The Solution Selling Process and SAP CRM - Fundamentals

Applies to:

SAP CRM 4.0, SAP CRM 5.X, SAP CRM Best Practices

Summary

This document covers, a managemental (analytic) vision of opportunities, and how to fit some parts of solution selling in SAP CRM, beyond explains some solution selling definitions. It explains some CRM buzzwords, like assessment, funnel, pipeline, cadence and forecast. It can help to understand the SAP CRM Best Practices related to Opportunity, concerning the business transactions flows.

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Author Bio

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SAP SDN Business Card

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Purpose

This paper was written in case some consultant needs to have a basis to develop a business blue-print, if a customer uses a solution selling process. Is conceptual and does not show in details, on how to do the configuration.

Why consider reading this paper?

"Over **600,000** sales professionals use Solution Selling® around the world today, making it the industry standard for sales execution process. Why? The majority of our clients want to develop high performance sales cultures that dramatically improve sales effectiveness and increase sales efficiency."

From Sales Performance International *website*

Methodology, Assessments, Activities and Milestones

When working with opportunities, one of the major reasons to work with a sales process (or methodology), is the possibility in having a strong process, to coach, manage and analyze (using reports, graphics, charts, and so on), with the objective of having a more profitable sales area.

It's a common sense, there are two types of processes, in a higher overview, the management processes and operations processes, linked. In high definition management process, we have roles, like principals, and sales managers, in which are responsible to check the sales performance from the operational team (responsible for the operational processes), and in this cases, the sellers, representatives, account managers, territory managers, sales partners, and so on, are the most common seen roles.

At this point, SAP CRM is very useful for both processes, simplifying the managemental and operational. The first with the aid of BW systems is responsible to create reports, and the SAP CRM, making the input and basis for registering the opportunities. But depending on how you are implementing, SAP BW may be not necessary.

Naturally the opportunities, was born as being a hot lead before, using the SAP CRM concepts. But how to know they are good enough to become an opportunity? It's strongly recommended, to classify it, using criteria, it means, a process too, and in this way, the solution selling and SAP CRM, can be helpful. For such a case, we can use an assessment.

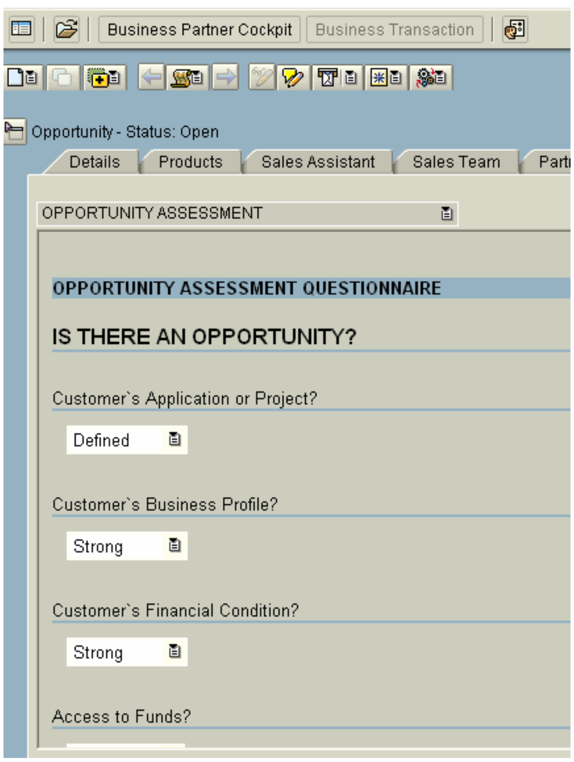
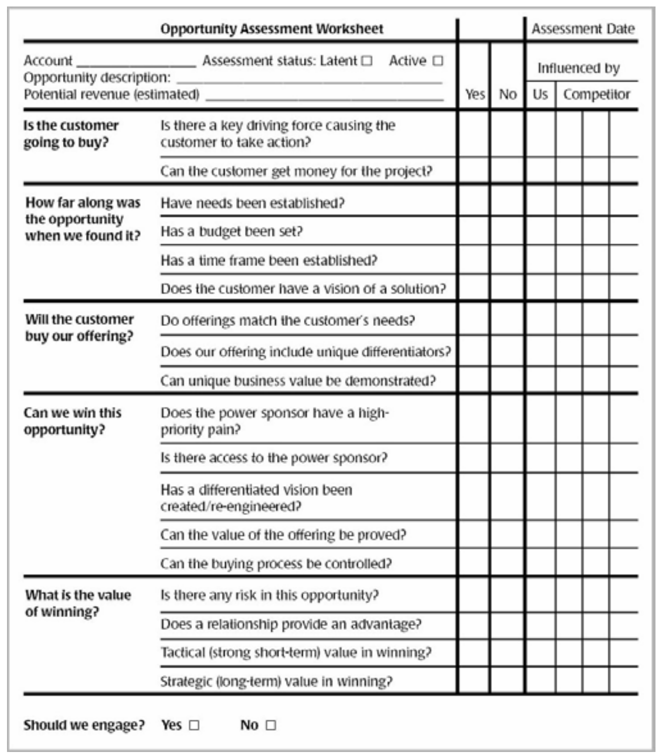


Fig A – A sample screen from transaction CRMD_BUS2000111 about an assessment fulfillment for a fresh new opportunity (a hot lead becoming an opportunity). The questions here are not from the solution selling process. Is possible to configure the assessment to reflect solution selling.



Opportunity Assessment Worksheet — Assessment Date

Account ______ Assessment status: Latent ☐ Active ☐
Opportunity description: ______
Potential revenue (estimated) ______

		Yes	No	Influenced by: Us	Influenced by: Competitor
Is the customer going to buy?	Is there a key driving force causing the customer to take action?				
	Can the customer get money for the project?				
How far along was the opportunity when we found it?	Have needs been established?				
	Has a budget been set?				
	Has a time frame been established?				
	Does the customer have a vision of a solution?				
Will the customer buy our offering?	Do offerings match the customer's needs?				
	Does our offering include unique differentiators?				
	Can unique business value be demonstrated?				
Can we win this opportunity?	Does the power sponsor have a high-priority pain?				
	Is there access to the power sponsor?				
	Has a differentiated vision been created/re-engineered?				
	Can the value of the offering be proved?				
	Can the buying process be controlled?				
What is the value of winning?	Is there any risk in this opportunity?				
	Does a relationship provide an advantage?				
	Tactical (strong short-term) value in winning?				
	Strategic (long-term) value in winning?				

Should we engage? **Yes** ☐ **No** ☐

Fig 1 - [EADES, 2004]

Once the hot lead, become an opportunity, let's verify, for example, the life-cycle; it starts, and with time the percentage to winning the opportunity increases (hopefully), until it gets the status won. This percentage (by definition of solution selling; Yield), increases from activities and/or tasks completed successfully.

By definition SAP CRM, defines that activities are related to customers, while tasks are related to anyone inside the company. In activities, in general a technical sales person or anybody else needed can be involved, for the customer opportunity (at various organizational levels; with managers, technicians, end-users) and move the Yields forward. And the same happens with tasks, but inside the company.

In this scenario, we can assume for example some percentages and milestones (Milestone is a term defined by the solution selling) for an opportunity:

Activities or tasks that must be done to move to the next milestone

Milestone	Yield	Milestone Description	
			☐ Opportunity identified in territory
T		Territory	☐ Meets marketing criteria ☐ Potential sponsor identified ☐ Initial contact established (verifiable)
S	10%	Qualified suspect	☐ Pain admitted by sponsor ☐ Sponsor has a valued buying vision ☐ Sponsor agreed to explore ☐ Sponsor granted access to power ☐ Agreed to above in sponsor letter
D	25%	Qualified sponsor	☐ Access to power sponsor ☐ Pain admitted by power sponsor ☐ Power sponsor has a valued buying vision ☐ Power sponsor agreed to explore ☐ Evaluation plan proposed ☐ Evaluation plan agreed upon
C	50%	Qualified power sponsor	☐ Evaluation plan underway ☐ Preproposal review conducted ☐ Asked for the business ☐ Proposal issued, decision due* ☐ Verbal approval received
B	75%	Decision due	☐ Contract negotiation in progress
A	90%	Pending sale	☐ Signed documents
W	100%	Win	☐ Update prospect database

*Premature delivery of a proposal is *not* a sign of progress

Fig 2- [EADES, 2004]. The checks on the right side of figure 1, means the activities and/or tasks, as written before. You can only go a milestone further since you have all the checks/activities, already done with success. The red arrow here could be related to red or green arrow on figure B. The blue box, represents tasks or activities to run, in order to increase the Yields.

The ways to treat individually the opportunity in SAP CRM is executing activities and tasks, with transaction CRMD_BUS2000111, or CRMD_ORDER, choosing create Business Transaction Opportunity. More than this, SAP CRM is able to create an activity or task inside the opportunity transaction, using a creation of a new Business Transaction Activity or Task. With this feature, you can involve any person you need, and create an activity flow verifiable inside the opportunity business transaction. You will have to create specific activities and tasks as being business transactions as described in the blue box of figure 1, to have the correct solution selling process applied.

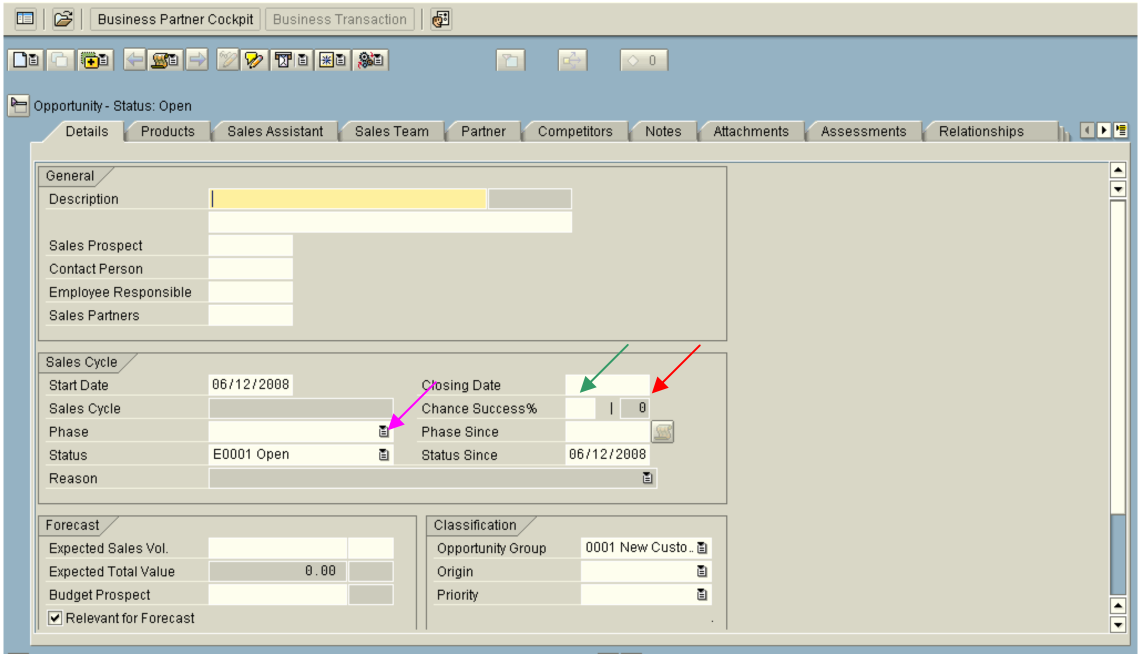


Figure B – SAP CRM CRMD_BUS2000111 transaction print-screen.

Change Success (Yield) could be updated (field Chance of Success of Opportunity - Calculated by System, pointed by red arrow) automatically, if configured for this. The automatic completion will have a strong dependency of successfully completed activities or tasks as described in the blue box of figure 1. Optionally the sales person can change it also, using the field pointed in green arrow. Sometimes, an opportunity can cross the entire solution selling process milestones, and then this field can be necessary. Depending on these values, milestones/phase can be updated (Purple arrow). For example, you can have a customer who might be interested in buying your product, having the necessary money to purchase, and have to buy it as soon as possible. It happened with me once.

Thus, we can have two visions of chance of success, one from the system, and other from the sales person, in green arrow.

Funnel, Pipeline and Cadence

One good point to reinforce, is the pipeline by itself is the individual process for the sales person (as being the day-by-day tool, for activities/tasks creations, schedule meetings, involving persons, and making a personal analysis) and for the sales managers, and in this case, to take a snapshot about what's going on in the sales unit.

Let's take a look quick in the next figure:

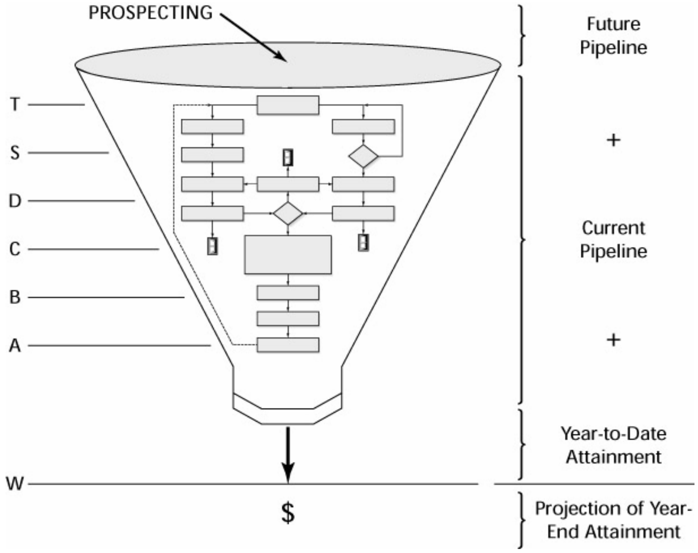


Fig 3 - [EADES, 2004].

From another analytical point of view, the same statuses used in a single opportunity can be used in the general (managemental) analysis. These same milestones (or statuses) are used by the sales manager to make what we use to call the cadence meeting, and this meeting has a purpose to follow-up the person or sales team, and the frequency of this meeting could be weekly, every 15 days, or every month.

In this meeting are checked what's in the pipeline (by definition are the opportunities with some chance to win) in a period of time. The performance it's based on sales goal (amount of money), of a person or sales team, in a specific period of time varying from weeks to months. From a perspective of IT software and selling services, for example, this period can be 2, 3, 4 or sometimes 6 months.

Thus, for example, if the period is defined in 3 months (quarter), you can define selling goals for quarters, and a big goal for the year (composition of 4 quarters). Continuing this example, we could have a cadence meeting between the sellers and sales manager every Friday, it means, with weekly frequency. The sales manager will analyze, discuss and coach the seller in how to go to the next milestone of the solution selling process. Beyond; this cadence meeting could be a task in SAP CRM, it means, a business transaction.

Furthermore, in a managemental perspective, using the solution selling process, what's in the pipeline, it's all the opportunities, fitting in milestone S to A (or 10% to 90% winning chance). From A to almost W (90% to 99, 99% winning chance), it's what we could call "must-wins", and is considered "money in the pocket" until the end of the period. In general, managers like to have a more segmented vision, so, that's the reason in having the D, C, and B milestones too. What's in the funnel, are all the opportunities between the T and A milestones.

So, from the managemental vision, since this is the process, it's possible to take actions about how to increase of the individual opportunities, and then get closer with the sales goal. Sometimes the involvement of the sales manager with the opportunity (or higher executive) it's unavoidable, and certainly the coaching is a constant. The pipeline process it's a powerful tool to analyze, and take actions to reach the goal. The opportunity runaway, it's also an action used by sales managers or sales person or team. Why lose more time with a stucked opportunity?

Forecast

Forecast is a prediction of sales amount. With a pipeline analysis, it's possible to take a snapshot of how the things are going today, but, the forecast, gives the trustworthiness and accuracy of real opportunities to win. This accuracy depends on many factors like economy volatility, competition, federal rules, holidays, kind of products and services being offered, customer budget, and so on. If there are so many factors influencing the forecast, how can I have the accuracy? Using the solution selling definitions, there are 3 ways to work with the forecast:

- Run rate - Using the historical financial performance or revenue results of a company's or unit's non pipeline revenue (for example, annuity income) and extrapolating it into the future [EADES, 2004].
- Forecast Quick Check - Focus on your key opportunities, which can include (1) big opportunities and (2) the strategic opportunities important to your business—usually where you have the best chance of winning [EADES, 2004].
- Yield Analysis - This is business as usual—the grading of your normal pipeline opportunities [EADES, 2004].

For run rate, it's necessary to work with historical data. For this technique, could be more useful to design cubes in SAP BW. About Quick Check, is more related to actions to be taken to reach the goal for the period. Regarding Yield Analysis, it's easier to work in SAP CRM, because the information is there, you just have to join the parts, what means in practice, join the tables from the SAP CRM, and have a collective view of the opportunities.

Using the concept of Yield Analysis, and Pipeline Process, it's possible to use forecast, using simply the master data contained in SAP CRM.

Tasks Examples

Another example for tasks, could be for example the account planning. The account planning, happens for all cluster customers, and the "need to buy" from the customer can be aligned with the "need to sell" from the company. Market tendencies, migration, or simply the opening of the buying plan, can be discussed, and strategies, can be designed.

Specific industry solutions, can demand, account planning type of also. Let's say for example, a new type of fuel it's developed, and this can be a potential white space to be conquered. A task can be created, with products and services, plans and strategies from there.

Another type of task could be a meeting or a research to realize a winback. Sometimes, we're competing in an opportunity, or propose a supplier switch. In this case, it's necessary to create a task to research competitor's weakness, or have an internal meeting to create a strategy to win the customer.

Related Content

Generating Pipeline Analysis with Segmentation Transaction, Luiz David Szilagyi, SAP SDN

Demystifying SAP CRM Technical

ABAP Query – A Quick Glance, Lakshmi Sailaja Nalam, SAP SDN

[EADES, 2004],

The New Solution Selling: The Revolutionary Sales Process That is Changing the Way People Sell
by Keith M. Eades ISBN:0071435395
McGraw-Hill © 2004
This book expands the classic text's cases, examples, and situations and sharpens its focus on streamlining the sales process to achieve greater success in fewer steps and a shorter time frame.

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