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Four Painful Manufacturing Sales Challenges

*(And Simple Steps to Help Get You
on the Right Track)*

No matter the industry, and regardless of economic conditions, competition, supply chain integrity, or other external factors, manufacturers today face many sales challenges. Left uncured, these “pain points” can infect an organization with severe levels of operational stress, confusion, and conflict that threaten short-term survival, let alone long-term success. While these trials can take many forms and vary widely by industry and market, we’ve discovered that certain manufacturing sales organization challenges are more universal.



Consider these four critical sales pain points



PAIN POINT #1



Pain Point #1: No Sense of Market Risks or Future

Even manufacturers with a long track record of success can, perhaps surprisingly, have no clear sense of where they need to go. They simply follow a familiar path that has led to success before, unaware of competitive forces that could dramatically impact their sales, revenue, profits, and ability to compete in a dynamic marketplace. In other words, such companies have no long-term sales strategy or business plan that accounts for market vulnerabilities.

CASE IN POINT: A manufacturer we recently worked with was well known and respected for their excellent work. They had found continuing success within a small segment in their target market. Their challenge was that 70% of their business came from five clients. It was only when they lost one of their largest customers and **20% of their revenue that their success turned into pain.**

THE CURE? BECOME MORE STRATEGIC. To minimize the short-term impact on revenue, we implemented a new sales strategy to win more business from existing customers. To reduce overall business risk, we also expanded the customer base to minimize customer concentration. **As a result, the manufacturer closed 2021 at \$12M, a 41% increase over 2019 revenue, despite the labor and supply shortages that had impacted the market during this period.** The new growth strategy, which addresses market risks and company vulnerabilities, has set the organization on track to grow to \$18M in 2025, a 210% growth over their 2019 revenue.





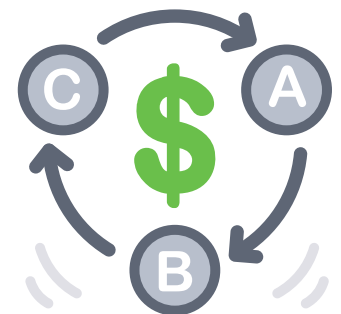
Pain Point #2



Pain Point #2: Lack of Understanding of Goals and Expectations

Simply put, the only way to move toward your destination is to know where that destination lies in the first place. Unfortunately, sales goals are not always clearly in sight. They are not well-defined, clearly communicated, nor well understood. While sales reps might be in constant motion, they could be moving in the opposite direction from the manager or owner's performance expectations. In my experience, lack of clear sales goals and quotas are the biggest cause of friction between sales reps and their employers. **In turn, this friction can lead to lack of motivation, poor performance, a toxic work culture, and high turnover rates.**

For instance, a sales rep for a manufacturer was delivering excellent revenue growth results, but the owner was unhappy, expecting more sales from other important product lines. After months of friction, the rep considered resigning. But by **setting clear goals and securing buy-in from both the owner and the salesperson**, the imminent resignation was averted and the mix of new business satisfied the owner.





PAIN POINT #3



Pain Point #3: Poor Close Rates Due to Lack of a Clear and Proactive Sales Process

How do sales reps sell a manufacturer's products in a consistent, efficient, and effective way? A well-designed and actionable sales process is key. Sadly, many organizations fall short here. As a result, sales methods – and results – vary considerably from territory to territory and from rep to rep.

In the manufacturing world, for example, companies often rely solely on inbound leads and RFPs. While these can be important lead generation methods, outbound sales should not be so easily dismissed. Unfortunately, manufacturers with sales teams often do not have a well-documented or consistently implemented sales process. **In fact, according to our assessments, 92% of companies reported they do not use a formal sales process at all!**

The good news is that when a manufacturer takes the initiative to develop and implement a sales process for their sales team, sales cycles typically become shorter, conversion rates climb, and sales grow. These performance improvements, based on a replicable and efficient sales process, ultimately yield higher margins. What's more, a better sales process helps the sales manager develop better performing sales teams. Having insight into a salesperson's individual conversion rate between stages in the sales process empowers the manager to coach each salesperson more effectively.

As an example, **when an account manager was not meeting his revenue goals, we analyzed his sales funnel and conversion rates.** We discovered where he needed most help was in performing quarterly client business reviews. By improving his skills in this area, the account manager was able to identify several large opportunities vital to his customers' success. With insights made possible by using efficient sales processes and associated data, **top-client revenue grew more than 20% in less than 12 months** while also increasing customer satisfaction and loyalty.





PAIN POINT #4

Pain Point #4: Lack of Agility to Make Timely Course Corrections

One critical factor for sustainable sales success in any industry lies in the ability – and its agility – to **see trouble on the horizon and change course rapidly**. Although manufacturers typically run sophisticated ERP systems to manage inventory, production, and billing, these systems typically lack necessary forward-looking report functionality that can forecast sales trends. That's where CRM (Customer Relationship Management) systems come in. With an intelligently designed CRM in place, developed with sales team engagement, forward-looking leading Key Performance Indicators (KPIs) can be used instead of relying only on historical lagging KPIs.

For example, a manufacturing client tried to keep track of projects using a standard spreadsheet program, but their ability to forecast was limited to just one month ahead. This impacted their ability to forecast for future labor and material needs; and this, in turn, impacted overall efficiency and capacity. However, a year after the sales team fully adopted a new CRM, integrated with a new sales process and better customer communication, they were able to forecast business 6 to 12 months ahead. This empowered them to better plan and manage their inventory and production schedules.

The Hidden Cure for Common Manufacturing Pain Points

As serious as these pain points are for manufacturers, they are not incurable. In fact, the cure is close at hand, even if it is not always closely associated with these challenges. While specific operational cures addressed each of these pain points, the overarching problem was larger in scope. Micro-cures may address individual symptoms, but the systemic big-picture cure that can address problems large and small is this: better sales leadership.

Certainly, leadership matters at the macro level where company figureheads can establish and project the organization's vision, mission, and big-picture goals. But it is equally important at a more micro level, where leadership in action can influence strategies and more granular processes.



The Bottom Line:

Known as America's expert on leadership, Dr. John C. Maxwell has written that "everything rises and falls on leadership." And yet, in our experience, some 80% of manufacturing businesses suffer from a lack of sales leadership. This Sales Leadership Gap can be painfully obvious due to decreasing sales, revenues, and profits. On the other hand, effective sales leadership often hides in plain sight, quietly evidenced by consistent and reliable success, quarter-by-quarter, year-over-year. This kind of effective sales leadership – which is the cure for the most common manufacturing sales pain points – is strategic, process- and goal-oriented, measurable, proactive, and forward-looking.



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