

THE BUSINESS PLAN

The past few units of Sales STEP have talked a great deal about researching territory and prospects, activity models and working smart by prioritizing the use of time. A few sales reps will have taken this to heart and will be building an overall plan to attack their territory. Unfortunately, in most organizations the majority of reps will still be bogged down in the fray and won't step back to gain perspective. They believe in everything they are reading, agree with it, but don't put it into practice. One tool available for managers to influence this behavior is the business plan.

Each year new territories are assigned and sales goals established. The expectation should be set that every rep has to fully understand their new territory and build a plan for how they will reach their sales goal through the year. The call to action should be made perhaps 2 months into the selling year after the reps have had some time to learn about their territory and uncover long-term opportunities. Territory reviews should be scheduled with the intent of reviewing each rep's business plan with the management team.

Territory reviews serve many useful purposes:

1. Holding a review with management forces the sales reps to do the hard work of understanding their territory and planning their year. Without a review, only a small percentage of reps will actually complete this critical task.

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SALES STEP™ #7 & #8 KEY MESSAGES

This month's key messages and concepts delivered in Sales STEP™:

- ❑ Taking time to research territory results in better overall productivity. "You have to go slow in order to go fast." Rather than taking a shotgun approach, reps should research and prioritize their activity.
- ❑ Reps should always be looking for new accounts in their territory. It's easy to get caught up prospecting the same set of accounts and miss a large opportunity from a new account that could close with much less work.

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2. As a manager, you need to understand the relative strengths of each sales rep. Over time, you will need to evaluate the commitment, effort and skill set of each member of your team and decide who to keep on board and who to manage out of the company. A territory review is an excellent opportunity to gain insight into each team member.
3. Territory reviews provide an opportunity to gather feedback from your team and understand what the company can do better to support the sales effort. Take away excuses for poor performance by asking the team what they need to get the job done.
4. Discover the level of detail pursued by each rep about their accounts and opportunities. By comparing actual account information to forecasts you can improve *your* forecast accuracy by scaling individual's projections up or down.
5. Provide critical guidance to sales reps and utilize peer pressure and management pressure to change behaviors. This is the best opportunity to really understand what your reps are doing and set expectations for each individual.
6. Foster teamwork amongst account teams by having the sales reps and technical people work together to prepare for the review.
7. Discover important market intelligence about economic trends, competitor's tactics, buying climate etc.
8. Understand requirements for technical resources and build a plan to address any shortfalls.
9. Roll up a regional/company business plan based upon a detailed foundation provided by each rep.

There are a few guidelines that are important to get the maximum benefit from a territory review:

- Each sales team should present their plan in a private setting apart from other reps. This is a time for openness and constructive criticism and should not take place in front of peers.
- The entire team handling a territory should develop and present the plan. This should include technical resources who work regularly with the account rep. The most successful sales organizations encourage teamwork by aligning technical resources with specific account reps to foster teamwork. Each member of the team can manage a different set of relationships within accounts and pursue complex strategies to win competitive battles. Sales teams also provide some degree of self regulation because individual members will not let each other get lazy and underperform. Another benefit is that teamwork exploits a degree of friendly competition to get the best out of your people. Finally, a team approach tends to stimulate more creativity and out-of-the-box thinking because many different styles are applied to solve problems and develop strategies.
- Preferably more than one level of management should attend the reviews. The opportunity for career advancement by impressing senior management, and conversely, the fear of being poorly prepared, can both be highly motivating factors. Sales people also become enthused when they feel that senior management is aware of their activities and cares enough to listen to the details (one of the strongest motivations for sales people is ego).
- Technical management should also be part of the review. If technical resources and sales reps work together in a team then technical management should be fully engaged in territory and business planning.
- Interruptions are not acceptable. Complete attention should be given to the sales reps during their review. Phone calls and interruptions should not be tolerated.
- Reviews should be between 2 hours and 4 hours in duration.

The actual flow of a territory review depends upon the team presenting. If you feel the team is well prepared and knows their territory and accounts, casual questions to test their knowledge and to show you are paying attention is quite appropriate. On the other hand, if the presentation shows that the team doesn't understand their territory or hasn't done the work, you should

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take the opportunity to question in detail and apply pressure to the team. Being up on stage in front of multiple levels of management and not knowing the basics of the accounts and territory can be a very embarrassing and uncomfortable experience. The questions you ask will show the team what information you expect them to know. Information that account teams should include in a business plan can be grouped as follows:



The next section (see “Sample Review Questions”) contains templates with questions that can be used to test the knowledge of reps, set expectations and exert positive pressure.

For those teams that are obviously not prepared and have not created a comprehensive plan, the review should be highly pressured and ask many questions to show the team what information they need to prepare. A repeat session should then be scheduled to give the team another chance. If a team is unable to build a plan, serious consideration should be given to their value to the company and the business plan / territory review can be used as a specific deliverable for managing performance.

An extremely important part of a review is to ask the team what the company can do to support their efforts and what resources they will need to meet or exceed quota. This is an opportunity to demonstrate that the company will get in the boat with the sales team and address concerns. A sales team that feels empowered and supported will be much more enthusiastic and effective than a team left on their own to succeed.

At the end of each presentation the management team should review the plan and make comments on what was done well and what could use improvement. Use this valuable time to praise and reward strong efforts and to help the team understand minimum expectations. Teams that have done a good job should also be rewarded with public recognition. A mention of outstanding business plans and territory presentations can be made at commit meetings to stimulate the competitive instinct with the rest of the sales organization.

The territory review and business plan is a powerful management tool and should be seriously applied at the beginning of each year, at a minimum, to influence behavior and check on team performance.

Sample Review Questions

Territory and Research
How many accounts are in your geography / vertical?
Where did you look to find a list of accounts in your territory?
How will you find new accounts coming into your territory?
What are the industry or business associations common to your customer set?
Who are the largest 10 accounts in your territory?
How much business did we get last year from your patch?
What information did you obtain on the accounts you found listed in your territory? Employee count? Revenues? Number of office locations? Growth?

Results YTD and Last Year
What are your bookings (sales) so far this year?
How are you doing in relation to quota? How much do you have to sell each month?
What accounts in your territory are existing customers? How much did they do last year and how much so far this year?
Is there any seasonality in your business? If so, why?
How much did your territory produce last year?
How did you do in relation to quota last year?

Major Prospects and Opportunities

Who are your top 10 prospects in your territory and why?

What are the top 10 opportunities in your pipeline (projects you are aware of and are trying to win).

For a given top prospect:

- What do they do (what is their business)?
- Who are their customers?
- Who are their top 2 competitors?
- How long have they been in business?
- What was their revenue last year?
- How many office locations do they have?
- How many employees?
- Are they growing or shrinking?
- What are their top business initiatives?
- Where do they rank in their industry?
- How do they make money?
- What is the name of the CIO? CFO? CEO?
- Who is the existing vendor?

For a given top opportunity:

- Who is the decision maker?
- Are funds budgeted?
- What is the compelling event?
- What happens if deadlines are not met?
- Who has to approve the purchase?
- What is the purchasing process to get a PO issued?
- Is there a purchasing department?
- Who actually issues a PO?
- Who made the decision to buy the existing equipment (if replacing old infrastructure)? What equipment is being replaced?
- What residual value is left on the books?
- Over what period is equipment depreciated?
- What competitors are you against?
- What are their strengths, or who are they aligned with?
- What are your strengths?
- Why is the company spending this money?
- What is the business driver?

Coverage Model
How will you prospect your territory?
How have you prioritized your prospecting?
How will you continue to touch all your customers?
What kind of demand creation events have you scheduled?
How many appointments do you need to conduct each week to make quota?
How will you leverage partners and other vendors?
How will you use the technical and sales resources of the company to meet quota?
Have you thought of any special marketing initiatives?
What are the industry or trade associations that influence your customers? How could you leverage these to help you?

Forecast
What is your current month by month forecast?
Are you forecasting 100% of goal or above?
How much must you forecast each month to achieve 100%+ by year end?
How much pipeline do you have over and above your committed forecast?
How accurate has your previous forecasting been? How close over the past 6 months?

Competition
What competitors are you seeing in the marketplace?
What is their strategy?
What are their strengths? Weaknesses?
For a given competitor in a strategic account, who is their account manager?
What kind of pricing and discounts are you finding with that competitor? Do you have any hard data or a specific example?
How is this competitor aligned with your account? Who is a fan of that competitor? Why? Did they purchase from them in the past? Do they have a personal relationship?

Resources
How will you apply our company's technical resources to further your sales?
How do systems engineers fit into your sales strategy?
Has your systems engineer been involved in planning account strategy?
What role do you and your engineering resources play at your strategic accounts? What relationships do each of you own?
How often do you meet with your engineering resources and what do you review with them?
What other resources in our company could you draw upon to help your sales strategy?
What resources will you need this year for that account?
Are you limited in any way by a lack of resources from the company? What would help? How? Are you willing to commit revenue if we supply you those resources?

Plan to Meet Quota
How are you planning to meet quota? Reach stretch quota (10%, 20% or 30% above quota)?
Where will the business come from? Which accounts? What opportunities are already identified?
How will you manage your time to meet monthly sales targets?
How much pipeline will you need each month to reach monthly sales targets?
What is your current pipeline?
How much business will come from existing clients, how much will require finding new clients?



Territory Review Outline

Sales reps do not always understand how to put together a business plan or territory review and may be uncomfortable asking for guidance. It is best to distribute a blank template and ask the reps to complete the review in a consistent format. Many organizations use Powerpoint or other presentation software packages to build a blank review template.

A typical review template contains the following information:

Topic	Content
Previous year goal and results	<input type="checkbox"/> Review territory and sales results from last year. <input type="checkbox"/> Show quota and actual sales. <input type="checkbox"/> Number of new accounts developed.
Business and Personal Goals	<input type="checkbox"/> What is the 1 year, 3 year, 5 year picture? <input type="checkbox"/> What are the career aspirations?
Territory	<input type="checkbox"/> Describe territory (geographic or vertical). <input type="checkbox"/> List all accounts including demographic information (# employees or other information to prioritize). <input type="checkbox"/> Identify key industry associations/organizations influencing the account base. <input type="checkbox"/> Describe common vertical industry applications and technology problems.
Goal	<input type="checkbox"/> What is the new yearly goal? Break down my month/quarter. <input type="checkbox"/> What is stretch goal above 100% - 110%? 120%? 130%? <input type="checkbox"/> What size of pipeline is required to meet goal?
Coverage Model	<input type="checkbox"/> How is prospecting conducted? <input type="checkbox"/> How is time prioritized? <input type="checkbox"/> How are new accounts identified? <input type="checkbox"/> How will all accounts be touched regularly? <input type="checkbox"/> How are partners / ecosystem used? <input type="checkbox"/> Special marketing initiatives?
Activity Model	<input type="checkbox"/> How many cold calls / appointments required each week? <input type="checkbox"/> Average sale size? <input type="checkbox"/> Close ratio?
Demand Creation Events	<input type="checkbox"/> What events are schedule? <input type="checkbox"/> What future events are planned? <input type="checkbox"/> Target audience?
Ecosystem	<input type="checkbox"/> Who are the current ecosystem partners? <input type="checkbox"/> Are networking meetings being held? With whom? How often? <input type="checkbox"/> Planned additions to the ecosystem?
Current forecast.	<input type="checkbox"/> Detail the current forecast for the following quarter. <input type="checkbox"/> How does it compare to goal? <input type="checkbox"/> Be prepared to discuss specific accounts / opportunities.
12 Month Forecast	<input type="checkbox"/> Long term forecast versus goal. <input type="checkbox"/> Any shortfall seen? If so, why? How can it be made up? <input type="checkbox"/> What are the wildcards that could drive well beyond goal?

Territory Review Outline (continued)

Topic	Content
Top 10 Opportunities	<input type="checkbox"/> Account name. <input type="checkbox"/> Number of employees. <input type="checkbox"/> Number of office locations. <input type="checkbox"/> Name, title and phone for contact at the account. <input type="checkbox"/> # LAN ports. <input type="checkbox"/> # WAN ports / locations. <input type="checkbox"/> Project description including compelling event, expected date, size. <input type="checkbox"/> Competitors engaged in opportunity / account.
Top 10 Account Prospects	<input type="checkbox"/> Account name. <input type="checkbox"/> Number of employees. <input type="checkbox"/> Number of locations. <input type="checkbox"/> What does the account do? How do they make money? <input type="checkbox"/> Who are their customers? <input type="checkbox"/> Who are their key competitors? <input type="checkbox"/> Why is this a top 10 prospect? <input type="checkbox"/> Competitor who holds account currently?
Major Wins	<input type="checkbox"/> List top 3 account wins. <input type="checkbox"/> Detail competitive wins. <input type="checkbox"/> What was the reason for each win?
Major Losses	<input type="checkbox"/> Top 3 account losses. <input type="checkbox"/> Who was the successful competitor? <input type="checkbox"/> Why did they win? <input type="checkbox"/> What could be done differently?
Competitors	<input type="checkbox"/> Detail product and reseller competition. <input type="checkbox"/> Who is prevalent in the marketplace? <input type="checkbox"/> What is their strategy? <input type="checkbox"/> Why are they winning? Why are they loosing? <input type="checkbox"/> What can be done to compete more effectively?
Business Strategy	<input type="checkbox"/> Any particular marketing / business focus? <input type="checkbox"/> Technology focus (IP telephony, content networking etc)?
Resource Requirements	<input type="checkbox"/> What resources are needed from the company to succeed? <input type="checkbox"/> What is missing? <input type="checkbox"/> How can the company help?
Recommendations	<input type="checkbox"/> What should the company be doing? <input type="checkbox"/> Gaps in products / services? <input type="checkbox"/> Competitive threats that need to be countered? <input type="checkbox"/> Marketing suggestions? <input type="checkbox"/> Service suggestions?

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- ❑ Learn about the business issues and technology trends associated with each vertical market being covered. Subscribe to trade press and take advantage of industry associations to learn more about the customer base and likely business problems.
- ❑ Take the time to identify a baseline of all prospects in the territory. Prioritize this list to develop a plan of attack.
- ❑ Identify the top 5 or 10 prospects in the territory and develop strategic sales plans to go after these larger opportunities. Do detailed research to formulate a focused sales strategy for these accounts.
- ❑ Build an email database while prospecting so that the entire account base can be continually mined and contact can be maintained with a large number of accounts with ease.
- ❑ Learn how to glean important information from published financial statements. Examine key financial ratios and indicators that point to business problems, and opportunities for technology solutions. Compare financial ratios to key competitors and examine growth trends.
- ❑ Act as a consultant with prospects. Instead of trying to shoehorn products and “sell”, simply try to help the client to succeed. This approach drives higher sales and long term relationships will be established resulting in repeat business.
- ❑ Understand the client’s world and the factors that influence the decision process in order to act consultatively. Find out how to help a client succeed—according to their goals and agenda.
- ❑ Always ask key prospects how they are measured and what keeps them up at night.
- ❑ Spend time understanding the client’s organization and power structure. Look for clues through track record, assigned responsibilities and political alignment.
- ❑ Understand the corporate culture of your prospects and highlight areas of your company and the proposed solutions that are aligned to this culture.
- ❑ Anticipate and leverage influence from other key vendors and personal relationships.
- ❑ Stay current with information being read by prospects. Find out what the trade press is advocating in terms of technology and vendor selection?
- ❑ Be sensitive to the client’s personal goals and try to add value wherever possible.



This Month's Sales Meeting: A Role Play

The group activity for the sales meeting will be a role play to put the core concepts from Sales STEP #8 into action and review the material in the context of a real sales environment. The objective is for the sales representative to gain an understanding of the complete world of the customer, not just of the technology needs for a given project. Through this knowledge, a rep can put together a sales proposal that achieves competitive advantage. Since customers have many constraints and pressures to deal with aside from pure technology needs, top sales reps will endeavor to understand the complete picture and address key areas of concern in addition to formulating a good technical solution.

Companies face many critical issues in the deployment of technology that are often just as important as the technology itself. For example, the cost to maintain technology is usually considerably greater than the cost of acquiring it in the first place. One study showed that of every dollar spent on IT, only 23% went towards to acquisition of capital equipment. The remainder funded staff, maintenance, training, documentation, telecommunications circuits etc. The lesson is that sales reps have to pay attention to the ancillary needs surrounding the technical solution, such as training, network management, break-fix, lab equipment, fault isolation, and so on. By understanding these issues, sales reps can formulate a sales strategy that offers considerable value for the customer. Many deals are leveraged through bundling of training services or lab equipment, or through network management value-add.

The lesson in this exercise is for the sales team to engage broadly with a customer's organization in order to fully understand the issues surrounding the deployment of technology. If the rep can anticipate the roles and responsibilities of the customer, there is more of an opportunity to get creative with a sales proposal and appeal to the critical concerns of the client. The key is to consider what factors might influence a technology decision-maker *other* than the technical solution and become proficient at gathering the information through customer meetings.

The exercise can be conducted in one of two ways:

1. Split the team into groups of two or four. Half of each group will play the role of the prospect, the other half the role of the sales rep. Provide each member of the team with the appropriate hand-out (prospect or sales rep) and monitor the progress as the session develops. Make sure to take notes as you observe so that you can debrief teams after the exercise is completed.
2. Have two members of your team perform the role play in front of the entire group and then hold an open discussion to review the exercise. This approach is advantageous in large groups when there are not enough class leaders to observe all of the action.

In either case, the appropriate handout (sales rep or customer) should be given to each member of the team and the sales manager should provide an outline of the exercise and review the purpose and objectives. Team members should then be separated and given 15—20 minutes to prepare for the role play. Finally, each team should be brought together and given 10-15 minutes to actually perform the role play.

Two role plays have been provided along with Management STEP #4. The first is the suggested role play for use in your monthly sales meeting. The alternative role play is provided for those organizations that have attended one of our instructor led sessions and already performed the suggested exercise. The alternative role play can also be used to provide additional opportunities for practice and team-building.

The role plays are enclosed with this unit of Management STEP under separate cover and include handouts that can be printed and duplicated as required.



Homework Assignment

This month's homework assignment has been purposely kept light in order to allow reps to focus on developing their business plan and territory review. If you have not already conducted a territory review, schedule review sessions with each rep in the next 3—4 weeks. Consider making this homework optional if territory reviews are to be prepared during the next 30 days.

The homework combines action items from Sales STEP #7 and Sales STEP #8:

- ❑ Identify industry trade associations that impact the customer base. Ask key customers for help in locating these organizations.
- ❑ Research vertical industries (where appropriate) to identify key business drivers and industry trends affecting customers.
- ❑ Meet with two customers where there is a close existing relationships and ask for their help in understanding their world and their perception of vendors.





The Path to Sales Effectiveness™

The Sales Group, LLC

Phone: 203-366-1500
 Fax: 203-330-9293
 Email: info@sales-group.com

A ROADMAP FOR TEAM SUCCESS

- Hire excellent team members.
- Provide clear territories with minimal conflict.
- Set high expectations.
- Define objectives.
- Adopt compensation plans that drive desired behaviors.
- Set the model.
- Build a common vision.
- Reach agreement on strategies and metrics.
- Drive performance through team commitments.
- Formulate and review business plans.
- Manage team performance and conflicts.
- Lead by example.
- Empower team members.
- Foster teamwork.
- Provide development opportunities.
- Introduce friendly competition.
- Reward top performance.
- Supply feedback.
- Foster an open workplace.
- Listen.
- Be ready to adapt.

COMING IN THE NEXT UNIT...

Build a common vision. Teamwork is critical to high performance organizations. No matter what you tell the team, they have to actually see and believe a vision of success and buy into the expectations of the organization. Nay sayers and negative wizards can erode performance. Taking a half day to build a common vision is a phenomenal investment that yields surprising results.

**Are you regularly reviewing
 Sales STEP™ material and
 assigning homework?**

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