

"If you want to create a business, go to a party and listen. You'll hear people complain. Every complaint equals a need, a problem, a vacuum. Meet it, solve it, fill it – and there's your business."

– Fred Smith, founder of Federal Express

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"Everything that can be invented has been invented."

– Director, U.S. Patent Office, 1899

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"People don't like to be sold, but they love to buy."

– J. Gitomer

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## Introduction

- Background
  - Education
  - Experience
- Agenda
  - "Sales / Management for Entrepreneurs"

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## Sales / Management for Entrepreneurs

- Identifying and Recruiting Good Salespeople
- Designing A Sales Compensation Package
- Leading a Sales Team
- Tips and Observations

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## Identifying Good Salespeople

- Alan's question, "How do you separate good salespeople from other people in the organization?"
- Let's try....

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## Sales Screening Factors

- Attitude
- Energy
- Independence
- Competitiveness
- Assertiveness
- Communication Skills
- Sales Drive
- Service Drive
- Emotional Toughness
- Learning Rate
- Reasoning Ability
- Tolerance for administration

Sales test

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## Sales Screening Tests

- <http://exsel.limra.com/Products/CPplus.aspx>
  - 65 years of experience in selecting entrepreneurial sales professionals
  - Frequently used by insurance and financial services companies
  - Collects past work and life experiences, personality, goals, attitudes, career expectations, background checks
  - Rates applicant's probability of success in sales

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## Other Screening Tests

- **Myers Briggs** ...personality test delivers a four letter type indicating the way a person prefers to make decisions, process information, organize life, and direct energy
  - Extrovert (E), Introvert (I), Sensing (S), Intuition (N), Thinking (T), Feeling (F), Judging (J), Perceiving (P)
- **FIRO-B** ...offers insight into how an individual's personal needs affect that person's behavior towards others
  - Inclusion, Control, and Affection (expressed or wanted)
  - Compatibility and approach to interpersonal relationships

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## Suggested Careers for MB Types

Sales Reps	Entrepreneurs	Managers
ESTJ	ISTP	ISTJ
ESTP	ESTP	INTJ
ESFP	ENTJ	ENTJ
ENFJ		ENFJ
ENFP	ENFP	ESFJ
ENTP	ENTP	ISFJ

<http://www.teamtechnology.co.uk/it/articlemb-simpl.htm>

<http://www.goodies.com/teambtechnology.htm>

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## Recruiting Good Salespeople

- How
  - References
  - Education
  - Industry experience
  - Multiple interviews
  - Attitude
  - Characteristics
  - Cultural fit
  - Functional skills
  - Aptitude / tests
- Where
  - Internal candidates
  - Personal referrals
  - Network contacts
  - Suppliers
  - Competitors
  - Focused recruiters
  - Job sites
  - Customers

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## Designing an Effective Compensation Plan

- Q: What will it take?
- Q: Where do you start?

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## An Effective Compensation Plan

- Achieves organizational strategies and sales objectives
- Clearly defines performance expectations and payouts
- Rewards business development over account maintenance
- Controls the cost of sales
- Rewards top achievers for high performance

Colbert & Foss

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## An Effective Compensation Plan

- Is challenging and perceived as fair
- Avoids windfalls based on reorganizations or account transfers
- Proactively addresses commission split issues
- Attracts and retains people with the right skills and competencies

Colbert & Foss

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## Sales Motivators

- **External**
  - Salary
  - Bonus and/or commissions
  - Incentives, cash rewards, and prizes
- **Internal**
  - Pride
  - Security
  - Competition

Colbert & Foss

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## Three Common Compensation Models

### ■ Pay philosophies:

- **Salary**...a fixed cost of labor...to sustain and grow revenues.
- **Salary Plus Bonus**...a hybrid cost...sales pay levels should be managed in reference to affordability and the labor market's compensation levels.
- **Commission**...a variable cost of sales...the more they make, the more we make.

Colletti and Fiss

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## The Base Salary Model

- Advantages
- Disadvantages

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## The Base Salary + Bonus Model

- Advantages
  - Offers opportunity to manage selling
  - Stabilizes earnings
  - Rewards and penalties are consistent with sales and business cycles
- Disadvantages
  - Requires explicit communication about performance requirements
  - Can be confusing to understand
  - Payout on subjective components are challenged

Colletti & Fiss

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## The Sales Commission Model

- **Advantages**
  - Simple to understand
  - Drives performance at V Cost
  - Provides maximum incentive
  - Rewards and penalties are immediate
- **Disadvantages**
  - Motivates self-directing behaviors
  - Limits control over selling efforts
  - Creates wide swings in earnings
  - Makes territory realignment difficult
  - Can be quite costly

Colletti & Fiss

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## Selling Environment Applications

	<b>Commission</b>	<b>Bonus</b>
Marketplace	New or emerging	Established
Purchase patterns	None or difficult to forecast	Forecasted accurately
Customer knowledge	Evolving	Predictable
Selling persuasion	Determines selling success	One measure of success
Status	Independent Cont.	Employee

Colletti & Fiss

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## Types of Performance Measures

- Volume
  - Customer conversions
- Profitability
  - Customer penetration
- Productivity
  - Customer retention
- Strategic Planning

Colletti & Fiss

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## Cash Related Ingredients

- Trips
- Prizes
- Spiffs
- Profit Sharing
- Sign on bonuses
- Stock / Options

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## Non-Cash Ingredients

- Recognition programs
- Points
- Empowerment
- Vacation time
- Flex time
- Telecommuting

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## Perks / Benefits / Expenses

- Health care insurance
- Car / auto insurance / gas
- Cell phone, laptop
- Office space
- 401K plans

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## The Perfect Pay Package Recipe?

- Audience examples of sales compensation packages:
  - Type of business?
  - Why was/is it good?
  - Why was/is it bad?

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## The Desired Outcomes of a Successful Recipe:

- Growth
- Profits
- Customer satisfaction
- Sales talent
- Sales productivity

Colletti and Fiss

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## Sales Management...So many roles and so little time...

- Team Leader
- Motivator
- Coach
- Counselor
- Communicator
- Problem solver
- Business Analyst
- Decision maker
- Super salesperson
- Negotiator
- Marketer
- Scorekeeper
- Administrator
- Recruiter
- Terminator
- Mediator
- Collection agent
- Organizer

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## The Top Ten Behavioral Skills of Effective (\*Sales) Managers

- Communicating supportively
- Managing time and stress
- Managing individual decisions
- Recognizing, defining and solving problems
- Motivating and influencing others

\* Bill

Whetton and Cameron

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## The Top Ten Behavioral Skills of Effective Managers

- Empowering and Delegating
- Setting goals and articulating a vision
- Self-awareness
- Managing conflict
- **Building Effective Teams**

Whetton and Cameron

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## Four Cornerstones of the Successful Sales Team

- A common goal or purpose
- Good communication
- Team development
- Team attitude
  - Support, encourage, and recognize those pursuing that vision

Desena

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## Keys to Leading A Team

- Articulate a vision
  - A motivating vision helps illuminate the core values and principles that will guide the team in the future
    - Left brain / right brain
    - Interesting – contradicts assumptions and challenges the status quo
    - Encompasses passion and principles
    - Sets goals ... Specific, Measurable, Aligned, Realistic, Time Bound

Cameron and Whetton

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## Keys to Leading A Team

- Develop credibility
  - Demonstrate integrity
  - Be clear and consistent
  - Create positive energy
  - Manage agreement and disagreement
  - Encourage and coach
  - Share information

Cameron & Whetton

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## The Sales Process – Seven Steps

- Making Contact
- Establishing a Relationship
- Qualifying Needs
- Presentation, Demonstration, Information
- Transforming Interest to Desire
- Overcoming Objections
- Closing the Sale

[http://www.rponline.com/content/Contributor/Jay\\_Roberts/SevenStepsinTheSalesProcess.asp](http://www.rponline.com/content/Contributor/Jay_Roberts/SevenStepsinTheSalesProcess.asp)

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## Developing a Sales Budget

- Organizational targets
  - National
  - Regional
  - District
  - Category mix
  - Customer mix
  - Salesperson
  - Customer
  - Individual products or services
  - Sales and margin growth

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## Strategic Sales Plan Steps

- A handy reference template:
  - <http://salestraininginternational.com/assessments/Sales/StrategicSalesPlan.htm>

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## Tips and Observations Segment

Welcome...

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## Ten Tips for Starting a Business

- Understand why a customer selects your product, service, and company.
- Envision and create a customer centric organization.
- Write a "real" business plan and track your progress.
- Prepare yourself with adequate supplies and a good radio.
- Recruit great employees and take care of them.

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## Ten Tips for Starting a Business

- Deploy effective systems, guidelines, and financial controls.
- Design and test operational capabilities.
- Focus intensely on controlling unnecessary costs.
- Take small steps before attempting huge leaps.
- Be aware of requirements and mitigate liabilities.

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## Networking Tips

- "It's **Not Work**, It's **NET Work**."
  - "Networking works well when you employ the two-word secret: Show up."
  - "Networking works best when you employ the three-word secret: Show up prepared."

Gilmer

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## Networking Tips

- Invest in relationships.
  - Build trust and relationships
- Belong
  - This approach indicates trust and patience
- Make friends before you need them.
- Seek advice, not help.

Gitomer : McKay

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## Networking Tips

- Give before getting.
  - See how you can help others
- Become known as a powerful resource.
  - "Personal branding is sales: It's not who you know, it's who knows you." - J. Gitomer
- Be able to clearly articulate what you do, why, and for whom... and what makes you or your company special.

Gitomer : McKay

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## Networking Tips

- Be able to outline what you are looking for and how others can help you.
- Follow thru quickly and efficiently on referrals.
- "Networking is not a numbers game. ...The idea is to compile a list of people you can count on."

Gitomer : McKay

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## Sales Tips

- "People don't like to be sold...but they love to buy!"
- "Buying motives are 1,000 times more powerful than selling skills. Make that 10,000."
- Be aware of the buying motives...see list next page

Glomer

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## A List of Buying Motives:

- More sales
- Greater productivity
- More profit
- Better image
- More customers
- Loyal employees
- Better morale
- No hassles
- More free time
- Notoriety

Glomer

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## Tips and Observations

- **Customer Service** - Customer service is an investment, not an expense.
  - "...just having satisfied customers is not good enough anymore. If you really want a booming business, you have to create Raving Fans." – Blanchard & Bowles
- **Sales Performance Budgets** - Set a high bar for sales performance expectations ...then let the sales person submit a plan he/she is committed to achieve.

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## Tips and Observations

- Key Account Success – Don't have interns practice open heart surgery on critical accounts.
- Organizational Success - All members of an organization should view themselves as salespeople.
- Business Development - Duplicate then innovate.
- Competitive Success – Carefully study the industry network.

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## Tips and Observations

- Profitability - Relationships allow for margins and margins allow for relationships.
- Profitability - Competing on price is a downward spiral...identify points of differentiation.
  - "Different isn't always better, but better is always different." – Dale Dauten
- Internal Communications – Meetings are notorious for stealing and wasting time. Keep them to a minimum and make them good.

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## Tips and Observations

- Motivation – The pull of reports and oversight is insignificant compared to the push of self-motivation.
- Decision Making - The most expensive employee you have is the one you should have already fired.
- Motivation - Understand the continuum between compliance and commitment.
- Strategic Focus – The biggest customers are not always the best customers.

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## Tips and Observations

- Motivation – A person must have his head up to focus on the horizon.
- Communications – No news is really bad news.
- Stewardship – Don't run your horse into the ground...especially if there's another race tomorrow.
- Partnerships – Own 51%!

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## Tips and Observations

- Business Development - The first inventory is the best inventory.
  - Products, services, needs, interests, critical areas
- Consultative Selling - Become a valuable partner in the business
  - Offer solutions to problems
  - Offer ideas to increase revenues, decrease expenses or improve profitability

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## Tips and Observations

- Partnerships – Before signing, consider the fact that you are likely to spend more time with your partner than with your wife/husband.
- Organizational Performance – Family owned businesses struggle with the word, "efficiency."
- Benefits – Health care can be deadly.
- Strategic Positioning - Do like the military does prior to a battle, dig in on the top of a hill and cover your assets.

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## Tips and Observations

- Cash Flow - Sell it before you buy it...or pay for it.
- Administration – Use two piggy banks starting on day one.
- Administration – Banker's prefer to sign off on people they recognize.
- Obligations – It's great to bond with employees as long as you remember that the real glue is the payroll check.

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## Tips and Observations

- Reality Checks – Periodically ask a friend to ask your customer exactly how much she loves you.
- Administration – Don't do your own payroll.
- Sales – Pay abundant attention to the critical few.
- Sales Success – Don't get too caught up in the business of doing business.

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## Tips and Observations

- Planning – Today, make a short list of what you hope to accomplish tomorrow.
- Sales Success – No matter how much time you spend with it, your laptop will never place an order.
- Organizational Development – Bury the seeds of training as early as possible.

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## Tips and Observations

- Opportunity Development – Arrange the background to accommodate the picture.
- Organizational Development – Sometimes it's necessary to stand your ground...even if it appears to be quicksand.
- Sales Success – Usually the anticipation is much worse than the person on the other side of the door/phone.
- Team Development – An employee will soar when you believe they can fly.

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## Tips and Observations

- Sales Success – Small wins are like dominoes.
- Sales Success – Don't spend valuable time looking ahead in despair or behind in fear.
- Organizational Strategy – Focus is similar to juggling, as the amount of balls goes up, the ability to deliver an excellent performance goes down.
- Entrepreneurial Success – Entrepreneurs are outstanding from the crowd. Rejoice!

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## Memorable Quotes

- "You gotta sell yourself." – J. Girard
- "The key to success is service." - Rich Port
- "I'd rather be awful at something I love than great at something I hate." – George Burns

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"Keep away from people who try to belittle your ambitions. Small people always do that, but the really great make you feel that you, too, can become great."

– Mark Twain

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## Conclusion

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