

Successful Sales Management

Expert knowledge means success

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Note: This publication has not been updated since it was last published. Some of the hyperlinks may have changed and may need updating. In addition, some of the information in this publication may be out of date.

Introduction

Robert Louis Stevenson once wrote: “Everyone lives by selling something”. Nowhere is this truer than in business. The sales manager’s competence and influence on his sales team and other departments is one of the determining factors in a company’s success. If a company sells, receives payment and makes a profit in doing so, all the company employees share in that success through remuneration and employment stability.

A successful sales manager must have a blend of skills. He/she must be a strategist and a tactician and have a financial appreciation of the business. He/she must have market and product knowledge and exemplary sales skills. He/she must be able to motivate his/her team and nurture their development, while monitoring and focusing their activity. He/she must maintain good working relationships with all departments including marketing, product development, support and service, and must ensure that these departments know his/her customers and deal with them professionally.

This publication looks at what a sales manager needs to consider when recruiting and managing a team and its activities.

Recruiting the Sales Team

Recruiting the right salespeople with the right personal skills and experience is vital to a company’s success. A good salesperson will not just make his targets, he will do so at a good margin and have happy customers who want to do business with him. He should be rewarded, encouraged and trained well. A poor salesperson doesn’t just miss his targets, he may also make unprofitable sales, alienate customers and waste valuable management and support personnel time. The longer that he represents a company, the easier it will be for the competition to get a stronghold in his “patch”. He should be ousted as soon as is legally possible.

Before the recruitment search begins, sufficient time should be spent determining

the job description, profile of the ideal candidate and the remuneration on offer. Time spent on determining these factors at this stage will reduce wasted time on unsuitable candidates. Once this is complete, the search and evaluation processes can begin. Once a suitable candidate has been identified, references should be taken up and carefully checked.

Job description

The job description should include the following:

- The scope of the salesperson’s role: i.e. is the salesperson simply handling direct sales, or are they an account manager managing all of the company’s interaction with the customer? Will they negotiate prices and organise payment or is that managed by other departments? Will they handle all sales activities or is lead generation or telesales provided by other departments?
- The sales marketplace: i.e. the physical area and product range that the salesperson will be expected to cover. Will he be generating new business or developing existing accounts? Are there any restrictions on what and how he can sell, e.g. are there third parties or other internal sales channels covering the same marketplace?

Profile

A salesperson must not only be competent at their job, but their knowledge, experience and personality must complement the existing team. The following should be considered:

- What level of selling skills and experience are required? Is it necessary to have an accomplished trained salesperson, or could a junior with good communication skills and aptitude fill the role?
- What level of formal education is required? What level of trade off is acceptable between formal education and previous sales success and experience?
- Are there any specialist technical skills required? If so, must the salesperson be experienced in these skills or could suitable candidates be trained?
- Is there a company culture? If so, how well must the salesperson fit within that culture?
- What levels of tenacity, patience, creativity and drive are required to succeed in the company’s market sector? Is the market sector suited more to some personalities than others?

- If sales cycles are long, will it be necessary to recruit salespeople who can wait for the satisfaction and remuneration of a longer but higher value sale?
- Is market sector knowledge and experience necessary or could salespeople from similar marketplaces be cross-trained?
- Are there company methodologies and standards that salespeople must adhere to, and if so, how adaptable must the salesperson be?

Remuneration

How will salespeople be compensated for their success? The following should be considered:

- How will commission, basic salary and any other target payments be apportioned? Will commission be paid on the value of the sale or on the margin? When will commission be paid, i.e. on receipt of order, or on receipt of payment?
- Will there be other benefits, for example a car and mileage payments?
- Is there a career progression path?

Finding and assessing candidates

A candidate search may be handled internally or via an agency. In either case, a clear written brief taking into account the points made previously will allow the opportunity to be marketed more effectively. A well prepared application form will help identify which candidates best suit the job description, profile and remuneration on offer. If there are specific technical or other requirements, consider testing suitable candidates prior to interview.

Interviewing candidates

Only candidates who match the criteria should be interviewed. The Curriculum Vitae should be confirmed and any gaps investigated. It is important to check that the candidate's career aspirations are in line with the opportunities and career path available. A short list of candidates should undertake a second interview that includes a suitable colleague or manager in the selection process. If there are any doubts it is best not to hire. It can be difficult and stressful for all concerned if a bad hire has to be dismissed.

References

As a minimum, two references, business and/or personal as appropriate, should be requested. This is not always straightforward. Many companies will only confirm that an employee has worked for them during specified dates and will not comment on their competence or suitability for the role. In other cases, companies may have closed down, or relevant management personnel may have left. Some agencies automatically check academic references; request this option if there are doubts.

Contract of employment

Be aware that any terms not covered in a contract of employment will revert to legal defaults. A trial period and a short notice period could be specified for all new staff. Salespeople often leave to go to a competitive employer: consider an agreement on confidentiality, payment in lieu of notice and commission if a salesperson leaves in these circumstances.

External sales channels

In addition to the direct sales force, it may be necessary to work with sales agents or telesales agencies. These groups will need to be aware of the company's sales and product policies, tools and education.

Agents

Agents can be useful if the company is trying to break into a new marketplace or geographical area. They will have greater market knowledge and contacts than a salesperson new to a market or geographical area could hope to have.

Telesales

Telesales does not suit all businesses. Where it does suit, it can be provided by an internal function or through a telesales agency. Even if there is an internal telesales function, an agency could be considered for a discrete piece of work e.g. a specific promotion or a new product coming to the marketplace.

Managing the Sales Team

A sales manager needs to be a good administrator, businessman and motivator. He needs to determine what the company needs to achieve, how it needs to be achieved, and inspire his team to achieve it.

The Sales Strategy

A well planned selling strategy will ensure that salespeople know what the company is trying to achieve and what part they are expected to play in delivering results. It should be compatible with marketing, development and production strategies.

The strategy should not be “set in stone” at the beginning of the year and then only dusted down at the end of the year. It should be regularly reviewed as market conditions change. It should reflect the following points:

- What is the current situation?
- Where does the company want to be?
- What actions must be undertaken to get there?

The first two items may not change over the year. The third item, is in effect, the Sales Plan, and may change depending on changes in the marketplace, supply or worldwide events.

The Sales Plan

The Sales Plan should implement the Sales Strategy. It should consider sales activities as well as results, particularly where long sales cycles are concerned.

A Sales Plan should cover the following areas:

- Which products does the company wish to sell and in what combinations? Commission should be structured to encourage the sales team to sell the mix of products the company wishes to sell rather than the products that are easiest to sell.
- Which prospects/customers does the company wish to sell to? If the company is currently reliant on a small number of big clients, it may wish to broaden its customer base.
- In which market sectors does the company want to increase sales?

- What pricing structures need to be put in place? This will typically be determined by Marketing, but the room for negotiation must be clearly understood by the sales team. Heavy discounting could be discouraged by basing commission on margin rather than turnover.
- What tactical actions must be taken to ensure success? A list of Sales actions that show how the plan will be implemented need to be documented. They need to realistically match the company resources available and the cost targets required. Large customers, particularly those with multiple purchasing points, may require their own plan.
- What cost per sale is the company prepared to incur? Are they prepared to break even on, or make a loss on certain sales? Cost analysis is a complex subject and should include all activities by all employees involved in a sale.

Setting targets

Target setting includes looking at both existing and potential customers and their business requirements. This is one of the key reasons why a company must know its customers and their business. The more accurate the knowledge, the more accurate the targets will be. New business targets will be based on current prospecting, market information and industry information. Seasonal factors and competitors’ plans may also affect target setting.

Targets and commission payments should be based on the sales plan and should reflect both activities and revenue. They should be challenging, but achievable.

The Sales Team

The strategy and plan will determine the number and type of salespeople needed in the sales team. The growth of the Internet as a sales channel could require a different type of salesperson to those more used to building face to face relationships. If there are too many salespeople to actively manage, more senior salespeople could be used to mentor more junior members of the team. If there is more sales activity than the team can manage, and the company does not wish to employ further salespeople at this time, it could consider outsourcing telesales or other activities.

Training and Personal Development

Successful salespeople are knowledgeable and therefore credible. Whether by training, research or experience, salespeople need to have knowledge of the following:

- the company's strategies, plans and targets;
- the company's products, their features and their compatibility;
- the industry and market sectors the company is trying to sell into;
- competitors products and hence the company's unique selling points; and
- how to review their own activities and their effectiveness.

The sales manager must ensure that his sales team maintains current knowledge of these areas, and that market information is shared throughout the team. If necessary, part of the salesperson's remuneration could be based on the overall success of the team to incentivise them to support each other and share information.

New recruits will need induction training, not just in the company's market sectors and products, but also in how the organisation is structured, its culture and its customers.

A sales manager should be a mentor to his team. Both new and experienced salespeople should be accompanied on customer calls so their performance can be evaluated in an objective formal methodical way. Salespeople can then be shown how to use the same methods to evaluate their own performance in the future. Each salesperson's activities should be monitored against the Sales Plan. If there is a significant mismatch, the salesperson may need help in structuring his workload in a more focused way.

Team role-playing can be used to identify and manage potential issues and deal with them in a constructive fashion. This can be particularly useful for more junior salespeople who could learn selling techniques from more experienced ones in such a forum. Where appropriate, formal training sessions should be organised according to individual and group needs.

Motivation

A sales manager needs to work for his team, and his team must want to work for him. He needs to be supportive, constructive and provide clear leadership. He needs to nurture a motivational climate, particularly during periods of sales rejection. He needs to be able to focus his team on the positives and minimise the negatives. He needs to praise in public and reprimand in private.

By nature, salespeople are motivated by reward and recognition. In addition to commission, other incentives could be offered in recognition of achievement. This could be as extravagant as a holiday or as simple as a plaque. Financial compensation is its own reward, but those salespeople whose compensation may be poor through circumstances beyond their control, could have their motivation boosted in this way.

Recognition schemes are also a good motivation tool for sales support staff and other background employees involved in a sale who receive no additional financial compensation on its success.

Managing Sales Related Activities

Successful Sales Management is not just about managing people. The processes that support their activities must also be managed.

Lead generation

Leads may be generated through a variety of means including marketing activities, advertising, telesales, networking and business referral. The sales manager should ensure that all employees involved in lead generation understand not only how to market the company and its products, but also how to recognise potential sales opportunities. Cold calling techniques should be monitored and refined once successful tactics have been identified.

However, leads are generated, the sales manager needs to ensure that they are distributed appropriately within his team and responded to in a timely fashion.

Business Development

It is generally easier to get an order from an existing customer than from a new one. The sales manager should take steps to ensure that his customer base is aware of the company's full product and service offerings. He should also ensure that his sales team spends time and effort on fostering long-term relationships with their customers. If the customers are happy with their service they will be more willing to help the company develop its business by referring it to other contacts.

Knowing their customers' business will help the sales team understand where sales opportunities may arise. Contact should be maintained with customers who haven't ordered for some time; to maintain customer loyalty. The sales manager should encourage his team to make the most margin achievable on each sale, through price negotiation and promotion of complementary products and services.

Exhibitions

Promotional shows may be more the domain of the marketing manager than the sales manager, but in smaller companies the two roles may be performed by the same person. Exhibitions can be expensive, so lead generation must be carefully planned. Employees hosting the stand should be well versed in the company's products and marketing messages. They must also be able to demonstrate the products displayed on the stand. They need to know how to qualify enquiries and collect further contact details.

Customer service

All company employees that come in contact with customers can have a positive or negative impact on how the company is viewed. This starts at the reception desk which should be helpful and efficient. Temporary staff should be avoided wherever possible, and a system should be implemented that allows the reception staff to track key members of staff. Accounts, support, delivery and service departments should all be aware of the impact their attitude and efficiency can have.

Although complaints are not the prime focus for the sales manager, complaints handled badly can have an adverse effect on the sales relationship. Complaints should be treated objectively and well. If a customer feels the complaint is positively handled, it may give them a level of comfort that the company is interested in more than just taking the order.

Customers

The sales manager should identify the type of customers that best suits the company. This will be determined by the target industries, products, sales cycles and opportunities for repeat business etc. This information will help him devise a strategy on how the sales team should spend their time and effort when prospecting for new customers and developing existing ones. New prospects may come from many sources including cold-calling, referrals or as a response to promotions or advertising.

Valuable customers

All customers are valuable, but some are more valuable than others! The majority of sales and profit may come from a small number of customers. It is worth identifying which prospects are most likely to become customers, and which customers may be of most benefit to the company. The easier the sales, the less time and cost will need to be expended on sales and marketing activities.

For prospects, consider the following:

- Is this prospect's industry within the company's core market sector?
- How profitable are sales to this industry?
- How frequent are sales to this industry?
- Where did the enquiry come from?
- Have they been referred by an existing customer?
- Do competitors already have a presence in this prospect?
- What is the size and location of the prospect?
- How much effort, and therefore cost, will be involved in making the sale?
- What level of contact exists between the companies?

For existing customers, consider the following:

- What margin is made on each sale to this customer?
- How much effort is expended for each sale?
- What is the customer's payment history?
- What is the customer's order history? Do they make regular or infrequent orders?
- What level of contact exists between the companies?
- Does this customer inform its salesperson of their business plans, or are they kept at arm's length?
- Are they willing to provide referrals to other customers?

The sales manager should work with his team to identify the most valuable customers and thereby ensure that sales effort is correctly focused.

Customer Knowledge

A manual or computerised system should be used to record customers' details. This should include the following:

- order history;
- payment history;
- personal contacts within the company at different levels and within different departments;
- sales enquiries;
- contact history (including any complaints and their resolution) and
- account status.

Having this information available to all employees that may come in contact with customers will allow the company to present itself as efficient and oriented towards customer service. It will also ensure that if the salesperson assigned to that customer is away, or leaves the company, vital customer information is not lost. Analysis of the information may be helpful for sales forecasting, particularly if there are annual or frequent purchases, and could also be used as a basis for further marketing activities to allow contact to be maintained with valuable customers during quiet order times.

Products

Research, conception, packaging and positioning are all pre-requisites of launching a product and are vital to its success in its relevant marketplace. There must be a need for the product and it must be perceived as offering good value for money. Depending on the marketplace, the range of products must be developed and changed with changing customer demands. Marketplace trends and information should be fed back to Marketing by the sales manager to ensure that emerging requirements are catered for in future products.

The sales strategy must reflect the product strategy. Some products will have higher margins than others, so targets and commission structures should be geared to reflect the company's market share goals, and the sales force should be made aware of any "loss leaders". The sales force should also understand the sales potential of each product and any complementary products to allow them to maximise each selling opportunity.

Recommended Reading

- **Successful Sales Management** by G. Stewart, published by Financial Times Prentice Hall, ISBN: 0273644882
- **Sales Management** by R. Calvin, published by McGraw-Hill Education, ISBN: 007136434X
- **The Complete Guide to Accelerating Sales Force Performance** by A. Zoltners, K. Sinha, published by Amacom, ISBN: 0814406505
- **Rethinking the Sales Force: Redefining Selling to Create and Capture Customer Value** by N. Rackham/J DeVincentis, published by McGraw-Hill Education, ISBN: 0071342532



Further Information

Business Link publishes practical advice for business. This includes a detailed guide to sales and marketing covering such topics as Effective Selling, Pricing, Selling and the Law, Profitable Customers and Selling Overseas. More information can be found at their website: www.businesslink.gov.uk

This guide is for general interest - it is always essential to take advice on specific issues. We believe that the facts are correct as at the date of publication, but there may be certain errors and omissions for which we cannot be responsible.

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