

Sales Management

Samenvatting slides + notities



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1. Sales Fundamentals

1. Fundamentals of the Sales Function

- Any business must earn **profitable revenue** in order to survive and sustain long term operations
 - Profitable revenue = selling products with profit margins
 - Sales is the business function that generates revenue
 - = purpose of company in commercial world is to sell products and services, otherwise they disappear
- **Marketing** is needed to identify **leads**
 - Leads are potential buyers (*but more on that later*), first part of the customer
- **Aphorism (statement):** Great products don't need to be 'sold', because they are being 'purchased'.
 - Not so many such products around.
 - Most of them (99.9%) need to be advertised and sold!
- Sales is **not an exact science** (does not acquire much theory)
 - Sales predictability is very hard due to a multitude of factors beyond the control of sales people
 - = sales can never be predicted for 100%
 - Training, Methodologies, and Automation (CRM) help increase sales effectiveness
- Top salesmen are hard to find
 - Top salesmen remain salesmen.
 - All salesmen are motivated by commission.
 - Many salesmen retire wealthy!

2. What successful salesmen know

- We seldom buy from those we don't trust
- Sales is about people selling to people
- "No pain (need) – no sale", and, "No cash - no sale"
- **Compelling events** are vital to sales **EXAMEN**
 - Events, facts that when they happen force companies to do something about it
 - *e.g. 1/1/2000 = huge compelling event for everyone, millennium bug, computers that run applications for businesses had to denote the year, but instead of 2001 they said 1901 → year 2000: beginning, there was already a problem = at that moment they had to be ready*
 - *e.g. introduction of the Euro*
- Creating a vision of solution in the mind of the buyer is key to success
- Very **few** salesmen are **born 'natural'**
 - Training may typically convert 'mediocre' (middelmatige) salesmen to 'good' but seldom to 'great'

- Successful salespeople ask lots of questions, and pay attention to what is said, how it is said, and to non-verbal cues of the buyer... (listen/observe a lot and talk little)

3. Lifecycle of Customer needs



Takes pain through the stages of the customer → convince them that the pain is not latent, but will come back permanent so it needs to be solved

2. Sales Pipelines

1. The notions of Sales Pipeline

- **Sales Pipeline**
 - For a given salesman, a sales pipeline is the collection of all active sales projects (campaigns) that he/she is currently working on
 - Collection of deals with different companies, departments where he is busy on in this moment and will result in some revenues
 - Register of deals, book of deals
 - On a given moment, each pipeline project finds itself at a progress stage (a.k.a. milestone: leads, suspects,...) towards the deal
- **Good pipelines**
 - Those that contain sufficient number of projects at all possible stages → better to have spread of 4 or more deals in your pipeline
 - Keep generating revenues in sustainable fashion, short, medium, and long term

2. Stages and Funnel



There are formal criteria, used by Sales Management, to decide the stage of a pipeline project (in which stage is your project?)

- The **stage of a project** also relates to the probability of success

- “What if there were a way for you to communicate with all 1,000 salespeople within 10 minutes of a product announcement, would that help?”
 - Or “And what if there were a way for you to communicate price changes the same way, would that help?”
- All these questions are control product functionality questions. Their purpose is to create a solution vision.

	Diagnose	Impact	Vision
Open	Tell me about it, what is causing you to have this (mention pain)?	Besides yourself, who else is impacted by this (repeat pain) and how are they impacted?	What is it going to take for you to solve this (repeat pain)? Could I try a few ideas on you?
Control	Is it because?	Is this (repeat pain) also causing...? If so, wouldn't Mr. X (CEO, ...) be concerned?	What if there were a way to..., would that help? What if you were also able to...?
Confirm	So the reasons for your concern (repeat pain) are...?	From what I just heard (repeat the who and how), this isn't just your problem, but a larger issue...	

9. Confirm – Vision:

- The seller now confirms that the buyer still owns the problem. He confirms that the buyer believes a solution is possible.
- “From what I just heard, if you had the ability to communicate product and price changes to all field sales reps within 10 minutes, and if those changes could be communicated to all of your field reps at the same time, so no one is left out or gets different information, could you meet your sales goals?”

	Diagnose	Impact	Vision
Open	Tell me about it, what is causing you to have this (mention pain)?	Besides yourself, who else is impacted by this (repeat pain) and how are they impacted?	What is it going to take for you to solve this (repeat pain)? Could I try a few ideas on you?
Control	Is it because?	Is this (repeat pain) also causing...? If so, wouldn't Mr. X (CEO, ...) be concerned?	What if there were a way to..., would that help? What if you were also able to...?
Confirm	So the reasons for your concern (repeat pain) are...?	From what I just heard (repeat the who and how), this isn't just your problem, but a larger issue...	From what I just heard, if you had the ability to... (repeat capabilities) you COULD solve it.

In Summary:

- Know your products extremely well
- Know your competitors and, if possible, their strategies
- Explore your buyer's pains and vision (if any).
- Plan your *questions and what to ask next based on buyer's answers*.
- Ask many questions and listen well. Have the buyer lead to your solution as his/her 'idea' and 'vision'.
- Control the Process, not the buyer!

1. About Government Policies

- Governments **decide policies**, which are...
 - Decisions, Proposals and Actions about particular issues.
 - Policies can become laws, regulations, guidelines...
 - They concern the citizens' daily life
 - They deal with Health, Security, Society, Enterprises, Justice, Education, Employment, Agriculture, Research, Economy...
- Policies need to be 'discussed/debated' and stakeholders need to be 'consulted'
- Policies eventually become legislation
- Policies may change... evolve... get cancelled...
- Citizens are involved in design of policies via variety of mechanisms and formal bodies.

1. Governments need help

- To formulate, support and justify their policies with methodologies, data and scientific analysis
- To disseminate and promote them
 - citizens must know!
- To address national/international audiences e.g. groups, industry, SMEs...
- To monitor policies
- Help is provided by companies and organizations through **Govt Procurement processes**

2. Public Procurement

- Allows Government to acquire/access/use external/ specialized support
- Stimulates and facilitates participation, involvement, co-decision and fair competition...
- Provides a framework about how Governments deal with the commercial/market world
- Standardizes processes and procedures
- Enhances transparency, openness and awareness
- Various types (Open, Restricted...)

3. From Procurement to Contracts

- Result of Procurement = Contracts
- Invitations to Tenders lead from Procurement to Contracts
- Contracts Address delivery of products and/or services
- They are subject to standard rules and procedures
- Procurement budgets are advertised in the Government's Official Journals

1. Types of Contracts

1. Single operator (contractor)
2. Framework contract with single operator
3. Framework contract with multiple contractors in order of priority (cascade)

4. Framework contract with multiple contractors and competitive tendering (parallel)
5. Grants and (co)-funding (Horizon 2020)

4. Invitation to Tender (ITT)

- ITT is the official procurement invitation.
- It contains the Terms of Reference (TOR), draft contract and annexes
- It is also a guide for Administrative, Technical, Financial and Legal aspects
- It provides a description of tasks and services envisaged/ requested/required
- It comes with a deadline
- Sometimes an ITT is pre-announced in the form of Prior Information Notice (PIN)

1. What does a response to an ITT involve?

- Analysis work
- Assemble the Consortium
- Putting a bid together
- Submission of the bid
- Opening of Tenders
- Evaluation and award announcement
- If awarded, execute
 - (out of the session scope)

Terminology and definitions

- | | |
|--|---|
| <ul style="list-style-type: none"> • ITT: Invitation to Tender • Partners: Consortium members, subcontractors, external, providers... • Bid Manager (BM): Person responsible for putting the bid together and submitting it. • Sales Manager (SM): Commercial aspects, partnerships, strategy, opportunity • Office support: Secretarial and infrastructure support (IT, stationary) • Lot: Part(s) referring to specific services | <ul style="list-style-type: none"> • ToR: Terms of reference • ToC: Table of Contents • Proof of Postage/Delivery: making the bid acceptable by the Contracting Authority • Tenderer: Company or entity applying to a procurement opportunity • Bid: proposal applying to an ITT • Procurer: Contracting authority/ Requester services • Pre-Sales: Work before the contract is awarded |
|--|---|

2. Qualification

- Apply the qualification criteria we saw in TAS Part 1
 - Is there an Opportunity for us?
 - Can we Compete?
 - Can we Win?

- Is it Worth Winning?
- Can you think of partners?
- Can partners think of you?
- Does your organization support you?
- How well do you know your competition? Do you know how important it is for them? Have you worked with them before? Can you guesstimate their strategy?
- Do you know the history of the 'service' you'll be offering?
- Would you need partners and external contractors to provide specialized services?
- What is your added value and your compelling propositions that will differentiate you from competitors?
- Will you be able to create a consortium in time?

1. Preparation of Tender

- Assign a Bid Manager
- Create a PLAN: ToC of all tasks and requirements:
 - Deadlines, reviews, pricing structure, templates, contact details...
- Communicate PLAN to all stakeholders
- Assign resources (people) to tasks according to skills and experience incl. Operations and Finance...
- Define Pricing Components and Strategy
- Define Office support tasks and assignees.

2. Tender Development

- Start work per PLAN: Define deadlines for drafts
- Regular Progress and Quality Reviews with stakeholders
- Writing and editing parts (Partners do their parts)
- Assemble materials and parts per the ToC
- Harmonize inputs, make the bid consistent in style and contents
- Put it all together – physically
- Adhere to submission requirements: number of Originals and Copies, authorization signatures, actual postage (Courier or regular) ...
- Send/post/deliver

3. Typical Contents

- Abstract/Management Summary
- Objectives of the Project
- Current State of the Art (Research Projects) or,
- Description of Current status (in all other cases)
- General description of work to be done
 - how we shall advance the current state of the art (R&D) or current status (other) to achieve project objectives. Explain methods and techniques, tools and technologies to be used. Answers the question 'how are we going to do it'.

1. Proposed approach

- Processes and sub-processes – description

- Deliverables (inter-task and final)
- Dependencies between tasks
- Definition of input and output (deliverables) per task

2. Project Plan

- Resource allocation to tasks
- Manpower estimates
- Milestones

3. Gantt Chart

- This is the actual planning in a proposed calendar of events. Don't forget review points and milestones.

4. Pricing

- Method of calculation
- Manpower estimates with tariffs/Job grades
- Calculations and spreadsheets
- Aggregates and T&Cs – Detail contract clauses in attachment

5. Presentation of Resources

- CVs formatted by following industry standards
- Work experience is key and reference projects as well
- Client may require to interview proposed resources in project critical positions

6. Attachments

- As per the contents of the Proposal and the client's requirements described in the ToR³¹ (financial statements and other legal documents for each consortium participant, authorized signatures, etc...)
- The ToR might also require additional chapters on environmental impact of proposed solutions, and proof of handling of minority and female workers (as they require proper balancing of resources to avoid any form of discrimination)
- Research projects (Horizon 2020 – co-funding) require chapters describing what the participants' intent is for future business development based on successful project deliverables.

4. Tender Opening, Evaluation, Award

- Bids are opened officially: Tenderers are invited to participate
- Evaluation starts after the formal Opening of Bids

³¹ ToR = terms of reference = define the purpose and structures of a project, committee, meeting, negotiation

- No communication allowed during evaluation except from the Requisitioner asking questions or extra support materials.
- Evaluation is communicated with/without details (Award or No-award)
- Tenderers can appeal non-award within a set period
- If award is confirmed, a contract needs to be created and signed

3. Life after non-awards

- If not awarded, this is the end (lessons learned)
- Do the pending tasks
 - Communicate with stakeholders
 - Archive and tidy up
- There is (usually) an emotional void about 'loss'
- But still life goes on; there gonna be more opportunities in the future.
- C'est la vie

4. Hints and Tips

- Carefully read the TOR , re-read often, many times, keep notes...
- Ask questions and clarify issues you have doubts about
- Make sure all team-members incl. partners are "on the same page".
- Start early, do not lose valuable time.
- Presentation, language, style, design, materials are essential.
- Review progress; Peer reviews are essential.
- Respect deadlines.
- Believe in what you do and be creative.
- Be a perfectionist. The devil is in the detail.
- Don't assume; Verify all facts
- Handle partners and competitors professionally
- Today's competitor might be tomorrow's partner
- Respect reviews and deadlines
- In writing, if in doubt, delete!
- And last but not the LEAST!
 - Respect the examiners and their time
 - Don't play with their time and patience
 - Put yourself in their shoes and reread your bid
 - Don't be pompous, and arrogant. It shows...