



# Successful Times

Growing Your Business Together

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## The VAR Sales Challenge

If you have been an accounting value added reseller (VAR) for anything length of time you are familiar with the challenge of recurring revenue. The average VAR generates about 40% of current revenue from existing clients. This includes support, maintenance, upgrades, add-on software, additional modules, as well as, training and services. This requires a VAR to generate 60% of its current year revenue from new license sales and services just to keep pace with the revenue generated from the prior year. Now add moderate growth from the prior year and the demands placed on sales and marketing are intense.

During the mid to late 1990's sales came relatively easy. Leads were plentiful from software publishers, trade shows, direct mail, and seminars. You could simply set an appointment, gather a few requirements, perform a product demo, and land a sale. Wasn't it great in the good old days of the Kung-fu demo?

Today, leads from any source are scarce. Pros-

pects are procrastinating and delaying their decisions and 95% of VARs are downsizing or struggling to hold their own. Although easy to blame, the reason is not the economy or the lack of prospects investing in technology. The reason is ineffective marketing, salespeople that apply old worn out approaches to selling, unstructured or no sales methodology, the inability to uncover a prospects true pain, and the failure to present a convincing business case to move forward with a project. When times were good, clients replaced their systems or did a major upgrade every five years. That translated to 20% of companies each year were potential prospects. In today's environment, 10-12% of companies are potential prospects, which still represents a very sizeable prospect base to sell into. By employing the right sales team, sales methodology, business case analysis, and marketing a successful VAR practice is easily achieved.



- Succeeding in today's economy is a challenge but many VARs are raking in the profits
- Hiring good sales professionals is an art as well as a science
- Most VARs employ marginal sales people
- SDbT Guarantees Success!

## The Salesperson Hiring Myth

I frequently receive calls from VARs asking if I know of a sales superstar, they can hire. In the entire universe of salespeople, statistics show that there are less than 5% of superstar candidates. In addition, if we define a superstar as a salesperson consistently achieving \$2M to \$3M in revenue, the current earnings of that star is typically between \$220K and \$330K. It is therefore extremely difficult and rare that a VAR would be able to hire a superstar away from their current position without offering large base salaries, draws, and other considerable benefits to compensate for their current earnings. Since it is

highly unlikely, a VAR can hire many superstars and given that it is essential to have an accomplished sales team to drive and grow the business, how therefore, do you build and maintain an accomplished sales team. This Issue outlines the general framework to build a successful team, while future Issues will drill into the specific details.

The process to build and maintain an accomplished sales team is straightforward. It starts with a structured hiring process. The typical VAR hires four salespeople before (Continued ...)

# The Salesperson Hiring Myth (Continued)

finding one that is capable of generating over \$1M in revenue. We all make mistakes and it is not uncommon to hire the wrong person. The error is compounded however by not recognizing the mistake and keeping the wrong person on-board to long (on average for one year). With an average compensation package including benefits of \$75K, the average VAR invests \$300K to obtain one accomplished salesperson. Using a structured hiring methodology, an ineffective person can be identified and terminated with in 90 days and an accomplished individual can be found with one or two hires. The proper methodology saves the average VAR \$200K.

The second step to success is setting realistic expectations. Sales quota, activity goals, and time frames must be mutually set and agreed upon. In the first 90 days, some portion of compensation should be related to achieving activity goals (not actual sales).

Step 3 is providing the sales team with a consis-

tent and repeatable sales methodology. This allows new team members to be productive more quickly by reducing learning time, and increasing the close ratio of new sales opportunities by presenting a professional and structured approach to a prospect.

Step 4 is professional sales management. It takes the 3M's, mentoring, motivating, and monitoring to drive business and achieve results. This is where VARs are most deficient.

The final step is balanced marketing and lead generation. Although I am a strong believer in sales prospecting, a salesperson cannot do it alone. It requires a balance to keep a funnel and pipeline consistently full.

In summary, it takes a sales team to be a winning VAR and achieve consistent results. By employing the right hiring techniques and sales methodologies, the percentage of successful and growing VARs will increase dramatically.

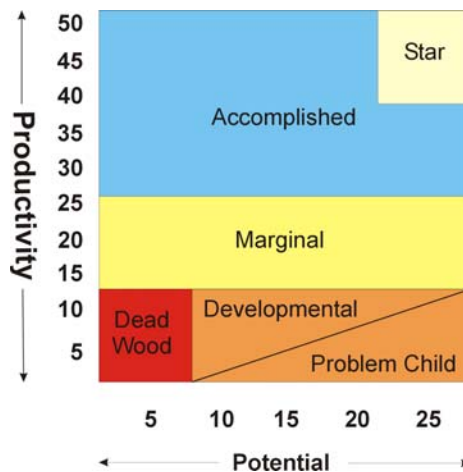


Sales Methodology is a Vital Key to Success

## How Does Your Sales Team Score?

Consistent sales results require a sales team of stars and accomplished people. All too often, the VAR carries under-achievers far to long. Marginal performers, dead wood, and the problem child as shown in the diagram on the right must be coached and monitored. If they are unable to elevate their level to the accomplished position, they should be replaced.

Score your sales team and see how they stack up. As a separate attachment to this newsletter is, a PDF document named "Sales Person Profile Scoring". The document is provided courtesy of SalesWorks, Inc. It provides a series of questions that allow you to score your sales professionals. If the questions are answered honestly, you will obtain a relatively accurate picture of your sales team's effectiveness.



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## *Topics in the next issue:*

- *A practical methodology to hire sales people*
- *Lead generation that really works*
- *The Importance of Positioning Your Business*
- *The Story of a Successful VAR*



## Who is Success Driven By Technology

**S**uccess Driven By Technology, LLC (SDbT) focuses on helping Resellers and VARs grow their business. In fact we are so confident that we can make a dramatic contribution to your practice that we back it up with a no questions asked **money-back guarantee**.

Principals, Sheldon Kralstein and Mark Chinsky have 30+ years of experience and a stellar track record in the industry. Both Sheldon and Mark have built practices from the ground floor up, successfully sold their business, and were part of the national management teams of the Aston Group and ePartners respectively. They are dynamic individuals with the knowledge and skill set to help your business be more successful. Our areas of expertise include:

- Marketing
- Business Positioning
- Lead Generation
- Sales Team Development
- Sales Methodology that works
- Sales Training

- Sales Prospecting
- Effective Product Demos
- Compensation and Hiring
- Pricing
- Software Deployment
- Project Management
- Delivery Methodology
- Business Analysis and how to get paid for it
- Business Development
- Mergers and Acquisitions

Success in today's economy requires solid business practices coupled with creativity, innovation, and methodologies that drive business success. SDbT can analyze your current practice and help you implement proven strategies and methods that are guaranteed to work. We welcome the opportunity to speak with you about your business operation to explore how a relationship with SDbT can benefit your organization.