

*Leveraging Information
To Achieve
Industrial Selling Results*

Practices That Pay!



Commence
CORPORATION

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Introduction

Today's industrial sales environment is characterized by intense competition, strategic sourcing contracts, online auctions, customer pressure for self-service, and the ongoing debate over fee-based services. To thrive in this environment, industrial distributors and manufacturers need more than leading technology or efficient warehouses to achieve long-term growth. Leading industrial organizations are looking outside their four walls to their customers for growth ideas. By leveraging the voice of the customer, these organizations achieve a competitive advantage in redefining sales and marketing, the all-important customer-facing portion of their operations.

In an effort to help industrial distributors and manufacturers sell more, more effectively, Commence Corporation has developed this compendium of more than 40 smart practices in industrial selling, culled from interviews with leading executives within high-growth companies, and building on a comprehensive review of published perspectives on smart industrial selling. Entitled *Smart Practices That Pay: Leveraging Information to Achieve Industrial Selling Results*, this compendium focuses on the three key elements of a successful industrial sales effort: marketing strategy, sales management, and sales optimization through technology.

Commence Corporation knows that the information technology investments of sales departments are often wasted due to failed implementations. This study focuses on the keys to successful industrial selling, all of which can be enhanced with proper application of technology. Based on extensive experience, Commence Corporation believes that the only path to success is to *first* develop consistent marketing and sales processes, *then* utilize these processes in a disciplined manner *reinforced* by dynamic training and *carried forward* through effective coaching. The right technology can help accomplish each of these steps.

Many industrial companies today are contemplating adding a centralized sales and marketing database system, sometimes called Customer Relationship Management (CRM), Sales Force Automation (SFA), Contact Management (CM), or a variety of other confusing names and acronyms. The purpose of this document is to ensure that these initiatives, by whatever name, succeed for industrial sellers and deliver the results promised.

Methodology

This compendium of smart practices is rooted in a variety of sources. For more than a year, Commence Corporation has interviewed dozens of leading executives in high-growth industrial manufacturing and distribution firms in segments that include power transmission, fluid power, welding, electrical, safety products, industrial supplies, instrumentation, and building products. Commence has also hosted several Executive Roundtables to obtain additional input and feedback from key executives building on their dialog on the topic of industrial selling with one another. The following Smart Practices are a summary from the variety of these sources, combined with Commence's more than 20 years of experience and complemented with contemporary commentaries from more than 50 magazines, presentations, web sites and books.

Each of the major sections - Marketing Strategy, Sales Management, and Sales Optimization through Technology – include an Executive Summary, a set of Smart Practices derived from the research, and techniques to Leverage Information for results. Finally, the bibliography contains numerous reference materials that you may use for additional learning.

Section Two: Sales Management

One of the keys to profitable growth is knowing how to make the best use of sales personnel and supporting resources. Thus, efficient sales management is a prerequisite for better, faster, and more predictable growth in sales. Manufacturers and distributors alike had significant input on this section, since every company had methods and systems to direct and monitor their sales effort. Industrial distributors in particular see themselves primarily as sales organizations, so they often have deeply ingrained sales management practices.

Building upon the themes seen in the previous section on Marketing Strategy, the following smart practices have to do with both eliminating wasteful efforts (those not providing value to the customer) and improving the effectiveness of the sales activities (those that do add appreciated value to the customer). We also identified specific ideas about “how to” execute sales initiatives with an emphasis on clearly identifying expectations and monitoring results.

2.1 Implement a Standard Sales Process

Executive Summary

Any high-growth strategy must begin with a consistent and disciplined sales process that is easily understood by everyone in the organization. All salespeople must use the same vocabulary, and view all opportunities as having sequential stages that must be completed before a suspect becomes a prospect, and a prospect becomes a customer. Following a consistent process reduces the anxiety and uncertainty common among both salespeople and sales managers, because everyone knows what is expected and needed for every sales pursuit. Having definite requirements and policies on when and how to give a demonstration, prepare a proposal, or send a sample helps the sales force control the sales process and avoid simply reacting to requests from unqualified prospects. Better preparation, deeper research, and clearer goals for each stage result in a more effective sales team.

This concept is a natural extension of the earlier practices aimed at delivering a consistent Value Proposition, improving market specialization, and making better use of sales resources. Having a standard approach to pursuing and tracking opportunities is a smart way to assure that all sales activities are aligned with the overall direction of sales management. Having consistency also reduces the amount of non-value-added sales activities, such as drafting letters, writing reports, and having lengthy phone calls to determine what stage is next in a sales opportunity. Standard terminology simply saves time and minimizes confusion.

Sales managers benefit from a standard process because it is easier to view how each salesperson is doing. Opportunities that are stalled in one stage are easy to spot and troubleshoot. Salespeople benefit because they waste less time determining what information is missing and what the next step should be. Sales appointments become more productive because they are only conducted as part of a planned sequence of events.

Perhaps the most universal theme in this research had to do with the value of a standardized approach to selling. Some companies had adopted branded systems such as Sandler, Solution Selling, Dale Carnegie or others. Many others had developed their own

system with its own terminology, perhaps a hybrid of popular systems or a mix of the techniques used by the company's most successful sales performers. But the repeated emphasis on having a common system was clear.

A standard sales process allows companies to more easily analyze events and make sense of trends. "The only way to discover what's working and what's not is to measure the individual steps of the sales process. If you know the percentages of prospects that proceed through each stage of the process, you accurately predict how many sales will close in the future, based upon the current pipeline. You can also compare the performance of team members and take appropriate action, like additional coaching, in order to ensure that the team remains productive."⁴

Industrial distributors and manufacturers are no strangers to processes, systems, and re-engineering. Plants and warehouses couldn't operate profitably without them. And no business manager would let accounting and purchasing departments improvise. "In fact, the more important and complex the task, the more likely that the effective principles and processes for successfully completing that task have been defined and codified."⁵ In other words, much of the industrial world is already highly process-driven, systematized, and automated.

Yet, few have systematized and automated their sales departments. Eighty-eight percent of distributor respondents to a recent study indicated that they do not have a documented, formal sales process.⁶ "Given that sales is the fundamental purpose of a distribution company and represents the single largest expense item, it is quite surprising that written sales processes are non-existent for the majority of the study participants. Without such a document to provide a consistent road map, executives have no choice but to depend on the creativity, work ethic and luck of individual sales reps and their managers."⁷

Industrial organizations without a sales process often exhibit the following symptoms:

- Disconnected and manual approach to selling, slowing down the sales cycle.
- Lengthy cycle time to find prospects, get quotes out the door, and close orders.
- Irritated prospects, who want what they want when they want it, not when your salespeople can get to it.

- Annoyed top sales employees. They want to sell, not figure out the best way to get prospects in the pipeline, quotes created, orders entered, and shipments delivered.
- Abundant and costly errors, evidenced by expedited orders and high volumes of returns.
- Inadequate margin on too many quotes, resulting in deflated profitability.
- Stagnant sales from the most important customers.
- Engineering and other departments are pulled into disarray when your sales team gets a request for proposal or learns about a bid opportunity.⁸

If this sounds familiar, you're not alone. Many industrial executives voice issues similar to these, yet the remedy seems to be incredibly difficult. Industrial sales teams are often extremely autonomous, and management struggles to avoid "big brother" accusations and micromanaging. Despite these legitimate concerns, it is not impossible for industrial distributors and manufacturers to successfully implement a standard sales process.

The high level steps to implement a sales process culled from industry experts and smart industrial sales organizations are:

1. Document your sales process,
2. Design your implementation,
3. Train your sales team,
4. Support the implementation.

When reviewing the various sales methodologies and processes available, make sure your final selection is repeatable, predictable, and scalable.⁹ "What you want is a sales process that is simple enough that, over time, it will become second nature to the sales staff."¹⁰ Also, make sure that it isn't too complicated, or your sales team will not use it. But, at the same time, avoid a sales method that is overly simplified, unless you are in a simple sales market (which few industrial distributors and manufacturers enjoy).¹¹

The elements of a sales process typically include:

- A common vocabulary for describing the activities involved in selling,
- Clearly defined stages of selling,
- An agreed upon checklist of what it takes to move from one stage to the next,
- Consistent guidelines for information to be gathered and

- given at each stage,
- Clear expectations for how long each sales stage should take, and
- Concise definition of suggested next actions.

When smart industrial organizations are designing a sales process implementation, they focus on change management, not sales training. By implementing a formalized sales process, distributors and manufacturers are fundamentally changing the way people do their jobs on a daily basis. There will be natural resistance. To develop a change management plan, make sure you can answer the following questions:

- What motivation do sales people have to use the new system?
- What potential barriers are there to implementation?
- How can I overcome those barriers?
- How will I know if the implementation is successful?
- What do I expect during the transition?
- Who can people go to if they have questions?

One of the best ways that industrial organizations have found to make sure implementations “stick” is to have the management involved. One recent study found that when sales training is reinforced by management, the sales skills taught during training produced a 15% permanent increase in productivity.⁴

Management needs to be involved in more than a cosmetic fashion. A senior member of the management team needs to attend the training, and this same manager should inspect the sales activities for a period of time to make sure they continuously are consistent with the new sales skills introduced during the training.

Smart Practices

- ❖ The need to have a consistent, well-defined sales process cannot be overstated.
- *“Having a formal selling process is very important. We’ve been following the same system for over eight years. It is ingrained in us now, although we could always use refresher training.”*
- *“We needed to change our approach of ‘walking over broken glass’ to do whatever the customer wants – even if it is a small customer and if the activity is preventing us*

from serving a large customer. Once we got the discipline of a common approach, we started making smarter choices about how to spend our sales time."

- *"What happened was that one of our senior management team saw that there was a void – we all were selling differently.... Some people questioned the need, since we were having a good sales year. But we knew it was important."*
- *"Our company can't grow consistently unless the sales process is repeatable, not arbitrary. For us, it is a condition of employment – you have to use the system."*
- *"Process is ultra important."*
- ❖ *A defined set of terms, used by everyone in the organization, is key to adopting and sustaining the process.*
- *"Without a common language, you have individual sales people, not a sales team. Companies with individual sales people are the ones that fail."*
- *"The value of speaking the same language when reviewing an opportunity or planning a sales call is very powerful."*
- *"We taught them through role playing to ask questions with the new vocabulary, so that as we reviewed the activities of a salesperson, we were reinforcing the language and the stages of our process. This was critical, since if the sales management didn't use the language, it wouldn't have been adopted as part of our culture."*
- *"Now every form, every account planning tool, is using the language of the common process."*
- ❖ *Center your process around the outwardly-focused "buy cycle" of your customer base, as opposed to your internally-focused "sell cycle."*
- *"It is more important to know where the buyer is in his decision-making process than to try and force our sales methodology on the customer."*
- *"We focus on the buying process as well as the selling process."*
- ❖ *Have your top salespeople actively participate in the design of your sales process.*

- *"As you evaluate sales processes, bring top sales people as part of the team to gain buy-in – it will help to sell to other guys."*
- ❖ Sometimes, a sales process includes what NOT to do, such as when a function previously done by the sales team is removed from the process.
 - *"The pricing function and quoting function has been totally removed from our salespeople – we want them selling, not quoting. They don't even have price lists. Because of this change we now pay them on top line growth, since they can't control pricing and profitability."*
- ❖ Once a sales system is selected, the sales manager needs to become experts in the process before the rest of the team is trained.
 - *"Once [the senior executive] found a system he liked, he first had all of the managers brought in for professional training."*
 - *"Many times we are remiss to not train managers to use same language; this leads to a disconnect. We also need to train the trainers."*
 - *"The other thing we did was train the supervisors to be trainers in an on-the-job setting."*
- ❖ One of the primary elements of any sales process is a clear definition at every step of what the "next step" will be.
 - *"And the next step, in our common language, is the impending event. Every sales call needs to have a clear next step, an impending event that they can state will happen next. If they don't have that, then they just went in and made a sales call. There is no excuse for just making a sales call for the sake of making a sales call."*
 - *"Guess what happens when you have a [clear next step] that is two weeks away? You actually have time to plan and prepare, which greatly increases your chances of success."*
 - *"They need to clearly say at the end of each meeting what the impending event is and when it will happen. Then they have to send a confirmation to the prospect or customer in an e-mail or letter. When we talk about an impending*

event, it must be established – and they have to prove it to us. We really ride them.”

Leveraging Information

The challenge with adopting a new sales process is getting everyone to follow it. We were told in multiple interviews about the need for a method to reinforce the new, disciplined approach to selling. Sales management must use the vocabulary in sales meetings and on sales calls. An automated workflow as part of a CRM database can quickly prompt a salesperson to enter required information before moving to the next sales stage. Reports and online views of the Sales Pipeline and Pipeline Velocity can help monitor the progress of opportunities over time – both the salesperson and the sales manager can spot when an opportunity is stalled.

2.2 Hire Salespeople to Stay in the Office

Executive Summary

The ability of salespeople to provide superior service, follow-through and responsiveness to customers without visiting in person is key to increased efficiency. Small and medium accounts that might rarely see a salesperson in person can get frequent contact from a properly trained and equipped salesperson working from a desk. These customers appreciate the increased attention. As the information about the needs and preferences of the customer grows, the sales relationship gets deeper than would have been possible using traditional outside sales staff. Cross-selling and up-selling are more likely to occur, since more frequent dialogue leads to a better mutual understanding and more opportunities to introduce new products and services.

Manufacturers can use the same approach to service and grow small and medium distributors. These distributors may only see or hear from an outside sales rep once or twice a year, so the business level rises or falls as a reaction to the distributor's sales and loyalty to the manufacturer. Using outward-bound, telephone-based salespeople, the manufacturer is more proactive and likely to discover or create new opportunities for growth.

The rising cost of a traditional outside sales call is well understood. Windshield time is marginally productive, at best. In addition to the limited quantity of calls that can be achieved per day, the quality can also be limited, causing a precious sales call to be wasted when a prospect doesn't bring promised information or suddenly gets interrupted before the goal of the visit is accomplished.

A well-trained salesperson working on the phone and the computer can reach many more people than would be possible if a personal visit were required, greatly reducing the cost of obtaining increased sales and better margin from these accounts. By increasing the number of times smaller accounts are contacted, a company can profitably grow the incremental sales that come from being aware of evolving needs.

Smart Practices

- ❖ Small and medium accounts can often be handled better by salespeople who never leave the office and work on the phone and the computer.
- *"We renamed our Inside Territory Managers to Territory Managers. The term 'inside' was too limiting, and it was confusing to our customers. They are really 'salespeople without cars'. They are a multi-million segment of our business, and they grew it 18% last year. That's a higher growth rate than our key account managers. They have 75-150 accounts they manage."*
- ❖ Often, the switch to using inside salespeople for smaller accounts will coincide with the move to assigning a limited number of target accounts instead of territories.
- *"Like most distributors, we started with geographic territories. We then graduated to a smaller number of assigned accounts for each rep. This created a huge group of small customers that we didn't know how to handle. We tried mailers, and naively thought we could rely on our 'good guy' reputation. Then I took one guy from customer service, and assigned him to call the small accounts. He sat outside my office. We worked through his calling techniques, and I answered his questions as they came up."*
- ❖ At the outset, it may prove useful to run a pilot program or to otherwise test the use of "salespeople without cars."
- *"I didn't get the buy-in from everyone. My boss thought it might just be an account base that we would keep even if we didn't have a dedicated person calling them. So we did a double-blind experiment. All of the accounts that were assigned to an inside salesperson grew. Those that were unassigned didn't just stagnate – they were down 30%. Our conclusion: ignoring customers is not a smart business practice."*
- ❖ These "salespeople without cars" should be treated with the same respect as the traditional outside sales team; they are true salespeople, not just customer service reps.
- *"I believe that the biggest event in industrial distribution that's occurred in the last decade is the change in outside sales and inside sales roles. In the 1970s and 80s, the outside salesperson was like a PGA golf pro, but the inside*

salesperson was a customer service person, a secondary citizen, like a caddy. That, in my opinion, was the root cause of the lack of data entry and dialogue, because they didn't have a common goal. We now have inside salespeople that are full-time PGA Pros, comparable to the outside salespeople."

- ❖ Sometimes, inside salespeople can be focused on specific products in addition to specific accounts.
- *"One tactic we've done for the inside sales team, is working on low-volume 'D' items. 10% of our business is D items. These items are typically bought by people once a year who aren't shopping around, but they want to just get it off their desk. Unfortunately, the inside salespeople were doing the same thing and just getting the order off their desk. They looked in the computer and saw what the discount was last year and just automatically did the same thing. If instead you can raise the prices of your D items 10% annually, you can increase your gross profit exponentially. Our inside sales people are now incented and measured on this. They realize that it is so simple."*

Leveraging Information

The "salesperson without a car" can make tremendous use of information technology. The needs, budget timetables and buying processes of each account can gradually be uncovered and captured in a CRM database. For example, each phone call might be aimed at getting just one key piece of information. Over time, the full buying puzzle can be pieced together. This would, of course, be too expensive to do in multiple in-person sales calls, especially for smaller accounts. Data entry is in real-time, because the inside salespeople are typing while they talk, unlike outside salespeople.

Automated reminders can help the salesperson keep in touch with accounts on a regularly scheduled basis, including automated e-mails or faxes. Specific interests can be coded to allow for specialized campaigns aimed at subsets of the account list. Short notes about each contact can be captured quickly, building an enviable "memory" about past conversations that usually impresses the customer or prospect.

Inside salespeople are greatly aided by a CRM database because they are always in front of a computer. Prior to every phone call, the history of previous contacts can be quickly reviewed, as well

as any promised next actions. Follow-up activities can be efficiently entered and even assigned to other employees as appropriate. Reminders showing those accounts that haven't been contacted in a predetermined period of time help make sure no customer is forgotten. Finally, automated creation and tracking of regular campaign communications, such as e-mail newsletters or "Tech Tips" on fax can be quickly set up.

2.3 Assure Salespeople are Tightly Accountable

Executive Summary

A major theme heard over and over in this research was how difficult it is to get salespeople to properly plan and then report on their sales activity. Call reports, itineraries and forecasts are important, but too often inconsistent in quality. Yet several organizations had successful methods for getting regular communications from field sales about what is being done and what is planned. The time involved in creating these reports was clearly defined as part of the job, with no exceptions. Salespeople learned that the process actually helped them be better prepared on the sales calls they scheduled.

Every industrial sales manager has to ask his or her team to complete various activities or make necessary changes to make progress towards a particular goal. Yet, all too often, a portion of the sales team blatantly rebels and just doesn't do what was asked of them. There are numerous reasons why this happens: highly-paid salespeople, entrenched salespeople who have been with your organization for a long time, a cultural norm that emphasizes the salespeople's autonomy, or 100% commission compensation plans.¹³

This situation needs to be remedied. A company cannot afford to have sales people undermining its strategic initiatives. If you let this continue, training, a sales process, or any of the other smart practices outlined in this study will become a waste of time. And that isn't an option in the world of reverse auctions, strategic sourcing, and increasing margin pressure. If you don't do something differently, people will continue to do things the "same old way," because that is what is comfortable.¹⁴

After expectations are written and communicated, industrial sales leaders focus on developing their sales teams and holding them accountable for the newly clarified guidelines. The best way to do this, according to numerous industry experts, is through coaching. Here are some smart coaching practices from a selection of industrial experts:

- At least a portion of the coaching needs to be in the field, where you can observe your sales team in action.

- When you go on calls with your team, whatever you do, don't take over the call and control the conversation. Your salesperson development is more important than one sale.
- Explain the benefits of coaching to your team. Help them to understand this is for everyone – even the best athletes need a coach. It isn't a criticism or punishment for bad results.
- Make sure you budget more time to spend with rookies – they'll need it and will be the most willing.
- Make sure you are consistent in how you ask and answer questions. The easiest way to be consistent is to follow your sales process – use the same language, measurements, and tools for the whole team.
- Include some practice sessions in your coaching where your sales team can safely try out new skills.
- Make sure coaching is done on a weekly basis. If you can't commit to that schedule, consider hiring professional coaches for your sales team. There are numerous industrial sales experts that can help your team to continually improve their selling efforts.¹⁵

A key component of your coaching sessions needs to be based on forecasting. This is an important responsibility of the sales team that impacts stock levels, production schedules, purchasing, and even your suppliers' ability to forecast accurately. The easiest way to forecast is to base it on your sales process. Remember: your sales process should be auditable. You should be able to see concrete proof that a salesperson has successfully reached a milestone. Once you start to gather that data, ideally through your coaching sessions so you can also give advice regarding the quality of the proof and ensure the data is accurate, you will be able to predict your sales with almost boring accuracy.¹⁶

For example, if a salesperson has successfully completed the first step of the sales process, you should be able to calculate how likely it is that the prospect will advance to the next stage of the sales cycle. After several months of gathering this data, your forecast will become increasingly accurate, helping every department of your organization to better serve customers.¹⁷

It is not hard to explain or justify "accountability" – it is more difficult to execute. Any initiative aimed at reducing wasted time and missed opportunities must have a method for tracking what is actually being done. This constant measuring and evaluating of what is working and not working leads to continuous improvement of the sales function. Just as in the operations side of the business, consistent measurement helps uncover

possibilities for reducing costs (by eliminating activities that are unproductive) and increasing revenues (by sharing successful techniques between peers). Visibility on what has been done and what is planned gives the sales manager an opportunity to coach salespeople in areas for improved effectiveness. Once again, the cost of sales needs to be carefully controlled; this practice helps turn the sales expense into a more productive resource.

Smart Practices

- ❖ The first step towards greater accountability is often to analyze the current state of the sales team (how they are spending their time, what they are doing well, what they need help with, etc.).
 - *"The first thing we did was figure out what they were doing all week. All salespeople logged their time for one week. We saw that only 45% of the time was spent actually selling, and only 15% with actual end users."*
- ❖ A key component of accountability is being clear about expectations, with an emphasis on quality, not quantity.
 - *"We expect salespeople to only be selling for 3.5 days per week so that they can spend the rest of the time getting fully organized and prepared for their calls. We want them to plan their calls. We plan a lot – not just 'go sell.'"*
 - *"We don't do call reports because they show only activity without necessarily results. I want to look at the Opportunity Manager in our CRM system; all we focus on is opportunities."*
- ❖ Greater accountability often leads to better relationships between salespeople and upper management.
 - *"Every two months, each salesperson must spend three days at the headquarters office. Part of this time is spent one-on-one with top management reviewing completed activities that were discussed at the previous meeting and creating plans and commitments for the next two months. Much of the time is spent with unplanned conversations with customer service that lead to improved communications and collaboration."*
- ❖ To be effective, sales planning should be a person-

by-person initiative, with individual accountability for individual goals.

- *"As a manufacturer, we used to have the same sales plan for all of our people. We've changed that so we have very specific sales plans for each person. We have some that are focused just on distributors, and their plan reflects that. It is also directly tied to their bonus plan. It really works for us to have distributor-only salespeople and then direct/OEM sales people. The key is to hold each person accountable to his or her own goals."*
- ❖ In order to drive accountability, accurate reports and documentation are required.
- *"If it isn't documented, it didn't happen."*
- *"I make it clear that I'm reading every report by e-mailing frequent comments, questions, and - very effectively - compliments for a job well done."*
- *"People are depending on history information, and [CRM] documents our conversations with our customers. One of our customers tried to charge us for a missed delivery date, but everything in our CRM system is time stamped. That was the 'end of the story,' since we had a record of the buyer's call to change the date."*

Leveraging Information

In a CRM system, easily-monitored reports will show activities that are planned, completed and late. Extra visibility can be given to opportunities that have stalled in a sales cycle stage. Reminders can be set to make sure key milestones and deadlines don't get missed. Distributors can quickly create reports for each product line to communicate completed and upcoming activities to each manufacturer.

Some companies have used their CRM system to assure that a portion of the sales time is being spent on prospecting. This is accomplished by establishing a special classification for prospects and then creating a report that shows only the activities related to these accounts. Likewise, if sending 'Thank You' notes is an activity that a distributor is emphasizing, it is easy enough to create a special menu item in the software that is used whenever a salesperson sends a 'Thank You' note. The same applies when focusing on specific market segments (see section 1.1) or

tracking the top target accounts (see section 1.3).

Likewise, for any other specific activities that are part of a company's sales or customer service process, selections to a database record can then be captured in a report or online dashboard display.

2.4 Coordinate Planning Efforts with Channel Partners

Executive Summary

All of the products and services delivered by the participants in this study involved the efforts of a manufacturer and a distributor, and sometimes an independent manufacturer's representative. In the spirit of reduction of wasted efforts, needless duplication, and other LEAN philosophies, a number of companies explained a formalized system for establishing and executing coordinated sales efforts with their channel partners.

Similar to focusing on a small number of accounts (see previous section 1.3), this section involves focusing on a small number of key manufacturer suppliers (for distributors) or distributors (for manufacturers). This selected group is then part of a two-way planning process where specific goals, action steps, and timelines are established. The results of a dedicated effort to accomplish mutual goals with a small number of partners is much greater than attempting to be all things to all people, which usually results in a reactive approach to opportunities. Specific discussions to clarify expectations regarding communications, logistics, and support will help avoid misunderstandings.

Many manufacturers use the mutual planning process to differentiate between tiers of distributors. Only the most committed and loyal distributors are invited to engage in the planning, which ends up determining where the manufacturer will invest manpower and budget. Only those distributors that develop and then execute these plans are then supported with co-op funds, special discounts, and other valuable programs.

The key to successful planning between manufacturers and distributors is making the process truly mutual. First of all, both sides must be absolutely clear about their goals and focus for the time period being discussed. If there is no strategic fit between the two, then it is better to agree not to develop a work plan.

This was probably one of the most emotionally charged topics in our study. Both manufacturers and distributors complained about the lack of emphasis and coordination from the other channel partner. Joint selling plans create good communications and

directed activities. Several companies stressed this approach when launching a new product or service to the market. Systematic review of completed and planned tasks, with clear agreement on who is responsible for what activity, is what turns these plans into results.

Smart Practices

- ❖ The first step is often to determine if there is truly a strategic fit and mutual commitment to joint success.
 - *"We only create joint plans for the top tier of our distribution network, and even then, only those who choose to go through the whole process. Good planning takes significant resources from both parties and shouldn't be done if there is not a strong two-way commitment."*
 - *"Participation in this planning is a privilege, reserved for partners who will execute it. Extra support, discounts, and programs can be provided only to those who participate."*
- ❖ If the mutual commitment is present, then the manufacturer and distributor should put in place a process to define and review goals on a regular basis.
 - *"If the fit exists, then we agree on which accounts will become targets, what support programs will be utilized, and how we will review progress toward the goals."*
 - *We created a mutual review process and meet at least quarterly."*
- ❖ The partners must have mutual respect and loyalty, and must follow up with each other on all target accounts.
 - *"We view leads like a loose football. If you don't fall on it, shame on you. Then the manufacturer should never give you another one."*
 - *"We are 100% loyal to the manufacturer that provides us the lead. I will lose the business before going to the competition."*
- ❖ Come up with a creative way to get the top management of key distributors to pay special attention to the relationship.
 - *"We send a monthly rebate check directly to the owner or president of the distributor. The rebate only gets sent if certain targets are hit and if the monthly planning sessions*

take place. If one month he doesn't get the check, you can be sure his people hear about it and correct the problem."

- ❖ Beyond discounts and rebates, some manufacturers provide consulting and training to which the distributor might otherwise not have access.
- *"We offer Six Sigma consulting to our key distributors, just as if they were part of our internal management team."*
- *"Lean is an important part of our culture, so we let the distributors in our program participate in our Lean training."*

Leveraging Information

After the mutual planning process is understood and agreement has been reached on action steps and assignments, the problem remains – "How do we monitor results?" The use of a CRM database allows important information to be captured with upcoming appointments and tasks easily viewed. Completed tasks and appointments are saved with notes about what happened so that everyone is up to date on the status of the plan.

Using the standard project and task functions, joint sales plans can be entered and the status (complete, in progress, not started) can be monitored. Special reports or dashboards can show the current status of each project along with completed and planned activities. Integration to the accounting system allows for up to date monitoring of orders and shipments for each partner as well. Documented meeting notes keep track of commitments, accomplishments, and setbacks. Recurring appointments can be made to make sure agreed-upon communications, either by phone, e-mail, or in person, are scheduled.

Conclusion

This compendium of smart practices will never stop growing, as long as successful sales and marketing leaders are willing to try new methods and to share their stories with their peers. We are constantly impressed with the number of innovative ideas being developed. We hope that the readers of this document will send us their new discoveries as they embark on the sales improvement journey.

The highlights of the research clearly point to proven ways to succeed in the adoption of CRM systems in the industrial selling environment. The stories of failed implementations can surely be traced to a lack of understanding of a few or all of the core principles outlined in the preceding pages. Smart companies that are clear about their market direction and focus, that are intentional about what they expect from the sales force, and that are deliberate in the step-by-step introduction of technology as a support tool – these companies can and are clearly using CRM as a strategic advantage.

Commence Corporation is committed to the continuing success of the sales and marketing efforts of industrial distributors and manufacturers. Please feel free to take advantage of our experience – go to www.commence.com, or call us at 732-380-9100.

Footnotes

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About the Author

Larry Caretsky is the CEO of Commence Corporation, a leading provider of Customer Relationship Management solutions. Caretsky has more than 25 years of experience in the technology industry and has held executive level positions at several top 100 software companies. He is an accomplished author of several white papers on the subject of Customer Relationship Management including S.T.E.P, a proven methodology for the successful deployment of CRM technology. Caretsky holds an undergraduate degree in Business from the State University of New York, Albany and a Master degree from Long Island University.