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CEO's Sales & Marketing effectiveness study, 2005.

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Executive summary:

The 2005 CEO's Sales & Marketing Effectiveness Study, the first of its kind effort is one of the most comprehensive, statistically valid studies conducted on sales & marketing effectiveness. With over two decades of experience in Sales & Marketing we are at a unique position to undertake such an effort. Applying the firm's insight and experience working with sales leaders, the 2005 Sales & Marketing Effectiveness Study accurately captures the real challenges impacting sales productivity.

The purpose of the 2005 CEO's Sales & Marketing Effectiveness Study is to help key decision makers compare and contrast their own organizational strategies against those of others in similar sales environments. The study explores some of the symptoms experienced by sales organizations as a result of changing buyer behaviors. The study also helps the participants understand strengths & weakness in their organizations.

The study focused on;

1. Key business challenges.
 - a. Sales force selling abilities.
 - b. Consistent approach to identify, win & retain business.
 - c. Effective sales force management culture.
 - d. Changes in buying environment.
2. Four major issues facing the organizations.
3. Overall confidence in selling environment.

Key findings-

Major issues facing the organizations –

>52% experience "The changes in the buying environment".

>67% experiencing "Increasing commoditization of the market with rising expectations, to increase service support at reduced prices"!

>39% felt "A Consistent approach to identify, winning, & keeping the business".

How we did it?

To address growing business opportunities & aggressive competition organizations are changing & realigning their business process. We designed suitable short study forms, capturing essence of these changes & challenges.

The study was designed as exploratory research. Formal statistical procedures & tools were employed to analyze the data.

Data was gathered from 1st January 2005 till 30th April 2005 from 1538 respondents. These respondents were selected, representing key positions in their respective organizations.

The majority (97%) of the respondents were from India.

The study was mix of web based & paper based feedback formats.

> 1538 respondents representing 12 Industry sectors.
> Over 50% respondents are senior most decision makers.

Structure of the sample:

Sr	Industry Type	Qty
1	Manufacturing	26%
2	Industrial & Chemical	22%
3	Technology & Software	16%
4	Business Services	7%
5	Consumer Products	6%
6	Telecommunications	5%
7	Other	3%
8	Healthcare	4%
9	Transportation	3%
10	Utilities	5%
11	Finance & Insurance	2%
12	Media	1%

Total 100%

	Job Title	%
1	Director Sales/Marketing	20%
2	Manager Marketing /sales	18%
3	CEO/COO	17%
4	Regional Sales Manager	14%
5	V.P.Sales / Marketing	12%
6	Sales Rep/Engineer	10%
7	General Manager	5%
8	Managing Director	4%

Total 100%

The questionnaire was designed to capture response to key business challenges the organizations were facing viz;

- a. Sales force selling abilities.
- b. Consistent approach to identify, win & retain business.
- c. Effective sales force management culture.
- d. Changes in buying environment.

Each key challenge was then further divided into sub-sections. The answers/ responses to these challenges were to be answered in 4 options like Strongly Agree, Agree, Not sure & Disagree.

The main Findings:

A. Sales force selling abilities.

4 Key sales force skills	Strongly Agree/Agree	Not Sure /Disagree
1. Our sales people are developing relationships with the right people in their customer's organization.	80%	20%
2. Our sales team does a good job in addressing customers' objections.	69%	31%
3. Our sales team is good at identifying & reaching the right decision makers within an organization.	72%	28%
4. Our sales people focus on solution-led selling (i.e. value and differentiation) versus product-led selling (i.e. features and functions).	68%	32%
5. Selling new products/services is a major challenge for them.	72%	28%

Key facts/notes:

- Most of the organizations' sales force has the ability to develop relationship with key people in client organizations; they also have ability to address customer's objections.
- However despite of having such an experienced & able sales force, they have major challenge for new products & services.
- The challenge of selling new products/services is observed in Manufacturing, Industrial -Chemical & Business services sectors.

B.A consistent approach to identify, win & retain business.

Ability to develop loyal customers.	Strongly Agree/Agree	Not Sure/Disagree
1. Our sales team is very successful at retaining business from the existing customers.	38%	62%
2. Our sales & marketing people are consistently accessing the senior-level decision makers within our existing customers.	22%	78%
3. We have a well-defined methodology for identifying new sales opportunities.	56%	44%
4. Our sales & marketing people are very successful at securing business from new customers.	14%	86%
5. Our sales team is very effective in selling new products/services	14%	86%

Key facts/notes:

- Although most of the organizations have well defined process to identify new sales opportunities, it is not resulting in consistent business retention.
- Majority of organizations are facing difficulty in selling new product / services.
- Assessing senior level decision makers within the present customer organization is not yet possible.

C. Effective sales force management culture

Organisation culture for sustainable sales advantage	Strongly Agree/Agree	Not Sure/Disagree
1. As a whole, our company's sales management effectively utilizes the organization's resources (people, process, money, time & technology).	56%	44%
2. Overall we have the necessary leadership skills to manage our sales teams effectively.	66%	34%
3. Our sales management clearly communicates strategies and tactics of the organization through the sales ranks.	58%	42%
4. As a whole, the culture of my sales force management motivates our sales team to do more than is normally expected. They go the extra mile for the organization.	51%	49%
5. As a whole, my sales management tends to prioritize bottom-line management.	56%	44%
6. As a whole, my sales management tends to prioritize top-line growth strategies.	59%	41%

Key facts/notes:

- Despite of having good sales force with good selling abilities along with processes to retain customers, a poor sales force management can weaken all the advantages of ability & processes.
- 42% respondents have confessed to having poor communication of about sales/marketing strategies & tactics.
- 49% respondents have poor organization culture for sales force motivation. This becomes a major problem in a competitive selling environment where going beyond the stated expectations is a must.

D. Changes in buying environment.

Market challenges in the sales environment.	Strongly Agree/Agree	Not Sure/Disagree
1. Our customers are putting a higher priority on return on investment (ROI) while making decisions.	58%	42%
2. An increasing number of customers are delaying purchasing decisions.	36%	64%
3. Our customers are treating our industry as a commoditized market.	67%	37%
4. We are under increasing pressure from our customers to reduce prices.	58%	42%
5. We are under increasing pressure from our customers to provide more service and support.	63%	37%

Key facts/notes:

- The customers are putting more emphasis on ROI & decision-making is becoming faster.
- 67% organisations are experiencing – buyers treating their products/services as commodities.
- Majority of organizations are facing price pressure along with rising expectations from their customers for additional support.
- As the customer's customer becomes more demanding, the price & performance pressure will be greater down the value chain.

E. Major Issues Facing the Organization:

*Key priorities for the organisations-
In the order of importance.*

1. Changes in buying environment.
2. Consistent approach to identify, winning & keeping the business.
3. Effective sales force management culture.
4. Sales force selling abilities.

F. The overall confidence in the selling environment.

Selling environment outlook.	Strongly Agree/Agree	Not Sure /Disagree
1. Compared to last year, our enquiry lifecycles are shorter.	64%	36%
2. Compared to last year, I believe the quality of enquiries has improved.	77%	23%
3. Compared to last year, I believe the quantity of enquiries has increased.	80%	20%

Key facts/notes:

- Majority of the respondents feel economy is fast growing resulting in better quality & quantity of enquiries.
- Customers also would like to get products /services faster than before, a result of growing demands from their customers.

Recommendations to address the key challenges.

Fast growing economy puts People, Processes & Organisation culture under pressure, to improve & adapt. Our study with 1538 respondents from the key 12 sectors of the economy revealed, how organizations perceive & address the challenging opportunities.

It is observed that successful organizations will be those who;

- Understand & acknowledge the rapid changes in the buying environment. They will develop new products/services addressing ROI, price & support expectations. Understanding the customer's customer will become crucial for a long-term survival.
- Have ability to identify & nurture loyal customers. Systems & processes to address key customers' stated & unstated needs. Anticipating business challenges of these loyal customers & supporting them through customized products/services.
- Effective utilization of available resources (people, finance & time) & having leaders with excellent communication skills. Recognizing "customer relations is a mirror image of employee's relations".
- Managing & motivating the sales force to help them achieve customer satisfaction. Ability to help the customer in buying process rather than merely focusing on selling.

About: Industrial Marketing Services.

With nearly two decades of experience in Sales, Sales Management, Marketing and Corporate Management, we bring wide-ranging expertise in developing, growing and running sales & marketing organizations in today's economy.

We work with senior management to help them change & adapt for a long-term sustainable results.

For the key sales & marketing executives, we conduct "In-house" executive education programs to help them improve business in a challenging business environment.

Visit www.inmas.com for more details on how we help clients.

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