

# The KloudReadiness Playbook

## Step 4: Manage a Predictable Sales Process

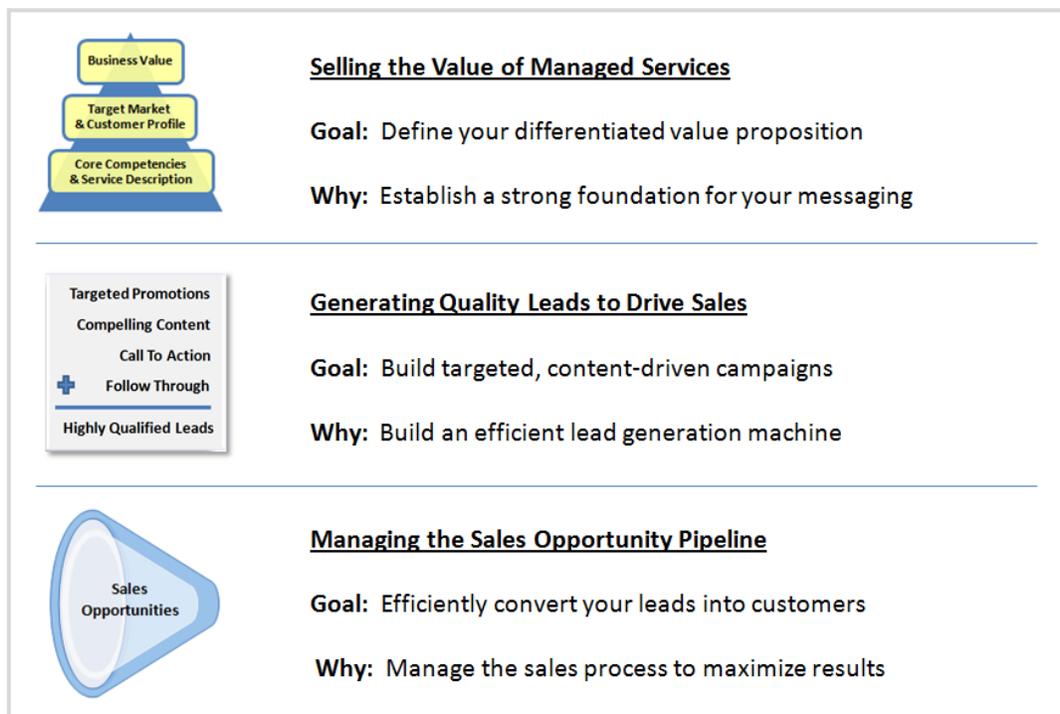
### Managing the Sales Process from Contact to Close

One of the principle goals of this Playbook is to change the way that you look at sales and marketing. At KloudReadiness we are fond of saying that sales and marketing can be transformed from an art into a science. We want you to leave behind the notion that good marketing requires a creative genius and replace it with the realization that effective marketing is nothing more than a compelling value proposition clearly communicated to a target audience. The steak is much more important than the sizzle – as they say. We hope that we have communicated that concept in chapter 3 with our KloudReadiness marketing formula and its emphasis on combining compelling content with a process for lead generation and qualification that produces highly qualified leads.

In this chapter we are going to show you how to turn the art of *sales* into a science with an approach for managing the sales process from your initial contact with a new prospect to closing the final sale. Our methodology will allow you to manage a sales process that is both productive and predictable. So now we want you to leave behind the notion that sales is an art that can only be performed by a veteran sales professional with a charismatic personality and a rolodex of industry contacts. Replace that notion with the realization that sales reps can, and must, follow a well-defined process that allows you to manage each and every one of them in a consistent manner. Don't make the assumption that because each sales person has their own individual style, each rep must be managed differently or that they should not be expected to follow your repeatable sales process. And don't assume that the only way to measure their success is to wait six months and look at their results. To accelerate the growth of your business, you will need a consistent and scalable sales model. You don't have time to wait six months for every new sales rep to demonstrate an ability to succeed. You must define a sales process that measures performance at every stage of the sales cycle. This process should be based upon, and replicate, your most successful sales campaigns. This process will provide you with a performance standard that can be used to measure the progress of every sales rep. The concepts, methodologies and worksheets provided in this chapter will show you how to implement your own predictable sales process.

Let's start with a brief review of the steps that brought us to this point in the Playbook. Remember, the 5 steps for building a successful Cloud MSP business are a progression. Each step in the progression represents a critical success factor that builds upon the previous

step. In the introduction to chapter #1 we said it was perfectly fine for you to skip various chapters of the Playbook as long as you were convinced that the content of those chapters already represents an area of strength in your business. And you learned about your areas of strength by answering the questions provided in the Business Readiness Assessment Worksheet. So whether it is because you completed the work in chapters 1-3 or because you already have those bases covered, we will assume that you now have a very solid foundation for managing and scaling a successful sales process. That means you have a compelling and differentiated value proposition for your cloud and managed services, you have priced and packaged your cloud and managed services as IT solutions to deliver this value, you have created marketing programs that will generate quality leads and you are now ready to drive your sales process with opportunities in your sales pipeline to meet your revenue objectives.



The first two graphics in the illustration above are concepts presented in chapters 1-3. Strategies for *selling the value of cloud and managed services* and methodologies for *generating quality leads to drive sales* are best practices that pave the way for *managing the sales opportunity pipeline*. Later in this chapter, we will cover an approach for managing the sales pipeline. Recall that in order to sell the value of your Microsoft Cloud Collaboration and Azure X as a Service (XaaS) solutions, your sales strategy must be based on your differentiated value proposition. And as we learned in chapter #1, your value proposition must be based on your core competencies and how they relate to your service description. They must be couched in the language of your target market segments and address the business priorities of your ideal customer. Finally, there must be quantifiable

business value demonstrated during the sales process thus replacing a technology focused sales campaign with a customer benefit focused sales campaign.

Generating quality leads to drive your sales operation requires an efficient lead generation machine that executes content-driven and targeted marketing campaigns.

These campaigns should follow the four elements of the KloudReadiness marketing formula and all of the leads generated by them should be qualified with a consistently applied lead qualification process. It is critically important to feed your sales opportunity pipeline with highly qualified leads. It is equally important that you managed the pipeline efficiently, so you can convert the maximum number of leads into customers.

The dependency of the sales pipeline on a quality lead funnel brings up some very important questions: What is the lead generation plan? What is the monthly lead volume that is required by sales? Who generates these leads and how? What conversion rates from leads to opportunities to customers should be expected? What does a solid pipeline look like? How can you monitor the pipeline to track progress during the sales cycle? In Chapter #1, we introduced the SMART Calculator and how it can be used to align your lead generation requirements with the revenue targets you have assigned to each of your sales reps. We described the SMART Calculator as a tool to assess your marketing and sales readiness to scale your business.

Kloud readiness

### Sales and Marketing Assessment of Revenue Targets (SMART) Calculator

Incremental Monthly Revenue Target	\$6,000	This is the incremental revenue you wish to add to your managed services business every
Average Deal Size	\$2,000	Enter your targeted average deal size here.
Annual Incremental Revenue (1 month)	\$72,000	This is the value of one month's incremental revenue totaled for one fully ramped year.
Annual Incremental Revenue (12 months)	\$864,000	This is the annualized revenue value if you add incremental revenue each month of the year.
New Customers Acquired Each Month	3.0	This is the number of new customers you will need to add each month to meet these revenue

**Fill in the two yellow boxes to the left...**

The SMART calculator is designed to help you assess the effectiveness of your sales and marketing activities. Are they helping you to survive and thrive the coming wave of competition as more MSPs introduce more cloud-based services? To see if you are prepared to acquire customers faster than your competition, fill in your monthly revenue growth target and your average deal size, then see if you have the volume of marketing leads and sales opportunities to acquire the new customers you need to grow your business. If

The Lead Funnel		Lead Volume	Conversion Rates	Lead Generation Requirements		
Month 1	Days to Close	457	5%	Target audience and response rate		
	90	22.9	35%	Leads/month and qualification rate		
	75	8.0	100%	Qualified leads converted to pipeline		
<b>Pipeline Requirements (Feeding the Pipeline to Meet Revenue Targets)</b>						
Requirements	Opportunities Added (Leads)	8.0	Qualified sales leads from marketing programs			
	Deals from Previous Pipeline	2.0	Opportunities carried forward from last month			
	Total Pipeline Opportunities	10.0	Total number of opportunities in the sales pipe			
<b>The Opportunity Pipeline</b>						
Month 2	60	4.0	40%	25%	\$8,000	\$2,000
	45	2.5	25%	50%	\$5,000	\$2,500
	30	2.0	20%	80%	\$4,000	\$3,200
Month 3	15	1.5	15%	100%	\$3,000	\$3,000
	<b>The Revenue Targets</b>					
	60	10.0	100%	30%	\$20,000	\$10,700
	30	3.0	35%	89%	\$7,000	\$6,200

**Now see if you are ready to make your targets?**

*Are my marketing activities effective enough to grow my business?*

I need to generate 22.9 leads every month

And I need to qualify 8.0 leads every month

*Do I have enough qualified leads to feed my sales pipeline?*

The size of the opportunity pipeline is constantly changing.

Every month new opportunities must be added to drive revenue.

Deals are either won, lost or carried forward to the next month.

*Are my sales activities effective enough to grow my business?*

I need to maintain 10.0 total opportunities in my pipeline

Representing at least \$20,000 in total new revenue potential

And I need to close 30% of my 60 day pipeline

And I need to close 89% of my 30 day pipeline

In order to add \$6,200 in new revenue every month

*Do I have sufficient pipeline volume and a consistent close ratio?*

*Am I ready to scale my MSP business as fast as anticipated?*

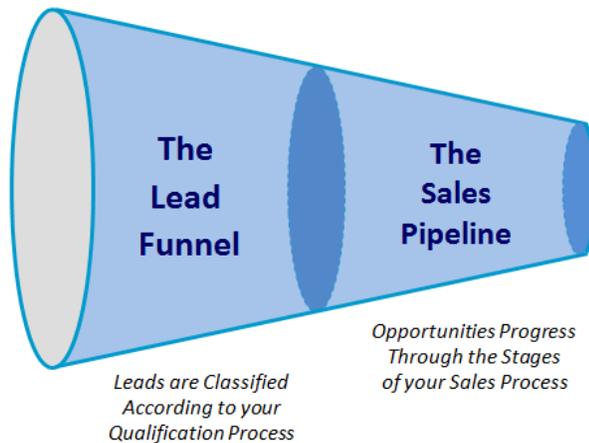
Note: Lead & opportunity volumes that drive revenue values are rounded to one decimal place.

Now we are re-introducing it as a planning tool for setting your revenue targets (for each and every sales rep) and to understand the lead generation requirements to meet those revenue targets. It projects the volume of leads and the size of the pipeline that each rep will need to sustain on a continuous basis. Have another look at the SMART Calculator from this perspective. Then ask and answer the questions above as they relate to your business.

### Managing Your Lead Funnel

We have been using terms like “lead funnel” and “sales pipeline” in the context of managing the sales process. Before we get into the details of our recommended sales process, let’s formally define these terms. We talk about the lead funnel and sales pipeline as separate entities because having a dividing line to separate how you measure marketing and sales effectiveness is very helpful. It allows you to apply marketing metrics to the programs designed to generate leads separate from the sales metrics you will want to use to assess the progress of moving opportunities through the sales pipeline. So, while they are fundamentally related to one another as the fuel that drives your business, they represent different processes with different criteria for success measurement.

#### **The Lead Funnel: Where Leads Convert into Sales Opportunities**

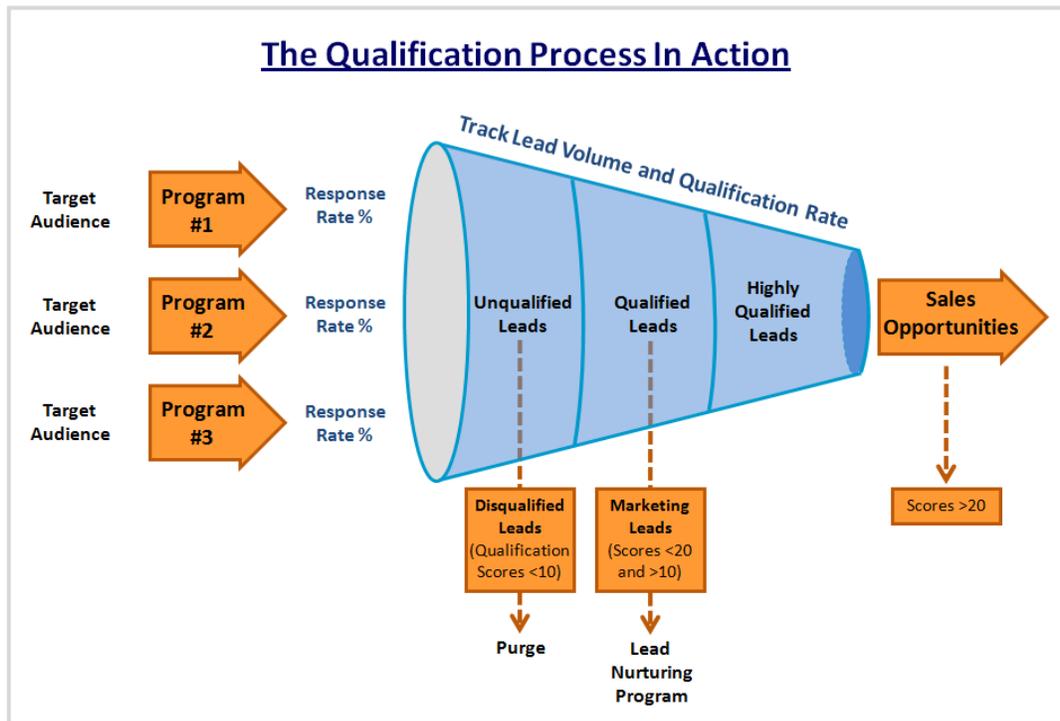


#### **The Sales Pipeline: Where Opportunities Convert into Customers**

The lead funnel is used to track all of the lead generation results from your marketing programs. It’s called a funnel because at the entrance to the funnel, you pour in all of the unqualified leads generated by all of your marketing programs. As your leads move through the qualification process, they will be classified according to rigid criteria and their numbers will diminish as you separate the not-so-good leads from the pretty-good leads from the really-great leads. Managing your lead funnel will provide a wealth of information

about the quality of your marketing campaigns. More importantly, it ensures that only the highest quality leads will survive the qualification process and be converted into sales opportunities for your reps. After all, you don't want your reps chasing unqualified or miss-qualified opportunities. Their efforts should be focused on deals that have the highest potential to close in the shortest period of time. Managing your lead funnel with an effective qualification process will prevent wasted sales efforts and improve your sales efficiency overall.

The illustration below shows the lead funnel and the qualification process in action. On the left hand side of the diagram are the marketing programs that create leads for the funnel. Each program might be targeted at a different audience and make use of a different type of campaign. Perhaps one campaign is a webinar, another is a telemarketing campaign and a third is web leads from registrations on your website. There are many types of marketing programs and lead sources that feed the funnel. Be sure to track your lead production by lead source so that you can measure the response rate and qualification rate for each marketing program. Later, in chapter #5, we will show you how to measure the key metrics for your marketing programs using a worksheet that is provided in the appendix to the Playbook.



The diagram illustrates a lead classification system developed by KloudReadiness. Like all of the best practices recommended throughout the Playbook, this one has a bit of science to it. The purpose of the science is to take the guesswork out of the process and to ensure consistency of results. *Science* means implementing a standard set of procedures for

everyone to follow (your process) and using a quantitative approach to measure results (your key metrics). When we introduce *science* in the form of sales and marketing best practices, we always strive to keep our methodologies easy to implement and adaptable to any business. As we take you through the lead classification process and describe its key metrics, think about how you can implement this strategy in your business and where you might want to make a few changes to adapt it to your business.

As leads are generated by marketing programs, they enter the funnel as unqualified leads. They are ready to be immediately classified into three categories by going through your qualification process. The three categories are:

- Disqualified leads – All leads that fail to meet the most basic qualification criteria
- Qualified Leads – All leads that meet your minimum lead qualification criteria
- Highly Qualified Leads – All leads that meet your strictest lead qualification criteria

Pretty basic, don't you agree? This approach allows you to group your leads into three buckets so that you can (a) avoid wasting any time on poor quality leads, (b) focus your sales resources on the best leads while they are hot, and (c) take all of the rest of your leads that meet your minimum criteria and put them through a lead nurturing program. Many of these "marketing leads" will become highly qualified leads down the road. So where is the science in this lead classification process? Well, it's all in the qualification criteria of course. Recall in Chapter #3 that we presented the lead qualification process and part of the KloudReadiness marketing formula.

**1. Pain Level (The top concerns of your prospect)**

Rate pain level on a scale of 1-5 (more pain = higher score)

**2. Solution Fit (How well your solution resolves the pain/concerns)**

Rate the solution fit on a scale of 1-5 (better fit = higher score)

**3. Business Value (How much business value your solution provides)**

Rate business value on a scale of 1-5 (higher value = higher score)

**4. Decision Process (Decision makers, funding and selection process)**

Rate the decision process on a scale of 1-5 (simpler process = higher score)

**5. Time Frame (How long it will takes to close the deal)**

Rate time frame on a scale of 1-5 (shorter time frame = higher score)

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➤ **Total Score (Add up the ratings for the 5 qualifiers)**

- Actionable sales leads have a 20+ score (They are highly qualified leads for your sales pipeline)
- Long term sales leads have a 10-20 score (They qualify for marketing "lead nurturing" programs)
- Disqualified leads have a score of less than 10 (They should be purged from your lead database)

The graphic above provides a review of the qualification criteria covered in chapter #3. Lead qualification was the last element of that formula and it also marks the beginning of the sales process and you will want to ensure that this fact is fully understood by your sales team.

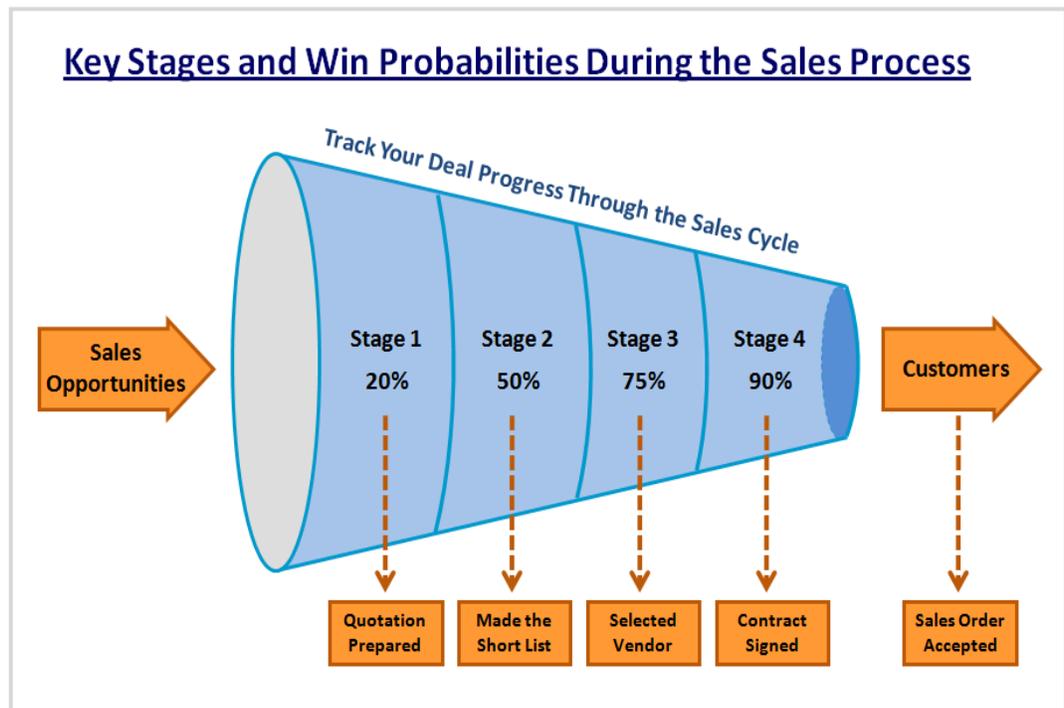
Assuming that your sales reps are the ones who will be qualifying and classifying all of the unqualified leads from your marketing programs, it is critical that they are fully trained on the qualification criteria and completely comfortable with the process. Remember to complete the Lead Qualification Worksheet to become familiar with the criteria and how to use them to rate your prospects. Use it as-is, or adapt it to reflect the specific criteria that you want to identify and classify your own highly qualified leads. The worksheet will help you to rate your leads on a 25 point rating system. Score each one of your leads and then prioritize those leads with the highest score. It's really a very simple process and one that will enable you to process a large volume of leads with a very small team of sales people. It will also allow you to scale the process for any number of leads and any size sales force. This lead management process also provides the business logic that you can use to customize your sales force automation system, if you have one or plan to have one in the future. So when the time comes to automate this process, it will be easily converted to an on-line system for lead tracking and management. As for calculating detailed marketing metrics such as measuring response rate, conversion rate, cost per lead and marketing campaign ROI, we will cover these topics in chapter #5 when we present metrics for continuous success measurement.

### **Managing Your Sales Pipeline**

Now that you understand how to manage your lead funnel, you will have full control over the quality of leads that become part of your sales opportunity pipeline. The sales pipeline is the most fundamental sales management and revenue forecasting tool at your disposal. It is meant to be a representation of your sales cycle, so you must do a good job of defining the stages of the sales cycle and the probability of closing a deal based on its stage. Once the sales cycle stages are defined, you must then get every sales rep to fully understand them and totally commit to managing their sales opportunities with this framework. Like the consistency we applied to the lead classification process, the sales pipeline must also be managed with consistency. Everyone must follow the rules – without exception.

Why so strict? In order for you to manage sales people effectively, you must establish the rules and enforce the rules. You must define what success looks like and constantly measure their *progress*, not just their *results*, but their *progress* towards achieving the business objectives of the company. Notice that we described their goals as company goals – not just individual sales goals. Yes, your sales people will have individual sales

targets, but the revenue they are generating should be seen as a team effort – and one that they are leading and not chasing on their own. The best sales managers instill a sense of teamwork and transparency in the sales process. Everyone knows what everyone is working on, what objections they are facing, what strategies are working and yes, how they are succeeding or not succeeding in moving their deals through the pipeline. Every week, the pipeline becomes your vehicle to communicate with your sales staff with an open and objective discussion of how their deals are progressing, or not progressing, from one stage of the sales cycle to the next. The nature of that conversation should be focused on the exception conditions. In other words, which deals need attention, for what reason and what kind of attention do they need. Deals that are on track need very little discussion. This approach enables a constructive conversation about what resources are needed to close business. It eliminates surprises over which deals are going to close and which ones are not. It removes the “spin control” that some reps use to paint a rosy picture about deals in play and whether or not they will make their number at the end of the month or quarter. This process allows you to be clinical with your sales team and to help them when they need your help the most – before they lose a sale to your competition.



The illustration above shows the sales pipeline as a visual representation of the sales process. The key stages of the sales cycle are defined and each stage is assigned a win probability that is appropriate for that stage. As your sales opportunities move through the sales cycle, they are tracked as deals that progress through the sales cycle one stage at a time.

Just like the lead funnel, the number of opportunities in the sales pipeline will diminish as they either move forward or fall out of the pipeline. As we know, many deals will be delayed, unfunded or lost to the competition along the way. However, many deals will also survive all of these obstacles and move closer toward a final sale. For this reason, we have developed a simple four-stage model of the sales process to define how many deals are in what stage. The definitions of these four stages are as follows:

- Stage 1: A quotation has been prepared which means that your rep has conducted a discovery process with the prospect and has defined a solution that will deliver business value to the customer. We suggest rating this stage at a 20% win probability. On average you will win one in five of your stage 1 opportunities.
- Stage 2: Your deal has made the short list. This doesn't have to be a formal bidding process with a short list of selected vendors, but this stage should reflect a situation where funding for a solution has been approved and you are a realistic contender for the business. We suggest rating this stage at 50%. On average you will win half of your stage 2 opportunities.
- Stage 3: You are the selected vendor. This is equivalent to getting a verbal order. It does not mean the deal is done. There is often a contract review, price negotiation or configuration refinement to complete before there are signed agreements. We suggest rating this stage at 75%. Deals can still go away at this stage, or get delayed, but you should close at least three out of four of your stage 3 deals.
- Stage 4: You have a signed contract. Congratulations! Now you can celebrate your sales rep has closed the deal and brought signed paperwork back to your company. Now you just have to accept the order (assuming everything was priced and configured accurately). We suggest rating this stage at 90%. On average nine out of ten stage 4 deals are accepted within the time frame projected by your pipeline.

This simple approach to defining your sales process can become a very powerful and effective tool for managing your sales team and projecting your sales 30, 60 and 90 days out. It provides a logical framework for discussing deals in a consistent manner. It creates transparency in the sales process and among your sales team. It also has the effect of motivating your reps to manage their pipeline on a proactive and weekly basis because they will be reporting their updates to you every Monday morning.

As you begin to manage your sales process by tracking deals in the pipeline, you will gain extremely valuable knowledge about your business. At any point in time you will know the total value of your pipeline in terms of deal volume and total revenue. You will know

this for all reps and for each rep individually. You will know how these values compare to your baseline performance. And you will know when you need to inject more leads into the sales process to build up your pipeline of future sales.

In addition to the size of the pipe, you will also learn to assess the quality of the pipeline. You will easily see if it is composed of just a few major deals that can make or break your month or your quarter. You will also see whether the deals are evenly distributed across the four stages or if the pipe is skewed with early stage deals that will probably not close for many weeks or months. And, you will see if there are deals stalled in one of the stages. This will prompt a conversation between you and your rep to find out why the deal is stalled and what can be done to get it back on track.

Finally, by tracking your deals in this manner you will be able to measure your sales efficiency in a number of ways. The most obvious metric you will want to monitor is your close ratio. What percentage of the deals in your pipeline do you close every month or quarter? Is it the same close ratio for every rep? Does it vary by the size of the deal? You can also track your conversion rates from stage to stage. Recall that we provided you with recommended values for the win probabilities for each stage (20%, 50%, 75% and 90% respectively). These are very general percentages and are only meant to provide a rough estimate for the value of your pipe. Multiplying the win probability by the revenue associated with the deals in each stage will give you a factored revenue value that provides a general estimate of the value of closed deals within a specified time frame. You can adjust these win probabilities based on your own history to get a more accurate projection of future revenue. Of course a formal revenue forecast is a bit more complicated than multiplying a win probability percentage against your deal value. Forecasting always includes an element of judgment based on your firsthand knowledge of the deals combined with the confidence level that your reps assign to each opportunity. In chapter #5 we will show you how to apply these metrics and track the value of your pipeline in detail.

This structured approach to managing the sales process is used by some of the largest and most successful high technology businesses – including both vendors and Cloud MSPs. It's an approach that aligns your revenue goals with your lead generation objectives. It provides a common language for understanding the status of every deal in the pipeline. It provides a framework for managing your sales team based on a consistently applied set of rules to which everyone must conform. Use this pipeline management strategy for your veteran sales reps or for your newly hired sales trainees. It will provide you with the leading indicators you need to determine whether they are on a path to meeting their objectives or falling behind the pace and in need of assistance. Use this process to replace your rear view mirror with a clear view of the

road ahead and a dashboard for driving your business in the right direction and in the shortest possible timeframe.

### **Tools, Techniques and Training for Effective Selling**

Now that you have an understanding and a foundation for managing a predictable sales process, let's turn our attention to the subject of sales enablement. When we use the term sales enablement, we are referring to the tools, techniques and training for effective selling. Every sales rep needs a support structure to succeed. Each rep must be well armed with all of your marketing messages and competitive positioning, and be equally prepared to execute the sales strategies used by your most successful sales rep. Perhaps you, or the founder of your ITSP, Cloud or MSP business, is that "most successful sales rep". If so, then you will want to capture as much of your own valuable knowledge for winning deals as possible and bottle it. You need to create the *perfect sales manual* for your reps to follow so they can independently run their own sales campaigns. If you are the master of all knowledge for your business – your technology, IT solutions, business value, satisfied customers, pricing strategies and competitive advantages – then you are probably required to close every sale or at least assist on every sales campaign. This is fine for the major deals, but you cannot be involved in every deal if you are going to accelerate your growth and scale your business. In the pages that follow, we are going to describe the perfect sales manual. We will outline the contents of a sales guide that you must create and use to train every sales rep on how to apply the concepts and techniques that will improve the effectiveness, and also the independence, of your current and future sales force.

What is a perfect sales manual? It is a collection of materials that you can put in a binder for every sales rep to take into the field and use every day of the week. It is a resource that will enable them to respond effectively and professionally to any situation that comes up during the sales process. It is your vehicle to control how your marketing message is delivered and how the image of your company is presented. It is a gold standard that will bring consistency to your sales process. If we appear somewhat obsessive in our push for consistency, it's because we have found that consistency is the key to predictability and predictability is the key to scalability. We recommend that you take the process of building your own perfect sales manual to heart. It will become an invaluable resource for your business.

## What to Include in “The Perfect Sales Manual”

The perfect sales manual is an assortment of many resources – some resources provide sales and marketing strategy, some provide customer-facing materials, some are internal tips and techniques while some are administrative tools to help your sales reps, and you, to more effectively manage the sales process. We have created a four-part outline to help you assemble and organize the elements of your own perfect sales manual. The four sections cover how to identify sales opportunities, how to sell the value of cloud and managed services, how to use professional marketing literature and what sales administration tools and procedures to use. You should populate your perfect sales manual with content from the D&H Distributing Sales Guide that is provided with the Marketing Resource Toolkit. It contains a wealth of information including D&H and Microsoft product and service descriptions, frequently asked questions, sales objection handling, and how to cost justify your service. In terms of its content and strategies, your perfect sales manual must be a reflection of your business. It should be continuously updated as you develop new content and refine your strategies. It will become the foundation for sales enablement and an important part of how you manage your sales function.

Let’s walk through each of the four sections, one by one, and describe the contents of the perfect sales manual. We will provide you with ideas and recommendations and, in some cases, worksheets and templates to help you to build your content quickly and professionally. However, you need to create your perfect sales manual yourself and keep the content current for it to serve its intended purpose.

## Section 1 Outline for “The Perfect Sales Manual”

- 1. Identifying Sales Opportunities**
  - i. Know your target markets and customer profile
    - a) Which target markets
    - b) What customer profile
    - c) Where to find prospects
  - ii. Understand Your Value Proposition
    - a) Your elevator pitch
      - ✓ What business value you offer
      - ✓ How you deliver these benefits
      - ✓ Why you are different from your competition
    - b) Email and telemarketing scripts
      - ✓ Email script to introduce you and the company
      - ✓ One page script for “approach” calls by phone
  - iii. Qualify Your Sales Prospects
    - a) The qualification process

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b) Qualification criteria and rating system

An outline for section 1 of the perfect sales manual is in the shaded box above.. The first section is devoted to *identifying sales opportunities*. In this section, you will capture all of the information about your target market focus and the ideal customer profile that you developed in chapter 1 of this playbook. Summarize the worksheets from chapter 1 or, even easier, just make copies of the worksheets that you completed and insert them right into the manual. The worksheets are designed to provide a formal record of your marketing strategy. Why not share it with the people who will be on the front lines executing that strategy? The same holds true for your differentiated valued proposition. Find your completed worksheet and summarize your answers or simply use the worksheet as-is. This worksheet contains your elevator pitch as well. You will want your sales team to commit this elevator pitch to memory so they can clearly articulate the value of your business to any prospect at a moment's notice. Also in section 1 of your perfect sales manual, you will want to include some email and telemarketing scripts that can be used by your reps whenever they make cold calls, follow up on leads over the phone or when they reach out to prospects via email. Make it easy for them to use the right words to introduce your company, probe for interest and ask for that first meeting. And, of course, the first section of your perfect sales manual must include your qualification process. You should include your responses from the lead qualification worksheet here. Recall that in this worksheet, you defined a 25-point rating system for your prospects that is used to separate highly qualified leads from the rest of your leads. Be sure to provide them with an easy-to-use form so that every lead can be easily rated and classified.

## Section 2 Outline for “The Perfect Sales Manual”

- 2. Selling the Value of Cloud and Managed Services**
  - i. Present your company’s capabilities
    - a) Standard sales presentation
    - b) Other materials for a first sales call
  - ii. Gather the right information
    - a) Questions to ask & information to gather
    - b) Restatement of customer needs and your solution
  - iii. Proposing a Solution
    - a) Preparing a quotation or proposal
    - b) The cover letter
    - c) Quotation forms and sales tools
    - d) Proposal boilerplate
  - iv. Justifying Your Solution
    - a) Cost justify your solution
    - b) TCO or ROI sales tools
  - v. Position against the competition
    - a) Your comprehensive solution checklist
    - b) Compare the checklist against your top 3 competitors

Now let’s move on to section 2 of your perfect sales manual. You will find an outline to follow in the shaded box above. This section of your sales manual will be devoted to selling the value of your Microsoft cloud collaboration and XaaS services. It will contain the sales strategies and customer-facing materials used by your reps as they begin to take their newly qualified prospects through the sales process. First impressions are powerful; so the first element of this section is all about presenting your company’s capabilities to newly qualified prospects with a standard sales presentation. We have provided a template for an Microsoft - recommended standard company presentation in the appendix to this Playbook. It guides you through the process of building a sales presentation that communicates who you are, what you do, who you do it for and how well you do it. This is not meant to be a technical presentation – that will come later and targeted for a more technical audience. Your first presentation should be a high-level overview of your company and your business value to a business executive with your prospect’s organization.

This presentation is your “first call” sales presentation and it must present a very professional image of your company. So our presentation template includes a professional graphical design. You don’t want to use a default PowerPoint template. None of these free templates are appropriate for a high technology services company and they will send the wrong message to your prospects about the image of your

company. If you don't have your own professionally designed PowerPoint template, use the one that we have provided in the appendix. We have created this template and acquired its graphical elements for unlimited commercial use so that you can use this template as your own.

Next you will want to provide your reps with the right questions to ask as they gather information about the customer's business objectives and IT requirements. Make sure they use their precious time with the customer to listen as well as to present. Make sure they leave the first meeting with a solid understanding of the top concerns facing the customer. They must always restate these concerns back to the customer to verify and clarify their assumptions. This is a critical step in selling the value of your services. Those customer concerns must ultimately be translated into an IT solution that directly addresses them. Therefore, you must draw from your own experiences and capture the right questions to ask during this fact-finding stage of the sales process.

When the time comes to prepare a quotation or formally propose a solution, an official document must be generated by your reps that contains your pricing, a service description, terms and conditions and, in varying degrees of detail, a discussion of your business value and how your solution addresses the specific needs of the customer. You will find templates for all of these proposal elements including a Master Proposal, a Service Description, a Service Level Agreement, and Standard Terms and Conditions in the D&H Distributing Marketing Resource Toolkit.

We recommend that you create a short three (3) page quotation as well as a long 10-plus page proposal in the form of boilerplate material for your reps. That way, they can respond to smaller deals having simpler requirements with a short document that does not overwhelm the customer. For the larger and more complex solutions, a more elaborate proposal will be appropriate. Large or small, your quotations and proposals can be 80% to 90% boilerplate material with a small amount of customization to reflect the specific needs of the customer. Typically, this customization will appear in the cover letter and the executive summary with an occasional network diagram or system design drawing included when appropriate. Your starting point for building this boilerplate material will be your existing customer quotes and proposals. Use them to gather as much pre-existing material as you can and then fill in the gaps to create a reusable standard proposal and quotation package that you can include in your perfect sales manual.

In addition to a proposal boilerplate, you may want to create a standard Total Cost of Ownership (TCO) analysis or a Return on Investment (ROI) worksheet. These tools can be an extremely useful way to cost-justify your cloud and managed services fees. Recall that we covered this topic in chapter 2 during the pricing and packaging discussion. As part of your research to determine the optimum price for your cloud and managed services fees, we recommended that you break down all of the costs associated with an in-house approach for the customer to manage their own IT service delivery function. These costs

included the labor-related expenses (recruiting, salary, benefits, training, etc.) plus the capital and operating expenses for the software tools, hardware systems and support facilities that are required to manage all IT and network infrastructure. By calculating this total cost as a monthly expense and comparing it to your cloud and managed services fee, there should be a sizeable savings realized by the customer along with several intangible benefits such as time savings, simplicity and risk reduction. Your TCO/ROI tool should detail these quantitative and qualitative benefits and accompany your proposal. You will find information on how to compare the cost of in-house collaboration approaches with the cost of a cloud collaboration service in the D&H Distributing Marketing Resource Toolkit.

Finally, this section of your perfect sales manual should include information to position your company and your solutions against the competition. Whether your competition is known or unknown to your reps, you must assume it is always present and always considered a threat to closing the sale. You should be proactive and position your solutions and their advantages against the competition as often as possible during the sales process. We recommend a simple approach involving a checklist and a competitive matrix. Start by making a list of all the key features, functions, services and solutions that you provide as part of your cloud and managed service offerings. This comprehensive solutions checklist can be used to itemize all of the great things you provide to your customers. Have your reps ask their sales prospects to use this check list to compare your service with any competitive offerings they may be considering. If you are commanding a higher price, this checklist will be important to justify that higher price. Now go one step further and compare your comprehensive checklist to the cloud and managed service solutions of your top three (3) competitors. This comparison will provide you with a competitive matrix that shows at-a-glance where you have competitive advantages. Hopefully, you have many more advantages than gaps. If there are gaps, you can adjust your pricing accordingly. That way you will always be in a position to offer your customers the best value. Once you have developed your checklist and your competitive matrix, include them in your perfect sales manual and update them whenever you obtain new information about your competition.

In section 3 of the perfect sales manual, we are going to focus on the essential marketing literature that will support your sales process. Great marketing literature is a true asset for your sales staff as it can serve many purposes that help to enable a very successful sales campaign. It can open doors, establish credibility, educate buyers, reinforce messaging and demonstrate business value. These are important contributions to the selling effort so you will want to carefully review and assess the quality of your marketing literature before you incorporate it into your perfect sales manual.

## Section 3 Outline for “The Perfect Sales Manual”

### 3. Essential Marketing Literature

- i. Company brochure establishes image and credentials:
  - a) Values and core competencies
  - b) Customer commitment
  - c) Success and longevity
  - d) Products and services
  - e) Business benefits
  - f) Customer examples and quotes
- ii. Provide service descriptions of your IT solutions:
  - a) IT solution description
  - b) IT solution benefits
  - c) Key technologies and related expertise
- iii. Use customer case studies to demonstrate value:
  - a) Vertical market-specific examples
  - b) Business problems or concerns addressed
  - c) Decision criteria for choosing you
  - d) Benefits realized after deployment
  - e) Customer quotations/endorsements
- iv. White papers can educate your sales prospect
  - a) Explain the role of key technologies
  - b) Introduce industry best practices
  - c) Advise how to prepare an RFP for a managed cloud service
  - d) Break down the financial benefits of a managed cloud service

The outline for section 3 is provided in the shaded box above and it starts with your company brochure, a key element in your portfolio of marketing literature. Your company brochure should embody all of your values and core competencies. It should express your strong commitment to customer satisfaction and link this commitment to your success and your longevity. In addition to values, your company brochure must do a good job of summarizing your products and services while highlighting their business benefits. A great way to conclude your brochure is with some customer quotations. It is well worth your time and effort to craft some well written quotations from your customers. Be sure to get their agreement before using them in your brochure. Another excellent source of customer quotations is from letters of endorsement. If you are fortunate to have customers who have expressed their appreciation to you in writing, you already have a valuable source of customer quotations. Look for a few key excerpts

from these letters and incorporate them into your company brochure. Use them in your sales presentations and post them on your company website as well.

Another key piece of marketing literature is your cloud and managed service descriptions. Your service description can be practical and impactful literature to use in various ways during the sales process. Service descriptions are practical in the sense they describe your services to your prospective customer and set expectations for what is and what is not included with the services you have bundled into IT solutions. As a formal description of the service elements included with each solution, they can be used early in the sales conversation to introduce your solutions to prospects or as a reference document attached your final pricing proposal. Your service description should be both factual and benefits oriented. Make sure that you highlight the business value your customers will realize from these solutions. And finally, don't forget to mention the key technologies behind these IT solutions and how your expertise plays a role in delivering them. In previous chapters we have talked about the importance of quantifying the business value of your solutions. We have also talked about the importance of customer evidence as a critical proof point for the claims you are making about business value. You can accomplish both tasks with a well written customer case study. In fact, you should strive to publish a series of them throughout the year. Customer case studies demonstrate your business value by telling the story of a very satisfied customer. Ideally, your customer case studies are taken directly from your target vertical market segments and showcase the top business problems or concerns confronting companies in this segment and how your solution addresses those concerns. Make sure that you include the decision criteria that was behind the selection process and why the customer chose your solution over the alternatives. Then clearly state the business value that was realized by this customer and back it up with some facts and figures that quantify the economic impact of your solution on their business. And, as mentioned previously, get some impactful quotations from your decision-maker and use them to punctuate the description of your solution in the case study. Customer case studies are one of the most important forms of essential marketing literature for your perfect sales manual.

The last category of marketing literature to potentially include in this section of the manual is the white paper. White papers are typically five (5) to ten (10) pages long and provide a detailed explanation of a technical topic or a tutorial of best practices associated with the cloud and managed services industry. You may want to author a white paper covering a topic that comes up over and over again during the sales process that is either difficult or time consuming for your reps to address. By arming them with an authoritative white paper on the subject, you will be injecting your knowledge and expertise into each sales campaign. In so doing, you will be addressing the issue the right

way without getting involved with every deal. Your presence in the sales process should be reserved for an executive “closing call” where the goal of the meeting is to meet the decision maker face-to-face and demonstrate your commitment to customer satisfaction. Address the technical explanations and tutorials with your sales enablement materials and some training sessions for your sales staff.

## Section 4 Outline for “The Perfect Sales Manual”

### 4.Sales Administration Tools and Procedures

- i. FAQs
  - a) Objection handling FAQs
  - b) Product and service FAQs
- ii. Sales Reports
  - a) Call reports
  - b) Forecasting guidelines
  - c) Lost business reports
- iii. Pricing and contracts
  - a) Price list and service description
  - b) Contract terms and conditions
  - c) Service level agreement
  - d) Support plans and escalation policies

The last section of the perfect sales manual is section 4 and the outline for its contents is provided in the shaded box above. This section is devoted to sales administration tools and procedures. This is the reference section of the sales manual where your reps can review frequently asked questions, fill out call reports, understand forecasting guidelines and access their price list, contract terms and policies or procedures related to service delivery and support. Keeping this section current is very important to controlling how deals are priced and how legal terms and conditions are presented to prospective customers. So make sure it always contains the latest information.

### Scaling the Sales Function

One of the most common complaints that we hear from Cloud Provider or MSP executives is the difficulty in hiring new sales reps or recruiting resellers and making them successful. Of course every hiring decision is an important, difficult and demanding process, but there is something even more mysterious about finding, interviewing and hiring a quality sales rep or reseller. If you are like most ITSP or MSP business leaders, you are not a trained sales professional yourself. So how can you be expected to identify the perfect sales

candidate to represent your company and then train them to close profitable deals on a consistent basis? In the pages that follow, we are going to take you through a process that will show you how to apply our proven techniques to get this process right. In doing so, we will save you an enormous amount of time, energy and frustration as you avoid the common mistakes made by many VAR, ITSPs and MSPs.

Developing, managing and successfully scaling a direct or an indirect sales function is no easy task. It takes preparation and requires a proven and repeatable process. Many of the VAR, ITSPs and MSPs that we talk to think the answer to scaling their sales function is to hire a few reps with a Rolodex of business contacts. Not true...in fact, that is quite often a recipe for failure, a waste of money and cause for unnecessary frustration. So ask yourself honestly ...how ready are you to scale your sales function? You don't have to be 100% ready (you never will be), but we will show you how to approach the task with an approach that has been used by some of the most successful Cloud MSPs.

Start by asking yourself these questions:

- Do I understand that I will be equally responsible for the success of a sales function as my reps and resellers?
- Do I have a clear and compelling business value proposition that a sales rep/reseller can articulate to their prospects?
- Do I have a solid understanding of the target markets for my cloud and managed services and why they buy?
- Do I have the ability to generate the required amount of quality leads?
- Do I have the necessary sales support tools in place so my new rep or reseller doesn't spend all of their time creating tools versus selling?
- Do I have some form of on-boarding and training program to immediately ramp the rep or reseller as soon as they join, or partner with, my company?
- Do I have an understanding of how I am going to proactively manage and measure the rep or resellers' activities and performance?

### **Goals for an Effective and Efficient Sales Function**

Before you start building out your sales function, take some time and think about your goals. Your goals will ultimately become their goals as well. Here are some of the key sales goals to think about:

**Predictable sales growth:** One of the most important aspects of growing your business is predictability – both in terms of customer acquisition and revenue production. Once you have established a solid recurring revenue stream, your next challenge is to build on that

base with strong and steady revenue growth. That means new deals from your new reps should be coming in the door at a predictable rate. One of your goals for your sales team will be to maintain a balance of smaller short term deals to even out the acquisition of larger deals that will require a longer sales cycle.

**High margin business:** Some say any business is good business. We believe we are now in an era of being selective about taking on profitable deals over unprofitable ones. One of the main reasons why Cloud Service Providers (CSP's) or MSPs have transformed their business from the VAR model is to get out of a low margin business. With the right kind of targeting and qualification techniques, your Cloud MSP business can realize consistently high margins.

**Manageable sales function:** A manageable sales function is a scalable sales function. By "Manageable" we mean having the tools, metrics and methodologies in place to manage all aspects of the sales function from initial contact to closed deal.

**Low Cost of Acquisition (COA):** COA is an extension of the traditional *Cost Of Sales* metric. COA is a measure of the total cost of customer acquisition and includes your selling expense as well as your marketing expense. One of your goals for managing a predictable sales process is to become as efficient as possible in reducing COA. The sales function you put in place must align with your budgeted cost of sales and your COA must be measured often and consistently.

**Low sales turnover:** Sales turnover is a killer, but you can take steps to prevent unnecessary turnover. Low turnover starts by establishing a goal for retaining your top performers as well as an environment where success breeds success. It is also important for you to understand that you share equal responsibility for their success. Having said that, never stop the interview process for your next great sales hire. You never know when you will want to move forward with that next hiring decision.

**Customer satisfaction and retention:** Your sales team must be revenue producers, but they must also act in the best interest of the customer. They must set customer expectations appropriately and strive to deliver the best solution and the greatest value. And, of course, they must always act ethically and responsibly. This is the only way to ensure customer satisfaction both during the sales process and after the deal is done. Your customers are your life blood so keeping them happy keeps you in business. The sales team must have a customer satisfaction element in their role and job description.

**Sales team as part of the company:** Not only should your sales reps act as a team, they must also be seen as an integral component of your entire organization. Your goal, and theirs, should be to involve all groups within your company in the sales and customer

experience. Make a concerted effort to show that sales is no more and no less important than any other part of your organization.

**Sales as market listeners:** Not all members of the organization can meet with and listen intently to customers on a regular basis. Because your sales team interacts with customers each day of the week, they are in a perfect position to listen and to learn how your organization can serve them better. Make sure that you exploit this opportunity to continuously improve your business by serving your customers better.

Use these goals to guide your evaluation of candidates during the hiring process and to guide your management of the sales team as you slowly and purposefully build an efficient sales engine for your company.

### **Sales Model Considerations and Options**

You can put these goals into action using a direct sales model, an indirect sales model or a combination of these two approaches. In the direct model, your reps directly call on sales prospects and they manage their accounts to maximize add-on business. In the indirect model, you leverage an external sales organization. An external sales team might come from a partnership with another MSP, IT Solution Provider or VAR as part of a partner program to sell your white labeled or co-branded service. It can also include a network of sales agents who represent a number of products and services in addition to yours. A combination of the direct and indirect models can be very effective. In this hybrid model, your direct reps call on one kind of customer while your indirect reps call on another kind of customer. The sales focus for these different teams can be segmented by geography, market segment, customer size or named accounts. Choosing a sales model requires some consideration of your goals, the nature of your products and services and the markets you wish to cover. Let's discuss some of these considerations in a bit more detail before we explore the pros and cons of which sales model you choose.

The nature of the sales model that you implement can be impacted by the state of your current business and your goals for the future. Your goal may be to transition a break/fix business to a monthly recurring revenue cloud and managed services business. Or you may be starting a CSP or MSP business from scratch. Or an expanded sales operation might be your vehicle for scaling your current MSP business to the next stage of growth. So your current situation may lead you to favor one sales model over another. If you are transitioning your break/fix business, then your current sales function may not be applicable to selling cloud and managed services. If you are starting an Cloud MSP business from scratch, then a low-cost inside sales force may be the best way to get started. If you are scaling an established MSP business, a combination of inside sales, outside sales and installed base account managers may be the most effective way to invest in sales resources to build your sales function. In all of these cases, you may also

find there is an effective role for sales agents or partners to augment your in-house sales staff. The nature of your existing business is one of many factors to consider.

Another key consideration for your sales model is the nature of your value proposition, target market focus and ideal customer profile. Before deciding on a sales model, ask yourself “what are we selling and to whom?” Are you selling a complex, IT migration strategy with a long sales cycle or are you selling simple solutions with a thirty (30) day sales cycle? If your cloud and managed services require a consultative sales approach with a business-focused value proposition that positions your company as a trusted advisor, then a sales agent or a reseller partner may not be appropriate for that role. On the other hand, they may be able to participate in a referral program. If some or all of your service offerings are easier for a third party to sell, or if your partner adds value with their own service offering or vertical market coverage, then a closer partnership may provide a win-win situation for you and your partners. The bottom line is that you want to choose a sales model that complements your solutions and customer set while maximizing your coverage of the market at the lowest cost to your business.

That brings us to cost of sales as a key consideration for your chosen sales model. As discussed previously, cost of sales is an element of your total cost of customer acquisition which adds in all of the marketing expenses. Your cost of sales will be a direct reflection of the sales model you choose. Direct sales is typically the most expensive model but it also offers the highest degree of dedication, expertise and manageability. Indirect is often less expensive and it reduces the burden of hiring, managing and, in some cases firing, employees that you bring into your company and put on your payroll. We will cover the cost factors of a direct sales rep in more detail in the pages to come. The cost and management burden of building a direct sales force can be daunting and can even appear overwhelming at times. You may want to start slowly and build gradually, using indirect sales resources opportunistically and as a bridge to your own in-house team. A lot depends on your experience and comfort level in managing a sales function. If you have a lot of experience in this area, then you can more quickly implement and manage a growing sales function. If you are like most VAR, ITSPs and MSP founders, you don't have a deep sales background and you may want to take a more gradual approach. Make one rep successful, then two, then three, and so on.

### The Direct Sales Model

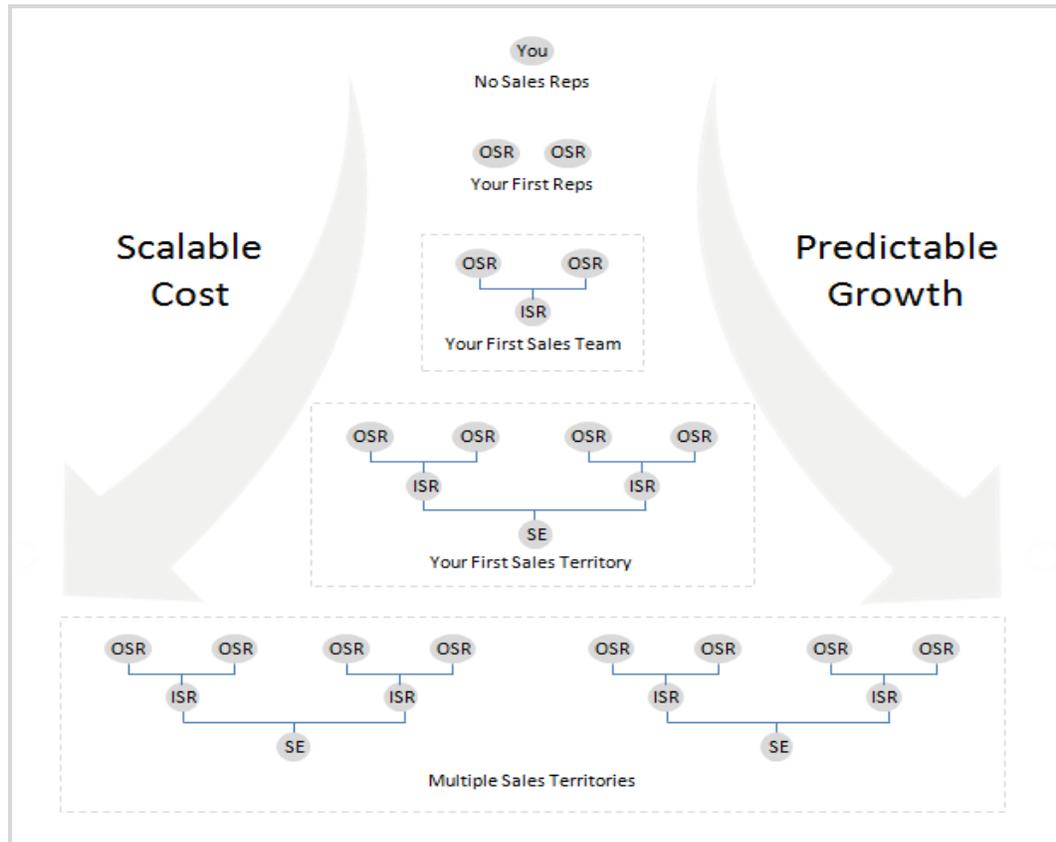
Now that we have covered your goals and the key considerations for choosing a sales model, let's talk about them in more detail – starting with direct sales. This is the classic approach of having W-2 employees on your payroll and growing your business by finding, selling and closing new accounts. There are multiple roles to consider when building a direct sales team including the Outside Sales Rep (OSR), the Inside Sales Rep (ISR), and the technical pre-sales Systems Engineer (SE). Let's take a closer look at each of these roles.

The sales process for cloud and managed services will always have a face-to-face dimension because the prospect is evaluating and selecting a trusted advisor for their business. So you will, at some point, need an OSR to perform this very important role of representing your company and acting as the face of your business to the customer. However, the OSR is the most expensive of the roles defined above so it is important to get the highest possible return on that investment. You can do this by complementing the OSR with an inside sales resource or ISR. The ISR is a much lower cost resource and carries out many tasks during the sales process in a much more cost effective manner than the OSR. These tasks can include cold calling, lead qualification, quote preparation, sales administration and day-to-day account management for processing add-on orders and answering billing questions. When you staff the roles of the OSR and the ISR, you are building a team that can handle the majority of your sales requirements and they will do so in a cost effective manner.

However, one task the OSR/ISR team cannot perform is the technical pre-sales function. You may want to consider adding a Systems Engineer (SE) at some point in your growth process to handle technical questions that come up during the sales process and to create system designs that might be necessary to deliver a custom solution for the customer's IT requirements. Of course, there are many ways to cover the technical pre-sales role. One way is for you, the founder and most qualified technical expert, to engage with the customer during the sales process and to answer questions or design solutions. But at some point, you won't be able to cover every sales situation without becoming a bottleneck. Another way to cover the SE role is to leverage your post-sales customer support team to cover technical pre-sales requirements. This is a common approach and one that you should consider carefully. Just remember, your support team needs to be available for any customer emergency that occurs during their contracted period of coverage. So if "Murphy's Law" holds true, as it often does, your technical resource will need to respond to a post sales problem at exactly the same time they are needed to propose a technical solution to win a major deal. A third way is to train your sales staff to provide their own technical pre-sales support. This is another common approach taken by many MSPs but be careful here as well. You don't want to hire sales people who are technologists to save the cost of an SE only to find yourself with a sales team that does not understand or speak the language of business. Your value proposition is going to be centered on business value and

your sales reps must be completely comfortable and credible selling the business value of your IT solutions - more so than the technical underpinnings of your service offerings.

As we describe these multiple roles, we are not suggesting that you go out and hire dedicated headcount for each of them from day one. We are asking you to understand the need for the roles and how you can cover them with shared headcount with the idea that as you expand your sales team, those shared roles will ultimately become dedicated roles. This will happen over time as you scale your business and it reaches the point where the economics of dedicated headcount for each role makes sense. You will gradually build up a sales team that can be replicated territory by territory as a scalable approach to building a sales engine for your company. In a sales team model, one team would consist of one ISR, two OSRs and one half SE. The question is “How do I start a sales function from scratch”? We suggest hiring one junior OSR that is able to set appointments and has the ability to conduct quality face-to-face appointments. As that resource starts proving itself, you can grow the sales function to the model of one half ISR for every OSR.



In the diagram above, we have illustrated what this growth strategy might look like as you expand your sales force from the first one or two sales reps to forming your first sales team. At this point you are ready to add your first dedicated SE to support this sales team. Now you have a fully staffed sales territory where every individual has a well-defined role to play on the team. To scale your sales organization, simply repeat the process territory

by territory as you expand your business into new geographic and/or vertical market segments. This scalable approach lets you plan the cost of entering a new market. It also provides a consistent cost structure that lets you measure the productivity and profitability of each territory by comparing the rate of customer acquisition and revenue generation from one territory to the next. That allows you to manage predictable growth from your expanding sales organization.

### **The Indirect Sales Model**

Unless you are planning an MSP business that is based 100% on wholesale services, you will most likely be building some kind of direct sales force to engage with new customers and manage existing ones. Now the question becomes – should your sales model be a direct model exclusively or should you augment it with some form of indirect sales model. Indirect sales makes use of non-W-2 resources to sell your cloud and managed services. This can be in the form of sales agents or other MSPs and VARs. In this model you still need to manage the indirect sales staff in much the same way as you manage a direct sales force. They need to be trained, enabled with sales tools, and supported by your technical pre-sales resource. Additionally, you will want to track their pipeline opportunities as they progress through the sales process. And in many cases you will need to feed them with leads in order to make them productive.

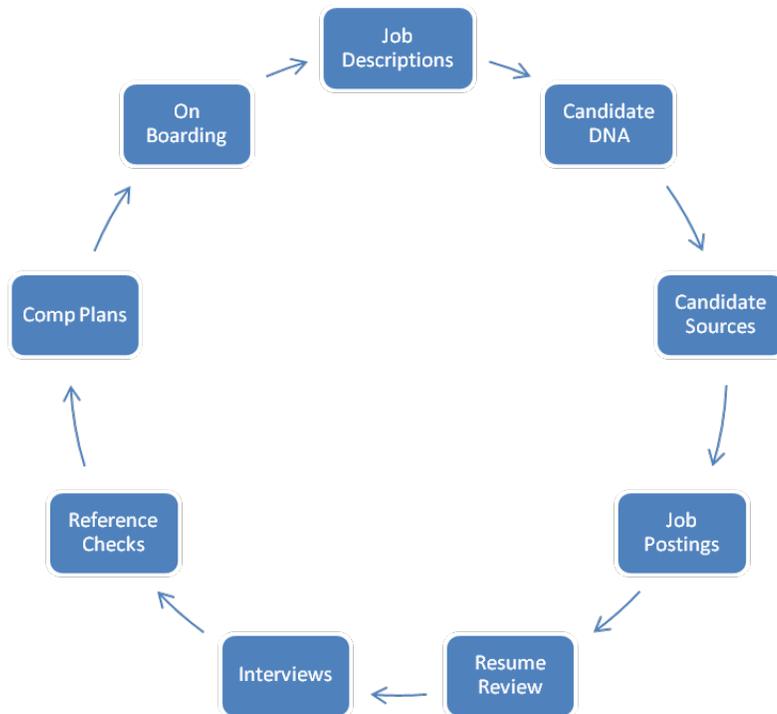
The risk associated with an indirect sales force is it can be almost as time-consuming to manage as a direct sales force and you lose an element of control over the customer and the sales process. You will also have to motivate an indirect sales staff without the leverage of them being direct employees who must produce or be terminated. However, there are several benefits associated with the indirect model. Reseller partners and sales agents can be a very cost effective way to expand your business into new markets where they are the trusted advisor and have immediate access to many customers. By partnering with an existing sales force you can quickly serve markets located in remote geographies or customers in unfamiliar business sectors. You can use an indirect channel to test the viability of a new market before you fully commit to that market with your own investment in headcount.

The message here is to look at indirect sales models purposefully. Then, once you have identified an indirect strategy that makes good business sense, formulate an incentive plan for compensating indirect sales resources that also makes business sense. Think about how much your indirect sales staff contributes to the sales process and pay them accordingly. If they are only a source of lead referrals and play a limited role in the sales process, then pay them a finder's fee for the deal when, and if, the deal closes. This might be a flat fee of \$500 to \$1000 per referral or it can be a percentage in the range of 5 to 15% of the deal value. If your indirect sales staff manages the sales campaign, prepares their own proposals and

closes the deal for you, then they are obviously worth a lot more to you. They have earned a healthy portion of a direct sales rep’s commission because they have reduced your cost of customer acquisition by a proportional amount. Your sales model need not be rigid or static; it can evolve over time to reflect your stage of growth or your specific go-to-market requirements. Apply the fundamental rules of managing your sales pipeline, enable them with effective tools and training and manage the total cost of customer acquisition and you will be on your way to managing a predictable sales process.

### The Recruiting Process

Building a direct sales team is much like the sales process itself. It’s a numbers game based on finding quality candidates, qualifying them and bringing the interview process to closure in a way that benefits both sides. Our advice is to think of recruiting as an ongoing process – and one that never ends. You must constantly be on the lookout for good talent. Consistently apply your candidate DNA, rigorously interview prospective reps to qualify your candidates and get them productive quickly with a comprehensive on-boarding program. Then start the process over again for the next candidate.



We will take you through the hiring process from the initial task of writing a job description through making an offer with a compensation plan and then on-boarding your successful sales candidate. The diagram above outlines these steps graphically.

### The Job Description

This critical document must accomplish several objectives: (1) clearly define the role and responsibilities of the position, (2) describe the qualification criteria for everyone in the interview process, (3) set performance expectations for both the candidate and the hiring manager and (4) describe an exciting and rewarding position that will motivate candidates to compete for the position.

**Sample Job Description for an Outside Sales Rep:**

*ABC Cloud MSP is the preeminent provider of data protection managed cloud services in New England. We deliver unparalleled business enabling cloud technology solutions and services to small and mid-sized businesses who seek to partner with only the “top” technology vendors. At ABC Cloud MSP we have been offering the latest business-enabling technology solutions to our customers for over twenty five years and we are an award-winning member of our local community and a trusted advisor to hundreds of happy customers. We offer a full range of technology services including, traditional voice and PBX systems, converged voice and data networking solutions and now managed cloud services.*

*We are experiencing explosive growth and expanding our geographic presence with two opportunities for Outside Sales Representatives. Positions are located in lucrative metropolitan areas. These opportunities will go to those who can demonstrate a consistently successful sales track record managing a territory, are highly motivated, have a great attitude, display high energy, and can penetrate new customers and close business.*

*Responsibilities Include:*

- *Penetrate new SMB prospects at CEO level*
- *Understand the business and technology needs of the SMB customer*
- *Work with technical staff to design solutions for the customer*
- *Propose and articulate ABC Cloud MSP’s value proposition to the SMB customer*
- *Consistently meet goals for sales activities, pipeline and bookings*
- *Consistently provide accurate and on-time sales reports*
- *Represent ABC Cloud MSP in a highly professional manner*
- *Provide market data to ABC Cloud MSP management to ensure the company maintains a technology leadership position*
- *Master competitive advantages and tactics to consistently out-sell competitors*
- *Ensure sales CRM is accurately updated at all times*
- *Faithfully execute our internally developed selling process*
- *Develop and maintain a list of end user reference accounts*

*Knowledge and Experience:*

- *2+ years selling technology solutions (preferably to SMB customers and preferably cloud or managed services)*
- *Track record of prospecting customers at the decision maker level*
- *Demonstrated success understanding customers' technology/business needs in detail and delivering/articulating a winning solution to those needs*
- *Demonstrated success working in a small company environment*
- *Demonstrated success working remote/home office*
- *Excellent verbal, written, computer and MS Office skills*
- *Strong skills in using and leveraging a sales CRM*
- *Team player with excellent interpersonal skills*
- *Demonstrated success in personal and professional challenges*
- *Has the "attitude" of a winning athlete*

*ABC Cloud MSP prides itself on success. We are looking for sales professionals to join us who share our passion for hard work, high rewards, a sense of humor, and the desire to make a positive impact on the company, our customers and our community.*

*ABC Cloud MSP is an Equal Opportunity Employer*

**Candidate DNA and Qualification Criteria:**

Now that you have a well-defined job description, you will need a simple and effective way of rating candidates based on some fundamental success criteria. This will become the candidate profile or, as we like to call it, the "Candidate DNA". The approach we prefer involves a five-part rating system. You select five main DNA/criteria that can be used to rate each candidate on a scale of 1-5 (5 being the best). The candidate DNA will be used throughout the recruiting process from the first look at resumes through all interviews with your interview team. See the example below:

**DNA Criteria #1 – Track Record**

Has this candidate been consistently successful in whatever endeavor he/she has taken on? Or does this candidate have a choppy resume going from endeavor to endeavor or job to job for short periods of time? Sales is all about numbers, activities, winning and losing - but never giving up. Athletes are well suited to the sales game.

**DNA Criteria #2 – Company Fit**

Working in a small company can be extremely rewarding and fun. You tend to wear several hats while support can be very limited. You must get used to making decisions quickly and on your own. Working in a large company tends to be very different and many large company employees can struggle at small companies.

**DNA Criteria #3 – Trainable Athlete**

The age-old question “Do I hire a “seasoned veteran” or a “young athlete”? We prefer the young athlete every time. Why? The young athlete is less expensive, brings more energy and enthusiasm and is highly trainable. You want someone who is ready to “drink the Kool-Aid” with no questions asked. Selling cloud and managed services is different. It’s all about selling business-value and not technology. You want someone who does not bring bad habits and can learn to sell the business-value of cloud and managed services.

**DNA Criteria #4 – Sales Makeup**

We have made the statement several times - sales is a numbers game. That means tirelessly making calls and sending emails to get first appointments. After that comes the relentless follow up to build a pipeline and the tenacity to close the deals. Does the candidate understand that sales is a numbers game and is he/she willing to do the work required? Does the candidate have a history of doing the hard work required to meet these goals?

**DNA Criteria #5 –The Intangibles**

Sometimes the intangibles are as important as the more concrete attributes. Do you like this person? Does this person present themselves well? Does this person come across as a “can-do” individual? One of the best hiring experiences I’ve ever made was when I was interviewing for a Country Manager for France. During the interview I asked him to tell me about himself and what kind of person he is. He immediately opened a photo album showing me photographs of him building a stone house in the French country side, showing me his hands and saying “I built this home with my own two hands; I can do the same building your business in France”. I hired him. He was one of the best hires I’ve ever made.

**Candidate Sources**

The world has changed in recent years. There are more candidates out there than ever before, many of which are a good fit and many more which are probably not a good fit. So the days of using recruiters and placement services are less effective and sometimes cost prohibitive. Remember recruiting expenses are part of your cost of sales.

Your best source of candidates is referrals from your personal and professional network. Promote that fact that you are looking for a person, be proactive with your employees, customers, friends and professional industry acquaintances. Advertise your job and/or offer a finder's fee. And by the way, never stop interviewing even when you aren't looking for someone. There will be a time that you will, and a good network of good people helps tremendously. Also look to other VARs, IT Solution Providers and MSPs for a good candidate that may be ready to make a move and join your winning team. Learn about the companies from their websites. You will find their sales people at industry events and tradeshow. As for job boards, some do work, but limit them to local sites maintained by the chamber of commerce, local and state agencies and other specialized search sites. Post specific content that describes your company value proposition and your candidate profile. You want quality candidates as opposed to being inundated with unsuitable resumes. Other good candidate sources include the social media sites such as LinkedIn and FaceBook. These sites can expand the reach of your personal and professional network.

**Resume Review – The 5 Minute Evaluation**

You will find yourself looking at dozens of resumes to find that one special candidate. To manage the high volume of resumes, you will need a very simple and efficient process to get the job done. You should create a rating system for advancing candidates to take the next step – the phone screen.

First Review of Resumes:

- a) Quickly match the resume with the 5 DNA/criteria and rate the candidate
- b) Is it very professionally done? First impressions are important.
- c) Look for short, concise resumes that sell the candidate.
- d) Highlight the pros and cons ... look for anything that stands out.

Resume Red Flags:

- a) Poorly written content
- b) Inconsistencies or gaps in employment history
- c) Too wordy or too long

- d) Too much technical detail

### **Phone Screen Interviews (15-20 minutes)**

You can learn a great deal from a candidate in a few short minutes on the phone. The goal of the phone screen is to get to meet (and listen to) as many candidates that pass the resume review test as possible in a short span of time. You can learn a great deal from an initial phone screen. Again, you will need to decide the number value of the DNA Worksheet that will allow candidates to take the next step – a face-to-face interview with you and your interview team.

The phone screen should be only 15-20 minutes and cover the following points:

- a) The first and most essential step is to create a rapport with the candidate
- b) Ask the candidate to tell you what he/she believes the company does and what you are looking for in a successful candidate. If the candidate is not able to restate this to you clearly, then they either don't understand or have not taken the time to research the company.
- c) Fill in the gaps from the candidate's answer to the first question and make sure the candidate fully understands the requirements of the position.
- d) Ask candidates to walk you through their resume and highlight where their experience is a good fit for the position. You are asking the candidate to match their value to your needs. If candidates are unable to convincingly sell themselves, they will certainly struggle selling your cloud and managed services.
- e) Now ask questions that relate to the five (5) DNA/criteria and rate the candidate. Then complete the DNA interview form.
- f) End the phone screen by thanking them, asking if they have any questions. State that you will think about the conversation and get back to them within 24-48 hours.

### **Face-to-Face Interviews (45-60 minutes)**

There are multiple goals for a face-to-face interview – including gathering the different perspectives that are brought by those you have chosen to meet the candidate. Ideally your phone screens have produced some quality candidates you can put through the face-to-face process for each position. Face-to-face interview #1 is the job of the hiring manager. Again if the candidate passes the DNA test he/she is then invited back for interview #2 to meet with other members of the interview team for their individual 1:1 interviews. The interview team should include 3-4 members of the company

including the CEO and other members of the management team. Each interviewer must complete your DNA/criteria interview worksheet for each interview.

After all interviews are complete the candidate then has a final interview with you, the hiring manager, and the two of you discuss the interview conversations. This is your chance to take the pulse of the candidate after meeting your team and learning a great deal more about the company and the opportunity. Gauge the level of interest. What did he/she learn from the meetings? How did his/her impressions change after these conversations? Now you are ready to debrief your team and compare their opinions and reactions to one another and with the perceptions of the candidate as well.

**Sample Interview Questions:**

You are hiring a person, a member of the team and a potential member of the family. So start by trying to get to know the person behind the polished exterior. These questions are less about traditional interviewing and more about getting to know the candidate to see how well he or she will fit with the chemistry of your existing team.

First the personal questions:

- a) Tell me about you, where you grew up, your family, school, etc.
- b) Tell me about you now, family interests, hobbies, goals, etc.
- c) What motivates you?
- d) What stresses you?
- e) Tell me about a significant challenge that you have overcome.  
(Remember the story of the Country Manager for France? It is very applicable here).

Then the business questions:

- a) Walk me through your typical day/week.
- b) How many customer/prospect appointments do you make during the week/month?
- c) What percentage of the appointments you attend are generated by you?
- d) How many cold calls do you make each week?
- e) What is selling business value?
- f) Tell me how you manage your pipeline?

- g) Walk me through the sales process for a sales win and a sales loss.
- h) What multiple of your sales goal does your pipeline need to be to meet that goal?
- i) What do you like/dislike about sales?

**Reference checks**

It is truly amazing how some of the most experienced managers take reference checks so lightly. Some think of them as simply a formality and approach the task of getting three references as a checklist item to be completed. Quite the contrary, reference checking is one of the most critical aspects of the hiring process. This is your chance to talk to people who know the candidate much better than you do. They can provide insights about this person you could never learn during the interview process.

Who you should talk to (select 3 - 4 from the following categories):

- a) Ex-managers
- b) Peers
- c) Direct reports (if this candidate will be managing people)

Where you get the references:

- a) The candidate must give you three references.
- b) Back-door references. Find references via other sources like calling into the candidates' previous employers, LinkedIn connections, Twitter followers, etc. Back door references can be invaluable.

The reference checking conversation:

- a) Let the reference know why you're calling and ask if they can help you.
- b) Let the reference know in detail about your company, the position you are trying to fill and what you're looking for in the candidate.
- c) Ask the reference to describe how he/she knows the candidate as it relates to the position.
- d) Compare the responses to the DNA/criteria and look for any discrepancies.
- e) Ask the reference if he/she knows the candidate outside of the work environment to gain a good knowledge of what type of person the candidate is.
- f) Ask the reference for other references.

**Making the Offer**

Now comes the hard part. After dozens of resume reviews, almost as many phone screens and a handful of quality interviews, you will have several candidates that fit the bill. You may have a gut feeling about one or two candidates, but try to be objective about the process. Analyze the ratings of the finalists that were interviewed by your team and rank them according to their score. Then have a group meeting with the interviewers and come to a consensus decision (within reason) about who is the first, second and third choice.

The hiring manager will then call the candidate and make the verbal offer. If the offer is accepted verbally, the candidate must sign a formal offer letter within 24 hours. Once the signed offer is returned, call the other candidates and thank them for their time. If your offer is not received in the time allowed, then move on to candidate #2.

**Compensation plans**

There are many approaches to sales compensation and there is no one right answer to the question of which approach is the best one. However, there are some basic compensation plan elements that we recommend you consider. Above all, keep your compensation plan simple – easy for your sales rep to understand, easy for you to manage and easy for your accounting staff to administer.

Compensation Plan Elements That Drive Sales Results:

- a) Bookings & revenue numbers by month/qtr that exceed business plan targets
  - i. Quotas exceed budgeted goals by 10-20%
  - ii. Account for rep churn rates
  - iii. Account for rep productivity factor
- b) ASP (Average Selling Price) history and goals
- c) High margin deal focus
- d) New customers and add-on business mix
- e) Customer vertical segment focus
- f) Over-achievement incentives with no cap
- g) Low customer-churn rate incentive
- h) On target earnings that are in-line with your COA targets.
  - i) Commission payments that are in-line with cash flow.
  - j) Must include management overrides at any time

k) Clear, concise, well documented and easy to understand.

#### Sales Commission Models:

- a) Annuity - It purely matches the recurring revenue cash flow from customers. Commission payments follow customer payments. Historically in the technology business, this has not been common other than with recurring revenue maintenance and software subscription services.
- b) Traditional front end payments – Full commission is paid on the total value of the sales at the time of booking, revenue recognition, or payment received. A variation of this approach is to provide partial commissions throughout the sales process.
- c) Hybrid – A combination of commission paid at the front end of the sale and also during the contract period as the customer pays.

#### Compensation Structure:

- a) Set the base salary at 50% of On Target Earnings (OTE)
- b) The total OTE should be in-line with the market, job description and experience level of the sales rep
- c) Annual quota is tied to your sales productivity model. The sales productivity per rep is the amount you expect to yield from each rep. Therefore, the quota must be a higher value and is typically 10% to 20% higher than your model.
- d) Monthly/quarterly quota is simply a pro-rated amount tied to the annual quota that matched your business plan.
- e) The commission structure should be progressive with increasing commission percentages as more quota is achieved.
- f) Overachievement/bonuses can be quarterly, annual or both. They can be a flat amount or based on increasing percentages after 100% of quota is achieved.
- g) Some managers see the need to compensate for non-revenue activities (appointments made, resellers signed). Be extremely selective in the use of non-revenue rewards. Sales compensation should align with your cash flow.

- h) No draws on commission.
- i) No commission cap.

### **The On-Boarding Program**

Once your sales rep is hired, the real work begins. Many sales managers have the mistaken impression that because they were meticulous during the hiring process they can simply leave it to the sales rep to fend for himself/herself and make his/her own success happen. That is a huge mistake. The first 90 days for any new hire is the most critical phase of their employment. You must adopt the mentality that their success is as much your responsibility as it is theirs. It is paramount that you put a 90-day on-boarding process in place that is written down and reviewed every week on a one-on-one basis.

#### Goals of your On-Boarding Programs:

- a) Ensure the efficient ramp of the sales rep to meet the business goals.
- b) Quickly assimilate the rep into your organization and reduce turnover
- c) Provide a tool to measure sales rep performance during a 90 day grace period.

#### Program Elements:

- a) Training – A comprehensive scheduled training regimen should be put in place including individualized training, role playing, group training, FAQs, CRM, sales reporting, joint-appointments, company overview, etc.
- b) Activities – Targets for specific sales activities are set including the number and frequency of appointments attended, joint-appointments involving you, quotes prepared and 30/60/90 day pipeline goals (deals in play, revenue value, etc.).
- c) Management reports – The required management reports must be implemented from day one and include activity reports, pipeline and forecast reports, first appointment reports, etc.

### **The Science of Managing Sales**

We have covered a lot of ground in describing the hiring process. It may seem like a lot of steps right now, but the results will be well-worth the effort. There is no more positive way to impact your organization than with a successful sales hire. Each successful hire will bring new customers, new revenue, new energy and new ideas to your business. Success breeds success. So each successful rep will set the bar for all of the reps that follow. Take the time and get the hiring and on-boarding process right. You

will find that each time you repeat the process, it will get a little easier and the results more predictable.

We'll now provide some important tips on managing your growing sales organization. In keeping with the theme of this Playbook, we will break down the steps for managing the sales function into a formula transforms the art of effective sales management into more of a science that will create predictable results.

Goals of Effective Sales Management:

- a) Build a highly productive sales function.
- b) Reduce costly turnover in personnel.
- c) Manage an expanding sales force with efficiency.
- d) Bring consistency to the performance of team members.
- e) Learn to identify early warning signs of failure.
- f) Use metrics to bring science into the process.
- g) Reduce your total COA.

Challenges of Effective Sales Management:

- a) Avoid the temptation to manage your sales people as individuals. Of course, they are all different people with different skills and selling styles. But they must adapt their individual style to fit your sales management process – not the other way around. Insist that your reps conform to your approach and don't change your process to conform to theirs.
- b) Work the program diligently. Every week review their progress with key metrics and manage the exception conditions. Don't get behind. This is a marathon and you are in this for the long run.
- c) Don't forget that sales management is paramount to your success. If you are used to doing the selling yourself, then you are used to controlling the deals. Now you are controlling the behavior of your sales team as they manage the deals. Understand this role change and embrace it.
- d) Live by your metrics. Sales people can be very persuasive. Don't allow them to convince you of something other than what the metrics are telling you.

Your Standard Sales Management Process:

Instill the rules of your sales management process from day one and include it as part of the training in your 90-Day on-boarding plan. This will establish the processes and metrics for how your reps will be managed going forward.

There are four essential meetings for managing sales:

- 1) Monday morning team call – Every Monday morning the sales team conference call sends the message “let’s start the week off right”. It sets in motion a repetitive sales update call. Each rep is asked to provide an update on their month-to-date business closed followed by a review of their existing opportunities and how they compare to their commitment for the month.
- 2) Weekly 1:1 meetings– Every Monday the sales rep must detail their activities for the previous week, present their goals for the current week and the status of the current month’s pipeline including the opportunities that will get them to the committed sales number.
- 3) Monthly 1:1 meetings – On the first day of each new month the sales rep must report on their activities for the previous month, the goals for the current month and provide an update of the sales pipeline, forecast and sales commit number for the next 90 days.
- 4) Quarterly sales/company meetings – Typically, these meetings contain three elements: training, team building and territory reviews. They often involve the entire company as well as reseller partners. Don’t underestimate the value of involving everyone in the organization including the resellers and the “bonding” effect that can be gained for this kind of quarterly event. However, remember that above all, this is a working and planning session so territory reviews are paramount.

Reports-That-Matter:

The more you manage sales and sales personnel consistently by the numbers, the easier it gets. Here are some recommended reports. They should be expected to be completed by your sales team no later than 7:00AM each Monday morning.

- a) Weekly Activity report – Sales activity translates to pipeline opportunity. Generate a weekly report rolled up each month that reflects the number of cold calls/emails made, appointments scheduled and attended by type and quality, Proof of Concept (POC) trials scheduled and installed and quotes sent by prospect and dollar amount.

- b) Weekly commitment report - This is a detailed update/review of each potential sales that adds up to the reps sales commitment for the month and what assistance that may be needed to close the sale.
- c) Weekly Appointment reports – This is a summary of each appointment attended. It can be used as a “cheat sheet” for what must be discovered and presented at each appointment as well as a document for others that did not attend the appointment.
- d) Monthly Pipeline report – This provides you with a daily update of the 90-day rolling sales opportunities. For each opportunity, measure the expected dollar amount to close for the month, stage of sales cycle, probability of close, forecast for the month and quarter and commit number for the month and quarter.
- e) Joint-appointments – Some people call it windshield time. This is often one of the best venues to manage sales personnel. Sales managers and CEOs should spend a good amount of time in the field with the team attending appointments to provide training, improve communications and visit the real world. It’s very difficult to manage a person without walking in their shoes from time to time.

Create Ownership of Sales Goals:

Use your sales targets and metrics to your advantage when managing your sales team. This starts by getting agreement from your rep on the numbers. When a sales rep commits to a sales target or an appointment goal, there is no room for debate. There is a shared understanding of their mission and what success looks like. So it is important that the numbers become “their” numbers. This puts them in the hot seat to deliver against these goals. Be sure that your conversations about meeting these targets are captured on paper and in email correspondence as well.

## The Under-Performing Sales Rep:

A well-managed sales function is not only characterized by success, it is also characterized by the early detection of failure. The underperforming sales rep can easily be identified well before they miss their sales quota by managing their activity numbers. It's almost impossible to achieve sales quota without first achieving an activities quota. You must be sure you are spending enough time with your sales reps scrubbing and discussing their numbers and assessing their performance using the "Reports That Matter" described above. If the sales rep is falling behind on their activities numbers, you must quickly determine why this is happening. Is the rep not working hard enough? Is the rep not trained well enough? Invest the time in coaching the underperforming rep to avoid unnecessary turnover. Replacing an individual sometimes seems like an easy solution to the problem but often the right answer for your business is to identify and fix the root cause of the problem.

## The Performance Plan:

The performance plan should be simple and to the point. It defines in writing the very specific actions the sales rep must perform in the time frame defined. The actions defined must be consistent with the job description. The performance plan also defines the results that must be consistently achieved going forward. The performance plan should be presented to the sales rep face-to-face and then jointly signed. Hopefully, this proactive approach will result in a turnaround in performance while avoiding the costly alternative, and the risk, of starting over with a new rep.