

Excerpt: About this Book

From *On selling Management – The PATH to a better top line*, Introduction

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It took less than half a latte from the local barista for my old friend, Spider Lockhart, to sell me on the concept he pitched that would revolutionize sales management. With a name like Spider you should be either an Olympic skier or a really good closer, but Spider would be the first to admit he is neither. What he had to say simply hit bullseye.

Sales, they say, is organized chaos. Yet, as a CEO of a sizable company I was forever hard pressed to find any attribute justifying “organized” in that sentence. I looked to continuing education and to literature for answers and found a myriad of useless content concocted by academics with little or no knowledge about the actual workings and environments of a commercial enterprise. And I found countless method books touting “secrets revealed” and “the _____ (*insert number of your choice*) guaranteed steps to _____ (*insert objective of your choice*)”. As it happens, the number of steps and the objectives you choose have little to alter the content of these books. On balance they offer techniques and processes that are often unworkable in your industry and in your company’s culture. I found our sales people trying to apply and mimic some of these methods, only to lose credibility with our existing customers and hastily revert back to whatever worked for them before.

Like most of my peers in the executive suite, I had been struggling for years with the issues of sales capacity and selling costs for our outbound and inside sales forces. Having experienced firsthand the pain and false promises of repeated acquisitions, I knew that top line growth from within was key for sustained and affordable success. Yet at the same time this goal was often elusive and steps toward it unpredictable. Clearly lacking were objective metrics for our sellers, accurate pipeline predictions, and our measurement and compensation initiatives. At the same time we also needed to define the alignment of the different groups such as inside and outside sales and marketing support personnel along clear and agreed to demarcations.

Like many other companies relying on professional sales, we hired hoards of salespeople and spent vast sums to train them—both on our products and on the subject of selling in general. Of course after a painful increase in selling costs with no corresponding improvement in revenues anywhere in sight, we ended up “right sizing” the entire operation later. Then having “learned” an apparent lesson, we shortened the runway for new salespeople the next time and ended up parting ways much sooner, only to find them thriving and taking loads of business for a competitor.

Performance in personal sales should of course be easily judged by the results. And so we lavished great sums on our supposed “rainmakers,” but never knew if their success was really based on their skills or if we paid

for a naturally better yielding territory, the fruits of a predecessor's labor, or dysfunctional local competition. Or maybe the result was simply a function of luck, which any salesperson in rare moments of honesty and humility will tell you, plays a major role contributing to exceptional results, both on the upside as well as the downside.

We too committed the act of promoting whom we deemed to be a good salesperson and made him sales manager. And like many others we experienced the disappearance of his personal sales and the appearance of a complete lack of management skills. We offset the shortage by staging hideously expensive national and international meetings of our sales staff with great fanfare, inviting the finest sales trainers and motivators to share their insights. We rewarded our guests more than handsomely, but the return on the investment for our organization's performance was of course not measurable. Yet I suspect that it was zero at best and even negative when taking into account the cost of staging the event and removing all the salespeople from the field.

We instituted rigorous reviews of forecasts and performance, only to see them deteriorate into a corporate tug of war and political showdowns between competing groups. Soon our sales people, our sales managers and our executives were spending all their time essentially presenting and selling to each other. The opinions of the buyers were neither solicited nor considered in these forecast and commitment showdowns.

We offered ongoing executive selling support and found ourselves flying halfway around the world to attend totally unqualified meetings with disinterested and un-empowered middle managers masquerading as prospects. And of course we learned of other opportunities that could have resulted in new business by running some executive interference only after they had been awarded to inferior and incapable competitors.

We tried to increase returns by investing in more marketing. But all we really did was throw marketing into confusion with a fuzzy delineation with sales and selling, resulting in a significant increase in overall costs. I found many so-called marketing "professionals" almost giddy when boasting of their aptitude to spend large sums in short order, and equally offended by questions suggesting issues like return on investment, justification, value and the like. Does all this sound familiar?

Reading this one could easily conclude that my company was an abject failure destined for the vast graveyard of bankrupt commercial enterprises. The reality, however, is quite the opposite. Our sales organization was considered among the best in the business, the envy of

our peers and a preferred source for our partners. We built the business from nothing into an international powerhouse in some dozen years, culminating in a public offering on the London Market. Along the way, we solicited and conquered some of the biggest customers globally and somehow managed to hang on to them for many years.

The question I asked myself when I met Spider at the coffee shop, is how much further we could have come were it not for all these nagging issues in selling operations. Instinctively I knew that it was not the sales force, but sales management's misguided actions and omissions that caused our problems. And at the same time I had no cause to blame our sales managers. In essence it was me who had not given them a framework and a foundation to achieve order, measurability and predictability in their departments. Once again, the person to blame was the man in the mirror. I had designed the organization, and consequently like every other company, we achieved exactly what we asked for.

But back to Spider and his concepts. The last time I had met him was when my company started in business some 18 years before. He then represented a leading computer hardware manufacturer we had partnered with. There he made a lasting impression on me with his ability to organize sales objections, reduce them to their true and understandable essence, and remove them with utmost efficiency and finality.

Since then he had stumbled into sales management and worked in this capacity for a variety of companies on both coasts, from technology start-ups to leading manufacturers and developers. Spider knew enough about himself to realize that he quickly tired of repetitive tasks, and at the same time he developed a keen distaste for office politics and similar prerequisites for corporate careers. This, combined with a healthy appetite for above average compensation led him to search for tools that would accelerate the performance of his sales teams while increasing his own compensation, and at the same time lower his personal workload.

Recognizing, like me, the absence of meaningful support to obtain such lofty goals, Spider constructed his own sales management foundation using techniques derived from military strategy, applied quantitative analysis and the input of long time top performers in various industries. He dubbed his system the "PATH" to denote the mandate to the user: Stay on the PATH and you will find the Sellers, their managers and the company rewarded with a higher level of performance. Stray off the PATH and you will find yourself in the same chaotic morass from which you

came from. I was relieved to hear that PATH did not stand for some silly catchphrase such as “Performance and Teaching Hierarchy.”

Trying out his system in different companies simultaneously and finding improved efficiencies operating as sales manager, Spider refined the PATH over time before deciding to start focusing his attention on promoting the foundation itself.

In a rough summary, here is what the PATH intends to accomplish:

- Implement a common organizational language around a standardized sales process.
- Put the emphasis and consequent measures on the phases and stages of the sales process that demand increased management attention.
- Establish metrics that allow objective evaluation of the salesperson’s character and the willingness and ability of the individual to perform.
- Replace subjective opportunity discussions with rational evaluations of pipeline elements driven from buyer input.
- Replace organizational disarray and misalignment with rational and predictable measurement and action plans for the different constituencies.
- Enable a fast, fact-based evaluation of market value propositions for new products and start-up companies.
- Most importantly, unleash the competitive spirit in the sales force to drive to a higher level of performance. Spider never likes to settle for anything less than the doubling of a qualified pipeline.

Back at the coffee shop, I did hear but a fraction of all this. But recognizing many of my recurring pain points, I immediately knew that I needed “some if not all of it” and immediately went to implement the program despite the bewilderment and at time passive resistance of my managers.

The PATH delivered. In our first trial run we more than doubled our qualified pipeline, eliminated wasted time on no-win situations and streamlined the operation by identifying and eliminating capacity that could not perform to the new expectations. The PATH soon became a corporate standard and with it the metrics and the definition of the process found their way into the common language of the company.

I was so impressed with the results and the promise the system had in store for thousands of companies that when I had the opportunity to “cash in

my chips" and appoint a top notch successor a few months later, I decided to join Spider in his venture. The goal we set for ourselves is to take the PATH *Selling Management Foundation* to the national prominence it deserves.

Will reading this book be worth your time? I certainly think so. Remember, your company, just like mine, is designed to achieve exactly what you are getting. If you want more, you have to do something about it!

Ulrich Herter

When it comes to sales and selling, deficiencies abound. Who cannot put together a virtual soliloquy about how poorly communications happen at their respective companies? Who can't second guess the one choice of hundreds that another man or woman makes in their role of having to decide on that one course of action? Who can't critique poor product and marketing decisions in their companies? So let's be honest, do you really believe it's better anywhere else? The authors have had careers and assignments at some of the largest and most successful companies on the planet. Folly at these organizations runs rampant, and second guessing is everyone's favorite pastime. Do you think competitors go to sleep at night thinking less critically of their own operations? It is a truth—deficiencies abound.

The PATH is about taking action. By ignoring our deficiencies both individually and collectively, and applying what we can do and what is in our control within the current resources available to us, we have the ability to increase revenue and gain market share.

The PATH is often a surprise for marketing and product executives, because you can get an unvarnished look at what your goods and services can yield in the market. But the most pleasant surprise, at the end of the PATH, is that it leads on. It provides clear direction as to what the organization is really capable of.

In fact, why we focus so much on selling managers is because selling fundamentals for your market, for your specific company, and with your specific set of resources can be codified and standardized so that over a reasonable period of time you can significantly change how your sales operation performs.

At first blush, we often hear that the PATH is a way to micromanage sales operations. We vehemently disagree. The PATH is a way to implement a high performance sales culture, largely managed and sustained by the individual sellers themselves. It has been our experience that many of our individual sellers who have been through PATH training or PATH campaign programs, have gone on to develop their personal selling careers within the framework of the PATH. From a management cost standpoint, this ability to enable a high level of self-management at the seller level provides a higher span of control. Once implemented and deployed, a sales manager can increase the number of selling professionals that they manage.

Improving sales execution doesn't happen overnight. It happens over time and as we're making the case in this book, it happens as a result of management efforts to improve overall selling operations, not just

individual sales execution. And while we are not saying it's impossible, we propose that it is very rare that you see effective, tactical sales training, where an individual sales trainer comes in, teaches a new sales methodology or a new secret to selling.

As a result of The PATH implementation, we want good salespeople performing very well. We redirect the management effort away from the exclusive focus on true star performers. In our experience, they know what they have to do; they will quickly adapt and subscribe to the PATH methods to do even better. We also believe that the PATH is usually a personal decision for them.. But we do know this—good sales- people exhibit lots of effort and good skills, and they know where to apply them. A high percentage of good salespeople are in the right market, at the right time, with the right product, or have the right account. A very good percentage of stars have the right account with the right product. A very high percentage of very good salespeople work hard at what matters. They're industrious. They have solid selling skills, especially qualifying skills, and they know where and when to apply them.

As a selling manager and a sales leader, if you can't win with very good sellers, you are in the wrong job. We rid ourselves of bad. It takes too much time. Resources are too scarce. If someone is not willing to do what it takes to perform at least well, they've got to move elsewhere. There's no room for them in the organizations we work with. If a company wants to build on marginal people enjoying a large comfort zone, our company typically will not engage in what we call a PATH campaign if sales management is willing to tolerate poor performers. Our objective is to help companies who are truly committed to increase their performance, their pipeline and their top line results.

There is bias in the PATH. Sellers and their management are going to work harder and do more than they normally do in order to drive increased opportunity. Allow us the analogy to successful coaching in American football: When you listen to different professional football coaches talk about their teams, they talk about tendencies. For example, there are some defensive teams who prefer to focus on movement to the ball. Movement to the ball generally means they're going to have faster players on the defensive squad, and will likely have to give up some size in order to accommodate this bias for fast movement to the ball, Other coaches approach defense with the wide bodies; they're going to put large men in place that the offense is going to have to maneuver around and set up. Those large men are going to set up the performance of the linebackers and the defensive backs to come up and make the play, and the defense becomes more positional. Those are biases—the PATH has a bias toward offensive action. Engage the market at a significantly higher

level than your competitors, and you will increase your pipeline to a significant enough level to impact top-line revenue. As you'll see as we go further, increasing your pipeline provides a significant number of ancillary benefits to both the product development and the marketing organizations.

There is another aspect, which differentiates coaches of winning sports organizations. They have a system. Their success is not based on luck, such as few injuries during a season. They use a performance foundation that allows them to quickly substitute players, eliminating their dependencies on individual performers. Not only do they build champions, but more importantly, they build franchises.

From a selling standpoint, the sales operation not only generates increased opportunity, but a significant increase in execution is now possible. Michael Jordan's adherence to a brutal schedule of shooting is legendary. Tiger Woods got better at golf by golfing; he swings the club a lot. Good selling requires that you sell a lot.

Now go get 'em Tiger!
Spider Lockhart