Sales Process Engineering

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Insights

An anthology of provocative articles that overturns the legitimacy of traditional sales

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Author of *The Machine*, Founder | Ballistix

If you have salespeople that spend less than 100% of their time dedicated to the pursuit of new business, then this collection of short articles will interest you.

These articles were authored for the executive readership of publications such as Industry Week, Industrial Distribution and ThomasNet. One of these articles—*Revenue Should Always Be the Responsibility of Operations*—sent the publisher's website into meltdown as the most clicked sales-related article for that year. All the articles contained in this digest elicited a strong response (and not always a favorable one as is often the case with contrarian views that buck the status quo)!

While this collection of articles covers a breadth of topics from opportunity generation to sales commissions, all work from the supposition that there is a fundamental problem with traditional sales.

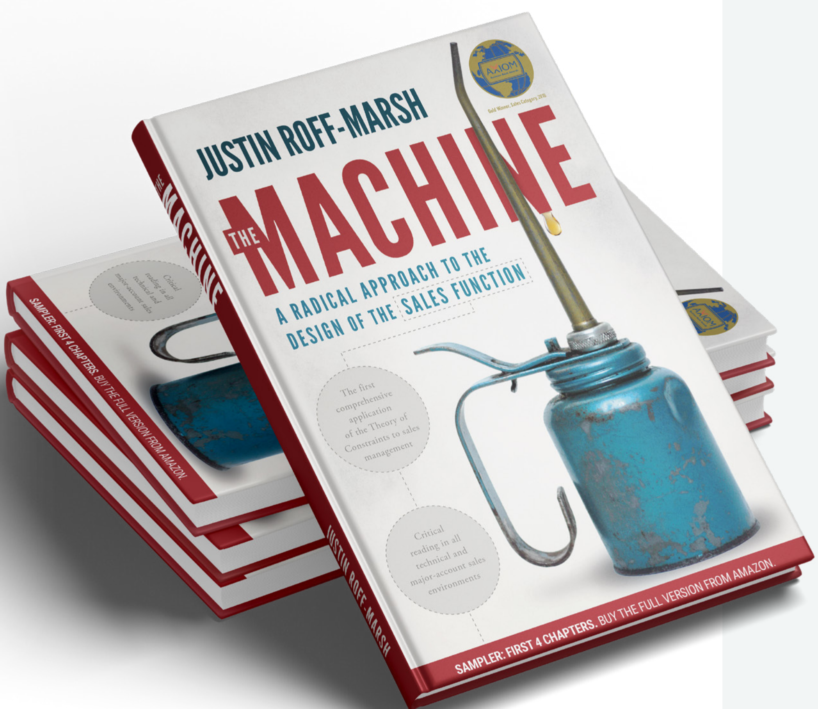
This is a big call, but you only need to look at a typical day of a typical salesperson within your organization for supporting evidence.

If your salespeople are typical, they spend nearly all their time on customer service and only a tiny fraction of their time selling—winning new accounts and selling more products and services to existing accounts.

But don't blame your salespeople—the problem is with the fundamental design of your sales environment. These problems can't be fixed with more sales training, a new CRM or changes to their comp plans. It has to start with a fundamental rethink of the definition of selling and how organizations go about it.

While there is no right or wrong order in which to read these articles, they are loosely categorized into three topics.

1. The design of sales
2. How to generate sales opportunities
3. Account management (and the folly of personal relationships in B2B selling)



If you like this digest, then you'll love *The Machine*

The Machine is a field guide for executives wanting to wrestle back control of the sales process and significantly increase sales.

It explains why you need to completely rethink sales—why commissions should be eliminated and why most sales activities should be moved inside. It will then walk you step-by-step through the process ofbuilding a sales machine—and introduce you to dozens of business leaders who've read the book and built theirs already—across a range of industries and on three continents.

You can get the first four chapters of *The Machine* in print or as audio by visiting here. There's no charge.

You can buy the full version of *The Machine* on Amazon.

GO TO AMAZON

About the author

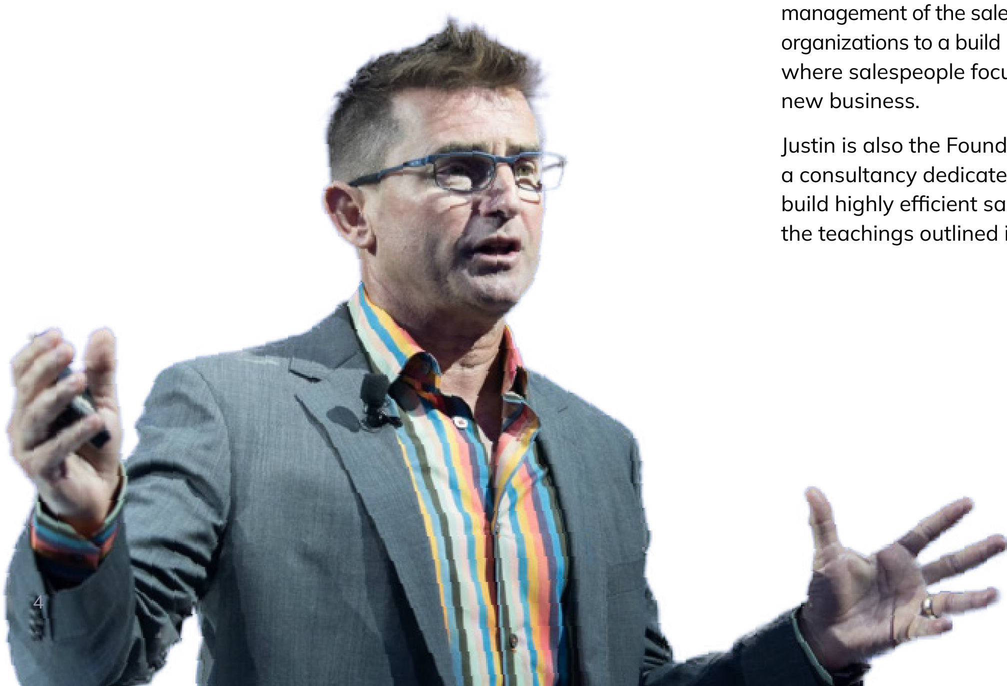
Justin Roff-Marsh is a sales management radical.

His views are rarely comforting. He takes issue with the starting assumptions that underpin the traditional approach to sales management and, consequently, rails against standard practices like salespeople's autonomous mode of operation, commission-based compensation, salespeople's ownership of accounts and much, much more!

In place of the traditional approach, he advocates that the sales function should be a 'machine', featuring the division of labor, the centralization of everything other than critical field visits and a formal approach to management.

Justin is the author of *The Machine*, an Axiom business book award winner that has been read by more than 30,000 executives worldwide. He is the thought leader behind Sales Process Engineering (SPE). Sales Process Engineering is a radical approach to the resourcing and management of the sales process. This approach enables organizations to a build high-throughput sales process, where salespeople focus exclusively on the pursuit of new business.

Justin is also the Founder and President of Ballistix, a consultancy dedicated to helping organizations build highly efficient sales environments based on the teachings outlined in *The Machine*.



About Ballistix

Ballistix engineers highly efficient sales environments for dramatic organizational growth.

We drive growth by ensuring that our clients' salespeople have significantly more selling conversations than their competitors' salespeople do. In practice, this means rebuilding organizations' front-of-house so that account management moves to Operations and salespeople can focus exclusively on the pursuit of new business.

We also tend to move most selling conversations inside—where salespeople are significantly more productive. Turns out that customers want to communicate online and by phone to the maximum possible extent. Of course, a few critical activities do still need to occur in the field: and that's fine.

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Our approach works

We have example after example of (mostly industrial) organizations that have transitioned from no growth to >20% year-on-year growth rates. And we have several well-documented examples of organizations that have doubled revenues within a two-to-three-year period.

But sales improvement is only half of the story. Our approach also drives down sales-related expenses, reduces (or eliminates) the requirement for regional offices and leans-out the management structure.

Managed SPE

Our Managed SPE service is designed to fast-track your transition to the sales-driven growth plan outlined in *The Machine* and underpinned by Sales Process Engineering (SPE). The service involves designing, building and supervising the entire sales support function, which includes promotions, inside sales, customer service, design engineering and field-sales support.

The cost of Managed SPE is typically less than the salary cost of one mid-level manager and with zero lock if you choose to stop using our service.

Visit ballistix.com to learn more about Managed SPE and the results our clients achieve.

Stop paying salespeople commission

When you move your salespeople from commission to salary, they will not leave. (That's assuming that they continue to receive the same net income, of course.)

However, you will gain the ability to manage your salespeople like other team members.

Specifically, you will be able to determine who exactly you want your salespeople to approach, and with exactly what proposition. You will also be able to determine their rate of work.

In other words, you will be able to manage your salespeople, just like you do all other team members.

Of course, if you think your salespeople are optimally productive, you can leave things exactly as they are. However, if you're looking for a significant lift in productivity, sooner or later you'll need to accept that commissions have to go!

Piece-rate pay

I'm not arguing that salespeople's pay should not be variable. Good salespeople should obviously earn more. My position is that pay should not be tightly coupled with production.

In past generations, folks in manufacturing were compensated on a piece rate but we got rid of piece-rate pay when we realized that the output from the plant was NOT the sum of the output from individual workers.

If you want a significant lift in salespeople's productivity, you need to convert sales from an individual to a team effort. You need specialists who originate opportunities, who design solutions and craft proposals. And you need salespeople to focus exclusively on selling conversations. In such an environment, sales bookings are the output of a tightly coordinated team, not the sum of individual rates of work. Commissions must go.

Motivation

I'm often asked, if salespeople don't earn commission, why would they be motivated to sell?

The answer is that salespeople, like all humans, are born motivated. They sell because they are salespeople. If your salespeople (or any team members) are exhibiting a lack of motivation, you need to identify and resolve whatever organizational design problems are sapping their natural motivation.

Cost containment

Some financial folk will argue that commissions reduce financial risk. Nothing could be further from the truth. In this day and age, you can't pay salespeople 100% commission—it's always a mix of base and commission.

If we assume that a percentage of hires won't work out, you're committing to pay unproductive hires their base for as long as it takes to amass sufficient evidence to support your decision to release them. Typically, this takes around 12 months!

If you hire salespeople, pay them their market value from day one and put them in a structured environment where they operate at the same rate as their colleagues, you will be able to identify and remove bad hires within 6 to 12 weeks.

How, then, do you set salespeople's salaries?

You set their salaries the same as you do everyone else in your organization. You pay them their market value. If their productivity increases, they'll hit you up for a pay rise and you'll feel compelled to grant their request.

If you want a starting number for negotiations, visualize someone in your organization who you think would be good in sales, then imagine what you'd have to pay to find someone with the same set of attributes.

What about bonuses?

The whole reason for getting rid of commissions is to eliminate the tight coupling of output and pay. It makes no sense to eliminate commissions and then smuggle the same bankrupt idea back into the organization in the form of bonuses.

If you have an organization-wide bonus play then, sure, include salespeople in it. But don't create a bonus plan for the sales team.

Sales should be mandatory, not optional!

Death of field sales

Why now is the time to shift to an inside-out approach to selling.

Most executives think of sales as an outside activity.

The truth is, field sales has been dying for years. It's been ailing for so long that no one noticed its actual time of passing. Pretty much everyone knows it (intuitively, at least). But no one's prepared to acknowledge it. COVID has only amplified its inevitable demise.

Of course, I'm not heralding the end of field salespeople. There is a requirement for field salespeople in some (but definitely not all) markets now – and there will always be circumstances where face-to-face selling is indispensable.

What are on their way to extinction are environments where sales is essentially an outside activity. Even in engineer-to-order environments today, only a tiny percentage of the total volume of activities required to originate and prosecute a sales opportunity are performed in the field. And those important field activities would simply not occur if it were not for the volume of work performed inside.

The fact is, sales today is an inside endeavor, supported, in some cases, with discrete field activities.

If you want proof, follow one of your field salespeople around for a week. What you're likely to discover is that your field salesperson spends less than 10% of their time in the field. The balance of their time will be spent in an office of some kind (your head office, a branch office, a home office or a makeshift office in the backseat of a rental car!).

If my prediction is correct, your field salesperson is not really a field salesperson at all. They are an inside salesperson who performs occasional field activities.

An Inside-out approach to sales

It turns out that customers want to communicate online and by phone to the maximum possible extent. Even where major deals are concerned, video conferences are almost always a better alternative than face-to-face visits. (Of course, a critical few activities do still need to occur in the field: and that's fine.)

It only makes sense to embrace the kind of sales function that will support your (and most likely, your clients') preferred approach to purchasing.

What's required for most organizations is an inside-out approach to sales. In practice this means embracing two new starting assumptions.

1. Sales is essentially an inside function
2. Sales is a team—
   not an individual—endeavor

The first point means acknowledging that inside salespeople are NOT second-class citizens relative to field salespeople. Rather, they are the organization's sales frontline and, accordingly, field sales resources should only ever be added to the extent that they are required to support the efforts of your inside salespeople.

The second point means embracing the idea that sales is a team (rather than an individual) endeavor. You only have to look at the factory floor to see why this idea makes perfect sense.

Centralized scheduling and division of labor is the central tenant of any modern manufacturing plant. It's what provided manufacturing with its staggering improvements in both productivity and quality over the last 150 years.

For sales this means stripping marketing, customer service and field activities away from salespeople and allocating them to other specialists, effectively freeing up your sales resources to do what they are actually paid to do—sell!

Interestingly, an inevitable consequence of this new direction is the elimination of commissions—just as piece-rate pay was a casualty of division of labor in production environments!

Salespeople are still needed. Not just they way they once were.

The death of field sales does not mark the end of field salespeople. They still exist, and they always will. What it does mark is the beginning of a new era, where sales is essentially an inside function.

You'll come to discover that the inside-out sales model results in happier customers, a lower average cost of sale, and a faster-growing business. It's time to be done with the grieving so we can knuckle down and exploit this exciting new reality.

Revenue Should Always Be the Responsibility of Operations, Never Sales

If you make revenue the responsibility of your sales department, you will handicap the growth of your organization.

If you want your organization to grow, operations should be responsible for revenue and your sales department should focus exclusively on new business.

Before we get to that, let's unpack the idea that revenue should be the responsibility of operations.

Revenue: The Responsibility of Operations

If your organization is typical, it's likely that more than 70% of your revenue in any given year comes from existing customers. You could think of the transactions that make up this 70% as yours-to-lose. You don't need to win these transactions; you just need to do a good job of processing them.

The quality of your relationship with existing customers is almost certainly a function of how good a job you do of processing these yours-to-lose transactions. We know this because the most common reasons why customers defect are (in descending order): poor on-time delivery performance, uncompetitive pricing, and poor product performance.

It's not a big stretch, then, to argue that operations should be responsible for revenue — and, consequently, for the transactions that generate that revenue. Your sales department cannot directly influence on-time delivery performance, pricing, or product performance so it makes no sense for revenue to be its responsibility.

Growth: The Responsibility of Sales

If revenue becomes the responsibility of operations, then operations will also have to take responsibility for a number of activities that have traditionally been performed by sales. Solution design, quoting, order processing, and issue resolution, to name a few.

What should sales be responsible for then?

Sales should be exclusively responsible for pursuing yours-to-win transactions. In other words, your salespeople should focus on winning business that is currently being awarded to your competitors. And, if you're serious about growth, that's all they should do!

To be more specific, salespeople should be responsible for winning transactions from new customers and transactions from new product categories, for existing customers. They should have no involvement whatsoever with yours-to-lose transactions.

Salespeople Won't Like This!

Not surprisingly, your salespeople are unlikely to be happy with this line of reasoning. They will argue — without evidence — that your yours-to-lose revenue is actually a consequence of the personal relationships they have developed with individuals in your customers' businesses.

On this, count your salespeople are almost certainly wrong, but your salespeople do have a good reason for concern. They understand that they are currently performing a large number of critical customer service tasks, and they recognize that if they were to suddenly switch their focus elsewhere the implications for the organization would be catastrophic.

Here, you have two choices:

1. You can fortify your customer service and engineering teams before refocusing your salespeople on growth.
2. You can convert your existing salespeople into customer service specialists and build a new sales department from scratch.

(For the record, we typically do the latter at Ballistix.)

The Economics of New Business

In your business there are two types of revenue. And these two types of revenue are so different that they should never be summed — except once a year, when you submit your numbers to the IRS.

I'm talking about revenues that result from yours-to-lose transactions versus those that result from yours-to-win transactions.

The value of a yours-to-lose transaction is the number that appears at the bottom of the invoice. However, the value of a yours-to-win transaction is the value of the annuity associated with that first invoice.

Think of it this way. When a customer purchases from you for the first time, there's a good chance they'll make a second purchase, and a third. In economic terms, then, a customer is simply a future stream of payments (an annuity). And the value of that customer is the net present value (NPV) of that future payment stream.

I've already argued that revenues should be the responsibility of operations. Sales, then, should be responsible for the value of the annuities that they win. What this means is that you should agree on a formula to gross-up first-time transactions to account for net present value. You should also use a term (other than revenue) to refer to the output of your formula (new business dollars, perhaps?).

If you must pay salespeople commission — I don't recommend it — then they should earn a small percentage of new business dollars and exactly zero percent of revenue.

If you're serious about growth, it's critical that you keep these two numbers separate. To sum them is to treat them as equal, which they are surely not. In most organizations, the total invoice-value of new business transactions is less than the normal variation in total repeat transactions. In other words, unless you break-out new business dollars in your reporting, your growth signal will be lost in the noise.

Why a larger sales team is not the key to selling more

Assuming that a business has a compelling product (or service), and the ability to execute flawlessly, then growth should be simple.

All that business must do is out-communicate its competitors!

Now, some communication can be automated. Advertising, online activities and the like. But once mass communication hits diminishing returns, direct outreach is often required.

Salespeople, in other words.

Once a business reaches that point, it will maximize growth by ensuring that its sales team participates in more selling conversations than its competitors' teams do, when adjusted for market share.

Why a larger sales team is not required

Note, what moves the needle here is selling conversations. Not salespeople.

If a business wants to participate in more than its fair share of selling conversations, it has two choices. Hire more salespeople. Or, figure out how to get its existing sales team to perform more selling conversations.

The latter is where the true potential is. A typical salesperson spends only a tiny percentage (single digits) of their time engaged in selling conversations. The balance of their time is dedicated to customer service, administration, prospecting, project management, and the like.

Freeing salespeople to sell

The direction of the solution, then, is to remove ALL responsibilities from salespeople, other than selling conversations. This requires upgrades to other organizational functions: customer service, marketing and engineering. It also requires a rethink of salespeople's traditional autonomous mode of operation.

Conceptually simple. Complex to execute.

An inside out approach to selling

It turns out that customers want to communicate online and by phone to the maximum possible extent. Even where major deals are concerned, video conferences are almost always a better alternative than face-to-face visits. (Of course, a critical few activities do still need to occur in the field: and that's fine.)

This fundamental change in market dynamics requires that we make an ideological shift.

The salesperson's pragmatism won't cut it. We need to embrace this change and recognize that, today, sales is essentially an inside activity supported by discrete field activities on an as-needed basis.

The good news is that this new, inside-out approach to sales enables you to exploit economies of scale.

Running a large field sales team is incredibly expensive (on a per-selling-conversation basis) relative to inside sales. An inside salesperson can comfortably have 30 meaningful selling conversations a day, where a field salesperson will work hard to average 4 meetings.

Moreover, if you insist all sales interactions are held with a field salesperson, you are turning your back on selling conversations that you could have had but will not have if you insist that each prospect accepts a field visit.

This is a critical point!

It's easy for sales managers to argue (as they do) that field meetings are more effective than phone conversations. However, this argument ignores the fact that, an insistence on field meetings results in salespeople having fewer selling conversations overall.

Your Salespeople Are Focused on the Wrong Type of Transactions

There are two types of sales transactions: yours-to-lose and yours-to-win.

Left to their own devices, salespeople will focus on the former and ignore the latter. It's your job as a responsible, growth-minded executive to insist that they flip their priorities.

A yours-to-lose transaction is one where your prospect's inertia is acting in your favor. Figuratively speaking, your customer is walking toward your organization, waving a $100 bill. Unless you do something silly, that $100 is going to find its way into your bank account.

A yours-to-win transaction is one where your prospect's inertia is acting in your competitor's favor. That prospect is marching toward your competitor, $100 bill in hand. Unless your competitor does something silly — or one of your salespeople does something heroic — that $100 will not find its way into your bank account.

Why Salespeople Focus on the Wrong Type of Transaction

In most organizations, there are a number of powerful incentives for salespeople to focus on yours-to-lose transactions. An obvious one is the compensation plan. If salespeople get paid a percentage of transactions, we should not be surprised when they set up camp near our front door, waiting to intercept those prospects who are in the process of giving us money.

Another reason salespeople focus on yours-to-lose transactions is the celebration of salespeople's win–loss ratios (or closing rates). Again, intercepting inbound transactions will do incredibly positive things for salespeople's win–loss ratios even if this behavior is not in the best interests of the organization.

Salespeople Should Not Be Involved in Yours-to-Lose Transactions

There are two reasons why salespeople should not be involved in yours-to-lose transactions. The first reason is obvious, so we'll handle it last.

The Second Reason

The second reason is that, in an organization that is operationally excellent, salespeople will actually decrease your likelihood of banking your prospects' $100 bills if you allow them to involve themselves in yours-to-lose transactions.

Now, I know this is counterintuitive, so let me unpack it for you.

If a prospect approaches your organization, figurative $100 bill in hand, they are not looking to be sold to. They are looking to transact.

To ensure that you bank that $100, you should make it as easy — and as fast — as possible for your prospect to transact with you. That means that the interface between your prospect and those parts of your business where value is generated — engineering, production, and fulfillment — should be as friction-free as possible. The ultimate interface is invisible — think Electronic Data Interchange (EDI) or Vendor Managed Inventory (VMI).

Salespeople hate this argument, of course. But it's hard to live in a world where Amazon, Robinhood, Dell, Tesla, Grainger, and Fastenal are all multi-billion dollar companies and still maintain the position that customers want high-touch interfaces with their vendors.

In order to make the connection between salespeople and friction-free customer interfaces, consider salespeople's special ability.

It's the ability to persuade, isn't it?

Persuasion is a pattern-interrupt. The implication of persuading someone to do something is that you simultaneously persuade them not to do that which was their previous intention.

Given this, it should be obvious that allowing a person who is trying to give you money to talk to a salesperson will not result in a friction-free interface. In fact, the worst case is that your salesperson's noble attempts to talk your prospect into buying something they were already buying will result in your prospect reevaluating their initial intentions. (You may be shocked to hear that some executives assure me that this concern is unwarranted because their salespeople are not particularly persuasive.)

The First Reason

The first reason why salespeople should not be involved in yours-to-lose transactions is that growth does not come from convincing your existing customers to transact with you. It comes from convincing your competitors' customers to defect.

Technically, growth also comes from convincing your existing customers to buy from product categories from which they are not currently purchasing. However, this point is moot because if they are not buying those categories from you, then they are most likely also your competitors' customers.

Two Action Items

This discussion leads us to two simple action items.

First, you should make it the responsibility of operations to design the lowest-friction customer interface possible.

Second, you should make it clear to your sales department that their sole reason for existence is to pursue yours-to-win transactions.

This is how to grow an organization.

If Your Sales Proposition Isn't Relevant Every Day, It's Not Relevant at All

Let's assume you're a salesperson. You have a compelling proposition for your target customers, but there's one small problem.

Your customers only make purchasing decisions periodically. This means that, most of the time, when you reach out to a prospective customer, they are not interested in having a conversation with you.

Before I share the solution to this problem, let's first discuss the standard — but obviously wrong — approach.

The Wrong Solution

Conventional wisdom is that a salesperson, facing this dilemma, should first focus on building a relationship with potential customers so that when those folks do have a requirement, the salesperson — or their organization — will be top of mind.

The obvious flaw with this approach is the assumption that a prospective customer is interested in developing a relationship with a salesperson who has nothing of interest to sell! As anyone who has been on the receiving end of an irrelevant pitch from a salesperson exhibiting a tendency to be just a little too friendly will attest, this assumption is problematic.

A Kernel of Truth

However, this wrong solution does contain a kernel of truth.

The underlying idea is that if we can't get the prospective customer to buy our product today, then perhaps we can get them to say yes to something else and, as a consequence, develop some kind of relationship.

This is actually a powerful idea.

It's powerful enough that it deserves to be embraced as a guiding principle for those responsible for designing salespeople's propositions: A sales proposition, to be relevant to a prospective customer, must be relevant every day of the week.

The problem with the standard solution is that a relationship with a salesperson is not a particularly compelling proposition. It also suffers from a lack of clarity around the meaning of the word "relationship".

Relationships Ain't Relationships

In business, there's one special kind of relationship that's very important to us. It's what we call a commercial relationship. This is the kind of relationship that we should be prepared to invest in.

The other kind of relationship — a personal one — is not particularly relevant to business. It's true that personal relationships can develop over time, typically as a consequence of successful commercial relationships; and it's true that personal relationships have some benefit where preexisting commercial relationships are concerned.

But it is not clear that personal relationships are a first cause of commercial ones. In fact, most businesses today have accumulated a large volume of evidence that they are not!

Start Small. Grow Big!

Which brings us to our solution.

If you want to develop a commercial relationship with a potential customer, then come up with a proposition that is compelling today.

If your core product is not certain to be compelling today, then create an intermediate proposition that is.

Here are two ways to do that.

Let's assume that you sell spiral staircases to builders — and that those builders only have an occasional requirement for your staircases.

One tactical approach might be to offer builders an incentive to let you quote on their next three jobs. You might agree to provide them with an attractive section of a staircase that they can exhibit in their display suite, in exchange for signing a memorandum of understanding that codifies the commitment they are making to you.

A more strategic approach would be to look for overlap between your special capabilities and your prospective customers' day-do-day requirements. Perhaps you might discover that, while builders install spiral staircases occasionally, they install curved moldings on all the homes they build. If this were the case — and if building spiral staircases has caused you to invest in machinery and expertise relating to curved moldings — you might conclude that it makes sense to provide custom curved moldings to builders at a competitive price so as to establish a platform from which to sell spiral staircases. This is the Trojan Horse approach.

Either way, the result is the same. You are equipping your salespeople with a compelling proposition to which prospective customers can say yes every day of the week.

A 3-Step Process For Generating Opportunities For Your Sales Team

We all know that the promotional challenge to originate new sales opportunities is difficult. Prospects, understandably, have a natural tendency to ignore our promotional outreach.

But that's only half the picture. The real reason why the generation of sales opportunities is a significant challenge is that we don't have a choice. We MUST generate sufficient opportunities to keep our sales team fully utilized. Failure cannot be an option.

The logic here is simple.

Capable salespeople are expensive, difficult to find and costly to replace.

If you have a salesperson you have a commitment to keep that salesperson fully loaded with true selling activities. It makes no sense to claim that you can afford a salesperson but that you can't afford to keep them busy selling!

And to get them busy selling you have to generate sales leads.

But it's not all bad news. Here are three steps you can follow in order to generate sales opportunities for the sales team.

But first a few words of warning!

The importance of definitions

It's important to understand that I'm using the word promotion to refer to the origination of sales opportunities.

So, in my book, *The Machine*, promotion is anything we do to generate (or originate) a sales opportunity – and that's all it is.

The term (sales) opportunity refers to a prospect with which salespeople are engaged. It's important to note that the term does not infer any kind of value judgment. If a salesperson is engaged with a prospect, that prospect is an opportunity – irrespective of the likelihood of a sale.

We can expand the definition of promotion now: promotion is anything we do to generate an engagement between a prospect and a salesperson.

These two definitions are important because they provide us with an objective framework for the management of the promotional function.

Step One: Form a Promotions Committee

You'd be forgiven thinking that the starting point would be the appointment of a marketing manager (read guru). You'd be wrong. The most important first step in generating new sales opportunities is not the appointment of a person but that of a committee. Let's call this the Promotions Committee.

The Promotions Committee must include a number of senior people. Typically, these people are the head of marketing, the head of sales and the head of new-product development. In smaller organizations, the CEO should be a member of the committee.

The job of the committee is to conceptualize campaigns. In this context, think of a campaign as an initiative (like a military campaign), as opposed to a piece of promotional collateral.

Each campaign has three critical attributes. First, there's the offer and the market segment: what you're selling and to whom—exactly—you intend to sell it. Second, there's the ultimate proposition: a proposition so powerful that your prospect will ultimately be compelled to purchase! And third, there's the initial proposition: the initial commitment we'll be asking the prospect to make, at first point of contact.

These three decisions provide the campaign coordinator with what we call a campaign concept. The campaign coordinator can then use that concept to actually run the campaign. To query the house list. To commission new research. To create the pre-approach email. To release new opportunities to the sales team and so on.

As you can see, the Promotions Committee process is a powerful one—but for it to function effectively, you need regular committee meetings.

Step Two: Appoint a Campaign Coordinator

The role of the campaign coordinator is to execute the campaign conceptualized by the Promotions Committee. A good campaign coordinator shouldn't be a brilliant copywriter, graphic designer or marketing guru. In fact, it's better if they stay away from clever words and pretty pictures all together!

The campaign coordinator is responsible for just one thing: queuing campaigns and opportunities in front of the sales team.

There is two main ways the coordinator can do this.

They can run a query in CRM to find more prospects from within the EXISTING house list that suits the current campaign. Or they can commission a research analyst to compile a NEW list to supplement the existing house list. Of course, as inbound leads come in, they can assign them too.

Step Three: Make Sure The Sales Team Play By The New Rules

It's important that we insist that all outbound sales opportunities are generated by the campaign coordinator: not by salespeople hunting and-pecking through CRM looking for someone to call next.

This is critical as it ensures that salespeople are actually presenting the proposition that the Promotions Committee plans for them to present. It also means the organization has control over both the volume and type of opportunities that the sales team prosecute.

The flip side of this is that the campaign coordinator—and the Promotions Committee upstream from the coordinator—must take their mandate seriously and ensure that salespeople's opportunity queues are ALWAYS full.

If you think about it, these two rules protect the feedback loop in the campaign process. The first ensures that all prospects are approached by salespeople and the second ensures that all conversations between salespeople and prospects at least begin with the proposition specified by the committee. It'll probably seem trivial to declare these two rules incontestable—so you'll need to remind your team (and yourself) periodically what's at stake here.

A Word On Sales Opportunities

It would be amiss here not to talk a little about where opportunities come from.

There are three sources.

All but the smallest of businesses will have a certain volume of sales opportunities that arrive without incremental effort. We call those organic opportunities.

They consist of existing customers, expressing interest in product categories from which they are not currently purchasing and potential customers who are referred to you by existing customers.

There are two great thing about organic opportunities. The first is that they are high-probability opportunities (the highest, in fact). The other is that they are free. The bad news is that, by definition, you have virtually no control over the rate at which they appear.

The next source of opportunities are also those that come to you—but that come to you as a result of incremental effort on your part. Inbound opportunities, as we call them, emerge as a result of promotional effort (or expenditure). So, inbound opportunities might result from pay-per-click or traditional advertising. Or from publicity. From tradeshows or other types of events. Or from writing posts on your blog—or guest posts on other peoples'.

Typically, inbound opportunities are lower-probability than organic ones. These prospects come to you, which is good—but it's less likely that they come to your with an intent to purchase. It's more likely that they're requesting an information package, a sample, or registering to view a video. The good news is that you have control over the rate at which these opportunities appear. If you discover a lucrative source of opportunities, you can increase your spend and increase the flow—up to a point.

Outbound opportunities are those that you originate—and allocate directly to salespeople. Outbound opportunities are generally inexpensive, but they are the lowest probability of all three sources.

You need to mitigate against the low-probability of outbound opportunities by doing two things.

Number one, you need to do careful research to ensure that the list you build contains prospects who are likely to find your offer appealing.

And, number two, you should always initiate an outbound opportunity with a pre-approach email (or, sometimes, in the case of high-value opportunities, with a physical pre-approach package).

The big advantage that outbound opportunities have over the other sources is that they are easy to scale. And, as anyone in business knows, this is what's important.

Your salespeople are NOT short of leads.

If you hear a crazy idea often enough, there's a danger that you'll come to passively accept it — particularly if it's on the periphery of your primary interest area.

Some of these ideas (think, astrology) are harmless enough. But there's a danger that, every now and then, one of these crazy ideas will implant itself in your mind, masquerading as knowledge, and cause you to make less than optimal management decisions.

The commonly accepted idea that "sales leads are scarce" is one such idea.

It's one part of a duo of bad ideas. The other, that "revenue should be the responsibility of sales," was discussed in a previous article.

Why Sales Opportunities Are Never Scarce

Let's start by substituting the imprecise concept of "leads" with "sales opportunities." The latter concept is self-defining. Yes, a sales opportunity is a chance to sell something. That definition will do just fine for now.

As I'm sure you're aware, salespeople, sales management, and most marketing folks, complain endlessly about the shortage of sales opportunities.

If we reflect on why we have salespeople in the first place, it's pretty clear that we expect them to win new business for our organization. In most cases, we know where that new business will come from. It'll come from competitors, right?

Our competitors have customers, and we feel that those customers should rightfully be ours. And our competitors share some customers with us, which bothers us even more because we business people are territorial little critters!

So, if we want to validate the claim that sales opportunities are scarce all we have to do is count the number of customers that our competitors have and presumably we'll see that...

Hang on a minute!

If your organization is like most, and you count the number of customers that your competitors have in aggregate, it's likely that you'll realize that the idea that sales opportunities are scarce is patently false.

Your salespeople's job should be to chase all of your competitors' customers, attempting to convince them to defect to your organization. More importantly, they should be chasing the customers that you and your competitors share to convince them to buy from you exclusively.

When you consider that it's realistic for a salesperson to approach a prospective customer at least four times a year, it's likely that you'll conclude that it's impossible for your salespeople to run out of folks to talk to — even excluding prospective customers who have not yet been lured into purchasing from either you or your competitors.

Why Sales Folks Think Opportunities Are Scarce

If some basic math pokes a hole in the idea that sales opportunities are scarce, then why do sales and marketing folks believe it?

If you listen to their complaints very carefully, you may spot a "tell," a redundant word that finds its way into the complaint and illuminates their thinking. You'll often hear salespeople talk about their shortage of "qualified" sales opportunities.

Presumably, a qualified opportunity is a prospect that has some potential — greater than 0% probability — to be a customer, whereas an unqualified opportunity would be a prospect with no potential at all. If so, that's presumably what the uninitiated would call not-a-sales-opportunity!

Actually, salespeople use the term "qualified" to refer to prospects that have some potential but not enough to justify the salesperson's attention.

Strange.

So, if a salesperson needs to distinguish between those sales opportunities that have some potential and those that have enough to justify their attention — and if they want to maintain that they are short of sales opportunities — then there must be some activity other than selling that is competing for their attention.

And salespeople must be deeming this competing activity to be more important than chasing those customers of your competitors that fall below this qualification threshold.

What on earth could this competing activity be?

What to Do About It

You know what it is, don't you?

Your salespeople spend some of their time — actually most of their time — performing simple, transactional tasks for your existing customers. They busy themselves with generating quotes, processing orders, and resolving issues: all those tasks that a casual observer would assume to be the responsibility of your customer service team.

And we sanction this by under-resourcing our customer service teams and by allowing our salespeople to take ownership of accounts.

So, it turns out that this discussion has a nasty sting in its tail. We started by recognizing that the claim that "sales opportunities are scarce" is patently false. Then we recognized that salespeople only make this claim because they have competing priorities: selling versus servicing existing customers (accounts). And then we realized that we created this environment for salespeople to operate within. Oops!

So, what to do about it? Don't ask me that. You know already. Get to it.

Why the pursuit of a unified workflow will handicap your organization

— and a superior approach, courtesy of your local restaurant

When young executives discover enterprise technology, their first instinct is to build a unified, organization-wide workflow.

It seems perfectly sensible. The idea appeals to the innate desire we all have for elegance (and the love we all have for new technology).

But in practice, more often than not, this is a mistake. What you end up with is the oversimplification of work, the destruction of information, and the generation of conflict between departments.

If your business is any more complex than a lemonade stand, it's likely that you do not need (and should not have) a unified, organization-wide workflow. But what you should have are unified inboxes within each department.

Years ago we worked with an organization that was transitioning to Netsuite. Netsuite promotes themselves (as ERP providers like to) as a unified operating system for the organization.

The chief executive of this organization was in the process of making Netsuite tasks the default organizational work packet. His idea was that all knowledge work, organization-wide, would be done within Netsuite and, if a unit of any work could not be done within a core Netsuite module, it should be represented as a Netsuite task.

The dream, obviously, was to capture the complexity of the organization entirely within the ERP where it could be tamed, managed, and scaled.

The problem with the dream is that it ignores the true nature of complexity.

The folly of this line of reasoning was immediately visible within the technology department. The technology team was angry when Jira was scrapped, in favor of Netsuite tasks. Netsuite provided those folks access to information from around the organization (which they didn't need) but took away deep integrations with critical development resources, like code repositories, chat, software lifecycle management, and dashboards.

But it wasn't until a few weeks down the road that the real damage became obvious.

It used to be that there were two conversations. There was the technology conversation that occurred outside the technology department and there was the technology conversation that occurred within the technology department. Now, because of the unification of tasks, these conversations had been collapsed into one. The result was the sudden emergence of conflict between technical folks and the rest of the organization and a dramatic reduction in output.

The problem here is that these conversations are materially different from one another. And they MUST be, in order for the technology team to generate value for the organization. And this is true in all specialized domains. (Think of the conversations doctors have with one another versus the ones they have with patients; or air-traffic controllers, with one another, versus pilots.)

The mistake our friend made is that he had visualized his organization as one large conversation. But this is a bad model of his organization: a bad model of pretty much any organization.

It would be more correct to think of an organization as a collection of discrete conversations with very limited (but very important) connections between them.

My argument is that you should not be striving for a unified, organization-wide workflow because this is not reflective of the inherent nature of your organization.

Turns out that there is one simple thing you can do, using technology, that will provide you with immediate and significant benefit, without downside risk.

And that's to unify inboxes, within departments. Let me explain with a metaphor.

Consider your favorite restaurant. Within this establishment, there are two critical conversations. The front-of-house conversation, involving guests and waiters. And the conversation that occurs in the kitchen. As you know from watching Gordon Ramsey, these are two quite different conversations. (No good would come of any attempt to unify them!)

What's interesting here, is not the conversations, it's the integration point. The integration point is the chef's ticketing system. A rail containing tickets representing guests' orders.

This ticketing system is a perfect example of a unified inbox. All work that enters the kitchen enters by way of that ticketing system. If a staff member wants a meal, they create a ticket and add it to the rail. If a delivery order comes in from Uber Eats, someone converts it into a ticket and adds it to the rail.

Imagine if the kitchen didn't operate that way. Imagine if the chef was receiving orders via multiple mediums? If, for example, staff members gave the chef their requests in person and the chef was expected to pull delivery orders directly from an Uber Eats portal?

Obviously, if we owned that restaurant, we wouldn't allow that to happen. That would be idiotic!

But, and I think you know where I'm going here, if you take a look around most organizations you'll see that this is exactly what is happening, all day, every day; often with the explicit sanction of management.

My advice to you is don't focus on the conversations. Focus on the integration points between the conversations. An attempt to unify conversations by unifying workflows is a fool's errand. But there's massive potential to improve flow by focusing on the integration points.

In other words, figure out how to unify each department's inbox. That's a much better use of your expensive technology. (Oh, and stop shopping for unified enterprise systems: the unified workflow is a chimera!)

Focusing on Personal Relationships Will Damage Sales, Handicap Growth

Salespeople and sales managers talk about personal relationships as if they are an asset.

Now we could argue that it's commercial relationships, not personal ones, where the value resides. And that could lead to a debate about whether the latter causes the former or vice versa.

That debate, however interesting, is a distraction from a more significant problem that occurs when organizations assign too much value to personal relationships. The problem is that the organization tends to adopt a customer-centric, rather than a campaign-centric, approach to sales.

Being customer-centric can be good or bad depending on how that concept is defined. A focus on cohorts of similar customers is good. However, a focus on individual customers can be dangerous.

How a Customer-centric Approach Can Go Wrong

Here's an example of how things can go wrong.

A salesperson pages through a list of customers. It's not a huge list because there's a natural limit to the number of customer relationships that a salesperson can maintain simultaneously.

The question the salesperson is asking, as they review each customer, is: what can I propose to this organization?

Now, if the salesperson has a library of compelling propositions to choose from, they can simply select the most relevant proposition for that customer and start the conversation. However, if they don't, they must then attempt to invent a compelling proposition for that customer on the fly.

There are two reasons why it's unlikely that this salesperson will invent a compelling proposition. The first is that they don't have the necessary resources — or the authority — to do so. The second is that they are unlikely to invent a proposition that lessens their importance in the customer relationship. And those propositions that are more focused on campaign results than on relationships tend to be the most compelling ones!

But our salesperson is fine if they have a library of compelling propositions to select from, right? It's here that a reality check is required. It turns out that most organizations do have a library of propositions but few — if any — are compelling.

The reason is that the organization as a whole has adopted the salesperson's perspective — the primacy of personal relationships. But the reality is that growth proceeds from compelling propositions, not personal relationships.

And truly compelling propositions are those that are unlikely to be conceived — let alone approved — without the involvement of the executive team. More controversially, truly compelling propositions are likely to reduce salespeople's involvement with accounts.

3 Requirements for Compelling Sales Propositions

An example of a truly compelling proposition is Vendor Managed Inventory (VMI). Industrial supply has been transformed by VMI. But VMI is not an idea that could ever have emerged from a sales or even a marketing department. And VMI, in practice, tends to dramatically reduce the role of traditional salespeople.

There are three practical requirements for truly compelling propositions.

First, the active involvement of senior executives from multiple departments is required for both the conceptualization and the approval of what will necessarily be radical ideas.

Second, the organization as a whole will need to mobilize to breathe life into these ideas. If a great idea doesn't meet resistance from finance, IT, logistics, and production, it's probably not a great idea.

Third, these propositions need to be sold to batches — or cohorts — of customers. This means that the sales and marketing departments need to mount a dedicated campaign to approach every target customer within the cohort for which the proposition is relevant.

This third requirement is the most important. Without it, the organization will lack both the quality and speed of market feedback that's required for ongoing improvement. And without ongoing improvement, the organization will struggle to develop truly compelling propositions. Innovation, it turns out, is not a one-off event.

Customer-centric vs. Campaign-centric: The Choice Is Yours

The bottom line is that salespeople have two possible modes of operation:

The customer-centric one, where they start with a customer list and ask, for each, what will be a compelling proposition?

Or, the campaign-centric one, where they start with a compelling proposition and doggedly pitch this proposition to every decision maker within the cohort of organizations for which this proposition was designed.

These two modes of operation are mutually exclusive. So, choose carefully!

People buy from people (until they don't!)

The *people buy from people* pronouncement is most commonly used as an attempt to smuggle a false assumption into a conversation. The pronouncement tends to be delivered by salespeople (and their managers) as part of a defense of the traditional relationship-based sales model.

This tactic is more effective than it should be because *people buy from people* appears to be a truism. (Executives nod in agreement without questioning the truth status of the utterance).

Of course, it's not necessarily true that *people buy from people.* They do sometimes, but in many more cases, they don't! (Which is to say that this statement is more false than it is true.)

A more accurate observation would be that *people buy from people: until they don't!*

This reframing captures the important, and inescapable, fact that in pretty much every sector of the economy there's a trend away from human-to-human transactions.

History shows that, given the choice between transacting with a human and transacting with a machine, folks will overwhelmingly favor the latter.

It turns out that even the people who argue that people buy from people are not immune to this trend. Next time you encounter someone trafficking in this assumption, ask them to recall the last time they purchased stocks, the last time they purchased a computer, or the last time they purchased a motor vehicle.

If they admit that they purchased stocks from E*TRADE, a computer from Dell, or a motor vehicle from Tesla then they are aiding and abetting in the demise of the traditional stockbroker, the computer retailer, or the auto dealership. Consequently, their *people buy from people* exhortation should be challenged.

Perversely, the *people buy from people* argument is anti-human. It's an attempt to trap humans in roles that could be performed better by machines, when there is no shortage of more meaningful work for our carbon-based cousins.

Take sales, for example.

If you hired a capable salesperson, would want that person to spend their time processing repetitive transactions, when they could otherwise be engaged in the pursuit of brand new customers? This is not an idle inquiry. The traditional relationship-based sales model *absolutely does* trap salespeople in the management of repeat transactions. It turns them into over-paid, semi-mobile customer service reps—living in fear of their eventual extinction. The alternative is to focus salespeople exclusively on the pursuit of new business—an endeavor that adds significantly more value to the organization and one that is unlikely to be challenged by a machine, anytime soon.

At this point, some straight talk about the role of people (and relationships) in transactions will be beneficial.

Customer behavior suggests that, where repetitive transactions are concerned, a relationship with a salespeople (or any person, for that matter) is only valuable to the extent that the vendor is operationally dysfunctional.

It's true that a salesperson can add value to a customer (in the short term) by insulating that customer from chaos in Operations. However, a wise business leader will recognize that it makes sense to first build an organization that is operationally excellent and then provide customers a friction-free interface with that efficient Operational machine. (Think Amazon Web Services, Dell, Tesla, Robinhood, or McMaster-Carr.)

It's also true that this argument has limited application to bespoke services (management consulting, plant automation, system integration and the like). However, that same wise business leader will also recognize that today's bespoke service is tomorrow's configure-to-order solution—and that the organization that leads the commoditization of bespoke services is most likely to accrue the greatest economic benefit.

The moral of the story is that healthy skepticism is warranted whenever you hear that common *people buy from people* refrain. Or, more generally, it's wise to be on the lookout for falsehoods posing as truisms. The motives of those trafficking in these suspect ideas may not be as innocent as they appear!

Should salespeople be able to see the revenue associated with the accounts they've won?

My answer to the question posed in this headline is NO.

In most cases, salespeople should not be able able to view the revenue associated with individual accounts they've won?

This is interesting for two reasons. First, arguing my (seemingly untenable) position will expose a serious design flaw in most industrial organizations. And, second, this discussion highlights that our intuition can lead us seriously astray when we are operating in complex environments (dynamic systems).

Let's start with a thought experiment.

Freddy, a salesperson for the great Prestige Paints corporation sells a paint system to a small chain of hardware stores. Under the terms of the deal, the chain will stock Prestige Paints products exclusively, and Prestige Paints will supply capital equipment, training, and other services, along with special pricing and payment terms.

As the deal is closed, the question on everyone's lips (most notably, Freddy's) is, what is the value of this deal? How much value has been added to the corporation by Freddy's efforts?

So, Freddy watches the numbers. In month one, the deal generates zero dollars in revenue. In month two, zero. In month three, finally, $4,322 in revenue—generated because the first store in the chain is about to come on line and has placed a small order for some peripheral paint-related products.

As time goes on, and as more stores come online, the revenue resulting from this deal begins to build and it becomes clear to everyone within Prestige Paints that this deal was a significant win for the corporation.

Now, by the time the value of this deal becomes obvious to all (including Freddy), one of two things will of occurred. Either Freddy will have handed off the onboarding and maintenance of this hardware chain to Operations and moved on to pursue more deals. Or, Freddy will have embedded himself in the delivery of the promises he made, meaning that he has now been transformed into part customer-service rep, part technician, and part project manager.

In the former case, Freddy is conflicted by the hardware chain deal. He feels like his contribution was grossly underestimated when the deal was first won and it is unlikely to be recognized now that the chain has become a house account.

In the latter case, if Freddy has not devolved into a salesperson-in-name-only by now, it will only take one or more deals like this for Freddy's (functional) sales career to be a distant memory.

So, let's assume that the leadership of the great Prestige Paints corporation is intelligent and well-intentioned. Let's assume that they have designed their organization so that the Sales department focuses on selling (winning new business) and that Operations takes full responsibility for the fulfillment of terms of the deals that Sales has won.

If we proceed from this assumption, it would clearly be idiotic for Prestige Paints to allow Freddy (and others) to attempt to infer the value of the hardware chain deal from the monthly bookings. Obviously, this would result in different parties arriving at unpredictable and wildly divergent conclusions.

The more rational approach would be to recognize that, from an economic perspective, the hardware chain deal is an annuity (a series of payments stretching into the future). Consequently, the value of the deal is not the sum of the historical bookings—it's the net-present-value of the future cash flow.

Think of it this way. If you value the deal by summing the bookings, the deal is worth nothing at the point of signing and it increases in value, over time. However, in reality, the deal is at its most valuable at signing and it diminishes in value as those potential revenues are converted into actual cash in the bank (assuming the annuity has a finite term).

So, here's what I argue should have transpired. When Freddie won the hardware chain deal, the win should have been celebrated and the value of the deal should have been calculated at that point by making reasonable assumptions about the average monthly spend and the number of years for which the account could be retained.

After those celebrations, the account should have been handed over to Operations who should have assumed responsibility for exploiting the potential value resident in that account.

Moving forward, monthly bookings are important only because they are a measure of the performance of Operations. They should not be shared with Sales because they misrepresent the value of the hardware chain account.

In the modern industrial organization, most accounts resemble Freddy's hardware chain deal. Customers do not change vendors often and, when they do, it tends to be for strategic reasons. This means that almost all accounts are annuities and should be valued and managed as such.

The contribution of Sales should be calculated by summing the net-present-value of deals won during the reporting period. Revenue is important, of course, but it's an Operations metric, not a sales one.

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