The 2009 Sales Dilemma:

How to Hit Higher Numbers with Fewer Resources

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CSO Insights 2009 Sales Performance Optimization (SPO) survey of over 1,800 firms showed an interesting disconnect: During 2008 only 58% of all sales people made their numbers; down from 61% the year before. Yet, in a time when sales performance is dropping, most companies are planning on increasing their revenue targets for 2009. In the following chart we see that 86% of the firms we surveyed said they are raising their quotas for sales people for this year.

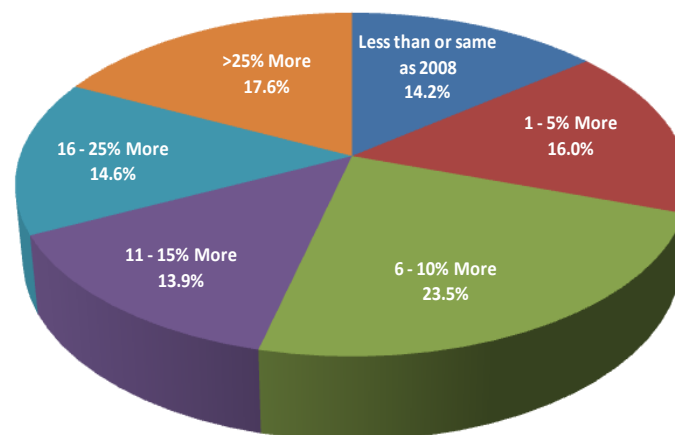**2009 Revenue Targets Compared to 2008**

Figure 1

We find this noteworthy because this is also happening at a time when companies are telling us that they are reducing their budgets for all functional areas, including sales. And one of the areas that they are looking for sales teams to cut back is on travel costs.

This leaves Chief Sales Officer's (CSOs) and their sales teams with the dilemma of how to generate higher revenues in 2009 when the sales organization has access to fewer resources. Through our sales effectiveness benchmarking efforts we have uncovered some insights into how companies are dealing with this issue.

VIRTUAL SELLING NEEDS TO REPLACE PHYSICAL SELLING

Let's first start off by realizing that as we continue selling in 2009, the sales environment has changed; we are now facing unprecedented economic uncertainty, increased competition, and greater expectations on the part of customers. However, *selling* has not changed.

Customers still expect sales people to fully understand their needs and to educate them on how their products or services align to those needs, why this is a better fit than competitive offerings, and what the cost justification is for making purchase now. All this requires that sales reps develop real relationships with the key client stakeholders.

To effectively do all of this, sales people will need help. They are going to have to leverage internal subject matter experts wherever they can – in finance, manufacturing, customer support, executive management, etc. – and bring them into the sales cycle to assist in all the steps in the sales process and close the business.

So what you are asking your sales people to do has not changed. But how do we accomplish all of this effectively in the face of budget cuts for sales support resources and travel? Our recent 2009 SPO study showed that one way firms are doing this is through the use of web conferencing tools.

In surveying companies on the types of technologies they are leveraging for sales, we found that over 50% of all companies are making use of web conferencing tools to improve the effectiveness of their sales people. Let's explore some specific examples of how firms we benchmarked are leveraging these types of technologies to optimize their sales processes.

Comprehensive Needs Analysis and Network Diagram Review
A telecommunications equipment company shared with us how they are now conducting interactive, online need analysis reviews with prospects. They set up a web meeting where the sales rep brings up a spreadsheet model. The sales rep works with the prospect to answer a series of questions designed to determine the prospect's communications requirements.

Upon completion of the interview, the network diagrams come up on the screen, which the sales rep can then share with the prospect to profile how their they can meet their needs, what they would need to do to the network itself, and what it would cost. With web conferencing they now have the ability to cost-effectively do a comprehensive job of understanding the customer's requirements and prescribing a solution – virtually – even if the sales rep is in San Francisco and the prospect is in New York.

Broadcast Quarterly Reviews to Major Clients
Traditionally, a financial services firm we profiled would travel and conduct face-to-face meetings with each of their corporate clients on a quarterly basis. Due to today's economic environment that became cost-prohibitive for them, but in order to maintain solid customer relations, they still needed to provide that level of service, so they moved the meeting from face-to-face to virtual.

Now the firm sets up a time to broadcast the quarterly updates. Customers are invited to participate and have the chance to interactively ask questions as the quarterly results are presented via a PowerPoint presentation. The company is also able to record these sessions so that if someone at the customer site was unable to attend the live session, the entire broadcast is available for replay.

Virtual Software Demos
A third area where we are seeing companies use web conferencing is doing virtual demos. We interviewed a CAD/CAM software company that has a software application for engineers to do 3D models of the products they are working on. To show the ease of use and the power of their

system the vendor needs to show these engineers how they would apply the software to the tasks they have at hand.

They set up web-based demonstrations where they also involve in-house experts (depending on the type of project the client engineers are involved in) and have them initially demonstrate the software interactively. Control of the system is then turned over to the prospect so they can use some of the key features and flexibility of the software in action.

Online Project Planning / Deal-Closing Sessions
Finally, we are still seeing virtual meetings used all the way through the sales cycle. One UK laser manufacturer has found that they are able to shorten their sales cycle by having multi-participant, online meetings to close deals. When they are down to the final discussions on topics such as what equipment will be ordered, what terms and conditions might need to be renegotiated, and how pricing needs to be adjusted, they handle all of these issues via the Internet versus face-to-face.

Again, the sales reps are able to orchestrate the web meeting to bring in the right people from both their firm and the prospect's to access, review and modify the legal documents, pricing plans, shipping schedules, and so forth that are required to get the contract completed.

IMPACT OF SELLING VIRTUALLY

As part of our study, we asked firms who are using web conferencing technologies to share with us what kind of impact they saw this having on sales. Was it helping; or was it hindering their ability to sell? The vast majority stated that this was a very effective method for conducting business with clients.

The net of our analysis is that virtual selling provides a return on investment is two ways: You can effectively conduct many if not all of the steps in the sales process, and you can do so in a more cost-effective way than always having to travel to the client site.

Interestingly enough, not meeting face to face also has a productivity impact. Typically when someone is traveling they may be able to meet with one or two customers in a day, based on the logistics of getting to the customer site, meeting with people and traveling to the next site. Companies doing virtual selling are able to make five, six or seven web-based calls per day.

Web conferencing not only increases the productivity of the sales rep but it also shortens the sales cycle, as we are seeing decreases in the number of calls and time required to close a deal.

To make our numbers in 2009, new innovative thinking will have to be applied to how we sell. Web conferencing is proving to be a key way to improve both the efficiency and effectiveness of sales people.

To the roughly half of all firms who are using this technique to sell, we suggest looking to expand that utilization into other areas. For the other half of sales organizations who aren't leveraging this capability, we ask: "What are you waiting for?"