



## ASSESSING GROWTH POTENTIAL IN DUE DILIGENCE

### *Sales Best Practices Audit*

An assessment of growth potential can tell you if a company has the customer insights, talent, processes, programs, and technology necessary to operate a highly functioning sales engine. The right industry expertise and operational savvy applied to generate such a report or its equivalent in the due diligence phase exposes the hidden risks and strengths of the opportunity and confirms or invalidates the investment and ability to deliver on the value creation plan.

SPI's Sales Best Practices Audit provides answers to the following key questions and more.

#### **Customer Insights**

- Do they have the customer, competitor, and other industry intelligence to really understand their markets and what would it take to be successful in each?
- Do they have clear and well-defined customer personas prepared?
- Do they have a solid sense of the buyers' journey for each customer persona they intend to target, or do they just opportunistically capture business or wait for "the phone to ring".

#### **Talent/Organization**

- Do they have the right sales structure for where the business is today? Is it effective? Can it scale? Do they understand what it would take to scale their commercial engine and where to invest for the highest payback?
- How effective is the key sales leadership? Do they have the talent to scale and grow the business to the level envisioned in your investment thesis?
- Do they have the right people with the right experience on the team?

#### **Operations and Enablement**

- Do they practice effective account management?
- Do they follow a clear sales planning process with pipeline management and forecasting?
- Are they effectively leveraging a CRM?
- Do they have the right data and are they using it effectively?



## SPI SALES SYSTEM APPROACH



The SPI Sales System approach is aligned with how Best-in-Class B2B selling organizations develop strategies and measure results. Best-in-Class (BCSO) sales organizations know that effective sales strategies begin with and are centered around the CUSTOMER: knowing who they are, what they do and why they buy from you.

At SPI, we use the six elements of the sales system as our lens to look at the world.

The first layer around the Customer is what we refer to as **Customer Management Strategies**. This is where BCSO align their strategies with customer

needs, GENERATING OPPORTUNITIES by developing consistent criteria for which opportunities to pursue; and then differentiating themselves based on unique strengths and knowing what customers want to fix, accomplish, or avoid. They then PURSUE DEALS by developing strategies, aligning resources, and identifying key players; and then manage and GROW RELATIONSHIPS by treating strategic accounts like corporate assets, investing in these strategic accounts like they do with their own people, and add value to their clients' business by joint planning and focused investments.

The second layer beyond the Customer is what we refer to as the **Business Management Strategies**. This is where BCSOs look to their own internal framework to see that they have the right people and support programs in place by knowing their people and what differentiates their high performers, having distinct processes and tools and the right people in the right places; they look at whether they have support to enable processes and policies to drive consistency; and they carefully link key change initiatives to maximize success. And finally, management in the best sales organizations rigorously execute strategy, they benchmark themselves and strive to do better and they create metrics and track against them to make good decisions.

### Our Sales Best Practices Audit

Our Sales Best Practices Audit begins with a set of questions derived from the best practices we have observed in the organizations we work with as well as through our analysis of emerging trends business-to-business (B2B) sales. The audit is organized and analyzed by the following elements of our sales system:



## *Customer Management Strategies*

### **Generate Opportunities:**

*Targeting and gaining access to prospects, scoping their needs and qualifying opportunities*



Regardless of their role, all sales professionals are tasked with generating their own opportunities. On average, sales professionals typically get 15 to 25 percent of their leads from marketing; the rest they must generate for themselves. The majority of attention is paid to new account acquisition, but for sales professionals with existing clients, creating new opportunities requires a different strategy and messaging. Cross-selling existing capabilities into a new division, or to a different customer business

unit, combines attributes of new-account prospecting with various nuances of account management. Introducing new capabilities or products to current clients or upselling larger, more comprehensive solutions requires distinct skills, tactics and strategies.

### ***Top Initiatives for Increasing the Number of Qualified Opportunities***

- Are Sales and Marketing aligned in what their customers want and need.
- Do they have a formalized value proposition that is very compelling to their prospects.

### **Pursue Deals:**

*Allocating resources to qualified opportunities and managing the sales process through closing*

While much has changed about the way customers and prospects acquire information, the strategies, tactics, and activities of opportunity management have not. Customers and prospects can review all of your marketing content before they engage with a sales professional. They can read all the product sheets, white papers, and customer case studies. They can view on-demand webinars whenever they want. This increased access replaces the sales professional's role in providing general information. What hasn't changed is the need for sales professionals to translate these capabilities into the context of their customer. Every customer makes decisions differently and for different reasons. The activities, comparisons and decision points are common from buyer to buyer, but each buyer works in a different environment and has a unique concept of the business



value and benefits they expect to receive from any product or capability. This demands a sales professional who is fluent in proven strategies for opportunity management.

#### ***Top Initiatives for New Account Acquisition***

- Is the organization highly effective in allocating the right resources to pursue large deals.
- When they give price concessions, do they always get comparable value in return.

#### **Grow Relationships:**

##### ***Protecting and growing strategic accounts***

Existing customers represent a major contribution to revenue in most sales organizations. Sales professionals recognize the importance of developing and maintaining these relationships as the foundation for growth. While the focus is initially on the opportunity and what it takes to close it, they know that the hard work begins once the deal is done. Customers make decisions based on anticipated benefits. Ensuring that the promised value is delivered, and that the customer can accomplish the desired outcome is a prerequisite to winning additional business. Any attempts to cross- or upsell into the account will only be successful if the implementation of existing products and capabilities fulfills the customer's concept of success.

##### ***Top Initiatives for Increasing Average Account Billing***

- Does the sales organization regularly collaborate across departments to manage strategic accounts.
- Do they jointly set long-term objectives with their strategic accounts.



## ***Business Management Strategies***



### **People and Sales Structure:**

*Organizing, staffing, developing, and managing a high-performance sales force*

Even in the most transactional selling environment, no sales professional functions alone. In large and strategic accounts, these professionals are supported by the organization that surrounds them and must be team players to succeed. Their teammates and peers face similar challenges in common customer interactions. The frontline sales manager (FSM) is the

connective tissue that allows these professionals to share and learn from each other. While each sales professional is working on his or her individual accounts and being rewarded for individual achievement, the FSM is measured based on collective results. In addition to the FSM's frontline responsibilities, sales operations and sales enablement provide the next level of organizational support. By establishing an underlying technology platform to provide enablement services designed to improve the performance and productivity of the sales professional, these functions drive productivity and transformation toward a consciously collaborative, 21st-century sales force. The prioritization and organization of these resources require a careful balance between cost and impact.

### ***Top Initiatives for Increasing Year-Over-Year Customer Growth***

- Do they know why their top performers are successful.
- Is their management team highly effective in helping their sales team advance sales opportunities.

### **Operations and Enablement:**

*Providing infrastructure and programs to increase sales productivity and drive sales force transformation*

The mission of sales operations and enablement is to improve the performance and productivity of the sales organization. Investments in these functions can be leveraged across the entire sales organization. Repeatable, sustainable organizational performance is achieved through the creation and advancement of a sales framework that combines and integrates the expertise of these functions and powers them with sales technologies.



This infrastructure is the salesperson’s lifeline to critical customer data, product/solution information tailored to typical customer challenges, specialist resources and the specific knowledge he or she needs to succeed. It is also the central nervous system of the organization, aggregating forecasts & funnels, populating dashboards and reports, and providing a platform for collaboration.

### ***Top Initiatives for Increasing Quota Achievement***

- Are sales compensation policies aligned with their business objectives.
- Does their sales team consistently rely on their knowledge management system as the single source for collateral and information.

### **Sales Management Execution:**

#### ***Aligning the organization and driving the behaviors essential for success***

The frontline sales manager has long been recognized as having one of the toughest, yet most critical, roles in B2B sales. These sales managers are caught between the political rock of management and the hard place of field sales. They are on the “front line,” where salespeople and customers meet and where the major work of the sales organization is done. Effective frontline sales management is key to many crucial functions: sales performance, strategy execution, employee development and retention, customer satisfaction, loyalty and revenue growth. The frontline sales manager is the last stop for communicating strategy and enabling employees to succeed. Frontline sales managers’ strategic position makes them the main driver of business results.

### ***Top Initiatives for Improving Forecast Accuracy***

- Do they leverage the best practices of their top performers to improve everyone else.
- Are their sales managers always held accountable for ensuring the accuracy of their sales forecast.

### **Gap Analysis**

When you get into evaluating an investment, you often find real gaps in the organization. If you worked from a model, it’s painful to realize later that you actually don’t have in the sales organization the skill set or capability to do what you need them to do. Maybe they don’t understand the customer well, and the opportunity isn’t as clear and compelling once you dig into it. Are they boosting performance by spending in a certain way or giving discounts that boost revenue performance in the short term that might not be viable in the longer term? It may look good on the surface but digging deeper may reveal that it’s not sustainable.



## **Sustainable Growth**

Assessing growth potential and understanding how to unlock it in the due diligence phase is one of the keys to maximizing growth and value creation. It requires asking the right questions and a slightly different approach to evaluating growth potential grounded in operational reality. It all comes down to this: knowing that the organization is able to generate sustainable growth moving forward is paramount. Thus, can we get a more competent read on that? Applying industry-savvy expertise and resources at this critical point in the investment lifecycle is the first step in maximizing growth.

Having an outside resource that allows you to leverage more opportunities and perform better at scale by filling the gaps in time, knowledge, or operational savvy required for effective due diligence can make all the difference.