Sales Strategy Development
Advanced Sales Management Workshop
June 23-24, 2010

David J. Fritz
President
Growth Solutions, LLC
Naperville, IL
fritz@growthsolutionsinc.com
Sales Strategy

Where does it fit within the Sales Management Process?

I. Right Focus
   • Understand your opportunities and target the most attractive

II. Right Coverage
   • Determine optimal size and deployment of the sales force

III. Right People
   • Select the appropriate salespeople

IV. Right Support
   • Train, motivate, provide tools, and manage
Session Overview
Agenda and Discussion Guide

• What is a good selling strategy?
• Framework for sales strategy development
• Analytical tools to support sales strategy development
What is a good sales strategy?
Characteristics of a well defined sales strategy

- It can be executed by the sales force
  - Syncs with our value proposition and ability to deliver on the promise
  - Underlying goals are achievable given market potential, sales cycle, and the selling resources deployed
  - Readily cascaded down to individual salespeople in ways that they easily understand and care about (e.g., the comp plan)

- When executed value is created for:
  - The company
  - Customers
  - Channel partners
  - The sales force
What is a good sales strategy?

Sales Strategy Defined

What will be sold, to whom, in what quantities, and how?

What goals are essential for the SF to accomplish?

A Plan of Action To Achieve A Sales Goal

Copyright © 2010 Growth Solutions, LLC, used with permission by The Sales Management Association. All rights reserved.
What is a good sales strategy?
Common Sales Goals

- **Revenue** - Absolute $, $ Growth, % Growth
- **Volume** – Units, Market Share, # Accounts, etc.
- **Profit** – GM $ or %, NM $ or %, Product Mix, Price, etc.

Most sales strategies today aim to accomplish multiple sales goals (e.g., profitable revenue growth). The specific type of goals selected are industry and sales force dependent. A good goal has (1) “line of sight” with what the sales force can influence on a daily basis, and (2) is an allocation of the business plan – the sum of individual sales goals adds up to the corporate goal.
A well articulated strategy defines what will be sold, to which customer and prospect segments, how much we anticipate selling to each segment, and how we will cover the addressable market opportunity.
Sales Strategy Framework

Prerequisites to Sales Strategy Development

• Have a value proposition
• Understand your sales potential
• Segment - know with whom you want to do business

Sales strategy ultimately involves making choices and defining a sales focus (e.g., knowing what to pursue and not to pursue). To make good choices, it is essential to know for which customer segments our value proposition will resonate and the corresponding sales potential within these segments.
Sales Strategy Framework
Value Proposition

A good value proposition is:
• Unique
• Compelling
• Honest
Sales Strategy Framework
Sales Potential Estimation

**Total Potential** – the aggregate spend if all potential customers purchased the offering

**Currently Served Potential** – the current dollars spent by purchasers of the offering

**Addressable Potential** – the dollars spent by purchasers where the organization has a value proposition and could effectively compete

**Winnable Potential** – the dollars spent by purchasers that the organization could realistically cover and win
Sales Strategy Framework
Sales Potential Estimation - Illustration

y = 1.211x
R² = 0.7359

A Known Account-Level Variable (e.g., # employees, revenue, mature product purchase)
Sales Strategy Framework

Segmentation

Account Segmentation

Buyer Segmentation

High Potential
Mid Potential
Low Potential

Decision Maker
Influencer
Gatekeeper

Copyright © 2010 Growth Solutions, LLC, used with permission by The Sales Management Association. All rights reserved.
Sales Strategy Framework
Segmentation - Illustration

<table>
<thead>
<tr>
<th>Accounts</th>
<th>New Sales Opportunity</th>
<th>Retention Opportunity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>New</td>
<td>% of Total</td>
</tr>
<tr>
<td>167</td>
<td>$36,688,317</td>
<td>17.8%</td>
</tr>
<tr>
<td>405</td>
<td>$39,054,236</td>
<td>18.9%</td>
</tr>
<tr>
<td>2,508</td>
<td>$93,234,536</td>
<td>45.2%</td>
</tr>
<tr>
<td>270</td>
<td>$19,360,665</td>
<td>9.4%</td>
</tr>
<tr>
<td>348</td>
<td>$9,573,218</td>
<td>4.6%</td>
</tr>
<tr>
<td>666</td>
<td>$8,407,936</td>
<td>4.1%</td>
</tr>
<tr>
<td>4,364</td>
<td>$206,318,909</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Copyright © 2010 Growth Solutions, LLC, used with permission by The Sales Management Association. All rights reserved.
Sales Strategy – ARE Tool
Looking to the Past to Define the Future

Sales Strategy Pyramid

Prospects
Accounts
Customers

Products

- Acquisition – Getting new customers
- Retention – Retaining existing customers
- Expansion – Selling new products/services to existing customers
Sales Strategy – ARE Tool
Looking to the Past to Define the Future

Norm:
- Last Year’s Base: 100%
- Retention: 85%
- Churn: 15%
- Expansion: 15%
- Acquisition: 5%
- This Year’s Sales: 105%

Best in Class:
- Last Year’s Base: 100%
- Retention: 95%
- Churn: 5%
- Expansion: 30%
- Acquisition: 15%
- This Year’s Sales: 140%
ARE Tool - Illustration
What Can You Conclude About This Territory?

[Graph showing trends in acquisition, expansion, and retention from 2005 to 2009]
ARE Tool - Illustration

How Is This Territory Different From the First?
Concluding Thoughts
If Nothing Else, Please Remember:

1. To define/seek to understand the company selling strategy – visual frameworks help
2. To cascade the selling strategy to your area of responsibility and individual salespeople
3. To utilize analytics ... seek the help of Sales Ops
4. Simple strategy well executed trumps sophisticated strategy that’s not executed

David Fritz
fritz@growthsolutioninc.com