



CREATING DISTRIBUTION ADVANTAGE THROUGH **SELLING AUDITS**

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It doesn't matter what industry you're in - if you have a product to sell, then you probably already know that how you sell is every bit as important as what you sell.

In today's competitive environment, chances are your product or service isn't unique. A few years ago location, pricing, and product assortment might have given you a leg up, but today such factors are rarely enough to truly differentiate your business.

You need a distribution advantage - a way to grow the market for your products and services as well as increase your company's share of that market. To find new customers (or to sell more to existing customers), quality of service and a good selling experience are the keys to success. Statistics show that by far the most common reason customers give when they stop doing business with a company is poor customer service. One unhappy customer will tell five other people of their bad experience - and it cost ten times as much to acquire a new customer than it does to keep an existing one. Clearly it's important for customers to have an experience that is as pleasant and satisfying as possible - but ensuring that your salespeople have the skills and motivation to do this every time they talk to a customer is tough.

You can make substantial investments in developing and marketing your products, and in the operational aspects of supporting and managing your sales channels - but in the end, it all boils down to the moment when a salesperson and a customer make contact. You have to be able to regularly measure and adjust the effectiveness of this experience to know if your investment is paying off.

WHY BUSINESSES LOSE CUSTOMERS

Poor Customer Service.....	69%
Poor Product Quality.....	13%
Competition	9%
Other	5%
Customer Moves Away.....	3%
Customer Dies.....	1%

*Mystery Shoppers Providers
Association 2004*

ASSESSING HOW (AND WHY) PEOPLE PERFORM

AUDITING METHODS

- Site Visits
- Telephone Calls
- Internet Shopping
- Hidden Video/Audio Recording
- Full Narrative Shopping
- Checklist Shopping
- Purchase And Return
- Matched-Pair Testing

WHAT IS A SELLING AUDIT?

It's hard to assess performance at the point of sale if you rely on sales numbers and reports that have been interpreted, summarized or otherwise massaged. The most useful information is direct observation of real behaviours exhibited by both your salespeople and your customers at the point of sale. Such observations provide invaluable details about the effectiveness of your sales force, and this type of qualitative information can help you better understand the quantitative data you get from sales numbers.

To be really useful though, the behaviours of salespeople have to be evaluated in the context of the operational and competitive environment in which they work. Sometimes there are barriers to success inherent in the company's systems and procedures. If undetected, they can seriously undermine sales performance, even if salespeople are good at their jobs. Finding those obstacles and minimizing their impact is what selling audits are all about.

Typical market research focuses on the customer's buying behaviours, and helps business make better decisions about how to advertise, package and market their products. In contrast, a selling audit is a type of research that focuses on how a company sells - not how it markets. A good selling audit focuses on the selling behaviours of salespeople. Selling audits complement, but do not replace, traditional customer satisfaction research. The results can certainly be used to help make marketing decisions, but their real value is in supporting operational initiatives like internal communications, methods and procedures, training and incentive programs.

Selling audits give companies a way to evaluate the quality of the sales experience from a variety of perspectives. A selling audit is a comprehensive, independent assessment of the entire sales process that culminates in specific, direct observations at the point of sale. It is designed to evaluate all the factors that affect how customers are handled in an objective, consistent

and measurable way. It combines information garnered from competitors, managers, sales agents and customers themselves.

- 1.** Selling audits start with a thorough review of any research previously conducted. The auditor will also want to review existing training material, incentive plans, and internal communications vehicles. It's important that the auditor understand the operational processes and environment - every selling audit recommendation should seek ways to leverage existing assets.
- 2.** Selling audits usually include interviews with executives, channel managers, dealers, call center supervisors, store owners - in short, anyone that plays a significant role in supporting the channel. These interviews focus on the team's perspective of how that sales process is envisioned, communicated and implemented within each channel. If the effectiveness of the sales process is being watered down or sidetracked before it reaches the point of sale, these interviews often uncover how and why this is happening.
- 3.** An important part of every selling audit is "mystery shopping." Trained selling auditors anonymously evaluate such things as customer service, employee skill, merchandising, facilities, and product quality. Unlike real customers, though, auditors are trained to be predictable and consistent in their behaviours, and try to elicit specific behavioural responses so that any comparisons are truly "apples to apples." The auditors then follow up with direct interviews of sales people so that their perceptions and opinions (which may not be exhibited in their behaviours) are also fully explored.
- 4.** Direct interview with customers are also important. Auditors talk to three distinct groups: existing customers, customers who have been "lost," and people who have never been customers. Again, their purpose is to uncover perceptions and opinions that may not be evident in a covert observation.

5. Mystery shopping can also be supplemented with a competitive analysis. The same techniques used to anonymously assess your team can be used on your competitors. These experiences are documented and measured against the same criteria used in your own channel.

HOW IT WORKS

1. SETTING OBJECTIVES

There are five steps in the process.

Objectives should be specific and actionable, and should reinforce existing training and standards. The focus should be on evaluating things you can change - not things you can't do anything about.

2. DESIGNING THE PROGRAM AND TOOLS

You and your selling auditor will decide what information will be most valuable, and design tools accordingly. For mystery shoppers, research tools should be focused, well-organized and easy to use, and the content of the questions should support your stated objectives. Since some questions are more important than others, a weighted scoring system can help put the highest value on the most important issues.

Interview guides for executives, managers, and customers also need to be developed. These guides need to be carefully constructed to encourage open expression without threatening or prejudicing participants.

3. COLLECTING THE DATA

Selling audits should always be announced to sales channels in advance. Getting buy-in and input from participants is important (sometimes just knowing about the audit will change behaviours for the better). Shopping and interviews are then scheduled, tools distributed and results collected.

Data is checked for validity, accuracy, consistency and objectivity, if necessary, some participants may be contacted again to clarify or validate responses. The data (particularly if it is quantitative) may be entered into a relational database for more efficient processing.

4. DEVELOPING RECOMMENDATIONS

Once the data is compiled, reports may be generated in a detailed or summarized form - whatever best facilitates achieving the program objective. A sales performance analyst then interprets that information and prepares a tactical plan that addresses any factors in hiring, training, and incentive practices that might be affecting the sales force, either positively or negatively.

5. TESTING RECOMMENDATIONS

Recommendations are tested with selected sales people or customers. If revisions to the plan are indicated, the changes are made and the process is re-tested.

Once the plan is finalized, it should be shared with manager, trainers, coaches and marketers. Selling audits have a short shelf life. Reports should be distributed as quickly as possible (no later than 30 days after data is collected).

HOW YOUR BUSINESS CAN BENEFIT

Sales and marketing expenditures average between 5% and 7% of the total revenue of most businesses. To get the best return on sales channel operations and product marketing investments, it is crucial to know if the sales team is productive, and if it is deployed, equipped, trained, funded directed, and monitored correctly.

Selling audits can help you spot unproductive behaviours like

- Focusing too much on price and not on customer priorities
- Not asking for the sale
- Becoming too engaged in reactive selling
- Failing to follow up on leads and prospects
- Missing opportunities for cross-selling or referrals
- Leaving critical markets underdeveloped

Selling audits can also help you

- Support promotions and incentive-based reward systems
- Identify training needs
- Enforce employee integrity

WHO USES SELLING AUDITS?

- Banks
- Retailers
- Manufacturers
- Call Centres
- e-Commerce Services
- Government Agencies
- Hospitals
- Associations
- Franchise Operations
- Promotions Agencies
- Hotels
- Restaurants
- Movie Theatres
- Recreation Parks
- Transportation Systems
- Fitness/Health Centers
- Property Management Firms
- Freight/Courier Service

- Establish and meet industry competitive standards and internal targets
- Build stronger public relations and marketing programs
- Monitor facility condition (protecting assets)
- Ensure product/service delivery quality
- Audit pricing and merchandising compliance
- Perform competitive analyses

By monitoring, measuring and reporting sales and service performance, problems can be corrected and the positive behaviours of both managers and employees will be reinforced. This ensures a better customer experience and will improve customer retention long term. The bottom line is that your sales channel will close more sales of higher value that “stick.”

CASE 1

A competitive local exchange carrier was finding it difficult to carve out market share against a well-entrenched incumbent telephone company. To understand the problem more clearly, they commissioned a selling audit that focused on their telesales environment. A mystery shopping campaign was conducted in the call centres, key members of the sales staff and managers were interviewed, and current training and measurement processes were reviewed.

THREE AREAS Were Identified That Needed Improvement

- 1.** Expectations were not clearly communicated to sales agents. Also, although a good amount of data was captured from call centre activities, reports were focused on managers' needs, and feedback was rarely given to agents themselves in a timely way. The selling audit recommended ways to better communicate expectations, and a method for making key performance indicators available to agents daily.
- 2.** There was no consistency to the selling process. Over 30 different sales scripts (of varying quality) had been developed at one time or another. Not only were agents confused, but there was little guidance or enforcement about how a sales call should flow. As a result, agents were resorting to the only method seemed to work: an emphasis on lowest prices. Also, because they were not fully exploring the customer's needs, agents were missing opportunities for larger sales. The selling audit recommended that one sales process be developed and enforced, and that this process emphasize stronger benefit statements, more open-ended questions to uncover needs, and recommendations that matched stated needs.
- 3.** Existing training relied heavily on the skill of the trainer, and was therefore inconsistent in its effectiveness. There was little information about how to structure and control the call, and no emphasis on determining customer needs and buying motivations. On-job coaches had few tools or structured techniques available to help them reinforce training. The selling audit recommended a complete overhaul of product and sales skills training, with an emphasis on a structured sales process. In addition, a coaching program and a quality assurance program that complemented the training were suggested.

**RESULTS WERE
ASTONISHING**

- Conversion rates increased dramatically - a 93% improvement occurred on inbound calls, and a 305% improvement on outbound calls.
- The number of products per sale increased - long distance sales increased 153%, local service sales increased 305%, and Internet service sales increased 88%. Make sure your sales managers have the ability to coach; otherwise you may have an issue with turnover.

CASE 2

A PC manufacturer was struggling to maintain its share of the small business market in an aggressively competitive environment. To understand why, they commissioned a selling audit that assessed their web and phone sales channels. Emphasis was placed on understanding all aspects of purchases lifecycle - research, purchases, delivery, billing and returns - and how the customer's experience with this company compared to that of a main competitor. In comparison to the competitor, it appeared that several areas needed to be addressed:

- 1.** The selling process was inconsistent. Multiple reps handled each account, with no one appearing to take ownership to ensure the customer's satisfaction. Customers did not always feel their needs were being understood, and the result was lack of trust. The selling audit recommended that the process, measurements and incentives be adjusted to allow one rep to take ownership for the sale. It was also suggested that the primary rep stay on the call throughout the sale, (adding others as consultants when necessary) instead of handing the call off to others.
- 2.** Information that was provided via print and the web made it difficult to assemble an informed shopping list (and getting answers to questions required persistence). There were multiple web sites and telephone sales entry points. The buying experience was different on each, which created confusion for customers trying to do their homework. The selling audit recommended restructur-

ing marketing material to function like a buying aid, not product advertising. It also encouraged sales reps to make presentations that were more tangible and benefit oriented. And it suggested reducing the points of contact to two: one website and one telephone number.

- 3.** A limited number of products reduced the opportunity for customers to find a product that was “just right”. Also, entry prices were higher (even though fully configured solutions were often less costly than the competitor’s), creating a barrier to entry. The selling audit recommended leading with lower-priced systems to set up upsell opportunities, or making a more concerted effort to explain the value of fully configured systems. It was also suggested that more products be offered to enhance the buyer’s ability to make side-by-side comparisons.
- 4.** Delivery and fulfillment was a major problem. After 42 days, one order was still only partially delivered (compared to the competitors, who were able to deliver a system within nine days). The leasing process was also much more difficult, requiring contact with five different reps, a security deposit, and more paperwork than was required by the competitor. The selling audit recommended complete review of the fulfillment process and the leasing vendor’s procedures, improved communications among all reps, and more aggressive customer service training.

ACTION PLAN

Selling audits are a strategic imperative for any company that wants to get the most from its people, processes and technology. Just as your car’s engine needs to be tuned up regularly, your sales engine should be tuned up regularly, too. Experts suggest doing selling audits quarterly. An ongoing program, where employees know that any customer might be an auditor, is much more effective than one-time or sporadic visits.

The cost of a selling audit depends on the methods of evaluation included (by phone, over the Internet or via personal visits). Other factors include the geographic area to be covered, the number of

evaluations to be performed, the type of product or service being sold, and the type of information to be reported.

It's important to hire a company that specializes in selling audits, because this type of qualitative research requires

- Research tools that are designed by sales performance research experts
- Trained auditors that are knowledgeable about every aspect of sales channel organization, support and management
- Reports that analyze the data in meaningful ways that suggest actionable tactics - a plan that makes the most of what you've already invested and that is designed with your goals and structure in mind.

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