



The sales improvement people

KoruConcepts™

Maximising the return from your sales
investment (Part One)

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Introduction

Sales Directors and Managers today find themselves in an increasingly difficult competitive environment where the emphasis is on better results for their company, and a customer perspective that if “we can commoditise you offering we will”.

There are many other pressures, and we have spoken to a large number of people in the sales profession to identify the key issues that are being faced by the sales community as a whole. This concept paper has the objective of describing those issues and providing sales and other directors with a checklist (see Appendix One) for them to position their capacity and capability to address those issues.

The Issues

1. Recruiting and retaining quality sales people

This is seen as a major issue. There are just not enough good sales people in the market. This is causing the cost of sale to rise due to higher remuneration packages and recruitment costs, inconsistent account management and subsequent loss of business, and inconsistent performance resulting in failure to achieve targets. Losing one’s best sales people has a demotivating effect on other sales people and can cause other people to at worst leave, and at best impact negatively on their performance.

2. Availability of appropriate training

There is no lack of training available what is missing though is appropriate training. Training is seen as taking too long, with people off the road in some cases for up to two weeks. Much of the training is seen as “vanilla” lacking industry focus and is relatively expensive.

The biggest issue though is that while there is a performance improvement in the short term after the training, much of it is unsustainable due to lack of reinforcement. Once a sales person gets out of the habit of practicing what they learnt the benefit of the investment disappears.

3. Too much overhead in the sales organisation

In some companies in excess of 60% of the available sales days are consumed in non value adding activities. These include finding or generating sales collateral, managing poorly “qualified” leads, complex order management systems, incessant sales objective and territory reviews and internal negotiations on price and terms and conditions.

Depending upon the state of the business the demands these place on sales times increases; this is particularly the case when business is below budget. While these sometimes unnecessary demands are bad enough, the reduction in available sales time has other even more detrimental impacts. These include poor understanding of the customer’s requirements resulting in inappropriate solutions, poorly presented proposals and the inevitable loss of some business.

4. Need to make sales capability a USP

Customers will attempt to commoditise anything and everything with the single objective of driving down the price of your offering, or if you are in a price dominated market drive it down even more. In a proprietary environment you can differentiate the value of your proposition through uniqueness, features and benefits, and cost of change. Nowadays the primary place where value can be added is at the point of interaction, i.e. the sales person is the value added. As more and more companies realise this the premium for good salespeople climbs and as a result the absolute cost of sale rises.

5. Need to deliver more business at better margins and lower cost of sales

The availability of good people, the costs associated with these and the instability in the market caused by a growing demand all conspire to undermine this objective.

You can hire lower cost (and quality) people to sell price sensitive products and services but this is nearly always at the expense of margins. To achieve growth in margin means being more selective in the contracts that you take and as a consequence revenue growth suffers.

To achieve growth in both often puts an unacceptable increase in the cost of sale line. Failure to achieve either or both, results in cost cutting at a time when in reality you should be increasing investment in the selling process.

6. Inconsistent/unequal performance

Rarely if ever does 100% of the sales force make 100% of their targets. In many cases sales manager's achievement often masks serious shortfalls in their team's performance. Over performance by a few compensates for underperformance by many. This will always be the case but a growing and urgent concern is how to improve the performance of low achievers while retaining and stretching the really good people. In general attrition terms, as opposed to disciplinary action it is often the good people that leave.

7. Sales management time and overhead

Businesses and their sales managers have become obsessed with numbers and to some degree so they should. Unfortunately this obsession is with the arithmetic and not with the process of achieving. Too much time is spent on the measurement and not the how, typified by pouring over spreadsheets, reviewing, being reviewed, and writing (dreaming up) sales improvement plans. Most sales teams are relatively small, six to eight people and if most sales management time is being spent "on the numbers" the role is effectively an overhead. Additionally sales managers are distracted by being invited to become involved in many non direct sales activities. This adds weight to the non value add overhead criticism.

Productive time with sales people is a critical success factor in evaluating sales management performance.

Summary

Selling is a people business; it requires well skilled, well trained and well managed people who are motivated by the achievement of their targets and are rewarded, financially and in kind, such that they remain loyal to their employers.

It is the fundamental requirement of a company's chief sales officer to achieve this.

Sales Director's Sales Productivity Assessment

The key to extracting maximum value from this questionnaire is brutal self honesty.

Critical Questions	0 – 30%	31 – 60%	61 – 90%	Greater than 90%
What is the retention rate of your key people over the last 2 years?				
Of your people what percentage would you describe as role model performers				
How much of your training investment would you describe as making a difference to your overall sales performance				
How much of your sales training would you describe as being fully sustained (being continually practiced and adding profit)				
How much of your sales people's time would you describe as fully productive i.e. involved in the sales process or learning/training				
What percentage of your sales people would you describe as offering competitive advantage				
What percentage of your sales managers achieved their revenue targets in the last full year (Treat yourself as a sales manager)				

As above but for gross margin or profit targets				
If you (and your team) achieved the targets above and did not exceed your sales cost budget, tick box #1 If you achieved both the targets above, but overspent tick box #2 If you achieved the margin/profit target within your cost budget tick box #3 Otherwise tick box #4	4	3	2	1
What percentage of your sales people (not managers) hit or exceeded their sales target				
What percentage of your sales managers spend 40% of their time with customers				
What percentage of your sales managers spend 40% of their time with their people				
What percentage of your sales managers spend 20% or less on the numbers				
Recruitment of sales people: All external tick box #4 All internal tick box #3 Majority external tick box #2	4	3	2	1

50/50 tick box #1				
SCORING – For each tick in box 4 score zero: Score one for each in box three: Two for box two and three for box one. Total your scores.	Box 4	Box 3	Box 2	Box 1

The maximum score is 45 and if you have achieved this or a score over 35 you have a well balanced high performing sales team; carry on doing what you are doing. In Part Two of this Paper we will explore a methodology which will help companies increase their capability, capacity and competitive advantage.