A New Look At Accountability For Your Sales Organization

training salespeople to become more effective and more productive

Daniel Chabot

The greatest challenge facing marketing management today may be the rising costs of acquiring sales! Inflationary pressures have brought about increases in base compensation necessary to attract and retain good people. Travel costs have skyrocketed. Many companies are reporting that the resources required today may be as much as $60,000 per representative. This figure is comprised of compensation, travel, support people and the necessary marketing aids and materials.

How does a company survive today in the face of these mounting sales costs? If you are using the percentage of sales method of budgeting, you have but two choices. The first is *defensive*. You maintain or defend yourself by consolidating territories or accounts. You evaluate the demographics of profitable "project" accounts and concentrate only on those volume accounts that give good product mix and profitability. Continuing in this defensive mode, you may also turn to commissioned representatives, agents or other forms of leverage that lock you into a predetermined sales cost. This defensive posture will work for the short term. But it's often unsatisfactory for long-term growth.

Increasing Productivity

Your second choice may be a more difficult approach. It involves balancing your cost of sales with your selling results by *increasing the productivity* of each sales person. For many organizations that need to continue relationships, control and service in order to maintain market share, it appears to be the only choice.

When economic pressures or factors beyond our control make sales more difficult, most of us resist eliminating skilled people. The alternative is to *train* them to become more effective, thus increasing their productivity.

The ROI or the return on investment management formula can well be applied to our investment of sales and marketing dollars in people. The ROI formula is an acronym for Responsibilities, Objectives and Indicators. It is an accountability system for salespeople and sales managers. Traditionally, we set sales objectives and quarterly forecasts by imposing quotas or selling increases in production on our sales team. The resources are made available according to these figures and when we fall short of forecasts, the money has been spent and profits take a beating.

Hasn't every one of us been caught in that squeeze, especially when marketing managers are natural optimists and have been on a growth kick for years. Darn embarrassing to most! And, in tight times, it costs the jobs of many. Obviously, any manager tries to avoid this consequence. Unconsciously, therefore, competent managers manage by ongoing activity levels. They watch numbers of presentations and proposals, numbers of calls, response to advertising, attendance at expositions, size of orders, comparisons against last year by account and other valid indicators. The ROI system is designed to make the monitoring of these indicators a conscious and competent activity for both the salesperson and the sales manager. Let's define what we mean . . . .

Responsibilities: One noted expert claims sales are not achieved for one of four reasons:

1. Our salespeople do not understand what's expected of them.
2. Our salespeople don't have the skill to do what is expected of them. This is a selection or training problem.
3. Our salespeople face organizational barriers that they cannot control — cannot ship on schedule.
4. Our sales people lack the motivation. The rewards are not clear or great enough to get the job done. The rewards for not doing it may be greater than the rewards for doing it.

When we give a person the sales assignment we normally have a job description, territory or some structure of what the duties are.

Responsibilities deal with understanding the job or premise number one above. The list for sales people usually contains responsibilities similar to these:

1. New accounts business
2. Existing client volume
3. Credit
4. Servicing or helping in the use of our product or service
5. Customer relations
6. Marketing — identifying new applications
7. Researching the marketplace for trends and competitive activity
8. Profitability

The important part in establishing responsibilities is that both the salesperson and the manager agree on what those responsibilities are. They also must agree on the priority of those responsibilities. Using index cards for each responsibility is one way to process for priority. It is rare that managers and salespeople will agree on these priorities. It is extremely important at this point to assume a nonauthoritarian approach.

Managers cannot use the gun of position power to impose their will or their ideas. Establishing mutual respect for each other's position and rationale is a key to success. One can only do what is visualized — what he or she feels can be done — not what we tell them to do. If we come up short, the salesperson can easily lay the failure in your lap if it is your plan — not our mutually agreed-upon plan.

Objectives

Objectives are measurable actions or accomplishments. There are usually two or more for each responsibility. They begin with an action verb and have time, qualitative and quantitative measurement. Many of you are familiar with writing objectives so let's just take a quick look at an example:

The *responsibility* is new business. The *objectives* might be:

1. To acquire two hundred thousand dollars of new business by _________, the end of our fiscal year. These orders are to be received 1st quarter $_________, 2nd quarter $_________, etc.
2. To sell specific products or services dealing with product mix

and production capability.

3. To maintain a minimum gross profit of $__________.

As with responsibilities, objectives cannot be imposed on others. Salespeople tend to be overly optimistic by nature and realism must be negotiated into each objective. Manager and salesperson alike may sell each other intok a crescendo of enthusiasm with "easy to do" and "can do" superlatives. Like leaping tall buildings in a single bound.

In order to reach any objective, there is a series of steps or activities necessary for achieving the goals. In planning, management people often use the CPM (Critical Path Method) or PERT Chart methodology (Performance Evaluation and Review Technique). For our purpose let's call these steps indicators. *Indicators* are the activities or the various action steps we must accomplish to reach our objectives. They are the actions competent managers monitor unconsciously in evaluating the performance of an individual. "I know he's going to make it. Why? I just know," which says the activities are appropriate, the right ones to follow toward reaching the objective.

What's being suggested here is that we use a system which gives us feedback to tell ourselves as salespeople how we're doing — if we're going to make it.

Maintenance level activity maintains *status quo.* We need a plan, a road map to grow, to change. In order to change we must learn new ways.

Roger Bannister ran the four-minute mile by positioning staff around the quarter-mile track at 20-yard intervals. They gave Roger feedback by clocking his pace to the desired time for each quarter mile. At San Jose State the track is computerized. Each athlete can program the performance he or she wishes to accomplish and the monitors around the track give feedback every eight strides on the runner's performance. San Jose State holds more world records in track than any other university in history.

The communication or feedback system must be direct to the salesperson, not received and interpreted first by the sales manager. Normally, only bad performance is noted and rewarded by an "I gotcha" to the salesperson. Feedback needs to be frequent and factual. It must be simple and easy and not entail a lot of bookkeeping by the salesperson. McLellan's *Achieving Society* tells us salespeople need constant and reinforcing feedback to be successful. They need to see accomplishment. They need to progress. And they need to understand the next step.

These sales steps can be defined. Larry Wilson, in his course entitled "Counselor Selling," divides the sales process into four postures, or steps, to simplify the training of sales personnel:

1. *Relating* — Establishing credibility
2. *Discovery* — Problem analysis
3. *Advocating* — Presenting options and solutions
4. *Supporting* — The decision-making process

In the ROI system the Indicators are the activities necessary for making the sale. The four postures of Wilson are broken down further into the sales process activities:

Relating

Activity No. 1: *Planning* — Identifying the demographics of a project account by activity, volume potential, sales volume, number of employees, geography, etc.

Activity No. 2: *Establishing Credibility* — Early approach activities to test for leverage, positioning, use of existing relationships. Tantalize for interest. Establishing trust and credibility. Develop an internal advocate.

Discovery — Problem Analysis

Activity No. 3: *Account Research* — Gathering all possible information that might indicate problems your product or service might solve. Who are the people, where does the budget and decision-making authority lie. Develop a flow chart of how the decision will be made and who will have input on the decision.

Activity No. 4: *Discovery Agreement* — Negotiating with decision-makers on problems and causes of problems he has and getting agreement on them.

Advocating — Presenting Options and Solutions

Activity No. 5: *Account Strategy* — Planning a proposal on the basis of information gathered. On what basis will the decision be made. Who are the parties who will impact on the decision and what are their attitudes and agenda. On what criteria will the decision be made — cost, performance, trust or friendship, minimal risk, etc. How should we present the solution to their problems? What options should be offered?

Activity No. 6: *Presentation and Proposal* — Presenting solutions to problems that you and the client have agreed upon. Presenting them in a manner that will fill the needs of each individual involved. Answering the questions you've established as criteria that the client will make the decision by.

Supporting — The Decision

Activity No. 7: *Decision Strategy* — What did the client like best and least about the presentation? What changes are needed to improve the proposal? How do all the parties involved feel about the proposal?

Activity No. 8: *Closing* — Dealing with all the involved parties, working on the strengths of your solution that each person involved in the decision-making likes and minimizing the objections. Giving buying options. Taking the order.

After the Sale

Activity No. 9: *Implementation*

— Follow-through, processing and service.

Activity No. 10: *Rediscovery* — Postsale analysis of how the solution (product or service) is performing. What is the next phase? Where else in the corporation does a similar problem exist?

Processing Feedback

A monthly report is generated manually or by computer that provides the following data:

1. Account name - division
2. Address
3. Activity completed by number
4. Date activity accomplished
5. Potential of the sale in dollars
6. Expenses other than salary expended during the period

Source Documents

For each activity there are usually natural source documents. Account profiles, project account analysis, postmeeting reports, proposals, strategy reports, etc. These can be prepared by professionals, set up on word processing and adapted to the needs demanded by each transaction. A professional, easy-to-do methodology to make detail work easier, faster, less costly and more professional.

The feedback tells the salesperson what's been done and what is yet to be done. They know where they are with every client all the time. It allows them to critique their own performance. The feedback system will show activities performed well and others that are avoided or done poorly. It is the basis for self-improvement and performance review. For each activity there are definite skills involved and none of us will be good at every one of them. We can learn the skill and use others to complement our natural weakness or reluctance.

ROI, the return on investment of your salespeople, is a planning tool for you to bring accountability to your sales organization. It works especially well for those companies involved in concept selling, large ticket items and sales transactions that demand a high degree of professionalism and a long-term relationship. USE ASTD

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