



# Managing Sales In A Tough Economy

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ASSOCIATES

The proven formula for accelerating sales results

## Managing Sales in a Tough Economy

Bruce Parelskin, Operations Director for the Western Area, was focused on best practices at Cisco Systems and was formerly a regional sales manager in the San Francisco office. Bruce had this to say: “managing during the growth stage of the networking business meant you had to run and gun. Hiring as fast as you could, ramping the new people to just basic competence, and then pushing their activity to maximize your coverage. Making the sales number required stamina, not necessarily brilliant strategy.”

In a down market, the challenge profile for a sales manager looks very different. Now they must manage in an environment of:

- **Expense tightening and rising sign-off levels**
- **Lower priced competitors who will slash prices ever further to stay afloat**
- **Discouraged sales people**

Upon inspection of the individual skills of high growth sales teams, there exists a similar discrepancy of skills in the changed market environment. The successful sales person in a growth market is likely to have developed time management skills rather than need creation skills.

They are probably more comfortable calling on the implementation level of an organization who is ready to spend on an identified need rather than the decision-maker that needs to be convinced to prioritize a specific application.

And they have most likely left the chore of differentiating up to their marketing department.

## Learning from the Past

We don't have to go back very far to find a similar situation and role models from which to learn. Just as the Internet fueled the growth of the market over the last few years, the advent of the PC fueled the growth of business from 1984 to 1993.

One company in particular was vulnerable to the ups and downs of the economy based upon the growth or slow down of the technology sector.

Cadence Design Systems supplies electronic design automation solutions to the world's electronics industry. When the PC and Internet growth cycles were up, so was Cadence.

**Most sales managers  
have less than five years  
experience...  
Many of them may have  
never faced a tough  
market...**

In 1993 Cadence experienced a major reduction in growth, from a brisk 35% in the previous year, down to 6%, or nearly flat. This was mainly due to the consolidation of the supply chain in the PC business. As the number of companies designing and supplying the PC market diminished due to acquisitions and consolidations, so did Cadence's business opportunity.

Rather than sit back and take it, Joe Costello, President of Cadence at the time, chose a strategy to make up for the lack of software product sales by broadening their solution portfolio. Under his leadership, Cadence embarked upon a mission to develop the professional services component of their business; rationalizing that they would go after a larger piece of a smaller pie to fuel their thirst for growth. Surveys told them that for every dollar of software purchased, their customers were spending up to \$10 additionally to get the results out of the software.

Easy as that sounds, they soon learned that selling services really tested their sales and sales management skills. Whereas previously, they were selling to the implementation level in the customer organization; selling a service meant that they would be perceived as a threat by the person they had been selling software to in the past. Obviously this wasn't going to work, so they identified the need to gain access and sell to the business management level of the customer organization.

Additionally, since their customer base had been doing fine without these services for years, it was apparent that they weren't going to buy services

just because of a glossy brochure. Need creation and development skills would also be of the utmost importance in this venture.

And finally, unlike software, where the cost of delivery is minimal, professional service delivery is very expensive. Cadence correctly anticipated the requirement of breaking a deeply ingrained discounting habit, and shifted their focus to selling the service at a premium.

Now imagine requiring these fundamental changes in behavior in a matter of weeks. This translated to a monumental sales management challenge.

Most of us think a valuable trait in a salesperson is the ability to think fast on his or her feet. That seems to be a reasonably abundant trait, but interestingly when directed to change their behavior and approach the customer differently, the top sales people let their fast thinking brains lock up and defend their behavior as something that has always worked for them in the past.

Getting a sales team to change requires a strong management focus with a plan of action. And that's what Cadence did.

Their action plan had three steps:

- 1) Develop the skills of the sales force to call higher, create need for services, and develop the value of the service alternative to justify the expense to senior management. A three-day training agenda built on the ValueSelling Framework® was rolled out to focus on these three skill sets.
- 2) Implement a set of initiatives to engage their sales force on this mission with measurable objectives. A “no excuses” demonstration of their ability to execute on their assignment was a requirement for gainful employment. The assignments included calling on 3 top executives in their customer base, polling their customer base to uncover unmet needs that could be satisfied with services, and documenting the value of current opportunities to help the customers see the value of paying a premium for their services.
- 3) The third step of the plan was a concerted effort by the management team to “walk the talk”

## SKILLS CONTRAST FOR DIFFERENT MARKET CONDITIONS

### MANAGEMENT:

#### Growth Market

- Fast pace recruiting and hiring: lack of stringent hiring qualification standards.
- Ramp up of new hires to basic competence on key products.
- Tracking, forecasting and organizational collaboration.

#### Slow Market

- Qualification of new hires becomes more stringent.
- Effectiveness of sales across broader products lines.
- Increase margins without losing to competition.

### SALES:

#### Growth Market

- Optimize response coverage of territory; time management.
- Basic selling competence for top revenue producing products; know the key hot buttons.
- Tap the entire budget of each opportunity; selling anticipated need.

#### Slow Market

- Create need and sell across product line more broadly.
- Reduce “no-decision” stalls typically caused by lack of business justification.
- Develop differentiation and added value to justify premium prices and overcome “no budget” situations.

and “inspect what they expected”. This meant that every sales manager had to demonstrate the skills of calling on executives, creating the need for service solutions, and developing the value of the opportunity with the customer. Then as an ongoing practice, the sales management personnel were trained to inspect every forecasted opportunity for the same 3 components.

The results demonstrated the sales management ability to refocus a team of “sailors” to sail faster in a light wind. The year to year growth rebounded to 38%, and their stock price soared with a 30x increase in the price per share.

### **Current Applications**

As we look at the current business climate, one company stands out as managing during difficult times.

Blackbaud, Inc. is the leader in bringing technology to nonprofit organizations and educational institutions, with the goal to help nonprofits use technology to better manage their financial, fundraising and administrative operations.

Blackbaud viewed their top business challenges as the need to: increase close rates, revenue, and opportunities in the pipeline, and improve forecasting accuracy

Their main problem was that they didn’t have an installed process that gave their sales reps the right skills for qualifying a prospect, gaining access to decision-making power, and developing a sales plan. Additionally, Blackbaud wasn’t clear on what business issues their products could address for their customers.

Blackbaud believed they needed a program in place to provide a consistent, effective way to quickly ramp-up their sales force to become more effective in selling the value that the Blackbaud solution brings to a non-profit organization.

Blackbaud wanted to create a sales and marketing team that was focused on helping its clients address their own organizational challenges and achieve their organization’s mission. If Blackbaud could help its clients deliver on their mission and address their challenges, those organizations would be more successful and overhead costs would be reduced. And in the customer’s mind,

***“When directed to change their behavior and approach the customer differently, the top sales people let their fast thinking brains lock up and defend their behavior as something that has always worked for them in the past.”***

if they could do that, the customer’s business issue of increasing charitable giving would be addressed.

### **The ValueSelling Contribution**

Using the ValueSelling Framework® from ValueSelling Associates, Blackbaud retooled its sales, marketing, and services groups with skills in the areas of competitive differentiation, anchoring value, creating need and urgency, and effective dialogue between buyer and seller.

As a result, Blackbaud was able to help their sales force quickly ramp up to understand their clients’ business challenges and how the Blackbaud solution could positively impact their clients’ organizations. Additionally, Blackbaud reps learned to develop multiple points of influence in an organization due to the high turnover of decision making power at not-for-profit organizations.

ValueSelling Associates provided training sessions for the sales and marketing groups, training for their channel solution providers, ongoing training

for veteran sales managers, and monthly one-hour webcast refresher courses.

Blackbaud also invested in an in-house ValueSelling certified trainer, who has developed a ValuePrompter® library of case studies and an ongoing training and coaching program.

Consistently over the past three years, Blackbaud was able to maintain a double-digit annual rate of growth. Blackbaud more than doubled its close rate, increased average deal size by over 22%, and consistently increased revenue growth in tough selling times. And during the down market in the past two years, Blackbaud consistently hired and ramped up a sales team for maximum performance.

Ed Roshitsh, VP of Worldwide Sales at Blackbaud, Inc., says, “When people ask me what impact the ValueSelling program had on our business, I tell them it fundamentally and dramatically changed our approach to dealing with our clients, which has translated into winning business. We daily use the disciplines encapsulated in the ValueSelling Framework. Our sales and marketing program is now about:

- Helping our clients understand the issues keeping them from improving their business
- Finding and articulating value for our clients in terms they care about
- Developing multiple points of contact within a company
- Eliminating unqualified candidates from our pipeline faster
- Coordinating our selling efforts around a simple, repeatable selling process

### About ValueSelling Associates

ValueSelling Associates, based in Rancho Santa Fe, Calif., is the creator of the ValueSelling Framework®, the sales methodology preferred by sales executives around the globe.

Since 1991, ValueSelling Associates has helped FORTUNE 1000 business-to-business sales organizations compete and win in markets crowded with seemingly similar products and services. ValueSelling Associates has maintained its position as a leader in the industry for nearly 20 years by continually evolving to meet the new challenges sales forces face.

Clients turn to the experts at ValueSelling Associates for classroom training, online training and consulting services that yield immediate impact, repeatable strategies and sustainable results. With the ValueSelling Framework, sales teams of all sizes learn the secret to qualifying prospects and converting them to profitable customers. Inside and outside sales teams alike will benefit from flexible training, consultation and a customizable toolset that can be adapted and implemented to drive business performance up. For more information or to contact an Associate, visit the ValueSelling Associates website at [www.valueselling.com](http://www.valueselling.com), or call 858.759.7954.

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### A Summary of the Steps Used to Drive Change and Gain Results

- Identify the behaviors that were needed in the old environment versus those required in the new climate.
- Secure a proven training vehicle to develop the newly identified skills.
- Identify a series of exercises or initiatives that require the sales team to demonstrate the new skills.
- Reward success and apply consequences to failure.
- Challenge the sales management team to lead by example and to inspect the business for the required changes.