

Welcome to this issue of *The Sales Solution*, the semi-monthly sales tip from Sales Solutions, the one stop for all your sales training and coaching needs.

This issue's tip is in the [Sales Process](#) category.

Sales is a Numbers Game - Right?

Anyone who's been in sales for more than 3 days has heard this mantra: "*Sales is a Numbers Game!*" Make more calls, and you'll close more business. Make sense? Well, yes and no. Certainly, it stands to reason that the more calls you make, the more sales you'll make - the Law of Large number says so. Or does it? Let's say you have a quota of 10 widgets to sell each month. Assuming (and this is not a stretch, I'm sure you'll agree) that you're operating in an economy where the phones are no longer ringing off the hook. How many calls do you have to make to sell those ten? How would you figure it out? Well, one way would be to pick up the phone and start dialing. And dialing and dialing. At some point - let's say the 27th day of the month - you're up to 7. Think you'll get to ten? Your colleague already has - she hit 13 *six days ago!* "Why haven't?" you wonder. In an effort to find out (and maybe get a tip or two to save you from the boss's wrath in 5 days), you go over to your colleague (who, fortunately for you, is more gracious than most) and ask if you can compare notes. Specifically, you want to find out how the heck she managed to close 13 deals to your 7 in the same time period (especially because you're pretty sure you've made more calls than she has). What you learn astonishes you - not that she made fewer calls than you did (you already figured that), but she made *90 fewer calls* (30%)! Not only that, 45 of those calls (32%) resulted in a discussion with the prospect, and 13 of those (29%) resulted in a sale. Your numbers? A whopping 230 calls! But just 50 (22%) of which resulted in discussions, and of which just 7 (14%) have closed. As you can see, your 230 calls and 50 discussions don't mean didly in the end - you were neither as effective nor as efficient as your colleague (we'll cover effectiveness and efficiency in more detail in the next Tip). You most certainly have your work cut out for you!

Lesson:

Sales is not strictly a numbers game - it is a game of *percentages*. Of *ratios*. What matters most are not the *absolute number* of calls you make, meetings you conduct, or presentations you give. It is the *success percentages* you have at each stage, as well as the time and expense you put into each of these activities. Each ineffective (doesn't get the desired result) or inefficient (takes too long or costs too much) call, meeting, or presentation lowers your ratios so that in the end, the primary ratio that your company cares about - profits generated/year - suffers.

<http://www.sales-solutions.biz/archives.shtml>

OK, so it's all about percentages. What, then, are the percentages - the ratios - you ought to be monitoring for yourself? They include:

- the percentage of calls it takes you to get through to a prospect
- the percentage of initial conversations with a prospect that result in an initial, exploratory meeting

- the percentage of initial, exploratory meetings that advance to a full presentation with all players
- the percentage of full presentations that result in your being short-listed, and for which you prepare a proposal
- the percentage of proposals you close

Sales managers, who are concerned with generating profitable business (as we all should be), also attempt to monitor the cost per dollar of revenue generated (a measure of sales force efficiency), since the objective of any enterprise is not simply to generate sales, but to generate *profitable business* (which, of course, encompasses the cost of servicing and supporting the new customer, and revenue from upsells and cross sells, but that's a subject for a future Tip...).

As the example at the beginning of this Tip illustrates, it is vitally important to monitor your ratios. Those of you who are Sales Managers already know this - you can't be everywhere at all times watching over your reps. In order to diagnose where an underperforming rep is struggling, you have to rely on the hard data the above ratios provide. For example, if a rep is not submitting the number of proposals his peers are, how can you know where to begin coaching him if you don't have the data - the ratios - to tell you where the breakdown is. Is it because he's not making persuasive presentations, and is therefore repeatedly being eliminated from the short list? Is it because in his initial meetings he is not proposing a compelling enough solution to move his contact to the next stage - a full presentation? Or is it as simple as the rep hates to prospect, and is not making the requisite number of prospecting calls per day to keep his pipeline full? Without knowing the ratios, the manager is in the dark, and cannot provide counsel to his reps. Conversely, knowing the ratios points him to precisely the area in which he needs to coach the rep, in order to get him where both he and the rep want him to be.

Action item:

If you are a sales *person*, start keeping track of the ratios shown here. Yes, it's a pain, and it takes time. But you are a professional, and a professional takes the time to analyze his or her performance. You can't do this without the data. So invest the few minutes it takes to track this information (if you are so inclined, it may help to create a simple spreadsheet, with formulas that automatically calculate the ratios on the fly. If you're the old fashioned type, or don't have easy access to a computer, jot it down on paper and use a calculator to compute the ratios). How you do it is not important; *that* you do is. If you are a sales *manager*, be sure you're monitoring and analyzing your sales people's activity. Demand that they keep track of and provide you with this information on a regular basis. Use the ratios to spot trends before they become problems, and as a diagnostic tool to pinpoint problems that are already manifesting themselves.

Let me know how this exercise works for you. Flag this Tip and in three months send your examples of improvement in your ratios to me; I'll publish the best one (anonymously, of course, and only with

your permission) on the web site (with my observations and comments, of course), so we can all learn from them.

In the next issue we'll focus on the two levers touched upon here for improving your performance - effectiveness and efficiency - and how you can increase both to your and your company's benefit.

Good selling!

Craig