

BEST PRACTICES of Successful Software Salespeople

A study of the best practices of successful software company salespeople, conducted by the executive search firm Spencer Stuart in conjunction with *Software Magazine*, has found that the most important ingredients of success are a quality product and an effective sales force. But more compelling is evidence that the long-heralded team-selling concept has taken root. The most successful companies consistently put together highly trained teams to help their customers understand the benefits of their products.

The most successful enterprise software companies focus on building relationships with executives at Fortune 500 companies, and they use a “best team” approach to partner with these companies. This teaming can take many flavors, such as inside sales working with outside sales and channel partners to drive revenues, or product specialists overlaying revenue-focused sales reps. But the bottom line is that the most successful software companies have moved away from the “lone wolf”

sales rep model to an approach founded on teamwork.

While this might not seem like earth-shattering news, it does point to the need for software suppliers interested in reaching their revenue targets to focus on the quality of their products, and to invest in helping their sales forces use approaches that do not turn IT managers off.

IT managers should insist that the salespeople representing their software suppliers study the best practices of their counterparts in other firms to avoid losing business by engaging in IT management “turnoffs.” These include: not delivering on promised products, making exaggerated or outright false claims, not bringing the right skills or expertise to bear on the customer’s problems, or avoiding accountability if a product is proving difficult to implement or use.

“They have got to listen to what we say,” says Nancy Bryant, CIO with First City Savings Federal Credit Union in Glendale, Calif. “Sometimes you say you’re not interested and they still want to come out and show you things.”

Bryant has had a pleasant experience recently with sales efforts of Dartware (www.dartware.com), which offers the InterMapper tool for system monitoring. When the sales operation called and asked if Bryant needed new monitoring software, she said yes, and they explained what they could do for her. When she had a question, they e-mailed her back an answer in a timely manner. Later she received a follow-up phone call. “We are going to purchase the product,” she says.

Other tips from Bryant for software company salespeople included:

- Be knowledgeable about your product, or have a technical person available who can answer questions. “You can tell if they are reading a script and have no clue,” she says.
- Avoid annoying persistence. “When they call up and I say I don’t need it, then they send me priority mail and ask me what I think of it, when I didn’t ask for it, it’s annoying,” Bryant says.
- Explain how the product will save time or money, or make the IT buyer more efficient.

The best sales forces operate as a team; quality products, good training and fair compensation help; software company CEOs value leadership and a good attitude

"I appreciate hearing about new things. I don't want salespeople to stop calling. I just like them to listen when I say no and be able to answer basic questions," Bryant says.

Software Industry Challenges Salespeople

The software industry is a challenging one to sell products in, because the products are highly technical. It is often difficult for a salesperson to articulate their value to prospective customers. This is especially true when application package suppliers try to sell to business professionals with little technical background. Many software markets are crowded with competitors and extremely fragmented. The barriers to entry are low for new software companies, and large enterprises are willing to buy from startups if they make compelling cases for their products. And the best products do not always win. The sales force facing the IT buyer has much to do with the success of the software supplier.

Stratton Sclavos, CEO and Chairman, VeriSign

"Even in the current challenging economy, VeriSign saw the inherent value in developing a National Account Model for our sales team," says Stratton Sclavos, CEO and chairman of VeriSign. "Increased sales across all lines of our business through VeriSign's consolidated sales effort have proven to be a robust model. Today's CIOs are looking for one-stop-shopping for VeriSign's trusted solutions, whether it be network consulting, authentication or digital brand management. Our account managers — our quarterbacks — serve as the single point of contact for VeriSign's team of issues experts and allow a concise delivery of our trusted solutions."

By company size, 27% of the software companies participating in the study had revenues of more than \$1 billion; 40%, over \$500 million; and 33%, under \$500 million. Distribution

by position was 43% CEOs or general managers and the rest sales executives. Industries producing the most revenue for participating suppliers were technology and communications, financial services, industrial, consumer goods and services, energy and process, and life sciences.

Other Key Findings of the Study

The quality of first-line sales managers and sales leadership are the most critical factors contributing to the overall effectiveness of the sales force. Sales executives attached more importance to compensation than did CEOs and general managers of the software suppliers.

While channel partners are growing in importance, person-to-person direct sales is still how most enterprise software suppliers take their product to market. The Internet is not yet viewed as an important channel in enterprise software sales.

On pricing, management and not the sales rep makes the key decisions.

The productivity of the sales organization is primarily a function of two issues: the ability to recruit the right people, and training to upgrade the knowledge of the sales force. Also, CEOs are frustrated when their sales teams don't call at a high enough level in their customer organizations to drive decisions. This explains why sales reps keep trying to get to the boss.

Internally, software firms have worked hard to integrate their sales teams with technical support, professional services, and the senior executive team.

This partnering with professional services is driven by many software firms transitioning from a product sale to a solution sale.

However, they concede that they have not built strong bridges to the

engineering and product development organizations, nor to the customer service organization. Product development may not always be working closely enough with sales to get an accurate view of what customers need. And the lack of integration with the customer resource management, customer services, and sales force automation suggests that those areas have not lived up to their promise.

Dean Senner, President and CEO of Thales Navigation

"Our teaming strategies are based on best practices. We have found that giving product category responsibility to our sales team members enables them to become experts in their field, while giving them regional responsibility gives them a view to the rest of the business as they encounter customers outside their product area, and work to ensure they are covered by other team members with the expertise needed."

On Some Issues, Views of CEOs and Their Sales Execs Differ

Software CEOs and sales executives agreed on many of the determinants of success, such as the product quality, quality of the first-line sales managers, and their ability to hire and organize effective sales teams. However, they did look at some issues differently. CEOs felt more strongly that the ability of their sales teams to penetrate top-level executives in their customer organizations was critical, a view not expressed as strongly by the sales executives. Conversely, those sales executives were more focused on the compensation plan, both as a tool to recruit top performers, as well as a way to motivate their teams once hired.

CEOs and sales executives agreed that the ability to create effective teams was one of the most important ways of outperforming their competitors. Equally important is their ability to field a highly technically competent field organization. •