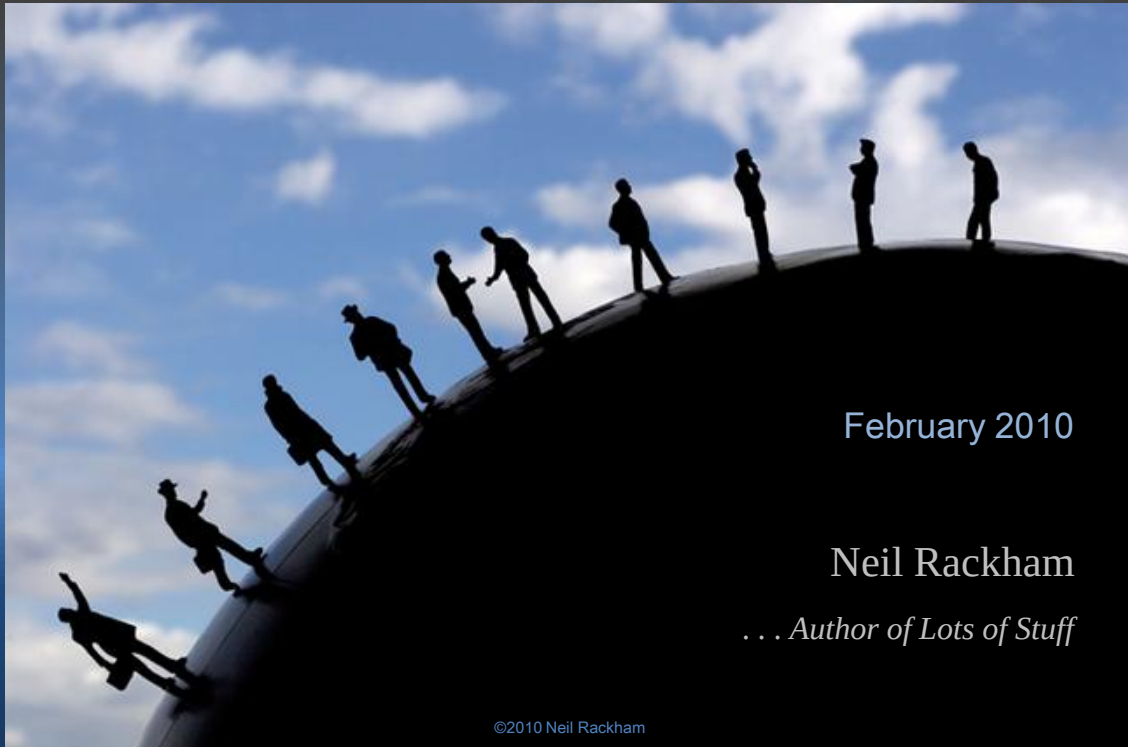


MANAGING THE SALES FORCE



February 2010

Neil Rackham

... Author of Lots of Stuff

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Station Break

How would you define an
"effective Sales
Manager"?

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First some Research*

In our studies: "effective sales managers"



- Consistently exceeded goals.
- Improved the performance of their teams.
- Received high approval ratings from customers.
- Were admired by other sales managers.

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*Studies carried out in 828 sales forces from 1987-2001 by Huthwaite and Sales Strategy Institute.

Findings: The Usual Suspects

- Great time management: "Grace under pressure".

He never seems rushed



...the only one who goes home early at the end of the quarter!

He always has time to listen . . .

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Findings: The Usual Suspects

- Great time management: "Grace under pressure".
- Focus on doing fewer things well.



Xerox Study

"Sales managers would have to work 29 hours a day, 365 days a year to complete all the requirements of the existing job description."

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Genuine Chinese Proverb

"If you chase two monkeys, both will escape"

引誘

引誘



Half doing twice as many things is a recipe for big effort and small reward.

Top performers focused on fewer areas in more depth.



福

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Findings: The Usual Suspects

- Great time management: "Grace under pressure".
- Focus on doing fewer things well.
- Good motivators.

I'm learning so much!



...team meetings are the highlight of the week

I wouldn't want to work for anyone else . . .

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Findings: The Usual Suspects

- Great time management: "Grace under pressure".
- Focus on doing fewer things well.
- Good motivators.
- Extensive networking and coalition building.

He knows
everyone in the
industry



She knows the
people in the
company who
make things
happen

The bigger the
sale, the more
important

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And Some Less Obvious Findings



- Knowing when [and when not] to get involved in selling.
- Managing sales pipelines differently.
- Coaching, even under pressure.
- Treating top performers like gold.
- Understanding both efficiency and effectiveness.

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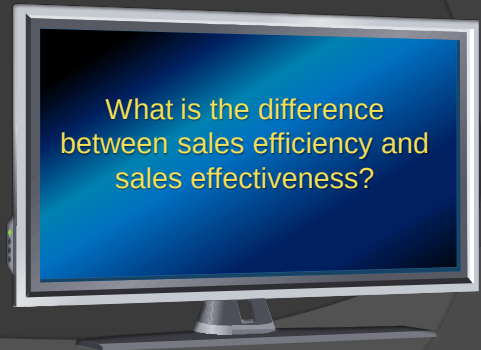
World Class Sales Managers



Know the difference
between sales
efficiency and sales
effectiveness.

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The Difference

Efficiency

Getting in front of
enough customers at
optimum cost.
[Opening doors]



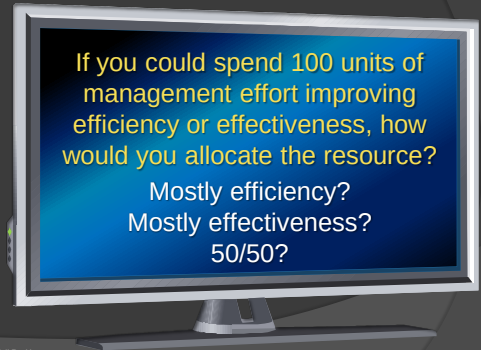
Effectiveness

Getting the business
on optimal terms
once the door is
open.



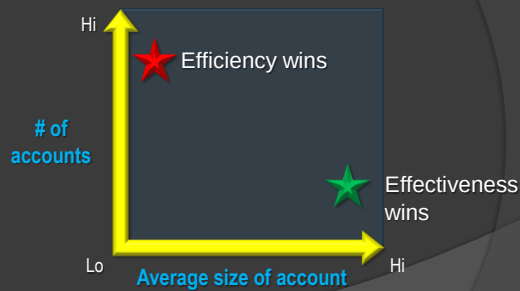
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Which is More Important?



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Even in large sales, you can still have efficiency issues. What are some things you should look for to decide whether you need to improve your efficiency?

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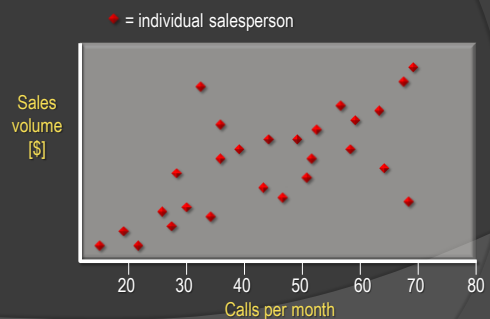
Do You Have Efficiency Issues?



- Do your 15% of top performers make more calls than the rest of the sales force?
- Is there a lot of low hanging fruit out there that your market research says you're not contacting?
- Are your calls per day more than 25% below industry averages?
- Is there a positive correlation between number of calls and number of sales?

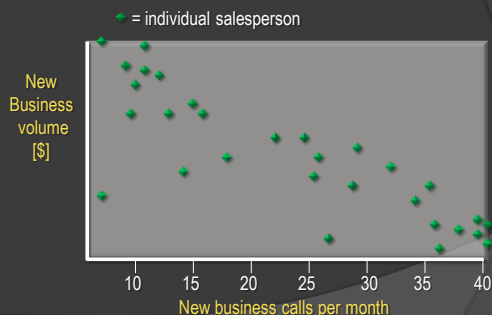
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Office Supplies Sales Force



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High Value Capital Goods Sales



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Increasing Call Activity

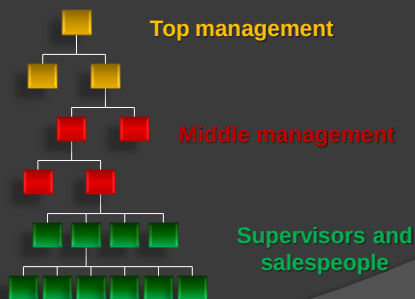
This is a real case. The company in the previous slide decided to introduce an activity management system:



- orders *increased* by 16%.
- calls *increased* by 38%.
- average value per order *fell* by 18%.
- \$\$ sales *fell* by 1.5%.
- 4 of 10 top performers left.

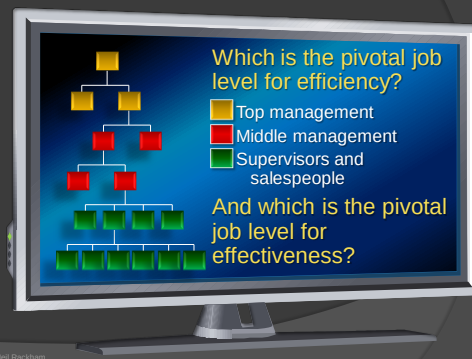
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The Pivotal Job



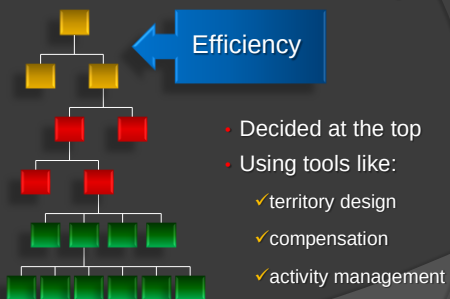
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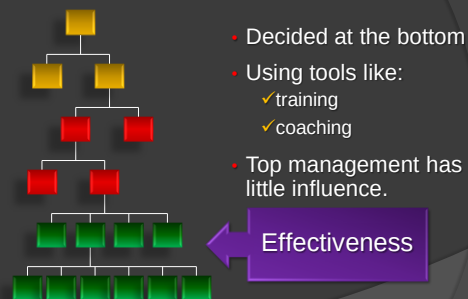
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The Pivotal Job for Efficiency



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The Pivotal Job for Effectiveness



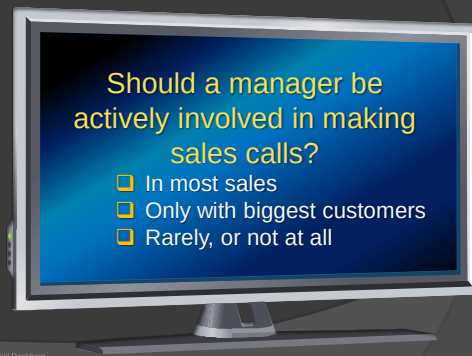
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An Interesting Question



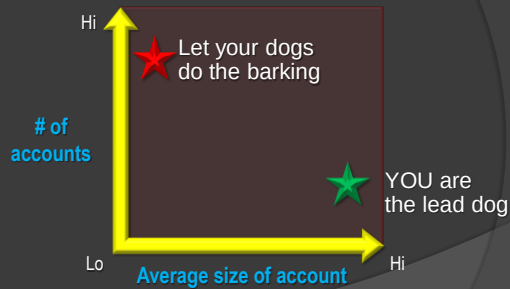
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Getting Involved in Selling



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A Study from Xerox

Xerox compared the performance of sales managers from two Divisions:

In BPD, selling simple products, high performing managers stayed in the office and avoided direct sales involvement.



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In ISD, selling complex systems, high performing managers spent more than half their time actively participating in selling and sales strategy.



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What do you think customers complain about most when sales managers come on sales calls to them?

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The Five Deadly Sins: Customer Survey



Customer Survey

1. "They talk too much".
2. "They are more interested in themselves than in me".
3. "They haven't done their homework".
4. "They don't show respect for their own people".
5. "They promise things I know their people can't deliver".

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What criteria should you set to help you decide whether or not you should go on a sales call?

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Three Criteria from Microsoft



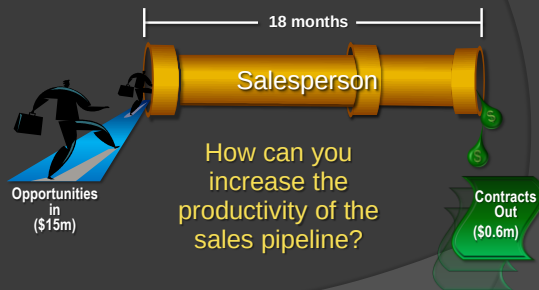
What do I bring to the party that's unique? *[and just position is not enough]*

Will I enhance the status of my people and not diminish them? *[who makes the concessions?]*

Have I an exit strategy? *[22% of b2b sales managers' time is spent handholding customers first met during the sales process]*

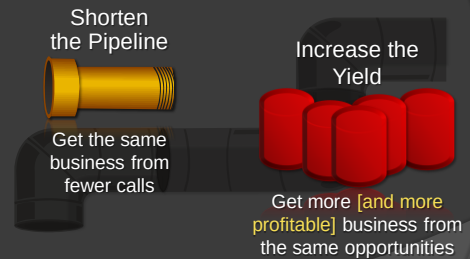
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Here's Another Management Problem



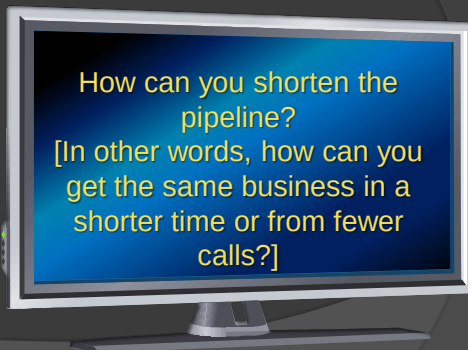
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Two Ways to Improve Pipeline Performance



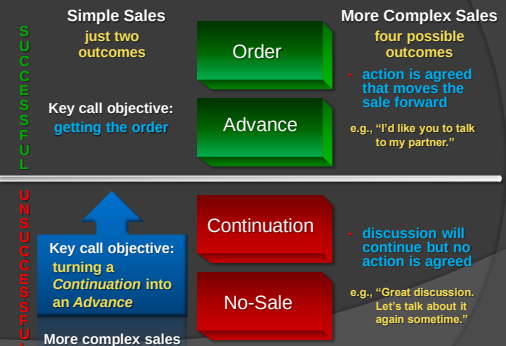
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Call Outcomes



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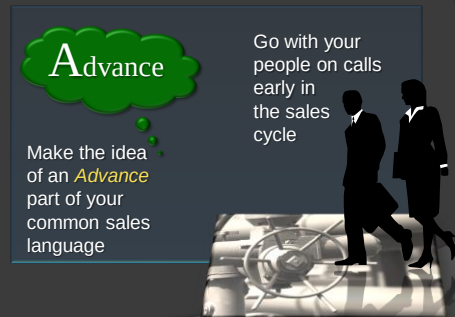
Think "Advances"



- Top salespeople can think of twice as many possible Advances, compared with average salespeople
- Before key calls ask your people to tell you what possible Advances they hope to achieve
- Coaching people to set call plans and objectives that lead to Advances can shorten the opportunity pipeline by 15%

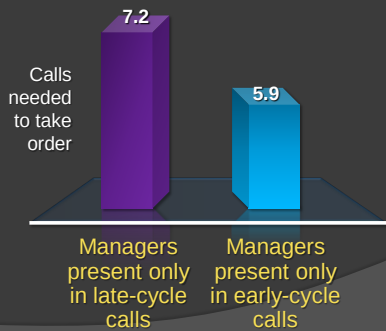
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Shortening the Pipeline



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Evidence from IBM



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World-class Sales Managers

- Encourage attention to the early stages of the pipeline.
- Managers are actively involved in starting more selling cycles and starting them strongly.
- There is *less* focus on closing the business – although that may not feel so at the end of the quarter.
- Early focus not only builds a strong pipeline, it shortens the selling cycle.

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Evidence from Xerox

Salespeople who put most effort into the early stages of the sale sold 27% more business than those who put most effort into the closing stages.

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Final Word on Pipelines

- Left to themselves, salespeople don't give enough attention to the early part of the pipeline.
- They run out of new opportunities.
- This creates a yo-yo effect which is bad for customers, bad for motivation and, ultimately, bad for business.
- A smoothly managed pipeline is the sign of a great sales force.

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Building a Coaching Culture

World-class sales forces put great emphasis on coaching.

A few facts:

- Building a skill through coaching cost six times as much as building the same level of skill through off-the-job training.
- Managers can't find enough time to coach adequately.
- Many salespeople don't like being coached.

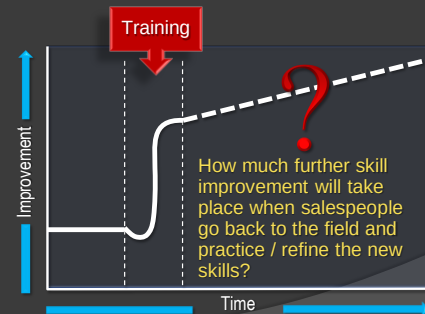
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So why do leading sales forces put such great emphasis on building a “coaching culture”? Why not save a lot of money by building a “training culture” instead?

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The Impact of Training: Xerox Study



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How much post-training improvement was there in Xerox?

- ❑ 17% gain in skill
- ❑ No change
- ❑ 43% skill loss
- ❑ More than 50% skill loss

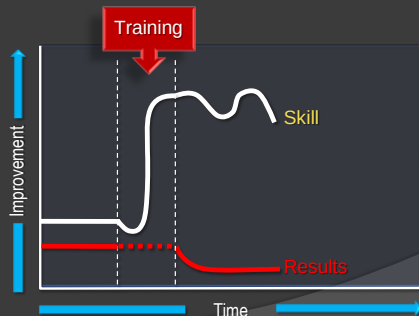
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The Impact of Training: Xerox Study



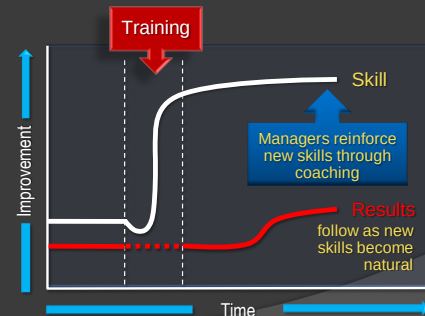
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Why the Skill Loss?



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Preventing the Skill Loss



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Two Types of Coaching



Skills Coaching

- Field observation
- Feedback
- Monitoring



Strategy Coaching

- Planning
- Creative thinking
- Strategy and tactics

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In **SKILLS COACHING**
how many people can a manager
coach in the field during a 3 month
period?

And how many people could a
manager **STRATEGY COACH** in
the same period?

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Running the Numbers



- Most experts believe that the **MAXIMUM** number of people that a manager can coach in selling skills is **three**.



- A manager can coach up to **ten** people in sales strategy.

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If you can't skill coach all
your team, who should you
choose?

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Choosing Who to Coach

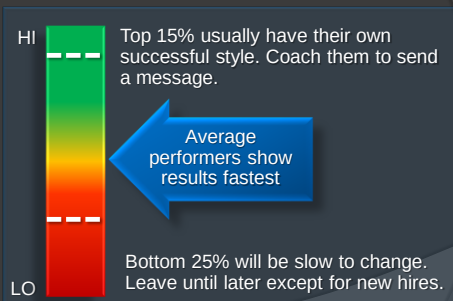


- If a team member asks for coaching that's a good sign they will be motivated to change.
- Younger, or less experienced salespeople are more likely to welcome coaching and will learn faster.
- It's sometimes good to choose a top performer because it shows that coaching isn't a punishment for bad performance.*

* But see the next slide

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Coaching and Results



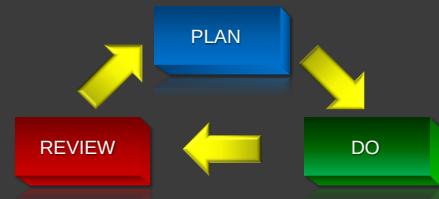
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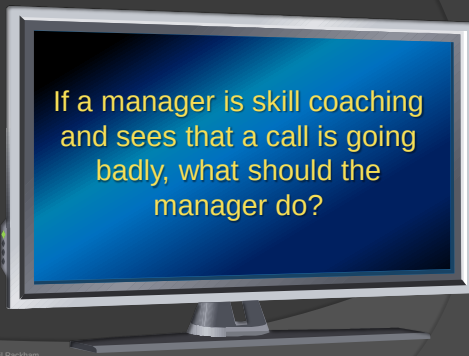
Coaching Mistake



- Most managers spend more time on **REVIEW** than on **PLAN**.
- Managers who spend more time on **PLAN** get superior skill improvement.

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Motorola Study



- Many managers were convinced they could intervene briefly to bring the call back on track. It rarely happened.
- If managers intervened, customers realized the manager was more skilled, so they wanted to continue talking with the manager.
- If managers intervened soon enough to save the call, sellers didn't realize their mistakes.
- If managers waited until the call was failing, the sale was lost and so was the manager's credibility.

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Don't Mix Selling and Coaching

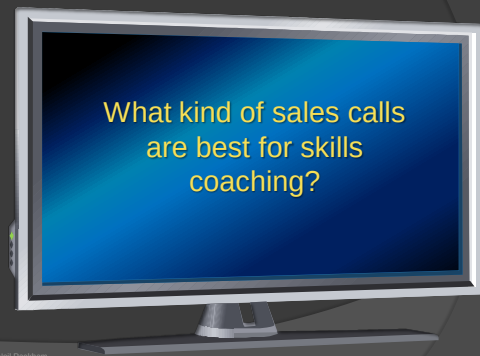


If it's the kind of call the seller should be able to handle, better to stay quiet, let it fail and learn lessons from it.

If something unexpected happens, or if it's a big opportunity, forget coaching and give 100% of your attention to selling.

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What Kind of Calls?

Your people will set up . . . But for coaching you need . . .

Closing calls	Calls earlier in the sales cycle
Tough calls	Safe selling situations
High Potential calls	Calls with moderate potential
Calls where YOU sell	Calls where they sell, you coach

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How should you treat your top performers differently?

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Managing Top Performers: Survey Results

"I keep the company off my top guy's back".

"I consult my two top people on every key issue".

What do you mean 'manage them'? They manage me".



"She gets away with murder – and that's OK".

"He takes my parking slot and I don't complain".

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Why do top performers leave the company?

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Exit Study of High Performers



- **Poor** performers are most likely to leave because they are fired, they don't like co-workers or they feel pressured.
- **Average** performers are most likely to leave because of pay and working conditions.
- **High** performers are most likely to leave because they are dissatisfied with their manager or because they don't have control over their activities. [But they tell you it's because of better opportunities elsewhere].

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Your top performer tells you "I want three day weekends, so I won't come to work on Mondays."
What do you do? And how would you handle other salespeople when they complain?

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Managing Top Performers: Survey Results



- Top performers are like gold. Give them freedom.
- Many good managers say "My job is to keep the Company off of the back of my top performers".
- Processes and systems are often resented by top performers, who feel controlled. You must make it easy for them.

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Rewarding Top Performers



- **Consultation**: use top performers as advisers to management.
- **Recognition**: show top performers are important.
- **Trips**: President's Club or equivalent.
- **Spread rewards**, giving more to top performers, less to poor performers.
- **NEVER** try to save by an earnings cap.

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World-class Sales Forces



- Don't always pay more but they do give a bigger slice of the pie to top performers.
- They recruit only high performers and will leave positions vacant before lowering standards.
- High performers are offered non-financial rewards such as recognition and status.
- Managers bend the rules to keep their top performers happy.
- Poor performers are weeded out quickly.

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