New Directions in Inside Sales for Senior Managers

Good morning. This is New Directions for Inside Sales — for senior managers. There's a reason that the title of this audio conference is so specific. Most of us would like for our inside sales force to be changed, but some of us — maybe most of us — are reluctant to deal with the changes, very serious changes that we will have to make in our companies. It is not simply a matter of changing inside sales.

It's a big issue. In fact, the net result of this audio conference may be that some of you may decide that you just don't need the grief and would rather leave things as they are. Some others may decide not to make a big change, but perhaps a series of much smaller changes. And some of you may be like the distributor who called me after a recent seminar.

He said, "They tell you not to come in on Monday morning and try to change the world. I did, and right now I'm glad I did it."

I'll be interested in hearing what he thinks in six months.

We covered much of the background material in the prereading materials that you received. It said essentially that the market is demanding new efficiencies from us, and that it is no longer content with the sales model that we've used for the last 130 or so years. It said that we had a valuable tool for providing those efficiencies in our inside sales department. And it said that in most companies the inside sales departments are poorly equipped to accept their new responsibilities.

The training program, New Directions in Inside Sales, can be a help in providing your inside sales staff with the skills required if you give them new responsibilities. But reinventing your inside sales force is not just a training issue. It involves other much more basic things — such as how we pay our inside sales staff, how we manage them, and how we expect them to work with outside sales.

And — perhaps as important as anything else — it involves the position of outside sales in our companies.

The model for reinventing inside sales as a sales force is very straightforward. First, we plan it carefully. Then we implement the changes in such a way that everybody is involved, is enthusiastic, and has a sense of ownership. This is a classic example of something being easier said than done.

You will recall from the preconference reading that we defined four models for inside sales. Three of these — the traditional model, the team model and the inside sales as primary model could be placed on a continuum based on the aggressiveness expected of the inside salesperson in dealing with the customer, his or her involvement in account planning and the amount of control the inside salesperson exercised on the account. The fourth model — the commando model — can be used at any time in conjunction with any other inside sales configuration.

For most of the forty-five minutes we're going to focus on the team model, although much of the information will apply to either of the other models.

The traditional model, as noted in your handout, doesn't require a lot of change. In fact, the challenge, if you choose to continue with the traditional model, is to provide your inside sales force with meaningful sales training so that they can do what you've been expecting of them for years. We do recommend that you look at some sort of performance based compensation for your inside sales force, but essentially, this model means doing the same thing — but more and better.

At the other end of the spectrum — the inside sales as primary. For most distributors this model is too great a first step. Neither the company, your outside sales force, nor your customers is ready for it. If your believe that your company is an exception, dealing with the management issues is pretty straightforward. Pay them, manage them and measure them just as you have your outside salespeople. The challenge you face is devising new compensation programs and measurement systems for your outside salesforce. Their job will be drastically changed.

I do believe that the team model is not only doable for most distributors, but that it provides an important step toward specializing your selling forces and positioning yourself to take advantage of new techniques and technologies in the future.

Many distributors already have something that they call inside/outside sales teams. Unfortunately, most of these aren't teams at all. They are outside sales with inside sales backup — but they are not a team.

A team has a commitment to a common objective; they are fervent about winning as a team.

A team wins and loses together; it is impossible for all of the team to play and for just one or a few to win.

A team — especially a good team — is committed to each other's welfare, because each member knows that his own success depends on the other.

Most of these characteristics do not describe our existing teams. And when they do, we usually model our teams on the wrong sport.

Everybody is fond of comparing business teams with sports teams. Sports teams are easy to understand. But we have to be very careful which sport we choose to emulate.

A lot of our business teams — in sales and anywhere else — is modeled after the baseball team. One or two people do most of the work, and the rest come to life in specific situations — when the ball comes to them or when they are at bat. Sometimes a baseball team is exciting to watch — especially if you are from Atlanta, as I am, but it is a very inefficient use of personnel.

A lot of companies like to use the football model — an excellent example of independent, interdependent roles. When the play is called, everybody knows his assigned task, and the success of the team depends on everyone doing his job. It's a great example of working together. The problem is that it's rigid. Each player does his job, but if the situation changes quickly, he's not much help at doing someone else's job.

I think a better model for our business, more specifically inside and outside sales teams is one based on tennis doubles. If you've ever watched a good tennis doubles team you've seen that, although everybody has a specific position on the serve, both members are constantly adjusting during the volley. They are not so concerned whether they are up or back as whether they are in a position to beat the competition.

That's what we hope to create.

Let's begin with where you are now. Please turn to page 8 of your handout.

If you've rated your inside salespeople on the chart on page 8, you have probably determined that they have moderate sales skills, a moderate commitment to the company, low-to-moderate aggressiveness, little or no team orientation, moderate ambition, good to excellent product knowledge, low to moderate initiative, essentially no time management skills, and moderate to good follow-up.

That's pretty much the portrait of today's inside salesperson — a good person skilled in the job they thought that they were hired in.

But that's not the profile that you need if your inside salespeople are going to be a more productive part of your selling system. Just like your outside salespeople, they need to be at least a seven on each of the traits listed there.

This is point one. Some of the people you have in inside sales probably won't fit. They don't have the personality. They don't have the drive. And they don't want to think of themselves as salespeople. It is probable that some of your inside sales staff will have to move to other jobs — either in your company or another one.

In a way, this is good. If you really expect your inside salespeople to sell, you will have to have someone to handle the clerical tasks that inside sales does now. The people who don't fit the new model may be very well fitted to a sales support position — a position where the focus is more on paper than people.

Now for the questions that we have to answer before we begin making a change in inside sales.

The first is basic: why are we doing this? Increasing sales is not an appropriate answer. Not only do you need clear objectives to guide your planning, but you need to be able to articulate the advantages of the new direction to the people involved. *Advantages* means the advantages to them personally as well as to the company.

Other questions are:

How are we going to pay our inside salespeople under the new system?

How will inside sales and outside sales relate to each other?

How will we manage inside sales?

How will we motivate them for peak performance?

How will we train them?

And — finally — once we have completed the planning, how can we implement the change with the greatest degree of cooperation and the smallest degree of pain?

We'll take the questions in order. Then we will look at an implementation model designed to minimize the pain of change.

We begin with compensation, with three facts printed on page 9 of your handout.

It has been accepted for years that money is not a motivator. It is — according to Frederick Herzberg — a hygiene factor. That means that if the money is not good enough, it can create dissatisfaction, but you cannot pay enough to create satisfaction. I think that's true — in the ways we have used money in the past.

Traditionally, we have paid inside salespeople — and most other employees — to show up. If they showed up and performed the job to certain minimum specifications, they got paid.

Consequently, most employees do what is necessary to get paid. When you look at it this way, you could actually consider money a demotivator. It breeds a "what's the use" attitude.

This is something we need to change.

The second "fact" is that the way we pay sends a message. This is particularly true in inside sales, where — according to the small survey printed in your handout — nearly half the inside salespeople were on straight salary, and another quarter were paid a salary plus a bonus. I think we can assume that in most cases the bonus is not a substantial part of their income.

The message that we send may vary — but the message we fail to send with these compensation programs is that sales is an important part of the job. We're very careful to do that with our outside sales force; we need to be just as careful with our inside people.

The third "fact" is that the issue — at least to our employees — is equity. Is the compensation program fair? To a lot of inside salespeople, it's not. One inside salesperson told me that she couldn't get excited about working any harder; she didn't get anything out of it.

She wouldn't make any more money, but the outside salesperson would. She didn't think that was fair. I think she was right.

As managers, our response might be that we're paying them to do the best job they can. But we're not. Most of the time we're paying them to show up. The basic stance of any employee is that he or she is not paid enough, and if the pay changes, he or she will get screwed.

There's a fourth fact — one not listed in your handout. It's important whether we are talking about compensation, recognition, or any other part of the job. It's just this: we think that employees work for the company. They don't. Our employees, associates or whatever you choose to call them all work for themselves — to meet their own objectives. The degree to which the company's objectives parallel their personal objectives is the degree of commitment we can get from them.

On page 10 of your handout you'll find several types of compensation, all of them are used in distribution and most of them are used in inside sales.

These and all other compensation plans are composed of several components. The first is base pay — what the company contracts to pay the employee for showing up and meeting certain minimum requirements. In other words, doing the job well enough not to get fired.

The second is variable pay. This is pay that is based on some sort of performance criteria, either for the individual, a team or other small group, or the company as a whole. This might be commissions, gainsharing, winsharing, productivity or profitability bonuses or anything else that is triggered or controlled by some measure.

The third component is indirect pay. This is the aggregate of all the benefits such as insurance, vacation, and sick leave. On the average this is about a third of total compensation.

As I said, all compensation plans have these three characteristics — if we remember that that with some plans the percentage of one of the characteristics may be zero.

The first type of compensation on the list is straight salary. Here the compensation is distributed between base pay and indirect pay. The variable component is zero. We're saying to the employee: This is what you're going to make and there's little or nothing you can do to make a difference. You get a raise when someone gives you a raise — and any number of factors from the economy to your supervisor's opinion of you can affect that.

The second type of compensation is salary plus a bonus, generally a large base-pay component and a small variable pay component plus indirect pay. The bonus may or may not be based on the individual's achievements. It can be based on how the company does, or how the department does, or any number of other factors. The bonus — the variable part of the pay — probably isn't large enough to make a difference in the employee's lifestyle.

According to the market value of the position and the relationship that value to the salary, salary plus bonus can send either a positive or negative message. For instance, if the market value of the position is $35,000 and the salary is $35,000 plus the opportunity to make a $5,000 bonus, the message is positive and motivational. However, if the market value of the position — or the employee's perception of the market value — is $40,000, the message is that you're holding back $5,000 because you're afraid you won't get your money's worth.

With both of these compensation plans, the major part of the employee's income is determined by the company who, in turn, determines it by the market value for that position. This is base pay. Non variable. And essentially, there is nothing the employee can do about it.

It's also what Edward Lawler of the University of California calls "Old Pay." He contrasts that to "New Pay." New pay, according to Lawler is pay that reflects an understanding of the organizational goals, values and culture of the company. It pays for performance rather than existence. And it shares the success of the company with the employees.

I've included a lengthy quote from Schuster and Zingheim's excellent book entitled The New Pay on page 11 of your handout.

But for our purposes we need to simplify the requirements of an appropriate compensation program for inside sales. I believe the compensation program has to do three things:

It has to put the responsibility for increased income in the hands of the employee. That means that of the three parts of the employee's pay: base pay, variable pay, and indirect pay, the variable pay has to be the most important.

It has to focus the employees on what we want. If selling is what we want, then it focuses on selling. Or it can be more specific, focusing on selling new accounts or on selling certain lines above others.

And, finally, it has to satisfy all three interested parties: the employee, sales management, and financial management.

Now let's look at the last three compensation plans on the list.

All three of the commission programs satisfy the first two requirements. They obviously put the responsibility for increased income in the hands of the employees, and they do focus on selling. However, as a first step, I think that only one of the three really satisfies all three constituencies.

The examples on page 12 of your handout compares a program based on salary plus a small variable component or commission with one based on commission with a guarantee. As you can see from the example, the large base and small commission don't produce an increase in income proportional to the increase in sales. It does not provide significant motivation.

The solution we have used is a compensation plan based on a salary with a guarantee. We deal with the security concerns of the inside sales force by setting the guarantee at their current salary levels. Then we provide some degree of motivation by setting the commission structure so that on current sales straight commission income would be slightly less than the guarantee. The message is: you will never make less than you're making now, but you'll never be given another raise either. The raises are there for you to earn.

The motivation makes sales management happy. The guarantee and the opportunity for increases makes the inside sales force happy. And the fact that selling costs as a percentage of sales actually decreases as the inside sales force sells more should make financial management happy.

The final compensation program on the list — commission with a draw — is not appropriate for most inside sales departments. It does not meet their security needs.

In fact you may find that the commission with a guarantee does not meet the security needs of some of your inside salespeople. This is a pretty good indication that those people need to be in another position or in another company. They do not — and probably will not — have a sales orientation.

Essentially, the lesson that we must learn about inside sales compensation is that we should deal with inside sales just as we have with outside sales for years. We have — for the most part — paid them for what they sold. Their success paralleled the company's success. And the message we sent was clear, unambiguous, and forceful. Sell more. Make more.

One short side trip here. At this point in each of the seminars I've done on New Directions in Inside Sales, somebody objects to paying a commission to both inside and outside sales on the same sale. And this is what happens if we have assigned inside and outside sales teams, whether the team is responsible for a territory or for assigned accounts. It's the way it should be, because when you have a team, everyone shares in the team's successes.

The answer to the objection is just this: you are already paying for it. All we are doing is changing from a system where we pay for existence to one where we pay for performance. And if we've designed the program properly — that is, the compensation for both inside and outside sales — selling cost as a percentage of sales will actually decrease as sales increase.

One other point: we do not suggest that you take any part of the outside salesperson's commission to increase inside sales compensation. This will make even worse a condition that already exists in most companies — and one that must be eliminated if you're are going to get the most from your selling system.

Last year, I got a phone call from a young lady in the Midwest. She had been referred to me by one of the distributor association offices as someone who "knew something about inside sales." Her question was, "Did I know of any books that talked about how outside sales messed up, and inside sales had to clean up behind them."

I asked if she was in inside sales — and, of course, she was. She was writing a paper for her college business course, and her thesis was that inside sales spent most of its time cleaning up after outside sales.

That's not an uncommon attitude. Neither is the attitude that inside sales does most of the work while outside sales makes most of the money.

Of course, it is not one sided. Outside sales often thinks of inside sales as not professional, not competent, or unable to deal well with customers. And they think that the people on the inside aren't really salespeople.

These are tough attitudes to shake — and often management is not a lot of help. Recently I was contacted by middle manager who had been in one of the New Direction seminars. He had gone back and was trying to make some changes, but he and senior management were hung up on a definition of inside sales. They wanted my definition. But when they got it they didn't like it. My definition of inside sales was that they are people who sell from inside — as opposed to outside sales: people who sell outside.

I wasn't being flip with them. That's the way I want to think of inside salespeople. That's the way I want them to think of themselves.

So we begin at the top — the way we think of them. Then we work on how they think of each other.

This brings us to our second question: How do we meld inside and outside sales into a single team?

Our goal, actually, should be to eliminate the idea of "inside" and "outside" sales. They should both be salespeople on a team. Their identification should be to the team rather than to their functional areas.

One company attacked the problem by putting the inside/outside sales team in a cubicle together — instead of each one working from his or her department. In fact, if there is a sales support person — as there will probably have to be — that person should be in the cubicle too.

This, of course, goes against tradition. It goes against habit. It goes against practice. And it will probably go against the grain of a lot of outside sales people. Unless we can convince them that they will be better off.

This means convincing both inside and outside sales that they succeed together. Most of the outside sales people that I've talked with are positive about more inside sales involvement when they learn that it will help them make more money.

There will, of course, be some resistance. Outside sales may be reluctant to include their inside sales teammates in account planning.

Working out the most efficient division of tasks will take a while. And there will certainly be some threats to outside sales as they perceive their position in the company changing. All of this can be overcome, but it will all take time. We will consider some ways of dealing with this resistance when we talk about implementing your new program.

The third question we must answer in our planning is: How do we manage them?

Traditionally, no matter what we called the person in charge of inside sales, they were supervisors. They dealt with the process — how the orders were entered, how and when RMA's were granted, what to do in the event of a cancellation.

All of that is important, just as how and when the outside salespeople do their expense reports and their call reports. But it is not the measurement that tells us whether our sales team are accomplishing their objectives. We need to look at their results in terms of our goals.

The bottom line is that you cannot supervise knowledge workers. And if your inside salespeople are going to sell, they have to be knowledge workers, making decisions that provide the best results. Our solution is to measure the sales teams as we measured the outside salespeople — on their sales results and on the demonstrated effectiveness of their sales skills. I suggest that the inside sales teams report directly to the sales management.

Measuring is one thing. Motivating the employees so that our measurements reveal the results we want is still another.

The fourth question that we must answer is: How do we motivate them for peak performance.

Every job — including inside sales — has two parts: the have-to part and the choose-to part. The have-to part of the job is comprised of the minimum acceptable requirements for keeping the job and staying out of trouble. The "choose-to" part of the job means going beyond the have-to, and showing initiative.

Most of us would like to think that our employees are willing to go beyond what they have to do to keep their jobs. But, if the research is to be believed, most of us would be wrong. In her book, "The Can-do Manager," Tess Kirby quotes a study that says that only a quarter of American workers say that they perform to their full potential. The same study says that half of American workers say that they put no more into their jobs than they have to to keep them.

This is a problem throughout any company, but it's especially important where we are attempting to turn what has traditionally been a passive position into an aggressive, proactive one. In many inside sales departments initiative has not been prized nearly so much as neatness and accuracy.

In making this change, we have to look for motivators.

We've already discussed putting people in charge of their own success through new pay — performance based compensation. Let's look for a second at some other things that don't deal with money.

There are several relatively recent studies that deal with what employees want from a job. The language varies, but the information is essentially the same. They want interesting work. They want the opportunity to grow and learn new skills. They want to be able to work independently. They want recognition from their coworkers. They want to feel that what they are doing is important and worthwhile.

Still another study said that people operate at peak performance when they are optimistic about the results of their actions; they feel like they are making a difference. When they know how to set goals. When they know how to make decisions. And when they believe that they have the opportunity for autonomy, self expression, and personal commitment.

Think about it. Do either of these describe the conditions in your inside sales department.

When we were working on the training program for inside sales we had a content committee of 23 distributors. Everything was submitted to them for a reality check. The questions were: "Is this real-world material?" and "Would your inside salespeople be able to do their jobs better if they knew this?"

There was a remarkable unanimity among the committee members. Except for one thing. One committee member objected to the section on goal setting and time management. His point was that his inside sales people had their time managed for them and the company set their goals. What he didn't understand and what I was not able to convince him of is that external goals do not motivate people nearly so well as internal goals.

Time management. Goal setting. These are skills that are as unfamiliar to most inside salespeople as selling value and asking for the order. And they are just a few of the training issues that you will have to deal with.

That's our fifth question: What do we need to do to train them?

A beginning point is New Directions in Inside Sales. This is a comprehensive 5-module program designed to be led by someone in your company. There's a detailed Leader's Guide, approximately 90 minutes of video, and a Participant's Workbook. The five modules can be covered in about seven sessions of 60 to 90 minutes each.

Module 1 is an explanation of the changing role of inside sales — both in the company and in relation to the customer.

Module 2 deals with account building, helping the inside salesperson understand that we are dealing with customers rather than products.

Module 3 provides skill building for better selling and greater customer service — the kinds of things we need both inside and outside sales to know.

Module 4 — entitled "You and the Company" — covers what the company needs from inside sales. This module includes a short course on the basic facts of financial life.

The last module — Module 5 — is goal setting and time management. This teaches useful skills for managing time and setting and achieving personal goals.

In all, New Directions in Inside Sales provides comprehensive training for inside sales in sales and customer service. But it's not enough. In any company, the informal training — the ojt — is much more powerful than the formal training.

To get the most from our informal training, we need to plan it, providing a series of developmental experiences that help position the inside salesperson in his or her new role. A developmental experience is simply something that they do, rather than something that they study.

For instance, during the transition period, you can arrange for the inside salesperson to make "buddy" calls on important customers with the outside salesperson. This will help the inside team member put faces with names and understand something of the dynamic between the company and the customer. An important byproduct of these calls is that this is the beginning of the customer's training in dealing with your new selling system.

Another useful developmental experience is having the inside salesperson do an account analysis on several accounts. What are they buying now? What else should they be buying from us? How can we increase our importance to the customer.

You can also put the inside salesperson in front of customers at trade shows, professional organization lunches, or at other gatherings that the outside salesperson usually attends.

Finally, include the inside team members in most or all of the training you're doing for the outside team members. Product training. Account building. Team building. Leadership skills. Sales negotiations. Almost everything that is good for the outside people will be useful for the inside people.

That completes the planning section. All of this needs to be done before the implementation phase begins. There's a problem though. As soon as you involve anyone else in the planning process, you provide grist for the rumor mill, and the rumors can be very disturbing to both inside and outside sales.

For that reason, I suggest that you hold a meeting with inside and outside sales — either separately or together — early in your planning process. You'll want to make three points:

1. The company is looking at new ways to serve its customer's better. We need to be able to provide the efficiencies that the customers are demanding.

2. The changes should mean much greater opportunities for both inside and outside sales.

3. Nothing will be done without involving both inside and outside sales in the planning. In other words, you'll be fully informed all along the way.

This won't keep the rumors from happening, nor will it keep some employees from fearing the worst. It will, however, give most of your salespeople some measure of security in knowing that you'll keep them informed and that there's a good chance that the changes will be positive.

Change is the key word here. One of our presidents said, "if you really want to make an enemy, change something." And for the most part, he was right.

Consequently we need to be very sensitive to the reluctance to change and the fear of change. That's a large part of the reason for the complexity of the implementation time line on page 16 of your handout. You'll note that it consists of a series of meetings — and you also know that we're dealing with a group of people who generally consider meetings a waste of time. There will be a strong temptation to shortcut the process, to write a memo or have a quick session and declare it done.

Even recognizing that, I suggest that you follow the implementation model step-by-step. The meetings are designed to encourage participation and ownership, and to diminish resistance to change.

There are several things I need to tell you about the implementation model before we get into it. The first is that the three month timeline is not realistic. Making this change from beginning to end will probably take at least six months and possibly longer.

The second thing is that each element of this model should be heavily participative. That means that most of the talking is done by the employees. In the first meetings, the preliminary meetings, management should spend most of its time listening carefully to the concerns of the employees, and then responding to them — either in that meeting or a subsequent one. In the kickoff meeting, the training and the team presentations, you should elicit a great deal of employee input. And, of course, the territory planning sessions are for the teams on their own.

The third thing I need to tell you about the implementation model is that when you get to the end of it, you still aren't through. This is a radical change in your organization, and it will have to be nursed for a long time before it feels normal and comfortable. The model shown here is just a start.

Now, let's look at the first group of meetings: the preliminary meetings.

The first thing I would suggest is that you have separate meetings for inside and outside sales — and that you probably should hold the one for outside sales first.

This is where we begin to use the suggestions on page 17 of your handout. In the preliminary meeting we want to make certain that the employees know where we are trying to go — and how going there will benefit them. The first thing we do is lay out the skeleton of the plan.

Then we get their input. How can we best accomplish this plan?

Do not confuse this with what was popular a few years ago as "bottom-up planning." You are not going to the employees to ask them to design the program, but to get their assistance in making it work. The question isn't "what are we going to do," but — "here's the plan, here's the reason for the plan, how are we going to make it work?".

You will run into barriers — and you can't run over them. We weaken the barriers by addressing them directly and specifically. When outside sales says that the inside people don't have the skills to do the job, outline the training program — and assure them that they — I mean the outside salespeople — will be involved in it. When they express concerns about how it will affect their income, explain how this is designed to increase sales — and consequently to increase their income.

Sometimes the best you can do in weakening the barriers is to give them the best answer that you have and ask them to work with you on it. Being sensitive and reasonable will go a long way.

Strangely enough, you will probably get as much or more resistance from inside sales as you will from outside sales. Outside sales may perceive some of the changes as threatening. Their position in the company may not be exactly the same if the inside people are really selling. They may be concerned that these changes will complicate their life, or even have a negative effect on their income. But none of that is as immediate as what the inside salespeople will see. We're talking about making drastic changes in how they spend eight hours a day. Skills and tasks that they are comfortable with won't be enough anymore. They're going to have to learn new things — and a lot of them may not be secure that they can perform the job as you define it.

As with the outside sales people, you work to weaken the barriers to change by directly addressing their concerns. And you make the advantages of the new program fit their personal objectives.

Some of your people — maybe most of them — will be interested in the opportunity for increased income.

Some of them will be interested in the challenge.

Some of them will be interested in learning new skills and extending their capabilities.

Whatever their hot buttons may be, it is important that we make our program fit their objectives. Nobody is going to go through the pain of change just because it is good for the company.

The preliminary meetings have a five-part agenda.

First, we outline the situation — what we are doing and why.

Then we present our new sales model — in terms of its advantages to the company and of their own self-interests.

We present the time line.

And we enlist their support in making this plan a reality.

Finally, we get feedback and deal with their concerns.

Although you should allow for as many preliminary meetings as necessary, I would suggest that they not be over an hour. You want constructive conversation; you do not want a gripe session. Take anything left at the end of the hour and assure them that it will be addressed in the next meeting.

At the end of the preliminary meetings you should have both inside and outside sales in a neutral to positive position on the new direction. At this point, neutral is okay — "I'll just wait and see," but negative is not.

The next step in the implementation is the kickoff meeting. This should be a big deal. It's really a celebration. You may want to use this meeting to announce the team assignments — and maybe even present team shirts to the team members. The objective here is to help the salespeople understand that this is not just a reorganization — they've probably seen those before. This is a reinvention, a way of building new capabilities and becoming more competitive. A way of creating new customers and clobbering the competition.

Envision a pep rally. That's what the kickoff meeting is.

There are three important things that we want to do at the kickoff meeting. The first is to emphasize the competitive advantages of the new direction. The second is to announce public measures of success — the scoreboards that will be there for everyone to see. And, finally, we want to announce short-term team-oriented rewards.

We need to have some successes even before we complete the implementation program. You might have a small reward for the teams that as they complete the developmental experiences part of the training program. You might have other rewards when they complete the territory plans.

They don't have to be large rewards. Lunch on the company at a good restaurant. A couple of movie tickets for each team member. A gift certificate. Just something that they might value and that will show that the company recognizes their accomplishment.

The most important point to remember about rewards is that they are standards based. That means that each team meeting the standard receives the reward.

We've already talked about training. If you just do what we discussed in the training session — that is, New Directions in Inside Sales and a series of developmental experiences — you will need to allow about eight weeks for training.

Then, the territory planning. If your outside sales force already has good territory planning, all that is required are some changes in definitions. For instance, no longer will the company's attention to an "A" account be based on the frequency of the outside salesperson's calls — but on the attention paid to the account by the sales team. Prospecting — that is, qualifying and surveying — is no longer a Lone Ranger occupation. Much of the qualifying can be done by the inside person. As they convert the outside salesperson's territory plan, they divide up the work — understanding that whatever they decide now may be changed as they gain more experience as a team.

If your outside salespeople do not have good territory plans, this is the time to begin. In some ways it's easier; in others it is more difficult.

It's easier because you don't have to worry about changing definitions. Start out with the new definitions. It's more difficult because the reason most salespeople who don't have territory plans don't have them is that don't want to do the work required.

I'm convinced that in most cases, the lack of a territory plan is not a skills issue. You can tell a salesperson everything he or she needs to know about territory planning on a three by five card. But, it is very difficult to motivate them to put in the time necessary to make one and keep it current.

I suggest this as a minimum territory plan.

An analysis of the top ten accounts in the territory, showing what they buy, what they buy from us, and what they buy from our competition, and a sales plan for capturing a substantial part of the remaining business.

An analysis of the top ten prospects. These may customers who are buying from us — but who consider us their second or third supplier, and a sales plan for increasing our share of their business.

The balance of the accounts prioritized according to profitability.

An on-going prospect list in various stages of qualification and surveying.

The team should maintain three types of records. The first is account information. This can be kept in a notebook or on the computer. It should be a quick reference on what the customer buys, an account history, and pertinent information about the buying centers in the account. It should also include any notes that help us understand how to serve the account better. These records are kept alphabetically.

The second set of records is a tickler file. There are a lot of computer programs that can handle a tickler file. Three by five cards work well, too. The tickler file is used to note upcoming tasks for accounts. This file is kept by date.

The third set of records is the prospect file, maintained by geographical area and — according to how the team chooses to handle it — whether the prospects have been qualified.

These are the team's records — not either inside or outside sales'. They should work out how they want to keep them and how they want to use them. They should, however, be encouraged to use them. It's important that the team stay coordinated.

There's one more meeting in the implementation plan: the team presentations. This meeting, like the kickoff meeting, is largely symbolic. It is the climax of the implementation and the beginning of the new direction.

In this meeting, each team makes a brief presentation about the territory, telling the entire sales group about their plan. Where they are now. Where they are going. And — most important — how they plan to meet their goals.

All of this can be done. Some distributors have already done it. But even a quick overview like this shows that it can be daunting. All of the planning. All of the changes. All of the work.

But, when you've done all of this, you've made a beginning in setting a new direction — not only for inside sales, but for your entire sales force. You will be able to put more pressure on the marketplace because you will be using more of your resources. You will be providing better service because all the parts of your selling system are proactive — looking for ways to deal with your customers more effectively and more efficiently. And you should have more motivated, better satisfied salespeople — because their success is in their hands.

Now, I'll be happy to address any questions that you have.

New Directions in Inside Sales for Senior Managers was presented in an audio conference for IDA in October 1996 by Chuck Holmes, president of Corporate Strategies, Inc.