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# Sales Strategy Cycle:

Planning, Preparation, Execution & Monitoring

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A Framework for Integrating a Sales Strategy Cycle into a Company's Strategic Plan



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By Cesar Rodrigues

## Foreword

When mid-level sales managers are promoted, become directors, and are brought into the world of the general manager's staff the greatest barrier they are about to meet concerns strategy.

Marketing managers who become marketing directors have been "talking strategy" since their days as junior product managers. Never mind the concept of strategy is seldom truly understood – they will be at home discussing strategic decisions and preparing strategic marketing plans.

Now let's go back to new sales directors. They have learned salespeople are predominantly executioners of strategy (what I think is partially true) but this is often taken to the extreme, and they limit their role by only criticizing the marketing strategy which keeps – in their opinion - a product from becoming a success (what I think is also partially true).

In all the years I was part of upper management I seldom saw a sales strategy being discussed. That doesn't mean there was no sales strategy at all. There were sales tactics that resulted from endless discussions about the most appropriate sales conditions, distribution, client selection, taxes, and promotional offers.

In the best scenario, these tactics were subordinated to some strategy nobody could articulate. In the worst-case scenario, there was no strategy at all.

About planning process: sales plans frequently work in a separate reality, with no synchronization with the company's strategic planning cycle.

What you will find on the pages below is an abbreviated proposal on how a sales strategy cycle could be put in place and its key components. It does not aspire to be a ready-made model for immediate implementation. In other words, this is not a turn-by-turn driving instruction.

Think of it as a back of the envelope rough sketch which, nonetheless, can take you in the direction you should go.

Cesar Rodrigues  
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## Moving up: the perspective of the strategy maker

Understanding the full cycle of the sales strategy is something critical for whoever is taking over a top sales management position. When one is a sales rep or a first-line sales manager he or she sees bits and pieces of this cycle. The involvement is in the execution & monitoring phase, mostly from an implementation standpoint.

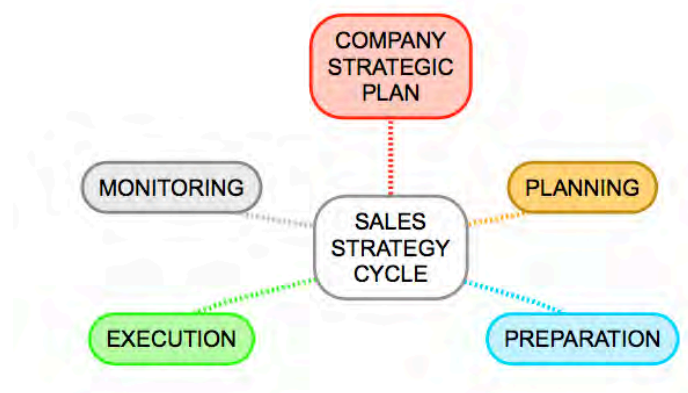
When a higher sales position is achieved, it becomes a different story. The incumbent is expected to take a top-down viewpoint, and to get a broader vision. As a comparison, if salespeople are like soldiers on the front, with a limited view of the battleground, the top line sales executive – we will call sales director from heretofore - must gain the perspective from a helicopter and see everything that is going on. Among the tasks that are expected from a sales director are to define a strategy, plan, prepare, execute and monitor - a big responsibility.

## The 4 phases of the Sales Strategy Cycle

The Sales Strategy Cycle can be broken down into four phases:

- Planning
- Preparation
- Execution
- Monitoring

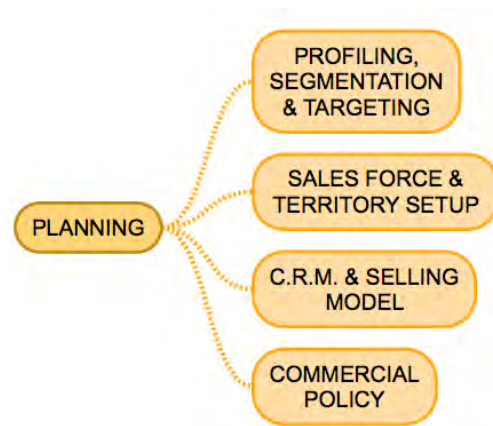
Before the Sales Strategy Cycle starts, there is something crucial that should be in place: The Company Strategic Plan. This document is prepared by the senior management – directors from all departments and the president or CEO.



This plan sets the major guidelines for the organization: its mission, vision, long and short-term objectives and the strategic directions. It has several sections, and one of them is the Sales Strategy. Who should oversee the Sales Strategy? That will be the Sales Director, who should prepare the strategy document and obtain endorsement from senior management and the president or CEO.

## [1] The Planning Phase

The Planning Phase includes four steps:



### 1a. Profiling, Segmentation, and Targeting

Planning will start by Profiling, Segmentation & Targeting – mapping customers, dividing them into segments and choosing which ones we will approach (target).

As an example, let's imagine customers will be profiled based on annual family income. They will be split (that is, we segment) them in four ranges:

- < US\$ 50k,
- US\$ 51k-75k,
- US\$ 76k-99k
- US\$ 100k plus.



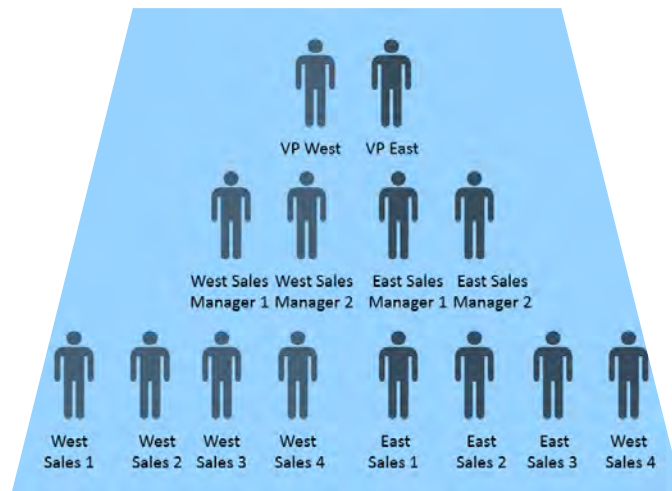
In the case of B2B, the same can be done, using customers' sales per year, instead of family income. Let's say we choose to target those customers who are in the range of US\$ 100k/year or more.

When this step is complete, we would have mapped who are the prospects and where they are.

### 1b. Sales Force & Territory Setup

The next step will be Sales Force & Territory Setup, defining geographically the segments of customers that we are targeting. Here we will determine how many salespeople will be needed to cover the territories we chose to serve.

This works for salespeople who will have face-to-face interaction and those who will call on customers remotely, as from a call center.



### 1c. CRM & Selling Model

Next, there are two elements that we will define: what CRM (customer relationship management) System your salesforce will work with and what will be the Selling Model. There will be several lessons where we will discuss both topics.



### 1d. Commercial Policy

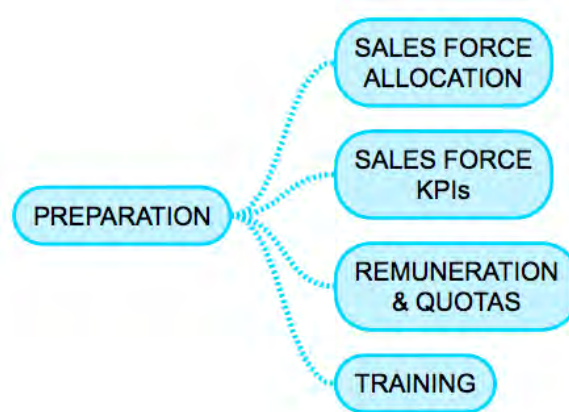
To finish the Planning Phase, the Commercial Policy must be put in place. It includes commercial conditions such as margins, discounts, rebates, terms and credit criteria – for each client or type of clients.

This completes Planning – a crucial phase that defines everything that will come next in the Sales Strategy Cycle.

### [2] The Preparation Phase

It may appear that the Planning and the Preparation phases are the same things, but they are in different classes.

The Planning Phase deals with decisions that will shape all the other phases. Discussions and decision-making can be lengthy, and It can take some months to complete. The Preparation Phase deals with more practical aspects, setting things in motion and may take some weeks or a few months to conclude.



### 2a. Sales Force Allocation

As the first step, we will look at our sales force and the territory structure that has been decided in the Planning Phase. We call this step Sales Force Allocation. At this point, questions such as “are there territories that are vacant?”. “Are there territories where we must hire someone?”.

Here is also where the Sales Supervisors, also called First-Line Managers, will be chosen and allocated to oversee a given number of salespeople.

## 2b. Sales Force KPIs, Remuneration and Quotas, Training

Now, there three definitions we must make:

- a. How to measure the Sales Force Activity?  
We should select the KPIs (Key Performance Indicators). Key Performance Indicators are Metrics that deal with the number of clients called per day, the frequency of client visits, coverage by segment, etc.
- b. What is the Sales Quota each territory or salesperson will receive?
- c. How to pay and reward the sales force? What percentage of the total salary will be fixed and variable?

Finally, we must prepare our sales teams to execute. This is done in general during training meetings, where the sales force gets the action plans from marketing, receives instruction about their products or services and designs their sales tactics along with their managers.

[3] Execution Phase

## 3a. Customer Engagement

In this phase, the most important step of the whole cycle happens: Customer Engagement – when clients are called on and sales are made (or not).



Being effective at this point is of paramount importance and, as we will see later, many different selling models are available to be employed at this moment. The sales force has a big responsibility in the execution of plans and equally important: it must report to headquarters when strategies, tactics or plans are not working.

Let's use a metaphor: Strategy is in the "brain," and it signals for the "hand" for the Execution of this action: "hold that metal bar". If the metal bar is hot, the hand must immediately "tell the brain" it is too hot! The nervous system will make the hand release the bar, and now the brain knows an important piece of information...If the hand does not "tell" the brain to let go of the

bar, not only the hand gets burned – the whole body (or the company) suffers the consequence.

### 3b. Team Management & Sales Administration

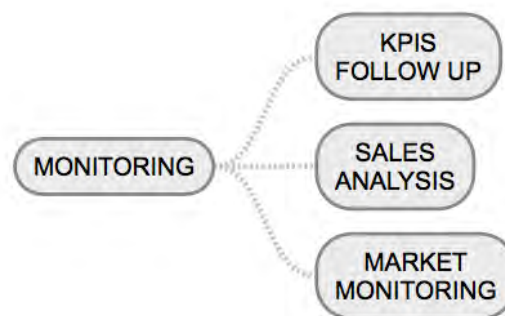
Two steps that go along with Customer Engagement: Team Management and Sales Administration.

Team Management is performed by the First-Line Manager, who orchestrates his sales team's action plans, provides support for each salesperson and makes sure the KPIs are in line with what was planned.

Sales Administration concerns with placing customers' orders, following up on deliveries and providing services to customers when necessary.

#### [4] Monitoring

The fourth phase of the Sales Strategy Cycle is Monitoring, also essential.



The things that we want to continuously examine in this phase are:

- KPIs: are the goals being met? What is the reason?
- Sales: are the quotas being met? Do the trends show sales objectives will be accomplished? Do we need to adjust the forecast?
- Market & Competitors: are we gaining market share? Are there any unforeseen actions by competition?

Why must we monitor and analyze? We need to be sure results are being achieved, understand the deviations and its causes – in other words make a diagnosis – and design corrective action plans to be deployed.

The continuous monitoring will provide inputs for the next Planning phase – the Sales Strategy Cycle starts again.



The Sales Strategy Cycle branched-out

