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WHAT DO SALES MANAGERS MANAGE?

by Dr. Scott Downey

The Service-Profit chain shows the relationship between employee activities and company profits. The concepts are simple: satisfied employees provide good service, which leads to satisfied customers, from whom more profits are generated. This research is foundational and has been studied in many different environments, including agribusinesses.

The main takeaway is that developing employees is a necessary activity that leads to profits. But in practice, what do agribusinesses actually do to create satisfied employees who are responsible for managing profitable customer relationships?

EMPLOYEE SATISFACTION

There are numerous components of employee satisfaction: compensation, job security, flexibility, meaningful work and professional growth. Most companies compete for talent on these factors, and many believe themselves to be competitive. But for salespeople at the end of the sales cycle, much of that goes away and the message becomes "get out there and sell." That's what pays the bills.

Managers influence sales behavior in short term ways (motivating salespeople, coaching, directing sales effort, etc.) and in long term ways (offering training, hiring, developing compensation, etc.). But managers also, well-manage.

FOUR ACTIVITIES

Management has four activities: setting goals and planning how to accomplish them, implementing plans, measuring outcomes and analyzing which activities will accomplish goals in the next round.

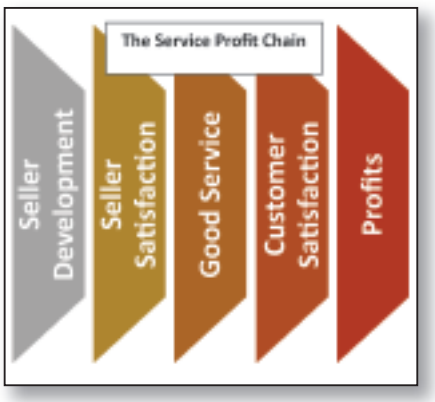
The sales management process in many agribusinesses has historically done a great job of determining what to sell and how much to reach goals. One shift in thinking that must drive more of our management activity, though, is measuring not only the outcomes of the sales process, but the factors that lead to them. The quality of the sales effort, the factors that drive effectiveness and the conversations salespeople have with their customers are all inputs to the sales process that managers can (and should) be measuring to identify not only what and how much gets sold, but how it is sold.

This is where the Service-Profit chain comes in. If profits come from satisfied customers, driven by satisfied employees, we must manage the process by which these are created. Here are some areas to consider measuring:

Customer retention numbers look at how many customers stay (or leave) year-over-year. Sometimes we even reach out to customers who have left and ask why. Maybe it would also be useful to understand why customers stay.

CUSTOMER SATISFACTION

For customer satisfaction ratings, it can be tempting to ask simple questions, like "are you satisfied?" But these metrics may not be productive. Instead, define how you want your organization to be seen, which marketers often call "positioning," and test how customers say they observe those factors. For example, if you want your organization's people to be seen as performing better



than competitors, ask a question about what ways customers have observed that.

If effective sellers know their customers, ask salespeople to write down their customer's goals – at least the top 20 or so, and conduct interviews with those customers to see how closely the responses actually align.

If customer service is important, ask customers for examples of ways in which they have received service from your organization.

Sales call quality can be measured by asking for objectives of the call before it is made and comparing call reports to determine whether the objectives are accomplished. This doesn't always mean selling something; it could be gathering key pieces of information.

The point of this information isn't to catch people doing something well or poorly, but having data in these areas provides opportunities to improve. This is how we get better. **AM**

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