



## Want to Transform Your Sales Team? Start Over, Stay Persistent and Reap Great Rewards

"This really was a total transformation. We've never thought about sales this way before. There were many pieces to this initiative. It was an evolution of change. And yet, I was surprised how easy it was for us to make significant improvements in performance just by laying out expectations. The pieces are simple, but together, they are hard to execute well."

SVP SALES & FIELD OPERATIONS

A leading healthcare company was serious about transforming its sales organization. What was the result of their commitment, persistence, and hard choices? World-class, industry-leading sales performance, that's what.

You wouldn't expect to hear it after a multi-year sales transformation initiative. But one of the first things out of the mouths of the healthcare company executives is, "These great results are simple — if you do all the right things."

Today, the productivity of their salespeople is higher than that of any other company in the industry — by far. Turnover has dropped by more than half. Salespeople are over achieving their quotas. Salespeople receive outstanding training and development, and are led by a professional sales management group. Great results keep getting better.

This journey began with a vision. Then the company added inspiration, awareness, agreement, new skills, sales management tools, accountability — and a healthy dose of persistence. The company devoted three years of effort to its sales transformation, a commitment that has more than paid off.

### Know When to Change

As the country's fifth-largest home respiratory therapy company, it serves patients from more than 141 local and centralized care centers in more than 20 states. The company serves local physicians to provide in-home oxygen, respiratory medication, and sleep therapy to more than 120,000 patients.

In mid-2007, the sales model that they had used to grow the business from \$1 million to nearly \$100 million, had hit a plateau. Turnover was high and growing year over year. The sales team was overly dependent on the production of a few sales stars. The approach to managing the sales organization was entrepreneurial and lacked goal alignment. Although sales results were acceptable, company leaders knew that the sales organization lacked the consistency, performance expectations, and accountability to grow the business. Without a major change, it was clear they would not be able to rise to the level required to thrive in the highly competitive, cost-containment healthcare environment.

"We were lucky to have people who were very good at what they did," says the CEO. "But we were not doing a good job of grooming and growing talent. Also, an entrepreneurial approach to sales management can be effective when you're small. But you get to a certain growth level at which you're not really aware of what makes you work well and how to propagate those practices. The approach to selling that had been highly effective in our former stage of evolution simply wasn't working now that the business was so large. We knew we needed to make some changes."

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## Envision World-Class

Advantage Partner and co-founder John Hoskins, was asked to help build a blueprint for an initiative that would take the sales organization where it needed to go. The first order of business: Get senior managers across the organization to buy into the idea that the sales organization needed to be — and would become — world-class.

The Senior Vice President of Sales and Field Operations had long envisioned changes that would move the sales organization from good to great. He shaped the vision for the new world-class initiative and, along with his COO and frontline sales management team, became the primary champion for change.

In 2007, the company was profitable and growing rapidly. "But our industry was being forced to do much better," says the SVP. "We started out with some ideas and were able to fine-tune them with the experience that Advantage brought. In the end, we did create a world-class sales organization."

"This situation was something we routinely see in companies of all sizes," Hoskins recalls. "The solution requires transforming the way sales managers lead and salespeople sell. Once you commit to that, once you truly intend to go all the way to world-class, the path forward is clear."

## Manage Effectively Through Change

Clear, but not easy — especially in the healthcare arena where change is a constant. During the initiative, the company experienced personnel changes at the executive level and went through an ownership transition from being privately held to becoming a division of a larger, global healthcare company.

Despite the change in ownership, "I would argue that the most impactful change for us was the rapid deterioration of payment rates," says the SVP.

The majority of the company's revenue comes from Medicare. Over the past 3 years, payment rates for the company's core level of therapy were reduced by 27%. Over the past 10 years, those reimbursements had declined about 50%. "In the past, we had always grown at a great pace," says the SVP. "We hadn't needed to focus on efficiency. Now, because of margin pressures, that's no longer true."

The Senior Vice President believes that a big challenge for any company is managing effectively through change. How did they do it — and stay committed to sales improvement in light of tumultuous market and business changes? "We had to agree that becoming a world-class sales organization was a strategic initiative, and that it would give us, despite the changes in the

regulatory and payment environment, a sustainable strategic advantage."

"You have to decide what you think is important to your company going forward," he adds. "We knew what we had to achieve. Our strategic priorities were growth (driven by sales), efficiency (driving down what it costs us to serve patients), and maintaining a high level of quality (measured and reported in quantitative ways). In our business, you must do all three things to win. You can't do only two, much less one. You have to do them all."

## Commit to Bottom-Line Impact

Advantage and the company focused on sales management development first, followed by hiring and candidate selection. The next step was to put a sales management process in place. Training for the sales team came later. "Your sales management process can't support world-class results unless it rests upon a firm foundation," Hoskins explains. "The company laid that foundation by making sure they were bringing the right people into the organization, and sales managers had a consistent way to coach and measure performance. At that point, we were certain the sales management piece was right, and we started to see early results."

It is useful to know where you are before you decide where you are going. To find out, managers were briefed on HR Chally Group's World Class Sales Force Research. The entire company was benchmarked against that criterion. Measurable improvement targets and best practices were identified and put in place in areas such as sales goals, turnover, coaching disciplines, and new-hire ramp-up time.

The next step was to acknowledge that managers play a huge role in making sure that learning results deliver meaningful business impact. That's a core theme of the Advantage Way<sup>SM</sup> process that was foundational to the company initiative.

Advantage Way Impact Maps<sup>TM</sup> were created for each member of the sales team. These identified each new skill that would be learned and how it would be immediately applied — a "line of sight" from each employee to the business impact they agreed to make after learning concluded. The Impact Maps also engaged managers at all levels in coaching conversations with their people, before training and on an ongoing basis afterward.

The Senior Director of Sales and Field Operations was part of the original Advantage consulting team before the company brought him on board full time. "Advantage Way has been extremely valuable because it added accountability," he says. "Learning isn't 'just another training session.' Our managers

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With the commitment to achieving bottom-line results firmly in place, the company was able to advance step by step and improve each aspect of sales performance in a meaningful way. Here’s how it’s done:

## Step by Step

### 1. Install a Sales Management Operating System

The healthcare company lacked a crucial driver of world-class sales performance: a formal sales management operating system to guide the way sales leaders set expectations, coached, and monitored and measured sales effectiveness on a regular basis.

Advantage had developed and installed similar sales management systems for many leading companies. “We gave their sales team a consistent way to conduct their day-to-day, week-to-week, quarter-by-quarter, and annual activities, plus a process with key metrics they could use to drive sales,” Hoskins explains. The new sales performance management system developed routines that included ways to measure the success of all sales positions — and it was the same for regional, district, and sales rep levels.

The SVP of Sales and Field Operations was instrumental in framing the new management system and naming it the company’s “Cadence” sales process. What’s the most important thing about the sales management system? “It’s accountability,” he says. “We all agreed that we’re going to do these things at this frequency, then pause on a quarterly basis to ask if it’s working, then refine. During quarterly business reviews, the room is full of peers and also higher-level managers. It’s a time to be open to feedback, to share best practices. Just like a salesperson, managers at every level have to commit to what they’re going to do differently.”

The Cadence sales process has a rhythm and behaviors happen like clockwork. The SVP says, “We report against a pacing number versus an end number — we talk about daily consistency. The company’s system is updated every night so we can compare sales to forecasts. I send an email to the sales team every morning saying things like, ‘Great job, we’re on pace. Here’s what we did.’” Every week, he and each sales manager walk through performance for the past week and commitments for the coming week.

The CEO explains that the power in the sales management process comes from standardization. “The business is forced

to decide how we want to manage our salespeople day to day, and to codify that. It’s a full 180-degree reversal of how we used to run things. Advantage has really great tools for not only putting the process in place, but also improving the quality of the activity, managing, and measuring it. Now we have our best people and best practices synthesized into a process that we manage to and measure.”

The SVP adds, “The pieces of the Cadence process are simple: the daily and weekly activities, the monthly one-on-one’s, the quarterly business reviews. People might say, ‘Well, that’s not rocket science.’ Maybe not, but it’s the execution that’s the secret sauce.”

### 2. Maximize Hiring, Promotion, and On-boarding

Keeping good salespeople and getting new hires up to speed quickly had been two major company concerns. The first step in addressing this problem was to reveal the competencies of the current sales talent.

Using a sales force Talent Audit from HR Chally, the Advantage team assessed each sales rep and manager for strengths, areas of development, motivations, coaching points, and fit with their current position. “This kind of audit clarifies competencies in a dramatic way,” says Hoskins. “It not only shows where people are now, but it predicts sales reps’ success if they are placed in new sales roles or sales management roles in the future.” All of the Talent Audit competency profiles would be used by managers to properly place, develop, coach, and retain salespeople. The audit results and profiles were also used to create a New Hire Training Orientation and On-boarding program.

Later in the initiative, Advantage conducted a talent audit and created validated profiles of the main customer service rep (CSR) positions to develop a job profile that analyzed their competencies. The same transformation work is now underway in the Customer Care side of the company.

### 3. Transform Managers’ Ability to Lead

Once the foundational pieces were in place, all sales leaders at all levels improved their knowledge and ability to execute against goals. By completing a series of customized learning programs, managers developed the skills to better:

- **Plan, Analyze, and Direct World-Class Sales Performance**  
Sales managers developed a consistent language of leadership and the ability to use the Cadence sales process — and new sales management system — more efficiently. The learning was built around the BTS Symphony program

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that equips managers to better assess, plan, and manage individual and team performance. Today, the sales managers set clear expectations and hold team members accountable by providing focused feedback and coaching against clear metrics.

Advantage continued to design and implement additional sales manager learning as the initiative progressed. The learning included a questioning and listening sales skills module for managers, interviewing and selection skills, coaching skills, and project management training for the Sales Operations Leadership Team.

- **Create and Implement Personal Coaching Plans**

The healthcare company created a new coaching process and now everyone on the sales team has a personal coaching plan. Managers use both strategic (focusing on account strategy and penetration) and tactical (focusing on individual sales call skill development) coaching skills.

The company Cadence process includes measurement metrics, so it’s easy to know when extra coaching is required. Sales rep performance is ranked green, yellow, or red. Three months in the red, and you’re issued a warning and an automatic coaching process kicks in. “We watch that list on a monthly basis. It’s our look in the mirror,” explains the Senior Director of Field Sales and Operations. “If a person gets a red warning, the dialog between regional and district managers is, ‘How can we help this person get off the list? How much field time and coaching are you spending? What more can we do?’”

After six months as a red performer, you’re asked to leave — but not until every coaching effort has been exhausted. The SVP explains, “Even a red-performing salesperson still produces value for the company. They’re still profitable. In fact, that salesperson could go to just about any company in our industry and the level of business they bring in would probably be acceptable. But not for us. Our expectations are greater and our incentive plans are created to reward high performance. So we set the bar high and work to get those people back on track.”

- **Put the Right Person in the Right Role**

“From a competitive standpoint, the ability to place the right salesperson in the right role doing the right things is crucial,” says Hoskins. So new, customized, validated selection-assessment tools were developed for both the sales rep and frontline sales manager levels. These assessments are used

when recruiting and hiring members of the sales team.

An interviewing skills program helped sales managers ask better questions of people being considered for promotion or hire. This learning was based on the competencies revealed in the Talent Audit, and augmented with the BTS Best Match training program that is based on proven behavioral interviewing skills and best practices.

- **Be Inspired by Leaders Who Walk the Talk**

The company’s sales managers were inspired by their colleagues’ commitment all the way up the executive ladder. Not only did the entire executive team take part in the sales management skills training, the CEO and SVP took it a step further with one-on-one personal coaching from Advantage. This executive coaching began a year into the initiative and continues today.

“My personal philosophy is that part of my job is to be the chief learning officer. And I try to encourage all our executives and folks who work with them to think of themselves as sponges,” says the company CEO. “I viewed the opportunity to work with people such as John and others who have a tremendous amount of experience and success, as a blessing. These relationships are an opportunity to learn and improve, and that’s what drives a learning organization. We knew we had to change and we knew we had limits on what we understood. We were just tremendously fortunate to partner with John and Advantage. I really do trust them and know they have the best interests of our company at heart.”

The SVP recalls, “John and his team were my mentors. They shaved the rough edges off my thinking and ideas. They listen very well, have a tremendous amount of past experience to draw on, and you can sense their excitement. We truly created a friendship, and it was fun to partner to implement the necessary changes.”

#### 4. Boost the Frontline’s Ability to Sell

Knowledge and skills training was created for both the sales reps — called Patient Care Coordinators, or PCCs — and CSRs and technicians who work directly with patients. This customized learning gave salespeople what they needed to be more effective — and also to be held more accountable for results.

A primary company service is in-home oxygen therapy. The sales rep must develop relationships that result in physician referrals and be experts at what follows: a fast and complex

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process that includes coordinating “new patient set-ups” with the doctor’s office and the patients, trips to the local operating center, and handoff to a CSR and technician who also support patients in the home.

This is a highly relationship-focused sale. Sales reps must be unusually skilled in developing referrals; understanding customer needs; responding with speed, skill, and accuracy — and must have a natural compassion for patients. Except for creating the referral relationships, the CSR and technician roles are similar to that of the sales reps.

Advantage conducted an audit to observe how sales calls were being done in the field. Then they produced video case examples of how to do them better. By May 2009, a field improvement and coaching initiative was in full swing. Field sales managers and reps used a customized Porter Henry SalesAbility model that helped them plan and conduct better sales calls.

Sales reps put the new sales call skills to use right away. The SVP says, “This is a relationship sale, through and through. Now our people can dig a little deeper. They’re better able to talk with referrals about the business issues of each particular practice and explain how they can add more value.”

The Senior Director of Field Sales and Operations adds, “Because of their SalesAbility training, PCC’s and their support teams can ask the right questions in the home. They’ve really become an extension of the physician’s office. In addition to helping us serve patients better, that has helped us build much stronger relationships with referral sources.”

“Ride-alongs” were created to put reps and managers in the same car when they called on clients. After observing how reps use new skills with customers, managers now refer to ride-along Impact Maps and often debrief with the sales rep curbside. Field staff also developed time and territory management skills.

The transformation that began in the sales organization also affected other areas of the company. By May 2009, all headquarters managers and supervisory staffs were trained in a model they could use for coaching and development discussions. Six months later, all Operations Managers experienced the online Situational Leadership e-learning program from Ninth House.

“Instead of just telling people what you want them to do, you need to give them the tools to make a change,” the Senior Director explains. “We set expectations, gave people feedback on a regular basis, and invested the money to make the resources available to our folks. We gave people a process for

performing better. The truth of the matter is as our analysis suggests: The people who follow the process are the ones who are successful.”

## Evaluate Success

By May 2010, nearly 100 members of the company’s sales team had gone through the New Hire Training and On-boarding program. To measure its business impact, they conducted an Advantage Way Success Case study.

The Success Case found that the company had achieved a very high ROI from the training. Sales reps had opened up new relationships with doctors’ offices that were producing a steady stream of referrals and business. Sales reps had significantly increased revenues in multiple territories. The initiative was also helping some salespeople turn their territories around, which motivated them to stay with the company.

The Success Case study pointed to extensive evidence that many of these efforts had led to significant and concrete sales results. For example, one sales rep went from performing in the low hundreds to becoming one of the top 15. She increased her monthly new patient set-ups from 15 to 40. Moreover, her income rose from \$40,000 to six figures. Another rep reported higher sales and more orders in the first month due to the training. Because she applied new skills, she hit all her goals in the first quarter. The training was so highly regarded even seasoned reps started asking if they could attend. Once they saw the value their new hire colleagues were getting, they jumped on board. The entire sales force has now taken the two-week program.

## Reap the Rewards

Since 2007, the company has truly transformed its sales organization — with new behaviors, new processes, new commitment, and outstanding results that keep getting better.

“I said we wouldn’t be exactly where we needed to be right out of the gate, but that our performance would be an upward trending line,” the CEO recalls. “We met that line — and then just blew right past it.”

The CEO explains, “We really did a comprehensive overhaul of our sales organization. We changed how we hire, screen, manage, train, and compensate. Taken together and done well collectively, these changes have made a tremendously positive impact on the business.”

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For example:

- Productivity per sales person has gone up by half in 3 years, "which is extraordinary by any industry measure," says the CEO.
- Today, 74% of sales reps are performing at or above quota. The company achieved 12 straight months of over-quota performance in 2009 and is exceeding key 2010 goals.
- Sales turnover has been reduced by more than half, from 118% to below 60%. "I believe our turnover is lower than the industry average, but we still have work to do," says the CEO.
- New patient set-ups per business day is another key company metric. Since 2007, in-home oxygen set-ups have increased 21% and sleep therapy set-ups have increased 237%. The overall impact: the company has achieved a 68% increase in total set-ups per business day since launching the sales transformation initiative.
- Ramp-up time has been reduced: New sales reps are performing faster than in the past, and newly promoted and newly hired managers get up to speed in 30 days instead of the initiative goal of 90 days.
- Better sales skills have greatly increased revenue in the recently launched their sleep product line that serves obstructive sleep apnea (OSA) disease.

The SVP has traveled to Japan to walk leaders of the new parent company through the company Cadence and management system process. "They recognized the traction and increased productivity of our salespeople very early," he says. "I believe our parent company would now say that we are the best sales organization in their global organization." The healthcare company is now one of the top companies in its industry. The company is in an acquisition mode and intends to become a national leader.

## Keep Getting Better

Improved sales performance, increased revenue, lower turnover, and faster ramp-up time: The top goals of the initiative have been more than met. Great results are expected to increase, precisely because this sales organization didn't only improve; it transformed.

The SVP explains, "This really was a total transformation. We've never thought about sales this way before. There were many pieces to this initiative. It was an evolution of change. And

yet, I was surprised how easy it was for us to make significant improvements in performance just by laying out expectations. The pieces are simple, but together, they are hard to execute well."

"Transformation means a comprehensive change in how we sell our services to the market," says the CEO. "We completely changed how we ran our sales organization. We kept a few things, such as our focus on the patient. But to do what we did, we had to change almost everything."

What did it take? First and foremost, total commitment from the organization, starting with the CEO. Then persistence. The final components were time and money. This kind of transformation is not a project with an end date. It's more like a continuous work in progress — which, by definition, organizations reflexively resist.

Indeed, the human disruption side of this transformation was meaningful. Some senior people left. Jobs changed. People were promoted, demoted. This had real impact on individuals and their families. "That aspect was difficult," the CEO admits. "And that's the very time most organizations would tend to not be persistent. But we were able to see improvement and progress, quarter over quarter. You get incremental gain as you go. And now, three years later, we are a much stronger, more productive sales organization. My expectation is that three years from now, if our persistence continues, I'll be able to say the exact same thing."

How can other companies justify an investment in this kind of transformation? "My advice to others in this situation is that if you do this well, it becomes a tremendous strategic differentiator," says the CEO. "One of the powerful things that John Hoskins and his organization help companies do is to build in continuous improvement. If you really stick with the process — and can refine, improve, and tailor it to your company over time — you just get better and better and better. That's incredibly powerful."

"It's true that all the great improvement strategies in the world won't make a difference unless they're executed," says Hoskins. "The company and particularly the SVP of Sales and Field Operations, who acted as chief visionary and driving force of the sales force transformation, were willing to keep moving forward and not let the initiative get derailed by other things going in the company. That speaks volumes about the quality of the company leaders, and you can see it in the quality of what they deliver to customers. This is a company truly committed to excellence."

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And really, all the change was a commitment to their people. Because in the end, it was all about making this a great place to work as well as a place for employees to make a difference for patients.

"There's a tremendously strong work ethic at our company. People really do work hard," concludes the SVP. "But we also love what we do. We have the chance to truly help people, to make a difference. I can't tell you how many times a patient's family members have said, 'Thank you.'"

The CEO concurs. "There is one more piece of the magic: the right talent," he says. "We never could have done this without the senior leadership in the sales organization and the managers who support them. You can have CEO and organizational commitment to true transformation. But if you don't have great talent, the results are going to be less than exceptional. We're truly fortunate to have really talented, committed people who thrive under this new approach. Because of them, we know that our great results will only get better." ♦

