

You Can Too Buck the System

CONSIDERING THE SALES FORCE AS A SYSTEM

Porter Henry

Nearly every sales trainer has undergone the shattering experience of developing an effective sales training program, only to find that the results are nil because of factors outside the training program itself.

Typical example: The VP Sales insists you must train your sales personnel to sell more of Product A. Product A is a high-profit specialty item that requires about three times as much selling effort as old-line products B and C.

The salesperson's compensation plan, however, is based on sales volume — and the big, easy-to-sell volume is all in Products B and C.

You run your training program on Product A — and the company is actually paying salespersons to ignore it. Results? Zilch.

The sales training program is only part of the total environment of the field sales force. Unless all elements of the environment mesh, the sales training program sinks without a trace.

"Systems Approach"

A partial solution to this problem is for the trainer to use the "systems approach" in fitting his or her program into the sales force, and to encourage the VP Sales to use that same approach in controlling the factors other than training.

There's nothing very new about saying that we have to look at the sales force as a *system*. It is indeed a very complex communications system with many interlocking, interacting variables. Everyone

talks about it, but few have attempted to analyze the system as it exists for their companies, their customers and their markets. Moreover, in most companies the many elements in the sales force system are managed as if they were discrete, with each operating independently.

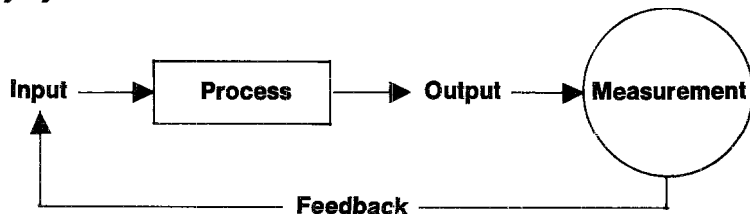
There is no question of whether or not we should make the sales force a system; it *is* a system! The question is to recognize the elements in your sales force system and how they interact.

A system, any system, can be diagrammed (Figure 1) as INPUT to a PROCESS from which we get an OUTPUT. The OUTPUT is MEASURED and, if unsatisfac-

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Any system

Figure 1.
Any System



tory, CORRECTIONS are issued to the INPUT or the PROCESS through a FEEDBACK.

A simple illustration of "any system" is the heating system in a house. The input is the fuel. The processing device is the furnace. The output is heat, and the thermostat is the measuring device that monitors the amount of heat by feeding back stop-or-go information to the input.

Sales Force Application

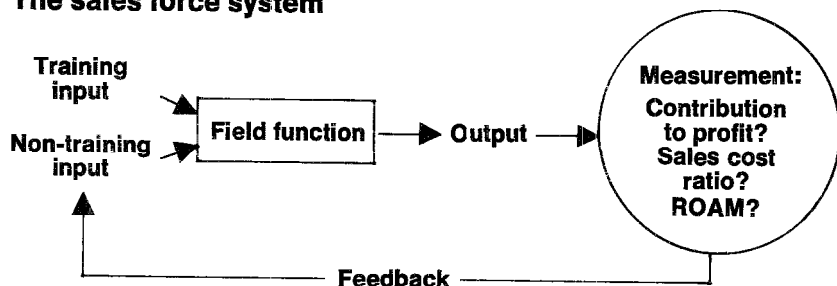
Let's see how this kind of diagramming applies to the sales force. The operational inputs into the system (Figure 2) are of two

claims the credit.) More effective measurements are: contribution to profit, sales cost ratio, and return on investments managed (ROAM). These factors are largely controllable by the VP Sales.

When we look at the sales force in this way we get a somewhat different viewpoint. We can start with the desired output and work backwards to arrive at the kinds of inputs that are likely to produce that output. Instead of saying, as in the case of Product A, "We need some sales training," we ask the question: "What inputs (training or non-training) do we need to accomplish the desired output?"

Figure 2.
The Sales Force System

The sales force system



kinds: TRAINING INPUTS and NON-TRAINING INPUTS (products, pricing strategies, objectives, compensation and resources). The process is the FIELD SALES FUNCTION. The OUTPUT is sales. The MEASUREMENTS OF SALES FORCE PRODUCTIVITY may be of a number of kinds, the least effective of which is, in most cases, dollar sales volume. (If sales go up, everybody

If training should be indicated, we can go another step and determine just what kind of training is needed.

Determining Desired Output

In trying to determine the desired output of a sales force there are no generally accepted methods of measurement and the reason is simple. Dollar volume and profitability are, of course, affected by

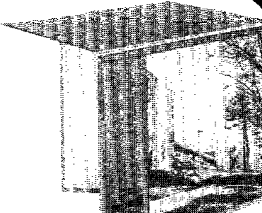
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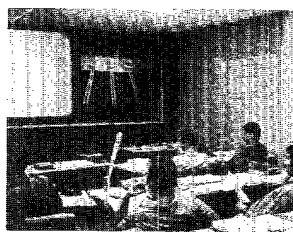
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the actions of the sales force, but other elements also affect them strongly. In measuring dollar volume you can't discount the effects of advertising, sales promotion, pricing, product quality, competitive activity, service, and so on.

One way to meet the problem is to "sell" your products to the sales force at a cost figure that includes manufacturing costs, manufacturing's contribution to profit and overhead. Then, in effect, the sales force is just like a group of retailers; they sell the product, deduct costs, and whatever is left is the sales force's contribution to profit.

Another measurement is return on assets managed (ROAM), a somewhat newer concept. The sales force "manages" certain capital assets: company cars, accounts receivable, goods in warehouses, goods in transit, and so on. Subtract current expenses — salary, commissions, travel-and-entertainment — from sales volume; the balance is the return on those assets.

Still a third way of measuring is sales cost ratio. If you can sell the same amount of goods with less cost, or for the same cost sell more goods, then obviously you have some proof of increased productivity of the sales force.

That word *productivity* is the key to measurement. We're interested in improved results brought about by improved productivity of the sales force. By looking at the force as a system we can more intelligently decide on the kinds of inputs that can provide the desired output.

In the process of thinking about the sales force as a system (Figure 3), there are really only three ways the salesperson can improve contribution to profit, sales cost ratio, or ROAM:

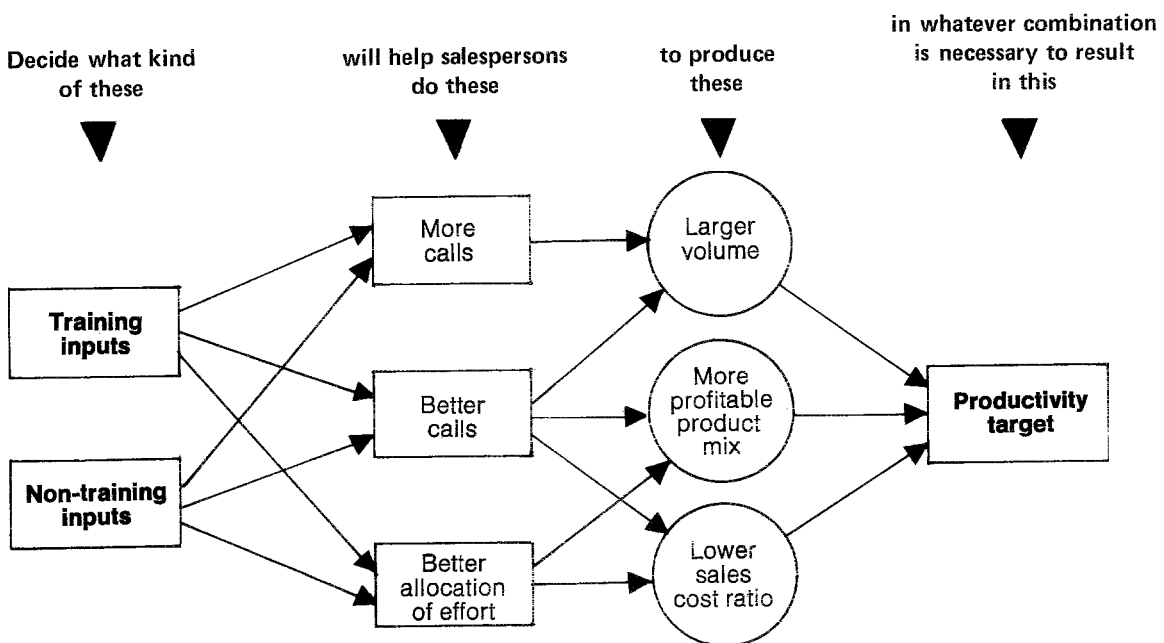
1. He or she can increase *sales volume* — if everything else stays the way it is, and the salesperson can get 10 per cent more volume across the board, then obviously productivity has increased.
2. He or she can improve the profitability of the *product mix* —

that is, even if sales volume remains the same, if a greater proportion of that sales volume is in the more profitable product lines, then productivity has increased.

3. He or she can lower the sales cost ratio — even if volume and product mix remain the same, the salesperson is more productive if he or she can generate this at less total sales cost ("sales cost" in its broadest sense: not just travel and entertainment cost, but also how much free service he or she has to give to the customer, how generous he or she is on handling complaints and adjustments, how much he or she has to shave the price to get the order, and so on).

In most programs for sales force productivity improvement it is likely that some combination of all of these elements will be included. It becomes plain as we look at the system that already we can begin to shape the sales training program. A program that is trying to get the sales force to sell the more profitable Product A will be totally different from a pro-

Figure 3.
Interactions Within the Sales Force System



gram whose objective is simply to improve sales across the board. Although a training program might be designed to touch on all three elements, one of these elements should be stressed if it's the one element that is most likely to bring about the greatest productivity improvement for your business.

Improving Productivity

To improve productivity in any one or combination of the three ways, there are only three things the sales representative can do (if there are more we'd like to hear about them). He or she can make more calls, make better calls, or make better allocation of his or her time and effort.

Let's look at these one at a time:

1. More calls: If salespersons make more calls (each as good as the ones they have been making), they undoubtedly will improve their sales volume. But each company would have to analyze the situation carefully before it starts playing the numbers game with its sales people. For example, if more calls (and greater dollar volume) is achieved at the expense of a poorer, less profitable product mix, then it's not desirable. Or if more calls result in greater travel expense, the additional profit of more sales might be wiped out.

2. Better calls: Making better calls will undoubtedly have a plus effect on sales volume, but it can have an even more dramatic effect on product mix. Better quality of calls will enable the sales force to sell the more profitable products more often; it will also reduce sales costs because each salesperson will get more sales per mile of travel or per dollar of expense.

3. Better allocation of time and effort: For many companies this is the one variable that can most easily be improved and can have the greatest and most immediate

effect on the productivity of the sales force. Is the salesperson spending too much or too little time prospecting? Is he or she spending too much time with the little customers and too little with the big customers? Is he or she inefficient in the way he or she handles time and travel?

As we look at these three things salespersons can do to improve their productivity, again we can see how the training program can be shaped. Do we *primarily* want our sales force to make more calls, or make better calls, or allocate their efforts better? All these could be handled in a single training program, but as trainers we know that training time is limited, and we all know how easy it is to fall into that trap of trying to cover too much in a single meeting. So, by looking at these three areas for improvement, you can pick out the one that will have the highest pay-off function for your company, and your sales force, at this particular time.

Factors Affecting Change

Having determined what kind of training program will produce the one most desirable behavior change for the sales force, you then give some thought to the factors other than training that can affect the change. Some might be:

- additional sales personnel
- better sales personnel selection
- improved field supervision
- better procedures (routing, ordering, etc.)
- better motivation (including adjustments to the compensation plan)

The sales training manager doesn't have too much direct effect on some of these things. However, if he or she analyzes the problems of the sales force as a system, he or she may realize that some of these environmental factors had better be fixed before

trying to increase productivity through training alone. He or she is now in a good position to sit down with the boss and say something like: "Training can tackle part of this problem, but it seems to me there are a couple of other adjustments that need to be made. In the first place . . ."

When it comes to the training itself, the nature of the program will depend on which of these things the training manager is trying to improve. Training in territory coverage and routing, for example, can help the salesperson make more calls without working any harder and thus increase sales volume and reduce the sales cost ratio.

Call Quality

Improvement in *call quality* may require improvement in any one of three factors (Figure 4):

• **Message content** — what is the salesperson trying to say about his or her product and its application to the customer's needs?

• **Communications ability** — how well is he or she saying it? Is he or she listening?

• **Interpersonal relations** — how does he or she get along with the customer?

Many in-house training programs are heavy on the message content. Often that's about all the training people can handle within the staff time available. But by itself it's not enough to accomplish optimum improvement in call quality.

Communications ability is so important to call quality that many outside, off-the-shelf sales training programs concentrate very heavily in this subject, often to the neglect of equally important subjects having to do with allocation of effort.

The interpersonal relations aspects of the call have always received some attention by trainers, perhaps more so in recent years,

Figure 4.
Three Factors Affecting Call Quality



thanks to Blake's grid and transactional analysis.

Better allocation of effort and time can be achieved by teaching the salesperson to be his or her own territory market planner, analyzing account profitability and product line profitability, setting short-range and long-range objectives for his or her key accounts, setting a specific and ambitious objective for each call, and so on.

Looking at the sales force as a system helps the training manager blueprint training programs, not just for immediate objectives, but for long-range goals as well.

Two Other Benefits

The training manager gets two other important benefits:

- First, we've already mentioned the rather universally agreed on difficulty of measuring the results of sales training. By looking at the sales force as a system he or she can set intermediate goals to be achieved by the sales force on the road to greater profitability for

training and non-training variables by asking "what if?" questions. The computer projects the sales productivity results likely to be achieved by each of his or her management and training decisions. The program as designed can operate with the data of a hypothetical company already programmed, or data on a real company can be entered into the computer.

Such complexity, however, isn't at all necessary to reap the benefits of considering the sales force as a system. If the training manager makes the effort to develop a flow chart for his or her company, the mere process of thinking it out will put him or her on the way to more effective training!

Computer Simulation

If the trainer can make such a chart accurate enough and complex enough, he or she can actually put it into a computer. Porter Henry Co., Inc. has succeeded in programming a computer simulation that enables a sales manager

to experiment with the various the company, thus getting some immediate short-term measures of the effectiveness of programs.

- Second, by viewing the sales force from this perspective, the sales trainer can more clearly identify the non-training activities that need to be changed so that the sales training program can achieve its objectives.

Every sales training director should take the time to sit down and make a flow chart of the company's sales force. The simple models in this article will serve as a starting point, but his or her chart should be more detailed because of the numbers of factors that make his or her company different from others.

J. Porter Henry is one of the nation's leading consultants in sales management and sales training. For 10 years, he was reporter and feature writer on the St. Louis Post-Dispatch, Cincinnati Post and New York Daily News. During World War II he worked with the Air Force both in the U.S. and in England developing training programs for bomber gunners. He established his own firm in 1947 to apply some of the advanced training techniques developed by the armed forces to the problems of developing better salespersons and sales managers. His firm has produced workshop meetings, training programs, films, manuals and sales tools for clients in almost every industry you can name — from carpets to computers, and from breakfast foods to brasseries.

