Benchmarking: Effective Performance Diagnoses

By Scott Anderson, Managing Partner
Diamond Performance Group

Setting a sales strategy for your company is never easy. Years of experience are combined with months of meetings, research, planning and dialogue. It's a major investment of your company's time and effort for one simple reason: you won't survive without a good one.

But once the dust has settled, how well are you tracking the results? Yes, you can see individual and cumulative sales numbers, but does that tell you all you need to know?

Can you really understand how well your team is executing your sales strategy? What strategies within your selling process are they effective at and where are they not? What tactics are working and what are not?

Typically, a sales executive's day is spent managing the team, putting out fires and implementing strategies to make your numbers. We rarely have the opportunity to really look at the effectiveness of our people from a macro perspective. The end result is we're not helping the individual sales rep understand their biggest gaps in performance, and the message of "just work harder to make your number" permeates our cultures.

One of North America's largest financial institutions recognized this issue and began work with Diamond Performance Group to drive incremental revenue growth out of all team members through training and creating better awareness of individual performance.

We've provided a summary of this in the case study below, focusing primarily on one aspect of our implementation—the benchmarking process.

The situation: The management team had mentioned that independent of the activity, across the board (top producers to under achievers), the organization had a 17% close ratio. Their conclusion was a focus on increasing the activity on the front end of their sales process—the development of proposals.

But as we helped the management team define the sales process more thoroughly, another key step in the process was identified, yet not managed to: the number of times the sales rep actually met with an end user customer. Since the organization sold primarily through channels, the need to get to the end user was fully understood but not measured within the sales process.

Our first step together was to segregate the five different levels of performers, with the top 10 reps accounting for the highest level, and sales reps that would be considered moderate performers placed in the lowest category. The sales reps in the lower 20% of the organization were excluded from analysis because we did not feel that understanding the activities nor the results would be beneficial from an analysis perspective.

Our purpose was to use the different levels of acceptable performance as a goal setting strategy so the individual sales rep can more effectively monitor activity and output.

Our analysis showed that the 17% close ratio held true from activity to business closed. However, as we started to benchmark the number of times each level of sales performer actually met with the end user, we gained a better understanding of areas of concern or key training areas of impact within the selling process.

For purposes of simplification, we will only show three levels of performance:

- Top 10 Performers

- Consistent Performer (80-100% goal attainment)

- Moderate Performer (60-80% goal attainment).

Top Performer — Consistently achieves or over achieves goals and objectives (100-125%)

Consistent Performer — Consistently achieves a high percentage of goals and objectives (85-100%)

Moderate Performer — Consistently underachieves goals and objectives (70-85%)

Under Achiever — Consistently underachieves goals and objectives (less than 70%)

Our findings:

- Top 10 Performers: On average sold 86 deals at an average of $756,000.

- Consistent Performers: On average sold 54 deals at an average of $635,000.

- Moderate Performers: On average sold 36 deals at an average of $620,000.

- Top 10 Performers: Submitted 470 proposals.

- Consistent Performers: Submitted 254 proposals.

- Moderate Performers: Submitted 214 proposals.

	Top 10 Performers	Consistent Performers	Moderate Performers
Proposals Submitted	470	254	214
	25%	42%	36%
Presentation Meetings	117	106	77
	74%	51%	47%
Deals Sold	86	54	36
Average Deal Size	$756,000	$635,000	$620,000

- Top 10 Performers: Converted 25% of the proposals into presentation meetings to the end user, or 117 presentation meetings.

- Consistent Performers: Converted 42% of the proposals into presentation meetings to the end user, or 106 presentation meetings.

- Moderate Performers: Converted 36% of the proposals into presentation meetings to the end user, or 77 presentation meetings.

- Top 10 Performers: Of the 117 presentation meetings, closed 74% into business.

- Consistent Performers: Of the 106 presentation meetings, closed 51% into business.

- Moderate Performers: Of the 77 presentation meetings, closed 47% into business.

In looking at the data, obviously the Top 10 Performers were more active generating proposals (getting more looks at business opportunities), were more effective at determining which opportunities were good business (higher average deal size) and which deals they could win (close ratio at 74%). Some other assumptions might be that they were also more effective at telling their company's story, had elevated their contacts to the decision-making management level at the end user, and effectively developed coaching relationships that facilitated their high win ratio. However, most of these assumptions at this time have not yet been substantiated.

In conclusion, why benchmark?

- It will help focus the investment in training, determining strategies and tactics that have the most significant impact on performance.

- Benchmarking helps to diagnose specific areas of improvement in the sales reps' selling process.

- It can be used as a guide to more effectively set activity and output goals.

- It determines the value of certain activities vs. effective execution of strategy that will drive a result.

- It helps the managers become better coaches regarding individual performance improvement through better diagnoses.

- And finally, benchmarking promotes an environment of continuous improvement.

Your sales team has a want and need to improve their skills. No one strives for mediocrity, but finding the appropriate approach to gauge and analyze results and then apply those findings isn't typically part of the process. As the above case study suggests, being able to decipher and articulate why and how top performers within your organization are able to deliver superior results will have an impact across all levels within the sales organization and, ultimately, with that organization's success.

Scott Anderson is a Managing Partner of Diamond Performance Group (www.diamondpg.com), a sales performance firm that aims to drive top performance at all levels of a sales organization through a unique holistic approach to sales and management development. Scott may be reached by email at sanderson@diamondpg.com or by phone at 952.233.5200.

Diamond Performance Group
7801 West 96th Street
Bloomington, MN 55438
Phone: 952.233.5200
Email: info@diamondpg.com
www.diamondpg.com