

chapter 5



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Introduction

Developing a good business relationship in an account is one part of managing a sale successfully. Another is to study how the different stages of a sale are managed.

We will now look at:

- The benefits of 'breaking down' the stages of your sale cycle
- How sales people can remain more objective during a sale
- Studying activity and performance to help sales development.

This will help you to identify specific areas of strength and weakness in each sales person. You can then provide guidance to your team on how to develop a sale properly.

Stages of the sales cycle

The stages of the sales cycle will differ depending on your market. A sales manager should look at the average time it takes to complete a sale. This will enable you to define your own cycle and analyse whether a sales person is developing each stage properly.

Learn about your own sales cycle

Examples of stages in the sales cycle are:

1. Introduction (by letter/telephone)
2. 1st appointment
3. 2nd and subsequent appointments/meetings
4. Presentation/demonstration of your product and/or service
5. Negotiation
6. Close > decision. Win, lose or delay!

Not only will every industry have its own sales cycle, but each stage of the sale will have different levels of importance. This is a major consideration later in this chapter when we analyse a sales person's performance.

You should also recognise the stages of your own sales cycle so that your sales people can 'go back' in the cycle if something goes wrong. If this is not done, it may become too late to rectify. This can lead to a sales person using other factors outside their control as the reason for losing the sale.

A manager does not want to blame the loss of a sale on someone personally. However, a sales person should be encouraged to find out *what* went wrong and *why*. This also applies if they win a sale too!

By consistently doing this type of analysis, a sales person can find ways to improve the proportion of sales they win in the future. It will also help them identify poor opportunities early in the sale. This will increase their understanding and confidence.

A sales manager can teach this discipline by focusing the sales person on the point in the cycle where improvement is possible. (See Chapter 6 - Communication and development - Coaching).

Benefits of sales cycle analysis

There are a number of benefits for a sales manager in analysing their own sales cycle. These include:

1. Allowing sales people to 'manage' themselves more effectively
2. Helping someone move from one stage of the sale to another
3. Shortening the sales cycle
4. Increasing the confidence of poor and average performers
5. Copying the behaviour and traits of successful sales people
6. Maximising on the time available
7. Identifying what sales training and coaching needs are required
8. Looking at past performance in order to maximise on existing opportunities.

Whatever your own sales cycle is, write it down and monitor where your individual sales people are in certain 'high profile' accounts. This will enable sales people to be objective about where they are in the sales cycle.

Identifying development areas

In order to analyse someone's performance properly, a sales manager should look at areas where a sales person needs development.

Example

Someone might seem to develop a sale well by getting to the presentation stage of the sales cycle regularly, but fail to secure an order. This might be because their presentation and negotiation skills need improving. But it could also be because a sales person has not developed the sale properly from the beginning.

If someone is presenting a solution too early in the sale, it will create a number of challenges. The answer may be to 'coach-in' behaviour that encourages someone to develop the sale better. A good sales person will normally present a product or service after the prospect has established a genuine need for it.

NB. It has to be appreciated that some companies present their products early in the sales cycle. You must therefore qualify the expectation you have for a sales person at each stage of the sales cycle.

Prioritising on your own stages

Another factor to be considered is to prioritise the different stages, as some will be more critical than others.

Upon entering the UK market, an American company carried out research on their sales cycle. This showed that, providing a sale was developed properly, a prospect would normally decide which supplier to use at the presentation stage. As a result, all sales people were highly trained on their presentation skills.



Analysing sales behaviour

This produced a more focused sales approach. It also helped the company to sell more of their products in a shorter timeframe. The company had taken the time to find out what their potential buyers were thinking and what stages of the sales cycle were important to them.

By taking the time to study your own cycle, sales people can learn about the most important stages. This awareness can ensure that they are properly trained and prepared.

If you take the time to look at how your team is performing in detail, this will lead to a good understanding of how sales people develop a sale. This will help you identify areas where they need help. By looking at the type of activity that takes place you can improve the chances of people developing the sale properly.

Few sales people are good at every stage in a sale. Some people like to start a sale off, some are good at closing, and others may be good at presenting their product or service. If you can identify which area needs attention it becomes easier to help someone apply the necessary learning points. Additionally, a manager can monitor sales people's behaviour to ensure that they are developing the sale properly at every stage of the sales cycle.

Analysing your own sales cycle

Many sales managers wish that they could 'clone' the performance and behaviour of their best sales people.

In order to achieve this you will need to:

1. Analyse past activity and performance to predict future sales
2. Study sales behaviour that has been successful
3. Identify where sales people *really are* in the sales cycle
4. Study statistics to assess strengths/weaknesses of a sales person

A detailed look at these areas will give you information that you can use to improve your sales people's behaviour. This in turn will help them spend more time on the right course of action.

Intuition

One of the best ways of determining whether something is right is through your own intuition. A high degree of communication is non-verbal! Everyone reads body language, whether in person or on the telephone. **If you feel that something is going wrong – it probably is!** It is a good way of your sales people checking their own feelings against what they see and what they have been told.

Another element to this is delaying doing something that has been agreed to in a given timeframe. A sales manager should encourage members of his/her team to come to a decision on a sales issue and take action. This encourages decisiveness and a positive mental attitude from each sales person.

It is natural that some psychology is involved during all stages of a sale. If you or a member of your team is unsure of what to do about making a decision on a sale related issue, intuition may be the most reliable source.

Being pro-active/re-active

In a selling situation it is important to know when to take the initiative and when to delay. That is the difference between being pro-active and re-active. We have to assess which approach to use on a daily basis. This is not always easy. A manager can help sales people learn this skill by looking out for changes in the way they behave during the different stages of a sale.

Let us look at the parameters of pro-active versus re-active. Assume that one of your sales people has been asked to return a prospect's phone call. Here are some possible responses:

Will call back after a week



Will call back after one day



Will call back within four hours



Will call back immediately

Possible responses might depend on:

- What types of sales person he/she is
- How busy that person is at the time
- Who is calling
- The importance of the call
- Why the person has called.

It is important that they think about the priority of the situation before they decide how to deal with it. The timing of a call and the circumstances in an account can lead sales people (and a manager) to react differently.

Also, a sales manager can decide whether to be pro-active or re-active to many internal demands on his/her time. By consciously making this decision you will be able to prioritise your time better. (See Chapter 8 - Personal effectiveness.)

Using the telephone

Another aspect in looking at stages of the sales cycle is the use of the telephone. This is a quick and easy way for sales people to communicate with their accounts. A large amount of discussion with customers, prospects and suspects is best done in this manner.

Where a sales person is trying to develop the sale, they must be careful to assess whether using the telephone is a better use of time than a personal visit. It is often very difficult to develop a sale to a great extent over the telephone. Sales can be won because key stages are given the attention they deserve and face to face meetings with a prospect have taken place.

A sales manager may wish to monitor how sales people are using the telephone and why calls are made. A pattern of behaviour can then be established to identify whether the telephone is being used for the right reasons.

Ensure that your sales people don't confuse the advantages of *using* the telephone with *selling* on the telephone. The table opposite looks at this.

Advantages of <i>using</i> the telephone	Disadvantages of <i>selling</i> on the telephone
1 Inexpensive	1 No personal contact
2 It is quick	2 Less chance to develop relationship
3 No face to face selling needed	3 Substitute for face to face selling
4 It is simple	4 Hard to always measure a true reaction
5 It can save time compared to a visit	5 Can encourage the wrong sales behaviour
6 It can help to qualify someone's interest	6 Shows a lack of commitment

Figure 9: Advantages/disadvantages of using and selling on the telephone

The telephone is best used for making appointments or asking someone for an update on a situation. A sales person may try to sell their product/service on the telephone (when their role is to develop the sale in person). If this happens, a sales manager will need to assess why this is happening. Possible reasons might be:

- Lack of commitment to the sale (or the job)
- Poor training or lack of training
- Fear of rejection
- Time pressure
- An attempt to shorten the sales cycle.

A sales manager will need to resolve each issue separately. A sales person will need to eliminate the use of the telephone as the primary way of selling a product/service.

Therefore, unless you manage a tele-sales team, discourage your people from actually selling on the telephone!

Knowing when to give up in the sale

Everyone commends a sales person who never gives up and who maximises his or her time and effort. But one discipline that a sales manager should encourage people to apply is to distinguish between effort and the correct focus!

Another aspect of a sales manager's role is the ability to see when someone is trying too hard. This might apply to someone who is under performing, has lost their confidence or is under pressure. If a prospect sees this, it can put them off. It can also influence them to look for a price reduction, if they assume that the sales person is desperate for their business.

One aspect of selling that every sales person should learn is - **when to give up!** Help your sales people see the signs of this early in the sale and correct them. That way you can encourage them not to pursue a lost cause.

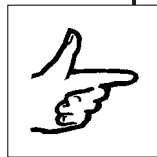
Problems and solutions

One way of looking at an account in a more objective manner is to study the problems/challenges a sales person faces. By focusing on these, he/she can then look to find a solution for each one. It is also useful when discussing an account on an individual or group basis.

The table opposite illustrates a problem/solution page with examples of actions a sales person might take to develop a sale properly.

PROBLEMS/CHALLENGES	SOLUTIONS
1 Our application may not fit	1 Need to study requirement in detail
2 Competition has good relationship	2 References and site visit for prospect
3 Is Purchasing Manager the decision-maker	3 Set up meeting next month
4 New service levels not yet confirmed	4 Set date for service level completion
5 No national service coverage	5 Phase implementation of service
6 Their budget has not been confirmed	6 Meet with Finance Manager
7 No set timescale to buy	7 Establish this with decision-maker

**Monitoring
activity and
performance**



Actions needed to progress the sale:

- ▶ Look closer at their organisation chart to study any 'key players' who are missing
- ▶ Find out the relationship and attitude of Purchasing and Finance Manager's
- ▶ Check that we can deliver the level of service that prospect is expecting
- ▶ Redefine their 'must have' need to ensure our application will fit
- ▶ Study how competition is anticipating to solve their problems/challenges

Figure 11: Key sales indicators

Figure 10: A problem/solution page

It is important that the problems/challenges are not only ones that are perceived by a sales person alone. This is because their perception could be wrong. Therefore, this column should include issues that the prospect has actually confirmed.

Every sales situation has its elements of uncertainty and doubt. This problem/solution table will encourage a sales person to find a solution to problems/challenges. It will also give the manager an opportunity to have a discussion about how the sale is being developed.

Other benefits of this approach are that sales people will begin to focus more on genuine sales opportunities. They will also be more likely to take responsibility for managing *all* aspects of the sale. These might have previously required the sales manager's help and involvement.

Sales people need to know what issues are important to a buyer. This will help ensure that they focus on the right actions needed to increase their selling opportunities. Monitoring their own sales behaviour and that of the prospect can save a sales person time. Monitoring a sales person's activity and performance can save a sales manager time. It will also help to direct a sales person's effort in the right areas and get them to focus on a solution to every problem/challenge.

Monitoring the team's activity is an integral part of any sales manager's brief. This can be challenging, as all sales people are unlikely to be performing at the same level at any one time.

It is vital to monitor the sales activity compared to the target on a month-by-month basis. This makes it easier to ensure that all members of the sales team are performing up to the required standard.

Performance expectations

Before you monitor the team's performance:

1. Discuss company sales expectations with your line manager
2. Have a breakdown of the annual target by individuals

Introduction

First
appointment

Subsequent
appointments

Presentation

Negotiation

Close
order

3. Look at how each sales person aims to achieve the target
4. Review previous performance against the target (to assess the realism of your team's predictions).

Many sales people will be happy to meet, or get close to, 100% of their target. With this in mind, a sales manager might consider increasing sales targets to prepare for any possible shortfall. (See Chapter 2, Sales planning - Sales targets.)

Each team member should agree to reach at least 125% of target. Assess the capability of each sales person so that you can 'load' their target accordingly. Where possible, ensure that this is done with their approval. If the 'stretch' target is not met by a few per cent then the overall target will still be achieved. This approach is designed to motivate not to put pressure on people.

It is important when you are looking at the performance of your team to remain objective. There might be good reasons for sudden increases or decreases in a sales person's performance. These could include:

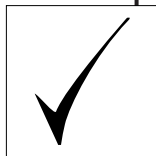
- A change in demand for your products/services

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- The time of the year (in July and August many people are on holiday)
- Morale
- Personal reasons
- A new product/service introduced by you or a competitor.

If you are aware of these factors, you are more likely to assess a situation correctly and this will put you in a better position to manage the team. When you evaluate a sales person's results, select a long enough period of time to accurately identify trends in their performance. This is ideally between three months and one year. You will need to take into account seasonal changes in your trading year.

Checklist



It is also essential to remember that:

- **Activity on its own does not equate to good results**
- **Every sales person is different – look for their trends not perfection!**

In the chart overleaf we can review the last six months performance of someone who is ahead of his or her target. The main target is based on the profit margin that the sales person achieves and the number of units sold.