



# SALES

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Where Strategy Goes to Die

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**C**orporate strategy, conceived in the boardroom, most often dies when handed over to a sales team on the front lines.

The most thoughtfully formulated growth strategy will fail if the sales organization can't execute that strategy in real time. In order to prevent the perversion of strategy, CEOs must take the lead in translating big-picture strategy so that sales teams can both understand and implement that strategy as intended.

Too often, communication from the C-suite to sales is focused entirely on numbers and the need to increase them, which sends a clear, though sometimes unintended message: any revenue is good revenue. When that happens, the strategy is subsumed in favor of short-term and sub-optimal sales that create a cascade of organizational problems. It's also vitally important for chief executives to recognize that a client or prospect's interaction with your sales team is the first mile of the customer journey.

C-level leaders need to deliberately shape their sales organizations to deliver on both the strategy and the promise of a highly valuable customer experience. Because what many executives don't understand is that sales is strategy and most revenue shortfalls are failures of leadership and not of sales.

## **Revenue shortfalls are leadership issues, not sales issues.**

If CEOs don't actively focus on driving the execution of their business strategy through the sales organization, they render that strategy useless, no matter how good it is. The company's strategy originates with the CEO but it dies, often painfully, on the front lines. It perishes in the presence of your clients and prospects when they interact with sales professionals.

When it dies, it takes along with it the opportunity to earn a new client, expand existing business with another, or provide your optimal product/service mix. Without strategy as their guide, your sales team will tend to overinvest in prospects that don't represent your target market and will not deliver meaningful revenue or margins. As the strategy dies, the growth it was intended to create dies along with it. Addressing the issue can't be delegated to the VP of Sales or HR. With no disrespect to those hardworking and talented professionals, their roles just don't have the wide-range of responsibility, influence, and fiduciary authority needed to effectively lead change across the organization. CEOs who want to increase the top/bottom line in their business need to fundamentally reevaluate strategies for their sales organization, and provide the leadership that will drive revenue growth.

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# Predictable Failure Points: Where It All Goes Wrong

Growth strategies always seem destined for success when formulated in the boardroom. And when they later fail, we often hear that they “weren’t properly executed.” Execution on strategy is one aspect of the five predictable failure points for companies trying to achieve revenue growth:

**Pragmatic implementation of strategy by the sales organization is an afterthought.**

I’ve asked hundreds of sales professionals about the extent to which they understand the company strategy, and whether or not it has any influence on their actions. Fewer than 25% say yes to both understanding the strategy and acting on it. The sales force needs to understand strategy in practical terms that inform daily decisions about vetting/qualifying prospects matching your ideal client profile, prioritizing opportunities within your target markets, and maximizing the capabilities you’ve invested in to differentiate your offerings. Without a real-world understanding of your strategy and its application, you end up with a sales organization pursuing a strategy of “just sell more”, where any revenue is good revenue.

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## **Many CEOs don't understand the complexities of contemporary sales.**

Even with the ubiquity of solution selling approaches, it is still a common belief among CEOs and other C-suite leaders that selling is kind of an art that is best done by charismatic or extroverted people who are "hungry." That, as the Wall Street Journal reported about a year ago, "people are either born to do it, or that anyone can do it." I call this AVOSS, Anachronistic View Of Sales Syndrome.

Depending on which database for Fortune 1000 CEOs you access, the numbers suggest that between 70-80% of CEOs developed their foundation of expertise in operational or finance roles. Of CEOs in the S&P 500, the top 3 career paths are finance, operations and marketing. Sometimes, marketing and sales are lumped together and within certain surveys, 20-25% of CEOs come from those disciplines. I'd assert, based on my experience working with large companies, that only a single-digit percentage of Chief Executives have actually worked in front line sales and sales management as they climbed the corporate ladder to broader leadership roles.

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## **Typical measurements of sales performance and effectiveness are insufficient.**

There is a big difference between measuring to prove and measuring to improve. Tracking results for revenue, profit, and other outcomes of sales performance is clearly necessary to report on the results achieved. But measuring sales performance requires more than reporting on the results that have occurred. When I review the metrics that companies pay attention to, their focus is heavily on lagging indicators, the financials and metrics that confirm what happened last month or year. There is little attention given to leading indicators that portend successful results. Things like increased pipeline values from bona fide prospects, and advances or key milestones in a clearly defined sales process.

These indicators of future success are unquestionably harder to pin down on a spreadsheet. But that's what makes choosing the right metrics to measure so powerful. The purpose of these metrics is not to prove something has already happened, but to improve effectiveness and accelerate future results. All metrics are judgments in disguise. So, determining the factors or measures throughout the sales cycle that have a significant influence on success, will provide very useful information about progress and better predict results on the horizon. Measuring a few strong leading indicators can provide the insights needed to accelerate sales performance without sacrificing strategy.

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## **Tracking and reporting of results takes priority over improving results.**

I learned during my first stint as an EVP of sales that you can't manage numbers. People can be managed, and they can perform differently and better depending on how they are led. But analyzing and reviewing the sales forecasts does little to improve those forecasts. It keeps leaders very busy and provides a false sense of control and influence, but the truth of the matter is, moving around numbers on spreadsheets to project results has little impact on changing outcomes.

Executives, driven by their desire to achieve growth goals, are often notorious in a sales organization for wanting forecast updates. Data at each level of the business, from front line reps to the EVP of sales, is aggregated throughout the business, making stops at each management level to be adjusted. "Can we get a little more out of this deal?" or "Is there a way we could pull business forward in to this quarter?" are common refrains. On the face of it, there is no problem with tracking this information, and it's necessary to manage the business. But it usually devolves to a pure inspection effort that produces little value in terms of growth or implementation of strategy for the business. Most importantly, if this exercise is the only hands-on involvement that senior managers and executives have with the sales organization, then strategy will never drive sales.

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## **Inexperienced sales staff are assigned to handle the company's most important asset: customers.**

Because the customer experience is critical to implementing a growth strategy, senior executives have to consider the importance of who gets to interact with clients. This is be done by deliberately shaping and structuring the sales organization to ensure that clients and prospects interact with only your top talent.

I've never been able to understand why an organization would assign customer interactions to some of its least experienced people. Many professional services firms understand why this approach doesn't work and act accordingly. They keep their least experienced team members behind the scenes supporting implementation, while senior staff and partners take responsibility for client management. The reason for this is simple. They understand that the interaction between company and client makes a critical difference in the acquisition and expansion of their business. McKinsey reports that the interaction between buyer and seller represents around 25% of the decision, and I think that figure is low. In a market where competitive options reduce most capabilities and products to a commodity, the customer's experience during the selling process is THE difference maker. But if a sales staff is too junior to make that process valuable to a potential client through insights, ideas for solutions, and adding new perspectives to the conversation, they have to rely on likeability or assertiveness to the point of being pushy to make the sale. When that happens, the first segment of the customer experience is average at best and counterproductive at worst.

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# A New Vision for Revenue Focused Leadership: Do This Now

If your business is continually fighting commoditization, or in danger of flattening or declining revenue and margins, then it's time for executive leadership to take action. There are seven areas where CEOs can focus their leadership efforts to drive revenue growth.

## **Start with strategy.**

A mentor of mine, Neil Rackham, used to say "If words could sue for defamation, Strategy would be making it's lawyers rich!" Strategy has an unlimited number of definitions, depending on whom you talk to. The thoughtful work of incorporating your strategy into a daily operating system for the sales organization is yours to do. By all means get input and help from key members of your team, but it can't be delegated and it should never be an exercise in consensus. The strategy ought to explicitly define priorities so that it influences decisions made in the field every day, from resource and time allocation, customer attention, internal collaboration, and even which capabilities are emphasized with prospects and clients. If I were to ask your sales team how much your strategy influences their daily activities, I would hope to hear things like: "It helps me determine the opportunities I actively pursue." Or "I use it to connect client needs to our most powerful differentiators and provide solutions."

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## **Tell a different story about the role of your sales organization.**

It's no surprise that communicating this strategy throughout the organization is vital. That won't happen effectively through email and PowerPoint slides. You'll want to figure out where AVOSS is permeating your organization. What kind of language are people using when they talk about sales? What story are they telling? What counterproductive beliefs are holding people back? Then redefine the sales organization responsibilities with a focus on the value created for customers and the role of sales in creating your customer experience. You could even go as far as creating a list of phrases to ban, e.g. "salesy," that suggest selling is inherently negative. The language we use in organizations matters and don't kid yourself by thinking it isn't important. This isn't about title inflation or Politically Correct Business-speak. It's a wholly different way of thinking about the sales process as the critical first exposure in your customer experience, and integrating the sales function as the "nosecone" of your business.

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## **Change counterproductive processes for improved customer outcomes.**

The linchpin for success in changing processes is the adoption of a mindset across the company that every job contributes to the acquisition or servicing of clients. While sales is at the forefront reaching in to the marketplace, there are many other functions that determine just how successful sales results will be. Lone Rangers in sales are a dying breed, and most client success stories involve people outside of the sales team. CEOs obviously won't identify and change each process at a granular level. But as the executive, you'll drive the mandate to make processes and systems that support sales as frictionless as possible, and ensure the mechanisms by which people interact with sales reinforce the right messages.

For example, marketing collateral shouldn't just focus on your product's features but should include information on how the product is helping the client do a job. There should be ongoing feedback loops from sales to product development and implementation support functions, so that rapid adjustments can be made to address concerns of customers and those who aren't buying from you. There are also plenty of processes within sales itself to change as well. None of this is to say that sales professionals need to be catered to as prima donnas. Rather, that collaborative efforts within the company are vital to success with clients and that teamwork has to exist between and among all groups. In driving for results, we first have to focus on process.

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## **Focus the sales organization on creating value beyond the products and services you sell.**

While the concept of consultative or “solution” selling is decades old, it’s surprising how few salespeople (even very sophisticated high-level sellers) do it. I’ve observed over 1,000 sales calls, and I still hear more old-school pitching than in-depth discussions about the client’s needs. Unless your strategy is to be the lowest cost provider, your sellers need to do more than communicate the advantages of your products and services; they need to be part of the advantage.

A sales organization that creates value in the sales process and becomes part of the company’s competitive advantage is an important piece of the revenue growth puzzle. Consultative selling requires having deep conversations about the client’s objectives, and providing insights about problems and opportunities they may not have recognized — and how the seller’s solution can help. This isn’t a new idea but it is still not the default setting for most sales professionals, and it needs to be.

Don’t assume that just because you’ve shared your company’s strategy with the sales team and done some training that sellers will effectively incorporate this idea into their sales approach. You’ll need to work directly with sales leaders and their teams to help them see how their decisions, focus, and specific behaviors make this strategy succeed or fail.

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## **Build sales capability through a culture of coaching.**

When I speak with groups of sales leaders sometimes I'll ask them, "What is the job of the sales manager," and a common answer is "to make their numbers!" When I follow that by asking about the job of the sales person, I inevitably get a large part of the group giving me the same answer, "to make their numbers!" It's absurd to believe that these two very different jobs should involve doing precisely the same thing. Certainly both reps and managers contribute to achieving the numbers, but their job functions must be fundamentally different if revenue growth is the objective.

Sales managers coach and prepare the people working for them to perform at their highest level. Similar to any athletic competition, coaches coach and players play. If a significant part of the role isn't dedicated to developing the talent on the team, then why have a manager? Plenty claim to coach. A lot. But when asked about how much coaching they receive, direct reports suggest otherwise.

In a survey I conducted a few years ago with the sales organization of a Fortune 500 telecom company, leaders reported that they spent a considerable amount of time coaching their direct reports, and scored themselves high on their efforts— on average, just shy of the 80th percentile. Direct reports responded by saying that they'd received little to no coaching from their leaders and scored them low — on average around just the 38th percentile. Major disconnect, right? You can't just declare, "We shall have a coaching culture" and expect it to happen. Establishing a pattern of requesting information and updates on progress isn't coaching either.

CEOs need to redefine the roles and responsibilities of sales leadership to prioritize building sales capability. That requires allocating attention, metrics, and time to developing sales talent. It's critical to establish performance standards and uniform expectations, provide resources, and incentivize successful results. This is not only about sales managers coaching sales professionals. Directors ought to be improving the performance of managers, and Vice Presidents the same for Directors. It seems the further up the hierarchy you go, the less is done to develop sales leadership talent. Our coaches need coaching! This effort is especially important for sales, considering most professionals in sales leadership roles came up through the ranks of sales as top sellers—not top developers of talent.

It's tempting to hand this off to HR since they deal with development, but that's a mistake too because a culture of coaching won't happen because of classes or programs. Executive leadership must drive this change as a strategic imperative.

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## **Celebrate exemplary behavior.**

Recognizing great results is powerful, but recognizing the way people performed to get great results is stronger when the goal is improved performance across the business. That's because there are so many variables that influence the results achieved. Recognition and rewards can help you highlight the actions, behaviors, and strategies that frequently yield success, or represent your desired approach to the business. You still want people to be deeply committed to the outcomes and results they need to achieve, and by recognizing the methods, behavior, or mindset that achieved those results, you create an environment where high performance thrives.

I've seen organizations recognize tremendous performance for gaining access to legitimate buyers, and provide additional incentives for sales that are in sync with the business strategy. When you recognize specific efforts and people doing the right things (not just results, but particular actions and observed contributions), on a routine basis, it's amazing to see how quickly those strategy-oriented behaviors are copied.

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## **Rethink your frontline of customer contact.**

Recognizing great results is powerful, but recognizing the way Unless you simply need sales professionals to make a basic level of friendly human contact, interacting with paying customers is too important to leave it to beginners. Executing the strategy of creating value as part of the customer experience in the sales process isn't likely to succeed with novices taking the lead in client relationships. This isn't only about tenure since there are plenty of sellers with years of experience, that don't provide exceptional value to customers beyond responsiveness and a pleasant relationship. It requires expertise in how your company helps to improve your client's condition and proficiency with the communication disciplines of consultative selling.

Reimagining the requirements to be a sales professional is the starting point for a fundamental shift in the function of sales within your company. Sales has always been recognized as the revenue generator, but remember that sales plays a critical role in customer experience. You want your strategy in the hands of a sales team whose depth of understanding and nuanced ability to engage with clients sets the right tone.

CEOs can reshape the sales organization to deliver excellence on the first leg of the customer experience. For junior staff, competencies can all be gained through apprenticeship opportunities assisting top sales performers, functional rotations in customer support or marketing roles, and/or a rigorous development program with a lot of management support. Or, you can hire people from other companies who are already successfully doing precisely what you need them to do. No matter what, don't put your qualified prospects and customers in front of neophyte sales people. Let them make their mistakes, understand how to create value, and learn in an environment where your revenue isn't on the line.

## **I'll say it again: sales is strategy.**

Don't assume that just because you've formulated and shared the company's strategy, that along with some training the sales team will be able to effectively execute it. As the senior executive of the business you must provide the vision, focus, and leadership, to drive the necessary changes in the sales organization that will bring your growth strategy to life.



### **Scott Edinger**

Companies like AT&T, Lenovo, McDonalds, and The Los Angeles Times, hire Scott Edinger because they want to grow. Scott works with senior leaders to develop strategies and execute approaches that achieve increased top and bottom line results. As a consultant, author, advisor, and speaker, he creates positive change for clients, and is recognized as an expert on leadership for revenue growth.

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