

sales 2.0

Improve
Business
Results Using
Innovative
Sales
Practices
and Technology

Anneke Seley
Brent Holloway

TWO SILICON VALLEY INSIDERS
REVEAL THE EMERGING SALES 2.0 TREND
AND HOW COMPANIES CAN PROFIT FROM IT.

Sales 2.0 explores the emerging Sales 2.0 phenomenon, how it is characterized, why it is imperative for a company's long-term success, and how anyone can get started with this new approach to generating revenue.

Driven by an explosion of online products and changing customer buying preferences, Sales 2.0 is the marriage of Web 2.0 technologies with innovative sales processes.

The book shows readers how to redeploy their sales teams for greater bottom-line results, and reveals all the differences between Sales 2.0 and traditional selling.

Through real world case studies, readers will learn how industry leaders achieved phenomenal results and a competitive advantage. Applicable to sales teams in any industry, **Sales 2.0** presents the future of sales today.

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excerpt

Chapter 2

WHY IS SALES 2.0 IMPERATIVE FOR YOUR BUSINESS?

You may be asking, “Is Sales 2.0 really that important? Can my business survive without it?” In Part 3 of this book, we show you how four forward-thinking companies are leading their industries with Sales 2.0 practices. But they’re not the only ones. Your competitors may be considering similar sales approaches—that is, if they haven’t implemented Sales 2.0 already. Wouldn’t you like to beat them to it?

The way we’ve been selling in the past is too expensive, too slow, too unpredictable, and too hazardous to relationships for today’s businesses and their customers. Change is mandatory for those companies that want to outperform the competition. It is much more challenging to sell in today’s world, where sales reps struggle to meet the increasing demands of their customers while keeping sales numbers high and expense dollars low. Sellers often contend with decentralized customer organizations, multiple decision makers, and complex decision-making processes. New competitors seem to enter the market every day, requiring ever-improving differentiation in products and services. Meanwhile buyers are on information overload and face a myriad of product offerings and multiple choices of vendors—not to mention a steady stream of marketing and advertising campaigns coming at them through multiple media.

Marketing and sales professionals in every industry need to reexamine their markets, potential new customers, and how new and current customers evaluate and select products. They need to adapt their marketing strategies and sales processes to match the way that all their customers want to buy, while maintaining the flexibility to allow different customers to buy in different ways. For many companies with complex, business-to-business (B2B) sales models—where competition has increased and technology advances have

changed customer preferences—the traditional sales approaches that have yielded success in the past will not work for much longer. These models typically center on field-based sales reps and executives who conduct most of their business through face-to-face prospect and customer meetings, and who are accountable for the entire sales process from prospect to qualified lead to opportunity development to sale. These Sales 1.0 salesforces:

- ❑ Favor information control over facilitating customer self-service.
- ❑ Are more oriented to internal competition than team collaboration.
- ❑ Are not measured on anything but the short-term revenue they generate.
- ❑ Are focused on making quota this quarter without regard for making their customers successful over the long term and contributing profit to two bottom lines: their company’s and their customer’s.

These characteristics are endemic in Sales 1.0 organizations, many of which are already experiencing a slowdown in success.

KEY FACTORS DRIVING SALES 2.0 ADOPTION

There are seven significant factors that make it imperative for your business to implement Sales 2.0 practices to create sustainable advantage over your competition and create value for you and your customer, ensuring that when the dust settles, your company comes out on top. These factors are:

1. Customers’ changing communications preferences.
2. Shifting power from sales reps to customers.
3. Rising cost of sales.
4. Customer demand for corporate social responsibility.
5. Different markets, different economics.
6. Decreasing sales effectiveness.
7. Increased customer demand for trust, responsiveness, and authenticity.

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Customers' Changing Communications Preferences

In the 1980s, e-mail and web sites were not yet part of everyday life. Businesses routinely mailed documents such as brochures or contracts—or shipped them overnight in urgent situations. Toward the end of the decade, a new technology—the fax machine—allowed us to share printed or visual information faster.

Since those days, an evolution in communications and information access has been taking place in our society. Both at home and at work, we are embracing all kinds of technology to stay in touch and stay informed. E-mail, web sites, texting, instant messaging (IM), FaceBook, and YouTube are among the products and methods that have become an integral part of our everyday lives.

As a result, the way we buy and sell products is changing as well. Customer communications preferences have radically transformed in the last decade, and they will continue to do so as new technologies are released and become ubiquitous.

Relationships between sellers and buyers can be increasingly initiated, strengthened, and maintained online and by telephone, rather than in face-to-face meetings. Customers who need to interact with a salesperson before making a purchase decision are becoming very comfortable doing so by phone or Internet, given the powerful array of web-based tools available to fully demonstrate a product's capabilities.

Even if you haven't experienced these shifting communications preferences in your customer community yet, change is inevitable over time. The next generation of young people is growing up in a technological age, almost exclusively using applications such as MySpace, chat, and mobile-phone texting to communicate. Soon enough, this generation will be entering the workforce and becoming buyers and sellers—and with them, even the landline phone and e-mail are in danger of becoming outdated forms of

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information exchange. As customer landscapes change and buyer needs, communications preferences, and buying processes evolve, businesses need to prepare for change to respond accordingly.

Shifting Power from Sales Reps to Customers

Decades ago, customers had limited ability to access product information without seeing a salesperson. These salespeople were often aggressive, lone wolf road warriors who traveled door to door or consulted the Yellow Pages to find buyers. They brought their brochures and binders to three-martini lunches and spouted their product features and benefits in hopes that the customer would buy.

Not anymore. Sales reps have evolved from information sources to solutions consultants. Given today's technology, salespeople can no longer realistically control information; prospects go online to research product solutions before ever engaging with a salesperson. Company and vendor-independent web sites provide countless tools such as videos, podcasts, free demos, and recorded webinars that provide information on demand 24 hours a day. Prospects and customers are becoming more and more educated about the companies and people from whom they buy. Through social networks and community sites, they can tap into personal connections for references as well as both good and bad product reviews. Every day, customers are increasing their sophistication and using technology to empower their decision making.

Fortunately, buyers and sellers have similar goals: Customers want easy and expedient access to product and company information, and sales teams want information on their prospects' business initiatives. Buyers like to find the easiest, most appropriate solution to their particular needs in the shortest amount of time; sellers constantly aim to shorten their sales cycles. Prospects seek vendors who understand and can solve their problems quickly; sales reps' goals are to find the prospects that are the most qualified to buy. Customers are looking for trusted partner relationships with their sales counterparts, excellent customer service, and influence on future product and service direction, and sales professionals seek long-term relationships with happy clients who become repeat customers and great references. Everyone

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wants to improve productivity, increase trust, strengthen relationships, and ultimately, maximize business results.

Consequently, customers and salespeople alike are gravitating to new selling and buying strategies and technologies that improve the efficiency and effectiveness of their buying and selling experiences. Customers are rewarding companies who choose to employ the innovative sales practices of Sales 2.0 with their initial and repeat purchases.

Rising Cost of Sales

Yes, the cost of fuel is at an all-time high, but out-of-control sales expense is not just a function of travel-related costs. Companies that don't leverage their sales resources and improve sales productivity waste precious time and money. The ever-rising cost of sales—a prominent item on company expense budgets—is forcing businesses to reevaluate distribution models and improve sales effectiveness. It is simply too expensive—in terms of the travel and entertainment budget, as well as your sales reps' time—to visit every customer every time a meeting is needed. Companies with lengthy sales cycles, unreliable forecasts, and low customer retention rates are looking for ways to decrease their sales costs by improving sales results and return on investment (ROI). In the face of change, some business requirements remain constant: making quarterly revenue and profit numbers, maintaining competitive advantage, growing market share, and delivering value to your investment community.

Customer Demand for Corporate Social Responsibility

On top of the financial expense of airplane and car travel, these modes of transportation have environmental costs that can harm your reputation and make you unattractive as a vendor. Sustainability is an urgent issue for customers around the world, and socially sensitive companies are implementing

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innovative ways to reach out and respond to them without the high financial and societal costs of using transportation fuel. IBM's Global CEO Study, "CEO's Battle to Keep Up with the Pace of Change" (based on interviews with 1,130 CEOs and business and public-sector leaders from 40 countries, May 2008), reports that customers are now expecting their vendors to demonstrate corporate social responsibility, including the employment of green initiatives.

Different Markets, Different Economics

The economics of some markets and business models require the economies of scale that Sales 2.0 makes possible. Businesses that sell products to large, geographically dispersed markets—such as small and medium-size businesses (SMB)—will go broke trying to sell lowerpriced products in high volume without a highly effective and efficient sales approach based on Sales 2.0 principles. Similarly, successful businesses that offer products or services on a subscription or on-demand basis—for instance, those that sell software as a service (SaaS)—have embraced Sales 2.0 as their primary selling mode in order to attract and retain large numbers of customers of all sizes. Because these companies typically sell their product or service repeatedly at high transaction rates, they rely on Sales 2.0 selling to produce a consistent revenue stream.

Decreasing Sales Effectiveness

The evidence is clear. The sales practices employed today by most organizations are no longer working. Though companies continue to rank increased revenue and improved sales effectiveness as top priorities year after year, research shows that by many measures, these objectives have not been attained. IDC—a global provider of market intelligence, advisory services, and events for the information technology, telecommunications, and consumer technology markets—reports that sales productivity is the number-one business initiative on CEOs' agendas (IDC QuickLook Survey, IDC's Enterprise Panel, January 2008). CSO Insights, a research firm that specializes in benchmarking the challenges that are having an impact on the performance of sales and marketing organizations, makes some surprising revelations in its annual surveys. The firm reports that the percentage of companies achieving their annual revenue targets

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has declined since 2005 across industries and in companies of all sizes. The average number of individual sales reps who miss their annual quota is close to 40 percent, and the ramp-up time for new reps has increased substantially since 2003 and earlier. In addition, forecast accuracy has declined for many years in a row (2008 Sales Performance Optimization Survey of over 1,500 companies on more than 100 metrics, by CSO Insights, www.csoinsights.com).

Increasing Customer Demand for Trust, Responsiveness, and Authenticity

Today's customers are faced with ever-increasing product choices and complexity. Their companies are hyper-focused on cost and ROI. As a result, their expectations of sales reps are changing. They are not looking for someone to take them out to lunch or buy them drinks in return for a fast order. They are instead seeking a trusted partner who really listens to their requirements, is easy to work with, and helps them meet their business objectives in a timely fashion. Clients expect vendors to be honest about what they can and can't deliver. They don't want to—and can't afford to—do business with companies that they never hear from once their order is placed.

Begin by identifying your customers' buying processes and align your sales process accordingly.

IS TECHNOLOGY THE ANSWER?

Not by itself.

Technology vendors have embraced the term Sales 2.0 to address sales challenges and describe a new and improved way of selling. Sales 2.0 technologies are so named because many incorporate Web 2.0 functionality, which emphasizes interaction, collaboration, and open sharing of information over the

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Internet. This rapidly growing category of products addresses age-old challenges that are associated with sales performance. These range from tracking, measuring, and analyzing sales activities and results, to improving or enabling certain parts of the sales cycle, to providing rich online communications vehicles for customers to research companies and interact with sales professionals. Given the multitude of challenges facing sales professionals today, technology companies are responding with products that can produce increased effectiveness and efficiency—both of which lead to improved sales performance.

While technology is a key component and major enabler of the Sales 2.0 phenomenon, it is not a universal panacea that automatically leads companies into sales nirvana. Technology vendors supply the tools that enable solutions; they do not provide the solutions in and of themselves. And unfortunately, many companies don't focus on the right things—sales rep and customer productivity and engagement—when implementing this technology. Gerhard Gschwandtner, Publisher of *Selling Power* magazine, claims that "sales leaders need to think harder about the effects of technology. Technology is like medicine; it has side effects that show up only after you've purchased and taken the medicine. We can't look at sales through the lens of technology; we need to look at technology through the lens of the customer."

You cannot simply implement technology and expect it to work on its own; rather, you begin by identifying your customers' buying processes and align your sales process accordingly. You must shift your point of view to that of your customers in order to integrate technology that works for everybody. Implementing the appropriate technology is required to achieve the sales productivity gains associated with the Sales 2.0 practices of sales process measurement, customer relationship management, and online customer engagement.



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