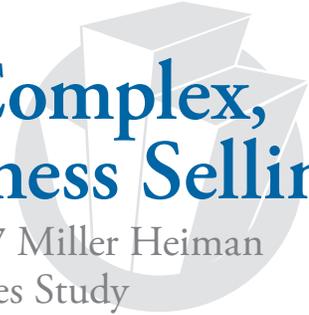


Strategies for Complex, Business-to-Business Selling



Executive Summary of Miller Heiman's
2007 Sales Best Practices Study



Strategies for Complex, Business-to-Business Selling

Executive Summary of the 2007 Miller Heiman
Sales Best Practices Study

Over the past four years, Miller Heiman has been surveying sales professionals from thousands of companies around the world, collecting and analyzing data, and learning why some sales organizations consistently outperform others. The study, in which more than 13,000 have participated to date, includes sales representatives, managers and executives involved in complex, business-to-business sales. It is considered the world's largest ongoing study of complex business-to-business practices and performance.

Our findings have helped many organizations revisit their sales strategies and reset their sights on practices that keep Winning Sales Organizations (WSOs) on top. (For our study, we defined WSOs as organizations with greater than 20 percent growth in revenue, new customers, and average account billing when compared to the previous year. WSOs represent about 7 percent of all respondent organizations.)

By comparing themselves to WSOs and to their peers, sales organizations can learn about strategy, processes, skills and other practices that will propel them toward WSO-like results.

This year, in addition to examining best practices of WSOs, we looked at the perception gaps between sales representatives, sales managers and executives at all organizations. As you'll see, in some cases these three groups have remarkably different perceptions of the sales process, the buying process and the often-disparate relationship between sales and marketing. In addition to reporting data on the perceptions, we'll share a number of action steps from a panel of Miller Heiman executives on how any sales organization can close the gaps, impact sales performance and achieve stronger results.

Strategies of Winning Sales Organizations

What are WSOs doing more often and better than other sales organizations?

1. When we give price concessions, we always get comparable value in return.

Forty percent of WSOs – but only 20 percent of other organizations surveyed – say that when they give price concessions they always get comparable value in return.

According to Miller Heiman co-founder Robert B. Miller, there's nothing wrong with discounting per se, but only if you get something of value in return. The problem with most discounting is that salespeople often do it just to get the sale. "Strike a balance," Miller advises. "Make price concessions a quid pro quo – and never, ever discount unless you get something of equal value in exchange." Otherwise it's lose-win, not win-win.

We have found time and again that top sales organizations know when they should be talking about price concessions, and when they shouldn't. On the other hand, less successful organizations tend to discount too early because they're afraid of losing the deal – and they don't have a good grasp on a solution for the customer.

As big companies sharpen their buying processes, WSOs are finding new ways to differentiate their products and services – and get comparable value in exchange for price concessions. Successful methods include:

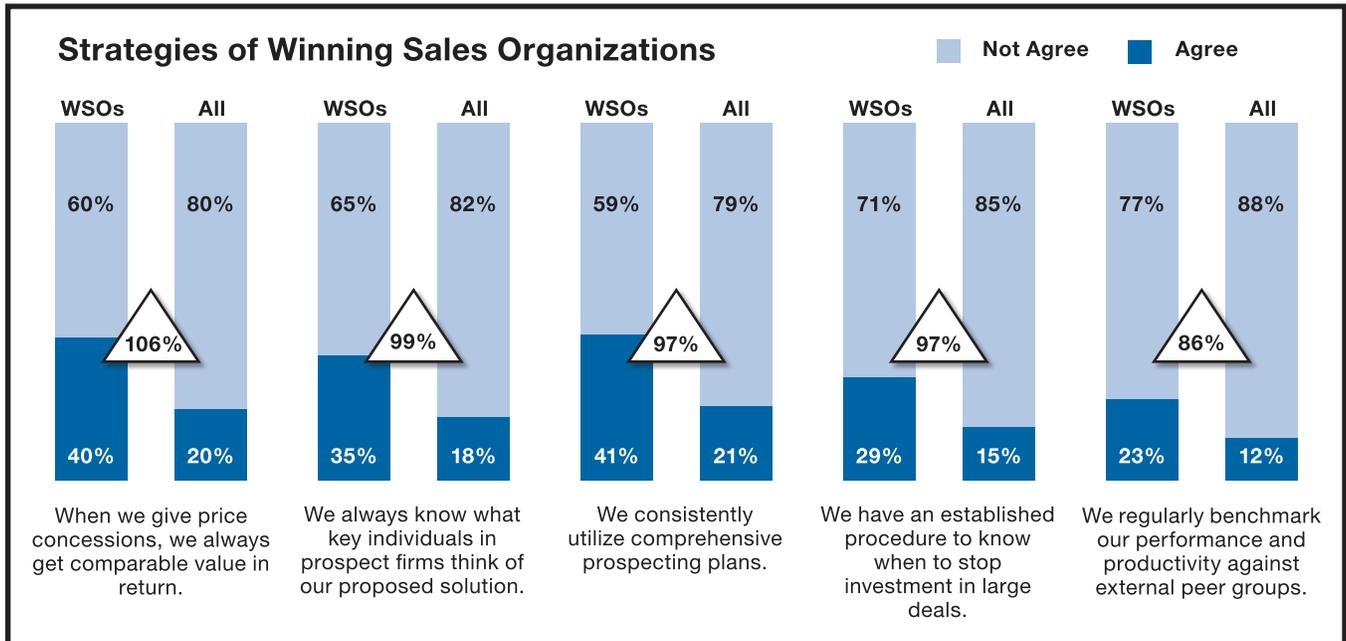
- Getting payment in advance
- Extending the length of the contract from three to five years – or extending it indefinitely
- Stocking three items of shelf space instead of one
- Stock more and/or different SKUs
- Reducing service levels, such as making help desk available five days per week vs. 24/7
- Eliminating a service from the contract – a service that costs you real money or manpower; for example, charge a fee for each service call instead of including service in the contract
- Charging extra for delivery, installation or consulting

And never underestimate the importance of differentiating yourself by truly understanding your customer. Customers place great value in vendors who put effort into "getting" their business.

2. We always know what key individuals in prospect firms think of our proposed solution.

WSOs are nearly twice as likely as other organizations (35% v. 18%) to know what key individuals in the prospect firms think of their proposed solutions.

dozen, but there may be up to 30) can be a daunting task. That’s why it’s always a good idea to find a coach inside the prospect company – someone who wants you to win. Then, use your coach to help you identify the key decision makers and their perspectives on what needs to be accomplished, fixed or avoided.



“This is a striking result,” says Richard Blakeman, a Miller Heiman sales vice president. “Even though the gap is large, it should be concerning to all that only one-third of all Winning Sales Organizations have this specific knowledge of their proposals to customers.” Prospective customers think of proposals in the context of their organization’s needs – what they are trying to accomplish, fix or avoid. And if a sales team doesn’t understand or even know their prospect’s opinion of a proposal, it seems even less likely that they understand the prospect’s concept of success or even where their prospect is in the buying cycle.

When salespeople use a systematic approach – such as Miller Heiman’s sales process – the proposed solution will specifically address the customer’s problem. The proposal will be aligned with the issues learned by questioning, probing, exploring and gaining knowledge about the customer.

Bottom line: know the customer well. When you think about the customer, don’t think about the organization, but the individuals and each of their perspectives. Of course, finding out who the decision makers are (likely about a half

3. We consistently utilize comprehensive prospecting plans.

While 41 percent of WSOs say they consistently use comprehensive prospecting plans, only 21 percent of all other organizations say they do.

“There’s a tendency to work on existing customers, not prospects,” says Miller Heiman president & CEO, Sam Reese. “Even Winning Sales Organizations focus on the things right in front of them.” Reese notes that over the last five years some sales professionals have come to believe that prospecting is a job for marketing, not sales. “It’s hard to stick to structure and process,” says Reese. “But you have to keep your funnel full at all times. And like it or not, that means prospecting.”

Blakeman believes that part of the sales representative’s aversion to planning comes from endless annual cycles of account or territory planning, which create reports that sit on shelves instead of being practical or actionable. For planning to take hold as a discipline, there must be a clear identification of WIIFM – What’s in it for me? The sales rep

receives the strongest WIIFM through two metrics: personal income growth and client success. Planning should be reinforced by management sales leaders who ensure that both the sales process and resources support individual and sales team success.

Our research suggests that top-performing sales professionals actually describe their ideal customers in their prospect plans. Then they go out and search for prospects that match the ideal, enabling them to qualify more leads and close more deals.

4. We have an established procedure to know when to stop investment in large deals.

WSOs are much more likely to have a process for knowing when to stop investing in a large deal. According to our survey, only 15 percent of most organizations have such a process, compared to 29 percent of WSOs.

It's understandable that even so few WSOs know when to walk away from a large deal. Miller calls this a huge blind spot for most sales managers. "The dictum of No RFP shall go unanswered is not a good idea," he says. All too often, by the time an RFP lands on your desk, it's already too late – and your proposal will only be used for comparison purposes. Proposals take time, energy and money. Don't invest in the ones where the customer doesn't fit the template. "If you didn't spec it," says Miller, "don't bid it."

"Sales reps are competitive," agrees Damon Jones, Miller Heiman's president and managing director of international. "They don't want to give up. But you can't win every piece of business, and not every customer is ideal for you."

Jones suggests getting a good understanding of what your ideal customer looks like by writing out four or five bullet points with both qualitative and quantitative criteria. Create more detailed criteria based around their decision-making process. This will help you understand whether or not you can win.

We've found that WSOs know when to admit they're losing and that it's time to walk away.

5. We regularly benchmark our performance and productivity against external peer groups.

While 23 percent of WSOs report that they regularly benchmark themselves against outside organizations, only 12 percent of all other organizations do so – a significant gap!

While sales organizations routinely measure progress related to internal production goals, it is not a complete analysis of performance. Measurements are relevant only when external benchmarking against peers is added. For example, in good market conditions, internal statistics may confirm meeting 150 percent of quota – a substantial gain – while competitors may be achieving 250 percent of quota. This casts an entirely different light on whether an organization is over- or under-performing.

"Benchmarking against peer groups has been a common practice to drive improvement for nearly every other functional area," says Dario Priolo, Miller Heiman's executive vice president of corporate development and the architect of the research project. Priolo says that by establishing robust standards, "we're hoping to give sales and business leaders new opportunities to drive performance improvement."

The critical path forward should be simple:

- Choose a small number of key metrics to measure
- Create an internal baseline on those metrics
- Make a commitment to measure consistently over time without changing the definitions or metrics
- Report on the metrics
- Create improvement plans based on the results

Perception Gaps Between the C-Suite & Sales

The 2007 Miller Heiman Best Practices Study highlighted several notable perception gaps between sales representatives, sales managers and the C-suite. Here are the top five, along with perspective, commentary and advice from our Miller Heiman executive panel on how to close them:

Perception Gap #1 – Our leadership is actively engaged in our sales process.

This is the number one area of disconnect, with 78 percent of executives yet only 49 percent of managers and 43 percent of sales representatives agreeing.

Bob Miller says that an effective sales process always defines executive involvement with strategic accounts in clear and concise terms. Without such clarity, for example, a CEO who feels that his sales force always has access to him may believe he is "engaged in the sales process," but his sales force may not agree. Miller recommends developing an executive call plan for strategic accounts. Executives shouldn't go on every sales call, and they shouldn't only go when there's a problem.

There are other ways a communication breakdown may lead to this perception gap. The C-suite may not always report which accounts they're personally attending to. Or, it might be a matter of definition: a CEO may feel that visiting the top account once a year means he's involved.

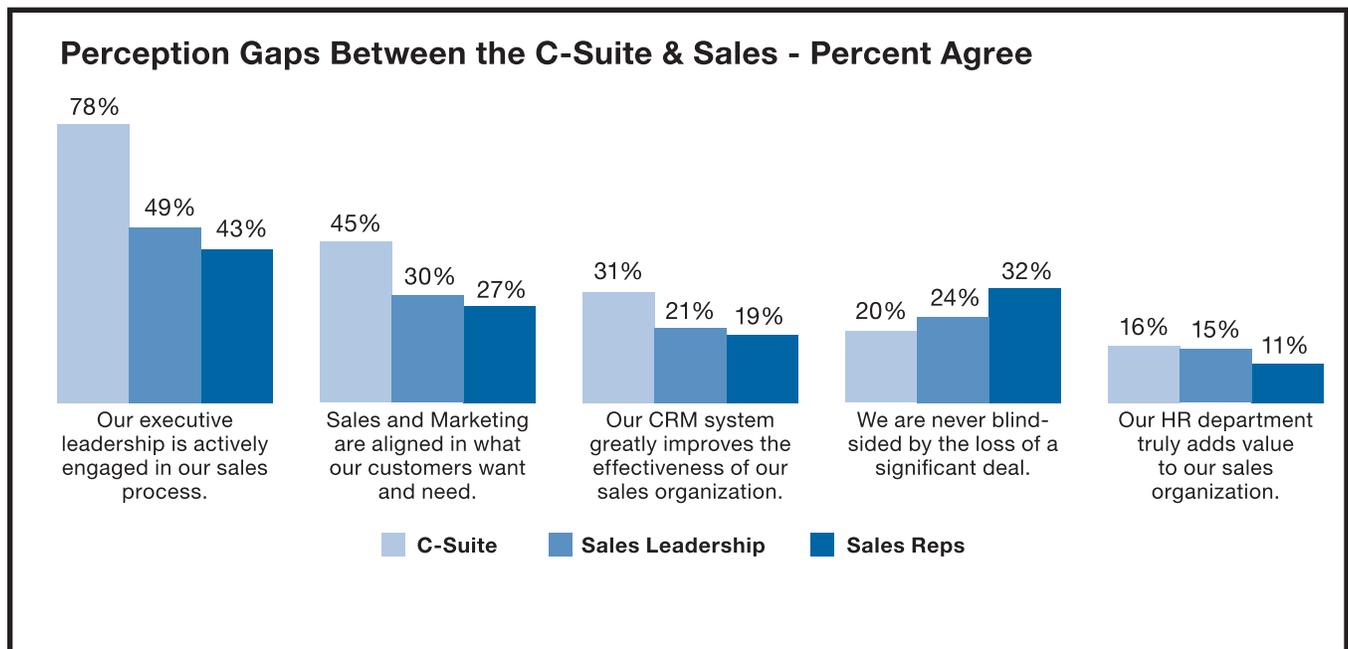
Perception Gap #2 – Sales and marketing are aligned in what our customers want and need.

While 45 percent of C-level executives agree with this statement, less than a third of sales representatives (27%) and sales managers (30%) agree. Reese says that bringing sales and marketing together is critical. "Sales is on the front line," he says. "They may not know the value marketing brings to the table. C-levels know that marketing is all about accelerating the sales cycle, but salespeople don't always

Perception Gap #3 – Our CRM system greatly improves the effectiveness of our sales organization.

In our survey, 31 percent of executives, 21 percent of managers and 19 percent of salespeople agreed with this statement. Why the gap? Jones says that most CRM systems are designed and created as a management tool. "Reps feel CRM doesn't help with sales," he says. "Reps don't want to share information."

For the C-suite, Jones advises being clear on what you expect from your CRM system. "It provides intelligence, visibility; it can help make decisions," he says. "It won't close business, it will just count it." He says sales representatives can make CRM work for them by using it to plan, track, follow up on sales calls and maintain customer information.



see it." Reese says since the executive level knows what sales and marketing are each doing, it should make sure each knows what the other is doing.

When sales and marketing are aligned, says Miller, there is accurate messaging and higher quality leads. Marketing is about positioning, about brand integrity and not necessarily about lead generation (as many salespeople believe). Sales is about getting results, about closing deals. While they share the same ultimate goal, their strategic plans will differ. Miller recommends aligning the two functions by having each create its own strategic plan, but having them create their plans together – with the big picture in mind.

There are a lot of sales representatives who feel that the CRM system is there to monitor them. They see it as big brother. But they don't understand that for the C-suite, it's a way to gather and use information for making decisions.

This too goes back to the WIIFM principle. The WIIFM for the C-level is consistency, management control, discipline and fact-based decision making. These values are far less meaningful to the sales representative, compared to a CRM implementation focused on helping the sales representative close more business.

Perception Gap #4 – We are never blindsided by the loss of a significant deal.

Only 20 percent of the C-level respondents agreed, while 32 percent of sales representatives and 24 percent of sales managers said they were never blindsided.

Sometimes when an executive asks a rep how a deal is going, the rep – afraid to deliver potentially bad news about a sale that is not going well – says, “fine, fine.” When executives and managers get this response, they should probe a bit, and ask follow-up questions. Sales professionals who know their customers’ decision-making process and match their solution to what the customer wants to accomplish, fix or avoid don’t often feel blindsided when they lose a deal.

“It comes from not knowing where the customer is in their buying process,” says Miller. “And it comes from focusing only on the selling process.” Miller stresses the importance of knowing the customer’s business, their buying process, who the players are and what they’re thinking about. When you’re thorough, there will be fewer surprises.

Perception Gap #5 – Our HR department truly adds value to our sales organization.

In our survey, this question was met with low agreement across the board. C-level respondents saw the most value (16%), followed by sales managers (15%) and sales representatives (11%).

We don’t see this as an indictment of HR, but as a sign that HR may not have a thorough grasp of the complexities and nuances of the sales process. Most salespeople know that selling is different from other company functions, and that sales training has its own conventions, standards and subtleties.

“HR should support sales process training, but it should be delivered by the sales department,” says Miller. “Our experience suggests that a thorough understanding of the nature of the sales process, born of experience, is necessary in order to deliver sales training that resonates with salespeople and impacts their performance. We recommend that rather than providing direct sales training, HR should support the sales department’s training program. And C-level executives need to make sure that the sales leaders know they are responsible for developing their people – and that HR is there to support them.”

Priolo points out that HR should be tuned in to understand the sales leaders’ issues in order to apply its expertise in

providing solutions in the people space with what the sales leader is trying to accomplish with his team. A perennial and expensive sales team problem is the cost of turnover, and the resulting increase needed for each salesperson’s quota in order to hit revenue targets. The sales leader may not be familiar with hiring and coaching strategies and tools. “When HR brings talent-related resources and expertise to the table to help the sales leader execute,” he says, “the true value of HR is realized in the sales space.”

Next Steps: Benchmark Your Organization’s Sales Practices

Benchmark your company against the practices of Winning Sales Organizations and your industry peers with the Miller Heiman *Sales Best Practices Benchmarking Study*. Benchmarking your organization against external data allows you to measure how well you are performing compared to others and helps to focus on areas where improvement will produce the greatest results.

To learn more about benchmarking your company against the practices of the Winning Sales Organizations, please visit us at: www.millerheiman.com/benchmark.

About the Miller Heiman Sales Best Practices Study

Miller Heiman’s annual research study of sales practices, success metrics, and Winning Sales Organizations is recognized as the largest continuous research project dedicated to sales performance in the world. Sales leaders benefit from the resulting trends, insights, and best practices revealed by our research. Even more significantly, the research results support benchmarking exercises that enable companies to understand how they compare to their peers and how they can better identify areas for improvement.

Since the study was launched, more than 13,000 sales professionals have participated. Our formal research projects combined with our day-to-day business relationships with sales leaders and sales professionals enables us to continually validate and refine our thinking in the real world.

Miller Heiman’s research focuses on complex, business-to-business sales which, for this study, we’ve defined as having sales cycles longer than one quarter and more than four

decision makers influencing the outcome. Over 6,000 sales professionals participated in the current study, representing 19 industries including technology, healthcare, business services, telecommunications, finance and manufacturing. Respondent companies are located in the U.S., Europe, Australia, Asia, South America, the Middle East and Africa.

Activities Included in the Best Practices of Winning Sales Organizations Report

For more in-depth analysis of all the activities included in this study, the full report of findings from the *2007 Miller Heiman Sales Best Practices Study* is also available. The report is titled: *Strategies for Complex, Business-to-Business Selling* and includes data in the following selling activities:

Customer Behavior

- Requirements for formal ROI calculations
- Understanding why customers buy
- Discounting pressure

Creating Opportunities

- Formalized business plans
- Sales and Marketing alignment
- Effectiveness at selling new products/services
- Formalized value proposition
- Comprehensive prospecting plans
- Tracking prospect interactions
- Customers understanding capabilities
- Expertise in products and services
- Solution-led selling as opposed to product-led selling.
- Standardized process to qualify opportunities.

Managing Opportunities

- Process to review large deals
- Accountability for winning large deals
- Sales leadership involvement in large deals
- Processes and tools to share information about large deals
- Stopping investment in large deals
- Understanding what key individuals think of proposed solution
- Identifying issues of key individuals
- Gaining access to key decision makers
- Developing influential internal supporters
- Understanding customers' issues before solution proposal
- Identifying the strengths and weaknesses of competitive position
- Feedback from our customers

- Price concessions
- Explaining terms, conditions and pricing
- Losing a significant deal
- Reviewing highly-resourced deals that are lost
- Fulfillment process

Managing Relationships

- Review the results of solution with key clients
- Losing strategic accounts
- Plan to protect interests in strategic accounts
- Setting long-term objectives with strategic accounts
- Relationships and dialog within strategic accounts
- Engaging strategic accounts in product and business planning processes

People

- Adequate sales and support people to achieve our revenue objectives
- Web-based assessments to support hiring decisions
- Understanding why top performers are successful
- Departure of a high-performing salesperson
- Measuring improvement of salespeople
- Alignment of training and development programs
- Orientation process for all new hires
- Performance review process to improve the sales force's job performance
- HR department's value to the sales organization.
- Communication between sales managers and our salespeople
- Terminating poor performers

Support

- Aligning sales compensation policies with business objectives
- Technology and tools to maximize productivity
- CRM system effectiveness
- Aligning sales performance metrics with business objectives

Management Execution

- Benchmarking performance and productivity against external peer groups
- Leveraging the best practices of top performers
- Involvement of executive leadership in sales process

The report, *Strategies for Complex, Business-to-Business Selling*, is available for purchase through the Miller Heiman website at www.millerheiman.com/benchmark.

About Miller Heiman

For nearly 30 years, Miller Heiman has helped thousands of companies, their salespeople, and executive teams overcome the most significant challenges that affect sales productivity and top-line growth.

We help our clients move beyond treating symptoms by applying *The Miller Heiman Sales System™* and our world-renowned benchmarking database to diagnose the root cause of their issues. Because we have the tools, data and experience, we can move much more quickly than traditional consulting firms from diagnosis and validation through implementation and results.

Typical sales performance problems we solve include:

- Improving Sales Force Productivity
- Managing Sales Talent
- Transitioning from Product-led to Solution-led Selling
- Winning High-value, Complex Deals
- Shortening Sales Cycles
- Improving Sales Forecast Accuracy
- Evaluating and Integrating Sales Forces Pre-and-Post Merger
- Protecting and Growing Strategic Accounts

Miller Heiman Executive Panel



Sam Reese
President & CEO

Sam has led Miller Heiman to its position as the foremost thought leader and innovator in the strategy, process, and skills training which drive sales performance. During Sam's tenure,

Miller Heiman expanded product offerings and e-learning initiatives and amassed a partner network of world-class sales consultants who implement the company's sales system for clients, which include Fortune 500 companies.



Bob Miller
Co-Founder of Miller Heiman, Inc.

Bob developed the initial *Strategic Selling®* program and has continued to add new content and relevant sales courses, all of which were incorporated into Miller Heiman,

Inc. After divesting his ownership interest, he continues to work full-time with Miller Heiman today in a consulting and advisory capacity, focusing primarily on product development.



Damon Jones
President & Managing Director of International

Damon has developed an extensive network of partners and sales consultants worldwide to support rapid growth in the multi-national expansion of sales solutions. He also has been instrumental in establishing a strong international presence for Miller Heiman.



Dario Priolo
EVP of Corporate Development

Dario oversees global marketing, product management and business development at Miller Heiman. He is a seasoned executive with extensive experience leading global alliances, commercializing intellectual capital and research, and building high-impact brands in professional services.



Rich Blakeman
Sales Vice President

Rich's experience combines sales and marketing executive leadership with consulting assignments at senior levels of global industry-leading firms. He has led the deployment of sales processes and practices including compensation and incentives, benchmarking, global sales automation, value proposition development, account planning, executive sponsorship and training.

Copyright © 2007 by Miller Heiman, Inc. All rights reserved. No part of this report may be reproduced in any form or by any electronic or mechanical means including information storage and retrieval systems without written permission from the publisher.

Publisher
Miller Heiman, Inc.
10509 Professional Cr., Ste 100
Reno, NV 89521
877-678-3389
www.millerheiman.com

Acknowledgements
President & CEO, Miller Heiman: Sam Reese
Editor-in-Chief: Dario Priolo
Managing Editor: Jennifer Vodehnal
Creative Director: Bret Poinier
Associate Editor: Judith Hepburn
Research Analysts: Howard Olsen, Erica Olsen
Writer: Louis Greenstein