



# [leveraging your people] Measure Your Way to Sales and Profitability

BY MARTIN C. SHANKER

If you decided to spend one day a month working to improve your selling techniques, would you know what to work on? Knowing can mean the difference between zero and a 10 to 20 percent improvement in sales, but many organizations—and sales associates—don't know what to work on first, because they don't do a good job measuring elements of their sales process. Thus, they miss the opportunity to anticipate changes in year-end results.

### APPRAISING THE SITUATION

Consider the following:

- Do you measure aspects of your sales process beyond sales or closing ratio?
- How often do your customers say, "No, thank you?"
- What percent of people who enter your store leave without buying?
- Of those that don't buy, where do most become disconnected from the sales process?
- How long, on average, does it take a customer to buy?
- Do you regularly collect information from customers on what they think about your sales process?

### GEM BYTES

There are two pieces in the measurement puzzle: deciding what to measure and finding an efficient way to measure it. This month I'll discuss the first piece.

**Measure the process—not only final outcomes.** Most retailers measure sales, and many measure closing ratio. These are fine macro measures, but to improve a process

you need to know where the greatest potential for improvement resides. Consider these measures: how often (and when) customers don't buy, percentage of customers who discuss their needs or dreams, kinds of information sales associates glean before making a recommendation, how often customers show interest in an item initially recommended, and how often sales associates prove a recommendation right by linking it to a specific need or dream described by the customer. Such information lets you know where improvement is likely to have the greatest impact on sales and can help you predict changes in year-end sales.

**Think about (and measure) what is not happening.** For example, a certain percentage of customers will not want assistance when they first enter the store but may be open to being approached once they've had time to browse. How effective are your sales associates in re-entering the sale by engaging

these customers in a dialogue? What's the close ratio for them?

### Know your sales funnel.

This refers to what happens to customers as they move through the sales process. You need to know where people are becoming disconnected. The point at which the greatest drop occurs is often where improvements will increase sales most. For example, if sales associates are engaging 85 percent of customers in discussions about their needs and dreams, but only 20 percent of these show interest in one of the first items presented, work first on improving presentation strategies, not greetings.

**Time is money.** A powerful way to improve efficiency is to shorten the sales cycle. A shorter cycle means the same sales force can close more business. You should know how long your sales process typically takes as well as differences in selling time among sales associates. Determine the typical sales cycle of your best salesperson,

and then figure out how others can modify their techniques to emulate the best.

### Get the customer's perspective.

Selling is also about building and projecting your brand. To know what you're projecting, find out how customers feel they're being treated. How would they like to be treated differently? What's missing?

Examine your sales process through the microscope of measurement rather than through the wrong end of a telescope. It will let you know where improvement will have the greatest impact on sales and also forewarn you of changes in year-end results.

Next month, I'll discuss ways of collecting such measures in a cost-effective manner. ■

Martin Shanker is president of Shanker Inc., a Manhattan-based international management consulting firm, which works with such companies as Cartier, Van Cleef & Arpels, Burberry, and the Estée Lauder companies to create behavior change in sales and management teams. Contact him at [martin.shanker@shankerinc.com](mailto:martin.shanker@shankerinc.com), (212) 545-7200, or visit [www.shankerinc.com](http://www.shankerinc.com).