

April, 2011

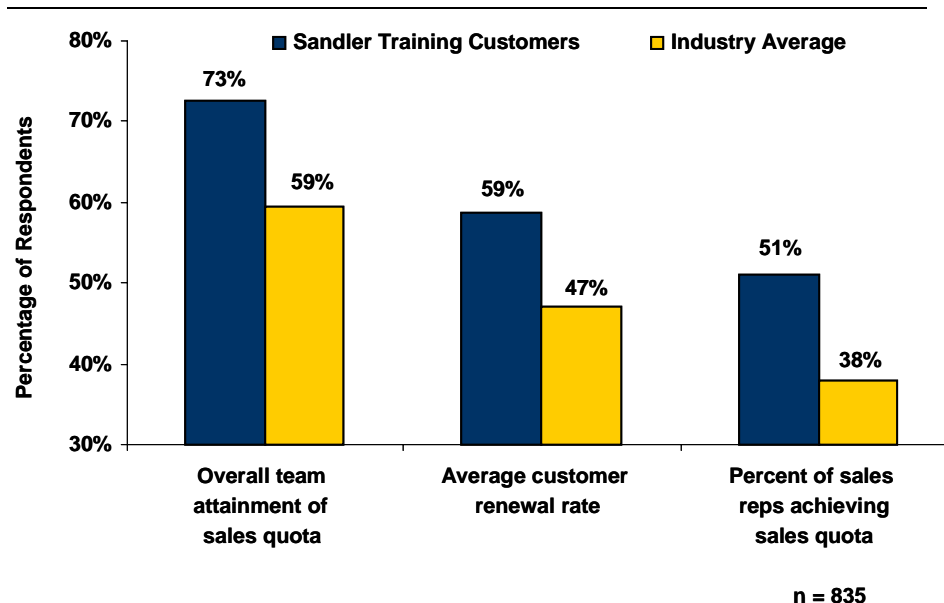
## Optimizing Sales Training: How Best-in-Class Companies and Sandler Training Customers Implement Processes that Succeed

In order to better understand the impact of externally provided sales training on the enterprise, Aberdeen surveyed 835 end-user organizations in June and July 2010, to learn about their corporate results, and published the findings in the benchmark study, *Sales Training: Deploying Knowledge, Process and Technology to Consistently Hit Quota* (September 2010). With 40 of these firms indicating Sandler Training® as their solution provider, this Analyst Insight maps these companies' performance and adoption of research-validated best practices to the Best-in-Class adoption of sales training capabilities and enablers.

### Sales Effectiveness Business Metrics

In terms of performance, Figure 1 reveals three key current performance gaps between Sandler Training customers and Industry Average firms; the sidebar highlights the performance results of Best-in-Class companies within the overall sales training research.

**Figure 1: Sandler Training Customers Show Strong Current Sales Performance**



Source: Aberdeen Group, April 2011

### Analyst Insight

Aberdeen's Insights provide the analyst perspective of the research as drawn from an aggregated view of the research surveys, interviews, and data analysis

### The Sales Training Best-in-Class

The top 20% of companies in the *Sales Training: Deploying Knowledge, Process and Technology to Consistently Hit Quota* study achieved the following average performance metrics:

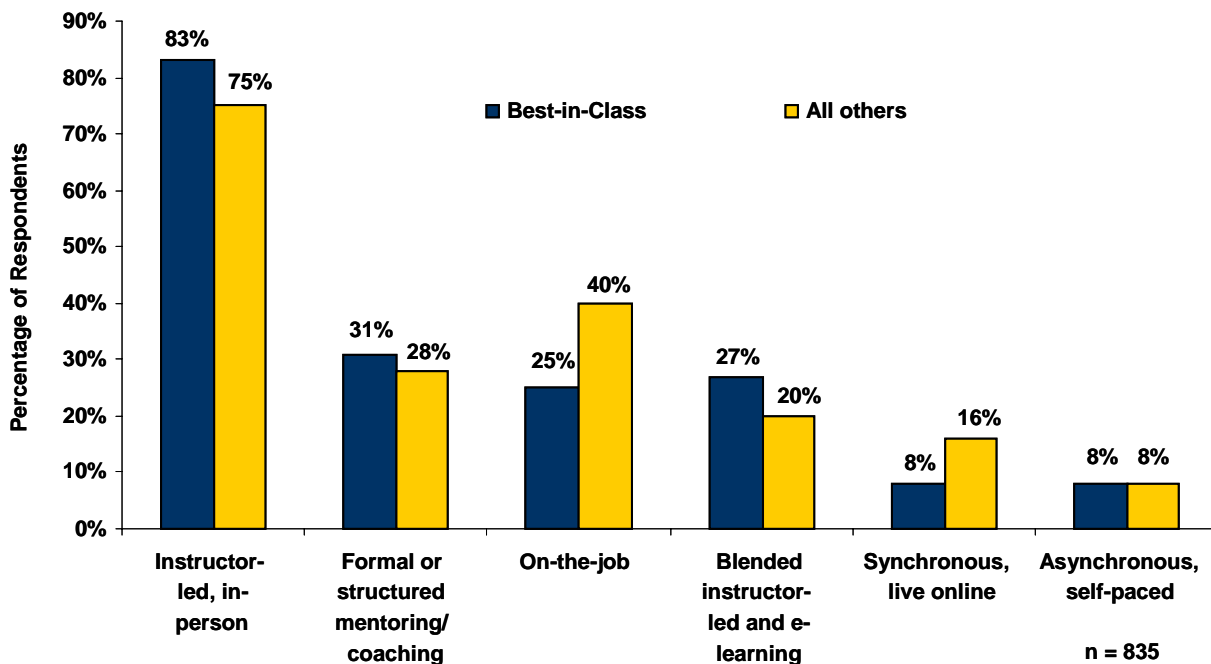
- ✓ 93% team attainment of quota, compared with 59% and 51% of Industry Average and Laggard firms
- ✓ 77% of sales reps are achieving their annual sales quota, compared with 38% and 26% of Industry Average and Laggard firms
- ✓ 14.8% average year-over-year increase in annual revenue, vs. 2% for Industry Average and an 11.7% decrease for Laggards

With better quota attainment and more efficient customer loyalty, these firms – and their sales professionals- are achieving admirable sales effectiveness results. Closer examination will show that these organizations are outperforming Industry Average companies because they are more likely to have adopted key Best-in-Class differentiators. Now, let's take a look at a number of best practices in sales training that the top performers within the research are deploying, as well as comparing the adoption by Sandler Training customers of the same.

### Instructor-Led Training

How do the top-performing organizations deliver best sales practices to their team? Figure 2 shows us that the most traditional approach is secure, in that live, instructor-led sessions are by far considered the most effective modality, among all survey respondents. Such a tried-and-true finding does not detract from the value of contemporary technologies – in fact, 51% of the top performers also use online e-learning, mobile and video modalities to support their instructor-led approach – but merely supports, as a best practice, a proven approach that works. In the case of Sandler Training customers, predictably since they actively acquire this specific approach, 88% of them consider instructor-led training as the most effective training modality, higher than the Best-in-Class.

**Figure 2: Most Effective Sales Training Modalities by the Best-in-Class**

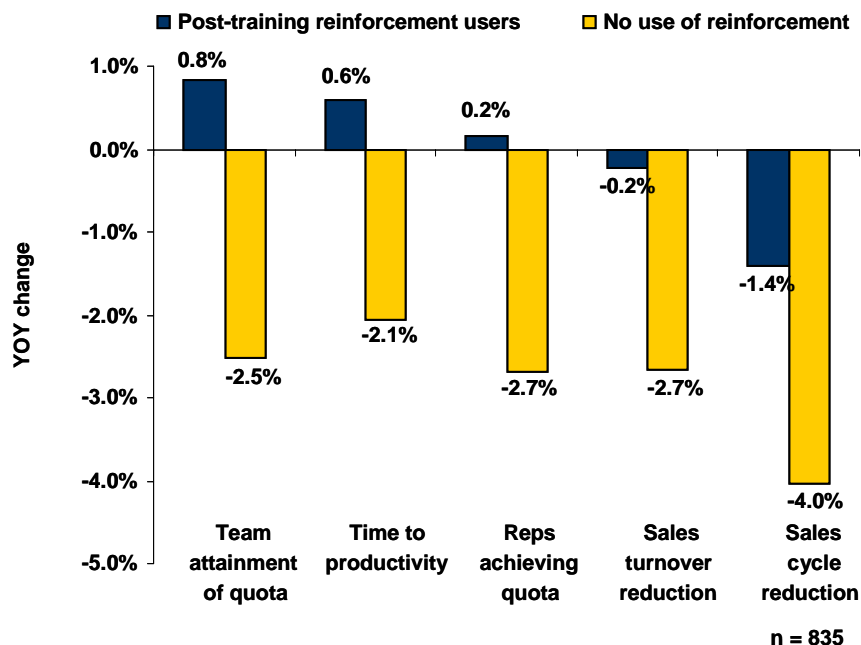


Source: Aberdeen Group, September 2010

### Post-Training Reinforcement

Best-in-Class companies outpace Laggards in the research by nearly a two-times factor (54% vs. 28%) in providing post-training reinforcement of the best practices commonly learned in classroom-style, instructor-led sales education sessions. The sales leaders of these firms have learned that long-term success depends on underscoring the best practices taught in sales training deployments, not only among the reps that have experienced the training, but also in extending this knowledge to future hires and other customer-facing functions within the enterprise. Moreover, the concept of "tribal knowledge" is based on an assumption that sales reps themselves, as well as marketers, customer service professionals and other market-facing staff, can contribute to the enterprise's understanding of selling best practices. Plus, the modalities used for secondary sales training and beyond can also be more geared toward online and remote support, as opposed to the more costly but still highly beneficial initial or annual classroom-style approach. In Figure 3, we see the significant year-over-year performance deltas enjoyed by adopters of this knowledge management capability, when compared with other firms; at 46% adoption, Sandler Training customers trail the Best-in-Class, though an additional 18% indicate plans to do so within the next 12 months.

**Figure 3: Keeping Best Practices Top-of-Mind with Post-Training Reinforcement**



Source: Aberdeen Group, April 2011

#### Aberdeen's PACE Methodology

Aberdeen applies a methodology to benchmark research that evaluates the business Pressures, Actions, Capabilities, and Enablers (PACE) that indicate corporate behavior in specific business processes:

- √ Pressures — external forces that impact an organization's market position, competitiveness, or business operations.
- √ Actions — the strategic approaches that an organization takes in response to industry pressures.
- √ Capabilities — the business process competencies (process, organization, performance and knowledge management) required to execute corporate strategy.
- √ Enablers — the key functionality of technology solutions required to support the organization's enabling business practices.

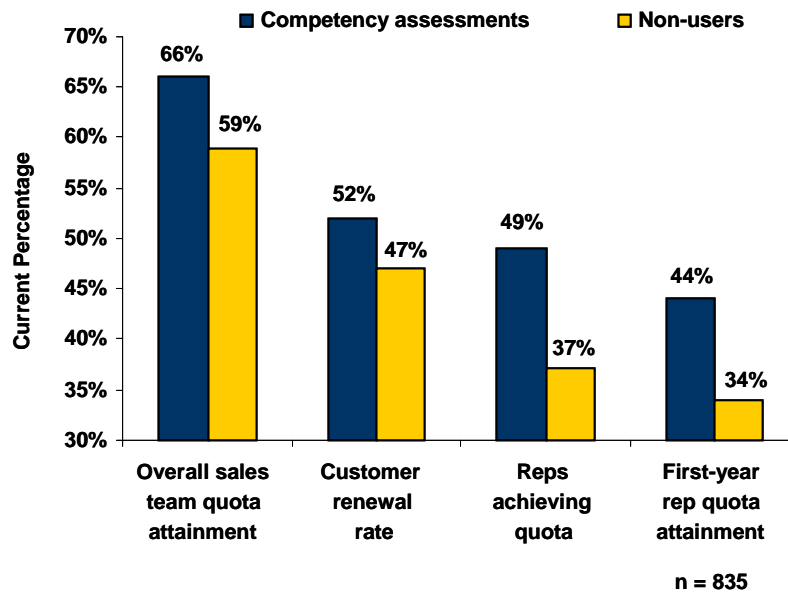
### Behavioral Analysis and Assessment

Now, let's examine behavioral analysis and assessments - defined in the survey as the practice of deploying formal assessments and/or behavioral analyses of sales team candidates or members, both before and post-training. These enablers are deployed by the Best-in-Class 47% more frequently (44% vs. 30%) than Laggards. Identifying which individuals are best suited to particular roles can align the skills, talents and personalities best suited for different sales positions and engender a more efficient use of territory assignments, inside/outside sales partnering, and even career path development within the sales organization. Deploying this enabler is further complemented by a 49% Best-in-Class use of: (a) processes to assess sales reps against competency requirements to determine specific skill/competency gaps (vs. 42% for Industry Average and 25% for Laggard firms); and (b) assessment/measurement tools to understand pre-training sales rep performance metrics (vs. 32% and 13%). Figure 4 demonstrates the strong current performance metrics among all organizations deploying formal assessments, in comparison to those that do not. Among respondents indicating Sandler Training as their provider, 37% deploy behavioral analysis and assessment, with 21% additional ones planning to do so in the next year.

#### Sales Training Fast Facts

- ✓ The annual sales quota among survey participants is \$1.3M for the Best-in-Class, compared to \$880k for Laggards
- ✓ The estimated cost of replacing a full-time sales rep is \$35,000
- ✓ The average annual sales turnover among all participants is 14.7%, though the "ideal turnover" cited was 8.6% for the Best-in-Class, vs. 11.1% for Laggards
- ✓ The average "fully loaded" annual cost for a Best-in-Class sales rep is \$125k, vs. \$100k for other companies

**Figure 4: Real Value Attained by Assessing Sales Rep Skills**



Source: Aberdeen Group, April 2011

### Cross-Training

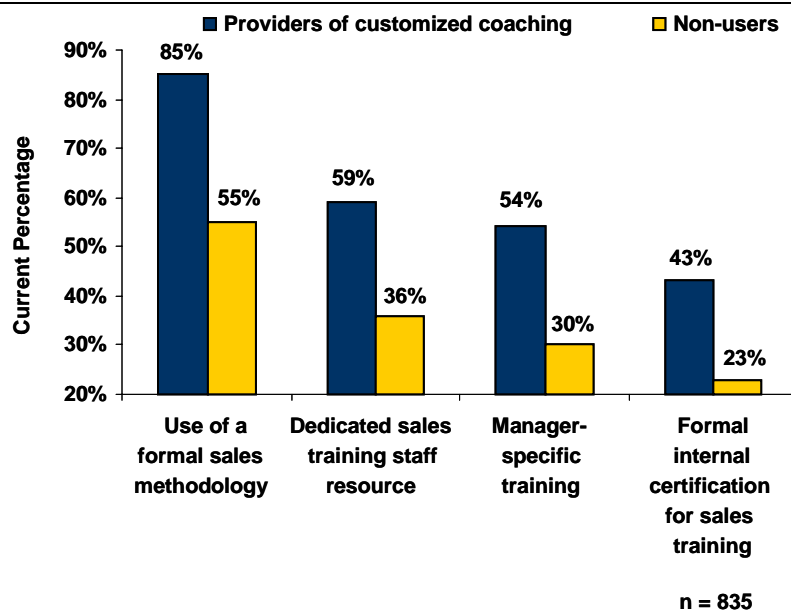
When asked if "we provide the sales team with extensive cross-training of other company functions, such as marketing, customer service, procurement, etc.," the sales training Best-in-Class supported this

knowledge management capability 77% more frequently than all other companies (46% vs. 26%). The latter group has not realized the value of cross-training sales with other functions inside the enterprise in order to help them walk in other departments' shoes, missing out on the benefits, to the sales team, of understanding how other customer-facing colleagues are tasked and motivated. This is particularly important in scenarios when the quality of lead generation by marketing, or client service by customer care, is considered relevant to the sales group's ability to close, maintain and cross-sell/up-sell their accounts. Cross-training also represents an important opportunity for Sandler Training customers to improve their overall performance, as currently only 23% of them - half the rate of the Best-in-Class - are doing so.

### Customized Coaching

An examination of companies that indicate use of "customized coaching from third-party providers that is specific to our company or even individual sales opportunities" reveals their adoption of four capabilities (Figure 5) that are, on average, adopted 25% more often by the Best-in-Class survey respondents than Laggards. In the case of specific selling campaigns or "plays" associated with product launches, new geographic territories or even individual, massive target accounts in need of highly specific selling strategies, there are significant benefits in developing a unique, targeted marketing/sales messaging tool belt that is carefully designed to fit the needs of that individual pursuit scenario. Thirty-eight percent (38%) of Sandler Training customers provide this support to their team, which is a higher rate than both Industry Average and Laggard firms, at 33% in aggregate.

**Figure 5: Customized Sales Coaching Deployments Linked to Best-in-Class Capabilities**



Source: Aberdeen Group, April 2011

#### Sales Training Fast Facts

- ✓ Among companies that use formal sales training, the average firm has done so for 3.7 years
- ✓ 79% of their sales staff have typically participated within the past year
- ✓ Managers' sales training focuses vary among the maturity classes: the Best-in-Class emphasize selling skills 50% more frequently than other companies, but products/pricing 41% less often, while "general management training" is the leading management training content among all respondents

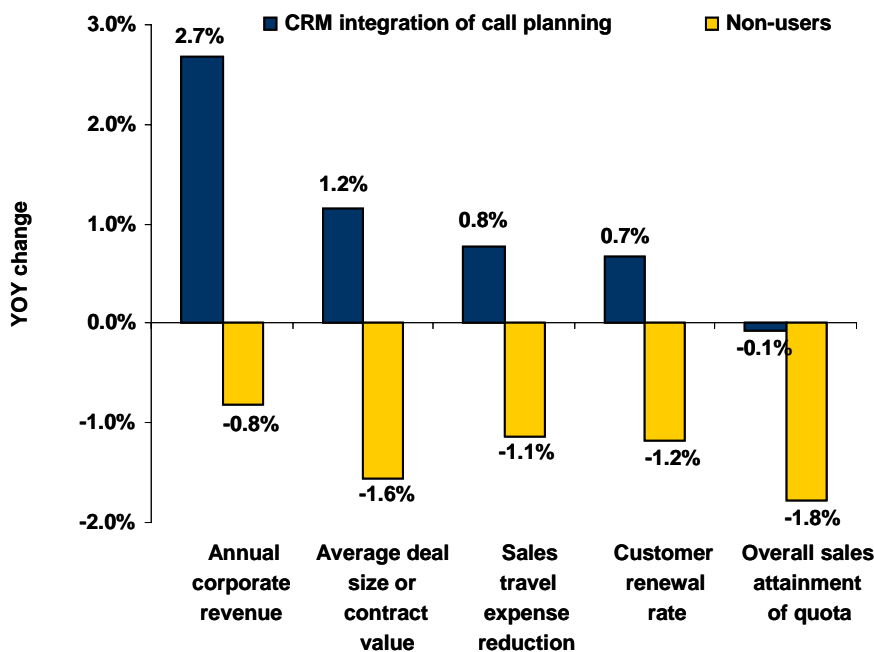
For newly-hired reps, in particular, this can be especially helpful for those with a steeper learning curve than experienced sellers – as they may need more instruction in account-centric selling basics – and the companies that follow this course report a first-year-rep quota attainment average of 42%, compared to 35% of others. Additional data points that support the use of customized coaching include:

- It is used 72% more frequently by the Best-in-Class in comparison to Laggards (43% vs. 25%), though not yet by a majority of top performers
- Formal coaching is considered one of the most effective sales training modalities by 29% more of the Best-in-Class than Laggards (31% vs. 24%)
- “Strategic account mapping” is taught by 47% of the Best-in-Class, yet only 29% and 22% of Industry Average and Laggard firms
- “Creating demand within the prospect or customer for your product/service” resonates with 31% of the top performers, and 12% of Laggards

### CRM/SFA integration of call planning and selling milestones

The integration of call planning, selling milestones or stages into a company’s CRM or SFA instance follows as a logical way to formally identify and capture these different nuances in real-time, so that reps and managers alike can more accurately track the progress of each discrete deal.

**Figure 6: Annual Growth Associated with Integrating Sale Call Planning Into the CRM Deployment**



n = 835

Source: Aberdeen Group, April 2011

Opportunities that remain in identified sales stages too long can thus be more easily flagged for one-off coaching based on sales training content specific to the stage; the Best-in-Class in the sales training study deploy this integration 83% more frequently (55% vs. 30%) than Laggards.

Indeed, while sales training is often viewed as a service provided by external organizations with a tried-and-true methodology, or licensable content acquired from them and then re-purposed internally, the use of the CRM system to support better selling extends beyond the integration of call planning milestones. On an annualized basis, adopters of this best practice create far more corporate value than other firms (Figure 6); 45% of Sandler Training customers are aligned with this approach, and thus appreciate the tangible benefits that accrue with integration.

## Case in Point

Consider the case of A.M. Castle, a \$1B provider of specialty products, services, and supply chain solutions to industry and the public sector. According to Blain Tiffany, President of the Castle Metals Aerospace division of the company, “We were in business for 115 years before any formal sales training was implemented,” which in his experience meant that “no consistent selling methodology, which could be taught, promoted and repeated,” had been offered to the wide variety of seasoned and newer sales reps.

Castle implemented an externally-provided, comprehensive sales training program “boot camp” in 2007, which was considered very effective, but Tiffany acknowledges that with the economic crash that immediately followed, “we weren’t able to execute on the most important element of sales training – reinforcement of the lessons learned” by their 90+ staff who had participated. Yet Castle emerged from the recession with a commitment to being better prepared for the next time the business climate grew tight, and sales training became a central tenet of the company’s desire to “consistently provide more differentiation from our competitors, through better sales and service techniques, that would also allow us,” says Tiffany, “to more effectively sell at a higher level throughout our customer base.”

Hence the summer 2010 creation of “Castle Metals Plus,” a bespoke program that combined a refreshed external training methodology with the company’s own identified best practices, complete with Six Sigma-like certification for all levels of sales professionals. This “mash-up” of methodology and industry expertise, explains Tiffany, immediately made a difference, particularly because this time, constant reinforcement of the sales training content – webinars, the vendor’s portal access, team-based conference calls and exercises – is already implemented, and showcases the program’s value to the organization. Tiffany reports that 15% of his division’s current sales pipeline is directly associated with the Castle Metals Plus approach. Additionally, Tiffany said, “We’re getting feedback from our

“Our Sandler training allows us to consistently provide more differentiation from our competitors, through better sales and service techniques.”

~ Blain Tiffany, President,  
Castle Metals Aerospace

long-term customers that our solutions and service have improved, which directly impacts the bottom line in terms of better customer retention.”

## Conclusion

Sales training represents an investment that companies continue to retain as a “must have” rather than a “nice to have” – with the Best-in-Class performers planning nearly twice as large a budget increase next year as other companies – as the realization that an educated, focused sales team is tantamount to success, regardless of where in the economic cycle we currently reside. While spending cuts have helped enterprises reduce their expenses, this is the team that can most readily refresh the gap between the bottom and top lines. Providing the sales organization with the processes, technologies and services to do so effectively remains the wisest strategy of all; the particular best practices we’ve analyzed in this research serve as wise steps for any professional selling team to consider. In the case of Sandler Training customers, for the most part, they are investing in these practices and realizing better-than-average performance results.

For more information on this or other research topics, please visit [www.aberdeen.com](http://www.aberdeen.com).

Related Research	
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<a href="#"><u><i>Streamlining the Top of the Funnel: How Inside Sales Teams Source, Qualify and Close Business</i></u></a> (February 2011)	<a href="#"><u><i>Sales Forecasting: Analytics to the Rescue!</i></u></a> ; June 2010
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