

2020 Sales Management Case Study

Paycom Prospecting Challenge

**Disclaimer: Paycom is obviously a real company and an amazing sponsor of the ICSC sales management case competition. The overall challenge outlined below is a real issue that Paycom has had to address in the past but please understand that some of the facts and data are fictional, created solely for the purposes of case competition.*

CASE BACKGROUND

February 1st, 2020...

Its 6:00pm on February 1st 2020 and Deon Fowler, a Paycom sales rep, is wrapping up a busy day. Having spent the last five years as one of Paycom's best small business sales people, Deon knows the value of a day like today. No, she has not met with any customers to discuss their HR and payroll needs but she has walked into over fifteen mid-sized businesses over the course of the last nine hours. Today was a prospecting-day for Deon and she was incredibly driven to hit her fifteen contacts per prospecting-day.

Prospecting at Paycom has become a science. The first step is to figure out who is a good target customer. For sales people that focus on mid-sized businesses, like Deon, an ideal customer is one that has a lot going on when it comes to HR programs. For example, companies that hire employees that might work two months and then move on to another job. These are companies that might need ten to twenty employees at one time but end up hiring fifty to sixty people per year in order to maintain a full headcount. Another key criterion is to look for businesses where the owner's time is very valuable; spending time managing human resource issues and payroll is ***not*** time well-spent for these types of customers.

The next step is to use these criteria to find a list of twenty to thirty businesses that meet the ideal customer profile. Ideally, Paycom sellers will research the company to find the actual name of the person that makes HR and payroll decisions to be added into the CRM system "contacts" database. Once the contact is found, it's time to hit the streets. Deon and other sales people at Paycom

select small gifts to drop off for the main contact at the respective company's physical location. These aren't expensive gifts, just small items like Paycom rubrics cubes with a note that says something like "Hi, my name is Deon and I would love to see if we could have a brief conversation about solving the HR puzzle at (INSERT COMPANY NAME). If this is a conversation that interests you, please let me know and I will be glad to schedule a meeting at your convenience." Obviously, the small gift bag would include Deon's business card with all of her contact information.

The idea is simple, if the potential client expressed interest Deon will schedule a meeting on one of her "Sales Meeting Days" on her calendar. If the prospect doesn't respond within the first two days of the gift drop, Deon follows up with a phone call. In this call, she would remind the customer of the gift she dropped off and ask if it would be possible to meet to assess the client's HR and payroll needs. If the potential customer declines the meeting or if Deon is not able to reach the prospect by phone, she keeps the customer on her "Prospect Wish List" and drops off another small gift at the company three to four weeks later.

Paycom's sales people are taught the importance of this prospecting system as part of their onboarding training. It is the Paycom sales managers who are responsible for holding sales people accountable for their prospecting efforts. In fact, the managers are taught to coach sellers on the program. For example, managers receive training on how to coach sellers if they are not hitting their fifteen contacts per prospecting day by helping them manage their time and territories better. If a sales rep is struggling with the appointment conversation, then managers are taught how to coach reps to be more confident on the phone and how to handle common objections that come up in this part of the prospecting process.

Paycom's entire prospecting program is a "finely tuned machine" that yields incredible conversion rates for moving potential customers from a raw "lead" on a seller's customer wish-list all the way to a new customer benefiting from Paycom's world-class HR and Payroll platforms. Anyone in Paycom's sales organization will attest that a significant amount of its 224% growth in 3-year revenues is due in large part to the effectiveness of the aforementioned prospecting program.

June 31st, 2020...

It's been a frustrating few weeks for Deon. Today is a "Prospecting Day" and Deon is sitting at her desk in her home office. What happened to the "good old days when we could be out meeting potential new customers?" Deon asks herself as she completes another six hour LinkedIn search and message session. Deon's world slowly came to a grinding halt back on April 1st when Paycom issued its statement asking sales people to begin working from home and not to travel out to meet with customers face-to-face. Obviously, this also includes all of the activities with "Operation Gift-Drop", Paycom's formal prospecting program.

It's no secret that COVID-19 has had an enormous impact on all walks of daily life across the globe. Everything from restaurant patronage to walks in the park have been impacted in some way or another over the last three months. But perhaps the most disruptive aspects of COVID are found in those areas where we least expect it. For example, Paycom sales people like Deon all took for granted the importance, and the effectiveness, of physically canvassing their sales territories for potential customers.

Now, Deon is relegated to looking for announcements of new business openings on local business websites and social media. Once a new target has been identified, Deon has to research business records and send emails just to try to find the right person to contact about payroll and HR solutions. Then, she goes through a second round of emails just to try to get an actual meeting with the contact. It's amazing how dropping off the small gift with a Paycom logo made such a large impression on customers. The customers appreciated the gesture and the gift kept Paycom at the top-of-mind for business owners who might need help managing their HR and payroll processes. Unfortunately, the new COVID prospecting process has left Deon feeling like she is constantly sending emails in to the abyss where they go unanswered. "I don't blame people for not responding to me," Deon thought. "They are probably getting bombarded with emails from every other sales rep under the sun that is also stuck having to prospect via LinkedIn and Email."

Across Town...

Across town in another home office, Deon's manager (Dan Hart) is meeting with other front-line sales managers and their Regional Vice-President, Heather Jones. Heather starts the conversation by congratulating all of the front-line managers for doing such a great job working with their sales teams in such unprecedented times. While many companies have seen major decreases in revenues during the COVID lockdowns, Paycom has been able to weather the storm fairly well. Heather attributed this to the coaching and guidance of her front-line sales managers who made sure their sales reps stayed focused throughout the lockdowns.

"So, what do you think we need to ensure that our reps can be as successful as possible as we head into the latter half of this year?" Heather asks the team. Deon's manager, Dan, is very quick to speak up. "Our sales people have done a great job through COVID by making sure that current customer contracts were re-signed as they came up for renewal. They were also successful in closing deals that they were already working on right before the lock-downs kicked in. But now my concern is where growth is going to come from over the next six to twelve months? My team has been working pretty hard looking for prospects over LinkedIn and other sources on the web but these are proving to be hit-and-miss and it takes a lot more time to research potential customers. Of course sending gifts via UPS or FEDEX is not really a good strategy either because of concerns with COVID and the prospects not knowing who the gift is coming from. We gave it a try but several prospects refused the package noting that they are not receiving unsolicited deliveries."

Other sales managers chimed in saying that their sellers were having similar frustrations. Dan continued, "I think we really have a three part problem here. First, I think we really need to rethink our criteria for defining a "high-priority" potential customer. Our previous prospecting and lead qualification criteria stressed the size and location of the potential customer. But now with COVID, mid-sized business owners/leaders are faced with new challenges like; COBRA notices/compliance, employment records management, communications on timing

of re-onboarding furloughed employees, bringing furloughed employees back, making sure current employees are up to speed on new HR policies, understanding how the business and HR policies are impacted by Covid-19 legislation and so on. So, I'm curious if there is additional guidance we can give our sellers on what they should be looking for in an ideal prospect? Second, we have to figure out more creative ways to get in-person meetings with customers. The gift drops were a great way to spark interest in customers but that's not coming back anytime soon. My reps are all looking to me to help them figure it out and I'm at a loss here. Finally, I think managers need to know how to coach reps in whatever new prospecting program we come up with. At the moment, I'm not even sure what "good" looks like in terms of prospecting or what types of conversion rates to use to assess whether a rep is doing well or struggling in different aspects of prospecting. Right now its sort of the "wild-west" with reps all struggling to come up with a system that works for them but I don't have good data or information to really know what's working and what's not. Would other managers on this call agree with these issues?"

Heather went around to each of the other front-line sales managers on the call and they all agreed with the general sentiments of the issues that Dan laid out. Heather ended the call by saying, "Ok, then its on me to get us some help with this. I think I know of some resources we can explore to see if there is a better way to tackle our prospecting challenges. Let me get back to everyone in two weeks with some ideas to kick around."

Time to Get An Outside Perspective

Heather immediately went to her email after the meeting wrapped up. Last November, Heather saw a small consulting company present some ideas on prospecting best practices in San Francisco at Dreamforce, the Salesforce.com annual conference. She remembered that the ideas presented were good and so she signed up to receive the consulting company's monthly sales effectiveness newsletter. After a quick search, Heather found the latest edition of the newsletter and the email for the managing partner of the consulting company. She put together a brief email reminding the partner of the Dreamforce presentation and that she

enjoyed hearing the company's ideas on prospecting. She went on to outline some of the challenges Paycom is facing and asked if it would be possible to have a brief virtual meeting to discuss potential ways the consulting company might be able to help.

The Email & The Virtual Meeting

Your morning routine was in full swing. You had already exercised, had a bite to eat, and were settling into your home office to start the workday. For the last five years, you and your business partner have been running a small, "niche" sales effectiveness and sales strategy consulting firm. With the exception of the last three or four weeks, things have been going well and your company has been growing. Both you and your partner studied sales in college and after spending several years as successful sales people, you both decided that it would be fun to help other companies overcome different sales challenges.

Since opening the consulting firm, you have tackled problems associated with hiring the right types of sales people for different companies' sales environments, helping companies implement the right sales methodology and process, and adjusting sales compensation plans so that sellers are properly rewarded for their sales efforts. But recently (the last two years or so) you and your partner have found yourselves working on lead-generation projects for the clients that you serve. In some ways, you are becoming experts in this area and have even written a few white-papers and presented your prospecting ideas at trade conferences including Dreamforce in San Francisco.

You were just thinking about whether large conferences like Dreamforce will ever be a "thing" again when you saw an interesting email in your in-box with the subject line "Greetings from a Dreamforce Contact". The email was from Heather Jones, a Regional Vice-President of Paycom HR and Payroll solutions company. Heather mentioned that you two had met at Dreamforce and she liked your ideas around prospecting. The best part of the email was that she wanted to meet. "It's always a good day when a potential customer contacts us versus the other way

around,” you think to yourself. You quickly reply to the email and you are able to schedule a virtual meeting with Heather for the next morning.

You and your partner both recognize Heather after meeting her on the virtual call. She was one of the few sales leaders that introduced themselves following the Dreamforce presentation. After exchanging pleasantries with Heather, you and your partner provide a brief background of your careers and the areas of specialization of your consulting practice. Then, Heather outlined the challenges associated with prospecting. She included a brief overview the way prospecting was very methodical prior to the COVID pandemic and how effective the gift drop program has been. She went on to describe how Paycom’s recent success had been built on a strong renewal focus but now, the company is unsure of how to move forward with prospecting in a world that seemed to change “overnight”. She ended the meeting by saying “I would really appreciate it if you could think about some ways to revamp our prospecting programs. I would like you to present your ideas to myself and one or two of my top front-line sales leaders as soon as possible. This is very important to our company; in fact, our CEO has pledged an additional \$2,000,000 to help our sellers increase the number of prospects they are targeting. Based on the fact that we have about 300 sales people, that equates to a little more than \$6,500/rep to spend on prospecting over the next year. Just so you know, we also have 50 frontline sales managers to help support any new prospecting programs for our sellers.”

You both assure Heather that you will put your best foot forward and will work hard to come up with some actionable ideas that Paycom can implement quickly. She seems genuinely grateful that you’re willing and able to help and says she looks forward to speaking again very soon...