expectations on customer service, and a host of others. Among the comments received were the following:

“WE NEED TO CONSTANTLY DEMONSTRATE WHAT OUR DIFFERENCES ARE. BOTTOM LINE IS THAT THERE REALLY ARE NONE, AND THE CUSTOMERS KNOW, SO THEY DRIVE US ON PRICE.”

“It’s really hard out there.”

“It’s difficult selling today.”

“Protecting margins is a challenge. Protecting clients is a challenge. Selling is a challenge.”

“The competition is coming at us from all directions. They seem much more aggressive with technology solutions, and the bright shiny penny is winning.”

While this selling environment certainly provides hurdles, there also has never been a better time to adapt, change, and leverage all of the new selling tools available in today’s digital age. Sales professionals have unprecedented access to CRM systems; competitive data; direct insights into what their customers are thinking through social selling tools like LinkedIn and Twitter; and real time analytics, data, and information feeds like Google Alerts. These tools must be used exhaustively to help sales professionals prepare like never before, learn more about their customers’ buying behaviors, and provide insight to their clients.

To be successful in 2016, sellers need to focus on fully understanding their customers’ business environment, show how their products and services will provide a value, and become a true business advisor, not just a selling agent.