



CRM & Manufacturing:

Working Hand in Glove

A whitepaper by



Microsoft

and



Introduction

Modern manufacturing requires adapting to a new world where customers are better informed than ever, customer expectations are at an all-time high, and the tiniest of changes around the world can have profound rippling effects on every industry. Manufacturing companies need to be aware of these changes and keep up with variables such as customer expectations, new products, and (in the age of smart connected products) new services. This includes understanding how these variables affect everything in the global supply chain: from the resources manufacturers use to the products they produce.

As manufacturers strive to keep pace with customer expectations, sellers are faced with understanding a rapidly evolving portfolio of products, product configurations, and new value-added services. These services include remote monitoring and proactive service, cross-sell and upsell alerts, and using the Internet of Things.

CSO Insights recently released our 2015 Sales Performance Optimization (SPO) and Sales Management Optimization (SMO) studies. Combined, we gathered 100+ metrics from 1,500+ sales executives on the challenges facing their sales teams, why those problems exist, and most important, how they are successfully reengineering their teams to overcome those challenges. These insights are more important than ever to manufacturers looking to refine their internal processes, communication, and agility.



Defining Success

We analyzed the SPO and SMO data by examining the sales performance of the top 10 percent of companies surveyed, compared to the middle 60 percent and the bottom 30 percent. The following table summarizes the outcome of that analysis against three key sales performance metrics: the percentage of a company's sales reps who meet or exceed quota, the percentage of the sales organization's overall revenue plan attainment, and the win rate of forecast deals.



SALES PERFORMANCE COMPARISON

	Bottom 30% of Sales Organizations	Middle 60% of Sales Organizations	Top 10% of Sales Organizations
% Reps Making Quota	47.9%	62.9%	75.1%
% Overall Plan Attainment	57.9%	92.2%	117.7%
% Win Rate of Forecast Deals	39.0%	43.9%	53.5%

It's How Your Teams Sell

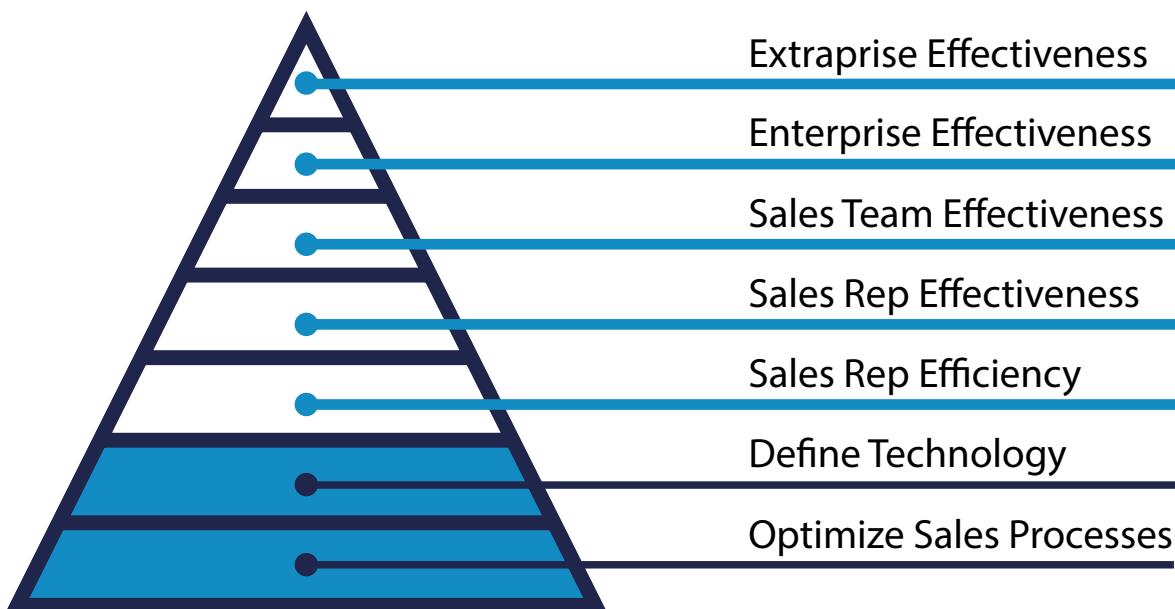
So what traits do the top 10 percent of sales performers have in common that help them get there? And how can you use these learnings to bring actionable insights to your sales reps? In this whitepaper, we will introduce the CSO Insights' Sales Transformation Pyramid (STP) model, which is a step-by-step methodology for effecting a positive transformation in your company's sales performance. We'll lay out a framework for how companies can effectively bring together people, process, technology, and knowledge to create and enhance their competitive edge.



Sales Transformation Pyramid Concept

The processes presented here were developed with the manufacturing sales chain in mind, especially from a technological implementation perspective. Sales reps in manufacturing must have insight into the state of the supply chain at all times—with up-to-the-second information about new products, configurations, and services. They must also be aware of promotions that shape demand and smoother production, or those designed to clear channel inventory of legacy products.

When companies ask us how they can increase sales productivity, we recommend the following structured approach: the Sales Transformation Pyramid (STP). We built the STP on years of research and observing how different companies have implemented successful sales transformation initiatives. Our benchmarking demonstrates that the only way to reach the top of the pyramid is by soundly building on each step from the bottom up.



Let's explore each of these layers of the pyramid and see how they build on one another to optimize sales performance.

Pyramid Foundation: Sales Process Optimization

The foundation for the Sales Transformation Pyramid begins with optimizing your existing sales process. Begin this step by listing all the stages in your sales process and the customer's buying process, and then review all of the stakeholders in the company that are or should be involved in those stages. Then take the time to interview people to ask:

1. Which specific tasks do you perform at each stage in the sales process?
2. With whom do you work to complete those tasks?
3. Which tools and content do you use?
4. What's easy or hard about performing those tasks?

The interviewer should begin collating feedback, keeping in mind the following questions:

1. Did you discover any overlap in functions between people or teams?
2. Do team members consistently follow the same general processes?
3. Where are there inconsistencies between processes?

For a detailed template on how to conduct this type of analysis, you can download our eBook [*The CSO's Guide to Transforming Sales.*](#)

While you complete this analysis, you'll discover areas of your process that need improvement, if not a complete redesign. This is a significant first step because you want the rest of the pyramid construction to support how you should be selling, not reflect how you have been doing it. These discoveries become the cornerstone for the next step in the process: creating a road map for how you can leverage technology to optimize for your desired sales process.



The First Level of the Pyramid

Technology Architecture Definition

Customer relationship management, or CRM, is a key technology with significant capabilities that can help your reps increase sales productivity. While you look for the right technology solution for your teams, we recommend starting by sharing your sales process mapping results with the technology stakeholders. This changes the dynamic of the conversation away from features and functions toward a big-picture view of problems and solutions. The objective is to move away from looking at all the things you could do with technology and focus on the things you should do to increase sales performance.

How does the solution work with existing infrastructure?

Chances are, your company uses several different systems and solutions. We recommend a thorough evaluation about how well the CRM solution integrates (or can replace) those systems. This allows for faster setup and adoption rates.

Are your sales reps often remote or is your company distributed?

If your company is distributed and sales reps are often outside of the office, we recommend a CRM solution with best-in-class social features that integrate into existing company communications tools. This allows you to quickly and easily collaborate and share.

Do sales reps have all the information they need when meeting with customers in person?

Then mobile CRM capabilities should be part of your technology road map. This allows them to be productive on the go by increasing “anytime” access to data.

Is sharing best practices across the company something that rarely happens?

Then a sales collaboration/networking solution needs to be added to your technology stack. This gives remote and siloed teams an opportunity to share knowledge quickly, increasing transparency and efficiency.

Are teams or partners widely distributed across different time zones? Do you require customized, global information sharing and order building?

If so, CRM that integrates with communications software is key.

It's important to take time to create a full vision of all the technology capabilities you'll need over the long term, and understand how they'll need to integrate, so you can select the right solutions to meet your needs over the long term. Technology adoption often follows the “crawl, walk, run” model, which begins with the overall long-term vision for what running looks like.

Level Two

Sales Rep Efficiency

If you have not yet implemented a CRM solution, you should approach your research with the needs of your entire chain in mind, beginning with your sales reps. Core CRM capabilities such as contact management, opportunity management, task management, and web-based meeting support are all tools that salespeople can quickly learn and use to increase efficiency in measurable ways.

The top three benefits that companies report seeing when they adopt a CRM solution are:

1. Increased sales rep communication
2. Reduced administrative burden on salespeople
3. Streamlined forecasting process

To ensure your reps get the most out of this new way of selling, make sure they have the right training on how to use the tools and new processes. Many tasks they perform manually today may be automated, freeing them up to focus on higher-value activities.



Level Three:

Sales Rep Effectiveness

Once you start to see positive results from your sales team, you can introduce additional processes and other CRM functions to help them tackle more complex aspects of selling. Examples of these include:

- Accessing sales intelligence data and insights via their system, including those gleaned from machine learning, to increase prospecting effectiveness
- Leveraging configure/price/quote (CPQ) solutions to generate bulletproof solutions for clients
- Accessing and customizing sales content assets to meet a specific customer's needs
- Automatic approvals for quotes below a certain threshold
- Automatic calculation of pricing for sales bundles
- Sales rep awareness of promotions (price cuts and scale discounts)

When companies successfully weave effectiveness into the equation, they often see improvements such as:

- A decrease in the length of the sales cycle
- An increase in margins and average deal sizes
- Higher renewal or repeat order rates
- Better channel inventory management
- Increased debit price protection



Productivity improvements is another key benefit of CRM adoption. We segmented the 2015 SPO study according to CRM adoption rates, and then we looked at sales rep time allocation. The following table shows the relationship between CRM adoption and giving salespeople more time to sell.

TIME ALLOCATION COMPARISON	CRM Adoption >90%	CRM Adoption 76%–90%	CRM Adoption 51%–75%	CRM Adoption ≤50%
Selling Time	40.3%	35.4%	34.2%	32.9%
Lead Gen Time	22.9%	21.4%	20.7%	22.0%
Post-Sales Tasks	16.4%	18.8%	19.5%	19.2%
Admin Tasks	13.5%	15.1%	15.0%	15.4%
Other Tasks	10.5%	12.3%	12.7%	13.0%

Here we see that the companies that have a >90 percent CRM adoption rate on average see salespeople dedicating 63.2 percent of their time to prospecting and selling. This compares to 54.9 percent for companies with an adoption rate of ≤75 percent. Sales reps would prefer to spend more of their time doing their jobs—not administrative tasks—so demonstrating the efficiencies of CRM will help with internal adoption rates.

Level Four

Sales Team Effectiveness

Once you demonstrate the benefits of CRM to each salesperson, help them understand how the solution will enable them to do their day-to-day jobs, and get everyone on board with using formalized processes and technology, you can then move up the pyramid to focus on sales team effectiveness. At this level, you can introduce new processes and tools to help the sales team as a whole work more closely together and with other stakeholders in the company.



With sales reps functioning with each other (and other stakeholders) as a cohesive unit, you can also significantly improve management effectiveness by leveraging new processes and technology. For example, once you have comprehensive data in your CRM system, your managers can start to use sales analytics tools to improve their ability to work with each member of their sales teams.

The CSO Insights' 2015 Sales Management Optimization study found that the average manager dedicates 21 percent of his or her work week to sales rep coaching. Using analytics, managers can easily see when and where reps need help on different deals. That knowledge allows them to start coaching by exception: working only when reps need their help immediately.

To give you an idea of the impact that this can have on sales performance, we segmented the 2015 SMO data according to the ability of sales managers to proactively determine which salespeople need additional coaching help. We then looked at their closing percentages to see the outcome of forecast deals. The table below summarizes the results of this analysis.

OUTCOME OF FORECAST DEALS	Proactive Coaching: Needs Major Redesign	Proactive Coaching: Needs Improvement	Proactive Coaching: Meets Expectations	Proactive Coaching: Exceeds Expectations
Loss Rate	33.4%	31.5%	26.9%	22.9%
No Decision Rate	33.0%	22.7%	21.1%	17.6%

Here we clearly see the significant impact that proactive coaching can have on minimizing both competitive losses and no decisions.

Level Five

Enterprise Effectiveness

Once you have completed the first four levels of the pyramid, your processes, technology infrastructure, and data can expand to include other functional areas within your company. At the enterprise effectiveness level, salespeople have access to information on things such as payment status, product shipping details, trouble ticket status, and more on a round-the-clock basis.

Other business units can also get real-time access to sales information.

By providing views into the sales forecast, manufacturing units can make better decisions on what products to produce in what quantities. Finance can more effectively manage lines of credit, and support can gain insights into what type and quantity of staffing will be needed in what geographies to make more informed personnel decisions.

Channel inventory management system integration improves the access sales teams have to data, allowing them to take initiative and make deals without time-consuming research. Additionally, the automatic creation, validation, and payout of price protection claims allows sales to help take the lead on debit claims management.

Internal collaboration/networking can also be expanded to support communications between sales reps and other subject matter experts within the company to better sell to and service prospects and customers.



Level Six

Extraprise Effectiveness

The ultimate goal of any business is to engage your customers and prospects, and to expand all of this beyond the walls of your company. This “fluid customer engagement” can take the form of creating customer-centric intranets, using social networking communities, implementing partner relationship management (PRM) systems, and creating online “deal war rooms” where you, partners, and clients co-create solutions together.

At this ultimate level, the ability to fluidly service clients increases dramatically because of real-time information sharing and collaboration. When processes and technologies integrate across company boundaries, you create an ecosystem that is hard to match. The result: a sustainable competitive advantage for your company for years to come.



Summary

The key concept that we'd like you to walk away with from this whitepaper is that optimizing the sales side of the manufacturing process—meeting modern challenges from informed customers and a quickly changing supply chain—needs to be a long-term and strategic process.

The speed at which your company completes the pyramid depends on need, complexity, and the resources that you're able to commit to the project. Full implementation could take several years, with the goal of completing all levels of the Sales Transformation Pyramid. With that in mind, it's a good idea to fully complete each level of the pyramid before moving on to the next level.

The process and technology choices you make at the very beginning of your project should give you an extensible architecture for implementing future phases. You need to ensure that the decisions you make today:

- Provide you the depth and breadth of functionality to support the sales process you want to use going forward
- Are consistent with your company's overall information technology architecture
- Will be scalable to support an ever-expanding enterprise-wide and eventually an outside (partner) user base
- Provide you the flexibility and customization capabilities necessary to support your long-term sales transformation goals and objectives

Find out more about modernizing your sales force at:

www.microsoft.com/en-us/dynamics/building-world-class-sales-organization



About CSO Insights

CSO Insights, a division of MHI Global, is a sales and marketing effectiveness research firm that specializes in measuring how companies leverage people, process, technology, and knowledge to improve the way they market and sell to customers. For more than 20 years, CSO Insights' surveys of over 20,000 sales effectiveness initiatives have been the standard for tracking the evolution of the role of sales, revealing the challenges that are affecting sales performance and showing how companies are addressing these issues.