# Does Your Sales Training Program Address Your Sales Performance Issues? Part 2

Here′s a Proven Method to Target Sales Skill Training to Resolve Sales Performance Issues

In Part 1, we went over the steps to uncover sales performance issues and decide which are applicable at a high priority for pin-point sales skill training.  We first documented the main sales performance issues.  There are (4) distinct sales performance silos that will affect the overall outcome of any sales team, year in and year out.  They are:

% of Sales reps to Quota

Average New-hire Ramp-to-Quota in months

Sales Employee Turnover rate

Time spent versus Result achieved

Next, we, listed (4) steps to find out if you have any sales performance issues in each individual sales performance silo and if so to what degree.  They were:

Step 1: Run the Numbers for any realistic ROI opportunity

Step 2: Run the Numbers hypothetically for a Specific improvement

Step 3: Run the Numbers for a Reality Check**.**

Step 4: Set the Goal and Train to It**.**

In our first example, we looked at a sales organization’s performance silo of New-hire Ramp-to-Quota and determined

(1) a sales performance issue and

(2) a worthy sales training objective and

(3) a realistic sales training return on investment.

Let′s take that same sales force and utilizing our

(4) step process look at the remaining two Sales performance issues; Sales Employee Turnover rate and Time spent versus Result achieved to see what the X2 Evaluator system turns up.

Step 1: Run the Numbers for any realistic ROI opportunity

Our example sales force has 350 sales reps that are responsible for securing new business each month.  They currently have a sales employee turnover rate of 45%, or 155 reps per year.  I′ve found in the sales industries I partner with, my clients average between 30%-70% sales employee turnover per year, so these folks are right in norm.

But the norm doesn't have to be the Future.

Here's another important point. In the sales arena, 95% of sales employee turnover is due to Low 1st appointment activity. And in our example sales force, it was nearly 100%. Simply, if you're not creating enough sales appointments each month, you either go out the door or you are Shown the door.

Now let's run the numbers to see exactly what this sales employee turnover is costing them and attach a weight of priority to consider pin-point sales performance training.

Here are the numbers relevant to costs:

Average Salary: $30,000

Recruiting Costs: $ 2,000

Training Costs: $ 3,500

Monthly Sales Quota: $ 3,500

In sum, this sales management team is looking eye to eye to a total of $4,512,200 going out the door each year, a combination of revenue ramps up costs on the front end, revenue production loss on the back end, salaries and benefits, then again revenue ramp up costs and salary for the replacement new hire. It's a vicious circle.

And once again that total Penalty cost number is an attention getter.

Simply put, each sales rep going out the door, due to low sales appointment activity, is costing the company $29,300 of lost revenue.

Does that portray a legitimate sales training Return on investment opportunity? Well, in less you need to invest $29,300 per sales rep in the training of choice to remedy the sales performance issue it certainly does.

Step 2: Run the Numbers hypothetically for a 50% improvement

In this case, I showed the sales management team what return on investment they would get by retaining just half of the sales reps going out the door due to low sales appointment activity.

Using their numbers my diagnostic system showed them a ROI of $2,256,100 just by reducing their sales employee turnover due to low sales appointment activity from 44% down to 22%. That's keeping 77 sales reps from going out the door and adding to the sales productivity pool.

Step 3: Run the Numbers for a Reality Check

Remember in Part 1 of Does Your Sales Training Program Address Your Sales Performance Issues? we ran this sales force team's key sales performance indicator numbers in the X2 system to see if and where there were leaks in the KPI ship. And we discovered not a leak, but a big ole fire hose.

Two KPI issues were apparent. First, their ramp-to-quota for a new-hire took 7 months when the average sales cycle is 17 days? Second, they were only setting 3 new appointments per week when they needed to set 6, based on their other KPIs and a subsequent sales appointment activity number.

Thus, their sales appointment activity barometer was only running at 50%. And that we determined dictates a longer ramp-to-quota.

Then we dug a bit deeper in the X2 system and out popped a 6% conversation-to-appointment ratio; they had to conduct 15 prospect conversations to get 1 new appointment.

We then asked the Reality Check question. Is it realistic to focus on reducing the sales rep turnover due to low sales appointment activity in half, from 44% to 22% for a sales training ROI of $2,256,100 or $29,300 per rep?

And we answered yes if they addressed the front-end of their sales process; setting targeted sales appointments. Again, as before, they needed to (1) establish an activity standard to reach quota based off of individual KPIs and (2) develop a sale prospecting methodology and supporting system to spend less time in achieving it.

Because most sales employee turnover happens in the new hire ramp-to-quota issue silo, the same pin-point sales skill training initiative kills two birds with one stone. And if you add those (2) sales training initiatives birds up, it points to $14,532,100 of realistic revenue recovery.

Step 4: Set the Goal and Train to It**.**

Reducing sales employee turnover due to low sales appointment activity now appears to be a worthy one. It makes good business sense for this sales organization. And if we measure our results, we will probably add some more revenue back on the table with additional reps not going out the door to the tune of $29,300 per rep.

As in Part 1, our sales training goal in this case is to spend the least amount of time to get the desired number of sales appointments each week to assure our monthly success.

Now as a side bonus, let's take a look at our last sales performance issue silo, Time spent versus Result achieved, and see what, if anything, we can address related to our pin-point sales training initiative.

Time is money. What's your Hourly rate? If you're a sales rep with a W-2 goal of $100,000 your hourly rate is approximately $51 dollars an hour. Here's an interesting statistic. My clients spend an average of 50% of their time on the very front-end of their sales process; sales prospecting for new opportunities to initiate their sales process. This sales management team gave me an average prospecting time of 45% to plug into the Evaluator system.

And here's what it showed.

The sales reps were spending an average of 20 hours per week on sales prospecting and sales appointment generation. But they were only running at 50% on their Activity

Barometer and needed to generate 50% more sales appointment activity; going from 3 new appointments per week to 6.

At their current sales prospecting efficiency rate of 6% (15 Prospect conversations to get 1 appointment) they would need to dedicate 33 hours per week to sales prospecting and sales appointment generation.  And we know that's not realistic.

But if they set a sales training objective of moving that appointment conversion ratio to 50%, they would not only meet their sales appointment activity number but save 26 hours per week, for a time recovery of 79%, from 33 hours per week to 7.  And 26 hours times $51 per hour recovers $1326 Hourly Rate money, allowing sales reps to increase capacity and pursue higher-value, solutions-based selling opportunities.

Once again with our last (2) sales performance issue silos we determined (1) a sales performance issue and (2) a worthy sales training objective and (3) a realistic sales training return on investment.

Ask any CFO what their first impression is when they hear the words Sales Training and they might communicate back their Real-world vocabulary of un-accountable and un-measurable. Simply put, they know they're wasting at least half their sales training budget dollars; the problem is they don't know which half.

As a sales management leader, methodically discovering sales issues first and then running Quantitative sales performance numbers to check for feasibility, worthiness, and return on sales training investment will differentiate you from the pack.  And you'll stand an excellent chance of getting the result you want.

In this case, giving sales reps a skill-set to set 1 Top-down business appointment in 2 conversations will allow participants to set the required amount of targeted business appointments to assure their monthly revenue goals. So, less people will leave, they'll make more money and spend less time and you will recover measurable dollars; something you can actually put your finger on.