



COMPANY SELF-AUDIT

Note: Although originally designed for IT organizations you will find this Company Self Audit is effective for many industries.

Premise

We assume your business has a strategic plan, and that your company's sales executives participated in creating this plan. Our general experience is that although a company's sales efforts are considered a subset of the business's overall strategy, the discipline of sales is organized and operated on a purely tactical level.

This exercise is intended to help you align strategies and tactics for the purposes of driving considerable growth.

After you have completed this self-audit, if you would like to review your findings, please contact Mike Berman at CPath Solutions, 212-532-4800 x225 or MBerman@cpathsolutions.com

The Strategic Underpinnings

The IT sector has most recently operated in the extremes, and like the proverbial little girl with the curl, when things went well they went very well. Yet, when results were bad, they have been very bad. Most typically, broader influences—like “the economy”—have been cited to explain this pattern of performance in the extremes. However, the facts show that this phenomenon is not universal, it does not impact all IT firms equally, and in notable instances some firms have avoided operating in the extremes altogether.

Firms that place Strategy at the core of everything they do are consistent performers, sustaining growth through a coordinated set of activities designed to leverage their unique strengths. When strategy is at the core middle, a firm is able to align all its critical characteristics for the common purpose of properly and positively serving all stakeholders. Similarly, with strategy at the core middle a firm is able to identify and leverage more unique strengths than they would by placing any single competency in this essential role. Here loyal clients and reputations become extensions of a strategic imperative rather than the basis for building a business.

By contrast, IT companies placing Product, Loyal Clients or Reputation at the core middle try to amplify their message through the use of and. These companies are those most likely to post uneven results and operate in the extremes. For instance, an IT services firm built from a core middle of Product will pursue new business by then referencing design features and functions and expertise and personnel and available resources and technological capacity, etc. In many instances firms practicing this “and” form of building interest in their services resort to changing

their underlying value proposition as it fits a particular circumstance (sometimes even regular changes to their company brochures, website, and general literature), thusly relegating themselves to a “me too” status.

Yet when these key characteristics are placed as an extension of a strategy, they not only stand on their own merits but also carry significantly more weight. Additionally, characteristics that could never be featured in the “and” approach can now logically and prominently help establish unique strengths. For instance, the professional IT services field demands constant learning and investment in training. However, when this is added on as an “and”, these important characteristics become misplaced or even trivial. And when training, learning, or professional certification is conducted without a compelling purpose, one that can only be coordinated when strategy serves as the core middle, it can never be of significant value to the entity.

When strategy is placed at the core middle it does more than create a unifying effect for an organization. To capitalize on the transformation taking place in IT sales we must consider personnel in the context of a strategic organization. Although they can be, and in several instances are blended, there are essentially two basic strategic approaches to personnel:

Selection: Hiring only “the best and the brightest”, people who have blue chip resumes, experiences and client relationships that translates to added value (new business), for the firm;
Cultivation: Building a corporate culture that develops talent, whereby an individual’s potential and/or organizational fit is the driving force.

Organizations favoring cultivation must then consciously invest heavily in their training and continuing education. With strategy at the core middle, the organization’s construct (personnel) can now be more clearly and powerfully linked to another key characteristic, training. In Corporate America, General Electric is perhaps the best example of a cultivating organization. From their Jack Welch Educational Center in Croton (NY) to their allocating 3% of annual compensation dollars to training, GE’s heavy investment in continuing education for their personnel is an extension of their overall strategy to dominate every industry they compete in. This is not to say that GE, or any cultivating company, would avoid hiring the best available talent because quite clearly they do not. But their strategy is designed to build top performance through a highly trained workforce, educated in GE Best Practices.

Exercise Question Set 1

Given these definitions, would you currently define your company as (check one):

- A cultivating organization
- A selection organization
- An “and” organization
- Other (please specify) _____

Recruiting and Retention

Recruiting and retaining the right people is essential, and although there are any of a number of legitimate philosophies, we find that organizations hire and keep people that fit based on three criteria:

a) Competencies

Skill sets are properly matched to the job, its role, and overall functions

b) Characteristics

They possess the traits and qualities that match company culture

c) Contributions

With specific performance metrics in mind, we believe they will tangibly contribute to the company’s performance at the time of hire and do so as employees.

Exercise Question Set 2

Restricting your answers only to your firm’s recruiting strategies and policies for sales and business development professionals –

- List the competencies you look for when hiring a new sales or BD professional:

- List the characteristics you consider vital for hiring a new sales or BD professional:

At key intervals, what are the specific contributions you expect from new sales or BD hires:

After one week on the job?

After one month on the job?

After one quarter on the job?

After six months on the job?

After one year on the job?

Considering all sales and BD professionals hired by your firm since January 2001, what has your turnover rate been?

Total number of people _____

Percent of total _____

Exercise Question Set 3

Restricting your answers only to tenured, on staff, sales and business development professionals:

- List the additionally acquired competencies you expect from your tenured sales and business development professionals.

- List the additionally acquired characteristics you expect from your tenured sales and business development professionals.

At key intervals, what are the specific contributions you expect from your tenured sales and business development professionals:

- Weekly
- Monthly
- Quarterly
- Annually

Sales Pipeline

Some call it pipeline, others call it a funnel, but the visual image is one of fluidity. However, in far too many instances – particularly for companies practicing the “and” method for sales and business development – these reports more closely resemble sales swamps or even cement shoes.

While sales pipelines are leading indicators and should offer snapshots of a more distant future, to be fluid the process itself must focus on the immediate future. Managed by a “Who, How Much, By When?” principle, the discipline of effective pipeline management requires that all participants both isolate and focus on their priorities.

Unless sales pipelines are managed through a priority imperative neither management nor sales people will be able to accomplish much. Keeping volatile buying-selling dynamics fluid is a rigorous, disciplined, active process.

Exercise Question Set 4

- What is the range of your firm’s sales cycle time (measured in days, weeks or months)?
- What is your firm’s average sales cycle time?
- What process do you use to manage your sales pipeline?
- How often will management and staff review the sales pipeline together and how is this conducted?

- What criteria does your firm employ to distinguish viable prospects from suspects?
- What action items come out of your company's scheduled pipeline meetings?
- How long has the current pipeline process been in place?
- Over the past 5 years, how many times has your sales pipeline management process changed? What was the catalyst for these changes, and what successes/failures did you see as a result of these changes?

Exercise Question Set 5: Key Miscellaneous Questions

- What percent of your total revenue do your five largest customers, combined, contribute?

With respect to these five large customers, would you consider your personal involvement (check one):

- If I were not deeply involved with every aspect of these accounts, my firm would lose the business
- I am well informed, periodically involved, and the customer knows they can reach me when they need me
- I delegate the managerial responsibility to others on my staff, but do maintain at least semi-annual contact with them
- I'm kept informed by my staff but other than that have no real knowledge of these accounts

With respect to these five largest customers, consider the role your assigned sales professional plays (check one):

- If not for this sales person and their deep knowledge of the account, we would lose the business.
- The sales person is a positive spokesperson for our company, well liked by the customer, but the real work is done by others (i.e. technology, support, engineering staff).
- Our sales person has been able to spot new opportunities and grow these accounts as a result
- At best, I do not know the value our sales person is adding here.

Please detail the characteristics of your five largest accounts.

- On average, how many years have you had their business?

Over these years has pricing (check one):

- We have been able to take price increases
 - Been stable
 - We have periodically reduced our prices
- What primary factor(s) do you attribute to pricing changes or lack thereof?
 - How would you gauge your customer's level of commitment?

Is your firm's primary 2003 growth strategy (check one):

- Grow by market share expansion
- Grow by customer share expansion
- AFAB

Summary

The purpose of this audit is to highlight critical strategic and tactical elements so that a business executive can properly align strategies, tactics, personnel, resources, and overall support. The audit in of itself is not comprehensive, nor can any executive simply look at these answers and construct a plan from them. As with any audit, the intent is to bring clarity to the key issues, stimulate the meaningful action that leads to proper planning that culminates in superb execution.