THE SALES MANAGEMENT ASSOCIATION

RESEARCH REPORT

SUPPORTING SALES COACHING
NOVEMBER 2015

RESEARCH UNDERWRITERS

INSIGHT**SQUARED**

Linked **in**

Q stream.

Authors
Robert J. Kelly
Chairman
The Sales Management Association

Greg Thomas
Managing Director
The Sales Management Association

Research Report: Supporting Sales Coaching
This document has been prepared by The Sales Management Association for use by its members. The Sales Management Association has worked to ensure the accuracy of the information it provides to its members. This report relies upon data obtained from many sources, however, and The Sales Management Association is not engaged in rendering legal, accounting, or other professional services. Its reports should not be construed as professional advice on any particular set of facts or circumstances. Members requiring such services are advised to consult an appropriate professional. Neither the Sales Management Association nor its programs are responsible for any claims or losses that may arise from a) any errors or omissions in their reports, whether caused by The Sales Management Association or its sources, or b) reliance upon any recom-mendation made by the Sales Management Association.

Descriptions or viewpoints contained herein regarding organizations profiled in this material do not necessarily reflect the policies or viewpoints of those organi-zations.

About The Sales Management Association
The Sales Management Association is a global, cross-industry professional organization for sales operations, sales effectiveness, and sales leadership pro-fessions. We provide our members with tools, networking, research, training, and professional development.

Our research initiatives address topics relevant to practitioners across a broad spectrum of sales effectiveness issues. Our research is available to members on our site at www.salesmanagement.org.

In addition to research we publish best practice tools, archived webcasts, and expert content. Visit our website at http//salesmanagement.org to learn more.

Contents

1 Research Summary

1.1 Study Objectives

Although sales coaching's importance and impact is widely acknowledged, coaching initiatives remain poorly supported in most sales organizations. Time and resource intensive, management's coaching focus is too easily diminished by competing priorities, inconsistent practice, and ineffective delivery. Organizations' efforts to support coaching are therefore essential to maintaining managers' coaching focus, and in our view offer a significant determinant of return on coaching effort.

This study researches how business-to-business sales organizations support coaching initiatives. The research identifies current coaching practices, clarifies which support initiatives are important to coaching program effectiveness, and determines coaching support gaps apparent in current approaches. The research also attempts to quantify the return on various coaching support investments made by respondent firms.

1.2 Summary of Key Findings

Our research found ample evidence of coaching's value to sales organizations. Nevertheless, most sales organizations allocate far too little effort or resources toward coaching salespeople.

Coaching is a High-Yield Performance Investment. The research findings indicate that the quality of sales coaching impacts firm revenue growth. Firms that provide the optimal coaching to salespeople realize rates of annual revenue growth 16.7% greater than firms that do not provide any coaching to their salespeople.

Too Little Coaching is Provided. Salespeople don't get enough coaching, in management's opinion. A mere 15% of respondents believe their firms provide the right amount of sales coaching. An overwhelming majority (77%), believe the sales force is offered too little coaching. On average, managers spend 36 minutes per week in one-on-one coaching interactions with each direct report salesperson, and just under four hours per week across the sales team managed. For the majority of firms, coaching effectiveness would improve simply by increasing coaching time.

Highest Impact Coaching Topics. Of 13 coaching topics included in the research, those with the greatest impact on firm performance in revenue growth are (1) identifying skill deficiencies of sales people, (2) pipeline management coaching, and (3) coaching on account planning or account management.

Recommended Support for Coaching. We examined a set of eleven tools and resources associated with supporting sales coaching. The two which provide the greatest potential improvement opportunity are (1) assessments of salesperson skills, and (2) training managers on how to coach. These support resources are highly rated in importance, yet remain among the least effectively provisioned to management. In addition to evaluating coaching support initiatives by their relative importance and effectiveness ratings, predictive analytics examined the impact of coaching support initiatives on overall coaching effectiveness. The results indicate that three drivers explain 60% of overall coaching effectiveness ratings. Starting with the most impactful driver these include (1) tools to help build effective coaching plans for managers, (2) assessments of sales person skills, and (3) a clear definition of coaching. It's recommended that firms evaluate their tools for coaching plans to insure they robustly support effective coaching efforts.

5

2 SALES COACHING EFFECTIVENESS

2.1 QUANTIFYING COACHING IMPACT ON FIRM PERFORMANCE

In examining the relationship between sales coaching and firm performance, three different criteria show an impact. Our analysis showed that higher firm revenue growth is driven by three coaching program attributes: (1) the amount of coaching provided, (2) the effectiveness of coaching provided, and (3) from both measures in combination. This latter measure, the combined effect of coaching quality and amount, influences firm growth rates by 16.7%[1].

A firm without a sales coaching initiative could therefore grow revenue up to 16.7% faster by implementing an effective coaching program, optimized for both coaching quality and quantity (i.e., the amount of time spent coaching)[2].

2.2 EFFECTIVENESS OF CURRENT COACHING EFFORTS

More than half of all firms have ineffective coaching programs.

None of the participating firms were rated as being extremely effective at coaching. A combined 55% of firms are languishing in the range of slight to complete ineffectiveness. An aggregate 44% of firms range from moderate to good levels of effectiveness. In sum, the balance of firms are ineffective in sales coaching.

RATINGS OF SALES COACHING EFFECTIVENESS

PERCENTAGE DISTRIBUTION OF RESPONSES

SALES COACHING EFFECTIVENESS RATING
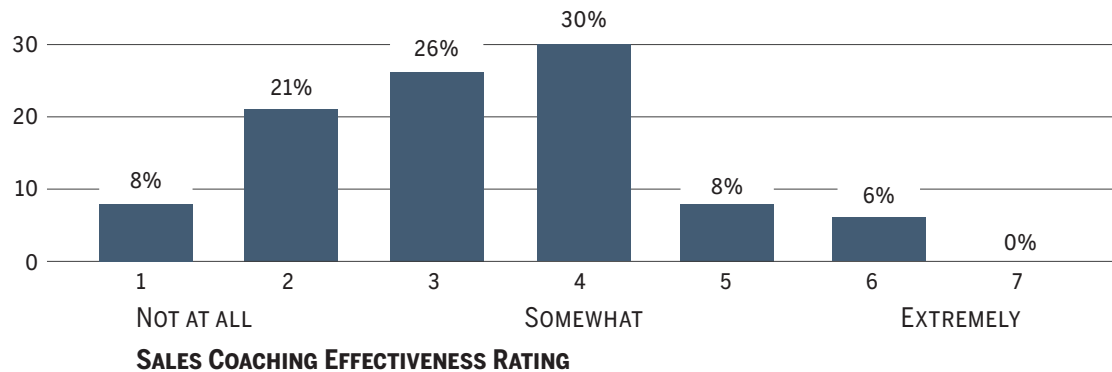
2.2 MORE THAN HALF OF ALL FIRMS HAVE INEFFECTIVE COACHING PROGRAMS.

[1] This impact was measured across all firms participating in the study. The performance for any one firm may vary.
[2] For example, a $100 million revenue firm growing at 25% per year that lacks a sales coaching program would stand to benefit by an additional $4.1 million in annual revenue by launching an effective coaching program.

3   Components of Effective Coaching

3.1 Coaching Effort is Inadequate

Many sales organizations simply do not allocate sufficient coaching time.

An overwhelming 77% of firms do not provide enough coaching to their salespeople, while only 15% state they provide the right amount of coaching. Do note that this is management's perspective, and not that of salespeople.

Management's Assessment of the Amount of Coaching Provided

Percentage Distribution of Responses

3.1 Management considers coaching time inadequate.
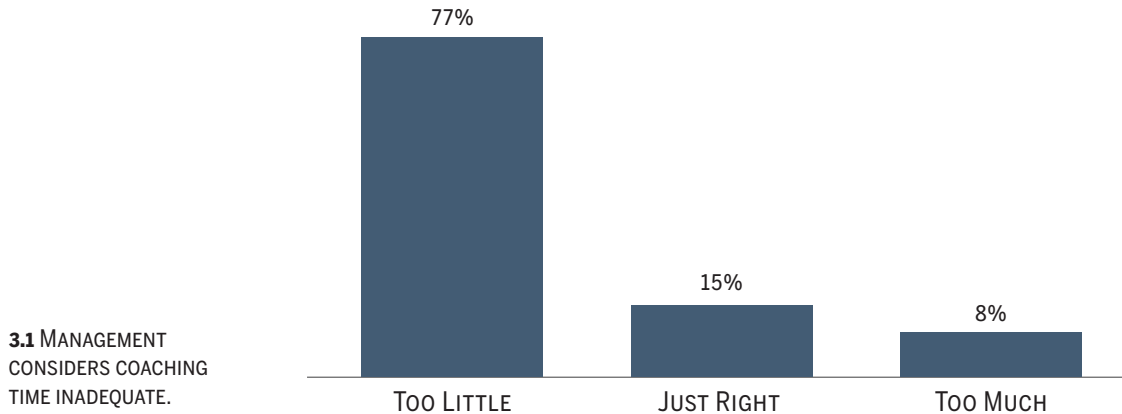
3.2 Time Allocated for Coaching

Management allocates little time to coaching sales people; we estimate only about eight percent of a manager's typical workload focuses on coaching delivery. And, coaching takes up only about one-quarter of all one-on-one interactions between managers and salespeople.

Overall, managers spend 2.6 hours per direct report salesperson, per week, in one-on-one meetings. Of this amount, approximately 36 minutes are allocated to weekly salesperson coaching.

Manager Time Spent in One-on-One Interactions and Coaching Individual Salespeople

HOURS PER WEEK

3.2.1 ABOUT ONE-QUARTER OF TIME SPENT IN ONE-ON-ONE INTERACTIONS BETWEEN MANAGERS AND SALESPEOPLE RELATES TO COACHING.
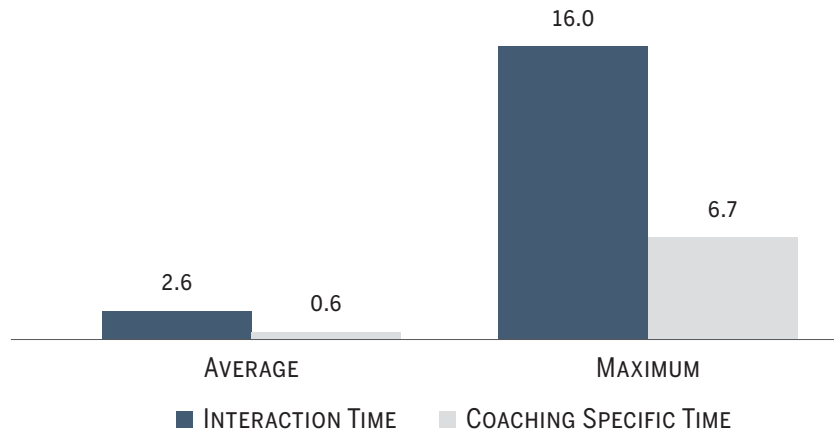
In aggregate, a manager spends 15.3 hours a week interacting with direct report salespeople in one-on-one meetings. Of this amount, 3.8 hours are spent on coaching. Assuming a 40 hour work week, less than 8% of total manager workload is allocated for coaching.

Time a Manager Spends with Salespeople in One-on-One Meetings, In Aggregate Across Their Sales Team

HOURS PER WEEK

3.2.2 MANAGERS SPEND ABOUT 15 HOURS PER WEEK, ON AVERAGE, IN ONE-ON-ONE INTERACTIONS WITH SALESPEOPLE MANAGED. COACHING REPRESENTS ROUGHLY ONE-QUARTER OF THIS AMOUNT.
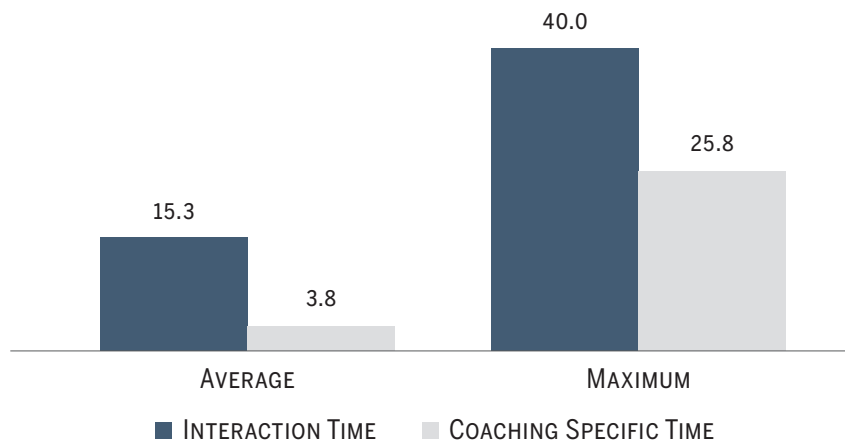
4   Coaching Content

4.1 Frequency of Topics Covered in Coaching

The study examined a portfolio of thirteen coaching topics. Presented in descending order from most frequently treated in coaching interactions to least frequently treated, these topics are:

1. Advancing a specific opportunity with a customer or prospect
2. Pipeline management (reviewing or developing action plans for pending opportunities at various stages in the sales process)
3. Preparing for a specific customer meeting
4. Providing informal feedback of a general nature
5. Account planning or account management
6. Qualifying opportunities
7. Crafting effective offerings or proposals
8. Guiding salespeople on how to get things done inside your organization (internal processes or departments)
9. Improving sales call effectiveness
10. Overall territory or assignment management
11. Instructing salespeople on administrative processes
12. Identifying skill deficiencies
13. Presentation effectiveness

The topics most frequently addressed are more specific to near term revenue opportunities. These include "advancing a specific opportunity with a customer or prospect," "pipeline management," and "preparing for a specific customer meeting." The least frequently covered topics relate to fundamental skill development including "identifying skill deficiencies," and "presentation effectiveness."

FREQUENCY OF SALES COACHING TOPICS ADDRESSED

AVERAGE RATING

Topic	Rating
SPECIFIC OPPORTUNITY	5.1
PIPELINE MANAGEMENT	4.8
CUSTOMER MEETING PREPARATION	4.7
INFORMAL FEEDBACK	4.6
ACCOUNT PLANNING	4.1
QUALIFYING OPPORTUNITIES	4.1
CRAFTING EFFECTIVE OFFERINGS	3.9
INTERNAL PROCESS GUIDANCE	3.9
CALL EFFECTIVENESS	3.7
TERRITORY MANAGEMENT	3.7
ADMINISTRATIVE PROCESSES	3.6
IDENTIFYING SKILL DEFICIENCIES	3.4
PRESENTATION EFFECTIVENESS	3.2

1   2   3   4   5   6   7

NOT AT ALL   SOMEWHAT   EXTREMELY

RATING OF TOPIC'S LIKELIHOOD TO BE ADDRESSED IN COACHING INTERACTION

4.1 COACHING TOPICS MORE FREQUENTLY ALIGN WITH IMMEDIATE OPPORTUNITIES, RATHER THAN ADDRESSING LONGER-TERM COMPETENCY DEFICITS OR SKILL BUILDING.

Participants rated the frequency with which their firms' sales managers covered topics in coaching interactions in a typical month. They used a seven-point scale, which ranged from "not at all likely to be adressed with coaching" (1), to "extremely likely" (7). See exhibit 4.1 above for details on the average ratings.

4.2 COACHING TOPICS' REVENUE GROWTH IMPACT

Our research analyzed each coaching topic's relationship with firm revenue growth[3]. The top three topics, in descending order of their measured impact on firm revenue growth are:

- Identifying skill deficiencies[4]
- Pipeline management[5]
- Account planning or account management[6]

The topic "identifying skill deficiencies," underemphasized in relation to other coaching topics, nevertheless exhibits the strongest impact on firm performance of any coaching topic. In their haste to focus on more near-term priorities, most managers appear to overlook the topic most likely to influence sustained growth.

5 RESOURCES THAT SUPPORT SALES COACHING

5.1 RATINGS OF IMPORTANCE FOR COACHING SUPPORT RESOURCES

The research examined a set of 11 resources associated with sales coaching program support. In descending order of their rated importance, this set of resources include:

1. Accurate data on salespeople's performance for financial results (e.g., sales results, quota achievement, etc.)
2. Pipeline status reports that show salespeople's pending opportunities at various stages of completion
3. Assessments of salesperson skills
4. Understanding of salespeople's levels of activity (e.g., number of sales calls, proposals, etc.)
5. Training for managers on how to coach
6. Insight into which skills to coach salespeople on

---

[3] Multiple regression with R squared = 24.5
[4] Coefficient of .32, P =0.01
[5] Coefficient of .20, P = 0.05
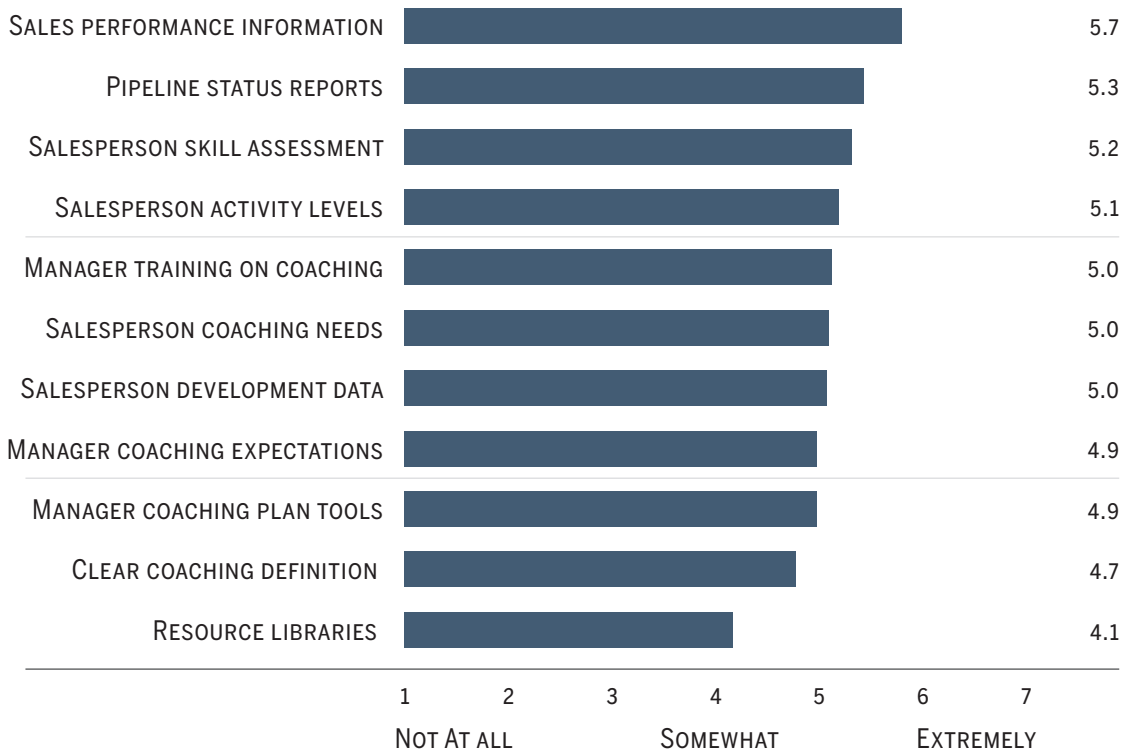[6] Coefficient of .21, P = 0.09

7. Data reflecting measured improvement of salespeople in specific developmental areas

8. Clear coaching expectations and requirements for managers

9. Tools to help build effective coaching plans for managers

10. A clear definition of coaching that is consistently applied by coaches

11. Libraries of developmental exercises and assignments for use by managers in developing salesperson knowledge and skills

The top three most important coaching support resources - (1) salespeople's financial related performance, (2) pipeline status reports, and (3) assessments of salesperson skills - provide lagging indicators of performance, leading indicators of future performance, and an evaluation of performance driving abilities, respectively.

All topics rated received a rating above the mean value of "somewhat important." The least-highest rated of these is a "developmental library for use by managers in assigning developmental tasks to salespeople."

COACHING SUPPORT RESOURCES' IMPORTANCE

RESPONDENTS' IMPORTANCE RATING

Resource	Rating
SALES PERFORMANCE INFORMATION	5.7
PIPELINE STATUS REPORTS	5.3
SALESPERSON SKILL ASSESSMENT	5.2
SALESPERSON ACTIVITY LEVELS	5.1
MANAGER TRAINING ON COACHING	5.0
SALESPERSON COACHING NEEDS	5.0
SALESPERSON DEVELOPMENT DATA	5.0
MANAGER COACHING EXPECTATIONS	4.9
MANAGER COACHING PLAN TOOLS	4.9
CLEAR COACHING DEFINITION	4.7
RESOURCE LIBRARIES	4.1

1 (NOT AT ALL) — 4 (SOMEWHAT) — 7 (EXTREMELY)

AVERAGE IMPORTANCE RATING

5.1 REPORTS ON SALESPERSON PERFORMANCE WERE CONSIDERED MOST IMPORTANT TO SUPPORTING EFFECTIVE COACHING.
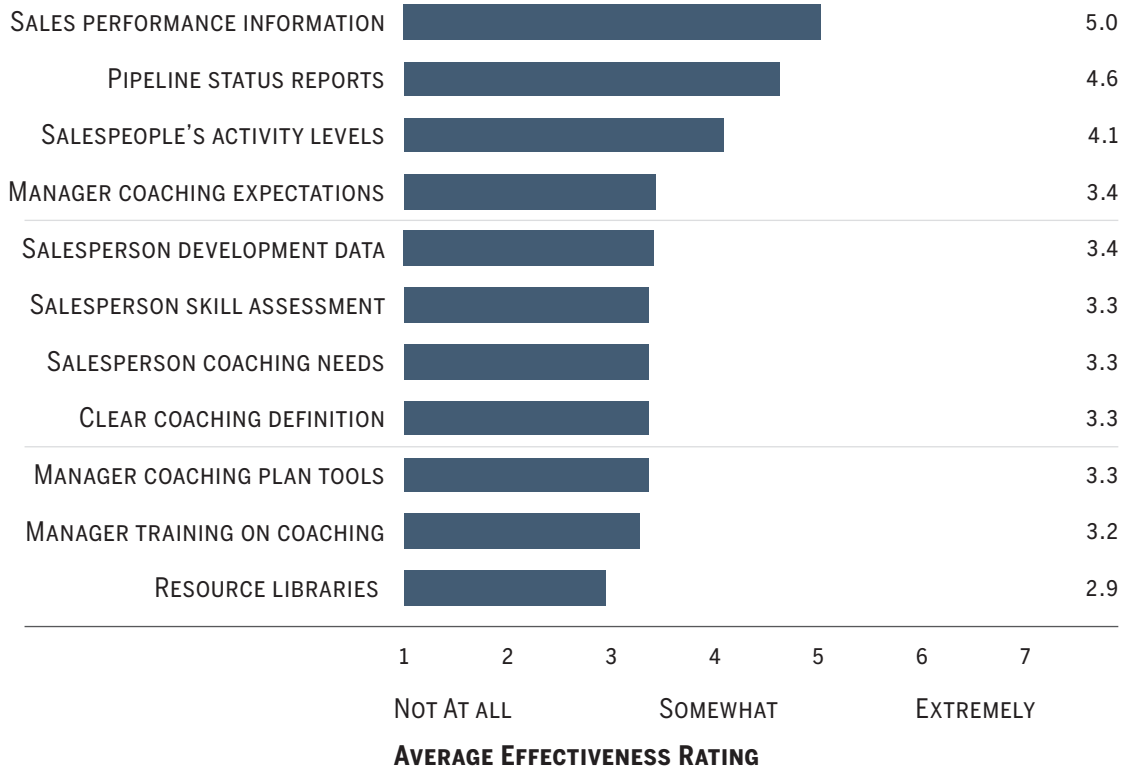
Participants were asked to rate the above resources based on the importance of sales coaching resources on a seven-point scale ranging from "not at all important" (1) to "extremely important" (7).

5.2 Coaching Support Resources' Effectiveness

Participants also rated their firms' current effectiveness levels in providing this same set of coaching support resources.

Coaching Support Resources' Effectiveness

Average Rating

Sales performance information	5.0
Pipeline status reports	4.6
Salespeople's activity levels	4.1
Manager coaching expectations	3.4
Salesperson development data	3.4
Salesperson skill assessment	3.3
Salesperson coaching needs	3.3
Clear coaching definition	3.3
Manager coaching plan tools	3.3
Manager training on coaching	3.2
Resource libraries	2.9

1 2 3 4 5 6 7

Not At all   Somewhat   Extremely

Average Effectiveness Rating

5.2 Only three support initiatives were rated higher than "somewhat effective." The overall average effectiveness rating for all support initiatives was 3.6 (on a seven-point effectiveness rating scale).

The top three coaching support resources, based on respondents' ratings of current effectiveness, are (1) reporting data on salesperson performance, (2) pipeline status reports, and (3) reporting data on salesperson activity. Only these three initiatives garnered effectiveness ratings above the median effectiveness rating of "somewhat effective"[7].
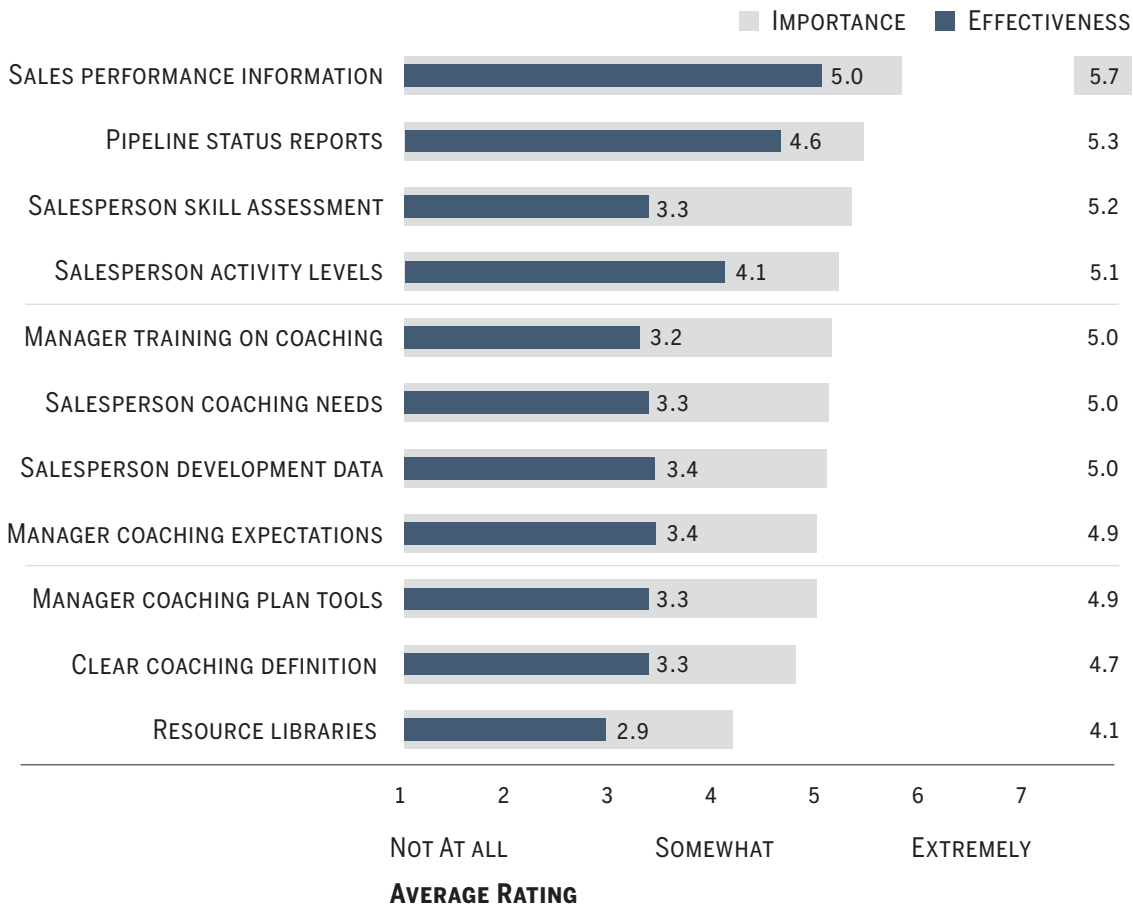
---

[7] Respondents were asked to rate each initiative's effectiveness on a seven-point scale, where "1" = "not at all effective," "4" = "somewhat effective," and "7" = "extremely effective." Only these three initiatives were rated above the median value of "4."

Broadly speaking, respondents considered firm performance in other coaching support areas to be ineffective. The average of all ratings across all resources is 3.6 (on a seven-point effectiveness scale). These results suggest coaching initiatives suffer from generally inadequate support.

5.3 THE MOST IMPORTANT KINDS OF COACHING SUPPORT

IMPORTANCE AND EFFECTIVENESS OF SALES COACHING SUPPORT INITIATIVES

	IMPORTANCE	EFFECTIVENESS
SALES PERFORMANCE INFORMATION	5.7	5.0
PIPELINE STATUS REPORTS	5.3	4.6
SALESPERSON SKILL ASSESSMENT	5.2	3.3
SALESPERSON ACTIVITY LEVELS	5.1	4.1
MANAGER TRAINING ON COACHING	5.0	3.2
SALESPERSON COACHING NEEDS	5.0	3.3
SALESPERSON DEVELOPMENT DATA	5.0	3.4
MANAGER COACHING EXPECTATIONS	4.9	3.4
MANAGER COACHING PLAN TOOLS	4.9	3.3
CLEAR COACHING DEFINITION	4.7	3.3
RESOURCE LIBRARIES	4.1	2.9

Scale: 1 NOT AT ALL — 4 SOMEWHAT — 7 EXTREMELY

AVERAGE RATING

5.3.1 SALESPERSON SKILL ASSESSMENT IS RATED AMONG THE THREE MOST IMPORTANT COACHING SUPPORT INITIATIVES, BUT IS RATED AMONG THE LEAST-EFFECTIVELY PROVIDED

To better visualize the relationships between respondents' ratings, we created an "importance-effectiveness grid". This involves plotting effectiveness and importance ratings on an x-y axis, assigning effectiveness ratings to the vertical y-axis, and importance ratings to the horizontal x-axis. The two axes intersect at the respective mean value for each rating scale (a mean importance rating of 5.0, and effectiveness rating of 3.6, both on a seven-point scale); each support activity is thereby forced into one of four quadrants, as illustrated below. Activities ranked in the top 50% by importance rating are

sorted on the right half of the chart; those ranked in the top 50% based on performance rating are forced to the top half of the chart.

The upper-right quadrant represents activities with relative high ratings for both importance and effectiveness. These include "salespeople's financial-related performance," "pipeline status reports." And "salespeople's activity levels" are all important, and performed effectively. In general, we recommend sustaining the competencies in this quadrant with continuous improvement. This applies to firms results in this study in aggregate so your firm results may vary.

The lower right quadrant contains resources, which are relatively important yet are not being performed with relative effectiveness. In general, we recommend an elevation assessment for activities in this quadrant to determine the cost-benefit of boosting these resources. This quadrant includes "assessments of salesperson's skills," "training for managers on how to coach," and "insight into which skills to coach salespeople on."

The lower left hand quadrant contains resources which are neither relatively important nor performed effectively. In resource-constrained environments, reducing support, or outsourcing are frequently-employed options for these activities. These may be performed at a lower threshold of capability or at that of competitive parity. The resource ranked the lowest in this quadrant is "resources libraries for managers to develop salespeople".

Do note that these ratings are averaged across all firms and industries. The characteristics specific to an individual firm and its industry context may likely vary, thereby influencing firm-specific improvement priorities.

15

IMPORTANCE-EFFECTIVENESS GRID FOR COACHING SUPPORT INITIATIVES
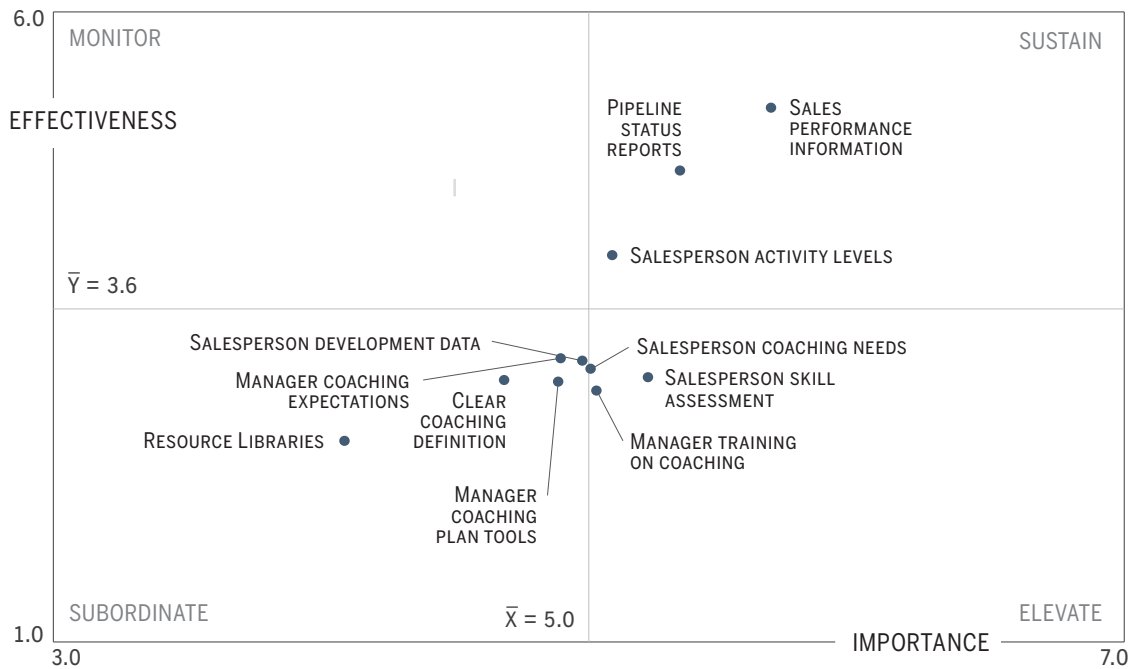
5.3.2 IN AGGREGATE, RESPONDENTS' EFFECTIVENESS AND IMPORTANCE RATINGS SUGGEST THREE MOST IMPORTANT COACHING SUPPORT PRIORITIES: ASSESSMENTS OF COACHING NEEDS; SALESPERSON SKILL ASSESSMENTS; AND MANAGER TRAINING ON COACHING.

5.4 DRIVERS OF EFFECTIVE COACHING

Our analysis examined the impact of these 11 coaching support resources on overall coaching effectiveness. Combined, these 11 elements explain 60% of overall coaching effectiveness ratings[8]. The resources with the greatest impact are:

- Tools to help build effective coaching plans for managers[9]
- Assessments of salesperson skills[10]
- A clear definition of coaching[11]

The importance-effectiveness grid in the prior section already identified salesperson skill assessment as among the top three most important improvement priorities for all respondents. This additional analysis suggests that tools to help build effective coaching plans for managers represents the most impactful coaching support investment opportunity, based on their ability to effect overall coaching effectiveness.

---

[8] R Squared = 0.60
[9] Coefficient 0.20, P = 0.2
[10] Coefficient 0.19, P = 0.03
[11] Coefficient .18, P = 0.058

6 About the Research

6.1 Research Approach

This study aggregates participating firms' responses to a web-based survey. The Sales Management Association developed the survey and recruited participants from our membership and broader audience of sales managers and sales operations professionals. In exchange for participating, we offer respondents advance copies of the detailed study report.

Before reporting results, we eliminate invalid or ineligible responses, and sometimes contact respondents to clarify their responses. Survey results are only reported in aggregate, and never in a way that would compromise the identity of any single respondent. All individual respondent data are treated with strict confidentiality.

6.2 Research Timing and Scope

This research represents summarized data from 99 participating firms, directly employing more than 9,000 sales managers and 86,000 sales professionals. Data was collected between 1 May and 25 August, 2015. Respondent demographics and descriptive information is summarized in the report appendix below.

6.3 Research Underwriters

InsightSquared, LinkedIn and Qstream made this research possible through their underwriting support. Sales Management Association underwriters provide annual financial support to the Sales Management Association. Underwriters may suggest research topics, participate in ongoing research projects, and encourage participation or otherwise promote research initiatives.

Underwriters are not involved with research administration, data collection, analysis, interpretation, or report development, unless explicitly noted in the report. Also, unless noted, underwriters do not pay a research-specific fee or directly commission research initiatives.

7 RESPONDENT DEMOGRAPHICS

7.1 JOB ROLE

Respondents indicate their job function from a list provided. Anyone with a title of salesperson is disqualified from participating in the survey. Of the respondents who completed the survey 36% work in the sales operations function. Sales management represents 48% of the respondents pool, and this is comprised of sales leaders (who manage sales managers; 30%) and sales managers (18%). Managers in marketing, product management or operations represent 10%.

RESPONDENTS' JOB ROLE

PERCENTAGE OF RESPONDENTS

7.1 ROUGHLY HALF (48%) OF RESPONDENTS ARE IN FIRST-LINE OR SENIOR SALES LEADERSHIP ROLES; AND ADDITIONAL 36% ARE SALES OPERATIONS MANAGERS.

MANAGES SMs 30%

SALES OPS 36%

SALES MANAGER (SM) 18%

MANAGER (NON SALES) 10%

OTHER 5%
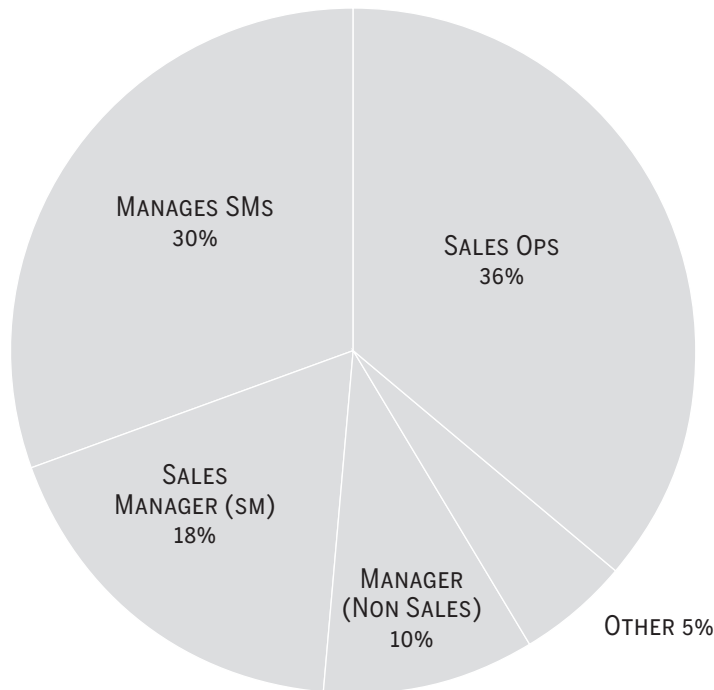
7.2 FIRM INDUSTRY

Respondents indicate their primary industry for their firm. This survey has the largest representation from the services industries (37%), followed by high tech (29%), manufacturing (23%, and transportation and warehousing (4%). An additional 'other' category represents 7% of respondents firms and this includes a variety of industries including information, retail, utilities, and extraction industries.
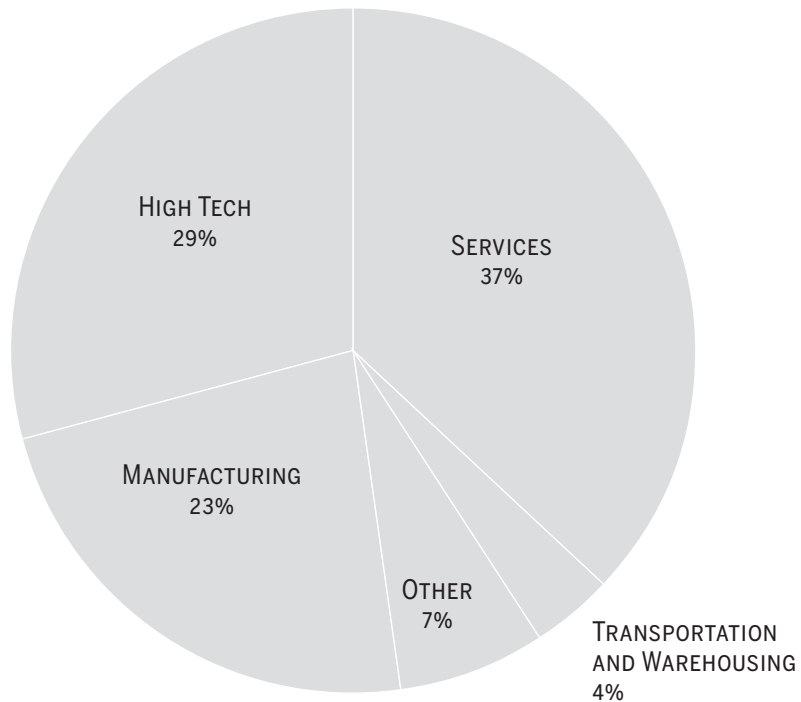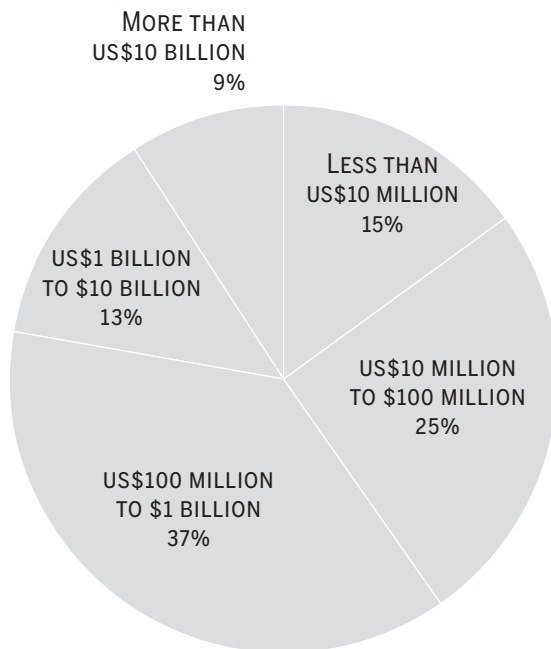
RESPONDENTS' INDUSTRY

PERCENTAGE DISTRIBUTION OF RESPONSES

7.2 RESPONDENTS' INDUSTRIES INCLUDE A WIDE RANGE OF MANUFACTURING, HIGH TECHNOLOGY, AND SERVICES INDUSTRIES.

Pie chart:
- HIGH TECH 29%
- SERVICES 37%
- MANUFACTURING 23%
- OTHER 7%
- TRANSPORTATION AND WAREHOUSING 4%

RESPONDENTS' FIRM REVENUE

PERCENTAGE OF RESPONDENTS

Pie chart:
- MORE THAN US$10 BILLION 9%
- LESS THAN US$10 MILLION 15%
- US$1 BILLION TO $10 BILLION 13%
- US$10 MILLION TO $100 MILLION 25%
- US$100 MILLION TO $1 BILLION 37%

7.3 59% OF FIRM'S ANNUAL REVENUES EXCEED US$100 MILLION, 22% OF FIRM'S ANNUAL REVENUES EXCEED US$1 BILLION.

7.3 FIRM SIZE

The size of responding firms ranged from small to very large. About 40% of participating firms are under US$100 million in annual revenue, and 22% have annual revenue in excess of US$1 billion.

7.4 FIRM PERFORMANCE

The survey requests firm performance data from the respondents. This provides a means of checking the performance against norms to ensure there is good cross-sectional representation across firms. Respondents are asked to report achievement of revenue objectives, achievement of profit objectives, and overall revenue growth over the last 12 months. We find the data collected falls within a relatively normal distribution.

Respondents' Sales Objective Achievement
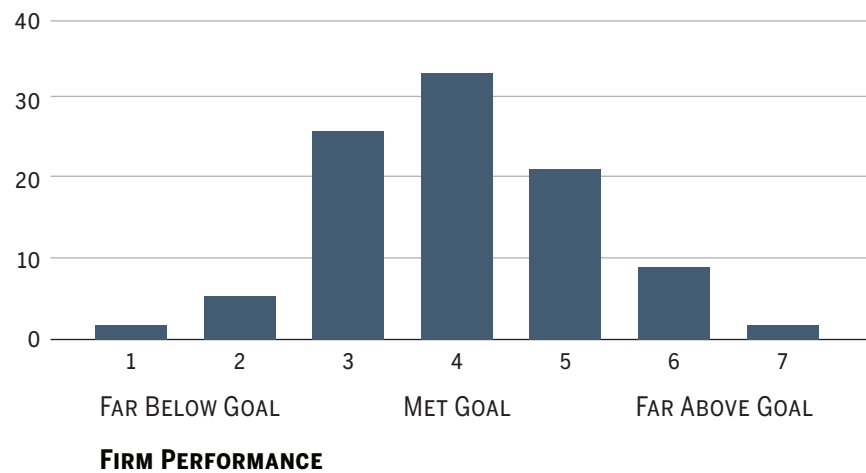
Percentage Distribution of Firms

7.4.1 56% OF RESPONDENT FIRMS MET OR EXCEEDED THE ANNUAL COMPANY REVENUE OBJECTIVE.

Firm Performance
Far Below Goal — Met Goal — Far Above Goal
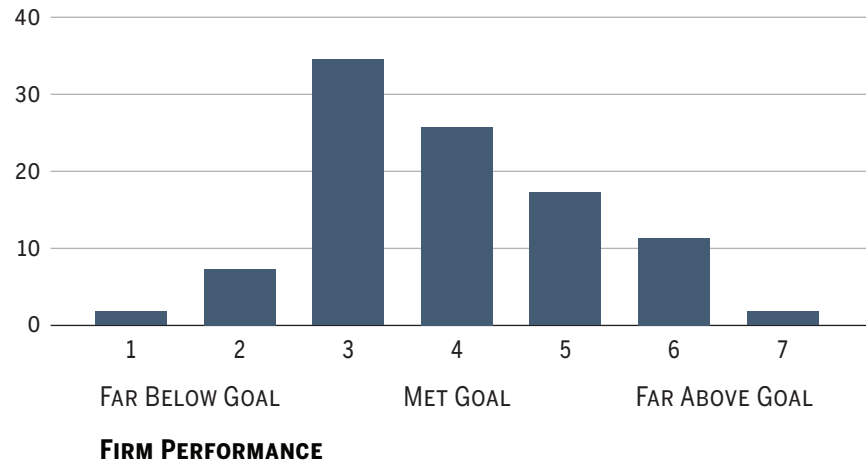
Respondents' Profit Objective Achievement

Percentage Distribution of Firms

7.4.2 67% OF RESPONDENT FIRMS MET OR EXCEEDED THE ANNUAL COMPANY PROFIT OBJECTIVE.

Firm Performance
Far Below Goal — Met Goal — Far Above Goal

Respondents' Year-Over-Year Sales Growth

Percentage Distribution of Firms

7.4.3 83% OF RESPONDENT FIRMS HAD POSITIVE REVENUE GROWTH OVER THE PRECEDING 12 MONTHS..

Firm Performance
Far Below Prior Year — No Change — Far Above Prior Year