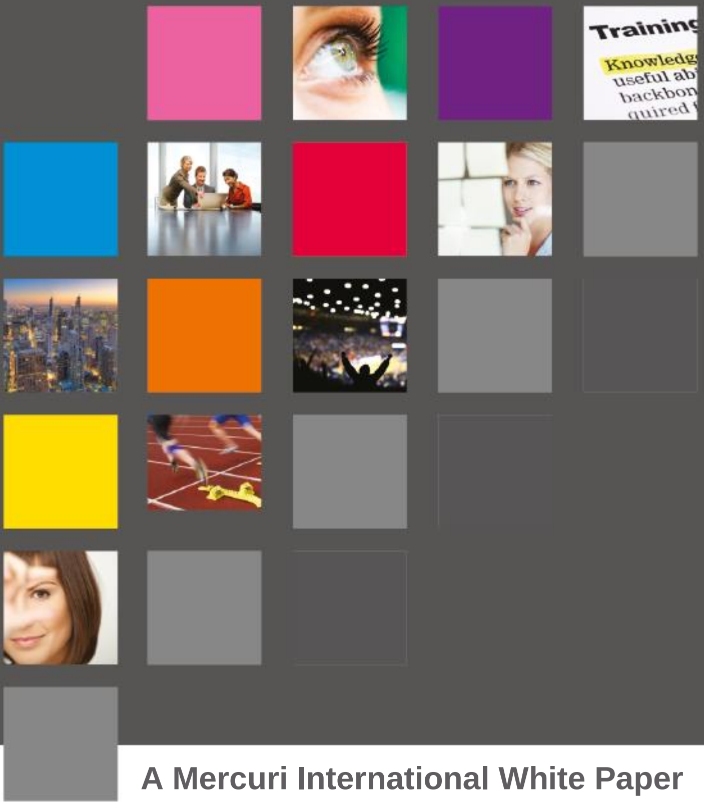

SALES LEADERSHIP IN PRACTICE: MAKING "QUANTITY, DIRECTION & QUALITY" WORK

A Mercuri International White Paper

Manage the activity that delivers the result

"Objectives are not fate; they are direction. They are not commands; they are commitments. They do not determine the future; they are means to mobilise the resources and energies of the business for the making of the future." Peter Drucker, the great business thinker, got it right when he wrote this. The question is – how do we turn those objectives into reality?

At the heart of the thinking is the premise that we cannot manage the result itself. The result is by its nature an output. We as leaders and managers need to focus on the inputs sure that the outputs will follow. Of course we are measured on the result. But what we manage is the activity that underpins the result.

We are usually clear about what result is required of us. We are often clear about the overall plan. But between the two lies a "black box" – what actually needs to happen to turn the plan into reality? This paper aims to bring that "black box" to life.

The three aspects of activity we can manage are:

Quantity: Number of client contacts or proportion of time spent actively selling.

Direction: Talking to the right people in the right organisations about the right things.

Quality: Doing it in the right way – optimising efficiency and effectiveness.

Quantity

There are broadly three models for identifying how many visits are "enough".

Backward planning: This works best in "higher volume/lower value" situations (e.g. Business Banking rather than Corporate). (1) Define the income required for the period. (2) Analyse the average transaction value. (3) How many transactions are likely to be required to deliver the result? (4) What are the historical conversion ratios? It may be useful to break these down e.g. 1 in 3 first meetings turns into a firm opportunity and 1 in 2 firm opportunities convert into business but this stage of the sales process takes 3 meetings. Therefore each completed transaction needs 9 meetings (3 phase 1 and 6 phase 2). So imagine that the RM needs to deliver €400k of income with an average deal size of €20k. 20 deals are need for the year. That means 180 sales calls a year or 15 a month. Providing the transaction value and the conversion ratios are OK then the quantity of calls should deliver the planned result.

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Making "Quantity, Direction & Quality" work. *CONT.*

However when you look at the number of calls required you may conclude this is simple not possible. In this case it may be better to us the second model:

Resource planning: Look at the demands on time e.g. completing credit applications, handling existing client work. For many financial services professionals this takes up 3 days a week leaving 2 days for active selling. In some instances that 3 can rise to 4. How much time needs to be allocated to each call? Depending on the complexity of the transaction and the geography you can identify the number of calls achievable. For example on this basis a corporate team in the U.S. believes 3 client visits is a realistic number whereas in Abu Dhabi a trade team finds 8 can be achieved. The advantage of this resource-based approach is that it is realistic. The danger is that the available calls may not deliver the required result. It is worth rigorously analysing the time allocations to look for ways to increase selling time. The resource-based analysis can however be used to validate the backward planning model.

Coverage: The third model uses account coverage to plan the active selling time needed. Imagine a portfolio of 10 corporate clients each with 3 points of contact. Imagine that there is a quarterly meeting with all 3 contacts together and monthly contact with 1 of the 3. Each client needs 4 meetings a quarter so a 10 client portfolio requires 40 visits a quarter or 17 a month. On top of this there might be a prospect list of a further 12 requiring quarterly contact so a further 4 prospect meetings a month are needed. This coverage model is useful when there is a less clear correlation between visits and outcomes or when it is hard to define an average transaction value. It is a particularly useful model for larger corporate relationships.

3 models for planning quantity of sales activity:
Backward planning
Resource availability
Coverage

Select one or more models with the Relationship Manager and agree a plan. Bear in mind that a change in either direction or quality could significantly impact on the quantity required e.g. an increase in transaction value or an improvement in conversion ratios could reduce the number of calls needed.

Don't just rely on the lagging indicator of calls made since the last one-to-one, look also at forward booked appointments. If the agreed number of meetings is 16 a month then the Relationship Manager should have at least 10 forward appointments in the diary at any time.

Keep this analysis of quantity under review on say a quarterly basis and validate your figures by cross referring to one of the other models described.

Direction

Monitoring and planning direction of activity is more challenging. Unless every contact with every client is comprehensively recorded in a CRM system or series of call reports, the sales leader and RM are going to rely on discussion more than reporting. Some useful questions for one-to-ones are:

- Who have you identified as the main points of contact in this/these account(s)?
- Which of them have you met with in the past period?
- What solutions have you been discussing?
- Where does the focus need to be over the coming period?
- Have you segmented your portfolio in terms of attractiveness and accessibility? How does your past and planned contact strategy reflect this segmentation?

It can also be useful to analyse where the growth is going to come from and then see if this is reflected in the planned meetings. To do this it can be useful to use a business growth planning approach. This looks at the income that can be expected from simply doing "more of

Making "Quantity, Direction & Quality" work. *CONT.*

the same" e.g. talking to a finance manager about continuing trade transactions on an existing route e.g. "we know they will be importing two forklift trucks a month from China." If this "continuation selling" will not enable the RM to achieve their growth target (and it rarely can) then they can only fill the gap by selling:

- New solutions to existing contacts in the client. A new product development to your normal buyer.
- Existing solutions to new contact points e.g. get an introduction to a similar buyer in a new division.
- New solutions to new contacts.
- Existing solutions to new prospects. E.g. referral to another company in this client's supply chain.
- A new to market solution to a new prospect.

This analysis will help the RM identify exactly where they should be focusing their time (see the paper "Where will your growth come from?"). Discuss with the RM where their time is being spent in terms of customers, points of contact and solutions and then to ensure that the planned direction of activity is aligned with the desired result.

Quality

The third of the three activity management levers available to the sales leader is **quality** of activity. There are broadly two ways of monitoring and improving quality of sales activity: analytical and observed.

The analytical aspect calls on data; some of the measures to look for to analyses quality are:

- Conversion ratios in the early and late phases of the sales cycle.
- Time lag between identifying the opportunity and securing the business.
- Cost of sale.
- Use of resources e.g. technical experts, senior management, other specialists.

Observation will come primarily from joint client visits but could also come from observed role plays (a frequently under-used way of improving sales quality). Observing on joint visits can be helped by comparing the behaviour with sales capabilities.

Analysis and observation need to be used in concert to gain a validated picture of sales quality.

Look for change

Whether you are working on quantity, direction or quality, look for trends. Track changes and see what is happening differently.

Be selective. Don't try to "boil the ocean". In most cases it will make sense to focus on one of the three elements of QDQ at a time. If the issue is quality, then there is no point in increasing the quantity. The RM will just do more damage in the market-place! If the issue is quantity, don't send the RM on a course – it's not only pointless, it's counter-productive.

Remember the three roles of the sales leader: monitor, analyse and plan. Remember motivation. Ask yourself if a short-coming is down to skill or will. Don't forget to coach more than just tell and remember that the coach seeks to build "awareness, responsibility and self-belief". This is not a negative, controlling, policing exercise but a process that equips and empowers the RM to create their own success.

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