How to Maximize Sales Force Potential

Business Description
Goals and Results
Business Offerings
Marketing
Finances
Personnel Management

A CorNu Enterprise Educational Product
# Table of Contents

How is this module organized? iii
Suggestions on how to use this module iv
The six-pointed star iv

## How to Maximize Sales Force Potential
Introduction 1

Sales Territory Management 3
Introduction 3
The importance of targeting sales activity 4

Target Market 7
Target marketing plan 10
Summary 14

Developing Market & Sales Force Potential 16
Introduction 16
Summary 31

Maximizing Customer Sales & Staff Potential 34
Introduction 34
Maximize customer sales 35
Customers' expectations 38
Summary 43

Maximizing Sales Force Potential 45
Introduction 45
Myths about how to manage the sales force 46
Sales and marketing—the driving force of a business 47

Common sales management situations 48
Summary 59

## Personal Performance Outcomes (PPO)
Introduction 61
Key purpose of personal performance outcomes (PPO) 62
What is included in personal performance outcomes (PPO)? 63
Preparing personal performance outcomes (PPO) 65
How are personal performance outcomes used? 69
Summary 74

Manager Assessment Tools 76

Staff Review Questionnaire 78
Introduction 78
How to conduct a staff review 79
Sample staff review questionnaire 80
Summary 82

Senior Staff Position Assessment 83
Introduction 83
How to conduct an employee review 84
Sample senior staff position assessment 85
Final summary of sales staff management 92

Sales and marketing—the driving force of a business 47
Final summary of sales staff management 92
8. Management Styles & Leadership Skills................. 94
   Introduction................................ 94
   What is the ideal management style?......................... 95
   What are the various leadership styles?....................... 96
   What can we learn from these leadership styles?........... 104
   Management style background and theory.................... 105
   Summary.................................... 109

9. The Use of Positive Reinforcement with Personnel...... 111
   Introduction................................ 111
   Employing positive reinforcement with personnel................. 112
   Summary.................................... 115

Commission Sales Agreement.................................. 117
   Introduction................................ 117
   Other products & modules for sale............................ 124

Glossary of Terms............. 126
CorNu Enterprises Inc. Disclaimer

The personal experience of the content specialist, Graeme Robertson, forms the bases for this material. The company, 6023207 Canada dba CorNu Enterprises Inc. makes no representations or warranties regarding the use of this material in whole or in part and assumes no liability for any claims, losses, or damages arising from the use of the material. The use of this material (in any way) should not be construed as taking professional advice from the author or CorNu Enterprises Inc.

Protection of Copyright

This material is the intellectual property of BizBite Consulting Group, and is presented as a 6023207 Canada dba CorNu Enterprises Inc. product with the authorization of the author. International copyright law protects this product.

The purchasers of this material may only use it for their personal use or, as a training tool, within their business. It is illegal to copy, modify, or transfer this material, any other materials presented as a CorNu Enterprises product, unless authorized to do so in advance.

Any modification or merged portion of this or any other CorNu Enterprises course, in whole or in part, is prohibited except as authorized in advance by CorNu Enterprises. If you transfer possession of any copy, modification, or merged portions of any CorNu Enterprises materials without authorization, you may be liable for prosecution and CorNu Enterprises may take legal action against you and/or your company.
Credit Page

The founders of BizBite Consulting Group and developers of CorNu Enterprises dynamic approach to education are

Graeme Robertson and Dr. Shirley Chapman

The following people contributed to this document:

Content Specialist
J. Graeme Robertson

Graeme Robertson is a seasoned business management professional with over 30 years of experience. He has held senior positions in retail, wholesale, and distribution operations. Additionally, Mr. Robertson was Regional Manager for a national personnel-consulting firm and he has been actively engaged in business management consulting for over 20 years.

Designer and Developer
Dr. Shirley Chapman
B. Ed. M.Ed. Ph.D.

Dr. Shirley Chapman is a veteran educator with over 30 years of experience. She is an expert in course/program design and development. Her experience covers public schools, colleges, and universities. Shirley is experienced in designing and developing training specifically for delivery via face-to-face, on-line (Internet), and manuals for organizations, colleges, and businesses. She is responsible for the page layout and format as well as the graphics in any materials that she designs.
How is this module organized?

Within each of the twelve subheadings, you will see the following organization pattern.

1. Sales territory management
2. Target market
3. Developing market & sales staff potential
   1.1. Maximizing customer sales & sales potential
   1.2. Maximizing sales force potential
4. Personal performance outcomes (PPO)
5. Management assessment tools
   1.3. Staff review questionnaire
   1.4. Senior staff position assessment
6. Management styles & leadership skills
7. The use of positive reinforcement with personnel
8. Commission sales agreement

Within the module, the material is divided into these headings:

- Introduction
- How to use this section
- (Module content)
- Summary
- Celebrate

Celebrate!

It is important that you recognize your achievements and celebrate each small step. Phone some friends and celebrate it. We will offer you opportunities to celebrate at the end of each part of the module. Have fun with them. We had fun creating them for you.
**Suggestions on how to use this module**

This module is organized so that you decide:

- In what order you want to access the various titles
- What you want to ignore
- How many times you want to revisit the material

Just return to the Table of Contents and click on what you want to read or review again.

**The six-pointed star**

We have depicted business and a business plan as a six-pointed star. Each part of the star represents a major aspect of your business and an important element of a business plan. Together, they form a complete view of your business and your business plan.

We have carried this star throughout all the BizBite Consulting Group products and all the modules.

As each new section is begun or completed, the appropriate part of the star is colored and the rest of the star is colorless. This may help you to see how a specific topic relates to the whole business and to remind you that it is part of the whole.
How to Maximize Sales Force Potential

Introduction

The key factors in the success or failure of a business and the ability of a business to grow in an orderly and profitable way are:

- The quality of the people hired
- How well they are motivated
- How well they are directed to achieve the goals of the business

It is the responsibility of the company's Sales and Marketing Management to direct and motivate people in implementing the overall marketing plan and marketing strategies of a company. To do this requires management being constantly aware of changes in the marketplace and being able to adapt the company's people and resources to deal with these changes.
How to Maximize Sales Force Potential will focus on how the Sales Manager directs and motivates the sales force to accomplish the goals of the company.

There are twelve subheadings to Sales Staff Management:

1. Sales territory management
2. Target market
3. Developing market & sales force potential
4. Maximizing customer sales and employee potential
5. Maximizing sales force potential
6. Personal performance outcomes
7. Management assessment tools
   7.1. Employee review questionnaire
   7.2. Senior employee position assessment
8. Management styles and leadership skills
9. The use of positive reinforcement with personnel
10. Commission sales agreement

Assume that customers also refer to clients and products refer to services
Sales Territory Management

Introduction

To be effective the outside sales staff needs to be well organized and focused in their daily activities. The way they direct their efforts every day needs to be an expression of the overall marketing plan and the sales and marketing strategy of the company. To ensure that this is the case, the sales manager works with each person in the sales force to help him or her to direct and target his or her efforts.

The sales manager provides the salesperson with leadership.

- Provide market research materials derived from the company's business plan
- Assist the salesperson, where necessary, to relate this market research to the salesperson's territory
- Give direction to the salesperson on prioritizing and directing her or his field activities

How to use this information

Examine the assigned sales territories in your company. Identify which territories are the most successful. Ask yourself:

- Why these territories are more successful?
- Does the salesperson managing the territory focus and target their sales activity towards key groups of customers?

Compare the ideas presented in Sales Staff Management to how to manage the sales territories now.

- If you are not presently using some of these ideas and methods, we encourage you to try implementing them.
- You may find that the sales territories that are performing well are doing so because the salespersons managing these territories are using some of these ideas and methods.

Begin this process by examining the company's marketing plan.
**The importance of targeting sales activity**

Many businesses have what they consider a comprehensive *marketing plan*. However, to be effective, the plan must be directed and targeted.

Accordingly, a marketing plan will usually have within it a *target market* plan. This is an integral part of the overall plan, but targets the specific groups of customers that the market research indicates are the prime users of the business's *product(s)*.

---

**Without target marketing:**

At the territory or field level, marketing plans often breakdown, lose their effect because of poor territory planning, and target marketing.

Field activity loses focus and tends to drift along paths of least resistance.

Mount campaigns periodically that tend to take a total market approach. Consequently, rather than being focused, marketing budgets may be spread too thinly.

The sales staff may appear to be very busy but, in reality, they are often spinning their wheels and not making the best use of their time. The business is better served by concentrating the business and the sales staff's effort on major business segments.

---

It is particularly important for any business to focus its efforts and generate a consistent revenue stream as soon as possible.

Thus, a major thrust of the market research and analysis should be to identify significant market segments and any target market groups within those market segments.

The business formulates its target marketing plan and considers how that will relate to the overall marketing plan.

By reviewing the effectiveness of previous target marketing plans, you can determine what adjustments, if any, may be necessary.
History is important, but the sales manager or salesperson should keep an open mind and give full reference to current research and analysis and any apparent shift in market trends.

Often, look at the timing of marketing events carefully.

Summary

In *Sales Territory Management*, we discussed how important it is that the sales manager relates field sales activity directly to the goals and results (objectives) of the marketing plan. To do this, it is necessary for the sales manager to:

- Provide the field sales person with the necessary information to help them to prioritize their field sale activity
- Provide direction and follow up the salesperson's activity
- Ensure that the marketing plan of the company stays on track by focusing and targeting the sales activity of all salespersons in the company

**For example:**

A previous marketing approach that was not very successful, may have been very effective if the timing were different.
Celebrate!!

Take some leisure time
Target Market

In developing your business plan, you should have extensively researched your market area. As part of this research, you will have defined who are your potential customers and developed profiles on the needs of those customers.

The sales manager needs to take the market research developed during the preparation of the business plan and use this information to direct the activities of the field sales people.

To do this most effectively, define target markets by analyzing the market research information.

The sales manager will then develop a target marketing strategy to penetrate those markets and directs the field sales people in the implementation of the strategy.

Assume that customers also refer to clients and products refer to services

The following material will indicate the type of information that needs to be gathered in order to determine the potential customers that make up the target market. Probably, you need to review:

- Customer base
- Financial Feasibility of Business Offerings
You should now have a very good idea of your total market and its various market segments. Now, that research data should be re-examined in even more detail to determine the make up of each of the market segments.

The purpose is to reveal those subgroups within each market segment that have the greatest revenue potential, hence, marketing programs can be designed to target those groups.

Depending on the area, business situation, business resources, and competitive activity, divide a business market into these areas:

- Geography
- Kind of customer
- Size of customer base
- Volume contribution
- Profit contribution
- Market trends or changes
- Number of existing customers
- Number of potential customers
- Offering provided (kinds and numbers of offerings, and offering mix)

Use the ideas below with particular reference to analyzing the market research data you have developed about your customer base

**Identify and describe the target market** (target audience and/or customers) and, as much as possible, prepare lists of potential customers or, in some cases, a geographic location that may be targeted.

**For example:**

If the target group is a type of business such as a plumbing business, small engine repair or a restaurant, then lists of the businesses in the local market are easily prepared.

If the target group were a certain type of homeowner, then urban areas housing those types of homeowners would be identified.

Estimate the size of the target market.

How big is it in terms of the numbers of potential customers and dollar volume?

Estimate the growth potential of the target market. That is, how mature is the market?

What does market research indicate about how many potential users of the offering have yet to be sold?

Is the offering a consumable that would be used repeatedly by the target market group?
The selling cycle of a particular offering used by a target group of customers is very important.

**For example:**

If you are, either selling a product that has a useful life for a few weeks or that the user consumed it in an every few weeks—considered a very short selling cycle.

On the other hand, if you have a product that has a long useful life and consumers do not replaced it frequently (for technological reasons), and then it will have a long selling cycle.

When a business is analyzing the total market in order to develop a target marketing strategy, these are very important considerations.

This is because every business segment will have different needs and the resources necessary to serve those customers are different.

These target market considerations will affect everything the business does.

Therefore, target-marketing analysis is a very important part of preparing a *marketing strategy* and the business plan.

Some of the data sources to use in this kind of analysis are:

- Existing account information
- Trade journals
- Industry statistics
- The Dominion Bureau of Statistics
- Financial Post Survey of Markets
- Contacts influential publication
- Associated companies
- Telephone Yellow Pages
- Government business support agencies
You need to summarize what you know about your target market. You may need to list the various kinds of target markets that you expect to service or are serving and describe each of them.

**Uses of target market information**

The target marketing information gathered is an essential part of:

- The development of a market analysis
- The development of a marketing plan

**Target marketing plan**

Once you have determined and described your target market or target markets, you need to design a target-marketing plan for each target market or groups of target markets.

*Target marketing* involves the process of analyzing and segmenting the total market to identify, in order of importance, the market segments that will yield the best return on investment of resources, people, and time. It is limited to homogeneous market segments.

Use target marketing to gain a competitive advantage that should be more profitable to the business.

Target marketing is not mass marketing. Here is an example of the difference between target marketing and mass marketing:

**For example:**

A business specializing in the installation of new fences might mail a handbill to every household in the city. This would be a small example of mass marketing. The results achieved by this sort of mailing are typically as little as .05% of the handbills mailed.

The same business could obtain a list of all the new houses built in the last 18–24 months and then mail only the handbill to those households.

This would be an example of target marketing. The results of this target approach can boost results to 3–5% (or even more) of the handbills mailed.
You need to determine how many of those seven elements apply to your target-marketing plan. You will need to complete the seven elements for each target market.

If you need more details about these elements see *The Business Plan—The Marketing Plan*

The target-marketing plan is part of the overall marketing plan.
Writing a target marketing plan

You have defined your target market or target markets. You have walked through the seven elements or those that apply to each of your target market.

Now you need to examine the parts and view it as a whole.

Do they fit together, are there conflicting decisions, and are adjustments needed?

From the information that you collected or decisions you made in elements 4–7, prepare a promotional and advertising plan for each of the target markets.

Set your goals and outcomes for the next 3–5 years. Set your goals and outcomes (the results you want) for the following year.

Establish a timetable (in general terms) for the next 3–5 years. Establish a specific timetable for the coming year.

Prepare the financial projections on the cost of implementing the marketing plan (in general terms) for the next 3–5 years and, for the coming year, in detail.

Write an overall statement of your marketing strategy.
Uses for target markets and target marketing

Target marketing, within the context of the overall marketing plan, results in:

A more cost-effective marketing plan
A better return on investment for the business
Better-designed advertising and promotional programs that are directed towards target markets
Better results because the target market plan is integrated within an overall marketing plan
The ability of sales persons to apply the target-marketing plan at the sales territory level

It is generally true that special or targeted marketing efforts are effective because of the general, on-going marketing activity that supports them.
Summary

Target marketing is an important part of a marketing plan. There are several key elements of a target-marketing plan. Identifying your target market is an important part of this process: and how to use that information in preparing a target market plan.

There are a number of advantages to the business in preparing a target market plan within the context of the overall marketing plan.

A key advantage is to focus the resources of the company more effectively in each sales territory.

Directly relate field sales activity to the objectives of the Marketing Plan

Ensure that the Marketing Plan stays focused and on track

Make it very clear to field sales people what are the sales objectives of the company

Finally, you have been given suggestions on how to write target market plans. They become part of the general marketing plan.
Celebrate!!

Take some quality time

How to maximize sales force potential © 15
Developing Market & Sales Force Potential

Introduction

The sales territory manager is the salesperson who is responsible for the accounts and prospects within a geographic area. This person needs to manage their sales territory in a way that will best realize the objectives of the company's Marketing Strategy and Target Marketing Plan.

In Developing Market and Sales Force Potential, we will discuss how:

- The sales territory manager relates their territory to the companies target marketing plan
- The sales territory manager works in concert with the sales manager to realize the outcomes or results of the target-marketing plan
- The sales manager develops the potential of the sales territory manager by ensuring attention is given to the 'five main components to territory management' as outlined below.
How to use these materials

Examine how you presently organize field sale activity in your business and compare your approach to the ideas presented in the five main components listed below.

Ask yourself what guidance is given the salesperson in your business to ensure that their field sales activity is:

- Related to the target marketing plan of your business
- Will develop the potential of the target market

The five main components to territory management are:

1. Territory analysis
2. Territory organization
3. Adapting to changing market conditions
4. Territory time management
5. Projecting results

We will discuss these five components and related subjects in the following segments. Implementing the ideas presented in these segments will provide control and give direction to your field sales activity and it will get results.
1. **Territory analysis**

Analyze each territory with reference to the target market plan.

Often it is found that as much as much as 80% or more of the business is generated from as few as 15–20% of customers. This may be because of a number of factors that are evident in the target marketing analysis.

**Nevertheless, it can reflect:**

- The analytical strengths of the territory manager
- The organizational skill of the territory manager
- The weaknesses of the territory manager
- The selling skills of the territory manager
- How the territory manager views the potential of existing accounts
- How the territory manager views the potential of prospects

It remains for the sales and marketing manager to determine whether the sales territory manager is realizing the potential of his/her territory. Examine each account and prospect in a territory in consultation with the salesperson with reference to:

- The range of products or services purchased by the account
- The proportions of the purchased product-mix
- What is the potential for improving or adding to the product or services purchased? Expressed in both unit quantities and dollar amount
- What is the **gross margin** generated on each product line or service purchased?
Estimate the potential for improvement in gross sales volume improvement and gross margin contribution. Complete this for each product or service group and then for total potential sales and gross margin improvement.

A detailed analysis such as this requires that the territory salesperson and the sales manager keep good records. This type of analysis, completed on a regular basis, is vital to good territory management. It is essential to the development of personal performance outcomes (PPO). (Discussed later)

2. Territory organization

It is very common for a change of salesperson in the territory to result in an increase in sales. It isn't that the previous salesperson was not a good employee.

<table>
<thead>
<tr>
<th>The reason for the sales increase is:</th>
</tr>
</thead>
<tbody>
<tr>
<td>The new salesperson sees the territory through fresh eyes</td>
</tr>
<tr>
<td>They don’t have the same biases that the previous salesperson may have developed over time</td>
</tr>
<tr>
<td>A different personality will naturally appeal to a different group of people</td>
</tr>
</tbody>
</table>

Consequently, moving salespersons to different sales territories periodically is a common practice in many industries.

<table>
<thead>
<tr>
<th>For example:</th>
</tr>
</thead>
<tbody>
<tr>
<td>A sales manager is spending a few days making calls with the field salesperson. The salesperson has been working that territory for 10 years. They arrive in our town and the sales manager reviews the existing accounts and prospects with the salesperson.</td>
</tr>
<tr>
<td>In addition, as they drive through town, the sales manager sees a number of business names he has never heard of before and they look like they would be good sales prospects.</td>
</tr>
<tr>
<td>When he asks the salesperson about some of the businesses, the response is typically, &quot;Oh, I called on them a number of times a couple of years ago. They weren't interested in our products. They said they were committed to the products supplied by their buying group.&quot;</td>
</tr>
</tbody>
</table>
This sort of comment will raise a red flag with any sales manager. It indicates that the salesperson may be:

- Settling into a rut
- Taking territory conditions for granted
- Not recognizing changing market conditions
- Not keeping in touch with possible changes occurring in the businesses of prospects

The salesperson may be a good employee and have a good track record. However, frequently a new salesperson on the territory would discover with the prospect in the example that:

- Ownership may have changed
- There are new people in key, decision-making roles
- The company is no longer satisfied with suppliers they have had for many years
- The management is interested in taking the company in some new directions

Of course, these are only a few examples of things that the new salesperson may discover.
3. Changing market conditions

Market conditions can change rapidly. A sales and marketing manager must be sensitive to change and be able to react quickly to adjust to the changing market.

As well, conditions can vary greatly between sales territories. As a result, it is necessary to be regularly updating the business plan and target market analysis to ensure a flow of new business.

New business is the lifeblood of any organization. It is, therefore, important that sales managers train salespeople to:

- Do thorough territory analysis and planning
- Concentrate on and reinforce areas of strength
- Control and minimize areas of weakness before they become problems
- Eliminate weak areas altogether in some cases
- Lessen the impact of weak areas of the business by diversification or addition of new business segments

4. Territory time management

A territory manager will commonly have one hundred or more clients and prospects. In some businesses, the number could run to two hundred or more. To handle this, many clients and prospects require efficient time management as well as directed and motivated activity.

It is normal, in a week, for most businesses in a metropolitan area to make:

- Make five to eight physical face-to-face calls per day
- Make ten to twenty phone calls per day to arrange future appointments
- Call on twenty-five to forty clients and prospects per week
- Make fifty or more cold phone calls per week
Naturally, there will be some differences between businesses and their type of product or service.

Each territory manager should break down the customers and prospects in their territory as outlined for the target market exercise and plan the call frequency that each will receive. The frequency can vary greatly in some businesses depending on the selling cycle for the clients and services.

A normal call frequency could be every two weeks, two months, six months, or one year, but it should be a planned activity. The plan should allow for special projects that will come up occasionally and require deviation from the plan.

The call plan is a rough working paper and should be reviewed at least three times per year. Update it when necessary.

Below is an example of a two-month call plan:
### Example of a two-month call frequency plan

<table>
<thead>
<tr>
<th>Week #</th>
<th>Western Builders</th>
<th>Highway Lumber</th>
<th>Crosstown Builders</th>
<th>Westside Paint</th>
<th>First Choice Lumber</th>
<th>Central Hardware</th>
<th>Xpert Wallpaper</th>
<th>Robertson Builders</th>
<th>Jones Hardware</th>
<th>Family Hardware</th>
<th>Johnson Hardware</th>
<th>Chapman Decorators</th>
<th>Bigtown Supplies</th>
<th>Uptown Paint</th>
<th>Peabody Hardware</th>
<th>Economy Hardware</th>
<th>Universal Decorators</th>
<th>Watson Interiors</th>
<th>Discount Decorators</th>
<th>Creative Decorators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Week #1</td>
<td>Western Builders</td>
<td>Highway Lumber</td>
<td>Crosstown Builders</td>
<td>Westside Paint</td>
<td>First Choice Lumber</td>
<td>Central Hardware</td>
<td>Xpert Wallpaper</td>
<td>Robertson Builders</td>
<td>Jones Hardware</td>
<td>Family Hardware</td>
<td>Johnson Hardware</td>
<td>Chapman Decorators</td>
<td>Bigtown Supplies</td>
<td>Uptown Paint</td>
<td>Peabody Hardware</td>
<td>Economy Hardware</td>
<td>Universal Decorators</td>
<td>Watson Interiors</td>
<td>Discount Decorators</td>
<td>Creative Decorators</td>
</tr>
<tr>
<td>Week #2</td>
<td>Western Builders</td>
<td>Highway Lumber</td>
<td>First Choice Lumber</td>
<td>Jones Hardware</td>
<td>Bigtown Supplies</td>
<td>Universal Decorators</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Week #3</td>
<td>Western Builders</td>
<td>Highway Lumber</td>
<td>First Choice Lumber</td>
<td>Jones Hardware</td>
<td>Bigtown Supplies</td>
<td>Universal Decorators</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Week #4</td>
<td>Western Builders</td>
<td>Highway Lumber</td>
<td>First Choice Lumber</td>
<td>Jones Hardware</td>
<td>Bigtown Supplies</td>
<td>Universal Decorators</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Week #5</td>
<td>Western Builders</td>
<td>Highway Lumber</td>
<td>First Choice Lumber</td>
<td>Jones Hardware</td>
<td>Bigtown Supplies</td>
<td>Universal Decorators</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Week #6</td>
<td>Western Builders</td>
<td>First Choice Lumber</td>
<td>Jones Hardware</td>
<td>Bigtown Supplies</td>
<td>Universal Decorators</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Week #7</td>
<td>Western Builders</td>
<td>Highway Lumber</td>
<td>First Choice Lumber</td>
<td>Jones Hardware</td>
<td>Bigtown Supplies</td>
<td>Universal Decorators</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Week #8</td>
<td>Western Builders</td>
<td>First Choice Lumber</td>
<td>Jones Hardware</td>
<td>Bigtown Supplies</td>
<td>Universal Decorators</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Week #9</td>
<td>Western Builders</td>
<td>First Choice Lumber</td>
<td>Jones Hardware</td>
<td>Bigtown Supplies</td>
<td>Universal Decorators</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---------------</td>
<td>-------------------</td>
<td>---------------------</td>
<td>---------------</td>
<td>-----------------</td>
<td>---------------------</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Highway Lumber</td>
<td>Central Hardware</td>
<td>Family Hardware</td>
<td>Uptown Paint</td>
<td>Watson Interiors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Westside Paint</td>
<td>Robertson Builders</td>
<td>Chapman Decorators</td>
<td>Economy Hardware</td>
<td>Creative Decorators</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Week #10</td>
<td>Western Builders</td>
<td>First Choice Lumber</td>
<td>Jones Hardware</td>
<td>Bigtown Supplies</td>
<td>Universal Decorators</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Crosstown Builders</td>
<td>Xpert Wallpaper</td>
<td>Johnson Hardware</td>
<td>Peabody Hardware</td>
<td>Discount Decorators</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Every territory manager should develop a target prospect list of at least 10–20 prospects. Derive these prospects from the target market exercise and in consultation with the sales manager. These prospects will be a part of the personal performance outcomes. The list should be changed and updated each year as market conditions and priorities change.

Here is an example of a daily call record sheet. This is a simple working paper used by the territory manager to track the week's activity.

At the beginning of each week, pull down the week's calls on to this sheet from the call frequency plan.

Spread the calls over the days of the week allowing plenty of time for current happenings in the territory and special projects. At the end of the week, the data may be broken down as follows:

- Weekly Activity Summary report to the sales manager
- Daily Call Record report to the sales manager
- Some data transferred to the Customer Record Book
- Some data carried forward to the next week’s Daily Call Record for action

The sheets are filed temporarily but usually not kept for more than two months.

*Example of a Daily Call Record*

<table>
<thead>
<tr>
<th>Daily Call Record</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Salesperson</strong></td>
</tr>
<tr>
<td><strong>Call</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>
Example of a Weekly Activity Summary

<table>
<thead>
<tr>
<th>Weekly Activity Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales territory</strong></td>
</tr>
<tr>
<td><strong>Sales achieved</strong></td>
</tr>
<tr>
<td>Customer</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td><strong>Job quoted/quotting</strong></td>
</tr>
<tr>
<td>Customer</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td><strong>Prospects identified</strong></td>
</tr>
<tr>
<td>Customer</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td><strong>A. Complaints, problems &amp; solutions</strong></td>
</tr>
<tr>
<td><strong>B. Competitive activity</strong></td>
</tr>
<tr>
<td><strong>C. Administration problems &amp; solutions</strong></td>
</tr>
<tr>
<td><strong>D: New product/promotional ideas</strong></td>
</tr>
</tbody>
</table>
Provide the sales manager a monthly report on the progress with target prospects and special projects. Discuss this report regularly.

Keep an alphabetical **customer record book** with detailed information on all clients and prospects. A loose-leaf form is best because it is easy to add pages.

There are many customer recordkeeping systems available. However, it should include a page for each customer and prospect to record the following information:

- Business name, address, postal code
- Telephone numbers, Fax numbers, e-mail addresses
- Owner's names and titles
- Decision maker's names and titles
- Sales volume last year
- Potential sales volume
- Product lines carried by main competitors
- Your product lines carried
- Call frequency and best time to call
- Space provided to note personal likes and dislikes
- Recreation activity of key people
- Notes area to keep update on special events that they are involved in (such as birthdays, trips, births in the family, or anniversaries)
- Provide a large space also for topical general comments on current business activity

Keep the customers separate from the prospects. The prospects can be moved to the customer section when their status changes.

This information is invaluable in developing a personal relationship with the customer.

It could be that some of these headings do not apply in some service businesses, so the headings should be adapted. The customer record is a key part of good territory planning and keeping it up-to-dated is very important.
**Example of customer record**

---

### Your Company

#### Salesperson Customer Record

<table>
<thead>
<tr>
<th>Account Name</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Street:</th>
<th>Salesperson:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>City:</th>
<th>Phone:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Owner:</th>
<th>Buyer:</th>
</tr>
</thead>
<tbody>
<tr>
<td>President:</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Position Title(s):</th>
<th>Call Frequency:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Competitive Lines:</th>
<th>Estimated Purchases:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Product Lines Carried:</th>
<th>Discount/Product:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Purchases Last Month Ytd/Product:</th>
<th>Purchases Y #2/Product:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Customer Special Interest/Business/Pleasure:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Future Development Plans:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Last Call Results:</th>
<th>Date:</th>
<th>Date Next Call:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Special Events/Photot's/Business &amp; Pleasure:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>
Handle all of this customer management and territory management information electronically.

**For example:**

ACT! A contact management product from SYMANTEC is an excellent example. As well, they market a suite of business utility and sales territory management products that will interface with ACT!

Visit the ACT! Web site for more information [www.actaddons.com](http://www.actaddons.com)

Such software makes it much easier to edit the information or produce mailing lists. The salesperson will be able to interface the central database with a laptop computer or a hand-held data collection tool.

1. **Projecting results**

Even with good target marketing in place, projecting results is a numbers game. The difference is that your results will be increased usually by 3–5 times by targeting your marketing activity.

Whether you are making physical cold calls or telemarketing, a *rule of thumb* for projecting results is:

- 30 Cold Calls
- 10–12 Appointments
- 6–7 Follow-ups
- 3–5 Sales
It is important to organize all regular clients and prospects on a planned call frequency schedule. There is no mystery in getting results.

The above chart also reinforces the importance of targeting your marketing activity. Targeted marketing can almost move you from the completely cold call stage to the appointment making stage.

Networking and referrals is a powerful business generation tool.

Getting involved with your local business and community organizations can be a powerful business generator.

Business leads and referrals resulting from networking can move you quickly to the second or third level (on this chart) or even result in an immediate sale.

**Putting the sales projection together**

You can see from the above chart that with:

- Cold calls, the sales result is approximately 10–15%
- Referred/qualified prospects, the sales result is approximately 25–50%

To get a good, qualified estimate of probable sales results, the territory manager would take the prioritized listing of accounts and prospects developed for the Call Frequency Plan.

The number of contacts with the various account groupings can be translated (using the above chart) to an estimate of the sales volume that may be developed in time.
There can be changes in market conditions that can affect the estimate of the territory manager. As a result, it is necessary for the territory manager to consult with the sales manager before the sales projections become part of the Personal Performance Outcomes (PPO) of that salesperson.

**Summary**

The effective territory manager keeps very detailed records on regular clients and prospects. It is the one very important way to ensure a regular flow of business.

In *Developing Market and Sales Force Potential*, we have shown how the territory manager develops the market through implementing the ideas discussed in the five main components of territory management. Moreover, we have shown methods that can be used by the salesperson to develop their potential as a territory manager.

It is extremely important that the sales and marketing manager translates or expresses the marketing plan and the market strategy of the company to the company's staff.

Target marketing is an expression of the marketing plan.

---

**Every salesperson needs to know:**

- What part their territory plays in the target-marketing plan?
- What results are expected of them?
- How those results will be achieved?
- How the results will be measured?
- What support they will receive in order to accomplish the goals set?
With appropriate target marketing and good sales territory management, your business will have fewer peaks and valleys.

With suitable target marketing, your marketing activity will be much better than throwing darts at the wall in hopes of hitting the target.

The ideas presented in Developing Market and Sales Force Potential will help you to hit consistently the target.
Celebrate!!

Take some family time
Maximizing Customer Sales & Staff Potential

Introduction

When times are tough, the natural reaction of many businesses is to batten down the hatches and wait until the storm blows over. However, the business climate in recent years has been very unsettled, and there are no signs that it is going to change in the near future.

In a tough business climate, often the first reaction is to reduce expenses. Cutting staff, reducing advertising, and examining every part of the business for ways to reduce expenditures.

In the process, making cuts that are regretted later could result hurting the business.

Before making reductions in staff, you should first look for ways to get more sales volume from each and every customer. The key to accomplishing this is to train and motivate your staff to provide better customer service.

In Maximizing Customer Sales and Staff Potential, we will discuss how you can

Maximize customer sales
Maximize staff potential

Assume that customers also refer to clients and products refer to services

How to use this information

As you move through this material, think about how to apply these ideas in your business to improve customer sales. As well, consider how to use these ideas to improve the productivity of the staff in your business.

It is a very good idea to do regularly a review of your business with reference to ways of improving customer sales and employee productivity. Consider using the ideas presented here as a guide when you are doing such an analysis.
Maximize customer sales

Maximizing customer sales means getting the most sales possible from the customers who deal with your business.

There are four parts to maximizing customer sales:
1. Be aware of how your market is changing
2. Examine your business
3. Understand the business climate
4. Understand customer attitudes and preferences

Other information that needs to be related to the previous four points is:

Know what the developing needs are in your market
Be able to identify the specific needs of each customer
Have the products or services that your customers want available in a timely fashion
Have the knowledgeable and trained staff that can effectively meet customer needs

Let's examine these four points more closely.
1. **Be aware of how your market is changing**

Global factors like rapid technological change and free trade are going to keep the job markets in turmoil for some years to come. This will result in fluctuating consumer spending power and periodic mini recessions.

The consistent annual growth days of the 60's and 70's are long gone and, therefore, businesses must:

- Be smarter marketers
- Be in tune with changing consumer needs and wants
- Capitalize on changing consumer needs/wants and ensure that staff is trained and motivated to respond to them

2. **Examine your business**

Many businesses like yours should pay close attention to the *nuts and bolts* issues such as:

- Inventory levels
- Growing margins
- Inventory turnover
- Cash flow
- Return on investment (ROI)

However, often forgotten is the real secret of success!

**The answer is simple!**

Maximize sales from the customers that you now have. It is far cheaper to spend money and effort on keeping existing customers than it is to spend all the effort and money bringing in new customers.

**How can you do this?**
The key is training, managing, and motivating your staff in a sophisticated and professional manner.

During either a tough business period or when business in the market is very competitive, customers are frequently:

- Fewer in number
- Better informed
- More selective than ever before about their purchases
- Looking for sales or competitive pricing

However, they are still buying, and notwithstanding sales/wage ratios, if you want to maximize sales they must be served well by sufficiently trained competent salespeople.

If they are not served adequately, they will simply go somewhere else and you are unlikely to see them again for a long time.

3. **Understand the business climate**

In recessionary times, the first cuts in costs made are staff cuts. They can be made quickly and see the results immediately.

Nevertheless, cutting back in customer service can be devastating to your business.

In fact, the key to making your business recession proof is by providing superior customer service.

Surveys of consumers across Canada and the U.S.A. consistently confirm that many salespeople shock consumers by exhibiting:

- Apathy
- Incompetence
- Rudeness

Consequently, after you have spent *big bucks* on advertising, promotional materials, and attractive point-of-sale presentations, unprofessional salespeople can turn off the customer or client and effectively scuttle your marketing program.
Worse yet, how many times have you visited a store and could not find salespeople to assist you? Management has cut staff but they likely have cut sales, too.

4. **Understand customer attitudes and preferences**

Customers today are smarter than ever and they are keenly aware of the power they wield in the marketplace.

**Customers’ expectations**

Customers don't just expect to be served well; they demand to be served well. By selecting your business, they are saying:

- I've selected your business out of the many that are available to me
- I expect to be served by knowledgeable, competent, and courteous staff

Today, consumers are not just looking for a bargain—they are looking for value from the businesses they patronize and that include superior service.

When you think of it, as a businessperson, you can't do too much about fixed costs or outside forces like:

- Energy costs
- Inflation
- Interest Rates

However, you can directly affect the quantity and quality of service that your customers receive.

**How to maximize customer sales**

There are a number of ways that you, as a business, can improve the attitudes of customers and, at the same time, achieve increased levels of satisfaction.

Some of them are:

1. Complete a detailed marketing study at regular intervals, not just at the beginning of a new business.
   
   You need to analyze regularly
   
   - Who are your customers
   - Where do they come from
   - What are their needs
2. Put yourself in your customers' shoes and pretend that you have come into your place of business for the first time.

   It is a good idea to ask frequently your customers for their input on how they view your business.

   **Remember to:**
   - Assist the customer to reach the right area of your business by providing clear signage
   - Don't take the appearance of your business for granted because you see it every day
   - Don't allow your business to become cluttered, confusing, and unfriendly

3. Make it easy for the customer to buy.

   Get in the habit of measuring everything you do in your operation in terms of:

   Does this make it easier for the customers to buy?

4. Take the hassle out of the shopping process.

   Make sure that their needs are met efficiently and pleasantly.
   Impress the customer today and they will tell their friends.

5. Show respect and appreciation for their patronage.

   Leaving the customer with a good feeling about their purchase will ensure their return.

   **There are a number of ways of showing customer appreciation:**

   **Small gifts** (rewards for frequent purchases, at special events or holidays)

   A **sales event** may include a preferred customer event by special invitation, an additional discount for preferred customers, or pre-sale invitations for preferred customers

   **Special events** are possible, such as an Open House with a BBQ, a Grand Opening, an Anniversary Sales Event, and events commemorating special holidays
Maximizing your employee potential

A key part of maximizing customer potential is ensuring that:

- You have hired the right people to provide the kind of customer service that makes it easy for customers to buy and encourages customers to deal with your company again.
- You ensure that employees are adequately trained to provide good customer service.
- You meet regularly with employees to discuss ways that customer service can be improved.

These are essential factors in maximizing your employees' potential to provide good customer service.
Let us look in more detail at how you can do this:

1. **Take a hard look at your staff scheduling** to ensure that you have adequate personnel on duty at all times.

   Part of understanding customers is to know when they come into your business and to make sure that you have the right people there to serve them.

   We all have heard the saying; *'You can't sell from an empty wagon.'*

   Similarly, you can't serve your customers satisfactorily at peak traffic times if you have too few or untrained and uncommitted staff.

2. **Regular refresher training** is very important. It is extremely important to keep staff focused on:

   - Who the customers are
   - Basic selling skills
   - Good questioning techniques
   - Determining the customers' needs
   - Dealing with objections and complaints
   - Recognizing the customers selling 'hot buttons' or their motivation for buying
   - Closing sales techniques

   Staff may feel inadequate in a selling situation if they have not had refresher training recently.

   Nobody wants to do a poor job.

   When salespeople fail, it is often due more to a lack of confidence than anything else is.

3. **Praise staff for a job well done**

   Don't take your staff for granted.

   Everyone likes to be recognized, in front of his or her peers for good performance.

   When was the last time you did something to make your staff feel positive and proud about themselves and their place of work?
4. **Have weekly staff meetings** to get valuable feedback from staff

Schedule these meetings for the convenience of staff, not for the management's convenience.

The meetings should be at the beginning of a shift rather than the end of one. As well, they should be on business time.

Hold three or four meetings to include all staff members.

Staff meetings should be short (15 minutes or so)

An agenda should be prepared for these meetings.

Staff should feel free to provide input to the agenda.

If an issue is too involved to cover in these brief meetings, defer it to a special meeting.

The weekly meetings should always include the following general areas of discussion:

- **Feedback on customer concerns and needs**

- **Ways to remove any perceived barriers that do not make it easy for the customer to buy**

- **Improvement of systems or procedures to make it easy for customers to buy**

- **Merchandising ideas that may improve the presentation of products or services and make it easy for customers to buy**

- **Visual presentation ideas such as colours, interior and exterior signage including corporate, product and directional signage that will get the consumers' attention and make it easy for them to buy**

- **Feedback on competitive activity**

- **Issues of general concern to employees**
Summary

The principles and suggestions outlined in *Maximizing Customer Sales & Staff Potential* are fundamental to maximizing customer potential and staff potential.

Executing the basics that we know in our heart must be done is one of the biggest problems in business today. Don't get bogged down with a lot of things that won't have any effect on our bottom line.

Get your priorities straight and achieve outstanding customer service.

In these competitive times:

Start today and work with your staff to improve their skills and customer service and capture those precious sales.

All the cost cutting in the world will make no effective contribution to the bottom line if there is no revenue coming in to write the black ink in the first place.
Celebration!!

Take some time to smell the roses
Maximizing Sales Force Potential

Introduction

Businesses try to quantify, dissect, systemize, and otherwise control every aspect of business in an effort to improve performance.

They often use:
- Time and motion studies
- Complex charts and graphs
- Computer analysis
- Other kinds of analysis

It is assumed that once discovering the magic bullets, you will only have to push a button and out comes the desired answer or human response.

For the most part, direct these efforts towards internal operations. Even if operations are under constant scrutiny, there seems to be no end to the tinkering and fine tuning efforts to improve efficiency.

In the process, often owners and managers lose sight that:

People make businesses run smoothly and profitably
In Maximizing Sales Force Potential, we will explode a few myths about salespeople and sales management. Furthermore, we will examine some of the ways in which businesses can better motivate their sales force and maximize their potential.

How to use this information

When you move through this information, compare some of the examples to situations in your company. Be honest and objective in your comparisons!

Ask yourself whether you have handled similar situations the same way. If not, what were the results? If nothing else, the message of this section is, to be sensitive and creative in your approach to solving business situations that rely on people for success.

Please note: Personal Performance Outcomes (PPO) is already a plural so PPO will be followed by a plural verb.

Myths about how to manage the sales force

Often overlooked is the sales force in organizational planning and systems analysis. Often there are two basic viewpoints for management to take regarding their sales force: management fears the sales force or feels the need to control them.
**Myth #1—Salespeople know best**

Some businesses are afraid to meddle with the sales force and rationalize the hands-off approach by arguing that the salesperson:

- Is closer to what the customers' needs are
- Knows best what the customers' needs are
- Can best determine how receptive the customer is to the business' products
- Income is tied to their sales performance and, therefore, they will just naturally do whatever is necessary to move as much product as possible

**Myth #2—Salespeople must be controlled**

There are businesses that hold this point of view: to strictly control the sales force. Salespeople in these businesses are:

- Suspected of giving away the farm to get a sale
- Not completely trusted so they must be controlled to the 'nth degree'

In both situations mentioned here, we have a negative rather than a positive direction of the sales force. Both situations will often result in a high turnover of sales staff.

**Sales and marketing—the driving force of a business**

In most organizations, the sales force is the key to realizing the sales and profit goals of the business.

The sales force should be involved as true partners in the realization of the business' outcomes.

If left to drift with no direction or guidance, the sales force will often take a line of least resistance and sell what is easiest to sell rather than what would be most profitable for the business.

Salespeople want and need guidelines. They need to be part of the big picture. They need to have an understanding of things like:

<table>
<thead>
<tr>
<th>Production capability and costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shipping and handling capability and costs</td>
</tr>
<tr>
<td>Internal paper flow and controls</td>
</tr>
<tr>
<td>Break-even analysis of departments and product lines</td>
</tr>
<tr>
<td>Minimum gross margin requirements</td>
</tr>
<tr>
<td>And much, much more</td>
</tr>
</tbody>
</table>
Salespeople don't have to be experts in all these areas of the business, but they need a basic understanding of these areas. Never forget salespeople are a vital part of the team, without whose efforts none of the bills will get paid.

**Creating the climate for good sales performance**

Management needs to provide the key ingredients necessary for sales force success.

The key ingredients are:
- Strong direction and focus upon the business' production needs
- Frequent communication and monitoring of the employees' progress
- Provide appropriate well-structured incentive programs that have a major employees' input component
- Integrate these incentive programs with the production needs and capabilities of the business
- Eliminate the *we vs. they* mentality that often exists between the sales force and operations staff and arrange for them to work together as a team

**Common sales management situations**

Now all of this sounds easy but in practice, it takes a sensitive and creative manager of people to do it. Managers need to recognize the problem areas before they get out of control and apply the appropriate solutions to fit the situation.

All of the next scenarios are related to salespeople in some way even if the scenarios appear to centre on other people.

**Seven common salespeople situations**

Seven typical situations are encountered by businesses related to salespeople. Each scenario has three parts: a description of the scene, the problem, and finally the possible solution/solutions.
Scenario #1:

Allow salespeople to sell what they want rather than what the business needs most to sell or have directed them to sell.

Problem

This is the result of a breakdown in communication between the sales manager and the sales force.

It is very common for companies not to inform the sales force about internal business problems in such areas as:

- Production capability
- Availability of inventory
- Break-even point (BEP) analysis for product lines or departments—what the business must sell to break-even
- What minimum profit margins are required

Consequently, salespeople go into the field armed with only a vague knowledge of what is expected of them and what must be achieved overall to be successful. They can make promises to the customers that cannot be kept.

This secretive approach taken by some companies is a huge mistake.

Possible solution

Don't solve this problem by the usual pep talk from the president, business owner, or sales manager at the next sales meeting.

The only way to eliminate the problem is for the business owner or sales manager to set clearly out in writing for the sales force.

The sales manager, in consultation with the salespeople, prepare a set of personal performance outcomes (PPO) that collectively fulfill the business's goals and outcomes and provides firm guidance to field operations. Properly crafted PPO is a dynamic force throughout the organization. Tying salary reviews and incentive programs to PPO maximizes achievement.

<table>
<thead>
<tr>
<th>What are the problems?</th>
</tr>
</thead>
<tbody>
<tr>
<td>The basic needs and objectives of the business</td>
</tr>
<tr>
<td>The minimum profit margins required meeting company objectives</td>
</tr>
<tr>
<td>The business' shortcomings or weaknesses</td>
</tr>
<tr>
<td>The business' capabilities</td>
</tr>
<tr>
<td>The business' priorities</td>
</tr>
</tbody>
</table>

How to maximize sales force potential © 49
**Scenario #2:**

Salespeople often concentrate on the big orders and give little attention to other prospects that, with a little attention, may blossom into a significant source of additional sales revenue.

*Problem*

In some cases, this policy is even condoned or encouraged by sales managers. Sales managers have been known to:

- Instruct that accounts below a certain volume are not to be called on
- Ignore that the salespeople are not servicing the small accounts

Often, salespeople will be content to *baby-sit* a few large accounts and try to maximize their potential. This may even look good for a time as the big orders roll in but, in the long term, it inevitably will leave the business in a vulnerable position.

*Possible solution*

To survive, a business must generate a constant flow of new business to replace the business lost every year by normal attrition.

To do this effectively, a business owner/manager must always be aware of the various types of customers that make up the business and the contribution that each type makes to the business.

<table>
<thead>
<tr>
<th>Remember:</th>
<th>If there are too many eggs in one basket, the business can be devastated by the loss of even one of the eggs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>The mix of the customer account base is very important to profitability</strong></td>
<td>The small account normally generates much higher gross margins and, if the business has enough of them, it can be a powerhouse of profit.</td>
</tr>
<tr>
<td>Large accounts can be high volume, but often they can be very low gross margin business and sometimes very demanding and dictatorial. They know the power that they can sometimes wield.</td>
<td>When diversifying the business, it is much harder to be displaced by a competitor in the market. It is easy to forget that eventually some little accounts will become big accounts.</td>
</tr>
</tbody>
</table>

Five years from now, up to 50% of the accounts that presently make up 80% of the business will be gone.
Scenario #3:

Salespeople may be very well versed on the features, benefits of their products, and possess good selling skills but they sometimes lack a comprehensive knowledge of the industry.

*Problem*

Salespeople have not usually *grown-up* in an industry. Good selling skills are transportable and many times a good salesperson comes from a related field and is successful by simply applying good selling techniques.

*Possible solutions*

Management should provide educating and training for the sales staff by:

- Providing training on industry structure and background
- Involving the salesperson with key customers and other business associates who are very knowledgeable about their industry
- Providing ongoing training on their market and their competitors

If salespeople have a good background and understanding of the industry, they are better able to anticipate customers' needs and solve their problems.

These same salespeople will be able to gain more quickly the confidence and trust of the customers.

Scenario #4:

Frequently, salespeople are paid on the basis of *gross sales* rather than on the profit margin realized by the business.

*Problem*

In this situation, salespeople may be criticized for *giving away the farm* to get a sale. They may concentrate on the items that are the cheapest and easiest to sell. The problem is one of management and direction of the sales activity.

*Possible two solutions*

Rather than compensating purely on the basis of gross sales, basing a commission structure on gross margin yield is more effective. It will ensure that all the business' products receive the proper emphasis. However, although this approach will yield bigger dividends for the business, it does require some bookkeeping.
Alternatively, a system of rewards based upon PPO is much easier to administer and much more flexible. PPO allow the Sales Manager to:

- Tailor the outcomes to each salesperson and the needs and potential of their specific territory or account base
- Apply just the right emphasis on *gross sales* and *gross margin*
- Promote product development
- Focus on new account activity
- Encourage employee personal development

Good salespeople respond positively to this approach because it reflects the differences that exist between sales territories and rewards them on the basis of a broader range of positive accomplishments.

Besides, they are motivated by the feeling that they have more control over their results rather than just having arbitrary goals thrust upon them by management.

**Scenario #5:**

Salespeople can sometimes seem to be working for themselves rather than for the business or as part of a team with others.

*Problem*

Field sales are highly competitive and, by nature, good salespeople must be aggressive and highly motivated. These positive traits can emerge in a negative way, if not channeled properly.

*Example*

New promotional ideas and new ways to exploit opportunities may be withheld for personal benefit rather than shared with the group. This is particularly evident in businesses that pit one salesperson against the other in sales contests.

Periodically, a contest can be fun and a morale booster. However, if contests are too frequent and become the normal way of stimulating sales results, they can be damaging to the organization in terms of the effects on people and the distortion of the mix of product movement.
Possible solutions

Solve the problem in the following ways:

Better communication and involvement of the sales force in realizing the business’ goals

PPO are an excellent way to reward individual performance within a team concept of sales management

Regular sales meetings are another way to promote interaction of salespeople and the exchange of ideas

It can be very effective to have a top performer or perhaps just a different salesperson at each meeting make a presentation to their peers and to management on competitive situations encountered and the techniques employed to achieve success.

The advantages of this approach are:

It can stimulate a lot of positive discussion that produces new and innovative approaches to familiar problems.

It can be a real motivator for a salesperson to strive to make the best presentation, particularly when they know senior management is present.

It further provides a good forum for management to interact more with field salespeople and be more in touch with the real problems encountered in the field.

Another method that can be extremely effective is to spend time at sales meetings doing some role-plays.

These role-plays could be common or uncommon situations encountered by the salespeople. The salespeople should discuss the role-plays as to handling the situation or other ways of handling the situation.

Scenario #6:

Burdening salespeople with excessive paperwork

Problem

When times are tough, businesses will often cut down the overhead by reducing office staff. This sometimes results in shoving extra reporting and paperwork down the pipe on to the salespeople's shoulders.
In this case, not enough thought has been given to the results of this action. Without sales, the business will not survive and, in tough times, maintaining, and increasing sales is even more vital.

If the sales force has to take on office tasks such as:

- Doing credit checks
- Pricing and extending invoices

Some other duty formerly performed by office staff

They will be much less effective in the field selling the product. Often the salespeople are not qualified or experienced to do this clerical work. They may not have the computer skills to complete the work in a timely fashion. The result is that the business is paying an extremely high price in relation to the savings realized when salespeople are left to do these kinds of tasks.

Possible solutions

As far as paperwork is concerned, field salespeople should only be required to do three activities:

- Sales orders
- Sales activity reports
- Expense reports

In this scenario, we are talking about the paperwork salespeople are required to do as part of their field activity. Customer follow up is a personal contact, field activity.

Burdening salespeople with paperwork takes time away from their aggressively following up customers in the field. That is where business will be developed and the results will be reflected in the salespersons' Sales Activity Reports.

Scenario #7:

Salespeople who make too many promises that can't be kept.

Problem

This is a perennial complaint in many organizations. In their zeal to get the sale, salespeople will frequently put unnecessary pressure on the organization to fulfill their commitments.
The possible results are:

- Unnecessary expense to fulfill the commitment
- An erosion of **gross margins**
- Untimely use of resources that may affect other customers
- A greater risk of costly errors
- The negative effect on business morale because of the unrealistic pressure on the organization
- It can create potential problems with customers because not all of the promises can be kept. The salespeople and the business soon acquire a reputation for not following through on their commitments.

**Possible solution**

The business owner or sales manager has to ensure that the sales force has a better awareness of how production, material handling, and other aspects of business operations function.

**Salespeople should:**

- Communicate better with internal operations
- Consult with department heads before making promises
- Remember in almost not all cases sales will be lost because of a minor delay

The customer appreciates the honesty of the salespeople and will simply schedule accordingly.

Salespeople who are in the habit of communicating with internal operations will find them willing to pull together, cut through the red tape, and do whatever has to be done to get the job completed if there is a genuinely urgent situation and if it does not occur too often.

**Common sales manager situations that affect salespeople**

Sales managers regularly encounter three typical situations when managing salespeople. Each situation has three parts: a description of the scene, the problem, and finally the possible solution/solutions.


Situation #1

Sales managers frequently lack the qualifications to provide meaningful leadership to the sales force they are supposed to direct.

**Problem**

Very often sales managers are top salespeople that were promoted from the field. They may have been terrific salespeople but they can frequently be terrible sales managers. This is known as the 'Peter Principle.'

This is a double tragedy for the business because:

- The sales results of a top salesperson are hard to replace
- By the time the problem with the sales manager is evident, it is usually too late to do anything about it

The result of this situation can be the loss of a formerly good employee

In this situation, the sales manager lacks the training and skills to do the job and:

- They are content to function as a figurehead
- They do not develop the sales policies and guidelines
- They do not do the hands-on coaching necessary to produce results

They may be carried along for a while by the sales momentum of the organization but, after a few months, the lack of direction will start to be evident in eroded sales.

Although this type of new sales managers' background is in field operations, they often tend to forget the necessity to spend time in the field, listening first hand to the concerns of customers and experiencing the challenges the sales force is facing.

**Possible solution**

The solution to this problem is that businesses must pay more attention to employee career development. They must have a coordinated, long-term plan for training employees and moving them along a professional path throughout their work.

Businesses know that:

- They eventually will need to replace the managers
- They will likely be creating other management positions
Businesses must ask these questions:

- Where will these new managers come from?
- Will inadequately trained people be thrown into these new positions?
- Will they have to hire future managers from outside the business?

In any case, the potential risk and cost to the business is huge compared to the cost of on-going training and development of existing employees.

It is extremely cost effective in the long term for a business to identify potential candidates for future management positions, even years in advance, and gradually provide them with the training they will need to be good managers.

When salespeople finally get that big promotion, rather than being a fish out of water, they will have all of the following skills needed to be a successful sales manager:

- The business management training
- The analytical skills
- The organizational skills
- The time management skills
- The people management skills

**Situation #2**

This is an example of a typical situation encountered by businesses related to management:

Management often fails to inform adequately the sales force about changes that are occurring in the industry. Good salespeople will have their antenna up at all times and will be quick to pick up on winds of change in the field.

**Problem**

This problem is two pronged. Salespeople are not aware of changes, nor are they always aware of the big picture. Second, management has not kept them informed.

*For example*

There may be governmental or international pressures that can influence the way the business does business.
**Possible solution**

At regularly scheduled staff meetings, management should circulate trade journals or press releases about changes going on in the industry that could affect the company.

Discussion of the issues should be encouraged. Getting issues out in the open gives the company and the employees an opportunity to put rumors to rest and inform employees about the company's plans to deal with any changes.

**Situation #3**

This is another example of a typical situation encountered by businesses related to management:

There are under utilization of equipment, resources, or specialized people skills within the business because the sales force is not directed and motivated to maximize these potentials.

Many companies have:

- Pieces of equipment that is underused
- A department that could handle much more work or different work
- Special people skills and capabilities that are not fully exploited

Not taking advantage of these potentially useable people skills is not the fault of the salespeople but it is a management problem.

**Solution**

Managers must ensure that the sales force is well aware of the production needs of the company.

They must know how important it is to the company to sell the complete range of company products and not just the top ten movers.

Then, through focused activity, using PPO and regular communication on any changes in the business' position motivate the sales force as a team to maximize the efficient use of all the business' resources.
**Business considerations**

It is important, therefore, that the business recognize that the sales force is a vital part of operations.

That the sales force input can be significant to making major decisions on such issues as:

- Future business outlook in a region
- Pricing situations
- New competitive activity
- Policy changes
- New competitive activity
- Policy changes
- Any other issues that ultimately will have an effect on customers

By keeping the sales force well informed and involved in the decision-making process, the business will promote a dedicated and committed team that will improve the strength of the entire operation.

**Summary**

This chat of some common sales management problems covers only the most obvious areas of difficulty encountered by sales managers. Two major factors stand out. They are:

1. People make businesses successful, not programs, not policies, and not procedures.
2. In the long term, businesses will succeed to the extent that they invest in, and develop quality people, and then communicate effectively with them.
Celebrate!!

Enjoy each season
Personal Performance Outcomes (PPO)

Introduction

*Personal performance outcomes (PPO)* for key personnel are extremely important at all levels of an organization.

PPO are a formalized list of goals that should always include:

- Key corporate goals
- Personal goals
- A special project

Corporate goals will reflect a direct interfacing of overall business outcomes for the year with the individual's area of responsibility.

PPO are like a rowing boat built for many.

Each person in the boat is part of the whole team. The rowing boat has to move in the direction that the business owner or management determine.

Each person has a role to play and knows what that role is. It is important that everyone row together.

Collectively, all the PPO in the business express the will and direction of the enterprise. Administered properly, they are both prime motivators and planning tools.
How to use this information

As you move through this section, think about how you would express your key corporate goals on a PPO for each position. Also, think about how the PPO for each position would relate key corporate goals to personal goals.

Furthermore, think of special projects for each person in your business. Special projects are a great way to develop the abilities of employees and, at the same time, perhaps show that you value their contribution to the company.

Please note: Personal Performance Outcomes (PPO) is already a plural so PPO is followed by a plural verb.

Key purpose of personal performance outcomes (PPO)

There are at least two key purposes of PPO:

1. They provide a way of measuring the efforts of the individual and a group.
2. They are an organized way of monitoring and rating the performance of people in the organization for the purpose of compensation.

It is not necessary for everyone in the organization to have a PPO but each year they should be established for personnel such as:

- Outside salespeople
- Department managers

It is recommended that even for many people who do not require formal PPO; their department manager should provide them with specific short-term and long-term goals that they are responsible for achieving within a certain time frame.

There are several tips that we can offer regarding using PPO:

- Good people will respond to the challenge of meeting PPO.
- A personal goal or project is a great motivator.
- It is usually seen as an opportunity to test or prove themselves.
- Business owners or managers should always personally congratulate employees for good performance.
- Business owners or management should make sure that individual achievements are always recognized publicly within the organization.
- A good way to recognize people is through a business newsletter, business sales meeting, or a seminar.
What is included in personal performance outcomes (PPO)?

PPO can be divided into several kinds of goals:

- Corporate goals
- Personal goals
- Special projects goals

**Corporate goals**

The items included in PPO vary a great deal depending on the person's responsibility.

| For an outside salesperson, this would usually include items like | Net sales |
| | Gross margins |
| | Expense control |

| For an office manager, it might include: | Installation of a new computer system |
| | Implementation of a new office organizational structure |
| | The introduction of new credit controls |

All of these items can have several sub-categories that are part of the overall objective.

**Personal goals**

Personal goals are those directly related to the individual's area of responsibility and should be aimed at achieving something specific to that area.

**For example**

In a sales territory, the personal goals might be:

- Selling a major target account
- Market participation into a new area
- Introduction of a new product line
**Special projects goals**

Special projects as part of PPO are a good way of allowing the employee to express their individual talents. Whenever possible, the project should be something in which:

- The employee has shown a special interest
- The employee has a special aptitude

There are positive benefits of assigning special projects.

- They can be great motivators.
- They can be morale boosters for the employees.
- They can be morale boosters for the entire organization.
- People will naturally work hard at something of special interest to them.
- The employees' drive and enthusiasm spins off to all areas of their work.
- The employees' enthusiasm rubs off on others in the organization.

Management's prominent recognition of the achievements is very important.
Preparing personal performance outcomes (PPO)

There are two parts to this section:

Preparation steps
Staff involvement

Preparation steps

There are four steps in preparing PPO:

1. Management, before the end of a fiscal year, should prepare an outline of PPO. These will reflect the management goals that will be in keeping with the long-range Business Planning of the business.

2. As soon as the results for the fiscal year are known, managers at all levels should discuss PPO with their employees. Integrate the collective PPO at each level of the business into the next level, thus producing a consolidated PPO for the business.

For example

The field salespeople forecast the next year.

The department managers base their forecasts on the forecasts of the field salespeople.

The division managers base their forecasts on the forecasts of their department managers.

The owner of a business will base business forecasts on the total forecasts of the division managers.
Integrate the forecasts of one level into the next level.

---

**For example:**

Management may have an overall goal for the company of a 20% increase in sales but not all areas of the business probably can do this.

Management conveys their *wish* to all of those people in the company that will have a PPO. On an individual basis, they design a personal PPO with the goal of a 20% increase in mind.

However, more importantly, that person's PPO should reflect realistic goals that will stretch the person's capability but be seen by all concerned as achievable.

In an individual case, it may turn out that a 12% increase in sales may be a realistic goal but, for another person, a 22% increase might be realistic.

After all, of the PPO for the field salespeople in a business division are completed, the manager of the division bases his or her PPO for their division on the total of the PPO of their field salespeople.

If the division managers reported to a general manager, the general manager would base his or her PPO on the total of the division managers PPO.

Therefore, the process of preparing PPO starts with goals expressed by senior management. It then starts at the bottom and moves up through the ranks of the company until, ultimately, it would reach the CEO of the company who, in turn, has to answer to the Board of Directors and the shareholders.

At each level, the managers have to realistically factor that only 75–80% of the overall PPO will be achieved if they have been crafted properly.

By the time, the process is completed, what started as a desire on the part of management for a 20% increase in sales may now be modified to 15%.

This *realistic* projection provides a more reliable basis for the company committing funds to the necessary raw materials, etc., to support the expected performance in the field.

---

3. It should be accepted by all parties that there will be some flexibility in establishing PPO in different areas or divisions of a business because there can be great differences in the potential or capabilities of each division.

4. In the main, PPO must be consistent with the overall business plan requirements of the business and its marketing strategy.
There are six important criteria to keep in mind when establishing PPO in order to avoid confusion or resentment at the time of the assessments.

We discussed these criteria for business goals and outcomes in *The Business Plan*.

- The outcomes must be very clearly defined
- There must be no grey area or room for misunderstanding as to what is required
- The outcomes must also be achievable
- The outcomes must be time phased. It must be clear what period is being measured
- The outcomes must be measurable in a clearly understood way
- The method of measurement should be defined

For example

If a goal were set to increase sales by a certain percentage or amount, without defining whether sales meant *gross sales* or *net sales*, it would lead to controversy at the time of assessment.

Consider these four other points:

5. All parties should understand what sources of information would be used to retrieve the data for PPO measurement.

6. PPO must always be timed so everyone understands the period of performance to be measured and when the deadline or cut-off period will occur.

7. PPO are often point weighted to reflect the difference in emphasis that the business puts upon various PPO categories.

8. The PPO rating then is a matter of adding the points achieved and expressing it as a percentage of the total to arrive at the performance rating.

   There should not be too many PPO or the process becomes too complicated.

   Too many PPO may make it impossible for employees to achieve all the PPO. A realistic number of PPO is eight or nine but these could be made up of two or three relevant sub-categories.


**Staff involvement**

Involving the employees in this process is very important. If you want them to *buy* into the process, then they must have ownership of the process. Ownership comes because of assisting in the development of the PPO.

Before sitting down with the employee to discuss PPO for the coming year, the manager should:

- Give advance notice to the employee that it is time to start preparing their PPO.
- Make a definite appointment with the employee to discuss their PPO.
- Provide the employee with any records they will require such as sales reports, commission reports.
- Ask the employee to come prepared with data and ideas of his or her own to contribute to the formulation of the PPO.

It should be understood that this is a co-operative exercise and that PPO will be negotiated within certain guidelines.

It will be a serious discussion: not a crystal ball session.

Grossly underestimating or overestimating PPO can be very serious for the business because much of the consolidated data will be used as the basis for budgeting and deploying the business assets.

In the PPO preparation steps section, we noted that the forecasts of each level of the business form the basis for the forecast of the next level of the business.

Therefore, in the interest of all concerned, the manager must control the direction of the discussion to avoid the sandbagger (the person who grossly underestimates their future results) or the blue sky (overestimating) forecasting of the over-zealous salesperson.

Consider that if each person overestimated their results by only 5%, by the time the figures pass from the salesperson to the department manager, to the sales manager and to the general manager, the data is inflated by over 20%.

---

**For example**

Poor forecasting could result in gross imbalances in inventories with resulting problems in production and customer service or perhaps excessive financing charges.
How are personal performance outcomes used?

After the PPO are written and agreed upon, there are at least two times during the year that PPO should be reviewed: fiscal year mid point and year end.

**The initial agreement**

Once PPO are agreed upon, they should be typed, signed and dated with a copy for filing and a copy given to the individual involved. It is a good idea to set a time of six months into the fiscal year to review the progress made in achieving the PPO.

**Year mid-point review**

Sometime around mid point of the fiscal year or mid point of the time assigned to the PPO, there should be a review of them.

- The reasons for the interim review are:
  - Some counselling or help from the manager may be necessary.
  - Something extraordinary may have occurred beyond the employee's control.
  - It may be necessary to adjust the PPO.

The manager has to be careful, though, not to allow these review meetings to devolve into an excuse session. Again, employees are given plenty of notice of the meeting and advised to come prepared.
The year-end review

At the end of the fiscal year, review the results in the same way as at the interim review and the actual performance rating established.

Again, some counselling or help from the manager may be indicated.

The performance rating of the PPO is then used directly in:
- Determining the bonus earned, if applicable
- Determining the appropriate amount of salary increase on the anniversary hiring date of the employee

A brief period should occur between a final PPO review and the setting of next year's PPO to allow all parties to digest the results and consider the next year's forecasting.

At the discretion of the business owner or manager, award partial points for a particular PPO on a pro rata basis or the achievement of the entire PPO.

For example

If, in the PPO example, 80% of the new business goals, item 5, were achieved, the manager may elect to award 8 points.

If this is to be completed with some PPO, the employee should understand this in advance.

It is recommended that this should not be brought about unless a minimum standard of achievement is in effect.

An acceptable standard, before the pro rata formula would apply, would be 60% or more of the goal achieved.
Combining personal performance outcomes with salary administration

In the Unified Salary Administration Program section, we referred to PPO being used in conjunction with established salary ranges to determine appropriate salary increases.

To assist you in relating PPO performance ratings to the salary grid, here are some suggested guidelines:

<table>
<thead>
<tr>
<th>Ratings</th>
<th>Explanation of Ratings</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Outstanding</strong></td>
<td>Must greatly exceed every PPO category</td>
</tr>
<tr>
<td><strong>Excellent</strong></td>
<td>Over 95% of the PPO achieved and the one missed must be a minor-rated item in the view of the manager</td>
</tr>
<tr>
<td><strong>Good</strong></td>
<td>60 to 95% of PPO achieved but performance in the 60% range should not be accepted on a consistent basis However, anyone can have a bad year</td>
</tr>
<tr>
<td><strong>Fair</strong></td>
<td>45 to 60% of PPO achieved This is not acceptable performance and counselling and assisting the employee to try to improve is in order</td>
</tr>
<tr>
<td><strong>Marginal</strong></td>
<td>Less than 45% of PPO achieved and, again, serious counselling of the employee is indicated A formal warning that performance must improve within a certain time frame should also be issued Assistance should be offered the employee to try to improve</td>
</tr>
</tbody>
</table>
The sample PPO included below is a typical PPO for an outside salesperson. PPO can, and should be, established for key inside people.

An example:
A typical PPO for an office or plant manager might include outcomes like the following:

- Inventory deficit/increment within $1,000 of budget
- Bad debts written off maximum $1,000
- Receivable days outstanding (RDO) not to exceed 50 days
- Maintain office supplies within budget of $3,000
- Implement new computer system by September 1, 2004
- All systems on line by December 31, 2004

A typical PPO should:

- Conduct two staff training seminars on the new computer system—October/03 and March/04
- Enroll in and successfully complete intermediate accounting course at a local college.

Notice that in both cases, stated above, of the salesperson and the inside person, we tried to include key corporate goals, personal goals, and special projects.

Notice that in both cases, stated above, of the salesperson and the inside person, we tried to include key corporate goals, personal goals, and special projects.

Example of personal performance outcomes and salary administration

The example illustrated below relates to the foregoing detailed discussion of personal performance outcomes. The PPO for positions in your business will have different general categories and sub categories. In addition, every business will place a different emphasis in assigning point weighting to the outcomes.

In the example below, we have clarified several abbreviations.

- Mtd.—Month to date sales report
- Op. Stmt.—operating statement
- Mgr.—Manager
- Gov't.—Government
<table>
<thead>
<tr>
<th>Outcomes</th>
<th>Source</th>
<th>1999 Actual</th>
<th>2000 Goals</th>
<th>2000 Actual</th>
<th>Points</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total volume improvement in %</td>
<td>Op Stmt.</td>
<td></td>
<td></td>
<td></td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>Volume improvement Product A in %</td>
<td>Mtd. Sales</td>
<td></td>
<td></td>
<td></td>
<td>3 x 3 = 9</td>
<td></td>
</tr>
<tr>
<td>Volume improvement Product B in %</td>
<td>Mtd. Sales</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Volume improvement Product C in %</td>
<td>Mtd. Sales</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Territory gross margin in %</td>
<td>Op. Stmt.</td>
<td></td>
<td></td>
<td></td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Polycarbonate panels $ volume</td>
<td>Mtd. Sales</td>
<td></td>
<td></td>
<td></td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>Total new business volume</td>
<td>Mtd. Sales</td>
<td></td>
<td></td>
<td></td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>Target accounts to be sold</td>
<td>Mtd. Sales</td>
<td></td>
<td></td>
<td></td>
<td>5</td>
<td>Min. 4 of 6</td>
</tr>
<tr>
<td>XYZ Glass</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mr. Quickly Auto Glass</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Association Greenhouses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Excellent Window Products</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Efficiency Property Management</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gov't. Project Management</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maintain territory expense</td>
<td>Op. Stmt.</td>
<td></td>
<td></td>
<td></td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Design &amp; prepare display booth for school convention for March 10/00</td>
<td>Mgr.</td>
<td></td>
<td></td>
<td></td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>50 points</td>
<td></td>
<td></td>
<td></td>
<td>X/50 points</td>
</tr>
</tbody>
</table>

**Supervisor:** ___________________________ **Date:** ____________

**Employee:** ___________________________ % Achieved: ______
Summary

A personal performance outcomes (PPO) system can be a dynamic and motivating force within a business. If the system is properly managed, employees feel empowered. They feel that they really do have input and some measure of control over their job and their future.

Everyone should row together in the same direction. Management determines the direction.
Celebrate!!

Let's dance
Manager Assessment Tools

Every business should have a policy of conducting periodic reviews of employee job functions and employees' performance. The reviews need to be structured and employees' attitudes towards reviews need to be positive. Both the business and the employee must view reviews as a way of:

- Examining the employee's job function and responsibility to see how it may have changed since the last review
- Discussing ways in which the job function and responsibilities could be structured to improve efficiency
- Assessing the employee's personal performance
- Discussing an employee's career objectives and personal growth
- Looking at ways that the business might help the employee to attain personal career and growth objectives

Don't allow review meetings to become nothing but a forum for complaining and making excuses. To avoid this is one very good reason for the review process to have a structured format.

In this subsection, we will present and discuss two typical employee review tools.

Employee Review Questionnaire
Senior Employee Position Assessment

These range from a very simple annual review to a detailed assessment that is really designed for employees in very senior positions.

The use of these tools is not a one-sided affair. It is interactive. Take notes throughout the review meetings, summaries are prepared, and proposed actions are noted. Some of the conclusions or actions may or may not be part of the employee's future Personal Performance Outcomes (PPO).

Give the employees the review form some time prior to the review meeting. This will enable them time to consider all of the questions and come to the review meeting able to participate in a meaningful way.
The *Employee Review Questionnaire* would be used for most employees in a business while the *Senior Employee Position Assessment* is a very detailed assessment tool that would usually be put to use with a senior employee or contractor in special circumstances, such as:

- Employment contract renewal
- When the employee feels that they deserve a significant increase in compensation
- When the employee is being considered for promotion to a very senior position

With the shorter Employee Review, the manager would discuss each of the answers to the questions as well as explore in more depth things like attitudinal issues and, of course, a review of the PPO.

It isn't practical to do this item-by-item review with the much longer more detailed Senior Employee Position Assessment. Prior to a review meeting, the employee's immediate supervisor will usually prepare notes summarizing key points to be covered at the meeting.

**How to use this information**

Every business is different but also similar. You need to customize the questionnaire and the assessment tool to fit your business. Add names where possible (business, person doing the assessing, and employee). Change to questions to fit your business. Add questions that address your business and employees' job/position needs.

The questionnaire is written to provide you with ideas and possible areas of concern when assessing employees. It is not meant to fit all businesses and employee situations.
Staff Review Questionnaire

Introduction

A staff review is a very useful communication tool between management and employees.

It provides a formal way for both management and staff to discuss issues of mutual concern.

Conducting staff reviews at regular intervals should be seen as a very healthy and positive process.

Complete reviews at least once a year. In some organizations, they perform them quarterly.

In this section, we will present a typical staff review meeting format. Of course, every business would customize the questionnaire by adding or modifying the questions to suit their business.

How to use this information

Compare the ideas and methods presented in this section to the way you conduct staff reviews now.

Ask yourself:

1. In what way are these ideas different from the way you handle staff reviews now?
2. In what way are these ideas similar to the way you handle staff reviews now?
3. How would the ideas and methods presented in this section benefit your company?
4. How do you feel your staff would react if you implemented a staff review system similar to that presented in this section?
5. What steps would you have to take in order to implement a staff review system similar to the way it is discussed in this section?
How to conduct a staff review

Below is a list of nine tips of how to conduct a staff review:

1. Give this form to the staff some time in advance of the meeting. The individual staff can then consider all the areas to be discussed and come to the meeting adequately prepared.

2. Both parties should bring a copy of the previous review to the meeting.

3. Both the employee and management should come prepared to take notes during the meeting.

4. It is a very interactive process.

5. The manager and the employee would discuss each of the answers to the questions.

6. The manager will explore in more depth things like attitudinal issues and, of course, a review of the PPO.

7. At the conclusion of the meeting, there should be a review and summary made of the:
   - Points of agreement
   - Points of disagreement
   - Plans for resolution of disagreements
   - Plan of action for attainment of mutual goals and outcomes

8. It is a good idea to hold the meeting in a 'neutral' location such as a boardroom rather than the employee's workstation/office or the manager's office.

9. The meeting time should be planned so that there will be no conflicts with other business activities. You do not want either party to feel rushed or under pressure during the meeting. In addition, other key employees should be aware of the meeting so that there will be no interruptions.
Sample staff review questionnaire

Name: ______________________ Conducted by: _____________________

Position: ______________________ Position: _______________________

Date: __________________________________________________________________

1. How has your job changed or not changed based on your expectation since you were hired?

2. Provide some examples of how you are able or not able to use your training and experience.

3. What changes in the way you perform your job would make you more effective?

4. What factors do you encounter in your daily work that enhance or inhibit your effectiveness?

5. How would you improve the situation?

6. Are there any resources or equipment that you lack that would make you more effective or efficient?
   Give an example for each resource and/or equipment you think is required.
   What return on the investment would be derived for each?

7. What project do you feel was your best in the past year? Why?
   How could the project be improved if it were implemented again?

8. What project do you feel was your worst in the past year?
   Why was it your worst?
   What could have been changed to improve the situation?

For questions 9, 10, 11, & 12 rate yourself on the following scale of 1–5 (5 is the highest).

9. How would you rate your ability to work on your own? Explain your selection. _____________________________ 1 2 3 4 5

10. How would you rate your ability to work as part of a team? Explain your selection. _____________________________ 1 2 3 4 5

11. How task oriented are you? 1 2 3 4 5

12. How would you rate your relationship with your co-workers? 1 2 3 4 5
13. Do you put extra pressure on yourself to meet deadlines by putting off disagreeable tasks to the last minute? If so, give an example. Describe how you could improve matters.

14. How do you feel about your achievements this past year (up to the present time) versus your Personal Performance Outcomes [PPO]?

15. Knowing what you know, now what would you do differently to affect your PPO achievement?

16. What direction or assistance from management would have helped to improve your performance?

17. What training would you like to take to improve or upgrade your skills?

18. What direction or assistance from co-workers would have helped to improve your performance?

19. How available is management to consult with you when it is needed, and how can this communication be improved?

20. Describe how you get enough or too much direction from management.

21. What problems or concerns, if any, have you had with co-workers?

22. Please give examples of these problems/concerns.

23. What do you feel you can do to improve communication and relations with your co-workers?

24. What past training have you had in interpersonal relations in the workplace?

25. How would you improve the physical working conditions (for example, light, heat, atmosphere, storage, records, or office/workplace arrangement)?

26. How do you feel about flextime in the workplace?

27. What do you see yourself doing in your career 3–5 years from now?

28. What would you like to be doing 3–5 years from now?

29. What are you doing to prepare yourself?

30. What are your longer-term career goals?

31. What other issues would you like to discuss at this review meeting?

32. How do you feel this review process could be improved?
Summary

A detailed review such as we have discussed here would take about an hour to complete. Sufficient time has to be given to each part of the review but it is important that both parties approach the meeting in a businesslike fashion and not allow the meeting to 'degenerate into a socializing or excuse session.'

Properly handled employee reviews are an important part of managing, motivating, and directing personnel.
Senior Staff Position Assessment

Introduction

Periodically, it may be necessary to complete a very detailed assessment of an employee and her/his position. This is usually only in the case of a person holding a very senior position in the business. However, it may also be used for a contract employee involved in important business projects.

How to use this information

The Senior Employee Position Assessment is a very detailed assessment tool that would usually be put to use with a senior employee or contractor in special circumstances such as:

- The individual staff's employment contract is due for review and possible renewal
- The individual staff is being considered for promotion to a very senior position
- An individual staff feels that they deserve a significant increase in compensation
- The business is changing its organizational structure
- The business is separating into more divisions and key responsibilities have to be reviewed
- The business is considering a merger or a sale of the business
How to conduct an employee review

Below is a list of seven tips of how to conduct an employee review.

1. This form is given to employees some time in advance of the meeting. The employees can then consider all the areas to be discussed and come to the meeting adequately prepared.

2. Both parties should bring a copy of the previous review to the meeting.

3. Both the employee and management should come prepared to take notes during the meeting. It is a very interactive process.

4. Prior to a review meeting, the employee's immediate supervisor will usually prepare notes summarizing key points to be covered at the meeting.

5. At the conclusion of the meeting, there should be a review and summary made of the
   - Points of agreement
   - Points of disagreement
   - Plans for resolution of disagreements
   - Plan of action for attainment of mutual goals and outcomes

6. It is a good idea to hold the meeting in a 'neutral' location, such as a boardroom, rather than the employee's workstation/office or the manager's office.

7. The meeting time should be planned so that there will be no conflicts with other business activities. You do not want either party to feel rushed or under pressure during the meeting. In addition, other key employees should be aware of the meeting so that there will be no interruptions.
Sample senior staff position assessment

There are ten headings in this assessment. You have to customize them to fit your business.

1. Positions
2. Tasks & responsibilities
3. Skills, knowledge, & experience
4. Decision-making & judgment
5. Accountability (operational & supervisory)
6. Financial/material accountability (budget & expenditures)
7. Material/equipment
8. Contacts
9. Working conditions
10. General questions

Personal Position Evaluation for

<table>
<thead>
<tr>
<th>Position Title or Titles</th>
<th>Length of Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>a.</td>
<td></td>
</tr>
<tr>
<td>b.</td>
<td></td>
</tr>
<tr>
<td>c.</td>
<td></td>
</tr>
</tbody>
</table>

1. Positions

Briefly, outline the purpose of each position or the reason for its existence:

<table>
<thead>
<tr>
<th>Positions held in ascending order</th>
<th>Purpose of each position or reason for its existence</th>
</tr>
</thead>
<tbody>
<tr>
<td>a.</td>
<td></td>
</tr>
<tr>
<td>b.</td>
<td></td>
</tr>
<tr>
<td>c.</td>
<td></td>
</tr>
<tr>
<td>d.</td>
<td></td>
</tr>
</tbody>
</table>
2. Tasks and Responsibilities

What are your most significant tasks and responsibilities?

What specifically do you do on a day-to-day basis?

How do you accomplish your duties?

What are the results of your actions?

Using the chart to the right, please prioritize your key tasks and responsibilities. There are four parts:

- List the key tasks and responsibilities in ascending order of their importance
- Describe each task or responsibility—what is done and the impact of your actions or the result
- Indicate the percentage of your time that is taken by this task/responsibility
- On the 1-5 scale, note the importance of this task/responsibility in relation to all the others. A five would denote the highest degree of importance.

Add any comments you feel may further define the nature and scope of your duties: _______________________________________________

3. Skills, knowledge, experience

What was the specific job skills/knowledge/experience required to perform your tasks/responsibilities?

What special training or experiences are required? Please illustrate your answers with examples.

Are there any specific subject areas where you feel that you bring specialized knowledge or experience to bear that is essential to the discharge of your duties?

If yes, please give examples.

Upon assuming your position, was a lengthy training period necessary or were you expected to take over right away?

Are you responsible for developing or initiating new projects?

If yes, please give examples.
4. Decision making & judgment

Specify with key examples the types of decisions you make in your position.

Specify if there are general guidelines established, procedures, or precedents to follow:

<table>
<thead>
<tr>
<th>Types of decisions or use of judgment</th>
<th>Guidelines</th>
<th>Judgment</th>
<th>Procedures or precedents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Example 1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Example 2</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Describe the access you have to a supervisor or others for advice and guidance when solving problems and/or making decisions.

Please give examples.

State the consequences of errors in judgment exercise.

Please give examples.

5. Accountability

a. Operational [please circle the letter that represents the best answer]

<table>
<thead>
<tr>
<th>During the course of your normal work, are you required to</th>
<th>N--Never</th>
<th>O--Occasionally</th>
<th>F--Frequently</th>
<th>M--Most of the time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recommend changes to work methods and procedures</td>
<td>N</td>
<td>O</td>
<td>F</td>
<td>M</td>
</tr>
<tr>
<td>Describe</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provide input to operational objective/program policies</td>
<td>N</td>
<td>O</td>
<td>F</td>
<td>M</td>
</tr>
<tr>
<td>Describe</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Implement objectives and policies</td>
<td>N</td>
<td>O</td>
<td>F</td>
<td>M</td>
</tr>
<tr>
<td>Describe</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Determine objectives and policies</td>
<td>N</td>
<td>O</td>
<td>F</td>
<td>M</td>
</tr>
<tr>
<td>Describe</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
b. **Supervisory**

List the titles of people supervised and indicate type and nature of supervision exercised.

For example

Direct, Indirect, Technical Supervision or Functional Guidance

6. **Financial/material accountability**

Indicate and describe the accountability that you have in your position for budgets, expenditures, materials, and equipment:

c. **Budget**

<table>
<thead>
<tr>
<th><strong>Budget</strong></th>
<th><strong>Yes No</strong></th>
<th><strong>$ Value</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Are you accountable and/or responsible for a budget?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Do you develop and formulate a budget?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Do you monitor a budget?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Do you administer a budget?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Do you record details of budget expenditures? Provide details.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

d. **Expenditures**

In your position, do you have the authority to approve expenditures?

Yes ___ No ___ If yes, describe the following:

Type of Expenditure _____ Maximum ________ Frequency _______

7. **Materials/equipment**

Describe the equipment you are accountable for, the dollar value, and the nature of the accountability.

Type of equipment _______ $ value _______ Accountability _______
8. **Contacts**

Briefly, describe the purpose of contacts you are required to maintain within the organization and outside the organization.

**Internal**—Job position or functions within the organization, but outside your direct line of authority

Contact _________________ Purpose of Contact _________________

**External**—Organization and job levels outside the organization, for example, senior position in industry-related organization

Contact _________________ Purpose of Contact _________________

9. **Working conditions**

Indicate how often the job demands you to complete tasks in the following conditions.

Describe the situations:

<table>
<thead>
<tr>
<th>How often does your job demand you to:</th>
<th>N–Never</th>
<th>O–Occasionally</th>
<th>F–Frequently</th>
<th>M–Most of the time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work where the temperature of the room is extreme (cold storage room, boiler room)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Describe</td>
<td>N</td>
<td>O</td>
<td>F</td>
<td>M</td>
</tr>
<tr>
<td>Work where there are unhealthy toxic fumes or material, (photocopy fumes, liquids, but not cigarette smoke)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Describe</td>
<td>N</td>
<td>O</td>
<td>F</td>
<td>M</td>
</tr>
<tr>
<td>Work with constant noise (office machines, printers)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Describe</td>
<td>N</td>
<td>O</td>
<td>F</td>
<td>M</td>
</tr>
<tr>
<td>Work with very loud noise (printing press, machines)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Describe</td>
<td>N</td>
<td>O</td>
<td>F</td>
<td>M</td>
</tr>
<tr>
<td>Exert physical effort (lift boxes)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Describe</td>
<td>N</td>
<td>O</td>
<td>F</td>
<td>M</td>
</tr>
<tr>
<td>Exert strenuous physical effort</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>How often does your job demand you to:</td>
<td>N–Never</td>
<td>O–Occasionally</td>
<td>F–Frequently</td>
<td>M–Most of the time</td>
</tr>
<tr>
<td>---------------------------------------------------------------</td>
<td>---------</td>
<td>----------------</td>
<td>--------------</td>
<td>--------------------</td>
</tr>
<tr>
<td>Steady focus on a video display terminal (Computer screen)</td>
<td>Describe</td>
<td>N   O   F   M</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Perform work to meet constant deadlines</td>
<td>Describe</td>
<td>N   O   F   M</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deal with customer deadlines on a regular basis</td>
<td>Describe</td>
<td>N   O   F   M</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tell people what they don't want to hear (clients, the public, other employees)</td>
<td>Describe</td>
<td>N   O   F   M</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deal directly with upset or impatient clients or the public (but not co-workers)</td>
<td>Describe</td>
<td>N   O   F   M</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Travel overnight on the job (client contacts, conferences)</td>
<td>Describe</td>
<td>N   O   F   M</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Day travel (meetings, presentations, workshops)</td>
<td></td>
<td>N   O   F   M</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Risk considerations</strong></td>
<td></td>
<td>N   O   F   M</td>
<td></td>
<td></td>
</tr>
<tr>
<td>How much risk of injury is there in your job?</td>
<td></td>
<td>N   O   F   M</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A high degree of unpredictable risk even when safety precautions are followed</td>
<td></td>
<td>N   O   F   M</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A high degree of risk where safety precautions are needed</td>
<td></td>
<td>N   O   F   M</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Some risk</td>
<td></td>
<td>N   O   F   M</td>
<td></td>
<td></td>
</tr>
<tr>
<td>No special risk</td>
<td></td>
<td>N   O   F   M</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Describe any other unusual working conditions ___________________
10. General information questions

a. In what ways have you been able to apply directly your educational background?

b. What have you completed recently to upgrade your skills?

c. Where do you expect to be in five years?

d. What do you like best about your job?

e. What do you like least about your job?

f. Give an example of your creativity in a business situation.

g. Give three examples of major accomplishments.

h. Give an example of a major failure.

i. What kinds of decisions are the most difficult for you to make?

j. What is the most difficult assignment you have had?

k. How do you think your superiors view your performance?

l. What do you look for most in a job?

m. Would you say you are better in a staff or a line function?

n. What are your three major strengths?

o. What are your three major weaknesses?

p. What motivates you?

q. What are the qualities you look for in a job?

r. What is your management style/philosophy?

s. Give an example, from your own recent experience, of confronting a problem and providing leadership in solving it.

t. What kind of supervisors have you had?

Describe their strengths and weaknesses.

How do they compare to your own?

u. How do you spend your leisure time?

v. How important is money to you compared to job satisfaction? Please rate on a scale of 1-7. (1  2  3  4  5  6  7) with 7 being the highest

w. How much do you expect to be earning in three years?

x. How would you describe your ability to work under pressure?

Give an example.
Final summary of sales staff management

In the *Senior Staff Position Assessment* portion of this module, we have presented and discussed the important areas of knowledge that are the concern of a sales and marketing manager or a sales manager. We have presented a number of practical tools and methodologies that may be used to:

- Effectively implement a marketing plan and target marketing plan
- Train salespeople and maximize their performance
- Manage, motivate and direct salespeople
- Improve management and employee communications
- Improve the people management skills of management

Good sales managers know that it is not easy to implement these ideas and methods because interacting with and motivating people is a complex task and requires analysis, insight, and adaptation to new situations. Managing and motivating the sales staff is the biggest challenge of a sales manager's job!

The range of skills and methods presented here take constant practice to apply effectively.

A good sales and marketing manager or sales manager knows that to realize the goals of the company the employees of the company will have to be motivated and working as a team.

Creating the working environment that will make this happen is the greatest management challenge.

You have learned sales management techniques that you should be able to apply in your business now. You have learned how to handle common sales management situations. Now, you need to practice them. Without practice, you will lose even the knowing.

You should have gained some insight into your own management style and leadership skills. Good managers know they must constantly work on improving their leadership skills and improvement only comes with constant practice in real life situations.
Celebrate!!

Enjoy the world around you.
8. Management Styles & Leadership Skills

Introduction

It is said that successful managers have a knack for managing people. They always seem to be able to motivate people to get the job done. Yet, if you ask them to explain how they do it, they often are not able to describe what they have done. Usually, they say that they have just found what works in different situations and that they use common sense.

There is a lot more to it than that. In this section, we will examine the various management styles and their use.
**How to use this information**

As you work through this section, you should be introspective. Be honest with yourself. Try to assess what type of manager you are and what management style you use most of the time.

Try to remember various types of business situations you encountered and examine what your reactions were in relation to the people you supervise.

Ask yourself during and after this section, if you could have handled the situation better or differently and what the results may have been had you done that.

**What is the ideal management style?**

Ask yourself the questions:

- What kind of a manager are you?
- How effective are you as a leader?
- What is the ideal or most effective management style?

Most managers may have vague feelings about these questions. Very seldom do most managers really find the answers.

Many people are not good at introspection and self-analysis. Most of us, to one degree or another, tend to downplay or rationalize our shortcomings and failures.

However, if we look at our lives and our careers, we invariably find that real growth in our personal lives and as managers has come by confronting our shortcomings and learning from our failures.

**There is no best management style:** no single, all-purpose leadership approach meets all situations.

The consistently successful leaders are those who constantly adapt their style to the people and situations that they encounter.

Largely, the management style of managers is the result of how well they master and apply the various leadership styles.
What are the various leadership styles?

As you read, each description takes an honest look at your own management style. Ask yourself; do you think your staff would agree with your perception?

The six major types of leadership styles are like a soccer ball. They are:
**The Coercer**

The *coercer* is a person who controls or restrains by force, a person who want their instructions followed.

Most people would find this approach distasteful whether they are on the giving or receiving end. It is proven throughout history that to take constantly this approach is not an effective way to get long-term results. Berating and intimidating employees with threats of job loss or other dire consequences loses its effect rather quickly and actually is more of a *de-motivator* if continued for long.

However, the coercer is a valid management style and is the style of choice in certain circumstances.

---

**For instance**

In crises, there is no time for discussion. Severe damage to property or individuals may occur if immediate action is not taken.

In these circumstances, often no dissension can be allowed. Typical examples of these situations would be:

a. Military field operations  
b. Some firefighting and policing operations  
c. Medical emergencies

The leaders in these situations often must take charge and issue direct orders, whether or not they turn out to be right or wrong. There is no time for discussion or interference from others. Failure to act immediately may result in loss of life or major property damage.

Even in a business environment, there can be infrequent occasions when the manager may have to be the coercer and demand immediate action. However, always be aware to use this mode of behaviour very sparingly or it quickly loses its effect.
The Authoritarian

The *authoritarian* likes to have everything in order and requires strict adherence to rules and regulations.

At times, this style of management may be confused with the Coercer but they are quite different.

**Authoritarian attributes are:**
- They will usually only seek input from others as a reinforcement of their vision of how the organization should be run.
- They are not too concerned with being liked or disliked.
- A key concern is obedience to the rules and principles of the organization.
- They demand complete loyalty from everyone in the organization.

Authoritarian managers may be successful for a period but, if you look closer, you will often see that their personal success leaves a trail of destruction.

Do you know an Authoritarian manager? If so, you will recognize the following common traits and business conditions.

<table>
<thead>
<tr>
<th>Common authoritarian traits:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Costly turnover of good employees</td>
<td>They are not delegates who will spark people’s imaginations</td>
</tr>
<tr>
<td>A lack of personal growth among key employees in the organization</td>
<td>They don’t make their employees feel empowered to make decisions</td>
</tr>
<tr>
<td>They are not good people developers who can groom a successor</td>
<td>They seldom involve employees in the decision-making process</td>
</tr>
<tr>
<td>They find it hard to be a mentor</td>
<td>They feel that nobody can do it as well as they can</td>
</tr>
<tr>
<td>They will go to great lengths to ensure that there is no deviation from the way they personally would do a job</td>
<td></td>
</tr>
</tbody>
</table>

All these aforementioned traits are a control issue in the mind of the Authoritarian who, at the extreme, can even be paranoid. They are afraid of losing control so they implement rigid rules and regulations.
Of course, this can be a stifling environment for employees where there is little opportunity to exercise initiative. Temporarily, in task-oriented situations, an authoritarian approach will appear to work but it is very damaging to the future growth of the organization and people with ideas and energy will go where their talents will be used and appreciated.

An Authoritarian should be very aware that even a benevolent dictator finds it exceedingly difficult to groom a successor!

**The Pacesetter**

**Pacesetters** feels that nobody can do it as well as they can but they also view themselves as a point man—a Field General whose job it is to lead by example.

This style of management is commonly (but not exclusively) seen in sales organizations where typically the manager was promoted from the field sales force.

**Common pacesetter traits are:**

- Pacesetters tend to be high-energy individuals.
- They can be very successful in pulling an organization up by its bootstraps.
- They are hands-on managers who enjoy being on the front line dealing with field problems.
- They will try very hard to help others to do it their way.
- They are not content with only giving direction.
- They frequently get impatient and jump in to show how it's done.
A downside of the Pacesetter style of management can be:

- This type of manager frequently burns out from trying to carry the organization on his or her own back.
- The organization can become too dependent on the efforts of one individual.
- Administratively, Pacesetters are often a disaster because they are too busy to attend to details.
- They usually only survive if supported by a strong team of people to make them look good while they are off leading the charge.

**The Coach**

The coach knows that, in the long term, consistent achievement depends on training and motivating other people to get the job done.

**Common traits of the coach are:**

- Good communicator
- Very team oriented
- Feels committed to rise or fall on the results of the team
- Usually supportive of the team even through adverse situations
- Accepts a share of the blame along with the rest of the team
- Has been there and knows that experience is the best teacher

The coach often takes a very personal interest in the team and feels that success is never luck or the results of any individual's effort but rather is the result of the team pulling together.

The Coach may take charge occasionally to show how it's done. Nevertheless, he or she is not afraid to let people prove their worth although mistakes will be made. The Coach knows that if controlled properly, making mistakes is a learning experience. It is also more productive to promote initiative than it is to stifle it.
The Coach is capable of showing many faces. During a single situation, the Coach may be:

- Conciliatory  Hard-nosed
- Uncompromising  Hard-nosed
- Uncompromising

**The upside**

The Coach adapts quickly to the needs of the moment.

The Coach is able to adapt to each individual employee to get the job done.

The Coach has a talent for motivating the employee and making them feel that their efforts are valued.

The Coach has a talent for motivating groups of people to work together and feel that their efforts are valued.

The Coach generally demands and receives great loyalty from staff.

**The downside**

The Coach is frequently not administratively strong.

There can be a tendency to become too immersed in the team.

The Coach may tend to become too close to individuals and their problems.

---

**The Democrat**

The democrat is team oriented and accepts responsibility for leadership. Nevertheless, rather than giving strong personal direction to the group for setting goals and achieving them, the Democrat chooses to consult with the group to arrive at a consensus on these issues.

This style of leadership is common among, but not exclusive to:

- Groups of professionals where the training, experience, and educational background of the manager and staff are not very different
- People who are equally talented
- People who are self-starters in situations that require little supervision
- Teams of people who are task oriented or have common objectives
However, in all of these instances, the conditions have to be right including good chemistry between the personalities of the people.

**Common traits of a democrat are:**

The democrat always feels that they can solve every problem by consulting with the parties involved.

They always feel that issues can be resolved by talking it out until a consensus is reached.

The democrat involves everyone in the decision-making process to the point that each person is not seen as wholly responsible for the decision.

The democrat usually avoids having to be decisive.

The democrat can allow things to get totally off the rails.

People under the directions of a Democrat may all be off 'doing their own thing.'

Operations may literally grind to a halt because no decisions are being made and no directions are being given.

The democrat is administratively strong as a rule and may be reasonably well liked as an individual but, in many cases, staff will lose respect for them as a manager and colleague.
The Facilitator

The **facilitator** likes everybody and everybody likes her or him. The facilitator would like it to be this way.

**Common facilitator traits are:**

- To avoid conflict at all cost
- The important thing is that everybody be friends and get along well
- Social events involving everybody are very important
- Picnics, Christmas parties, hockey pools are seen as 'almost' as important as daily business and receive almost as much attention and effort
- They think that if everyone is happy, they will naturally be successful without any help or direction from management

The facilitator may have good administrative skills but is so busy pleasing everyone that he or she becomes ineffectual as a decision-maker. Like the democrat, facilitators may be well liked as individuals but nobody has respect for their abilities as managers.
What can we learn from these leadership styles?

Ask yourself the question. What kind of manager are you?

Did you see yourself in any of these management style descriptions?

The truth is that most of us are parts of all or several of these styles but are predisposed to be a combination of a couple of them.

For example, you may be a:

- Coach/pacesetter
- Authoritarian/coercer
- Facilitator/democrat

If you want to develop your abilities as a manager, it is important:

- To know what your inherent style is
- To know the strengths and weaknesses of that style
- To learn to recognize where other styles of leadership should be used
Management style background and theory

In research and theorizing on recognizing and adapting leadership styles, some studies try to quantify every aspect of data, and rate people on various scales as if leadership and management were an exact science.

Researchers have attempted to prove that all you have to do is use the right management style and you will get the desired effect.

However, in the business world, managers know that there are no textbook cases.

They know that while we can gain valuable insights through some of this research, the application of these management concepts in the workplace is quite a different situation.

People are just too complex to be easily categorized like this and the environments in which they are functioning are changing constantly.

The reality of the workplace

Managers recognize that all people are at different stages of growth or development in regard to their job skills and their personal growth. Let's look at how management styles may be used by a manager during the career of an employee.

A typical management-style cycle:

Start of employment:

- The authoritarian management style is used when the staff requires strong task orientation because it is important that they know exactly what is required of them.
- The coach management style comes into play occasionally when providing positive reinforcement for good performance. This is an important learning tool.
- The facilitator management style is in use when giving people praise in front of their peers. On the other hand, to encourage the staff to be involved in company activities. This is also a useful way to promote positive performance.

In this illustration, you see how a manager would combine three management styles.
The trained employee:

- The democrat management style may be used, as an employee becomes competent and consistent in their performance. The employee may gradually be more involved in the decision-making process.
- The coach and facilitator management styles would continue to be used as appropriate.

The promoted employee:

The cycle starts again, when promoting the employee to a new position for which they may have little experience. The manager may become the authoritarian again to some extent to ensure that the employee gets the direction he/she needs.

Managing and directing people effectively is a very complex issue. Consider that in the workplace we have:

- People at all different levels of the organization
- Each person is at a different level of growth
- Each person has different job skills
- Each person has a different level of experience
- Each person has very different personal attributes

At every level, a manager must be sensitive to these differences if they are to get the best performance from their employees.

They must learn to adapt their management styles to the needs of the people and the situation.

The nuts and bolts issues of business are simple compared to the effective management of people and managing people effectively is a manager's biggest single challenge.
The nature of that challenge is changing constantly.

For example
Just when a manager thinks everything is running smoothly, a mature employee who requires little direction or guidance has a personal crisis in their life. For a period, this seriously affects their performance.

In another situation, two employees who got along well previously are now, for the first time, working together in the same department and the sparks are flying.

These are typical situations where the sensitive manager needs to shift gears, and adapt the management style to meet the demands of the situation. To solve these problems, it may be necessary to use at different times, several of the management styles discussed here.

How would you deal with these problems and what management styles do you think are appropriate?

Group dynamics

We have discussed management styles in general and their application to individuals. However, there are group dynamics at work in any organization.

Group dynamics are the sum total and result of the predominant management style(s) of the senior management in the organization.
A typical scenario in typical group dynamics

We hear it said all the time that the CEO sets the tone of the organization and it is very true that usually:

A chain reaction occurs from the top down.

This then is translated into a groundswell of positive or negative influence and response throughout the company.

Effective leaders must know their staffs well enough to meet their ever-changing abilities and the demands being put upon them.

However, sometimes leaders are not in tune with the changes occurring within their staff.

Over time, staff members, as individuals and as a group, develop their own patterns of behaviour and ways of operating in response to the style of leadership and the tone being set from the top.

These become the accepted standard or customary modes of behaviour in the organization and they are not easily changed.

Because of the level the individual is at, the leader may use a specific management style or styles.

However, the leader would likely have to take a quite different approach with a group.

This above example is particularly true with a manager coming to a new position in a different organization. Changes may be needed.

It may be the reason why they were placed in the position.

Nevertheless, to make drastic changes in the management style and the corporate culture can be disastrous. Such changes must be well thought out and implemented gradually if the integrity of the group is to be maintained and good people are not lost to the organization.
Summary

The effective manager cannot afford to alienate key people in the organization but, rather, will gradually build a following of supporters by skillful use of the management styles discussed here.

A true leader is one who:
- Draws people together
- Pulls people in the desired direction to achieve a goal
- Builds a following of loyal supporters

A poor leader is one who:
- Pushes people towards the desired goal.
- Invariably alienates many people in the process
- Does not develop and involve employee participation that results in weak and ineffectual employees and a weakened and ineffectual company.
Celebrate!!
9. The Use of Positive Reinforcement with Personnel

Introduction

The use of positive reinforcement with employees is a strategy that is often neglected by management.

For many people, working is not worthwhile if there is not regular positive reinforcement.

Staff needs to feel that they have input into the decision-making process that they have some measure of control over their job function, and that management appreciates their efforts. It is very important that management consciously and regularly recognize staff's achievements by using positive reinforcement.

In The Use of Positive Reinforcement with Personnel, you will examine how you can create that right climate in your business to promote positive reinforcement. You will see some examples of the implementation of positive reinforcement.

How to use this information

As you study this module, try to be introspective. Examine how you may have or may not have used positive reinforcement in your relations with your staff in the past.

Think of present or future opportunities to use positive reinforcement with staff. Make an effort to use consciously positive reinforcement. You will be pleasantly surprised at the result and your company will reap the benefits.

Please note: Personal Performance Outcomes (PPO) is already a plural so PPO is followed by a plural verb.
Employing positive reinforcement with personnel

There are two kinds of reinforcement: positive reinforcement and negative reinforcement.

Positive reinforcement is giving staff recognition for their contribution to the company.

The contribution could be anything such as the completion of a project or coming forth with a good idea.

The recognition or reward doesn't need to be tangible. Very often receiving a pat on the back is even more effective, particularly if it is in front of the staff's peers.

The purpose of using positive reinforcement is to encourage similar employee behaviour in the future.

Some examples

The approval of an employer or manager such as a nod of the head, a smile, or someone saying good work

Letting the person know when they were right. This is sometimes particularly effective if said in front of the person's peers

The privilege of working with greater autonomy

The opportunity to assist or take over a project from the business owner or manager

The variety of rewards or incentives can be very diverse. The business owner or manager must consider the person's individuality when designing an effective incentive. What may be a strong incentive for one person could mean little punishment to one person or as punishment to another.
**Structuring positive reinforcement**

In business, structured reinforcement can be an extremely effective tool. Ideally, such a system involves *personal performance outcomes (PPO)* that the employee has a part in preparing.

PPO provide a framework to promote frequent mini-assessments of progress during the measurement period.

A structured positive reinforcement system encourages focused and productive discussions on the reasons for the achievements or lack of achievement and what help may be required to fine tune employees' performance.

We can all remember times when things we learned were speeded up or reinforced when some kind of praise or satisfaction accompanied our learning. The same ideas apply to the business world.

Under *negative reinforcement* conditions, even if some learning occurs, it is an unpleasant experience. People then tend to withdraw from participation in the process and build resentment towards the trainer, the manager/business owner, or the organization.

Our role (as people managers) is to stimulate learning and job performance. We should always be aware of the adverse effects of negative motivation.
Applying positive reinforcement

There are at least twelve key points for management to remember:

1. Get to know your staff. Get to know their wants, needs, and attitudes.
2. Don't expect peak performance overnight.
3. Set a series of interim goals leading up to the final goal and use appropriate small rewards as reaching each interim goal.
4. The goal, desired behaviour, or performance level should be clearly defined so that the employee knows when performance is moving in the desired direction.
5. The rewards should be frequent and incremental.
6. A reward is often appropriate even if a goal is not achieved but is substantially achieved.
7. Reinforcement schedules are crucial.
8. Reinforcement may be very frequent at the outset, then diminish, and become irregular as improvements are made.
   Personal Performance Outcomes (PPO) are an excellent way of managing and directing the training, development, and motivation of employees.
9. Relate positive reinforcement directly to the job performance itself.
10. Seldom or never use negative reinforcement
11. An undesired response can often be eliminated by not reinforcing it or by simply reinforcing desired behaviour.
12. Neutral reinforcement (using silence during the teaching process) is non-harmful but it can be an effective strategy.
   Silence, if used properly, can be effective but the manager must be aware and careful that it does not pave the way towards negative reinforcement.
Absence of reinforcement is another form of neutral reinforcement. If undesirable behaviour or performance is ignored and there is no reinforcement either positive or negative, the behaviour will often disappear if, at the same time, positive behaviour or performance is rewarded.

Many people, whether consciously or unconsciously, will move towards the positive behaviour. This is particularly effective in a group situation at a meeting or with people working together in a team environment.

**Example**

In staff meetings, if an individual is excessively talkative and frequently jumps in with irrelevant comments, simply ignore the interjections and only recognize comments that are on the topic and contribute something meaningful to the discussion.

**Summary**

The goal of managers should be to create a climate with a minimum of anxiety and a maximum of openness to new ideas.

The resulting energy, creativity, and dynamic participation by employees pay big dividends to the organization not only in terms of immediate profits but also in terms of the longer-term growth and strength of the organization.

Positive reinforcement plays a key role in accomplishing these ends. PPO are a very effective method of implementing a system of positive reinforcement.
Celebrate!!

Time for a break
Commission Sales Agreement

Introduction

The Commission Sales Agreement, like an employment contract, defines terms and conditions of employment. It defines what is expected of both the employee and the business. It is a good way to eliminate any misunderstandings that may occur at some time in the future.

This Commission Sales Agreement will not be needed by all businesses. However, for those of you who have salespeople who work on commission, the agreement will be useful.

How to use the commission sales agreement

You will have to customize this sample agreement to suit your business but this example will provide you with a framework.

This example commission sales agreement has 13 headings:

1. Employment
2. Remuneration
3. Vehicle allowance & conditions
4. Sales territory & accounts
5. Sales agreements
6. Sales prices
7. Sales leads & referrals
8. Commission payments
9. Performance
10. Advertising & promotion
11. Conflict of interest
12. Terms
13. General
Sample Commission Sales Agreement

Between: [employee name] hereinafter referred to as employee and business name] hereinafter referred to as ________________

____________ wishes to employ the employee as a commissioned salesman and the employee wishes to take on employment with ______________ as a commissioned salesman;

The ______________ and the employee agree on the following terms and conditions of employment:

Employment

1. ______________ hereby employs the employee as a commission sales clerk commencing the day of ______________, 2000 to sell specific products as may be designated from time to time by ______________ and the employee hereby agrees to diligently and faithfully use her/his best efforts to sell such products on behalf of ________________.

Remuneration

2. ______________ shall pay to the employee a commission on sales as set forth in the attached commission Schedule "A".

3. ______________ reserves the right to make changes in the schedule as it may determine from time to time but ______________ will give two months' notice of any change. Commission payments will be payable monthly on the ________ of the month following the date in which commissions were earned.

4. In order to assist the employee at the beginning of her/his employment ______________ may allow the employee to take a draw during the first three months as an advance in the amount of ______________ per month on the anticipated earned commissions.

An example of the draw might be:

<table>
<thead>
<tr>
<th>Date</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 20th</td>
<td>$1,000</td>
</tr>
<tr>
<td>July 20th</td>
<td>$2,000</td>
</tr>
<tr>
<td>August 20th</td>
<td>$2,000</td>
</tr>
<tr>
<td>September 20th</td>
<td>$1,000</td>
</tr>
</tbody>
</table>

After three months, if the earned commissions are less than the advances and commissions paid, the employee shall repay ______________ the difference and, for this purpose, authorizes ______________ to deduct advances from earned commissions.
5. For the purpose of this agreement, a commission is earned when the employee receives full payment on the sale.

6. The employee will be eligible for Medical Services Plan (MSP), including dental coverage and extended health benefits after a three-month waiting period. The employee will not be eligible for MSP, the group life insurance program, or the pension plan.

Vehicle Allowance and Conditions

7. __________ shall pay the employee a vehicle allowance of __________ per month in advance as an allowance for the use of the employee's own vehicle, if the vehicle displays designated advertising. Such advertising shall be provided at ________ expense and shall be removed by __________ on the termination of this agreement.

8. The employee understands and agrees that it is a condition of employment that she/he maintains her/his driver's licence in good standing. The failure to renew such licence or the loss of such license may result in the termination of employment. The employee shall operate at no time her/his vehicle on __________ business without a valid BC license and valid insurance as specified herein.

9. The employee shall insure any vehicle used on __________ business for business use and shall maintain, at her/his own cost, at least $2,000,000 in third party liability coverage. __________ may require from time to time, proof of such coverage.

Sales Territory and Accounts

10. __________ shall assign to the employee a specific sales territory and may assign specific client accounts whether inside or outside such territory. __________ may alter or reassign such territory or such accounts from time to time if, in its opinion, such would further the interests of the business but __________ will confer with the employee before such reassignments if such will affect the work of the employee.

11. __________ assigns to the employee the territory and accounts specified in Schedule "B".

Sales Agreements

12. The employee shall use the forms prescribed by __________ from time to time in contracting for sales. The forms provided shall include a requirement that a departmental manager approves sales and no sale is eligible for payment of a commission unless so approved.
13. It is understood and agreed that __________ may at any time:

- Refuse or reject an order for good cause
- Cancel any order, in whole or in part, for good cause
- Consent to the cancellation of an order for good cause either before or after the shipment of the merchandise
- Accept any return of merchandise for good cause
- Grant an allowance on merchandise or a service for good cause

For the purpose of this clause 'good cause' shall include good business and customer relations and ______________ shall be the sole determinant of whether such good cause exists.

14. If ___________ cancels or revises a contract for good cause then any commission payable will be paid on the basis of the revised contract price.

Sales Prices

15. The employee in making sales contracts shall calculate prices based on sale prices in schedules provided from time to time by __________. Such schedules may provide some discretion in pricing to the employee.

Sales Leads and Referrals

16. Maintenance sales leads: The business will rotate all general maintenance sales leads to each commissioned salesperson. When a specific salesperson is requested, the lead will be given to that salesperson. It will not be count as a general lead subject to rotation. Any general lead rejected by a salesperson will be offered to the next salesperson in rotation. A salesperson rejecting a sale's lead will not be offered another lead until their next turn comes up in the rotation.

17. For the purpose of paragraph 14, a rejection includes a verbal rejection or non-performance on the lead for one business day.

18. **New business leads:** __________ will assign, as per Schedule "C," a list of customers who it will be the employee's responsibility to serve. New business customers will be added to the employee's list when prospected for by the employee and approved by the sales manager. The sales manager may add or remove from the employee's list customers where the sales manager is of the opinion that such is in the best interest of the business, but the sales manager will consult with the employee affected prior to any such change.
18. **Territory leads**: Leads originating in the employee's territory that is not customers assigned to other employees shall be assigned to the employee with responsibility for that territory. In the event that the salesperson does not accept or perform on the lead within one business day, the lead will be reassigned as part of the rotation.

19. The employee agrees to sell a minimum dollar value of jobs as set forth in Schedule "D". Failure to achieve such sales shall be grounds for termination, if no unusual circumstances exist and the failure continues for three consecutive months.

**Commission Payments**

20. The commission on sales shall be paid as follows:

   - Fifty percent of the commission payable shall be paid as an advance in the payroll period in which the contract was signed and accepted, providing that the contract deposit exceed 25% of the contract price.
   - The remaining 50% of the commission is due upon receipt of the final payment from the customer. In the event, the contract price is adjusted; the commission payable shall also be adjusted to reflect the revised sale price.
   - Notwithstanding the foregoing, __________ may (at its discretion) advance the employee funds prior to the receipt of the final payment from the customer. The employee does not earn such an advance until final payment is received and, in the case of non-payment for a period of four months, is repayable. If payment is ultimately received, then the employee shall be paid the balance of the commission payable under this agreement.

**Performance**

21. The employee shall use her/his best efforts to effectively and professionally perform her/his duties under this agreement, Without limiting the generality of the foregoing, the employee shall:

   - Provide prompt follow-up to all leads which are accepted
   - Prepare and present to the customer, estimates and contracts at sale price levels set by __________
   - Present all contracts for acceptance by the sales manager
   - Maintain contact with the customer throughout the project
   - Use best efforts to ensure the customer is satisfied with the project throughout it
   - Collect promptly all deposits and obtain funds following the completion of the project
Advertising and Promotion

22. The amount of advertising or promotion spent in any territory or on any product is the sole responsibility of the sales manager. The employee is encouraged to give the sales manager ideas to enhance product sales and shall meet with the sales manager from time to time as may be required by __________ to plan or consider such activities.

Conflict of Interest

23. It either is a conflict of interest for the employee to directly or indirectly sell or offer to sell services or merchandise in competition with __________. Conflict of interest is a ground for termination of this agreement. The employee shall inform __________ of any current or future employment with any third party and __________ shall determine whether the same is or could become a conflict of interest.

24. Notwithstanding paragraph 22, the employee shall use their best efforts to maximize sales following this agreement.

Terms

25. This agreement shall take effect as of the ________ day of ______, 2000 and continues in force until terminated.

26. __________ and the employee may terminate this agreement without cause upon 15 days' written notice or upon notice as provided by section 42 of the Employment Standards Act, as amended, whichever period is greater.

27. In the event of termination of this agreement for any reason, the Employee shall:
   - Cease to act as an employee of __________, and cease using the name of the business or any trade names or trademarks belonging to the business.
   - Return all leads, sales contracts, and documents pertaining to her/his employment with __________.
   - Return all equipment, brochures, and display materials to __________.

Moreover, if the former Employee complies with the above may, at its discretion, advance the former employee 75% of the anticipated earned commissions. If __________ is not satisfied with the former employee's compliance with this clause, then such commissions shall only be paid when there is full compliance with these provisions.

General

28. This agreement constitutes the entire agreement between the parties and supersedes all previous agreements, memoranda, and understandings between the parties.
29. Failing to enforce any term or condition under this agreement does not constitute a waiver of_________ rights under this agreement.

30. If any part of this agreement conflicts with provisions of the Employment Standards Act, then that clause or provision shall be severed from this agreement. In the place of the conflicting provision shall be inserted any requirement under the said Act and the requirement of that Act shall become a part of this agreement.

SIGNED, SEALED AND DELIVERED

In the presence of: __________________________________________________________

Name of Business: __________________________________________________________

Occupation: _______________________________________________________________

Address: _________________________________________________________________

SIGNED, SEALED, AND DELIVERED in the presence of: _________________________

Name: ___________________________ Occupation: ___________________________

Address: _________________________________________________________________
Other products & modules for sale

Other modules available on this site deal with other aspects of sales force management. For a complete in depth treatment of this subject, the BizBite Consulting Group product Sales & Marketing Management also is available. For detailed information on the content of these products, please go to ‘Product’ on the menu bar on the web site.
Final Celebrate!!

You are now ready to fly, because you’ve completed this module.
Glossary of Terms

Buying groups—groups comprised of similar businesses that form an association or a company for purchasing on behalf of the group. They may also provide varying degrees of marketing support for the members of the buying group. Some buying groups may also provide distribution services.

Creative platform—the creative platform of a company is defined as the foundation from which flows everything the company does to present itself to the market. This means that (business cards, corporate colours, signage, newspaper Ads) everything the company does to present itself must be consistent, connected, and conveys a similar image of the company.

Franchise—an organization that provides varying degrees of business management, marketing support, and buying power to a member business. In return, the member business usually pays a substantial fee to join the franchise organization as well as annual membership dues and, in some cases, even a percentage of the profit.

Gross margin improvement—the degree to which gross margin is improved from one measurement period to another

Gross margin (GM)—the money left to cover the expenses of selling the offerings and operating the business. Same as gross profit margin defined below.

Gross profit margin—the difference between revenue and the cost of goods or services sold.

Gross sales—the total amount charged to all customers/clients during a time period.

Gross sales volume improvement—the degree to which gross sales to all customers is improved from one measurement period to another

Market—is a place where buyers and sellers come together. The number of people and their total spending—actual or potential—for your offering(s), within the geographic limits of your distribution capability

Market segment—a relative homogeneous group of customers who will respond to a marketing mix in a similar way.

Marketing plan—a written statement of a marketing strategy and the time-related details for carrying out the strategy.

Negative reinforcement—is when an employee receives a penalty or a punishment for their actions or performance
Personal Performance Outcomes (PPO)—is a way of measuring the efforts of the individual and a group. An organized way of monitoring and rating the performance of people in the organization for the purpose of compensation. Ideally, PPO are prepared with employee input and include key corporate goals, personal goals and special projects that will develop and enhance individual abilities.

Product—the needs satisfying offering of a business. It includes physical goods, services, features, quality level, installation, instruction, warranty, product lines, packaging, and branding.

Point of sale (POS)—This term is used to describe anything that occurs at the point where goods are displayed or a transaction is made.

Potential sales—are sales that are estimated to be achievable for a measured period of time

Reinforcement—is to add to, strengthen an object, or in the context of this course the encouragement of behaviour.

Target market—is a homogeneous (similar) group of customers to whom a company wishes to appeal.

The specific individuals, distinguished by socio-economic, demographic, and/or interest characteristics, who are the most likely potential customers for the goods and/or services of the business.

Target marketing strategy—is a marketing strategy designed to reach a certain group or groups of customers