

THE DYNAMICS

Understanding Sales Performance Dynamics The Game Changer for Revenue Growth

By Michael Knulst

“Today’s Business arena is complex and challenged with many situational, actionable and operational problems. Smart Companies understand that it is all about top line Sales and bottom line Profitability. They literally need to be obsessed with Possibilities to Win, Serve and Retain Customers.”

What’s the Challenge?

Modern business owners and executives need to be focused on driving results; in a faster, better and easier way. Growing your business and making it more profitable involves looking at ways to increase sales revenues as well as decreasing your costs and bench-marking your business.

In this article our focus is on understanding Sales Performance in order to make the right decisions, take the right actions and for improvement.

The Bridge Group report (2017), stated that the main challenge for companies in driving results is in the areas of Productivity and Performance of their Sales force.

A substantial percentage of people involved in sales (between the 40 and 50%) are not meeting their yearly targets. We are not talking about incidents here and as a matter of fact this seems to become more and more a wide spread, structural problem. What’s wrong?

According to LSA Global, a business consulting and training company in the USA, most sales people struggle because of the following reasons:

1. No alignment Business and Sales Strategy
2. Poor Sales Strategy
3. Poor Execution
4. Not knowing your Numbers

According to Forrester, one of the most influential research and advisory firms in the world, it is all about agility in planning and execution.

“In today’s customer obsessed business world, the race to win, serve, and retain customers, requires firms to have agility in both strategic planning and execution practices.”

-Forrester Research Inc.

This article is about connecting the dots and bridging the gaps in order to get back into control over your sales performance.

First something completely different

Before we go any further in-depth I want to share some dynamics that most (business) people don’t quite understand. I will call it the *Results Creation process*.

No matter what field of business you are in right now, it always starts with the 3 main stages of getting results in a sustainable way:

1. Planning
2. Implementation
3. Execution

In the next figure you see that this process needs to be performed in a sequential order. This is key! The shocking reality is that many business people, no matter if they are entrepreneur, manager or executive, are not aware that these stages represents different realities, have different dynamics, let alone that there is a fixed order and that every stage delivers different output.

OF SALES

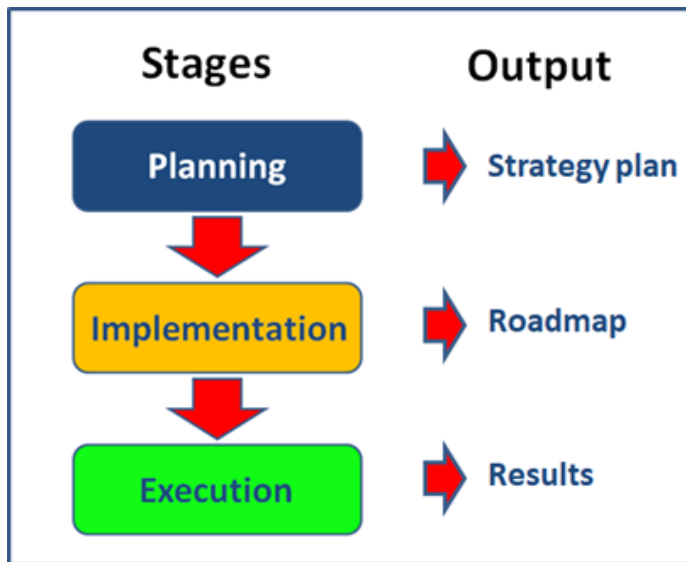


Figure 1: Results Creation Process

Sales Performance

First we have set the scene, now we are going to project this Results Creation Process on Sales Performance.

Stage 1: Planning

The Planning or Designing stage is all about the WHY.

In many cases the majority of business people start running before they even have figured out in what direction they need to go. They are merely running in their business instead of running their business. As one of my coaches uses to say: *“Walking in the wrong direction is bad, but walking in the wrong direction enthusiastically is even worse”*.

Therefore the Planning stage is the most important part! Why? Because the primary function of an entrepreneur or executive is to create and maintain a large-scale vision for his or her company. During this stage, the future vision is

developed; the main strategic goals and objectives are defined. You always start with the end in mind: Looking into the future. Where do you want to be in 3 years?

Based upon that outlook you have to design your Sales strategy and it is of great importance that you understand the context! Strategy is about doing the right things and an effective Sales strategy needs to be fully aligned with the overall Business strategy, in which the overall ambition, your positioning, your branding, the distribution channels, the niche with its ideal target market, the value proposition, your pricing, the success metrics, goals and objectives are clearly defined.

The Sales strategy is about the ideal target clients, the right channels, lead generation, the success metrics, roles, processes and specific actions required to meet targets that are based upon data-driven research.

The essence is that alignment in combination with the right focus of people and resources leads to the best results.



Figure 2: Alignment

Stage 2: Implementation

The Implementation stage is all about the WHAT and the HOW.

In this stage we "reverse engineer" our Sales strategy into concrete steps, the Roadmap.

A Roadmap is a visualization of your Sales blueprint with a clear overview of what actions are needed to help your company achieve its goals for success. It connects the dots for your sales people by showing everyone how their everyday actions fit with the company's vision of where it wants to be in the future. The Roadmap is drawn up containing the most important steps that the Sales people must take to achieve their goals.

Let's assume that our objective is Revenue Growth. In the figure below you see a so called *Reference Model for Revenue Growth*, which is based upon the teachings of my coach **Cherie Eilertsen**.

Successful revenue growth runs along the lines Marketing, Sales and Retention.

The key Success Drivers that are decisive in this model in order to accomplish your ambition consist of:

1. Getting more customers
2. Keeping customers
3. Getting more transactions
4. Improve on your margins

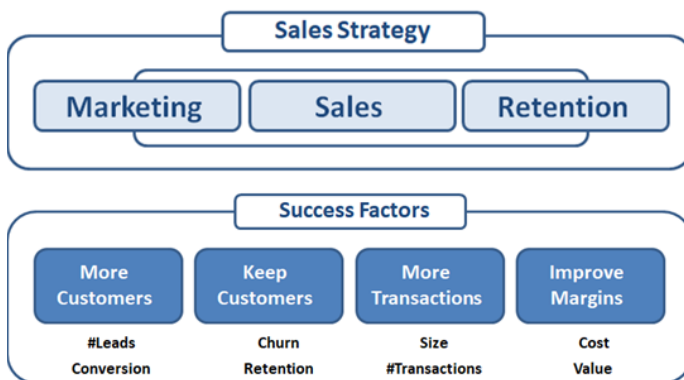


Figure 3: Reference model for Revenue Growth

In order to create a complete Roadmap the following steps need to take place:

- a) Defining the Key Activities per Success Driver
- b) Defining the corresponding Metrics per Key Activity

The right roadmap connects strategy to results; it supports the alignment of strategy, execution and control, making organisations successful in implementing their strategic sales goals fast.

Stage 3: Execution

Once you have your strategy and goals in place, more than

ever, it is of vital importance that your plans are executed fast and without failure. Figure 4 shows you the critical elements in Execution.



Figure 4: Execution

Executing your Sales strategy -*getting the right things done*- has become the new differentiator in today's economy. Now it comes upon mastering your focus so that achieving your goals happens quickly and automatically.

But because the world around us seems to go faster and is has become more difficult, keeping focus is a real challenge:

- Business operations and its processes are increasingly integrating and becoming more complex
- The economic pressure is forcing organizations to do more with less
- Unexpected distractions in our daily working environment, which claim urgency causing disruptions
- Priorities are growing by the hour causing stress and pressure

Therefor having a visual Roadmap which is supporting us in keeping our maximum focus is of vital importance. It supports you to permanently focus your attention on what needs to be done.

The primary benefits of Roadmaps are that you have overview and are in control. The overwhelming majority of sales people are so caught up in the urgent activities of daily activities that they seem to be sprinting in a dense fog. They have become business runners; they are running hard but going nowhere. They've confused activity with accomplishment.

Therefore, in order to get the right things done, we have to support our sales people in relentlessly focusing on the important.

The next figure is an example of a part of the *Revenue Growth Roadmap* which I have specifically created for one of my clients; a European player in the field of facility management.

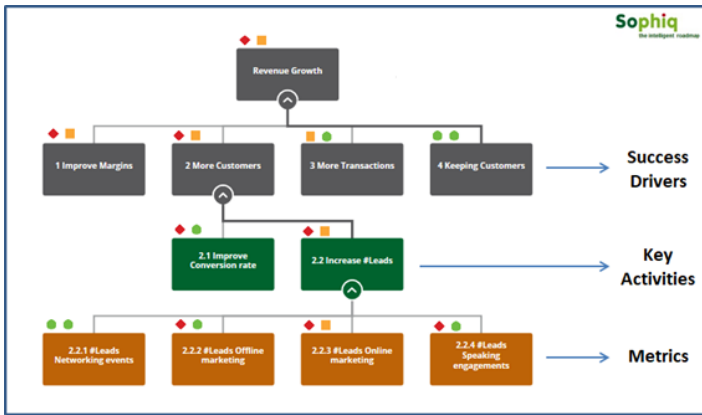


Figure 5: Roadmap Revenue Growth

Where to start?

If your company is not meeting its sales targets because of too few customers, selling too little at too low prices, giving away too much discounts because of lack of value, or worse a combination of these factors, this will be revealed at the operational level of the company, Stage 3 Execution.

Where do we have to look for the problem?

“We cannot solve our problems with the same thinking we used when we created them”, according to Albert Einstein.

Freely translated this means that a problem cannot be resolved at the level where it originated. So we have to look at the root, the cause instead of the symptoms.

Revenue Growth and Sales Success is never an accident or a question of luck.

A clear defined strategy, a well designed and implemented

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Michael is passionate about inspiring and empowering entrepreneurs to give their best selves in order to have successful businesses and fulfilled lives.

His consulting company Organizational Wealth can take your business from Start-up to Scale-up.

Roadmap in combination with focus and discipline, guarantees structured execution! The Roadmap visualizes your strategy and SMART goals, in a way your sales people fully understand:

1. It accelerates effective decision-making because now you have overview and insights
2. It improves management control because of forward insights in- and measurement of targets and performance
3. It enforces engagement, collaboration and accountability because of clarity, alignment and transparency
4. It improves communication and coordination because of simple but comprehensive visualization

When you have the right processes, systems and instruments for real-time monitoring and control in place, you will have the power to lead effectively.

“It’s all about effective leadership; the executive responsible for sales has to truly lead, manage, give direction, monitor and actively coach his sales people to success. Success in your Business and Sales is something that you make happen!”

You are in the driver’s seat of your company’s destiny: Having control over your business and getting the results in a faster, better and even more simpler way.

