BEYOND SELLING PROFICIENCY:
GETTING STRATEGIC RESULTS THROUGH AGREEMENT EXECUTION

by David Mears

When sales executives set out to execute new go-to-market strategy, they expect results: revenue and margin growth that boosts shareholder value.

And they expect those results to fully justify the investments made in management consultants, software deployments, sales force segmentation initiatives, marketing campaigns, and infrastructure changes that support that new strategy.

When sales volume or account profitability fail to reach expected levels, it's no surprise that executives turn to their staff demanding answers. Inevitably some make costly follow-up investments often including additional sales force training.

In many cases, the focus on training to build proficiency does not fix the problem. A costly gap emerges between strategy as *articulated* by senior management and strategy as *executed* in the field.

ARE YOU LOOKING IN THE RIGHT PLACE?

Most corporate leaders (including many sales executives) see the world of selling as a series of tasks that lead to closed sales: setting appointments, uncovering needs, overcoming objections, making presentations, and negotiating prices. It's no surprise that they turn to training to fix poor performance. The logic seems impeccable: "If our salespeople could just make better presentations, or ask better questions, or…then our performance would improve."

But this emphasis on selling proficiency focuses on *doing things right*…rather than *doing the right things*…to execute profitable go-to-market strategy.

It's as if you took a series of tennis lessons that taught you how to hit better forehands, backhands, and serves…but failed to show you how to execute a strategy to win a game with a real opponent across the net.

Because they are focused on the wrong thing, managers find that sales performance doesn't change, and results fail to meet expectations.

IT'S ABOUT *AGREEMENTS*, NOT TASKS

So what are the "right things" a sales team must focus on to execute corporate strategy at the point of customer interface?

Not tasks…but *agreements*.

In any selling process a sales professional might craft hundreds of agreements to advance the sale to closure. Within that large universe of agreements, there are typically six to eight *Pivotal Agreements* that determine whether a strategy-supportive sale is made. For example:

- In one company, the corporate strategy calls for reducing discounts; an analysis of low-discount contracts might show that getting the buyer to agree to give the sales team access to key data early in the sales process is the determining factor in whether the ultimate deal is priced profitably.
- In a second company, the strategy may focus on speeding up sales cycle time…and a review of well-executed, fast-closing sales shows that gaining agreement of a key executive to act as a "deal sponsor" is the *Pivotal Agreement* needed to reach that goal.

Put another way, sales task proficiency may improve the quality of a sales professional's "toolbox", but it won't help them know what to build with those tools. To succeed—to increase sales and optimise revenues—an organisation's leaders must focus their sales teams on building better *Pivotal Agreements*.

MANAGE *PIVOTAL AGREEMENTS* ☛ EXECUTE PROFITABLE STRATEGY

How do you lead an organisation that executes strategy, agreement by agreement, at the point of customer interface? Here are six guidelines:

1. **Approach it as a leadership challenge.**

   It's easy to delegate proficiency building to the sales training department. But to get a sales organisation focused on a new, agreements-based view of strategy execution, strong leadership is needed. Usually this means the Chief Sales Officer (with support from other executives) must "walk the talk", and demand a new mindset.

2. **Get the metrics right.**

   Pinpoint the precise metrics management needs to ensure that the focus stays on results, and activities needed to achieve them. Focus in two areas: result metrics (like decreased discounting or revenue growth) and process metrics that predict successful strategy execution (like gaining certain *Pivotal Agreements* from customers during the sales process).

3. **Shift the focus from selling proficiency to agreement management.**

   The sales process involves building and crafting a series of agreements over a period of time with both your customer and others inside your own organisation. Incremental agreements you make throughout the sales process determine the size, quality, and profitability of the final contract. Know what agreements your sales team needs to make and when they need to make them.

4. **Get the *Pivotal Agreements* right.**

   Not all agreements are created equal. There are agreements and there are *Pivotal Agreements*. *Pivotal Agreements* are those agreements that have a disproportional impact on whether your sales process generates the revenue and margin growth needed to achieve corporate goals… or whether you fail to achieve them. Analysing your sales process with the goal of identifying *Pivotal Agreements* is critical to success.

5. **Focus on the "3 D's": Data, Dialogue, Discipline.**

   Most sales training focuses on customer *dialogue*: what the salesperson says and does when he/she is in front of the customer. To succeed in the arena of *Pivotal Agreements*, a company must widen the focus, and also provide the *data* salespeople need on what a good agreement looks like. Perhaps more importantly, it must institute an execution *discipline* to make sure every sales opportunity is managed to optimise the outcome of every *Pivotal Agreement.*

6. **Think of it as a *discipline,* not a programme.**

   Getting results requires leaders to view their challenge as creating a strategy execution discipline in their company, not just launching a one-time programme. The best companies implement a discipline that includes:

   - A structured *sales execution planning process*: a simple set of required planning and coaching routines.
   - A strong focus on identifying and managing *Pivotal Agreements* throughout the sales process.

- Use of a commonly accepted set of *Sales Execution Principles* that drive better execution planning and coaching.
- Deployment of effective execution planning through existing sales management processes and systems (such as CRM systems and monthly sales pipeline review meetings).
- Sponsorship by the top sales executive and sales leadership team.
- Management reinforcement and measurement of results.

Deploying an organisational execution discipline like this is not as easy as implementing a training programme to build skill proficiency. But when a corporation's strategic success rides on the outcome, this high-level focus is the logical response to ensuring high ROI on the much larger investment already made in strategy development.

THE NEW PRESSURE TO EXECUTE STRATEGY AT THE POINT OF CUSTOMER INTERFACE

Why is the pressure greater today than in the past to focus on strategy execution at the point of customer interface? In part, because the stakes are higher. The level of investment in corporate strategy has grown, and the need to ensure ROI has grown accordingly.

In addition, new threats to profitability have made it imperative that executives focus not just on strategy development, but on its successful execution with customers. Here are five:

1. Perceived commoditisation	Today, more than ever, buyers are saying, "We perceive product parity...and price disparity between you and your competition." This drives prices and profits down, and makes it imperative that sales teams establish differentiated value quickly and effectively.
2. Predatory competitors	In many industries, the rate of new competitor entry into the market is increasing, and new lower-priced alternatives threaten formerly secure profit margins.
3. Time-based competition	Customers are demanding faster service response. Product life cycles are shortening. There is more pressure than ever to sell, contract, and deliver solutions quickly. This makes it more likely that unnecessary concessions will be made to close business, and that costs of delivery will be excessive.
4. Cost- and risk-fixated buyers	Sales teams are increasingly forced to negotiate with professional buyers who are preoccupied with (and rewarded for) cost reduction. Buying decisions are often deferred from individual buyers to risk-averse committees. This makes it harder than ever to establish and charge for the value of a company's solution.
5. Globalisation of sourcing	Pressure to contract on a global basis (often with pricing driven from the countries focused more on price than solution value) drives down margins on large contracts...often as the costs of international delivery increase.

David Mears is Executive Vice President of BayGroup International, and head of the firm's Strategy Execution Practice.

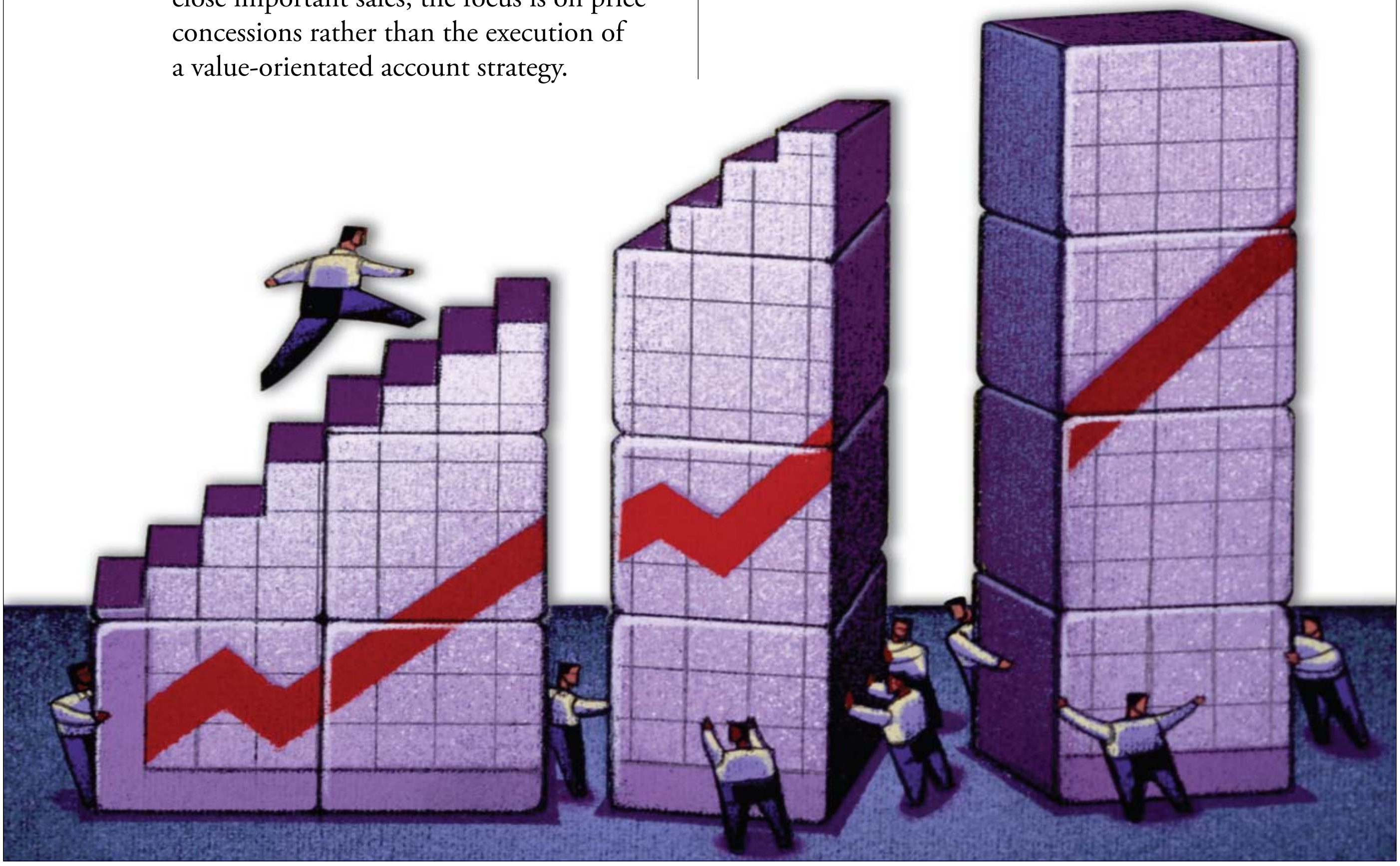
DOES YOUR SALES ORGANISATION HAVE AN EXECUTION PROBLEM?

Ten "Early Warning Signals" to Watch for...

How can you tell if your organisation has an execution problem? After all, sales results can be affected by a number of external factors, including economic conditions, pricing reductions by competitors, and changes in buyer preferences.

Here are 10 "early warning signals" that indicate it's time to focus more intentionally on improving execution at the point of customer interface:

1. Account margins begin to creep in the wrong direction.
2. The percentage of deals escalated for exceptional pricing or contract terms increases.
3. Costly concessions (on pricing or contract terms) are made without apparent planning, or development of negotiation strategy.
4. You have implemented a management discipline to review the "pipeline" of business, but discover pockets of non-compliance in the sales organisation.
5. Senior executives are frequently called in to "save the day" on important deals.
6. When executives get involved in helping close important sales, the focus is on price concessions rather than the execution of a value-orientated account strategy.
7. Line sales managers are tolerant of execution mediocrity, and are willing to "go to bat" internally for concessions that erode account profitability.
8. Sales professionals and their managers can describe customer demands (for better pricing, or onerous contract terms), but not the underlying reasons why they need them.
9. Internal legal, contracts, and accounting staff report that the sales team seems more willing to advocate for their customer's position than protect the company's interests.
10. Important contracts are smaller or less profitable than projected because of mistakes made early in the sales process.



About BayGroup International

BayGroup International partners with corporate executives to improve shareholder value by:

- Ensuring that key business initiatives demonstrate significant ROI;
- Helping implement corporate strategies successfully; and
- Building skills across the organisation for creating profitable agreements, both internally and externally.

BayGroup International implements strategic projects that include research, highly-tailored performance improvement development, and the tracking of results. Our work in client organisations is supported and reinforced through executive leadership communication campaigns, management coaching, and Internet-delivered performance support tools. Using our proven behaviour change approach has helped clients achieve desired business results, and improve the ability of key employees to build better agreements with:

- Customers, especially when competitive sales pressure threatens profits.
- Suppliers and other outside parties, whose increasing costs can erode the bottom line.
- Internal team members and between individuals, where failure to handle tough, contentious issues can threaten quality, customer service, restructuring, and other strategic initiatives.
- Strategic partners, where poor agreements can threaten the success of mergers and acquisitions, as well as other mission-critical alliances (in areas such as distribution, research and development, and marketing).

By partnering with BayGroup International, clients achieve significant improvements in human performance and bottom-line results.

Since its founding in 1980, BayGroup International has built a select client list of major global corporations, focusing on the technology, telecommunications, pharmaceuticals, transportation, consumer products, and financial services industries. Our consultants have worked in North and South America, Asia, Europe, and the Middle East. We serve our clients from offices in major cities around the world.

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