



Book Sales Management

Models for Developing Sales Strategies

Robert J. Calvin
McGraw-Hill, 2001

Recommendation

Companies of the old and new economies often suffer the same ailment: sales teams that don't produce. Writer Robert Calvin tells sales managers what they must do to cure this disease. Calvin's book - which is as concise as an effective sales pitch - gives you a thorough blueprint for building or rebuilding your sales team. The book is filled with questionnaires and lists, including a sample performance evaluation and a rundown on what not to say to a potential hire. Calvin argues that managers often neglect training, which alone should take up 40% of their time. *BooksInShort* highly recommends this potential Bible for sales managers, which makes it clear that you must be more critical of your sales force's achievements in areas such as prospecting, closing and even personal demeanor. A word of warning: Calvin is as ruthless as "The Weakest Link" television show in asserting that poor performers must be eliminated... and he doesn't even wink.

Take-Aways

- Both old-and new-economy companies suffer from ineffective sales forces.
- Sales managers must learn how to motivate and evaluate.
- Fire salespeople who don't perform. There is no other option.
- Arguably, nothing is more important to a company's future than its sales team.
- Good sales managers understand that they must deal with constant change.
- Without realizing it, most sales managers hire people that look and act like them.
- The most neglected aspect of sales management is training.
- Employee turnover is a consistent problem in sales, but you can solve it.
- The modern manager must understand the critical role of computers and automation in the sales process.
- Sometimes, the sales manager should accompany a salesperson out on a call.

Summary

Basic Assumptions

If you are a sales manager, you already know that weak sales and sales management are the Achilles heel of most old-and new-economy businesses. The majority of sales organizations need to be radically transformed and reengineered. This call for radical change is based on three basic assumptions:

1. A sales force is no better than its management - A weak sales force reflects weak management. Those managers who always complain about their salespeople may find this concept painful to accept.
2. Your job as sales manager is to get work done through other people - While you may be able to do a better job than any other individual, you can't outperform the group of salespeople you manage. Therefore, your job is to maximize group effort.
3. A manager's job is to make heroes, not be one - Although you will find that this axiom is particularly true in sales, it applies to other corporate functions as well.

The Changing Landscape

Business is a dynamic process. As a sales manager, you have to learn how to manage change. The 1990s moved fast and the future promises to move even faster. Every sales manager needs to know how to deal with the following forms of change.

- Shorter product or service life cycles - Reward and compensate salespeople so that they can deal with today's compressed sales cycle. Your sales force can only respond effectively if you give them training in sales skills and help them build improved product knowledge.
- Longer, more complex sales cycles - In some industries, the number of steps that have to happen before a purchase is increasing. Sales representatives have to be trained to deal with a number of hurdles in most sales. This training can include demonstrations, presentations and test periods. Think about ways that you can reward salespeople who negotiate each step successfully.
- Buying from experts and friends - Different industries require salespeople to have different, specific expertises. In some cases, your clients may know as much about the product as your salesperson does, so you must boost your salesperson's product knowledge. The salesperson must also approach the customer relationship as if he or she is dealing with a friend or a colleague. If the buyer isn't knowledgeable, the salesperson has to supply expert advice, but with an air of being helpful and gently instructive, not superior or pedantic.
- Group decisions - Since work groups are beginning to participate jointly in buying decisions, sales people have to learn how to sell at multiple levels. If team selling might be required for complex sales, adjust your profile of the candidates you want to hire in accord with this specific demand.
- Intense competition - Global markets and changing technology make competition even more intense. Technology is the great democrat. Your company will find itself besieged by well-trained professionals in Asia, India and Russia.
- Less customer loyalty - In most companies, purchasers must lower costs to keep their jobs. The Internet exposes your markup for everyone to see. Salespeople must be trained to demonstrate, quantify and prove customer benefits, or they are working against very difficult odds. If the customer isn't given a compelling reason to keep buying from you, then the customer won't.

Hiring the Best, Terminating the Rest

Sales managers have varying skills and the area of hiring is often a problem. Sales managers generally hire people who present a nice appearance, share their backgrounds and do not threaten them. When you are hiring, avoid these major mistakes:

- Hiring the best of a bad bunch.
- Hiring under pressure and making snap judgments.
- Hiring people you like, instead of networking or keeping long-term files.
- Failing to upgrade your sales force.
- Failing to terminate weak performers (otherwise known as "weeding the garden").

“Good sales management properly applied is the least expensive, most effective way to increase dollars of revenue and

margins, market share, cash flow, return on investment and net present value, as well as to beat the competition and make yourself a hero.”

One company improved its bottom line by firing the lowest achieving 10% of its sales force. This allowed the cream to rise to the top and created continuous improvement.

Training for Results

Most sales managers do not devote enough time to training. As a sales manager, consider spending up to 40% of your time training. If you are supervising a staff of five to seven salespeople, this is a necessary allocation of your attention.

“The best sales managers realize they are agents of change and, as such they must manage change and change people’s behavior.”

Training not only increases the confidence and enthusiasm of your sales force - thereby reducing costly turnover - but it also increases productivity and capacity. Training should include ride-withs, when a manager attends a sales call, and specific subject or skill training. Customize your training agenda to meet each salesperson’s needs. Work to improve your sales staff in these specific professional areas:

- Product knowledge.
- Competition, including competitive issues and advantages.
- Customer knowledge.
- Market and industry knowledge.
- Selling skills.
- Company policy, organization and history.
- Time and territory management.
- Administrative tasks.
- Conflict resolution.

Sales Force Compensation

To retain and train the best salespeople, you have to pay them more than they are worth. Then, you need to train them well enough so that they, in turn, provide more than they are worth to the company. Sales force compensation involves deciding how much your successful salespeople should earn in total dollars and then what portion of that total should be fixed versus performance pay. The mix of pay and commission or bonuses depends upon:

- The needs of your firm and your salespeople.
- The type of salespeople you wish to attract.
- Each salesperson’s influence on the sale.
- The type of product and service sold.
- The need to reward each salesperson’s specific actions and achievements.

“Most sales organizations need to be reengineered as you would a factory to increase capacity and productivity.”

You should rethink compensation year to year. If you’re following someone who failed, then don’t copy that manager’s compensation style. Tracking failure simply won’t work in a dynamic environment.

Sales Force Organization

Today’s competitive environment requires your sales force to work intelligently and efficiently. You can help them achieve this standard by demanding specificity and precision. For example, when you are conducting planning and forecasting sessions with your sales force, insist upon hard numbers, meaningful dialogue, personal planning and comparisons between previous goal and actual accomplishments.

“The sales forecast is a number. The sales plan is the tactical and strategic action on the part of each salesperson and sales manager to reach that number. The sales forecast says, “I want to get from point A to point B.” The sales plan says, “This is how I am going to do it.”

Many salespeople attempt to disguise their ineffectiveness by appearing to work long and hard. To optimize efficiency, you should:

- Be certain that your salespeople plan their calls at least a week in advance.
- Be certain that your salespeople use available technology to manage their time, such as e-mail and cell phones.
- Be certain that your salespeople don’t call on unqualified leads.
- Be certain that your salespeople use the telephone and e-mail to make appointments and to answer questions and concerns.
- Be certain that salespeople understand what hours you want them to work and how often you want them in the office.
- Be sure that your salespeople prioritize their schedules.
- Train salespeople in time management.

Sales Force Automation

While automation alone will not improve a weak sales force, computers represent the most exciting advance in selling tools since the invention of the telephone. To begin internal improvements, first ask if your company has the human resources to handle new e-commerce tasks. If not, you may need to outsource some tasks. What are the risks to your company if an outside vendor fails? Is your company’s internal information technology team better suited to handle these challenges than an outside firm?

“To increase sales force productivity, spend more time dealing with people, process and technology. Each quarter the sales manager must ask, “How are my people doing?” “How am I doing?” “Is my extra effort and time bearing results?” “Which of the new ideas, tools and techniques work best?”

A successful transition to a more effective sales structure that includes an automated sales system requires both altering the technology you and your staff use and changing your organization to fit the technology. Your role as sales manager might change, and you and your sales staff may end up with different jobs and tasks.

Performance Evaluation

Sales managers are forced to manage their salespeople by using performance evaluations for good reason. Conducting evaluations of your sales staff forces you to set concrete standards, sit in judgment and be critical. Your evaluation process should involve:

- Deciding what you wish to appraise.
- Developing metrics and performance standards for these categories.
- Creating a ratings system.
- Holding an evaluation review meeting with each salesperson.

“Computers, software, e-commerce, and the Web integrate all the elements of sales and sales-force management, satisfy customer’s needs for enterprise-wide solutions and help ensure your firm’s effective impact in the marketplace.”

Your appraisal list should include sales results, sales quality, sales activity, selling skills, job knowledge, self-organization and planning, participation, administrative and monitoring standards, expense control, customer relations and personal characteristics.

Motivation Moves Performance

To motivate your sales force, use praise and recognition, reinforcement of their personal usefulness, challenge and achievement, authority and freedom, esteem and status, consistent and competent leadership, job security and just compensation. Remember that you can’t mass-produce motivation because, different sparks light different salespeople’s fires.

About the Author

Robert J. Calvin is president of Management Dimensions, Inc. an international consulting firm specializing in sales-management training, sales training, marketing and strategy. Calvin is an adjunct professor at the University of Chicago Graduate School of Business, where he teaches sales force management in the MBA and executive education programs. As a popular teacher, consultant, entrepreneur, salesperson, sales manager and executive, Calvin has rebuilt many sales forces. His previous books include the award-winning *Managing Sales for Business Growth* and *Profitable Sales Management and Marketing for Growing Businesses*.
