

Walk the Talk

Radio for Agile Minds

Coaching for Sales Effectiveness

<p>SHELLEY</p>	<p>It's that time of the month when we "Walk the Talk" and welcome Nick Anderson to the studio to help us check out if we do actually "Walk our own Talk"</p> <p>Nick is Senior Partner for Professional Development Services – long time contributor to WGUV</p> <p>During many consulting engagements Nick and his colleagues identified that organizational misalignment is has a big impact on sale performance.</p> <p>This changed their focus to ground their work by aligning sales organizations expectations first before implanting sales coaching and training.</p> <p>Each month Nick chooses a topic related to the business world in West Michigan focusing on the transitions this economy is going through</p> <p>Welcome....What have you chosen for us this month?</p>
<p>NICK</p>	<p>The focus of this program is the first of two on one of PDS's Core Competencies – Improving Sales</p>

Effectiveness. The first is titled ***Quality of Sales Managers Matters***. It is based on Findings from the Conference Executive Board, PDS's and Huthwaite Research Group studies on sales management and coaching. All three agree on 5 Main Factors:

#1 High-performing sales manager's impact reps engagement and financial performance. Reps reporting to great managers report high job satisfaction with ***four times*** more revenue than those working for poor managers.

#2 Coaching Is King—The manager activity most linked with sales rep success is ***coaching***. However, their coaching ability to coach individual sales reps is the weakest.

#3 Who they coach is selective— ***Coaching*** low or star performers does not statistically improve performance. Core performers, the 60% center of the performance Bell Curve make significant improvements with coaching.

#4 Bottom-Line Impacts—Effective coaching hits the bottom line. Core sales reps receiving great coaching reach on average 102% of goal in contrast to sales people reporting poor coaching who achieve only 83% of goal. Good coaching can improve core performance by 19%. This is lower than with PDS's and Huthwaite's sales productivity projects (18%-30% sales increases)

#5 Great Coaching Is a Learned Skill—Quantitative analysis shows that five elements account for 77% of coaching effectiveness. Armed with this information, we can develop great coaches by focusing them on specific activities such as emphasizing the importance of targeting the best

	opportunities and spending at least three, but no more than five, hours coaching each rep per month.
SHELLEY	What difficulties do firms face in getting Sales Managers coaching to impact results?
NICK	Increasing their impact is easier said than done for two reasons; they are counter-cultural to traditional sales performance improvement. First is their changing role; most managers are still promoted based their sales performance as a rep, whereas when they are managers the skills are different. Second is the changing sales model; the manager profile itself is simultaneously changing with the product-to-solutions transition. This “double jump” represents a vexing challenge to aspiring solutions-ready managers
SHELLEY	How do more traditional sales managers fare during these transitions?
NICK	The indications give cause for concern. Many Sales Managers fail to make the transition at an unexpectedly high rate. And, most alarmingly, sales leaders readily concede their first-line managers are ill equipped to succeed in the future model. Nearly 75% of current managers are judged to lack the skills to meet future performance requirements.
SHELLEY	So, this must present a real challenge to finding and retaining good managers, right?
NICK	Right, demand for good sales managers has never been greater. Research shows that quality managers are significantly more likely to positively impact rep job satisfaction and retain top talent. Indirect benefits of strong managers. The Manager Performance Premium

	<p>The financial impact of star managers compared to underperforming managers. In one industry (pharmaceuticals), a top manager can drive \$20 million more production from a sales team than a low performer. Even more promisingly, star managers can grow revenue production at a rate 4X+ than that of poor managers—a difference even more striking over time.</p>
Shelley	<p>So what is the business case for developing such star managers?</p>
Nick	<p>Well we know that teams receiving less than two hours coaching per rep per month only achieve 90% of goal. Whereas Managers who coach their reps 3hrs+ coaching each month perform at 107% of goal. The data is striking; coaching explains a 17%-50% performance difference between those coached and not coached. Even more powerfully, coaching is the difference between reps making or not making goal. Coaching also provides the additional benefit of increasing returns on training investments. Skill “training decay” rates for traditional training. Reps fail to recall 87% of what they learned 30 days following the training. However, the research shows that when training is complemented by in-field coaching and reinforcement, productivity is quadrupled From 22% to 88%.</p>
SHELLEY	<p>I know many organizations that I see that don't ever mention the “C” word yet the case seems so clear So???</p>
	<p>Yes, the business case for coaching is clear but the opportunity is not easily realized by most sales organizations, as you have seen. The problem is that so many sales managers lack coaching skill.</p>

	Sales managers repeatedly underperform in two critical solutions-management skills: developing and coaching their reps.
SHELLEY	So how do you address this problem?
NICK	The path good Sales Coaching is a journey. This journey consists of phases starting by simply recognizing the significant performance improvement that coaching provides, moving through stages that create time and tools to ensure coaching can take place, and ending with the ongoing measurement of coaching success.
SHELLEY	But, What are the difficulties of getting it right?
NICK	<p>The common difficulties are embedding coaching behaviors is hard and, more importantly there are Landmines and coach is not in the Company mindset for example:</p> <ol style="list-style-type: none"> 1. Coaching is not a priority 2. Coaching is seen as criticism 3. Coaching is seen as closing for their Reps - Give a man two fish or teach him to fish" 4. Coaching when it occurs, is focused on the poor performers not the body of the sales force 5. Coaching focus, frequency and performance are not measured
SHELLEY	Let's get to solutions, What can you do if you have these issues?

First, Direct Managers on *Who* to Coach

Who is coached is at least as important as *what* is coached in achieving breakout sales results. The business case for directing first-line managers on whom to coach and develop their skills is overwhelming.

Great coaching does not improve the performance of all reps equally. Great coaching improves the performance of core reps while having relatively little impact on underperformers and stars.

The finding regarding coaching star performers may not be too surprising. One of the hallmarks of star sales reps is continuous improvement; if there's a better way to sell, stars tend to find and adopt it more readily than others. However, the finding regarding low performers—that coaching does not boost their performance—is far more troubling because many managers spend significant time in this area.

The insight is that the largest segment of sales forces, the core, represents the biggest opportunity to improve sales results through coaching. Core reps who receive great coaching attain on average 102% of goal. But core reps who report receiving the lowest level of coaching effectiveness reach on average 83% of their goal. The 19% difference represents the opportunity for sales organizations that significantly improve their coaching programs.

In summary, two very important conclusions for first-line managers:

1. A serious investment in better coaching can improve sales results dramatically in most organizations.
2. Coaching efforts should be targeted on core performers yields the greatest returns.

SHELLEY	What's your prescription for success?
NICK	<p>The Prescription for Success</p> <p>Sales executives need to find ways for their managers to achieve outstanding coaching success by:</p> <ol style="list-style-type: none"> 1. Building strong relationships with direct reports 2. Dedicating themselves improving team results 3. Emphasizing with their reps to target the best opportunities 4. Aggressively pursuing deal profitability 5. Creating a role for specialists to support opportunity creation 6. Coaching the core performers and the stars for retention 7. Spending between three and five hours per month coaching selected reps 8. Adapting their coaching style to the individual 9. Delivering coaching in person and in the moment 10. Recognizing the importance of rep job satisfaction in coaching delivery and effectiveness
Shelley	Have you got an example where these 10 were implemented?
NICK	<p>In one Project with a Canadian pharmaceutical company's sales organization</p> <ul style="list-style-type: none"> • Implemented an intensive coaching program based on a new Sales Competency framework • Increased repeat access to Key Opinion Leaders • Empowered key sales personnel to view themselves as independent CEO of their territory • Developed an Influence Model <p>Results</p>

	<ul style="list-style-type: none"> • Customer Satisfaction ratings improved from 4th to 2nd equal inside 12 month period • Company made their stretch sales target whilst going through a merger (15% to \$800CDN) • Senior management attributed increase in sales to: <ul style="list-style-type: none"> ○ Level of coaching of reps increased 300% ○ Call averages rose 110% • Canada was rated as best managed merger by Corporate HQ
SHELLEY	Impressive. What do people do to know more on how you could help them? Now Tip of the month
NICK	They can go to our web site pdsgrp.net or our blog pdsgroup.wordpress.com or call me at 616-647-3282
SHELLEY	OK. It's time for tip of the month