

A Little Sales Management Goes A Long Way

Let me start out this month by telling you something that you already know...it's tough being a quick printer these days.

It's tough for a lot of reasons. There is competition from every direction. The industry has seen significant margin erosion—and therefore a decline in owners compensation. You hear every day about the risks of investing in—or not investing in—new technology.

But maybe the toughest thing of all—at least, according to many of the quick printers I talk to—is making outside sales work for a quick printing company. And the truth of the matter is that *there are* a lot of factors working against a typical quick printer in making that happen.

Another truth, though, is that outside sales is an essential part of bridging the gap between what quick printing has been, what it is today, and what it will be in the future. Outside sales gives you an important weapon to fight the competition that comes at you from every direction. It also provides the best means I know of to locate and convince the best possible customers to buy from you, improving your profit margins and increasing your own compensation. And finally, an outside sales capability allows you to minimize the risk of buying—or not buying—new technology. Whichever decision you make, you have a much greater chance of getting the business you need when you go out after it, rather than simply sitting in the shop and *hoping* it will come to you.

So what can you do to increase the chances that outside sales will work for you? The simple answer is to manage your salespeople. I know very few quick printers who have had problems because they “overmanaged” an outside salesperson. Most of the problems I encounter come from “undermanaging.”

Three Elements

As I've written before, there are three critical elements to sales management: training, action, and motivation. It's no secret that a certain amount of product knowledge and selling skill are required for success, and developing that knowledge is the objective of the training component.

But here's the kicker in many training situations...the salesperson has to *want to* learn. Think back on your own education. If you're anything like me, there were certain subjects you enjoyed and couldn't wait to learn more about. You probably did pretty well in those classes. But I can also remember a few subjects that didn't excite me. I'd just as soon not show you my grades from most of those classes.

The exceptions were the classes I *had to* do well in. In college, those were required courses in my major. Way back in high school, there were classes I needed good grades in just so I could stay on the basketball team. The bottom line is that I slogged through those classes and made the grades I needed because I was *motivated*. Again, your salespeople have to *want to* learn, so the motivation component of sales management has a role to play in the training process.

Action

The second component of sales management is *action*. This is especially important with a new and inexperienced salesperson, because in the early stages, you're unlikely to see enough orders and sales volume from that salesperson to accurately measure his or her performance. The secret to managing salespeople in the early stages is to manage the both the *quantity* and *quality* of the action they're putting forth. In other words, how many cold calls is a salesperson making to identify prospects and decision-makers? How many letters are sent out to follow up? How many phone calls are being made to secure appointments? How many initial contacts result in a face-to-face appointment? And how many of those contacts result in a second appointment and some real discussion of a customer relationship?

There's a quantifiable relationship between these actions and selling success. The relationship will be different from salesperson to salesperson—that's where the *quality* of the action comes in—but in every case, if a salesperson puts forth enough action, he or she will get results and be successful. Again, though, the salesperson has to *want to* work hard enough to get the results you both are looking for. And here's the kicker in this part of the equation...a typical salesperson will not know how hard is hard enough unless someone—you!—provides that information along with some degree of motivation.

So it turns out that motivation has a role to play in the *action* component of sales management too.

Two Approaches

Motivation can take one of two basic forms: pushing or pulling. Some people respond better to being pushed toward an objective, but that tends not to be true of people who are drawn to a career in sales. The same psychological factors that provide a solid foundation for sales success—independence, competitive spirit, ego drive, etc.—tend to also result in a better response to *pulling* factors. The “perfect” sales personality could be motivated simply by setting challenging goals and letting those goals pull him/her to success. Unfortunately, this world has very few “perfect” anythings.

A more realistic approach to printing sales management will take this fact into account. I’ve learned that it’s also a good idea to remember Sir Isaac Newton’s First Law of Motion when you’re involved in sales management...the one about how an object at rest will tend to stay at rest, and an object in motion will tend to stay in motion. (By the way, physics was *not* one of my better subjects in school. Little did I realize that it would prove to have some practical application in my sales management and consulting career.)

What does all this really mean? I think it means that the *motivation* component of your sales management strategy should be a combination of pushing *and* pulling. You’ll get the best long-term results from the pulling elements...goals with rewards from achieving them. But you’ll have a significant effect on your short-term results if you provide a little push to jump-start the process and set your salesperson in motion. That can be accomplished by setting *quotas* as well as *goals*.

Quota vs. Goal

What is the difference between a sales quota and a sales goal? Basically it comes down to a single issue. It’s one thing to point someone toward a goal and say “Here’s what I’d like to see you accomplish this year.” It’s something completely different to assign a salesperson a quota and say “You need to reach this sales figure—or maintain this level of action—or else your job is in jeopardy.”

The issue here is accountability, and accountability should be a watchword of the 90’s for serious quick printers. Not just with salespeople, in fact, but with everyone in the organization. As a manager, you have the final say in defining the rules, the roles, and the responsibilities of your employees. You’re also the final authority on how much volume you need to get from your salesforce. As many managers have learned the hard way, it’s not usually enough to simply set a goal. You have to be able to enforce that goal to give yourself the best chance of attaining it.

Notice that I’m saying *you* and *yourself*. The way I look at it, only the owner of a printing company can afford the luxury of a working toward a goal without the push that a quota provides. Though the truth is that the owner is accountable no matter what you call the ultimate sales objective.

Contribution

When you’re counting on an outside salesperson—or several of them—to help you attain your overall sales objective, the best way to manage the process is to break the contribution you need from each salesperson out into an assigned quota. And while a quota does—and should—imply a threat to a salesperson’s continued employment, it also provides the framework for a more positive motivational opportunity.

Salespeople who attain their quotas should be rewarded. At this point, the words “quota” and “goal” are interchangeable. By providing the potential for reward, you address the motivational issue from both sides. The reward pulls from ahead, and the threat of getting fired pushes from behind. That’s a combination that will get any reasonable person out of bed in the morning, and out making sales calls.

And by the way, I’m not saying that I think every salesperson who fails to meet his or her quota should be fired. I think there should actually be three possibilities. At the “top” end of those possibilities is the salesperson who reaches or exceeds quota and is rewarded. At the “bottom” end is the person who doesn’t even get close, who doesn’t work hard enough, who turns out not to have what it takes to meet your sales needs. That person *should* be fired.

A Grace Zone

In the middle, there should be a “grace zone” for the salesperson who gets most of the way there. By that I mean at least 85%-90%, and showing real potential to do better next year. The “grace zone” is especially important if you end up with any doubts that you might have set quotas too high in the first place. In this “middle” zone, the only pain the salesperson suffers is in not earning the reward.

How do you set all of this up so that it’s consistent with your sales and marketing objectives? Start by setting your overall sales goal, and then break out a component goal for your salesperson. At this point, if the salesperson reaches his or her component *goal*, you’ll have covered that part of your overall goal. What’s important to understand is that we’re not talking about *quotas* yet. You get *quotas* by “marking up” your component sales goals.

For example, if my overall goal required \$250,000 in sales from a salesperson, I might set and assign a *quota* of 110% of that figure.

Now if the salesperson attains his or her quota, I'll have exceeded my component goal, and I might be well on my way to exceeding my overall sales goal. If the salesperson reaches the "grace zone," I should still be within striking distance of my overall sales goal (at least in terms of this particular component.) The combination of quota and reward—pushing and pulling—goes a long way toward ensuring my success.

Now here's an important point to understand...the incremental profit on all of that additional sales volume created by *motivation* is where the rewards come from!

Isn't Commission Enough?

I know many printers who resist the idea of paying bonuses or rewards for reaching quotas or goals. One argument they use is that commission alone should be enough to motivate any salesperson. It isn't. Take that as the gospel. The other argument is that bonuses and rewards come right out of the owner's pocket. Well, yes that's true, at least to the extent that any dollar that you don't pay out could stay in your pocket. But the issue is getting that sales volume in the first place. And I hope you'll understand that, when you're doing it right, every incentive or reward you provide is paid for by incremental sales and profits...paid directly by the salesperson's efforts.

I think you'd have a hard time finding a salesforce that has been successful over a long term without providing motivational bonus opportunities. I think you'd also have a hard time finding a truly successful salesforce which didn't operate with assigned and enforced sales quotas. That in itself should tell you something. If you don't have a quota system in place, you're working without one of the primary tools available to help you reach your overall sales and business goals.

Sales management can be a pretty intimidating endeavor, especially if you've never had much in the way of formal sales experience yourself. But the fact remains that even the best salespeople need some level of management. When you don't have the luxury of hiring experienced "self-starters," it becomes all the more important to provide a structure for success.

That means training, action, and motivation...with motivation playing a key role in every aspect of sales management. The recipe itself is pretty straightforward. Train to develop the required product knowledge and selling skill which will influence the *quality* of action. Define the action standards that will ensure a great enough *quantity* of action. Establish a quota to provide the necessary *push*. And establish the *pull* with meaningful rewards for salespeople who perform to your expectations.