



Utilizing Guided Selling to Improve Sales Effectiveness

By Larry Schenavar,

Senior Industry Consultant, Cincom,

and

Lou Washington,

Senior Marketing Manager, Manufacturing Consultant, Cincom



In this white paper, you'll learn:

- What defines sales effectiveness in the 21st century
- How guided selling affects the buyer experience in the sales cycle
- The measurable impact of guided selling through CPQ on the sales organization



Where Did All the Buyers Go?

In 2009, the US manufacturing GDP bottomed out in the second quarter at about 4,300 billion dollars. Although 2009 was one of the worst years in recent business history, it still was consistently clocking quarterly outputs north of 4,400 billion dollars.¹

Someone was doing a lot of buying and selling during those awful years.

The point is, the buyers are where they always were, and they are buying product. What they are not doing is waiting by the phone for a sales rep to call. Today, buyers do their own early cycle research and competitive comparisons. They also talk to their own contacts about how well a given product might be working.

Buyers are waiting to talk with sales until they are well into the buying cycle. They are buying differently. Buyers know what they are talking about. They are not dazzled by sales reps who make extravagant claims about solutions that may not even be appropriate. This doesn't mean that sales is a dead profession; however, it does mean that sales must change how they engage with buyers.

In this white paper, you're going to see how guided selling, a functionality of configure-price-quote (CPQ) technology, is changing the way organizations approach and manage the sales cycle, and how this new methodology is impacting business outcomes.



What are sales' top goals?

- Create more opportunities for revenue growth (more deals, higher margins)
- Reduce sales cycle durations
- Improve sales forecasting

What Does "Sales Effectiveness" Really Mean?

Setting Goals

An understanding of "effectiveness" starts with an understanding of goals and priorities. Let's start with goals first.

One Aberdeen Research brief lists four specific motivators as far as pressures on sales performance. Insufficient revenue growth is by far the most common at 49%.² Sales forecast accuracy comes in second at 25% with sales cycle durations cited at 23% and poor lead conversion ratio at 21%. So what are we really trying to accomplish with sales effectiveness? While these issues may vary in rank and importance on an organizational basis, in general, businesses are trying to:

- Create more opportunities for revenue growth (more deals, higher margins)
- Reduce sales cycle durations
- Improve sales forecasting

Simply put, the goal is to close bigger sales more frequently with greater regularity.

Identifying Priorities

It is important to establish priorities in terms of what you address now versus next month and next year.


The Aberdeen study cited above also offers some insights as to how some companies have arranged their priorities when it comes to improving their sales efforts.

First, 44% of respondents picked the ability to replicate successful sales rep characteristics. This is essentially the process of figuring out how the winners do it and getting the rest of the team to emulate them. Close behind at 39% are programs to enhance the capability of management to build and develop sales teams. The study also shows that 37% said priority should be on getting sales reps productive more quickly.

Pulling from the stated goals in the previous section, we can say the goals of sales effectiveness can be accomplished through:

- Faster onboarding of sales reps
- Replication of effective sales processes
- Enhancement of sales management capabilities

As we'll see in the following sections, these priorities and goals that constitute our definition of "sales effectiveness" align closely with the processes and outcomes of guided selling strategies as implemented through CPQ technology.



"Through this process, the sales rep isn't so much selling a product as solving a problem."

Guided Selling, Defined

What Does the Guided Selling Process Look Like?

Let's examine guided selling from two perspectives: the buyer and the salesperson.

The sales rep: All of the marketing and nurturing is complete. The buyer is ready to start making decisions, and it is time for you, the seller, to lay all (or at least most) of your cards on the table. Guided selling is built into the sales end of the product configurator and will help the rep walk the buyer through the product-selection and configuration process.

The rep has access to information on every product component on the table, allowing them to answer the buyer's questions about the differences between options. The system itself will prompt the rep with questions to ask the buyer regarding need, usage, price and other considerations. Based on the answers given by the buyer and inputted by the sales rep, the system will offer parts and configurations that best match the buyer's stated criteria. As

they review options, the configurator will offer best matches, with additional options to upsell or cross-sell, giving the rep opportunities at every turn to maximize the value of the sale.

Through this process, the sales rep isn't so much selling a product as solving a problem. That is conceptually what separates guided selling from traditional sales methodology.

The buyer: The buyer is ready to see options. They've done research, but they still have questions. They know what they need the product to do, but they don't necessarily know what options, if any, the seller has to meet those needs. The buyer is walked through a discovery process with the sales rep in which specific product options are tied to specific solution criteria. The sales rep is able to answer questions about each option on the table and doesn't appear to be pushing a particular agenda in regards to solutions. It is a process that really emphasizes the needs of the buyer above all else.

At the end of the configuration process, the buyer knows exactly what he or she is getting and, more importantly, why they ended up with the particular options and products they selected. That experience leaves the buyer feeling like they got the right product at the right price.



This has some major consequences in regards to the value guided selling is creating.

- **Onboarding for new sales reps can occur more quickly and more efficiently.**

Because product information is readily accessible at the time of sale, the amount of time needed for product training and familiarization is greatly reduced.

- **Profit margins on each sale are maximized.**

Again, cross-selling and upselling opportunities are presented in the configuration process, meaning the rep should be able to get the most value out of each sale, without overselling the buyer, leading to ...

- **Improved buyer experience.**

The discovery process employed by guided selling through CPQ empowers the buyer and leads them to the best product to meet those needs, building trust and eventually creating repeat business.

- **A replicable, transferable sales process is created that will ensure consistency across the sales organization and channel sales networks.**

In addition to giving sales reps the same recipe and ingredients for success, the organization can lean on that replicability and consistency to create better, more accurate sales forecasts.

What Outcomes Does Guided Selling Create?

If you re-examine guided selling as it is laid out above, there are a few elements of the process that should be noted:

- The sales rep is able to convey product knowledge.
- The sales rep is only able to present feasible configurations/options in regards to product engineering.
- The sales rep cannot forget, skip or miss any opportunities where upselling or cross-selling is possible.

These three points form the foundation of success for the guided selling model. The system creates a structured, logical, foolproof sales environment that eliminates as many human variables as possible. There is no excuse for not knowing, forgetting or misinforming—everything the sales rep needs to know to be successful is presented to them in real time during the process.

These outcomes are tied directly to our variables for sales effectiveness, at last providing a direct link between guided selling and improved sales effectiveness.

Guided Selling Is ...

Taking all of the goals, processes and outcomes of guided selling into account, we are able to arrive at a clear definition for guided selling.

Guided selling: A sales process that ensures salespeople have the product information they need, when they need it, to maximize the profit margin of each sale while guiding the buyer to identify, select and configure a product that most effectively meets their needs.

It is a simple statement with broad implications for the entire organization, which we will examine in the next section.



"66% of best-in-class organizations implement guided selling ..."

The Impact of Guided Selling through CPQ

Is Sales Effectiveness Really Improved?

In order to determine if guided selling through CPQ really improves sales effectiveness, let's refer back to the elements of "sales effectiveness" organizations most wanted to improve upon:

Create more opportunities for revenue growth (more deals, higher margins)

CPQ users see a +3.6%³ change in lead conversion, year over year, according to Aberdeen. Guided selling adds another layer of opportunity to the lead conversion capabilities of CPQ by building cross-selling and upselling functionality into the sales process. Guided selling's contributions to revenue growth are further supported by the fact that 66% of best-in-class organizations implement guided selling to "help reps identify optimal messaging at each cycle stage."⁴

Reduce sales cycle duration

According to Aberdeen, CPQ users are 30% more effective at quickly responding to RFPs and 21%⁵ stronger at creating quotes in a timely manner. Those factors in and of themselves can go a long way in reducing sales cycle duration in the closing stages of a deal, but guided selling's ability to reduce the sales conversation to one between the buyer and the rep, eliminating the need for product engineers, pricing and discount checks and approvals, and other parties to get involved, cannot be overstated.

Improve sales forecasting

While not considered directly linked to sales forecasting, guided selling is very much a contributing factor in this process. Standardization of sales practices, such as those implemented through guided selling, tends to lead to replicated results. This provides hard data and great reference points for future sales predictions.



Advantages for Buyers and Sellers Alike

Guided selling is more than a trendy way to engage with customers, and it's more than a way to maximize the value of a sale. Guided selling is a process that essentially tells the customer, you are in charge, how can we help you? It is far more effective than any push-based system. It guarantees you will not waste time talking to customers who have no intention of buying anything.

For businesses, guided selling offers great advantages to both buyers and sellers. As a vertical with demanding, precision-oriented requirements, neither buyer nor seller can afford to bluster through discussions, guessing at requirements and pretending to understand the esoteric language of the specific business. Real knowledge is a requirement. You can't be an order-taker and make it in this business.

Guided selling aligns sales expertise with buyer knowledge to help the buyer select the right product at the right price, improving buyer satisfaction, expediting the sales cycle and ensuring maximum margin on each deal.

That is what sales effectiveness looks like in the 21st century, and guided selling through CPQ makes it possible.

About Larry Schenavar

During his 20 years in the Specialty Vehicle industry, **Larry Schenavar** oversaw business technology implementation and upkeep in direct and indirect sales channels as a business analyst, IT director and CIO. He currently serves as a Senior Industry Consultant for Cincom Systems.

About Lou Washington

Lou Washington has had multiple roles in his 30 years in the manufacturing industry, including project management, field sales support and customer implementation, as well as pricing, contract management and product security in the software business. He currently works with Cincom, offering his expertise and perspective on issues relevant to complex manufacturers and enterprise businesses alike via the Cincom blog and other popular trade publications.

About Cincom

Cincom is a global enterprise software company with a legacy of innovation dating back to its founding in 1968. Our software helps organizations improve the way they do business, from complex product and service configuration and quoting (CPQ) to ERP and CRM integration, as well as business management applications that connect both front- and back-end operations. In other words, we build solutions to overcome challenges in your most critical processes. To learn more about Cincom, visit us on the Web at www.cincom.com.

1. GDP by Industry, U.S. Bureau of Economic Analysis.
2. Peter Ostrow, "Beyond the Quota: Best-in-Class Deployments of Sales Performance Management," Aberdeen Group, January 2014.
3. Peter Ostrow and Nick Castellina, "Maximizing the Sales Technology Ecosystem with Best-In-Class CPQ Deployments," Aberdeen Group, December 2015.
4. Peter Ostrow, "Modern Sales Workflow: How Best-In-Class Enterprises Maximize the Buyer's and Seller's Experience," Aberdeen Group, February 2016.
5. Peter Ostrow and Nick Castellina, "Maximizing the Sales Technology Ecosystem with Best-In-Class CPQ Deployments," Aberdeen Group, December 2015.



Want to see how CPQ can work for you?

Request a Demo



World Headquarters • Cincinnati, OH USA • US 1-800-224-6266 • International 1-513-612-2769 • info@cincom.com • cincom.com

Americas: Brasil cincombr@cincom.com • Ontario, Canada NOBrien@cincom.com • Quebec, Canada infoquebec@cincom.com

Europe: Brussels, Belgium • Lyon and Paris, France • Schwalbach/Ts., Germany • Turin, Italy • Monaco • Culemborg, The Netherlands
Madrid, Spain • Maidenhead, United Kingdom InfoEurope@cincom.com

Greater Asia Pacific (GAP): Sydney and Melbourne, Australia info@cincom.com.au • New Delhi, India info_india@cincom.com
Tokyo, Japan info@cincom.com

Cincom, the Quadrant logo and Cincom CPQ are trademarks or registered trademarks of Cincom Systems, Inc. All other trademarks belong to their respective companies.

© 2016 Cincom Systems, Inc. FORM CPQUS1603062 05/16 Printed in U.S.A. All Rights Reserved