A three-page excerpt from our 17-page Best Practice Guidebook:

Implementing Value-Based Selling: A Process-Driven Approach
Implementing Value-Based Selling: A Process-Driven Approach

GUIDEBOOK SUMMARY

Firm: Energy Company
Industry: Energy
Headquarters: USA
Geographic Footprint: North America
Ownership: Public
Revenue (2012): >$25 Billion USD

Problem:
In a highly commoditized, mature market reliant upon long-standing customer relationships characterized by a lowest-cost mindset, Energy Company’s sales team is challenged to provide a differentiated value proposition.

Solution:
Energy Company’s sales division evaluates its capabilities and processes, ultimately implementing a sales effectiveness program that enables the sales force to deliver a differentiated, value-based offering.

Business Results:
Since implementation, Energy Company’s sales force has increased time spent on selling activities by 25% and exceeded annual sales targets.

Resources Required:
- Support from sales and marketing senior leadership
- One Sales Force Effectiveness Manager from Energy Company working with external and internal consultants to construct the new sales process
- ~ $2.5 million USD over 3 years

Applicability of Best Practice to Executive Functions:

<table>
<thead>
<tr>
<th>Function</th>
<th>Applicability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Leadership</td>
<td>⚫</td>
</tr>
<tr>
<td>Marketing</td>
<td>⚫</td>
</tr>
</tbody>
</table>

1 This is a pseudonym for the profiled company.
2 The sales effectiveness program and the new sales process were executed within Energy Company’s U.S.-based business.
KEY TAKEAWAY: Develop required standards for people, processes, and tools to execute a value-based selling approach

Energy Company sales leadership developed the capabilities necessary to achieve a value-based selling approach.

Sales Capability Standards

People
- **Sales Force Capability**
  - Formulate an activity-based job design
  - Develop competency requirements (knowledge, skills, and abilities)
  - Provide training and development for performance improvement
- **Structure and Deployment**
  - Evaluate and adjust sales force size, workforce deployment, and territory alignment to maximize sales potential
- **Reward System**
  - Balance intrinsic and extrinsic incentives, while aligning compensation plans with sales and marketing strategy

Sales Process
- **Sales Framework**
  - Leverage the integrated processes across Marketing, Sales, and Customer Support
- **Sales Process**
  - Understand the customer buying cycle and align with the requisite activities to advance a sale
  - Map and standardize key steps in the sales process to drive consistency, efficiency, and effectiveness
- **Contract Management**
  - Develop proactive capability to renew and maintain current customers

Systems/Tools
- **Sales Toolkit**
  - Equip the sales force with a suite of tools that allow them to communicate value beyond price
- **Customer Relationship Management (CRM)**
  - Enhance the CRM to standardize management of sales process and integrate related customer support activities

Performance Management
- **Process Performance Indicators (PPIs) and Key Performance Indicators (KPIs)**
  - Balance measurement of PPIs and KPIs to drive consistent performance and methods for achieving desired goals
  - **PPIs**
    - Dictate performance and measure process effectiveness (e.g., sales teams are using the sales toolkit “x” number of times per month)
  - **KPIs**
    - Quantify the impact of the sales tools (e.g., measure customer satisfaction with the account review process)

DEFINING VALUE-BASED SELLING

Value-based selling identifies the holistic value a product or service creates for a customer. It differentiates from traditional sales approaches by addressing three primary customer needs:
- Economic (does it make me money?);  
- Functional (does it improve my operations?);  
- Emotional (does it make me feel good?).

Value-based selling fulfills these needs by demonstrating the quantifiable value an offer creates for a customer in terms of time, productivity, cost savings, revenue, and additional margins.

Source: Energy Company; Growth Team Membership™ research.
**KEY TAKEAWAY:** Assess current versus desired capabilities to identify priorities for improving sales effectiveness

*Energy Company’s Sales Effectiveness Manager conducts a capability assessment to compare current and desired states...*  
...allowing Sales leadership to identify and prioritize the key capabilities for improvement

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**Capability Assessment**

Energy Company’s Sales Effectiveness Manager asks senior and mid-level managers, plus front-line practitioners, to rate Sales' current performance relative to the benchmarked standard.

<table>
<thead>
<tr>
<th>Capability Assessment (Illustrative)</th>
<th>Rating</th>
<th>Internal Evidence</th>
<th>Aspiration</th>
<th>Priority</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A. People</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A.1 Job design clearly outlines expected activities, accountabilities, etc.</td>
<td>0 1 2 3</td>
<td>x</td>
<td>0 1 2 H</td>
<td></td>
</tr>
<tr>
<td>A.2 Competencies are clearly linked to associated activities as outlined in job design</td>
<td>0 1 2 3</td>
<td>x</td>
<td>x x</td>
<td></td>
</tr>
<tr>
<td>A.3 The sales team provides regular training to support specific skills, knowledge, and behaviors linked to job design</td>
<td>0 1 2 3</td>
<td>x</td>
<td>x x</td>
<td></td>
</tr>
<tr>
<td><strong>B. Process</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B.1 We have a clearly defined sales process that supports our customers’ buying cycles</td>
<td>0 1 2 3</td>
<td>x</td>
<td>x x</td>
<td></td>
</tr>
<tr>
<td>B.3 We have a clearly defined account planning process, and account plans are regularly updated and reviewed with key stakeholders from Marketing, Sales, and Customer Support</td>
<td>0 1 2 3</td>
<td>x</td>
<td>x x</td>
<td></td>
</tr>
<tr>
<td><strong>C. Systems/Tools</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>C.1 We have and actively utilize a sales pipeline to monitor and manage opportunities throughout the sales process</td>
<td>0 1 2 3</td>
<td>x</td>
<td>x x</td>
<td></td>
</tr>
<tr>
<td>C.3 Sales force has tools to help them create customer proposal and account review materials for customer meetings</td>
<td>0 1 2 3</td>
<td>x</td>
<td>x x</td>
<td></td>
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The organizational aspiration (i.e., desired level of aptitude) for each benchmark is compared with the current state to prioritize improvement opportunities.

High- and medium-priority capabilities are then ranked based upon their expected impact to the organization and used to develop project plans for increasing sales effectiveness.

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**Capability Priorities (Illustrative)**

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<td>C.3 The sales force has tools to help them create customer proposal and account review materials for customer meetings</td>
<td>1</td>
</tr>
<tr>
<td>A.2 Competencies are clearly linked to associated activities outlined in job design</td>
<td>2</td>
</tr>
<tr>
<td>A.3 The sales force is provided regular training on specific skills, knowledge, and behaviors</td>
<td>2</td>
</tr>
<tr>
<td>C.1 We have and actively utilize a sales pipeline to monitor and manage opportunities through the sales process</td>
<td>2</td>
</tr>
<tr>
<td>C.2 The sales force has tools to prepare them for sales calls and customer meetings</td>
<td>2</td>
</tr>
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</table>

Energy Company created this position to continuously monitor the triad of people, processes, and tools for constant sales force improvement. The SEM reports directly to the Vice President of Sales. This position is equivalent to a Sales Support Manager or Sales Operations Manager in other sales organizations.

**Source:** Energy Company; Growth Team Membership™ research.
Please contact us to learn how to access the full Best Practice Guidebook or for information on Growth Team Membership™.

Email us GTMresearch@frost.com

Visit us online www.gtm.frost.com