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The SFA Maturity Model

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As you know, I strongly advocate measuring and improving the cost of customer acquisition. The best route to profitability is via shortening the sales cycle and increasing the lifetime value of customers. To do either of these things, an SFA system has to be in place.

But as with perfectionism, having too-ambitious goals for an SFA implementation will not pay off. Overshooting your organization's readiness (putting in features that users aren't ready for, or relying on data that's can't be easily collected) can be quite counterproductive.

I've developed a model to gauge an organization's readiness for SFA adoption and utilization. The model is stated in terms of functional levels that are typically required for various stages of revenue growth. As you can see, the model goes well beyond simple Sales usage, and ends up touching a half-dozen other departments.

Of course, as with any model, real experience just isn't that simple. Some companies using an SFA system aren't sales organizations (e.g., VCs or fund-raising organizations). Some companies achieve levels in a different sequence. Some companies never go very far along the model's path, yet achieve good sales results. These disclaimers aside, here are the levels of SFA usage that an organization can expect to go through:

1. Contact Management

This is using the SFA system as if it were ACT, Goldmine, SalesLogix, or even Excel. Leads and Contacts are put in the system by marketing, are refined by a sales development group, and are passed to the sales reps for action. Once a Lead/Contact has been passed to sales, there are almost no updates in the SFA system.

2. Basic Pipeline Development

This is using the SFA system as in Level 1, but adds the core of pipeline development. Once a sales rep receives a Lead/Contact, s/he qualifies the prospect. An unqualified Lead is rejected or deleted from the system. A good prospect is converted into an Opportunity, and the rep occasionally updates the Opportunity status to reflect the state of the pipeline. At this level, forecasting and account reviews are done entirely outside the system, typically in monthly phone conferences. This is the level for most companies with 10 reps or so.

3. Enhanced Pipeline Development and Forecasting/Quota management

This Level completes pipeline management and adds forecasting and quota management. Leads, Contacts, and Opportunities are never deleted from the system, and the reps are more diligent about using changes the SFA system's Opportunity Status to signal the rest of the organization regarding what's needed to close the deal. All reps' quotas are in the system, territories, overlays, and splits are defined, and dashboards or reports indicate the state of achievement against goals for the reps. At this level, all forecasting and most account reviews are done entirely in the system. The data in the system is accurate on a weekly basis, and reports and dashboards are being used regularly. This is the level that companies need to achieve when they have more than 25 reps.

4. Field Time Management

This is using the SFA system as in Level 3, but adds activity tracking for sales, telesales, and marketing. By using Tasks, Campaigns, AdWords integration, Outlook integration, and PBX/VoIP adaptors, Sales and Marketing users now have enough trust in the system and its information to track their action items, prioritize their work, and manage their schedule. Reports and dashboards show key activity and workflow metrics in Lead generation, Lead cultivation, Appointment Setting, Opportunity Development, and Close ratios. At this level, sales and marketing VPs are using the SFA system to drive their teams.

5. Customer support

Although pre-sales engineers and professional services may have been using the system for a long while, this Level adds customer support to the SFA system user base. Post-sales support (which may span customer care, warranty, and technical support) is a key point of customer contact that should be visible to everyone who interacts with prospects (particularly the sales reps). Within the SFA system, the Knowledge Base has been turned on and populated with Solutions, and the Customer Access Portal has been turned on. The company's web-site CMS and email blasting systems have been integrated into the SFA system so that a history of all customer communications is visible to all users. At this level, anyone who takes an outside phone call would have the SFA system screen up before they even think of answering the phone.

6. Quoting and Deal Management

This Level makes it possible to develop and manage all quotes and to complete the bookings process in the system. The SFA system's Products module has been turned on, pricelists populated, and approval workflows have been implemented to handle unusual deals. An outside commission management system (whether a series of spreadsheets or a product (such as Centive or QCommission) has been integrated, and sales policy now states that commissions will not be paid unless a deal is in the system for at least 2 weeks prior to closing. At this level, management has a 360-degree view of the sales and marketing team. This is the level companies need to achieve with more than 40 reps.

7. Order Management

This Level integrates access to the accounting/ERP system for order entry, tracking, and management. Quotes can be converted to orders as soon as they have completed the approval cycle. If the company uses eCommerce, that order flow has been integrated and is visible to the SFA system users. All quotes, orders, and supporting documents (such as RF1 and RFQ responses) are stored and available from the SFA system user screens. The SFA system's Partner Management Portal is up and allows good management of lead and deals that are being handled through the channel. At this stage, all bookings can be seen in real time, and even Finance can use the system as an authoritative source. This is the level companies need to achieve with more than 50 reps and a multi-channel organization.

8. Comprehensive Purchase History

In addition to what can be seen at Level 7, now the history of customer transactions is available to authorized users. Within the SFA system, Contracts are now being populated with Ts and Cs and periods of service. Through integration with ERP, license management, and other systems, a customer's

purchase history (including specific line-items, serial numbers, license keys) is presented in the SFA system screens. Through integration with accounting, a customer's payment history, current credit status, and discount eligibility is available for the Sales reps. At this level, users have a 360 degree view of Customers.

9. Compliance and Controls

Through the fine-grained security mechanisms, audit trails, and the powerful workflow system in the SFA system, this Level adds the ability to apply controls on critical user activities. Workflows and alerts are extended from the first moment a quote is generated through the closing of the order and issuance of the invoice. Revenue recognition triggers are put in place, and true revenue forecasts are shown in the SFA system. Bookings and revenue forecasts are "locked down" to avoid SOX compliance issues. At this level, executive staff is using the SFA system information to drive the business on a daily basis. This is the level companies need to achieve before they go public.

10. Integrated Business Intelligence

At this highest level, the SFA system (in conjunction with other enterprise systems) is used as a key driver of analysis at every level of management. By adding BI tools or a data warehouse, analysts can examine customer profitability, cost of customer acquisition analysis, product release planning and other strategic issues. At this level, the SFA system is a foundation for a 360 degree view of the business.

While many organizations never get beyond the first few levels of SFA maturity, the operational advantages and leverage of a highly integrated revenue process are obvious. Companies that achieve higher levels of SFA sophistication are likely to be more profitable and have a more solid foundation for making good business decisions.

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