

Removing Revenue Roadblocks

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When one of our clients asked us to why its sales reps were falling short in delivering revenue from a hot new product on which it was banking its future, we quickly learned that the problem was not the sales staff. Instead, we discovered that reps had very little real selling time for this product because of the all the roadblocks that prevented them from doing their jobs efficiently and effectively.

After spending a few weeks mapping out all the different processes through which orders came in, were turned into service contracts, and the service was installed, we identified the places revenue impediments and rank ordered them in terms of financial impact. Among other things, we found:

- An unfocused lead generation program that measured its success by activity instead of results, i.e., how many pieces were mailed instead of how many qualified leads came from the mailing at what unit cost
- Three “time taxes” on the sales force that cut their effective selling time to less than 50%, with only 10% for the new product; they had to deal with unqualified leads, supply post sales support, and waste time on manual administrative tasks that their CRM should have done for them
- Channel issues that caused many leads referred to channel partners to be lost
- Weak product training which left reps and channel partners selling features instead of benefits and made for painfully slow demos for a supposedly quick and easy product
- Internal processes such as contracting that often added months to the sales cycle.

We then worked with our client to develop simple remedies to these issues and thereby more than triple its effective sales capacity for the new product.

These sorts of problems are not uncommon. At another client we learned that the sales force had dubbed Contracting as the Department of Revenue Prevention. Changes that required maybe an hour to review and discuss with the customer’s legal department would sit for two or three months on someone’s desk before they would be acted upon. Of course, without a contract, it was impossible to turn on service, resulting in forgone monthly revenue, frustrated customers, and angry sales reps waiting for their commissions. The fix to Contracting was surprisingly easy. We recommended that our client create a short, plain English master service agreement with its major accounts instead of requiring a separate complex contract for each order. Individual orders could then be executed with simple purchase orders under that master agreement that branch managers could approve without recourse to Contracting.

As we have reflected on numerous other projects of a similar nature, we have identified numerous other Revenue Roadblocks that have snuck into the internal business processes in various client organizations. These blockages can be found in all business functions that relate to revenue generation, ranging from product management at the front end to collection of past-due accounts at the back end. In general, the hard part of these projects is to determine where sales get blocked and how much revenue is lost to each blockage. Often, seemingly innocuous decisions made in one department would cause problems elsewhere, making it hard for those doing the day-to-day work to fix the root causes. Once we have agreement with our client on these root causes and their relative importance, it is not hard to develop and prioritize easy-to-implement fixes that will quickly and dramatically improve the sales force’s productivity.

As you review the following table, ask yourself if any of these issues might apply to your company. If yes, perhaps we should talk. While each company’s situation is different, we are confident that we can identify numerous ways in which your company can increase its sales productivity by getting blockages out of the processes that turn sales effort into customer revenue.

Department	How it Can Block Revenue
Product Management	<ul style="list-style-type: none"> • Focusing on “gee whiz” product features instead of features that yield tangible benefits that customers can understand • Doing an inadequate job of teaching the sales force how to sell the product and the post-sales team how to implement, bill for and support it
Tactical Marketing	<ul style="list-style-type: none"> • Not focusing awareness building and lead generation efforts on the best channels • Not reaching all decision makers and influencers at all accounts and prospects
Sales Management	<ul style="list-style-type: none"> • Allowing too many “time taxes” on the sales team that distract them from their core job of growing current accounts and winning new ones; time taxes include excessive amounts of administrative work, clearing up errors in order processing, delivery and billing, and supplying post sales support • Assigning the wrong team to a given product, such as giving “hunting” sales responsibility to “farmers” and vice-versa • Devoting too much sales capacity to marginally profitable accounts and prospects and/or too little capacity to those with the most profit potential • Doing an inadequate job of initial or on-going sales training • Using wrong or unbalanced measurement and incentive systems that drive the wrong behavior and/or create mistrust between sales reps and management • Implementing a CRM system in such a way that the sales reps need to invest a lot of effort to use it but derive little benefit from it
Channel Management	<ul style="list-style-type: none"> • Not doing enough of the necessary on-going work of training partners’ sales teams and tracking their sales as they progress through the funnel • Doing a poor job of resolving channel conflicts • Getting the measurement and incentive systems wrong
Contracting	<ul style="list-style-type: none"> • Writing overly complex agreements that invite customers’ legal departments to quibble • Not putting a priority on quickly negotiating changes with customers to enable deals to be completed in a timely manner
Credit	<ul style="list-style-type: none"> • Setting the bar too high or too low, thus excluding good accounts or creating a bad debt problem
Order Processing	<ul style="list-style-type: none"> • Not validating orders to ensure that the customer’s understanding of what was expected was consistent with the transaction being processed • Not ensuring that the billing terms and other elements of the order are consistent with the terms of the purchase contract
Implementation and Post-Sales Support	<ul style="list-style-type: none"> • Doing a slow or clumsy job of installing the product and training the customer on how to use it effectively, causing orders to be delayed or canceled • Infuriating customers with a haphazard approach to ongoing support causing them to look to your competitors for their next order
Billing and Collections	<ul style="list-style-type: none"> • Sending out bills that are inaccurate, hard to understand, and/or late resulting in delayed payments • Allowing past due accounts to age excessively before taking action, leading to charge-offs against revenue