
80/20 Sales Effectiveness Analysis

Based on many years of experience we have found that these are the most 'common problems' or 'opportunities for improvement'.

Some of these will be of no concern, others might strike a chord and make you pause for thought. There will be others that you are not sure of the answer to. That is where we can help.

Using a simple but comprehensive methodology, we can analyse your current performance and effectiveness in each of these areas. This will produce a concise and clear report, detailing very objectively the current situation for each of these points and how, if appropriate, each area might be improved.

The research could involve a range of activities. Depending on area of focus, our research could include data analysis, accompanied calls, informal staff surveys, review of internal processes and IT support, and objective assessment of marketing materials and activity.

The analysis (on one or more of these areas) takes around two days of our time, and two hours of yours. It produces a report that will give valuable insight and a series of recommendations.

NB: The use of the term 'sales person' is shorthand for any and all job roles involved in the process and purpose of winning business.

1. Unbalanced customer portfolio

How heavily do you rely on a few key customers for your sales revenue?

You ideally want a mix of customers and products and services. If 20% of your customers produce 80% of your sales, then this has a high degree of risk. Consider creating a greater mix of sales and sales opportunities:

- No more than 30% of sales or pipeline opportunities from one customer
- 30% of each quarter's sales from either first customers or dormant existing customers
- 30% from higher margin optional or newer products or services

A simple analysis should be able to tell you this, and allow you to begin to understand the dynamics of your customer spend.



2. Lead generation overspend

How cost-effective are your lead-generation and marketing activities?

You probably make quite a high investment in marketing activities. Many of these may not actually seem to produce tangible or measurable results. Also, tracking effectiveness of leads to cash might be difficult to measure accurately.

Advertising, whether print or web, is expensive and it is notoriously difficult to measure its effect. Word-of-mouth marketing, referral generation, networking, customer follow-up, and development even more so.

For a quick ratio, simply take your total spend on lead generation activities for the last 12 months (advertising, web promotion, exhibitions, direct mail, etc) and divide it first by the number of **NEW** leads produced and the number of new customers it generated, and then by the value of the business done.

Here is a simplified example:

- Marketing spend = £100,000
- Enquiries/leads for period = 500 (each lead is costing you £200)
- New customers = 100
- Spend of these 100 new customers = £500,000

Therefore each new customer is costing you £1,000.

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This figure in fact might be greater than the profit margin of each new order/customer in which case, selling to new customers in this way is actually costing. not making, money – unless you are able to grow customer spend.

The secret of developing new business opportunities efficiently lies in two areas: a) making opportunity prospecting a constant and consistent focus and b) focusing on ROI analysis of marketing. Then you can focus on the areas with greater cost/reward return. In today's tough market, reducing the amount of 'luck' is essential in new lead generation.

3. Sales roller-coaster

How consistent are your month-to-month sales results?

Your sales figures, particularly for new or first time customers, might sometimes resemble a 'sales roller-coaster' – good month/bad month, etc. This could be for several reasons:

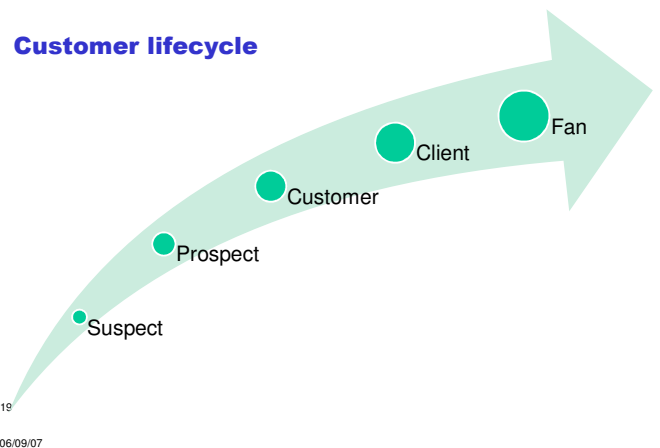
1. You are too reliant on one or two sales people or customers that can skew your figures.
2. Your sales pipeline is not large enough and is exposed to minor changes.
3. Your sales pipeline is not qualified accurately enough and therefore opportunities tend to 'slip' on a regular basis.
4. Lack of ability to build solid sale opportunities, particularly with a sense of urgency.
5. Poor or inconsistent prospecting and 'filling the funnel' activity.

It is possible to analyse these causes and come up with a series of measures to reduce the 'feast or famine' effect and end-of-year 'dash to the line' for the annual sales target.

4. Inconsistent follow-up

Do you have an implemented 'personal contact strategy' for keeping in touch with your customer base, prospects and useful contacts?

Whether a customer or a prospect, all contacts should be followed up by telephone, on a planned and regular basis.



In many companies, there is poor consistency of planned or organised follow-up of past leads, customers and contacts, with many dormant contacts and customers not being contacted on a regular basis. The reality in many businesses is that 80% of contacts and customers are not contacted after six months. Sources of opportunities to be gained by better follow-up could include:

- Old enquiries, or leads that did not come to anything
- Lapsed or dormant customers
- Existing customers that could buy additional products or services from you but don't
- Contacts that might be able to offer you a referral, and you them
- Lost customers that you could re-bid, or reconnect with

Clearly email, letters and events are also good ways of keeping in touch, but a phone call is both personal and interactive.

'90% per cent of success is showing up'

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5. Lack of differentiation

How well do you know, and can explain clearly to customers, what makes you different from your competitors?



If you find it difficult to differentiate yourself and if customers seem to have a 'pre-occupation' with price ('I could make more sales if we weren't so expensive'), consider these three points:

1. Are the main selling points (features, benefits, etc) also true for your main competitors?
2. Are sales messages adequately personalised and tailored to individual customers and to each sales opportunity or proposal?
3. If there are cheaper alternatives in the market, how convincingly do you articulate how and why you are superior?

You should focus not on USPs, but on defining 'comparative advantages', tailored at the point of sale wherever possible.

6. Sales conviction

Does your sales team believe in what they are selling? And your prices?

It might be that even your own sales people are not convinced about the value and price of what you sell. Clearly, this makes it difficult for them to convince your customers. They might also be the biggest critics of your product and prices. This attitude is often given away unconsciously during their dealings with customers and leads to a lack of urgency and enthusiasm, reflected in a prolonged sales cycle and many 'sleeping' opportunities.

7. Poor use of sales time

How much time is actually spent with customers, talking to customers or working directly on business development activities?

In many cases, sales people spend less than 20% of their time with customers or working on new business opportunities, for whatever reasons. These reasons might be real and seemingly legitimate – travelling time, paperwork, internal meetings, and so on. But they can also arise from poor time management: lack of prioritisation, delegation, procrastination, goal setting and setting daily and weekly objectives and time plans.

8. Sales productivity

Can you differentiate between your best sales people and the most productive?

Unless you carry out regular sales ratio analysis, it can be difficult to really understand individual sales effectiveness. Sales productivity is structured around three main dynamics: **Activity**, **Value** and **Conversion**. These three factors interact to create sales results. Any desired improvement in sales must be accompanied by an improvement in one or more of these elements. Measuring these on a regular basis allows both management and individuals to implement sales improvement goals and more practical activity plans. Setting higher sales targets will not itself produce great results, unless sales people know how and where to change their behaviour and activity.

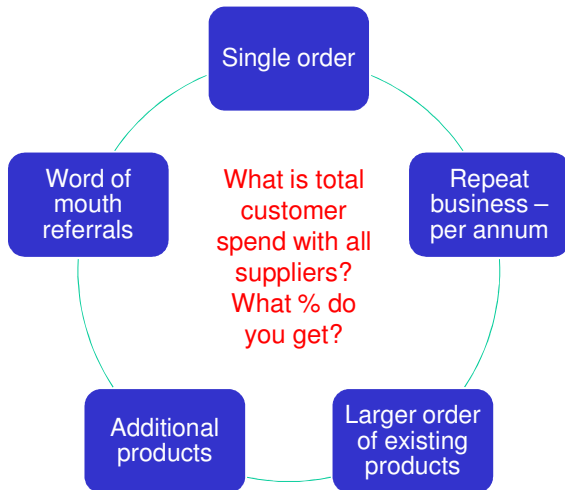


9. Customer development

How well do you maximise individual customer potential through up-selling and cross-selling?

It is likely that your customers, even good ones, are only spending a percentage of their potential business with you. That is, sales or customer orders are for single products or types of product, and often do not result in other business or repeat orders.

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In many businesses, customer value, potential or cross-selling activities are not a core part of monthly sales analysis or reporting. Often sales activity is focused heavily on new customer acquisition rather than customer development.

10. Ineffective sales pipeline reviews

How well does your sales reporting, qualification and pipeline management contribute to improving sales effectiveness?



Most experienced sales professionals are skilled at managing the 'pipeline review' discussion. Their optimism around 'stalled' deals can be compelling and of course they are very skilled at telling people what they want to hear. A good review should provide both managers and sales people with quick and accurate analysis, with clear actions agreed to progress each opportunity and result in improved 'on-time' conversion.

This also includes the correct utilisation of sales tracking and CRM tools, something that often suffers from very low adoption rates among sales managers, sales people and account managers.

11. Lack of real sales skills development

How confident are you that the money you are spending on sales training is delivering additional revenue?

Short-burst or one-off training can definitely have a motivational effect and create a lift in sales activity. For more sustained results, your sales training should be thought of as skills development and should extend beyond occasional classroom learning. This might start with a skills needs analysis, linked to business requirements. Group training should be done regularly and supported by other activities such as:

- Online and e-learning
- Personal development projects
- Accompanied call coaching
- Mentoring
- In-depth product and market knowledge testing

This approach, combined with a 'before and after' series of measurements will improve not only the skills, behaviours and motivation of your teams, but also allow you to quantify the improvements gained.

12. Wide variance in sales performance

What is the gap between the highest and lowest performing sales people?

It is not unusual for 80% of sales to be achieved by the top 20% of sales people. You may have three groups of sales people in your organisation:

- a) Those performing above target on a consistent basis
- b) Inconsistent or average results – 'perform when pushed'
- c) Struggling

Whilst you might be able to write names easily against each category, understanding the causes, and what to do about them, is a perennial question.

'Nearly all sales people can increase their sales results by 20% – if you know how'

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Summary

Element	Question
1. Unbalanced sales portfolio	How heavily do you rely on a few key customers for your sales revenue?
2. Lead generation overspend	How cost-effective are your lead-generation and marketing activities?
3. Sales roller-coaster	How consistent are month-to-month sales results?
4. Inconsistent follow-up	Do you have an implemented 'personal contact strategy' for keeping in touch with your customer base, prospects and useful contacts?
5. Lack of differentiation	How well do you know, and can explain clearly to customers, what makes you different from your competitors?
6. Sales conviction	Does your sales team believe in what they are selling? And your prices?
7. Poor use of sales time	How much time is actually spent with customers, talking to customers, or working directly on business development activities?
8. Sales productivity	Can you differentiate between your best sales people and the most productive?
9. Customer development	How well do you maximise individual customer potential through up-selling and cross-selling?
10. Ineffective sales pipeline reviews	How well does your sales reporting, qualification and pipeline management contribute to improving sales effectiveness?
11. Lack of real sales skills development	How confident are you that the money you are spending on sales training is delivering additional revenue?
12. Wide variance in sales performance	What is the gap between the highest and lowest performing sales people?