



Seven Early Warning Signals of Ineffective Sales

Stop losing business by taking heed to these signals

No one is perfect, and no business is either. So it stands to reason that individual components of a business may not be perfect either. Specifically, this could mean your sales department and sales processes could use some tuning as well. Consider these seven early warning signals and see if you can make some improvements in some areas of your business.

1. Can't duplicate the model of successful sales people. This is typically a sign of not having an established sales process. A sales process describes the flow in which a customer goes through your sales cycle; such as what happens next and who hands off what to whom. It also includes selling skills and what is needed to perform each step in the process in the most effective way; from cold calling to closing. Early warning signals that you might be deficient in this area include:

- Some sales reps are very successful while others are struggling, yet they are selling the same products or services to the same type customers
- Sales reps are calling on non-decision makers
- You are spending time writing proposals for RFP's from prospects that haven't been properly qualified
- Forecasts are inaccurate and incomplete
- Quotas are your only sales plan (i.e., no territory or account management strategies are in place for each sales rep)
- Sales reps are confused as to what to do next to close a sale

To correct this problem, develop a sales process that reflects the best practices of your sales team. Provide sales training to help your sales reps improve upon their weaknesses. Train your people, and provide continual reinforcement, on the sales process and how it works. Make sure all departments in your company understand the process and potentially are part of it.

2. No Lead Flow. When marketing spends time and money acquiring new leads and your sales people don't find those leads to be useful, you have a severe problem. Conversely, when your sales people close sales but your Marketing department doesn't know what kind of leads were closed nor where they came from, then that is equally a problem. The first thing you need to do is understand who your customers are, why they buy from you, what they buy, when they buy, and other purchase-related information. You should also understand things about their business (location, size, revenue, SIC code, etc.) or about

them as individuals (age, sex, interests, etc.). With this information, Marketing can then target similar businesses or individuals with their campaigns. These leads will, by definition, be qualified since they will match the profile of others who already purchased from you. Your next step is to track these leads. Know where they came from and find out if they ended up purchasing from you or not, and why. When you create a lead flow system, you not only track how the lead went from Marketing to Sales, but the disposition of that lead and how it flows back from Sales to Marketing. If it was successful (a sales was made), then Marketing knows to find more of those types of leads and to look for them from the same, or similar, source.

3. No cost justification or ROI from marketing programs. This is an extension of #2 above. If Marketing is asking for more money for a new campaign or to repeat an existing campaign, but are not able to tell you how much revenue was generated from the previous campaigns, then this is an early warning signal. Simply telling you how many leads were generated is virtually useless. Spending money on campaigns that are not researched properly or sent to prospects who don't match your existing customer profiles can be an enormous waste of time and money. Marketing needs to track the lead flow to make sure they are acquiring qualified and quality leads. As a result, they will be able to measure the success of their campaigns and determine if there was a positive return-on-investment.

4. Lost customer data due to employee turnover. If one of your sales people leaves your company and takes his customer data with him, this is another early warning signal of ineffective sales. Two major effects of this are; one, you lose track of what's been happening with prospects and customers and following up is impossible thus endangering your customer relationships, and two, the new replacement sales rep has to start from scratch finding out what's already been done, what's been promised, and what has to happen next, resulting in lost productivity and sales. There are two ways employees can take customer information with them when they leave. One is if that information is in their head. In other words, you don't have a centralized CRM (Customer Relationship Management) system for everyone to enter their client information and update it with recent activities and status. If you don't, shame on you, since you are allowing your sales people to virtually own this valuable data and not share it with others. As a result, when they leave your employ, they take this data with them. The other way for them to take this information when they leave is to actually steal it. I call this the five o'clock CD. One day at five o'clock, they copy all your customer data from your CRM system onto a CD, slip it in their pocket or purse, walk into your office and say, "I quit." You promptly escort them out the door thinking you protected your valuable information, but it's already too late. The remedy for this is to limit what your users can and cannot do in your CRM system. At a minimum, preventing them from copying or exporting any data is crucial to protecting your valuable customer information.

5. Over or Under product manufacturing due to inaccurate forecasts. Forecasting is hard enough, but when it is inaccurate or incomplete, then your problems worsen and this becomes another early warning signal. The result of inaccurate forecasts can be that you predict the wrong amount of upcoming business and thus produce too many or too few products to accommodate a false demand. When you have a sales process that clearly defines each step in the sales cycle, and when you have properly trained sales reps who have the selling skills to effectively move a prospect through your sales process, then the

forecasting process becomes much more reliable. Sometimes a sales person will rate the probability of a sale as being very high because he had a very positive meeting with the prospect. In reality, however, this account may not even be qualified. This type of forecast is an emotional one since the rep based it on how he “felt” the deal was going instead of it being based on some analytical metrics, such as what step was accomplished. For instance, if the sales rep performed a product demo and that is defined as step three in your sales process, and step three is defined as having a 60% probability of closing, then this opportunity has a 60% probability of closing, by definition. By creating a sales process such as this, you have removed any emotional feelings the rep may have had about the deal and enforced an accurate measurement system based on actions and activities. This method will yield a much more accurate forecasting system for you and your business.

6. Poor customer service. If you lose customers for no apparent reason, or you have to handle an unnecessarily high amount of customer complaints, then this is an early warning signal that needs to be addressed. What often happens is that since there is a lack of cohesive information about the customer within your organization, the client is given inconsistent information, or people assume someone else took care of something that they should have, or there is no follow up. Your goal should be to have on-going contacts with your existing customers that are positive, not negative. These contacts can be through phone calls, emails, newsletters, in-person, or whatever. And, they should be prompted by your actions, not as a result of a customer complaint. By staying in touch with your existing customers, you will proactively reduce the number of problems. By using a CRM system that keeps track of everyone’s contacts with a customer, you will reduce confusion, embarrassment, and poor customer service. Obviously, you’ll also need a corporate culture that views excellent customer service as a high priority and an objective for your organization.

7. Unproductive sales people. If your sales people aren’t spending the majority of their time on selling activities, then you are suffering from another early warning signal of ineffective sales. Unfortunately, too many businesses throw up barriers for their sales people by making them do more than they should be doing. For instance, detailed status or activity reports can be a huge waste of time for sales people. By scheduling their activities in a CRM system that is shared with everyone on a network, you can generate an activity report without wasting precious selling time. Having sales people chase down orders or shipping problems or do contract negotiations can also be time stealers that take away from selling time. Provide sales people with resources for them to delegate these non-selling tasks to. Territory management is another area that can waste time. If their territory is too large to efficiently manage, consider dividing it up amongst several sales reps. If a sales rep is traveling all the time to visit accounts, perhaps he isn’t managing his travel plans properly. Make sure he is organizing his visits by geography so he isn’t driving to one side of town in the morning and then to the other side of town in the afternoon. Instead, schedule several calls in the same area of town in the same day. Also, by using technology many in-person sales visits can be easily replaced by using web-based meeting services such as WebEx, Microsoft Live Meeting, GoToMeeting, and other services which are a lot more affordable than travel expenses. Look at where your sales people spend their time in the course of any given week. Then find ways to off-load some of their work and make them more efficient. You could even consider training them on effective time management skills.

If you suffer from any of these early warning signals, I hope this information will get you on the road to improving them. Sales effectiveness is a priority that every company needs to address. Hopefully, yours already does.

Good luck and good selling!

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