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# Invest in Your Salespeople Now

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**YOUR SALESPEOPLE ARE** fighting a new kind of battle today. Doing business has changed in recent years as economic cycles have become less predictable and erratic, creating greater competition and forcing every company to re-examine its go-to-market sales strategy. With every economic cycle, there is a chain reaction of good things or bad things that occur, depending on which way the economy is heading. In good times, demand is strong, prices are stable, and growing the company can be done while investing in the business. However, in a downturn, the impact can be swift and painful. In reaction, customers typically initiate deep cuts in spending in every area of their businesses, including technology, labor, operating expenses, inventories, and capital investments. As a result, decisions are delayed or simply not being made at all to conserve cash and to ensure that spending does not get ahead of

revenue or capital reserves. This type of reaction has a direct impact on virtually every industry and every company.

## Facing a Strong Headwind

What does this all mean for your salespeople? They are your first line of defense, as they are the first to experience shifts in your customers' buying behavior. In the past, a slowing economy meant you had to consider being more aggressive with pricing and offer more services to slow the loss of revenue and margins. Customers still bought, it was reasonably predictable, and you simply had to manage your business more cautiously. That will not be the case in the future. For customers, in a tough economic environment it is all about conserving capital, making deep cuts in spending, and forcing greater competition among suppliers to get lower pricing to optimize their expenditures. Customers' behavior will become even less predictable as they attempt to get their arms around their continued financial challenges. This means it is going to take strong leadership to keep the sales organization focused, effective, and successful in the face of stiff economic headwinds.

There are only two ways companies and their sales leadership can respond to economic downturns and increased competition. First, you can batter down the hatches, ride out the storm, and hope you are competitively viable when the economy rebounds. Or you can press your advantages and exploit the opportunities the financial challenges have created by embracing new sales capabilities and go-to-market strategies. Now is the time to make a significant investment in your sales organization, even though the easy decision would be to wait, hunker down, and conserve resources. However, with the public and the press hammering corporations for how they spend money, it is essential that a business case be built to justify every significant investment a company makes. To accomplish this will require a new mind-set and learning to speak the language of financial return and improved profitability. In this chapter, we will explore the financial challenges that are impacting your organization and what it will take to build a strong business case for

investing in your salespeople when they need it most. We will also review strategies for identifying measurements tied to the company's key business drivers and objectives that you can use to make a persuasive business case for equipping your sales team for a new kind of competitive battle.

## Why Invest in Your Salespeople Now

Business cycles are constantly evolving. When the economy is growing, companies invest in their sales organization in a variety of ways, including sales meetings, training, promotional campaigns, incentives, client conferences, CRM technology, customer intelligence, market research, and more. But once the organization misses its revenue targets and forecasts grow soft, the budget shrinks and the pressure to produce revenue grows exponentially. In typical economic cycles, a defensive posture can be effective by focusing on retaining existing business and finding ways to win market share from weakened competitors. But a deeper economic downturn requires a different kind of response.

An economic downturn is the time to go on the offensive by enabling your salespeople to pursue profitable selling strategies.

When economic downturns are relatively short, you can often avoid investing in your salespeople. Actions can be taken to remain competitive knowing a rebound is within sight. However, fighting for profitable revenue gets harder the longer and deeper a downturn goes. You run the risk that reactions to the downturn, such as discounting, more financially lenient terms, and providing additional no-cost or low-cost value-added services will be institutionalized and difficult to undo later when the economy recovers. This is why investing in the sales organization during a downturn becomes even more important than any other investment an organization can make. You need your salespeople equipped to handle the pressures from customers and increasingly desperate competitors to retain your competitive advantages.

## Lessons of Past Recessions

Taking a look at current economic conditions, it will serve you well to learn from history. McKinsey conducted a study of past recessions that companies could learn from as they make their decisions to invest in their businesses, focus on surviving, or sit on the sidelines waiting for the recovery. They found that some companies emerged from recessions stronger and more highly valued than they were before the economic downturn. By making strategic choices that sometimes defied conventional wisdom, they increased their market value relative to those of their former peers and thus gained more power to shape their industries. I believe this will be the case during this financial crisis and should be factored into your investment plans.

Consider a contrarian strategy during an economic downturn while your competitors adhere to more low-risk, low-reward approaches.

McKinsey studied one thousand industrial companies in the United States over the period from 1982 to 2000, which included the recession of 1990–1991. They identified companies that kept their leadership positions within their industries or became successful by challenging top-performing companies. They studied the characteristics of successful companies, during both the recession and the subsequent economic recovery. They found that successful companies took an aggressive position in everything from acquiring companies to investing in new products to improve competitive advantage. Of the various strategies deployed, perhaps the most unexpected action was that industry leaders actually increased their operating expenses. While most companies tightened their belts, the successful companies refocused rather than cut spending, giving up short-term profit for long-term growth. These leaders spent significantly more on selling, general, and administrative (SG&A) costs than did companies that lost their market leadership.

Another interesting point was that, during expansionary periods, successful leaders actually spent less on SG&A than did their less

successful peers as their improved efficiency was an outgrowth of their earlier investment. Finally, expenditures on R&D, marketing, and advertising followed a similar pattern. Despite selective spending increases during the 1990–1991 downturn, successful leaders were far more efficient, even with their increased spending, as they maintained an employee-to-sales ratio 27 percent lower than that of their industries.

The financial markets rewarded those companies willing to pursue contrarian strategies during the downturn. By the end of 1990–1991, successful challengers had a market-to-book ratio that was 25 percent higher than those of their unsuccessful challengers. In most economic downturns, conserving cash is a major concern. Still, when it comes to investing in the one area that ultimately impacts cash the most, your revenue engine, it goes to reason that now is the time to invest to stay ahead of the competitors that are most likely not investing.

## What's Impacting Your Business

Too often I hear sales leadership complain that, given the importance that revenue generation plays in an organization, they are left fighting for budget dollars after “non-revenue-generating” investments are made. But at the top of every organization, executive management is challenged to prioritize and choose the investments that generate the greatest return.

To position a strong business case for investing in your salespeople, you need to view the business the way your executive team does. Looking at your business from 20,000 feet, how are current economic challenges impacting your ability to grow profitable revenue? What should you look at to assess the challenges you might face when putting together a business case? Here are five key business factors that might be directly or indirectly impacting your company's financial health and that could prevent senior management from making an investment in your salespeople at this time:

1. *The Credit Squeeze.* This isn't usually a factor that sales leaders think about in normal times, but companies are now under extreme pressure to conserve their capital. Is your company putting an extra emphasis on managing cash flow? Lowering

costs, reducing inventory levels, and deferring capital expenditures make it an especially difficult climate to ask for funding.

2. *A Shutdown in Capital Investments.* Companies in many industries are stopping or slowing down capital expenditures. The uncertainty of future economic growth has stalled attempts to build infrastructure or improve plants or make other large-scale investments. A JP Morgan study on the healthcare sector, for example, found that 33 percent of hospitals are stopping capital investments, and only those that offer an attractive ROI are being funded. The lowest ROI projects are being cut first.
3. *Major Cost Reductions.* If you are in an industry that is experiencing huge fluctuation in the cost and availability of raw materials such as chemicals, electricity, oil and gas, food ingredients, steel, and more, it is probably causing your cost of goods or services to go up faster than you can pass through price increases to your customers to maintain your margins. This will force your organization to take a hit in profitability to maintain your current levels of revenue. This puts tremendous pressure on margins and causes a pullback on the expenditures you are pursuing.
4. *Consumer Spending.* Are you in an industry that is directly impacted by consumer spending? When consumer spending trends downward, inventories build up, purchasing slows down, and price pressures surface as a key strategy for selling products in inventory, further pressuring the company's financial health.
5. *Executive Turnover.* Are high-level executives leaving your organization? This will make it more difficult to make a case for investing in your salespeople. Typically, when there are leadership changes, everyone in the company becomes obsessed with keeping their jobs. For sure there will be a lack of clarity during the transition. Until the priorities of the new leadership team are communicated, senior leaders are hesitant to commit to future investments in people-related expenses.

Anticipating market trends has never been more challenging than it is today.

There is growing pressure on executives to deliver immediate results, especially in the current environment. It is also difficult given the public scrutiny on company performance and the challenges of living and dying by quarterly earnings reports. This is causing turnover among CEOs to reach all-time highs. The pressure CEOs face will always involve the financial performance of their companies. Compliance to new rules such as Sarbanes-Oxley creates even greater pressure. And now with the government's involvement in the excesses of Wall Street leading up to the financial crisis, it will not be unusual to see a CEO forced out due to questionable business decisions or overall performance of the company, especially during these times.

It is important to assess your company's environment and how internal and external changes or challenges are impacting senior management's view of investments, especially as it relates to developing and supporting the sales team. Understanding these pressures will help you prepare a business case that addresses the immediate financial and organizational concerns of senior management.

## What You Need to Know About Your Business

There is no question that managing sales puts you in a position of strength in terms of leveraging resources to help you deliver profitable revenue growth. But there are also inherent risks as well. To make an informed and impassioned plea for funding and support, you will certainly be asked how your proposed investment will impact the business. With the new economic realities we face comes a new level of responsibility for the sales leader. Business and economic cycles in the past were reasonably predictable, generally slow to occur, and easier to manage around. In today's environment, having a stronger knowledge of the business will prepare you to respond quickly to new emerging challenges.

I have spent nine years with Aarthun Performance Group working with Fortune 500 companies to improve financial performance through improved sales financial literacy and value selling. Most of the company leaders I have interviewed admit that the sales organization is viewed as not having a deep enough understanding of the key financial drivers they directly impact, nor do they understand the customers' business, leaving them vulnerable to competition. It's a big gap in corporate America, and the consequences are greater today than they were even a year ago. So why do you need to understand your company's financials? Understanding the key trends in your business and understanding the key financial indicators that are driving executive decisions will assist you in positioning your business case for investing in your salespeople in a way that addresses executives' most important goals.

Most people understand whether their company is making money or not. You can review your quarterly releases and 10K to keep up with your company's latest financial performance. Pick up *The Wall Street Journal* and you can learn about what is going on in the market, in your industry, and with your key competitors. Most people understand it when the company announces that revenues are up, profits are strong, and shareholders are receiving a dividend. However, I have found that, although these performance numbers are useful, they don't really tell the whole story. Mostly, they won't tell you about the challenges the company had to overcome to be successful. Only when you can interpret the meaning of the numbers "operationally" does it begin to help you understand your business at a higher level.

If you work for a private company, many are open about their financial situations. Some may not be, especially during tough economic times. But understanding more than just the top-line numbers that are revealed can help you get a picture of the company's key challenges and priorities. There are three things you can look at to enhance your discussions with executive leadership and your development of an effective business case—revenue growth, expense management, and the use of capital.

## The Financials

Financial reporting is fairly standardized and easy to interpret. When it comes to top-line growth and what goes into the company's revenue generation, no one knows that area better than the sales department. You know all too well that the key numbers being looked at, in addition to revenues are cost of goods sold, gross profit, gross profit margin, operating expenses, and operating profit. But what is behind the numbers? If the company is under unusually stiff competitive pressure, winning the business at a lower margin may have been a Herculean task. Did you exploit a market opportunity to defeat a stronger competitor to win new business? This needs to factor in to your business case as you defend how you achieved the numbers and why enabling and equipping the sales organization with new capabilities and tools will directly improve those numbers.

I suggest that you compare the numbers going back three years. Looking at three years' data will provide the view that analysts take to evaluate your company's key performance drivers. You should also pick one or two of your competitors and compare the numbers. Here are a few questions you should pursue in your analysis:

- Are you growing at a faster rate than last year? How does that growth rate compare to your key competitors?
- Are you growing faster than your overall market is growing?
- Are you achieving your growth goals in your target markets?
- Are you penetrating new accounts and taking market share away from your key competitors?

The answers to these questions can be very revealing in terms of what the market and shareholders look at in terms of future performance expectations for your company and whether you are a good investment versus your competitors.

## The Trends

As a sales leader, you need to compare two key trends that most directly impact your organization. Gross profit and gross profit margin are your

first lines of defense. These suggest that a company is viable, has a strong plan, and is executing well. Gross profit margin is especially critical today because there is extraordinary pressure from customers to cut prices, which has painful consequences. For every dollar of revenue you bring in, the gross profit margin tells management just how much money it has left over, after paying the cost of goods or service, to run the business. Seems simple enough, but it is the trend that management reacts to first and foremost. Every dollar of gross margin lost drops directly to operating income. Here are the questions they want answered:

- Are the gross margins going down a trend we need to plan for?
- Why is it happening, and what can we do about it?
- Is it an increase in raw materials that couldn't be passed through?
- Is it a competitive pricing issue that to retain the same level of business you had to spend more through discounting?

Whatever the answers to these questions are, the pressure will be on to improve your overall go-to-market sales strategy.

The next important trend looked at are operating costs. Senior management will assess the trend in operating expense as a percent of sales ratio. This tells them what it is costing to generate a dollar of revenue. It is an indication of how efficient the company is. Are operating expenses (also expressed as SG&A) going up at a faster or slower rate than revenue? That does not land on the sales department solely, but since that is where your investment dollars will come from, understanding it and how sales can impact it is a powerful tool in persuading management to invest. Increases in raw materials or pricing challenges alert management to margin pressures down the road. That is why cuts in salaries, training, and travel budgets more often are done quickly because management knows that the pressure to adjust costs to produce promised profits will increase, and operating expenses are the easiest target.

There are other implications for trends. These trends may also be leading indicators of the need for training. If the company is growing, new hiring and speed to performance will be keys to sustaining the growth

or turning around a decline. You can anticipate learning needs based on the key financial trends of the company. Most of all, demonstrating a working knowledge of these trends will elevate you as a sales leader in the eyes of senior management.

## What Executives Are Saying

You can learn a lot about your company's current and past performance and future strategies by what your executives are saying publicly. The numbers tell a story about what is happening in the business. I have talked to many sales managers who routinely listen to their companies' quarterly and annual earnings calls to understand their financial results. The executive team will explain external factors like the economy, trend in raw material costs, internal changes, and initiatives designed to improve performance, projections they are making for market growth, competitive factors, and more. As a leader, it is important to hear what your executives are saying about your business so that you can position strategies with your salespeople that reflect corporate direction.

Perhaps the most revealing part of the call, however, is the question-and-answer session. Executives and their investor relations teams put together substantial information to prepare for questions from analysts. The questions reflect how analysts keep score in your industry or sector and expose the concerns analysts have as they attempt to report on the business and advise their firms whether to invest, and on whom.

What management is saying publicly also provides you insight into how they intend to address the business to deliver value for the shareholders. It is an opportunity for you to key in on strategies and/or challenges that you can align your business case with. This will help address the most pressing business challenges the company faces, especially those you can address in your effort to build the capabilities of your organization.

## How to Analyze Your Sales Team's Needs

Once you understand your company's key financial priorities, be prepared to get in front of your leadership with a business case that reflects those priorities and is based on an assessment of how your sales team can deliver on them. You are skilled at managing sales and applying strategies to win business. But to get to the next level as a strong leader, you need to leverage your understanding of the business drivers discussed above by conducting an analysis of your sales team's strategies and needs tied directly to the company's priorities. As you conduct your needs assessment, be prepared with well-thought-out answers to the following business questions.

### 1. What Challenges Do You See in Growing Revenue?

*What leadership wants to know:* Leadership needs to understand the challenges you are facing in growing the business. For example, one challenge you might be facing is the continued uncertainty about customers' pullback in purchasing. With the slowdown in customer spending, salespeople may be at a loss to determine "what buttons to push" to move their customers off the dime. Is it cash flow that is causing the customer to pull back? As a result, are customers throwing up new kinds of obstacles around extending terms, requesting vendor-managed inventory or value-added services at no cost? You will need to defend in business terms what and why things are happening and what you intend to do about it.

### 2. Will Your Salespeople Be Able to Protect Price and Defend Margins?

*What leadership wants to know:* Be prepared for this one! In times like these, customers who have been less price driven in the past may now be under immense pressure to drive all suppliers' pricing down as they feel urgency to protect cash and squeak out a profit (at your expense). Pricing is a profit-improvement strategy. Salespeople always feel the heat on protecting margin, but margin is lost not only in price but also in

services that are provided without compensation. There is a cost for the resources the sales team relies on, and if the focus is too much on the revenue and not on the profitability of that increased sales volume, senior management will balk. McKinsey found in a study on pricing that for every 1 percent in price increase a company can achieve, it will result in an 8 to 10 percent increase in operating profit. Conversely, they found that on average a 5 percent discount, all things being equal, will require 18.7 percent greater sales volume to make up the loss in profitability. This is why your team and your plan for investment must be tied to improving and defending margin.

### 3. What Are Your Competitors' Strategies for Winning Against You?

*What leadership wants to know:* Sun Tzu said in his book *The Art of War* that the key to success is not in defeating the enemy, but in defeating the enemy's strategy. Do you know what your competitors' strategies are for beating you in the market? What are you up against in this challenging economic environment? What intelligence do you have regarding what your competitors will do to defend their positions? Leadership does not like surprises, and when it comes to competitors, anticipating what your competitors will do is key to winning.

### 4. Are Your Salespeople Equipped to Win?

*What leadership wants to know:* Are your salespeople ready for the new challenges that face them? Are you clear on the three to five things that you must do to get your salespeople ready for the market challenges? These might include training, data, marketing support, market or industry intelligence, or competitive information. Sales managers know the strengths and weaknesses of their sales teams, but articulating the specific needs translated into business improvement is what management will want to know, especially with regard to your proposed solution. More than that, you will need to be able to link the financial consequences or impact to a specific competency gap you propose to close.

## 5. What Are Your Critical Success Factors?

*What leadership wants to know:* Be clear on the one or two critical success factors for your success. For example, in the current environment, selling to higher-level decision makers may be the single most important thing your salespeople can do to achieve their revenue numbers. Getting to the customers' executive-level decision makers and presenting a strong value proposition based on improving their profitability will result in a higher win ratio (because you pre-empted competition by being there first); larger deals (because the total value and impact are sought and better understood at that level); and deals close sooner because the case is compelling to invest now. This is what your executive team wants to hear: that you are clear and that you have a strategy. This is all the more reason to build a business case that aligns to corporate goals.

Your salespeople need more than moral support during tough economic times.

In a tough economic market, growing the business usually requires that you take business away from your competitors. You must win without giving away margin in the form of discounts, terms, or no-cost services. To accomplish this, salespeople must sell on value and not price, call higher where the economic decisions are made, and differentiate not only what they sell but also how they sell it. Salespeople are in the best position to protect your margin, and your business case should always address the skills and performance drivers that help you manage these critical success factors. The worksheet that follows is a guide that will help you think through those areas that you know executives will challenge you to answer.

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### Sales Team Analysis Worksheet

#### 1. What are the trends in your industry?

*Example:* Are the key industries you serve immune from the current economic downturn and represent opportunities to expand your

business and protect your position, or are the industries you serve being adversely affected by the downturn and require innovative ideas to remain profitable?

**2. What will it take to grow your business?**

*Example:* Retaining the 20 percent most profitable customers; selling existing products and services to new prospects; selling new products and services to existing customers; going after new target markets or industries.

**3. What are your competitors' key strategies?**

*Example:* Competitors are bundling their solutions and positioning their offerings as a cost savings package; competitors are discounting to buy market share and pressure higher value companies like yours to price to win or withdraw.

**4. What support will be required to equip your sales team to compete and win?**

*Example:* Training on how to analyze customers' financial and business needs with the skills to sell higher may be the single most important support you can provide; it might be customer intelligence or market intelligence; it might require new marketing tools to combat competitors' low price strategy.

**5. What role can executives play in helping you win in the marketplace?**

*Example:* In tough economic times, taking your executive team to the customer can be a very important sales growth strategy. Should you arrange peer-to-peer C-suite meetings and dialogue to position your company for success?

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## The Business Case for Investing in Your Team

In good economic times, executives make decisions regarding investments the same way, based on return on investment. That includes return on the capital that is required, but it also includes the human capital required.

The CEO cuts a big check every day in the form of operating expenses (people, processes, etc.) to execute the business plan. What he or she always wants to know is: Are we getting our money's worth? Regardless of what level you are presenting your business case to, the approach needs to be the same; it is always about how any business improvement idea can impact the company's operational, financial, and business processes.

## Components of an Effective Business Case

Based on the key trends driving your business, you must start with the challenges executives are facing. You need to establish the financial and business need before you can effectively formulate a recommendation. Next you need to identify the measurements you will use to track success—acquiring new accounts, revenue growth, being paid for value-added services, customer retention, and so on. Start with the end in mind: What financial outcomes are needed? From there identify your key strategies that will address the desired outcomes. This might include targeting only a certain market segment or selling higher, which can drive results more quickly. Here are the components of the business planning approach.

### Think Like Your CEO

As you approach your solution and prepare your business case, put yourself in the shoes of your CEO, regardless of whom you are targeting for the presentation. This will help you anticipate the issues, concerns, and questions that will likely be asked of you. Use the information you gathered in analyzing the company's business. It has been my experience that executives view sales leaders as experts in selling and not enough as financial stewards of the business from a total profitability position. That is not to say sales leadership or any level of sales management lacks the requisite financial and business knowledge; it is just that too often the perception is that it is really about revenue and not addressing the direct and indirect ways the sales department impacts profitability. Speaking the

language of the financial and profitability will cause executives to view you as someone who understands their world and, more importantly, their challenges.

To prepare a strong business case, focus on what keeps executives up at night. Revenue growth is certainly at the top of the list, but it will be more than that. Other questions covered in part earlier include:

- Are sales growing faster than your key competitor's? Analysts and shareholders are looking at this and it may be a critical area to study.
- Is the sales organization protecting price and defending your margins? Pricing has a significant impact on overall profitability, which often is the single biggest metric executives look at.
- Are your operating expenses in line with your growth rate? Some of this is outside of your control; however, within the sales organization, cost management is important.
- Are you retaining your high-profit customers? In some industries or companies, losing one or two key customers can have a dramatic impact on the business.
- Are you retaining your best people? And what are you doing to ensure they are operating at a high motivational level?

### Delivering Your Business Case

Executives are open to new profit improvement ideas if they address one or more key financial or business priorities. The first thing they want to know about your recommendation will be what is required of them. What is the investment being requested, and what will they see in return? They will also press you on when the company will see the return. There is no shortage of requests of executive management to invest in the business. They have too many choices; their job is to deploy limited capital on those projects that bring the greatest return to the corporation and shareholders. Job one is sorting out how best to manage the resources of the company and the capital that has been bestowed upon them. They will also gauge your level of confidence in your recommendation, which

will be a key determining factor when considering your recommendation. They will want to know how confident you are that the outcomes can be achieved, how you will measure results, and how much time is required on your part to implement the solution.

What every executive wants to know is: Why should I invest and why now?

Here are a few things to keep in mind when approaching executives with your business case:

- *Demonstrate your understanding of the business.* Summarize your understanding of the company's key performance metrics and executive strategies, and position your solution in a way that addresses the critical short-term and longer-term business drivers. If the company is suffering revenue and margin declines, speak in terms of ratios and why you are addressing them with a solution designed to impact their key business goals.
- *Sell results up-front.* To capture the executive's attention, demonstrate the kind of financial and business impact your recommendation will have on the organization. Nothing speaks louder than numbers, especially when the organization is under performance pressure. You should quantify the impact of your solution in terms of sales growth, margin improvement, new customers, and so forth, and be prepared to defend your numbers.
- *Align your recommended solution to other important corporate initiatives.* If possible, link your recommended solution to other key initiatives to demonstrate that you are aligned with the key strategies of the executive team.
- *Set realistic time frames.* Be clear and realistic regarding the time and effort required to implement your project as well as the amount of time and effort you will have to devote to ensuring success. Executives want to know whether it will take away from other revenue-producing activities if the sales management team

is focused on this. You need to set clear expectations and follow through on your promises. If it takes six months to see the impact, be specific about the milestones that can be anticipated on the way to results, what steps it will take, what will be observable, and how results will be measured and tracked.

- *Close for a decision or a clear next step.* Fortunately, your executive team got to be where they are by being decisive and making informed decisions quickly. They will welcome a leader in their company pursuing a timely decision so that attention can be given to the appropriate next steps. Close for a decision and/or a clear next step demonstrating your interest in getting things done.

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## Business Case Worksheet

### 1. What are the key corporate financial and business goals and the CEO's key strategies?

*Example:* The company is focused on acquisitions to achieve growth; the focus is on lowering costs to improve margins, cost-reduction measures are being put in place; strategies for lowering raw materials are a key focus; there will be investments in R&D and new product rollouts.

### 2. What are your key strategies?

*Example:* How do your strategies for your sales team address the key goals of the corporation? Because CEOs address their most pressing business and financial concerns every quarter, identify those areas you can reference in your recommended solution to strengthen your business case.

### 3. What is your proposed solution and how will it impact the business?

*Example:* What are you going to propose that will address the needs of your team to deliver on the most pressing corporate objectives? The sales team is always the first line of defense when it comes to growing the business. Based on the big issues, there will be connections to how the sales organization needs to focus their attention and what is required to be successful.

**4. What are the key measurements you will use to track success?**

*Example:* Revenue growth; margin improvement; retaining customers; selling bundled solutions; selling value; selling higher.

**5. What are the key sales and sales management activities required to implement the solution?**

*Example:* What will be required of you and your sales managers to implement your recommended solution in terms of time commitment and resources, and how will it happen while you are performing your other responsibilities?

**6. What are your recommended timeline and next steps?**

*Example:* Have a clearly defined timeline and next steps. Include next steps for your executive team and other areas that are needed to support your solution.

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Building a strong business case for investing in your salespeople is important during any market condition. You can offset some of the impact of unpredictable economic swings by asking your best people what they are hearing from your most valued customers. Your best salespeople are the ones who typically spot early warning signals because they are having higher-level business conversations with senior levels who are monitoring their business activity. These conversations with executives offer important insights into the trends that predict future behavior (that is, requests for a review of supply chain efficiencies; alternatives to building inventories too high; slowdown in orders; end user behaviors being tracked, etc.).

Another strategy is to invest in the top 10 to 15 percent of your salespeople. Too often, spending stops altogether. It is expensive to invest in the entire sales organization, even in the expansionary periods. But when you are early into a recession, persuade senior management that one way to mitigate the revenue decline is to enable the top performers

with new tools, alternative pricing/bundling, and terms—as they are in a position to make an immediate difference. This will also help you make a broader business case to invest in the whole team as the recession deepens.

Finally, talk to your customers more often. Many companies have formalized a “voice of the customer” to stay in touch with trends. It is even more important at the onset of a recession to have a defined SWAT team that gets out ahead of the economic changes by looking into the source of your revenue, your customers, and better understanding their business (which is your business).

## Summary

We are living through challenging times and the rules have changed. For most companies, holding their positions and conserving resources seem like prudent approaches. But as history has shown us, for those companies that aggressively pursue a strategy of investing in their salespeople, the rewards can be great. To advocate for investment during a difficult economic environment when senior management is attempting to ward off disaster is not easy. But, like every other financial decision senior management is making, a business case built on a strong return on investment is essential.

Many sales managers fail to pursue funding for their people because the headwinds are simply too strong. But for innovative sales leaders who know how to leverage the resources for improved performance, it will serve you well. Knowing your company’s financial situation and offering solutions that address the company’s highest priorities will earn you credibility at a time when you need it most. This will require analyzing your business and your team’s needs and proposing a development plan that achieves results. Building a business case for success is the only way in the current economic environment to win your share of available budget.

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