



# When New Sales Leaders Take Charge Focus for the First Six Months

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## About the Authors

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## SUMMARY

When new sales leaders take charge, they must strike an appropriate balance between focusing on urgent, day-to-day issues and developing an important, long-term perspective. The authors recommend a systematic approach of four quick “assessment checks” and five disciplines for structuring an effective ongoing sales management process. If you, as the new sales leader, implement these checks and establish these disciplines during your first three to six months, you will increase your chances of success in your new job.



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# When New Sales Leaders Take Charge

## Five Disciplines of Sales Management

Are you the new sales leader? Maybe you're lucky; you've stepped into a well-oiled machine — a high-productivity, industry leader. Imagine your first day on the job. Your manager confidently greets you. Your direct reports give crisp accounts covering critical essentials. You immediately know where things stand and what you can expect. Sad to say, this dream isn't reality. Your predecessor left you a work-in-progress. You've been hired to sort things out and move the organization forward. You have some time to accomplish this, but how long? Our experience says: less than you think — about six months. So, when you become the new sales leader, how do you see the big picture and focus your energy? How do you balance the urge to fight fires and make sweeping changes while developing a long-range view?

### STEP ONE: Conduct Four Quick Checks of Sales Organization Health

First, you need to get a quick read on the situation. Conduct these internal and external health checks during your first month on the job:

#### *1. Check Your Pipeline*

Your sales pipeline should reveal the pulse and blood pressure in your team's sales arteries. You're looking for flow (volume of opportunities and speed moving through the pipeline), conversion rates from one stage of the pipeline to the next, and yield (closed sales). Important questions to ask include:

- Is there a defined sales process and is it visible in the pipeline report?
- What is the gross dollar amount in the pipeline?
- Are there any problems with the distribution of open opportunities by pipeline stage or by product, for example:
  - Front-loaded with low probability deals?
  - About to gush, with no backfill apparent?
  - Suspension bridge (heavy concentrations at either end and low in the middle)?
  - Heavy concentration in a small number of opportunities or clients?
- Are we identifying and closing sales at a rate sufficient to hit projected sales and profitability goals?
- What is our conversion rate from the first stage to the last stage of the pipeline?
- Are we adding new opportunities quickly enough to maintain our run rate?
- Are any pending “best few” deals in trouble?
- What's our win/loss ratio?

#### *2. Check Your Players*

**Assess your team members' condition:** their focus, their energy, their routines, and their productivity. Assess quantitative data and observe a cross-section—if not all—of your sales managers and sales representatives. Issues include:

- **Sources of results:** Who is producing results? One of our clients recently discovered that 80 percent of her results were being produced by 20 percent of her sales team and that 70 percent of the team were not reaching their annual goals.
- **Physical and mental condition:** Is your sales team pumped up, or tired? Are they working with intensity, or coasting? Check turnover statistics. Are you losing players you'd prefer to keep?
- **Obstacles:** What obstacles or impediments limit your sales team's productivity or focus on new business development? Separate real obstacles from normal levels of complaining. Look for quick fixes that will build your credibility.
- **Relationships with other groups:** Check relationship between your team and other key internal groups—credit, finance, production, engineering, marketing, channel partners, and the like. In each of these checks, look for the following:
  - What's working for both parties?
  - What's not working for both parties?
  - What immediate issues should I address with this group? What do I need from them? What do they need from me?

### 3. Check Your Processes

**Sales process:** Sales processes describe how your team does business to win more deals. Are your sales representatives generating results because they use a common, planned, managed, organized, documented sales process that leads to success—or do they “do their own thing?”

- Does your team have a successful model? Are sales representatives using the appropriate selling processes?
- What kind of selling are you doing? Demand creation? Demand fulfillment? Is that the right approach for your markets?
- Is your sales success driven primarily by activity levels or by deep, effective probing and development of customers' needs? Are your sales teams using the appropriate models?

**Management process:** Check management in the field.

- What percentage of time are managers coaching sales representatives? Are they coaching from their desks, or in the field?
- From what sales models are they coaching? What skills and processes are they teaching?
- Do your sales managers know which selling skills and tools are most critical at each stage of the selling process? Are they teaching skills that match your sales process steps?

**Productivity:** Check the level of effort required to produce the results you're seeing.

- How does this level of effort compare with your experience or other benchmarks? Your measures could include sales/FTE, dollars of new opportunities required to generate a dollar of closed business, sales per hour of selling time, revenue per effective sales month, and other metrics.
- What percentage of their time are sales representatives focusing on developing new business?

#### 4. Check the Outside Environment

Complete a quick SWOT (strengths, weaknesses, opportunities, and threats) analysis with your key players. Focus on the outside competitive environment and your company's relationships with its clients. Analyze the competitive environment:

- Which way are industry sales and margins headed? Why?
- With whom do you compete? What are your competitors' selling and channel strategies and strengths? What are yours?
- Where are you gaining or losing ground (product lines, channels, geographies, and so on)?

Review your company's relationships with its clients:

- Is your company able to fulfill sales orders as promised?
- Are there any service, quality, or other factors that will affect your sales team's credibility or your company's reputation?

## STEP TWO: Build and Communicate Your Strategy

With these internal and external quick checks completed, build and communicate your sales vision and strategy to the sales team.

**Vision:** Describe your vision of the future for the sales organization – where you're going, how it's different from current circumstances, and why change is important now.

**Strategy:** Develop and document your strategy for delivering the vision. Include answers to the following:

- **Target customers:** Who are our target customers? Who are not our target customers?
- **Value proposition:** What value can or do we bring to target customers? What is our sales message? What is our "elevator speech?"
- **Competitive strategy:** How will we deploy our salespeople? How will we compete for target customers' attention and money? How will we create value through our sales process to differentiate ourselves?
- **Financial strategy:** How will we price? What costs will we incur? What is the business model for the sales force that aligns with corporate objectives?

If you want sales team members to reach the conclusions you reached, share your data and provide opportunities to discuss the strategic and financial issues with you and others. Appeal to your team members' highest level of thinking.

**Immediate priorities:** Set immediate priorities. Which are the most immediate critical targets or activities on which you want your sales team to focus? For example: Ask all sales representatives to pick a small number of critical target accounts for expansion or acquisition, in order to capture their attention, jolt the team to action, and provide pipeline insurance.

## STEP THREE: Establish Your Operating System (Five Sales Management Disciplines)

With your vision, strategy, immediate priorities, and success paths in place, establish a Sales Management Operating System based on five disciplines: sales planning, forecasting and pipeline management, coaching, performance assessment, and recruiting. Like a computer's basic operating system, the Sales Management Operating System helps managers set priorities, monitor and direct sales activity, and balance tasks to ensure the sales team works efficiently and effectively.

### *Discipline One: Sales Planning*

- ✓ **ACTION STEPS:** Build your sales plan. Ask all sales team members to build sales plans based on your plan. Review each plan meticulously and check on progress against the plans each quarter.

Sales planning should align sales operations with organizational goals from you, the senior sales leader, to the individual representatives. At a minimum, we recommend three elements:

**Sales operating plan:** Complete the plan and finish the review and approval process by the end of the first month of the fiscal year. Qualitatively, the plan states the vision, mission, sales philosophy, and key goals for the sales organization. Quantitatively, it outlines revenue and profit goals.

The plan should include:

- A one-page SWOT analysis as a summary of the plan.
- Six to eight key goals and major initiatives through which the team will achieve those goals.
- Year-over-year revenue growth and profits by team (probably at several levels) and by product line.
- Top clients for the current year and expected revenues for those clients by product.
- 12-month forecast or pipeline.
- Competitive strategy, identifying major threats and tactics for overcoming them.
- Sales performance standards that cover each level of the organization, set quotas, and establish expense budgets for the new year.
- Detailed description of the compensation plan and any non monetary incentive or recognition systems.
- A recruiting and succession plan to ensure that all budgeted sales positions are filled during the year.

Each of your sales managers, from your direct reports to team leaders, should develop an operating plan.

**Territory marketing plans:** Ask salespeople to prepare brief business plans for their territories as if they were presidents of their own businesses. Territory marketing plans should address:

- A one-page SWOT analysis as a summary of the plan.
- Competitive strategy, identifying major threats and tactics for overcoming them.
- Six to eight key goals and major initiatives through which they will achieve them.
- Top clients for the current year and expected revenues for those clients in the coming year by product at each level of the organization's hierarchy
- Top prospects and referral sources to develop.
- 12-month forecast and a current pipeline.
- Resources or support needed from the organization to implement the plan.

Evaluate their forecasts using the metrics established for pipeline quality (see below). These evaluations provide the foundation for development of individual coaching and development plans for reps and managers.

**Key account plans:** Ask sales representatives to complete detailed account plans for the 20 percent of their accounts that generate 80 percent of current or projected revenue. Review the plans in the first month of the fiscal year, and revisit them quarterly for updates and progress reports. The key account plans should include:

- A summary SWOT analysis of the relationship.
- A list of the client's key business issues and drivers.
- Organizational charts that outline decision-making processes.
- Six to eight key goals with the activities to achieve them.
- A 90-day list of actions that will be completed to execute the plan.
- A sales forecast by product and buying center.

Review the most important key account plans yourself. Ask (and follow up to ensure) that your managers review every key account plan with their sales representatives.

### *Discipline Two: Forecasting and Pipeline Management*

- ✓ **ACTION STEPS:** Define rules and standards for adding or removing sales opportunities from the pipeline report, or for moving an opportunity from one pipeline stage to the next. Require sales managers to meet with direct reports to discuss pipelines and ensure their accuracy. Develop and maintain a long-term sales forecast.

Sales forecasts and pipeline reports are your two most important strategy and coaching tools.

**Sales forecasts:** The sales forecast shows expected levels of closed business at intervals into the future (for example, 90 days, six months, one year, two years). On a monthly basis, you and your sales managers should meet one-on-one with your respective direct reports to refresh and discuss their 90-day and one-year best case, worst case, and expected case sales forecasts. During your first 90 days, take advantage of being "new" to question deeply:

- What are the assumptions or conditions required to generate business at the levels shown?

- What conditions have changed since the previous forecasts? How have those changes affected the forecasted amounts, mix, and margins of business?
- How do the forecasts match with corporate expectations about sales performance?

Your objective during these discussions is to “squeeze the fat” out of the forecasts, so you’ll have an accurate view of the future from which to draw conclusions and set priorities for action.

**Pipeline reports:** Pipeline reports track live sales opportunities in all stages of your sales funnel. Look for:

- **Pipeline stages:** Your pipeline report should be based on five to eight stages that describe your sales process, from “opportunity sighted” to “closed business.” Many firms make the mistake of including opportunities in a pipeline report only when they get to the proposal or pre-closing stage, thereby missing excellent data about prospecting, qualifying, and conversion rates from early opportunities—all keys to efficiency and effectiveness.
- **Pipeline standards:** Focus on two points. First, hygiene: report timeliness, completeness, accuracy, and rules for adding or changing opportunities in the pipeline. Second, pipeline content: what you expect in terms of total number of opportunities, mix of opportunities, size of opportunities, and so on. The first ensures that you have good data, on time. The second ensures that sales reps know what they’re expected to add to the pipeline to make their written annual and quarterly goals.
- **Pipeline review process:** You and your sales managers should talk to sales representatives at least monthly, if not more frequently, about every opportunity in the pipeline. Focus on:
  - **Sales strategy:** Assess the sales representatives’ strategies for pursuing their opportunities.
  - **Acceleration:** How can your team accelerate each opportunity through the sales process?
  - **Accuracy and focus:** Pipelined opportunities should meet or exceed your criteria for the pipeline stages in which they’re presented; the expected dollar amount for each opportunity should accurately represent the prospects’ likely expenditures.

These discussions will help you determine whether sales representatives are chasing deals that will never close, or fumbling opportunities that offer real potential. We can tell more about a sales organization’s sales strategy and disciplines by listening to pipeline reviews that almost any other audit activity.

### *Discipline Three: Coaching*

- ✓ **ACTION STEPS:** Set and model your expectations for coaching at three levels: skill coaching, strategy coaching, and activity and process coaching.

Sales managers should be coaching sales strategy (territory strategy, account strategy, and sales opportunity strategy), sales activity levels, and sales behaviors. Effective coaching is based on three foundations:

- Sales manager experience to diagnose trouble spots and skills to offer appropriate coaching
- A well-defined sales process or “success path” (this frames coaching activities and behaviors)
  - “Day in the life” descriptions that communicate your expectations and translate your vision and strategy into tangible, specific actions. For example, if field coaching is a critical part of your new strategy, redefine field sales managers’ jobs down to the task level, showing the impact of coaching on their time, and the tasks they should stop doing or defer to create time for coaching.
  - Sales processes that describe how your company and your team—and everybody on it—does business to win more deals:
    - ✓ The correct activities
    - ✓ Done at the correct time
    - ✓ With the correct customers and internal partners
    - ✓ At the correct frequency
    - ✓ In the correct manner
  - Standards that describe expected performance of significant sales process steps
- Sales manager commitment of time to observe performance
  - Determine to what extent and on what issues sales managers are coaching their direct reports and whether the coaching adds value (that is, improves performance).
  - Set minimum expectations to help sales managers set priorities: coaching time, frequency and extent of coaching conversations, and coaching focus.

We recommend that you require a consistent pattern of team leader–sales representative checkpoints that provide a forum for inspection, feedback, and course setting once annual business plans are in place:

- **Quarterly or semi-annual reviews:** Conduct formal performance reviews, key account reviews, business plan updates, and forecast updates. This is primarily strategy coaching.
- **Monthly:** Focus on pipeline/forecast reviews, updating the forecasts, tracking progress against the annual business plan, and making adjustments needed for upcoming periods. This is primarily activity and process coaching.
- **Weekly:** Focus on deals, activities, and field observation of behaviors and skills. This includes reviewing sales call plans both before and after sales calls. This is primarily activity coaching.

Ask your sales managers to conduct weekly or monthly team sales meetings face-to-face or by telephone, with agendas published in advance and minutes taken and shared among team members. Set the expectation that team sales meetings do not include presentation of any information that meeting participants could read and interpret on their own.

ACTIVITIES	FREQUENCY	SALES MANAGER TOOLS	SALES MANAGER DEVELOPMENT
Sales Planning	Annually	<ul style="list-style-type: none"> <li>Performance Standards</li> <li>Budget</li> <li>Area/Market/Branch Plan</li> <li>Target Account Plans (existing and new)</li> <li>Individual Coaching Plans</li> </ul>	<ul style="list-style-type: none"> <li>Setting Sales Standards</li> <li>Assigning Territories &amp; Quotas</li> <li>Goal Setting</li> <li>Building a Market Plan</li> <li>Implementing Account Strategies</li> </ul>
Recruiting	Daily	<ul style="list-style-type: none"> <li>Hiring Criteria</li> <li>Behavioral Interviewing</li> <li>Position Description</li> <li>College Recruiting</li> </ul>	<ul style="list-style-type: none"> <li>Building a Recruiting Plan</li> <li>Sourcing and Screening Applicants</li> <li>Planning and Conducting Interview</li> <li>Structuring the Offer and Orientation</li> </ul>
Coaching Calls	Weekly	<ul style="list-style-type: none"> <li>Sales Call Planner</li> <li>Coaching Practices</li> <li>Sales Call Debrief</li> </ul>	<ul style="list-style-type: none"> <li>Sales Call Planning</li> <li>Field Coaching</li> <li>Team Selling</li> <li>Negotiating Skills</li> </ul>
Branch Manager Meetings	Weekly/Monthly	<ul style="list-style-type: none"> <li>Branch Manager Meeting Template</li> </ul>	<ul style="list-style-type: none"> <li>Planning and Conducting Sales Meetings</li> </ul>
One-on-One Meetings	Monthly	<ul style="list-style-type: none"> <li>One-on-One Meeting Template</li> </ul>	<ul style="list-style-type: none"> <li>Managing the One-on-One</li> <li>Analyzing &amp; Interpreting Sales Information</li> </ul>
Operating (Ops) Reviews	Semi-Annually	<ul style="list-style-type: none"> <li>Ops Review Template</li> </ul>	<ul style="list-style-type: none"> <li>Prepare &amp; Conduct Reviews</li> <li>Forecast Analysis</li> <li>P &amp; L Management</li> <li>Managing Performance Problems</li> </ul>
Salary/Performance Reviews	Annually	<ul style="list-style-type: none"> <li>Performance Appraisal</li> <li>Succession Planning</li> <li>Sales Skills Survey</li> <li>Compensation and Incentive</li> </ul>	<ul style="list-style-type: none"> <li>Writing Sales Performance Appraisals</li> <li>Conducting Performance Reviews</li> <li>Discussing Career Paths &amp; Development</li> <li>Communicating Compensation &amp; Incentives</li> <li>Assessing &amp; Evaluating Sales Skills</li> </ul>

Group sales meetings should focus on:

- Interpreting information about market and competitive conditions
- Celebrating sales success stories
- Learning and practicing sales skills
- Planning, if a group effort is needed

#### *Discipline Four: Performance Reviews*

- ✓ **ACTION STEPS:** Zealously encourage completion and delivery of performance reviews. Read and inspect every appraisal in your span of control.

Review the sales organization’s performance review process and team member reviews from earlier periods to determine the following:

- **Fit:** Is the review process (including appraisal forms) designed for your sales organization?
- **Foundations:** Are appraisals supported by field visit reports, notes from monthly “one-on-one” meetings, or summaries from quarterly operating reviews?
- **Focus:**
  - Are managers doing more than checking off boxes and writing a few sentences? Are they adding value beyond sales representatives’ appraisals of themselves?
  - Do performance appraisals discriminate between poor performance and good performance? (We have encountered situations in which sales representatives who are significantly behind plan have been rated “meets expectations” or better.)
  - Do the appraisals include specific developmental recommendations?
  - Do the appraisals discriminate between quantitative success and qualitative success?
  - Are performance appraisals rewarding the behaviors you consider critical?
- **Frequency:** Do managers discuss performance with their direct reports quarterly? Do managers launch annual “surprise attacks?”

Based on your findings, design an appraisal system that helps you drive behaviors beyond “making quota.” Your incentive compensation system should reward representatives and managers for meeting or exceeding their quotas. Define and assign weights to other measures; consider territory and account penetration (new versus repeat mix), product mix, call activity, forecast accuracy, teamwork, administration, and personal development. This approach ensures, for example, that a high performer can’t ignore those aspects of his or her performance and still expect a merit increase or promotion. Insist that people comply with corporate standards for performance appraisals. If standards don’t exist, set them. Create negative consequences for sales managers who don’t comply with the standards.

### *Discipline Five: Recruiting and Selection*

- ✓ **ACTION STEPS:** Set expectations to guide your managers' hiring and termination decisions. Build recruiting plans based on profiles of ideal candidates and planned turnover. Be personally involved in significant hiring decisions.

“Selection” includes selecting people to join your team and selecting people to leave the team. During your first three to six months, review your organization's recruiting and separation practices. Look for:

- “Ideal candidate” hiring profiles
- Interview guides and candidate assessment procedures and tests
- Recruiting plans and expectations
- Routine talent assessment processes that lead to specific actions to retain high performers and manage low performers out.

If these practices don't exist, create them to increase the consistency and effectiveness of both recruiting and separation.

Encourage or require your managers to prune their teams beginning with consistent low performers. Some of our clients are unhappy if their turnover falls below 15 percent. A 2001 Hewitt study shows that the average turnover rate of participating sales organizations is 18 percent. When you remove people from the team, you send clear messages about your expectations. Avoid the trap of hoping that low performers will turn around or concluding that having them in the territory is better than a vacant territory.

At the same time, establish a strong recruiting discipline. Set expectations that will prompt you and your sales team to comb the market constantly so you can move quickly when the best salespeople in the talent pool are ready for a change. By recruiting early and consistently, you:

- Avoid being held hostage by good salespeople.
- Avoid straining salespeople who must pick up the slack when a team member leaves
- Upgrade sales team talent over time.
- Generate competitive intelligence early and inexpensively by interviewing (but not hiring) your competitors' salespeople.

## Summary

During your first six months as the new sales leader, your job demands that you focus on three work phases:

- 1. Where are we?** Conducting quick checks to understand your new team's direction and condition, and drive your choice of immediate priorities.
- 2. Where are we going and what is the path?** Defining and communicating your vision, strategy, and path to success.
- 3. How will we manage?** Formalizing and embedding the day-to-day planning and management activities needed to sustain focus, energy, direction, and productivity during the great march to your vision.

While we recommend that you invest time and energy in all three phases, your allocation to each will vary depending on your circumstances—your team's condition, market conditions, your managers' capabilities, and your company's infrastructure (including its information systems).

You will quickly discover that your most important contributions as sales leader are likely to be a clear, simple message; relentless attention to focus and follow-up; and removal of obstacles that divert time and attention from the most important sales role: generating appropriate value for your clients and prospects.

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