



# The **five** most common and expensive mistakes made by sales managers of large companies...

## ...and how to avoid making them again & again

If you are marketing a good and competitively priced product or service then it would follow that you should expect your salesforce to meet their sales targets. Failing to meet sales targets for a single quarter may be explainable and forgivable e.g., due to one off reasons, such as a setback suffered by a major client. However, the unmistakable sign of a real problem is when your salesforce fails to consistently meet their own forecasts.

In our experience, the cause of underperforming sales is most likely to be found in the way you hire, train, manage or reward your staff. All these issues can be fixed from within, but the inevitable first step is to find the problem.

Do any of these five common obstacles to sales performance strike a chord with you?

### **Mistake 1**

#### INCOMPATIBLE RECRUITMENT

Problems experienced in meeting sales

targets seldom show up in the short-term. One of them, recruitment incompatibility, may have been affecting sales performance for years. It may only become acute as rising employment levels cause the number of competent people seeking jobs to shrink. Most sales people are hired on their knowledge, track record and experience. (Hey – if the guy had the thickest order book in his division and earned more in bonuses than the next two sales staff combined, you want to poach him. Right?)

Yet quite often, a star lured from one of your competitors at huge expense turns out to be a disappointing performer for you.

How can a star in one company turn out to be a flop in another? Clearly, experience and track record alone are not enough to ensure a good hire. What other important element is missing?

It could be as simple as the fact that the fit between your company's fundamental operating principles and the candidate's

style is out of alignment.

If your company values entrepreneurial salesmanship, you won't find true happiness hiring someone who favours a more disciplined approach. And if your company favours following disciplined procedures, you won't get very far hiring a self-starting entrepreneur who loves breaking the rules. In fact, the issue of fit is not just one important factor in recruiting the right sales staff, it is possibly the most important factor.

This shift in focus from experience and performance to mental and emotional compatibility, demands a steep learning curve – it is a major shift from the standards and procedures that are traditionally used to assess candidate CVs and job interviews.

It sounds basic, yet in our experience very few companies have taken the trouble to sit down and formalise their company operating style, or thought about how to incorporate them into the recruitment process.

## Mistake 2

FAILURE TO FULLY INTEGRATE NEW RECRUITS INTO THE ORGANISATION

One reason why it is vitally important to hire candidates with the right fit is that it demands a major investment of time, effort and money to effectively integrate a new recruit into your salesforce.

We have discovered that very few companies have a clear idea of how long it takes for a new sales person to go from start-date to consistently meeting target. In fact, when we engage with clients and get them to accurately measure the time it takes, they're often shocked at what they find. So what should your company be doing to improve or speed up this process?

Most companies have a formal induction programme, but all too often, it consists of attending an introductory seminar put on by the HR Department, watching a corporate video on the company and its history, being handed a manual of company operating procedures, reporting forms and product information.

Possibly the new sales person may be sent out with a longer serving colleague for a few weeks to 'learn the ropes'.

Even the army does a more thorough job, with three months intensive basic training before the real training starts. This is designed to teach the realities of life with the new employer and make it quite clear what is expected. Only then can the recruit go off to be trained as a radar technician, cook, sniper, or whatever the real army job is. There are three things we can learn from the military approach: it is sustained, it is disciplined, and it requires progression from one stage of training to another. In our experience, very few corporate induction programmes meet these criteria.

We believe that an effective induction programme should be planned to deliver specific results over a defined timeframe using a formal curriculum, with agreed milestone objectives for skills, functional knowledge, activity and business results.

There should also be a formal sign off process at each milestone of the curriculum and at the end of the induction process as this ensures the progress of each new sales person is monitored with an impartial benchmark system. A sign-off process also means that poor performers can either be recirculated through the program or terminated.

Should external sales training seminars be part of this formal induction process? In



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general we have found that external courses taking place outside the working environment over short time frames (1 - 5 days) are more costly and less effective than a sustained, in house induction programme which is regularly monitored and based on learning modules that can be revisited and reinforced.

## Mistake 3

FAILURE TO FOCUS ON THE NEEDS OF THE 'AVERAGE' TEAM MEMBER

When managers analyse their team's performance, they invariably find that the 'average' performers make up the majority. Yet in spite of this, many managers devote a significant part of their efforts to 'kicking' their problem performers and 'stroking' their high performers. Leaving those in-between to muddle along until the next annual review.

This 'top and bottom' focus is understandable, but inefficient. The average performers are typically doing 'OK' but not

...THE ISSUE OF FIT IS NOT JUST ONE IMPORTANT FACTOR IN RECRUITING THE RIGHT SALES STAFF, IT IS POSSIBLY THE MOST IMPORTANT FACTOR.

delivering to their potential. By focussing on improving their performance, the overall team result is dramatically increased with comparatively little effort. The problem for line managers is how to find enough time in an already crowded week to give each team member the individual attention they deserve and need. In our experience the only way to effectively accomplish this is to introduce a more efficient management practise using

empirical data as a tool. Each individual's performance can then be continuously monitored against hard data - such as frequency of visits, sales volume, etc. Having objective performance data that is easy to access means it can and should be regularly reviewed by both the sales person and the manager.

This may require the introduction of new systems to capture, track and analyse each individual's performance data. It may also require additional training for managers in assessing and using this data efficiently. We've found that a shift in focus from traditional 'opinion led' performance criticism to 'fact driven' performance evaluations with team members results in a far less time consuming and far more effective process.

**Mistake 4**  
IGNORING THE SELLING DISCIPLINES

In our dealings with major corporations, we are always surprised at the large proportion that simply ignore the text book rules of sales management.

In a recent survey of sales managers, 39% of respondents said that less than half of their sales force regularly used the sales process the company had laid out as its standard, and a further 31% said that the standard process was followed by fewer than 25% of their sales force. \*

The problem is not that these procedures have not been laid down; it is simply that they are not followed, and this is a function of either a lack of accessibility or lack of discipline, or both.

As an example, another common and costly error made during the sales process occurs when presenting proposals. We consistently find that there is a failure to clearly define and present the value proposition connected to a compelling reason to change.

To test how well your organisation delivers its all-important value proposition, take a look at a sample of five current sales proposals and evaluate them against these six questions:

- 1 /** Does the proposal demonstrate knowledge of the prospect's business?
- 2 /** Does it summarise the agreed needs?
- 3 /** Does it specify the objectives for making a change?
- 4 /** Does it explain how the solution would meet the needs?
- 5 /** Does it describe clear and tangible benefits relevant to the expressed needs?
- 6 /** Does it provide a financial justification and/or ROI calculation?



WHEN MANAGERS ANALYSE THEIR TEAM'S PERFORMANCE, THEY INVARIABLY FIND THAT THE MAJORITY ARE JUST COASTING.



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One simple way to drive consistently high standards for delivering your value proposition is to create easy to use templates for presentations, quotes and proposals and a formal review process. However, beware there is little point in applying band aid solutions.

To improve internal disciplines and procedures to the point where they make a measurable contribution to performance requires an assessment of current systems and the introduction of new (or revised) procedures. These procedures will incorporate the new disciplines into the day-to-day operations of the salesforce.

\*CSO Insights Survey, 2006

### Mistake 5

#### COUNTER-PRODUCTIVE BONUS INCENTIVES

Bonuses and other incentives are today standard components of a sales person's package. Prevailing wisdom expects they will incent and improve sales and ensure that targets are met, yet they often prove to be ineffective in doing so. Why is this? The most common reason is the failure to align the incentive with behaviour changes that supports your business strategy.

If you were to sit down and make a list of strategic business objectives – for example, successful new business development, growing existing customer revenue or increasing market share - then scrutinise your sales incentive plan, you may be surprised at the lack of alignment in the way that commissions or bonuses reward your sales people for meeting these strategic priorities.

For example, one of our clients, a major telemarketer, wished to increase staff productivity and decided to reward telephone sales staff on the number of calls completed per hour as opposed to the number of successful sales. This resulted in individuals completing calls as quickly as possible and sacrificing sales. It is obviously important to link rewards for personal performance to the strategic imperative of the business. However, it is equally important to connect the rewarding of team members to their level of personal performance – there is no point in paying the top performers even more unless the majority in the middle and the stragglers at the bottom are also incentivised to lift their game at the same time.

### How reveal group can help you to re-engineer your Sales Department to start performing more effectively within 120 days.

We believe that the least effective way to bring about positive changes in any corporate sales structure is to simply call in an external consultant and passively wait for their advice.

We do not operate this way.

Instead, we will pro-actively work with your sales management team and your sales staff to define areas that require improvement and agree on measures that could be taken to improve them.

Our focus is on joint decisions leading to the development of key skills, the introduction of effective procedures, and the methodology and disciplines required to implement these improvements.

At the same time, our objective is to cause minimal disturbance to the business by implementing every change within the day-to-day working environment – not in a class room or off-site.

There is an old saying in international aid



We propose to teach your sales managers how to fish!

circles: "Give a man a fish and you feed him for a day, teach a man to fish and you feed him for life." We propose to teach your sales managers how to fish!

We will also deliver a combination of short term "wins" which deliver immediate improvements in cash flow and gain the confidence of the salesforce, together with initiatives which will pay off in the longer-term. In our experience, you will recoup our fees in additional sales within 120 days.

Most importantly of all, we will help you to identify and define your company's operating values and ensure that all the procedures you subsequently implement support those values – from recruitment to staff incentives - and are aligned with agreed business objectives.

To find out more about the way we work and how we might interact with your sales department please contact us to arrange a detailed briefing.

### ABOUT reveal group

reveal group is a consulting company that helps businesses dramatically improve their bottom line performance.

We work with senior executives of large corporations who have responsibility and accountability for delivering results in the areas of Sales, Operations and Technology.

We provide a range of operational management services such as:

- BENCHMARKING
- COST REDUCTION
- ORGANISATION RE-DESIGN
- PRODUCTIVITY IMPROVEMENT
- PROJECT AND PROGRAM DELIVERY
- TRAINING AND DEVELOPMENT

We work in small teams to embed a culture of continual improvement that lives long beyond the consulting engagement. Our unique approach, tools and techniques deliver rapid sustainable results.

Our consultants bring a wealth of experience from careers in consulting and in line management at leading companies. This has the advantage of bringing cross-industry insights and innovation to each assignment together with the best and proven approaches and techniques developed at leading companies around the world.

#### FOR FURTHER INFORMATION

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