



## ***Build Your Business***

An eNewsletter for  
CEOs looking to  
grow their companies.

High-value, "how-to" articles on customer-attraction, sales development, leadership, and best-practices in HR, IT, product development, communication, financial operations, engineering and M&A/value creation.

# ***Sales Strategy-The Most Critical Element of Strategic Planning***

Are revenues tracking to or exceeding your annual plan? Have you developed and are you managing to a comprehensive strategic plan? Are you constantly having to search for that elusive "world class" sales executive? This article shares how you can accelerate revenues by integrating sales strategy with your strategic planning.

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# *Sales Strategy-The Most Critical Element of Strategic Planning*

*How many times in your career have revenues not tracked to your annual plan? How often have you asked yourself “what went wrong last year-we developed a diligent, thorough, conservative annual plan?” Or the traditional “what’s wrong with the sales force-why can’t they deliver on our well thought out plan?” Has your fallback solution to this dilemma been to replace sales management on a regular basis, always looking for that elusive “world class” sales executive?*

## **A Traditional Strategic Planning Process**

During my career I have personally had the opportunity to contribute to, or act as an adviser in numerous strategic planning processes with both one year and long term horizons in companies ranging from emerging post revenue to \$1 billion plus, both private and public, and in many vertical market sectors. With rare exception, the common thread that prevailed in all of these processes was *the lack of attention paid to sales and channel strategy as a critical element in the successful development and achievement of goals inherent in these ‘well though out’ plans.*

Specifically, the common thread usually observed in strategic planning is a conversation driven by existing and targeted new markets; resulting product plans and financial impacts including revenue growth, margins and EBIDTA, and supply chain (i.e. manufacturing) ramifications. I rarely experience a structured, proactive, facilitated dialogue surrounding the sales and channel strategy impacts related to the overall plan, *thus leaving sales as just a contributor to this critical process, or at best as an after-thought.*

## **If We Simply Allow Logic to Prevail**

In a simplistic context, with sales as the functional “owner” of revenue maximization, wouldn’t it make sense to *consider the following principles* in every planning process, rather than “giving” sales a revenue target for the year and mandating success?

- *What is sales’ bottom up revenue forecast based on the product, market and financial elements of the proposed corporate plan? How does this compare to the traditional top down target that evolves from finance and business units?*

- *Will current sales and channel strategy accommodate newly planned products and/or target markets? Will structure, channels and sales costs allow for maximum customer reach, or will existing productivity be negatively impacted by these additional expectations?*
- *What sacrifices and/or adjustments to other plan elements will have to be made if current infrastructure, reach and/or budget won't accommodate maximum revenue attainment, targeted market share, or customer reach?*
- *What investments and/or strategic adjustments will have to be made to existing sales and channel strategy to ensure maximizing all financial metrics in the corporate plan?*

### **Why is Equal Balance so Critical?**

Envision a wheel with *five spokes* and at the center, the necessary *hub*. For this wheel to function smoothly with maximum RPM capability all five spokes must be equally connected to the hub, and conversely the hub cannot have any impairment to its perfect symmetrical connection with each spoke. A perfect symbiotic relationship with a predictable end result.

*In my experience the majority of strategic planning processes tend to focus on five peripheral considerations, or spokes:*

- Company vision
- Company strategy
- Market strategy
- Financial plan
- Operating plan

However, for the strategic plan to achieve perfect (expected) functional results the hub is often missing from the planning process. *This hub is the integration of sales and channel strategy into the wheel, properly connected to each spoke.* Why is sales and channel strategy the critical "hub" of all planning? Consider the following.

### **Sales Strategy as the Hub of Strategic Planning**

The following is a brief representative sampling of the critical interdependencies that exist between the sales/channel strategy hub, and five spokes of strategic planning. *The obvious question is whether you consistently apply this degree of discipline in your strategic planning process to ensure appropriate balance among all critical elements of your plan.*

*Company Vision – Is current sales/channel strategy logical to support achievement of long range goals, including markets, share, perceived value proposition, etc? Or, have continual adjustments to company strategy, products, target markets, etc. created misalignment between the two?*

*Company Strategy – Is strategy based on the “voice of the customer”, and is sales the spokesperson for customer/market needs? Are new revenue goals tied to sales’ bottoms up projections, and are they realistic in light of existing staffing, mapping, channels and budgeted sales costs?*

*Market Strategy – Does existing channel mapping/reach maximize target market(s) coverage? Do new products require new a sales process, new geographic or strategic market coverage, training, sales specialization, an/or new channels, etc.?*

*Financial plan – Does proposed sales expense budget support required channel model or take into account varied margins, sales costs, commissions associated with alternate channels? Does it allow for necessary direct sales and/or support staffing? Does it allow for maximum market coverage or planned expansion?*

*Operating plan – Do business unit financials/gross margins support necessary sales cost? Are new product COGS adequate for unique sales launch costs or competitive price strategy? Does planned factory capacity match sales’ bottoms up forecast?*

## **How to Keep the Wheel Spinning at Maximum Velocity**

The above considerations for effective strategic planning will provide a great kick start to achieving your desired goals. *However, to achieve maximum revenue velocity, or better yet exceed goals, the remaining critical element in your process must be the development of a structured, disciplined, metric driven closed loop review/adjust process. Why? Because your migration through the fiscal year will encounter a number of unforeseen obstacles, any of which can throw plan attainment off course if not anticipated in advance, and/or dealt with in a proactive fashion.*

### **Summary**

Any change in process or internal expectations can be initially disruptive within an organization, and certainly first time implementation of the highly disciplined and functionally integrated process described above has an inherent possibility of failure. Thus, messaging and clear definition of objectives are a critical component of success. Here are *three philosophical guidelines that can lead to predictable results as you transition your strategic planning process.*

1. *Establish the premise and seek concurrence that top line revenue is the engine that drives all of the “critical” elements of your strategic plan. Thus, more is better and a functionally integrated dialogue that gives equal weight to sales and channel strategy will contribute to revenue maximization.*

2. *Seek understanding that a well balanced “hub and spoke” strategic plan will result in equal accountability among all functional leaders as opposed to any one individual feeling they are in harms way.*
3. *The implementation of a structured and robust “review and adjust” process creates an environment of continually seeking ways to further improve performance, not a witch-hunt to single out substandard contributors to strategic execution.*

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### **Author’s Biography**

Bill has thirty-two years experience in VP/executive global sales and marketing roles in high technology where responsibilities included developing and enabling product definition, and product launch, sales and distribution strategies with a primary focus on aggressive revenue and market share growth. He has participated in eight acquisitions/mergers, an LBO, and as a principal in two successful early stage IPOs. Channel strategies have included direct, single and multi tiered distribution, manufacturers reps, dealers, VARS (Value-added Reseller), integrators and strategic partnerships in both end user and OEM sectors.



Developing and managing an appropriate review/adjust process is a critical subject for another time. However, if you want to learn more about the process for effective, proactive creation and management of your strategic plan and/or the steps underlying implementation of the “spoke and hub” philosophy *the WCE Group*

*welcomes the opportunity to discuss and assess your needs. With years of experience in these critical subject areas we are equipped to assist you in an advisory, consultative or interim management capacity to facilitate either:*

- The first time development of a comprehensive sales and channel strategic plan
- The assessment of existing plans, development process and alignment with your five peripheral strategic plan elements

And, in either case develop a proactive review/adjust process to maximize goal attainment.

The following options all include a flexible, variable cost model intended to provide the client *the opportunity to maximize revenue, company value and market reach and do so in a manageable, cost effective manner.*

*Interim Manager:* A highly leveraged variable cost solution to successful definition and execution of all elements of sales and channel strategy alignment with company goals. This relationship begins with a pre-defined assessment and is tied to a time based fixed fee contract that positions WCE as a part time integral member of the executive staff, maximizes the value of recommended actions, and assists in the positioning and recruitment of a full time sales leader.

*Consulting Contract:* A time based, fixed fee contractual relationship precluded by a projected cost assessment. The contract is based upon the collaborative agreement between WCE and client regarding necessary steps to define all elements of proposed strategy, and execution plan and timeframe.

*Advisory Services:* A cost effective engagement that allows the client the opportunity to leverage the expertise of WCE Consulting either through appointment to a Director’s or Advisory Board seat, or on a retained basis tied to specific time to be allocated by week or month.



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**Mark Paul**

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**Brent Freeman**

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