2023 Sales Performance Scorecard Study Key Trends Analysis

Jim Dickie | Barry Trailer

SalesMastery
We've Seen a Lot

Acknowledgments

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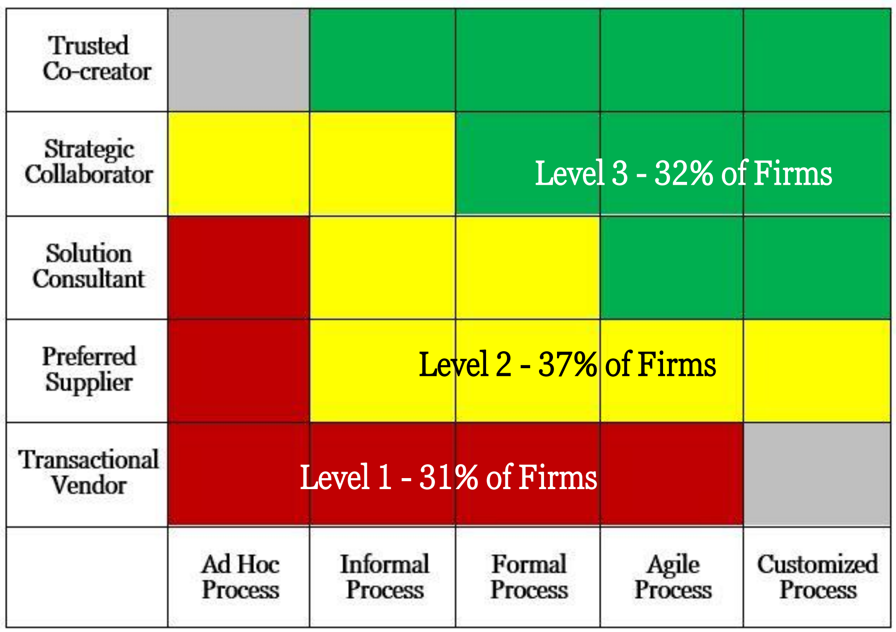
- **Mark Twain**

Sales Performance Scorecard Study Introduction

We gathered data from the 2023 Sales Performance Scorecard (SPS) survey and created the 2023 Sales Performance Scorecard Matrix (2023 SPS Matrix). However, last year but were restricted from introducing it before its appearance in the Nov-Dec ’22 issue of the Harvard Business Review. In 2007 we introduced a model that displayed five levels of relationship against four levels of sales process. The SPS Matrix (see below) is an update and expansion of that earlier model. The update includes relabeling three of the five levels of relationship to reflect the sea change, some would say “power shift,” that has occurred between buyers and sellers in the B2B marketplace. The expansion relabels one level of sales process and introduces another to reflect the impact of artificial intelligence (AI) and machine learning (ML). Given this background, we are pleased and excited to introduce the 2023 SPS Matrix, related performance levels (see below) and analysis of this year’s data.

2023 Sales Performance Scorecard Matrix (2023 SPS Matrix)



Definitions of the levels of relationship and process implementation, as well as the eight metrics that underlie this powerful model are provided later (see pg. 7). However, as you begin reading this year's report, there are a few general observations to keep in mind.

First, you'll see the three performance levels where each represent about one-third of the survey population. These were aggregated around the performance metrics (as they have been for the past 17 years), clearly showing a progression toward and distribution of improved performance.

The table to the right provides a detailed breakdown of the operational differences between the three levels of performance. For companies operating at Level 1, consumption of Maalox must be off the charts. If you are on the senior management team, how can you plan for anything in such a world of uncertainty? And, if the company remains at this level of performance three years from now, what are the odds they will still be in business? The differences are striking.

Sales Performance KPI Comparison	Level 1: 2023 Results	Level 2: 2023 Results	Level 3: 2023 Results
% Salespeople Making Quota	45%	48%	61%
% Overall Revenue Plan Attainment	76%	85%	94%
% Forecast Deals – Wins	41%	46%	57%
% Forecast Deals – Losses	29%	25%	18%
% Forecast Deals – No Decisions	30%	29%	25%
% Voluntary Turnover	12%	10%	8%
% Involuntary Turnover	17%	13%	10%

If they can shift to a Level 2 performance, we see a noticeable jump in the percentage of overall plan attainment. But this is likely the result of good performers getting even better, as there is only a modest increase in the percentage of salespeople achieving quota. It is worth noting there is a noticeable drop in overall turnover, which results in a much lower negative impact on sales while new salespeople take time to become as productive as experienced sellers.

The results at Level 3 show a much more balanced improvement in both salespeople being successful and the company making strides to achieve the firm's revenue plan. A major contributor to this is a decrease in both competitive losses and no decisions. These questions, challenges and opportunities are detailed in the pages that follow, including specific recommendations (where to start) for each challenge and strategically anticipate where to be aiming (see Going Forward, pg. 45).

At Sales Mastery, we have long appreciated Mark Twain, not just as an author, but as a sage/philosopher as well. When we went through the initial analysis of the 2023 Sales Performance Scorecard (SPS) survey data, we started to consider what an appropriate theme could be for this year's report (our 20th annual analysis of the state of sales). The above quote from Twain came to mind. But after further deliberation, we decided that to represent the current state of sales, a more relevant phrasing of his maxim would be:

It ain't just what you don't know that will get you in trouble.
It's also what you know for sure that just ain't so anymore.

Looking back at the study data from the 2022 SPS study, the initial hope was that performance would end well for the year as the survey participants were projecting that, on average, 61% of salespeople would achieve quota and overall revenue plan attainment would come in at 92%. However, that optimism did not pan out, as the actual results reported for 2022 came in at 53% and 87%, respectively. When we asked the 2023 SPS participants how this year was tracking compared to last, only 22% reported an increase in the percentage of salespeople making plan, and 23% said the same regarding percentage of overall revenue plan attainment.

As we now shift our attention to what the world of B2B sales in 2024 might look like, we are still facing significant uncertainty regarding the economic, political, and competitive landscape. What is clear from the sales performance figures of 2022 and 2023 is that for many organizations, the status quo in how sellers engage buyers is not generating the results that companies need to achieve. But what "better" looks like is far less clear. In the pages that follow, we will bring clarity to a new vision of sales. First, we will surface changes that are already emerging in sales at the people, process, technology, and knowledge levels; the effect of which are unseen by many sales organizations. Second, we will challenge some long-held beliefs about how sellers should engage buyers that just don't cut it anymore.

By way of a demographics review, the data used for this analysis was derived from surveying 400+ sales executives in sales management, sales operations, sales enablement, and revenue operations positions who shared 77 metrics related to their sales organization. In terms of geographic representation, 70% of respondents were based in North America, 13% Europe, 10% APAC, 4% Latin America, and 3% Middle East/Africa. In terms of size, 18% were with firms with >%1B in revenues, 22% had revenues of $51M to $1B, and 60% had revenues of $50M or less.

To set the stage for the rest of the analysis, let's look at what study participants stated their companies are currently trying to achieve. When asked to identify their top three objectives for the next 12 months, in addition to the nearly universal goal of increasing revenues, we received the responses that are summarized in the chart to the right.

Comparing this chart to the input received in the 2022 SPS study, some things remain the same as the top five objectives are an exact repeat this year as compared to last year. What is different is how the strategies and tactics used by sales organizations that are successfully achieving these goals are changing—in some cases, significantly.

It is these new approaches to optimizing sales performance that we want to introduce to motivate you and your teams to develop a new mindset for how the relationship between buyers and sellers must evolve over the next few years to meet the needs of both parties. We also want to deliver a clear warning of why failure to do so will put companies at a severe competitive disadvantage, if not dooming them to outright failure.

The experiences of your peers are invaluable resources in surfacing insights into what is working and not regarding optimizing sales performance. But the way companies choose to sell can vary based on company culture, industry, geography, size of company, etc. Ultimately, charting the best course to sales success for your firm to use, to navigate the conditions your teams face in your marketplace, must be uniquely crafted. If you have questions on the data/insights presented in the 2023 SPS report, or to brainstorm what types of changes will yield the biggest improvements to optimize sales performance for your firm, feel free to reach out to us.

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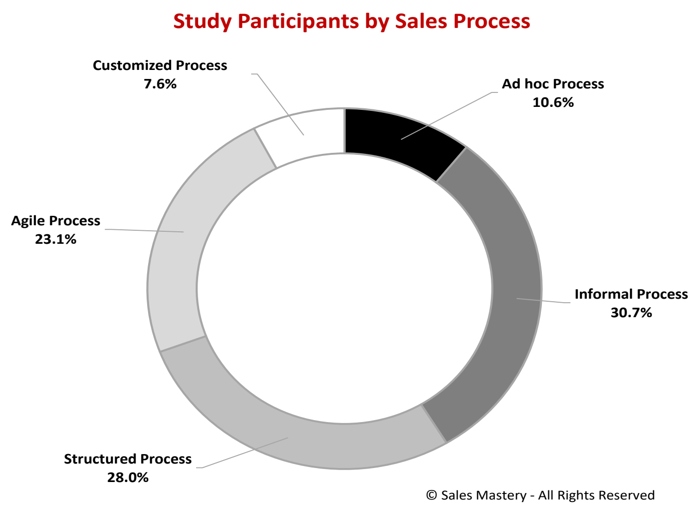
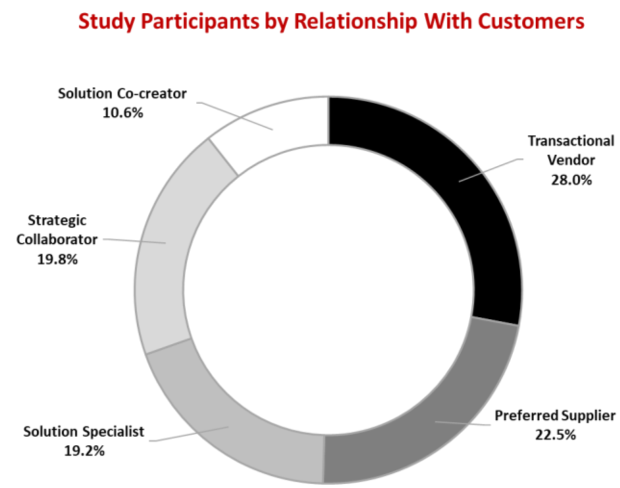
Section I - State of Sales Organization Baseline Review

To begin to assess how sales teams are executing various aspects of customer lifecycle management (CLM), let's review the eight high level sales metrics. For those of you who have followed our research over the years, you are aware that two of the biggest factors impacting sales performance are the sales processes companies leverage to engage prospects and customers and the level of relationship they achieve with the companies they sell to. While the models we have previously shared worked well in the past, they have become examples of *"what ain't so anymore."*

The reason behind the evolution in our thinking started when we released our *State of B2B Buyer and Seller Engagement Report* at the end of 2021. We shared a summary of the input from several hundred B2B executives that clearly pointed to the fact that they were expecting/demanding to have different types of relationships with the firms they bought products and services from. Then as part of the 2022 SPS study, we documented how AI for sales innovations were going to empower sales organizations to redefine and reinvent many key phases of CLM. Based on these two fundamental shifts, new perspectives on process and relationships emerged. When we asked the study participants to share how they were executing in these two areas, they reported the following:





To put us all on the same footing, here is how each of the levels of process and relationship are defined:

Redefined Levels of Sales Process:

Level 1 – Ad hoc: Each sales professional decides the best way to engage with customers.

Level 2 – Informal: Salespeople are trained in recommendations for how to engage customers, but they are not enforced.

Level 3 – Structured: There is a defined process for engaging customers that salespeople are certified on, and sales managers reinforce via coaching.

Level 4 – Agile: There is a structured sales process supported by CRM and analytics to continually monitor when and how the process needs to evolve to adapt to changes in the marketplace.

Level 5 – Customized: Leveraging artificial intelligence, recommendations are provided to salespeople for how to customize the structured process to individual sales situations and the process is proactively modified based on sales success metrics.

Redefined Levels of Relationship:

Level 1 – Transactional Vendor: An accepted, but not necessarily unique, provider of products/services.

Level 2 – Preferred Supplier: The recognized lead vendor of products/services in their marketplace.

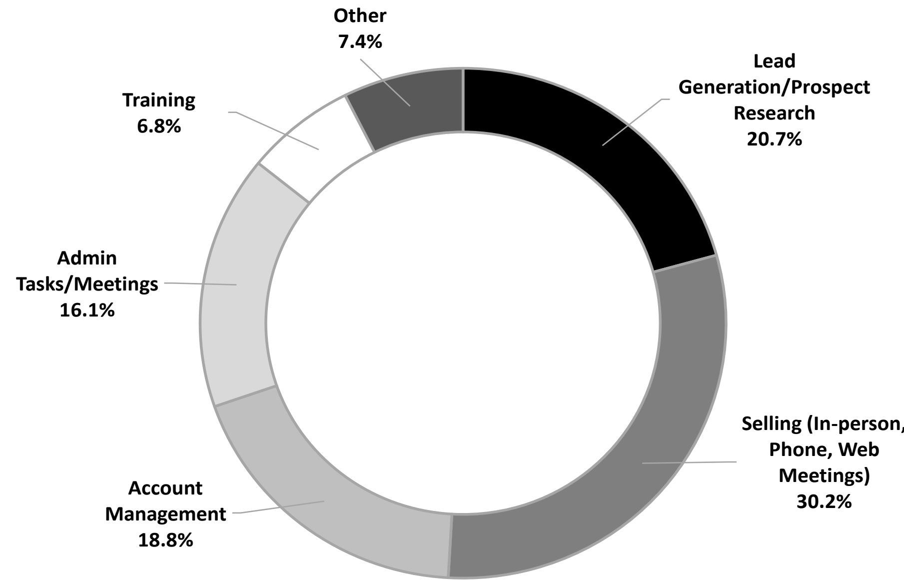
Level 3 – Solution Consultant: Providing customers with the support services and insights needed to optimize the use of the products/services they sell.

Level 4 – Strategic Collaborator: Working directly with clients regionally or even globally, joining forces to help customers meet their key business objectives.

Level 5 – Trusted Co-creator: The selling organization's company is a recognized Co-creator of solutions with clients that achieve both firms' current and long-term business visions.

The key areas to note are that Level 5 of Sales Process has become possible via advances in AI innovation. This, in turn, has led to the reimagining of Levels 4 and 5 of Relationship. We will discuss the ramifications of these paradigm shifts more in Section VI and Section VIII. The 2023 SPS Matrix is further explored in the *Harvard Business Review* article co-published with Benson Shapiro and Boris Groysberg of Harvard Business School: [Can AI Really Help You Sell?]

Average Workweek Time Allocation for Salespeople



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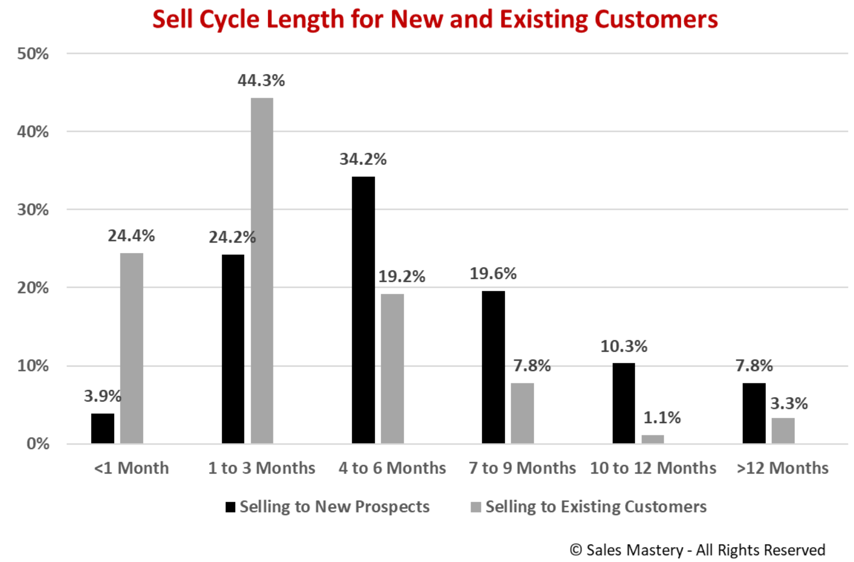
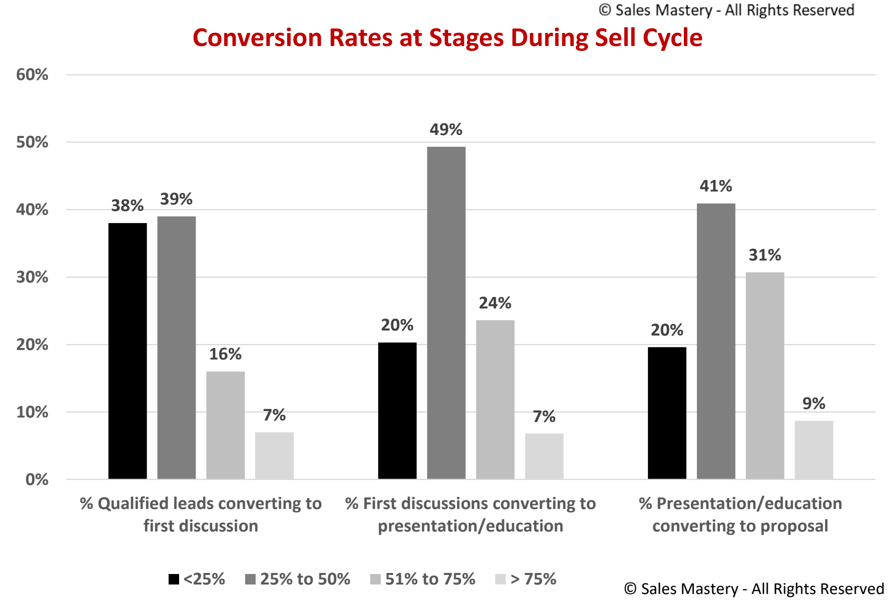
Let's go deeper into the details of the sales environment, starting with how salespeople are currently spending their time, summarized in the chart to the right. On a year-over-year basis, there are minimal changes from the figures reported in the 2022 SPS study. But segmenting the data based on other factors surfaced some noticeable differences in time available for different tasks. For example, in firms that do not use CRM technology, salespeople spend on average 26% of their time selling. That number increases to 29% in firms where a basic CRM system has been implemented and increases to 36% in firms leveraging more advanced CRM solutions.

Looking at the other tasks that eat away at salespeople's days, several items are competing with selling time. For example, the increase in the number of decision makers is making prospect research more complex. We explore ways that technology can take on the role of being a digital assistant for salespeople in Section VI.

We next explored the effort required to complete the sales process, considering the sell cycle length for selling to new and existing clients separately. The chart to the right presents those results. Referring back to the top three objectives chart, the data seen here could make a strong case for flipping the priorities of further penetrating existing accounts and trying to pursue new ones, as the differences in "effort required" are significant. To further understand the rationale behind this suggestion, you may want to watch the video we produced titled, "The Easiest to the Hardest Sale."



Diving deeper into the sell cycle, study participants shared their current conversion rates at various stages in the sales process. The chart to the right summarizes their responses. Comparing the success rates in 2023 to those from a year ago, there are clear signs that selling is now more challenging. The percentage of companies reporting a qualified lead to first discussion rate of >50% dropped from 31% to 23%, first discussions converting to presentations/education dropped from 41% to 31% and deals then progressing to proposals dropped from 45% to 40%.

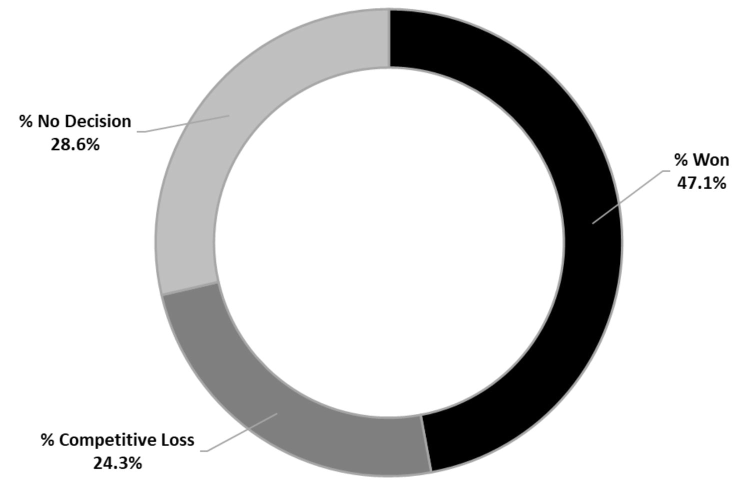


When investigating trends that could positively affect conversion rates, one of the more dramatic factors was the level of relationship sellers had with buyers (see pg. 7). Looking first at firms that are perceived primarily as "vendors" (Relationship Levels 1 and 2), 17% achieved a lead to first discussion conversion rate of >50%. That figure increased to 22% for firms at Relationship Level 3 and climbed to 37% for level 4 and 5 sales organizations. Those performance differences continued to hold true through the rest of the stages of the sell cycle, demonstrating that the more value buyers see sellers bringing to the table, the greater the likelihood they will start and continue a buyer's journey.

We then asked the study participants to share the outcome of the deals that progressed to the stage where they were forecastable. A summary of their responses is seen in the chart to the right. On a year-over-year basis, win rates dropped from 51% to 47%. Looking at what changed in the other outcome figures, competitive losses remained the same at 24%, but no decisions increased from 25% to 29%.

Again, looking for best practices that influence more buyers to make a final decision to move forward with a purchase, even in uncertain times, the one that got our attention was the ability of salespeople to consistently negotiate win-win deals. For those firms where this is a core competency, the average win rate is 56%. This figure drops to 46% for firms that are "adequate" at negotiations and declines further to 39% in sales teams that need improvement in this area.

Outcome of Forecast Deals

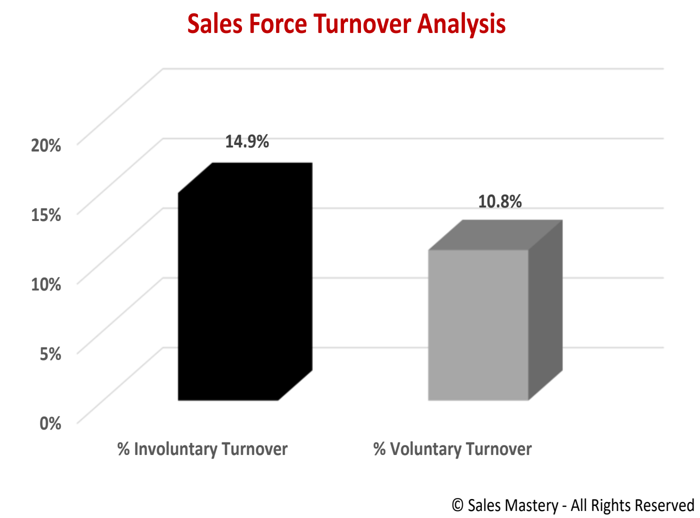


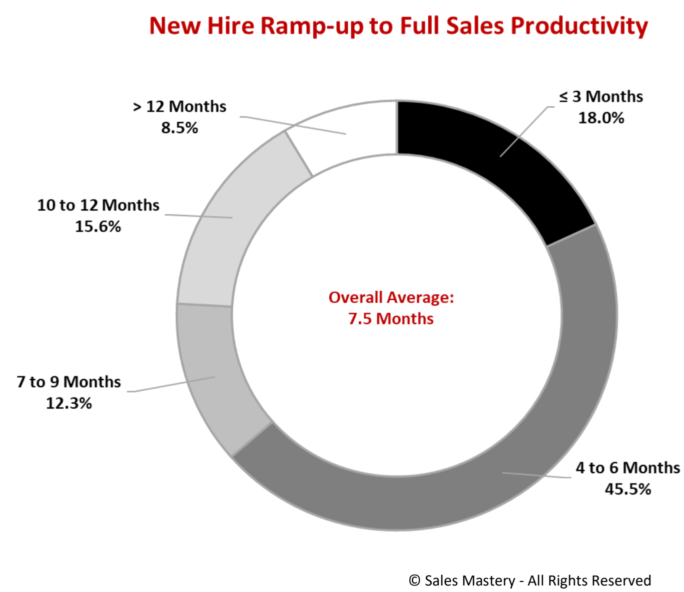
Two "people" related metrics are worthy of review because of what they say about 2023, but also the yellow flag they represent when the selling environment does improve. Taking the issue of sales force turnover, we saw a significant jump in involuntary turnover (salespeople are let go by the company) from 10.8% in 2022 to the 14.9% figure seen here. This is consistent with what has occurred in past periods of slowing sales as companies use this as an opportunity to terminate underperforming sales team members. Regarding voluntary turnover (salespeople leave their jobs

by their own choice), the figure increased slightly to 10.8% from 10.1% last year.

The reason this represents a yellow flag is that in the year after a rebound in the economy, we have witnessed a significant increase in voluntary turnover. Many firms are caught by surprise when this occurs. They neglected to check in to see if the people who stayed with them during the hard times did so because of what the company did *for* them or in spite of what they did *to* them. If it is the latter, when companies start adding net-new salespeople and recruiters are contacting experienced sales talent, those who have felt under supported are more likely to jump ship than in normal times.

Looking at the chart to the right, we see the challenge this can create for sales management. With an average ramp-up time of 7.5 months to get a new salesperson producing the same level of revenues as experienced sales professionals, a noticeable increase in voluntary turnover can have a nasty impact on expected revenue generation achievement. To avoid this preventable outcome, sales management teams are advised to accurately assess how they are treating their sales teams and go the extra mile to

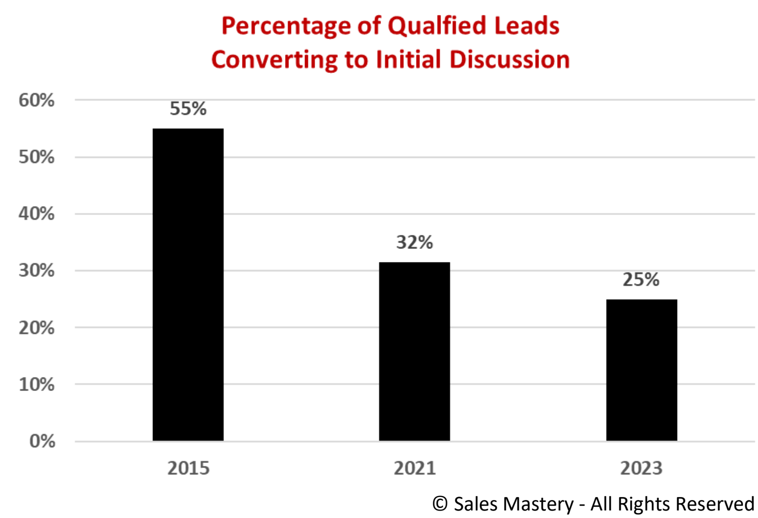




provide more support in the current business environment rather than cutting back on investing in training, coaching, sales tools, etc.

Section II – Getting in the Game

The discussion about what sales needs over the past two decades has been dominated by technology companies pushing "digital transformation," consultants pushing "high velocity" sales, and private equity companies pushing key performance indicators (KPIs). A popular model for getting in the game or, at least, more "at bats" has been relying upon Business and Sales Development Reps (BDRs & SDRs) to do the heavy lifting when it comes to initial lead qualification and follow up. Unfortunately, the result has been an ever-declining success rate converting qualified leads to initial discussions. In the past eight years the conversion rate has dropped by more than half as seen in the chart to the right.



During this same time, applications to increase the number of outbound emails, calls, and requests for meetings have proliferated, the ranks of inside sellers have been decimated, and buyers have become further insulated.

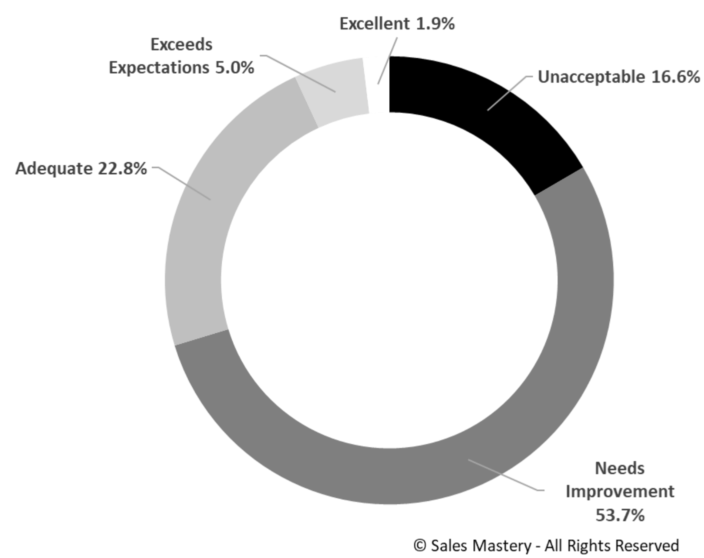
Challenge: "Percentage of Qualified Leads Converting to Initial Discussion."

KEY INSIGHTS

As seen above, the percentage of sales qualified leads (SQLs) converting to initial discussions has steadily decreased over the past several years. However, the overall numbers mask an even bigger performance problem. A majority (70%) rate the quality of their marketing leads as Unacceptable or Needs Improvement as seen in the chart on the next page.

For this group, the percentage of SQLs converting to initial discussion is barely 1 in 5 (19%) versus better than 1 in 2 (52%) when the Marketing SQLs' quality is rated Exceeds Expectations or Excellent. What does this all mean? An enormous number of resources are being spent generating subpar leads which, in turn, create an enormous amount of chaff to sort through, just to get to an initial discussion. Hopefully, there's a better way.

Quality Rating of Marketing Generated Leads



WHERE TO START

- **Revisit Your Perfect Prospect Profile (P3).** A bet we've made for years that is still a winner is, "Right now, you have good people working hard, trying to get business you don't want." Start by defining your P3 and then rigorously hold the leads you generate and pursue to this standard. If you want to know more about this topic watch Identifying the Perfect Prospect.

- **Establish a Marketing/Sales Service Level Agreement (SLA).** This may seem obvious but, surprisingly, when we last surveyed this specific question, approximately one-quarter of firms had a formally agreed upon definition of an SQL between their marketing and sales teams. Establishing an SLA takes this a step further, holding both teams accountable for the quality and quantity of leads to be generated (Marketing) and the timeliness and thoroughness of following up and reporting lead dispositions (Sales).

- **Share the Load.** BDRs and SDRs are being ground up like sawdust these days with turnover rates approaching 80%. Typically, these are junior sellers, less experienced and less connected to internal and/or external supporting networks. Sales enablement vendors have unwarranted faith that their applications can backfill these shortcomings, but the data suggests otherwise. Have your managers and tenured sellers take shifts handling inbound leads and making outbound calls. For more on this see The Easiest to the Hardest Sale.

Challenge: "Ability to Thoroughly Research Prospect Accounts."

Unacceptable/Needs Improvement – 48% versus Exceeds Expectations/Excellent – 17%

KEY INSIGHTS

When mobile apps exploded on the scene pre-Pandemic, call planning essentially flew out the window. Reps would check a prospect's LinkedIn profile just prior to picking up the phone or jumping in an elevator. Not exactly in-depth preparation.

Covid effectively eliminated in-person sales calls for nearly all of 2020-2021. The shift to virtual meetings meant there was more time and resources at hand to research accounts and prospects, but the poor habit of simply jumping into one call, then the next, seems to have taken root. This year's figure shows nearly one-half (48%) of respondents graded their firm's ability to thoroughly research prospect accounts as Unacceptable or Needs Improvement. Does it matter? The table below suggests strongly that it does.

Ability to Thoroughly Research Prospect Accounts	% Reps Meeting Quota	% Revenue Plan Attained
Ability: Unacceptable/Needs Improvement	46%	81%
Ability: Adequate	57%	90%
Ability: Excellent/Exceeds Expectations	65%	94%

Yes, there are new tools to aid in researching accounts. Anyone heard of ChatGPT? The fastest growing job title on Indeed and LinkedIn these days is Prompt Engineer. Whether or not you have this certification, you can ask ChatGPT/Bing questions about current challenges within an industry, market leaders, and much more. This doesn't supplant call planning but certainly does augment it.

WHERE TO START

- **Review Your Sellers' Call Plans for the Coming Week.** This is *not* intended to invite micromanaging; it *is* intended to reinforce the notion of preparing for calls. Since prospect/customer conversations are the most important activity sellers engage in, doesn't it make sense to get ready for them? If your sellers haven't identified talking points that demonstrate industry/domain expertise, developed questions that show they've done their homework, or set minimum call targets (e.g., have the prospect confirm they are undertaking a buying journey), then they're still "winging it" in a non-winging it world.

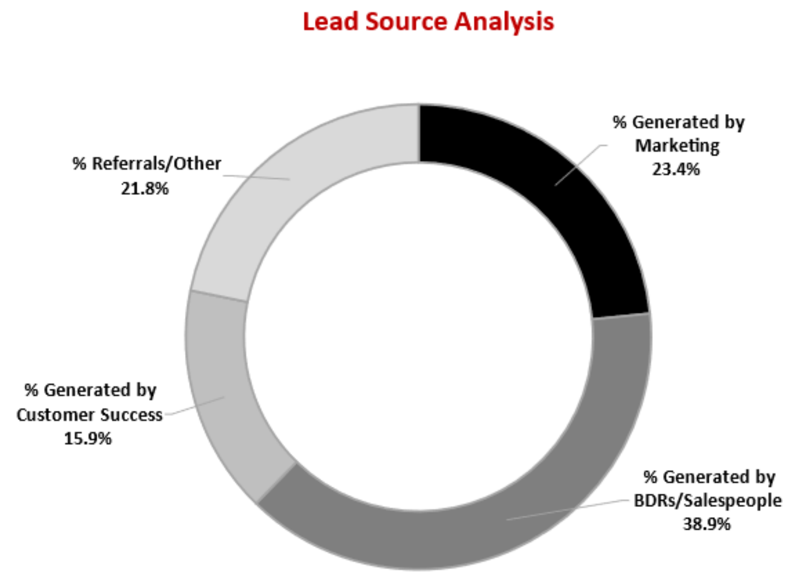
- **Leverage Technology to do Prospect Research.** Earlier we talked about technology providers hijacking the conversation about what will help sellers sell. While we push back against the "unwarranted faith" in massive numbers winning the day, we also embrace the fact that technology can serve up background and insights that historically would have taken hours or days to collect. Beyond basic profile checking in LinkedIn and contact information being available (e.g., ZoomInfo and Seamless.ai), ChatGPT can provide industry overviews, current challenges, and conversation starters.

- **Do Your Homework Before Calls.** Having the technology at hand is great—if you know how to use it and don't wait until the last minute to do so. Steve Richard, SVP, Revenue Enablement at Mediafly, recommends "3X3," meaning take 3 minutes to find 3 items of interest (typically from LinkedIn) before jumping on a call. As the stakes go up, take more than 3 minutes, leverage all the tools available, dig deeper.

Challenge: “Sellers continue to be the main source of leads.”

KEY INSIGHTS

One constant for the 20 years of this report is the challenge of leads. While the quality of leads generated by marketing is addressed above, the quantity and make-up of lead sourcing continues to rely heavily upon the sales team, beginning with BDRs and SDRs, as seen in the chart to the right.



No matter how poor the quality, everyone agrees there simply are not enough leads. The traditional tension has been between sales and marketing, with sales saying, “The leads suck!” and Marketing saying, “No, you suck!”

Why not shift focus to the other two sources of leads: Referrals and Customer Success? It’s conventional wisdom that “word of mouth” referrals is the strongest and highest return on effort of any. Yet, when asked if they have a formal (i.e., structured) referral program, most companies will answer they do not.

There is also Customer Success who are chartered with keeping the conversation going with existing customers to ensure they realize the return they thought they signed up for, helping with user training, upgrades, and renewals. Still, with these existing relationships and warm introductions, Customer Success is the lowest source of leads. Is it possible *both* sources can be challenged to generate more leads?

WHERE TO START

- **Include a Structured Referral System in Your Game Plan.** There's no better place to start this system than becoming familiar with Joanne Black, the Referral Sales Expert. Author of two books on the subject and a LinkedIn Learning Instructor, she has heard all the excuses for why people are reluctant to ask for referrals (e.g., feels pushy, seems needy, might say no). It's clear to all that consistently asking for referrals is useful; it's less clear why so few firms do so.

- **Consider an Advocacy Program/Challenge.** Similar to a structured referral program, a global insurance company launched an internal advocacy program. All employees were encouraged to ask contacts within their network about employee benefits and were given points for leads they generated. The top participant was a receptionist in Brazil that took this to heart and asked everyone, including other parents at her kids' soccer games, "Does your company offer employee benefits? Are you satisfied with them?" Arming all team members with a couple easy/comfortable questions to ask their network can pay high dividends.

- **Let Customer Success Feed Outbound Sales.** Another source hiding in plain sight is Customer Success. A cybersecurity firm routinely identified security vulnerabilities and sent patches to their clients. They also sent these on to the sales force informing them of these latest corrections. Sellers, in turn, sent these to enterprises on their prospect lists saying, "Here's a hacker exploit that we've identified and are notifying our customers to employ this correction." Many new sales cycles were started when the reply was, "Why haven't we heard about this from our cybersecurity firm?"

Section III – Winning the Game

Earlier in the report, we shared that the average win rate of forecast deals came in at 47%. Let us emphasize this is *forecast deals*. We all know the maxim, *you can't win them all*, but that is not the question we asked. No one wins all the opportunities they uncover and start to pursue, but shouldn't we be winning most of the ones we forecast? These are end of the sales process deals. Salespeople have had plenty of time to drop unqualified or unwinnable deals at several early stages in the sales process. Yet, year-after-year, the win rate disappoints. Why is this?

One contributing factor to consider is "where is the focus during the sales process?" If it is your product, we have some bad news for you. As highlighted in our *2021 State of B2B Buyer and Seller Engagement Report*, the buyers we surveyed told us it is rare they see major differences between competitive offerings. Buyers did, however, shed light on an area they care about. When we explored what makes them want to engage with sellers, they identified three things. They value sellers who can educate them on solving business challenges, serve as a resource to eliminate/mitigate risk, and/or help them build support for a new initiative within their organization.

This can have huge paybacks to sales success as the 2023 SPS data shows. When we drilled into how effective sales organizations were at sharing value-add insights with clients, and then compared the outcome of forecast deals based on their prowess, we found the following:

Outcome of Forecast Deals as Related to Ability to Provide Customers With Value-add Insights	Forecast Outcome: Wins	Forecast Outcome: Losses	Forecast Outcome: No Decisions
Provide Value-add Insights: Needs Improvement	**40%**	**28%**	**32%**
Provide Value-add Insights: Adequate	**46%**	**27%**	**27%**
Provide Value-add Insights: Exceeds Expectations	**58%**	**18%**	**24%**

Above we see that getting great at moving beyond talking about features and benefits of the products or services you sell pays significant dividends in terms of reducing the odds that forecast deals will end up a competitive loss or no decision. While there are several selling tasks that need to occur to close deals, let's look at the top three factors that surfaced this year as the most challenging.

Challenge: "Effectively identify and gain access to all key stakeholders"

Unacceptable/Needs Improvement – 42% versus Exceeds Expectations/Excellent – 21%

KEY INSIGHTS

In the last major economic downturn, circa 2008/09, we witnessed the demise of the economic decision maker: that one person who could make a go/no go decision on closing a deal or not. What replaced that was decisions-by-committee: the need to build consensus of several key decision influencers to close an opportunity. That trend is continuing today, and failure to successfully manage that situation is having a major impact on sales performance. To quantify that effect, we looked at the outcome of forecast deals as related to success at stakeholder engagement. In the table below we see a significant delta in the percentage of forecast deals ending up as no decisions, clearly demonstrating the heavy cost underperforming sales organizations are paying for not addressing this sales effectiveness challenge.

Forecast Deals Resulting in No Decisions as Related to Ability to Gain Access to Key Stakeholders	Forecast Outcome: No Decisions
Gain Access: Needs Improvement	32%
Gain Access: Adequate	26%
Gain Access: Exceeds Expectations	20%

WHERE TO START

- **Revalidate Stakeholders.** We live in a frail ecosystem in the world of sales where things can change overnight, and with it, tactics that worked well to close your last deal may not cut it the next time around. A case in point was shared by a CRO who was working with her team to pursue a big deal with an existing client. Even though she was tempted to navigate this deal the same way as in the past, she still went ahead and asked their main contact if the *buying process* had changed. The answer came back that, yes, it had. The CEO was now directly involved in any new deals over $500K. That had never happened before with this customer, and failure to understand and address that issue by meeting with the CEO to get their decision criteria would have put the new deal at an unnecessary risk.

- **Seek Out Commonalities.** In our work with universities that have a sales center as part of their business school (36 institutions offer a major in sales and 100 more offer a minor), we have been exposed to several studies looking into what is called social identity theory. Researchers have documented that shared commonalities between buyers and sellers can influence their interactions. These commonalities can include shared demographics, interests, or affiliations and can lead to a sense of belonging, trust, and rapport ultimately affecting the willingness for buyers to engage with sellers and influencing purchase decisions and negotiation outcomes.

- **Leverage Someone They Trust.** Referring again to the *State of B2B Buyer and Seller Engagement Report*, buyers were asked who they go to for information on how to solve business problems. Number one on the list is they rely on their past personal experience if they have dealt with that issue before. Number two and three were going to their peers or relying on subject matter experts. If you are looking for ways to engage with decision makers where you have not established rapport, take the time to see if you can get a referral from a person they already trust to establish your credibility as someone worth the buyer spending time with.

Challenge: "Consistently conduct a comprehensive needs analysis"

Unacceptable/Needs Improvement – 43% versus Exceeds Expectations/Excellent – 22%

KEY INSIGHTS

It is worth noting this is the first time in more than a decade that conducting a comprehensive needs analysis has emerged as one of the top challenges encountered during the process of winning more deals. The needs analysis is always critical in ensuring that salespeople have the right information needed to decide what products/services to propose. But in an uncertain economy, information gathered in a needs analysis is critical to building a business case to move forward with a purchase now, versus holding off on a decision until the business climate is stable or improving. In the table below we see how varying levels performing this task affect win rates.

Forecast Deals Resulting in Wins as Related to Ability to Conduct a Comprehensive Needs Analysis	Forecast Outcome: Deals Won
Needs Analysis: Needs Improvement	**43%**
Needs Analysis: Adequate	**46%**
Needs Analysis: Exceeds Expectations	**53%**

We also need to keep reminding ourselves that priorities and objectives can change for buyers at any time. Because of this, we need to avoid thinking of a needs analysis as not a one-time event, but as an ongoing process that should be revisited and revalidated often throughout the sell cycle.

WHERE TO START

- **Leverage AI to Proactively Conduct the Analysis.** An emerging trend is the use of AI technology to do the heavy lifting when developing the needs analysis. For example, a professional services firm shared they previously relied on a team of 100 (what they called) value engineers to conduct detailed financial needs analysis for their worldwide sales team. Using AI, they built a platform they populated with three to five years of performance data on 75,000 companies. That platform is now used by over 25,000 of their consultants worldwide, giving them access to 150+ KPIs and 100+ dashboards. Now their teams can access details on the challenges their customers face, what financial impact could be achieved by dealing with those challenges, and what specific services the professional services firm offers that could make that a reality for their client.

- **Customize the Needs Analysis by Stakeholder.** Needs analysis is not a one-size-fits-all task. Take something we can all relate to in sales, like the purchase of a CRM system. To a CRO, the goal may be to increase revenue, to the CMO, who may have to sign off on the project, the issue could be how does CRM support or conflict with their marketing automation decisions. To the CIO, the issue may be further expanded to include how will the CRM interface with all legacy systems. Each key decision maker/deal influencer requires a needs analysis that is tailored to their specific way of evaluating the deal based on their agenda.

- **Make the Needs Analysis a Sales Tollgate Before Allocating Additional Resources.** To ensure salespeople are doing a thorough job at completing a needs analysis, the CRO of a medical products firm shared that he uses what he refers to as a *Carrot-shaped Stick.* For salespeople to gain access to additional resources needed to move the sales process forward such as demo support, access to test equipment, scheduling a headquarters visit for the prospect, etc., the salesperson must show all relevant fields in the needs analysis questionnaire have been filled in with valid data.

Challenge: "Regularly optimize the size of each deal"

Unacceptable/Needs Improvement – 40% versus Exceeds Expectations/Excellent – 21%

KEY INSIGHTS

In an era where fewer deals are closing, another way to hit revenue targets is to maximize the size of the deals you can close. In looking for factors that can contribute to that occurring, a couple of items emerged. The table on the next page is where we looked at the ability to optimize the size of a deal as related to the ability to negotiate win-win deals. Trust us—we verified these figures several times.

Ability to Maximize Deal Size as Related to Ability to Negotiate Win-Win Deals	Exceeds Expectations at Maximizing Deal Size
Negotiations: Exceeds Expectations	**48%**
Negotiations: Adequate	**8%**
Negotiations: Needs Improvement	**4%**

Another factor is the level of relationship achieved by sellers with buyers. In selling organizations that are viewed as Strategic Collaborators or Trusted Co-creators, the percentage of firms that, in-turn, exceed expectations at maximizing deal sizes comes in at over 33%.

WHERE TO START

- **Pre-arm Salespeople With Answers to Objections.** Buyers, of course, are going to push for discounts and use information about your competitors to do so. Knowing this, a medical products firm armed their salespeople with prepared responses to use when buyers said they were too expensive. An example was a surgical device they sold that was clearly more expensive than other options. When the buyer pointed this out to the seller, the first response was to agree they were more expensive, but then point out the device has an "industry best" three-year warranty. If the buyer objected again, the salesperson could counter with the fact their device was made with tungsten carbide and would last several years longer than the alternatives. They found that after three objections, customers would often cease to push back further.

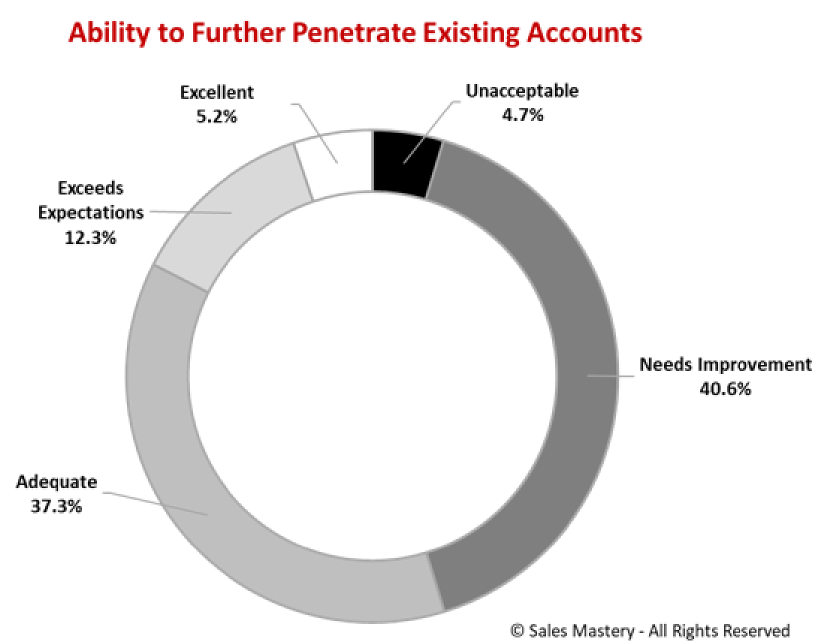
- **Do Not Stop With the First Order.** A technology firm pointed to the power of focusing on customer lifetime value versus a single deal size. One tactic they made part of the account management process was to ask for follow-on deals. For example, they regularly found that six months after installing a new server there was the likelihood that the client would want to add more memory to the system. By building into the process a proactive effort to get more add-ons, the value of the original deal increased over time.

- **Substitute "Value" for Size.** This was an insight from one of our advisory board members. He pointed out that the size of a deal is one thing, but there were other things of value he was interested in as well. Examples of these were the customer agreeing to do a case study, be a guest speaker at a conference on their behalf, introduce them to other divisions within the customer's firm, or other people in their personal network at other companies, etc. For those types of agreements, he was always willing to do some win-win horse trading.

Section IV – Keep Winning

No matter who you are or what you do, something you never want to hear is, "What have you done for me lately?" This is doubly bad news if you're in sales. Success is built upon long-term, elevated relationships, customer referrals (see pg. 16), and references. SaaS companies search for "stickiness," but every company wants an enduring and expanded presence. Why, then, does realizing what are essentially business imperatives remain so elusive?

As seen in the chart to the right, less than 1 in 5 firms Exceed Expectations or rate their ability to penetrate existing accounts as Excellent. One reason for this is the continuing emphasis on new customer/account acquisitions. Yes, new logos show growing market acceptance (and market share), but is new account money any greener? No. In fact, new account money may be less green since their sell cycles are generally longer (see pg. 9), cost of sales higher, and, with potential incentives, margins are lower.



This is reminiscent of troops saying, "The chow is crap," while also carping, "and we don't get enough of it." AT&T in their advertising is announcing they "get it" by letting existing customers know they're receiving the same deal as new customers. While this is a departure from earlier times when big savings/discounts were only offered to new customers, it may engender not much more than a “Gee, thanks.” But in the B2B world, staying close and expanding your footprint within accounts pay dividends as seen in the table below.

Challenge: “Ability to further penetrate existing accounts”

Unacceptable/Needs Improvement – 45% versus Exceeds Expectations/Excellent – 18%

KEY INSIGHTS

As seen earlier (pg. 1) one-half of firms occupy the lowest two levels of relationship (i.e., vendor and supplier). Gaining access to relevant, key stakeholders correlates directly with penetrating existing accounts. With rep quota attainment 19 full points (40%) higher, and revenue attainment 13 points (15%) higher, the numbers speak for themselves.

Ability to Penetrate Existing Accounts	% Reps Meeting Quota	% Revenue Plan Attained
Ability: Unacceptable/Needs Improvement	**48%**	**83%**
Ability: Adequate	**53%**	**86%**
Ability: Excellent/Exceeds Expectations	**67%**	**96%**

It is also directly related to higher levels of relationship. There is no single answer or contributor to elevating relationships, although negotiating win-win deals is certainly foundational. Getting beyond product features/functions to desired business outcomes and demonstrating industry expertise both contribute to moving up levels of relationship. For more in depth discussion watch Levels of Relationships.

WHERE TO START

- **Locate Your Current 2023 SPS Matrix Location: Relationship.** The two axes of the 2023 SPS Matrix are level of relationship and level of process implementation.
- **Understand and Play Win-Win.** To keep winning requires playing Win/Win from the start and throughout the buyer's journey. Focusing too much on closing a deal, rather than implementing it, violates this premise. Being single-threaded within an account also represents vulnerability and a lower-level relationship. To keep from having Win/Win simply become a catchphrase, understand how to make it operational and cultural within your firm. For more insights, view this video series on Win-Win.

- **Understand the Asymmetry Between Buyer and Seller Effort.** As a seller, high levels of effort tend to be expended on identifying opportunities, conducting discovery, and, hopefully, pursuing them to a successful close. It's important to realize that the major buyer expenditure of energy comes *after* the close. Successful delivery and implementation of your solution paves the way for repeat and expanded business. Smooth handoffs to your Customer Success team—and a process for ensuring this—are essential for success.

Challenge: Determine your 2023 SPS Matrix location.

KEY INSIGHTS

Like levels of relationship, the majority of firms occupy the lowest levels of sales process. 41% are ad hoc or informal which is to say, essentially, no process. 30% have a formal process, meaning they reinforce and enforce tracking opportunities against seller and, if they're paying attention, buyer actions (i.e., toll gates, buyer evidence). Lower-level relationship sellers love their products. Lower-level process sellers love their freedom, until they're not succeeding. No/low levels of process don't mean you're unsuccessful, they mean you're unpredictable. With the uncertainty of the past few years and going into 2024 (see pg. 32), this is not a good place to be.

Leaving process up to individual reps and/or managers is nothing more than benign neglect. Companies often try to mask this neglect by saying things such as, "We hire good people and get out of their way" or "We have a sales culture here" (whatever that means). But wait, it gets worse. You'll see that higher levels of process do better and are more predictable but, what is now becoming apparent, is agile and customized levels (i.e., data-driven, AI-enabled) are doing better *faster*. As the Olympic motto goes: Faster-Higher-Stronger. Do you want to train/coach/operate like Olympians, or like the high schoolers?

The good news is you can do something about this directly—and unilaterally! How/whether you implement sales process within your firm, recognize it is *within your firm*. Therefore, within your reach/control. The table on the next page shows performance is directly related to level of process implementation; a correlation that has held true for the past 17 years. Why fight it?

Performance by Level of Sales Process Implementation	% Reps Meeting Quota	% Target Revenue Attained
Ad Hoc/Informal	**48%**	**84%**
Formal	**59%**	**88%**
Agile/Customized	**60%**	**92%**

WHERE TO START

- **Locate Your Current 2023 SPS Matrix Location: Process.** It is worth noting that there are no firms operating in an Ad Hoc fashion that reach the Trusted Co-creator level (for definitions, see pg. 7; for the 2023 SPS Matrix, see pg. 1). At the same time, firms operating at the Customized level of process attain, at least, the Preferred Supplier relationship level. As noted, your firm completely controls your level of process implementation; the more rigorous your process, typically the higher your relationship, leading to greater access within accounts.

- **Understand Buyer Outcomes Over Product Features.** A famous example of this was Theodore Levitt's admonition, "Sell the hole, not the drill." While this may seem trite in today's B2B marketplace, extrapolating this basic tenet to what companies want to solve, avoid, or accomplish will take you further toward winning more than product knowledge. This is not to say you/your product does not need to deliver; the message is that your odds improve dramatically when you get *beyond* your product.

- **Stop Selling, Start Being of Service.** Too often, the focus of sales is on the numbers rather than being of service. Providing value-added insights means you understand the environment in which the buyer is living/operating. You understand that closing the sale is just the beginning of the work they are setting out to accomplish. Reputations, dollars, and careers can be at risk—or reward—if things go well. This is not about what you're selling, rather it is how it will benefit the buyers/buying organization.

Challenge: "Ability to Up-sell/Cross-sell."

Unacceptable/Needs Improvement – 44% versus Exceeds Expectations/Excellent – 21%

KEY INSIGHTS

Up-sell and cross-sell are two sides of the same coin: existing customers. Now that a firm has selected you and/or your services for an imminent/compelling event, the question arises: Is there more available to you? In the past, this has been called a "hunting license," but this label seems less appropriate with each passing year. Following up, staying in touch, expanding your footprint. Call it what you will, as a selected supplier you now have reason to continue the conversation. Do not waste this opportunity with lame queries such as, "How's it going?" or "What else can we do for you?" Really? Instead, use what you've learned within the buying organization, and other customers like them, to look for areas for improvement. This is especially available when you have service people working on-site and/or customer success people working virtually within the account.

Nothing is more maddening than losing an account and having one of your service people say, "I could've told you they were unhappy." When the seller demanded to know why the service person never spoke up earlier, the answer was, "Nobody asked me."

Do your service delivery people know what to listen for? Are they armed with one or two questions to open/extend the conversation when they are interacting with the customer? Have they *practiced* asking these questions so that it is more natural and conversational for them, rather than have them feeling, "Ugh, I have to do some of that selling stuff."

Ability to Up-sell/Cross-sell Based on Level of Relationship	% Vendor	% Supplier	% Consultant	% Collaborator	% Co-creator
Ability: Unacceptable/Needs Improvement	**58%**	**46%**	**52%**	**26%**	**11%**
Ability: Adequate	**30%**	**34%**	**30%**	**36%**	**46%**
Ability: Excellent/Exceeds Expectations	**12%**	**20%**	**18%**	**38%**	**43%**

As you move up in level of relationship on the 2023 SPS Matrix, sales results improve (see pg. 1). Bringing more to the relationship in service, value-added insights, and suggestions will bring you more opportunities and introductions throughout the buying organization. Twelve percent of vendors rank Excellent/Exceeds at Up-sell/Cross-sell versus 43% of Co-creators. A total of 58% of vendors rank as Unacceptable/Needs Improvement at up-sell/cross-sell versus 11% of Co-creators.

WHERE TO START

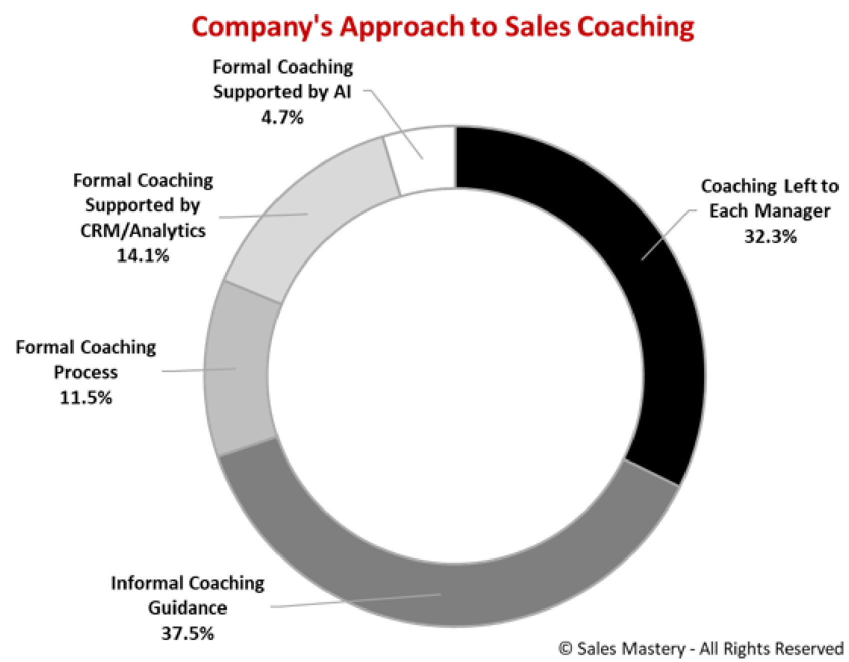
- **Avoid Becoming "Single-threaded" in Accounts.** When accounts routinely order the same quantities and products/services, it's easy to treat them routinely. Emphasis on the word *easy*. As noted earlier, isolating one or two contacts within an account represents vulnerability over time. Phrases such as, "Why do you need to meet other people?" or "That's the problem with salespeople, they're always pushing for more," are red flags that you are not in a solid relationship. Be prepared with valid responses for why meeting other people within and across the customer organization makes sense.

- **Think Outside the Box.** Innovate, Innovate, Innovate. Buyers aren't interested in you bringing them stock answers they can get off vendor websites or reading featured use cases. Clay Christiansen in *The Innovator's Dilemma* pointed out that your best customers are seldom the source of new and/or innovative ideas. But that doesn't mean they don't want to know what's new and/or innovative. Bringing ideas that have worked elsewhere can lead to up-sell/cross-sell conversations.

- **Consciously Work to Elevate Your Level of Relationship.** A useful working definition of strategy/strategic thinking is *one level higher than you normally operate.* For example, a tactical task for a director (e.g., territory coverage/staffing models) could be strategic for a manager. To elevate how customers perceive you as a seller, consider upping your game by elevating the nature and horizon of your call prep. If you would normally focus discovery on budget, buying process, and desired outcome(s), ask what these outcomes would make possible. Start with this end in mind and extend the action to what would then accrue and likely scenarios. This may require you getting out of your comfort zone but could lead your normal contacts to suggest other individuals within their organization you may want to talk with.

Section V – Sales Management Assessment

First Line Sales Managers (FLSMs) are the lynchpin for every sales performance improvement your company undertakes. And yet, companies continue to be casual or informal in developing their sales managers' approach to coaching as seen in the chart to the right. We have said in the past that FLSMs are *overlooked and overwhelmed*. Even though managing involves different skills than selling, companies continue to promote successful sellers into frustrated/unsuccessful managers. Presumably, the thinking is that successful sellers understand/appreciate sellers and what it takes to be successful; a "game recognizes game" philosophy.



At the same time, many sellers buy into the "this will be good for your career" storyline because they do not see a *pure selling career path* in their company. Maybe you've become a Major Account Manager or Strategic Account Executive. Is that the end of your career path? Is this the pinnacle of selling? More energy and creativity should be given to defining additional levels of achievement. (If you're interested in this, contact your Sales Mastery advisor.)

There is broad recognition that buying has changed in dramatic and rapid ways. Selling has not adapted as readily and, once again, companies underinvest in developing their managers while continuing to invest, perhaps overly so, in sales enablement and sales technology. Recent layoffs in both these sectors suggest this may be changing or, at least, slowing. Will the focus finally turn to the individuals to whom reinforcing and coaching falls? The data suggests that it is time.

Year-over-year, the numbers have reflected that as coaching becomes more formal/consistent, so does seller performance. This year the data is mixed; overall performance has declined, showing that after capitalizing on post-Pandemic pent up demand, 2023 has been tougher and overshadowed by *uncertainty*. The table below shows a decline in performance from 2022 and lower performance when coaching with technology (i.e., CRM/Analytics or AI) than with a formal coaching process.

Overall Revenue Plan Attainment and Percentage of Salespeople Meeting Quota as Related to Coaching Approach	% Overall Revenue Plan Attainment		% Salespeople Meeting Quota	
	2022	2023	2022	2023
Coaching Approach: Ad Hoc/Informal	91%	**86%**	58%	**53%**
Coaching Approach: Formal Process	93%	**92%**	64%	**59%**
Coaching Approach: Formal Process/Supported by CRM/Analytics	99%	**90%**	68%	**60%**
Coaching Approach: Formal Process/Supported by AI	--	**89%**	--	**51%**

This leads directly to the following four questions:

1. **Do your managers know *how* to coach?**
2. **Do they know *what* to coach?**
3. ***Are* they coaching?**
4. **Is it *working*?**

SalesMastery

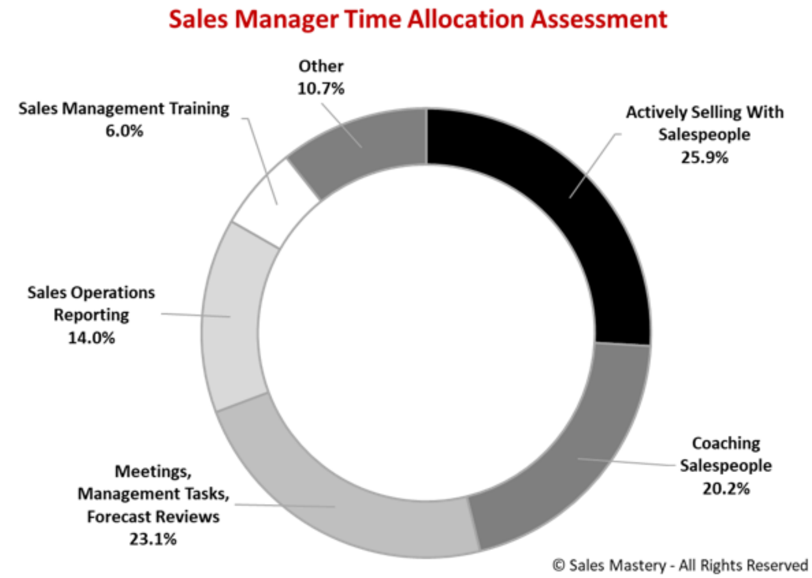
Challenge: "FLSM Development Remains a Low Priority."

Sales Manager Training Averages 6% of FLSM's Time

KEY INSIGHTS

Of all six tasks FLSMs address, Sales Management Training comes in a distant sixth. Given the urgency associated with closing deals and reporting pipeline status, this is effectively sixth in a 3-horse race. Make the number or, at a minimum, get your reports and forecasts in on time.

Coaching salespeople comes in, once again, at 20% or 1 day/week. If a manager has eight direct reports, this amounts to an average of 1 hr./rep/week. Hmm…



WHERE TO START

- **Invest in Your FLSMs the Way You Invest in New Hires.** Onboarding new hires and reducing their ramp-up time to full productivity is a recurring theme. Applying a similar focus and concentrating resources on your FLSMs will pay even greater dividends. Train one seller, you have a 1X multiplier. Train one FLSM and you have a 6-8X multiplier. Plus, managers tend to stay in their roles longer, increasing your ROI.

- **Document What Good Looks Like, Then Strive for It.** Playbooks are another common tool given to sellers but not managers. What is the proper cadence for personal/professional development conversations? How do new managers coach veteran sellers? What systems are in place (beyond annual performance reviews) to plan, track, and improve performance? What are the right metrics, training, and resources to recommend to each individual?

- **Get Real: Who's Coaching the Coach?** This question is invariably followed by silence. Answer: No one. This is generally true right up the sales management chain of command. FLSMs receive little to no coaching, ditto Directors and VPs. They are already supposed to know this stuff! As a result, FLSMs do what they see others at the same level doing, what was done to them, or what they swore they'd do differently if they ever got to be manager. We've labeled this repeating cycle: *victims of victims*. There is a better way.

Challenge: "Sales Managers Proactively Coach Salespeople Needing Help "

Unacceptable/Needs Improvement – 38% versus Exceeds Expectations/Excellent – 22%

KEY INSIGHTS

We see less than one-quarter of respondents rating this ability at Exceeds Expectations or Excellent. Those firms report 64% of their reps meeting/beating quota versus 47% of the Unacceptable/Needs Improvement group. The remainder, stating their managers are Adequate at proactively coaching report 54% of reps making quota. Do these numbers suggest a better path forward? The paradox is that "coaching" has such positive associations and everyone acknowledges it as key to improved performance. Yet, developing managers' coaching abilities continues to fall short, be underfunded, and underappreciated.

WHERE TO START

- **Prioritize Accounts to be Called Upon.** As noted earlier (see pg. 13), sellers continue to pursue anything that moves rather than holding prospects to their company's Perfect Prospect Profile. Give up the traditional—and historically inaccurate—4X quota pipeline rule of thumb and apply some discipline and science to the accounts your sellers call upon.

- **Proactive Coaching Correlates With Success.** As seen above, nearly two-thirds (64%) of reps make quota when their managers proactively recognize a need and intercede with coaching. It should be noted, proactive coaching requires sellers to be receptive to coaching. This is the opposite end of the spectrum from, "Yeah, coaching's great. Tell you what, when I don't make my number, let's talk." The problem is, of course, by then it's too late.

- **Sellers Stay When Proactively Coached.** Many managers, and their companies, shy away from proactive coaching, justifying their actions by saying they don't want to micromanage their people. They also say things such as, "We hire good people, give them good tools, and stay out of their way." This really amounts to benign neglect. The data tells a different story. The Unacceptable/Needs Improvement companies report double digit turnover: Voluntary 12%, Involuntary 14%. For the companies that Exceed Expectations/Excellent at proactive coaching, their turnover rates are two-thirds as much: Voluntary 8%, Involuntary 9%.

Challenge: "Ability to Adapt to Marketplace Change"

Unacceptable/Needs Improvement – 49% versus Exceeds Expectations/Excellent – 22%

KEY INSIGHTS

In this digital age, buyers have gotten better at buying faster than sellers have gotten better at selling. Inbound lead generation programs built on growing a sellers' social presence and outbound programs capable of sending an ever-increasing volume of emails, texts, and voicemails have only caused buyers to further insulate themselves. You may not be surprised to learn there are now programs to open *all* emails, then selectively forward those identified as legitimate/known, while shunting others to trash and/or quarantining any that seem malicious. Thus, you could have open rates of 100% on your campaign and, literally, have no one seeing your messages. There has to be a better way—and there is. A favorite maxim of ours: *When all else fails, ask the customer*. The largest single activity: 26% of sales managers' time allocation is "Actively Selling With Salespeople." Why not use these joint calls to offer value-added insights in exchange for market and business observations? This is *not* the time to be pitching products; it *is* the time to assess changes in the marketplace. One-half of the respondents report needing to improve in this area (see "Challenge" above).

WHERE TO START

- **Process Oriented.** Fifty-four percent of the Unacceptable/Needs Improvement group for this metric report having no formal strategic account process or organization, while 63% of the Exceeds/Excellent group report they have a formal strategic account process and/or organization. It's easy to miss patterns, specifically changing patterns, if you have no systematic way of tracking. And 79% of the excelling firms report having a structured sales process or higher (levels 3, 4, and 5).

- **Upper-level Customer Relationships.** The firms adapting to marketplace changes report a majority of higher-level relationships: Collaborator (29%) or Co-creator (26%). You won't have this level of relationship with all your clients but, hopefully, you do with some. This is a good place to begin having conversations about more distant planning horizons—more like six to twelve months out. To hold up your end of these conversations, you need to do some research and bring what you've uncovered, rather than just asking questions.

- **Leverage Technology.** Firms excelling in this area aren't just buying technology, they're *using* it. Approximately half (55%) report using AI-for-Sales solutions to improve forecasting and win rates of forecast deals and *to improve coaching* (45%). They're also using their CRM systems as both a system of record and customer engagement (70%). Again, it's difficult to spot patterns if you don't have some process for accumulating data or tools for analyzing it. Buying these tools doesn't help but using them does.

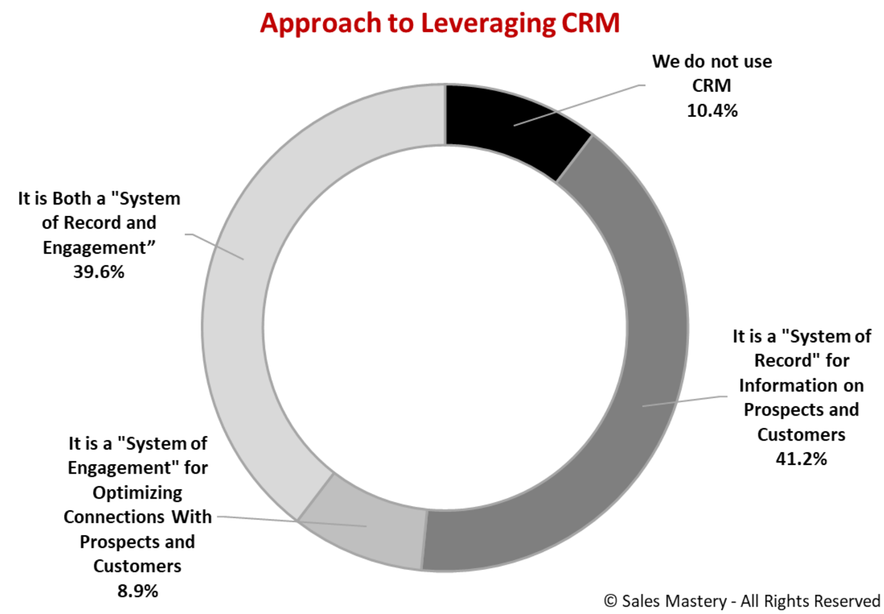
  Tip: Don't let any of your sales team report using Excel or PowerPoint. Instead, require they report using the tools (e.g., CRM, CPQ, etc.) that augment their daily work.

Section VI – Advanced Sales Technology Assessment

This year represents the fifth annual study focused of analyzing the advanced use of technology, including the emergence of AI, to optimize sales performance. In recognition of the challenges sales teams are still facing and reflecting on new case studies we have been gathering on AI usage across many aspects of CLM, we have expanded this section to provide a more detailed update on the role technology can/will play in changing the way companies sell.

To start, let's review what is happening in the established world of CRM. CRM is currently a $70B+ marketplace. Again, we had the opportunity to be part of *CRM* Magazine's Market Leaders Awards judging CRM for the Enterprise, Midsize, Small Businesses, and sales force automation class solutions. You can get an overview of the key players by reviewing the 2023 CRM Industry Leader Awards edition of CRM Magazine.

As part of the 2023 SPS study, we asked the study participants to share the status of CRM usage within their firms. The chart to the right summarizes their input. CRM has been implemented by most sales organizations, but how it is being utilized varies significantly. To 41% of firms, CRM is viewed as a system of record where they keep track of data on companies, contacts, opportunities, orders, etc.



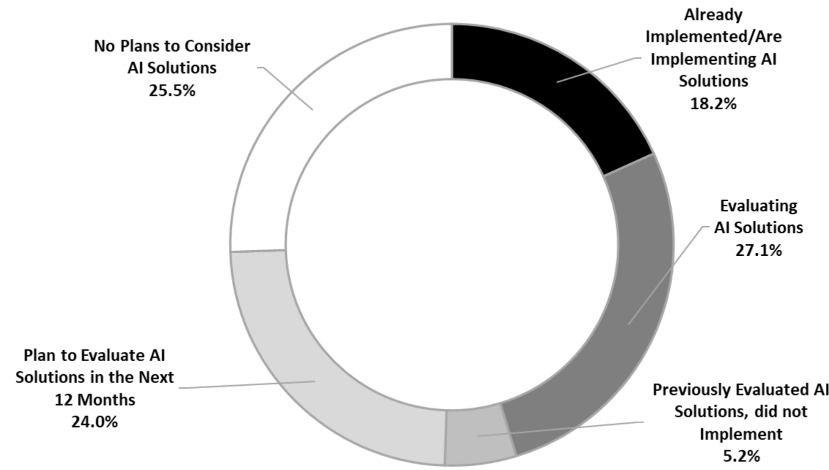
When benchmarking these firms, they typically point to benefits they are deriving from this usage that are efficiency oriented. These included reducing the admin burden on salespeople, supporting salesperson/sales manager data sharing, streamlining (not to be confused with improving) the forecast process, etc. Improvements in sales are welcome, but dealing with efficiency issues just means salespeople have more time to make more *average* sales calls. In today's current environment, what is really needed is salespeople making more *impactful* calls.

We looked at the firms that use CRM as a system of engagement and saw signs of increased salesperson effectiveness. CRM helps salespeople identify which accounts to pursue and where they have the best odds of closing business. It can help find the right content to use to educate/motivate specific stakeholders, facilitate optimal relationship mapping, etc. These, in turn, help firms achieve a higher percentage of overall revenue plan attainment than that reported by firms in the "CRM as a system of record" camp (90% of plan and 84% of plan, respectively).

Noteworthy is that the 2023 SPS study data surfaced the potential for technology to be the change agent to redefine the relationship between sellers and buyers. This became apparent as we segmented the study data into three cohorts—those sales organizations that have already added AI solutions to their sales technology stack, those that are evaluating/plan to evaluate AI-For-Sales, and those that have no current interest in AI. A breakdown of responses appears in the chart to above right.

The adoption of AI solutions in sales is still an emerging trend. The data show that AI is more commonly used by technology and professional services firms, rather than other industry segments. It is also more prevalent in North America versus other geographies, but it is clearly generating more interest across the broader world of sales. We asked firms that have implemented AI to share the types of functionalities they are leveraging. The chart to the right shows a variety of capabilities being used. It is worth noting that there are not full AI-for-Sales suites that address all aspects of CLM, rather there is a series of point solutions.

Breakdown of Participants as Related to AI-for-Sales



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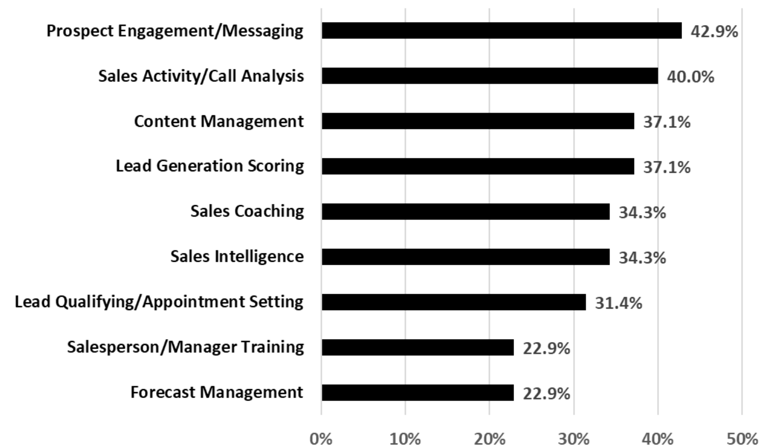
AI-for-Sales Functionality Implemented



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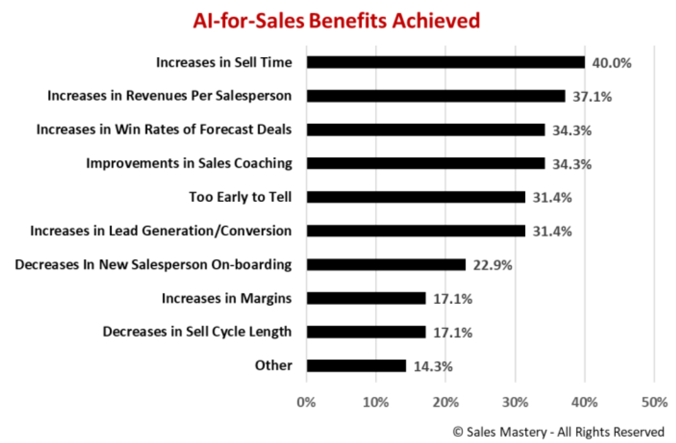
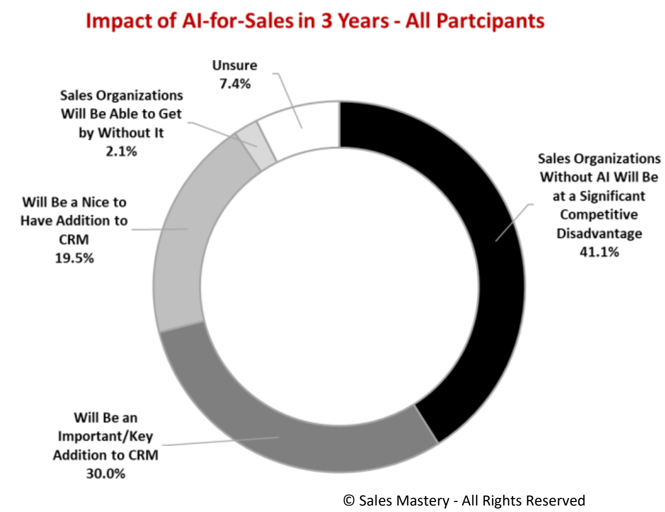
That being said, companies such as Salesforce and Microsoft are embedding more AI capabilities into their core CRM systems making it easier or even seamless for salespeople to integrate the use of AI into their daily workflow, often without even knowing they are doing so.

Next, we investigated the types of operational improvements AI-for-Sales users were experiencing. The chart right shows that, like traditional CRM, AI is helping to increase selling time. This is because AI is taking over tasks such as contact record creation and maintenance, sales call scheduling, call recording and transcription, pipeline management updating, etc. Think of AI as a virtual digital admin for salespeople.

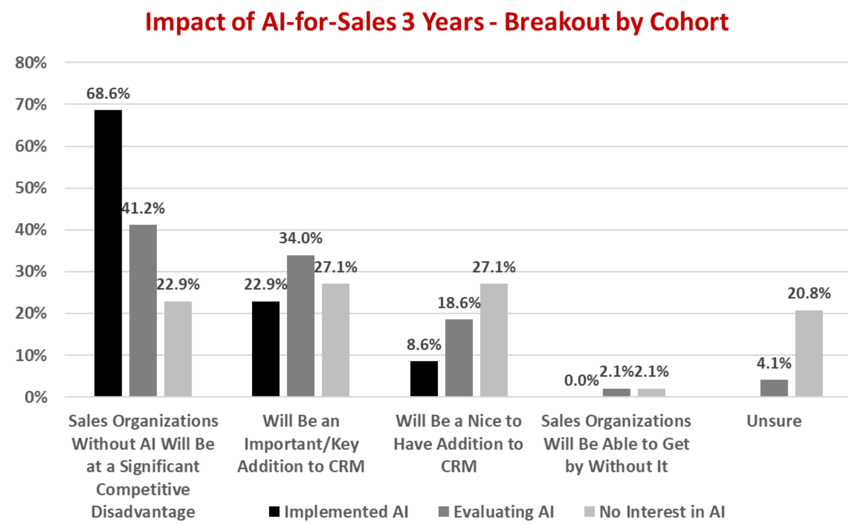


We also wanted to look into the future of AI in the world of sales. To do this, we asked all study participants the following question: Based on what you currently know, what do you see as the impact that AI will have on sales three years from now? The chart to the right summarizes their responses.



A total of 41% of respondents see AI as a game changer, while another 30% see AI as key to increasing the value that CRM will provide to sales professionals. These likely forecast that AI will be a "must have" part of the sales enablement arsenal of tools. But remember, this chart represents the breakdown of the data of *all* study participants, and when we analyzed individual cohorts, a different story emerged that needs to be fully understood.

When considering the chart to the right and segmenting the responses by cohort, there is a wide divergence of opinions on the potential impact of AI. Starting with firms that have implemented AI and have firsthand experience with leveraging it, 92% see it as very important or crucial to sales. This is a huge endorsement for the use of AI and is something we never saw when asking users about the impact that traditional CRM could have on sales performance.



Next, we see a falloff in enthusiasm from firms that are evaluating or plan to evaluate AI, although they are still generally positive in their assessments. But for us, the most striking finding is that 29% of firms that have no current interest in AI do not see it as a big deal, while another 21% have no opinion. That could be a huge issue down the road and here is why.

We all know the power of first mover advantage. For example, assume you have two firms that compete in the same market, and both rely on an ad hoc process for selling. Our years of sales performance data analysis have shown that if one of the firms implements a formal or agile sales process, on average, it will outperform its competitor in terms of sales performance. The percentage of salespeople making quota, percentage of overall revenue plan attainment, and the win rate of forecast deals will all increase. In addition, turnover within the sales force will go down as salespeople like working in a predictable environment. And that first mover advantage will remain until the competitor gets "religion" regarding process and does the same thing. Within a period of months, it will catch up in terms of sales performance.

The wild card with AI is the concept of *breakaway speed*. With AI, you implement a model to do a task such as score prospects based on the likelihood that they will buy. Salespeople then leverage those insights and call on accounts that have a higher-than-average probability to close, and with this, sales performance improves. But, unlike the structured sales process example above where there is a performance boost and then things level off, this is where AI/machine learning (ML) comes into play. With ML, an analysis is done on the outcomes based on AI's prediction. AI can then redefine the model based on this feedback, further improving the accuracy of the predictions it makes, and this fine-tuning increases the odds of winning a deal even further. When this happens, the first mover advantage period is elongated and could reach the point where competitors may never catch up.

Based on the results that AI is already producing, along with the increasingly significant impact it will have on the world of sales overtime, it would be foolhardy for sales organizations not to at least educate themselves on the power of AI as a tool for optimizing sales performance. Yes, there are key challenges with AI that need to be dealt with such as data quality/availability, issues with integration to other systems, output accuracy, cost, regulatory compliance, and more. But AI will transform all aspects of business—sales included. This is not a party you will want to be late for.

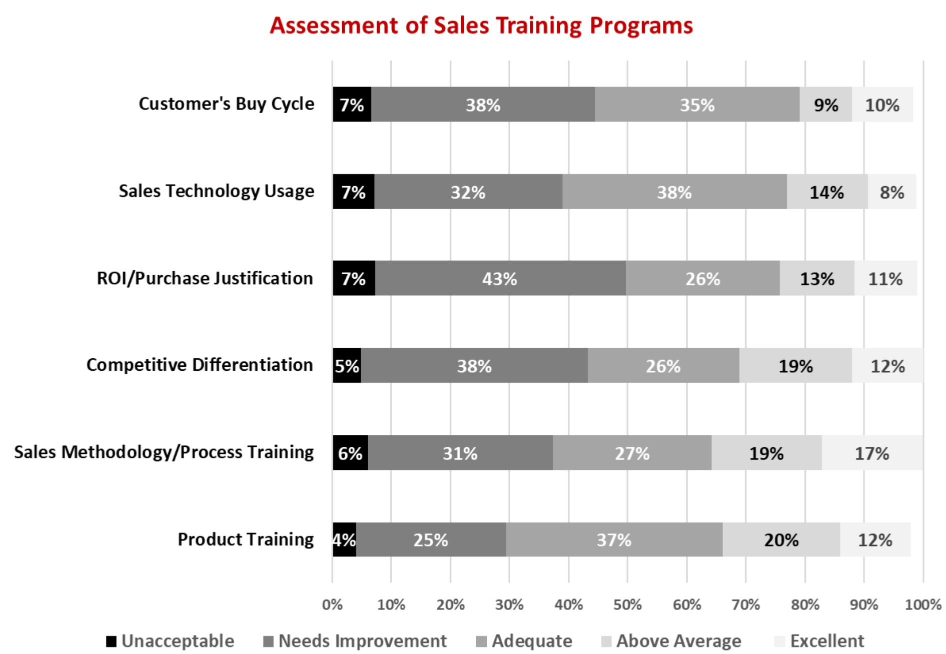
Section VII – Sales Training Assessment

In this section we look at various categories of sales training and how their organizations rate the adequacy of these programs. Last year we noted the shift from the "Great Resignation" to the "Great Recession" that took place in 2022.

Throughout this year, companies have continued to plan, react, and wait on the "Most Anticipated Recession Ever." As of the end of Q3, there has been no recession officially declared; in fact, Bank of America and JP Morgan Chase have suggested there may be no recession after all.

Still, companies continue to exercise an abundance of caution and have, by and large, cut back, laid off, and otherwise reduced payrolls and expenses.

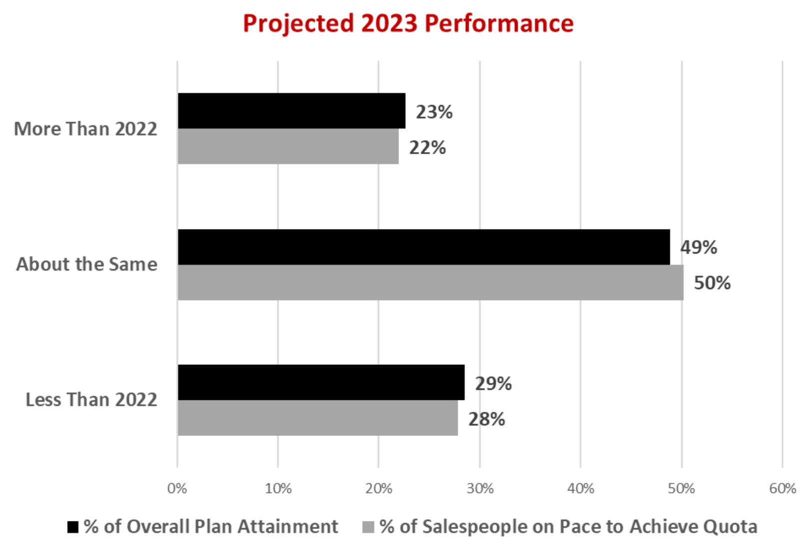
As always, training is an easy target and, although we did not poll companies on their budgets, recent layoffs in the Sales Enablement space suggest CFOs are



continuing to be "CF NOs," unwilling to write checks before seeing an increase of checks coming into their coffers.

In this environment, many companies simply continue doing what they've always done, which would make sense if it was working. But it does not appear to be doing so. In the 2022 study the projected average revenue plan attainment was 92% and the percentage of reps meeting quota was 61%. In the 2023 study, the actual numbers came in at 86.5% and 53%, respectively. Further, when asked how performance was tracking for 2023, 78% said it was about the same or worse for both revenue attainment and reps making quota as seen in the chart on the next page.

If insanity is doing the same thing and expecting different results, it would appear that more than three-quarters of companies reporting are certifiable.



These are profoundly disturbing figures and are not pointing in a positive direction. The question, of course, is what to do differently?

The chart on the previous page, combined with earlier insights, suggest a path forward. First, a brief recap. The two highest rated training courses that are rated Adequate and above are—and continue to be from prior years—Product Training and Sales Methodology Training.

The three lowest rated training courses are, in order, Customer's Buy Cycle Training, ROI/Purchase Justification Training, and Competitive Differentiation Training.

No doubt, you're familiar with movies that show police interrogation scenes where they say, "We can do this the easy way or the hard way." In the movies, this means you can either cooperate and sing like a canary, or we can rough you up or make your life miserable in some other way.

Throughout this report, we have pointed out that higher levels of process implementation, especially the upper two levels augmented by technology, combined with higher levels of relationship simply do better. Said another way, you can approach engaging new and existing customers the easy way or the hard way. The following are our suggestions for investing in and conducting training to help your sellers engage buyers in an easier way—the way they *want* to be engaged.

WHERE TO START

- **Interview Buyers to Understand How They Buy.** If this seems unclear or too vague, pick up a copy of Martyn Lewis' book, *How Customers Buy…& Why They Don't*. This will help you shift your perspective from Inside/Out to Outside/In.

- **Shift From ROI Calculators to Business Acumen.** If you missed it earlier, once more, you need to move beyond your product to talk about and understand your customers' and prospects' business issues/challenges. They want to know what you're seeing in the marketplace, how this compares with what they're experiencing, and what is going to happen next. The expression about being able to "see around corners" refers specifically to this area of interest. If you want to know more about this, view these two videos: Calling High Part 1 and Calling High Part 2.

- **Understand Buyers Need to See a Difference.** If buyers don't see a difference, they'll create a distinction of their own, typically based on price and/or availability. Unless you are the low-price leader (e.g., Walmart) or are the only game in town (unlikely), it is incumbent upon you to show up differently. We have been saying for years that *how* you sell is a more sustainable, competitive differentiator than *what* you sell. This is particularly true when you can speak in terms buyers understand about issues they may, or importantly, may not recognize they're facing. This is how you add value; move up the levels of relationship pyramid and "sell easier." If you can swap out your company's name for competitors in your website text, collateral materials, and presentations, you are undifferentiated. To see an example of how to set yourself apart, Why will buyers create their own distinction?

Section VIII – Going Forward

As we wrap-up our review of sales organizations circa 2023, the attention shifts to 2024. Unfortunately, no one has a crystal ball that will give a definitive picture of how next year will play out. There are questions on interest rates, if/how a severe recession might occur, and how the political landscape around the world will evolve and continue to weigh on the business climate. But in the face of these significant unknowns, sales organizations must still make decisions on how to move forward.

Going into 2023, some companies were cutting budgets across all functional areas, including sales, which includes less money for training, technology, sales tools, etc. Still others reported they were budgeting funds for sales optimization initiatives but were not going to release the funds until they saw a definitive improvement in the business climate (which has yet to happen). As we have seen by the results reported in this year's SPS study, sales performance fell off.

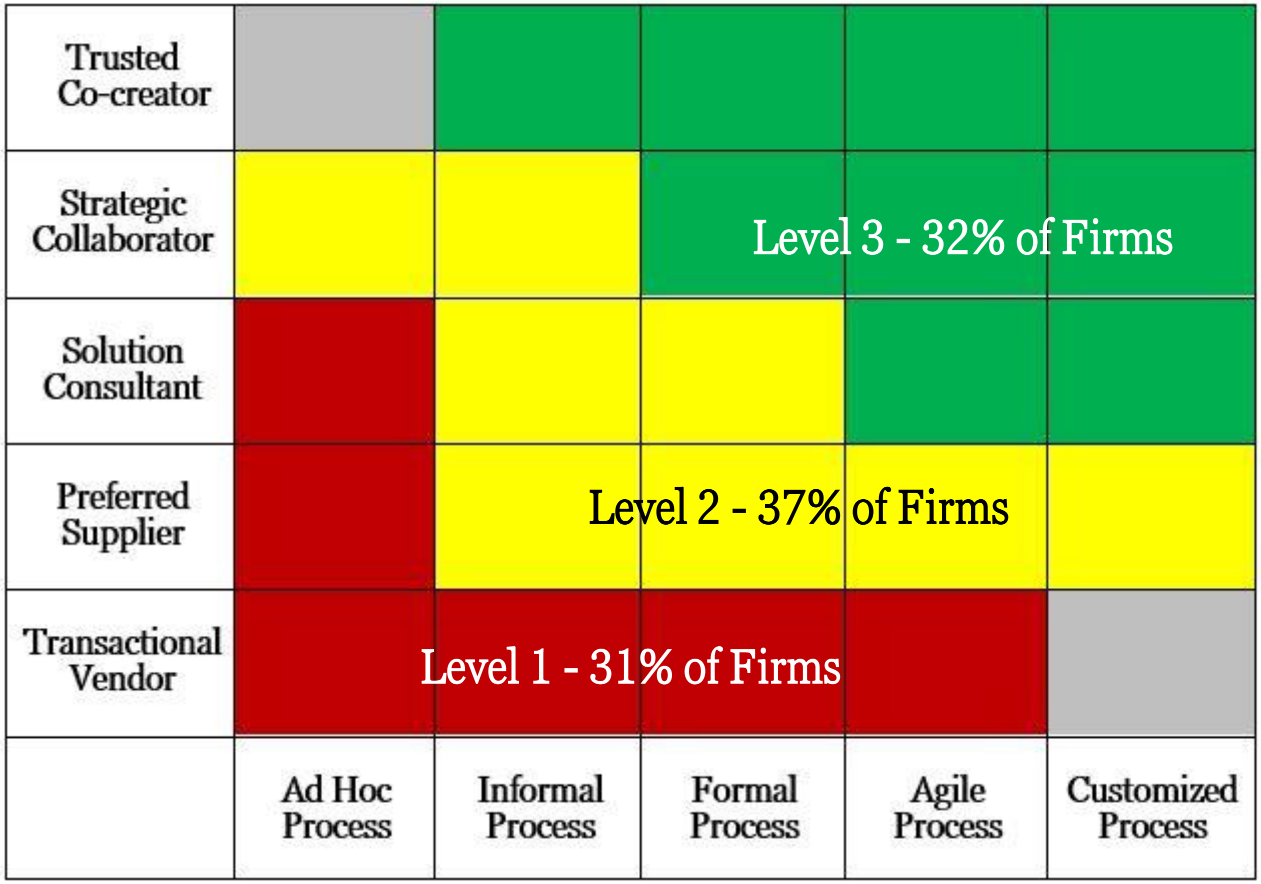
As companies are going through the budgeting process for 2024, it may be tempting for CFOs to put on the hat of "CF NOs." On the surface, we understand they see their role as being good stewards of their company's money, and they may well want to wait for more checks to *come into* their firm before they start writing more checks *out*. But that may be an example of being *penny-wise and pound-foolish*. Based on our review of the study data and discussions we had with sales executives and consultants, if we were still running a sales organization today, the following is the course of action we would take.

Recommendation 1: Make Data Driven Decisions: Among his maxims, Edwards Demming was noted for observing*: without data, you are just another person with an opinion*. With this in mind, let's review the SPS data in more detail. As we discussed earlier in this report, sales process and buyer/seller relationships are undergoing a fundamental transformation.

To surface and quantify the impact that the new era of process and relationships is having on sales performance, we segmented the study participants into twenty-five cohorts, represented in the 2023 SPS Matrix on the next page. We looked at the following key sales performance indicators: percentage of salespeople making quota, percentage of overall revenue plan attainment, outcome of forecast deals, and percentage of annual voluntary turnover (salesperson leaves by their own choice) and involuntary turnover (salesperson was let go).

Looking at the 2023 SPS Matrix, let's address the two gray segments. These represent anomalies; whereby, if a sales organization is ad hoc, in terms of process, their company does not reach the relationship level of Trusted Co-creator. Conversely, if they have a customized process, in terms of relationship level, their organization has, at least, figured out how to be a Preferred Supplier or higher. Looking at the performance figures for the rest of the segments of the 2023 SPS Matrix, on average, three clear levels of sales performance emerged, representing roughly one-third (each) of the study participants.

2023 Sales Performance Scorecard (SPS) Matrix



Recommendation 2: Make the Cost-of-Doing-Nothing Personal: First, take a moment to turn the previous table into something that is real for your company. If you are currently a Level 1 company, consider how your sales performance would change if you were able to move to Level 2. What would a multi-point jump in your overall revenue plan attainment translate into? What would an increase in your win rates of forecast deals in terms of additional deals closed in a year? What effect would "reduced turnover" have in terms of minimizing lost revenues resulting from new hires taking a long time to get to full sales productivity? Similarly, if you are a Level 2 company, understand what the upside is for moving to Level 3.

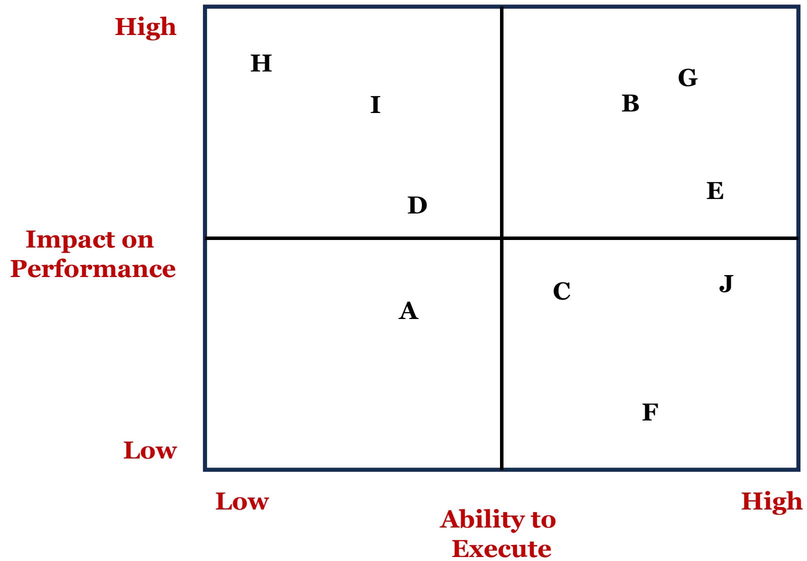
Recommendation 3: Determine Where You Are, Need to Be, and How to Get There: Once you know the size of the prize for optimizing sales performance, you need to develop a game plan for doing so. Since the way companies sell varies widely, there is not a one size fits all answer. Going back to the SPS model can be a logical starting point for all companies. Referring to the process and relationship definitions previously presented, take some time to select where you currently are on the 2023 SPS Matrix. Next, plot which cell you think you could get to if your sales organization were functioning at its optimal performance. Using the table above, consider what the cost of doing nothing (i.e., not changing) is for your organization by maintaining the status quo in 2024, and beyond. What is sub-optimal salesperson performance costing you? What is turnover costing you as new salespeople take months to get to full productivity? What is high no decision rates having on your ability to hit your company's revenue targets?

In uncertain times, we often focus our attention on what checks to write now to have the business run successfully. The point of this exercise is to become aware of the *invisible* checks you are writing each day, week, and month by continuing to operate as you have been.

Once you have that clearly defined in your mind, the next step is figuring out all the things you could change to make a shift over and/or up in the 2023 SPS Matrix. One way to accomplish this is to go through a sales process mapping exercise. To do this, map out the main stages in your sales process and your customer's buying process. Then, for each of the stages, map out the specific activities you and the buyers conduct and assess how well you perform these tasks. This will help you identify potential candidates for sales enablement initiatives. For help with this review, Sales Mastery advisory services clients should schedule a briefing where we will go through a methodology to accomplish this analysis.

Recommendation 4: Make Intelligent Choices on a Phased Approach to Change: Going through the previous exercise can result in identifying dozens of areas for improvement. Think of this as your long-term vision of where you need to get to over time (i.e., 24 to 36 months), but not what you should be looking to do all at once. Having benchmarked hundreds of sales transformation initiatives, the best route to success is a phased approach.

Our recommendation is to step back from the list of all the things you *could do* and prioritize the ones you *should do* first. To accomplish this, consider two key factors. First, what would be the impact on the performance of your sales organization if you solved each of the challenges identified? Could you close more deals, close the same number of deals, but at a higher price, reduce customer churn, reduce ramp-up time for new salespeople, etc.?



Once the potential impact is understood (low to high), be pragmatic regarding the ability of your organization to successfully execute each initiative (again low to high). For example, in the grid to the right, project H has a high value, but low odds of success. Perhaps it requires project E to occur first to set the stage for project H.

Once everything is mapped out, the focus needs to be on the upper right quadrant of the grid. Take a few of those initiatives and flesh out a project plan that includes your assessment of the cost of doing nothing, what better looks like, what needs to happen to get there, and the cost of getting there. If you go through that process, you will be in an informed position to decide what really needs to be done to maximize the odds of hitting your 2024 revenue targets.

As stated in the Introduction, the experiences of your peers are invaluable resources in surfacing insights into what is working and not working regarding optimizing sales performance. But the way companies choose to sell can vary widely based on company culture, industry, geography, size of company, etc. Ultimately, charting the best course to sales success for your organization to use, to successfully navigate the conditions your teams face in your marketplace, must be uniquely crafted. If you have questions on the data or the insights presented in the 2023 SPS report, or if you want to brainstorm what types of changes will yield the biggest improvements in terms of optimizing sales performance for your firm, feel free to reach out to us directly.

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About Sales Mastery

Sales Mastery is led by Jim Dickie and Barry Trailer, two serial entrepreneurs who, collectively, have over 60 years of hands-on experience in sales, sales management, and sales technology. Both have been in positions of managing sales organizations and founded and led companies to successful acquisitions.

THE POINT IS: They have been in your shoes! They have felt selling pains and sales management challenges. In addition, through their research and benchmarking efforts over the past 20 years, they have gained knowledge and insights from thousands of CSOs/CROs, CEOs, CMOs, and sales teams who have successfully overcome seemingly insurmountable barriers and hurdles that all leaders face. And, they have lived to tell the tale of what's needed to turn *how you sell* into a sustainable competitive advantage.

View Jim Dickie and Barry Trailer's bios on LinkedIn.