

Quotas!

Design Thinking
to Solve Your Biggest
Sales Challenge

Mark Donnolo

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*To my mom, Christina Donnolo, who has always
encouraged me to pursue my goals.
She's still trying to figure out what I really do.*

Contents

Introduction	vii
Chapter 1: The Trouble With Quotas	1
Chapter 2: Sales Design Thinking to Solve Your Quota Problem	17
Chapter 3: Understanding the Story and Redefining Your Problem	39
Chapter 4: People: The First Dimension of Success	59
Chapter 5: Market Opportunity: The Second Dimension of Success	77
Chapter 6: Sales Capacity: The Third Dimension of Success	103
Chapter 7: Looking Ahead at History	131
Chapter 8: You've Got Potential	151
Chapter 9: Taking Account	171
Chapter 10: What's So Hard About Making Change?	183
Appendix: Powerful Questions and Analytics for	
Understanding Your Story	199
Acknowledgments	215
About the Author	217
Index	219

Introduction

It had been one of our busiest holiday seasons in years; now it was late spring and we weren't hitting our numbers. I was driving the team, but they seemed distracted and weren't getting results. Their attention was elsewhere. Over the past several months I had clicked through the checklist of options for building their capabilities. We had gone through some refresher training. I instructed, I demonstrated, and then I had them practice the activities that lead to success. We'd grown really close over six years. I was confident that Isabel and Olivia had the talent to meet the expectations I had for them. I had a lot invested in those two. They were loyal to the organization, and I hated the idea of giving them the sack. I preferred to develop them rather than trade them out. Not to mention, if I were to let them go, their mother would have been furious. While we were having dinner in the kitchen with our two daughters, she reminded me that this was no time for a coaching session because it was a school night.

Nevertheless, we had household work to allocate. Since the girls had recently turned six and eight, it was important that we have weekly objectives. I had created a scorecard with performance measures: cleaning the kitchen, making beds, feeding three cats and two dogs, brushing teeth. And I had an Allowance Incentive Program (the AIP as I branded it) tied to each measure on a weighted point system with accelerators for overachievement. There was plenty of upside for making a few more beds and feeding a few more cats. I thought, "Maybe I'm setting their goals too high. I could use some benchmarks. Perhaps I could tap into a group of parents at school and get some comparable productivity numbers from

their kids, then calibrate our quotas to the 75th percentile of that group.” After a long internal struggle, I realized setting their goals and getting them to perform was about more than the spreadsheets. It was also about looking in the mirror and understanding my young daughters and their capabilities. I know I’m not alone among parents who bring their work home. Looking for the answer in the analytics and benchmarks can be tempting for a sales leader, but, as I learned firsthand, quota setting is a challenge that goes far beyond the numbers.



In my 30 years of working with sales leaders, one of the biggest issues I’ve seen year after year in company after company is setting effective quotas. According to our research at SalesGlobe, 61 percent of companies say that setting and managing effective quotas is one of their top three sales effectiveness challenges. Ineffective quota setting can limit the company’s ability to hit its business plan. Quota challenges can affect the ability of the sales organization to reach its goals and target compensation, lead to higher turnover, hinder the company’s ability to attract top talent, and lower the sales organization’s motivation. Quota setting and management is a topic that is often discussed from board rooms to the front line. However, most companies have yet to fully solve the problem.

Sales leadership knows it has to give the sales organization a goal each year that it might not be able to reach, and bridge the gap between what the company wants and what reps can accomplish. And frontline sales reps often end up with quotas they think are unfair or ridiculous and that jeopardize their ability to make a living. Each year, the tension and dysfunction continue. Many companies rationalize the problem and continue on this path for years, never coming to a solution. Without a solution, quota challenges continue in the form of company sales performance challenges through goal under-attainment, cost challenges from

sporadic rep performance that results in misalignment of pay with performance, and people challenges with recruiting and turnover problems. For companies dealing with quota challenges, these must be solved to ensure the long-term health of the business.

Few organizations understand how to set quotas that reflect real market opportunity and sales capacity with enough transparency to motivate the reps. For many organizations, setting effective quotas is elusive because they try to solve the quota problem with the same time-worn approaches or avoid the problem altogether. The sales organization continues to shoulder the burden of misallocated numbers that affect the sales team and the company. Rather than battling with who gets the number, solving the quota problem requires new thinking to break down the challenge into its components and apply a problem-solving approach that engages the organization.

This is a book about quotas. But more important, this is a book about problem solving for quotas. It would be easy to write down everything we have learned about quotas from every organization we've worked with, but it is far more valuable to lay out an approach to solving the quota problem that any organization can apply. This book addresses challenges that affect every company in nearly every country. It is for the C-suite, sales leadership, sales operations, and frontline sales. It addresses sales leaders' needs to set effective quotas as well as sales representatives' needs to get a fair quota for themselves. And it looks at quotas in a new light, beginning with understanding your quota challenge, the story behind it, and applying Sales Design Thinking™—a five-step, iterative problem-solving process—to solve it. To that end, I'll provide some design thinking methods specific to sales along with some guiding principles.

To provide insight for our problem solving, our team conducted research that included interviews, surveys, and work with more than 140 companies. From this research, we found that quota setting is one

of the top sales effectiveness challenges for most companies. It is also the top sales compensation challenge for most companies. We found most companies struggle not only with the data but also with the people dynamics and processes required to effectively set and manage quotas. But most significantly, we found a pattern of success for companies that are effective with quotas that includes the interaction of people, market opportunity, and sales capacity. I've included the results of this research throughout the book as part of the overall narrative.

As managing partner of SalesGlobe, a sales effectiveness consulting firm that serves Global 1000 clients, I've worked through these challenges and methods with companies around the world. As a former designer, my natural approach is to use design thinking to take apart a problem, look at components in a different way, and come up with new alternatives to solving it.

Chapter 1 begins with a look at the trouble with quotas. Setting and managing quotas is one of the top sales effectiveness issues, along with creating an effective sales strategy and sales process, and I examine a number of the analytical and human facets of quota challenges.

In chapter 2, I look at Sales Design Thinking, a method I've used over the years that helps to reframe the problem and redefine the Challenge Question. We can then disaggregate that challenge and begin to solve for the components of the quota problem. Sales Design Thinking gets to the critical "why" behind the problem and enables us to come up with a range of divergent solutions rather than follow the same old path of what we've done before or what competitors are doing that may not solve the true problem.

With the foundation of Sales Design Thinking, we move into chapter 3, which is about understanding the story behind the problem. For a lot of people, this begins a whole new way of approaching quotas. By understanding the story, we can dig much deeper into the root causes that can

suggest potential solutions. From the story, we can also create a solution vision that projects the characteristics a great solution may have.

In chapter 4, I describe the first of the three major components of the Quota Success Model: people. People are at the center of solving the quota problem because most quota challenges involve leadership or user issues around clear process or comprehension. I describe the different functions in the organization that are involved in quota setting as well as their type of involvement and the dynamics between those groups.

Chapter 5 examines the next major component of the Quota Success Model: understanding market opportunity. Market opportunity sets the stage for what's available to us within our addressable market. It's driven by factors such as the segments that we focus on, the products that we offer, and our macroeconomic environment.

To round out the Quota Success Model, in chapter 6 I dive into the workings of sales capacity. This often-overlooked component defines what your organization can accomplish in going after its market opportunity. Sales capacity is driven by factors including role definition, headcount, talent level, focus, and workload. By putting together the three components of people, market opportunity, and sales capacity, you have the framework to solve the quota problem for any organization.

In the next three chapters, I detail a range of options to consider in your problem-solving process. In chapter 7, I reflect on history as a quota method. While historical quota-setting methods alone don't provide the best solution for most companies in fast-forward mode, they can provide useful input when applied with other forward-looking indicators.

Sales potential methods are the subject of chapter 8. I describe methods that consider potential at the account level and at the market level, both with variations that are data robust and variations that work when accurate market data aren't readily available.

In chapter 9, I focus on account planning as a method for quotas. While account planning is usually used just for creating an action plan, it can also be a valuable source of detailed, account-specific information on multiyear and single-year goals.

With the quota solution finally developed, in chapter 10 I turn to the topic of making change. Organizations can easily miss the importance of well-planned and executed communications and change management when undertaking a transition as consequential as quota setting. In this chapter I look at articulating the “why” behind the change, understanding the organization’s change readiness and capability, and creating your campaign.

Since I apply a question-based design thinking approach throughout the book, I include in the appendix my 10 favorite quota questions and analytics, *Powerful Questions and Analytics for Understanding Your Story*. These will give you insight as you begin your work.

I’ve truly enjoyed writing this book and providing some thinking on quota setting that you can apply to get new results. I hope that you find it valuable and that it puts you on a path of discovery on your quota problem-solving journey.

CHAPTER 3

Understanding the Story and Redefining Your Problem

My daughter called me from college. The urgency in her voice mixed with the road noise in the background told me something was up. She informed me that she had been driving at full speed down I-40 outside of Chapel Hill when her Jeep suddenly seized up, stranding her on the side of the road. As a concerned dad, I immediately put my Boy Scout training to work, calling roadside assistance to get her off the shoulder and to a reputable auto shop in the area. Naturally, the tow truck dropped her at a nearby national auto association-affiliated shop which, after a 10-minute inspection, informed me that the engine had frozen up because of a lack of oil. According to the shop, we needed a new engine. The price tag: \$5,000. They would be happy take care of it right away, they said. If we waited, we were welcome to keep my daughter's car on their lot—for \$50 a day. Very accommodating. And if we wanted to get a second opinion, we would have to tow it to another shop.

I wasn't about to spend \$5,000 for a new engine in a car my daughter drove around college. So, like any dad, after I flipped out, I began my research. At \$50 a day, the clock was ticking. All the shops in the area quoted me a price for a new or reconditioned engine because they saw that as the problem. I even found some engines on the Internet that I could order and have a local shop install. That was

loaded with risk as I could imagine the finger pointing between the installation shop and the engine supplier when something didn't work out with my order.

After hours of searching engine shop reviews, I came across a stack of positive reviews for one shop in particular. When I called, a guy named Jimmy answered the phone. He had a thick New York accent, which stuck out in North Carolina. I felt like I was back in the boroughs. I told Jimmy what happened and what I was looking for. "Mark," he said, "Tell me the story of the car."

"What?" I replied. Nobody had asked me anything like that in my other calls.

"Tell me about the car. When did you buy it? How does your daughter drive it? Has she had any accidents? What kind of repairs have you had?"



Mark Donnolo

I talked about where we bought it. I confessed that I thought I had paid too much, but it was a good car. I talked about the repairs. Yes, she did have an accident about a year earlier. That really set me

off because our insurance rates went up. We had some engine repairs done after that. All this time, I could hear Jimmy on the other end, in his New York accent. “HmMMM. Ooooooh. Right, right.”

“And then we added oil a month ago in Atlanta,” I said. “So I know that the car wasn’t out of oil.”

“Tell me about that,” he asked.

After about 15 minutes of this, I had told Jimmy most of the history of the car. “I tell you what,” he said. “Bring it in, and we’ll take a look at it.” I was already sold.

A day later, the phone rang. It was quiet in my office and Jimmy’s voice came blasting through the receiver. “Mark, Mark! Are you sittin’ down?”

“Yeah Jimmy.”

“You’re not gonna believe this. You’re gonna owe me. You’re gonna write me a great review!”

“What?”

“We opened up the engine . . . and we found an old rag in the oil pan.” I didn’t understand. Was this a set up? “The guys in the shop . . . when they saw the rag, they fell down and rolled around on the floor laughing!” he said. “We just moved your daughter’s car to the side of the shop and closed it up. We’re not touching it until we get the insurance claims inspector out here.”

We traced the story back to some engine repairs we’d had at another shop. The problem wasn’t that my daughter hadn’t put oil in the car. The problem was when the other shop worked on the car, they accidentally dropped a rag in the engine and didn’t see it. That rag absorbed the oil and starved the engine, which eventually froze up.

Naturally, the other shop was surprised. They were great guys who helped figure out what had happened. After their insurance company completed a thorough investigation, we ended up getting

a free engine. My daughter wrote Jimmy a stellar review. Jimmy followed up to make sure she did.

If it hadn't been for Jimmy asking us to tell the story so he could get an understanding of the events and players involved, we would never have discovered the true issue. We might have purchased a new engine and the old engine would have ended up being refurbished or scrapped. The first shop would have been happy to take our \$5,000 and walk away. But that wouldn't have solved the actual problem.

The Story Behind the Problem

My experience with Jimmy the mechanic shows the importance of understanding the root of the problem. Jimmy didn't start by addressing the problem of a Jeep that needed a new engine. He started by asking about the story behind the problem. He didn't assume that he knew the solution based on what he'd heard in the first few sentences. He asked questions, the answers to which formed the story; and that story became a dimensional Challenge Question that he could solve.

Jimmy had an effective problem-solving method. Let's look at how we can take Jimmy's intuitive process and apply a little structure to it that you can use for your own business. For illustration, I'll describe a client of ours. Keeping with Jimmy's theme, they are a manufacturer of technology products for the automotive industry. They sell electronic components to major auto manufacturers, and they also sell aftermarket products for existing vehicles. They knew they had a problem, part of which had to do with quota setting. As the analytics would show, there were a number of indicators of sales underperformance that may have been due to how the quotas worked. Their problem statement was:

“We need to fix the quota process because the organization is underperforming.”

We will get into some of the analytics as we go, but diving into the numbers too soon or too deeply can pull you into the minutiae too quickly and cause you to lose sight of the story. However, you do want to run a standard set of analytics to use as a reference as you put together the story. Think of yourself as a detective getting the standard panel of tests as you begin your forensics at the crime scene. The analytics alone don't tell the whole story, but they do serve as valuable indicators in the investigation.

When understanding the story, examine not only your quotas but also their related sales effectiveness disciplines. The model we use, the Revenue Roadmap, examines quotas—or any other sales discipline—in the context of the four major competencies of successful sales organizations (Figure 3-1).

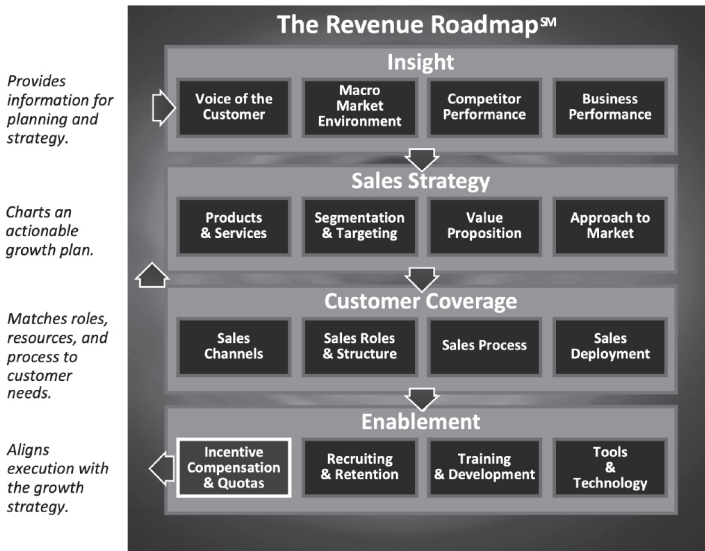
Insight: Identifies what's happening in your environment, including Voice of the Customer, Macro Market Environment, Competitor Performance, and Business Performance.

Sales Strategy: Uses that insight to inform the direction for the sales organization. Some major sales strategy disciplines are Products and Services, Segmentation and Targeting, Value Proposition, and overall Approach to Market.

Customer Coverage: Includes Sales Channels, Sales Roles and Structure, Sales Process, and Sales Deployment.

Enablement: Supports all of the upstream strategic and coverage disciplines and includes Incentive Compensation and Quotas, Recruiting and Retention, Training and Development, and Tools and Technology.

Figure 3-1. The Revenue Roadmap



High-performing sales organizations plan, operate, and manage around these four major competency areas and their related disciplines. It's critical to ensure that the quota-setting approach aligns to the related upstream and downstream disciplines, as many quota challenges are actually indicators of misalignments in other sales effectiveness disciplines.

Any of these upstream disciplines can show up in quota setting, which may be the symptom of a larger problem. As you develop your story, ask yourself: *Is it really the quotas, or is it related to other disciplines connected to the quotas?*

Let's take a look at this automotive company in the context of the Revenue Roadmap and its story.

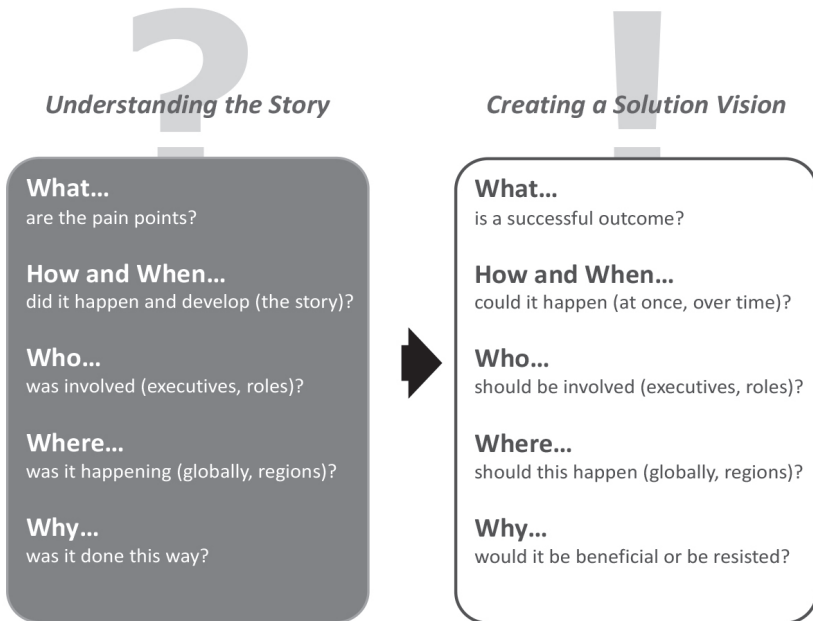
Finding Clues to Understand the Story Behind the Problem Statement

We started with the clues and diagnosis to build the story and identify the dimensions of the problem (Figure 3-2).

What?

We began by getting our client’s story behind the problem. We asked questions like, “What happened?” and “What are the pain points?” The organization had been falling short of its quota for the past couple of years. That meant that the company overall was underperforming and too few people were hitting quota to allow the company to hit its goal. We looked at its revenue performance trend over the past several years and saw that it was declining. The company was a historically good performer, but its competition had increased, exposing its sales performance weaknesses.

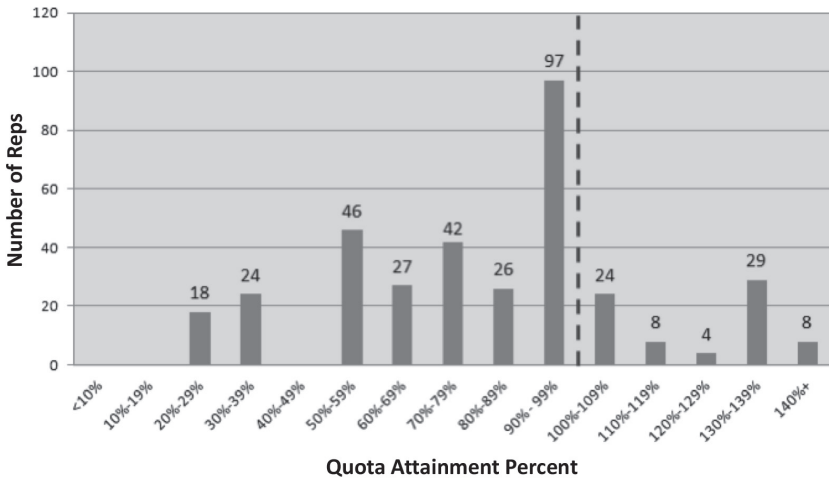
Figure 3-2. Understanding the Story and Creating the Solution Vision



The first analytic we looked at was a distribution of rep quota performance (Figure 3-3). The horizontal axis shows buckets of 10 percent performance increments to quota. The vertical axis shows the number of reps in each of those buckets. What we’re looking for is a rela-

tively smooth bell-shaped performance curve. For this organization, only about 20 percent of the organization was reaching or exceeding quota. Typically, we like to see about 50-70 percent of the organization at or above quota, which shifts the performance curve slightly to the right of 100 percent of quota. There are a couple of reasons for this: First, mathematically having the majority of the organization at or above quota will usually get the company to its goal within the planned sales compensation cost of sales if the design assumed that performance distribution.

Figure 3-3. Distribution of Rep Quota Performance



Of course, the company could still get to its goal by having a good number of very high performers and a lot of average performers, but those erratic spikes in performance would probably drive compensation cost out of control if the plan has accelerators for high performance. A smooth, predictable performance distribution is a lot easier to manage than “winning ugly” with erratic performance.

Second, there is a psychological reason for having the majority of the organization at or above quota. Sales organizations operate not only on their planning and analytics but also on their confidence. Think about a sales organization with the majority of people below quota. It’s easy to

imagine that they probably do not have high self-esteem and might lack the confidence required to win. We want a sales organization of positive people who see themselves as winners. Having a majority of the sales organization at or above quota accomplishes that objective.

We could see that our client's organization had been lagging in performance. Not enough of the team was above quota and too many were below, dragging performance down. At first glance, we might have assumed that the problem was quota setting, sort of like when all the auto repair shops assumed my daughter needed a new engine. Certainly the issue could have been that the quotas were unrealistic, that they didn't represent market opportunity. Poor quota attainment could also be related to performance. There may be underlying issues with the sales roles, sales process, or the organization's discipline to execute the sales process. There could also be an issue with talent; the organization might not have the right people in the right jobs. A poor quota distribution does not necessarily mean that there's a quota problem. With this manufacturing company, quota performance was the top-line issue that was visible to them.

How and When?

Next, we talked with the company about the story. How did it happen and when?

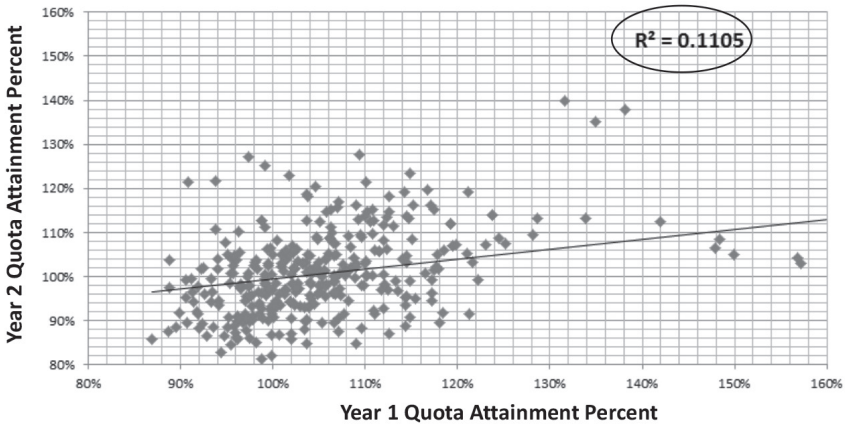
It seems that this issue had unfolded over a period of years. The company was founded several decades ago with a set of core electronics offerings. They grew through acquisition, adding on an antenna manufacturer then a GPS company as well as a few others in automotive electronics. Each acquisition brought a new set of products to the portfolio—and each acquisition brought a new sales organization to be integrated into the company. The degree of integration varied; several of the sales organizations still held on to their legacy heritage, even identifying themselves

by their original name with the parent company as a tagline. The result? They had a sales force that was a compilation of several acquired organizations that moved in the same general direction but each with its own areas of expertise and its own preferences about how it did business.

Understanding this part of the story provided a clue: The company had an inconsistent sales organization design and approach to market. Could this be contributing to the quota issues? As we questioned further, we learned that the organization performed well as a whole over a period of years when their products were unique and the market wasn't as competitive. New business was there for the taking, and the sales organization had it good. But as more competition entered the market, selling became a little tougher and the orders didn't flow in as effortlessly as they used to. Leadership questioned whether the sales team had the skills to compete, beyond just taking orders. Concerned about performance, the parent company eventually began to implement more rigorous financial controls. Consequently, goal setting at the corporate level and for each of the acquired companies became more stringent and expectations became greater, which increased pressure on the sales organization.

Looking at *when*, some of the analytics told us what had happened over time. Looking at a multiyear trend of the sales organization, we saw that results were sporadic at the rep level (Figure 3-4). A rep who performed well one year might not have performed well the next year, but likely would have performed well the third year. While we might not know the complete cause of this pattern, sometimes when we see this dolphin-like behavior—reps going up and down year after year—it indicates that there is a quota-setting process based on historical performance. As I described in chapter 1, this type of quota-setting process creates a pattern of overachieving and underachieving.

Figure 3-4. Year-Over-Year Quota Consistency



Who?

As the story took shape, we asked questions about who was involved. Of course, senior leadership was at the forefront. Strategically, the acquisitions made sense because the product portfolio from each company appeared to fit well with their target automotive market. As the parent company brought on the new companies, it didn't want to disrupt the flow of business in any of them. The parent company tended to provide a good deal of autonomy to each acquired company. As long as sales teams hit their goals, heads of sales continued to run their teams.

The parent company tried to create some consistency across the sales teams, but the legacy sales cultures were largely unmoved. Some of these cultures were sales oriented, but most were more operations oriented, enamored more by the engineering than the selling. This laissez-faire approach seemed to work well during the heady times. As competition increased and new players entered the scene, the finance organization stepped up and took a stronger role in telling each company how it needed to perform financially.

Where?

The question of *where* has a few important dimensions. Organizations typically don't operate in a homogenous way geographically, by business unit, or by role. "Where" refers to theaters, regions, territories, and offices—the places where things happen. "Where" also refers to where things happen organizationally in terms of business units. When we asked around at our client's company, we learned that each of the markets had different situations in terms of quota attainment. Some markets had suffered significant competition and slower growth, while others had been increasing in potential and growth. As we talked about "where," we learned more about the turnover dilemma; turnover was not high across the entire organization, but only in certain employee groups, one of which was the 75th percentile of performers and above. From their perspective at the top end of the sales organization, their prospects seemed better in other companies. So that group tended to seek new opportunities with competitors.

Another segment of the population feeling the effects of turnover was new hires with less than two years of tenure. With no program to ramp up new hires around quota expectations, the company threw them into the morass of the competitive market before they were ready. New reps did have a draw, which paid them a flat bonus for about a quarter, until they could get up to speed. But the draw program didn't equip them to achieve the goals they would receive following the draw period. As a result, the organization was hemorrhaging, with high turnover of its top performers, high turnover of its new people, a leftover population of middle and low performers, and no source of new talent.

Why?

With some of the story scripted and some of the players identified, we began to look at why these events happened. What were the players'

motivations? The lagging financial performance created pressure to get the house in order, and finance was brought in to do it quickly. Senior leadership was motivated to get the company back in line, and finance was the vehicle to make it happen. The parent company had acquired outside funding in the form of debt and equity and needed to make sure that those investors and debt holders were happy. As results turned downward, senior leadership became nervous. The equity holders grew concerned and more engaged in the day-to-day business. The debt holders began asking more questions and looking for more backup reporting behind the business results. Understandably, the finance hammer came down on the sales organization.

Of course, the sales organization wasn't happy. After all, it had grown accustomed to the autonomy that the parent organization granted following the acquisitions. The idea of finance coming in and calling the shots wasn't to their liking. "What does finance know about our customers and sales?" they complained. "We built this organization customer by customer. Finance never carried a bag and it has no idea what it takes to grow a business!" Finance and sales each held its position; each knew it was right. However, since finance had the authority of senior leadership, it ended up imposing some heavy top-down goals.

Quota Qualm: Can Gorillas Teach Us About Myopic Goals?

A Harvard study (Simons and Chabris 1999) humorously highlighted that while goals help us focus our attention, they can also narrow our focus to the point where we overlook what's right in front of us. Participants in the study were asked to watch a video in which two groups of players passed basketballs. One group wore white shirts; the other group wore black shirts. The participants were asked to count how many times the group in white shirts passed the ball to one another. Surprisingly, most participants didn't notice when a person in a black gorilla suit entered into the middle of the scene, pounded

their chest, and exited stage right. By concentrating strongly on the players in white, participants overlooked what should have been a conspicuous sight! The gorilla blended right in with the players in the black shirts. I tried this experiment in front of an audience of more than five hundred people and, after the video, only about 10 percent of the crowd recalled seeing the gorilla. This phenomenon reminds us to use quotas to focus the organization, while continuing to emphasize the importance of keeping perspective on new opportunities for growth.



The invisible gorilla (Simons and Chabris 1999). Figure provided by Daniel Simons, www.theinvisiblegorilla.com.

Articulating a Solution Vision

After working through the story with this company and turning up all the pain and suffering of the past several years, we took the same set of questions and turned them around to form a vision of what a great solution might look like.

What?

What does a successful outcome look like? In simple terms, it would address all the issues that we identified in our questioning. At a summary level, it would solve the quota attainment problem in a way

that will contribute to improvements and company growth. A successful outcome would likely address the inconsistency in sales roles and the sales model. Depending on the organization, the team working on the quota process may have these broader sales effectiveness areas within their control or may need to pull in the people that do have control over those areas. In the case of this organization, the team we were working with did control the overall sales strategy. A successful outcome would also include stemming the sales organization turnover and engaging parties such as finance—to make them comfortable with the predictability of revenue—and sales—to keep them engaged and motivated.

How and When?

With such a potentially significant solution, the questions of how and when are very important. One option may involve introducing the solution in its totality across the entire organization. However, a big change may need to be phased in to ensure that all parties in the organization are engaged and that the solution is tested at each step. This is an important change management consideration. The details should be included in an implementation and communications plan. We'll look at some communications examples in chapter 10.

Who?

In this case, “who” describes the parties, executives, and individuals in the organization that need to be involved for a successful implementation of the solution. Our client could not roll out a solution and mandate universal change. That would have been met with staunch resistance that probably would have made the situation worse. The company knew that it had to get finance's buy-in. They also had to engage sales leadership because that's who would ultimately have to represent

the new solution to the sales organization. Getting finance and sales to partner on solution development and implementation would be critical.

Where?

The “where” in our vision involves where the changes will take place. In this case, the change needed to take place across all markets, but most importantly in the markets with the greatest competition. The change also needed to take place across all sales roles, with a concentration on the high performers and the new hires.

Why?

The “why” is critically important because, when you’ve created your solution, the “why” motivates and drives the big message around change. To make a change, especially a change in the quota process of the magnitude that this organization had to make, there must be a clear message around the reasons for making that change and why that change will benefit each of the parties involved. The “why” had to be very clear to finance, sales management, and frontline sales. When we look at communicating the “why,” we consider the audience, the message, and the proof source. For sales management, the “why” would describe the benefit to that group of changing the quota process and areas related to it such as consistency and sales roles. The “why” also needs to look at motivators and timing. For example, the sales organization may be motivated by the benefit of hitting its quotas or the avoidance of additional turnover in the near term. Usually, near-term benefit or avoidance of pain are the strongest motivators.

At last, we take everything we’ve learned from our initial investigation of the story and development of our vision and put together a concise Challenge Question that redefines the problem statement in more enlightening detail. The Challenge Question summarizes what

we're trying to solve for based on the story and key components from our solution vision. I like the idea of using a question rather than a statement because questions promote continued thinking and insight. Open-ended questions tend to provoke more ideas than closed-ended statements.

Let's take a look at the components of a Challenge Question for this company. The Challenge Question is going to be more descriptive than "How do we fix the quota process?" It will start with the elements of the problem that came from understanding the story and vision. Keep in mind, these are only starting points because we will want to investigate further and develop the solution based on our Challenge Question.

A redefined Challenge Question for this company may look something like this:

"How can we develop a market opportunity-based quota solution that drives company revenue goal attainment, raises sales organization quota performance with year-to-year consistency, contributes to lower turnover, and responds to an improved sales organization design, while engaging finance and sales as a unified team?"

As you can see, the Challenge Question incorporates a number of elements of what we learned when we put together the story and came to understand the solution vision, such as:

- company goal under-attainment
- sales organization goal under-attainment
- sporadic year-to-year rep performance
- inconsistent sales model and roles
- sales organization turnover
- quotas that are viewed as an attainable and not based on actual market opportunity
- the need for finance to have predictable performance
- the need to engage the sales organization.

The result of understanding the story and creating the solution vision is a much more specific definition of what we're trying to accomplish and what great looks like, compared to the original problem statement of "We need to fix the quota process because the organization is underperforming." With the story behind the problem told and an initial vision articulated, the Challenge Question provides us with a clear starting point for investigating the problem and building the solution. As you apply your own Challenge Question to the problem, you can further develop it as you learn more. Also, when your team has options for the solution, you can test them against the original Challenge Question and solution vision to ensure that they align. By getting agreement from all parties involved in your organization, the Challenge Question and solution vision become touch points for everyone to ensure that the final solution addresses each aspect of the original problem.

Five Points to Consider

In most organizations, identifying the problem statement around quotas can be difficult in itself because of the intricacies of the issues. To get a more complete foundation for solving the problem, look back to understand the story and then look ahead to create the vision for what a great solution would look like. From that investigation you can define a clear, multifaceted Challenge Question that incorporates an understanding of the problem and a view toward the vision for the ultimate outcome. Pay special attention to the "why" in your solution vision because, once your solution is designed, it may be the "why" that you use to articulate the benefits of the solution and motivate the organization into action. While you're understanding your story and looking ahead, here are five points to consider:

- Don't assume you know what the problem is by looking at the most obvious issue.

- Understand the story of what led to the issue you've observed to build out all of the dimensions and review clues and potential diagnoses beyond your problem statement.
- Create your solution vision for what a great solution would look like and make sure you have a clear statement of why it would be valuable to the organization.
- Articulate your redefined Challenge Question using the key components of your solution vision that describe what's required for success.
- Resist getting lost in the analytics without a plan to use them to understand and solve your problem.

About the Author



Mark is founder and managing partner of SalesGlobe, a leading sales effectiveness consulting and innovation firm. In addition to this book, Mark is the author of *The Innovative Sale, What Your CEO Needs to Know About Sales Compensation and Essential Account Planning*.

For more than 25 years, Mark has worked with Global 1000 organizations on strategies to grow revenue. His experience spans multiple industries including technology, telecommunications, business services, manufacturing, financial services, and healthcare. Mark holds an MBA from the University of North Carolina at Chapel Hill and a BFA from The University of the Arts in Philadelphia. He has served on the Alumni Council for Kenan-Flagler Business School and Board of Trustees for the University of the Arts.

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