DOES YOUR SALES TRAINING PROGRAM ADDRESS YOUR SALES PERFORMANCE ISSUES? PART 1

Sales training programs encompass a variety of necessary components; things like company policies, sales paperwork, CRM/sales force automation orientation, sales processes, company services, sales skill training and product features and benefits.

But when I ask Sales executives and Sales trainers how their current sales training program is aligned with their sales performance issues I get the look of "No speak English'.

Let's first categorize 'Sales performance issues'. There are (4) distinct sales performance silos that will effect the overall outcome of any sales team, year in and year out. They are:

• % of Sales reps to Quota
• Average New-hire Ramp-to-Quota in months
• Sales Employee Turnover rate
• Time spent versus Result achieved

This is a good place to start in determining what sales skill training to implement to achieve a measurable return on investment. But here's what will set you apart when you walk the request up to the front office. Start out with the NUMBERS.

That's right. Take a diagnostic view of your current sales performance silos, one by one.

Let's look at a real sales performance issue example of 'Average New-hire Ramp-to-Quota'. I recently conducted a 'Sales Performance Improvement Blueprint' web-cast for this sales organization.

The company was hiring 155 sales reps per year. The ultimate objective of any new-hire sales training program is to ramp the new sales rep to Quota. Simply, give them everything they need to effectively reach their monthly sales goal.

So how was this company doing? They were obtaining this ultimate sales training program objective in 7 months. So how does one determine if that training outcome is a 'Sales Performance Issue'? Let's take a look.

Step 1: 'Run the Numbers' for any realistic ROI opportunity

• Each new-hire rep had an ultimate quota of $3500
• Sales Cycle was 17 days
• Average customer term agreement of 36 months
• Average 'Sub-Quota' revenue per month during ramp of $1300 (This number reflects the average monthly revenue a new-hire achieves before they achieve quota attainment)

Step 2: 'Run the Numbers' hypothetically for a 'Specific' improvement

In this case, I showed the sales management team what return on investment they would get by helping just 1 sales rep achieve full sales quota in 6 months versus 7 months. Based on their numbers my diagnostic X2 Evaluator™ system showed them a ROI of $79,200 just by trimming off 30 days. If they did that for all 155 of their annual new-hires, they could realize $12,276,000.

And that got their attention. So, is it now a worthy sales performance issue to attach pin-point sales training to? Not quite yet.

Step 3: 'Run the Numbers' for a 'Reality Check'

The most successful businesses — and certainly, sales departments — have identified their Key Performance Indicators (KPI); individual gateways that directly effect the outcome of a particular process. Then they measure the competency ratios in line with them.

A good KPI example in the sales process might be how many times you advance the first sales appointment to the next phase, whether that's a demonstration, a site visit, a survey or a proposal. Another KPI is how many times you gain a new customer once the first gateway is passed. And when you do gain a new customer, what's the average revenue you achieve? And how long does it take to gain a new customer on average; i.e. sales cycle?

How about how long it takes you to gain 1 new sales appointment, defined by sales prospect 'conversation'? And as a by-product of all this, how many new appointments are needed each week?

We ran these numbers in the X2 Evaluator™ system to see 'if and where' there were some leaks in the 'KPI ship'. And here's what we discovered; not a leak, but a big 'ole fire hose.

Two 'KPI issues' were apparent. First, why does the ramp-to-quota for a new-hire take 7 months when the average sales cycle is 17 days? Second, they were only setting 3 new appointments per week when they needed to set 6, based on their other KPIs. So their sales appointment 'activity barometer' was only running at 50%. And that will dictate a longer ramp-to-quota.

Dig a bit deeper in the X2 Evaluator™ system and out popped a 6% conversation-to-appointment ratio; they had to conduct 15 prospect conversations to get 1 new appointment.

OK, back to the 'Reality Check'. Is it realistic to focus on reducing the new-hire ramp-to-quota from 7 months to 6 months for a sales training ROI of $12,276,000 or $79,200 per rep?

You bet it is. These folks needed to address the front-end of their sales process; setting targeted sales appointments. To do that, they needed (1) establish an activity standard to reach quota by month six and (2) develop a sales prospecting methodology and supporting X2 Evaluator™ system to spend less time in achieving it.

Then they needed to plug their sales prospecting 'system' into their current sales training program and work to a weekly sales appointment activity goal to assure a monthly revenue result by month 6.

Step 4: Set the Goal and 'Train to It'

A sales training ROI goal of $12,276,000 or $79,200 per rep is for sure a worthy one. And the diagnostic system showed us they would meet this goal just by setting 3 additional sales appointment per week per rep; 6 appointments versus 3.

Actually, I lied. The X2 Evaluator system showed an even brighter picture if the sales appointment activity standard of 6 new appointments per week was met. If they could support their new-hires with a sales prospecting system that could help them achieve 6 new sales appointments per week, they would actually cut their new-hire Ramp-to-Quota by 4 months; from the current 7 months down to 3 months.

And that sales training ROI would be $316,800 per rep or a whopping $49,104,000.

One of the reasons why sales training fails is a failure to define a useful objective. In this case, our diagnostic method has defined a single useful objective for them to train to. And this same diagnostic method can be utilized if you have a 'Sales Performance Issue' of an unacceptable percentage of Sales reps reaching Quota each month.

In Part 2, we will take a look at (2) other sales performance issues, 'Sales Employee Turnover rate' and 'Time spent versus Result achieved' with this same sales management team and see what our diagnostic method to sales performance improvement and ROI turns up.