



## Anneke Seley Interviews Bill Donellan

### From the Outside In

*Anneke Seley, founder and CEO of Phone Works, is the coauthor of the best-selling book, Sales 2.0: Improve Business Results Using Innovative Sales Practices and Technology. Visit [www.sales20book.com](http://www.sales20book.com) for more information, including free chapter downloads, or to read and comment on her blog. The following interview will be part of her new book on Sales 2.0 leaders and how they implement Sales 2.0 practices.*

**Phil Kautzman** and **Bill Donellan** help their customers fight bad guys. They work for i2, a company that provides intelligence and investigation software for law-enforcement, intelligence, military and commercial organizations. Phil is vice president of the state and local sales team that sells software used by analysts and investigators in law enforcement, military, counterterrorism, fraud, money laundering, drug investigations, organized crime, intelligence analysis, major investigations, gang investigations and insurance solutions. Bill is vice president of the Americas sales teams.

Phil asked Phone Works to implement a professional inside sales group to prove their product could be sold by phone and Web. Phil's field sales force was spending time selling small prospects opportunistically, but he wanted to focus them — his most experienced staff — on larger deals. Further, he wanted to serve the lower end of the market in a more consistent, process-driven way. Under the management of Phone Works consultant Anita Gryska, i2 started with an inside sales pilot to test and validate their message, positioning and target markets; track and measure the sales cycle, contact and lead conversion rates; and develop and close sales opportunities.

The Phone Works pilot not only yielded thousands of dollars in closed business in the first 40 days and a strong pipeline of qualified leads, it also produced scalable and replicable lead-qualification and sales processes that are still being used today. It also revealed something unexpected: The contact rate (the ability to have a live conversation with a prospect) was double the industry standard for other technology companies. Unlike other buyers of software products, i2's buyers in law enforcement are often required to answer their phones. Consequently, the number of opportunities developed during i2's proof-of-concept project far exceeded results seen in similar programs within the same time frame. Based on the success of the pilot, i2's sales executives asked Phone Works to develop and build an inside sales team, starting with an implementation plan and recommendations.

I spoke to Bill Donellan, to whom the i2 inside sales team reports, about his experiences. In Bill's previous companies, including Documentum and EMC, he worked alongside effective

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inside sales teams that not only generated qualified leads for the field sales team, but also closed sales and helped maintain strong connections to customers. He is no stranger to Sales 2.0.

**Anneke: How does it feel to be saving the world from evil?**

Bill: It's great, but I often get calls from customers and hear amazingly heroic stories I want to sing from the top of the mountains, but I can't because it would put people's safety at risk.

**Anneke: I guess that's the downside of working in security. Tell me about i2's transition at the time you started. What drove the company to experiment with an inside sales approach?**

Bill: We needed to move back to a customer intimacy model that enabled i2 to grow so quickly after its founding in 1990. We weren't interacting with customers as much as we should have been. It isn't good for business to be reactive rather than proactive, so we needed to restructure the way we went to market by being in better touch with our customers and understanding their needs.

**Anneke: Did inside sales help address that?**

Bill: The new model included a pipeline-generating team that was designed to drive our business forward. With Phone Works' help, we got a handle around all our sales-process metrics and, after about six months of testing, we had things running smoothly.

**Anneke: Once the pilot program showed you inside sales could be very successful, what happened?**

Bill: We followed Phone Works' implementation plan and recommendations for rollout. We hired a great inside sales manager who came from OracleDirect. Oracle has a showcase of an inside sales organization, and he really followed through for i2, because he understood the model.

**Anneke: Why did you choose to work with a sales consulting firm to plan and build your inside sales strategy?**

Bill: One of our board members, Karen Richardson at Silverlake, recommended Phone Works. We had never looked at industry best practices and a consistent approach to sales, and we knew you could bring that to the table. Historically, we lacked consistent approaches to marketing, product direction, sales and other key functions. We needed to tear down the barriers and share information.

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**Anneke: What were the most important results you've seen from the Phone Works projects? Did they spur any additional changes within the company?**

Bill: We needed better alignment between sales and marketing, and it became clear we had to step up our lead-generation marketing programs in order to succeed. We also needed to establish more of an environment of open communication, which was challenging because of the nature of our customer and the security market.

In the past, we waited for our customers — usually someone in purchasing — to call us and say, “I need three more of these licenses,” and we’d send them a quote. The decision makers rarely heard from us, and they lacked awareness of our full product portfolio. Along with the implementation of inside sales, we effectively re-branded the company. We upgraded our literature and communication, and established a value-based solution marketing message, versus selling traditional features and benefits. I’d say inside sales helps drive that.

**Anneke: No new Sales 2.0 project is flawless. What were some of your mistakes, challenges or failures?**

Bill: We’ve had a lot of challenges as we transformed our marketing. That’s been a big challenge for our inside sales team, because there has been a gap in lead-generation activity. The inside sales team has kept the outside reps focused on large opportunities by handling our smaller transaction sales. With greater focus on larger deals, our outside reps are building bigger deals based on solution selling. Examples include how we position all our products around high growth areas such as fraud and cyber.

**Anneke: Did your field sales organization readily accept inside sales?**

Bill: (*laughs*) Field sales reps can’t appreciate inside sales until they’ve had a chance to work with good inside sales reps. Not everyone has had that opportunity, because not every company has a top-notch inside sales team. Besides that, many field sales reps don’t always want to delegate tasks, which makes it challenging for them to work in a team-selling environment. Phil and I had to manage through the process and reassure the reluctant members of field sales that it was OK for inside reps to touch the customer first. We got everyone on the phone together to talk about what each sales rep, inside and outside, was doing on every account. Outside reps had to learn that the burden was on them to help their inside teammate come up to speed and let them take ownership — and that it would benefit them in the long run.

**Anneke: How did management support the success of inside sales?**

Bill: We had to monitor the program closely, listen in on phone calls and coach everyone through the value-selling process. And we had to ensure we had the right comp plans.



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**Anneke: What are the key things to get right with compensation plans?**

Bill: Comp plans shouldn't create competition in a team environment. They need to reinforce the goals of the program and the company.

**Anneke: How long did it take for field sales and inside sales to work comfortably together?**

Bill: It took two or three months. After that, field sales realized the value and was reassured the inside reps knew what they were talking about. With new field reps at Documentum, it was the same: It took six months for the field to get comfortable with the inside group. Our goal in both companies was to find a way to work it out with no turnover.

**Anneke: Describe the characteristics that make your inside sales people successful.**

Bill: We have a fabulous manager who has come into a leadership position. I don't have to tell him how to do things. He just figures it out and gets things done. Our inside reps are also self-sufficient. They establish their own contacts and find new opportunities.

**Anneke: What are your goals for inside sales this year?**

Bill: They are linked to our outside team's performance; each inside person is partnered with one or more outside reps. Fifty percent of inside sales' "at risk" compensation is based on driving success in their assigned territory, as well as delivering qualified leads in a timely fashion. They assist field reps with customer up-selling and cross-selling, and ensure follow-up in accounts that require on-site attention. The other 50% percent of the incentive compensation is tied to their own phone and Web-based revenue generation.

**Anneke: Do you consider an inside sales function innovative for your industry?**

Bill: No, but many people know about inside sales and talk about it, but they don't actually *do* it. Or they do it poorly.

**Anneke: Is i2 a Sales 2.0 leader?**

Bill: What makes us innovative, perhaps, is our focus on execution — and being relevant to the marketplace. By being a better vendor — one that is easier to do business with — we are a Sales 2.0 company.

**Anneke: What Sales 2.0 practices or technologies do you see emerging and helping buyers buy and sales people sell?**

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Bill: Skype is a powerful combined platform for phone and Web interaction. It integrates Web collaboration, chat and phone, and gives sales reps and their customers a new way of communicating. It provides a layer of interconnectivity I haven't seen elsewhere.

### **Anneke: What about social media and social networking?**

Bill: In top-secret environments, we have some issues to work out with social networking. I may feel good about it, but in my business, clearance issues and information sharing is complex. But we are starting to work through them with agencies such as the Pentagon changing their rules on social-media use. The US federal IT market is a larger market than the Fortune 100 IT market combined, so once they adopt things such as Facebook, Twitter and LinkedIn, these media will become mainstream. If you think of all the junior officers now serving, they grew up with the Internet and social media. So in order for the government to attract the right workers, they are going to have to be creative and current and embrace new things.

At i2, we have started to get into the realm of blogging, tweeting and Web 2.0. We just recently launched a blog and Twitter feed and hope to grow them organically, as most successful social media channels do. Our challenge is driving appropriate and thought-provoking content that resonates with the practitioners and analysts we sell to. But I believe we eventually have to figure it out, because our end users are getting savvier about social media. All our decision makers aren't there yet, but our relationship with end users is also important. We'll need to work this into our marketing game plan and budget, and we'll need to see the measurable impact of the programs.