

INTEGRATED SALES MANAGEMENT: THE SINE QUA NON OF CRM SALES AUTOMATION

Michael W. Lodato

Executive Summary

Conducting business in the new *millennium* is significantly different and more challenging than in the past. Increased global competition is shrinking profit margins. The stakes are high; the margin for error has decreased. To prosper, you must focus on the **critical management processes** of your business and empower people to improve those processes. **The ability to learn and improve your management processes faster than your competitors may be the only sustainable competitive advantage.** This article is about knowing and improving your sales management processes so that your CRM sales automation initiatives can be successful.

Those companies trying to decide whether to automate the sales function should consider these factors:

- From the sales perspective, you need tighter management controls and a higher level of responsiveness during the sales cycle. Improved sales effectiveness begins with a custom-tailored *integrated sales management* process, specific to your products, markets, and culture.
- The winners will differentiate – not only in **what** they offer, but also in **how** they offer it. **The sales process will become a key differentiator.** An important point to consider is that this differentiation is very difficult for the competition to emulate, whereas better technology and lower prices would be far easier to copy. Those that move to the head of the pack, the pacesetters, will employ a highly *integrated sales management* process.
- *Integrated sales management* processes fall short of their goals unless managers have ready access to up-to-date information about what is happening in the field. Sales managers need much more accurate information than they have now and an ability to inspect the process in near real-time.
- For highest effectiveness, the *integrated sales management* process must be *enabled* by sales automation. Therefore you will require (1) implementation of the custom-tailored *integrated sales management* processes in elegant software form; (2) a very effective field information capturing device; and (3) innovative application of communications technology. If any of these elements are absent, the management processes will not have the desired effectiveness.
- The relationship between *integrated sales management* processes and sales automation is symbiotic – the two depend on one another for true sales effectiveness.

The Integrated Sales Management (ISM) Process

There are excellent techniques, such as Miller-Heiman's *Strategic Selling*, that address certain parts of the sales management process. Often the term "process" is used when referring to these techniques, and this causes confusion among practitioners. What is needed is a vision of a fully *integrated sales management* solution that encompasses all sales and sales management functions. The overall ISM process is the *game plan* by which the entire organization is geared to operate as a team to support the individual sales person. This paper summarizes the ISM process that I have documented in detail in two self-published books.

I use the term "integrated sales management process" for the comprehensive set of components described below. Following such a process will be referred to as **Integrated Sales Process Management (ISPM)**. *Integrated* is defined as concerned with connected wholes or complete systems rather than the analysis or treatment of separate parts.

The Difference Between a Sales Management Process and Sales Process Management

Processes are ways of doing something that are repeatable, proven, and measurable. Examples are management processes, which are procedures, methodologies, techniques, policies, guidelines, and other ways of doing things that support the implementation of operating plans such as sales and marketing plans. Management processes lead to more consistent results. The recent strong interest in *business process management* supports this conclusion.

As you will see from the discussion below, there are many sales management processes that comprise the overall *Integrated Sales Management* process. Some management processes are subprocesses of another management process. For example, as we shall see, the territory management process is a subprocess of the overall integrated sales management process, which in turn is a subprocess of the product marketing management process, which, in turn, is a subprocess of the overall business management process. From this you can surmise that there is a nesting among management processes, and, further, there is a need to manage the interaction among these and other management processes. Hence, the term **process management**, which is the management of the interactions among management processes.

The Components of Integrated Sales Process Management (ISPM)

The components of ISPM discussed in this article are

- Sales cycle management
- Opportunity management
- Sales process management
- Sales forecast management
- Territory management
- Account management
- Integrated Channel Management

Figure 1 gives an indication of the interactions among the processes shown.

Sales Cycle Management Process

The foundation of an ISM process is its set of *sales cycles*, consisting of steps taken by sellers to move prospects through incremental levels of commitment to the point where they agree to buy the product or service. A sales organization may follow many different sales cycles. For example, the sales of the same product to two different target markets may require that a sales cycle for each be defined. Each sales cycle consists of the **specific** sales steps to sell the **specific** offering to the **specific** target market(s), based on the collective best thinking from within the organization. The sales cycle links events into a chain of activities to execute a sale. It is the sales methodology that helps salespeople develop a common understanding of the events and the way that they can be linked for success. The sales cycle is a conscious, planned system of selling steps that are *visible, logical, and repeatable*.

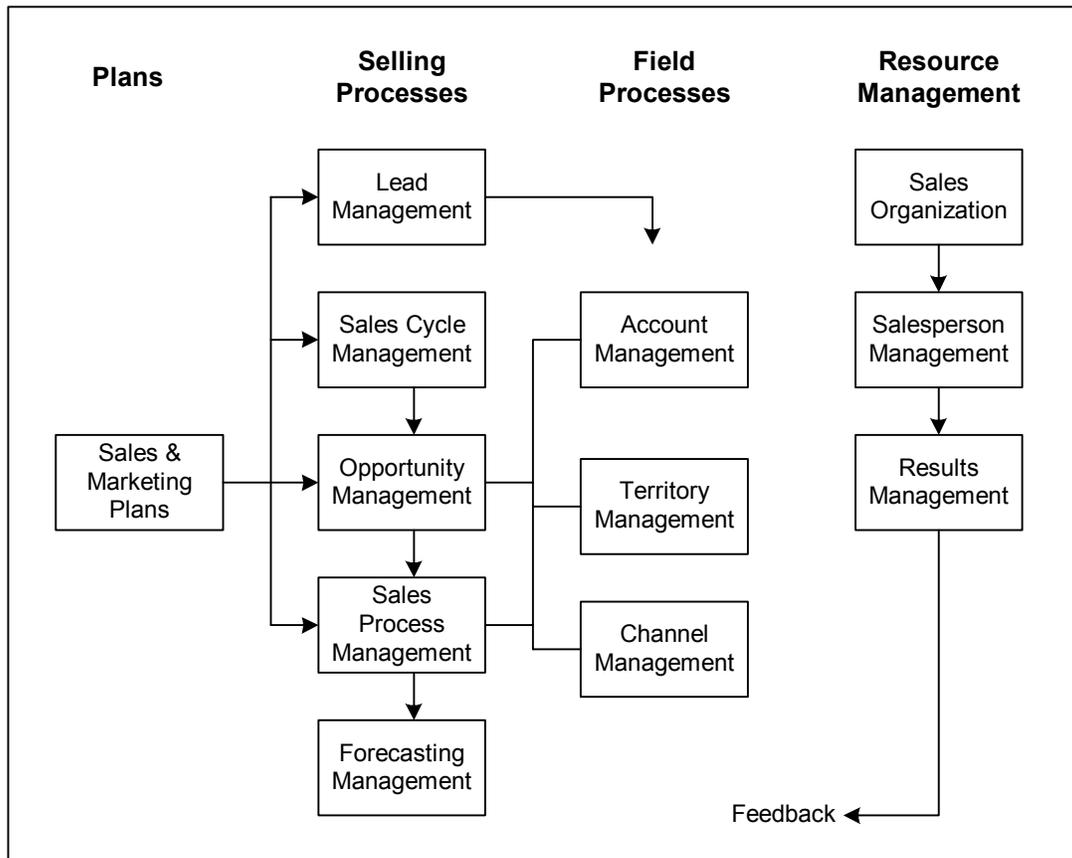


Figure 1. Components of Integrated Sales Process Management

The *Sales Cycle Management* component of ISM provides the general methodology that the sales organization follows in making sales of its products and services to the target markets. Sales cycles are adaptable to the culture of the selling organization and the different needs of the prospects. Each step is defined in terms of:

- Objectives of the step
- Prerequisites for success
- Participants (both from seller and prospect sides)
- How to set up and prepare for the step
- Guidelines for carrying out the step
- Post-step activities
- Sales tools to support the step

Each step description serves as a standard of performance and a reference guide for the step. There is no ambiguity among sellers and managers about what is to be done in following the sales cycle.

Sales tools are forms, checklists, brochures, user success stories, and other items used by sales team members to help move the prospect step-by-step through the sales cycle. When automated, the sales tools appear as screens designed for ease of data capture -- a very important requirement of automated ISPM.

The following is a sample sales cycle used on solution type sales efforts:

- Step 1: Prospect qualification
- Step 2: Needs analysis
- Step 3: Solution discussion
- Step 4: Application/technical evaluation
- Step 5: Proposal submission/cost justification
- Step 6: Contract discussions
- Step 7: Agreement to buy/purchase order release

Opportunity Management Process

Opportunity management focuses on individual sales opportunities. A sales opportunity is a prospect that the selling organization is really serious about. It is further defined by the products and/or services that will be offered to the prospect, the sales resources devoted to it, the time frame for getting the agreement to buy, and other objectives for the account. Opportunity management, then, addresses how people and other resources of the organization will be marshaled to win this specific sale.

The first step in opportunity management is selection of the appropriate sales cycle to be followed from the general sales cycles the organization has defined in the sales cycle management component of the *ISM* process. It is the sales cycle that best fits the product being offered and the target market represented by the prospect. The selected sales cycle is then tailored to the specifics of the sales opportunity.

Opportunity management procedures in the *ISM* process include

- *Sales opportunity planning guidelines.* Salespeople can easily establish sales plans for each qualified prospect through use of the structured sales cycles. Salespeople enter a sales effort start date and calculate the start and end dates for each step in the sales cycle for that prospect. The salesperson may add or delete steps, change dates, and otherwise modify the sales cycle to suit the specifics of the sales opportunity. Other steps are added to account for the buying process. The forecasted close date is derived from the sales plan. Management can monitor this planning activity and coach to help the salesperson succeed with the opportunity.
- *Sales strategy formulation facilities.* Two effective tools for formulating and monitoring strategies for individual sales opportunities are provided. One is the *Sales Strategy Format*, which facilitates the recording of "Factors Working in Our Favor," "Factors Working Against Us," and "Strategy to be Followed" (to overcome or neutralize factors against and build favorable factors toward a positive consensus.). The other tool helps in understanding the people in the buying organization who will participate in the purchase.
- *Sales opportunity analysis facilities.* These procedures help managers develop scripts to use in reviewing each major opportunity and learn what is known and not known and help in developing action items to move the opportunity into the win column.

Sales Process Management Process

Sales process management is the set of procedures by which the sales organization manages all of the sales opportunities so that the sales management goals, both long and short term, are achieved consistently. In sales process management, managers not only direct activities in accordance with a complete methodology for managing sales but also *inspect* adherence to that methodology.

Sales process management procedures include

- *Sales reporting procedures.* Sales reporting provides management with visibility needed to achieve long and short-term goals. They are also used by each salesperson to monitor progress towards a sale for each offering to each qualified prospect assigned to him or her. In all cases, the report procedures are directly related to the structured sales cycles being employed and are defined in sufficient detail to avoid any misunderstanding of definition and usage. Milestones are

identified and salespeople indicate the date on which each milestone is achieved for each prospect in their pipelines. Examples of milestones are

- The prospect is qualified
 - All key buying participants have been identified
 - The offering has been positioned
 - The decision criteria are known
 - The competition is known and understood
 - The implementation plan is set
 - Sales obstacles have been handled
- *Pipeline management facilities.* These give salespeople and their managers up-to-date visibility of all qualified prospects being tracked and their state of development, i.e., how near they are to conclusion.
 - *Coaching guidelines.* These guidelines describe how sales managers can use the Integrated Sales Management process and other sales tools to help salespeople and other members of the sales team enhance their performance and thereby increase and accelerate sales. Such guidelines also give managers the confidence needed to improve performance in this vital management area.
 - *Performance standards and clear definitions.* Having these facilitates the documentation of expectations at every stage and reduces chances for ambiguity.

Sales Forecast Management Process

This *ISM* process component provides an estimate of how much business the sales organization can reasonably expect to get in future time periods. The methodology followed achieves a high degree of accuracy based on parameters set by the management team rather than on “guesstimates” made by salespeople. Accuracy is not compromised by the varied and subjective inputs of salespeople.

Rather, *ISM* forecasts are *event-based*. The buying organization must complete a set of events, called *Buying Statuses*, and the selling organization has to complete a set of events, called *Sales Statuses*. Two matrices are used in forecasting: *the Time Until Close Matrix* and *the Probability of Close Matrix*

The projected time of close is based on objective assessment of progress made by the buying organization in following its buy cycle. The probability of close is based on objective assessment of progress made in following the sales process.

Territory Management Process

To understand the territory management component of the *ISM* process, it helps to view each individual territory as a small business within the larger business of the company. Think of this small business as one that has outsourced its human resources, data processing, financial services, and other functions to the company. So, a sales manager’s region can be thought of as a small company, and an individual salesperson’s territory can be thought of as a small company.

It also helps to define a *territory* as a subset of the company’s target market assigned to an individual or organization for the purpose of selling the company’s products and services. Each territory has a geographic dimension, but geography may not be the most important dimension.

Each person assigned a territory seeks to win a majority of its sales opportunities, control key accounts, and gain market share in their target market. This is a big job at any level.

The good news, however, is that the full power and capabilities of the *ISM* process is available to them – sales cycle management opportunity management, sales process management, forecast management, territory management, account management, and channel management.

Almost all of the standards, procedures, guidelines, tools, facilities, and methodologies of these processes that apply to the overall sales management of the company are available and applicable to sales management of each territory. When applying the *ISM* process to a territory, we use the term *Integrated Territory Management*.

The territory management procedures in the *ISM* process include guidance for

- Specifying and assigning territories
- Determining product market potential for the territory
- Developing territory business plans
- Focusing salespeople on the best prospects and customers
- Increasing the chances for realizing the potential for the territory
- Tracking performance against quota
- Improving time management
- Increasing the quality of accounts in the territory

Account Management Process

Account management is a special case of territory management where the “territory” is a single account with very high revenue potential, strong name leverage, high profit potential, and other criteria that the company determines – an account where there is an expectation for multiple sales over a long time horizon.

The account management procedures in the *ISM* process include support for

- Account strategy setting
- Conducting needs analyses
- Setting and agreeing upon mutual goals
- Setting expectations and trying to meet them
- Strengthening communications
- Increasing the account's satisfaction with the selling organization.

Using a sports analogy, territory management is zone defense, whereas account management is man-to-man defense.

Again, the full power and capabilities of the *ISM* process are available to the account manager.

Integrated Channel Management

ISM also works very well as a management methodology for recruiting and managing distribution channel partners. In fact, the principles and philosophy of the *ISM* process are so relevant to the channel management situation that we use the term *Integrated channel Management* process, and the acronym *ICM*, because it is a complete set of integrated management processes for channel management, as illustrated in Figure 2, below.

A key difference is that the company follows *ISM* to sell products and services to its target markets, whereas it follows *ICM* to establish and maintain business relationships with marketing intermediaries who help in making sales to the target markets. Further, the company can provide tailored versions of its *ISM* process to its channel partners so that they can reap the benefits of *ISM*. The author has done this successfully on a number of occasions.

In the discussion below we use the term *reseller* to refer to marketing intermediaries who sell directly to the company's target markets.

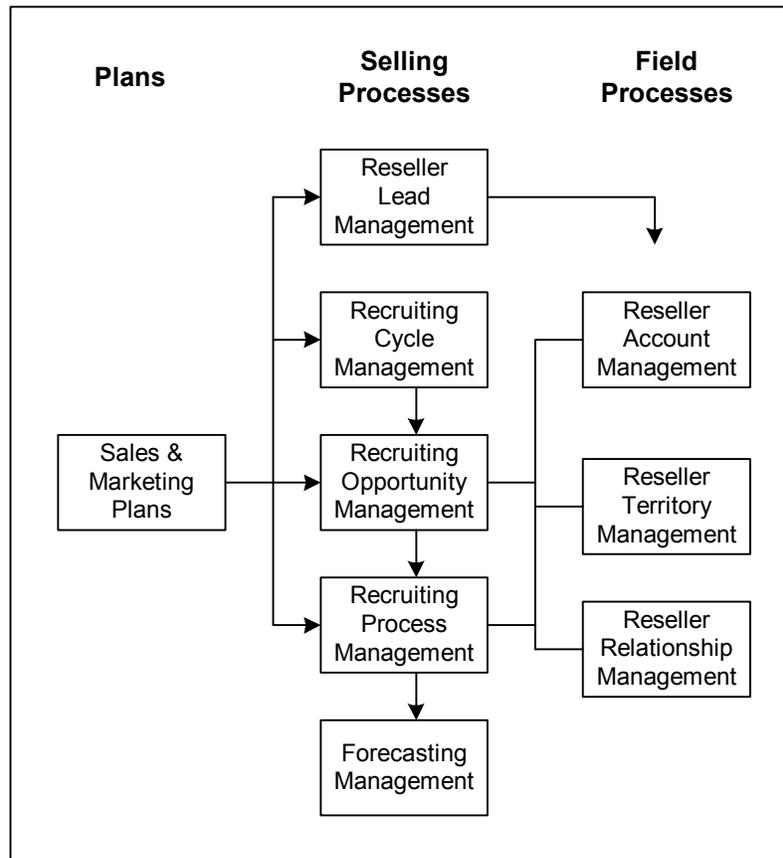


Figure 2. Components of Integrated Channel Management

Recruiting Cycle Management

A *reseller recruiting cycle*, similar to a sales cycle, is the general methodology that the sales organization follows in recruiting marketing intermediaries to implement the distribution strategy. The sales organization may have several types of recruiting cycles to correspond with the types of marketing intermediaries to be employed.

In cycle management, the steps in both ISM and ICM have the same structure (see the step outline in the description of the *Sales Cycle Management Process*). A key difference is that in the one case following the steps moves the prospect to incremental levels of commitment up to an agreement to buy a product or a service.

In the channel management case, following the steps moves a prospective channel member to incremental levels of commitment to an agreement to be a business partner— to distribute or resell the products or services that the firm offers.

Recruiting Opportunity Management

Similar to the definition of a sales opportunity, a *recruiting opportunity* is defined in three dimensions:

1. A reseller to be pursued as a business partner
2. The products that you want the reseller to handle
3. A target period in which this is to be accomplished

A recruiting plan, which lists all of the activities that the prospective reseller should expect to go through to become an effective reseller for the firm, is agreed upon between the parties.

Recruiting Process Management

As with sales process management in *ISM*, management needs access to current and reliable information relative to all of the recruiting opportunities being pursued. Whereas *Recruiting Opportunity Management* is focused on individual recruiting opportunities, *Recruiting Process Management* deals with the broader picture and has the goal of ensuring that the *ICM* process continues to provide for increased recruiting effectiveness across the board.

Therefore, *Recruiting Process Management* has modules for

- Reporting on recruiting activities and results
- Pipeline management of all reseller prospects being pursued
- Forecasting procedures

Reseller Territory Management

The key to increasing sales through the channel is the existence and consistent execution of an effective territory management process. It helps the organization improve at identifying and spending time with those accounts that buy the most from the firm, or have the potential to do so. Maximizing sales from a territory requires focus on the products, the resellers, and prospects that would yield the highest return.

The sales organization's resources must work in a coordinated way to not only recruit channel partners, but also help them to achieve sales consistently. Field resources need to be located where most prospective resellers that fit the desired profile are located.

Often, inside *Partner Support Representatives* work in concert with field people, and the result usually is higher effectiveness and efficiency from the sales organization's efforts.

Reseller Relationship Management

This *ICM* module covers the ongoing relationship from the time the reseller is recruited and continuing as long as both parties are getting the results they want. A key activity is to help the reseller take advantage of all the selling organization's programs so it can become a viable, productive business partner.

In some instances, the addition of the selling organization's product line may cause the reseller to add a new business to its organization. In these cases, we want the business partner to have product marketing strategies and plans for the sales and support of offerings that incorporate the firm's product line.

In such instances, *ICM* includes a range of support activities from the selling organization, including help in

- putting in place a product marketing management process
- formulating product marketing strategies, and
- setting up *ISM* for implementing such strategies.

Integrated Sales Management And Crm Sales Automation

There is a symbiotic relationship between an integrated sales management process and CRM sales

automation. While *ISM*, by itself, has helped increase sales effectiveness in several situations, complete success has been limited by the lack of timely communication between the field and management. But the CRM systems to date do not embody sales processes, and so there have been too many implementations of CRM that have fallen far short of satisfying expectations of the organizations that have installed them.

The existing system provides salespeople with contact management, scheduling, and other productivity tools that don't adequately support sales managers in their roles. It seems that the design of these systems has been influenced more by data management experts than by sales management experts. We need the right kind of sales automation – sales process automation, as opposed to sales force automation

We should resist the temptation to rush into any kind of sales automation. It is vital to the success of sales automation projects that the sales management processes be implemented and exercised before attempting automation.

Here is a suggested order of things relative to automating the sales function:

First develop your management processes,
Then, automate them.

First focus on management processes,
then, on the technology for implementing them.

First base systems on the management of people and events,
then, on the management of data.

First measure overall effectiveness,
then, measure the activity of individuals.

Implementing Integrated Sales Process Management (ISPM)

Most organizations that implement ISPM will be bringing far more organization and structure to how sales are made and how the sales function is managed than existed previously. ISPM will have an impact on everyone in the sales organization. It is therefore vital that they play a role in the design of how the ISPM software will be used. To the degree that everyone "has their fingerprints" on the design of the sales steps, tools, and other elements of ISPM, they will use them, and the objectives of ISPM will be realized.

So, the implementation deserves a well-organized project plan and implementation process and a qualified project team. Over a 28-year period, I have developed and honed a set of ISPM implementation guidelines consisting of concepts, techniques, guidebooks, task definitions, processes, procedures, project plans, charts, checklists, forms, and other tools for implementing **ISPM**. These guidelines represent a program to re-engineer the organization's sales processes with the goal of increasing the productivity of the sales organization. Adherence to the guidelines assures that early and long-lasting success with ISPM will accrue to the organization.

Description Of Ispm System Configuration

ISPM Technology Components

The underlying technology for an ISPM system would consist of three main components: a field component, a central component, and a communications component. Salespeople in the field would be equipped with mobile computers that are tied to a host computer at a central location via modem and/or wireless communications. The Internet, of course, could play a key role in the technology that is employed.

The mobile computer should either contain or provide rapid retrieval of a vast amount of information. This field device should hold or give immediate access to the salesperson's complete sales manual; calendar; prospect files; lead qualification guidelines; contact history; tutorials on each step in the sales cycle; forms and checklists for not only gathering information, but also for positioning the offering against its competitors; sales strategy guidelines; proposal guidelines and boiler plate; solution presentation charts; territory data for prospecting; information on the prospects in the pipeline, competitive information; product descriptions and specifications; pricing, scripts for handling sales objections; quota attainment score sheets; commission earnings and expectations; lead information; purchase agreement terms and conditions; expense logs; and a whole lot more. It would take volumes to hold such information, and still it would not be as easily accessible.

Even if the field device holds this information, it should be easy to interact with the central database for updates or information not in the field database and to provide information to the central location.

Using the ISPM system

Once a sales opportunity has been established, it becomes part of the sales pipeline and the salesperson and management can view progress made on all opportunities.

On a daily or better basis, the salesperson "transmits" what has been recorded via the mobile computer to the host (central) system, thus giving sales managers up-to-date visibility on what is happening in the field. The sales manager, in turn, uses the direct link to send changes and relevant information on prospects, competition, pricing, etc., back down to the salesperson's system.

Benefits Of The Automation Of Ispm

Salesperson benefits

The automated ISPM system will streamline data collection and put all important information at the salesperson's fingertips. They will be able to handle more accounts at each stage in the cycle. Use of the system will eliminate almost all paperwork. Instead of spending several hours each week filling out forms and reports, the salesperson can spend more time selling. They will work smarter, not just harder.

True inspection will be possible

From the sales management perspective, managers will *finally* be in a position to **inspect** adherence to the sales process, i.e., to have the information they have always needed and wanted to control sales activity and provide help to people in the field. They will know everything their salespeople do about what's going on in the field. This ability takes on added importance for sales managers caught in the squeeze of flattening organizations. **Use of the system will set a new standard for sales management.**

What managers will get

Without requiring formal reports from the field, managers will know

- the specific plan and schedule for each prospect account; what is in the pipeline **now** – both in quantity and quality
- where each opportunity is in the sales process
- where the buyers are in the funding process
- what sales impediments exist
- actors that are favorable and unfavorable
- the specific sales strategy to be followed
- how salespeople are using their time
- what they do well and where they need coaching or other help
- what to expect in terms of unit sales, bookings and revenues, (by salesperson, region, company, product)
- where the managers' time and other resources should be applied;
- who's selling; who's buying; who's not.

And...

Using the communication lines to the field, management will be able to point salespeople in the *right* direction, with the *right* information at the *right* time, to take effective action before it is too late – to **act rather than react**. This includes information on target market accounts; updates on competitive information; changes in pricing; answers to questions from the field; suggestions on sales strategy; and so on. Managers can also insert additional sales contacts into the salesperson's schedule for an account.

When you lose a sales person

When you lose a salesperson or decide to reassign or split a territory, managers will have all of the information they need in the prospect database. There is no sudden drop off in sales. Instead, new salespeople are assigned in hours, rather than weeks, and they get off to a running start, without having to read and reorganize volumes of prospect data.

The process can be improved

When sales performance starts to slip, the managers can review the entire sales process, as it is being followed, to find if there are weaknesses in execution or in the process itself, and then take appropriate action.

Conclusion**The long sought-after solution**

An automated ISPM represents that long sought-after sales management solution. Sales management wants to

- be able to track sales in the pipeline
- be secure that when the firm loses a salesperson it doesn't necessarily lose the sales in the salesperson's pipeline or the account information collected
- be able to quickly and easily change the sales process when needed and to tailor the processes to individual products and markets
- be able to out sales manage the competition

All of this is provided in an automated *Integrated Sales Process Management* system. And all of this is needed to compete effectively in the new millennium.

Dr. Michael W. Lodato is President of MWL & Company and can be contacted at mwlodato@sbcglobal.net or +1 (818) 889-7158