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Performance Improvement – Inside Sales

In a perfect world, you'd have your inside salespeople devoting 110% of their time to selling. In reality, they spend too much of their time performing administrative, customer service and other tasks.

From our experience at various PVF houses, we have a suspicion that the inside salespeople (perhaps through no fault of their own) spend a lot of time (in fact, too much time) on these “non-sales” activities. None of these “other” activities bring sales dollars in the door — and some non-selling tasks are unavoidable. But many of these time-wasting activities are busy work — caused by mistakes, such as order errors, incomplete information and inefficient processes. You can reduce the total amount of time they spend on non-selling activities. In some cases, you can completely eliminate them through a systematic process of identification, correction, and procedures.

So, now that you are thinking about it, ask yourself: just what in the heck are your inside salespeople doing all day long?

A conservative estimate is that 30%, 40% or maybe even more of their time goes to:

- Correcting customer orders — paperwork
- Correcting customer orders — returns
- Verifying inventory
- Procuring material
- Correcting shipping errors
- Pricing
- Handling returns
- Doing things twice — first manually, then on the computer.

In every company, one activity is always tied to another activity. Get the first one wrong and watch that action spawn errors right through to the end of the process. Far

How to identify and reduce “non-sales” activities.

too often these “extra” activities actually generate more “extra” non-selling work!

EXAMPLE 1: INVENTORY VERIFICATION

An inside salesperson goes into the warehouse to verify availability of an item (instead of looking at the database on the computer). He sees 10 valves and now is able to take the order for five from the customer. Unfortunately — while he is fully confident that the customer's order will be fulfilled without incident — he doesn't know that only a few moments earlier another inside salesperson already sold all 10 valves to a different customer; the order just hasn't been picked yet. So not only does the first inside sales guy waste his time running around the warehouse, looking for product, counting product and promising valves to his customer that have already been sold, but he also has generated a whole new bunch of problems to boot. The purchasing people now have to scramble to get an additional five valves, right now. One of the customers will get either a partial order or no valves at all. And the two inside sales guys are fighting it out to determine who gets to ship those five valves to his customer.

EXAMPLE 2: MATERIALS PRICING

Inside salespeople spend a fabulous amount of time pricing materials. Over a few weeks, they may price the same item

over and over again. Different inside salespeople may price the same item differently — thus sending a very confusing message to your customers. Simply put, they are spending (wasting) a lot of time, and for all their efforts, what do you get? Varying prices for the same material. And here's the real bad news — this ad hoc pricing scheme will inevitably result in the following:

- Materials are being priced too low — you're losing money with every one of those sales.

- Materials are being priced too high — you risk losing that sale, and worse yet, you may risk losing the customer.

You can stop this. It is time to improve the performance of inside sales by reducing (eliminating) all non-sales activities in inside sales.

STEP 1: DETERMINE TYPE, FREQUENCY AND ROOT CAUSE OF NON-SALES ACTIVITIES.

The quickest and easiest way to do this is with activity tallies. The purpose of the tallies is to determine just what each inside salesperson actually does all day long. How much time is spent on sales? How much time is spent doing “other things”? And what are those “other things”? Tallies will show which non-sales activities eat up the most prime sales time. Ask each of your inside salespeople to write down 20 different activities they typically perform over a week. Generate a list of these activities (25 to 30 in all). Give a copy to each inside salesperson. Each time they perform a non-sales activity, they will put a check next to that item on the list. While totally unscientific, at the end of a week or two you will get a good idea where their time goes.

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STEP 2: SELECT THE FIRST NON-SALES ACTIVITY TO CORRECT.

You will need to develop procedures, tools, and start training employees to begin correcting the problem.

In order to see how this works let's go back to Example 1, the one about the inside sales guy verifying and subsequently selling already sold inventory. You can't make your inventory 100% accurate overnight. You can make the top 100 selling items (more) accurate. When the top 100 (or 50 or 20) items' counts are accurate, you will have eliminated the reason your guys are going back in the warehouse. Now you can tell them that they have no business going back there five or 10 times a day.

Let's take another look at Example 2, where the inside salespeople are reinventing pricing for each and every quote. Again by focusing on the top 100 most frequently sold items, you will make consistent pricing an easier task. Develop price lists for those items as well as guidelines for exceptions — such as volume discounts, rush-delivery pricing or special customer discounts. Every inside salesperson will be required to use the pricing matrix and pricing guidelines for the top 100 items.

STEP 3: AFTER A MONTH — LOOK AT PRELIMINARY RESULTS.

Learn what has worked and what needs more work. (In some cases, this may turn out to be 'who,' not 'what' needs more work). You will:

- Identify problems solved (or on their way to being solved).
- Identify seemingly intractable problem(s); this could be a person, not an activity.
- Identify what worked well and what needs more work.
- Decide if you are ready to move onto the next activity to eliminate.
 - Continue the activity tallies.
 - Pick the next one, and go after it relentlessly.

MEASURES

In the first few weeks the only measures available to you will be pretty subjective. The activity tallies will show you some non-selling activities have been reduced, some have stubbornly stayed the same and that sales time has increased. Inside salespeople will still be spending too much time doing those non-sales activities and you can target those for improvement. After a few months you will be able to measure some real results, such as fewer stock outs, fewer customer returns, and increased sales.

We encourage you to repeat this process again and again until you have squeezed every last time-wasting inefficiency out of inside sales. Once inside sales is humming along, selling, selling and selling—you can get them to be more proactive. Wouldn't you like your inside salespeople to do the following:

- Sell items already in stock, on the shelf, rather than order new material?
- Aggressively price non-routine items?
- Really, really understand the products?
- And get closer to the customer?

Of course you would. They can't do it when their time is consumed by performing so many of these useless activities. Clean up those activities, free up their time and now see what happens to sales! It's a very simple equation: More selling time = More sales. <<

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