

P E R F O R M A R K

Prospect Management Guidebook.

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PROSPECT MANAGEMENT GUIDEBOOK

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Table of Contents

Introduction	1
Executive Overview	2
• Research Methodology	
• Key Findings	
Prospect Profile	4
Understanding the Value of Your Leads	6
• General Misconceptions	7
Ten Questions About Your Sales Management System	9
Six Steps to a Maximized Sales Management System	10
Step 1: Program Coordination	11
Step 2: Techniques	12
Step 3: Fulfillment for Success	15
Step 4: Motivate the Sales Force	18
Step 5: Managing an Effective Sales Management System	20
Step 6: Analysis of the Sales Management System	24
Summary	26

Introduction

This guide was written by Performark, Inc., a sales management company located in Minneapolis, Minnesota. Performark provides customized sales management programs for sales and marketing professionals who collectively spend millions of corporate dollars every year to increase their share of the market. Performark also works with industrial manufacturers who realize there are more effective ways to stretch available budgets to recoup a larger return on the total investment spent for advertising, special promotions, product releases and trade shows.

Sales Management System vs. Leads Tracking

Performark has developed a unique prospect management system called the Sales Management System. The concept behind this system is to provide sales management with maximized efficiency and control of their selling process.

Traditionally, leads tracking programs have identified who sent a lead, where it came from, and where it went. However, most leads tracking programs don't manage the process through qualification or after it is sent to the sales force. This Prospect Management Guide is designed to give you the research and information you need to choose the best system for your company. We know you will find our extensive research and six steps to a maximized sales management system both interesting and useful. We encourage your feedback and comments.

Executive Overview

RESEARCH METHODOLOGY

A majority of the statistics used in this guide are from a study conducted over a twenty-month period by Performark. *The study included more than 10,000 product advertisements placed in more than 200 industrial trade publications.* Most of the ads were at least one full page and featured capital goods, although some supply advertisements were answered.

This study was directed at companies who sell products which cost \$5,000— as opposed to low unit cost consumer direct marketing. From this study, one of the most objective ever conducted in lead management research, inquiry results were gathered, tabulated and analyzed for this guide. The results of this study proved more far-reaching than expected. They cut across the entire industrial segment of the marketplace and provided valuable insight about trends in prospect management.

KEY FINDINGS

Are you losing millions of dollars on leads?

If you are an industrial or business-to-business advertiser, you are probably all too familiar with inquiry cards, bingo cards and reader response cards. It's a fact of life that most business-to-business publications offer, in some form or another, an inquiry handling program.

Most industrial sales forces take the view that inquiries are virtually useless—that they're not worth the inquiry card they're printed on. At the same time, these advertisers continue to spend considerable sums on generating and fulfilling these inquiries.

If you're not treating these "inquiries" like treasure, you're washing a large percentage of your marketing communications budget right down the drain.

Executive Overview

Startling statistics from 10,318 ad inquiries

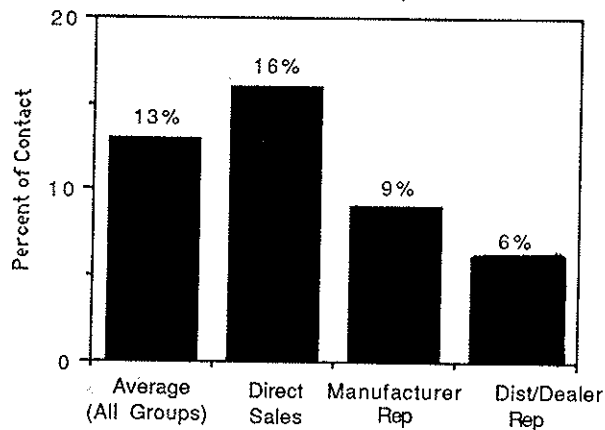
Fulfillment

- 94% of duplicate inquiries received duplicate fulfillment packages
- 77% of companies sent out literature at an average cost of \$5.53
- On average it took 58 days for fulfillment
- 45% took over 60 days to fulfill
- 12% took over 120 days to fulfill
- 22% never bothered to respond
- 17% did not enclose a letter or correspondence with the fulfillment

Follow-up

- 13% of all inquiries were followed up by a sales representative
- 3% of all inquiries resulted in multiple telephone follow-up
- On average it took 89 days between the time the inquiry was made and when the contact by a sales representative was made
- 79% actually placed Performark, a non-prospect company, on their mailing list

FOLLOW-UP CONTACT BY TYPE OF SALES FORCE
(N=10,318)



After looking at these statistics, it's obvious that there is plenty of room for improvement, especially when you consider it took an average of 58 days to place the fulfillment package in the hands of the inquirer (it ranged from 13 to 537 days) and the amount of money spent on the fulfillment package ranged from \$0.57 to \$25.00.

Most often, the follow-up on reader response cards is inadequate. In fact, one California computer company even sent a valuable book to an unqualified inquiry, and then didn't include any mention of the company, product, or service.

Prospect Profile

Usually, the people who respond with an inquiry, work in one of the following areas: general management, research and development, design, production, operations, package engineering, sales, components/standards engineering, purchasing and construction engineering.

Clearly, these people have the power to make decisions, specify equipment, and make purchases. And when they take the time to send in an inquiry, their objectives are serious.

- Prospects have current requirements for the products 24% of the time with a range between 13% and 46% of the time.
- On average only 13% of *qualified* prospects are ever contacted by a sales representative.
- Of the 13% contacted, 10% will result in a sale.

So why don't qualified prospects buy more products and services from the companies they've asked to send information? Well, take another look at those startling statistics you were shown on fulfillment.

Notice in the following table differences between a poorly run lead tracking system and a sales system that maximizes prospect management? By the time it takes the requested material to reach the prospect, they've already developed a very low opinion about the company. They have a low opinion about the material received. To make matters worse, these anxious, ready-to-buy prospects are rarely, if ever, contacted by the company's sales force.

The difference an effective system can make

Average system	Maximized system
1,000 inquiries	1,000 inquiries
<u>24% qualification rate</u>	<u>24% qualification rate</u>
240 qualified prospects	240 qualified prospects
<u>13% contact rate</u>	<u>85% contact rate</u>
31 qualified prospects contacted	204 qualified prospects contacted

Prospect Profile

Average System

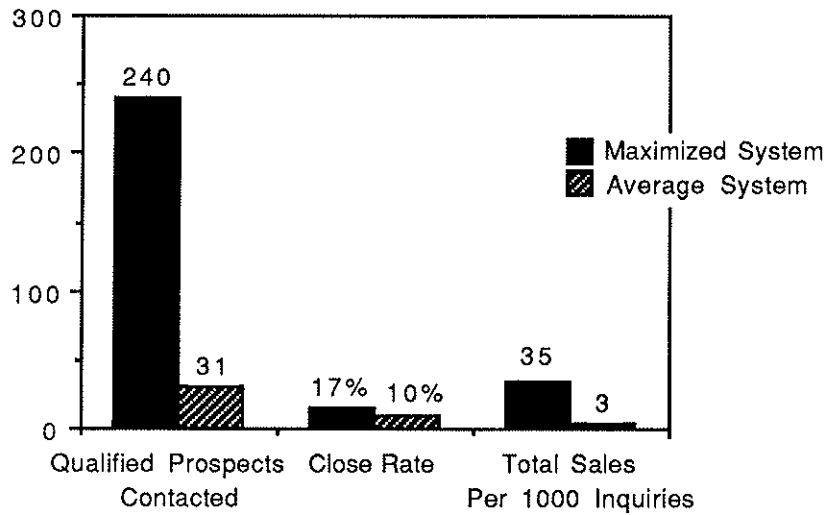
31 qualified prospects contacted
10% close
3 sales

Maximized System

204 qualified prospects contacted
17% close
35 sales*

*Source: Performark, Inc.

DIFFERENCE BETWEEN MAXIMIZED AND AVERAGE SYSTEMS' CLOSE RATE AND TOTAL SALES BASED ON 1000 INQUIRIES



Do most companies capitalize on this opportunity to increase their revenue? Unfortunately, no. Instead of waiting 58 days on the average just to receive literature or 89 days to hear from a sales representative, the prospect has already turned to a competitor.

Qualified prospects will yield an average close rate of 10%, or 3 sales per 1000 inquiries. But if you implement the maximized sales management system outlined in this guide, *you can achieve a 17% close rate and generate up to 35 sales per 1000 inquiries.*

Understanding the Value of Your Leads

People use a sales management system for many reasons. However, the most compelling reason to implement a sales management system is to produce quality prospects who want your product and are ready to move closer to a sale.

Increase sales revenue from inquiries by 50% or more

According to the recent Performark study, a well-run sales management system increases sales by providing the prospects with the right information *in the early stages of the cycle*—even if the selling cycle takes months or years to complete. In most cases, a maximized sales management program will return your investment in the system by 500 to 1500 percent.

Increase sales contact rates 2 to 4 times

The average rate of contact by sales representatives is 13%. But Performark data shows that a maximized sale management system can boost contact rates to 85% or higher.

Introduce new or existing products

A sales management system ensures that your new or existing products are being supported with product information as well as by direct contact with a qualified prospect.

Build or change distribution

Prospect management can improve distributor and dealer participation by demonstrating the market potential in their territories. You can also use a sales management system to help open new sales territories, establish representation for the first time, or change types of distributors.

Increase sales productivity

In situations where a company has limited market penetration, a well-implemented sales management system can pinpoint the typical 24 out of 100 leads that need follow-up. And it can precondition the prospect with the right fulfillment package. Both steps save the sales representative valuable time.

Build mailing lists and prospect records

A maximized sales management system can create an expanded list from follow-up reports identifying other qualified prospects who influence the specification or purchase of your product. In addition, you can control your prospect list, even in the event of a change in distribution.

Understanding the Value of Your Leads

Identify new prospects

A maximized system often identifies new companies when they enter established markets—even when these markets are well-covered by personal sales efforts.

Re-evaluate sales distribution

Analysis of prospect follow-up between sales territories can pinpoint areas where sales personnel are overloaded. The reasons for overload could indicate poor supervision, inadequate representation, or a need for additional representation in deficient territories.

Provide more information

Advertisements can't provide all the information a respondent needs. But a maximized system can determine, for example, if the prospect needs further technical literature or material samples.

GENERAL MISCONCEPTIONS ABOUT LEADS CAN COST YOU CASH

- "Inquiries aren't really valuable."
- "They're usually from unimportant people in small companies."
- "They're just literature collectors."
- "Most inquiries come from students or competitors."

Time and time again, you hear statements like these—complaints about old, worthless inquiries—especially from sales personnel who are hounded day and night to follow up on every lead. Over time, anyone involved with reader inquiries like those just mentioned can develop skepticism, or even a negative attitude, toward all requests for information. And rightfully so.

It is true that a majority of these types of inquiries that come into a company will not result in a sale. But what about the serious prospects with an intent to buy—the prospects who are working on current projects and need to speak with a sales representative (yours or your competitors) to make the final purchase decision?

Don't throw the baby out with the bath water

The most costly misconception of all is the assumption that all leads are of little value. Consider for instance, the company with a small office on the West Coast that sent one bingo card to a construction equipment manufacturer, requesting product specifications. The sales manager hadn't heard of the company and nearly tossed the lead into the wastepaper basket as a "literature collector."

Understanding the Value of Your Leads

Luckily, Performark qualified the lead and forwarded the qualified prospect to field sales for immediate action. The result turned out that the "small office" was, in fact, the North American headquarters for a rather large foreign mining company seeking bids for \$200,000,000 worth of heavy duty construction equipment.

All it takes is one "right" prospect to make the Sales Management System profitable. One good example is an inquiry that a large chemical company received from—of all people—a dentist. As a result of Performark's Sales Management System, the sales representative who followed up on the prospect found that the dentist had discovered a technique to manufacture an orthodontic product with one of the company's chemicals, a process that could increase the revenue of the chemical company by millions of dollars.

Even when you have your market "covered", you may miss an opportunity to increase your sales revenue if you don't follow-up the "right" lead. For instance, a distributor was able to sell \$100,000 worth of fiber-optic cable to an existing client through an inquiry that had been qualified by the Sales Management System though neither the manufacturer nor distributor was aware of the contact or the project.

Any experienced sales manager has had their share of information inquiries from schools. However, one manufacturer of high resolution CAD/CAM equipment was surprised to learn that a professor of Urban Studies was not only a qualified prospect, but the inquiry resulted in the sale of 250 units valued at \$500,000.

Now ask yourself how many times you've thrown away leads because they just didn't seem worthwhile. If the heavy equipment manufacturer, the chemical company, the fiber optic distributor, and the CAD/CAM manufacturer had not been using Performark's Sales Management System these major opportunities would have been lost.

Ten Questions To Ask Yourself

1. Can you prove your inquiries directly lead to sales?
2. Do you know if and when an inquiry is fulfilled and the prospect is contacted?
3. Can you rate the effectiveness of direct mail vs. trade shows vs. trade advertising or other promotional strategies?
4. Is every lead you send to the field a true, qualified prospect?
5. Can you evaluate the effectiveness of trade publications in generating revenue for you?
6. Once a lead is qualified, do you manage and monitor the sales process until closure?
7. Do you have someone assigned to managing your sales management system? Do they have the full support of the sales force and senior management?
8. Do you have any method to maintain a communications base with end users who inquire about your products?
9. Do you know if parts of your sales process are hindering or helping sales?
10. Do you have complete control of your prospect list and customer base?

If you don't know the answers, or feel like your current inquiry system could be improved, the next section of this guide will show you how to dramatically improve the results you see from inquiries.

Six Steps to a Maximized Sales Management System

In these six steps, you'll discover the essential elements to all sales management systems. There's no great secret to the process in itself. But the way in which you apply each step to your specific situation will help you achieve optimum results.

Step 1: Program Coordination

The program coordinator's function is to work with the sales force to ensure each step to the sale is supported and completed. Specifics of the program coordination function are outlined in this section. (See page 10)

Step 2: Lead Qualification

There are a variety of methods used to qualify inquiries. We will review the pros and cons of the most common methods and help you select the most effective system for your company. (See page 11)

Step 3: Communication/Fulfillment

When and how you communicate with your prospect is crucial to maximizing sales. This section will provide details on building an effective communications system. (See page 14)

Step 4: Sales Force Motivation

There are a variety of activities involved in establishing and sustaining motivation for your sales representatives. This section will review each activity. (See page 17)

Step 5: System Management

This section will help you determine exactly the right system for your organization. It will examine the advantages and disadvantage of an in-house system vs. an outside system. (See page 19)

Step 6: System Analysis

A maximized sales management system requires solid reporting, measurement and controls. This section will outline what should be measured and how each report is used by management and the field. (See page 23)

Step 1: Program Coordination

The first step in implementing a maximized sales management system is to assign a program coordinator. This will help you achieve two goals. The first and most obvious is that you will have someone who is responsible for managing the program on a day-to-day basis. But no less important is that the act of assigning a program coordinator demonstrates to your sales representatives and your distributors your company's commitment to a maximized sales management system. You will see the importance of this in later steps.

The coordinator's role is to track and manage each sale. It is often a job with a huge amount of responsibility and virtually no authority. How you deal with this issue of accountability is critical to the success of your program.

The program coordinator is a key person—the interface between management, sales, and prospect. So naturally, the most important part of a program coordinator's responsibility is to build a solid bridge of communication. A good coordinator helps the sales representatives get quality leads, gives the prospect accurate, pertinent information and provides management with timely results. The trick is to build a bridge that withstands the constant pressure of the sales force and the continual coming and going of prospect information.

It's crucial that the sales force sees the program coordinator as a reliable resource to help the sales representative through each step of the sale. The coordinator can help the sales representative with reporting and offer any support the sales representative needs to get the job done.

At the same time, the coordinator must be held responsible for making sales representatives adhere to the sales management system. Balance this responsibility by acknowledging the coordinator's contributions to the new sales. This recognition will help your coordinator feel a valued and respected part of the sales team.

If you choose to work with an outside company, be sure they assign an experienced, well-trained coordinator to work with your sales force. Experience and expertise will pay big dividends here. Once the sales force sees the working relationship between coordinator and regional or national sales manager, they'll view the coordinator as a source of valuable inside information.

Step 2: Techniques of Qualifying Leads

The important point to remember about inquiries is that you want quality not quantity. Unqualified leads slow your team down and put an undue burden and costs on fulfillment operations. What's more, if large numbers of unqualified leads reach the sales force, they can cause total rebellion against following-up on leads.

Screening the copy/offer

Before you begin to receive thousands of inquiries, begin the qualification process in your advertisements and product releases by using copy that calls for a statement of interest or commitment on the part of the prospect. A prospect's request for price indicates an intent to buy, while an indication of possible future use suggests adding the prospect to your mailing list.

The stronger the prospect's commitment, the fewer inquiries you'll have to disqualify. If you're qualifying less than 15% of all leads, you should consider reviewing your advertising and media selection.

Incoming 800 numbers

Many advertisers use 800 numbers for prospect convenience. But studies show that existing users, not new prospects, call 800 numbers more frequently seeking technical assistance. *Overall, responses from incoming 800 numbers have a slightly lower qualification rate than responses from incoming mail.* However, it is important to have a qualification process for these responses.

Write-ins

Written requests for information take many forms, ranging from filled-in advertisement coupons to formalized requests on company letterhead. Usually write-ins want product literature or seek a solution to a problem. Many write-ins quickly identify their needs, but up to 50% of prospects who write do not supply enough information about themselves or their company. Before you can determine their needs accurately, you'll need to mail them a bounce-back card or telequalify them.

Reader response cards

Reader response cards, or bingo cards, are originally sent in by the prospect. Most response cards only provide enough information to make a mailing label and only 30% of inquiries contain phone numbers. Also, beware that spellings and purchase information may be inaccurate or missing and always require further qualification.

Step 2: Techniques of Qualifying Leads

List purging

After you have received inquiries from your various sources—incoming 800 numbers, write-ins, reader response cards and trade shows—you need to purge your list of duplicates. At least 10% of all leads are from the same person and the same company with the same product interest. By purging your list early in the process, you save your staff time and effort. This way, you reduce the cost of fulfillment, not to mention any negative impression created by sending duplicate fulfillments to a prospect or duplicate leads to your sales force.

Mail qualification

The main advantage of this technique is its low cost. Unfortunately, with the advantage of low cost comes the disadvantage of low return. The other disadvantage of mail qualification is the overall response time involved for readers reply, fulfillment, bounce-back reply and finally actual contact.

You can expect to see a 4% to 8% return from your first bounce-back mailing. From your second bounce-back mailing to the same prospects you can expect an 8% to 15% rate of return. Furthermore, 44% of bounce-back cards returned do not provide enough information to adequately qualify the prospect. Overall, you can expect an average return rate of 9%.

Telephone qualification

With this technique, you trade off a higher operating cost for a higher rate of qualification which results in significantly higher contact rates. The Performark study found that trained, knowledgeable direct response specialists with a pre-determined call guide achieved a 24% qualification rate across industries. In some cases, telequalifiers achieved a qualification rate as high as 44%.

There are several other advantages to telephone qualification. Your prospect will have the feeling of a personal contact with your company. And the telequalifier can verify correct spelling, title and address. Most importantly, telequalification allows you to get to the hot prospects whose needs are immediate.

When you construct your call guide, take care that your questions are not too intimidating at first, or the prospect may respond with false information—even if they are really disqualified prospects. For instance, when one of your first questions is to ask if they are responsible for the purchase decision, most prospects will answer "yes" to receive literature, even if they are not responsible.

Therefore, a professionally prepared qualification guide is crucial to the success of your sales management program. By thoroughly qualifying each prospect you will be able to control the selection of literature sent out which will result in significant fulfillment savings as well as dramatically increasing your contact rate.

Step 2: Techniques of Qualifying Leads

Assigning leads to the right person

Twenty-two percent of the companies that receive prospect leads initially do nothing with them. Often they end up in desk drawers until a representative has time to spare, then out comes a handful of old response cards to follow-up. This type of poorly managed prospect lead handling hurts more than helps.

The haphazard assignment of leads does more damage than simply disrupting the effectiveness of your sales force. It irritates prospects.

If you expect to see higher contact rates and increase closed sales, it's important to send the right leads to the right sales representative every time. Prospects with high sales potential should talk to primary representatives. Likewise, secondary prospects may be better served by a distributor or dealer representative.

Lead assignment by category

Depending upon your program's level of sophistication, you can assign leads by:

- Geographic location
- Sales territory
- Zip code
- Application of product
- Sales volume
- Product/industry
- Prospect rating
- Distributor
- Dealer
- Outlet

These assignments can be used individually or in any combination which fits your exact sales management system.

Step 3: Fulfillment for Success

As stated earlier, people who send in reader service cards represent a tremendous potential market. You may remember our example of the unknown construction company that returned a bingo card worth \$200,000,000 in sales.

Unfortunately, numerous statistics clearly show that almost all companies do not adequately fulfill prospect expectations. Quite frankly, fulfillment systems break down because people don't understand their role. Like a chain, a fulfillment system will break at its weakest link. So it's your duty to strengthen each and every link, from part-time mailroom personnel to seasoned sales representatives.

Give everyone in the chain information to answer correctly

Clerks, secretaries, branch office personnel, distributors, dealers and salespersons should have the resources they need to properly answer an inquiry. You can provide wall charts that describe basic types of inquiries and how to route them. You can provide detailed telephone script-trees that qualify a prospect step-by-step. Whichever method you use, everyone involved with handling prospects needs the right information to keep fulfillment effective.

Answer all your inquiries within 24 to 48 hours

A maximized sales management system handles inquiries fast. And if you are on track, by fulfillment time your inquiry has been properly qualified, so you should know exactly what level of information to send out—even if it's just a brief acknowledgement of a request. It's just good business manners to promptly reply to any communication, including inquiries.

Answer your qualified prospects personally

If you're talking to a prospect with sales potential, send a typewritten personal response with a handwritten signature. Unqualified prospects should receive a form letter. Even if you have thousands of requests to answer, you'll find that the cost of answering them is minimal compared to the cost of acquiring prospects.

Answer your prospects in a friendly manner

Consider your reply as a first visit, a chance to promote goodwill, and a door opener for your sales representative. Overall, let prospects know you sincerely appreciate their interest. By sending a letter at each step of the sale, as well as sending a letter at the completion of the sales process, you maintain control of your prospects, without having to be totally reliant on your distributors. Remember, *you never get a second chance to make a first impression.*

Step 3: Fulfillment for Success

Make sure the information gets there

It's no wonder a majority of prospects are disgruntled when as many as 22% of companies that receive inquiries never send information. Of course sending fulfillment and receiving fulfillment are two different matters. Prospects do not receive information because the mailing label fell off the package, the mail room did not forward the material or the label was misaddressed.

Spell their names correctly

In the Performark study, a woman named Pat Riley received fulfillment packages with her name spelled incorrectly 26 different ways. Incredible as it seems, 75% of the companies addressed their fulfillment packages to *Mister* Pat Riley.

Your name is usually the first place you look when you receive mail. After all, it determines your right of ownership. Incorrect spelling projects a poor image of the company sending the fulfillment package. And it sends a strong message to the prospect: that the company is not taking the time to do the job right. It is easy to imagine why prospects with Pat Riley's problem rarely purchase from companies that can't even correctly spell a simple name.

Price information

This is by far the most frequently requested bit of information. But don't be too quick to answer. You might want to withhold this information to give your sales force a better chance at getting a foot in the door to sell your product's performance features or your company's services.

Technical information

Once you qualify the prospect's interest level and application needs, you can determine which materials you need to send. There is no need to send an expensive, glossy catalog when a black-and-white specification sheet will do. And by sending the prospect less information, you create the opportunity for a follow-up call by a salesperson. But use good judgment; keep in mind if your follow-up is inadequate, you greatly increase the chance of losing the prospect.

Prompt information

The Performark study shows that the average response card turnaround time for trade publications was 20.6 days. And, up to 20% of the trade publications included in the study had a turnaround time in excess of 31 days.

Now add the days it takes to forward the prospect requested literature, and the time it takes the mail to reach the prospect. If the turnaround time stretches beyond 90 days, your prospect has probably purchased from your competitor.

Step 3: Fulfillment for Success

Prospects want to know where to reach help or buy the product

Why anyone would have a problem letting their prospect know where to seek more information is beyond imagination. *Yet nearly 25% of all response material fails to tell the prospect where to find more information, or tells customers who to talk to if they care to make a purchase.* If you implement any sales management program, it is a cardinal sin not to include this information.

Prospects want information that is easy to file

An advertiser thought that an oversized folder would stand out in the file cabinet. Unfortunately, the prospect couldn't fit it in the cabinet and placed it on top of a shelf where it eventually became buried under memos, non-useful material and dust. This is not to say that the prospect didn't take a look at the information. But when follow-up material doesn't fit the normal filing cabinets, the prospect may overlook the material or throw it away.

Odd-sized promotional pieces are excellent to attract attention. But if you want your literature to be saved, use 9-1/2 X 12 inch folders with 8-1/2 X 11 inch inserts.

Step 4: Motivate the Sales Force

The key to building a maximized sales management system is to ensure the involvement and support of field sales. If they are unwilling to participate or use the system as it was designed, the chances of achieving your sales potential are lost. However, there are a number of activities you can incorporate which will direct and reinforce the performance of your sales force. By using the motivation techniques outlined in this section, you can establish and sustain interest in your sales management system.

Sales support from program coordinator

The program coordinator must be viewed as a reliable resource to help the sales representative through each step of the sale. The coordinator's role is to be the individual who helps in the tracking and management of each sale. The coordinator can help the sales representative with detail help, with reporting and offer any support the sales representative needs to get the job done. Be sure that you recognize your sales representative when celebrating a sale.

Qualified leads

The sales force must be convinced that the leads they receive are worth their attention and effort. By carefully qualifying every lead before it goes to the field, the sales force will begin to trust your sales system and will cooperate in the effort. However, if your qualification is not reliable, you will soon lose their support and your credibility.

Communication with the customer

You should send a letter or contact the prospect at each step to the sale. Your sales force will recognize the visibility and support you are providing. This is a way to demonstrate that the company, as well as the sales representative, is interested in the prospect's business. What's more, sending a closure letter once the process is complete greatly reduces—and even eliminates—the practice of telling the home office "the sale went away" when in fact it was never followed-up.

Measurement/analysis

The process of measuring the sales activity provides the feedback necessary to motivate performance. Sales reps are more likely to do a good job or to compete when they know someone is keeping score. In step 6 you will see the reports available to help the sales force track their progress.

Sale management system recognition

Studies have shown that by simply offering recognition—such as a \$20 award check—sales representatives will more readily cooperate in the tracking and reporting process. This recognition is designed to reinforce the completion of the steps to the sale; it is not an incentive for making the sale.

Step 4: Motivate the Sales Force

You may question why something as small as a \$20 award check would have an impact on a sale which could pay a commission in the thousands of dollars range. The answer is simple: consistent rewards for consistent performance.

Certainly, if a representative is doing his or her sales job right every time, their close ratio is bound to increase. The recognition reinforcement helps to bridge the gap between consistent sales performance and long-term sales success. Once your sales representatives have seen the system work for them, they will become its staunchest supporters.

Step 5: Managing an Effective Sales Management System

To implement any effective sales management system, you'll need to alter some attitudes of people in your company, and to change the perception they have about inquiries. It is a slow process. But if you take on the task of setting up a well-executed sales management system one step at a time, you'll begin to see that the ultimate goal of turning inquiries into sales is achievable.

There aren't any secrets. There aren't any gimmicks. It's just a matter of patience, persistence, and overcoming the constant fear that your system might die under its own weight.

Select a system that fits your company

Which type of sales management system will be the most cost-effective for you depends upon the value of each new customer as well as the methods used to make the sale.

Basically, there are three major levels of sales management systems:

- **Tier 1**

The first tier is for prospects with sales potential of \$1,000 or less. This first level simply sends out literature with a bounce-back card to any inquiry received. The sale can then be closed by telephone.

- **Tier 2**

The second tier is for prospects with sales potential between \$1,000 and \$5,000. This second level qualifies prospects by mail. Usually there is only an 8% return rate and information is sometimes inaccurate. To qualify, send out literature with a bounce-back card. Only qualified leads should go out to the sales force. Any bounce-back card which is returned with incomplete information should be telequalified before forwarding to the sales force.

- **Tier 3**

The third tier is for prospects with sales potential over \$5,000. This level telequalifies prospects before fulfillment and verifies information such as correct spellings, titles, telephone numbers and other qualifying information. This level also provides prospect follow-up, tracks the entire process and generates reports to management. With the maximized sales management system you can qualify 24% of inquiries and convert 17% of qualified leads contacted to actual sales.

Step 5: Managing an Effective Sales Management System

If you decide to internally operate a sales management system

One of your first duties must be to put someone in charge. You must assign an executive who can manage the entire operation and who can get the cooperation of the sales department. If the total responsibility for prospect management is delegated to an executive who is already fully-occupied, or to a clerical person with no experience, your chances for success are slim.

It's critical to get upper-level management involved in the process, because it will include upper-level planning, reviewing, and reporting. This doesn't mean that the person in charge must carry the torch full-time. But it does mean you must make it a major responsibility in the job description, so there is adequate time allocated to manage the system.

Once you have created the superstructure of your system, purchased the hardware and software, prepared a call guide, developed follow-up letters, prepared instruction kits, outlined specific duties and set procedures to follow, you can then delegate the daily operations to middle management executives.

The areas of lead qualification, fulfillment, and personal follow-up will continue to require executive supervision and planning. Everyone on staff should know what a sales lead represents. They should understand the business of lead qualification and fulfillment. Everyone should understand your product, market and method of selling. Above all, they need the ability to interpret inquiries from the prospect's viewpoint.

Without any software problems or personnel problems, you should be able to build your system and have it in place and running in about nine to twelve months.

Areas of expense involved with an internally run system

The costs involved with internal sales management system will vary depending upon the number of features you incorporate into your program.

The following list represents areas of expense you should consider when constructing a budget.

Personnel/Training Costs

Executive manager
Program coordinators
Qualification specialists
Mailroom clerks
Sales representatives
Inquiry handling clerks
Data Processing Manager

Facilities/Equipment Cost

Storage for fulfillment pieces
Work space to process, collate, mail
Manager/coordinator offices
Computer hardware and software
Telephone equipment
Postage

Step 5: Managing an Effective Sales Management System

The average first year expense to design and implement a maximized sales management system is \$320,000. This includes hardware/software, management and training expenses.

A special problem that faces internal programs

In any new system, you'll probably find that the sales force isn't fully cooperating with the program coordinator. Members of your sales force will quickly associate all internal coordinators as clerks with no authority. And they are absolutely correct.

In fact, you'll probably see only a 20% acceptance rate among your sales staff at first. As soon as the sales force makes this association, your program coordinators will begin to suffer from the psychological burden of carrying tons of responsibility without any recognized authority.

In other words, the coordinators realize they can't pull the necessary information from the sales force because they have no power to enforce the system. This responsibility/authority dichotomy, coupled with sales force rejection, produces unenthusiastic coordinators, stubborn sales representatives intent on subterfuge, lackluster follow-up, inaccurate reporting and a total lack of communication throughout the system.

After all, your sales people probably feel they give their prospects all the information they need. What's more, sales people aren't likely to admit that the customer's purchase decision is based on marketing/sales support materials. In addition, most sales representatives feel any lead that comes to them is worthless because they believe people in important functions at companies do not respond to advertising.

How to win them over

One of the most important tasks you must accomplish is to enlist the support of your sales staff. It won't be easy.

Your first step, to turn the before-mentioned scenario around, is to keep all routine, unqualified leads from reaching the sales force.

Falter once on this point and you can forget the support of the sales staff forever.

No matter how well-qualified your leads, you'll probably have to win the sales team over one at a time. Your best bet is to select one or two salespersons who are newer to the company and don't fully know their territories. Take them under your wing and explain the new sales management system. Show them that you can produce quality prospects, not just inquiries from literature collectors. Tell them they are running their own show, but walk them through the system for the first time.

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Sooner than you think, they'll realize that your well-run sales management system produces leads of great value. Once they're convinced, all you need do is leave them in a room with the rest of the sales force to talk-up their success.

Why the sales force will resist a sales management program

Most salespeople have a firm belief that they know their territory better than anyone in the company.

If you decide to use an outside service

More and more companies are turning to outside expert assistance in running a sales management system. As mentioned earlier, there are three basic levels of service to choose, so you should determine which service is right for your company by asking yourself a few questions:

- Is your sales management vendor measured on guaranteed results?
- Does the company have a successful track record?
- Do they offer sophisticated sale analysis and progress reports?

But the most important consideration of all is your bottom line. So make sure the sales management system will pay for itself several times over.

Benefits of using an outside service

Clearly one of the biggest benefits of using an established outside source for sales management is the high level of expertise they offer.

- They treat sales management as a science, not as an art.
- They have already developed sophisticated methods to qualify, track, follow-up, report and manage leads.
- They can customize smooth running programs to fit sales cycles.
- They can efficiently warehouse materials, collate, stuff envelopes, prepare computer cover letters, telequalify, and provide an array of reports.
- They greatly reduce the management's burden of running its own program.
- In many cases hiring an outside firm results in significantly better sales performance.

When you work with an outside company, it should assign an experienced, well-trained coordinator to work on your program. It's surprising how your sales staff will react to an outside coordinator. Once the sales force discovers a strong working relationship between coordinator and regional or national sales manager, they'll view the coordinator as a source of valuable inside information, not as a nasty thorn in their side.

Step 6: Analysis of the Sales Management System

Start with a data base

All the inquiries you accumulate should go into a data base, which then provides a wealth of useful information for report generation.

Be sure to include prospect information such as:

- job function
- industry type
- credit rating
- buying history and interest history
- product interest
- market segment
- sales territory
- source
- lead ranking
- product application
- potential revenue
- competitive buying activity
- other influential contacts at the same address

This way you can generate clear, concise, meaningful reports and mailing lists.

There are five types of reports that will maximize the efficiency and effectiveness of your sales management system. These reports are valuable tools—not only for the senior management team—but for everyone involved in your sales efforts.

Sales

Analyze your system to give senior management an overview of the entire sales process. Recaps of sales results indicate prospect follow-up, measure adherence to the sales process and rank sales representatives performance.

The sales representative can also benefit from this type of report if you identify problem areas by region, territory, distributor and dealer representative. It can help sales representatives work more effectively with distributors and dealers, too.

Step 6: Analysis of the Sales Management System

Activity

Keep your front line sales management up-to-date on all activity. Give them specific period and program-to-date sales information. Tell them types of sales measured in dollars or units and define the reward for all sales efforts. This way, you'll help the sales representative identify changes in activity and sales reporting by *monitoring the key steps to a sale*. Tracking and measurement can increase the close rate by 25% to 50%.

Media Evaluation/ROI

Your marketing management group will want to know the source of each inquiry, the cost of leads and the quality of inquiries. You may include individual source and type of promotion so you can determine the best use of advertising dollars to generate inquiries from trade publications, direct mail or trade shows. You'll also be able to track the revenue from inquiries and the return on investment by media.

Open Lead Aging

Give sales representatives and sales group coordinators a report on open lead aging. List all overdue actions for prospect follow-up to help insure timely reporting and follow-up. The report should also solicit updating information and acts as a backup for lost or misplaced prospect information cards. This way, you give the sales representative a recap of activity and show management who might need additional assistance and support.

Program Review

Provide all levels of management with a sales management summary. It can be a valuable reference if you cross-tabulate information:

- The close ratio with each step of the selling process
- Sales by product and application
- Sales by rating

From these cross-tabulations you can determine the close rate for sales steps and identify key elements of the selling process. You can evaluate promotional strategies by product and application. You can evaluate your rating system. You can identify training and support needs as well as develop credible statistics to influence sales changes.

Summary

Build Your Business with a System

A well-run system should first track qualified prospects and then track the prospects through all the steps in the selling process. And it should provide continued communication to prospects and reinforcement to the sales representative every step of the way.

Build your sales on effective sales management systems

A maximized sales management system will keep your name in front of the prospect during the entire sales cycle, whether the cycle is four months or two years. The process starts when a qualified lead receives an initial personalized letter including:

- name and address
- source of inquiry
- product interest
- application or use of product
- a success story
- the representative's name
- telephone number of the sales representative or company to follow-up
- the customer service representative's name and telephone number.

Once the prospect information card is returned after the first sales call, another personalized letter should be sent to the prospect thanking them for their time (determined by the result of the sales call). These follow-up letters begin to establish a working relationship between the prospect, the sales representative and sales management. The next contact and approximate date of that contact should be also identified. This insures accuracy in reporting by confirming the sales representative's actions and the next action to take.

This process should continue until a sale is made or the sale is lost. But all the data is stored for reports, further cross-tabulation and future mail lists.

The sales management system must have the ability to handle incoming customer service questions from prospects and then relate that information to the right salesperson (manufacturer, distributor or dealer). Plus, it must track these leads to determine who is just order-taking and who is pioneering to sell new products at the distributor and dealer levels.

Summary

Build the system right and reap the rewards.

As you learned earlier, the coordinator is a key person with a huge amount of responsibility and virtually no authority (that's reserved for upper management). Part of the program coordinator's responsibility is to build a solid bridge of open communication—one that enables the sales representatives to receive quality leads; the prospect accurate, pertinent information and the coordinator timely results. The trick is to build a bridge that withstands the constant pressure of the sales force and the continual coming and going of prospect information.

Once you've spent thousands—and sometimes millions of dollars—advertising and qualifying prospects, the idea of not managing the sales process is unthinkable. Consider that only a small fraction of the people you advertise to will ever become qualified prospects.

Therefore, once you've identified and reached this exclusive group the selling process has just begun. By managing each step of the sale you can be sure you've maximized your marketing effort and you've maximized your sales potential. Don't lose control of these critical opportunities.

Salespeople will go to great lengths to avoid paperwork. Some despise measurement and anything to do with control. Others resent mandatory involvement with any form of lead follow-up. You will have to train your sales representatives to understand the benefits of the system by showing them how improved reporting can improve their contact rate, their close ratios and, more importantly, their salary or commission. But it will still take six to nine months before any effective communication appears on a routine basis. Approximately the same time the representative realizes that when an action step is reported to the coordinator, the coordinator, in turn, sends the prospect a follow-up letter to confirm that action was taken.

A two-way bridge of this sort might not seem worth the effort until you realize the amount of communication needed between the sales force and the prospect to close a sale.

There are many choices to be made:

- Which type of system is right for your product or service
- How to start
- When to start
- Whether or not to use an outside service
- How to evaluate your system

But once you have a successful sales management system up and running, you'll begin to see the results. And when your company begins to reap new sales from better qualified prospects, you'll agree that all the effort is well worth the reward.

If you have any additional questions concerning how your company can get a maximized Sales Management System, contact your Performark representative at 1 800 888-2014.