business development ASSOCIATES, INC.

WHITE PAPER:

5 SALES MANAGEMENT MISTAKES AND HOW TO AVOID THEM

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In the past, many restoration contractors were able to grow their businesses without having salespeople on staff. As the industry matures, grows more competitive and changes, in some ways more dramatically, contractors are seeing the value of having outside salespeople (or marketing reps, not to be confused with estimators or project managers) as another way to drive new business outside of expensive consumer marketing. They realize they cannot depend on less profitable, more demanding and marketing neutral program work, unreliable weather or elusive good luck to keep their businesses growing.

For many restoration contractors, the owner functions as the Sales Manager. But even when there is a Sales Manager in place, owners often drive the management of the sales team and sales program with little to no sales or sales management experience.

This is actually not that surprising because very few owners have a sales or marketing background. They may have amazing entrepreneurial skills, often building substantial businesses from nothing but their own ingenuity, blood, sweat and tears.

So, when they decide to add a salesperson or build a sales team, they are often supremely confident that their previous success in building the company will translate to their sales department. Using the same skill set they used to build the business, they use a “one-size-fits-all” approach that dooms their sales program to mediocrity or failure.

Here’s the five cardinal mistakes owners make and how you can avoid them.

Mistake #1: They are just like every other employee.

Many owners feel that they should treat salespeople just like any other employee. They want to use the same motivational and management techniques that work with production and administrative staff.

The reality is that salespeople are not like other employees. Generally speaking, they occupy a unique role somewhere between employee and entrepreneur. Arguably, they do one of the most difficult jobs in the company and in many cases have all of the responsibilities to drive the growth of the company on their shoulders.

They are willing to take on a lot more responsibility and risk in order to have more autonomy and control of their income and the way their work is structured.

I am not suggesting you allow prima donnas, but salespeople need to be managed differently from the rest of your company. How? That leads us to mistake number two.

Mistake #2: Micro-managing but not engaging.

When inexperienced sales managers or owners try to manage salespeople, they often rely on heavy handed carrot and stick practices that — quite frankly — have minimal efficacy and long term, can actually reverse the desired effect.

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The fact is that sales is often an extremely lonely job and getting up every day to go out into the field with the expectation of finding, killing and dragging the game back to the office requires an intestinal fortitude few people have. Sales is a business of the highest highs and lowest lows — often on the same day.

For this reason, salespeople need a lot of support. They need to know that someone is there to provide structure and guidance as well as moral and emotional support. Good salespeople actually welcome accountability if it is understood that you are holding them accountable to reaching their own goals. If they achieve their goals, you will achieve yours.

There is a big difference between micro-management and engagement, even though engagement may include a lot of contact, plan development and review, coaching and so on.

Many owners tend to micro-manage because they are unsure if their salespeople are working. And there is no doubt that early on in a salesperson's tenure you must determine whether they are true salespeople who will commit to the sales process every day. But doing this by micro-managing sends an unspoken message that you don't trust them.

It is far better to utilize measurable metrics to understand what activities they are engaged in.

Mistake #3: Not knowing how to do their job successfully.

As you can see, engaging with your salespeople requires an in-depth knowledge of how they are supposed to do their job in order to be successful. You wouldn't simply trust that someone is a skilled carpenter just because they respond to your ad and own a hammer, would you?

Salespeople must have the innate sales skills of a professional, but you have to provide a solid foundation for them to use those skills to build on. You must have a good differentiation strategy so they can understand and communicate how your company is different and better than your competition.

Further, they need to understand what processes they should follow to be successful at your company. Specifically, they need to understand what steps they should go through and what outcomes they should expect if they complete those steps successfully so that they can generate revenue for your company and commissions for them.

Unfortunately, restorers often hire salespeople without much of an idea as to exactly what they are supposed to do or exactly how they are supposed to do it, and this is a major cause of mediocre or failed sales programs.

Mistake #4: Not using data effectively.

Accurate data is crucial in every aspect of every business, but nowhere is this truer than in the sales department. Salespeople need to be accountable, need to have reliable information about their own success (or lack thereof) and must have a repository of information about their client and target bases.

The idea that salespeople can track data "in their head" is ludicrous. And, given that restoration sales is a long-term process rather than an event, having a way to track the relationship with each contact is imperative.

This means that CRM (customer relationship management) software is mandatory. But remember, a CRM is a tool. By itself it will not fix your sales problems or magically cause your salespeople to reach peak performance. But without it, it is unlikely you will!

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Not only is accountability impossible without CRM data, but planning is severely limited as well. Salespeople work best when they have a plan that can be broken down into daily metrics that they can focus on. Without real data that reflects their recent performance in terms of activities, close rates, job referrals, revenues and so on, planning is more of a wish or hope or shot in the dark.

As your sales program matures, data is even more important to understand where salespeople should allocate their most precious resource — their time. You have to know where the business is coming from and how your book of business stratifies in terms of performance. This can then guide the salesperson to development projects to move lower performing clients to higher performing ones or to reduce or eliminate time spent with them.

As you can see, with good data it is easy to see how to maximize a salesperson's performance for the company and generate outstanding income for themselves.

Mistake #5: Allowing conflict between sales and production departments.

Allowing animosity between the production (and sometimes administrative departments) and the sales department is the most self-defeating thing that can happen, and is usually the result of poor leadership and lack of communication.

This conflict arises because of "siloing". In other words, production people only see the "silo" that they work in and salespeople their own. They neglect to see how both production and sales must work together for the company to achieve its overarching goals.

Allowing such territoriality and the sniping conflicts that can sometimes occur is a failure of leadership and it is up to leadership to communicate the desired vision as well as how you expect the team to work together to accomplish that vision.

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What can be extremely helpful is for salespeople to actually spend some time in the field with production so they can see how challenging and difficult the job can be not just from the technical standpoint but in terms of dealing with traumatized policyholders, intractable adjusters, poor performing subs, etc.

At the same time, production people should spend half a day riding with salespeople to experience what, for the uninitiated, can be the sheer terror of a cold call. Let them listen in while the rep makes phone calls and understand the constant rejection of gatekeepers and lack of interest among prospects.

In addition, periodically have salespeople attend production meetings and production people attend sales meetings.

When there is a strong appreciation for how challenging each role at the company is there can be a new level of camaraderie and mutual support that is amazing to witness.

When production and sales truly understand the power of working together and "having each other's backs" there can be some powerful synergies where negative customer experiences are stopped before they occur and opportunities are provided to help grow the business.