

ENGAGING THE BROADER MARKET

Equipping Reps to Sell Unassisted Using a Hypothesis-Based Solutions Model

Crafting Solutions Hypotheses Capable of Immediate Customer Engagement

I. FOCUSING SOLUTIONS HYPOTHESES ON CRITICAL SEGMENT NEEDS

Centering Solution Elements on Segment Value Drivers



#1 Value-Based Solutions-Design Filters

Filters designed to limit the range of available offer components based on their value to customers enable creation of “rep-ready,” highly relevant offers tailored to value drivers of specific segments.

Facilitating Deep Customer-Needs Collection at the Line



#2 Solutions Creation Game Board

Interactive game board is used with customers to standardize collection of needs across deals, allowing need-pattern recognition and creation of prepackaged solutions.

II. ARMING REPS TO CONNECT NEED AND SOLUTION AT THE POINT OF SALE

Standardizing Point-of-Sale-Needs Analysis



#3 Codified Customer-Value Road Map

A visual tool explicitly linking customer strategies to standardized solutions enables open-ended discussions while still directing customers to areas of addressable need.

Delivering Needs-Specific Solutions Hypotheses



#4 Business Model Solutions Template

A visual depiction of segment pain points (and solutions) for the most prevalent needs-based business models provides a platform for customer-value discussions.

Upgrading Rep Ability to Engage Customers with Solutions Hypotheses

III.

BUILDING A WORLD-CLASS COACHING PROGRAM

Defining Coaching Excellence at the Line



Portrait of a World-Class Coach

Quantitative analysis of the hallmarks of world-class coaches includes a model for sales coaching excellence and specific insights around the activities, delivery mechanisms, and attributes of world-class coaches.

Defining World-Class Coaching Program Attributes



Anatomy of a World-Class Coaching Program

A model for effective sales-coaching programs identifies key leverage points for successful and systematic coaching.

Source: Sales Executive Council research.

Portrait of a World-Class Coach

The graphic on the facing page was originally profiled in the Council research initiative, *Building Solutions-Ready Sales Managers*.^{*} The analysis details how star managers spend their time differently than average, or core managers. The specific activity boxes fall into different categories: rep facing and non–rep facing, sales related and non–sales related, and customer facing and non–customer facing.

Dark shaded boxes represent activities in which star managers spend statistically more time than core managers. Similarly, the medium grey shaded boxes show where core managers spend more time than stars. White (unshaded) boxes are activities where star and core managers tend to spend roughly the same amount of time (i.e., there is no statistical difference).

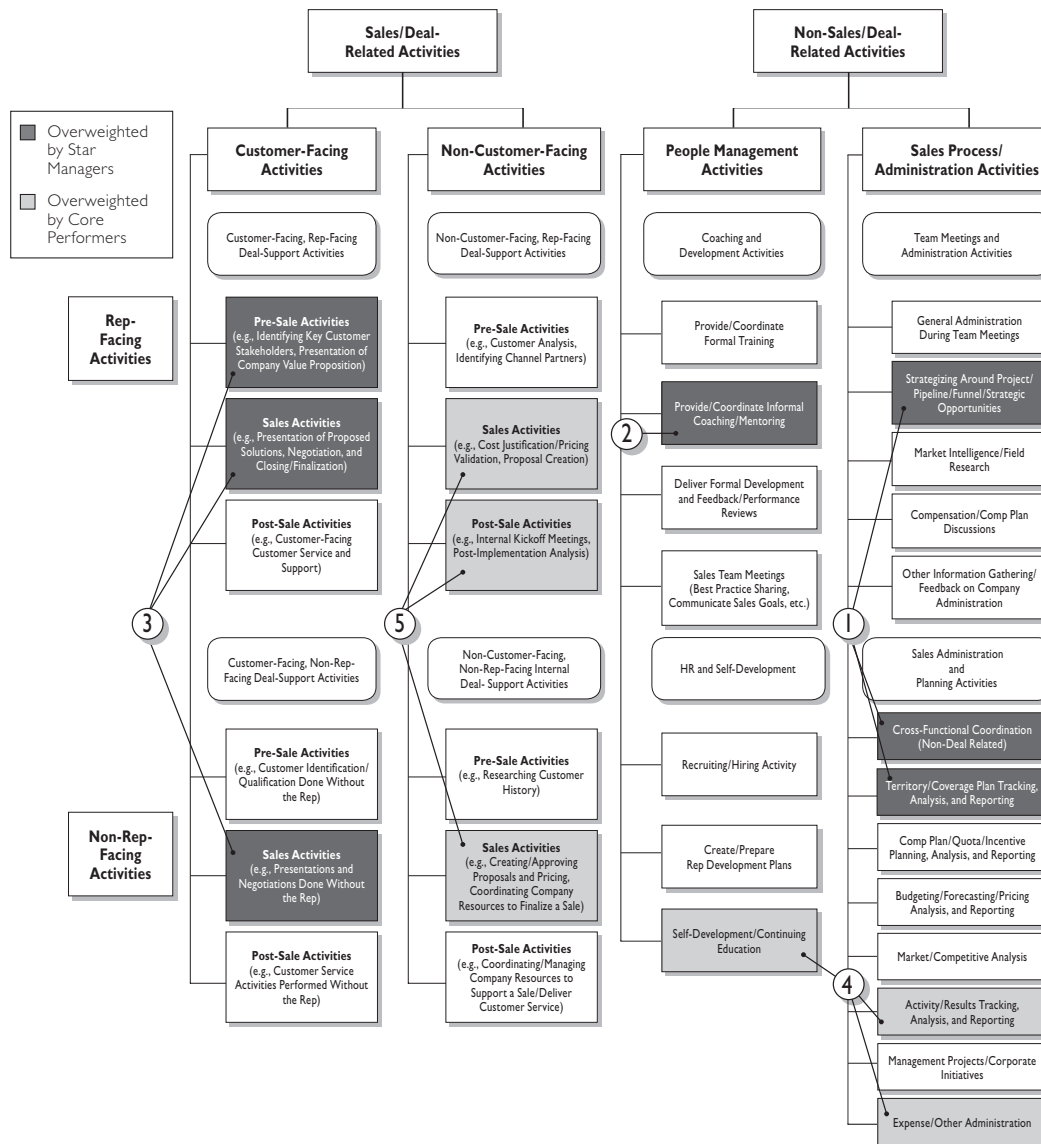
The data allows us to draw several important conclusions about managers generally; indeed, the full study has assisted many member organizations to improve sales force productivity by repositioning the manager corps. However, for these purposes, one clearly differentiated attribute of star managers in particular is worth noting: star-performing sales managers place much greater emphasis on coaching their reps than do core performers. In other words, stars place more importance on coaching and therefore spend more time on it. This was especially interesting in that the same research showed that star managers do not spend more total time with reps; they just focus that time much more on coaching/skills development than the core does.

The research goes on not only to establish *that* coaching is important, but also to show an unequivocal link between coaching and commercial results.

^{*} *Building Solutions-Ready Sales Managers*, Sales Executive Council (2005).

TRIPLE PLAY

Precise Examination of Manager Time Spend Reveals How Star Managers Differentiate Themselves from the Core



Defining Stars
 Star managers make up roughly the 20% of sales managers whose teams overachieve on a consistent basis.

- THREE STAR QUALITIES**
- 1 Stars emphasize planning and strategy to deploy their teams to the best effect.
 - 2 Stars place greater emphasis on coaching and mentoring their reports.
 - 3 Stars observe and support the most important parts of the actual sale—initial presentation and deal closure.

- EYES ON THE WRONG BALL**
- 4 Core performers get bogged down with administration, tracking activities, and completing expense reports.
 - 5 Core performers micromanage sales activities and devote disproportionate time to creating and approving proposals or holding post-sales inquiries.

Source: SEC Solutions research, Sales Executive Council research.

The Quantifiable Impact of Coaching

In essence, the facing page makes the business case for coaching. The top left shows team goal attainment by how much coaching managers do. Managers' teams that receive fewer than two hours per rep per month of coaching achieve 90% of goal. On the right side of the same chart, we see that managers whose reps receive more than three hours of coaching each month perform at 107% of goal. The data is striking; coaching explains a 17% performance difference between those coached and not coached. More powerfully, coaching is the difference between reps making or not making goal.

Coaching also provides the additional benefit of increasing returns on training investments. At the bottom left of the page, we see the rate of "training decay" for typical classroom or other traditional training that ends with the training session. Reps fail to recall 87% of what they learned 30 days following the training. However, the research shows that when training is complemented by in-field coaching and reinforcement, productivity is quadrupled, from 22% to 88%.

A Difficult Hill to Climb

Though the business case for coaching is clear, the opportunity is not easily realized by most sales organizations. The right side of the page illustrates a primary driver of the challenge. The data shows relative strengths and weaknesses of sales managers as perceived by reps.

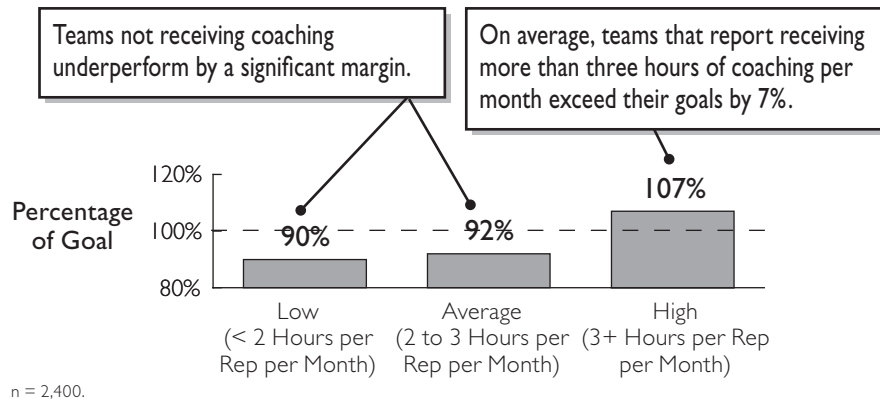
Bars above the line, toward the left of the chart, show the areas of greatest strength. At the right of the chart, bars that drop below the line show the areas of greatest weakness. Sure enough, at the far right of the chart, we see the greatest sales manager skills deficiency: coaching.

With both opportunity and challenge clear, the Council responded to members' request for more direction and embarked on a first-of-its-kind quantitative analysis on Sales Coaching designed to prescribe, in the most specific terms possible, what member companies should do to realize the potential returns of coaching in their organizations.

YOU WANT THE GOOD NEWS OR THE BAD NEWS?

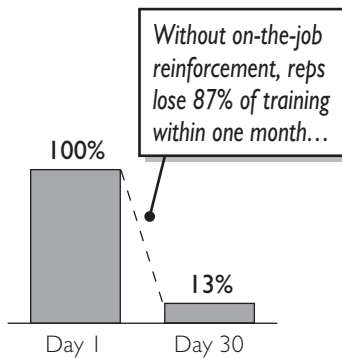
While coaching is both the manager activity most closely associated with rep success...

Team Percentage to Goal by Coaching Time per Rep per Month

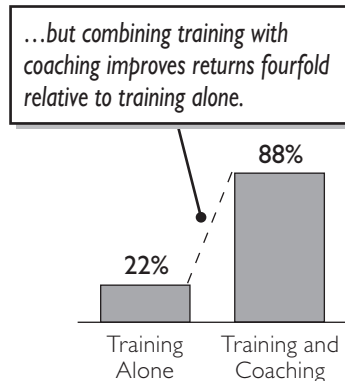


...and the key to maximizing value of training efforts...

Retention of Sales Training Without Systematic Coaching



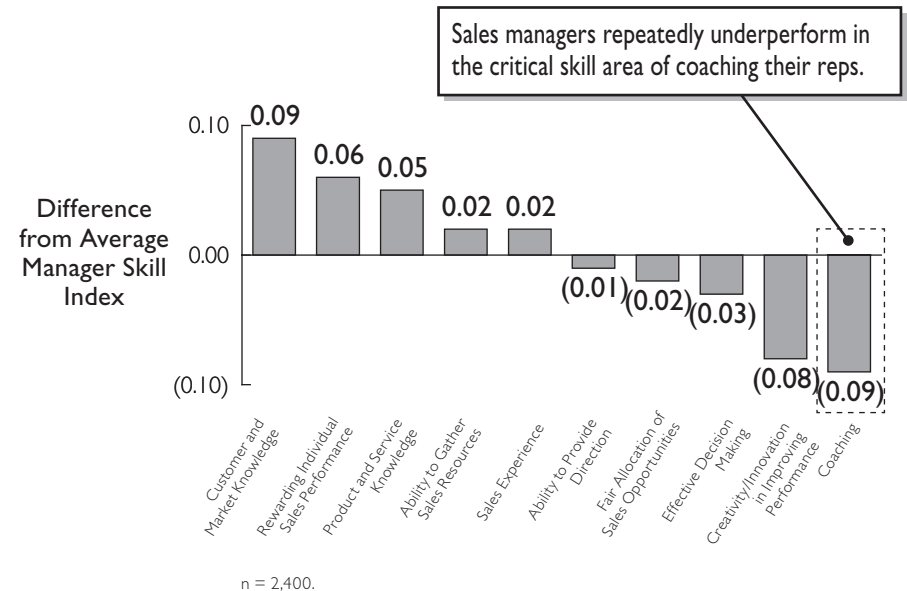
Productivity Impact of Training Combined with Coaching



...it is, regrettably, also the activity that managers perform least well

Relative Strengths/Weaknesses of Sales Managers

Manager Skill Index



Source: Oliveo, G., K.D. Bane, and R.E. Kopelman, "Executive Coaching as a Transfer of Training Tool," *Public Personnel Management*, Winter, 1997; "Why Do Salespeople Fail?" *Industrial Distribution*, 1 March 1996; SEC Solutions research; Sales Executive Council research.

A Global Study to Prescribe Member Action

Having established the importance of coaching, many questions remained unanswered:

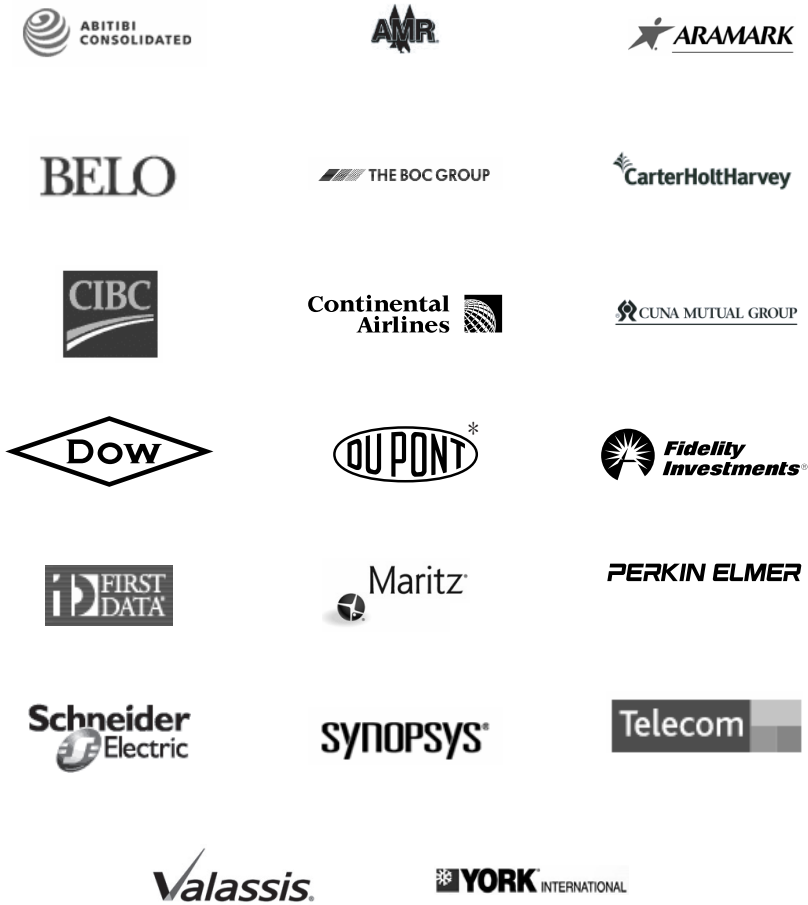
- Who should do the coaching: managers or specialists?
- Should coaches focus their efforts on star, core, or underperforming reps?
- How much time should coaches spend with each rep?
- What's the best coaching style?
- Can coaching be effectively delivered through e-mail?
- At which stage of the sales process is coaching most leveraged?

To answer those and many other tactical questions about coaching, the Council developed an original quantitative survey administered to sales reps and sales managers from all industries around the world. Sales results for respondents were also collected, enabling Council staff to analyze correlations between specific coaching approaches and outcomes. The result is the full study (briefly excerpted in this briefing), a veritable guide to operationalizing high-return coaching in sales organizations.

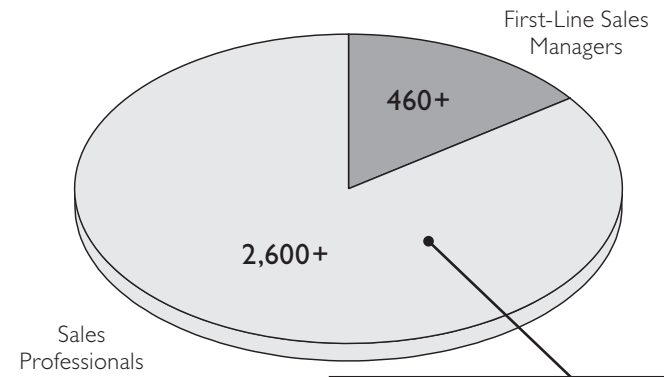
FAR AND WIDE

To Investigate the State of Coaching, the Council Surveyed a Broad Cross Section of the Membership

Partial List of Participants



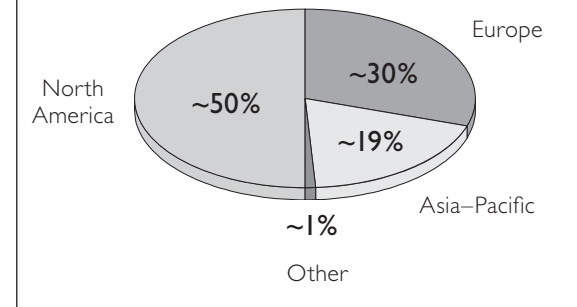
Number of Participants



Survey made up of ~180 questions requiring approximately 25–30 minutes to complete.

A GLOBAL PERSPECTIVE

Location of Respondents



* Registered trademark of E.I. du Pont de Nemours and Company, Wilmington, Del.

Source: Sales Executive Council research.

Maximizing Returns Through Targeted Coaching

To the best of our knowledge, the chart on the facing page represents a first-of-its-kind analysis for Sales. It details how *who* is coached is at least as important as *what* is coached in achieving breakout sales results.

The curves in the graph represent two different groups of reps in the survey sample: the dotted curve represents those reps receiving poor (i.e., “very ineffective”) coaching. Alternatively, the curve with squares shows those reps who receive great (i.e., “very effective”) coaching. The X-, or horizontal, axis is a performance scale. All reps in the sample were organized into performance bands with relatively low performers to the left and high performers to the right. Of course, some reps are *relatively* low performing (and high performing) regardless of the quality of coaching received.

The difference between the two curves is instructive in that it doesn’t present what might be expected (as shown in the upper left “It’s Not This”); great coaching does not improve the performance of all reps equally. Rather, great coaching makes core reps better, with relatively little impact on underperformers ① and stars (though coaching does improve retention of stars) ②. In a sense the star conclusion may not be too surprising. One of the hallmarks of star performers is continuous improvement; if there’s a better way to sell, stars tend to find and adopt it more readily than others.

However, the largest percentage of sales forces, the core, represents the biggest opportunity to inflect sales results through coaching. Box ③ shows how coaching quality can significantly impact the performance of a core sales rep. It shows that core reps who receive ineffective coaching average 83% of goal achieved. However, core reps who receive great coaching average 102% of goal. The 19% revenue gain represents the improvement opportunity for sales organizations that significantly improve their coaching programs.

The analysis thus far allows us to draw two very important conclusions:

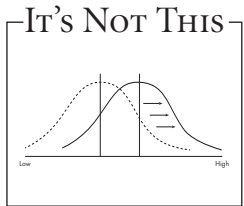
1. A serious investment in improved coaching can improve sales results dramatically in most organizations.
2. Focusing coaching on core performers—rather than star performers, as conventional wisdom holds—will yield the greatest returns.

While SEC recommends that members focus coaching principally on the core (and not at all on chronic underperformers), some coaching attention paid to stars is important for reasons shown on the following page.

MOVING THE MIDDLE

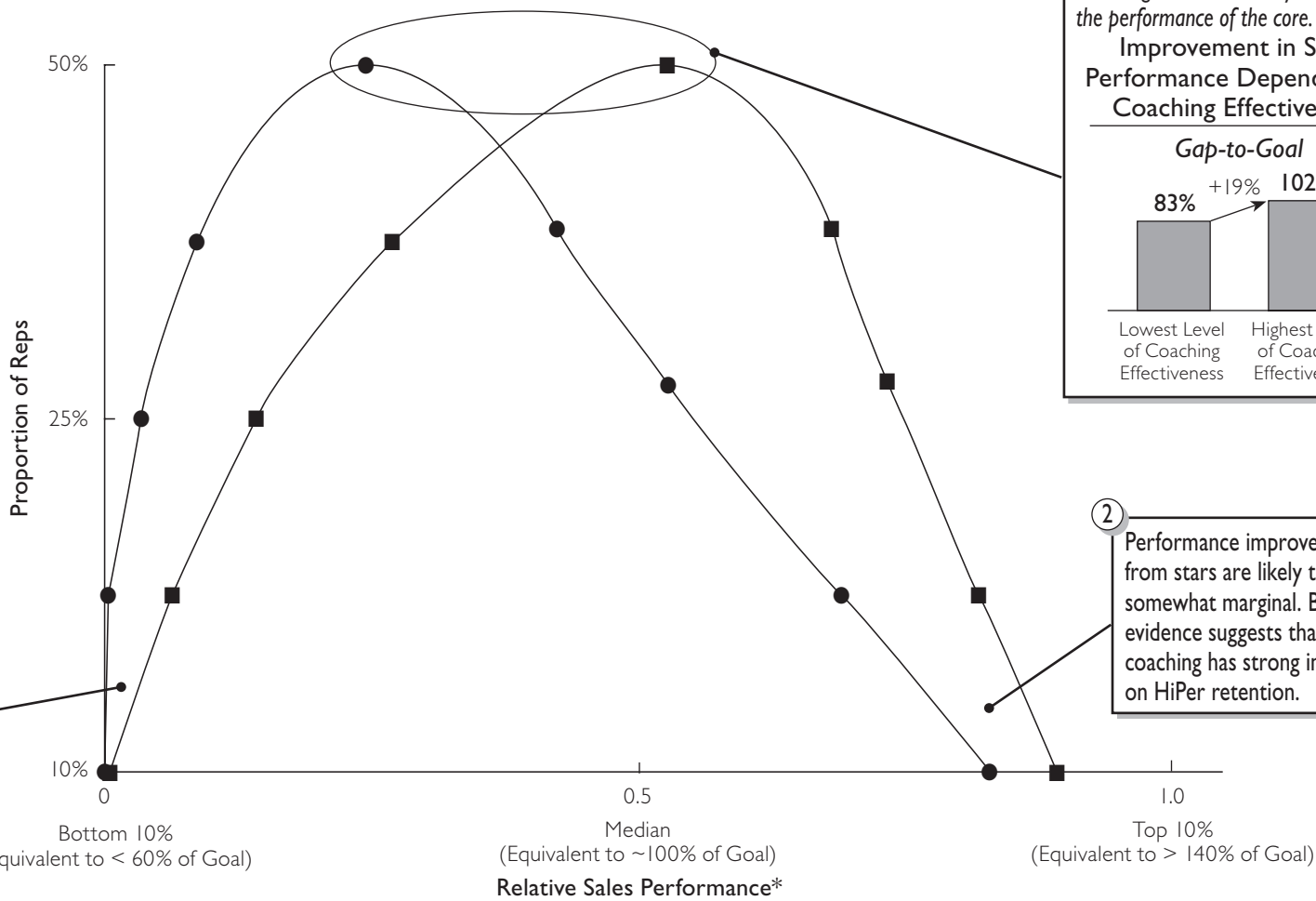
Coaching Offers Greatest Leverage When Targeted at the Core

Distribution of Relative Sales Rep Performance by Coaching Effectiveness



● Population Scoring Coaching Effectiveness Received as a 1 (i.e., "Very Ineffective")

■ Population Scoring Coaching Effectiveness Received as a 7 (i.e., "Very Effective")



1 You can't coach your dogs out of the kennel.

3 Coaching can substantially improve the performance of the core. Improvement in Sales Performance Depending on Coaching Effectiveness

Gap-to-Goal

83% +19% 102%

Lowest Level of Coaching Effectiveness Highest Level of Coaching Effectiveness

2 Performance improvements from stars are likely to be somewhat marginal. But evidence suggests that good coaching has strong impact on HiPer retention.

* To account for different distributions depending on sales context, gap-to-goal numbers were converted to deciles.

Source: Sales Executive Council research.

The Coaching/Retention “Dividend”

Beyond the clear financial returns associated with a serious investment in coaching excellence, the data also shows that coaching increases rep engagement—a finding particularly useful for stars whom we most want to retain.

The chart on the facing page shows the connection between coaching and retention. Five performance bands (e.g., low performers to star performers moving from left to right) each have two bars. Dark shaded bars show intention to stay for reps who report receiving low-quality coaching. White bars show intention to stay for reps who report receiving high-quality coaching. Interestingly, across all types of reps with all performance profiles, effective coaching makes them much more likely to stay with their employers. In contrast, poor coaching makes reps much more likely to defect. The difference is particularly striking with the star performers on the right and, for this reason, members are advised to focus some coaching attention here.

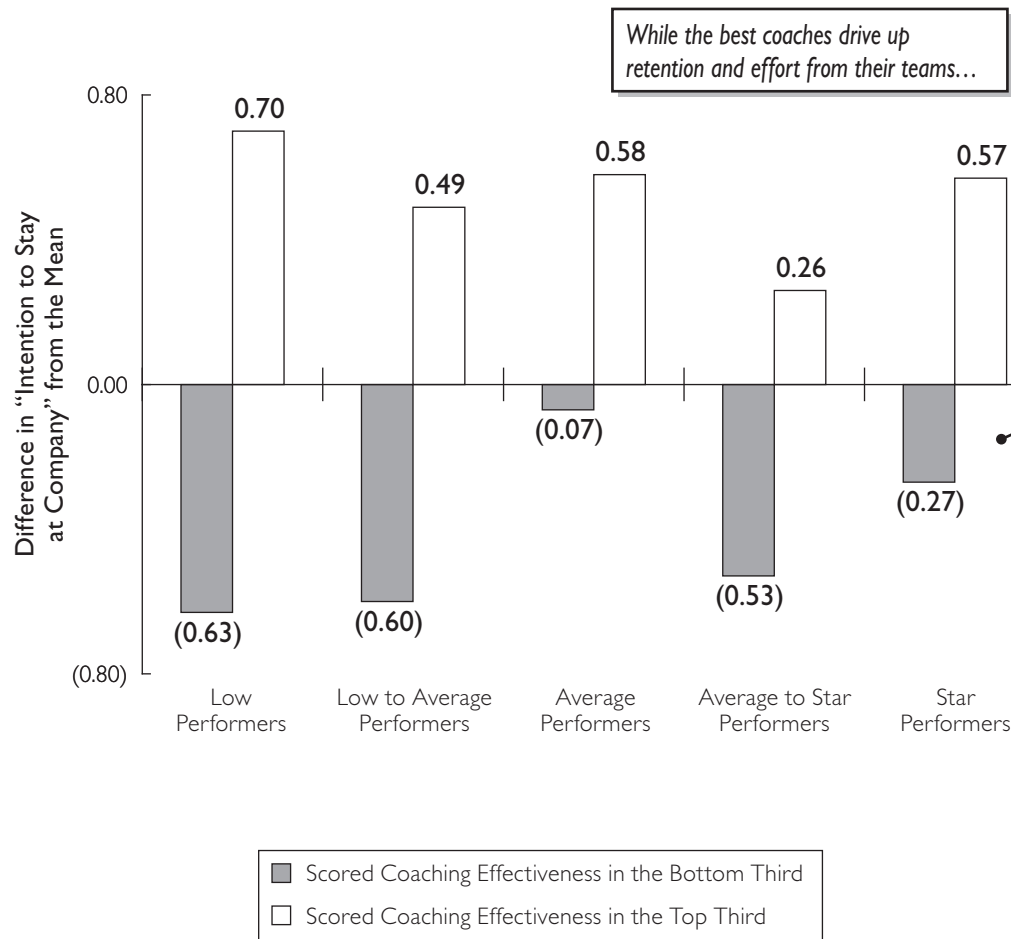
The analysis also looked at coaching impact on the level of effort put forth by the different groups of reps. As shown at the bottom of the page, the results are similar to those around retention. Reps receiving effective coaching put in consistently more effort than those who receive ineffective coaching.

In summary, good coaching drives salespeople to work harder and to stay whereas poor coaching demoralizes reps and makes them much more likely to defect.

THE DAVID BRENT EFFECT

Coaching Is Highly Infectious, Whether Good or Bad

“Intention to Stay at Company” by Sales Performance and Coaching Effectiveness



...LoPer coaches create a fundamentally demoralizing environment.



Source: Sales Executive Council research.

Example from the Research: What to Coach

Underlying the research is a comprehensive model that devolves coaching into its component parts for analysis. One of the drivers of the model focuses on sales activities prioritized for coaching (the “what”) and assesses coaching effectiveness through the lens of the sales process with specific recommendations and insights against each process stage.

To illustrate, on the facing page we see some of the findings attached to the early sales process stage of opportunity creation. The chart depicts the specific opportunity creation activities where high-performing managers spend significantly more time than average and underperforming managers coaching their reps (i.e., bars extending right show high-performing manager emphasis whereas bars extending left show where non-high-performing managers spend more time).

High-performing managers emphasize three opportunity-creation activities in particular, and these combine to support a key finding: star managers emphasize coaching reps to use their time in the smartest ways possible. More specifically, whether it’s identifying the best prospects, preassessing prospect fit with supplier value proposition, or quantifying the full cross-sale opportunity within a prospect, star managers purposefully coach their reps to spend time against high-value activities.

A recent Council best practice case profile featuring McKesson Corporation, excerpted at the right of the facing page, illustrates the point well.* Briefly, McKesson uses a scorecard that enables managers to work with reps to dynamically assess prospect/deal attractiveness as the sales process unfolds. This guides reps to focus time only on those opportunities with the highest probability for success. As such, the tool institutionalizes the spending of rep time on the most value-add activities, and core managers can use the tool to differentiate between low- and high-quality opportunities.

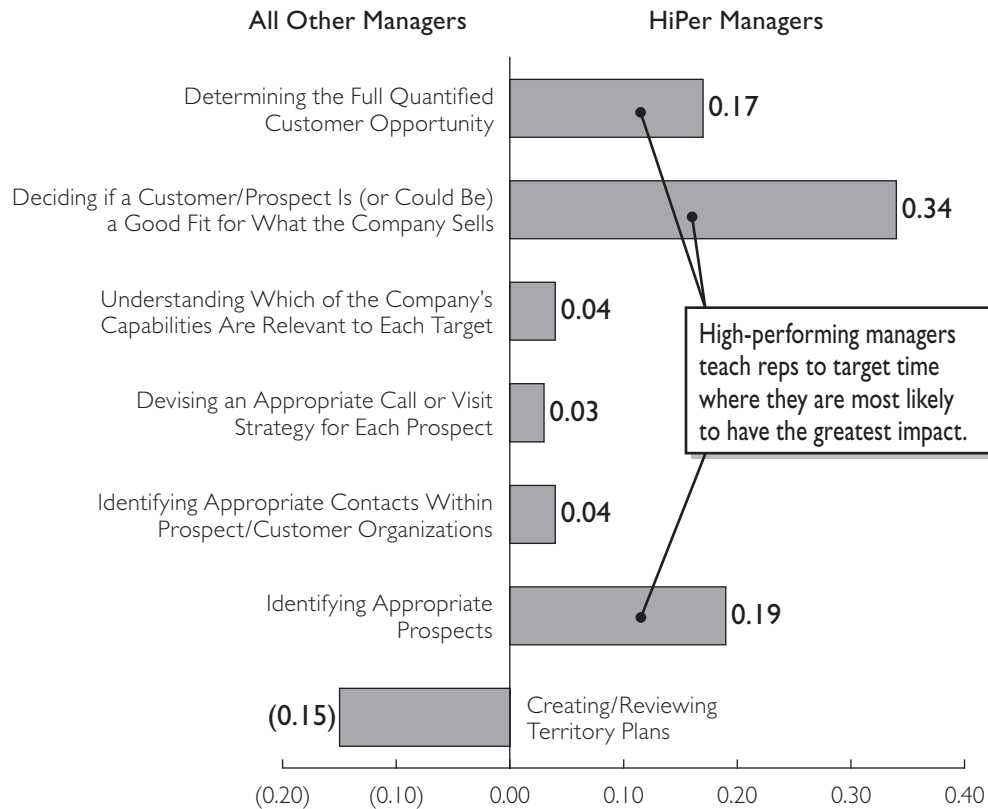
The following page shows another sample finding describing how managers should spend their coaching time.

* For more information on the full McKesson case (“Dynamic Opportunity Scorecard”), see the Council study, *Shifting the Performance Curve* with associated implementation assistance teleconference companion.

READY, AIM, AIM, AIM, AIM, AIM...FIRE

The Best Managers Work on Teaching Their Reps How to Decipher the Best Opportunities

Relative Weighting of Opportunity-Creation Activities
HiPer Sales Managers Versus All Other Sales Managers



CASE IN POINT



Customer Alignment Assessment					
Customer Information		Opportunity-Related Information			
Customer Opportunity Parameters					
Business Issues	Weight	Yes	No	Unknown	Score
1. Drug spending greater than \$15 M annually	2	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	2
2. Existing contract within one year of expiration	4	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0
3. Relationship with existing supplier less than five years old	2	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0
4. Not a heavy user of competitive products	2	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	2
5. Financially viable organization	2	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	2
6. Existing McKesson relationship	6	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	0
7. Existing relationship with group purchasing organization	4	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0
8. Located near a distribution center	8	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0
Customer Characteristics					
9. Experienced change initiative within past six months	2	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0
10. Top-level pressure for cost savings	10	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0
11. Employs a partnership mentality	8	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0
12. Positive relationship with health systems	8	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	0
13. Customer senior executive support	10	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	0
14. Technologically progressive history	2	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	0
15. Formal buying process in place	10	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10
16. Established decision deadline	6	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6
17. Positive vision of govt		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	0

Dynamic Opportunity Scorecard

McKesson designs a scorecard of customer attributes that managers use to coach reps toward deals with the highest potential for success.

Source: Sales Executive Council research.

Example from the Research: How Much to Coach

In scoping the research, many members asked for guidance on how much time should be spent coaching to maximize impact. The facing page details the answer to this question, along with a painful reminder of the significant opportunity most companies have for improvement.

The chart at the left plots coaching effectiveness (Y-axis) against time spent coaching in hours per rep per month (X-axis). While we might expect it to be a linear relationship (i.e., the more we coach, the better the results), it is in fact a story of diminishing returns, which is good news considering how time constrained most sales managers report being. As shown, coaching effectiveness improves dramatically as more time is spent on coaching up to a level of three to five hours per rep per month. After this point, additional time has minimal impact on effectiveness.

Unfortunately, and as shown at the right of the page, fewer than one-third of reps report receiving three to five hours per month, with nearly half receiving fewer than the minimum three hours.

The data has two implications. First, most sales organizations would be well served to communicate this finding clearly and consistently to their managers. Taking this one step further, members might consider measuring coaching activity as part of the overall performance management approach. Second, sales leaders must aggressively free up time to enable managers to coach to this degree.*

A NOTE ON SPAN

When considering opportunities to free up manager time to coach (or engage in other activities for that matter), sales leaders often look to span reduction. A reasonable hypothesis, reducing span should allow more time for managers to coach. In fact, Council research showed the opposite to be true. While the full analysis includes detailed findings, at a high level, span did not impact coaching effectiveness at all unless exceptionally high (i.e., 14:1 or greater). While optimal spans will vary for different industries and companies, the insight still stands. Poor coaches will be equally poor with small or large spans. Similarly, great coaches will figure out how to make coaching happen to maximum effect with the time they have.

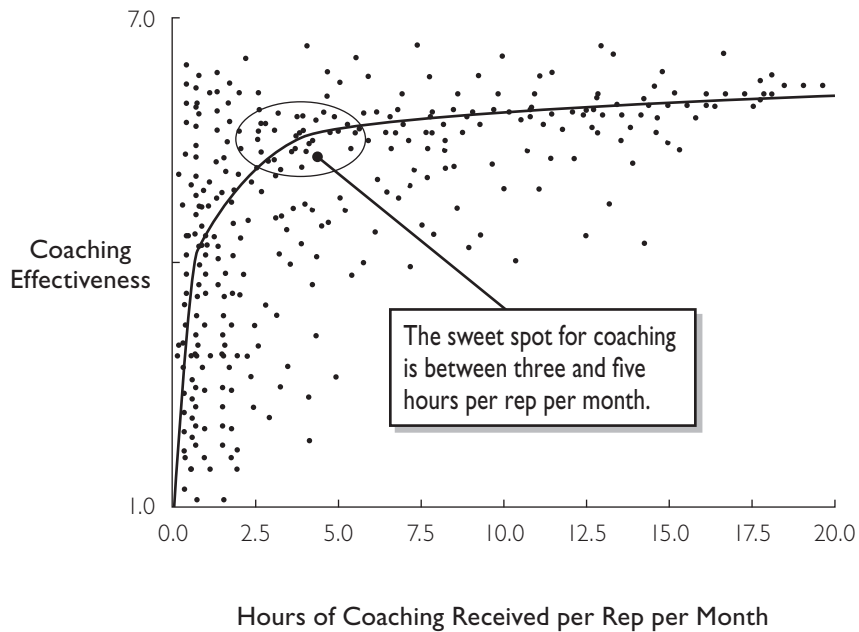
* For more information on freeing up manager and rep time, see the Council publications *Boosting Sales Force Productivity* and *Shifting the Performance Curve*. In addition, Council archives include numerous custom research reports on the subject.

HALF A DAY WELL SPENT

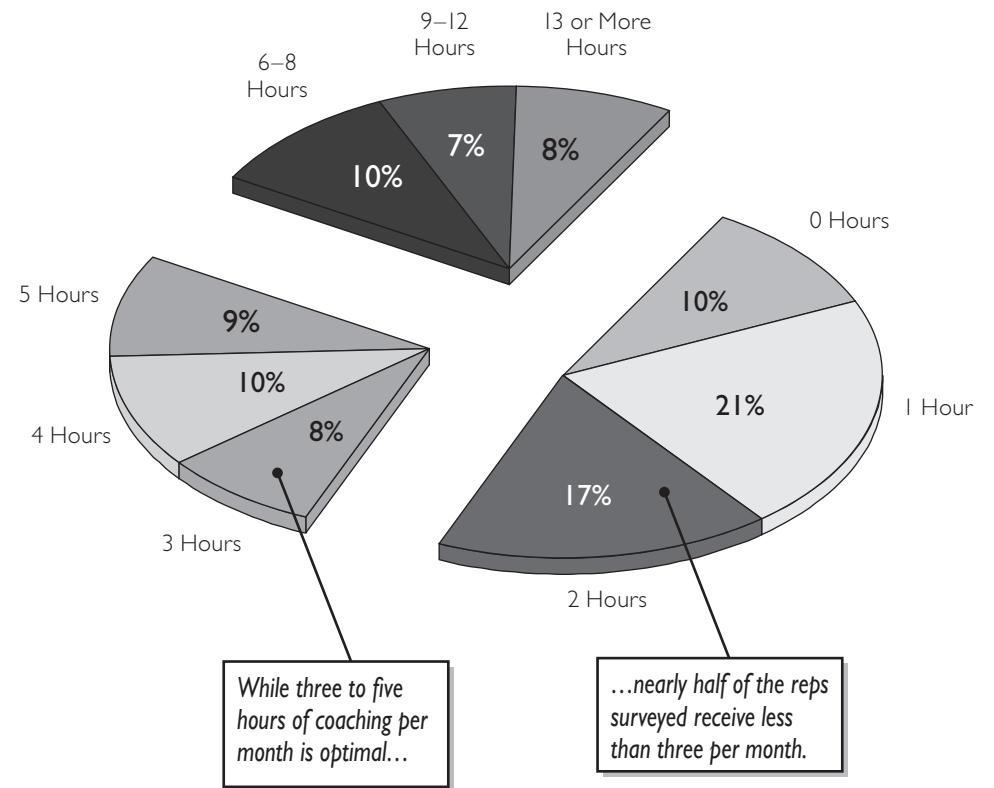
While return on coaching time diminishes dramatically after five hours...

...fewer than 30% of reps surveyed receive the optimal amount of coaching

Coaching Effectiveness by Hours of Coaching Received per Month



Hours of Coaching Received per Rep per Month



The sweet spot for coaching is between three and five hours per rep per month.

While three to five hours of coaching per month is optimal...

...nearly half of the reps surveyed receive less than three per month.

Source: Sales Executive Council research.

Next Steps on Realizing Returns to Coaching

The full Council study on sales coaching includes 10 key provisos that members can use to guide their own activities and investments. In addition, best practices ready for member implementation (such as the McKesson case referenced earlier) are organized alongside original tools to boost coaching impact.

One of these tools, illustrated on page 97, is a new road map titled “The Anatomy of a World-Class Sales Coaching Program (3.0).” The diagnostic, along with accompanying research, provides members with an additional toolkit to address the coaching opportunity at an organizational level, complementing the individual actions implied by the quantitative research.

THE 10 KEYS TO THE KINGDOM

Summary of Key Takeaways from Coaching Survey

10 Hallmarks of Outstanding Coaches

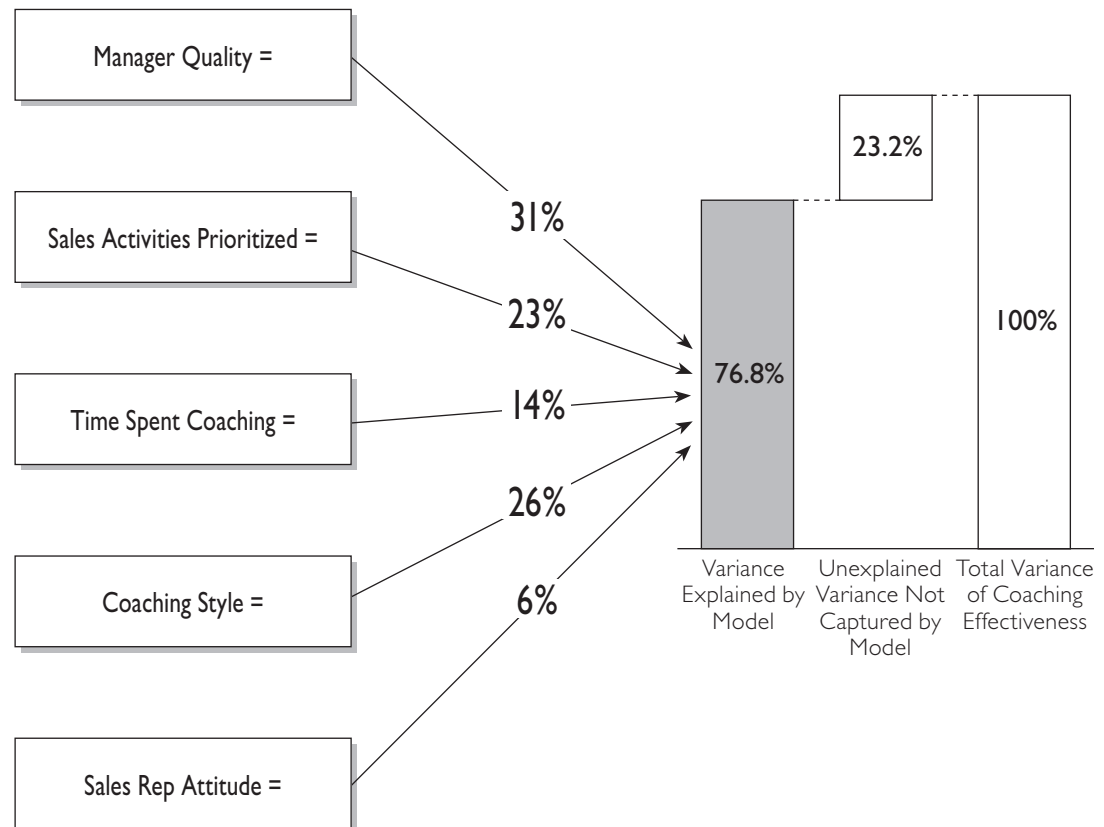
Great Coaches:

1. Build strong relationships with direct reports
2. Are dedicated to improving team results
3. Emphasize targeting the best opportunities
4. Aggressively pursue deal profitability
5. Create role for specialists to support opportunity creation
6. Spend between three and five hours per month coaching their reps
7. Coach the core for performance and the stars for retention
8. Calibrate coaching style to the individual
9. Deliver coaching in person and in the moment
10. Recognize the importance of rep job satisfaction in coaching delivery and effectiveness

Drivers

Relative Impact

Sales Coaching Effectiveness

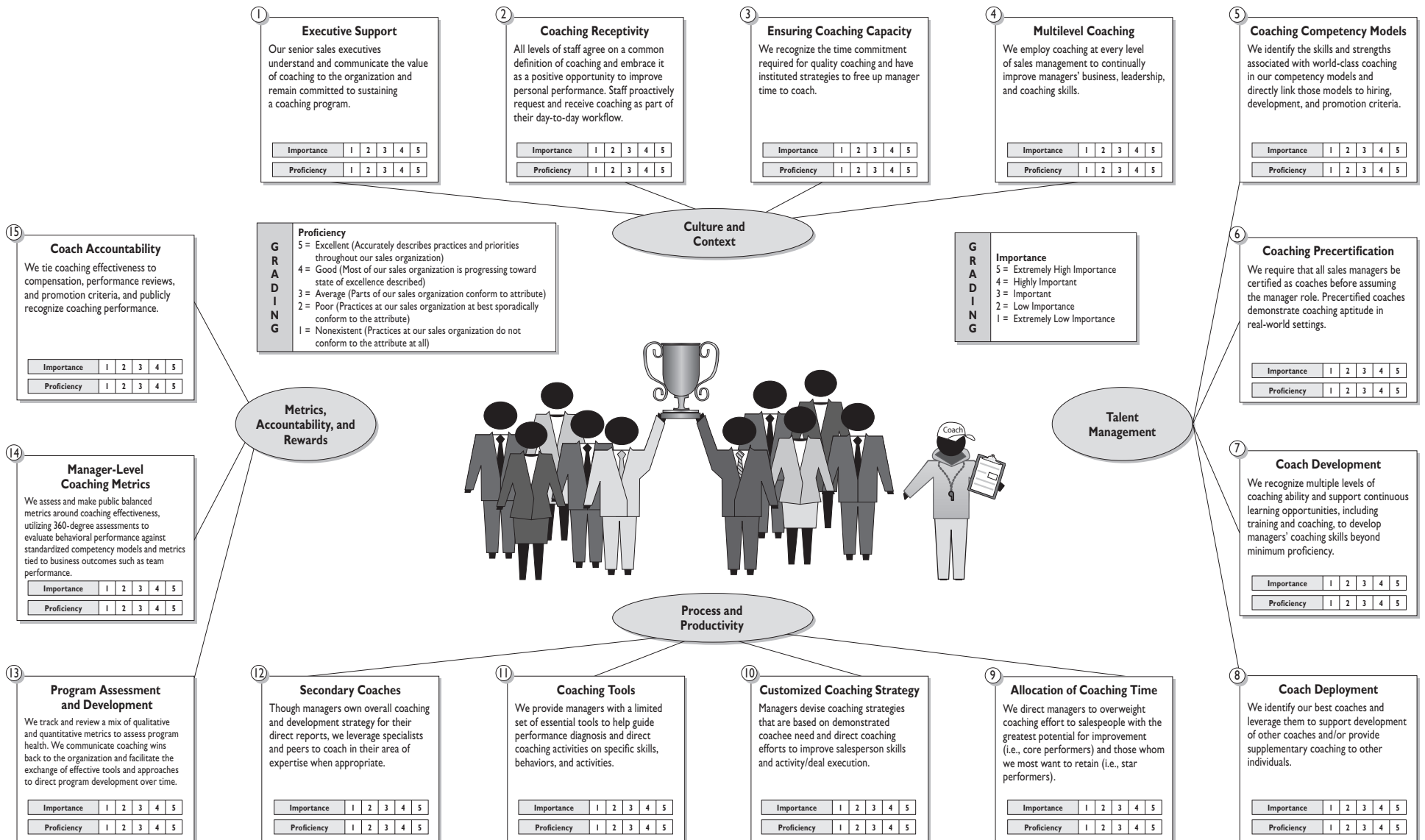


Source: Sales Executive Council research.

Anatomy of a World-Class Sales Coaching Program

To help members leverage the power of coaching to instill and reinforce the traits of star sales performers in core reps, the Council developed the Anatomy of a World-Class Sales Coaching Program. The anatomy is structured as a diagnostic tool that enables members to grade their coaching performance on 15 different attributes of world-class coaching developed through studying highly successful coaching programs in leading marketing and sales organizations. By identifying areas for improvement—coaching attributes with largest gap between current practices and practices described by the tool—members can develop an actionable road map for initiating and enhancing coaching activities geared toward enabling core sales reps to sell solutions.

THE ANATOMY OF A WORLD-CLASS SALES COACHING PROGRAM (3.0)



Source: Marketing Leadership Council research; SEC Solutions research; Sales Executive Council research.