

A winning sales strategy

A sales strategy is a plan to achieve a sales goal and is what directs the selling activities of a start-up business (and in fact any business).

Selling is crucial to the success of any business but it must be orchestrated to deliver success, which is what the sales strategy does.

A sales strategy is therefore a must for every business; every business needs a sales strategy.

Creating a winning sales strategy means knowing the answers to the key questions:

- “What is a sales strategy?” and, following on from that question, “Why have a sales strategy?”
- “What are the key building blocks of a sales strategy?”
- “How do you build a successful sales strategy?”

What is a sales strategy?

One of the observations I’ve made from my time working in a variety of sales driven organisations and as a sales director is the positive impact a well-constructed sales strategy can have on the performance of the business.

In its simplest definition a sales strategy is a plan to achieve the sales goal or ambition of a business.

The sales strategy describes how a business will win, retain and develop customers. In ‘lean start-up’ terminology it is referred to as the ‘customer development strategy’. The lean start-up is an approach that is different to the traditional approach to starting a business, as the lean start-up favours experimentation over-elaborate planning, customer feedback over intuition and iterative design over grand up front design development.

There is an important point that I want to make from the outset and that is a sales strategy is different from marketing strategy. A marketing strategy is the overall approach to marketing products. More specifically, it is how you build a sustainable competitive advantage for the company’s products through positioning and differentiation by managing the marketing mix of the 7 Ps. A sales strategy is more about how you win, retain and develop customers. Of course, the marketing strategy goes hand in hand with the sales strategy, as it enables achievement of what is ultimately the most important target: the sales goal.

The sales strategy is a blueprint for success in developing sales.

Why have a sales strategy?

Without a sales strategy the company’s customer facing people including the people employed in a sales role will struggle to obtain the focus needed for successful selling.

Without this blueprint the company has no view of where it wants to get to or how it will get there. If you don’t know where you’re going then all roads will take you there, but sadly not all roads lead to success and that is placing the business at risk.

The important message is that every business must have a sales strategy if it is to grow. Without a sales strategy don't think that your business will grow, because it won't.

A sales strategy is particularly important in addressing six common business challenges. These are:

1. Stagnant sales revenues

A sales strategy is indicated when there is a performance gap that needs to be addressed.

2. Merger of sales forces

A sales strategy is needed to align the sales teams and have them following one strategy.

3. Start-up of a new venture

A sales strategy is pivotal to getting sales started and realising the ambition of both the founder and investors.

4. New product introductions

A sales strategy is needed to deliver the expectations set by management. This is particularly important when we see that success is increasingly determined by new products.

5. Launch of a new competitor

A sales strategy needs to be put in place to counter the threat of new competitors. A successful sales strategy helps in arming the sales team with the means to deal with customer questions, as well as reinforcing the sales value proposition against the claims brought by the new competitor.

6. Expansion to new markets

A sales strategy is needed when the company is diversifying and expanding e.g. from domestic to international or from the public (government) funded hospital sector into private hospitals. This is driven by Ansoff's product market analysis.

When creating a sales strategy be clear as to which challenge(s) you are addressing.

What are the key building blocks of a sales strategy?

A winning sales strategy has eight key elements or building blocks. This is true for B2B and B2C selling. I'll be focus on B2B selling and feature the example of Firefly Clean Energy, a manufacturer of solar powered generators based in Sussex. You can view their website here:

www.fireflycleanenergy.co.uk/

1. Goal and objectives

The first stage of any sales strategy is to know the goal of your business. In other words, you need to be able to explain what exactly you want to achieve in both the short term and long term and answer what your overall aim for the business is.

For Firefly Clean Energy, it might be 'We want to become the UK's leading supplier of solar powered generators by sales within three years'.

The key requirement of good quality goals is that they need to be quantifiable and measurable to such a degree that it would be easy to recognise exactly what is wanted and to be able to know if it has in fact been achieved.

In my work I often see goal statements like 'We want to become a top supplier'. This is too vague, as the actual detail has not yet been quantified and it would be difficult to measure what is meant by 'top'. Do you mean in your market sector? And what would be the measure? Would it be sales, profit, market share, growth, customer satisfaction?

The more quantifiable and measurable the company can make its goal, the better the company can devise and implement a plan of action that will be needed to achieve the goal.

Objectives are the bite size deliverables of a goal that when completed will deliver that goal. For example an objective might be 'We want to achieve sales of £1m this year'. Like the goal, objectives need to be quantifiable and measurable.

A methodology that is often used to define goals and objectives is the SMART methodology:

Specific: What do you want?

Measurable: How will you measure success?

Achievable: Is it realistic and can it be done?

Results Orientated: Will it produce the required business results?

Time Bound: When will it be done?

Once the goal and objectives have been decided, the next stage of a sales strategy is to give some thought to the customer the company will sell to.

2. Target market

This is where you need to decide who in fact will buy your products and services. In other words, "Who is the target customer group?" and "What is the profile of a typical customer?"

An example of companies selling to businesses could be for Firefly Clean Energy construction plant hire companies, such as Agrekko, Ashstead and Speedy Group. These companies buy equipment and rent it to construction firms, local authorities, festival and event organisers.

If the company is selling to consumers then the question to consider is "What is the demographic profile of your consumer?" The term is used in marketing to describe a demographic grouping or a market segment. This is normally defined in terms of age bands (as teenagers do not wish to purchase denture fixant), social class bands (as the rich may want different products than middle and working classes and may be willing to pay more) and gender (partially because different physical attributes require for example different personal care and clothing products, and partially because of the male/female mindsets). As such, an overall demographic grouping might be 'the fashion conscious 25-35 year old professional female'.

In addition the company will need to know the buying behaviour of its customers.

This is when you need the help of the six wise (wo)men. I take them everywhere with me. They are taught me everything I know. Their names are: what, where, when, who, how and why?

Once the company knows the answers it can concentrate all its efforts in the right direction on the people that will buy and decide how it will approach them and with what sales value proposition.

It is important for the company to know who it is selling to at the microlevel.

For a B2B supplier like Firefly this could be the CEO, operations director or purchasing manager. In this case there it likely to be more than one person that the company will sell too. They are the budget holders, decision makers, professional buyers and users.

In the current tough business environment and economic conditions we are experiencing changing buying behaviours where in addition to seeing more people involved in making the decision we are seeing most decisions requiring a business case, procurement obtaining competitive quotations and decisions often taking longer, which can result in sales stalling.

In selling to business customers you will need to know their specific needs, which are broadly classified into professional needs, organisational needs and personal needs.

The organisational needs arise from a range of challenges the customer will be facing, which in turn will be directing them to ask specifically:

- "Can you save me time and/or money? And can you create efficiencies that will save me time and/or money?"
- "Can you increase my revenue or profit?"
- "Can you increase the value of my brand?"

Similarly, where the company is selling to consumers it needs to understand the pains consumers experience that make up the demographic profile and be aware of the questions they want answered:

- "Can you improve my life?"
- "Can you save me time and/or money?"
- "Can you increase my income?"
- "Can you make me feel better about myself/improve the way I'm perceived?"

3. Products and services

The successful companies are those which are preoccupied with building the best products and services that meet the needs of their target markets.

What are you selling to the target market? What is key among the questions is “Why would the customer buy what you are selling?”

The sales strategy must articulate the sales value proposition. The sale hinges on the strength of it.

What is the sales value proposition? It is ‘a statement of benefits that fulfils the needs of customers and delivers value for the customer and the company’. This is covered by a separate article in the series.

4. What are the competitive advantages?

Now that the company knows who its potential customers are, it needs to determine its competitors which are selling to its customers.

The key question is “What are their strengths and weaknesses?” as it is these strengths and weaknesses that the company will need to sell against and exploit.

There will always be competitors. It is naïve to think there are no competitors.

It is important to know “Why did the business previously choose the competitor?” or “Why might they choose the competitor?”

Also you need to know “What are your competitive advantages?” and “How are your company’s products better/cheaper/faster?” because the company will be selling head to head. Prospective customers will ask you numerous questions: “How are you different?” “Why should I choose you?” “What is in it for me?”

The message here is that the company needs to know its current and potential future competition.

5. Route to market

How do you reach and sell to your customers? Will this be direct, via channel partners or through the internet? Or a combination of all of the above?

Going direct is a model used by many manufacturers and of course retailers. If you are going the direct route, will this be via a field based sales team, email, telesales or trade shows/exhibitions and similar events?

Employing a sales team is common in all industry sectors including automotive, business software, industrial products and pharmaceuticals.

Telesales can be effective in business-to-business for new and repeat sales, but generally has a low conversion rate.

If you are a manufacturer, you might want to sell through an intermediary or channel partner. This could be a reseller such as a retailer or local distributor for international markets.

The internet and the company website has grown phenomenally as a route to market. It is seen as a relatively inexpensive route to sell to the customer, with on line selling/purchasing now well established and predicted for many goods and services to be the predominant route to market. Social media also helps to attract and direct customers to the company website.

6. Selling process

The selling process is the collection of activities that bringing about a sale. There are typically five steps involved in the selling process, which begins with prospecting – this is about generating leads, approaching, presenting, closing and following up.

Presenting your 'sales value proposition' is the heart of the selling process.

An important part of the selling activities is the face to face engagement, which in B2B selling is known as the 'critical hour'. Why? Because many first time meetings take about an hour. This is a phrase coined by Russell Ward who described the five competencies needed to succeed in that hour in his book 'High Performance Sales Strategies'.

The critical hour is weighted with vital importance in that it determines the future of the relationship with the customer.

7. Resources, skills and capability

This is all about what resources (e.g. sales time and money), skills and capabilities (e.g. sales planning and key account management) are required to sell, where accounts are managed on the basis that they are of strategic importance to the business and are selected accordingly.

How will you develop and improve the skill and capabilities of your salespeople? The assessment of the effectiveness of selling skills and training is provided by a mix of 'on the job' and externally provided professional training.

8. Sales management

Some of the key areas that the sales strategy needs to address is in regard to sales management.

How is the sales target set?

Is this top down, bottom up or by negotiation? The latter is the best way to ensure commitment by front line staff and management.

However the sales targets are set, the company needs to decide and communicate sales targets at both team and individual level. These should cover precise performance targets and how these are to be achieved.

How is the sales performance reviewed?

This is all about measuring. It is important to determine what is measured. There are six main measures: sales by period, sales by product, channel (lead source), sales per order, new versus existing customers and sales by previous marketing activity (such as a past search engine marketing campaign).

Also the company needs to decide and communicate how often sales performance will be reviewed. Typically sales are tracked daily and reviewed in detail each week or month. Sales meetings are held for this purpose.

How is coaching provided?

Coaching is essential to ensure continuous improvement and high performance. For the sales team coaching should be provided by the sales manager on the job and by external professionals as required.

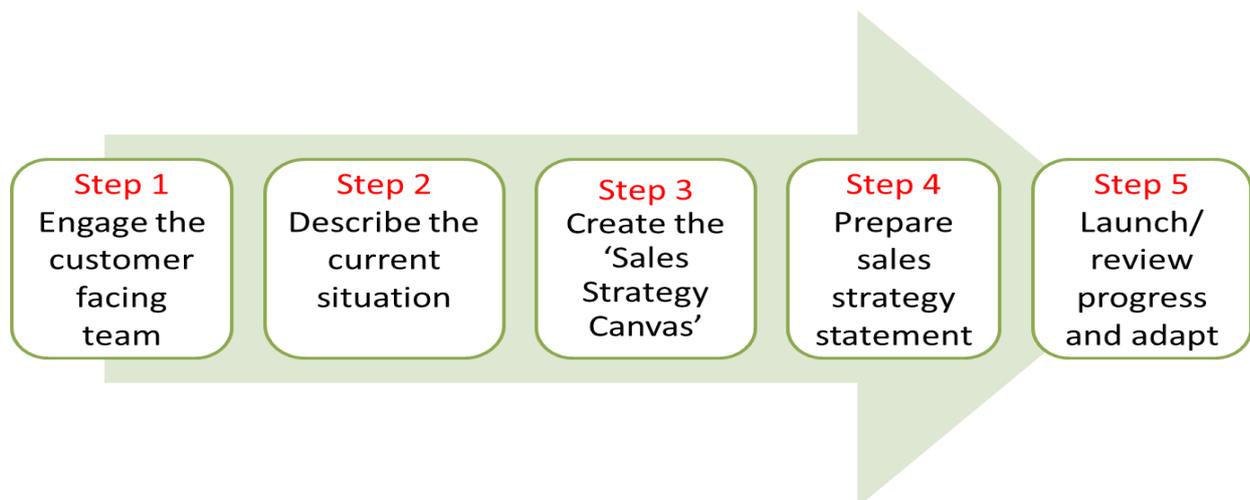
In those companies that employ sales people it is important to incentivise them and so it is important to formulate and work with performance incentives. Most commonly these are in the form of a bonus and/or commission schemes.

For sales people that are paid a salary, a bonus scheme is the most appropriate. There are many types of bonus schemes, which all serve to pay out an amount of money to the salesperson who achieves and outperformed his/her sales target, usually on a sliding scale and subject to other conditions being met.

These then are the key elements of the sales strategy. The sales strategy is built up much like the business model using a canvas which serves to illustrate how the building blocks are connected.

How do you build a successful sales strategy?

There are five steps to building a winning sales strategy.



These are the five steps:

1. Engage the customer facing team

In preparing your sales strategy you need to engage all who are customer facing. They will all have crucial insights into sensing, serving and satisfying customers. The team under the leadership of the sales manager (director) will be responsible for developing and launching the sales strategy.

2. Describe the current situation

The next step in developing a sales strategy is to describe the current situation. It is important that you understand the current situation which means knowing the answers to a range of questions. These include: "What is selling and what is not?" "How much and how well are you selling?" "How you are prospecting?" "Why do customers buy from you and why do customers not buy from you?" "Who are your competitors?" and "How do you reach your customers?"

3. Create the sales strategy canvas and define the key aspects

The sales strategy canvas is a visual tool that helps you develop a sales strategy and monitor its impact.

In a group session, working with those who are customer facing, you should next define and record the key elements of the sales strategy on a canvas in much the same way as you would the business model and of course this is part of the business model.

During this step you should define the period covered by the sales strategy. This is normally 12 months, but can be longer.

4. Prepare the strategy statement

From the sales strategy canvas you will proceed to prepare the sales strategy statement which describes the goal and selling activities that the team will follow and will be included in the Marketing and Sales Plan section of the Business Plan (as described in a previous article on the HCFE website, 'A great business plan').

5. Launch and review progress

The sales strategy is usually launched at the beginning of the financial year and is reviewed regularly, normally every month. Changes are made depending on the feedback from the market.

Let's have a look at what a sales strategy canvas looks like this time using the example of Pobble, an education company that addresses the serious problem faced by many countries of declining literacy standards in primary schools. Pobble's approach has been shown to raise literacy standards by teaching children creative writing and showcasing their writing to a worldwide audience via its digital platform.

This is what a sales strategy canvas looks like for Pobble:

Sales Strategy Canvas



Pivotal to the success of the sales strategy is sales management delivered by the three activities meeting monthly, measuring the six key metrics and 'on the job' coaching.

The Pobble sales team meets monthly and during the meeting the team review sales, share experiences (both successes and disappointments), discuss individual customer sales plans and realign where necessary, evaluate the pipeline (focusing on those that are targeted for closure in next month) and set out the plan for the next period. In doing so, the team are always learning from, motivating and supporting each other.