## Chapter IV
Managing the Sales Performance Wheel

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Chapter IV
Managing the Sales Performance Wheel

4.1 Introduction
This chapter traces the evolution of sales management, explores the need for “Managing” the sales performance wheel, and then discusses on the various components of the sales performance wheel including alignment of buying and selling process, sales strategy, the five different sales processes, the sales organizational structure, the sales management system, the sales management style and the sales enablement.

4.2 Evolution of sales management
Sales management as a practice has undergone several metamorphoses. A few decades back, sales management was synonymous with management by objectives. Result targets were told to the sales person and they were expected to achieve these targets. It was more of a top-down approach and sales supervisor was expected to “whip” the sales team to achieve results at any cost. This was akin to the “outcome-based” approach as defined by many researchers. This was akin to managing by hope since the sales supervisor just hoped that his team would achieve results, quarter after quarter.

The next phase of sales management moved from top-down approach to a more participative approach. The salesperson was asked about the market condition, competitive forces etc. and targets discussed rather than downloaded. Since there was a good amount of discussion, the sales team felt a little more motivated.

The participative based approach then gave way to a more active role by sales supervisors. Once the targets were discussed and agreed upon mutually, the sales supervisor would use a “behaviour-based” approach. They would then help the salesperson break results into activities and then monitor, analyse and plan the activities. The philosophy of sales management changed from just asking for results to asking for efforts and hence results. Sales people were given activity targets like number of sales calls to be made per day, number of proposals to be sent per week,
number of calls to new prospects and these were monitored. However, whether they have the actual competency to achieve the activity targets was missing.

The third phase of sales management can be called management by support. In this phase, sales supervisors recognised that people are different and their competencies are also different. Thus, the sales supervisor started looking at individual competencies, matched them with the competencies to achieve effort targets, train the salespeople wherever it was required and then monitored the efforts put in. This is the current sales management best practice which is being followed and can be called management by support.

Present thinking in sales management is that results are an outcome which cannot be managed. What can be managed is “activities” which require competencies to perform. Efforts need to be in the right quantity, right quality and right direction. If the efforts are not in line with this, expected results will not be achieved. Also, if competencies are not in line with activities required to be done, even though the salesperson may do something out of fear, there is a good chance of a crisis being created. Some salespeople are good in quantity of efforts and are very hard working. For some, the quality of efforts may be wanting. Some sales people may have good quantity and good quality but these are put in the right direction. Thus, sales supervisors need to steer the sales people and act as a north star to coach them to achieve results. Thus, sales management will continue to be of prime importance in achieving results.

4.3 The rising importance of sales management

The sales supervisors keep on facing ever-increasing challenges:

- Customers becoming more knowledgeable which is a challenge for the sales team and hence the sales supervisor
- More Generation Y sales people who have completely different viewpoints, priorities and goals. This generation want greater work-life balance and prefer newer methods of communication include Facebook and Twitter.
- Increasing span of control presents a challenge to sales supervisors to scale up. Customers expect 24X7 connectivity and almost immediate responsiveness.
- Increased compliance concerns
Sales management is therefore gaining criticality over period of time. If the sales supervisor is not capable enough it gives rise to the following costs:

- **Leakage from the customer base:**
  The moment existing accounts are transferred from the sales supervisor to another salesperson, there is bound to be some leakage from the customer base. This results in subsequent loss of revenue.

- **Churn in the sales team**
  The moment sales people are able to see that the sales supervisor is not able to solve their problems or add value to them, they quickly try to move themselves out of the particular division or some other company. It is said that people do not leave the job or company, they leave bosses!

- **Subdued effectiveness of the sales force**
  The moment the sales supervisor provides sub-optimal guidance, sales people become less motivated. This results in either the sales person stop selling or do an upward delegation by telling the sales supervisor that the customers are very tough and therefore they require the sales supervisor to sell on their behalf.

- **Frequent churn of sales people in the marketplace diminishes the image in the marketplace and customers start losing interest in the organization**

- **Lowered image also causing difficulty in hiring and replacing sales people becomes more expensive.**

### 4.4 The three metrics to be managed

According to Jordan (Jordan, 2014), there are three classes of metrics which are important from a sales performance viewpoint.

The first level of metric is at the level of business results. Examples of business result metrics are revenue, market share, profitability. These metrics are a result of the efforts of the entire organization. However these metrics are not so manageable by the sales team.

The second level of metrics are those which are largely unmanageable but very heavily influenced. These are called sales objectives and are set by management for the sales team to achieve. Examples of these metrics are getting more business from
certain types of customers (customer focus) or selling certain types of products (product focus).

To achieve these sales objectives, the sales team needs to be put in sales activities. Therefore, the last level of metric is sales activities. Examples of sales activities are number of sales calls made, number of demonstrations made, number of proposals given etc. These are lag indicators.

Also, there is a time gap between efforts (activities) and results. Sales supervisors need to steer their sales team through precise sales objectives which will point out the various sales activities which need to be done.

4.5 The challenges facing sales supervisors

A study was carried out in 2012 by a consultancy organization called Silent Edge. The respondents were sales directors from a wide range of industries. The biggest challenges faced were length of the sales cycle and trouble in closing the pipeline. The possible reasons for these problems were identified as:

- Poor management capability
  Competence levels of sales supervisors play an important role in the organisation. If a supervisor does not have the skills to manage, the entire team suffers. Their survey found that 49% of sales supervisors had less than two days of training. Most managers are promoted because of their performance as sales people. However, the skills of a sales supervisor and that of a salesperson are different.

- Inexact evaluation measures
  Sales directors need to know exactly how their sales team is performing. They therefore need exact measurement on set parameters. The quality of measures was found to be an issue. If the parameters of measurement are not appropriate, sales directors and sales supervisors will not be able to make correct decisions.

- Training
It was found that sales directors were struggling to get a training budget, particularly when they did not have a clear picture about the strengths and weaknesses of the sales team. Therefore, a large part of their sales team remained untrained.

4.6 The sales performance wheel

The very fact that sales performance is a wheel means that it is ever changing and dynamic. At the core of the wheel is the products which the organization offers in the market place. However, the strength of the wheel comes from its spokes. The sales performance wheel derives its strength from six spokes:

- Alignment between the buying and selling process
- The sales strategy
- The different sales processes
- The sales organizational structure
- The sales management system
- The sales enablement

The sales performance wheel is “driven” by the sales supervisors. They are responsible for connecting the sales people’s activities to organizational results. This is possible only if the sales supervisors understand how to “manage” the wheel. They need a structure to manage, a system to manage the wheel. If they need to be force multipliers, they need to know what should they manage and how should they manage. Therefore, understanding and managing the sales performance wheel becomes critical.

However, there is a fundamental difference between being a good sales person and a good sales supervisor.

Good sales people do sales themselves but good sales supervisors coach and train sales people how to do sales. Good sales people are driven by achievement success but good sales supervisors strive for team success. The goal for successful sales people is to achieve their immediate sales targets. The good sales supervisor looks at
how to make all members of his team achieve targets. In short, the sales supervisor is never the hero whereas the good sales person can be.

According to Zoltners et al (Zoltners, Sinha, & Lorimer, 2013), success in the sales organization lies in the middle, that is the front line sales supervisors. Sales supervisors are people managers (they select the sales team, build the team, manage the team and are responsible for recognition and reward), customer managers (they drive the sales process to achieve success through customers) and are business managers (act as a link for information flow between the head office and the field so that sales activities are actively aligned with organizational goals.

Weak sales supervisors as people managers

- Hire the wrong salespeople by always looking at conformance
- Spend too much time with the salespeople who perform the least
- Corner credit for the success of the team rather than shunning glory

Weak sales supervisors as customer managers

- Do not put needs of the customer first but put needs of sales organization first
- Become the first point of contact for important customers rather than letting the salespeople do the same.
- Give discounts themselves rather than passing discounts through the sales team

Weak sales supervisors as business managers

- Concentrate on urgent activities rather than important ones
- Keep off tasks which keep head office and field activities aligned.

Most of the mistakes listed above happen because the wrong person has been selected as sales supervisor. Sales supervision is considered, most often than not, as the next level of promotion for the star salesperson. Such sales supervisors continue to be driven by personal achievement and therefore find it difficult to “let go”. They would have been successful as sales people because of their qualities of being action-oriented and task oriented, having good hunting skills. However, these very qualities may go against their job as sales supervisors. They continue to remain helicopter managers, who circle around the sales people and insist on getting being a part of
every deal. They want to know everything and do everything themselves. Such sales supervisors may achieve success in the very short term and remain super salespersons rather than excellent sales supervisors. Their challenge is learning to start leading people and to stop doing sales activities themselves. Realizing that the job of a sales supervisor is a totally different job is the first lesson that they need to learn. Good sales supervisors however develop competencies of the entire sales team and are more successful in the longer run.

4.7 Components of the sales performance wheel

4.7.1 Alignment between the buying and selling process

A typical buying process of any business-to-business customer organization can be defined into four steps (Figure 4.1)

Figure 4.1 Typical buying process of business-to-business organizations

A generic sales process usually has milestones like suspect, prospect, approach, proposal and close. However this sales process has no relation to the buying process of the customer and is not aligned to it. Since sales people are now expected to be “value creators” rather than just “knowledge brokers”, it is imperative that the sales process also should be based on value rather than on sales activity. The process
should begin with a value recognition process. The sales person has to go through the first step of first finding out which type/segment of customers would find greatest value from the seller’s organization. This step can be called segmentation. Once the market is segmented, the sales person needs to identify potential prospects and make a list of targeted prospects or named prospects. This step can be called as targeting step. Once a list of potential targets is prepared, the sales team needs to meet with prospects and tangibilize the value proposition for each of the named prospects using specific data. This step can be called “working on value” step. Subsequent to this step, the final step could be “acceptance of value by customer”.

Thus a more robust and aligned sales process could be as displayed in Figure 4.2

**Figure 4.2  Value-based Sales Process**

A robust sales process therefore has to answer the following questions:

- Is the sales process in alignment with customer buying process?
- Does it have an “auto-correct” to take in practical world feedback?
- Does to create value to customers, the sales organization and the salespeople themselves?
- Does it reduce the sales cycle?
- Does it allow all sales people including average ones to meet targets?
- Can the sales process scale up quickly
- Can the milestones be measured objectively?
4.7.2 The Sales Strategy

The sales strategy has two elements to it: the customer focus and the product focus.

The customer focus:

The sales supervisor needs to direct the sales team to find and acquire the right customers. Salespeople need to put in efforts to acquire customers. If they put it effort to acquire a customer, their time being limited, they do not spend that time in acquiring another customer. They need to make an informed decision of opening one door and consciously closing other doors. The sales strategy is a direction about where the sales supervisor wants the sales team to invest their time. The more the time the sales team invests in acquiring particular type of customers, more will they be able to acquire those type of customers. Customer focus can also mean making a decision whether the organization wants more business to come from cross-selling to existing customers or wooing new prospects. In a case of customer focus as a strategy, sales supervisors need to monitor, analyse and plan sales volume from existing customers, sales volume from new prospects, percentage of re-buy, sales volume from particular customer segments and share of wallet of existing customers.

The product focus:

Like sales supervisors can have customer focus, they may also have a product focus. Some products may be more profitable than other products. Similarly, some products may be easier to sell whereas others may require more efforts. Some products may be left out in stocks and sales supervisors may want the stock to be liquidated. Some products may be focus products because they have been just introduced by the seller organization in the market place. The sales supervisors may have to steer the sales team towards putting in more efforts towards selling particular product(s). They need to monitor, analyse and plan sales volume of a focus product(s), percentage of sales of a particular product versus total sales, time invested by the salesperson in talking about a certain product etc.

4.7.3 Sales Processes

Processes create output from input. The basic sales process has an objective of maintaining existing business with existing customers. However, if there is good potential, two parallel processes may be run: one for maintaining the sales volume and
second any one of other three processes: be it, cross-selling, increasing share of supply (replacing existing products which the customer uses by newer products which the customer can use) and increasing the frequency of use. Another process can also be acquiring new customers. All the different sales processes are displayed in Figure 4.3.

**Figure 4.3  Sales Processes**

Source: Belz and Bussmann (2005)

Sales supervisors can influence the performance of the sales team by contributing in four different areas:

**Improvement in process of Call Management:**

Sales supervisors contribute by improving the quality of the interaction between the salesperson and the customer, whether the interaction is over phone or face-to-face. The call can be an incoming one or an out-going one. The quality of the call determines the success of the call. The sales supervisor monitors how the sales people
prepare for the call (objectives of the call, questions to ask, objections to handle etc.) and also does a de-briefing call in terms of whether the objective of the call was met and whatever happened in the call. If the call planning is done along-with the sales supervisor, quality of call plan is better and hence results will be better.

Improvement in process of opportunity management:

Large complex deals are never finalized in a single call. Multiple calls over a long sales cycle need to be navigated in a structured, process oriented manner. Complex deals require substantial investment of effort and time, which is not unlimited. Thus, qualifying a prospect is critical and the sales supervisor can play an important role in that. Mapping the opportunity, mapping the decision makers, contact tactics, fleshing out stage goals and putting all of it together in terms of an overall strategy are some actions which the salesperson needs to take. Specific plans need to be made for each opportunity and the sales supervisor can add value so as to help the salesperson achieve better results.

Improvement in process of Account Management:

Existing customers provide a sustainable revenue stream and also involve lower cost of sale. They therefore need to be handled with care by adequate “brick-walling”. They need more attention from the sales team. A proactive, comprehensive account plan needs to be put in place. A good account plan begins by knowing the customer well, understand his business needs and pain areas so as to be able to list down various opportunities. These opportunities need to be prioritised, based on customer needs and seller’s focus. Decision making units need to be mapped, influencers need to be identified, selling situations also need to be understood. A value proposition need to be fleshed out and detailed action plans need to be worked out. An account management process is a team activity and not so much of a single person activity. The sales supervisor therefore plays an important role in planning and executing the account plan by being a coach to the salesperson.

Improvement in process of territory management:

Whenever a sales territory is allocated to salespeople, they usually will not be able to cover all prospects and customers. Customers who are “A” class also would require more attention. Thus, prioritizing and making targeted calls falls in the realm of
territory management. Sales supervisors help the sales team by improving their efficiency by getting as many prospects as possible. The sales supervisor provides direction by the following actions

- Prioritising customers and thus allocating efforts
- Defining territory
- Call pattern designing taking into account customer focus and product focus

4.7.4 Sales organization structure

Organizations in the Business-to-Business space face a common challenge: How to be big enough to take care of complexities but nimble enough to be quick in the market place. Both macro and micro trends influence this decision

Macro trend:

With rapid internationalization, physical geographical borders are crumbling. In earlier days, organizations were organized country-wise. These methods are no longer valid. Head offices are becoming more virtual and centres of excellence are becoming the norm. A company’s knowledge management head may be in a particular country whereas project execution may be from another country. An international customer may be handled by a team of cross-country nationals. Amount of standardization, amount of job rotation, how much is the international sales among total sales, global key account management are some of the micro trends which need to be studied

Micro trend:

Elements like how large is the sales force, how hierarchical it is, level of specialization are some things to consider while designing a sales organization structure.

4.7.5 Sales Management System

Training frontline sales people improves sales results but sales supervisors are the force multipliers. They are the link between the management and the sales team. The sales team members are the front line infantry but the sales supervisors equip them with the ammunition. They are the people who can manage the numbers by managing
the sales people’s activities. Thus sales performance is heavily influenced by what are the matrices which are monitored, analysed and planned. Is the sales supervisor only monitoring results? Is the sales supervisor monitoring results as well as efforts? Is he looking at the quantity, quality and direction of efforts of the sales team? Is he looking at the competence of the sales team? What are the key parameters which are being measured by the sales supervisors? The sales management system is important because it helps scale the sales engine.

The most important element of a sales management process is the “sales funnel.” It is a tool to manage the prospect base. It is also used for forecasting of orders. But gradually, the concept of the funnel is being replaced by a more rigorous tool—the sales flywheel (Halligan, 2018).

The flywheel was invented more than 200 years ago and was used on the steam engine. Its function was to

- Seize the momentum provided by the prime-mover
- Store the momentum and
- Release the momentum

It had two elements in its working: force and friction. The greater the force applied, the faster the flywheel rotated. Similarly, lesser the friction, faster the flywheel rotates.

In the earlier production era, applying force by the sales supervisor was all about making the sales team meet maximum number of customers. Salespeople were having more information than the customers and there was an asymmetry of information. Salespeople leveraged on this asymmetry and met as many customers as possible. The sales supervisor’s job was to ensure that “information brokering” reached as many customers as possible. This carried on in the sales era too. However, in the marketing era, the focus started shifting towards the customer. The information asymmetry between the sales person and the customer blurred. Marketers created useful content and therefore “pulled-in” customers. Productivity increase started becoming the new paradigm. Overall optimization of the sales efforts started becoming the name of the game. In the present partnering era, customer satisfaction has been replaced by customer delight. Voice of the customer is being heard with increasing effect. A delighted customer can bring in dozens of new customers whereas an unhappy
customer has become a sure-shot recipe for disaster in the marketplace. Thus, delighted customers have become an important source of getting new customers. This means that the entire organization needs to get behind the customer delight process. Creating customer delight has thus become the “force” behind the flywheel. This means the “force” is not only a function of sales person efficiency and effectiveness but also the overall support provided by the entire organization.

This has an important implication for sales management. Increasingly, organizations are measuring how many customers are delighted as they are the lead indicators of future business.

Friction is the other element of the flywheel. Lesser the friction, the flywheel rotates for a greater time.

In sales management terms, this means eliminating the friction in the sales process. Since the focus has shifted from “product” to “customer experience”, every episode in the sales process is being looked at with a microscope.

Reducing friction is being done by the following:

- Increasingly, self-service is becoming the way to move ahead. But some businesses yet require human face-to-face interaction
- Investment in information technology is being used in making the customer facing sales team more efficient
- Salespeople need to have very good expertise in one discipline but also need to have a threshold knowledge of other disciplines.

Martin (2013c) asserts that there are key sales matrices that need to be measured to get better sales results

- Percentage of sales team members that achieve their targets fully. This figure will vary from organization to organization and industry to industry.
- Average annual targets for inside sales people
- Average annual targets for field sales people
- Average annual earnings for inside and outside sales people
- Average length of sales cycle
- Whether the sales team is organized on basis of verticals
- Whether the sales team have designated sales people to the small and medium enterprises and whether they are allowed to make field calls
- Revenue trends for field sales versus inside sales
• Sales preparedness in terms of where field sales are “enabled” enough in terms of sales strategies, sales tools and skills to achieve beyond their targets
Sales supervisors, when they are promoted, need to be move from a pure play sales role to a leadership role with three elements:
  • Achieve today’s results by utilizing the available resources
  • Develop resources so as to achieve tomorrow’s results
  • Provide support to the sales team in times of their ups and downs.

The first role is short term whereas the second role is long term. The first role requires the sales supervisor to support the sales team in executing all the stages of the sales process. They need to make sure that they keep an arm’s length and not take over executing the sales process themselves and not becoming glorified sales people. The second role is that of developing their team members by coaching and mentoring them, enabling their performance by training and motivating them. With rapid changes in the way business is done, competencies relevant yesterday may not be relevant today. The sales supervisors need to ensure that competencies of their team remain current.

Helping the sales team achieving today’s results:

Sales process ratio management:

The sales process is executed by the sales team. The sales process needs to be managed by the sales supervisors. Sales people are responsible for taking a prospect from stage one (qualifying prospects) to stage two (contacting them) and so on in the sales process. However, in doing this, sales people may have some difficulties. The job of the sales supervisor then becomes coaching the sales team so that the process effectiveness increases. This means that sales supervisors also need to compensate differently. Presently, most sales organizations compensate sales supervisors on basis of revenue alone. This prompts sales supervisors to take over calls when on joint visits with their team members and in the bargain losing out opportunities to see their sales people live in action in front of the customer. Taking over relationships and accounts, giving discounts themselves and not through their sales team members promotes de-motivation of their team members.

Each stage of the sales process can be measured in terms of ratios.
In the qualifying stage of sales process, the sales supervisor’s role is business development, territory management and coaching the sales team in terms of prospecting. The key indicator to be measured is the “Quality ratio”-what is the quality of prospecting.

In the contacting stage of the sales process, the salespeople contact the prospects either through email, telephone or face-to-face. The supervisor’s role is determining the most productive method of contacting and also coaching the sales team on getting appointments. The key indicator to be measured in this stage is “Contact ratio”-of the initial list, how many of the prospects have been contacted.

In the identifying opportunities stage of the sales process, the salespeople start working on opportunities at the prospect’s organization. The sales supervisor’s role is determining the solution to be offered and coaching the sales team on opportunity management. The key indicator to be measured in this stage is “Opportunity ratio”-progress of opportunity to the next stage.

In winning the opportunity stage of the sales process, the sales supervisor plans the competitive strategy along-with the sales team and helps the salesperson manage win. The key indicator to be measured in this stage is “Win ratio”-how many quotations submitted and how many won.

In the growing stage of the sales process, the sales supervisor looks at the overall territory, number of prospects/customers and allocates resources. He is also responsible for client retention. The key indicator to be measured in this stage is “Growth ratio”.

Developing the sales team to achieve tomorrow’s results-The People developer and coach role:

This is the role as a people developer and a coach. Coaching the sales team on how to achieve better conversion ratios on each of the key indicators in the sales process is rapidly becoming the most important role of the sales supervisor. Excellent supervisors invest enough of their time in coaching because of the following reasons (Weintraub & Hunt, 2015):

- They see talent development as an essential and mandatory activity towards achieving business success. Readymade talent is difficult to find out and even
more difficult to recruit. Excellent sales supervisors take the tougher route of developing people to achieve excellence.

- They have a mind-set that team members require help in achieving their objectives. They have the “will” and need to be given supplements of “skill”. They take it onto themselves to fulfil this role.
- They are curious and ask lot of questions. They are very interested in finding out about what is happening in the market place, what is the competition doing, which stage is each salesperson getting stuck etc. and are eager to dialogue with the sales team.
- They are genuinely interested in people and establishing connections through empathy

In discharging their role as a people developer and coach, the sales supervisor needs to follow a structured process.

- Encouraging positive behaviour and reinforcing it
- Helping the sales person discover himself by self-analysis of a sales call, helping him analyse his own strengths and weaknesses and have a good constructive coaching session with him
- Provide opportunities to practise new skills
- Get the salesperson to commit to use these new skills

4.7.6 Sales enablement

The sales supervisor can contribute towards sales performance of the team by “sales enablement” - providing sales aids, content, best practices and tools which help the team to engage better with their prospects and customers. Given proper resources, the sales team will get even better results. The focus of sales enablement is more on the customer and less on sales. It is more effective when the buyer, his buying cycles and buying behaviour is well understood before designing the sales enablers. Training sales people to use these enablers is also part of sales enablement. The sales supervisors need to also track usage of these sales enablers.

Good sales enabling content helps in repeatability and scalability.

4.8 Conclusion
Sales does not happen automatically. It needs active management. Results is just an outcome of activities. The six spokes of the sales performance wheel are alignment between buying and selling process, sales strategy, sales process, sales organizational structure, sales management systems and sales enablement. The sales performance wheel is round and therefore dynamic—it changes over period of time. Like sales has evolved over period of time, sales management has also undergone a metamorphosis.