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This could be the most pressing question of the decade: What does it take to implement a performance improvement initiative that delivers measurable bottom-line results?

Over the past few years, AT&T's business-to-business sales organization enhanced its approach to improving sales profitability and customer satisfaction, and is now seeing the results. The goals were to show their sales-force new ways to expand value for customers and to motivate profitable behavior change in the field. The strategy: Implement a comprehensive combination of training and Internet technology that would connect corporate strategic challenges with skill-development investments, online performance support, accreditation, and bottom-line results tracking.

Like most corporations, AT&T has offered negotiation-skills training—including BayGroup's workshop *Negotiating to Win*—to its business-to-business sales professionals for many years. As the 1990s came to a close and competition in the telecommunications industry intensified, AT&T's senior management demanded that time out of field for sales training be limited to programs that contributed directly to the achievement of critical corporate objectives. A review of the new challenges facing AT&T's account executives made clear that that approach was necessary and that changes had to be made in how AT&T developed its sales team.

## Ways to Wire Sales Training

By Joe Henderson and Gregg Crawford

In-depth interviews of sales professionals and their managers, confirmed by data collected during sales training workshops, uncovered a number of emerging challenges to selling AT&T's value profitably:

- a growing commodity mindset among customers, who were finding it harder to differentiate between competitive offerings
- increasing price pressure, which was now present in every purchase
- more-sophisticated buyers, who often had significant telecommunications purchasing experience and were now more likely to be represented by aggressive telecommunications consultants
- deregulation, including the removal of tariffs on many telecommunications services. With the emergence of detariffing, AT&T risked its sales pro-

professionals negotiating costly, difficult-to-implement customer agreements.

- expanded product-services portfolio. AT&T's value proposition, which had in the past rested largely in high-quality long-distance service, was now built on its ability to offer a wide variety of other services, including high-speed data Internet services such as Web hosting, and telecommunications outsourcing.
- increased customer-service demands, which made it imperative for sales professionals to set customer expectations at levels that could be met and exceeded during sales and installation.

In that environment, negotiation skills clearly were critical to building customer satisfaction and corporate profitability.

### Calling on counterintuitive

As AT&T assessed its options for changing the negotiating behavior of its sales professionals, it became clear that training workshops alone wouldn't produce the lasting behavioral changes needed.

The reason is simple: Good negotiating is counterintuitive. When faced with the stress of customer negotiations, the natural tendency of sales professionals is to do the opposite of what they should do. Similar to American tourists in London who intuitively look left instead of right before crossing a street, most salespeople usually find that the habits they've devel-

How AT&T used a Web-enabled process to improve sales skills and connect them to the bottom line.



Key changes in AT&T's selling environment drove management to demand a more comprehensive approach to building negotiation skills for improving customer satisfaction and account profitability.

oped over the years can lead to costly (and sometimes unexpected) results.

Faced with that reality, AT&T decided to take a multipronged systems approach to improving performance, using a Web-based tool called *DealMaker* as the backbone. That represented a significant evolution in the company's approach to sales-skill development, integrating performance support tools to reinforce workshop training.

The system has these major components, all supported and linked with the online tool:

**Blended experiential training.** New skills are developed in the classroom, then reinforced online. The Negotiating to Win workshop builds counterintuitive skills by exposing sales professionals to actual negotiations, in which they can make intuitive mistakes in a safe environment, increase their motivation to change by gaining "aha" insights into their current behavior, and practice new skills in a simulated setting.

Participants are also introduced to, and trained to use, the online performance support tool, which reinforces

key workshop concepts, supports online planning, and provides opportunities to review content and assess knowledge. Workshop graduates receive semi-weekly email reminders to use key skills learned in training out in the field and to share their experiences with management via email.

**Online planning and knowledge management.** *DealMaker*, available to users anytime online, provides just-in-time sales negotiation planning support, as well as best-practice information, strategies, and approaches

## It's Counterintuitive

When asked, most sales professionals will tell you that negotiating is one of the most difficult aspects of their jobs. One reason is that effective negotiation is counterintuitive. When the tension of negotiating arises, the natural, intuitive responses of the typical sales professional are usually the opposite of what they should be. That isn't surprising in a world where salespeople are taught that the customer is always right.

Here are some examples:

### In this situation...

The customer begins exerting pressure for a lower price.

### The natural reaction of most sales professionals is to...

Begin talking about prices—such as "How low would our price have to be to win your business?"

### What salespeople should do, though it's counterintuitive...

Acknowledge the importance of price, but keep discussion focused on value.

The customer asks for product information.

Give too much information, which lets the customer identify product features he or she doesn't need and ask for price breaks to compensate.

Give just enough information to earn the right to ask for more information from the customer.

The customer tells the salesperson he or she has competition.

Lower their targets and try to win on the basis of lower prices—and make concessions too quickly.

Maintain high targets, and find ways to justify them. Concede slowly and reluctantly.

The customer shares something he or she wants, such as faster installation.

Quickly begin looking for ways to meet the customer's request.

Ask questions to uncover underlying needs below the stated wants, and search for creative, low-cost ways to meet them.

The customer asks for a concession early in the sales process.

Give in to the customer's request, assuming that builds a good relationship.

Realize that negotiation happens at all stages in the sales process (not just at the end), and be certain to get something important in return when a customer's request is granted.

gathered from AT&T's highest-performing sales professionals.

A user enters information about a customer and receives AT&T-specific planning assistance to help negotiate agreements that boost customer satisfaction and account profitability. The tool prompts sales reps to think creatively about ways to uncover and meet customer needs, anticipate and recognize model answers to tough customer questions, and plan effective concession strategies. The tool then provides a "what to do" strategy for the rep in the upcoming negotiation.

In addition, sales reps can access success stories from other sales professionals and read best practices on using specific negotiables they might ask for or offer during the sales process.

**Accreditation.** To be promoted to higher levels of sales responsibility, an AT&T sales professional must not only complete the workshop, but also demonstrate successful skill use in the field. The online tool lets users manage the development process, called Negotiating to Win Accreditation, which includes submitting completed plans and success stories. The program also allows sales reps to check their progress.

Putting the focus on successful skill use rather than on workshop completion makes sales professionals more likely to demonstrate better selling behavior in the field.

**Results tracking and reporting.** A key element of AT&T's strategy is to track and report to management return-on-investment data from the training.

Because sales professionals are required to use the online tool to submit examples of successful skill use to attain accreditation, the system includes automated collection of ROI data.

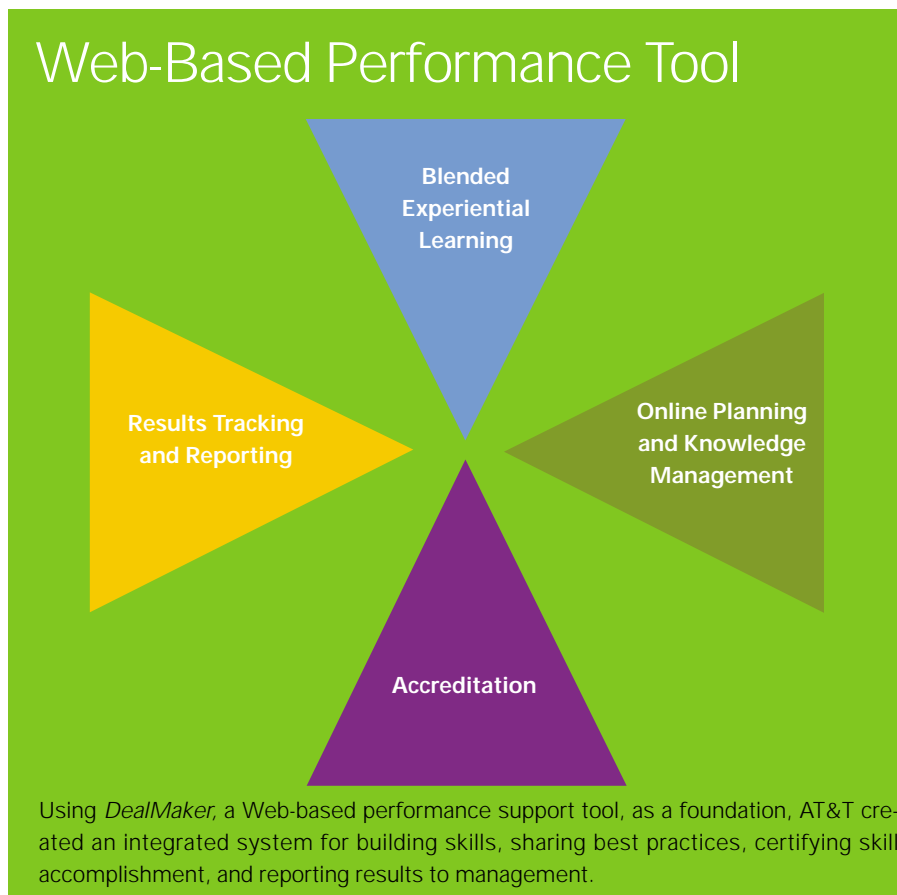
Here's how it works: An AT&T sales professional uses the online tool to submit a detailed description of an actual negotiation conducted using the skills learned from the training. The salesperson also provides information on the account, such as size of deal and example of skills used. That information can be used to quantify the value of skill usage. What's called "the success story" is then automatically submitted to the sales manager, who validates its accuracy via an email reply. At this point, two things happen: 1) The sales professional's accreditation status is updated automatically, and 2) the success story becomes part of a results-tracking database.

Using that simple, automated process, AT&T has documented expanded customer relationships (a demonstration of higher customer satisfaction) and significant return-on-investment. One recent results-tracking study documented for each \$1 invested in the training more than \$40 in incremental sales and \$7 in incremental profitability.

#### In the field

What is the day-to-day experience of using the negotiation concepts and online tool in the field? AT&T managers report that by making the connection between workshop training and back-at-work execution, overall confidence and competence have increased.

In a number of high-performing branch sales offices, the concepts and software are critical to daily account planning. Customer agreements are more creative, customer satisfaction is higher, and deals are larger and, in many cases, more profitable. In addition, the software is now being institutionalized as part of the



standard system for getting exceptional deals approved by management. Salespeople submit online-generated plans to get approval for any extraordinary pricing or customization.

### Top ten best practices

The program represents a major commitment of resources for AT&T. A project like this one, which provides training and software to thousands of sales professionals, must be supported for it to succeed. The company has taken several important steps to ensure that its investment pays off. Here are AT&T's top 10 best practices:

1. **Connect training to strategic goal attainment, not just skill development.** All workshops begin with an in-depth discussion of AT&T's strategic challenges

in the marketplace and the importance of sales-negotiation skills to meeting those challenges. That discussion includes examples of the negotiation wrong turns that can lower a customer's perception of AT&T's value. Those classroom conversations are critical to highlighting the importance of the learning experience and using new skills back on the job.

2. **Start at the top, and work down.** The effort was launched by first running intensive workshops for sales managers, branch marketing managers, and other deal approvers. The goal was to gain their understanding and build support for key workshop concepts and the software. Every workshop begins with a video presentation by Ken Sichau, executive vice president and head of the business unit, detailing the strategic importance of the

training. That approach led to an important result: AT&T line sales professionals get a high level of reinforcement for using new skills with their customers.

3. **Focus on a few critical skills.** Rather than provide a smorgasbord of training opportunities, AT&T focuses its efforts on a few critical areas, such as sales negotiation, and invests heavily in those areas. Completion of the "critical few" programs within specified timeframes is required of all sales professionals for career advancement. The result: Salespeople have a clear idea of exactly how management wants them to work with customers.

4. **Use the right training tool for the job.** Online learning is appropriate for many training applications, especially those related to knowledge acquisition and technical-skill development. Negotiation

## A Success Story

Here's an example of a success story submitted via the online tool.

Kevin, an East Coast AT&T account executive, was selling to a company that provided Web-based data services to the financial industry. The customer's request: a number of high-speed DS3 data lines to support its business, at a competitive price, installed on a schedule faster than AT&T or any of its competitors could meet.

Kevin knew from his pre-call research that the company had made a public commitment to be at the top of the marketplace in terms of its technology capabilities. "I knew from training that I shouldn't do the intuitive thing and respond with a counterproposal laying out our position on faster installation," he says. "I needed to slow down the process and probe more deeply to uncover the underlying customer needs so I could come up with a creative solution."

Rather than begin a competitive negotiation about how quickly AT&T might (or might not) be able to install the data lines, Kevin used the online tool to craft a strategy to uncover information helpful to his negotiation. First, he offered the customer a traffic study to assess its true requirements. He also asked about the customer's underlying motivations and priorities. Kevin discovered that the most important customer need was

the installation timeframe, because the company had already launched a marketing campaign to introduce a new online Web-based service by the end of the quarter. The real needs were to "get its technology into the 21st century," find a partner that could help implement the Web-based business successfully, and avoid the public embarrassment of not living up to its commitment. Given the growth of the customer's data traffic, it needed only some of the DS3 lines immediately and could wait for the rest.

With that information, Kevin was able to craft a better agreement for both AT&T and the customer. He says, "I realized there was a possibility of selling additional Web-hosting services to my customer because it needed fast installation and a reliable partner to provide better service." As a result, Kevin was able to trade quicker installation of enough of the DS3 lines to meet the customer's product launch in exchange for a commitment to use AT&T's Web-hosting services.

Both sides were winners: Kevin's customer met its product launch deadline and received a better, more reliable solution for hosting its Website. AT&T was able to meet the installation need in a creative way, increase customer satisfaction by addressing real needs, and turn a \$500,000 sales opportunity into one worth more than \$5 million.

isn't one of those applications. Because of its counterintuitive nature, effective negotiation is best learned through discovery-based learning, simulation, and intensive skill practice. In that context, online tools are best used for skill review, assessment, and online performance support.

5. **Integrate classroom and online experiences.** Significant learning occurs when a classroom experience is reinforced by online tools used back at work. In the AT&T program, that happens a number of ways: The online tool is used in the classroom to model effective negotiation planning. The negotiation planning concepts and language taught in the classroom are mirrored in the software's design. And the software is used to capture examples of skill use back on the job.

6. **Make it simple to reflect real-world users.** Sales professionals are an impa-

tient group. They want to do paperwork quickly or avoid it when possible. That's why the online tool uses a "click on the buttons" approach rather than a "fill in the blanks" approach to planning, and why sales plans created online can be saved, then retrieved and edited rather than having to be re-created for every call. In addition, the plans can be downloaded easily to a salesperson's PDA for quick access before a sales call.

7. **Redefine "completion."** In the past, an AT&T sales professional's skill development was measured in terms of course completion. In the Negotiating to Win initiative, skill development is measured in terms of on-the-job skill use—documented in the form of a completed negotiation planner and a related success story of effective skill use submitted online. By redefining training success in

that way, AT&T put the focus where it counts: on observable, measurable performance improvement.

8. **Track the results, and report them to management.** Building a sales culture of value creation and profitable negotiation takes time and management commitment. In order to sustain that commitment, it's important to demonstrate results from a skill-development investment like the one AT&T made.

Here's how it works at AT&T: Data results from actual negotiations are collected and analyzed on a regular basis using the online tool. That helps AT&T fine-tune its implementation plans and confirms that the initiative is achieving desired financial returns. That data is compiled yearly into comprehensive tracking studies that include reports on participant reaction,

## The Sales-Management Connection

One way to assess the day-to-day effectiveness of a behavior-change initiative is to find out how managers are reinforcing the use of new skills on the job.

At AT&T, the sales centers that have made the strongest commitment to improving negotiation skills have performed the best. In fact, in analyzing sales centers in terms of year-to-date percentage of quota attained, the top five AT&T sales centers have on average adopted the program more comprehensively than AT&T's lower-performing offices.

One top-five office is managed by Bill Mulder, sales center vice president and 23-year AT&T veteran. His 120-person Great Lakes Sales Center, located in Detroit, adopted Negotiating to Win and *DealMaker*, and has integrated them into its sales-management processes.

It all began when the center's managers took the three-day workshop as a team. Says Mulder, "We were able to start connecting the content of the program right away to help us understand our problems on certain deals and identify situations in which we'd handled things right but didn't know it. The workshop motivated us to use the same language when talking with account executives, and now that language has become part of the way we manage our people."

Mulder uses these other strategies to keep the topics of customer value creation and effective sales negotiation in front of his sales team:

- Each monthly meeting includes a standing agenda item in which a line sales manager reviews a key concept from the training and two examples of how it was applied on the job during the past month—followed by an open discussion of that concept, involving 120 local and phone-in reps.
- Managers use the workshop concepts and online tool to coach account executives through challenging customer situations. Says Mulder, "We recently used the software on a large agreement with an automotive company, and it helped us define our strategy. It was hard to invest the time up front, but in the end we were much better prepared for the negotiation and much calmer throughout the process."

Mulder plans to institute a process through which deals escalated to managers for approval on unusual pricing, terms, or installation schedules would require software-generated plans. He says, "Our management team has seen results by using a common language and coaching approach. The key is to keep the concepts and tools fresh and alive for the sales team."

skill improvement, skill usage in the field, and bottom-line return-on-investment. That thorough reporting of business impact and ROI helps maintain executive-level support and momentum for the program.

**9. Automate results tracking.** A useful approach taken by AT&T is to gather results data using the same software sales professionals use to plan their negotiation strategies. The online tool provides a “submit a success story” option that salespeople use to profile successful negotiations. Those stories are compiled automatically into results-tracking studies.

**10. Connect skill development to sales-management systems.** One key to getting busy sales professionals to use new software is to build its use into their day-

to-day management routines. AT&T started by making *DealMaker* the portal through which salespeople completed requirements for accreditation and related career advancement. The next step was requiring account execs to use the software to create and submit plans for any deal requiring management approval of exceptional pricing, terms, or installation schedules.

AT&T’s approach to sales training will continue to evolve and improve based on real-world experience. At present, it plans to build on these areas:

- training
- integration of negotiation concepts and the online tool into the sales-management system, including pipeline reviews, deal-exception approval, and

the customer-relationship management system

- online collaboration via live, Web-based plan creation
- reinforcement of counterintuitive-skill use through follow-up application.

In the end, AT&T’s goal is simple: Improve the level of value it provides to every customer and be rewarded for that with larger and more profitable account relationships. TD

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## About BayGroup International

BayGroup International partners with corporate executives to improve shareholder value through increased profitability by helping key employees build better agreements:

- with *customers*, especially when competitive sales pressure threatens profits.
- with *suppliers* and *other outside parties*, whose costs erode the bottom line.
- within *internal teams* and between *individuals*, where failure to handle tough, contentious issues can threaten quality, customer service, restructuring, and other strategic initiatives.
- with *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).

BayGroup International implements strategic initiatives that include research, customized training, and the tracking of results. Our work in client organizations is supported and reinforced through executive leadership communication, management coaching, and internet-delivered performance support tools. By partnering with us, clients achieve significant improvements in human performance and millions of dollars in bottom-line results.

Since its founding in 1980, BayGroup International has built a select client list of major global corporations, focusing on technology, telecommunications, pharmaceuticals, transportation, consumer products, and financial services. Our consultants have worked in North and South America, Asia, and Europe. We serve our clients from offices in Atlanta, Chicago, Cleveland, Dallas, Hong Kong, Milwaukee, Philadelphia, San Francisco, Singapore, Stamford, and Tokyo.

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