



The B2B Sales Planning Handbook

**(Everything Sales Leaders Need to Know
to Create a Winning Sales Plan!)**



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Executive Summary

Sales leaders, our B2B Sales Planning Handbook is intended to help you reach your revenue goals, faster and more efficiently. We wrote this to deliver value immediately, regardless of where you might be in your sales planning cycle or sales year. Besides fine-tuning your planning fundamentals, we hope it helps you become a more inspired, focused and effective sales manager.

A solid sales plan takes you from where you are now, to where you want to be. In short, it is the difference between Making it happen vs. Hoping it happens!

We've packed this Handbook with simple, strategic sales insights that you can use every day. While some of this may confirm what you already know, we hope you glean a tip and technique or two that may improve your goal-setting practices, sales pipeline, selling process and sales measurements.

For sales leaders like you, the scope of your work goes well beyond selling. It covers the trickier elements of sales plan creation, territory and market segmentation, key performance indicators and a whole lot more. We believe that creating a formalized selling process helps build a stronger, more agile sales department.

Enjoy this sales planning handbook, and we would be happy to hear your feedback.

Sincerely,



[Dan Hudson](#) and [Matt Smith](#)
3FORWARD



Chapter 4: Creating a Selling Culture

With a clear idea of your targets, revenue plan and what you need to fill your sales funnel, it's time to organize *the entire company* around the concept of formalizing a sales culture and organizational selling process. Remember: Sales is a process not an art; implement a rigorous sales process and adhere to it always.

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IS IT TIME FOR A SALES TRANSITION?

Most of the companies we help have had the same selling model in place for many years; they often look something like this.

Sales territories are defined by geography or vertical markets and in many cases the same sales person has "owned" the territory for several years. Sales reps network and cold call within their territory, hoping to find a few qualified prospects. When one or more opportunities catch hold the Reps cease their prospecting activities and work those deals until their personal pipeline is again dry – then they start vigorously prospecting again.

If that is your model, now is a good time to look at the way your sales teams are organized – those traditional territories may need to be redone. It's also time to consider approaches to divide and specialize activities such as prospecting, opportunity development and account management.

SALES TERRITORY PLANNING

Striking the right balance between coverage and cost of sales is critical. It's a good practice to plot all of your primary account targets on a map. This gives you a very clear visual understanding of where your best prospects are from a density perspective. Color-coding the prospects to distinguish them by size or other important criteria will give you even more insight into each territory's possibilities.



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Two territories may have the same number of target accounts but the sales effort needed to service each territory may differ considerably due to unique territory sales strategies.

Work levels may be vastly different for territories that are mainly focused on new customer acquisitions compared to those with base accounts. Only after assessing potential workload in a given territory can you establish the right sales skill sets and headcount needed to service each market effectively. This process may cause you to shift some sales responsibilities from one territory to another for proper load balancing. You might also shift your mix of hunters and farmers for the optimum coverage model.

If you decide you need to hire additional sales staff to cover your territories, remember that when companies cut sales people they never start with the top performers. If you are interviewing someone without a job be more diligent than ever in checking W2 history, references and industry contacts before considering an offer.

IMPROVING YOUR SALES PROCESS

Today's highly competitive, highly commoditized, price sensitive selling environment demands an optimized approach that maximizes selling efficiency. *Even if your product/service is not the best on the planet or the lowest in price you can still gain a competitive advantage by improving the way you sell.*

Here are five ways that you can improve your sales process.

1. Establish an inside sales team.

Inside sales can fulfill dual roles of both selling and providing lead qualification for outside selling teams. Even companies with long, complex selling cycles find success with this approach and often at a much lower cost than exclusively using outside sales people.

2. Embrace sales and marketing technology for lead generation.

The days of sales making a living off PowerPoint presentations and brochure-ware are gone forever. Marketing automation, web-touch selling and social media platforms are best practice tools that must be in your arsenal. Engaging sales targets through technology and social selling methodologies provides sales teams with meaningful insights about prospect behavior, even predicting when a prospect becomes sales ready.

As prospects begin to self-qualify based on their activities and engagement with your website and content, they get promoted to your inside sales team for further qualification. This approach creates a steady stream of sales-ready leads for the outside sales team to take through the final sales stages.

3. Review and revise sales compensation.

The traditional compensation components are base salary, commission, bonuses, and commission accelerators. Each is appropriate when used to drive the correct behaviors of the sales team. However, a common compensation mistake is setting the bar too high or too low.

Almost every commission plan is based on a percentage of "something." If that something is vague or unclear your sales reps will constantly question

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how and what they are being paid, a situation that must be avoided at all costs. Focus on these 5 compensation tenets and your sales incentive programs will be clear *and* motivational to your team.

- **Make the plan simple to understand and crystal clear.** Regardless of how you pay, the calculation should be simple enough for a sales person to calculate the commission on a deal in their head. If you have to rely on complicated spreadsheet calculations your sales rep will spend too much time trying to understand what they will be paid rather than focusing their efforts on closing the sale.
- **Build compensation programs that do the best job of compensating your highest performers.** If your bottom 25% percent leave because they are not making enough money under their comp plan, so what? No compensation plan will make every sales person happy. Build a plan that drives the behaviors you need to effectively run and grow your business. If you lose 25% of your lowest performing reps every year, eventually your lowest performers will be better than your competitors top performers.
- **Make sure your plan has a “Super Size” accelerator.** Once a sales rep passes a certain threshold (such as 125% of their annual revenue or profit margin) make sure there is a way to pay a higher commission than the standard rate. These sales people are your rainmakers, protect and reward them at all costs! A simple way to rationalize this approach to the executive team is to point out that you are simply paying your best performers more based on the savings of *unpaid commissions* to your lowest performers.
- **Don't cap a sales plan.** Many companies try to protect themselves by placing a cap on sales commissions; this makes no sense at all. If you have a rep capable of producing 3X what you average rep makes why would you put a ceiling on his/her earnings. *Caveat: depending on your industry or market it may make sense to put a cap on individual deals. If your firm operates in mega deal environment it sometimes makes sense to limit the total compensation on a single deal. These large deals usually take a vast amount of time and numerous resources to close and the closing credit is likely shared with several key individuals.*
- **Never change a compensation plan during a sales year unless you are making it richer.** I have seen situations where the executive team has mandated lower compensation programs because they felt the sales team was making too much money. The effect of the change is usually disastrous, sales morale is destroyed and sales people begin exploring opportunities with your competitors. It may take 3 or 4 months before your best sales people leave but it will happen.

Never change a compensation plan during a sales year unless you are making it richer.

If you didn't take the time to thoroughly test your sales plan bite the bullet this year and get it corrected for next year. It's cheaper in the long run to overpay than to incur the expense and opportunities lost of replacing a rainmaker.

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4. Formalize sales roles and activities.

Sales leaders, executives and managers that have a clear understanding of their weekly, monthly, quarterly and annual responsibilities out perform those that do not. A bottom-up process begins with the Sales Exec and reaches the C-Team. Create clear roles and responsibilities for all selling levels and sales management. Key activities include:

- Demand generation
- Account planning and review
- Sales activity planning and review
- Opportunity management
- Forecasting
- Leadership review
- Training

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Some clichés do have value: “Planning Your Work and Working Your Plan” is one that does. Following this kind of sales management calendar keeps everyone focused on the activities known to increase probabilities for success.

5. Create a sales activities calendar.

Companies have good intentions when starting a new planning and reporting process, but those intentions often fall prey to hectic calendars and client requirements. To prevent slippage of these critical tasks it’s a best practice to establish an annual sales activities calendar at the beginning of the plan year.

The monthly sales activity review should be focused on each rep’s individual territory and/or account plans and should include key stakeholders from executive management. That allows the executive team to hear first hand the issues and challenges facing the sales and marketing team.

Sales activity review focus areas include:

- Territory/Client industry overview
- Account analysis
- Relationship overview
- Revenue Potential
- Opportunity analysis
- Account team actions
- Activity review with other selling BU’s

Create a list of expected activities in your yearly sales plan, so that all key team members are on the same page. Here's a sample schedule for a sales calendar showing activities for each level of the sales organization.

Sales Leader	Sales Managers	Sales Executives
Annually: Set Company Quota	Annually: Staff Performance Reviews	Annually: Account prioritization, new plans
Quarterly: Division, Unit, or Territory Sales Plans	Quarterly: Territory Sales Plans, Account Plan Reviews	Quarterly: Account Plan Refresh (Goals, Activities)
Monthly: Pipeline Change Reviews, Lead Metrics and Forecast Revisions	Monthly: Team Pipeline Reviews and Stage Changes, Lead Metrics, Forecast Updates	Monthly: Pipeline Stage Value Gap – (actual to required TCV); Opportunity Reviews
Weekly: Strategic Pursuit Updates	Weekly: Strategic Pursuit Reviews	Weekly: Prospect presentations, meetings, calls; CRM updates

The calendar can be populated on every participant's corporate calendar and should require senior level approval if conflicts occur. We have found pre-scheduling like this minimizes conflicts and reinforces the importance.

Lastly, here is an equally important list of tactical activities critical to a high-performance sales operation. They matter as much as the schedule above and we recommend they become part of your on-going sales management discipline.

- Market and segment reviews
- Competitive assessments
- Target prioritization
- Proposal / pursuit strategies
- Win/Loss reviews
- Lead pipeline reviews (keep that critical eye on the targets above your funnel, not just those that have qualified their way to the pipeline)

ADDITIONAL RESOURCES FOR CREATING A SALES CULTURE

[12 Steps to Effective Target Account Planning](#)

[How New Media, Social Networks & Web 2.0 Have Changed Sales – PDF](#)

[Make Inbound Part of Your Marketing Mix](#)

[Aligning Sales and Marketing in Four Easy Steps](#)

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Chapter 5: Execute & Measure

As we covered in the previous chapter, formalizing sales tasks on a weekly, monthly, quarterly and yearly basis is a must for any sales plan to succeed. In this chapter, we're going to expand on how to measure your plan once it has been executed.

DEFINE YOUR SALES LEADERS DASHBOARD

It's easy to fall into the "let's just go sell trap." For your sales planning to be most effective you should establish a set of metrics that allow you to measure on-going sales activity and performance. Key Performance Indicators (KPIs) should be established based on the type of selling you do. A Sales Leaders Dashboard will give you and the executive team a window into current and future sales performance and can allow for early course correction as issues are detected.

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Know Your KPIs

Basics like pipeline size and number of sales calls per rep are important metrics, but it is detailed KPIs that are the numbers to live by for sales management. Understanding the leading and lagging indicators important to your sales model will help you determine actions needed to achieve your selling goals. You could have several key KPIs depending on your sales model, but at a macro level every company has these basic sales functions that need to be measured and managed.

THE BASIC SET OF SALES KEY PERFORMANCE INDICATORS

- Quantity of leads needed in your sales funnel
- Conversion rate of leads to qualified prospects
- Close rate
- Revenue conversion rate on closed deals
- Average sales cycle time

Let's look at each one...

Quantity of leads needed in your sales funnel

Ask people on your sales team for the definition of a lead and you will likely get a different answer from each of them. Simply stated, a lead is an individual that can buy (or influence the decision to buy) your product or service. Once you determine the percentage of leads that can be converted into qualified prospects – and your closing rate on those leads – you can then determine the actual quantity of leads you need to be working 'above your sales funnel.'



Conversion rate of leads to qualified prospects

Understanding the conversion progression of a lead to a qualified prospect is an important factor in understanding the required overall size of your lead database. A low conversion rate means that you will need a large prospect universe. In some businesses the lead conversion rates can be improved by more focused prospect segmentation, but in others the conversion rate will remain flat.

Close rate

This calculation is usually measured as total wins divided by opportunities bid, (also called a 'bid/win rate'). It's best to remove no-decision opportunities from the calculation, as many of these opportunities may have been poorly qualified by inside or outside sales. Often the quickest way to raise win rates is to stop bidding poorly qualified or unqualified opportunities. This can be hard to enforce initially, but can be improved with a robust qualification process. Then, calculate closing rates on RFP's against the closing rates on non-RFP opportunities. *(The variance may be surprising.)* Also consider doing the same for clients versus new logos.

Often the quickest way to raise win rates is to stop bidding poorly qualified or unqualified opportunities. This can be hard to enforce initially, but can be improved with a robust qualification process.

Revenue conversion rates on closed deals

Another metric worth tracking is revenue conversion. Many companies sell services or products that are delivered over periods of a year or longer. It's a good idea to track whether (on average) the revenue received is more or less than originally expected. If you convert more than 100% of proposed revenue you have a built in buffer to allow for unexpected erosion. If you traditionally convert less than 100% of proposed revenue you should increase your lead funnel size to allow for the shortfall.

Average sale cycle time

Tracking your average sales cycle time shows whether you have enough qualified prospects in your current pipeline to meet your quota based on business already sold and time remaining in your plan year. It can also indicate when qualified opportunities begin to age and become less qualified and less likely to close. As a general rule, opportunities that age more than 150% of your average sales cycle time should be removed from a qualified status unless there are verifiable, extenuating circumstances. If your sales cycle is 6 months a deal that ages to 9 months or more should be removed from the pipeline or pushed back to revalidation.

It's often said that what gets measured gets done. KPIs must be meaningful, measurable and goal oriented. Take the time to start a basic sales KPI program and refine it as you become comfortable with the process.

We've just spent the last few pages talking about monitoring your KPIs. But the hard cold stats of sales dashboards are not infallible! One common mistake is measuring a sales person solely on sales production. It's important to factor in the other elements and activities that would indicate the long-term likelihood of selling success, like the quality of the leads, the sales rep's ability to build relationships, the mix between prospecting and servicing existing accounts, and much more.

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ADDITIONAL RESOURCES FOR EXECUTING AND MEASURING

[Sales Dashboards Never Lie; Most of the Time Anyway!](#)

[Sales Planning Best Practices – Setting Goals and Targets](#)

[B2B Sales Dashboards Steer You in the Right Direction](#)

[Sales Metrics Uncovered – Sales Management Training](#)

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Wrap Up

As a sales leader, your actions set the performance expectations for your sales team. The plan, selling process, and method of balances and checks that you create directly contribute to your peoples –and ultimately, your company’s – success!

Your sales plan must consider the basic five factors we’ve considered here, namely how to:

- Set sales goals and targets
- Build the revenue model
- Fill the funnel
- Create a selling culture
- Execute and measure

If you have any questions, or want to continue the discussion on how you can develop stronger selling culture and a systematic approach to selling, we invite you to join our [Sales Readiness group on LinkedIn](#). If you want to get tips and ready-to-use sales strategies delivered directly to your in-box, please sign up for our newsletter, [Above the Funnel](#).

Thank you and best regards,

Dan Hudson and Matt Smith

ABOUT 3FORWARD

3FORWARD helps, guides and supports company leaders through sales transitions. Are you a CEO, Chief Sales Officer or senior Marketing executive tired of hoping for best-in-class sales results AND committed to making the changes to get there? Our sales effectiveness programs are designed around one goal – helping your firm improve results today – not next year.

Working with 3FORWARD is more like a workout with a personal fitness trainer than buying time from traditional consulting companies. We much prefer rolling up our sleeves with you and your team, getting our hands dirty and helping you reach your revenue goals faster than if you have to tackle them by yourself.

3FORWARD’S LEADERSHIP

Before launching 3FORWARD, founders Dan Hudson and Matt Smith had already enjoyed successful careers in B2B sales leadership, marketing and business development. Each has been in the sales world for more than 25 years and along the way developed a strong belief in the science of selling over sales as an art.

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Dan's experience extends across industries including IT outsourcing and services, business process outsourcing, computer hardware and software, health care and telecommunications.

Dan is a member of Marketing Executive's Networking Group, AberdeenGroup's Business Review Research Panel, founder & co-chair of Dallas Social Media Breakfast and a member of International Association of Outsourcing Professionals.

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Matt's experience extends across industries including ITO and BPO, systems integration, IT hardware and services, software, pharmaceuticals and banking/financial services.

Matt is a member of the [Marketing Automation Software Advisory Board](#), founder / co-chair of Dallas Social Media Breakfast and past chair of the Outsourcing Institute's Road Show Series.

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