

EXECUTIVE SUMMARY

Complex B2B sales are becoming more difficult to find and close than ever before, due to longer sales cycles and more complex B2B purchasing processes. In addition, the traditional lead generation and prospecting process is proving to be less effective than it once was. Many salespeople do not have the time required to do effective lead generation, prospecting, call preparation, or lead nurturance.

One solution is to adopt a Sales 2.0 model, which can reduce selling costs, dramatically shorten the sales cycle, and significantly increase sales revenues. Adopting a Sales 2.0 model can help you:

- Increase your sales revenues
- Accelerate your sales cycle
- Convert more leads to sales
- Reduce selling costs
- Increase sales productivity
- Free up your salespeople to do more selling

How is this possible?

In the Sales 2.0 model, many of the critical sales activities are transferred to an internal or external “sales development” function. This workload transfer frees your salespeople to close more business deals, thus increasing sales productivity and reducing your selling costs. In addition, new technologies, such as social media and Web 2.0 tools, are used to build relationships and provide strong leads for your salespeople.

WHAT IS THE SALES 2.0 MODEL?

To understand the Sales 2.0 model, let’s look at the traditional sales model and compare the two. How difficult is B2B selling in today’s market?

The bad news is:

- **52%** of sales reps in the US did *not* achieve their sales quota in 2011 (CSO Insights, 2012)
- **94%** of all “marketing-qualified” sales leads will never close (Sirius Decisions, 2009)

A look at the traditional lead generation model may indicate why this problem is occurring.

The Traditional Role of Lead Generation

The role of lead generation is to provide salespeople with pre-qualified, sales-ready leads. Each sales lead represents a prospect to be followed up, further qualified, and converted to a sale by an experienced sales professional.

In the classic prospecting scenario, the salesperson uncovers or receives the sales lead and attempts to schedule a meeting with the prospect. The purpose of this initial meeting is to better understand the prospect’s business needs—and, very importantly, build rapport and establish a relationship to build trust and confidence. This is an important precursor to the final sale.

However, scheduling the first meeting is not as easy as it used to be. Increased time constraints faced by many business buyers today have made it increasingly difficult for salespeople to get through to a prospect.

52%
94%

In the traditional sales prospecting model, scheduling this initial sales meeting has become such a challenge that external telemarketing vendors are often hired to conduct phone calls on behalf of the salesperson for appointment-setting with prospects.

The new Sales 2.0 model offers a more effective approach to prospecting.

The Sales 2.0 Model for Prospecting and Lead Generation

The new Sales 2.0 model optimizes the alignment of your sales resources more effectively than the traditional sales model.

- The Sales 2.0 model transfers the non-selling workload of a quota-carrying salesperson to a non-quota-carrying, lower-cost sales resource called “sales development”.
- This shift of workload frees up the salesperson’s time and allows him/her to focus on what he/she does best—selling and closing more deals.

If implemented correctly, Sales 2.0 can reduce selling costs, increase sales productivity, and provide a high return on investment (ROI).



Reduce costs: Offloading part of the sales workload from your salespeople can be very cost effective because a salesperson’s “opportunity cost” to the company is very high.

\$500
Per hour

For example, a salesperson with a \$1 million annual quota is worth **\$500** an hour to the employer, not counting the salary and benefits. This is calculated by dividing \$1 million by 2,000 hours (50 work-weeks per year * 40 hours per week). On the other hand, a non-quota carrying sales resource receiving \$100,000 a year in salary and benefits costs the company only \$50 per hour; **one-tenth** of the salesperson’s hourly opportunity cost.

Implementing the Sales 2.0 model also includes:

- **New processes:** New work alignment processes must be implemented so that your sales team and the sales development function are tightly aligned and are working together seamlessly to increase sales productivity and accelerate your sales cycle.
- **New technology:** New enabling technologies such as social media and Web 2.0 tools are available to facilitate the shift to a Sales 2.0 model—and can also provide a competitive advantage to your company’s sales prospecting processes.

The Role of the Sales Development Representative in the Sales 2.0 Model

The Sales 2.0 model requires implementation of a “sales development” function. Sales development representatives are highly-trained, do not carry a quota, and can be either internal or external resources. These are the people who take on the non-selling workload from salespeople, freeing them up to be more productive.

The primary work of the sales development representative is to generate, pre-qualify, nurture, and deliver high-quality, sales-ready leads to quota-carrying salespeople.

Sales development representatives can:

- Initiate and engage prospect contacts in online conversations using social media to build trust and credibility before the salesperson meets with the prospect.
- Make appointments for the salesperson to meet with the prospect contact.
- Manage the valuable process of nurturing your “warm” leads until they are ready for sales conversations with your salespeople.
- Develop highly useful prospect profiles to prepare the salesperson most effectively for the initial meeting with the prospect.

The Function of Social Media in the Sales 2.0 Model

The prospecting process in the Sales 2.0 model is very different from the traditional prospecting process. For example, in the Sales 2.0 model an informal conversation to build trust and rapport and to learn about the prospect’s business needs can take place even before the salesperson meets with the prospect.

The technology that allows such a trust-building conversation to take place is online social media such as LinkedIn, Twitter, and Facebook. An online social media conversation with a potential buyer can be initiated by a sales development representative—before the salesperson gets involved—greatly increasing sales productivity and increasing prospecting reach.

The good news is:

91%

- **91%** of B2B IT buyers are now involved in social media at least as “spectators” (Forrester Research, 2009).

WHY ARE COMPLEX SALES MORE DIFFICULT TO CLOSE TODAY?

Most high-technology B2B sales for businesses ranging from small to enterprise-level are “complex sales,” meaning there is more than one decision-maker involved. However, due to difficult economic times over the past few years, many buying firms have cut their budgets. Hiring is tight and many companies have downsized. Often one person is doing the work that two people did before, which leaves them little time to meet with salespeople.

In addition, there are many other challenges associated with the complex sale today:

- Tighter budgets for buyers
- More people involved in the decision-making process within the IT buyer’s organization
- Lengthier approval processes mandated by the buying organization
- Increased complexity of the decision-making process for many buyers
- Buyers’ desire to avoid risky decisions
- Increased number of options for buyers due to competition
- Buyers now require more information on proposed solutions
- Dependency on the efficiency (or inefficiency) of internal communication between various departments involved in the purchase decision

These factors may help explain why decision-makers at your prospective customer organizations have so little time to meet with your salespeople—especially someone they do not already know. To succeed, sales organizations must adapt their sales process to these new business realities.

Many selling organizations have not yet adopted new marketing strategies and sales tactics that are better suited to these new business realities. As a result, there may be a significant competitive advantage for the selling organizations that do adopt the Sales 2.0 model more quickly than their competitors.

Purchasing Decisions Are Made by More People

Recent research (MarketingSherpa, 2009) tells us how many people are involved in buying a sophisticated technology product priced over \$25,000 in firms of different sizes:

- 100-500 employees: **7** decision-makers
- 501-1,000 employees: **14** decision-makers
- Over 1,000 employees: **21** decision-makers

Another study suggests that every five years, three additional decision-makers participate in the buying process (Sirius Decisions, 2005). This means that 21 decision-makers today will become 24 decision-makers five years from now!

Sales Cycles—Getting Longer

Because the decision-making process has become more complex, sales cycles are getting longer in all industries. A small sale that may have taken just a few weeks to complete a few years ago may now take an entire quarter to negotiate—just to turn it into a qualified sales lead.

22%

Recent research indicates that the length of the sales cycle is increasing about **22%** every five years. (Sirius Decisions, 2005) This means that a six-month sales cycle today will take **7.3 months** five years from now.

PROSPECTING: WHO ARE YOU GOING TO CALL?

A crucial question for a salesperson searching for new prospects is: “Who should you call?”

- What companies should you target?
- Which of your targeted prospect companies has an immediate need for your solutions?
- Who should you call on within the target company?

The next step is often the biggest hurdle of all. Once you have identified a few people in the target company who may be involved in, or know about, the decision-making process, how do you get an initial meeting with them?

The traditional prospecting model involves a lot of cold calling, which usually amounts to leaving many voicemail messages for contacts in the prospect organization. Cold-calling can take up a lot of a salesperson’s time and can be very frustrating.

How much harder is cold-calling than it used to be?

Some telemarketing firms have reported that it typically takes between **7 and 12** attempted calls just to get a decision-maker on the telephone to schedule an initial meeting, and then between **7 to 10** additional meetings to complete a sale. (Edelshain, 2010)



If there are just seven decision-makers involved in the decision, completing a sale will require at least 700 phone calls per prospect organization to complete the sale. Perhaps this begins to explain why over half of the sales reps in the U.S. did not achieve their sales quota last year!

Is there a better way to reach your prospects?

According to research, referrals are a very effective way to gain a meeting more quickly with a prospect decision-maker and to accelerate the sales process.

A recent survey of salespeople asked “How often do you close sales that you initiated with a referral?”

- 31 percent said “over **50%** of the time”
- 30 percent said “over **70%** of the time”
- 23 percent said “over **90%** of the time”

84%

In other words, 84% of salespeople polled said they close business 50% or more of the time if they initiated contact based on a referral, and 53% of the salespeople polled said they close business 70% or more of the time when they initiated contact based on a referral. Referrals are powerful!



9 calls

Some sales organizations report that with a referral, it may take only **three calls** to reach your prospect to schedule a meeting, and only **two or three** meetings to complete the sale—a total of only **nine calls!** Compare those nine calls to complete a sale based on a referral to the 700 calls required without a referral. That is a sales productivity boost of over **7,000%**, and clearly accelerates the sales cycle.

CAN SOCIAL MEDIA HELP YOU GET AND CLOSE MORE DEALS FASTER?

Since over 90% of B2B IT buyers are involved with social media, it stands to reason that social media sites offer promising ways to engage potential prospects in trust-building conversations, obtain referrals, and better prepare for meetings with prospects.

Using social media can turn the daunting problem of more and more decision-makers in the buyer organization into an opportunity. Using a referral to connect to any one of the 7 or 14 or 21 decision-makers provides a possibility of enlisting that contact as an inside “champion” who will act as a referral to other members of the decision-making committee.

The traditional way to obtain a referral is to comb through one’s Rolodex or hang out at cocktail parties or at the golf course to find someone you know who also knows your prospect. Today’s Rolodex is a social media site such as LinkedIn, virtual “cocktail party” conversations take place on Twitter, and golfing buddies now “tee off” on Facebook.

A Social Media-based Prospecting Plan

As we’ve seen, referrals are powerful. They help build trust and confidence, and can dramatically shorten the sales cycle and increase the closure rate. Once your referrals have helped your salesperson get an audience with the prospect, good preparation is crucial to success at the sales meeting.

Here are some basic steps that can be taken using social media to obtain referrals and adequately prepare for a productive sales conversation with a prospect.

Social Media-based Prospecting Plan

1. Develop a basic prospect profile.

Use online and offline resources to begin building a prospect profile, on both the prospect company and the prospect contact or contacts. The ideal prospect profile contains up-to-date information on the prospect company’s challenges, noteworthy events, key contacts who may be involved in the purchase decision, and relevant organizational changes.

2. Look for mutual business acquaintances.	Use online resources such as Google and social media to identify any mutual business acquaintances or shared business connections, such as a company where both the salesperson and the prospect have worked in the past.
3. Ask mutual business acquaintances for a referral.	If one or more of the mutual business acquaintances works at the prospect company, the salesperson can reach out to that person to learn more about the prospect company's business needs, and to identify other people there who may be key contacts.
4. Build an acquaintance with the prospect before the meeting.	If the salesperson does not share any mutual business acquaintances or business connections with the prospect, online conversations can sometimes be initiated with key prospect contacts using social media such as LinkedIn, Facebook, or Twitter.

Benefits of Using Social Media for Pre-sales Conversations

Some of the benefits to online pre-sales conversations via social media are

- **Convenience:** Because online conversations do not need to occur in real time, the two parties can respond when they have a free moment.
- **Relaxed:** Because immediate replies are not necessary, it allows for a more thoughtful conversation.
- **Trust and confidence:** Talking online builds trust and confidence between your company and your prospect—before an initial formal sales meeting.

The Challenge of Using Social Media: One challenge associated with salespeople using social media to obtain referrals is the time it takes to establish and cultivate relationships with numerous contacts. Time is a very precious commodity for sales people.

The Sales 2.0 Solution: The solution in the Sales 2.0 model is the sales development representative. Many of the early social media connections are made by the sales development rep instead of the sales person—greatly increasing sales productivity

ARE YOUR WARM LEADS “FALLING THROUGH THE CRACKS”?

80%

Any salesperson worth his or her salt is going to jump all over a “hot” lead. But what about the “warm” leads, where the prospect has asked to postpone scheduling an initial sales meeting for three months or more? One informal study indicated that the number of warm leads “falling through the cracks” may be as high as **80%** (Miller, 2012).

Unfortunately, many salespeople simply do not have the time to keep these “warm” leads warm. What may sometimes happen? One of your competitors calls on your neglected prospect at just the right time, and your neglected “warm” lead becomes their “hot” lead—the one that you paid good money to generate!

“Warm” leads need to be nurtured and protected, like a mother hen with her eggs, until they are ready to hatch. “Lead nurturing” helps maintain an ongoing relationship with your prospect. It is simply keeping in touch regularly with your “warm” prospects. You can let your warm prospects know about upcoming events such as webinars or seminars, or send them e-mail offers of



relevant reports, white papers, or e-newsletters—all designed to keep the relationship warm until the prospect is ready to buy.

Time Challenge: For complex B2B sales with multiple influencers, this lead-nurturing process might take place over several months, but it is time well-spent if it leads to more sales based on leads you already have paid to generate. This increases your lead-to-sales conversion rate and lowers your cost-per-lead.

Sales 2.0 Solution: Because it takes a continued effort over a long period of time, in the Sales 2.0 model lead nurturance is usually done by sales development representatives—increasing sales productivity and reducing selling costs.

“BE PREPARED” IS ESSENTIAL FOR SUCCESS—HOW MANY SALESPEOPLE TRULY ARE?

Most salespeople would agree that preparation is the key to success in any endeavor and especially in sales. In today’s business climate, most buyers say they are very pressed for time and do not want their time wasted by unprepared salespeople.

However, a recent IDC study found that **only 16%** of sales professionals claimed to be “extremely prepared” for meetings with prospects, while **57%** admitted they were either “not prepared” or only “somewhat prepared.”

Why are so few salespeople well prepared? Lack of time has been cited as a primary reason. According to survey data, so much of the average salesperson’s time is spent on writing reports, assisting with current customers’ post-sales issues, and maintaining customer records, they often have as **little as 35%** of their time available for selling and prospecting activities (Carroll, 2006).



A more recent study (CSO Insights, 2012) found that the average sales rep spends **24%** of the time researching to prepare for sales calls. In that same study,

- **82%** of sales reps said they were challenged by the amount of data available and the amount of time it took to search through it.
- **89%** believed they were missing valuable sales opportunities because they couldn’t keep up with the deluge of data now available.

However, a carefully-researched, complete prospect profile may be crucial to advancing the sales process, since it provides a thorough briefing for the salesperson so that he or she is well prepared for a highly productive initial sales conversation.

Sales 2.0 Solution: Because really useful prospecting profiles are time-consuming to prepare, in the Sales 2.0 model they are often researched and written by the sales development representative instead of salespeople—increasing sales productivity.

82%
89%

WHAT'S THE ROI OF THE SALES 2.0 MODEL?

We have discussed numerous advantages of adopting the Sales 2.0 model and transferring important but time-consuming activities from the salesperson's workload to other sales resources, such as sales development representatives.

"Time is money" is literally true when you consider a salesperson's opportunity cost. Transferring non-selling tasks from quota-carrying salespeople to salaried sales development representatives can provide a very large return on investment.

125%

Sales 2.0 success story: Instead of hiring additional salespeople, one high-tech firm with 16 field salespeople hired four salaried sales development representatives (Seley, 2009). Here are the results:

- The company's annual sales revenue shot up **125%**.
- The ROI from hiring the four sales development representatives was calculated to be **1,053%!**

For smaller companies (as many channel partners are) who cannot afford to hire in-house sales development representatives to take on the sales development work, it might make good business sense to outsource these important but time-consuming functions and free up your sales staff to do what they do best—sell and close more business deals.

SUMMARY OF SALES 2.0 MODEL BENEFITS

Adopting a Sales 2.0 model can help you

- Increase your sales revenues
- Accelerate your sales cycle
- Convert more leads to sales
- Reduce selling costs
- Increase sales productivity
- Free up your salespeople to do more selling

Following the guidelines presented in this paper can help you get started with a Sales 2.0 model and put you a step ahead of your competition.

Author

Dave Magram, Practice Manager
October 15, 2012.

MORE ABOUT PARTNERPRO OFFERINGS

PartnerPro Services can support your salespeople with a highly effective customized Sales 2.0 strategy, sales development resources, and a lead generation plan to help you increase the effectiveness of your sales process, shorten the length of your sales cycle, and increase your sales revenues.

To learn more about PPS, call us today or visit www.partnerproservices.com