



Lean for the sales team

Daily activity, expense reports take valuable time away from making the sale

By Rick Hill

The title on my business card does not say the conventional "Account Representative," "Sales and Marketing" or even the ostentatious "President." It gives my simple name, Rick Hill and underneath is the true title of every sales person, "Bird Dog."

Over the years I have had a few strange looks from the corporate conformists, but in all honesty, being a Bird Dog is exactly the goal you should have for every salesperson.

I have a very spoiled bird dog at home named Zoey, and when she is not sleeping in our bed, she is the ultimate salesperson. Her job is to look under every rock, bush or tree for birds. When she finds the game, it is her task to flush it out, so that we can shoot and hopefully bring down the game. She then races to it, picks it up and brings it back for us to all share in.

What does "Zoey the Wonder Dog" have to do with lean sales?

A salesperson's job, just like Zoey's, is to search under every rock, bush or tree for accounts, flush them out where the company can take a shot with its proposal and then retrieve the account for the benefit of the entire group.

Anything other than that direct task is not lean sales and is wasting money.

COST OF SALES

The estimated total annual cost of a salesperson has risen to \$160,000. (See chart below.)

According to a recent white paper published by the Manufacturers Agents National Association (MANAonline.org), the cost of a physical sales call has risen to over \$350. That makes sense, when you add salary, benefits and travel expenses into the formula.

Lean methods are focused on reducing cost by eliminating any action that does not add value to the customer; therefore, all call reports, activity reports, forecasting and even expense accounts are not lean.

When hunting season arrives, I don't ask Zoey to write a report forecasting how many pheasants she thinks will be brought home during the season. She never spends her workday filling out a daily call report on how many birds she found that were pheasants, blue jays or sparrows, nor does she look at the field prior to hunting try to guess how many pheasants there will be. We have set her free to do her job to the best of her ability. She will need occasional guidance and help, but as an adult, trained well, she knows what is expected of her and enjoys it.

If you are really truthful with yourself, you know that every report you require is not about sales; it is about control. The major issues we try to control in sales are: 1) Where are they? and 2) What are they doing?

"Where are they?" is a cover my job report

Daily call reports are the most creative of all the reports except for maybe expense reports. They are only created to verify the physical activity of the salesperson.

At my company, OnPoint, we are independent sales reps covering the woodworking industry so we focus on our sales, not reporting, but we did do them for one company.

The company was a large important vendor of wood components that decided business was slow because the independent reps nationwide were not promoting their product enough.

They did not consider that the woodworking customers they normally sold to were leaving for China or that, with those large furniture customers having left, they needed to change their volume minimums or pricing.

We would always call in important market changes, quotes or challenges, but that was not enough. They required call reports to "keep them appraised of the woodworking industry changes." As most rep groups, we had a basic Contact Relationship Management system that we could add and search any related activity to that vendor's sales and provide them with monthly reports so we could handle their request.

During the next six months, we provided detailed account activity reports and soon realized that none of our comments or needs were being met. In fact, we still had to call in to get quotes and samples along with customer updates. Our workload had doubled for the same results.

So we got creative. We started to add outlandish details to the reports that would certainly get the attention of our vendor. We told of plants burning down, massive layoffs at their biggest customers, and even the untimely death of our entire sales team. Then we stopped sending in the call reports.

When the reports stopped coming in, they finally took notice. They called asking where the reports were and threatening to stop commission payments. We debated the value of what we had sent in, and they insisted that these reports were essential to their sales forecasting and business plans. We asked why they weren't at our funerals. To their chagrin, they stopped asking for reports.

In truth, the call reports were just a "cover my job" tactic by the sales manager when the president had asked why the sales were down. It is always easier to blame the sales team than to get out into the field and see what is really happening.

The same goes for forecasting. It is usually a number that corporate has decided they will reach. "We will grow sales by 15 percent this year!" Then the sales teams are told to come back with a forecast that can reach 15 percent.

Even if forecasting is seriously planned, it is

Estimated annual cost: Direct field sales employee

A recent MANA study indicates that the total annual cost of a direct field sales employee with a base salary of \$60,000 is about \$160,000. The estimated typical costs are:

• Fixed salary	\$60,000
• Variable incentive compensation	\$15,000
• Payroll taxes & 401K contribution	\$10,000
• Paid vacation, insurance & workers' compensation	\$14,000
• Company automobile	\$10,000
• Travel and entertainment	\$18,000
• Postage & office supplies	\$6,000
• Computer & communication equipment	\$8,000
• Inside Sales Support	\$3,000
• Recruiting, hiring & training expense *	
TOTAL	\$160,000

*Based on employee turnover once every two years

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The lean concept in sales is focused on one activity: the time in front of the customer. When a salesperson is physically working with a customer, they have the customer's full attention. This is when the best problem-solving discussions and proposal negotiations happen. Yes, we can now telemarket, e-mail and Web conference, but they are never as strong as a one-to-one physical discussion.

used by management to pretend to know what is actually going on in the field. This section includes daily activity reports and even expense reports.

"What are they doing?" includes forecasting, call reports and marketing analysis. None of these reports add value to the customer, most of them are filled with creative writing to satisfy managers' jobs, and all of them are virtually worthless. All of them are anti-lean.

a haphazard guess on what the market will do, and it is an activity that has no standing in lean methods. It adds no value to the customer, and it takes the salespeople out of the field.

Remember: As you increase your need for reports, you decrease sales.

THREE KEYS TO LEAN SALES

Sales managers are the first key to lean sales. They should be handling the changes of the corporation and keeping the salespeople on task — insulating them from the pressures of reports, programs of the month and vice presidents or owners. Sales managers need to take the heat from the top, so the sales team can keep focused on bringing in more business.

Often sales managers rise from the ranks of great salespeople. Make sure that as you promote the great salespeople, you relieve them of their day-to-day sales activities. According to a recent CareerBuilders MSN article: "Sales managers establish company or team sales goals and coordinate training programs for sales representatives. They monitor sales statistics and customer satisfaction, and make adjustments to sales strategies as needed."

Nowhere in this description does it say they also have key accounts and their own territories.

Give sales management the authority to be true managers, not lackeys. If you have hired a sales manager, get out of the way and let him/her manage. The sales manager can be the confidant, role model and coach of the sales team, or they can be just another manager in a chain of people telling the sales team what to do.

I recently traveled with a hardware salesperson that was required to send in a call report via text message after every call. I watched as he spent valuable time thumbing in text on his Blackberry. Because of the miniature keyboard, the messages were obviously very short and terse. Intrigued, I asked if this was going into a central database so that he and his inside person could update each other on each customers' needs. "Nope."

So I then assumed he was a diligent salesperson and was making immediate notes after a sales call so he would not forget what he had promised to his customer. "Nope." Was it something he downloaded later as a reminder? "Nope, my manager wants me to text him after every call so he knows where I was." Does

he keep them for later follow up? "Nope." So, you could sit at home, sending him notes and he would never know if you were really working or not? "Yep."

This manager was one of my favorite people: a diligent, hardworking and hard-selling man that had been promoted to manager, but had not

been relieved of his key cabinet accounts. He was overwhelmed by too many conflicting priorities. The Blackberry was his answer to keeping tabs on his new salespeople. The thinking is clear, but the method was flawed. Technology will not correct fundamental problems in corporate culture. The company, in promoting him to manager,

[38] ON INQUIRY CARD

wanted the best of both worlds. They wanted to keep his sales accounts going and yet use him as a mentor to several new salespeople.

You can't be a great Bird Dog if you have too many fields to cover. If you have to train pups, you have to give up some fields that you love in order to build the confidence of the other dogs.

As a sales manager, if you eliminate reports to

increase sales time in front of customers, how do you know what's happening in the field?

One method is a simple "Highs and Lows" phone call. Once or twice a week the salesperson calls into a voice mail and gives a quick synopsis of the important programs and market activities they have worked on. This can be done as they travel between calls or on the weekend. It should be limited to just a couple of minutes so that it forces people to stay on the point of the call. With many of the new computer voice mail systems, this Highs and Lows call can be saved as an audio file and shared with others in the company as needed.

For a sales manager, this eliminates the lengthy call reports they didn't have time to read anyway. It also keeps your team focused on major objectives not minor incidents. Highs and Lows also bring out the underperformers in the team. They can no longer hide their lack of activity or accomplishment in lengthy, creatively written call reports.

KEYS TO LEAN SALES

While we are discussing lean sales, let's talk about radical lean thinking.

- **"Field salespeople should not be taking orders."**

Yes, they should be getting orders — and at the most sending in the first order — but after that, every order should be placed with the inside sales support member. That support member is always there, by the phone and computer with all the answers on stock, pricing and delivery. Focus the customers on the inside person for orders and the outside team for relationships. Every call inside staff handle is cheaper than going through the field sales team and also frees up the salesperson to look for other sales opportunities.

- **Inside sales support hubs**

The second key to lean sales is an inside support person. I have found you need one key person for every four to five salespeople. This inside support person handles all the daily orders, delivery questions, literature requests, sample shipping and writing of quotes. Customers are pointed to this person as the knowledgeable, easily reachable person when the sales team is on the road. A detail-oriented person with good follow-through skills is essential for keeping the customer happy.

- **Using technology for easy access**

And the last key is technology. Lean sales also mean quick honest information retrieval. In a true lean analysis, every physical step you take to place, find and use a part is counted. The same holds true for sales.

To evaluate wasted time, that is time not spent in actual selling, look at all the steps a salesperson takes to find prospects, produce sales, retrieve and use quotes, samples or literature.

If the systems established do not allow a salesperson to produce — or at least retrieve

— their quotes and pricing while sitting in front of a customer, you are not lean. If they have to call back, send a fax later or stop in next week with the information, you have doubled your sales call cost to \$700 per order and maybe lost the opportunity to close a sale.

LEAN TECHNOLOGY


Information systems are not that hard to do. Twenty years ago, we carried manila folders with the customer's history, last-call information and a price book. Now we can use technology to make it happen immediately.

In my small sales company of three people, we use an off-the-shelf CRM program. This CRM has each contact name within a company and keeps track of our phone calls, e-mails and past history. Each quote is linked to the customer and is immediately retrievable from our laptops. Every few nights we link to the office computer and synchronize our activities with the activities of the main office. If anyone adds a note, quote or activity to the customer's record, it is changed in everybody's laptop as we synchronize. It eliminates the need for call reports because every account's information is available to everyone at all times.

There are several of these programs available in the market. The key is to find a system so simple that it increases sales not time. Some of the CRMs use Virtual Private Networks to link information like ours; others are Web-based. One even works by transcribing your phoned-in activities, follow ups, sample requests and e-mails into a database. No more typing. Then the transcribed data can be linked into several of the CRMs on the market, including Microsoft Outlook.

For salespeople lean is a success if it simplifies the sale. An excellent example of this is the new GPS units for your car. Punch in the day's addresses and the GPS will give you the best route to every call. It takes you around detours and even gives you approximate travel times. It remembers your major accounts and can find the closest gas, restaurant and hotel.

For around \$500 (one and a half the cost of a sales call), you can give your salespeople hours of selling time a month. No longer do they need to stop and check maps, backtrack, or miss appointments through poor scheduling. We went from pay phones to cell phones and now we have gone past maps to GPSs. It is the ultimate lean technology.

Whatever sales program you build or system you establish, there is only one question to keep in mind: is this adding to or taking away from sales time spent in front of the customer? As they say in the Southern states, if it is taking away from time in front of the customer, "that dog don't hunt." 

Ed. note: Rick Hill is the founder of WoodReps.com, a national association of independent sales representatives in the woodworking industry. Hill also runs OnPoint Sales, an independent rep group in the Midwest. He can be contacted at onpoint@excel.net.