

A man in a dark suit is seen from the side, looking out over a city skyline at night. The city lights are visible in the background. A large, white, stylized arrow graphic is overlaid on the image, pointing upwards and to the right. The arrow is composed of several segments, creating a jagged, upward-pointing shape. The overall color palette is dominated by blues and teals, with the city lights providing a warm contrast.

Building a World-Class Sales System: The CEO's Guide

VISTAGE

Building a World-Class Sales System: The CEO's Guide

Professional selling is not just an art form. Great salespeople are not just naturally talented. What makes top salespeople and sales teams consistently perform in all markets and verticals is their conscious approach to selling. They utilize proven sales processes, exhibit time-tested sales skills and constantly seek to acquire knowledge that benefits their customers. World-class salespeople and teams make conscious decisions based on data, insight and the perspective gained through countless customer interactions. They leave little to chance and apply a sales system that has the customer at the core and builds sales roles, leaders and support around the customer.

While technology has changed how businesses connect and communicate with customers, the buying dynamic between buyers and sellers has not. It's true that the internet has enabled buyers to inform themselves about product capabilities or crowdsource reviews, and it has also taken over sales that are purely transactional. However, technology has not replaced the need for a professional salesperson who understands their customer, recognizes what's important to them and knows how to solve their problems or realize their goals.

As the U.S. economy recovers from the pandemic and business activity gains momentum, sales will be at the frontline of recovery and realizing the new reality for small and midsize businesses.

The purpose of this report is to provide a framework for leaders of small and midsize businesses (SMBs) to create and refine their sales system that will be world class.

In this report:

Part I | The buying process

- The buy-sell intersect
- Selling products vs solutions
- Buyer knowledge acquisition

Part II | The state of sales for small and midsize businesses

Part III | The path to world-class sales

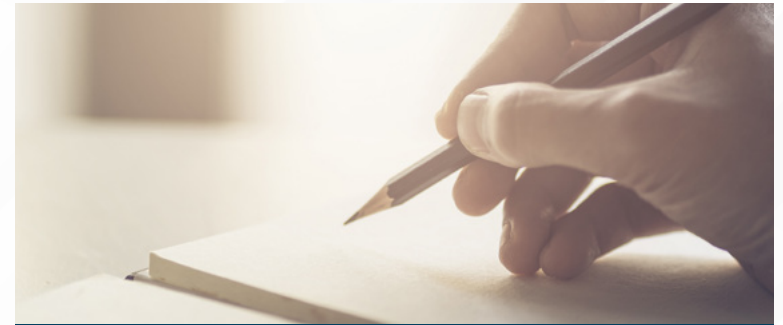
- Building a world-class sales system
- The 4 components in a sales system
- Customers: Defining buyer behavior
- Salespeople: Aligning with how buyers buy
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Part I: The buying process

Every customer makes every purchasing decision differently — every time. How customers buy is a reflection of the people involved, the process they follow and the internal politics that drive decision-making. The challenge for the sales professional — whether they are selling to a single individual or a group of three or more — is to understand the requirements of the decision-maker as well as key influencers. A salesperson needs to know what each person views as a personal win while discerning the politics of the decision that buyers may not know themselves.

While each customer is unique, most customers follow a common and predictable process when making a buying decision. They go through stages of information gathering — asking questions, seeking proof points and raising objections — before using their acquired knowledge to make a decision. An organization with a world-class sales function understands the buying activities involved in these stages and has developed a clearly defined sales process to complement it.



Sell me this pencil

When aspiring sales people first interview for a sales job, they are likely to encounter a challenge that goes something like this: The interviewer will hand the candidate a pencil and ask them to “sell me this pencil.” Typically, the candidate will enthusiastically describe the pencil, perhaps by saying, “It has the finest lead, a high-quality eraser and is priced very competitively.”

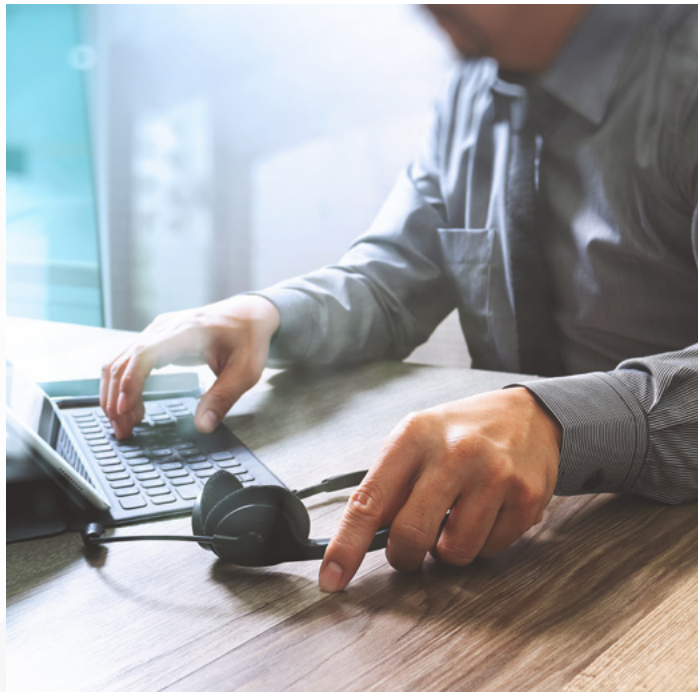
Unfortunately, no matter how well the candidate describes the pencil, this is the wrong answer. The correct response is to say, “What are you looking for in a pencil?”

This is a simple yet hard lesson about selling. It’s never about what you have to sell. It’s always about what the customer is looking to buy. For this reason, the very best salespeople first seek to understand what is important to their customer and why, and then present a product or solution that satisfies those terms.

The buy-sell intersect

A sales team needs to use their resources strategically. To do so, it needs to consider both what customers are buying and what relationship they require from a seller before deciding what resources to offer. The affordability of the sales resource (i.e., cost of sales) must be aligned with the frequency, cost, size, margin and complexity of the buying process.

An organization can usually sell products as a transaction, but they should sell solutions through a dedicated salesperson. For example, if a small business wants to order personal protective equipment (PPE), the seller should facilitate this transaction electronically. But if a multi-unit hospital wants to order PPE for the entire consortium, the seller should provide a dedicated sales resource to negotiate and coordinate all aspects of cost, availability and delivery. Similarly, if a company is selling a complex solution that involves multiple stakeholders — such as a new patient and records management system — it needs a dedicated sales professional to manage this process. In this instance, the sales professional must be knowledgeable about the challenges hospitals commonly solve with a system, and how the system will help them, as well as how the system will be supported by technical and solutions experts for maximum performance.



The spectrum of products and solutions

Products are easily defined with specific attributes that can be compared like size, quality, cost and availability. Product sales are typically transactional and also happen much more frequently because product consumption drives quantities and repeat purchases. Usually, the buying decision is made by a single decision-maker and may include an influencer. When products are purchased in bulk, in combination with other products or in a competitive situation, the account may be assigned to a salesperson. A dedicated sales resource can answer questions about how the product compares against competitors' offerings and also expand the relationship with the customer to involve additional products or other business units.

Solutions work differently. Customers buying a solution typically require some degree of configuration, customization and integration. Solution purchases are more strategic and happen less frequently than product sales. Solutions are usually bought in increments of three years, five years or 10 years, and they tend to involve multiple

buying influencers and/or decision makers. The buying dynamics are different depending on the scenario of whether the solution replaces an existing one, is an upgrade or is an entirely new option. To navigate this more complex buying process, the salesperson or sales team has to understand not only the problem the buyer is trying to solve, but the people involved, the process they follow and the internal politics of how the decision is made.

These two extremes set up the “Buy-Sell Intersect” (Figure 1).

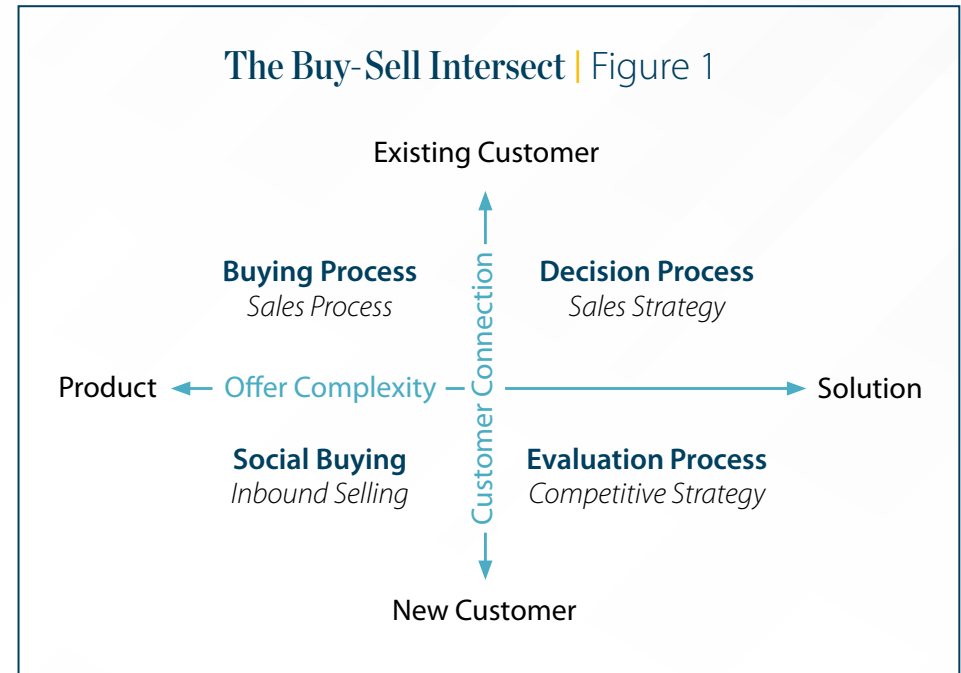
The customer relationship and product/solution provided determine the level of sales engagement, resources and approach. Next we’ll look at the four scenarios:

Selling products to new customers

To sell products to a consumer or social buyer, a sales organization will typically focus on increasing brand awareness, prioritizing search engine optimization (SEO), social media, and leveraging e-commerce platforms. The goal is to make it easy for customers to understand product features and complete a transaction. As a business’s product becomes more complex, the sales cycle will be dependent on inbound selling, with the seller dedicating an inside sales resource to take questions and complete orders directly. In both cases, there is little to no relationship in place to leverage except for a brand preference.

Selling products to existing customers

Where a customer relationship does exist, the seller will need to adapt their sales process with each transaction. The value of relationships is built on the fact that the seller already knows the buyer and their requirements, which creates a high level of trust and makes purchasing easier. Provided the seller has met or exceeded buyer expectations, they will have a strong advantage over competitors. Customer retention forms a revenue foundation for most companies.



Sales in small and midsize businesses

The Q1 2020 Vistage CEO Confidence Index survey, conducted at the start of the COVID-19 crisis, captured a relatively stable sales environment. In analyzing responses from more than 1,600 CEOs, we found that sales segments, offerings and customers varied greatly among SMBs:

Segment: More than three-quarters (78%) of CEOs said they sold to business-to-business customers or channels, while only 18% sold to consumers and 6% sold to “other.” While sales to consumers can be completed through e-commerce, in a B2B purchase, sales professionals become essential.

Product or service: Of the CEOs surveyed, 28% sold products and 48% sold services. Interestingly, 21% fell somewhere in the middle: They sold a product supported by a service.

Customers: Existing customers represented 75% of sales for SMBs, while new customers account for 25% of revenues. This is consistent with findings shared in our [2017 Customer Growth research report](#): High-growth companies were 53% more likely to have a higher percentage of their revenue base from new customers. The takeaway: This year’s new customer is next year’s revenue base.



Selling solutions to new customers

Selling solutions to new customers is one of the most challenging types of sales to close. Without an established relationship with the customers or a history of performance, a salesperson or sales team will need to build a competitive strategy for each new prospective customer. This process is even harder when a salesperson is attempting to replace or upgrade an existing solution or introduce completely new capabilities, as the sale involves replacing competitors already with an established relationship and proof of performance.

To overcome these challenges, salespeople should get involved in the buying process early on, focusing on building relationships with customers and decoding their decision dynamics (i.e., the people, process and politics of purchasing decisions). They should anticipate that the buying process may be informal, and the buying team may be incomplete or might not have their requirements fully defined. Because solutions are purchased infrequently, the buying team may also represent multiple stakeholders from the business with varying degrees of knowledge.

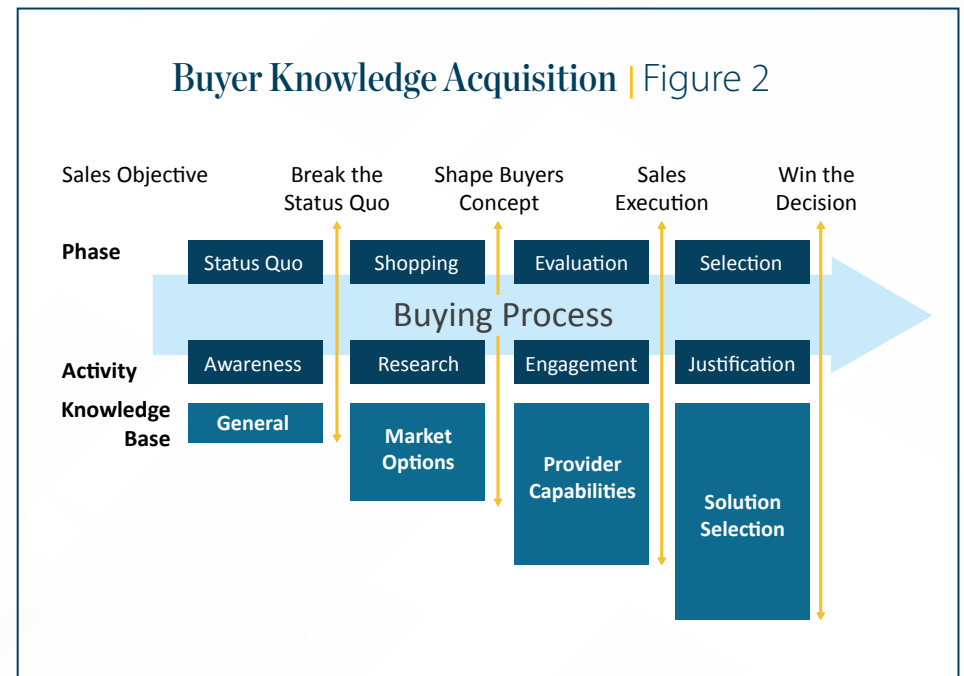
Selling solutions to existing customers

The advantage of selling to an established account or customer is that a relationship is already in place. The salesperson has knowledge of who the buyer is, how they buy and what their requirements are. Having a track record of performance and customer satisfaction also makes it difficult for a competitor to displace an existing solution. Because of this, solid account management with these customers is key; it gives the incumbent a strong advantage over competitors and opens doors to other parts of the business. If existing customers are treated exceptionally well, they will serve as a prime source for referrals, which helps significantly in new account acquisition.

Buyer knowledge acquisition

Looking to the buyer, it's important to understand how a buyer buys in order to match the sales process to the steps in the buying process. A buying decision is made once a customer acquires sufficient information about a product or service to determine if it is the best choice to fit their needs. Whether they're buying a truck or a fleet of trucks, customers make decisions about what to buy — and who to buy from — by progressively learning about the capabilities and options available to them. This comprises the buying process.

There are four phases of knowledge acquisition in the buying process (Figure 2). The first phase is about challenging the **status quo**. Buyers maintain a general sense of what products or solutions they have and might need. The challenge for sales is to break the status quo and get a potential buyer to engage. In many cases the buyer will self-initiate a buying process. A salesperson should know customers have initiated the buying process either as the result of good account management with existing customers or from follow up on demand generation efforts. In the second phase, the buyer begins a process of **“shopping”** to learn about





different capabilities and options in the market. They research alternatives and reach out to people who have made similar decisions, using this knowledge to refine their wants or needs. Sophisticated buyers will already have identified what they are looking for and the challenge for sellers is to shape and influence the buyer's concept to their strengths and capabilities.

As the buyer moves into the **evaluation** phase, they directly engage with selected providers to evaluate and contrast their capabilities and costs. At this point, the buyer has finalized their requirements and is evaluating and comparing providers on a number of variables, such as fit, price, ability, return on investment, and capability to fix their problem or achieve their goals.

This is when sales must be able to respond effectively to each buying activity, key milestones and objections of the buyer to demonstrate their superiority based on what the customer has defined as most important.

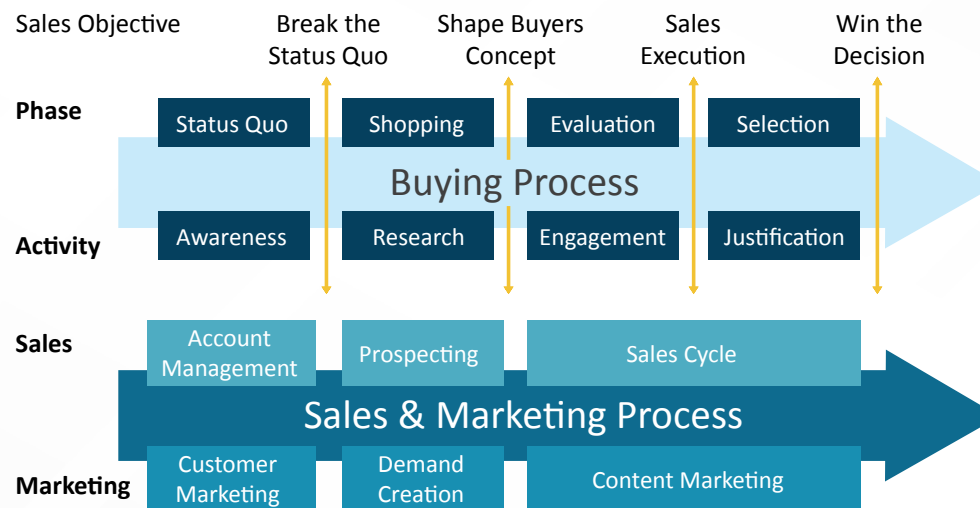
The final phase of the buying process is the **selection**. In some cases, the buyer may not make a buying decision, perhaps because the timing isn't right or they think the purchase is not worth the risk or investment. Close rates — the percent of opportunities that result in a sale — measure the success or failure of a sales cycle with a buyer. Losing is rarely a good thing. Winning a decision not only results in the sale, but ultimately begins or strengthens a relationship with the buyer. At this point, sales steps back and lets customer service, delivery, fulfillment or implementation teams step in and provide the customer with what they bought. Theoretically, this is also the moment the next buying cycle kicks off with that customer; every customer makes every decision differently every time.

Sales is part of a customer management ecosystem

The customer management ecosystem is comprised of three functions: marketing, sales and customer service. Alignment between these three functions is critical to sales success. However, the relationships shift during different stages of the buyer's journey.

Marketing's role is to generate interest with new customers through branding and demand generation. Marketing is also responsible for creating messaging and sales collateral that connects the value of the product/solution to the needs of the buyer. Offering the right digital marketing experience is important, as customers self-inform long before they connect with a salesperson. Marketing is also responsible for understanding consumer demand and helps to shape the product portfolio that sales is responsible for selling.

Buying/Selling Process Alignment | Figure 3



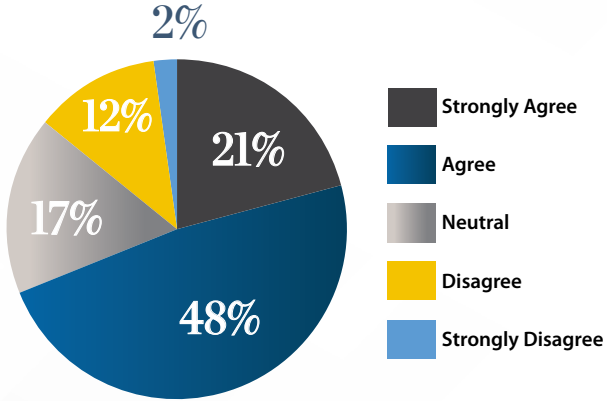
Alignment between sales and marketing is critical to sales success. Marketing helps relieve post-purchase dissonance with existing customers. It also works to maintain a positive brand image and engage customers in the next buying process. Meanwhile, customer service supports the customer by addressing issues, which builds and enhances the relationship. The successful fulfillment of the product or solution purchased is a critical part of earning the next sale.

Part II: The state of sales for small and midsize businesses

Analysis of our recent CEO Confidence Index surveys showed that 69% of CEOs agreed or strongly agreed they were satisfied with the performance of their sales team. Yet just 33% had previously reported that their sales teams met or exceeded 100% of their growth target in 2019. Just 14% of CEOs disagreed or strongly disagreed that they were satisfied with the performance of their sales team, yet 38% of SMBs reported they achieved 80% or less of their growth target. There is a gap between satisfaction in performance and the actual achievement of the sales team.

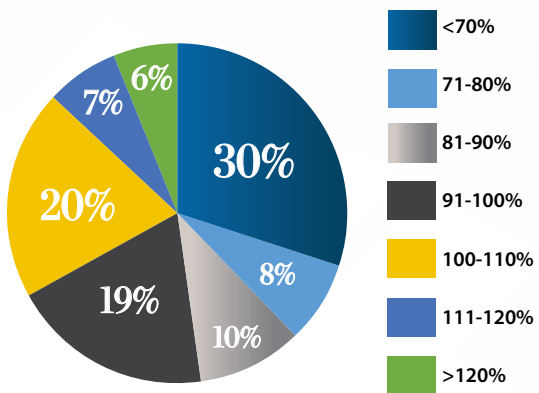
CEO satisfaction vs performance of sales team

I am satisfied with the performance of my sales team



Source: Q3 2020 Vistage CEO Confidence Index

Percentage growth target reached in 2019



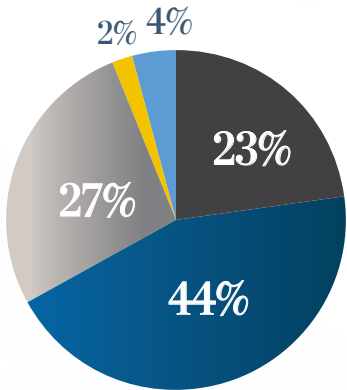
Source: Q1 2020 Vistage CEO Confidence Index

As discussed, it is the salesperson’s ability to match customer needs with the product or solution offered that results in successful transactions. In our survey, two-thirds (66%) of CEOs agreed or strongly agreed that their salespeople are adept at understanding changing customer needs. This is a critical capability in stable markets, and even more important in the COVID-19 economy. Additionally, 67% agreed or strongly agreed that they had adapted their customer messaging to meet current needs.

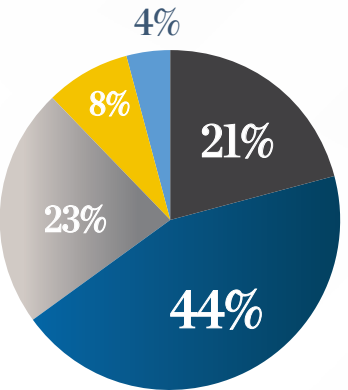
Sales process — how an organization engages with customers — is the foundation of consistent sales performance and achievement. While 55% of CEOs surveyed said their team uses a defined sales process, 20% indicated they did not. This could explain why some fail to achieve their growth targets. Individual salespeople may achieve their own goals for a variety of reasons. Sales teams, however, can only consistently realize goals if they use a sales process forged from replicating the actions that consistently leads to successful outcomes.

Two-thirds of SMBs successful at adjusting to customers changing needs

Our sales personnel are adept at understanding customers needs



Our customer messaging has been adapted to reflect their current needs



- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

Source: Q3 2020 Vistage CEO Confidence Index

Setting achievable but challenging sales quotas is a major challenge for leaders. It remains a “black art” of balancing financial goals of the organization with imperfect market assessments. Achieving quotas is the benchmark for salespeople and sales leaders. However, 2020 is an outlier year because 2020 sales quotas were assigned to sales teams before COVID-19 hit. There was extreme variance in actual achievements versus goals.

Expert Insight | 5 sales challenges facing CEOs in 2021 and beyond

Jonathan Farrington, Director of Research, Sandler Sales Training and CEO of JL Initiatives

From speaking with salespeople and sales leaders globally, I've distilled the top five sales challenges that CEOs are facing today and as they look to the future.

Challenge 1: Employee experience management

It is no coincidence that the world's most successful and profitable organizations are also among the "Best Companies to Work For." Every employee wants to be valued. They need opportunities to grow in experience, knowledge, skills and understanding. They also need recognition and praise that reveals their strengths and allows their talent to shine. Finally, they need opportunities to participate in an organization that fosters stakeholder inclusion. Aligning the entire workforce around a common goal — one that creates value for the customer, organization and employee — is the only way to optimize profitability.

Challenge 2: Customer experience management

Customer service is the new growth engine, and customer experience is the new product. Every year, businesses lose billions in sales due to inadequate customer service. In 2016, NewVoiceMedia estimated that U.S. businesses lost roughly \$62 billion in sales that year. Of all the customers who changed suppliers or vendors in 2019, around 68% did so because they did not feel valued by the incumbent supplier — not because they were offered a better deal or a lower price.

Challenge 3: Sales function enablement and alignment

In 2019, only 43% of frontline sales professionals made their numbers. This is down from 56% in 2015, and the rate of decline shows no signs of stopping. One reason why sales achievement levels are going through the floor — while sales costs are going through the roof — is the paucity of qualified, experienced and capable sales managers. Only 6% of sales managers have the necessary skills, experience and expertise to develop and maintain a sales team at optimum performance levels. This has to be addressed as a matter of urgency.

Challenge 4: Business development

Salespeople are often described as "hunters" or "farmers," but a better metaphor for them is "fishers." Successful salespeople toss bait and then engage with a prospect as soon as they grab it. Technology is a game-changer for adapting old sales models to this approach: It enables salespeople to entice, rather than push, customers to buy. All business is NOT good business. It takes just as long to work an unprofitable or unwinnable opportunity through the pipeline as it does a profitable or winnable one. Recognizing the difference will determine your sales achievement levels.

Challenge 5: Efficient utilization of sales technology

In 2021, I estimate organizations will spend about \$50 billion on sales technology. However, in one of Sandler's recent surveys, 53% of respondents said they had not received an appropriate return on investment for their sales technology. Most alarmingly, only 38% said that their organization was "more effective" or "a lot more effective" due to sales technology. Technology will never replace professional salespeople. It is not a crutch, but merely another tool for taking control of sales when external events are unpredictable.

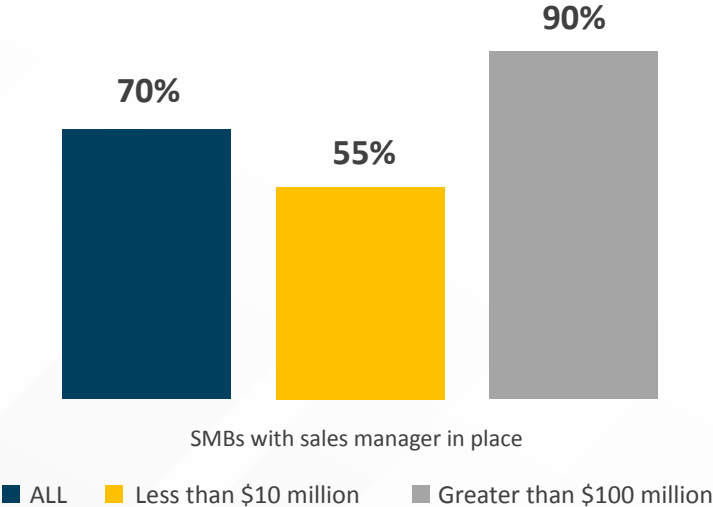
The customers of tomorrow are more discerning and will seek out a certain type of vendor: One who serves as a business partner, is willing and able to share risks, and knows how to properly manage the entire sales process.

Part III: The path to world-class sales

Selling is not an art form that is unique to each salesperson or sales leader. Professional selling comes from applying a proven set of processes, tactics, skills and strategies.

This process continuously evolves as businesses grow and scale, from hiring salespeople to pursuing new markets and segmenting customers. In tandem, leadership evolves. As the sales process matures, there comes a point when a company needs a dedicated leader to manage the sales function. As sales teams grow into sales organizations, a sales leader becomes imperative. At the same time, as sales organizations grow, investments in areas such as sales training and improved sales technology become more affordable because the cost is distributed across many salespeople. In the Vistage community, 70% of CEOs report having a sales leader in place; when you break that down by annual revenues, small companies are less likely to have a manager in place than larger companies.

Percentage of SMBs with one or more sales managers



Source: Q1 2020 Vistage CEO Confidence Index, n = 1,648

Building a world-class sales system

As a sales team grows in size and scale, sales leaders will need to apply increasingly complex strategies. That said, regardless of size, every company needs a sales system to bring structure to their selling.

A sales system is a framework that approaches selling holistically and builds on prior strategies and decisions. It consists of specific components that put a conscious sales strategy into action. While it is easier for sellers to default to “figuring it out as we go,” adopting a sales system is key to repeatable sales performance and growth. It ensures that salespeople won’t reinvent their strategy each time they sell, and that each sales person is following a proven approach.

The sales system serves as a lens through which organizations can adapt to prioritize growth, investments and hiring decisions. CEOs, in particular, when evaluating sales through a consistent lens of the sales system, can use it as a foundation for decision-making. Without it, the sales function will lack transparency and CEOs will have to navigate individual perceptions of salespeople and sales leaders. What works for one business will fail for another. The sales system allows every organization a framework to best understand and evaluate their customers, salespeople, sales leaders and the support they need to succeed.

The 4 components of the sales system

The sales system consists of four components: customers, salespeople, sales leaders and sales support. Each component builds on the other and is reliant on the data from other components.

There is an entire sales consulting industry built on working with sales leaders to build and execute their sales strategy. Each of the elements below have hundreds of books written by experienced sales leaders and consultants. Each topic is a potential consulting project unto itself. Our goal is not to deeply define each element but to create a composite framework for consideration. The CEO's challenge is to balance what they have accomplished so far in their sales function, its relative success and where they have potential to achieve at higher levels. Note that even the best of strategies will fail in absence of execution. Here we identify the major components of the sales system.

The Sales System



Customers: Defining buyer behavior

A sales system always begins with customers. Customers must be at the core of everything a salesperson and team do. Getting closer to customers is always the right answer. Deeply understanding the customer is the foundation of the sales system.

This is more complicated than it may seem. A sales team may engage with different types of customers in multiple ways. For example, a small customer may want the same type of relationship or interactivity with a sales organization as major purchasers do. A small sales team will have to support all sizes of customers. However, the organization will have to balance the sales resources they can afford against the revenue or profit generated by the customer.

To help guide these decisions, CEOs should consider three categories of questions:

Who is the customer?

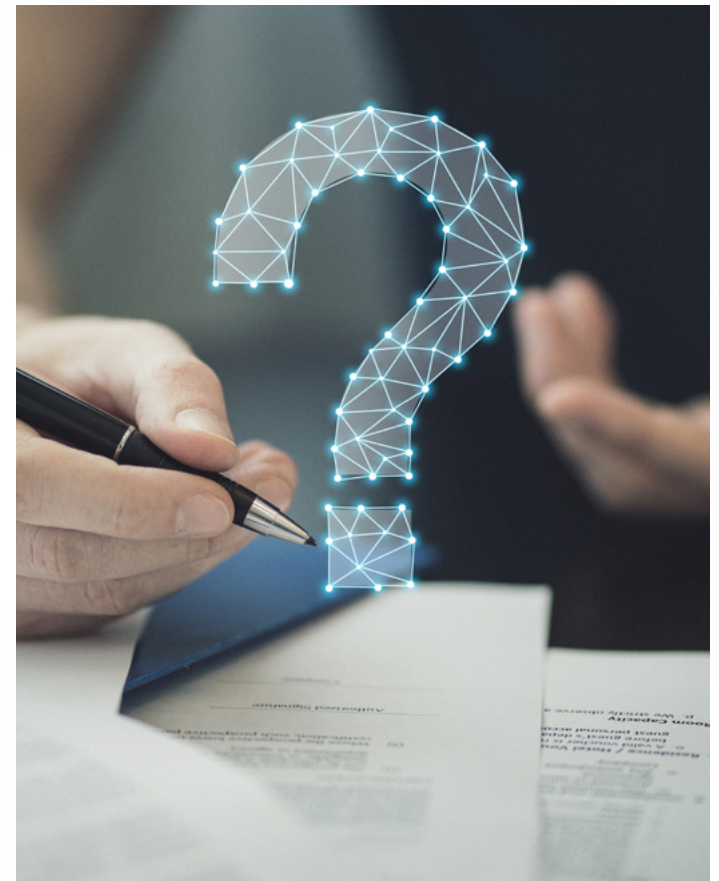
- What is the customer's role or influence in making decisions?
- What are their needs and requirements?
- Who has the authority and budget to make a decision?
- What does the ideal customer look like?

How do they buy?

- How many people are involved in the decision, and who are they?
- What process do they follow (if any) when making decisions?
- What are the typical internal politics and influences in making a purchase?
- How long does it take to make a decision?
- Is the customer replacing, upgrading or adding new capabilities to a solution?
- How frequently do they buy?

What do they expect from sales?

- What level of account management do they receive or desire?
- What level of knowledge or expertise do they require?
- Who do they currently buy from?



Salespeople: Aligning with how buyers buy

There is no single model of success for a salesperson. What makes one salesperson successful in one market, industry or company does not guarantee success in another.

That said, top salespeople tend to have certain characteristics in common: a tireless work ethic; a burning desire to achieve; a natural curiosity about their customer; an ability to connect with their customer; an understanding of the customer's priorities and values; and an understanding of how their product or solution could benefit a customer. By contrast, low-performing salespeople tend to focus on product features, advantages and benefits alone.



When evaluating the effectiveness of their salespeople, CEOs should take the following into consideration:

- **Sales skills:** Salespeople need to master various hard and soft sales skills through trial-and-error or sales training. Sales skills are highly transferable from one sales role to another. Each sales role will emphasize different hard and soft skills, all of which should align with the sales process. This includes prospecting and referral skills for identifying new customers; account and relationship management skills for existing customers; territory and time-management skills for blended assignments; listening, questioning and presentation skills for customer and opportunity engagement; and objection handling and negotiation skills for setting up closing skills to get the deal. The list of sales skills is long. Identifying the skills most important for each of your sales roles will inform training and hiring.

- **Sales process:** In the absence of a defined process, every salesperson will reinvent how they sell in every opportunity. Each phase of the buying process has a sales process that consists of activities and associated customer outcomes. The final decision is the upshot of multiple smaller decisions made at each phase of the buying process. Ignoring these small decisions or skipping steps leads to faulty pipelines, lost deals and surprise outcomes. The process should begin with demand creation and continue through post-sales completion. In the absence of a defined process, every salesperson will reinvent how they sell in every opportunity.
- **Sales knowledge:** Your salespeople need access to a vast portfolio of sales knowledge. They should be equipped with a three-part toolbox: your company's product details, target markets and competitor intelligence. To influence a buyer, the salesperson must impart knowledge that the customer can't source on their own. Achieving a "knowledge advantage" comes from continuously expanding and refining what a salesperson knows and can share with the customer while being mindful of what is important to the customer. At minimum, a salesperson needs to have foundational knowledge about the cost and capabilities of a product or service, how to complete the transaction internally and customer success stories. Having industry knowledge, an intimate awareness of the competitive landscape and knowledge about alternatives will add situational context. Most critical, a salesperson needs to have knowledge about the customer. Recall the "sell me this pencil" challenge: Knowledge without customer context is just information.





- **Sales experience:** We all know you can't teach experience. We also know that prior performance doesn't predict future success. And yet, the importance of sales experience can't be underestimated. Experience as a high-performing, quota-carrying salesperson is a strong indicator of potential success. Experience with specific types of products or services is also valuable, as is experience with a specific sales role or selling into a specific buying center or vertical market. Some salespeople are great at small-account transactional selling while others prefer to work with existing customers on large, strategic decisions. The same is true for sales managers and leaders. The shift from salesperson to sales manager is not an easy leap, as it requires different skills, process and knowledge.
- **Sales roles:** Sales roles vary dramatically. What is required of a role evolves as a customer decision becomes progressively more complex and expensive. Business development representatives begin as lead generators or qualifiers, which feeds other salespeople. Inside salespeople work from terminals, either taking inbound customer requests or doing outbound lead follow-up or generation. Territory reps sell into a defined physical territory. Account-based reps will have a defined list of accounts exclusive to them and possibly a named list of non-users. Major account reps will have just one or two of the largest and most important accounts, while a national or global account executive will manage and coordinate the activities of a very large account across all regions and teams. The strategic challenge is to align the right sales resource with the appropriate opportunity in accordance with capability and cost.

Expert Insight | Why hiring 2 salespeople vs just 1 will unlock the power of your sales data

Drew Seath, Managing Director, Absolute Value

I'm often approached by CEOs telling me they're ready to hire their first salesperson. My feedback is almost always the same, "You should hire two, not just one." They typically respond, "I can't afford to hire two." The reality is that in many ways they can't afford not to.

You really have two goals when hiring your first salesperson. The obvious one is to bring in more revenue. Even more important, though, is gaining knowledge for how to successfully scale the sale of your product or capabilities. Hiring one salesperson gives you just one set of data to determine what you have right and what needs changing. More and better data makes it possible to better understand whether the results you're getting are because of the salesperson, the product or the market.

If you hire just one salesperson who delivers success for you, you need to ask yourself if they would have been even more successful with a different approach. If they aren't as successful as you'd hoped, what's causing the shortfall?

If a salesperson seems to be working hard but not achieving the success you're looking for, what are the root causes? Is the problem fixable with training and coaching? Maybe it's a product, product marketing, pricing or market problem that just appears to be a salesperson issue.

Of course, the most likely scenario is that a shortfall isn't caused by just one thing but a combination of several. What if it's partially a skill problem, partially a product marketing problem and partially a pricing issue?

The bottom line is that with one salesperson you have one set of data to go on, but if you hire two you have even more than 2x the data because you can compare and contrast where they are succeeding and struggling, and you'll have less risk of chasing false positives or false negatives. You'll be able to look at things like, how many prospects are they each chasing? Is one casting a narrow net and the other casting a wide one? Is one much better at qualifying prospects and the other chasing everyone with equal vigor?

Some of the most valuable insights will be when you see both of them struggling in the same area. That can give you more certainty about changes to make that will truly impact sales and that you are not reacting to an excuse for not being able to close a deal.

On top of all of this, hiring two salespeople also generates friendly competition and collaborative learning between them and, since hiring always carries risk, it's likely that you won't make two hiring mistakes.

One other scenario to consider is one where you, as Founder and "Chief Seller" have been selling successfully. That may make it feel like you have data to compare your first salesperson to. The reality is that there is a big difference between selling as the founder/product visionary/CEO and selling as the company's first salesperson. The fact that you sold successfully gives a lot of good data but in most cases there are too many different variables to really be able to compare the two scenarios.

The bottom line is that while it may sound counterintuitive to hire two salespeople when it's a financial struggle just to hire one, the most important outcome in hiring your first salesperson/salespeople is to get the data you need to figure out how to continue to scale your sales efforts successfully. As the movie Moneyball taught us, good data is often the key to making great decisions and the most valuable outcome of hiring your first (two) salespeople.

Sales leaders: Driving performance and execution

Sales leaders are sales professionals who have consciously chosen a leadership career path to manage and coach frontline sales people. In these leadership roles more than any other, the best salespeople do not necessarily make the best sales leaders. To effectively manage sales, the best sales leaders have a mastery of the sales process, the credibility to lead and coach a team, and the competence to build the sales strategy while marshalling available resources to reach goals.

Here are the four key areas of responsibility of a sales leader:

- **Coaching:** Just like a sports coach, the role of a sales coach is to guide and encourage their team to develop their skills, refine their processes and grow their knowledge. They need to be able to provide advice in any given opportunity and, where needed, engage with the customer directly. They also need to be able to hold salespeople accountable to their activities and performance. Sales managers must get the best from each salesperson on the team. That means inspecting their activities levels, use of the sales process and ability to execute — encouraging the good, correcting the bad and keeping the salesperson on track to achieve their goal.
- **Measurement:** Financial results — like revenue and total sales — are easy to track and offer a clear picture of sales performance. The results of sales activities are harder to measure, but provide a forecast for future sales outcomes and pipeline values. A prospective sale — or opportunity — changes during the course of the sales cycle. Every customer interaction and activity results in some opportunity movement. Identifying the key activities within each phase of the buying process and measuring their completion helps track the advancement of each opportunity. Capturing anticipated revenue and potential close dates, both of which can and will change, projects opportunities in the future. Forecast accuracy, a key measure of a salesperson and sales leader's command of their business, is a test of credibility.





The list of sales metrics is long. Each sales leader must determine the metrics that best capture each phase of their customer's buying process, from demand generation to close and delivery or implementation. Then, in collaboration with finance, they must determine the key performance and cost of sales metrics. Cost of sales is the EBITA of selling. Matching the sales resource to the opportunity and associated cost drives the sales productivity metric. Overpaying for sales hurts margins just as underpaying for sales hurts performance. The challenge for sales leaders is finding the right balance.

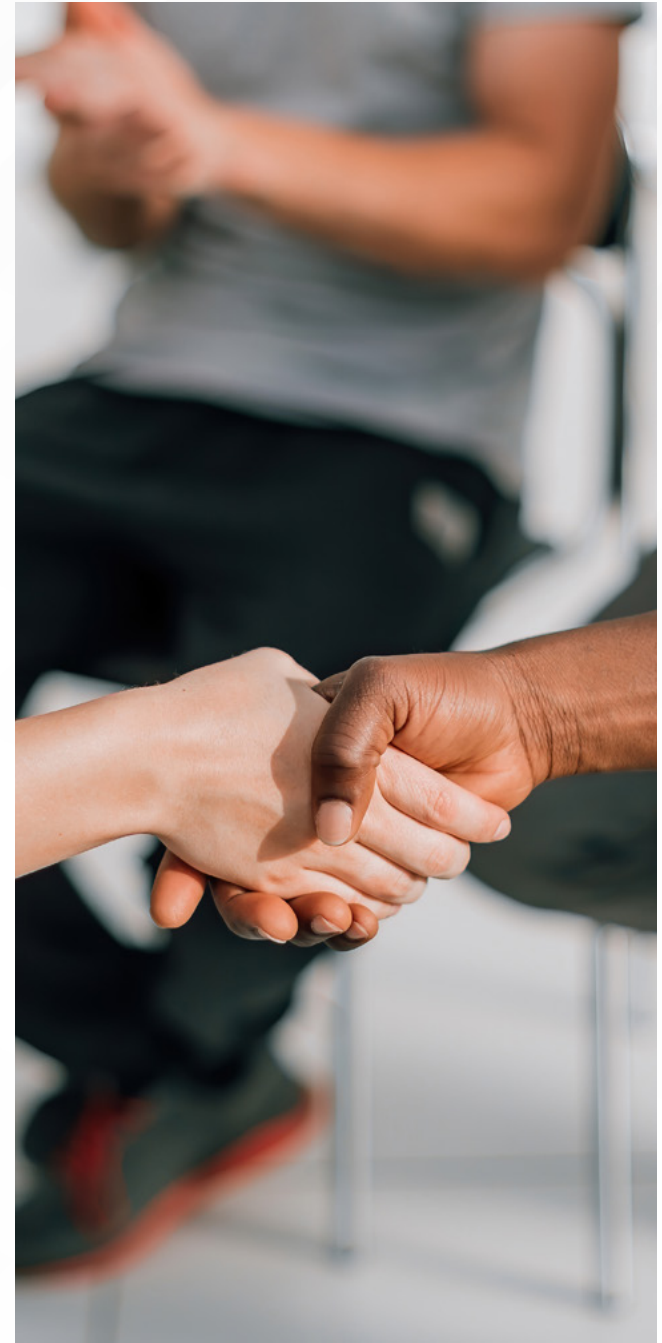
- **Strategy:** No one plays a game without a strategy. While smart salespeople build their personal strategy to achieve their goals and maximize their income based on their compensation plan and quota, sales leaders must develop the sales game plan to achieve their goals. Every year, as the business grows, the strategy must evolve. New markets, capabilities and competitors all ride on the economic waves that comprise the economy. There are multiple ways to win any game, just as there are multiple sales strategies that can deliver the number. The creation, communication and execution of the strategy is the responsibility of the sales leader. Determining the balance of new to existing customers, expanding or exploring different markets, and allocating salespeople and resources must fit into a strategy for this year and beyond.

Building a sales strategy begins with the go-to-market decision of allocating sales resources to territories, customer types and assigned customers. This sets the playing field for salespeople to build their individual strategy to maximize their performance. The manager's role is to create fair and balanced territories to level the playing field for each sales role. Next is the sales compensation plan, which is effectively the rule book

of parameters for how sales will be measured and paid; it is essential for enabling a salesperson to build their winning strategy. Finally, quota is assigned, which becomes the scoreboard that sales is measured against.

- **People:** The strength of any sales organization depends on the quality of their salespeople. In very small companies, the founder or leader usually serves as chief salesperson. As the company grows, it will hire one salesperson and then another — until the need for a sales manager becomes apparent. Selling, like accounting or manufacturing, is a distinct profession with unique requirements for knowledge, skills and experience. As with any other role, you get what you pay for. Salespeople with little experience, skills and knowledge cost less. Salespeople with more experience, skills and knowledge cost more. The highly skilled salesperson will also probably be unwilling to do remedial sales activities, like demand generation of low-margin transactional selling. When making hires, it is important to balance the right level of salesperson with a well-defined sales role. Prior performance does not guarantee future results, but it's a pretty good indicator. This is why experienced, high-performing salespeople are hard to get and cost more than a “journeyman salesperson.”

When to hire a salesperson is a key question for small organizations. Adding and scaling the sales function becomes progressively more important as organizations grow. Equally important is when to fire a salesperson. This is never a pleasant exercise, but it's necessary when salespeople fail to perform or are unable to keep up with the evolution of the business. For some, the “a warm body is better than nobody” approach supports a culture of mediocracy. For others, a “make your number or be fired” approach creates a transitory culture with little loyalty. Finding a balance is never easy. But careful and selective hiring, creating clearly defined roles and setting challenging but attainable quotas usually creates the right balance of competition and performance.



Sales support: Empowering the sales professional

Sales support comprises everything a salesperson needs to be competitive and competent when selling. This includes sales training, sales enablement and sales operations.

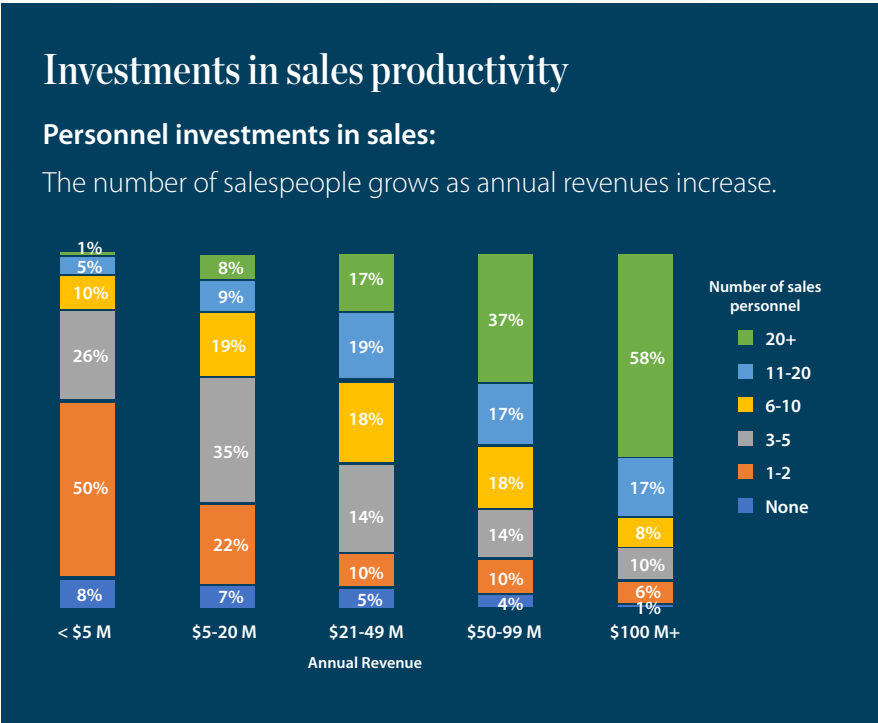
- Sales training teaches salespeople the skills, processes and product knowledge they need to succeed.
- Enablement is responsible for the capturing and sharing of the best practices, knowledge and insights required for on-brand messaging, product positioning, competitive selling, objection handling and marketing alignment.
- Sales operations is responsible for the sales process, forecasting/pipeline management, metrics and sales technology. It can also include order processing and acting as a liaison between the customer and other departments like billing and fulfillment.



For small organizations, dedicated support resources might not be affordable. But that doesn't mean the need or the return on investment isn't there. Salespeople need to constantly sharpen their skills, refine their processes and expand their knowledge to stay competitive. When resources are limited, they can acquire sales skills and process training from a variety of excellent, experienced providers. However, acquiring knowledge about the product, market and customers can't be outsourced as it is unique to each company. In a small company, a salesperson might need to figure it out on their own by seeking knowledge from various internal functions, which slows their productivity and limits their ability to scale as they can only address the knowledge needed for one opportunity at a time. When a sales leader is added, they take on the responsibility of knowledge sharing which allows salespeople to focus more energy on customers and selling. As sales teams grow, the cost of support resources can be spread across more people, making it more affordable.

Sales technology is a productivity game changer for sales, and SMB sales is no exception. When asked about what they were investing in to support and enable sales, SMB respondents to a Vistage survey said that technology topped the list with more than two-thirds of SMBs (67%) reporting investments in sales technology.

Beyond the mobile work platform of laptops, iPads and cell phones, Customer Relationship Management (CRM) applications drive performance. CRM has become affordable for all sizes of organizations with varying degrees of capabilities. CRM systems organize and integrate customer data for accounts, contacts and opportunities. They generate pipelines and forecasts along with a variety of analytics. Marketing automation systems manage leads and demand generation to feed qualified opportunities to sales, based on customer digital interaction data and insights. Knowledge-management systems are repositories for content collateral and collaboration.



Sales investments by annual revenues

Which of the following do you invest in to support and enable sales? Select all that apply.	All	<\$5 million N=339	\$5-20 million N=572	\$21-49 million N=302	\$50-99 million N=191	\$100 million + N=203
Lead/demand generation	56%	58%	56%	56%	56%	52%
Messaging/collateral	54%	54%	54%	53%	58%	52%
Sales training – skills or process	54%	43%	49%	57%	63%	71%
Sales technology/Customer Relationship Management (CRM)	67%	62%	65%	67%	72%	75%
Other	8%	10%	8%	11%	6%	6%

Source: Q1 2020 Vistage CEO Confidence Index

Expert Insight: What CEOs need to know about sales

Sam Reese, CEO of Vistage

Customers are the core of every business. CEOs can't afford to monitor sales from afar; they need to be directly involved. That means staying connected to key customers, keeping tabs on key metrics and monitoring how salespeople and customers interact. Over the years, I've learned that CEOs need to channel their energy toward specific sales goals while tracking specific sales metrics. Here they are.

Goals to pursue

- *Target and spend time with your ideal clients.* The only way to understand customers is to spend time with them. As a CEO, you must listen to your customer's business issues before offering a solution to fix them. It's important to build relationships with customers who truly value your services and capabilities. They will tell you what you need to hear and share their vision for how your relationship should evolve.
- *Recognize that salespeople are not motivated by money or compensation plans alone.* World-class salespeople are just as motivated by achievement as they are by reward. Don't treat them as hired guns, but recognize them as employees and keep them connected to your mission, vision and purpose.
- *Govern and get involved in big opportunities.* Big deals can make or break a quarter or year-end. As a CEO, you cannot leave these deals to chance. Stay involved in these deals but remember: Not every big deal is a good deal, but losing a good deal can set your company back and hurt your sales team's confidence.
- *Understand what your customers really want.* Good products and competitive pricing are table stakes. Winning happens when you understand how to help clients achieve their objectives connecting your capabilities to their requirements.

Metrics to track

- *Qualified opportunities or funnel velocity.* The sales funnel tracks all opportunities by sales phase with projected revenue, sorted by any variable. While funnel data is notoriously fickle, when measured consistently, it is directionally accurate. Inspecting both volume and velocity allows you to project revenue totals and timing. Velocity is a key indicator of sales productivity, as it captures the timeframe for closing deals.
- *Growth plan breakdown.* A growth plan defines the activities of individual salespeople and connects sales to broader organizational goals and objectives. But it is also a valuable tool for tracking new business from new clients, new business from existing clients and business lost from churning clients. These metrics provide critical insight into revenue sources and the business's trajectory.
- *Average productivity per salesperson.* Sales productivity is a true metric of sales performance, as it sits at the intersection of revenue and cost of sales. Balancing the cost of sales resources with output is the ultimate metric of sales organizations. It informs decisions about adding salespeople or expanding markets. Sales productivity data will help you make smarter investments.
- *Average deal size.* Monitor your average deal size vigilantly. The amount of effort it takes to sell small deals is often equal to the effort required for large deals. A sign of improvement in a sales organization is increasing deal sizes. Dropping prices or reducing the order size to get a deal is just an excuse for not selling.
- *Percent of business coming from top-10 customers.* Your top customers are usually your best customers. Ensuring their loyalty and cementing long-term relationships provides the revenue foundation for your business. Top customers also represent your largest exposure. Losing a top customer or being over-dependent on a few customers can expose your business to unneeded risk. They will serve as your first indicator of growth or decline.

Part IV: The takeaways for CEOs

The path to consistent sales performance is clear: Salespeople must apply a sales system that matches their buyers, markets and product/solution capabilities.

That said, there is no one-size-fits-all sales strategy. Building a world-class sales system is a dynamic exercise that takes constant adaptation, refinement and improvement in line with changing customers and markets. By leveraging the sales system framework, CEOs can apply a consistent set of principles and practices to connect with customers, empower salespeople, invest in productivity and support sales managers and leaders.

Ultimately, selling is about performance. It's often said that, in sales, you are your number. Salespeople get paid to sell — period. Unlike other functions, sales brings transparency to performance: Every salesperson can see what every other person has sold.

What distinguishes great salespeople from all others is a performance-driven mindset coupled with an intense desire to satisfy their customer. They live by their performance and constantly strive to be better. Truly great salespeople are not money-motivated — they are motivated to be world-class at what they do.

For CEOs, consistent, predictable world-class sales performance doesn't happen by chance. It demands the development and strict adherence to the principles of their sales system, and its relentless adaptation to markets, economies and their growth trajectories, while keeping their customers at the core.



What world-class performers know

You are only as good as you are today...

Yesterday doesn't matter and tomorrow doesn't count.

You have to get better every day...

Or lose ground to those that did.

The bar will only get higher...

Yesterday's record is today's qualifying time.

As hard as it is to become world-class...

It's harder to stay.

There is always someone pursuing what you have...

Always, every day, relentlessly.

Everyone works hard...

You have to work better.

There are no excuses...

Only results.

Contributors



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As a keynote speaker, business coach, mentor, author, consultant, and sales strategist, Jonathan Farrington has guided hundreds of companies and their sales leaders and frontline salespeople towards optimum performance levels. He is the Director of Research for the [Sandler Research Center](#) as well as CEO of JF Initiatives, the parent company of Top Sales World, Top Sales Magazine and The Sales Futurists.



Joe Galvin | Chief Research Officer, Vistage Worldwide

As Chief Research Officer for Vistage, the world's leading executive coaching organization for small and midsize businesses, Joe Galvin is responsible for providing Vistage members with current, compelling and actionable thought leadership on the top issues, topics and decisions of small and midsize business CEOs.



Anne Petrik | Sr. Director of Research, Vistage Worldwide

As Sr. Director of Research, Anne Petrik leads the design, deployment and analysis of CEO surveys for Vistage, capturing the sentiment and practices of the Vistage CEO community. Using her analysis, in collaboration with perspectives from experts and partners, Petrik directs the thought leadership published by Vistage research to provide small and midsize business CEOs with insights that inform on how to optimize their businesses and enhance their leadership.



Sam Reese | CEO, Vistage

Sam Reese is CEO of Vistage, the world's largest CEO coaching and peer advisory organization for small and midsize businesses. Prior to Vistage, Reese was CEO of Miller Heiman, the largest dedicated sales performance company in the world. Over his 35 year career as a business leader, he has led large and midsize organizations and has advised CEOs and key executives of companies all over the world.



Drew Seath | Managing Director, Absolute Value

Prior to founding Absolute Value in 2011, Drew Seath spent 30+ years in sales, marketing and product leadership roles at start-ups and emerging growth businesses. He delivered dramatic revenue growth and participated in multiple IPO/MBOs. Absolute Value is a boutique executive search business that leverages the team's deep, firsthand experience driving revenue to enable B2B SaaS and Information Services businesses to hire outstanding sales, marketing and product at both the leadership and individual contributor levels.

About Vistage Worldwide

Vistage is the world's largest CEO coaching and peer advisory organization for small and midsize businesses. For more than 60 years, we've been helping CEOs, business owners and key executives solve their greatest challenges through confidential peer groups and one-to-one executive coaching sessions. Today, more than 23,000 members in 20 countries rely on Vistage to help make better decisions for their companies, families and communities. The results prove it: Vistage member companies grow 2.2 times faster than average small and midsize U.S. businesses, according to a 2017 study of Dun & Bradstreet data.

Learn more at vistage.com.

About Vistage Research

Vistage conducts original research and curates subject matter expertise from thought leaders to create actionable, thought-provoking insights for leaders of small and midsize businesses. Our analysis of surveys we conduct, including the WSJ/Vistage Small Business CEO survey and Vistage CEO Confidence Index survey, informs various reports. Since 2003, Vistage has published the CEO Confidence Index, which has been a proven predictor of GDP two quarters in advance. Vistage provides the data and expert perspectives to help SMB CEOs make better decisions.

Learn more at vistage.com/confidenceindex and vistageindex.com.

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