

Foreword by **Gerhard Gschwandtner**
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THE HIGH-IMPACT SALES MANAGER

**A No-Nonsense, Practical
Guide to Improve Your
Team's Sales Performance**

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The skills, techniques and models shared in this book are based on proven methodologies and practices employed by Sales Readiness Group (SRG) to help clients improve sales performance.

With this in mind, we thank the entire SRG Team for their ongoing commitment to developing and implementing industry leading sales and sales management training programs.

Contents

Foreword	1
Introduction: Transcending the Daily Grind	5
 Section 1: Sales Management Challenges	9
Where Do Great Sales Managers Come From?.....	11
Sales Management Time Trap	13
 Section 2: Building A Great Team	15
Developing a Job Profile.....	18
Sourcing Candidates	23
Screen Resumes.....	25
Conduct Phone Interviews	26
In-Person Interviews	29
Selecting the Right Candidate	32
 Section 3: Managing Your Team	35
Behavior-Based Performance Management.....	37
Communicating Expectations.....	41

Managing Performance Gains and Gaps	44
Performance Counseling	49
Section 4: Managing the Sales Pipeline.....	57
Avoiding a Bloated Pipeline	60
The Relationship between Sales Process and Pipeline....	62
Three Steps to Improve Forecast Accuracy.....	63
Section 5: Coaching Your Team	69
Sales Coaching Mindset.....	71
Two Types of Coaching.....	75
Co-Assessment.....	85
Three Types of Calls.....	86
Five-Step Process for Sales Coaching	88
Managing Resistance to Coaching.....	96
Are You a Good Coach?.....	101
Section 6: Leading Your Team.....	105
Developing and Achieving Your Sales Vision	107
How to Make Important Decisions	112
How to Influence Your Team	116
Six Common Motives of Salespeople.....	120

Confidence in Your Team.....	124
Transforming Into a High-Impact Sales Leader.....	127
Appendices	131
A: Candidate Selection Tool	133
B: Sales Performance Causes/Action Flowchart	135
C: Sales Coaching Plan.....	137
D: Coaching Call Observation Form.....	139
E: VisiPlan Tool	141
Glossary.....	143
About the Authors	147
Norman Behar.....	147
David Jacoby.....	148
Ray Makela	149
About Sales Readiness Group	151

Foreword

In 40 years, I've seen a lot of change in the sales profession. From technology tools, to social media, to mobile devices, we're surrounded by solutions that promise to make salespeople and managers more productive and effective.

Ironically, however, these elements have not necessarily made it easier for sales managers to figure out how to master their craft. On the contrary, we are producing a generation of sales leaders who are rich in technology but have little to no idea of how to properly build, grow, and manage their teams. The art of sales management remains elusive.

Poor sales management is a real liability. In fact, the effectiveness of frontline sales managers directly correlates to a company's capacity to increase revenue and post consistent profits. That's because sales managers do the hard work that greases the wheels of success. This includes hiring the right people, producing accurate forecasts, coaching middle performers to close more

The High-Impact Sales Manager

deals, and leading their teams to success. These are all basic building blocks of a high-performance team.

The principals at Sales Readiness Group understand this inside and out. They have spent more than 20 years helping sales managers create elite sales teams. Their insight regularly helps sales managers achieve the necessary perspective to realize short- and long-term goals, learn vital management skills, and avoid common pitfalls. In short, they help sales managers get the kind of results that keep companies on the path to profitable growth for years to come.

That's why I'm excited that the principals of Sales Readiness Group have taken the time to write this book. *The High-Impact Sales Manager* will give any practitioner a comprehensive framework for sales management success in the key areas of hiring, coaching, performance management, motivation and leadership. For anyone who wants to achieve increased levels of success in sales management, this book should be on your required reading list.

At the end of the day, everyone in a sales organization has a desire to be successful. Salespeople want to compete to beat quota and win recognition and rewards. Sales managers want to make sales productivity and performance soar. CEOs want to see record-breaking profits. The key

to fulfilling these goals does not lie solely in the newest devices or technology tools. It also lies in the simple habit of taking a step back from the daily grind to seek new insight and wisdom. With that in mind, I wish you great success as you learn and apply the skills and techniques from *The High-Impact Sales Manager*.

Gerhard Gschwandtner
Founder and publisher
Selling Power magazine

Introduction

Transcending the Daily Grind

The sales manager's job is one of the most challenging in a sales organization. Performance metrics are visible to the entire organization, management pressure to "hit the numbers" is intense, and the pace of managing a sales team can be overwhelming. Many sales managers find that they spend much of their time putting out fires, and moving from problem to problem. Their days consist of an overwhelming number of activities including responding to urgent requests from their bosses, resolving customer issues and complaints, and dealing with disgruntled employees.

In addition, they find themselves sitting in meetings that go on too long, and submitting countless sales forecasts to satisfy upper management. As a result, sales managers get caught up in a daily grind and end their workweek exhausted and feeling like they have little control over their destiny. They are also frustrated knowing that the cycle will repeat itself the following Monday. The toll on the sales manager is significant and can also leave his or her salespeople feeling rudderless.

But it doesn't have to be this way. Based on our experience leading, coaching, and training sales teams, we have developed a simple and powerful program that includes the systems, processes, skills, and techniques to allow you to become a High-Impact Sales Manager.

The High-Impact Sales Manager

The High-Impact Sales Manager transcends the daily grind and is both confident and enthusiastic, knowing he or she is leading and empowering the team to achieve unparalleled success.

In the following sections you will learn how to overcome these challenges, hire the best people, manage sales performance, produce accurate sales forecasts, provide coaching that drives performance, and lead your team to greatness.

Section 4

Managing the Sales Pipeline

Managing the sales pipeline is a critical aspect of managing team performance. If you were promoted from the field, you probably already know that the sales pipeline holds information about pending sales opportunities, and consists of various stages relating to the advancement of those opportunities. However, the salesperson's relationship to the pipeline is materially different from that of a manager.

For the manager, the pipeline has two primary functions. First, it's a coaching tool. The information in the pipeline will provide structure and focus for the weekly discussions you'll have with salespeople. The aim of these discussions is to develop strategies that help salespeople advance their sales opportunities and close more deals.

Second, the pipeline is now a reporting tool. You'll use pipeline metrics to create sales forecasts, which get handed off to upper-level managers and executives so they can see how much revenue the sales team is expected to bring in for the month or quarter. You should always be mindful that the executive team wants to see 1) an accurate forecast, and 2) higher win rates.

Salespeople have a much different relationship with the sales pipeline. For one thing, they are eternal optimists—no matter how long a deal has been lingering

in their sales pipeline, they believe that a “yes” is just around the corner. Your average salesperson also believes that his or her manager will respond more positively to a full pipeline (even if it is full of dormant opportunities). Compounding this problem is the tendency of salespeople to avoid labeling stalled opportunities as “inactive” because they perceive that it will be a poor reflection on their selling skills.

Avoiding a Bloated Pipeline

Twenty years ago or more, it was far easier to avoid a bloated sales pipeline. That’s because managers and salespeople typically tracked opportunities on a white board. Since space was limited, the sales funnel on the white board was reserved for active opportunities. This sales funnel was then used as the basis for weekly reviews with each salesperson. The manager would ask a series of questions:

1. “What sales calls did you go on last week, either with new or existing clients?”
2. “What are the key action items from each call?”
3. “Are there any new opportunities we should add to the sales funnel based on these meetings?”

4. “How about existing opportunities? What do you see as next steps with each opportunity?”

Frequently, the manager and salesperson would discover that some opportunities had stalled. Without a strategy to reengage or advance the opportunity, the opportunity would be taken out of the pipeline; however, the salesperson would keep that prospect on his or her radar as a an opportunity to reengage or pursue in the future. This practice helped keep the pipeline from becoming cluttered with deals that weren’t likely to close that month or quarter.

This discipline is often missing in an age where pipelines are managed in CRM systems with unlimited storage capacity. Salespeople are asked to enter every new opportunity into their CRM system in order to share information across the sales organization, and then to advance the opportunity through various pipeline stages until it is either “won” or “lost.” Although CRM systems substantially increase pipeline visibility (a good thing), they can also quickly become a wasteland for older, inactive, “stuck,” and—in many cases—unqualified opportunities.

Over time, the pipeline becomes bloated with opportunities that are in different stages for widely disparate time periods. Since this information is readily

available and tracked by senior sales leaders, they want to know which opportunities are realistic, how soon those deals might close, and why such a high percentage of opportunities seem to be “stuck.”

This is certainly not a criticism of CRM systems, but it does help explain the mandate for better pipeline management.

The Relationship between Sales Process and Pipeline

Why do upper-level executives want accurate forecasts? They use the projections contained in the sales forecast to make countless decisions—from production capacity, to hiring decisions, to investment decisions. Other than gut feel and past experience, most sales managers don’t have a defined process for how they arrive at these numbers, or an explanation as to why they think their current forecast will be more accurate than the forecast from last month or quarter.

When sales teams use CRM systems to manage the sales pipeline, they typically match the progression of a deal to the stages of their sales process. While there is nothing fundamentally wrong with converting your sales process into pipeline stages, it is essential that the

criteria associated with each stage (i.e., the things that need to occur before an opportunity advances to the next stage) are driven by customer actions. In other words, the customer actions, not the salesperson's activities, need to trigger advancement through the sales pipeline.

For example, it is a lot more meaningful for a design firm to have “customer signs off on a prototype” as a criteria to advancing to the next stage in its sales pipeline rather than “prototype has been submitted to the customer for approval.” Although both actions are necessary, only the customer's actions move the opportunity forward through the sales pipeline.

Three Steps to Improve Forecast Accuracy

Given these challenges, here is a process you can use to help your sales team better manage opportunities and eliminate “bloat” from the sales pipeline.

Step 1: Develop Objective Criteria

A critical first step in avoiding a bloated pipeline is developing objective criteria for each stage of deal progression. Before an opportunity can advance from one stage to the next, it must meet certain criteria. As

an example, before an opportunity can leave the “needs discovery” stage, the following criteria must be satisfied:

The customer ...

- has acknowledged a business need.
- understands economic consequences of solving problem.
- has identified a budget to address the problem.
- has agreed to a solution presentation on a specific date.

We have worked with many sales teams where the criteria were fuzzy or, worse, non-existent. In those cases, salespeople and their managers moved opportunities through the pipeline based on subjective judgments. Not surprisingly, without objective criteria in place to check the salesperson’s natural enthusiasm, these teams had bloated sales pipelines with a significant number of opportunities languishing in the earlier stages of the pipeline.

By including objective criteria for each stage, you can review and confirm the opportunity has actually met the criteria. You can also apply more consistency to how various salespeople categorize their respective opportunities. This ensures a cleaner, more accurate, pipeline.

Step 2: Assign Reasonable Probabilities

Each stage in the pipeline should include a probability factor based on an analysis of prior wins and losses. Going back to our example above, you may use historical data to reasonably assign a 25 percent probability of closing for opportunities in the “needs discovery” stage.

CRM systems typically pre-assign probabilities based on the sales stage. These pre-assigned probabilities may be very different from your actual experience and, as a result, will lead to inaccurate forecasts. Carefully consider whether these default values are accurate and whether each opportunity “deserves” to be classified at that stage based on your objective criteria. Remember, explaining how your team beat projections is a far more appealing task than explaining why you came up short.

In pipeline review meetings, ask the salesperson to predict not only when the deal will close, but also when the customer will take the next set of actions required to advance the opportunity. This “next action date” can be critical to determining when a deal is stuck. When the salesperson fails to get commitments from the customer based on the established criteria, then you should adjust the close date and/or decrease the probability factor.

During a pipeline review, salespeople frequently get very uncomfortable “committing” to a specific sales forecast. Why? Because they intuitively know that many of the deals in the pipeline won’t close by the date they entered into the CRM system, or they have numerous deals they know are dead but they haven’t wanted to remove them from their pipeline until they are able to replace them with new opportunities.

One suggestion to better manage the pipeline is to create a contest that rewards the salesperson who come closest to the number he or she forecasted at the beginning of the month or quarter. By getting a commitment to the forecast and reviewing it at the end of the month or quarter, you can increase the level of visibility and attention from your salespeople and reinforce the importance of managing the sales pipeline.

Step 3: Track Velocity

The velocity of a sales pipeline is the speed at which the opportunity is advancing through the sales pipeline. The key considerations here are the overall amount of time an opportunity has been in the sales pipeline, and, even more important, how long the opportunity has been in the most recent sales stage. One of the most effective ways to avoid a bloated pipeline is to specify how many days an

opportunity can remain in a particular stage before the status is changed to “inactive.” By taking this approach, inactive opportunities are managed separately and do not inflate the sales forecast, which should be solely based on active opportunities.

As an example, in a business where the sales cycle averages six months, it might make sense to assign opportunities that have been stuck in a particular stage for 60 days to the “inactive” stage. Inactive opportunities can then be reviewed separately and not factored into the sales forecast until they meet the criteria to advance to the next stage.

By assigning objective criteria and reasonable probabilities to each pipeline stage and eliminating inactive opportunities, you will rationalize the sales pipeline and create consistency across the sales team; this will result in better, more accurate, sales forecasts.

Key Pipeline Management Takeaways

- **Avoiding a Bloated Pipeline:** More opportunities do not equate to a better pipeline. More “active” opportunities is the goal.
- **Objective Criteria:** Develop objective criteria for each stage of the pipeline based on customer-driven actions.
- **Sales Forecasts:** Assign reasonable probabilities to each stage of the pipeline. It is better to err on the conservative side and make sure your forecast is only based on “active” opportunities.
- **Track Velocity:** Determine a reasonable time period for each stage of the pipeline based on your sales cycle. Opportunities that exceed the allotted time should be designated as “inactive” until they progress to the next stage.

About the Authors

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Norman Behar is a proven sales leader with over 25 years of CEO and senior sales management experience. He is recognized as a thought leader in the sales training industry, and has worked with clients in a wide range of industries including financial services, healthcare, technology, manufacturing, and distribution. Norman's white papers and blog posts are frequently featured in leading trade publications. Previously, Norman served as President and CEO of Catapult, Inc., a leading provider of personal computer training services, where he oversaw operations and managed growth prior to the company's acquisition by IBM. Norman received his B.A. from the Foster School of Business at the University of Washington, where he graduated Summa Cum Laude.

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Ray Makela has over 25 years of management, consulting, and sales experience. As a Managing Director at Sales Readiness Group, Ray currently oversees all client engagements. Previously, Ray served as Chief Customer Officer (CCO) at Codesic Consulting, where he was responsible for business development, managing customer relationships, and the development and implementation of Codesic's sales-training initiatives. Ray has also held management positions at Accenture and Claremont Technology Group where he was a management consultant in the Change Management practice. Prior to his consulting career, Ray served as a Division Officer and NROTC Instructor in the US Navy. Ray earned his B.A in Speech Communications from the University of Washington and an M.P.A. in Public Administration and Information Systems Management from the University of Southern California.

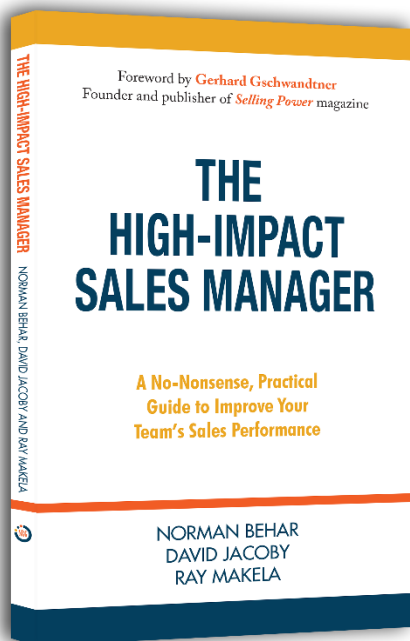
About Sales Readiness Group

Sales Readiness Group (SRG) is an industry leading sales training company that helps businesses develop highly effective sales organizations. SRG solutions include comprehensive sales training, sales coaching, and sales management programs that deliver sustainable skills improvement.

SRG sales training programs are customized to meet its clients' specific requirements. SRG training programs include:

- Industry leading training content.
- Customized case studies, examples and exercises.
- Pre and post training assessment.
- Experienced, engaging facilitation team.
- Comprehensive reinforcement programs.
- Integrated technologies to promote skills adoption.

To learn more about how SRG can help you improve sales performance, visit www.salesreadinessgroup.com



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