Increasing Sales Effectiveness By Blending CMM And CRM

Through customer message management, the right salesperson can give the right information to the right customer at the right stage in the sales process.

Jim Dickie, CSO Insights

Earlier this year, CSO Insights released the results of our 10th annual sales performance research initiative, which entailed surveying over 1,300 companies worldwide regarding the sales challenges these companies were facing and, more importantly, what they were doing to address them. We asked executives from these companies about the three key goals they had for their organizations for the coming year. Closely following the goal of increasing revenues, which was top of mind for almost all of the organizations, the second most common goal was to increase sales effectiveness.

This interest in effectiveness has been an evolving trend. In the late 1990s, many CRM initiatives were focused on sales efficiency; leveraging technology to free up more time for salespeople so they could make more calls. Over the past few years, it has become clear that more time to sell is not the only issue. Improving how we sell is also a key challenge, so effectiveness has now moved to the forefront for many sales executives. To us, this raises the question: How are you ineffective?

In response to this question, we received a wide variety of answers. In the course of our survey, we found sales effectiveness is a company-specific issue and can entail such issues as getting new reps to full productivity sooner, decreasing competitive loss or no decision rates, improving cross-selling and upselling, decreasing the reliance on discounts to close deals, shortening the sell cycle, etc.

However, regardless of the focus of a sales effectiveness initiative, one trend emerged regarding how companies were planning to tackle this challenge: Almost all the firms said they needed to improve their ability to deliver highly effective, targeted messages to customers.

This is a topic that the American Marketing Association has been studying for a while. They have described it as customer message management (CMM) – the ability to give the right salesperson the right information, to use with the right customer, at the right stage in the sales process, and to move the ball forward to an eventual close.

In our latest research project, we had companies assess their ability to deal with the CMM challenge. Study participants were asked to rate themselves in regards to their CMM performance as dismal, poor, average, very good, or world-class. For this article, we will compare the performance results of the organizations that rated themselves world-class at CMM. As you will see, leveraging CRM tools to improve your CMM performance holds the promise of significant ROI.

CMM And Sales Effectiveness Correlation

The No. 1 objective of sales executives today is to increase revenues. With this in mind, the first sales performance metric we examined is what percentage of the salesforce is meeting or exceeding quota.

![Figure 1: Sales Rep Performance Vs. Quota](image-url)

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We have been tracking this number for 10 years. In the boom days of the late 1990s, in industries such as telecommunications, high tech, financial services, etc., this number went through the roof – almost everyone was meeting, if not exceeding, plan. Those days are a distant memory. In the current study, for the first time, the percentage of salespeople hitting quota was less than 50 percent.

However, this was not true for all companies. In Figure 1, we compare the answers we received from the survey population as a whole against the 86 firms we identified that were world-class at their ability to do CMM; CMM companies outdistanced others in quota achievement by 25 percent.

Noting this trend, we did a more extensive analysis of the data to see if there were specific parts of the sales process that CMM might impact that would be contributing to this much higher level of quota attainment by salespeople. Several insights quickly surfaced regarding how CMM can improve the effectiveness of sales teams.

As part of the study, we asked companies what percentage of the prospects they presented to resulted in a closed deal. In Figure 2, we compare the overall average response rates with the performance numbers for world-class CMM firms. The CMM group shows 3.4X improvement in return on effort in the highest yield category.

In past research projects we have conducted with numerous sales teams, we have often seen evidence that when salespeople are left to their own devices, they will create their own market messages, which may or may not be effective. When a CMM program is in place and everyone is doing the same thing, organizations learn quickly. If the message is appropriate and successful, everyone knows it and continues to use it. Conversely, if the message misses the mark, everyone knows it and works to correct it.

Today, most firms we talked to pointed out that the majority of their presentations are still conducted with clients face to face. This not only entails a significant investment in time to prepare these presentations, but also significant travel expense to meet with the prospect. Optimizing performance in this category can improve top-line revenue and bottom-line margins by reducing costs.

If the above benefits are true for optimizing the effectiveness of giving presentations, they are even more so when one considers the more involved and difficult task of creating effective proposals.

The vast majority of the sales organizations we have talked to in the past two years have repeatedly stressed that the number of “casual purchases” – buyers making quick decisions to acquire a product or service without considering other options – has reduced significantly, if not totally. To close business today, when most purchases are scrutinized more than ever, a solid business proposal must be crafted for the prospect. As seen in Figure 3, CMM appears to again have a noticeable impact on success rates. CMM companies are three times as successful in the highest proposal win category.

For many companies, generating proposals is a very labor-intensive task, involving not just sales but facilities and administrative, research and development, marketing, legal, customer support, etc. Having low hit rates affects not just sales, but many other functional areas. As illustrated in Figure 3, if a company were able to shift from column 1 to 2, 2 to 3, or 3 to 4, all others things considered equal, the impact on revenues would be huge.

Once more, the non-CMM companies are seeing much larger percentages of their proposal efforts result in a low percentage of hits: 25 percent are successful less than one in five times.

Whichever end of the scale you’re experiencing, the flywheel is gaining momentum. Whether your presentations and proposals have good or poor returns, this reinforcing phenomenon is at work. If good, you’ll experience a “virtuous cycle” of continuously improving messaging, presenting, and proposing successes. If poor, the more energy you put in, the more energy will be required to sort through conflicting messages as they play out in your proposals and presentations, thus perpetuating a vicious cycle of decreasing returns.

Successfully Leveraging Technology
Strictly speaking, implementing some form of enabling technology may not be required to implement CMM in a sales organization. However, the vast...
majority of the firms we surveyed found that they can more effectively institutionalize a CMM methodology by using technology to deliver, reinforce and measure the ongoing effectiveness of their messages.

Based on discussions we had with organizations that have successfully leveraged technology to support CMM, we found five common factors associated with the design of these systems:

- **The interface is elegantly simple**: Salespeople can easily access the knowledge they want via a straightforward, Web-based search capability. Some options include using a simple interview-based approach that pushes the right information to the sales rep based on the description of the opportunity.

- **They support both static and dynamic content**: In addition to standard static data elements: data sheets, price lists, product specs, etc., the systems also manage access to information that changes regularly: reference stories, competitive advantages, value propositions, sales best practices, coaching, etc.

- **The messages are prospect-specific and business-needs driven**: Since messages that will be effective when working with a CEO are different from those when working with a CFO, CIO or COO, these systems allow you to find the right information for the type of buying influence a sales rep is working with. Some systems take it a step further and segment their content by target market segments, such as vertical industries, as well as align their messaging responses to the particular business needs of each key decision maker.

- **The messages are in context of the task at hand**: Regardless of what stage of the sales process you are in – prospecting, education, proposal creation – CMM applications will allow salespeople to get the specific information and document types needed to work on their current job.

- **Content usage and effectiveness feedback are tracked**: System administration capabilities, such as tracking who is using what information in what way, are supported, along with the ability of users to give content creators direct feedback on how effectively the messages are working in the real world.

### Conclusion

As is always our philosophy: correlation is not necessarily causation. It is important to keep this statistical maxim in mind whenever you are presented with arguments that point to an empirical conclusion. Still, we were surprised at the apparent impressive benefits that accrued to the world-class CMM firms in our survey group. It appears that these companies are in the minority (86 of 1,337), yet they appear to consistently claim their “unfair” share of their marketplace by being on point with their messaging.

Whether these firms are more disciplined because they embarked on the CMM journey or they were willing to go down the CMM path because they already had a more structured corporate or sales culture, the results are inescapably the same: they’re getting a much bigger bang for each sales and marketing dollar. Given this conclusion, these firms will continue to distance themselves from their competitors, compounding their gains while, due to discounting and limited account penetration, non-world-class CMM firms will spend more and more to fall further behind.

The race doesn’t always go to the swiftest, nor the fight to the strongest, but that’s the way to bet. CMM looks like a good bet for dealing with the sales effectiveness challenges that we are likely to encounter.

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