



Leading Through COVID-19: Addressing Your Real Sales Challenge

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These are uncertain times in sales, prompting a lot of fear and reaction. We see it each day with the clients we work with across industries. With the COVID-19 pandemic, there's been a lot of talk in particular about how to address sales compensation since the environment has suddenly threatened revenue and rep earnings. Companies are reactively looking at ideas like paying spot bonuses, lowering goals, and raising commission ramps. Unfortunately, reacting and taking broad actions to address a specific issue or taking sporadic action on the sales compensation plan might not help the situation. That's because you're only addressing a symptom and not solving the real problem.

Let's look to Sales Design ThinkingSM for some guidance on solving the sales compensation problem for COVID-19. This problem, like most, is not simple and won't respond to spot solutions. This problem requires you to understand your sales organization's unique challenge and solving for that. As we discuss in the book *Quotas! Design Thinking to Solve Your Biggest Sales Challenge*, changing your initial problem statement into a Challenge Question gives you a better solution to your problem. For the COVID-19 situation, let's look at how many sales organizations might state their problem:

"We have a COVID-19 crisis that's threatening revenue and we need to protect the sales team and keep them motivated."

With that problem statement, we might run off and start applying the earlier mentioned compensation patches that will cost the company sizeable money, might not improve performance, and could create a longer-term cost commitment that only addresses a piece of the problem.

The problem with a problem statement is that is usually a definitive statement that limits thinking and sends us in a direction that may be the completely wrong direction. At SalesGlobe, we like to think in terms of questions, because questions are naturally more provocative and promote thinking. That's why the smartest people don't just make statements. They ask a lot of good questions. So, let's restate this problem in the form of a more insightful question. This one is general but should be specific for your organization:

"How can we address **SALES ORGANIZATION FEARS**, enable our sales team to **HELP CUSTOMERS THROUGH THIS CRISIS**, **FIND REAL GROWTH OPPORTUNITY**, and **ASSIST THE SALES TEAM FINANCIALLY**?"

Does that sound a lot different? We'll bet that when you read it, all of a sudden you saw some new possibilities. We capitalized some of the key nodes in the Challenge Question

that might be important areas to explore. If you work your Challenge Question further with your team, you'll come up with more idea nodes to explore, yielding more possibilities. Let's take the ones we've highlighted and brainstorm some ideas from them:

SALES ORGANIZATION FEARS

The root of this crisis for the sales organization is not revenue or compensation. It is fear. Fear of results and the implications to compensation, and also starting to see those results happen with the pullback of the economy. So, let's look at fears. For the sales organization, brainstorming possibilities may bring up directions to explore such as:

- **Help the sales organization focus on the longer-term of building the pipeline, not the immediate sale.** This is some of the best advice that we have given to reps and managers. When times get tough and frantic, don't freak out. Focus. As one of the top NCAA basketball coaches puts it, "Don't focus on the score. Focus on playing the game."
- **Book deals further out.** Most people in business can see beyond this crisis and have business of their own to grow as well. As the COVID-19 curve passes through, we believe that business will kick back in and everyone will get back to work with a vengeance. If customers can't buy or do the work now, book deals for a timeframe that's beyond the curve, get a commitment for that point, and then stay close to work toward that with them.
- **Work on strategic account planning.** We can hear groans with that one. This is a great time to get the team together for each strategic account and think about what you can do for those accounts to help them through this crisis.
- **Understand what your sales team needs for help.** This might include flexible schedules, childcare, help with elderly parents, and of course compensation which we'll address below.
- **Communicate to the sales team on a regular basis.** Within the context of this crisis, reinforce what you're doing and what you advise them to do.

HELP CUSTOMERS THROUGH THIS CRISIS

Like the sales organization, the root of this crisis for customers is also fear. Your organization can help them work through it. For customers, directions to explore may include:

- **Stop focusing on selling and start focusing on helping.** Customers still need revenue and results. How can your sales organization help with that? Shifting your team's focus away from transactional short-term gain and working with customers on their longer-term business strategy goes a long way toward building that trusted advisor status. It changes the conversation; now your customer can see you as an expert and someone who is committed and connected to their long-term growth.
- **Recraft value propositions about how your company can support your customer during this crisis.** The value proposition is at an organizational level

(what your company can do for your customer's company) and also at a sales team level (what your sales team can do for your specific buyers). The messages your sales team communicate to your buyers should be carefully thought out and considerate of the customer. They should not be randomly developed by each sales person, which leads to reactive and inconsistent messaging. So, get your sales leadership team together and sharpen your on-the-street messaging to be consistent with the earlier points about how you can help and advise.

- **Implement special pricing, offers, and policies.** Some companies are taking a blanket action of simply lowering price. Sure, that draws on the basics of supply and demand. Demand decreases, supply increases, price drops. But be more targeted about your program. Looking beyond the COVID-19 curve, consider offering special pricing and offers for commitment to future delivery, say in Q3 or Q4. Shift payment policies to ease the customer's financial burden now by making an investment from your organization. Better to make this investment now and help your customer than to take a zero now with no future benefit for your organization.
- **Communicate to customers on a regular basis.** Reinforce what you're doing to help them. Give them your best advice on what to do during this time as it relates to the areas affected by your products and services. We've all seen the initial flood of emails coming from companies about how they're addressing the crisis. It's important to keep up the flow of communications as a campaign.

FIND REAL GROWTH OPPORTUNITY

This may not be a complete sales wasteland. There may be opportunity out there your sales organization hasn't uncovered. Directions to explore may include:

- **Optimize territories.** Most sales territories are not covered efficiently. Let's face it. Reps cherry pick the top opportunities from abundant territories and leave the rest under-penetrated. In normal times, optimizing territories is one of the most effective methods for increasing sales performance. It's certainly a great option now. By focusing reps in on a smaller set of more lucrative accounts and shifting under-covered accounts to reps that have sales capacity, you can improve the overall productivity of each rep and the organization. Heat map your markets and heat map your rep activity to those markets. Find the hot spots for opportunity and cold spots for coverage – and make targeted account assignment shifts.
- **Sell virtually.** Companies have been shifting from in-person meetings to video conferencing as a norm, and this is a great time to expand this with your customers. With enforced safety measures limiting air travel and face-to-face meetings to "mission critical travel," this is a great time to explore and understand how remote connection will impact sales effectiveness and revenue results. It's exciting to think that post-crisis you could actually increase your team's productivity and results by focusing travel on impactful face-to-face meetings and redefining how to increase the value of customer interaction.

Leverage the same idea for your account coverage. As you're looking at territories and aligning the right sales people to the right opportunities and optimizing territories, break down the geographic barriers. Think bigger and differently. You no longer have to be limited by drive time and geographic density which opens up new sales coverage and market penetration opportunities. This crisis allows you test some new virtual coverage approaches that you can continue post-crisis to the benefit of you and your customers.

- **Change your offers or partner with other organizations.** As you're looking for opportunity, you may consider modifying your offers or products to better fit evolving customer needs. If customers aren't buying your products, what can you offer that will help them? Also, consider partnering with other companies in your industry or outside of your industry to create new offers. This may be a time to look at unlikely partners that you wouldn't have thought of before, such as companies with complementary products or even competitors who are open to cooperation. This is a great time to step back and think strategically about your business and what partnering can offer you.
- **Form a customer ideation team.** Determine how your company can help customers and find new opportunities. Rather than operating from your own perspective, engage customers in this ideation so you can get their insight and test ideas. Consider pulling together leadership of complementary companies for a virtual roundtable to understand what they and their peers are doing at this time. This can help you strengthen as a solution provider for your customers.

ASSIST THE SALES TEAM FINANCIALLY

Finally, we get to the point that many thought was the primary solution: sales compensation relief. Once you've worked through your complete Challenge Question, you can take a look at the sales compensation plan. Directions to explore may include:

- **Create short-term bonuses for attaining key milestones.** What keeps your business moving ahead? It may be creating proposals, testing prototypes with customers, or building pipeline. Look at the milestones (which, preferably are customer-acknowledged to minimize rep inflation) and link them to progressive bonuses.
- **Adjust sales quota timing.** We are not recommending that you reduce quotas yet, but rather shift their seasonality. So, you may consider weighting quotas toward the back-end of the year to allow reps time to catch up once we pass the COVID-19 curve. By doing this you are also in-effect adjusting earlier-in-the-year quotas and making them more achievable now.
- **Adjust sales quotas.** If catching up is not possible by year-end, consider reducing quotas as a back-up measure. Two principles come into play here. First, you are invoking a policy of quota adjustment because the situation is clearly out of the rep's control. You are setting a precedent by adjusting quotas. This has to be within your compensation governance so that you don't set the expectation that it will happen

again unless there is a situation of similar magnitude. Second, instead of making a broad quota adjustment for the organization, do it in a targeted fashion based on the situation in each territory.

- **Lower performance thresholds.** If your sales compensation plan has performance thresholds (e.g., a rep has to reach a certain percent of quota before earning compensation), consider lowering that threshold point to ease cashflow. If a large portion of your organization performs at or around quota, by lowering thresholds, you are essentially creating a pay advance for compensation they will ultimately earn. However, keep in mind that, in this situation, a group could fall short of quota, making this an additional expense.
- **Test your options.** Evaluate them not only for their ability to provide financial relief, but also for their ability to move your organization ahead. By moving ahead, we mean addressing other ideas to solve for your Challenge Question such as building pipeline or advancing a better customer value proposition.
- **Financially model your compensation solutions.** Once you create targeted sales compensation solutions, financially model them under a range of scenarios so you understand your risks and expected investment. Consider this within the context of the other investments you plan to make as you solve for your Challenge Question.

As you can see, using Sales Design ThinkingSM to move beyond your problem statement to a better Challenge Question can fundamentally change the way you think about this COVID-19 problem and help you come up with a much better answer. Your response and leadership in this environment will set the tone and settle your team to concentrate on moving ahead and helping their customers solve their problems.

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