

SALES GROWTH

Can a mathematical formula help
your company to grow?

How to work smarter, not harder.

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There is a mathematical formula for growth with four points for organic growth:

1. Number of opportunities created
2. Win rate
3. Average order/contract size
4. Retention rate

The number of opportunities created x Win rate (in %) x Average order size constitutes the revenue generated in any period on top of recurring business. The retention rate is a measure of the company's ability to keep customers on board after their first purchase. Any percent-increase or -decrease in any of the four drivers directly influences the growth rate.

If your retention rate remains constant, but you improve the number of opportunities created, win rate, and Average order/Contract size by just 5% each, your new sales growth is close to 16%. If at the same time, you increase the retention rate by 5 -10%, you will be looking at growth rates way beyond the market- or industry average.



FROM THEORY TO REAL-LIFE GROWTH

Every day, salespeople go to work and repeat their routines as they did yesterday and the day before, which results in the same outcome as always. Once commercial habits have been established, additional growth with the same organizational setup and the same products becomes difficult.

Key to transforming result is simple:

- Find out which new routines will produce a better result
- Design a visual and engaging meeting concept that will help people change their routines
- Support commercial managers in installing this meeting concept with a vigorous coaching routine to drive new methods
- Follow up on relevant KPIs for the four growth levers and your sales staff's satisfaction with each encounter with their manager.

If you combine these four points with the involvement of your sales leaders, better results are a likely outcome that we call Commercial Acceleration.

CREATE BUSINESS VALUE WITH CUSTOMER DATA

A survey conducted by Forbes with European companies shows that significant data adoption reached 53% in 2017, from 17% in 2015. The early adopters being telecommunications and financial sectors in the lead. Three out of four companies say that they are working towards being more data-driven and will invest more in data technologies, like data warehousing, dashboards, and self-service end-user tools.

Transforming data into actionable insight

The focus has been on collecting and structuring data in dashboard solutions and systems to measure development and effects in customer touchpoints. What is missing is the ability to transform data into actionable insights that support the strategy and create business value. While some organizations struggle, others succeed. What can we learn from successful data-driven companies?

THREE CENTRAL LEARNING POINTS

1 Have a clear strategic direction

The company strategy and business prioritizations must be instructive for the data work and derivative actions. Too many companies work with all in-house data, spending massive amounts of resources on gathering and structuring data without a strategic purpose. Focus on selected data based on the strategic objective. Spend time on solution design that connects the knowledge from the data to clear actions that can be executed in the strategy.

2 Work across teams

The data is usually spread across the organization's different departments: in marketing, sales, analysis, CRM, etc. Connect the data. Get different people from different disciplines involved in the process and start creating a new and common language. Changing organizational dialogue is the best starting point for building successful strategic actions.

3 Accurate data leads to the right insights

Companies with massive data sources often think that they do not need more. But what they do not consider is the quality of the data. Understanding the underlying customer motivations, emotions, and contextual particularities calls for more in-depth human behavioral knowledge that can only be revealed through qualitative data. Only about 5% of data is relevant, and in combination with insights, you can create a valuable solution.

CHANGE THE WAY WE SELL AND CREATE VALUE IN CUSTOMER INTERACTION

It is crucial to have a global combination of sales processes and behaviors, which require a global behavioral change in the entire sales organization and the engagement of the local sales managers and the development of their coaching abilities.

There are two elements to creating sustainable change in sales.

- **There must be processes and tools in place that promote and encourage desired behavior**
- **Sales managers must change the conversation they are having with their sales-people so that they reflect the conversation they want them to have with their customers.**

IMPLEMENTING A GLOBAL SALES METHODOLOGY

When implementing a new sales method, process, or tool, it can be tempting to apply a “one size fits all” solution. However, this can bring on resistance since the local management and employees might feel that they were not involved in the decision making about their daily job. To avoid this, include sales management from the beginning of the process.

Five checkpoints:

1. Create a global unity, engagement, and ownership
2. Co-create across cultures
3. Agree on minimum standards and a few non-negotiable tools
4. Make the change journey a social responsibility
5. Train the trainer

CHANGING SALES LEADERSHIP BEHAVIOR

There are a lot of benefits to leadership coaching, such as higher motivation, higher goal attainment, and reduced churn. 42% of sales managers' effectiveness is due to coaching activities with the sales reps. Their success is also dependent on the relationship the sales leader has with their sales reps.

1 Coaching does not have to be a one-on-one interaction

Coaching is often focused on developing individual skills by getting the sales rep to reflect on their behavior while interacting with a customer. However, coaching can be more impactful in a group setting where everyone gets to share their experience and know-how.

2 Balancing action plans with guiding questions

In cultures where the relationship between leaders and reps are more personal, coaching conversations come naturally, and it is also easy to not commit to what is being said. In these cultures, it is best to use coaching scripts and define plans that need to be agreed on. In cultures where there is a clear differentiation between leader and reps, a more directive management style can make it harder to establish a valuable coaching session. In these cultures, they need a coaching tool such as a preparation sheet that helps the managers prepare relevant questions and change their leadership style.

3 Focus on developing strengths

Sales managers should be able to influence the sales rep to overcome the obstacles that prevent them from changing their behavior.

4 Coaching behavior must be real

Clear guidelines on how sales leaders coach their sales reps are a must. However, the instructions must leave room for the leader to present the guidelines in their way. The coaching must seem authentic for it to be received successfully.

By mixing global change ambition with local autonomy, global sales transformation can be successful, which results in a common objective, a common language, responsible sales management, and improved customer experience. And, subsequently, growth.

SO WHAT?

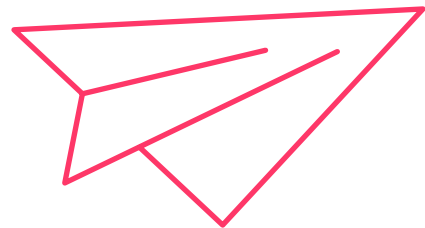
Some companies are stuck in a negative routine, doing the same process repeatedly, and always getting the same sales results, which means that they need to **rethink their habits to increase their sales growth.**

Companies also need the **right strategy and collect quality data** that reveal how humans behave, **to create valuable solutions.**

If something is not working, it is time to change the company and rework its current policies and global sales teams. Find **what needs to change for your sales to grow.**

Sales growth can happen by small incremental adjustments and does not need to be more complicated than that.

If you want to learn more about how to increase your companies sales growth, feel free to reach out to us at Hanei Consulting Group.



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