

Objectives and Subjectives

"I think my salesperson is doing pretty well," the quick printer told me. "He's been with me six months, and his sales have gone up every month. What I want to know, though, is whether he's doing everything he needs to do in order to be really successful, for him and for me!"

"OK," I said. "Let's take a look at how he's doing against two sets of objectives and one set of subjectives. I think that will tell you what you want to know."

Volume Objectives

The most obvious measurement of sales performance is actual sales volume. In this case, the salesperson was tracking pretty nicely against a set of volume objectives I've published before. Based on the quick printer's equipment and capabilities, we both felt that \$125,000 was a very reasonable first-year sales objective, and here's a picture of the growth curve we're looking for, along with the first six months' actual sales volume.

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| Month 1 | \$1000 | \$434 |
| Month 2 | \$2000 | \$1678 |
| Month 3 | \$4000 | \$3210 |
| Month 4 | \$6000 | \$6111 |
| Month 5 | \$8000 | \$9454 |
| Month 6 | \$10,000 | \$9886 |
| Month 7 | \$12,000 | |
| Month 8 | \$12,000 | |
| Month 9 | \$15,000 | |
| Month 10 | \$15,000 | |
| Month 11 | \$20,000 | |
| Month 12 | \$20,000 | |
| Total | \$125,000 | |

Through six months, the growth curve calls for \$31,000 in total sales, and the actual total is \$29,673. Obviously, everyone would be happier with actual sales volume exceeding the forecast, but I'm not unhappy with this modest shortfall. Murphy's Law states pretty clearly that things like this always take longer than we want them to. The real issue, as the quick printer noted, is whether the salesperson is doing everything he needs to do in order to continue along the growth curve

Activity Objectives

When this salesperson started, the quick printer set an "action standard" of 20 prospecting calls every day, following my model of a conversation with the "gatekeeper" to identify the decision-maker and then an introductory letter, followed by a phone call to ask for an appointment. The initial assumption was that only half of these companies would seem to be worth pursuing based on the conversation with the gatekeeper, so 20 prospecting calls was expected to trigger only 10 introductory letters. The next activity objective was that each week's 50-or-so introductory letters would lead to 4-5 face-to-face appointments.

For the first 6 weeks, the salesperson consistently made 20 prospecting calls every day, and that activity yielded even more "keepers" than expected. Looking backward, though, it was apparent that the salesperson was not qualifying as aggressively as he probably should have been. He wrote to quite a few companies who simply didn't have enough potential to pursue, but that's OK in the early stages. If there's going to be a mistake at this stage, I'd rather err on the side of inclusion rather than exclusion. In any event, after the first couple of weeks, the salesperson started setting 4-5 appointments each week as a result of this prospecting activity.

Over the next 10 weeks, the number of prospecting calls dropped from 20 per day to an average of 16 per day, but the salesperson was still able to average more than 5 appointments each week. Over the next 10 weeks, though, the number of prospecting calls dropped down to an average of only 6 per day, and the number of appointments dropped to only 1-2 each week.

“This is exactly what I was afraid of,” the quick printer told me. “He’s been spending a lot more time in the shop watching over his orders, and he’s not doing the prospecting that will keep the new orders coming. I’m going to make sure he understands that I’m not paying him to be a CSR, I’m paying him to prospect and develop new customers!”

Subjectives

The ultimate key to success with outside salespeople is a combination of management and training. Think of it this way, if your salespeople doesn’t know how to do the job, all the activity in the world isn’t going to guarantee success!

But what exactly does “how to do the job” mean? What specific skills are required, and what level of those skills does your salesperson currently have? This is where subjective measurement comes in, to provide an evaluation of the current skill level and define the need for training in specific areas.

I suggested 10 “subjectives” to the quick printer, and asked him to rate his salesperson on a scale of 1 to 10 in each area. Here’s the list, and the ratings:

1. General knowledge of printing processes — 7
2. Specific knowledge of the company’s capabilities — 5
3. Ability to “work the program” — 9
4. Willingness to “work the program” — 5
5. Overall understanding of the company’s value proposition — 8
6. Ability to present the company’s value proposition — 7
7. Questioning skills — 8
8. Listening skills — 5
9. Team skills and attitudes — 7
10. Reporting and recordkeeping skills and attitudes — 8

After totaling up the ratings, we had a pretty good picture of the salesperson’s strengths and weaknesses. It was also, the quick printer said, a much more detailed understanding than he ever would have gotten on his own.

“But where do I go from here?” he asked

“Well,” I answered, “we have 3 ratings that are really unsatisfactory. Let’s focus on those for the next 30 days, with the objective of being able to rate him then at 7 or above in terms of listening skills and 9 or above in terms of the other two — specific knowledge of your company’s capabilities and willingness to work the program. After that we’ll start working on the other areas and set improvement objectives for each of them.”

Management By Objective

I was first introduced to Management By Objective back in my Moore Business Forms days, and to the idea that the key to success was to manage not just volume objectives but also activity objectives. As my first sales manager explained to me, activity creates volume and then volume creates another kind of activity. In order to assure continued sales growth, you have to keep that “other stuff” from replacing the activity that created the orders in the first place. You also have to make sure that all of the necessary knowledge is either present, or trained in.

I hope you’ll embrace the Management By Objective philosophy. I think many quick printers are overwhelmed by the sheer volume of what they have to do to improve their businesses, so they do nothing at all. The Management By Objective philosophy is to pick a part of it and set a reasonable and measurable goal to improve on what you’ve got — reasonable in terms of both the desired result and the time involved.

I hope you’ll also see, by the way, how “subjectives” can be part of your objectives. You can do a lot in this world with a scale of 1 to 10!