



SALES PRODUCTIVITY

Solving Common Sales Productivity Problems

An occasional article from
Sales Productivity Pty Ltd

Bruce Wilson
Principal Consultant

It's easy to see the sales department as simply the people who create revenue for your company. However selling is a critical function in your company's business success. The way your sales people go about doing their work has a significant impact on your revenues and profitability. Your sales force needs to be productive – returning the maximum amount of income for the lowest sales cost.

In most businesses, sales problems are much harder to fix than production problems because unlike machinery that behaves relatively predictably, sales effectiveness requires getting the right mix of the four S's of sales productivity into place: Skills, Supervision, Strategy and Systems.

In our work over the last fifteen years with both large and small companies across almost every industry, we find a number of factors that commonly disrupt the ability to maximize sales revenues and margins. We are interested to observe that whilst many companies have reengineered many of their business practices, for example implementing lean manufacturing environments, factoring debtors or outsourcing distribution, their sales force, their breadwinners, still operate in much the same way as they did twenty years ago.

We see four common problems that sales managers wrestle with every day. Almost every sales manager we know would like to improve these four things:

1. Sales people winning more new business and the right type of new business.
2. More accuracy in forecasting and determining what business is in the sales pipeline.
3. An increase in margins.
4. Getting more value from existing customer relationships.

On the following pages we explore these in detail.

1. Not winning enough new business or the right type of business

Sales managers constantly report that their sales people are not closing enough new business.

Sometimes this is caused by a lack of selling skill, but more commonly it is a result of poor assignment of sales people in the field. Just like a military commander needs to position his / her troops in the right place for a battle, sales managers need to ensure that their sales people are positioned in the right place to identify and attack high value sales opportunities.

Because of insufficient guidance, sales people often spend more time calling on current customers than they spend with new prospects. Even when there is a high focus on new business, poor and inefficient prospecting systems often mean that a great deal of sales energy goes to waste on low probability or poorly qualified contacts. Sales results increase when sales people prospect in a focused and active way.

One of our benchmarks of world class sales effectiveness is that sales people should be engaged in active selling tasks for 60% of their time. We have seen sales people spend as little as 13% of their time selling. Instead they are perform other service and problem solving tasks that can be dealt with much more effectively by departments such as customer service. For some reason, it seems to be acceptable by sales managers who would be horrified if their PA or secretary spent only half a day per week doing what they were employed to do. Time is the only resource available to a sales person and unless they use it wisely, they risk working inefficiently and ineffectively. How much of their time do your people actually spend selling?

In some cases, sales people have the same names on their prospect list as they did twelve months ago. Many of these opportunities will never get closed. This results in you and your sales people becoming disappointed and frustrated. Make sure that you have implemented processes for managing prospect acquisition, qualification and conversion. These are essential to ensure that sales activity really will produce results that you want.

2. Determining what business is in the Sales Pipeline – Sales Forecasting

A less than desired rate of closure is typical of this issue and contributes to the difficulty of forecasting future revenues. The greatest barrier to predicting sales outcomes is a lack of process for managing sales opportunities through the selling cycle.

By focusing only on sales outcomes or revenues, rather than on what is happening during the selling process you are not able to see the dynamics that are affecting the way that your people generate their revenues. If for example, your sales people are not focusing on what we call Maximum Value Prospects, then conversion rates will be low and overall level of sales productivity are decreased. Many of the proposals or quotations that you develop will simply go nowhere and your margins may also be reduced. Poorly qualified prospects waste time and the selling cycle increases.

However, when you as a sales manager control and coach on each step of the selling process, you increase the ability to forecast plan ahead. You have more knowledge and confidence in sales outcomes. It is almost impossible to effectively manage sales activity without a series of essential sales process disciplines.

3. Pressure in Margins

It's been difficult for most companies to increase margins for a number of years. Products are becoming increasingly commoditised and harder to differentiate. Our continuously low inflation environment allows for little natural price growth. There are two ways to address this:

The first is by ensuring that your sales people are equipped with a set of powerful negotiation skills so that they can leave as little money on the table as possible in each deal. Increasing levels of negotiation skill will help you to gain some traction in maximizing margins. However you'll get much higher prices by being rewarded for the value that your product / service provides to your customer, not for the product itself. Value is the top sales issue of this decade.

Selling value is the second and most powerful way to increase margins. To do this, you'll need to develop



**SALES
PRODUCTIVITY**

and implement strong consultative selling capabilities. Many companies are moving more to 'solution' selling models to be able to increase margins and be rewarded for the impact that they contribute to their customers.

You'll also need to equip your sales people with higher level selling skills. Adopting a solution selling strategy means moving to contacts that understand value - those with profit centre or bottom line responsibility. This frequently means selling to more senior level contacts rather than what may be traditional level contacts in technical or procurement roles. People in these roles frequently spell value as p - r - i - c - e.

Failing to capitalise on revenues from current customers

Many suppliers have developed significant levels of credibility and trust with their customers but fail to capitalise on this goodwill because they lack a forward looking account management and development process. Their sales people focus on customer service and support rather than customer development.

When was the last time that your sales people completed a formal analysis of cross-sell and up-sell opportunities? What agreed action plans are they implementing to progress your relationship with your most important customers? What are they doing to increase customer loyalty through added value?

Solving These Issues

Solving these types of issues is the key to maximising your sales productivity – developing the most profit from each dollar of sales force cost. However, you generally won't gain much more than a short term improvement by

Problems such as the ones we have discussed in this article are best addressed by a complete understanding of their real causes and then implementing multi-dimensional remedies from the four S's of sales productivity – Systems, Strategies Supervision and Skills. In that way you have two or three forces that will support the sales behaviours that you want. You'll get longer and better results.

Sales Productivity is well equipped to help you to turn around your sales performance. We have proven processes for analysing impediments to sales success and implementing solutions that make a difference. Our approach is action oriented, not just a passive one that only leaves you with a voluminous report. We'll recommend specific solutions, and if you wish, help you to implement them. We'll provide you with a structure of sales processes and disciplines along with essential skills to provide long lasting levels of high sales performance.

Sales Productivity Pty Ltd

Founded in 1994, Sales Productivity is Australia's leading sales productivity consultancy. With offices in Sydney and Melbourne, we have proven capabilities in increasing sales performance at each selling level described in this article. Each of our principal consultants have a track record of personal sales success.

Sales Productivity works closely to understand its clients key issues and implement specific improvement processes to increase their sales performance. Our expertise exists across three key areas:

- *Engineering of sales processes to increase sales productivity*
- *Sales management consulting and support*
- *Development of high level selling techniques and expertise*

Our clients include leading organisations such as National Australia Bank, Toll Group, Caltex, Rydges Hotels, Marsh Limited, Shell Australia, Medical Benefits Fund, Smorgon Steel, Air New Zealand, Ford Credit, Royal & SunAlliance, Sericol, Smith & Nephew and Orica

Please contact us on (03) 9850 7683 if you would like to achieve more from your sales operations.