Promoted to VP of Sales:

The Year 1 Toolkit

BY MATT SHARRERS & GREG ALEXANDER

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Introduction

The average tenure of a new sales leader is 19 months. No other member of the executive suite fails as often as the sales leader. The impact of VP of Sales turnover is best summarized by looking at the pain it causes its victims:

▶ **Corporate** – Financial expectations are missed when the VP of Sales fails. This can result in loss of bonuses for the executive team and budget cuts across all departments.

▶ **The Field** – The level of disruption in the field spikes when a new sales leader gets fired. Time consuming studies are launched, a new sales leader is hired, and the painful rip and replace process starts once again.

▶ **Customers** – Customers are poorly served when the sales leader flames out. The replacement hire shuffles territories and blows out reps. This fractures long-standing relationships between customers and suppliers. Customers hate breaking in a new rep.

▶ **Competitors** – Competitors suffer from a high sales leader infant mortality rate as well. The "next guy" decides to raid the competition for talent, and go after the competitor's top accounts. The result is escalating wages to retain top producers and price cuts to keep top customers.

▶ **Sales Leader** – The sales leader who fails suffers lost wages, a reputation hit, and a reduction in personal marketability. He causes much pain, yes, but the most severe pain is the pain he causes himself.

The purpose of this book is to help new VPs of Sales make it beyond 6 quarters. The pain above can be avoided.

New VPs of Sales who are successful present a sharp contrast to those who fail. The impact of stability at the VP of Sales level is best understood by looking at the benefits it creates for key stakeholders:

▶ **Corporate** – CEOs raise revenue expectations consistently when the new sales leader "kills it". This results in bonuses for all executives and new projects getting funded by surplus profits.

▶ **The Field** – Corporate leaves the field alone to do their jobs when the new leader's sales strategy works. This minimizes or eliminates foolish disruption caused by flavor of the month programs.

► **Customers** – Customers receive special treatment when the VP of Sales succeeds. More resources are supplied to increase the value delivered. Relationships are enhanced, allowing reps to reach the designation of "trusted advisor".

► **Competitors** – A successful new sales leader improves the performance of the entire industry. New demand is created and high water lifts all ships.

► **Sales Leader** – The new VP of Sales who wins increases his personal income, creates wealth through a rising share price, builds a personal brand as a subject matter expert, and often gets promoted to CEO.

Proof of these benefits can be found in the case studies presented throughout this book. Each of the sales leaders mentioned below have crossed over the 19-month mile marker. The tools they developed along the way can help you replicate their success.

John Gleason,
Chief Sales Officer at Ryder Systems, Inc.

John Gleason has served as the CSO at Ryder Systems, Inc. since October 2009. He came to Ryder following an outstanding 25-year career with Automatic Data Processing (ADP), one of the world's largest providers of business outsourcing solutions.

Greg Nelson
Chief Sales Officer at Forrester Research

With 15 years of award-winning experience growing successful sales organizations, Greg Nelson serves as Chief Sales Officer at Forrester Research. In his position as the company's global sales leader, he oversees Forrester's sales worldwide and is responsible for driving the company's sales initiatives of its role-based offerings to enhance Forrester's performance and growth. Greg has been with Forrester and the acquired Giga Information Group for 11 years.

Paul Rolls
Senior Vice President Worldwide Sales & Marketing at Integrated Device Technology

Paul Rolls has been with IDT since January 2010 and is responsible for the global IDT sales organization including direct sales staff, distributors and sales representatives as well as promoting and communicating the IDT brand to target audiences. He leads and manages IDT sales and marketing efforts to provide customers with analog-intensive mixed-signal system solutions for communications, computing and consumer applications.

Alex Shootman
Chief Revenue Officer at Eloqua

Alex Shootman joined Eloqua in July of 2009. Formerly, Alex Shootman served as Senior Vice President of Worldwide Sales and Services at content management vendor Vignette. He is a proven senior field executive with 22 years of experience in all areas of revenue and profit generation for technology organizations.

Chris Jones
Chief Sales Officer, Manufacturing, Distribution and Services at PROS

Since September 2009, Chris Jones has led the global sales to customers in PROS Manufacturing, Distribution and Services markets. Most recently, Chris Jones served as Microsoft's General Manager for the Greater Southeast District, where he directed Microsoft's "Enterprise and Partner Group" business across six southern states.

Drew Green
Senior Vice President of Sales and Marketing at Vibes Media

As Senior Vice President of Sales & Marketing, Drew Green is responsible for redefining, implementing and leading the execution of Vibes' Sales, Business Development and Marketing Strategy. He has been with Vibes Media since 2009. Prior to that, he served as the SVP Sales & Business Development at SHOP.com.

Marc Kidd
President Media Sales at Outdoor Holdings Inc.

Marc Kidd has been the President of Media Sales of Winnercomm, Inc. and Outdoor Channel Holdings, Inc. since November 19, 2009. Marc Kidd is responsible for Advertising and Sponsorship Sales for both Outdoor Channel and Winnercomm. Previously he served as the President of Winnercomm, Inc.

Barry Somervell,
Senior Vice President, Sales and Business Development at Kindred Healthcare

Barry Somervell has been with Kindred Healthcare since April 2010 and is responsible for strategic development and execution of census and revenue growth programs for Kindred's Health Services Division. Prior to this, he held the position of Chief Development Officer at Regency Healthcare Group.

Lee Wood,

Senior Vice President Global Sales - Intellectual Property Solutions at Thomson Reuters

Lee Wood has been with Thomson Reuters since February 2011. Previously he held sales leadership positions at Dow Jones. He is anexperienced leader who has worked both individually and with executive teams to design strategies for delivering sales, and operating income goals in venture capital-backed public and private companies.

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Introduction

We found there to be 23 symptoms of a failing VP of Sales, but only 4 root causes. It is important to distinguish between a symptom and a root cause if we are going to solve this problem for good. For the purposes of this research, a symptom is defined as something that, even when fixed, does not impact the 19-month average tenure. A root cause is defined as something that, when corrected, will directly result in prolonging the tenure of a new sales leader.

These are the 4 root causes of first-year failure in the sales VP position:

1. **Thrashing** – The wrong solutions implemented due to incorrectly diagnosed sales problems. Result: lots of effort but very few results.

2. **Detachment** – Sales strategy selected with no understanding of industry/ company/product life cycle. Result: a go-to-market plan not in sync with target markets.

3. **Sequencing** – Poorly ordered programs that cancel each other out. Result: improperly sequenced set of solutions causing change fatigue.

4. **Alienation** – No appreciation for the level of day-to-day impact on the rest of the company. Result: further deteriorating sales results and entry into the "valley of death", destroying morale.

Note: the variance between industries, company size, years of experience, and product/service maturity was insignificant.

Chapter 1:
3 Ways to Assess the Sales Strategy's Effectiveness

72% of new sales leaders in our sample arrive in a company with no defined sales strategy.

The sales leader has three options for addressing the lack of a sales strategy. The first option is to skip it-- it's a time-consuming process, and results are needed now. The second option is to throw a strategy together quickly and hope for the best. The third option is to take the time to develop a sales strategy correctly, understanding that all else flows from there. Our study showed the absence of a sales strategy to be the number one contributor to poor sales results.

> Paul Rolls from IDT told us, "Once you make a decision on the sales strategy, you make a decision on short term tactics that help you put points on the board with the sales force. This then paves the way to do medium and long term items that are more strategic in nature. The key is each is aligned with the corporate strategy."

Thrashing, Root Cause #1, happens when the new sales leader selects option 1 or 2. He ignores the issue, or he hastily pieces together a set of tactics he has picked up along the way and subscribes to "ship it and fix it".

The impact of thrashing can be understood through the illustrationon the following page. Sales leaders who fail inside of the first 19 months follow three distinct phases of thrashing:

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Sales Force Drivers	Urgent 1-6 months	Chaos 7-12 months	Panic 13-19 months
Sales Performance Management	Sales quotas are missed	No action taken due to VP direct reports pleading incorrect measures	CSO reacts to pressure by pushing team for more results
Key Account Management	Best customers are not being given enough attention	Best accounts receive more resources but at high costs	Growth rate not improved; inordinate pressure on team to drive cross sell
Sales Compensation	Pressure mounts to make compensation changes	Changes made but out of alignment with rest of company strategy	Recognition over payment and pay for top performers is not on track; complaints heard
Lead Generation	Sales force is not finding enough leads	Invest in a variety of short term marketing tactics without tangible ROI	Marketing budget cut due to lack of ROI while sales force still complains due to lack of leads
Sales Training	Pressure builds from organizational development and HR	Outside training launched; event based with no knowledge transfer to team	Training budget cut due to no ROI on first spend and lack of adoption/tangible results
Sales Strategy	Not linked to corporate strategy	Operations/Product questioning why certain decisions made in Phase 1	CEO senses trouble and feels CSO is panicking
Sales Goals	Undefined and unmanaged	Low hanging revenue fruit is already picked	CFO looks for evidence of sales leader's success as skepticism grows
Sales Management	Clear direction but wrong priorities due to misdiagnosis	Higher reporting and quota standards put in place	Multiple initiatives without clear direction
Resource Planning	Initially adding headcount without understanding market potential	Some C players are replaced by potential A players	Cutting headcount due to overspending from 12 months ago
Sales Force	Anxious about new leadership; willing to see if positive change comes	Realizing broken promises of first 6 months are a reality	Lost confidence in the leader and the company for zero follow through
Go-to Market Strategy	Fail to understand market position	Realizing analysis was too short or incorrect	Sales leader becomes more dictatorial and less collaborative in recovery effort

Urgent Stage – Month 1-6:

The new sales leader deals with issues that are seen as urgent by the stakeholders, but not himself.

► Open sales personnel issues left behind by his predecessor

► Sales Performance Management: Why are so many people missing sales quota?

► Saving unhappy customers

► Key Account Management: Why are the best customers not getting the right level of attention?

► Sales Compensation: Pressured to make compensation changes by direct reports who see blood in the water

► Lead Generation: Why is the sales force not getting more leads?

► Sales Training: Organizational development and HR want to push their agenda through and see a window of opportunity

► Not enough time to do due diligence with customers, employees and peers

► Quote of this phase – *"It is taking me longer to get in front of this thing then I thought."*

► "The biggest mistake sales leaders make is not letting go of the past and trying to install what they did in their last role in their new assignment"— Alex Shootman, Eloqua

Chaos Stage – Month 7-12:

This phase is characterized by completing items that were not finished during Phase 1.

► Sales Strategy: There is a little more focus being deployed in the go-to market strategy.

► Sales Goals: Low-hanging fruit revenue opportunities have been picked off.

► Sales Management: Typically, one of the sales leader's direct reports has been replaced and tighter reporting/quota standards have been created.

► Resource Planning: Sales Management has replaced some 'C' players with a few prospective 'A' players that fit the mold the new VP has described.

► Key Account Management: Some of the best accounts are getting more resources, but the level of effort required to change account assignments was too great.

► The sales leader is getting everybody focused on having a great start to the next year.

► He is quickly realizing that the year has gotten away from him.

► Quote of this phase – *"Where did the time go?"*

► John Gleason from Ryder "The changes you make in the first 6 months set up the next 18; look at your changes through two lenses."

    ► Dimension 1— How big is the impact (scale of completely optimized to horribly broken)?

    ► Dimension 2— How difficult is it to achieve?

An example of this concept can be found in the experiences of John Gleason after announcing a change in the pay plan that 'A' players would love and 'C' players would hate. He put a cultural stake in the ground – individual sales excellence would be rewarded. He sent the message early, and then John was able to monitor how the sales force adapted to this first attempt at a cultural change.

Panic Stage - Month 13-19:

The sales leader gets peppered with questions from the impatient CEO around revenue growth. When is it coming?

► Sales Goals: CFO feels they have allowed the sales leader a year to get going. Where is the evidence it is working?

► Sales Management: VP of Sales direct reports feel like they have been receiving direction on multiple flavor of the month initiatives

► Sales force: Questioning evidence of sustainable change; have heard the slogan from corporate, but where is it?

► Sales Performance Management: CSO reacts to the skepticism by pressing his team hard for results

► Go-to Market Strategy: Sales leader begins to become more dictatorial and less collaborative

► Looking for quick wins to post in the start of year 2

► Team begins to push back and not execute

► Sales Strategy: CEO senses the dissatisfaction in the field, is not happy with revenue growth, feels the sales leader is panicking and not acting strategically

► Sales leader begins search for new job. Fears termination looming.

► Sales leader removed and the cycle starts again

► Quote of this phase – *"I was never given a chance to be successful; the company was stuck in the old way."*

Here is what this means to you, Mr. VP of Sales- career stagnation. Unless you take action, you can expect to be cycled through this process every year and a half throughout your career. You will be damaged goods and quickly branded as somebody who cannot deliver in the big role. The Peter Principle has been proven. You have been promoted to your level of incompetence. Your dream of becoming a CEO just went up in smoke.

► Greg Nelson at Forrester Research says, "The key is setting reasonable goals for the first year in both leading and lagging indicators. This process begins in the interview, not on Day 1." In Greg's first year, he ended up going back to the board to renegotiate the plan for the second half. This showed strength, and started to train the board that change would not happen overnight. As a result of this, the board understood the time it would take for a true turnaround. This allowed Greg to avoid thrashing and ensure his initiatives were driven in their entirety.

Take a Look...

In contrast, here is what we witnessed successful new sales leaders do:

Successful new sales leaders prevent themselves from thrashing by developing their diagnostic capabilities.

Diagnostic capability has taken on new meaning in a modern selling environment. The new sales leader must be discerning in their creation of the sales strategy, and must also be able to decide what not to do when he arrives in his new job. This is vitally important - it is choosing what *not* to do that will determine your success. Our sales consulting work allows us to watch many heads of sales make this decision. We found the ability to diagnose the root cause of problems stood out. This one activity proved to be the foundation upon which all other successful initiatives were launched in the sales force.
Here is a framework we have seen be particularly effective:

a. Does the organization know a problem exists?

b. Is the perceived problem a symptom or a root cause?

c. If it is a root cause, is the organization willing to undergo disruption to solve the problem?

d. When they fix this one problem, it will create a new problem. How will the organization ensure they prepare themselves for continued improvement?

We see organizations stop after defining the problem and failing to exercise diagnostic capability. The result of this misdiagnosis is that they end up solving the wrong problem. Here is an example, using our framework:

Is the organization even aware they have a problem? *The sales force closing ratio has dropped 15% over the past 18 months.*

Is the perceived problem a symptom or is it a root cause? Many of the leaders we have watched fail in the first 18 months focused on implementing what we call the "symptom solution."

Symptom solution—Install a new sales process. This would be an example of stopping at step 1 and potentially implementing the wrong solution. Just because the closing ratio has dropped 15% in the last 18 months does not mean the sales process is the reason. It could be; however, it also could be a host of other issues.

The equivalent to a symptom solution would be waking one day and realizing your feet are sore from too much running. You immediately purchase new shoes. After 2 weeks, your feet are still sore. Why? You solved a symptom. Had you deployed diagnosis, you would have listed out all the potential root causes:

► Shoes are the wrong style

► Wearing the wrong socks

► Stride causing unnecessary impact on your feet

► You need fitted insoles

► You are lacing them incorrectly

It may seem like a simple comparison, but it is no different in the sales force. As the sales leader, problem-solving is a huge part of your role.

Diagnostic capability would vet this out in our second example:

► Has our ideal customer has changed? (Maybe the sales process is fine; it may be pointed at the wrong customer.)

► Are we generating enough leads? (Maybe the sales process is fine, but the sales force does not have a lead generation process.)

► Do we have a skill gap in our sales force due to the new products/services we have added? (Maybe the sales process is fine, but the sales force does not have the right competencies or they are not getting proper coaching.)

If it is a root cause, are they willing to undergo the disruption to solve the problem?

If it is Sales Process, will we take the time to properly train our team? Will we design a customized sales process mapped to the buying process, or will we cut corners and buy an off-the-shelf process? Will we do the required support around the process (customized courseware, training event led by our front line leaders, controlled pilot, reinforcement plan, leading and lagging indicator metrics, disciplined deal reviews)?

If it is Lead Generation, will we take the time to set up a true marketing department (hire an inside lead development team, install marketing automation, invest in a media plan, content creation and distribution mapped to specific buyer personas, create a lead management process and support it with business process)?

When we fix this one problem, we will create a new problem. How will we ensure we prepare ourselves for continued improvement?

If it is Sales Process and we go through the effort of installing a custom- built sales process, will we install a similar one for each of our buyers or will we expect a one-size model to work?

If it is Lead Generation and we install a world-class process that generates enough sales-qualified leads for the sales force, will we invest in a buyer-mapped sales process to enable them to go close more business? It makes no sense to generate leads in the top of the funnel if you don't have the right sales process to sell them.

When Lee Wood arrived at Thomson Reuters, he realized the need to protect the core business and layer on new business. He recognized that he could not just deploy an account management team, as this would create new problems. Lee took these steps:

► He deployed account management and new business resources regionally to create closer geographic coverage.

► He then created a strategic accounts team and separated 107 customers for strategic account management led by this team.

► To support this new strategic account team, the customers had shared with him they wanted more expert knowledge. Lee created specialist product and specialist sales positions.

► He then formed a strong sales operations function to measure and drive data integrity.

► Armed with a new organizational structure, Lee now:

  ► Changed Incentive Compensation and Quota setting to align with the new strategy

  ► Changed Inside Sales to go after new business to help support his new specialized outside focus

  ► Ensured there was the proper sales process for both new business and account management; this would then allow the new sales structure to yield the expected returns with greater focus on fewer accounts

To last in this business, the new sales leader must avoid thrashing. Proper diagnosis will prevent thrashing.

Chapter 2:
1 Simple Way to Connect Corporate to the Field

It takes 16 months to correct a sales strategy that is detached from the life cycles of the industry, company, and product.

What does it mean to have a sales strategy that is "detached" from the industry, company, and product?

Let's look at two scenarios. In scenario #1 you can see the life cycle stage of the industry, company, product, and sales strategy. The industry is mature, the company is in decline, the product is mature, and the sales force is in growth mode.

Scenario 1	Scenario 2
Industry	Industry
Company	Company
Product	Product
Sales Force	Sales Force
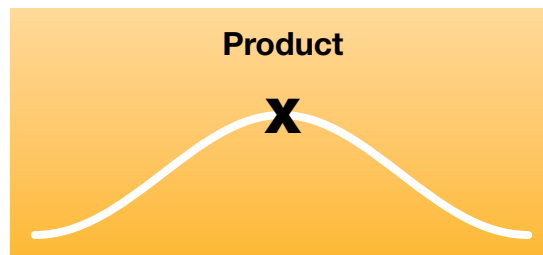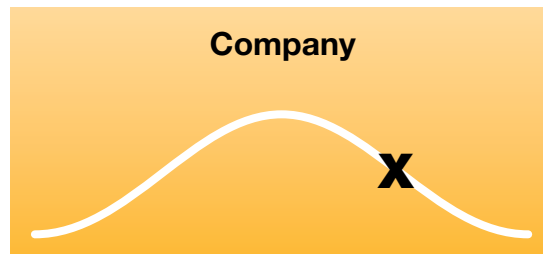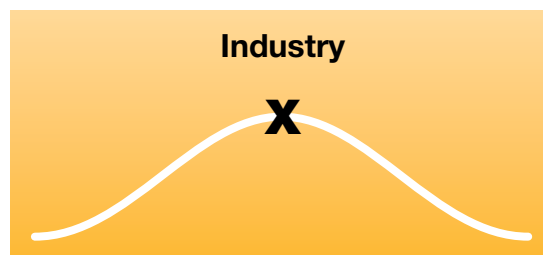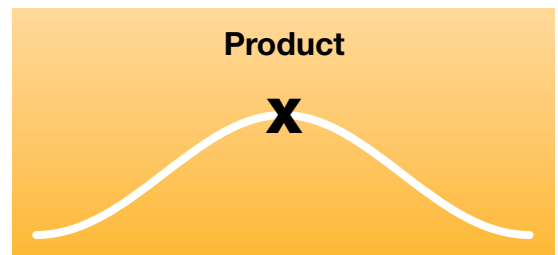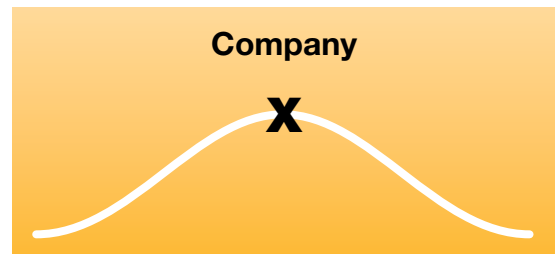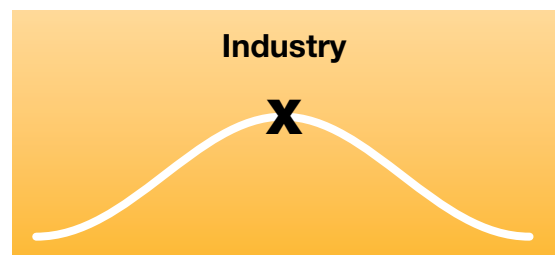
The brand new head of sales wants growth, and he wants it now. Yet, he is operating in a mature industry growing at the rate of GDP. The company that just hired him has been in business for several decades with many employees approaching retirement. The product he has been trying to sell is two generations behind the competition due to several years of neglect.

His sales strategy is based on growth and it is clearly detached from the environment in which it is operating. He has lots of head wind and no matter how talented he is he is unlikely to deliver sales growth.

In scenario #2, you can see the same life cycle stage of the industry, company, product and sales strategy. The industry is mature, the company is mature, the product is mature, and the sales strategy is mature.

The brand new head of sales has been hired to deliver growth. However, he understands that growth is relative, and is focused on growing faster than his industry peers. The company that just hired him has been in business for some time. The product he has to sell is a replacement product, satisfying existing demand with better, faster, cheaper features.

His sales strategy is appropriate, meaning it is developed with proper context. It is not detached from its environment. He is likely to deliver above-average growth with little-to-no field resistance. Glenn Collins from CDI said, "When I arrived at CDI, I had come from selling a more technical product that had a completely different set of buyers. I had to quickly orient myself with where the industry, offering, sales force and customers were on the maturity curve to ensure I deployed the right go-to market strategy."

Here is what this means to you, Mr. VP of Sales- poor personal income and wealth creation. The role of head of sales is often one of the highest paid in the company, usually second only to the CEO. Compensation comes in two forms; cash and equity. If your sales strategy is detached, then you will not hit the number for the year. There goes the cash variable component of OTE (on target earnings), which is likely to be 50%. As an officer of the company, you will be given equity that pays off if the share price moves over your vesting schedule. If your sales strategy is detached, the stock price will not go up, making your stock worthless. The offer looked great on paper, but never materializes. You've just wasted a few years of your career. Ouch.

Our researched revealed that, upon accepting a new position, successful sales leaders use a maturity model to prevent themselves from being detached. Here is an example of a Sales Management Maturity Model. Try and put yourself on this curve.

Level 1: Chaos (Ad Hoc Efforts)

Processes, if they exist at all, are ill-defined and unmanaged. Thus, the sales force is neither stable nor predictable. Maturity Level 1 sales organizations are characterized by a tendency to over-commit and under-deliver. They demonstrate inconsistent performance and are unable to repeat successes (if they occur at all) or even provide plausible explanations for them. Sales strategy is not documented, discussed or even thought of.

Level 2: Defined (Documented Processes)

Most sales strategy processes that support corporate objectives have been developed and documented. Maturity Level 2 organizations have invested in resource planning or sales analysis tools necessary to support the sales force, but processes have not been adopted throughout the organization. Though past accomplishments are at times repeatable on similar sales campaigns with similar scope, sales management cannot consistently depend on such outcomes. Success in these sales organizations varies from individual to individual and team to team. Fractions of the company have great adoption on things like sales process and talent management while others are ad hoc and undocumented.

Level 3: Reportable (Processes Adopted)

Sales strategies documented in Maturity Level 3 have now been thoroughly adopted. Maturity Level 3 sales organizations have made the commitment to drive processes and tools into the sales force. The change is represented by the fact that formalized aspects of the sales infrastructure— key account management, sales performance management, sales training, lead generation—have now been comprehensively implemented. Instead of a paper trail in formal documentation, Level 3 sales forces can point to behavior changes across the organization. Since the sales force has embraced discipline and supporting sales tools, past accomplishments are now repeatable, regardless of campaign type or scope. Sales management can now consistently depend on their execution.

Level 4: Managed (Quantitative Sales Management)

The sales management team relies primarily on quantitative internal data to manage the sales force and execute the sales strategy. Maturity Level 4 organizations have developed and published a series of leading indicators of sales success. They have connected these indicators to sales process so that a defined series of these metrics motivate, measure, and predict sales force results. The quality of sales analysis consistently improves, which drives increased depth in resource planning.

The result of this analysis is an understanding of how to maximize sales rep productivity. Sales management sees this data as a key to unearthing future improvement opportunities and in making even more routine decisions. Problems in Level 4 organizations can often be identified by sales management before they significantly impact performance due to the focus on leading indicators.

Level 5: Predictable (Predictive/Causal Sales Management)

The sales management team has advanced to the point of being able to sufficiently predict sales performance and understand causality. Sales analyses are leading indicators of success that are regularly captured and benchmarked against external data sources. These organizations ensure the execution of their sales strategy is exceeding peer group medians and achieving world-class status where possible. Level 5 organizations focus on continually implementing incremental and innovative process improvements. In order to execute, Level 5 organizations leverage the participation of an empowered sales workforce aligned with stated business objectives.

Assess your place on the **maturity model.**
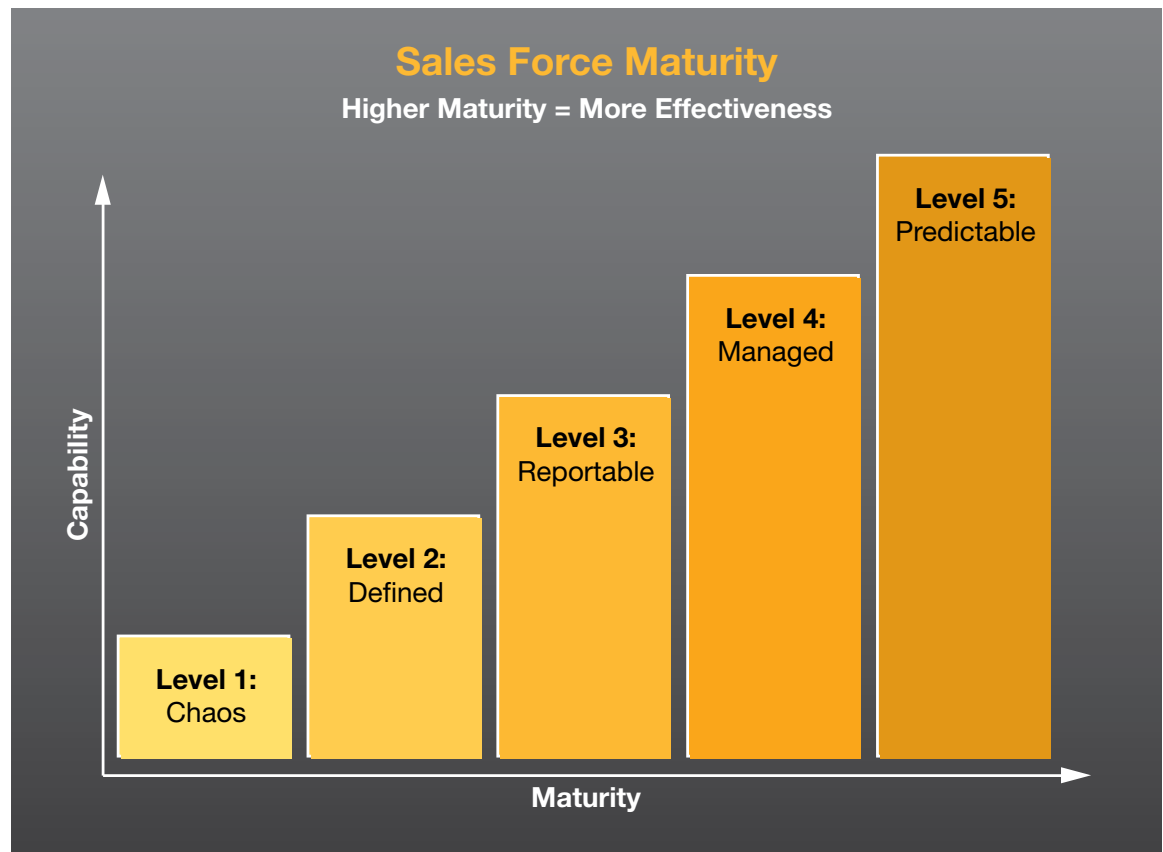
If you are going to beat the odds, avoid becoming detached.

Chapter 3:
3 Solutions to Help You Prioritize Sales Improvement Efforts

"As an outsider, you can come up with the new ideas but in a strong culture you will be rejected. Use the insiders and informal leaders to help you drive the right change in the right order through the organization." — John Gleason, Ryder

2/3rds of sales leaders hired between mid-2009 and mid-2011 attempted the installation of best practices out of order.

The third root cause of new sales leaders failing inside of 6 quarters is poorly sequenced initiatives. Sequencing is defined here as applying order to sales improvement initiatives. For example, some new sales leaders purchase sales force automation software (such as Salesforce.com) before they implement a sales process. The result is automated chaos with the sales force working for the software tool instead of the software tool working for them. If a sales process was defined first, in its proper order, with sales force automation coming afterwards, reps would be adopting the sales methodology with automated efficiency. The software tool will have achieved its goal of making the reps life easier. (Note: Selling Power Magazine reports 7 out of 10 sales force automation projects fail. I suspect improper sequencing is the primary culprit.)

Other common examples of improper sequencing cited in the research are:

► Sales compensation plans implemented before new quotas are established

► Go-to market strategies launched around vertical industries before industry revenue potentials are determined

► Sales Training initiatives kicked off prior to sales skills assessments are conducted

► Head count added before optimal coverage models are determined

► Indirect selling channels recruited to sell a company's products before a channel management program is defined

► Etc.

The impact of the lack of sequencing is a blown honeymoon period. Every CSO is given a honeymoon period-- approximately 3-6 months where the CEO and CFO will allow you to experiment and get grounded. They will let the VP of Sales bring his wish list into the office and make a few changes. One of the keys to this is ensuring quick wins in the sales force as you make change. As you come out of this period, the expectation is that you

have conducted your due diligence and defined the sales strategy. Don't blow through this grace period. Get your sequence right.

"I spent 60 days on the road and brought the team together to build a set of goals. We then sat the entire management team, laid out our roadmap, including what was required from each and asked for buy in. From there, it was about execution; they knew what we were doing, in what order and why." — Alex Shootman, Eloqua

In contrast, the new sales leaders that won in the first year deployed structured thinking. They focused on sequencing their improvement efforts in a way that the organization could digest the change and build on it.

The Sales Force Assessment Framework is a planning document a CSO can use. The order of the improvement efforts is as important as which ones are chosen. Here are the top 3 activities the best CSOs in our study told us they did in their first 90 days:

1. **Framework:** The best CSOs used **this Framework** to help Sequence improvement efforts.

2. Stakeholder Analysis: Use a Venn diagram analysis to help you examine your four key Stakeholders and what matters most. The stakeholders we saw the best VPs of Sales use in analyzing their sales strategy were:

   ► Corporate

   ► Customers

   ► Competitors

   ► Field

The key to using the Venn is to isolate each individual stakeholder as its own group to be assessed. Spend time understanding what the biggest problems are in the sales force through the lens of each. After looking for correlations between the four groups, you will be able to succinctly define your areas of focus. The key then becomes determining which improvement efforts you tackle first and how. On the following page are some examples for each of the stakeholders.

   a. **Corporate:** How was the current go-to market strategy created? In its most successful time, what was happening internally and externally? Are the same people still there? Paul Rolls from IDT told us, "I knew the company was ready for change because they came to the outside. I used the interview process to understand how my executive peers viewed the sales force. I took this time to ask them what they envisioned as an optimal sales team so I had their feedback from Day 1."

Sales Force Assessment Framework

STEP		
1	**Develop Sales Strategy**	
2	**Develop Go-to-Market Plan**	
3	**Design Sales Force**	
4	**Build Infrastructure**	

Account Segmentation
Segment accounts by ideal Customer Profile

Lead Management
Generate MQL/SAL/SQL

Sales Process
Map customer/prospect buying process to custom built sales process

Channels
Determine optimal route to market

Sales Force Structure
Organizational model effectiveness vs. efficiency

Sales Force Size
Match selling capacity to market demand

Sales Infrastructure
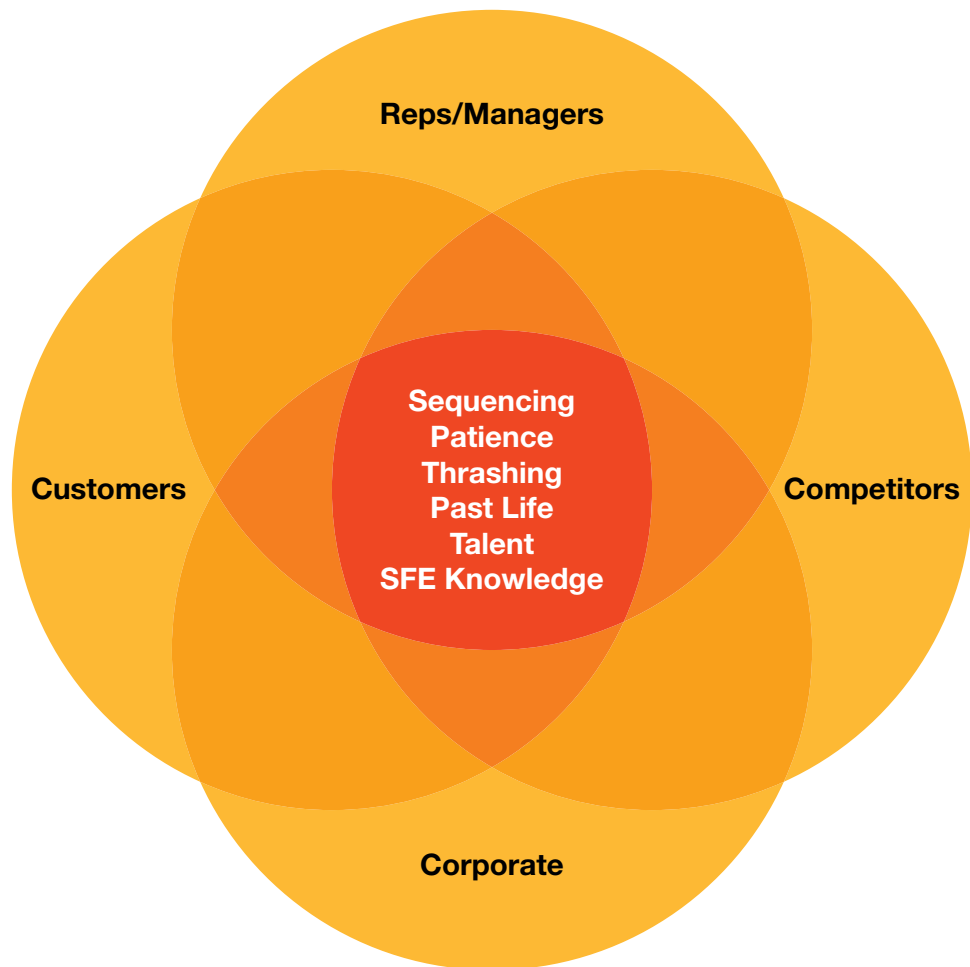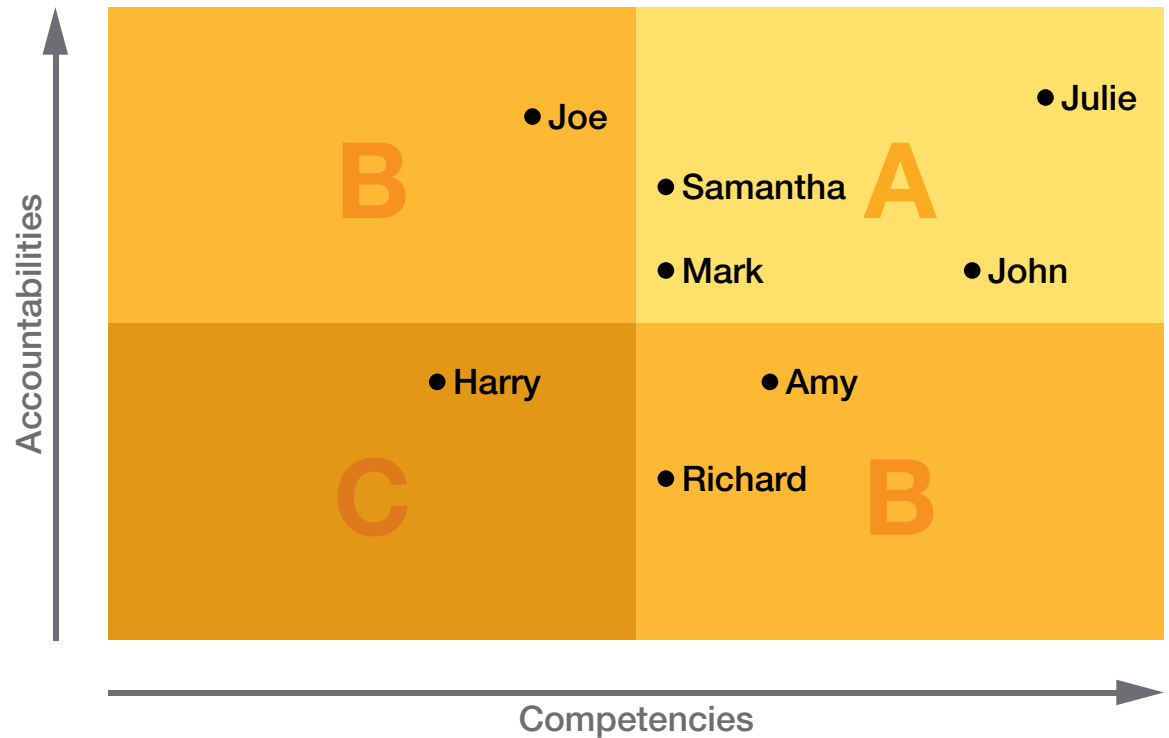Create performance conditions for optimal results

b. **Customers:** Understand what customers value vs. what the company says they value. Often times, the peers of the CSO will tell him what he should focus on and what customers value. Be skeptical. Find out for yourself by spending the time in the field and seeking to understand the customers' view of what your company does well. The outward-in approach (customer to the company) vs. inward out (company to the customer) was a best-in-class tactic deployed by those sales leaders that cleared the 18 month hurdle. "When I arrived at Kindred Healthcare, I had deep experience in healthcare. I saw the strategy Kindred was deploying be successful in the past. But I also took the time to understand from our customers' view why past initiatives had failed. I thought through our upcoming change initiatives around those Kindred had completed successfully through the eyes of our customers." — Barry Somervell, SVP Kindred Healthcare

c. **Competitors:** Where does your sales force rank relative to your peers? What markets are they dominating that you want to grow share? The best CSOs we studied do more than just identify the competitors. They call them out and publish a sales performance dashboard relative to both the peers and to the industry. This is reported quarterly to the CEO. Chris Jones from Pros told us, "When I arrived I walked into a situation where our market, our product and our competitors were all well identified. We knew what needed to happen to differentiate and once we published this charter, we centered our improvement efforts around outselling our competition quarter by quarter."

d. **Sales Force:** The leaders that eclipsed the 18-month time horizon made front line involvement a key activity in the first 90 days. Greg Nelson at Forrester said, "I did sales calls right away, I did not allow myself to make decisions about the business by being at headquarters." Our research showed that involvement with sales people on the front lines is ignored. We don't understand why. You are a sales leader. Ride with sales people in every market/geo/business unit. Ask them what they would change about the go-to market strategy. How is the sales compensation plan? Do you see evidence of a robust talent management program? Ask for the most recent assessment of the sales reps from the sales management staff. Who are the 'A' players? Assess your front line sales management team. What did you inherit?

When John Gleason arrived at Ryder, he walked into a company with 70 years of history and a deeply entrenched culture. They had never hired a sales leader from the outside. "I knew one of my advantages was bringing outside ideas to the table to ignite the growth rate. In order to do this, I had to understand where all of my sales leadership (front line and executive sales management) was on a capability curve. I took the time to have an objective assessment done that helped me understand where they were strong and where they needed coaching. I overlaid this with the results of each. These two views gave me a view of what I was going to market with."

John's focus on people was something all VP of Sales do; however, many do not use the right framework of accountabilities (results) and competencies (behaviors). A best practice is to do this in the first 90 days and then a minimum of once per year. **<u>Perform a talent review on your sales force.</u>**

Reps/Managers

Customers

Competitors

Corporate

**Sequencing
Patience
Thrashing
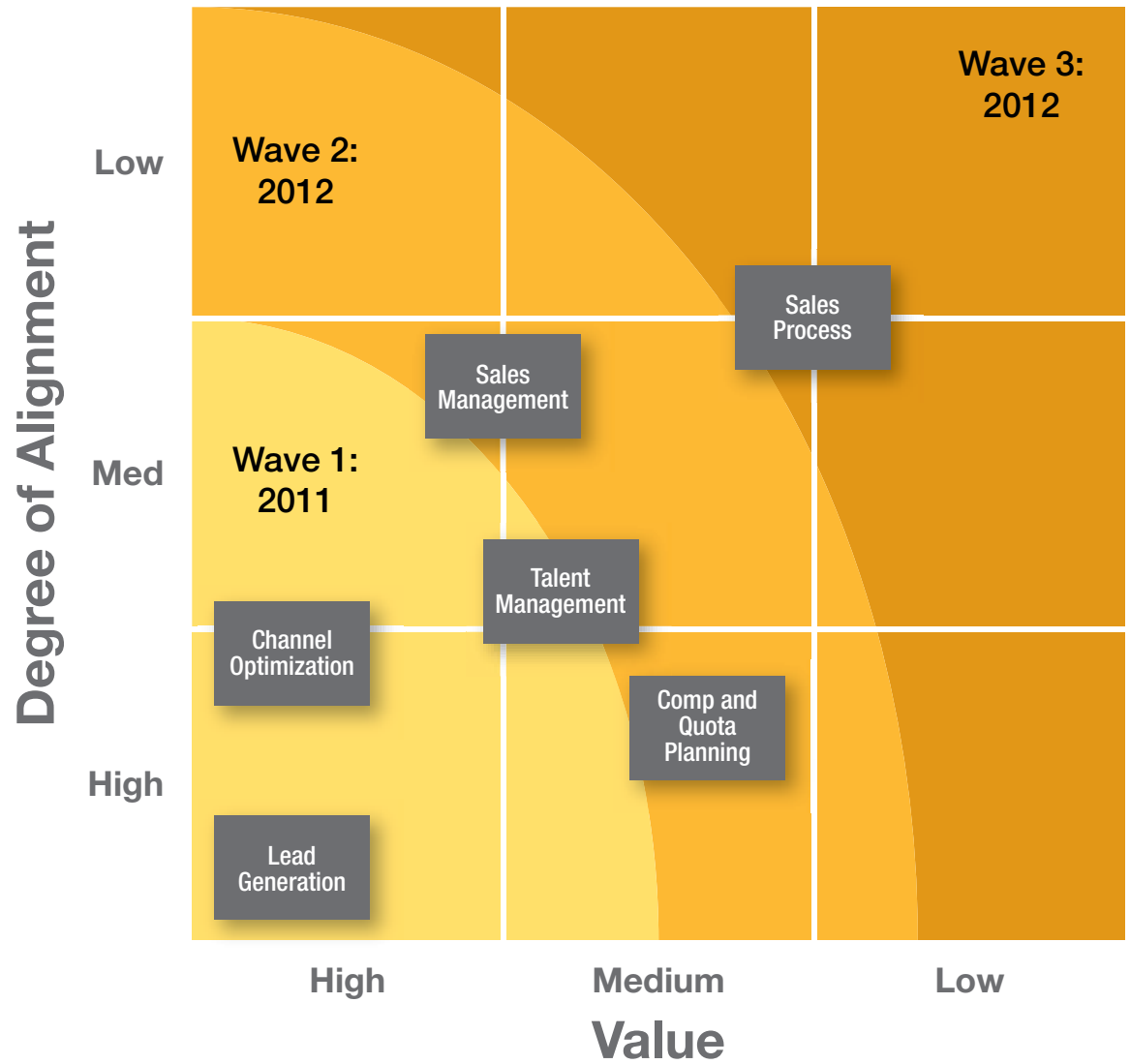Past Life
Talent
SFE Knowledge**

Disruption

You have to be able to manage disruption. In order to do this, make your improvement efforts in a logical order starting in Sales Strategy and working sequentially down through Sales Infrastructure. As you solve one problem, you will create another (disruption). For example, if you stand up a great Lead Generation system and begin filling the funnel with qualified leads, you will have created a Sales Process problem. If you don't have a Sales Process mapped to how the customer buys, your Lead Generation solution is immediately a bad investment. Measure the time and pace of change you embark upon; some organizations are much more adept at absorbing change with minimal disruption than others.

At Thomson Reuters, Lee Wood recognized disruption was something he would need to manage around. Lee saw success through plans and an individual ability to plan the work at a pace the sales force could digest. "We decided territory and account level plans that included tangible measure of success would be our first foundation. This sounds basic but it was a shift. I know we had to mobilize a large sales force to take responsibility as business people not sales contributors. The process of planning revealed untapped opportunity across their accounts which could be enjoyed especially if they collaborated with their operational peers in the business units." Lee was being asked to achieve the corporate sales goals, and methodical planning formed a key part of the formula for success. He leveraged the business units' involvement to move the growth strategy from a sales initiative to a company strategy.

See the output produced by a new VP of Sales on the next page.

Sequenced Road Map

Degree of Alignment (vertical axis: Low, Med, High)

Value (horizontal axis: High, Medium, Low)

Wave 2: 2012

Wave 3: 2012

Wave 1: 2011

Sales Process

Sales Management

Talent Management

Channel Optimization

Comp and Quota Planning

Lead Generation

Understanding which order to follow will help you thrive beyond 6 quarters.

Chapter 4:
6 Questions to Ask Before You Start

The final root cause of new sales leader failure is alienation. This occurs when the new VP of Sales inadvertently isolates himself from the rest of the organization. He feels that creating an "us vs. them" mentality will rally the sales team to greatness. It actually has a reverse effect. Collaboration is a crucial element that allows the sales leader to execute change initiatives and drive the new sales strategy. If the CSO is culturally rejected, the sales team will fail and the best people will leave.

Many CEOs do not know how to guide and support their sales leader through a sales transformation. This knowledge gap creeps into the executive team, and the result is that many great ideas are never implemented.

We found that the makeup of the executive team was a significant predictor of success or failure. Functional executives have often spent time working in various roles in their specific function. They have grown up as functional experts and in doing so understand two of the three key pillars of strategic excellence.

1. **Product Differentiation (innovation—Apple)**

2. **Operational Efficiency (cost management—Walmart)**

3. **Customer Intimacy (customer experience—Ritz Carlton)**

Customer Intimacy is where we found the largest gap exists. Unfortunately, this is where the sales force resides. If the executive team has not spent time in their careers in customer-facing roles, they will not be as quick to support a change in the sales strategy. Whatever the change is, it is critical the sales leader has the full support of his peers. Barry Somervell from Kindred Healthcare said he studied change across various businesses and sports teams prior to his start. This prepared him to take on a change transformation. "One of the first things I recognized was we had distinct silos. Our business is dependent upon high quality service delivery in the field. We went from a functional sales organization to a matrix which forced more collaboration in the field. We set strategy around collaboration. We aligned incentives that were tied to all people in the field working together. Operations could not win while sales lost and vice versa. The result was 10% admissions growth in year 1."

The impact of not knowing how to work within the system is Job Regression. The VPs of Sales that are not able to successfully execute a sales transformation are branded as those who "shatter the glass". These sales leaders will never be able to progress from a small company to a midsize company and eventually upward to a Fortune 500 company. You have been rejected and are branded as unmarketable. We saw this in many of the senior

sales managers and directors we interviewed. The reason they were not in the top job was not skill; it was inability to work across the organization as a change agent.

In contrast, we found the way to avoid alienation is to understand the level of disruption the culture can handle.

Sales leaders cannot be successful in a vacuum. We know a great sales person can't be successful without great R&D to design the products, superior delivery, customer support, and consistent billing, for example. The VP of Sales is no different. He must be aligned with his peers.

"I knew I could get more done through my peers vs. going around my peers. I focused on being objective and ensuring the sales department was optimized before I pointed any fingers at other functional groups." — Alex Shootman, Eloqua

The sales leaders that had the most success in the first 18 months assessed the organization's appetite for change. Why now? Why in this manner? If you do not see a team that will support the change process, you will fail. You can hire the best people and have the best sales strategy, but without a willingness to disrupt the current state the new sales leader will not be successful. Trying to determine what level of disruption the company can handle? **Download our Risk Assessment** to perform an analysis on your company.

Another tool to avoid alienation is the peer interview. You are doing this with one reason in mind: **Identify the agility of the executive team.** Each of the questions in the interview is focused on one's ability to move towards a better future state. After each question, we have included a "tell" - what does this question tell you about the executive and the environment ? Two examples are listed below. You may also **download the complete interview guide.**

Risk

Tell me about the biggest risk you have taken in your current role. What was the result? (Tell: Is this a culture that encourages risk? How does this leader view risk and what is their appetite? If you are going to drive change, you will need to take risks and they will need to be supported.)

Failure

Tell me about the biggest failure you have had in your current role. What happened, why do you think you failed, and how did you go forward? What lesson can I take from your failure? (Tell: How does the culture view failure? Do they see failure as a good thing because the organization is trying new things, or do they shy away? Is it a company where people hedge and play to not lose vs. play to win?)

Chapter 5:
The VP of Sales Benchmark Assessment

The purpose of this book is to put a stop to sales leaders getting fired every 6 quarters. The evidence shows that if you follow the advice provided by your peers in this book, you can make it. We are pulling for you. Break a leg.

If you want to be sure, here is one last tool for you. We have assessed thousands of sales leaders and think there are some common competencies of great sales VPs.

The performance of the sales leaders we interviewed was driven by their "make up". There was consistency in the competencies of these top sales leaders. Download the **VP of Sales Competency Review** and rate yourself against the best in class. You may not control your organization, but you have control over yourself.

Enjoy the journey! Getting there is the fun part. **Review your sales strategy** to understand the criticality versus proficiency rating for your organization.

About the Authors

Matt Sharrers
Partner at Sales Benchmark Index

Matt is an industry thought leader in sales and marketing with more than 15 years of experience leading businesses and people with responsibility for sales and marketing teams throughout the world. Since joining Sales Benchmark Index as the 4th employee, Matt has helped grow one of the most influential organizations in Sales Improvement industry worldwide.

With Sales Benchmark Index, Matt has worked across multiple industries and at hundreds of companies large and small including: Integrated Device Technology, Safety Kleen, Informatica, Illumina, Franklin Covey, Ryder, Danaher and Brambles.

Matt is a featured speaker on XM radio and the National Speakers Association.

Prior to his current career as a management consultant, Matt held an executive sales leadership position at Cintas, a Fortune 250 multi-national company. He has traveled extensively to Asia, Europe, South America, and throughout North America developing a global sensitivity needed in today's competitive marketplace.

Matt is a former member of the Canadian national hockey team and lived in Europe playing professional hockey.

Matt has a BA in History from the University of British Columbia.

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Greg Alexander
Chief Executive Officer

Greg Alexander serves as CEO of Sales Benchmark Index (SBI), a professional services firm focused exclusively on sales force effectiveness.

Greg's recent client list includes: Adobe, Eloqua, Reed Elsevier, Emerson Electric, Fairchild Semiconductor, Forrester Research, Integrated Device Technologies, Terremark, Ryder, Phase Forward, Safety-Kleen, Genzyme Biomedical, ConocoPhillips, Dow Jones, Kronos, and others.

Sales and Marketing Management Magazine named Alexander "Sales Manager of the Year". Alexander's work has been profiled in The Wall Street Journal, MSNBC, Fortune Magazine, Inc. Magazine, Investor's Business Daily, etc..

Greg Alexander is also the author of three critically acclaimed books:

► The CEO's Guide to Getting More Out of the Sales Force (2010)

► Making the Number: How to Use Sales Benchmarking to Drive Performance (2008)

► Topgrading for Sales: World-Class Methods to Interview, Hire, and Coach Top Sales Representatives (2008)

Prior to SBI, Alexander served as Vice President of Sales and Marketing at Recall Corporation. In addition, Alexander spent 10 years in sales management at EMC Corporation, known as the "gladiator academy for sales people."

He earned an MBA from Georgia Tech and an undergraduate degree from the University of Massachusetts.