

Executive White Paper

How Implementing A Structured Sales Coaching Process Can Increase Sales Performance and Drive Profits



The Sales Coaching Institute
PRODUCTIVITY TRAINING FOR SALES AND SALES MANAGEMENT

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Businesses of all sizes working in the increasingly global marketplace of today have to find practical, effective, and optimal ways to continue to grow and expand their customer base. In virtually all markets, it is the sales team that is the cornerstone of growth and market expansions.

One of the most effective options for businesses and companies of any size to consider is the use of a structured sales coaching process. This is a multi-dimensional approach to training that is very different than simply attending a training program or a workshop and it is also different than mentoring. It is the single most effective way to improve sales, retain top performers, and create a culture of positive growth within any sales team in any industry.

The Trouble with Training

To understanding the importance of sales coaching, and the resulting increase in sales performance and profits, stop and consider how traditional systems of sales training and mentoring work.

Most companies offer some type of sales training. This could be provided by an in-house trainer or an expert brought in from outside of the organization. These trainings are typically completed in a half or full day session, or occasionally in a more lengthy training associated with new hires or with the introduction of a new product line or service. The length and quality of these trainings are widely varied throughout different companies and industries.

However, what research shows, is that the actual sales skills needed for improvement are not typically included in these trainings. Often they are related to product knowledge, but not on improving customer retention and satisfaction, closing sales, or utilizing effective upselling or cross-selling techniques.

In the 2014 Integrity in Selling Study, it was found that of 300 nationally located business leaders, only 63% planned for budgeting for sales training in 2015. Even more concerning is the fact that the same study revealed that only 45% of companies surveyed had a plan for customer service training. Within those trainings the focus for the sales team was to grow business with existing customers in 68.42% of the sessions, while only 56.46% of the training was designed to help the sales team engage new clients and expand the existing customer base.

To understand the reality of training for companies on their budgets consider the fact that the Bureau of Labor Statistics reports that there are over one trillion dollars spent on sales force training on an annual basis. To add to that information, approximately 1 in 8 jobs in the United States are in direct sales with full-time employees. Within the top companies, approximately \$5,000 per year is spent on training for new employees, but the top 20% of all employees bring in 80% of the profit, meaning the same amount is also spent on the bottom 80% with no increased return on investment (ROI).

For existing employees, ATD's 2014 State of the Industry report finds that companies spent on average \$1,208 per year on training, which was up just slightly from the previous year. This translated to, within their study of 340 organizations of different sizes and locations, approximately 31 hours of training annually for most organizations. Even those select companies with a BEST Award winning designation offered only 35.5 hours of training per employee. In the same study specific training on processes, procedures and business practices only accounted for 9.1% of total training hours.

The reality is that training is highly effective for providing information and to impart specific knowledge, but it doesn't provide the support needed to implement that knowledge and those skills into actually changes in the ways the sales team does business.

Adding to Learning and Skill Development with Sales Coaching

Coaching is a unique approach to bringing out the very best in a sales force. It is the method of advancing or enhancing the sales training and knowledge into actionable and measurable steps that are clearly understood by the sales force.

It is a structured approach to working with the sales force to incorporate the knowledge and skills from training into their daily activities. It is also designed to bringing out the sales professional's natural abilities, talents, and skills in interacting with new customers, generating qualified leads, and actually closing sales deals.

The goal of utilizing a structured sales coaching process is to provide support for high performers as needed, and to focus in on providing the tools and support the mid to low sales performers need to maximize their performance. It starts with the basics and builds on experience, guidance, and support to increase competence, confidence, and performance that is measurable and effective.

Sales coaching is focused on setting and obtaining goals, which can be from a company standard or based on personal goals. Interestingly, it also works on motivation and self-challenge that has been proven time and time again to be much

more effective than other training, teaching, and performance measurement results.

In a study completed by Training Industry Quarterly, it was found that in effective organizations, which can be translated into successful organizations, coaching and mentoring were used almost twice as often as those ineffective organizational.

In situations where knowledge transfer was important for the employees to be successful at their jobs and the organization to meet goals, 72.8% of effective companies used coaching while only 40.4% of ineffective companies used this method. The simple interaction and communication of the coach with the employee provides supportive, informed, and positive feedback that provides motivation. This strategy is more effective than simply providing incentives, especially when sales people don't know what to do to better their sales numbers.

Keep in mind, the goal of the sales coaching process is to improve overall performance of the entire sales staff. It is also a very effective opportunity for managers and coaches to address even slight downward turns in performance in the team and to have a very good understanding of the best ROI for future trainings.

Without this direct interaction with sales reps, managers and training planners are not informed of where gaps in knowledge and skills exist. They may well be choosing trainings that are not effective and are not addressing the deficits the sales team is experiencing.

The Sales Coaching Process

It is important to make a distinction between structured sales coaching and mentoring, although there are some overlapping areas. Typically mentoring is provided to new employees, or employees moving into a new position. The mentor, an experienced top performer, will work with the new hire or mentee to address concerns, questions, or challenges until he or she is comfortable with the job.

Typically mentoring programs are relatively unstructured with emails, phone calls, or brief in-person meetings if logistically possible. They may also be more formal in design, but they typically focus in on the individual and the challenges they are experiencing. The mentor responds to issues from the mentee and is not setting the specific agenda for each meeting.

Coaching, on the other hand, needs to be structured to be effective. It is based on performance enhancement and is designed to bring out the full potential in both the individual as well as the sales team.

The coach will have a structured or set agenda for each meeting. This will drive or direct the desired changes in the performance of the individual and ultimately result in a positive result in the performance of the group or sales team. It can be designed to be highly motivating and reinforcing, but also the coach also takes responsible for developing the steps to create positive changes in performance.

This ability to structure the sessions and have goals in place for various employees is very effective in the coaching realm. There is an accountability factor, but it comes with support, specific tasks or objectives, and with direct feedback and observation.

Who is a Good Sales Coach?

To make structured sales coaching effective and to drive positive and desirable changes in the sales staff, it is essential the sales coach be a highly skilled individual in the art of communication and interpersonal interactions.

He or she also has to be familiar with the products, services and the industry. Without this dual specialization it would be difficult for a coach to provide the insight and to structure the coaching sessions to focus in on the specific goals and intensive training required to make sustained, meaningful changes in how the sales force performs.

A coach should also be seen by the sales team as an expert. He or she has to know the business, understand the sales model used, and have extensive experience in achieving sales quotas, targets, and generating qualified leads and new customers. Without this background, it would be impossible for a coach to structure the sessions and to assess and evaluate where employees need support, advanced skills training, and where the focus of the performance improvement is required.

However, this doesn't mean the coach has to be in-house. Outside coaches with knowledge and experience of sales within a particular market sector can be very effective. With their experience and their knowledge, they will be recognized by the sales team as effective and expert professionals.

Coaching for sales professionals is a one-on-one type of program. Most coaching sessions will include very specific objectives, which are the skills needed to learn or master to reach the overarching goal of improved performance.

Coaches may provide activities or specific tasks for the employees to complete before their next session. These activities or actions are based on the goals for the coaching sessions and to improve existing skills or to develop new skills and techniques.

The challenge often comes when sales managers are asked to take on coaching roles without any specific training. A great athlete is not always a great coach, and a great sales professional may not be gifted in articulating what he or she did to achieve those levels. Specific training for sales coaches will be a critical component before the process can be effective in any organization.

In some situations, coaching may also be a very hands-on way to work with employees struggling in the sales role. Not everyone is an effective sales professional, and coaching can be a very positive and supportive experience to help these individuals to focus in on better choices for their careers in the future.

What about Incentives?

Many businesses have used incentive programs for years, assuming that with the right carrot dangled in front of the sales force and the right driving force they would be motivated to achieve higher sales.

The interesting finding is that companies using incentives and not offering coaching don't see the improvements that may seem to be reasonable to expect. This is true for incentives for individual improvement bonuses as well as for meeting specific quotas as a group.

In a new study completed in India, several assumptions about the effectiveness of different types of bonus or incentive programs were finally empirically measured. The study, "Incentives versus Reciprocity: Insights from a Field Experiment", completed by Doug Chung and Das Narayandas, looked at several incentive programs and their impact on sales teams.

The focus of the study was on cash bonuses, and how they were provided, with the final results being tabulated as to the effectiveness of the different options. When the study discovered was very insightful and only further highlights how an effective, structured sales coaching program is more effective than simply handing out cash.

The researchers worked with one company in India with multiple locations and with a desire to increase overall sale performance. What the researchers found was that having a quota for a sales person to obtain to achieve a bonus was more effective than simply providing a bonus.

When there was a specific quota that had to be met, the sales staff rose to the challenge and showed almost a 20% increase in sales. When the bonus just happened without any consistent requirement there was less than a 10% increase in sales and in some cases a negative result.

They also experimented with other options such as giving the bonus and then taking it away, or adding it to the next paycheck and taking it away if the quota wasn't reached the week. The results for these two always produced less positive results, showing that simply providing money didn't motivate the sales staff.

However, even when the bonus was provided and then would be removed the following week if the same percentage over quote wasn't achieved, it was the high performers that boosted their performance. The mid to low performers on the sales staff had an almost zero positive effect in increasing sales under this model.

What the study didn't explore is how the high performers and low performers did their job and earned their sales. It is reasonable to assume, although not discussed in the scope of the study, that the high performers had advanced skills and were already maximizing their potential, while the low performers on the sales staff simply had no way to know what to do to continue to earn the bonus.

The Buy-In Factor

The carrot and stick method briefly discussed above often makes sales professionals feel like they are just a line on a spreadsheet. If they are performing well they receive a bonus, or maybe a call from a manager to complement their job, but they are basically left on their own.

On the other hand, if they are struggling to meet a quota or to expand sales, the employee may feel he or she is under a microscope. They get no recognition for what they are doing well, but they also get no concrete or constructive assistance in making positive changes. If they are constantly called out on the carpet about their performance, they are not likely to ask manager or a supervisor for assistance with challenges they are experiencing.

By providing coaching services, which are customized for each employee, the individual sees the company's commitment to their success. This is the human connection or factor, the same connection every company wants their customers to have with their sales representative. When the employee feels valued and seen as a person who has the ability to improve and grow, he or she is more likely to strive to achieve within that organization.

When every employee feels appreciated and recognized as a worthy and important part of the sales force, they will naturally perform better. They report greater levels of loyalty to the company and are more likely to make suggestions, try new techniques, and work to the standards and expectations of managers and supervisors.

It is a bit more than just boosting morale; it is bolstering the sales professional's confidence in his or her ability to achieve the set standard. As people get better at

their job they earn more, they connect with more new customers, and they grow and expand the company. Employees, once the relationship with the coach is developed, are more likely to ask for assistance or to express areas where they know they need more training and knowledge.

Measurable Results

Sales coaching, when combined with effective management and ongoing training, is highly effective in increasing sales and building a customer base. It also provides a measurable positive change in any organization. By setting goals for the coaching staff, who are typically managers, it is an effective technique to create a culture of accountability in any organization.

The most common way to measure the effectiveness of sales coaching is to look at the performance of the sales team. This means keeping accurate records of both individual as well as group performance and comparing that across the entire team against set standards or expectations.

Another equally important factor to remember is the retention of the top performers in any sales force. With sales coaching in place, there will be an upward movement of the mid to low performers on the team, often taking the pressure off of the top performers to meet team or unit quotas. It also prepares coaches, who are already in upper levels of supervision or management, for increased responsibility and accountability as they move up the corporate hierarchy.

With this support and recognition, overall top performer retention will increase as these professionals feel more involved in the direction of the company. This also ties in with company loyalty and feelings of working as a team rather than being left to try to manage all challenges on their own.

Morale will increase, and the entire sale team will work together more efficiently. An effective coach will work with individuals on communication and even conflict resolution within the team itself. This doesn't mean there won't be conflict, but conflict can become an opportunity for growth rather than for division.

Increased use of best practices and sales strategies will be one of the first measurable changes noted. This includes changes not only from the sales team but also from the coaches. When the management team is talking to employees as a coach, or getting feedback from the coaching team, the "in the trenches" issues become obvious and can be addressed in structured, effective way.

Increasing the level of understanding of the challenges sales professionals are facing allows the management team to provide more effective training, to address problems outside of the sale's teams control, and to have a good idea of trends in the industry or the market.

According to the Harvard Business Review, the effects and positive impact on sales coaching is not lost on the best businesses in the country. In fact, in the Review, it is reported that in the past five years top businesses have focused more on developing coaches to work with sales reps than has been done in the last 50 years.

What this research found was that the bottom 10% of the sales force, and the top performers, have minimal gains in production with coaching. This is not a surprise as the top performers are already high achievers, and the bottom performers may simply not be in the right career choice.

The real benefit of coaching is significant, and is in the middle group of sales reps. The report further finds that top quality coaching will improve the results of the middle 60% of a workforce by up to 19%.

Surprisingly, even with less than optimal coaching the results can be as much as a six to eight percent increase per sales professional, which can be a significant boost in sales volume throughout the department, team, or unit.

Final Thoughts on Sales Coaching

The decision to train managers in sales coaching, or to find qualified outside coaches to provide the one-on-one performance based training needed for improvement in a sales force, is clearly favored by top businesses. Emulating these top businesses in including sales coaching into your business model is critical to increasing your bottom line, assisting with top sales professional retention rates, and in positively changing the culture of your business.

Sales coaching is a management and employee friendly practice that can be incorporated with top training, mentor programs, and with effective and selective bonus programs. It is not a stand-alone or a one-time component, but a way to effectively move your sales team from where they are to where you need them to be.

The Executive/Sales Coaching Model/Process

