SellingPower
Success Strategies for Sales Management

Trends and Challenges with Sales Process for Quoting and Contract Management

Survey Research Conducted by Selling Power and Model N September – October 2017

Table of Contents

Executive Summary

Sales teams are facing increasing challenges as customer expectations shift and competition intensifies, while the mix of products and services that they offer is also growing in complexity. As a result, they are increasing their efforts to streamline sales processes and to enable sales people to engage more productively with customers in order to maximize revenues for their company.

Selling Power and Model N conducted a research study to determine the effectiveness of current sales processes related to quoting and contract management to identify current trends and challenges facing sales teams in these areas.

Top objectives and top challenges are consistent across Sales teams

The study found significant consistency across sales organizations regardless of the size of the business. Not surprisingly, sales organizations are strongly focused on achieving revenue goals.

Survey respondents were mostly confident in the clarity of their sales strategies within their organizations. The majority also felt that they were consistent in their approach to customers.

Top 3 Organizational Objectives	% Respondents
Achieving revenue goals	73%
Acquiring new customers	56%
Increasing sales productivity	45%

Is company sales strategy clearly stated		Does sales have a consistent approach to engaging with customers and prospects	
Not at all	3%	Not at all	3%
Not very clear	13%	Not very much	18%
Somewhat clear	48%	Somewhat consistent	48%
Yes very clear and understood	36%	Yes very consistent	31%

It is good news for sales organizations that the majority of responses were positive, however, only about a third of respondents gave themselves top marks in either area. **When strategic clarity was lacking, 58% of companies also felt that they lacked a consistent approach to customers.**

Alignment on the tasks that interrupted their selling activities was strong. For companies with greater than $250M in sales, managing the approvals process for quotes emerged as a top three challenge to selling time.

Top 3 Interruptions	% Respondents
CRM updates	54%
Preparing customer quotes	54%
Finding pricing and product info	42%

Automation leads to perceived differences in Selling time, Approvals and Sales Cycle
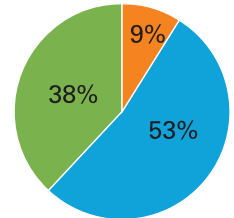
Automated Quoting

- **All Manual**
- **Pull from Multiple systems**
- **Single automated system**

40% — 36% — 24%
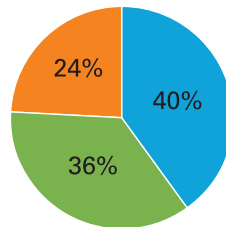
Have Contract System

- **No**
- **Yes, some manual**
- **Yes, fully automated**

53% — 38% — 9%

The research results showed that automation in quoting and contract management is at an early stage, with most companies still heavily reliant on manual processes. Companies over $250M in sales had made more investments, with 42% more quote automation and 2.3 times more fully automated contract management. The impact of sales process automation was noted in the survey responses through differences in several key metrics. For example, when sales strategy was not embedded in sales process or sales systems:

- Salespeople spent less time with customers – they were 36% more likely to spend less than 60% of their time engaged with customers

- Companies were twice as likely to state that their approach to customers lacked consistency

In the research, the beneficial impact of automation was also noted in selling time, approval time, and impact to sales cycles. Some examples of positive impacts of automation included:

- More time with customers – sales was 48% more likely to spend over 60% of time engaged with customers when sales approaches were embedded in sales applications

- Companies with fully-automated quote systems were 27% more likely to feel that quote approval times did not stall sales

- 77% of companies with a fully-automated contract management process saw average contract approvals in less than 24 hours, 2.3 times better than the general survey

- 62% of companies using automated contract management systems felt that contract approval status was easily tracked, a 44% better result than the general survey

Evidence for the benefits of smarter use of technology in sales was visible at a high level in the consistency with which companies executed their sales strategies and at the level of the actual quoting and contract management processes themselves. And automation of these quoting and contract management processes lead to more positive responses in selling time, approval time and in perceived ability to drive the sales cycle to get deals done.
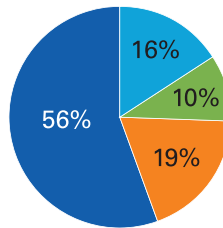
Research Participation

Respondents

- Management
- Salesperson
- Other

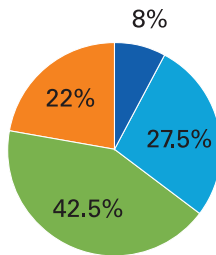4%

56%

40%
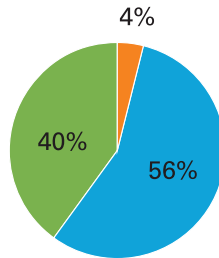
30% of management were VP and above

Company Sales

- $1B+
- $250M - $1B
- $50M - $250M
- Under $50M

16%

10%

19%

56%

Typical Sales Cycle

- < 2 mths
- 2-6 mths
- 6-12 mths
- 12 mths +

8%

22%

27.5%

42.5%

Companies > $250M in sales had 63% less than 6 months and 37% over six months

Industries represented in the survey:
Business services, Healthcare, High Tech, Hospitality,
Industrial manufacturing, Insurance, Life science,
Logistics, Media, Process manufacturing, Printing,
Software, Telecommunications, Transportation

Perspectives on Sales Objectives and Strategies

Top Objectives	General Survey	$250M + in Sales	Sales Management
Achieving revenue goals	73%	85%	64%
Acquiring new customers	56%	51%	60%
Increasing individual sales productivity	45%	41%	40%
Improving sales win ratio	37%	32%	40%
Increasing average transaction value	28%	34%	22%
Improving forecast accuracy	22%	22%	27%
Shortening length of sales cycle	18%	20%	22%
Effective hiring and on-boarding	16%	15%	24%

Hiring and on-boarding focus increases for sales management

| Is company sales strategy clearly stated?	General Survey	$250M+ in Sales
Not clear at all	3%	2.4%
Not very clear	13%	7.3%
Somewhat clear	48%	46.3%
Yes, clear and well understood	36%	44%

Is sales strategy reinforced within sales process and systems such as CRM, CPQ and Contract Life-cycle Management and Content Management?	General Survey	$250M+ in Sales
Not at all	10%	2%
Not very well integrated with process or systems	30%	24%
Somewhat embedded in process and systems	29%	32%
Yes, embedded in process and systems	31%	42%

While it is good news for sales organizations that the majority felt sales strategy was clear, only about a third of respondents gave themselves top marks. Enterprises with $250M in sales responded more positively, which was also consistent with sales strategy being embedded in process and sales solutions such as CRM, CPQ and Contract Lifecycle Management.

Engaging the Customer

Consistent Sales Approach

- 🟦 Not at all
- 🟩 Not very
- 🟧 Somewhat
- 🟦 Very

3%

18%

31%

48%
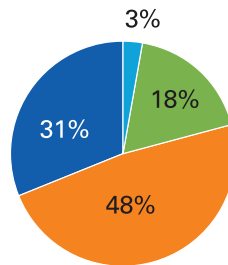
Companies > $250M were 32% more likely to respond as "very consistent"

58% of companies lacking strategic clarity lacked consistent approach

Clarity of sales strategy and reinforcement of sales strategy in process and systems makes a difference. Of responses citing lack of consistency, 82% were from companies that also had no process or system reinforcement of sales strategy. Conversely, for those that embedded strategy into process and systems, 52% felt their approach to customers was very consistent.
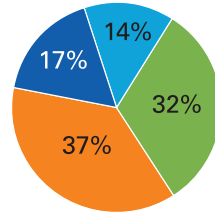
How does sales share and promote tactics that are working well with customers?	General Survey	$250M+ in Sales
Individual is mostly on her/his own	25.6%	19.5%
Salespeople share the most effective approaches	25.6%	19.5%
Effective approaches promoted through training	36.3%	51.2%
Effective approaches embedded in sales applications	12.5%	9.8%

Enabling sales people with the most effective approaches or tactics is a top of mind issue for most organizations. Training and sharing among sales teams figured prominently. In particular, training was the most common approach with companies of $250M+ in sales.

Impacts to Selling Time

Time With Customers

- Less than 40%
- 40% - 60%
- 60% - 80%
- Over 80%

14%
17%
32%
37%

OVER 60%

80% spend over 60% time with customers

Strategy not reinforced by systems

**Successful approaches embedded in systems**

12% more have under 60% selling time

UNDER 60%

Activities that interrupted selling time were led by those that are done manually as will be seen later in the research. Companies with < 60% selling time had more concerns about approval time so that managing internal quote and contract approvals tied for third.

What activities interrupt selling time?	% Respondents
CRM updates and reporting	54%
Finding accurate price and product/option configuration	42%
Preparing customer proposals or quotes	54%
Managing internal approvals for proposals or quotes	39%
Preparing contracts and managing internal contract approvals	38%
Managing the contract negotiation process with customers	29%
Placing orders into order management systems	28%
Other	16%

More time, more effective

- Yes
- No

4%
96%
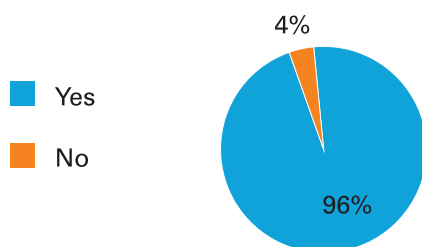
96% felt they would be more effective given more time to engage with customers

Quoting Process Considerations

For the majority of companies, assembly of quotes and proposals for customers is manual or includes manual processes. Over two thirds of companies have yet to fully automate quoting.

How are quotes and proposals assembled?	General Survey	$250M+ in Sales
Sales manually prepare quotes and proposals	40%	20%
Sales pulls information from multiple systems with some automation	36%	46%
Automated proposal and quote generation in single system	24%	34%

The research explored how sales and finance organizations made it clear what approvals would be needed for certain discount thresholds on quotes.
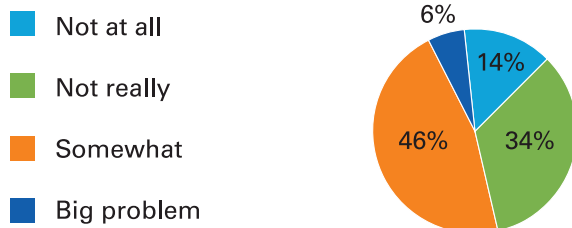
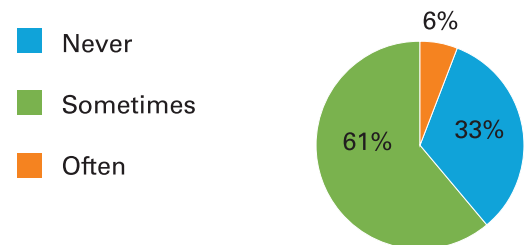| Are approval levels for discounts made clear?	General Survey	$250M+ in Sales
No, alignment of discounts and approval levels is not clear	11%	2%
No, although sales understands what the approval path will be	28%	17%
Yes, although it's not part of a quoting system	31%	32%
Yes, and its embedded into the quoting system	31%	49%

Quoting Approvals Process

Average time it takes for internal quote approvals	General Survey	Discount approval in systems
Less than 12 hours	32.5%	43%
Usually within 1 day	32.5%	29%
Usually 2-3 days	24.4%	22%
Often more than 3 days	10.6%	6%

When there is automation for discount approvals, there is a 32% increase in approvals under 12 hours.

Approvals Stalling Deals

- Not at all
- Not really
- Somewhat
- Big problem

6%
14%
46%
34%

Errors in Quotes

- Never
- Sometimes
- Often

6%
61%
33%

For over 50% of companies there was a perception that the quote approval process was negatively affecting sales by stalling deals, but for companies with fully automated quoting, concerns over deals stalling dropped by 27%.

Approval time of 2+ days
caused 27% more concern.

Contract Management Considerations

Not all companies responding to the survey used sales contracts, but for the majority, sales contracts were part of the sales process. For subsequent questions related to sales contracts, only respondents that used contracts are included.

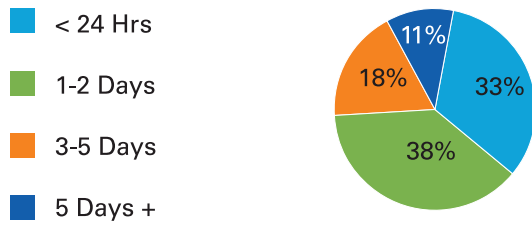| How are sales contracts prepared for customers	General Survey	$250M+ Sales
Sales people are not involved	11.3%	7.3%
Sales people are involved, but legal owns the process	33.1%	39.0%
Salespeople are responsible for managing the process	44.4%	46.3%
Sales contracts are not used	11.3%	7.3%

Does your company use a contract management solution	General Survey	$250M+ Sales
No	53%	32%
Yes, but the process still requires manual steps	38%	47%
Yes, and the process is fully automated	9%	21%

Once a contract is complete, the most common way for sales people to ensure access to the contract document is to keep a copy themselves. It's a typical practice, although one that creates a variety of risks for the company. Companies with $250M or more in sales may have stricter policies for contract access, and did have more automation for the contract process leading to lower risk from contracts being disbursed throughout the organization. When contracts are stored on desktops, 59% had no contract systems.
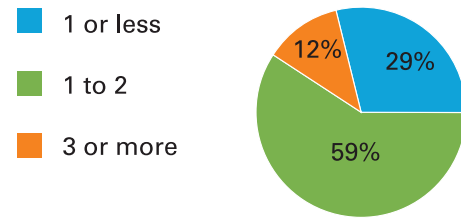
What is the process to find and view completed contracts	General Survey	$250M+ Sales
Sales keep contracts on their computers	50%	37%
Request from legal	17%	24%
Search on-line	25%	29%
No access to customer contracts	8%	11%

Contract Approvals Process

Average Approval Time

- ■ < 24 Hrs
- ■ 1-2 Days
- ■ 3-5 Days
- ■ 5 Days +

11%
18%
33%
38%

Number of Approvers

- ■ 1 or less
- ■ 1 to 2
- ■ 3 or more

12%
29%
59%

Not surprisingly, additional approvers added time to approvers, resulting in 39% fewer approvals under 24 hours when there were 2+ approvers. Companies with $250M+ in sales were 27% more likely to see approvals in less than 24 hours in keeping with their higher use of automated systems, even though these companies typically had more approvers – 14% higher rate of having 2 or more approvers.

Companies with > 60% selling time
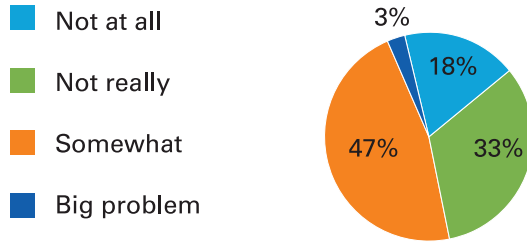
33% more likely to have 24 hour approvals

Fully automated contract management
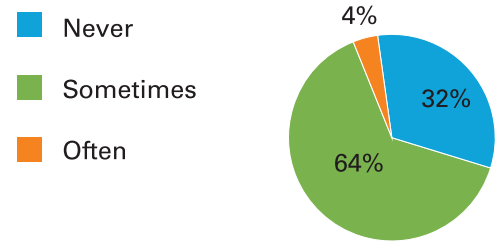
24
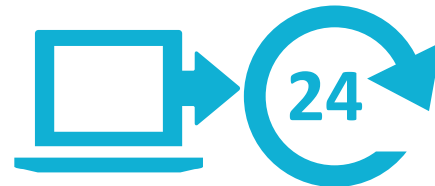
77% had 24 hour approvals

Contract Approval Impacts

Approvals Delay Sales?

■ Not at all
■ Not really
■ Somewhat
■ Big problem

3%
18%
33%
47%

Sent Contract With Errors

■ Never
■ Sometimes
■ Often

4%
32%
64%

When approvals took 3 days or longer, 61% of respondents felt there was a negative impact on sales – up 22% from the general survey. The issue is felt more strongly when sales is involved in the contract process. Of the responses indicating some or major delays, 94% were associated with companies where salespeople are involved in the contract process.

50% say that contract approvals were delaying sales

Visibility to Approval Status

■ Not at all
■ Not really manual
■ Yes, easy

9%
43%
48%

The majority of companies did not have very good visibility into the status of contract approvals. That worsened by 19% when approvals took 3 or more days. Much better results were recorded by companies with automated contract management – 62% of companies responded that current approval status was easily tracked.

62% with automated system say easily tracked

Conclusions

The research results showed that quoting and contract management processes are still fairly manual and that automation in quoting and contract management is at an early stage. Evidence for the benefits of smarter use of technology in sales was visible at a high level in the consistency with which companies executed their sales strategies and at the level of the actual quoting and contract management processes themselves.

Preparation of proposals and quotes, along with finding accurate pricing and product/option configuration data, managing quote approvals and contract approvals were the top activities that took sales time away from engaging with customers. And automation of these processes lead to improvements in selling time, approval time and in perceived ability to drive the sales cycle to get deals done.

Model N offers a variety of enterprise-grade, cloud solutions that enable sales organization to streamline quoting and contract management processes including Configure, Price, Quote (CPQ), Contract Lifecycle Management, and solutions for channels sales such as Rebate Management and Channel Data Management.

Find out more with access to solutions briefs, customer stories, videos and demos available at www.modeln.com