

Case Overview for Preliminary Round 1 2017 ICSC Case Competition

CASE DISCLAIMER: Please understand that this case is about a real company, Citrix. Like most companies, Citrix takes great pride in making sure that new sales employees are given every opportunity to succeed so in that sense, this is a real issue for Citrix. However, the “facts” of the case are purely fictional (with the exception of the data in the case introduction) and are used for the sole purpose of the ISCS case event.

Case Introduction

Mike Fouts had been enjoying the last few days. Mike is head of Global Sales Enablement at Citrix and he and the other senior leaders were just finishing up their 3rd quarter review of the business in 2017. It had been a great year; in fact it had been a great three years. Citrix had posted incredible results for 2016 by growing revenue by 10% over the last three years but more importantly, the company had grown profit by 115% since 2014. And 2017 was looking great as well; Citrix had outperformed their earning estimates each of the three quarters in 2017.

Clearly, Mike and his sales enablement team had things humming when it comes to supporting the efforts of the field sales team. At Citrix, Sales Enablement is in charge of hiring, onboarding, training and providing field-marketing support for the front-line sales force. On the last night of the quarterly review meetings, the Citrix CEO, David Henshall, asked Mike to have a drink to congratulate him on job well done.

Mr. Henshall started out by saying, “Mike, you and the sales enablement team have made a real difference here at Citrix over the last couple of years. It’s tough to find things to critique when it comes to your team; Revenue and profits are up and morale of the sales force seems to be at an all-time high. Now that you’ve taken over the sales enablement efforts, it seems that we finally have a group that truly “owns” the support and development of front-line sales teams. So keep up the good work. And since I can’t find much to ask you to improve on, I will simply issue you a challenge. I would like you to tell me where you think we can improve as a sales organization. Take a couple of weeks and

think about any initiative that you think would increase the effectiveness of the sales teams and put together a business case for what resources you would need to execute the initiative. If you'll do this for me, you have my word that I'll review the proposal and do my very best to get you the resources that you ask for in January of 2018. But obviously it has to make sense for us to invest in. Get back to me as soon as you can so I can review it and get it in the budget for 2018."

Mike was ecstatic! Of course he was proud of the job his team had done over the last couple of years and the recognition from Mr. Henshall was great. But he was even more excited about the opportunity to acquire some additional resources to build on in 2018 and beyond. His mind was racing thinking about the most pressing issue that he could tackle in the sales force. He was almost home when the idea of improving rep onboarding popped into his head. Mike remembered a conversation with members of his enablement team last month where one of the team members pointed out that they had seen a recent uptick in sales rep turnover for sales people with less than two years experience.

The next Monday, Mike gathered his team together and thanked them for all of their hard work over the last couple of years. He then shared news from Mr. Henshall about getting additional resources in 2018 to improve sales force effectiveness. He went on to ask the team if they thought the improvement in "new" rep (reps with less than 24 months experience) turnover was worth looking into as a high-priority initiative to present to the CEO. The team unanimously agreed that this was a big challenge worthy of addressing.

There was only one problem; who was going to put together the analysis and proposal to David Henshall? Mike Fouts and several other of the higher-ranking members of the sales enablement team were headed to Dubai to help set-up a new office in the middle east region. The rest of the sales enablement team was slammed with scheduled projects and teaching different training courses. There was just no way that the team could pull off a thorough analysis and proposal in the narrow window that Mr. Henshall was asking for.

Mike thought for a second and then remembered he had recently met a couple of people (you!!!) who worked for a small sales force effectiveness consulting company at a recent

meeting of the Sales Enablement Society. He was impressed with some of the ideas that the consulting company presented at the meeting around best practices for better training and onboarding of new sales people. "I'll give them a call and see if they can come over to discuss it with us," Mike told the team as the meeting was wrapping up.

The Meeting

You and your consulting partner were excited to get a call from Mike and set-up a meeting as soon as your schedules allowed. You made your way to the Citrix headquarters where you found Mike Fouts waiting for you in the lobby. After settling into a large conference room, Mike brought you up to speed on his challenge from the Citrix CEO and how his team was too busy to meet the CEO's requirements for a business proposal asking for additional sales enablement resources. "I would love it if you could do some analysis of our current onboarding program and make some recommendations for how to improve. I really need you to come through for me on this. But unfortunately, there is such a rush that you might need to do this with minimal information," Mike said as he wrapped up his story.

You assured Mike that you have extensive experience with these issues and that you felt confident that you would be able to help. You spent the rest of the meeting asking Mike a series of questions about the Citrix onboarding program and Mike provided the following information...

Onboarding Defined At Citrix

Onboarding at Citrix is a pretty vague term depending on whom you ask. For some Citrix people (including senior sales leaders and HR), onboarding means the first 90 days after a new sales rep starts at Citrix. In this 90-day period reps complete the "Fast Start" Program with the goal being "to get newly hired reps up to a minimal level of functionality." This includes getting the new hires set-up with technology they need to do their job, helping them understand basic administrative processes, and some basic product and sales training (See Appendices for overview of sales training courses offered to new hires).

However, if you ask other people (including the sales enablement team), onboarding is a much longer period of time that is meant to capture the amount of time it takes to get a sales rep "productive" in terms of their ability to generate revenue and profits for the

company. Past analysis shows that reps typically hit this point around 24 months into their careers with Citrix.

Unfortunately, this is a tumultuous window for new sales reps. Mike shared some data that revealed that in the last 5 years, Citrix has hired 412 new sales people in the US. They lost 131 of these sales people due to turnover with 96 being lost in the first 2 years of working at Citrix. In other words, Citrix lost about 31% of the new sales people that they hired in the last 5 years and 73% of those were lost in the first 24 months of being with the company. A detailed breakdown of reps lost in the first 24 months of their employment is found in the Appendices.

Sales Training At Citrix

Sales Training had been an evolving animal at Citrix as sales enablement leaders sought to find the right balance between the content of training and the best method of delivering sales training. The current list of sales training courses and the method of delivering these courses is found in the Appendices. It's important to remember that the training program is meant to follow a structured sequence with reps "attending" courses at set intervals after their hire date. In-between these formal training classes, reps work with their local sales managers to learn their roles as sales people. Essentially, it is up to each local sales manager to create and schedule activities that get reps up to speed in the "gap periods"; Gap Periods are the windows of time where new hires are not in formally scheduled sales training courses. (Important to note that reps are assigned to regional offices spread around major cities in the US)

Very few reps actually meet with customers on their own in their first 90 days. They are too busy completing onboarding activities and shadowing their manager and other Citrix sales people. After the 90-Day Fast Start program is over, reps are encouraged to continue self-paced training through various online learning modules that include more advanced topics around different types of IT environments, market and industry trends, product updates, and customer case studies. Reps are invited to attend an in-person course held at corporate HQ after approximately 12 months with the company and then another in-person course at the 24-month mark. There are no other major training events at corporate

HQ until reps are promoted to “Major Account Rep” or “Sales Manager” which typically occurs after a minimum of 48-months with the company (The current Sales Manager Curriculum is also found in the Appendices)

Mike mentioned that the current sales enablement team (6 total people on the team) is spread pretty thin between teaching courses and handling other part of their sales enablement roles. He has assigned two sales enablement team members to act as Sales Enablement Onboarding Leaders. But even these onboarding leaders are swamped with other tasks.

Performance of “New” Sales Reps

New reps are obviously not up to the same standards as older sales reps. As shown in the appendices, the average deal size for “Less than 24 Month” reps is about \$50,000. The average distribution of opportunities based on the stage of the selling cycle is presented in the appendices as well. New reps have fairly low quotas in Year 1 (\$150,000), but get a fairly substantial standard quota increase in Year 2 (\$750,000).

Reps who have been with the company over 3 years carry an average quota of \$1,500,000. Quotas for reps with more than 3 years of experience typically go up by about 10% over actual sales for the prior year. So if an experienced rep sells \$1,000,000 this year, his/her quota will be approximately \$1,100,000 next year.

Sales managers are also required to conduct performance reviews with all sales reps every 6 months. Guidelines for these reviews are pretty vague and most managers rate sales reps based on how well they have done in reaching quota and on their ability to generate high gross-margins across their opportunities.

Sales Rep Compensation

Entry-level sales reps at Citrix are typically paid \$70,000 per year with additional commissions paid based on product sales. The average commission paid to all reps is 5% of the value of the opportunity. Since most Citrix customers are on a subscription service, the reps are paid this commission on the annual value of the contract the customer signs. So if

a customer signs a contract worth \$100,000/year, the rep would be paid \$5,000 at the time that the customer signed the contract. Additional commissions are paid on the anniversary of the contract so that if a customer signs a 3-year contract, worth \$100,000 per year, the rep would be paid \$5,000 when the contract was signed and then an additional \$5,000, 12 months later and so on.

All reps that reach 110% of their yearly quota receive a \$10,000 bonus. These reps are also invited (along with a guest) to an “Outstanding Performance Club” trip to an exotic location (Jamaica in 2016). Reps are not eligible for this trip in their first year with the company.

Mike’s Request

Mike closed the meeting with, “That’s about all I can share with you for now. I have to prep for my trip to Dubai the rest of the week. If its ok, I’d like to ask you to prepare your analysis of our onboarding program along with any initial recommendations you might have in terms of reducing turnover and perhaps improving performance of our “less than 24 month” reps and present these to a few members of my sales enablement team while I am gone. Please keep in mind that our CEO is a “numbers guy” and will want to see the ROI on any of the ideas we present. If my team likes what it hears, you and I can schedule a conference call so that we can discuss your ideas while I am still in Dubai.” You thank Mike for his time and head back to your office to review what you learned from the meeting and to start work on your presentation.

Appendices

Appendix 1A: List of Citrix Rep Training Courses and Approximate Tenure of Course Attendees

Sales Rep Training Courses			
Course Name	Description	When?	Method of Delivery
New Hire Boot Camp (Fast Start Program)	This course serves as a rep orientation to get new hires up to speed on the Citrix basics. Topics include Citrix history, Product & Customer Overviews, Competitor Background. Also covers how to handle basic administrative procedures.	First week after starting at Citrix lasting 1 week	Online Learning Course (Approx. 20 Hours); Reps Assessed by online quizzes and conference call with Sales Enablement Onboarding Leader at the end of week 1
Product Deep Dive (Fast Start Program)	Covers the technical aspects of Citrix products as well as the main challenges and concerns of Citrix customers.	2 nd week of employment with Citrix lasting about 2 weeks.	Online Course (Approx. 40 hours); Reps assessed by online quizzes and in 3 different conference calls with Sales Enablement Onboarding Leader across the 40 hours of instruction
Basics of Selling Citrix (Fast Start Program)	Covers the fundamentals of selling as they relate to Citrix products and services. Reviews the steps in the Citrix sales process (Prospecting, Spec Development, Demo and Presentation, Contract Completion). Also covers how to use the Citrix CRM system	8 th week of employment lasting about 1 week.	Online Course (Approx. 20 hours); Reps assessed by online quizzes.
Territory Management (Fast Start Program)	Covers Time and Territory management. The goal is teach reps the fundamentals of running and managing their own territory from a time management perspective.	10 th week of employment lasting 3 days.	Online Course (Approx. 15 hours); Reps assessed with online quizzes and by presenting a territory management plan to their local sales manager and Sales Enablement Onboarding Leader via conference call.
Advanced Sales Training	In-depth look at successful selling at Citrix. Goes into great detail around developing technology solutions for complex customer IT problems but main emphasis is on how to deliver effective product demos and service presentations	Approximately 12-month mark of sales rep career lasting 1 week.	In-person event held at Corporate HQ and taught by Sales Enablement Onboarding Leader in a class of 15-20 sales people.
Advanced Negotiation	This course highlights better negotiation techniques in hopes of helping sales people increase conversion rates for customers in the contract negotiation stage of the pipeline. Reps also hear from people representing other functional roles in the company (i.e. marketing) so that reps looking to get promoted to other areas of Citrix have some insight into	Approximately 24-month mark of sales rep career lasting 1 week.	In-person event held at Corporate HQ and taught by Sales Enablement Onboarding Leader in a class of 15-20 sales people.

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Appendix 1B: List of Citrix Sales Manager Training Courses and Approximate Tenure of Course Attendees

Sales Manager Training Courses			
Course Name	Description	When?	Method of Delivery
New Manager Boot Camp	This course serves as a manager orientation course that helps managers understand the basic “how-to’s” of their job. Most of the content deals with all of the administrative processes that managers need to know in order to keep their regional offices functional.	First week after being promoted to sales manager at Citrix lasting 1 week	Online Learning Course (Approx. 20 Hours); Reps Assessed by online quizzes. Conference call with Divisional Vice – President to gain better clarity on the role.
Leadership and Motivation	Covers basic concepts related to leadership. Motivation and goal setting is a big aspect of this training course. Managers are also taught how to conduct a semi-annual performance review required by HR.	6-Months after being promoted to sales manager lasting 1 week.	In-person event taught at Corporate HQ by Members of the Sales Enablement Team

**Appendix 2: Turnover by Month Across All Reps Hired in Last 5 Years
(For example, in the last five years, 2 Reps have left the company in their first month and so on)**

Month	1	2	3	4	5	6	7	8	9	10	11	12
# Reps Lost	2	0	0	0	1	2	4	8	8	6	2	3
Month	13	14	15	16	17	18	19	20	21	22	23	24
# Reps Lost	3	9	10	10	12	8	3	4	0	0	1	0

Appendix 3: Average Monthly Rep Compensation By 6-Month Intervals (Includes Salary, Commissions & Bonuses)

After 6 Months	After 12 Months	After 18 Months	After 24 Months	After 30 Months	After 36 Months
\$5,833	\$6,416	\$7,083	\$8,750	\$9,625	\$13,000

Appendix 4: Average Revenue and Gross Margin/Sales Opportunity for “Less than 24-Month” Reps

<p>Average Opportunity Size = \$50,000 Average Length of Contracts Signed = 1 Year Term Average Gross Margin/Opportunity = 70%</p>
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**Appendix 5: Average Size of Pipeline and Deal Conversions by Stage of the Pipeline At Any Given Point
In Time For “Less than 24 Month Reps”**

	Prospect Stage	Spec and Solution Development Stage	Product Demo and Presentation Stage	Contract Negotiation
Avg # of Customers At Stage*	89	45	15	3
Avg Conversion Rate**	18%	8%	12%	33%
Avg. Length of Time In This Stage***	60 days	90 days	30 days	30 days

* Customers enter each stage in one of 2 ways; first, some customers start in the prospect stage and move through the each stage in the sales pipeline. Others start already in a later stage of the pipeline. For example some customers call Citrix sales reps to help with developing solutions for an IT problem or challenge. Therefore, this customer would skip the Prospect Stage and start in the Spec and Solution Stage and move forward from that point. Likewise, other customers call Citrix reps after already developing a spec or solution in-house and they want to see how Citrix can help which means this customer would start in the Product Demo Stage and move forward.

** Conversion rate = % of customers that move on to the next stage of the selling cycle

*** This is the average amount of time a customer stays in this stage before either dropping out of the pipeline or moving on to the next stage in the selling cycle.

Sales Cycle Stage Definitions:

Prospect – Rep has contacted the customer by phone to introduce Citrix and to ask a few preliminary questions about the customer’s IT environment. Goal is to get the customer to meet with the sales person.

Spec and Solution Development – Rep has a series of in-person sales meetings where they ask deeper questions about the IT environment and specific challenges that customers face. This typically takes several meetings with different members of the customer’s IT staff and senior leadership. Citrix reps also use this information to work with internal technology support staff to develop the best solution for the customer. Initial presentations of different solution options are *informally* presented to the customer to gain feedback.

Product Demo and Formal Presentation – Rep creates and delivers a *formal* presentation to the customer’s decision team. Citrix regional managers and internal technology support teams are also very involved in helping with these presentations. Initial pricing is presented as well.

Contract Negotiation – The customer has agreed that Citrix offers the best solution and wants to negotiate the terms of the contract. These terms typically relate to price, length of the contract and levels of service that Citrix will provide. The higher the level of service offered to the customer, the lower the Gross Margin for Citrix.