



Four Reasons to Invest in Sales Managers

Tamara Schenk

Strategic Decision

Sales managers, especially frontline sales managers remain the most underdeveloped role in sales despite the fact that this role has the highest leverage on performance in any sales organization. Unleashing the sales managers’ potential to impact sales productivity and performance requires a dedicated development program. However, our research shows that there is still a remarkable gap between the relevance and the development of the role. Here are four business reasons, backed up by our research, why sales leaders and sales force enablement leaders must prioritize sales manager development to see significant improvements in sales performance.

Strategic Issue:

How can sales enablement leaders leverage research to build a business case for a dedicated sales manager development program?

Strategic Issue: A complex question that requires research, data, perspective, knowledge and context to answer.

If an investment in one person can impact the performance of eight salespeople, why would anyone not prioritize this investment?

Balancing Enablement Investments

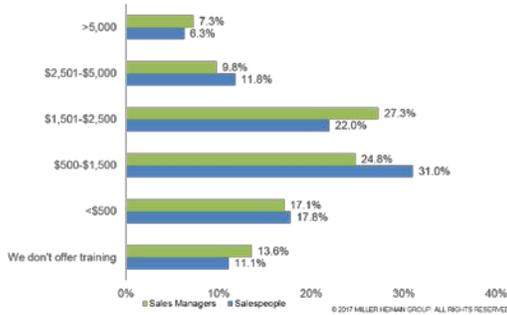
Sales leaders show their commitment to priorities by making the necessary financial resources available. Investments in sales productivity and performance are often a significant budget item, and sales leaders need to tailor these investments to achieve their business goals. Given the sales managers’ primary role in sales execution and sales performance and the leverage they have due to their unique span of control, there is a need to develop sales managers with a tailored approach that considers their challenging linchpin role.

The results of our *2017 Sales Enablement Optimization Study* are encouraging not only because they show a shift. For the first time in many years, the investments in sales managers have increased and are far more balanced compared to the years before.

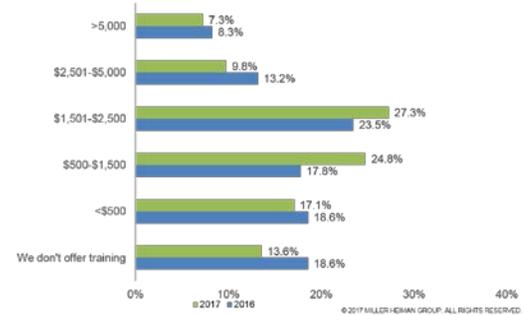
The chart below on the left shows the details and compares investments in salespeople versus sales managers. The majority of investments for sales managers (52.1%) are between \$500 and \$2,500; for salespeople, it’s 53.0%.



Investments in Salespeople and in Sales Managers



Investments in Sales Managers 2016 and 2017



The chart on the right hand side compares the investments in sales managers only for the years 2016 and 2017. The percentage of organizations that didn't invest in their sales managers or only <\$500 decreased from 37.2% to 30.6%. Instead, the percentage of organizations that invest between

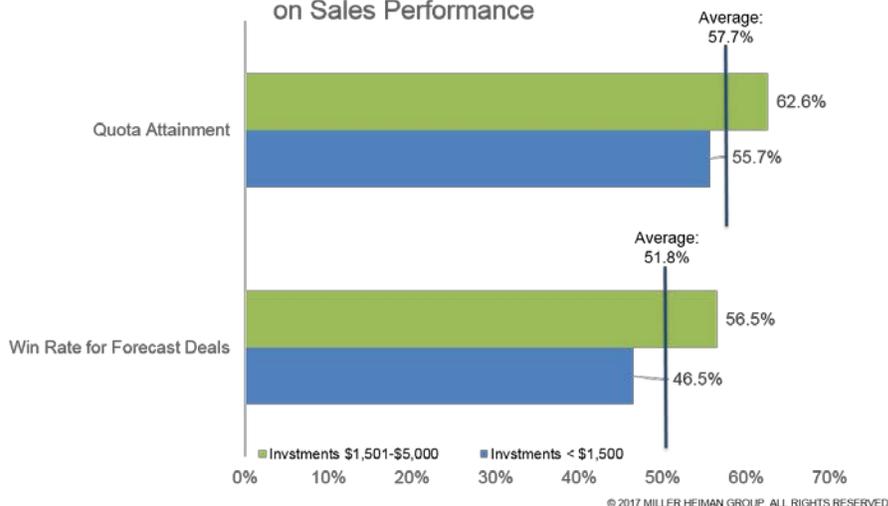
\$500 and \$2,500 in their sales managers, increased from 41.3% to 52.2%. These are remarkable and encouraging changes for the better from one year to another.

#1 Investing in Sales Managers Drives Results

Sales managers have a greater impact on sales execution, productivity, and transformation than any other role. What makes the sales manager, especially the frontline sales manager role, so demanding is the need to continually

balance three often-competing areas – customer, business, and people, in constantly changing and complex selling and buying environments. Furthermore, sales managers are almost always sandwiched between the competing goals and

Investments in Manager Development and Impact on Sales Performance





motivations of their team and corporate executives as well as between those of customers and internal organizations. Their performance is judged on their ability to achieve multiple, often-competing goals at the same time. Poorly developed sales managers drive top performers out of the organization and promote mediocre performance from those who remain. This is something sales leaders with ambitious growth and performance goals simply cannot afford.

The data from our *2017 Sales Enablement Optimization Study* shows that organizations that invest in their sales managers between \$1,500 and \$2,500 can improve their performance results above average. Conversely, those study participants that made little to no investment in their sales managers' development failed to achieve average performance results.

For example, the study's average win rate for forecasted deals was 51.8%. Those organizations that didn't invest in their sales managers or invested less than \$1,500 achieved a win rate of 46.5%, which is a decline of 10.2% compared to average performance. On the other hand side, those organizations that invested between \$1,501 and \$5,000 could improve their win rates for forecast deals by 9.0%. In the chart, you can see similar results for quota attainment.

Investing in sales managers adequately is not only a matter of improving results; it's also essential to achieve at least average performance. Of course, the investment only does not guarantee success; let's see how to focus the investments wisely.

#2 Coaching is the Key to Leveraging Salespeople's Full Potential

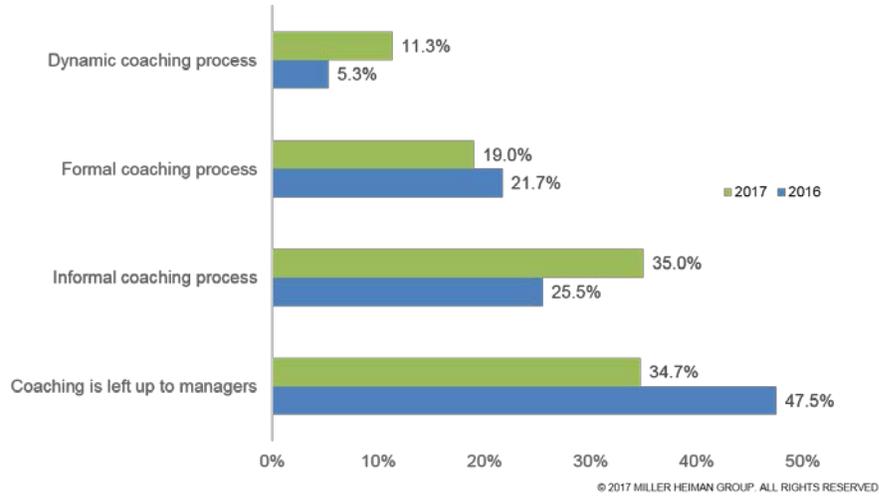
Sales coaching is a skill and a leadership style that sales managers, especially those who are new to the role, have to learn from scratch. Unfortunately, a coaching class alone won't lead to immediate success, because sales coaching cannot exist in a vacuum. Coaching needs to be anchored in the sales process and mapped to the customer's journey. That means that an organization's coaching approach is as important as developing the related coaching skills.

The way organizations approach coaching their salespeople was consistent for many years, always showing almost 50% of organizations leaving coaching up to their managers (what we call a random approach). And in 2017 things have changed for the better. As you can see on the chart below, in

2017 the percentage of organizations that leave coaching up to their managers decreased from 47.5% to 34.7%. That's a lot for just one year. Of course, the percentage of those organizations following an informal approach, increased from 25.5% up to 35.0% in 2017. Informal means that coaching might be a guideline but no formal implementation took place. A formal coaching approach is based on a formal implementation. That means the coaching process is implemented, sales manager are trained and required to coach. "Dynamic" goes a step further, and connects the coaching process to the enablement framework to ensure an optimal level of adoption and reinforcement, and managers are also measured by their coaching impact.



Organizations' Coaching Approach

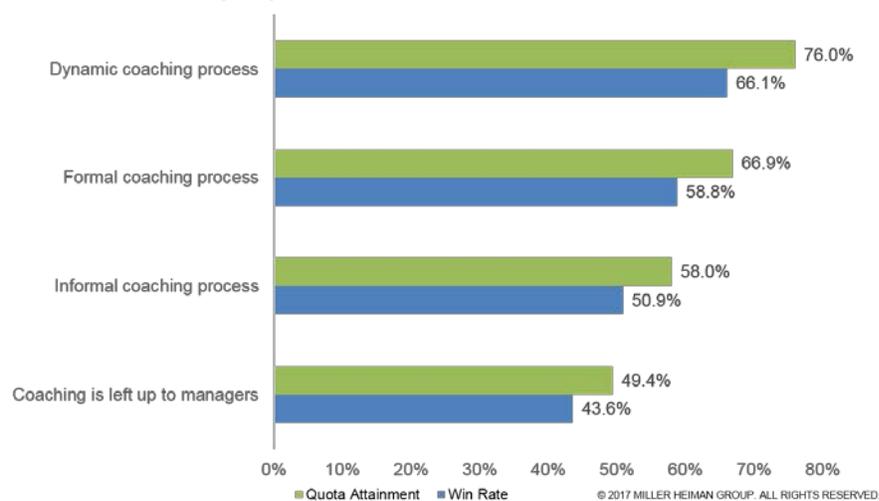


Let's see why only formal and dynamic coaching approaches achieve improvements above average. In other words, why almost 70% of all organizations don't leverage the huge performance potential of sales coaching due to an informal or random approach.

any business case that a random approach to sales coaching leads to low performance (43.6%), way below the study's average win rate of 51.8%. While an informal approach allows organizations to achieve average performance, only formal and dynamic coaching approaches move the needle significantly. In the case of a formal approach, the win rate

The impact of sales coaching on win rates for forecast deals is again significant in the 2017 data. Most important is for

Coaching Impact on Win Rates and Quota Attainment





could be improved by 13.5% (compared to the average) and with an informal approach, the improvement is 27.6%. The impact of quota attainment is similar (see chart), details can be found in the *2017 Sales Enablement Optimization Report*. That's what we call significant correlations especially as the results are almost the same than in 2016.

Investing in sales force enablement to build coaching frameworks and develop sales managers accordingly, especially their coaching capabilities, is the key to achieving the kinds of performance improvements sought by sales leaders everywhere.

#3 Sales Managers' Focus has to be Sharpened and Adjusted

To be effective, sales managers must focus on a combination of things that matter and that can be measured, influenced, and managed directly: “managing the right sales activities and coaching the related behaviors” is our sales manager “mantra” for a reason.

leading indicators that can be measured along the customer's journey such as conversion rates, stage by stage, in terms of value, volume, and velocity.

Especially sales managers who have never had any training and development, often focus on the wrong things, e.g., measuring lagging indicators. The problem with lagging indicators such as revenue, win rates, average deal sizes, etc. is that they cannot be managed directly by sales managers and only measured after the fact. Instead, what sales managers can measure, influence, and manage directly are

Sharpening the sales managers' focus to “managing the right sales activities and coaching the related behaviors” is as important as developing the specific coaching capability. Both elements have to go hand in hand to create business impact. The relevance of focusing on leading indicators is supported by the fact that the most important challenge for sales leaders is lead generation effectiveness, as we have seen in our 2016 data.

#4 Investing in Sales Managers Leverages the Investments Made in a Sales Force Enablement Foundation

The *2017 Sales Enablement Optimization Study* highlighted another interesting correlation that could be used to leverage synergies between sales performance initiatives. Organizations with an enablement function invest more in their sales managers than those without an enablement function.

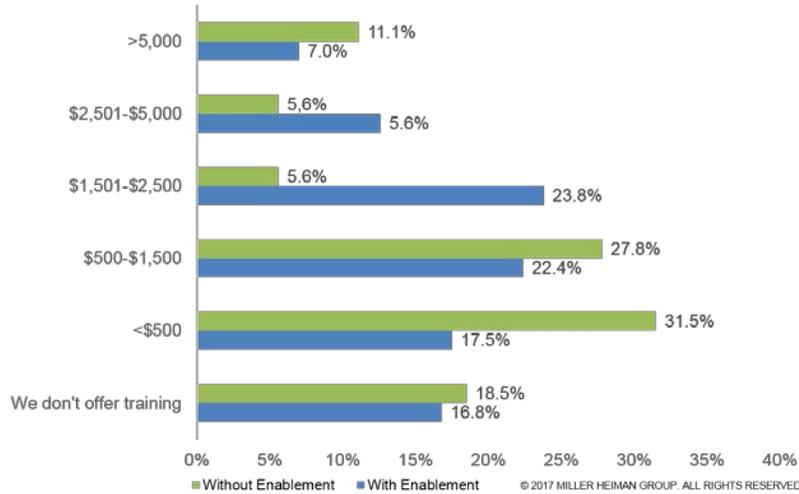
The first focus should be to implement a formal coaching approach that follows the customer's journey in the same way as the enablement services for salespeople do. In a second step, the coaching framework should be connected to the enablement framework that sits between the customer's journey and the internal processes.

Sales force enablement's foundation provides a great starting point for sales manager development. Adding sales managers as a target audience in the enablement charter is the first step.

To enable sales managers successfully, this integration helps to achieve an optimum level of adoption and reinforcement as demonstrated above.



Annual Investments in Sales Managers per Person with and without Enablement



Coaching is a vital skill that has to be learned from scratch, and a dedicated, formal sales manager development program is a must-have for any ambitious sales organization. This program must cover all three areas of the sales manager triangle: customers, business, and people. And, while coaching is only one aspect of the people side of the triangle, it is the most impactful and differentiating one.

- Related CSO Insights Research Notes:
- Frontline Sales Manager Triangle*
 - Frontline Sales Manager: Sharpening Focus*
 - The Case for a Coaching Framework*
 - Designing a Sales Coaching Framework*
 - The Sales Coaching Framework: Account & Territory*
 - Laying a Solid Foundation with Coaching Services*

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