

Productivity Study

Sales force effectiveness

This report covers an analysis of sales force productivity and effectiveness, reported by ten industry sectors. A two-stage methodology is used. In **Phase1**, salespeople were asked *to give a realistic estimate* of the time they devoted to five categories of activity (see Figure 1 - Observed Sales Activity chart). They were then asked to indicate how much time they *would ideally like to spend* in each category. Finally, the study observed how much time *they actually devoted to each*. In **Phase2**, it was observed how effective the salespeople were, scoring them in eight key areas of competency (see Figure 6 - Phase2 Sales effectiveness - 8 competencies). The diagrams and charts in blue show the results of Gallup's global opinion poll of 925 business executives.

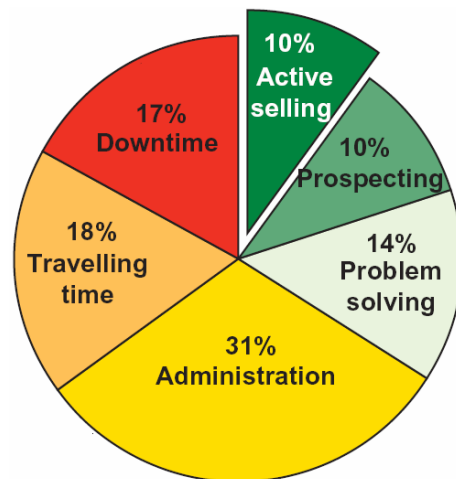


Figure 1 - Observed Sales Activity

Use of time

The most surprising finding was the small amount of recorded time salespeople spent actively selling and prospecting for customers. Another was the very high figure recorded for time spent on administration. Observations showed that salespeople **UNDERestimated** how much time was spent on administration, while, in interviews they revealed a **desire to do significantly less**. When questioned, salespeople thought just 3% of their time, was downtime. Through observation, it was recorded that a significantly higher figure of 17% was found. However, despite some variances in how time is spent, one overall fact has barely changed: **sales people are spending 80% of available time doing things other than actually selling**. Tellingly, people believed they **spent almost 50% MORE TIME selling than they actually did!** This is despite acknowledging that almost half of all available time **should be** spent on this activity.

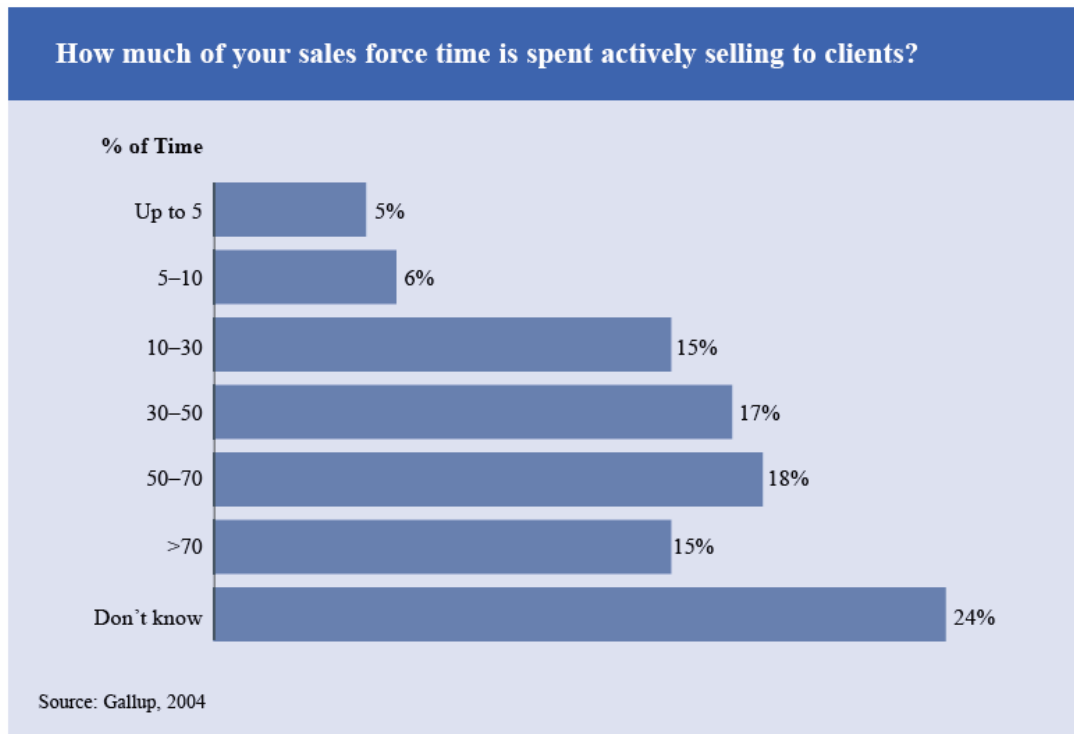


Figure 2 - Executive view on Time spent Selling!

Comparing these findings with those of the Gallup opinion poll (see Figure 2) it is evident that there is a gap between executive perceptions of sales force effectiveness and reality. For example, on average, 24% of executives don't know how much time sales people spend selling and one third (33%) think they spend more than half their time on this activity. However, this study showed that the average time spent actively selling is actually 10%. Even if 'prospecting' was included, the amount of time still only reaches 20%! Knowing these figures would allow processes to be put in place to release sale resources to do what they are hired to do - Prospect, Qualify and Close. **Do you have a plan to increase sale productivity by 30%?!**

Two thirds (66%) rate their sales teams as 'good' or 'very good' (See Figure 3). This study indicates that this perception of ability does not match actual competence levels within sales teams. Slightly alarming is the fact that 21% don't know, or will not say, by how much sales force productivity in their firms could be increased. Much more executive effort is expended on the logistical nature (margins, acquiring, stocking levels etc.) of revenue generation rather than understanding these 'actual' times which are expended in the sales effort.



Figure 3 - How are Sales teams rated?

A further 12% believe it cannot be increased at all! Most sales managers understand that there is always room for improvement. But where to place the effort for the best return?

All Industry Average

A time and motion study would give you a good measurement on how your team compares with these Industry Averages.

All industries

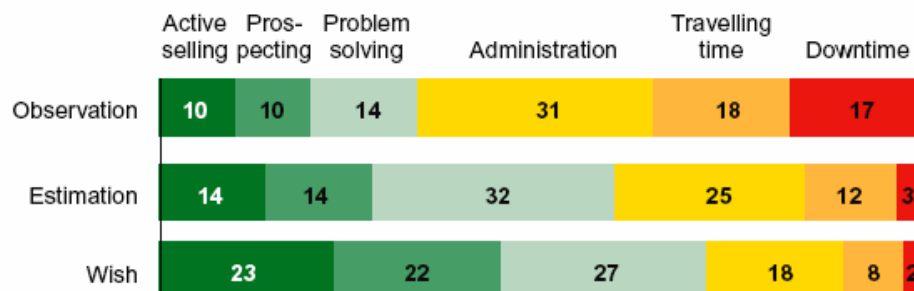


Figure 4 - All Industry Averages

Turning lastly to industry sector findings - found in Figure 5. Salespeople in four sectors: telecommunications; engineering; insurance and retail spend well above the All

Industry Average (Figure 4) time recorded on active selling (**Dark Green**). Each spends around a third of available time in this way. Conversely, those in chemicals, electronics, paper and wholesale sectors fail to break into double figures. This is partly explained by the fact that each sector spends around twice the average time solving problems.

Industry breakdown

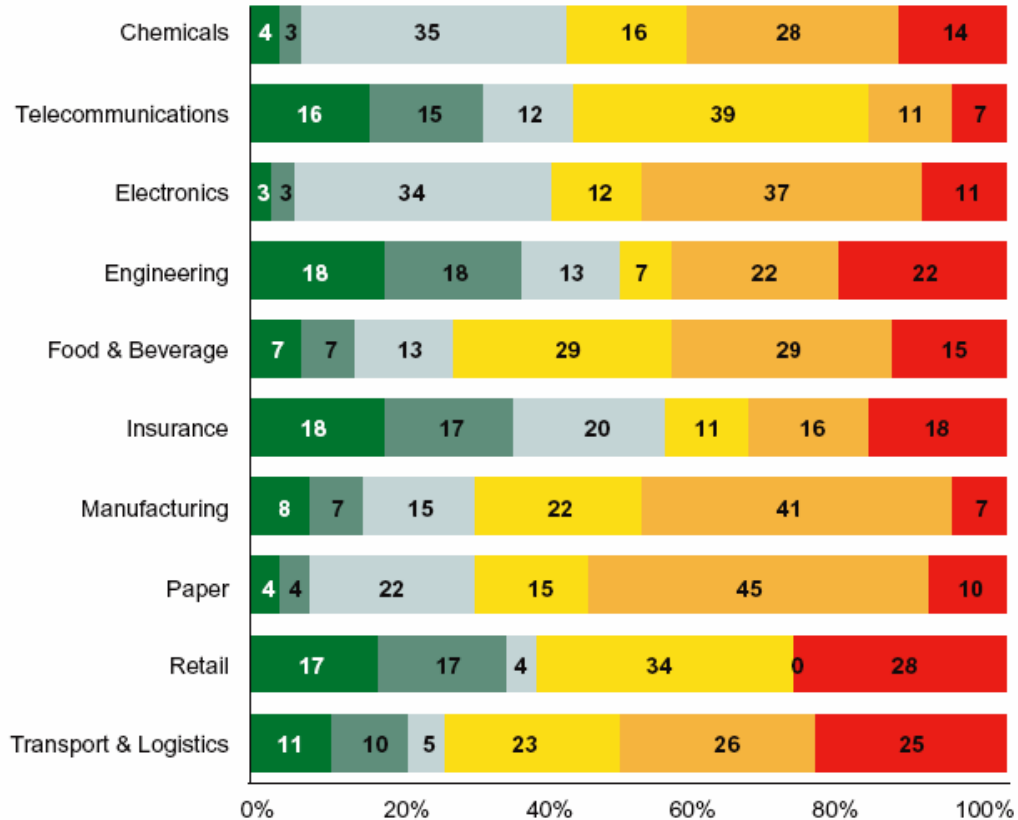


Figure 5 - Industry Breakdown

Effectiveness

Having shown that only 20% of time available is spent actively selling or prospecting, ***how effectively that time is used is clearly all the more important.*** In order to gauge this, the study used a simple scale ranking system for those observed (see Figure 6 - Phase2 Sales effectiveness - 8 competencies), rating them in eight key sales skills before, during and after each call. It was observed, that the greatest deficiencies lay in presenting, concluding and debriefing, with more than half rated as poor, less than one quarter were considered competent. More than 60% were also rated poorly or needed improvement in "building" and "securing" skills, two of the most important competencies required in an effective sales force. During this **Phase2** it was repeatedly encountered

that *ineffective behaviour or processes* was evident. These varied from poor sales call quality and in adequate monitoring, to weak or cumbersome sales reporting systems.

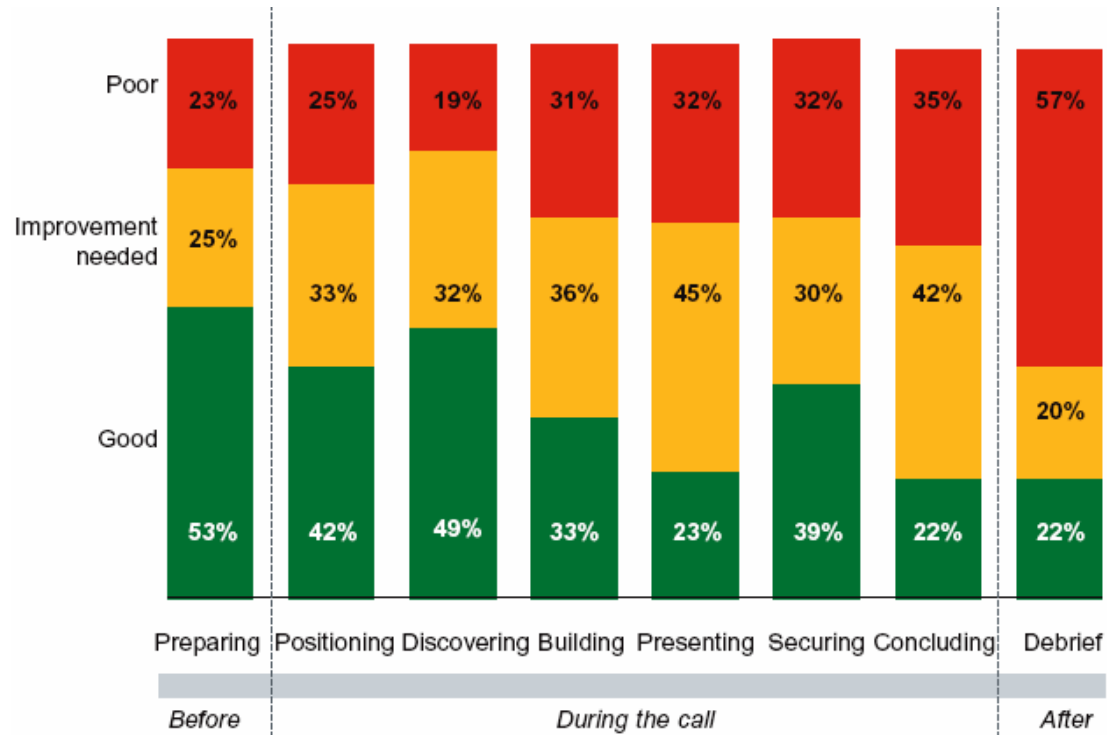


Figure 6 - Phase2 Sales effectiveness - 8 competencies

Often, where good sales information systems were in place, they were not used to full advantage. *Training was seldom reinforced or properly coached in the field.* Some customers received an unwarranted level of attention while others with potential but who were harder to deal with were ignored. In many instances it was found that managers were not providing feedback or help to their sales teams.

The findings of the Gallup executive poll (See Figure 7) on sales effectiveness show a significant gap between their perception of competency and the recorded observations. For example, two-thirds (66%) rate their sales teams as 'good' or 'very good'. Hardly any executives ranked their sales colleagues poorly in any key skill area, whereas over 30% of people that were observed were considered poor in the eight competencies measured (see Assessment Criteria in Figure 8 - Observed Competencies).

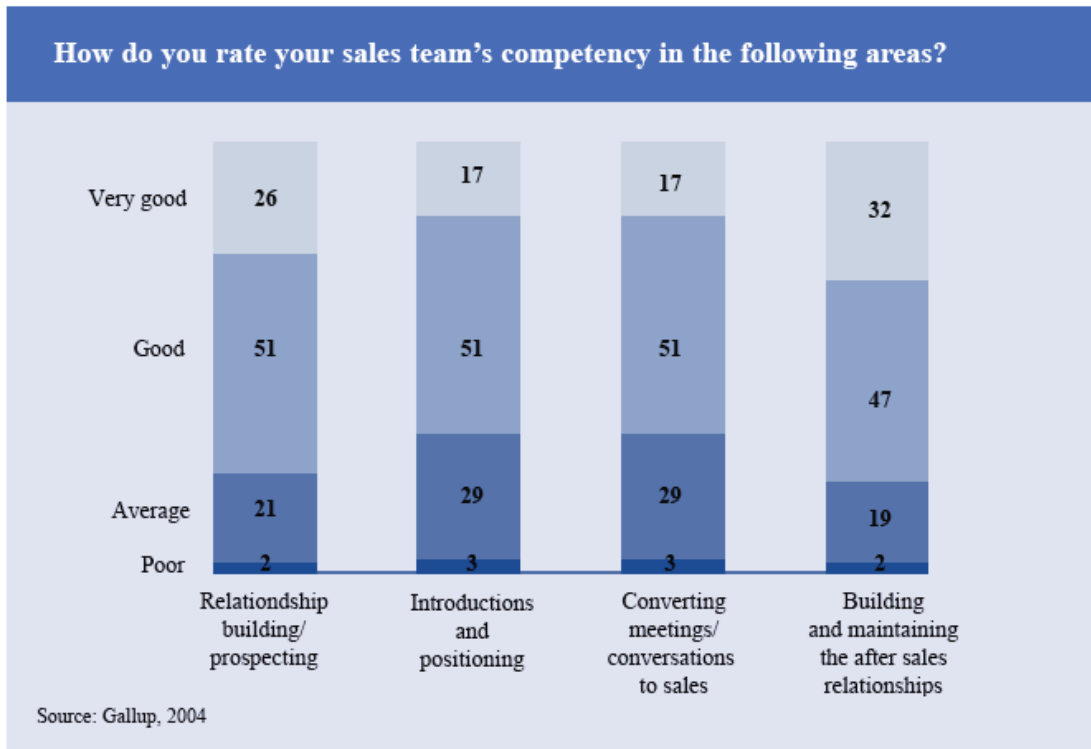


Figure 7 - Executive competency rating of their teams

Source: Managing for mediocrity - International labour productivity study dated September 2004 from Proudfoot Consulting; the Gallop 2004 study and Jim Collins book, from "Good to Great"

Competency and assessment criteria

Preparing: Sets objectives before contact and has all relevant information

Positioning: Establishes a purpose, knows client's agenda, knows how to add value

Discovering: Listens effectively, asks questions, understands client's business and needs

Building: Engages client in discussion, explores the impact or consequences of a need/solution, uses critical questioning techniques

Presenting: Discusses pros and cons of available options, helps client to define the best solution

Securing: Seeks commitment to action, advances negotiations to another stage, defines next steps clearly

Concluding: Reaches consensus, agrees time for next meeting, uses open and closed questioning techniques, uses informative questioning techniques

Debriefing: Ensures all commitments made are met, reviews issues identified, seeks other issues to resolve, records output for next visit

Figure 8 - Observed Competencies