

Increasing Sales Staff Productivity



OR...

*Using the
Carrot & Stick
to Improve Sales*



Brian Jeffrey

Sales results are directly connected to the productivity of your salespeople. There are things you can do as a sales manager to make sure you are getting the most out of your people.

Enjoy the read.

A handwritten signature in black ink that reads "Brian J". The signature is stylized and cursive.

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by Brian Jeffrey



Times are tough and despite what the government tells us, I don't think it's going to get much better in the near future. As business people, that means we have to make due with less, sell at lower margins, and make up for lost profits with increased volume. And who's going to get us those increased volumes? Our salespeople.

Like most employees, those salespeople who aren't in the doldrums because of the difficult times are already working at top capacity so how can we expect them to increase their activity and productivity levels even higher? Here are some ideas that can help you and your people make a difference, even in difficult times.

ONE-MINUTE SALES MANAGEMENT

I've never been a big believer in the one-minute anything ever since I found out that Minute Rice takes five minutes to cook. There are no quick fixes to long-term problems and increasing the productivity of your sales staff is one of those problems that requires thought and attention if you are to maintain a healthy bottom line.

Years ago, one of the major steel companies used the slogan, "Our product is steel but our strength is people." It's safe to say that your people are your strength as well. Notice that I didn't say, your "sales-people." Despite what they might feel, your salespeople are no more important than any of the others. They are part of a team and you want to help make the whole team as strong and as productive as possible. As a result, many of the ideas in this e-book will apply to all your people.

A short disclaimer: This e-book is not intended to solve all your sales productivity problems. Its objective is to highlight some of the key problem areas and offer some ideas that may help. Consider this e-book as sort of a pump primer. Use it to explore potential problem areas and to develop your own creative solutions.

So here, in capsule form, are the areas to explore along with some of the ideas that will put your people and you ahead of the competition.

1. Maintain or rebuild morale
2. Hire smart
3. Train properly
4. Manage the sales process
5. Lead your sales team
6. Expect performance
7. Cut your losses

Let's look at each of these ideas to see how you can implement them in your situation.

MAINTAIN OR REBUILD MORALE

There are two times when morale within an organization is high. One is when everything is going well and sales are rolling in. The other is when things aren't going well and sales are dribbling in... but no one realizes it yet. In both cases, it's important to make sure that morale stays high.

It's easy to keep the morale high when times and sales are good. It's in difficult times that companies require leaders, not just managers.

In difficult times, it's usually the accounts receivable staff that are the first to know. Word spreads quickly to other employees via the grapevine, often before management or the business owner knows what's happening. Before you know it, a pall hangs over the organization. As soon as it hits the sales department, the sales go from bad to worse and morale drops another notch.

Too often, management puts on a brave face and feels that the staff will be fooled into thinking that everything is all right. This is not the time to place a wall of silence between management and staff. It's the time for open and frank communication. Unsubstantiated rumours will destroy morale quicker than the worst truth. So what do you do?

Call your salespeople together for a meeting. The purpose of this meeting is to make sure everyone is aware of the situation and to solicit their help in improving it. This is not the time to browbeat your salespeople into expending Herculean efforts to turn around the poor sales situation. Hitting people when they are down just drives them further into despair. This is the time to provide leadership and direction.

Talk with your salespeople individually and ask what tools they need to help get things on the right track for success. Don't be surprised if you hear a lot of whining and finger pointing. Salespeople are good at that. Hear them out, and then ask, "What can *you* do to help us turn around?" The situation will probably be too much for them to digest at one time so help them develop some step-by-step plans for increasing sales.

Whatever you do, try to have your salespeople quantify their action plans. Will they commit to three more calls a day or week? Can they

make a concerted effort to get at least five percent more business from each of their existing accounts? You get the idea. You want to leave the meeting with everyone knowing exactly what is expected from them and how it will be measured.

Then use your weekly sales meetings to build on their successes and help them learn from their failures. In tough times you have to talk about tough situations at your meetings. But don't start your meeting with problems. Plan your meeting to start off with some of the positive things that have happened since the last meeting before going on to more sensitive topics.

Keep close control on the meeting so that it doesn't turn into a general "bitching" session. Use an agenda to gently keep the participants on track and on topic. End the meeting on some kind of high or inspirational/motivational note. Be careful that your motivational message doesn't come across as pure hype. Salespeople hate to be sold a bill of goods. You can avoid this danger by planning what you want to say and by being totally sincere.

Also use these meetings to monitor progress and to ensure that your salespeople are setting weekly goals that are realistic and attainable. Be careful here. If goals are set too high and aren't achieved, morale will suffer another blow. When morale drops too far, the sales department becomes a major part of the problem rather than a key to the solution. For more information on the topic of setting quotas, etc, check out my e-book on *Setting Quotas, Targets, Forecasts and Goals*.

An idea you may want to consider is to invest in a weekly or bi-weekly breakfast sales meeting. This combination of a social and work-related meeting can be a real morale booster. It might even help out your local restaurant!

Years ago, I had great success with Friday pizza luncheons where the whole company (about 15 people) got together each Friday at noon. We got more accomplished in that informal hour-and-a-half luncheon than at most formal meetings and the social aspect kept the morale high, even during tough times. Why? Because there was open communication, there were no taboo topics, and we were all aware of our economic

and sales situation at all times. The meetings negated the necessity for a grapevine within our firm.

It's better to hold your meetings in the morning, at noon, or early afternoon. End-of-the-day meetings are less successful because most of us are drained by the day's activities, and the last thing we need is another meeting that's going to tax our minds. Fresh minds are like fresh oranges – just as fresh oranges will produce more juice, fresh minds will produce more ideas.

There's an old saying about trying to drain the swamp when you're up to your you-know-what in alligators, which is why it's hard for managers to even consider the morale situation when times are difficult. Our minds are quite naturally on other things such as meeting payroll, putting out internal fires, or even survival.

In tight times, we adopt the Smokey-the-Bear approach to management and spend most of our time in a fire-fighting mode. It's too easy to collapse in on ourselves and forget our manager/leader responsibilities. We need to remember that we have a responsibility to lead the company out of wherever it is now to where it ought to be. How do we do this? Through the efforts of our employees. And that's why it's critical that morale stays high. Hey, who said managing was easy!

HIRE SMART

Be careful who and what you hire. If you want a salesperson, hire a salesperson, not someone who has no track record of sales success of some kind. Take your time to hire the best you can afford. The cost of hiring a mistake can be crippling.

Too many people fall into the trap of hiring the first or second warm body that comes along in order to fill the open slot. There's an old saying in sports that "A" managers hire "A" players, and "B" managers hire "C" players. When this happens in the sales department, the "B" sales managers complain about business being bad. It's not always the business that's bad, often it's their salespeople.

So stop hiring losers and start hiring winners. Hire sales professionals. Look beyond the obvious when hiring. Previous sales experience, while important, isn't everything. It takes a combination of sales experience and sales training to build a professional.

Don't fall into the trap of taking Fred from R&D or Joan in Admin and moving them into sales just because they seem to have a nice personality or worse, they'll be laid off if they don't go into sales. That's like taking a fish out of water and expecting it to walk. It flops around for a while and then dies. Well at least you gave it a chance to succeed. Fred from R&D (or wherever) will go through the same painful experience. He'll flop around for a while and finally die as a salesperson. Oh well, at least you gave him a chance. Don't do it!

Given the choice between hiring a non-salesperson with a lot of product knowledge or a trained, experienced sales professional, I'd take the sales professional every time. It's far easier to give an experienced salesperson the information he or she needs to sell than it is to teach a non-salesperson how to sell in a short amount of time. Selling just looks easy.

Find out what formal sales training your candidates have taken, what books on selling they have read, and in what ways they are striving to enhance their knowledge and skills. Ask what they are doing to keep current with the industry they have chosen to be involved in.

Somewhere in the interview, I like to ask if the person is a reader. They usually answer yes, to which I respond by asking what types of publications do they like to read. I don't really care what novels they read, although I've picked up a few good titles that way.

What I'm looking for is whether or not they read trade journals or other material that pertains to the industry they work in. The results are often interesting. I know computer salespeople who don't read any of the major trade magazines and car salespeople who don't bother keeping up on car reviews. If salespeople are not dedicated to their profession, how dedicated will they be to their job, your organization, and your customers?



Pre-screen by telephone. If you don't like the sound of the person on the telephone, chances are your customers won't either.

One interview isn't enough. Have at least two meetings with your candidate to minimize the halo effect. It's also wise to ask someone else to conduct one interview or at least sit in on one of yours.

I strongly recommend team interviews. While one person is asking questions, the other person can gain impressions of the candidate's performance. Often the person who isn't asking the questions can spot things that the interviewer misses. Make sure that you both take written notes. Then compare notes immediately after the interview while impressions are fresh in your minds.

Make sure you check their references. Since no one's going to give you the name of someone who will give a bad reference, go beyond the references the candidate gives you. Try to find out the names of previous managers, co-workers or even customers of the candidate and give them a call.

Consider using psychological tests to help weed out non-starters. There are a number of them available in the marketplace and the prices can be very reasonable, especially when compared against the cost of hiring a dud. (Our clients have had good success with the *Sales Temperament Assessment* in helping them avoid putting square pegs into round holes. For more information on this hiring tool, visit www.SalesforceAssessments.com.)

Your decision to hire or not hire should not be made solely on the results of these tests. At best the instrument results will confirm your feeling that you have a winner and at worst the results will raise a red flag that needs to be put to rest during the reference-checking process.

For example, on a recent assignment, I was interviewing a candidate that looked good, sounded good, and had all the right experience. The *Sales Temperament Assessment*, however, indicated that the person might have a low drive level and be more inclined to socialize than sell.

When I did the regular reference checks I got glowing responses until I asked the question, “I have the impression that Mr. X may spend a bit too much time chatting with prospects instead of getting down to business. Is that the case?” The response was revealing. The person started with, “As a matter of fact, that’s very observant of you...” and then went on to confirm a number of things that the *Sales Temperament Assessment* had spotted. I was able to elicit this information because the STA allowed me to ask a very pointed question.



To save time, you need to spend the time to do your hiring right.

Personnel agencies *may* help. They can certainly help in finding semi-suitable candidates. I say semi-suitable because only the best of agencies takes the time to get to know your real needs. You alone know what you really need and what you want. So you still have to go through a thorough interview process if you’re to minimize hiring mistakes.

Most agencies offer a 90-day replacement guarantee, which I consider close to useless. It usually takes a lot longer than 90 days to know if you have a “keeper.” While you can usually tell a winner quickly, it’s the *potential* winners that take longer to evaluate. Depending upon the business, it can often take up to a year before you can fully assess a salesperson’s performance. During that time a poor choice can cause a lot of damage. I recommend negotiating a reduced fee in place of a replacement guarantee.

Remember, hiring mistakes can be very costly. Not only in lost sales, but in lost customers and customer goodwill, to say nothing about your time.

If you’re going to be hiring sometime soon, you may want to get a copy of my e-book *How to Hire Salespeople Who Can Sell*.

TRAIN PROPERLY

In Sweden, employees receive an average of 170 hours of training a year. In Canada, the average is a pathetic seven hours! This universal lack of training is causing problems.

Your salespeople are the tips of your marketing arrow so it only makes sense to keep the tips of these arrows as sharp as possible. That's what training is all about, sharpening your arrows. As managers, we often sit back, scratch our heads, become more frustrated, and wonder why our employees aren't performing and why profits are down.

Who's to blame? Are the employees at fault? Perhaps. Or could it be that *employers* are neglecting a crucial strategy that would help their salespeople and other employees *make a difference*—a difference to themselves, their customers and to the company's bottom line? That critical strategy is training.

Too many companies seem to be suffering from management myopia. They fail to see the bigger picture. I've had managers say to me, "Why should I train my people and then have them leave to go to my competitor?" What they can't see is that trained employees are more productive employees, productive employees are happier employees, and happy employees don't readily change employers. In fact, the employers of choice are going to be ones who provide training. Training can often improve morale by showing your staff that you are prepared to invest in them and their future.

Lack of time is often the cause of lack of training. As sales managers, we're already very busy, some of us to the point of overload. The arrival of a new salesperson on our doorstep just adds to the load. Consequently, we often fall into the trap of simply handing them piles of product literature, giving them a pat on the back, and telling them to "Go-get-em, Tiger." Then we wonder why they aren't working out as well as we had hoped.



Hire for attitude and train for skill.

Or we use the innovative “B-L-B” training technique (Blind-Leading-the-Blind) where we team the new hire up with one of our more seasoned people who promptly passes on most or all of his/her bad habits. An alternate approach of this technique is to send the new person out with two or three different people ensuring that the new hire becomes thoroughly confused. Mind you, I prefer the B-L-B technique to the “let’s drop him into the deep end of the pool and see if he comes up” approach. Some kind of training, even poorly executed training, is better than none. At least it shows you care.

Some companies only like to train survivors. They allow new salespeople to flounder around for a couple of weeks or months. If they survive, the company will provide some training. Doesn’t it make more sense to give your new salespeople a fighting chance by providing them with the tools they need to survive up front, not after they’ve possibly gotten discouraged?

If you’re going to train, do it as professionally as possible because the quality of the training has an impact on the new salesperson’s impression of your firm. Train in company procedures, train in product knowledge, and train in selling skills.

Too many companies confuse sales training with product knowledge training. Pumping a person’s head full of product facts, features, and (hopefully) benefits, doesn’t make a salesperson successful. It’s knowing how to find and approach prospects, then properly qualifying those prospects, making solid sales presentations, knowing how to deal with objections and put-offs, handling price objections, testing the waters with trial closes, and ultimately knowing how to ask for the business (close the sale), are the things a good sales training course covers.

It doesn’t *cost* to train your people, it *pays*. Here is a fast way to calculate a return on investment for training:

Training Investment ÷ Avg % Gross Margin =
Gross Sales to Recover Investment

Example: Assumptions
1. \$5,500 Training Investment
2. 20% Gross Margin

$$\$5500 \div 0.2 = \$27,500 \text{ Gross Sales}$$

Let's assume you wanted to recover your investment back in one year. Your sales team would have to sell $\$27,500 \div 12$ or \$2,292 per month more than they are now. If you have six salespeople, they would each have to sell $\$2,292 \div 6$ or \$382 more per month. Now the decision to train or to not train becomes easier to make. If you don't think that your salespeople can recover the investment in a reasonable time, don't do it.

If you're not sure what you should include in your training program, get a copy of my ebook *Breaking in the New Salesperson*.

MANAGE THE SALES PROCESS

Make sure you and your salespeople understand both the internal and external forces at work in the sales process. Your people should understand your internal work flow, key personnel, credit requirements, paper flow, problem areas, who does what, what goes where, etc.

Salespeople should be aware of where and how the organization makes its profit so they can help maximize your return on investment. Too many companies feel that margins are none of the salesperson's business. Then they complain when their salespeople bring in unprofitable sales or seem to spend too much time on unprofitable opportunities. Good salespeople want to know how they can help you make the most money, if for no other reason than it affects their income.

Which brings us to the subject of sales compensation plans. Com-

pensation plans should be set up on a win-win basis. I've seen plans where the more a salesperson sells, the less per sale he or she makes. Not much incentive to sell. Consider making the plan tied to profitability if possible. The more profit the company makes, the more money the salesperson takes home.



The best compensation plan is the one that most accurately measures and rewards the performance of a salesperson.

A good compensation plan takes a long time to develop. Deciding the pros and cons between a salary only, base salary plus commission, or commission-only plan, and all the combinations in between can be a real chore. There's no right plan for everyone. Whatever plan you devise should be simple and to the point. The salesperson should be able to quickly calculate what he/she has made from any particular sale. I've seen plans that are so convoluted that the salespeople spent untold hours trying to figure out how to make the most money from the plan. You don't want your salespeople spending more time working the plan that they do working the street. Get a copy of my e-book *Simplified Compensation Plans That Work*.

Every business is different and your salespeople should be made aware of what it takes to succeed in your particular business:

- How many active sales opportunities should they have on the go at any particular time?
- What is the typical closing ratio?
- What minimum dollar value of opportunities should they be shooting for?
- What is the average sales value?
- Who are their top ten prospects?
- What does a typical prospect look like?

- Where does the majority of your business come from?
- What are some of the areas to keep away from in order to avoid wasting time?

This information will help make sure that your salespeople have their prospecting pipeline continually filled with potential opportunities, not just sales sludge.

Put Pareto's Principle (the 80/20 rule) to work for you. Just like 80 percent of your sales probably come from 20 percent of your salespeople, 80 percent of your income probably comes from 20 percent of your customers. If you haven't gone through your customer list lately, you may be in for a surprise. Some customers that you thought were winners may turn out to be duds, while some of your sleepers may actually be winners. Prepare a list of your major accounts by sales volume and see how few customers account for 80 percent of your sales volume. Then make sure that your salespeople are actively developing or maintaining those accounts.

Ensure that your salespeople understand the buying/selling process. This may seem like a strange thing to say until you realize that about 70 percent of all sales are made by accident! Often the salesperson who makes a sale doesn't really know what he or she did to get the sale and therefore can't repeat the process with the next prospect he meets. Most salespeople have never had any formal (or informal) sales training. You can reduce the sales-made-by-accident rate and improve your salespeople's success rate by providing them with professional sales training.

Some people will claim that selling is a numbers game. Not necessarily, but it is a game of numbers. Can you manage salespeople by the numbers? Yes, if you know which numbers to watch for. One of the first things I usually do when I start working with a company as a sales management consultant, is to set up a sales activity tracking system. The resulting numbers gives you the baseline you need to effectively manage individual salespeople.

LEAD YOUR SALES TEAM

We manage processes but we lead people. And we lead by example. Good managers don't always make good leaders and vice-versa. To be a leader, you need followers and you can't demand that people follow. You have to earn your staff's respect so that they *want* to follow. Remember the four Es of leadership:

- Envision
- Excite
- Empower
- Educate

The ultimate function of an effective leader is to develop, encourage and energize staff so that everyone is working towards a common goal. This common goal, or vision, is important if your people are to be able to focus their efforts.

What then is an effective leader? Effective leaders set goals for their departments or company. They set standards and priorities to reach those goals. They understand that while others are *responsible* for reaching the targets, they are *accountable* for the success or failure. Your ability to envision the goal and communicate it to your staff becomes a measure of your leadership.

Leaders allow their people to make mistakes. They do this by empowering their people and permitting them to make the decisions that directly affect their areas of responsibility. Insecure managers are afraid to empower their people.

You don't have to worry if you've hired the right people. Leaders realize that people learn more from their mistakes than from their successes. I'm not suggesting that you encourage your people to deliberately screw up in order to have a learning experience. But I am suggesting that good leaders have a high tolerance level for mistakes.

If you have someone who is a specialist at making mistakes, you may want to have a word or two with them, however.

I believe in the baseball method of dealing with mistakes. Three strikes and you're out! If a person makes a big mistake, we'll have a

chat about the lessons to be learned from it. If a person makes the same mistake a second time, I want to know why. Make the same mistake a third time and you're out.

Effective leadership is based primarily on being consistent, not clever. Leaders earn their employees' trust without necessarily being likable or charming. Leaders live and breathe integrity. Leaders have the ability to excite, inspire, and motivate. It's easy to see that being a leader is a tall order, which is why we have so few leaders in business today.

EXPECT PERFORMANCE

Sit down with your salespeople and set mutually acceptable sales targets and quotas along with levels of sales activity. Then make sure they're hitting their targets by monitoring their results. If they aren't, it's your job to find out why and help. That's what sales management is all about.

It's important that sales targets be mutually established. If your salespeople aren't involved in setting the sales goals, they won't feel any responsibility for reaching them. No amount of brow-beating will get a salesperson to take ownership of a sales goal that he or she didn't have a key role in setting. Mutual goal-setting removes the salesperson's major excuse for not reaching the target. If you impose it on him, he will claim that it was unrealistic. If he is a part of the goal-setting process, he is more likely to accept responsibility for achieving the target. And it becomes a matter of pride for the true sales professional to reach the goal.

Set performance standards as well. How many calls do you expect them to make on an average day? If they're in telemarketing, how many calls a shift do you want them to complete? Then hold your salespeople accountable for reaching the targets. Monitor their performance. Are they meeting the sales and performance goals that you both agreed upon? Are they doing things that will lead to more sales or are they

getting bogged down in unproductive, non-selling activities? This is where a sales opportunity tracking system is invaluable.

If you've done your part of the job and your people still don't hit the targets, maybe you have some duds.

I talk more about that in my *Setting Quotas, Targets, Forecasts and Goals* e-book.

CUT YOUR LOSSES

If you've got a dud, take action quickly. Don't tolerate sub-standard performance. A poor salesperson can affect the performance of the whole team. If a sales manager is seen as tolerating mediocrity, then the others feel that they don't have to perform either. Pretty soon your eagles will start hanging around with the turkeys if they feel they can get away with it.

Sales managers are the keepers of the flock. Pareto's Principle notwithstanding, in any group of 10 salespeople, you'll find 2-3 eagles, 3-5 chickens and 1-2 turkeys. A sales manager's job is complicated by the fact that sometimes the chickens and turkeys are hard to tell apart.

Part of our job as sales managers is to keep the eagles soaring. Then get the chickens out of their comfortable nests and into the sales barnyard where they can hunt and peck with the rest of the flock. Finally, roast the turkeys.

A poor salesperson can be an incredible drain on your resources. If he's on straight commission, you're inclined to think that he isn't costing you anything. Don't kid yourself! This person is draining you of your most precious resource—your time. In addition, he can create a huge morale problem as he complains about how bad things are, etc. I've seen some of these whiners ground the eagles with their depressing attitude.

Sales managers are masters at rationalization. They tell themselves that old Fred is just having a bad week (month, quarter, or year) and that he will snap out of it soon. Or that the new salesperson who isn't

coming up to speed yet is going to be okay, even though their stomach is telling them otherwise. Stop kidding yourself.

If you've hired smart, provided the training, the tools and the support they need to succeed, set targets and monitored activity, coached and chided... and performance is still lacking, then what do you do? Well, you've reached the last resort and it's time to cut your losses and give the person a new career opportunity, preferably with another company (preferably a competitor!). Let the person go. Do it properly and do it fairly, but do it. You can't afford to carry deadwood.

I feel so strongly about this subject and the fact that so many managers mishandle this critical issue that I wrote an e-book on *How to Fire Without Getting Burned*.

CONCLUSION

You know, sometimes being a manager is like being a blind, one-armed juggler—it's somewhat difficult. But then if sales management were easy, everyone would be doing it. I hope that these ideas will help you manage your salespeople even better.

Good luck!



If you always do what you've always done, you'll always get what you've always got!



ABOUT THE AUTHOR

Brian Jeffrey is a sales management consultant and former sales trainer with over 40 year's experience. He's the author of *The Sales Wizard's Secrets of Sales Management*, *The 5-Minute Sales trainer*, 18 ebooks, and over 100 articles on selling and sales management.

Brian provides sales management consulting, coaching, and mentoring to business owners and sales managers. He has had many sales successes (as well as a few spectacular failures) and has learned what works, what doesn't, and why — information he readily shares with others.

Find out how Brian helps companies maximize their sales at **www.Quintarra.com**.

