

# **The Sales Intelligence Challenge:**

## **What Do You Really Need to Know to Sell Effectively?**

**Compliments of:**  **InsideView™**

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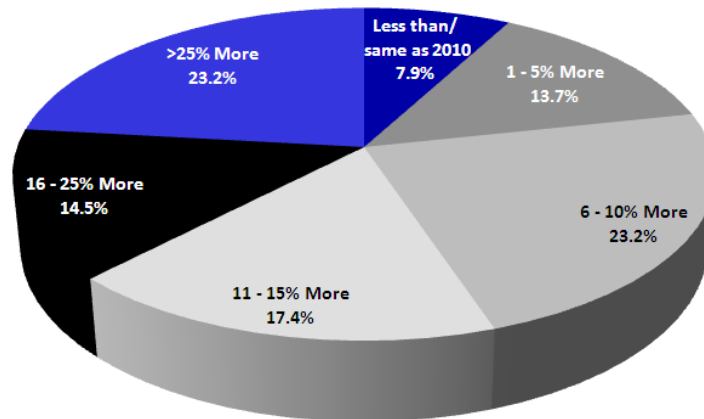
### INTRODUCTION

After a horrific drop in sales performance in 2009, sales teams worldwide rebounded in 2010 to put up some stellar numbers considering the uncertainty in the economy. Across the 2,000+ firms we surveyed as part of CSO Insights' 17<sup>th</sup> annual Sales Performance Optimization (SPO) study, we found that, on average, 59.4% of all reps made their quotas this past year compared to 51.8% in 2009. This contributed to a significant improvement in overall plan revenue attainment increasing from 77.9% in 2009 to 85.9% in 2010.

In analyzing the 100+ metrics we collect each year as part of the SPO survey, we looked for the trends that contributed to sales success. For 2010, we found that the main factor driving higher sales performance appeared to be reps just plain working harder. They put in more selling time and they found more deals, but it was a matter of perspiration rather than inspiration. The reason we say this is that win rates of forecast deals remained near their all-time survey low of 46.4%.

In looking forward into 2011, a yellow caution light is appearing. While we applaud the hard work sales teams put forth to achieve their revenue goals last year, "working harder" is going to need the support of "working smarter" in 2011. Here is why: when we asked the SPO study participants to tell us what changes they had implemented to quota expectations for 2011, they shared the following with us:

**2011 Revenue Targets Compared to 2010**



Above, we see that 92.1% of firms raised quotas for 2011, which represents the highest number of companies doing so in the history of our survey. In addition, the percentage increases are also at all-time highs. So, how are reps going to hit these new targets?

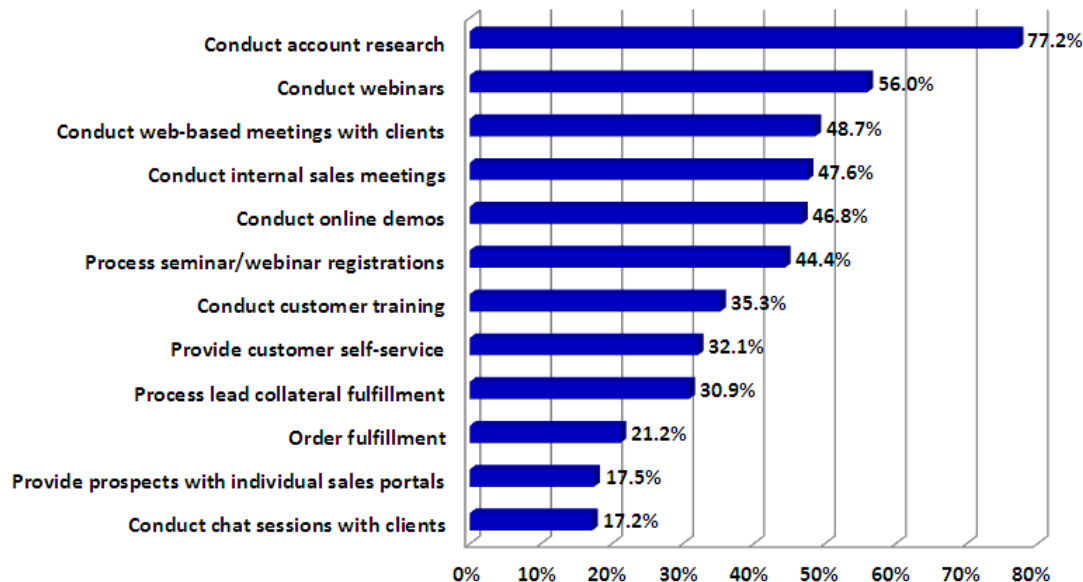
In this white paper we will explore one strategy you can implement to help your salespeople sell smarter in addition to harder. Innovations in sales intelligence (SI) are helping reps gather and leverage the insights they need to find more opportunities, build consensus across multiple stakeholders to close more deals, and optimize the size of those contracts through effective cross-selling/up-selling.

### Sales Intelligence: Self-Search versus Technology-Enabled Discovery

Over the past year we have been writing about how the buy cycle is forcing changes in the sell cycle. One of the key trends we noted is that prospects are leveraging the Internet as a key tool to learn about solutions to the problems they face. A question we have been asking is how should sales be using the Web to more effectively sell to their clients?

As part of the 2011 SPO survey, we posed that question to the study participants, and in return we received the following answers:

#### Utilization of the Internet to Support Sales and Marketing



While there are clearly a number of ways that sales can use the Internet, the number one method is as a research tool. The 2011 SPO study found that, on average, reps spend 24.1% of their work week on research and lead generation activities, so it is logical sales teams would turn the Web for help. In delving deeper into this topic, we found Internet-based research comes in two flavors. In 62.1% of the firms we surveyed, the company utilized one or more sales intelligence services to conduct technology-enabled searches for the reps. The remaining 37.9% of sales organizations left it up to the rep to search the Web on their own.

Clearly, sales intelligence services have a cost associated with them, and nearly four in ten companies appear to be asking the same question: why pay for something that you can get for free? Google and similar search engines are available to any rep at no cost. Our problem with this logic is that while search engines are free, a rep's time is not.

Let's say you are a rep who wants to sell to technology firms. If you type in "International Business Machines," Google will give you access to over 14,700,000 pages of content on the Internet. So yes, you have access to a lot of information on IBM for free, but what

are you supposed to do with it? Trudging through the seemingly endless stream of Web pages to find useful information can consume way too much selling time, if we let it.

To make matters worse, most of the news and social media sites that hold relevant information are designed to distract the user, which in turn increases the time they spend looking for relevant information. A business search can quickly become a social gaming session, which is clearly not the way to increase sales productivity. Sales intelligence services that monitor and distill relevant information from social media can ensure that salespeople stay well-informed without running the risk of distracting them from the task at hand.

In comparing the sales performance between the users of self-search and technology-enabled search, we found another factor to consider: sales reps' win rates. The purpose of researching clients is to gain the knowledge needed to increase your odds of closing a deal. The following table compares the win rates of forecast deals for these two groups of sales organizations.

Research Method as Related to Win Rates of Forecast Deals	Win Rate
Self-Search	43.4%
Technology-Enabled Search	48.2%

Technology-enabled search users have a noticeably higher win rate than their self-searching counterparts. To appreciate what this really means, consider the following. Let's say for the moment that you are self-search firm. You have a 100 person sales force, with each rep carrying a \$1M quota, and your average deal size is \$50,000. If you are experiencing a 43% win rate, in order for a rep to make quota they would need to generate 47 qualified opportunities in order to close the 20 needed to achieve plan.

Now assume you were able to increase your win rate of forecast deals by 5%. Now you are closing 48% of those 47 opportunities, or 22.5 deals per rep. Across your entire sales force that represents a net increase of 225 deals, or to look at it another way, an 11.25% increase in total revenues

We will get into what aspects of technology-enabled search contribute to this increased sales effectiveness later in this paper, but the take-away for us, based on this analysis, is that the cost of *not* providing sales intelligence services to sales teams is much higher than the cost of doing so. Our advice to the over one-third of firms not leveraging these services: evaluate what these services can do for your sales teams.

### **Sales Data versus Sales Intelligence: Results Will Vary**

After reviewing user feedback on various SI services, we found that all solutions are not created equal, and the productivity gains vary substantially. What you need to understand is the difference between giving your reps access to sales data as opposed to true sales intelligence.

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## The Sales Intelligence Challenge

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The first generation of SI offerings that came to market decades ago was data-centric. Through various methods, they gathered information on key contacts (name, title, email address, phone number) within accounts for the sales reps, and also offered some basic facts about the business (revenues, industry, etc.) This sales data is clearly useful, as trying to find who to contact within a company can be challenging. But knowing who you want to talk with is only half of the sales challenge; the other, more important issue, is determining why your prospect may want to talk with you, and finding the right time and best avenue for reaching out to those individuals.

Tapping into insights about prospects and the companies they work for has become the objective of a new generation of sales information called sales intelligence. Next-generation sales intelligence services gather, synthesize, and present relevant account and decision-maker knowledge to sales reps. We will go into how these applications work in a minute, but let's first show you why you should care.

In comparing sales data versus true sales intelligence, we found a number of key differences. The first relates to sales cycle conversion rates. The table below shows the percentage of firms reporting lead to first discussion conversion rates of >50%.

<b>Lead to First Discussion Conversions as Related to Type of Sales Intelligence Solution Used</b>	<b>Lead Conversion Rate &gt;50%</b>
Sales Data Users	35.4%
Sales Intelligence Users	45.7%

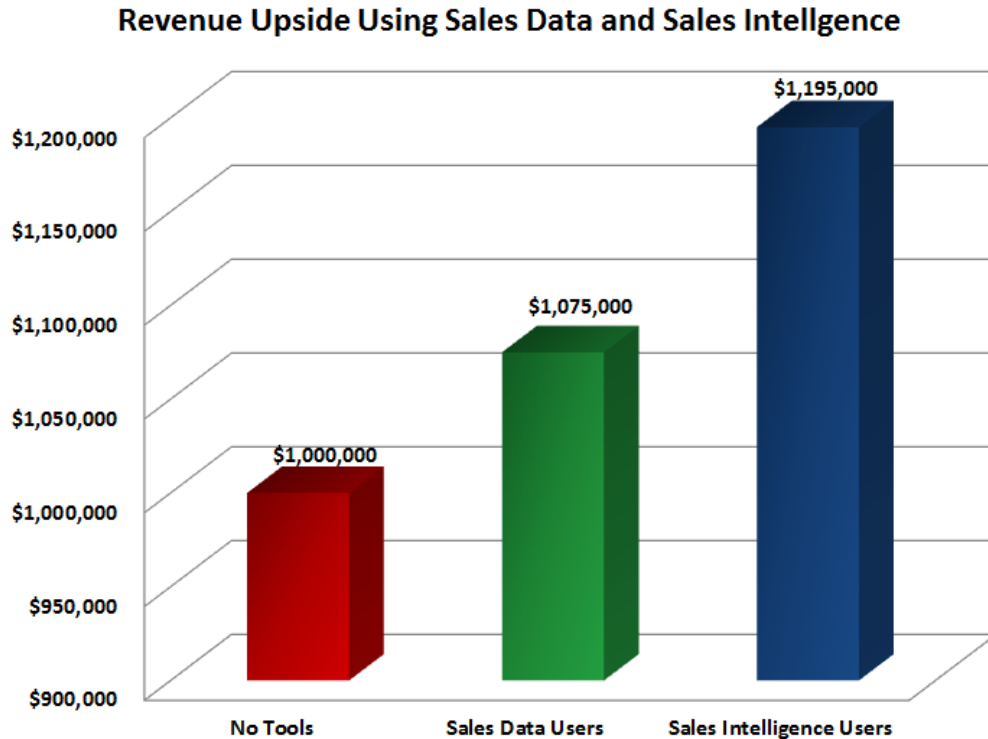
Over the past five years, our study data has shown that convincing a qualified prospect that they should invest the time to have an initial discussion with a sales person has become increasingly challenging. Above, we see that when armed with the right knowledge salespeople are much more effective at this aspect of selling. Salespeople who understand their prospects' business issues and have found interests or people networks in common are more likely to engage the prospect in a real dialog followed by a discovery conversation or presentation.

The conversion challenge continues for each progressive stage in the sales cycle: converting that first discussion into the chance to deliver a presentation or demo, converting that presentation/demo into the opportunity to present a proposal, and finally converting that proposal into a signed agreement. This overall advantage is shown in the following table as we compare the win rates of forecast deals of these two groups.

<b>Sales Intelligence Solution Type as Related to Overall Win Rates of Forecast Deals</b>	<b>Forecast Deals: Win Rate</b>
Sales Data Users	45.9%
Sales Intelligence Users	50.8%

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So to summarize, while sales data can provide an improvement over the self-search approach, the real increase in sales performance comes when you leverage sales intelligence solutions:



A sales rep who made quota with a 43.4% win rate would generate \$75,000 in additional revenue if he or she increased his or her closing percentage to 45.9%. But revenues would shoot up by \$195,000 if the rep could improve his or her win rates to 50.8%. Reflecting back on the revenue targets that sales organizations have set for this year, to make plan getting win rates as high as possible is a goal all companies should be focused on in 2011.

### Components of Sales Intelligence

So, if you are not currently leveraging sales intelligence today, or if you are but you want to ensure you are making the right investments, how should you go about assessing SI services? In benchmarking initiatives where SI is truly improving sales performance, we found five capabilities that should be included in any SI service you select.

- **Rich and Accurate Contact Management:** The foundation for all SI systems is comprehensive information on contacts within the accounts you want to sell into. To effectively compare various alternatives, look at three things:
  - First, what is the quality and coverage of the contacts you care about? You should not rely on the total quantity of contacts in the sales intelligence database (lots of low-level contacts that are irrelevant to your

sales efforts will just add noise to the system), but instead on the coverage of the decision makers you sell to (by title and industry).

- Second, do you have integrated access to deep profiles on decision makers? You should ensure that SI provides your reps with access to a prospect's full bio, social network profile, and other relevant information about that which will help your sales teams create meaningful engagements.
  - Lastly, how, and how often, is contact information updated? Take the time to understand the solution provider's method for managing contact information to ensure they are getting you information on the relevant stakeholders you want to engage.
- **Access to News You Can Use:** In addition to information on contacts, you want to understand the scope of germane knowledge that you can access about the markets you are selling into, the companies you have targeted, the challenges those firms face, news related to your key stakeholders, etc. Let us emphasize the word germane. You want to make sure you understand not only how SI vendors gather their news and information, but how they then synthesize that news and information to present only insights that are relevant to salespeople.
  - **Trigger Event Management:** If you look at past wins, you often start to see that there are certain events or conditions that make prospects more likely to buy from you. Internal trigger events (within the companies you sell to) might include poor earnings growth, key executive changes, new funding announcements, new product launches, etc. External triggers could be new governmental legislation, changes in the competitive landscape, economic cycle shifts, etc.

You need to ensure the SI solution you implement allows you to define trigger events that have meaning to your sales reps, that it continuously searches the Internet to find buying opportunities that match those triggers, and that the appropriate rep is notified immediately when it finds key events. Sales data solutions might include news feeds, but that will not give you the productivity gain that you will get with good triggering technology. Your sales intelligence technology should be intelligent; it should do the research and analysis for your sales reps, not require them to do manual research.

- **Social Intelligence Support:** The social media phenomenon has clearly gathered a lot of interest in the B2C world. We see it also having strong applicability in the B2B space. Giving reps access to social intelligence and being able to see a prospect's Facebook postings, LinkedIn profile, most recent tweets, etc., gives reps access to a wealth of new insights.

Just as important as having deep insights about a prospect or customer is the ability to quickly discover how your users are connected to a company or a specific executive through social networks. Leveraging this social intelligence gives salespeople another way to learn about the issues that are important to



their prospects, connect with individuals who are expressing their views on those issues, and then have more meaningful dialogue around how you can help address those challenges.

Accessing and assessing these social conversations and knowledge needs to be something your SI service provides, but you need to go beyond the claims of “social media integration” (which could mean just adding Google maps to an otherwise traditional sales data service). Therefore, you need to understand vendor strategies for dealing with this new source of sales insights, and verify that your users will have nicely integrated, full access to the important social media sites like LinkedIn, Facebook, Twitter, and blogs.

- **Full CRM Application Integration:** Once you have found useful sales intelligence, you need to link it to the specific opportunities to which it is relevant. When you do this, SI and CRM integration becomes a must have. At a minimum, your SI service should automatically update contact and company information as it detects changes. To fully support this, your SI and CRM systems will need to be linked at both the standard and customer record field levels. On-page information access is ten times more likely to be used than information that’s even just one click away. Therefore, the more seamlessly you integrate SI into the CRM solution your reps are already using, the higher the adoption rate you will see for both applications.

### Sales Intelligence in Action

The experiences of Mark Stock, Senior Director of Sales at Adobe Systems, demonstrate the value that SI can provide sales organizations. Mark started leveraging SI in early 2008 when he partnered with San Francisco-based InsideView to give his sales teams access to their SI platform.

The key reason behind his SI initiative was the need for “relevance.” As Mark shared with us, “In this day and age everything is about relevance. If you are a sales person and you are going to call me, you better already have some educated assumptions of what I need. I don’t have time to educate you on my company, our challenges, my role, etc.,— you need to discover those things for yourself.”

SI provides Mark’s sales teams with access to those insights. As Mark continued, “The way we operate today is that our salespeople will enter the top 100 firms they are targeting into InsideView, which is integrated directly into the salesforce.com CRM application they are already using.”

Two benefits have resulted from utilizing SI. The first is better leveraging of a sales person’s time. InsideView continuously monitors each rep’s target 100 list. When it surfaces relevant information about those companies, the markets they are in, key stakeholders in those firms, etc., it automatically notifies the sales rep of those events. As Mark noted, “InsideView not only provides salespeople with high-quality information, it also has cut the time it takes to do that research by half.”

We can see the real impact SI has on the performance of Mark's sales teams when we look at their conversion rates. Mark noted, "One metric we track is the percentage of target accounts a sales person is engaged with. Historically, we thought we were doing well if each rep was actively talking to 10% of their target 100 list. Today, that number is upwards of 30%. Part of that can be attributed to smart salespeople doing the right things. But we also understand that you get smart by doing the right research, and that is what InsideView helps them do."

### Our Advice

The revenue goals many companies have set for 2011 are aggressive. We can hope that the economic recovery continues, but caution dictates that we also focus on things we can control in case it doesn't. Our recommendation for this year is to find ways to increase sales reps' effectiveness. The 2011 SPO study data clearly shows that moving from product-centric to solution-centric selling is a major contributor to this.

To do this, reps are going to have to be more consultative than ever before. We can teach them *what* to do in sales training. But once they are back in the real world we need to arm them with the knowledge they need to effectively identify and engage prospects using these new sales skills. To support this, the sales teams armed with the best sales intelligence will have a competitive edge, which, in turn, will make sales intelligence a must-have in order to sell effectively.

In reviewing the SI market space over the past couple of years, cost effective methods for giving your sales reps access to what is effectively a digital research assistant are now available to any sized company. And the data shows that given access to the right sales intelligence, salespeople can close more deals, which will take you a long ways toward your 2011 revenue goal.

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