# VP of Strategy: Sales Strategy *(page 1)*

The Sales Strategy is a tactical "plan of attack" for a sales team designed to maximize an organization's resources in pursuit of its sales goals. It will be comprised of short-term tactics focused on making the immediate sales process more efficient, and long-term tactics designed to advance the pursuit of the organizations broader business goals. An effective Sales Strategy will be guided by the direction and revenue goals of the Growth Strategy, and the target market focus determined by the Market Analysis. In addition, it should be supported by a Marketing Plan that provides qualified sales leads to feed the sales cycle on a consistent basis. The single most important thing a good Sales Strategy will do for an organization is put a plan in place that makes the best use of the sales team's time. Below are examples of both short-term and long-term tactics that will help make up an effective Sales Strategy.

***Short-Term Sales Strategy Tactics:***

*1. Profitable vs. Unprofitable Customers* -- One of the most important (and often difficult) parts of formulating an effective Sales Strategy is making the distinction between profitable and unprofitable customers, and learning to shift sales team resources away from the unprofitable ones. By "unprofitable" we mean those that cost a lot in terms of time, resources and / or support (either during or after the sale process), yet don't bring in enough money over the long term, and are therefore are not worth spending sales team resources to win their business. Determining where to draw this line among prospective profitable customers varies from industry to industry, but can often be a function of size, revenue, or vertical industry.

*2. Channeling Prospective Customers* -- One way to make the sales process more efficient is to identify what kind of sale a prospective customer represents, and then channel them through a specifically designed internal sales process from the beginning. The way a prospective customer gets channeled will vary from industry to industry, and depends greatly on the kind of product or service offering. The key is not treating every sales prospect the exact same way. For example, a "high end" prospective customer representing a potential large sale would be taken through a slightly different sales cycle process than a "low end" prospective customer. Often times this means putting a more experienced sales person on the lead, or shifting resources so there is a maximum potential to close the larger deal.

*3. Speed up the Sales Cycle* -- The Sales Cycle is the sequence of steps or phases that a typical customer goes through when deciding to make a purchase of the product or service. The specific Sales Cycle steps will vary from industry to industry, but the key is finding ways to shorten the Sales Cycle so that deals close faster and the sales team members can move on to focusing their time on the next prospective customer. There are hundreds of "sales tricks" from every industry, however these are a few examples:

a) Identify key "trigger events" to act on (i.e. such as changes in management)
b) Provide a free RFP (Request fro Proposal) template for download
c) Put together a "digital sales kit" targeted to each vertical market segment
d) Produce a 1 – 3 minute sales video. Post on website, Youtube, or email via link
e) Always arrange to have as many stakeholders in room for conference calls, demos, etc.
f) Have multiple ways to "touch" a lead to stay on radar without over-pursuing
g) Track where every lead is in the Sales Cycle *(CRM system or spreadsheet)*

*4. Improve Closing Rate / Avoid Missed Sales Opportunities* -- Often times this is easier said than done no matter what industry business competes in. However, the following are a few example strategies to help accomplish theses goals…

a) Arm yourself with the best possible support materials (product sheets, case studies, presentations, live demos, free trials, customer testimonials, etc.)
b) Have an understanding of your perceived product competitive weaknesses or likely objections, and have responses ready that refute these or shift attention to your strengths
c) Focus 90% of time on the 10% of leads that are closest to closing
d) Refine closing techniques and have closing tools available *(i.e. discounts or free product add-ons if they sign today)*
e) Learn the right time and way to ask them for their business
f) Always be refining the sales process

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***Long-Term Sales Strategy Tactics:***

*1.  Pricing Philosophy*  -- Pricing products and services is can be a difficult and inexact science.  In general, the goal is to charge as high a price as the market will bare, however there are numerous external and internal factors that will affect how to price products and services.  Examples of external factors affecting Pricing include:

a) The price your competitors are is charging
b) The perceived value of your products / services in the marketplace
c) The price elasticity or “sensitivity” of market
d) Relative demand of the market
e) Customer expectations of your product / service

Examples of Internal factors affecting Pricing include:

a) The fixed and variable costs of producing / delivering the product / service
b) Value-based or Cost-based pricing?
c) Return on investment (ROI) goals
d) Growth Strategy  *(under cut competition to increase market share?)*
e) Market Position Strategy *(cost leader or premium product?)*

*2.  Sales Channel Development*  - Developing a Sales Channel is an effective way to expand the reach of products and services through sales chain partners.  The effectiveness of the Sales Channel approach varies from industry to industry, and there are a number of factors to consider before building a Sales Channel, including:

a) Will buyers respond well to purchasing though an intermediary?
b) Is the product / service too complex for a Sales Channel?
c) Are Sales Channel partners able to support the product / service after the sale?
d) What margins percentages are you willing to give up to Sales Channel partners?
e) Are resources available to train Sales Channel partners?

*3.  Up-sell Strategy*  -- Up-selling is the technique of persuading the customer to purchase more expensive products / services, upgrades, and add-ons, or simply exposing the customer to products / services they may not have previously considered.  Of course, the additional or more expensive products and services need to exist (or be developed), but putting together a plan of when and how to introduce these items will have a positive long-term impact on sales.

*4.  Vertical and Horizontal Market Expansion*  -- Mapping our how your business plans to grow past its core market is a key part of both the Growth Strategy and long-term Sales Strategy.  Vertical expansion refers to expanding the business beyond the normal stage of the supply chain to include upstream suppliers and downstream buyers.  Horizontal expansion refers to a product or service that has been successful in one market and adapting it to another market.  Both strategies are typically made by established organizations with mature product lines.

For details on Business Strategy or DAM / ECM consulting engagements with VP of Strategy, LLC, explore the www.vpofstrategy.com website, or contact Scott M. Eilers to set up a free consultation:

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