



How Does Your Sales Force Compare?

A Summary of the February Sales Operations Forum

It's harder to close deals. We all knew it—now we have the numbers prove it. Fast-changing market conditions, more educated and demanding customers, and ever tighter budgets continue to challenge every sales organization. Read on to compare your sales effectiveness metrics to others in the marketplace.

The Good News

The 2006 *Sales Effectiveness Insights—State of the Marketplace* study, conducted by CSO Insights, surveys nearly 1300 Sales and Sales Operations professionals. The results convey some good news; 59% of reps are reaching their quota targets. This number is up for the first time in four years, albeit very slightly. Last year the average quota and deal size went up 20% and 33% respectively.

71% of surveyed companies are increasing the size of their sales organization. Spending on training and technology is up; 30% of firms will spend at least \$2,500 on each rep for training. Companies continue to invest in technologies like CRM.

The Bad News

From the Sales Operations perspective, the list of bad news is too long for comfort. Consider these statistics:

- Compared to last year, the average sales cycle is longer by 12%. This number continues to rise.
- 45% of respondents report their sales team's ability to find the right sales targets is "average", and 15% give their reps a "poor" rating.
- 40% of respondents rate their reps' understanding of their customer's buying process as "average." 15% give reps a "poor" rating.
- Reps fail to convert the first customer conversation to a follow-on meeting 49% of the time. Reps fail to convert the first customer meeting into a follow-on presentation 45% of the time. Both these figures are up from last year.
- 67% of those surveyed say their process for win/loss analysis is "average" or "poor."

Although companies are spending more on their teams, process, and technology, results are not reflected in performance indicators, notes Barry Trailer of CSO Insights. Quotas and average deal sizes are up, but quota attainment is essentially flat.

Survey Profile

- 1275 Sales and Sales Operations Executives
- Participants: 62% US Organizations, 38% International
- Breadth of small, medium, and large firms participated
- 100+ metrics tracked
- Assessed role that people, process, technology, and knowledge played in sales effectiveness.

The Ugly Reality

Barry also suggests that too few companies collect metrics to track sales efficiency and to highlight activities that deplete reps' selling time. They also provide an ROI baseline for measuring productivity-tools investment. At the Forum Barry shared metrics revealing some interesting productivity issues.

- "Ramp" time to rep effectiveness is getting longer. 25% of those surveyed report their reps take 12 months to reach full productivity.
- Forecast accuracy continues to be less than 50%. This figure remains constant from last year despite increased spending on CRM.
- Sales teams generate 42% of their own leads, and spend 20% of available time generating leads rather than selling.

According to Barry, investments need to be more targeted. He paraphrases Michael Hammer, the noted reengineering expert, and suggests companies execute an order of magnitude better on one or two, high-leverage goals, rather than aiming to do all things incrementally better.

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Priorities

Given the state of the market, it isn't surprising to see revenue, sales effectiveness and market share on the top of sales organizations' list priorities (see the chart to the right.) It is noteworthy to find "improving communications" and "reducing administration burden" near the bottom of the list.

Participants name their top three sales productivity initiatives for the coming year as the following:

- 1) optimizing lead generation activities;
- 2) optimizing the sales process, and
- 3) aligning sales and marketing. This chart is available in the slide presentation published on the Sales Operations Forum website.

What Benefits Does An Investment in CRM Deliver?

Barry points out that the top three benefits resulting from an investment in CRM do not align with the objectives or effectiveness initiatives companies have indicated as priorities for the next 12 months. Remember where communications and administrative burden fall on the list of priorities. This is a good reason to examine the ROI of your investment in CRM, CSO Insights states. Another reason to analyze the impact of your investment: 38% of respondents report only minor performance improvements resulting from their CRM investment. 18% report no measurable benefit at all.

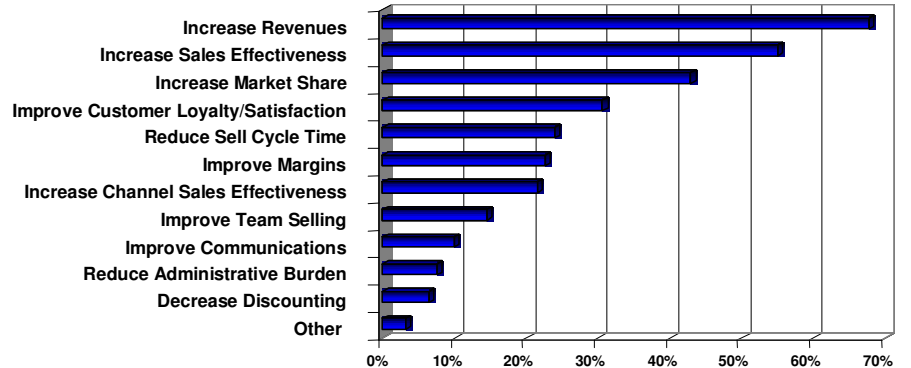
About the Sales Operations Forum

The Sales Operations Forum is exclusively for senior Sales and Sales Operations management. Quarterly meetings include a discussion of relevant sales operations issues and solutions, as well a presentation by an industry expert or panel. Meeting summaries are available at www.kickstartall.com.

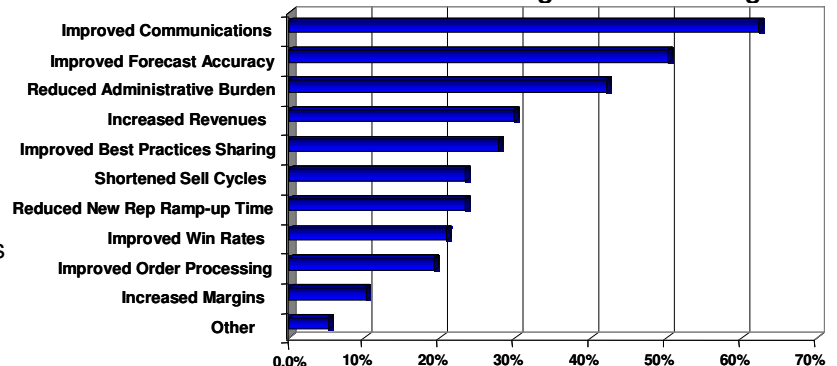
The Forum is managed by Price Burlington, Aspect Software and Alison Chandless, Regional Sales Director of Involve Technology, (formerly of the KickStart Alliance). There is no cost to join the Forum or attend a meeting.

If you are interested in attending a future Sales Operations Forum meeting, contact Alison Chandless to register for our mailing list. (AChandless@InvolveTechnology.com).

Top 3 Objectives For Sales – Next 12 Months



Benefits Resulting from CRM Usage



About CSO Insights

Barry Trailer, this month's Forum speaker and a Partner with CSO Insights, brings over twenty-five years of professional selling experience to this role. CSO Insights is a research firm that specializes in analyzing how companies are reinventing the way they market, sell to, and service customers. **Read more about CSO Insights or order the full study results at www.CSOInsights.com.**

Supporters

The KickStart Alliance, is a team of sales and marketing executives that work with technology clients to provide positioning, lead generation, and sales readiness services. Find out more at www.kickstartall.com. The KickStart Alliance manages the Forum website and registration.

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