

The Optimized Sales Organization

Follow this road map and lead your sales force to new heights

by David Batchelor, M.A., CSP

When observing top sales organizations in North America, several patterns emerge regardless of the industry, marketplace, or competitive set. Based on these observations, I created The Optimized Sales Organization (TOSO) model – a road map for maximizing the performance of a sales organization. Simply follow the arrow from one element to the next. This model is all about alignment.

It starts in the middle, illustrating how today's successful organizations tend to be very customer-centric. In turn, the organization's overall vision, mission, objectives, and culture are intimately tied to the target customers' needs.

Now we can turn to the elements of the optimized sales organization itself.

Leadership

Effective sales leaders create a vision, a mission, objectives and a culture for their sales organization based on overall corporate aims. They then align everyone's commitment towards those elements by ensuring all reps see how their success is linked to the sales organization's objectives, and to those of the corporation.

Management

Sales organizations must employ strong management fundamentals, and sales leaders must make certain each individual is being held accountable for activities and results that will lead to achieving the vision, mission, and objectives of the sales organization and of the corporation.

Recruiting and Retention

The high performing sales organization typically employs an aggressive "topgrading" strategy, which involves continually ranking employees, keeping top performers, converting mid-performers, and replacing lower performers.

Moreover, the right individuals must be recruited and retained based on the preced-

Deployment Strategy

With the right team in place, led and managed effectively, the sales organization must deploy them efficiently and effectively. For example, one sales group may be best organized into two teams: account managers (farmers), and business development representatives (hunters) covering all regions. Whereas another organization may best be served with a national accounts team handling major accounts, and a team of regional account managers handling the balance of the business, with both teams responsible for existing customers and prospecting. The right deployment all depends on the preceding elements of the model.

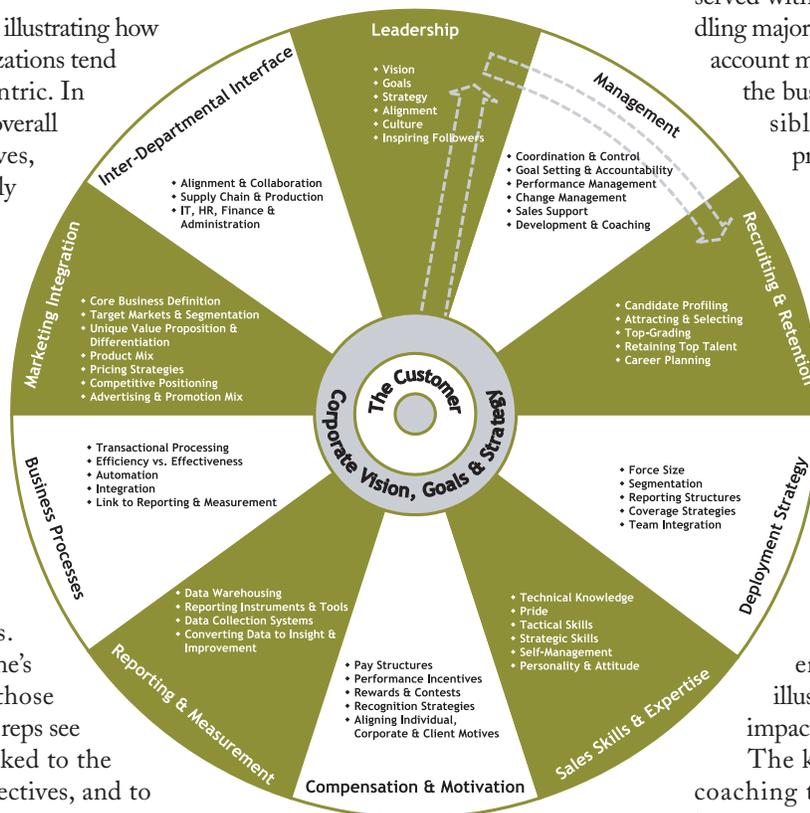
Sales Skills and Expertise

The right sales team must work continually to optimize its skills and expertise. But many sales leaders immediately default to training when times get tough. The problem is that training and coaching can only improve skills, knowledge and attitudes. Sometimes that's enough. But the TOSO model illustrates many additional variables impacting sales performance.

The key is to provide training and coaching that will nurture continuous improvement of the requisite skills to achieve performance expectations *and* to also address the other systemic elements that affect sales performance. When faced with lagging performance, managers should ask, "Is it a lack of skills and knowledge that's holding them back or is it another element?"

Compensation and Motivation

Optimized sales organizations include pro-



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grams to compensate and motivate individuals to work hard towards common objectives. Often compensation plans motivate reps to act in a way that is not aligned with the elements of the TOSO model. For example, a company may pay reps a straight commission on sales volume, in addition to a modest base salary. However, one of the organization's core objectives may be to secure greater market share with fewer, big-

ger customers. Its compensation plan may not be motivating the right behaviours because it may be easier to earn more commission by growing sales through smaller customers where there is less competition.

Reporting and Measurement

Sales leaders must also identify the right performance data to track, and then extract genuine insight from that information. The

goal is to determine how to reverse engineer the desired results. And the targets must be aligned all the way back to customers and their needs.

For example, a company may track and report sales results by month, by customer. The problem is that the month is over before the data is reported. That's like trying to drive forward by looking in the rear-view mirror. The company would be better off tracking and managing the various business measures that lead to those sales results, such as sales activity (e.g. new proposals generated). Studying these metrics can uncover performance patterns that can be addressed day-by-day to manage sales performance more proactively.

Business Processes

A sales organization's business processes also affect performance. For example, if it is exceedingly difficult to get credit approval for new customers and set-up new accounts, reps may be disinclined to seek out new customers, and instead focus their efforts on their current clients, which may be inconsistent with the objectives of the organization.

Marketing Integration

The interface between sales and marketing can vary dramatically from one organization to the next. For example, the marketing department may be responsible for pricing in one organization, but sales may be responsible in another. In the optimized sales organization, sales leaders carefully manage the integration of sales and marketing with other members of the leadership team.

Inter-Departmental Interface

Lastly, other departments within an organization can impact the sales team's performance. For example, if manufacturing or inventory control isn't synchronized with the sales team, reps may make promises to customers that can't be met. In high performing sales organizations, the sales leader works hard to ensure complete alignment and collaboration with these other departments. 

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