

Experts Realign 2009 Expectations



GET BETTER SALES

by **David Hamacher**

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No one needs to be reminded of our current financial crisis. In his presentation, "The US Economy and Financial Markets Before and After the Election" on October 19th, renowned global economist, Dr. Allen Sinai, said, "We are in the fifth worst bear market in our history." And, he warned, "There's no way to guess when we'll come out of it."

What about sales teams? What can businesses do to minimize loss of revenues?

Optimizing Sales Productivity

Mr. Joe Galvin, Vice President and Research Director at Sirius Decisions, delivered the keynote address, "Strategic Planning Amid Financial Chaos" this week at the "2009 Trends for Sales Optimization," sponsored by the New England Technology Sales Executives Association (NETSEA). "Effective decision making today requires benchmarking data, best practices, analytical tools, and thought leadership," he said.

Drawing from his research brief, "The Pulse: Sales and Customer Value Messages," participants were asked to rank components of their growth strategy. Sales optimization was ranked highest of six factors. The resulting insight? Optimizing the performance of sales people is the key to growth strategies.

Mr. Galvin then shared from his brief, "Optimizing Sales Performance: Managing the Herd," that only 56-59% of sales producers achieve their plan. Barely a majority.

Proactive Management

Another panelist at the NETSEA event, Mr. Bob Conlin, Chief Marketing Officer for Centive, addressed a question from the audience, "Why is it that companies continue to overpay an under performing producer? Wouldn't the business be more profitable to have that position not filled? Mr. Conlin replied, "With some companies, poor compensation plan design results in overpayment of marginal performers. For others, it's hard to let go of resources they've invested in, even when metrics show their investment isn't generating the expected return." Other audience

members responded that keeping the producer on board generates cash flow and keeps the business name out there.

Mr. Conlin countered, "Management could have other producers on the team cover that territory until the position is filled. But the best solution is to insist that sales managers be proactive in maintaining a pipeline of new sales talent. Managers should always be filling their hiring pipeline by constantly interviewing and collecting resumes from strong candidates.

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Every company should have 'managed turnover,' and when that turnover occurs, new talent should be readily available." They can then proactively manage total team production levels resulting in higher profits and greater bottom line performance. "At the end of the day," he said, "sales compensation should boil down to pay for performance. Target and top performers should be rewarded; marginal performers should be coached if possible, or turned over if not." That's not to say it should be commission only, but rather management should ensure productivity levels are commensurate with total compensation.

What's Next?

Noted financial expert, Mr. Warren Buffett, said recently, "Most major companies will be setting new profit records 5, 10, and 20 years from now." Every economic decline has been followed by an upturn.

Increasing organizational performance requires a focus on optimizing sales productivity. Not only will that focus help minimize losses in this current crisis; it will help accelerate profitability in the coming upturn.

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