Closing or Coaching? Does it have to be a choice?

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In the world of a sales manager, it is easy for the urgent to trump the important. The need to generate revenue will always be a sales manager's primary job and the pressure to meet quota never goes away. Therefore it is very easy for a sales manager's day to get absorbed by urgent revenue-related tasks such as proposals, client meetings, and pipeline reviews. What suffers as a result are the important tasks such as coaching and personnel development.

Let's begin with several possibly startling and hopefully encouraging thoughts:

1. Coaching is intimately related to revenue generation—although less obviously perhaps than other tasks.

2. Most organizations do not realize this simple fact—and so they ask their managers to focus on other things. Managers thereupon don't coach enough (a policy fraught with risk).

3. Effective coaching is easier than you think—it entails simply focusing on live opportunities and thinking about them in relation to just a few questions, which we shall discuss presently.

Coaching is intimately related to revenue generation

There are many different types of sales coaching, each with different outcomes. The one that has the most direct link between revenue and personnel development is Opportunity Coaching. What makes Opportunity Coaching particularly effective is that the skilled manager can do it quickly, which is a requirement for directly integrating coaching activities into sales tasks.

When we ask managers about coaching, the frequent response sounds something like, “I really want to do it, it is very important, but I can never find time for it.” If sales managers are not developing their sellers, then one has to ask whether the company is getting the most out of its investment in the sales team. If the sales manager is doing a significant portion of the selling, it begs the question: Is the rest of the sales team really necessary? Or, if sales managers are kept from developing their sellers due to other tasks being more urgent, how successful will the company be when it seeks expansion into new markets/territories, or experiences turnover within the sales management team? What is the cost of bringing in an external sales manager because the sellers are underdeveloped and not ready to step up to the plate? Annually, this coaching disconnect sacrifices millions for companies in both direct and indirect cost. We contend that closing and coaching are of equal importance for revenue generation, and that coaching is more important as a long term investment.

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When other tasks keep sales managers from spending time developing their people and coaching sellers, then the long term viability of the entire sales team is at risk. The good news is that in the normal course of a day, a sales manager is typically presented with multiple opportunities to coach. How then does one make the most of those opportunities? The best sales organizations find a way to directly integrate sales coaching into activities tied to meeting quota, such as pipeline reviews, call planning and sales calls. When coaching is directly integrated, it goes from being a theoretical exercise to an essential activity that is core to the normal functioning of the sales team.

It would be easy to lay blame for the lack of coaching at the feet of sales managers. However, when managers say they don't have time to coach, we've found that really means sales leadership is placing a higher priority on other tasks or that sales managers are uncomfortable or unable to coach. Breaking that down even further, here are some of the most prevalent contributing factors that we've identified:

- **Lack of emphasis placed by senior leadership.** In many companies, coaching is a vaguely defined, feel good activity with poorly defined outcomes. When a task is vaguely defined, sales leadership is reluctant to require it from their sales managers. Unless sales leadership can see a direct link between sales coaching and meeting quota, they will never enforce the task nor place importance on it.
- **Sales managers lack of confidence.** Unsure whether they'll be able to provide value in a coaching conversation, sales managers will tend to avoid it. This stems largely from the lack of a sales model upon which to coach. Lacking knowledge of specific behaviors that lead to success, or the best questions to ask to help progress an opportunity, sales managers are left to create on their own vision of what good looks like.
- **Lack of development for sales managers.** The typical sales manager is an excellent seller who was promoted because of his or her success as an individual contributor. They come into the position ill-prepared to make the behavior shift from seller to coach. Interestingly, while many companies invest heavily in developing their sellers, they often provide little development support for sales managers, one of the most important roles in a sales organization. Ironically, the frequent argument to not train sales managers is that they are too busy.

- **No implementation guidance.** A lot of sales coaching training describes the theory, but then managers are left to their own devices to figure out how to incorporate coaching into their daily sales activities. Sometimes, wanting to give coaching the importance that it is due, managers will come out of a workshop and start scheduling weekly or bi-weekly stand alone coaching conversations. Without an immediate and apparent link to revenue, these coaching conversations immediately get bumped off the schedule when a client-related priority arises.

How do the world's best sales organizations deal with this problem?

- **Provide structure and define outcomes for coaching.** Divorced from the land of the vague and linked to concrete activities and deliverables, suddenly coaching becomes a measurable and value added activity that can be required. The different types of sales coaching must be clearly defined, with clear outcomes and leadership expectations outlined for each.
- **Integrate coaching into ongoing sales activities.** The only way to ensure that coaching is occurring on a regular basis is to incorporate it into ongoing critical functions the sales team already performs such as: client meetings, call planning, pipeline reviews, territory plan reviews, account reviews, etc.
- **Provide sales managers with skills so they are effective.** The drawback of incorporating coaching into ongoing sales activities is that it needs to be conducted effectively. In the midst of a rapid pace sales cycle there isn't time for a sales manager to ask a lot of low value questions that don't get to the point. Sales managers must have a clear understanding of the coaching outcomes they're trying to achieve and be equipped with the skills required to get those outcomes in a timely manner.

Huthwaite has identified at least four different types of coaching, and outcomes for each—Skills Coaching, Call Plan coaching, Strategy Coaching, and Opportunity Coaching. These four fall into two primary types—coaching that can only been done in the field observing sellers versus coaching that can be done remotely. Skills Coaching requires direct observation of a seller's skills in a client meeting. The manager goes with the seller on a sales call, observes the skills the seller uses in a client meeting and coaches using the information gathered from that direct observation. The expected outcome is a change in sales behaviors in the next client meeting. Call Plan Coaching, Strategy Coaching and Opportunity Coaching can all occur in the office, separate from a client meeting. Most sales managers intuitively grasp Strategy and Call Plan Coaching. The first focuses on the overall strategy for an account, and is commonly done intermittently at best depending upon the length of the sales cycle. The second focuses simply on developing a Call Plan for an upcoming meeting and identifying the business issues important to clients and ways of uncovering those.

We've found that Opportunity Coaching is the least understood. Its primary goal is to focus on one specific sales opportunity and identify the few best actions that will move an opportunity forward through the sales cycle. Additionally, the sales manager gets the information needed to vet opportunities and determine whether they are appropriately reflected in the pipeline. The two ultimate business metrics are: 1) decrease time opportunities take to move through the pipeline; 2) improve pipeline accuracy and yield.

Done well, Opportunity Coaching can be boiled down to asking four primary questions. The skill in Opportunity Coaching comes in judging the seller's response to these four questions and helping the seller determine the next best course of action based upon those answers.

You might be wondering why four questions, and what is the rationale for the four? Huthwaite has examined the primary reasons that sales opportunities fail or become interminably stalled in the pipeline, and have identified the following:

- Client's buying process is not understood and the seller is unable to implement a strategy to win the business.
- Seller gets bogged down in the client's company and is unable to progress up the ladder to decision makers.
- Client never saw enough value in the solution to warrant taking action.
- Seller misinterpreted client interest and assumed opportunity was progressing when in fact it wasn't.

Our four questions address each one of these failures points. To be able to effectively intervene and help sellers develop an action plan that will avoid the pitfalls common in each step, the manager will need to understand and be able to apply the sales research on which these questions are based. A brief overview of the research backing up each one of these four questions is included below.

The four primary questions of Opportunity Coaching

There is a reason that we all relate to the expression "He can't see the forest for the trees." When a seller is caught up in the heat of the sale, it takes a rare skill to be able to step back and objectively assess the steps that have been taken so far to progress a sale, and determine the next best course of action. This is where managers can provide significant value while developing the skills of their sellers. Here are the four key questions managers need to ask to evaluate opportunities:

Opportunity Coaching Question	Action to be taken by Coach & Seller
1. Where is the customer in their buying process?	Develop a strategy that will maximize the chances of winning the business that is based upon the phases that customers go through in the buying process.
2. Who is involved in making a decision to buy?	Understand the role of people involved in a complex sale and adjust the strategy accordingly.
3. Does the customer see enough value in the solution to warrant taking action?	Either succeed in getting the client to articulate that the value of the solution is greater than the cost of the problem being solved or cut the opportunity from the pipeline.
4. What action is the customer taking to progress the opportunity forward?	Identify actions necessary to progress the sale and develop a plan for achieving those. If seller is unable to gain action from the client, opportunity should be cut from the pipeline.

Question #1: Where is the customer in their buying process?

Sales organizations spend too much time focusing on following the steps defined in their own sales process, and too little focusing on the steps the customer is taking in **their** buying process. This automatically puts sales out of sync with their customers. Customers have no interest in adhering to the steps in your sales process; rather they go through a predictable set of phases in their own internal buying process. Huthwaite spent many years studying how customers buy, and codified that knowledge into what has become known as the Buying Cycle™. If a seller

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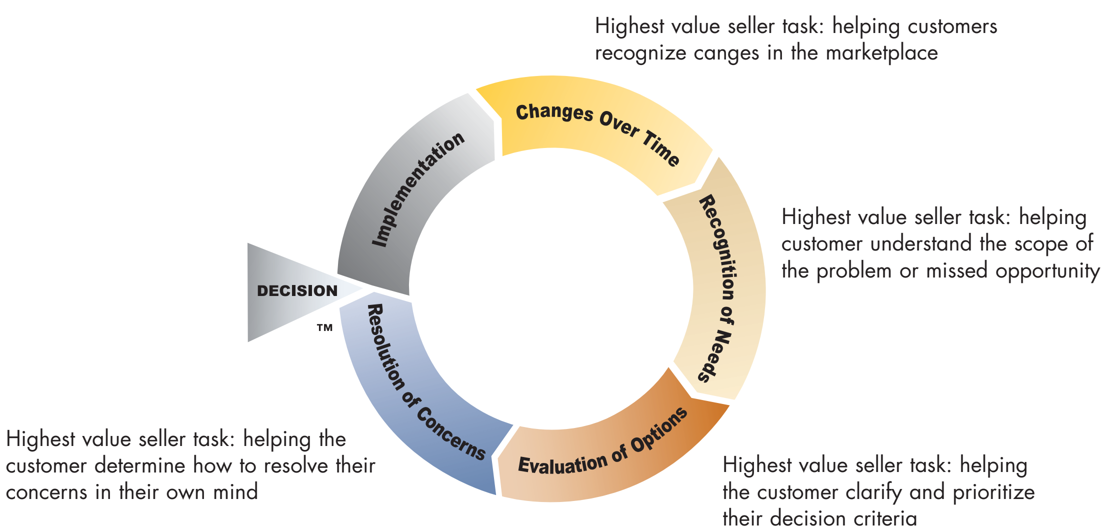
understands the phases that customers go through, and most importantly, which phase the customer is in at the moment, a seller can adapt behavior to align with the customer. This positions your seller to begin to understand value through the lens of the customer. For example, a customer in **Recognition of Needs** is beginning to sense some difficulty or dissatisfaction with the current situation. They've not yet arrived at a point where the problem seems compelling enough to take action. Conversely, the same customer once in **Evaluation of Options** sees the problem warrants action, and has begun the process of finding a solution. A salesperson that plans a call to conduct thorough needs discovery will totally frustrate a buyer who is in **Evaluation of Options**. They already understand their needs and have moved past that. How the seller brings value to the buyer in **Evaluation of Options** is to help them vet and then rank decision criteria. Each stage in the buyer's process requires very different pre-call planning objectives. A good sales manager will ask where the client is in the Buying Cycle™ and then ask the salesperson what behaviors the customer is displaying that would give that indication.



Question #2: Who is involved in making a decision to buy?

A complex sale involves a lot of different people within a customer's organization and it is easy for sellers to either misjudge how to enter into a company, ignore critical roles, or get bogged down in low value calls and not progress to those empowered to make a decision.

When it comes to approaching a new opportunity many sales people will dutifully try to follow the advice they've heard many times. "Call at the top." Unfortunately this approach rarely works, particularly in the major sale. It is also common for sellers to spend too much time with people willing to take meetings, never realizing that they are actually not succeeding in progressing a sale. Finally, in their rush to make it to a decision maker, sellers can bypass people who deal with problems your company can solve and have the most valuable information for you to be successful.

Huthwaite's research identified three critical roles that come into play in any significant purchasing decision, specifically:

1. **The focus of receptivity**—receptive people who are willing to listen but have no authority.
2. **The focus of dissatisfaction**—people unhappy with the present situation and with access to people who can make a purchasing decision.
3. **The focus of power**—people empowered to make a decision.

Good sales managers will help their people prepare by coaching approach strategy, setting them up for success during the pre-call plan. They will probe to understand the roles of the people in the account. They listen to understand that call objectives are aligned with the type of person being called on. Excellent coaches help their salespeople understand the potential pitfalls of dealing with each level and how to avoid them.

Question #3: Does the customer see enough value to warrant action?

Huthwaite's original research found that one of the key factors that distinguish the successful from the unsuccessful sales call is the number of actionable needs, also known as Explicit Needs, a seller is able to uncover during a sales call. It is a common occurrence for sellers to view a moderate complaint as an invitation to talk about their product or spend time presenting solutions. However, customers are moderately unhappy about a lot of issues, but only take action to fix a few. The common pitfall is that sellers assume the customer has the same understanding of the scope of the problem as they do. Since sellers see multiple clients with similar problems, they quickly see similarities and trends and assume the client sees the full picture as well. For example, the seller knows that the full impact of the problem is really about $250K. The client, by contrast, currently perceives it to be a $30K problem, and, as a result, something not worth taking action to solve at the moment. The seller with a $50K solution—to what is actually a $250K problem, but is perceived by the customer as a $30K problem—will be quickly tossed out, and the seller will have wasted countless hours developing a solution for a problem a client wasn't yet inclined to take action to resolve. Until the client has said that they want to take action to solve a problem, the seller is offering solutions prematurely. Not only does that lead to wasted time, we've also found that sellers offering solutions prematurely leads to price-only negotiations and lower margins.

- The successful seller leverages the experience gained from seeing similar problems in multiple customers to plan questions that will help the client see the problem in a different light.
- Skilled sellers craft their discovery around all facets of the problem in such a way that it allows customers to draw their own conclusions of the true cost of the problem.
- The good coach will help the salesperson plan those questions in order to lead to a successful outcome.

Questions #4: What action is the customer taking to progress the opportunity?

The major sale is characterized not by the "big close," but instead by a sales process made up of a number of sales calls, each strategically planned to advance the process toward close. Effectiveness here will dictate the length of the sales cycle. There are two outcomes of any sales call. One unsuccessful outcome, a **Continuation**, is characterized by no commitment on the part of the customer for a next step. It may sound like, "Joe, that was a terrific session and you brought up some interesting points, let's get together in a couple of months and talk again." By contrast a successful call outcome, an **Advance**, is characterized by a commitment for action on the part of the client. It could sound like, "Susan, that was a terrific session, you brought up some interesting points; I'd like to involve my colleagues who face similar challenges. Can we prepare a meeting to discuss this with others in my department next week?"

Too often, sellers fail to recognize that they are getting nothing but a series of Continuations from the client. As a result, they waste precious selling time on opportunities that are going nowhere, and the sales manager is carrying revenue in the pipeline that has a high probability of falling out late in the sales cycle. Additionally, sellers frequently do not plan a sales call with a specific Advance in mind. In the absence of such planning the seller is rolling the dice as to whether that call will end in a Continuation or an Advance. A good sales manager will want to know if the customer has skin in the game.

Opportunity Coaching in Action—a Mini Case Study

Huthwaite recently helped a sales team in a Fortune 100 IT company. The team was already pretty sophisticated, and had a number of standardized sales practices in place that they executed each week. One of those was a forecast review. Every week, each seller would review the forecast with his manager, who reviewed the team rollup with her VP, who would finally in turn review the regional rollup with the EVP.

Even with this strong process in place, the team was consistently hampered by a large number of late stage deals falling out of the pipeline. Revenue that the team was counting on suddenly evaporated. Frustrated by this, and convinced that more could be done early in the sales cycle to increase the probability of success or vet the deals that were progressing down the pipeline, the EVP turned to Huthwaite for guidance.

One if his goals was to use the time the entire team was spending on weekly forecast reviews more effectively since the time invested in the current process still wasn't yielding the desired outcome—specifically a clean and predictable pipeline. We therefore focused on those forecast review calls and the portion of time they had allocated to focus on selected opportunities. We helped the EVP refine the types of questions he asked, focusing on the four questions listed in this white paper, so that he could more quickly and effectively get to issues that were going to impact the sale. We also helped him define criteria for the types of accounts that should be reviewed, and helped him narrow the list down such that the team had plenty of time to dive deeply enough to make a difference.

This proved so effective that the EVP opted to roll out Opportunity Coaching to all of his sales managers. Now managers have a structured approach for guiding sellers through the early steps in the sales process, identifying holes in early stage opportunities and helping sellers develop a plan to plug those holes. Both sellers and managers are getting significant value from the sessions, sellers have a better strategy to win the business, and managers have a better understanding of the opportunities in the pipeline, and both have stronger pipelines with higher yield ratios. Since it is a structured process with clearly defined outcomes, Opportunity Coaching is being mandated by the leadership team. Generally managers are opting to tack time onto their weekly forecast reviews, working with their sellers to choose just 1 or 2 accounts per seller per month.

As a result of this approach, managers have reported that they are:

- now coaching early stage opportunities;
- succeeding in progressing a couple of opportunities that had been stalled in the pipeline;
- identifying significant holes in opportunities that until the week prior they were confident would close as scheduled;
- forcing realism into their pipelines; both sellers and managers are being much more honest about opportunities, which is improving how they are allocating resources to support opportunities, and how seller time is allocated;
- truly evaluating opportunities through their clients' eyes, and evaluating why the client would want to consider any solution;
- ascertaining the clients' perception of their capabilities as compared to their competition.

In short, providing this client a structured process for conducting Opportunity Coaching sessions, and the managers with the skill to be able to execute those sessions, has made a big difference on their ability to progress and evaluate early stage opportunities. Gradually that is improving their pipeline yield.

Conclusion

We hope it has become clear that not only is Opportunity Coaching directly linked to generating revenue, but that it is easier than originally thought. It requires an understanding at the executive level to see the link between coaching and revenue in order to make it a priority. At the sales manager level it requires the focus on four key questions and the skill to judge the answers and help sellers develop a plan. By focusing on their sales managers, companies leverage the fact that managers are, in essence, force multipliers. Give the managers the skills to coach sellers effectively and their talent is spread across many sellers and opportunities. Companies that realize this can do wonders with their sales force relatively quickly and easily. Productivity gains are there to be had.

With more than three decades of delivering client results, Huthwaite is the leading sales performance and change management firm. As pioneers in the application of behavioral research and analysis to improving sales effectiveness, we impart the skills and processes to drive lasting change and measurable business outcomes.

Building upon our prestigious research legacy, broad subject matter expertise and success-based sales models, Huthwaite's approach integrates implementation and training strategies to cultivate critical competence across the client enterprise. In short, we help clients diagnose challenges, define success, prepare for change, implement sales performance solutions and support ongoing improvement. By continually revisiting this process, we empower clients to adapt to changing markets, anticipate new needs and stay ahead of the competition.

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