

Sales Effectiveness Webinar

It's 2:00 PM, do you know where
your sales force is?

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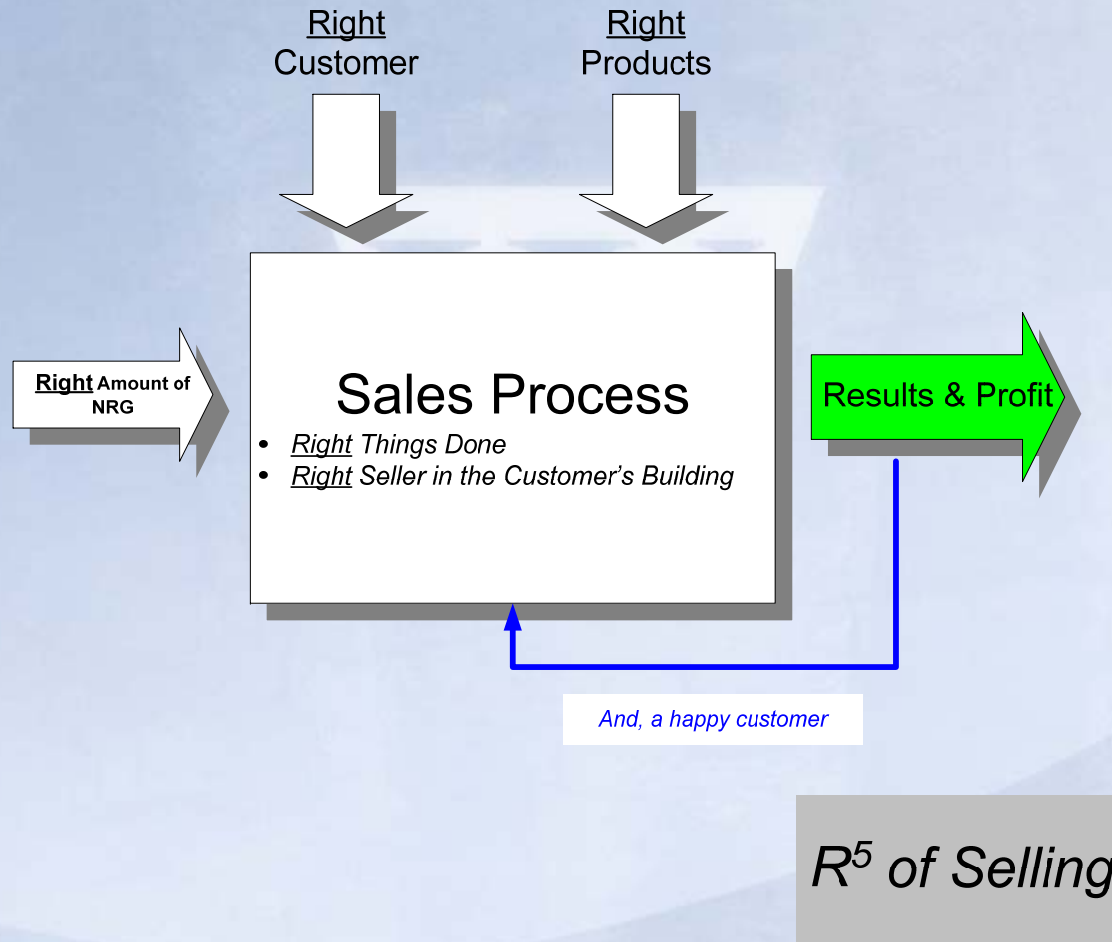
Overview.....

- Sales are under pressure
- Everybody is working really hard
- But work is not rewarded, & your recovery is not happening
-Common 2010 story

What's wrong? Is it complicated?

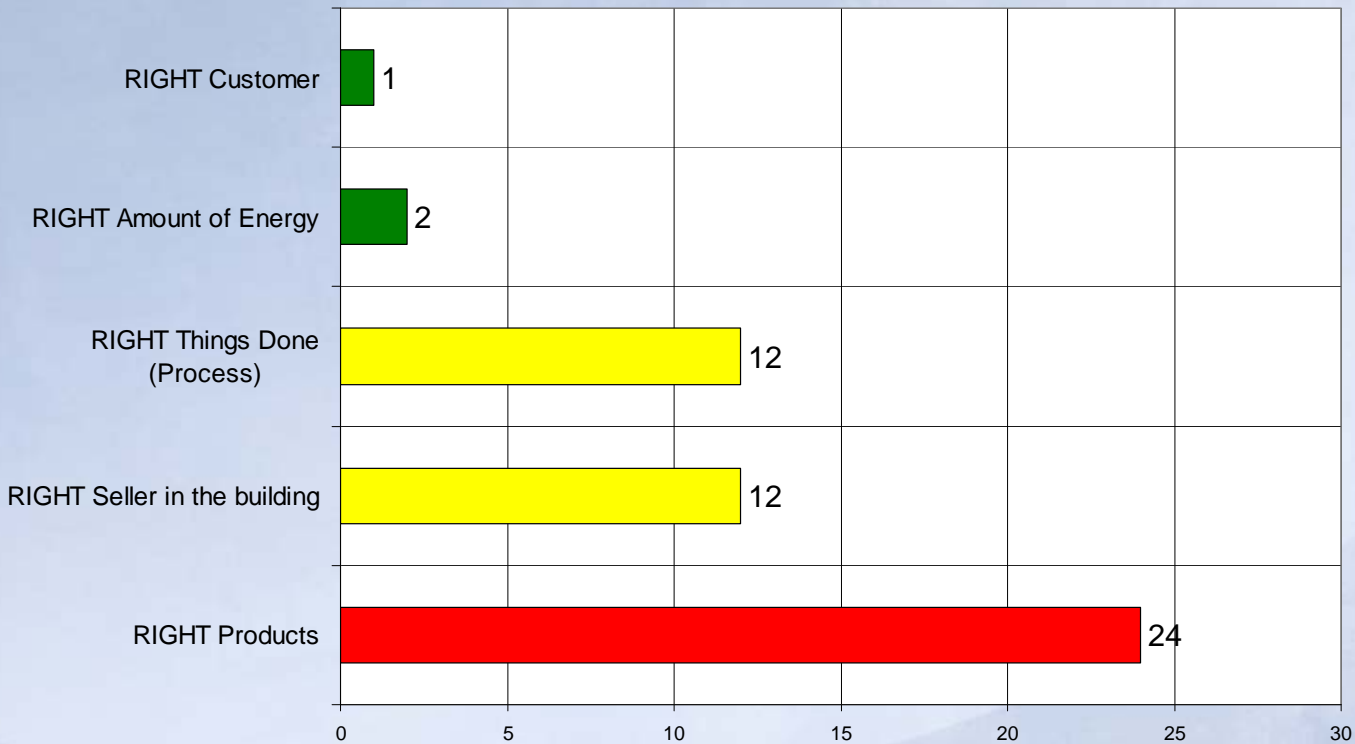
No, we need to just go where you have some control!

R⁵ of Selling



Where to put 90% of your efforts in 2010

Months to Affect Top Line



Let's look at "MFG" Industries?

- Established provider of technical parts & value-added service to aviation aftermarket
- Many local warehouses & service in 20+ states
- 4 outside sellers calling on 2,000 accounts

1	2	3	4	5	6	7	8	9
Sales Territory	2008 Sales (Mill.)	2009 Sales (Mill.)	Active Accounts	Accounts with 60% (A)	Accounts with 90% (A+B)	Inactive Accounts	States Covered	Actual 2009 Sales Calls
1	\$ 5.0	\$ 4.0	850	11	45	800	3	268
2	\$ 3.0	\$ 3.0	430	13	42	150	2	540
3	\$ 8.0	\$ 6.0	500	14	46	200	6	240
4	\$ 4.0	\$ 2.0	150	7	20	200	2	520
All	\$20.0	\$15.0	1,930	45	153	1,350		1,568

1. Is "MFG" calling on the RIGHT customers? (Are you?)

- But, who are the right customers?
- Common wisdom says they are your top accounts—in terms of current sales volume

1	2	3	4	5	6
Account Classification	Typical Amount of Sales [%] Volume	Typical Amount of Sales Volume [%] [Cumulative]	Typical Number of Accounts [%]	Typical Number of Accounts [%] [Cumulative]	Some <i>Evergreen</i> Rules-of-thumb for Distribution-ABCD
A	60%	60%	10%	10%	
B	30%	90%	20%	30%	Average is 25% the size of an A
C	5%	95%	20%	50%	Average is 15-25% the size of a B
D	4%	99%	35%	85%	Average is 50% the size of a C
E (non call)	1%	100%	15%	100%	Average is 50% the size of a D

But, do current sales & customers really tell the entire story?

The answer: It tells “top” ½ of the story

- You must look at **potential or upside** to shake off the historical cobwebs—Look forward; not backward!
- Two approaches that have worked—
 - Entity-sizing of potential
 - Core-product share-sizing of potential

	Lower Sales	Higher Sales
Lower Upside	\$	\$\$
Higher Upside	\$\$	\$\$\$\$\$\$

Both approaches use current benchmarks you currently have!

Entity-sizing of potential—an example

1	2	3	4	5	6	7	8
Pure Sales Rank	Entity Users	Current Sales	Cumulative Sales	Sales per User	Opportunity per User	Opportunity per Entity	Opportunity Rank
1	21,000	\$ 4,200,000	42%	\$ 200	\$ -	\$ -	
2	12,500	\$ 2,100,000	63%	\$ 168	\$ 15	\$ 189,400	3
3	5,000	\$ 1,500,000	77%	\$ 300	\$ -	\$ -	
4	10,000	\$ 1,200,000	89%	\$ 120	\$ 63	\$ 631,500	1
5	700	\$ 225,000	92%	\$ 321	\$ -	\$ -	
6	800	\$ 225,000	94%	\$ 281	\$ -	\$ -	
7	2,000	\$ 165,000	95%	\$ 83	\$ 101	\$ 201,300	2
8	500	\$ 150,000	97%	\$ 300	\$ -	\$ -	
9	600	\$ 120,000	98%	\$ 200	\$ -	\$ -	
10	1,200	\$ 56,000	99%	\$ 47	\$ 136	\$ 163,800	4
11	200	\$ 52,500	99%	\$ 263	\$ -	\$ -	
12	400	\$ 50,000	100%	\$ 125	\$ 58	\$ 23,300	5
13	100	\$ 30,000	100%	\$ 300	\$ -	\$ -	
	55,000	\$ 10,073,500		\$ 183		\$ 1,209,300	
						12%	

Core-product share-sizing of potential

- Requires a core product or product-line (and a few hundred existing customers)
- Look for *demonstrated* market share (e.g.: 45%)
- Look for *demonstrated* mix (e.g.: \$.38 per \$1.00)
- Assume all accounts should be at par
 - Actually, ask your sales force to do so, or explain why not

Lists.....

2. Now that we have the lists, are we putting enough energy into them?

- Again, conventional wisdom says—more important (bigger) accounts need more attention
- Companies have developed simple guidelines

1	2	3	4	5	6
Account Classification	Typical Amount of Sales (%) Volume	Typical Amount of Sales Volume (%) (Cumulative)	Typical Number of Accounts (%)	Typical Number of Accounts (%) (Cumulative)	Typical Sales Calls (Engagements) per Year
A	60%	60%	10%	10%	12
B	30%	90%	20%	30%	6
C	5%	95%	20%	50%	2
D	4%	99%	35%	85%	1
E (non call)	1%	100%	15%	100%	0

How does this work for "MFG"?

1	2	3	4	5	6	7	8	9	10	11
Sales Territory	2008 Sales (Mill.)	2009 Sales (Mill.)	Active Accounts	Accounts with 80% (A)	Accounts with 90% (A+B)	% Inactive Accounts	States Covered	Actual 2009 Sales Calls	Required Calls	Excess Calls made (Col. #9 minus #10)
1	\$ 5.0	\$ 4.0	850	11	45	50%	3	268	1,544	(1,276)
2	\$ 3.0	\$ 3.0	430	13	42	40%	2	540	912	(372)
3	\$ 8.0	\$ 6.0	500	14	46	40%	6	240	1,041	(801)
4	\$ 4.0	\$ 2.0	150	7	20	50%	2	520	357	163
All	\$ 20.0	\$ 15.0	1,930	45	153			1,568	3,854	(2,286)

- Only making about 1/3 of needed calls
- 15% of calls on A accounts, anyway
 - Little guys drive this sales force
- And, we have not even considered “potential” in the mix
 - Nor, cold calling on prospective accounts

How many calls should/can a sales rep make anyway? It depends.....

But first, What do I do with account potential?

Current Sales (today)

		A	B	C
<i>Potential —Upside (the future)</i>	A	12	6→12	2→12
	B	12	6	2→6
	C	12→6	6→2	2→1

How many calls can a sales rep physically make?

200 sales days per year & a 9-hour sales day

	Tight		Loose	Ugly-Change Territory		
% Travel →	10%	20%	30%	40%	50%	60%
Avg. Hours per sales Call ↓						
2.50	583	518	454	389	324	259
2.00	729	648	567	486	405	324
1.50	972	864	756	648	540	432
1.00	1,458	1,296	1,134	972	810	648
0.50	2,916	2,592	2,268	1,944	1,620	1,296

- I estimate the "MFG" sales force can make 700-800 calls per year; if so directed
 - All sellers below range
 - Seen sales forces that could make 1,000+

Your planning wild card--Prospects

- You must always budget a double-digit % (*say 15%*) of planned sales calls on prospective accounts—so the call budget always looks higher than it really is!
- Without calling on prospects (new business) you will lose share

But, there are no new prospects in the market. What do I do?.....

What does the "MFG" scorecard & sales plan look like?

1	2	3	4	5	6	8	9	10	11	12	13
										15%	
Sales Territory	2008 Sales (Mill.)	2009 Sales (Mill.)	Active Accounts	Accounts with 80% (A)	Accounts with 90% (A+B)	States Covered	Actual 2009 Sales Calls	Required Calls	Estimated Calls Possible	Calls Possible after prospect calls	Calls That will not be made (col. #10 minus #12)
1	\$ 5.0	\$ 4.0	850	11	45	3	268	1,544	750	638	906
2	\$ 3.0	\$ 3.0	430	13	42	2	540	912	750	638	275
3	\$ 8.0	\$ 6.0	500	14	46	6	240	1,041	750	638	404
4	\$ 4.0	\$ 2.0	150	7	20	2	520	357	750	638	(281)
All	\$ 20.0	\$ 15.0	1,930	45	153		1,568	3,854	3,000	2,550	1,304

- "MFG" sales force is not calling on its accounts today
- Two actions—
 - Somebody needs go to alternative sales; or
 - Need more sales people

Do not forget: Supporting processes must match

- CRM—how do you know your calls are being made anyway?
- Let's pay for assigned accounts and growth; not just for *any-old* sale made in a territory
 - Territory means nothing, accounts are everything

Want to break the hold of this economy—ask.....

- It's now 3:00 PM, do you know where your sales force is?
 - Do you know who are your most important accounts?
 - Is your sales force applying enough energy to each?
 - Long-term health question: Are prospects getting their share?

Then act!

Questions....

