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The Research Division of Miller Heiman Group

Selling in the Age of Ceaseless Change:
2018-2019 Sales Performance Study

REPORT SUMMARY

Revenues Are Up.
Sales Performance Is Not.

Each year we analyze the state of sales performance. What are the numbers? More importantly, how are sales leaders getting to them?

This year, more organizations are meeting their revenue commitments. Average revenue attainment has reached 93.9%, the third straight year of growth. Yet, the leading indicators of conversion rates, win rates and quota attainment are all flat. Further, 15 of 16 seller abilities covered in the study show lower performance than five years ago.

Sales leaders found ways to make their goal (often at large cost). But, it wasn't through improved sales performance. That presents a huge opportunity. If leaders can get sales systems running more effectively, substantial gains can be made.
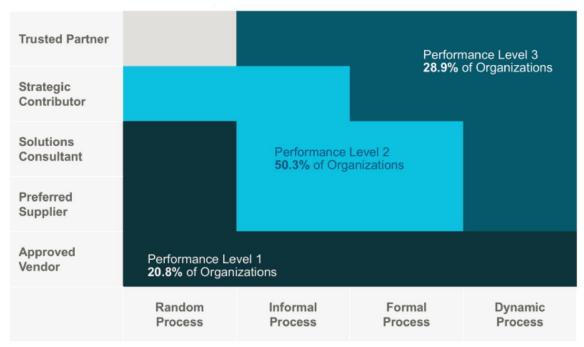
Customer-centricity Separates Top-Performing Organizations

2018 Sales Relationship Process (SRP) Matrix™

The SRP Matrix assesses organizational success at the level of relationship that sales organizations have with their customer base (vertical axis) and the implementation of sales process (horizontal access).

Trusted Partner

Strategic Contributor

Solutions Consultant

Preferred Supplier

Approved Vendor

Performance Level 3
28.9% of Organizations

Performance Level 2
50.3% of Organizations

Performance Level 1
20.8% of Organizations

Random Process | Informal Process | Formal Process | Dynamic Process

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We start our analysis with a sales performance framework called the Sales Relationship Process (SRP) Matrix™.

The SRP Matrix plots each of the nearly 900 sales organizations in our study on two axes: depth of customer relationship, and formality of sales process. (See the core report for a full explanation)

Once plotted, we analyze key operational metrics such as revenue plan attainment, quota attainment, win rates and salesperson attrition. As you might expect, those in Level 3 on average outperform those in Level 2, who outperform those in Level 1.
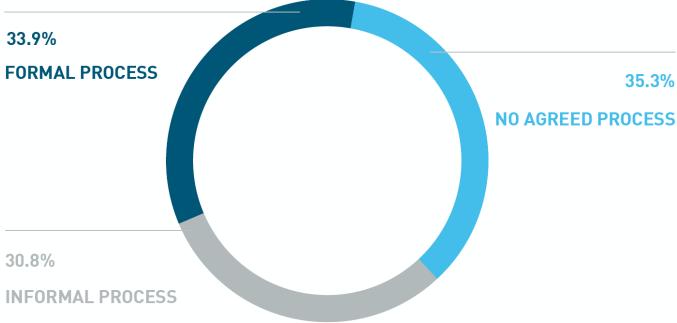
In addition, we assessed all the other items in our survey against these three levels and uncovered three key differentiators between Level 3 and the rest of the responses.

Those in Level 3 were substantially more likely to (a) have a customer-centric culture, (b) excel at providing perspective and insights to their customers, and (c) tightly align their sales process to their customer's path to purchase.

Lead Generation Suffers from Organizational Silos

Sales & Marketing: Status of Process for Jointly Nurturing Leads

Only 33.9% of sales leaders said that their Marketing and Sales teams have a jointly agreed process for how to nurture prospect interest into leads and hand them off between departments.

33.9%

FORMAL PROCESS

35.3%

NO AGREED PROCESS

30.8%

INFORMAL PROCESS

We asked sales leaders how they planned to achieve their goals of moving up the matrix into 2019. **The top four responses were: better lead generation, improving win rates, capturing new accounts, and expanding relationships in existing accounts**. In the full report study we dive into each of these in more detail.

We start with lead generation, which continues to be a challenge for sales leaders. There is some good news on this front with the increasing use of sales development reps (SDRs) and the more common adoption of social selling techniques.
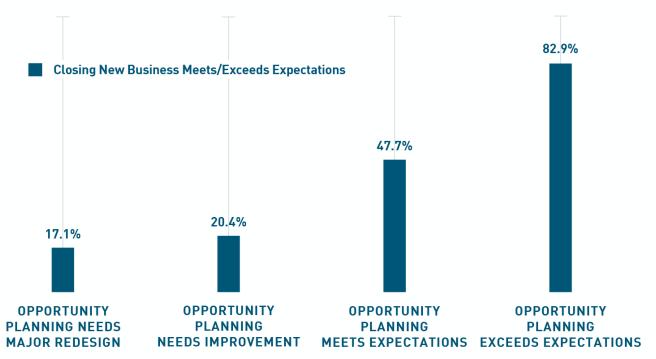
However, broad success is still stymied by the age old problem of sales and marketing silos. **Only 33.9% of organizations said that their sales and marketing teams had a jointly agreed process for how they would work together to nurture leads**.

And only 29.5% said that marketing and sales had a common lead definition. You can't work together to get a lead into the funnel if you can't agree on what one is.

Planning Improves New Account Capture

Strength in Opportunity Planning Related to Strength in Closing New Accounts

The vast majority (82.9%) of those who excel in building and executing opportunity plans also excel at closing new business and achieve better metrics.

■ **Closing New Business Meets/Exceeds Expectations**

17.1%	20.4%	47.7%	82.9%
OPPORTUNITY PLANNING NEEDS MAJOR REDESIGN	OPPORTUNITY PLANNING NEEDS IMPROVEMENT	OPPORTUNITY PLANNING MEETS EXPECTATIONS	OPPORTUNITY PLANNING EXCEEDS EXPECTATIONS

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New accounts contribute less than 1/3 of revenues, and capturing new accounts remains a challenge.

In fact, almost 2/3 (65.8%) of respondents said that their organizations needed improvement or major redesign in the way that they capture new business.

There were several practices that were positively linked to success: (1) having a sales process which was very tightly aligned to the customer's preferred methods of purchase, (2) having a strong ability to prioritize which prospects to focus on and to allocate efforts and resources, and (3) having a strong ability to build and to execute opportunity plans.

Opportunity planning represented one of the largest gaps in the survey, with 66.1% of respondents indicating that their abilities and processes needed major redesign or improvement.
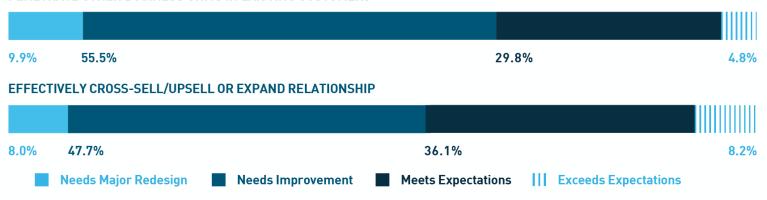
Account Renewals Dominate Revenues

Account Expansion Capabilities

Over half of respondents reported needing improvement or major redesign in the abilities which drive expansion: Penetrating new business units (65.3%) and upselling/cross-selling (55.7%)

PENETRATE OTHER BUSINESS UNITS IN EXISTING CUSTOMERS

9.9% 55.5% 29.8% 4.8%

EFFECTIVELY CROSS-SELL/UPSELL OR EXPAND RELATIONSHIP

8.0% 47.7% 36.1% 8.2%

■ Needs Major Redesign ■ Needs Improvement ■ Meets Expectations ||| Exceeds Expectations

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Existing accounts continue to account for, on average, 70.1% of a company's revenues.

There are many reasons to focus on existing accounts. In-depth customer knowledge helps sellers provide more relevant perspective, dealing an advantage over competitors. Further, sales cycles in existing accounts were half as long (7.2 months vs. 3.8 months) as capturing new accounts-- a huge savings in cost of sales.

Yet, for all the existing business being renewed, there was not a strong ability to *expand* business in existing accounts with key gaps noted in penetrating new business units or cross-selling/upselling.
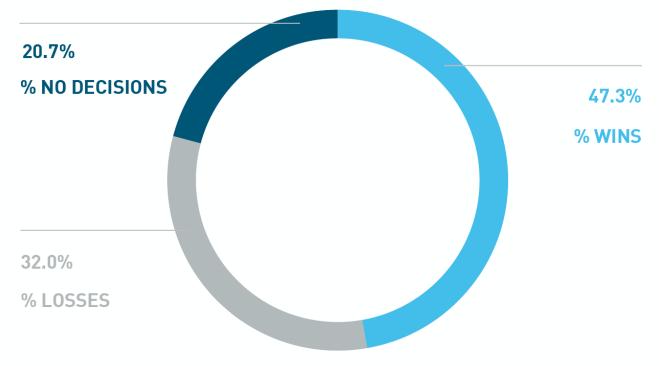
While many bemoan the challenge of balancing new sales with existing account management, **there was no correlation between time spent on post-sale activities and customer churn, ability to renew or level of relationship on the SRP Matrix**. It's not about spending more time.

What did have a positive relationship? **Strong account planning and the ability to drive customer loyalty,** a common customer experience objective.

Win Rates of Forecasted Deals Vex Sales Leaders

Outcome of Forecasted Opportunities

Less than half (47.3%) of forecasted business ends up being closed. A third (32.0%) is lost and 20.7% ends up being indefinitely stalled, leading to poor forecasting and many missed opportunities.

20.7%

% NO DECISIONS

47.3%

% WINS

32.0%

% LOSSES

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Whether an opportunity is with a new customer or with an existing account, it only helps business health if you close it.

For the second year in a row, win rates of forecasted deals were 47.3%, continuing a trend of hovering below 50% for the last several years. **That means that sellers close less than half of what they commit to closing in forecasts.**

In this year's examination of win rates, we noted a few interesting trends. Harkening back to our discussion of the SRP Matrix, we see that while both process and relationship have an impact on win rates, the impact that a strong relationship has is more profound.

Drilling down into those relationships, we also found specific practices that were linked to higher win rates. **A notable example was the ability to provide clients with perspective and insights**. As highlighted in the *2018 Buyer Preferences Study,* this is one of the key expectations that today's B2B buyers have of their salespeople.

Conclusion

As part of our study, we asked sales leaders for lessons learned. What would they do differently? What have they stopped doing? Not surprisingly, leaders aspire to transform some of the most fundamental elements of their sales system: talent, structure, processes and more. Yet, given the risk to the organization (sales literally touches all revenue!), leaders report a tendency towards incremental change.

In the full report, we build on these lessons learned to consider what "sales transformation" really means. A responsible sales leader probably can't completely rebuild every component of a sales system at once. However, transformation doesn't need to be linear. It is a ceaseless evolution designed to adapt to ceaseless change. It isn't a project. It uses technology as a driver, not an enabler. It feeds off data. And above all, it ensures that absolutely everything you do is aligned to the customer path.

About CSO Insights

[CSO Insights](#) is the independent research arm within [Miller Heiman Group](#), dedicated to improving the performance and productivity of complex B2B sales. The CSO Insights team of respected analysts provides sales leaders with the research, data, expertise, and best practices required to build sustainable strategies for sales performance improvement. CSO Insights' annual sales effectiveness studies, along with its benchmarking capabilities, are industry standards for sales leaders seeking operational and behavioral insights into how to improve their sales performance and to gain holistic assessments of their selling and sales management efficacy. Annual research studies address sales and service best practices, sales enablement and sales performance optimization.

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