



Key Challenges for CSOs in 2006

This month, an important market study will be released by CSO Insights. The study focuses on the key challenges Chief Sales Officers face in today's marketplace.

Over 1,275 companies (many of them *Selling Power* subscribers) participated in this survey.

The key finding in this detailed 230-page report: 69.5 percent of the CSOs surveyed anticipate greater selling challenges during 2006. Here is a summary of the key trends:

Hiring trends – Up

The majority of companies (72.3 percent) plan to expand the size of their sales force. A number of companies (11.3 percent) have very aggressive hiring goals, planning for increases of over 30 percent. Many companies report a growing need for improving their hiring process through testing.

Sales quotas – Up

More than 43.3 percent of the CSOs surveyed reported sales quotas per salesperson to exceed \$1 million. This compares to 28.6 percent last year. While quotas jumped significantly, CSOs report that their salespeople are keeping pace with their expectations.

Sales rep to manager ratio – Steady

The majority of companies (52.2 percent) feel comfortable with four to nine sales reps reporting to a manager. Only 16.1 percent of the managers supervise 10 or more sales reps.

Number of calls to close deal – Up

The survey shows that a) It takes more time to close a sale this year compared to last year, b) Salespeople have to make more calls on more people to get a decision, and c) The longer the sales cycle, the greater the chance for a “no” decision.

Number of leads resulting in a meeting – Down

CSOs report that only 36.7 percent of all sales leads result in a meeting. Last year's conversion rate was 42.8 percent.

Number of proposals resulting in a sale – Up

More than half of the companies that reported proposals to close ratios have increased win rates by two percentage points (38.3 percent). Many firms are getting better at automating RFPs and sharing best practices.

The amount of sales skills training – Up

More companies recognize the need to invest in human capital to remain competitive. The number of companies that reported an increase in sales skills training is up by 20 percent. Product training still receives more attention than skills training.

The adoption of a formal sales process – Up

While 16 percent of the companies surveyed do not follow a formal sales process, 45.9 percent have a formal process, but don't monitor the implementation. About one-quarter (24.3 percent) of the companies follow and monitor a structured process, but fail to make adjustments based on market feedback or sales rep feedback. Only 14.8 percent of companies follow an optimized, CRM-enhanced process that proactively adapts to market and sales rep feedback.

The influence of methodology on results – Even

An overwhelming majority (90 percent) of the sales organizations that follow a structured sales methodology report that it has improved their performance.

Impact of CRM on productivity – Up

The companies surveyed showed that the use of CRM resulted in improvement in the following areas: a) improved communications, b) improved forecasting accuracy, c) reduced administrative tasks, and d) increased revenues. The fly in the ointment: Fewer than 25 percent reported shorter sales cycles.

Will Rogers said it best: Things will get better despite our efforts to improve them.

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