



SALES PERFORMANCE INTERNATIONAL

## **Sales Performance Improvement Framework™**

*Why you're not achieving  
optimal revenue growth*

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## TABLE OF CONTENTS

|  |    |
|--|----|
| <b>The Value Perception Gap</b> .....                                    | 3  |
| <b>The Six Systemic Drivers of Value Perception</b> .....                | 5  |
| <b>SPI’s Sales Performance Improvement Framework™ and Analysis</b> ..... | 7  |
| □ Value Framework and Messaging .....                                    | 8  |
| □ Go-To-Market Approach .....  | 8  |
| □ Communications Alignment .....   | 9  |
| □ Management and Support Systems .....                                   | 10 |
| □ Sales Process and Methodology .....                                    | 11 |
| □ Individual Skills and Knowledge .....                                  | 12 |

## The Value Perception Gap

Most companies have an underlying goal of sustainable revenue growth, and linked to that, sustainable sales performance improvement. What stops them from achieving year-over-year sales increases? A simple concept that many companies relate to these days is “**value perception gap.**” Companies perceive that their offers to the marketplace provide significant value – but somehow that perceived value doesn’t connect with prospects and customers. In essence, it lacks visibility.

Because customers aren’t willing to pay for value that they don’t perceive or even understand, the company’s perceived value cannot be converted to meet revenue, market share and/or profitability objectives (Figure 1).

Figure 1  
The Value Perception Gap



73% of CMO's say value messages not reaching customers  
90% of sales people don't position value effectively  
70% - 80% of marketing materials unused

Source: Sales & Marketing Management, American Marketing Association, BtoB

The value perception gap challenge typically creates a set of near-universal marketing and sales problems, as shown below in Table 1. Almost every company can relate to several of these difficulties.

Table 1

**EFFECTS OF THE VALUE PERCEPTION GAP**  
**How many of these are you experiencing?**

**CREATING PREFERENCE AND POSITIONING VALUE**

- Increasingly perceived as a commodity
- Difficulty positioning value and differentiating offerings
- Difficulty selling complex offerings in complex environments and winning major opportunities

**BUILDING THE PIPELINE**

- Late into opportunities, too frequently reacting to RFP's
- Lack of qualified leads in the pipeline
- Wide variations in forecast accuracy

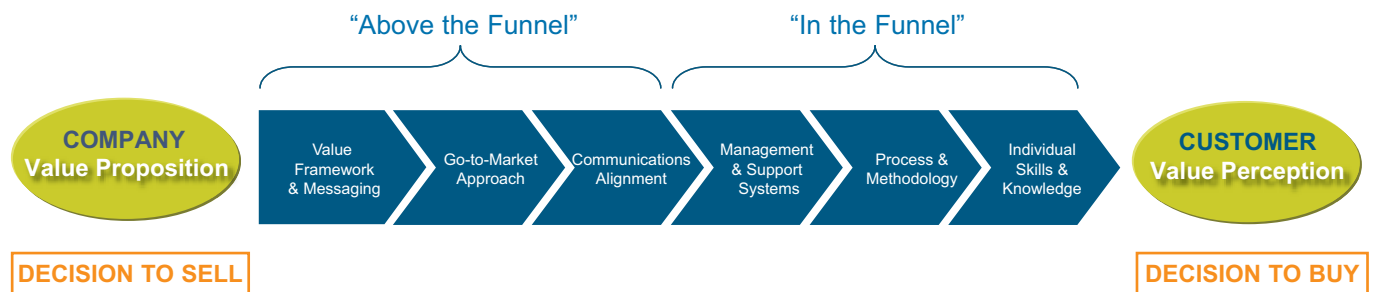
**SELLING SKILLS AND PROCESS DISCIPLINE**

- Unable to access buying power and sell effectively to executives
- Wide variation in quota attainment
- Lengthy sales cycles and frequent "no decisions"
- Frequent pursuit of unqualified opportunities
- Fail to realize sales potential in major accounts

## The Six Systemic Drivers of Value Perception

How well a company deals with these drivers either enables or inhibits its ability to achieve and sustain revenue increases.

Figure 2  
Systemic Drivers (Potential Barriers)



The following are the three primary measures for evaluating whether or not an organization is effective and efficient across the six drivers:

- Are the performance and success elements *defined* sufficiently?
- Are these elements *understood* sufficiently by target audiences to be useful?
- Are these elements *practiced* consistently to lead to results?

In our work, we observe six reasons for revenue growth problems. Figure 1, above, shows how the following systemic drivers relate to one another, as aspects of the key functional challenges of above-the-funnel marketing alignment and in-the-funnel sales execution.

1. **Value Framework and Messaging** – the extent to which value positioning and messages are defined around accurately-perceived customer problems and needs, not just around products and services: Does the company define its offers in a way that solves customer problems, or does it engage in “product-pushing”?
2. **Targeted Go-To-Market Approach** – the question whether a company’s value propositions, market segmentation approach and channel strategies are attuned with customers’ perceived needs: Does the go-to-market approach meet overall customers’ needs efficiently and effectively throughout the buying process?

3. **Aligned Marketing Communications** – the degree to which marketing communications and lead generation are aligned properly with field sales conversations: Do marketing efforts support what sellers do, and provide what customers need to know to buy?
4. **Reinforcing Management Support Systems** – the caliber and consistent use of management vehicles and enabling technologies to improve skills and reinforce sales processes: Does management and the support infrastructure reinforce the desired selling approach?
5. **A Codified Sales Process and Methodology** – the presence or absence of a formal sales process that aligns well with customers' typical buying processes: Do sellers sell in a way that fits how customers are prepared to buy?
6. **Skills and Knowledge to Engage with Customers** – the quality of fundamental selling skills and knowledge at the individual seller: Can sellers sell well?

When the six systemic drivers are aligned tightly with customers' needs and with each other, a company is well-positioned to start and continue a string of revenue increases. When the drivers are misaligned, revenue generation problems are inevitable. With misalignment, a company's internal perception of its offerings' value cannot match its customers' perceptions of value ... and the stage is set to experience the full set of issues described previously: significant problems differentiating and positioning the offer, commodity perceptions, and a host of symptoms and results of inefficient sales efforts.

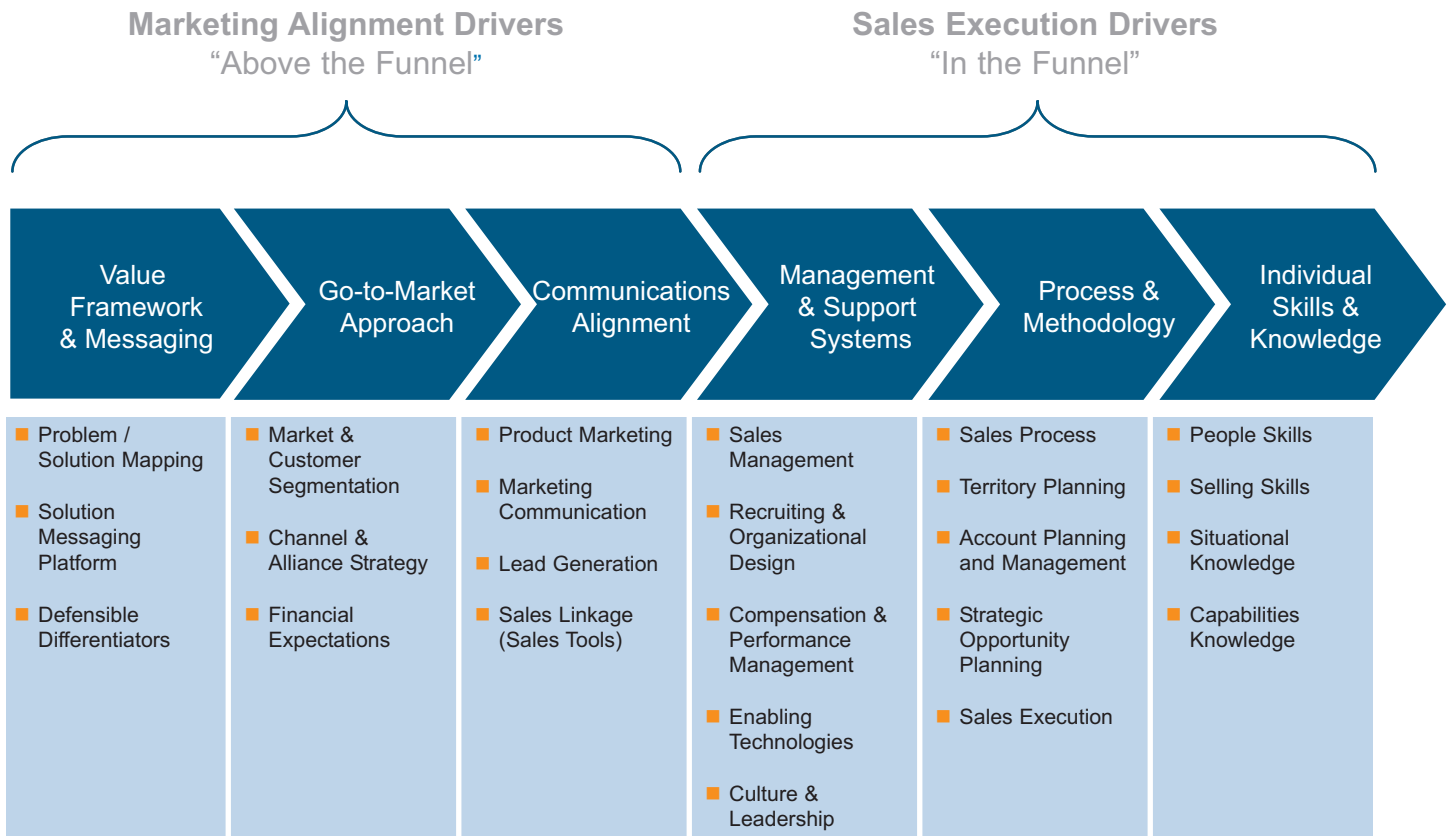
## SPI's Sales Performance Improvement Framework™ and Analysis

The six systemic drivers comprise a rigorous diagnostic framework. They enable us to assess the barriers to a client's sustainable revenue and value growth, from initial value concepts through point-of-sale, and ultimately to the successful customer realization of value.

We take a structured approach to look systemically at everything from formulation of the value proposition through market and channel strategies, marketing communications and the full spectrum of sales activities and processes. Our assessment model allows us to understand where specific barriers to performance exist, to evaluate their effect on sustainable revenue increases, and to prescribe specific recommendations for improvement.

We typically review all six drivers – three “above the funnel” market alignment drivers, and three “in the funnel” sales execution drivers, and their respective key components, as summarized in Figure 2.

Figure 2  
Systemic Drivers Expanded



## 1. Value Framework and Messaging has three fundamental components:

- ❑ **Problem / Solution Mapping:** This is SPI's approach for assessing the degree of alignment between customer problems or needs that a company can address and the positioning of the company's offerings. How well does the company link specific causes of each of its customers' problems, and their impact on customers' operations and finances, to how the company's offering components address customer needs and solve those very same problems?
- ❑ **Solution Messaging Platform:** A solution-oriented messaging platform should focus on the most critical needs and problems facing a company's customers. It should typically distill the overall customer problem inventory into a set of specific business pains that form the foundation of the solution messaging platform. Customers should be able to relate easily to the stated problems, and to see clearly how the solution addresses those problems. At SPI, we assess whether the messaging platform is truly solution-oriented, and what is required to make it so.
- ❑ **Defensible Differentiators:** In many cases, companies fail to build a formal and structured model of differentiated positioning. Many people confuse features, functions and characteristics of their offering with real differentiators. In doing so, they may be forced to differentiate based on price, not on value. We evaluate the mix in a messaging platform of three specific differentiator categories: Proprietary, comparative, and holistic. This approach provides a structured way for companies to assess their offerings versus their competitors, so that they can see clearly where and how to leverage differences that are of real value to customers.

*Proprietary differentiators* are items that are unique, that no competitor offers. In the long run, they are the most defensible form of differentiator.

*Comparative differentiators* are specific capabilities that competitors also offer, but where a company's offering is superior to the alternatives in some or many aspects.

*Holistic differentiators* reflect overall ways in which it is much more attractive to do business with a company than with the competition, for example in overall financial terms and conditions.

## 2. Go-To-Market Approach also has three fundamental components:

- ❑ **Market and Customer Segmentation Approach:** We assess whether a company has defined its go-to-market approach around its existing offerings, as opposed to around the customer problems it solves. Companies that use the former approach often set themselves up for

potentially significant market segmentation errors. In such cases it is critical to revisit the problem / solution mapping and to carefully identify those market segments that are best served by the problems the company actually solves – and then to carry through this target segmentation approach consistently into all aspects of marketing and sales strategies and tactics. One simple way of ensuring the right approach is to agree on the ideal customer target for each segment.

- **Channel and Alliance Strategy:** Much like a segmentation strategy or approach, it's critical to carefully think through the specific customer problems and needs that the company can address, and to identify the sales channels that best deliver the required capabilities into the marketplace. Alliance partners should bring to a company the capabilities needed to provide a complete solution successfully. We assess whether the channel and alliance strategy fit the market and customer segmentation approach.
- **Financial Expectations:** Many companies have not thoughtfully modeled how specific offerings that address significant customer needs will make their way into the marketplace and generate revenue. It is in everyone's interest to create a very concise and clear financial model that helps drive the appropriate resource allocations to direct and indirect sales channels. We evaluate whether such a model exists, and if not, we can help create one.

**3. Communications Alignment** involves aligning all aspects of internal and external communications with the problems and needs defined in the value framework and messaging platform. It has four components, as follows:

- **Product Marketing:** It is critical that marketing orient its communications priorities around real problems that customers value solving – and that all product communications are explicit about the links between product / service characteristics and the solution of those important customer problems. Sometimes it's tempting to simply do high-level market studies and to assume that certain types of offerings will reach the intended market place.

Although understanding exactly how much customer value results from providing a particular set of capabilities may sometimes be a laborious process, it ensures that sellers can defend prices successfully in a very competitive environment. SPI expert staff review product marketing materials and identify the extent of work needed to make them more solution-centric.

- **Marketing Communications:** These days, all aspects of corporate communications to the external world need to be calibrated carefully and aligned with the problems that the company solves, not aligned with its offerings.

Web sites, MarCom collateral, white papers, analyst presentations and other media relations activities, advertising agency campaigns, all messaging projects – in fact any decision on how and what will be communicated to the external world in any medium or channel – should be consistent with customer problems that are solved and needs that are addressed. We assess the extent of work that needs to be done to make MarCom more problem-oriented, and advise how the work can be completed.

- **Lead Generation:** In many cases marketing campaigns and lead generation efforts are based on the release of a offering, as opposed to the new abilities to solve customer problems. Lead generation programs should generate qualified leads on a consistent basis. To do so they must focus on the problems that customers can readily relate to. We review lead generation efforts to identify areas where changed emphasis and focus may be needed.
- **Sales Linkage (Sales Tools):** It is critical that all of the best messaging, marketing and product management ideas make their way into practical and effective sales tools that the field sales organization and channel organizations can use. If making this translation is not taken seriously, all of the hard work upstream of the sales process goes to waste. Sellers will be unable to understand and communicate the differentiated value of the company's offering which justifies the purchase.

If sellers cannot communicate value, value cannot be monetized into revenues and profits. Conversely, sound above-the-funnel thinking translated into effective sales tools that support differentiation and value justification make it much easier for sellers to position the company's offerings in value-creating ways. We review sales tools and recommend ways of making them more value-enhancing.

Next we assess the three “in the funnel” sales execution drivers.

**4. Management and Support Systems:** A company's sales management and support systems should ensure that all sales resources are given adequate direction and support to achieve the company's sales and other strategic goals. We typically assess the following dimensions of a client's sales management and support systems:

- **Sales Management:** Sales management should know how to lead, motivate and coach sellers to continuously improve sales performance and achieve strategic goals. Management practices should consistently reinforce all the key aspects of desired sales force behaviors. In a well-run sales organization, sales forecasts are sufficiently accurate for informed decision-making, since sales management has an excellent understanding of field conditions and challenges.

- **Recruiting and Organizational Design:** Recruiting provides the life-blood for all in-the-funnel sales activities. Accordingly, recruiting practices need to be aligned with all dimensions of the company's above-the-funnel and in-the-funnel processes to ensure hiring of the right people to achieve the company's goals. Organizational designs should also be aligned with the above-the-funnel and in-the-funnel strategies and tactics, to ensure that the formal organization structure enables optimal performance instead of creating barriers to performance.
- **Compensation and Performance Management:** Simply put, compensation and performance measurement and management processes are the keys to short-term performance of any sales force – what gets measured, gets done. Even more important, goals built into the compensation structure typically drive field sales activities. Compensation and reward structures should reinforce and reward the most desired behaviors, through well-communicated and accurately measured programs. And the treatment of both star and poor performers needs to be designed to send the right messages to the remainder of the sales force.
- **Enabling Technologies:** Technology can be a powerful enabler (or a substantial barrier) to field sales success. Consider the case of the many companies that now provide ready access for sellers to up-to-date inventory status information, and enable sellers to sell by placing and modifying orders instantly in the field. Contrast such successes with the deteriorating performance of competitors that lack state-of-the-art field sales technologies.
- **Culture and Leadership:** Organizational culture and leadership are the final ingredients in sales management – the special “glue” that holds the organization together and gives it life. Insipid leadership at the corporate, regional and local levels will weaken sales force spirit and lead to declining revenue. By contrast, strong and powerful leaders create appealing visions that are consistent with a sound and realistic market positioning, help shape a company's culture, and guide a company's sellers towards important goals.

**5. Sales Process and Methodology:** A company's structured sales methodology should ensure that the sales process and the buying process are well-aligned and calibrated to one another. We assess the following dimensions of a client's sales processes and methodology:

- **Sales Process:** Sales processes do not stand alone – they are surrounded by other inter-locking processes that support and influence the sales function's success. Typically, sales processes need to be integrated closely with CRM and customer service functions – and all three types of process need to be aligned with customer buying processes.

- ❑ **Territory Planning:** Territory planning should occur in a rigorous and structured way to ensure that sales people face the right amount of market potential in each territory, that they identify the highest potential targets in their territories, and that they pursue those potential opportunities in an efficient way to achieve optimal sales results.
- ❑ **Account Planning and Management:** Once a customer's needs and organization are understood, an account planning and management process identifies and capitalizes on value-adding opportunities in a highly structured fashion.
- ❑ **Strategic Opportunity Planning:** It's very important to understand how to navigate effectively through the organizational intricacies involved in complex selling engagements. A sound opportunity management methodology helps to guide sellers through complex buyer decision-processes, qualifying opportunities before investing significant resources, and ensuring a structured and effective approach to the pursuit of those opportunities.
- ❑ **Sales Execution:** Sales execution provides a map of how to get from where you are to where you want to be. It provides an end-to-end series of next steps to follow. End-to-end means from the beginning of a sale right through to winning it. This includes pre-call planning, creating interest, diagnosing the problem, vision processing, controlling the sale, closing, and post-sale tracking. Sales execution is a system of methods that includes tool, job aids, techniques, and procedures that help salespeople and sales teams navigate the selling steps that close more sales faster.

**6. Individual Skills and Knowledge:** Sales professionals and individuals in the channel need to have the appropriate skills in four areas to function well:

- ❑ **People Skills:** Effective sellers of complex solutions are typically "people people." They have very strong capabilities for building rapport with customers, understanding and relating to a customer's individual situation and specific pains. We use a variety of online and other tools to assess the people dimension of our clients' sales forces.
- ❑ **Selling Skills:** Effective sellers have the ability and discipline to consistently use a sales methodology to diagnose customer problems accurately and to navigate the sales process – whether they do so intuitively, or whether they "do it by the book."

In most companies, even the very best sellers can be helped by the implementation of a structured selling process that aligns with how customers buy; the vast majority of experienced sellers require the structure of a formal process to help make their efforts more productive. We evaluate each client's current sales process, to determine the existence of any gaps from cross-industry best practices, and how best to close them.

- **Situational Knowledge:** Effective sellers know the problems faced by their clients and possess a broad knowledge of the customer's marketplace and environment. They combine this knowledge with their people and selling skills and communicate how the capabilities of their offering will address the problems the company is facing. We assess the extent of situational knowledge using on-line and other assessments.
- **Capabilities Knowledge:** Effective sellers are intimately familiar with the ins and outs of their offerings. They can identify which offering components are most important to any specific customer, given that customer's particular issues and pains. They can communicate the key components effectively at the point-of-sale. All too often, however, companies still find that this most basic form of knowledge is the primary breakdown in articulating the value of their solutions. We assess the extent of capabilities knowledge using on-line and other assessments.

## Conclusion

The dimensions of SPI's Sales Performance Improvement Framework™ outlined above represent a comprehensive approach to diagnosing the causes of less-than-optimal revenue growth. Such a diagnosis provides the basis for a systematic road-map that addresses each of the revenue growth drivers — thus improving internal and external alignment, and opening the door to achieving optimal revenue growth.

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