15
TIME
WASTERS
OF INSIDE SALES
AND LEAD GENERATION

by Kenneth Krogue

While technology can eliminate many inefficiencies and time-wasters from sales and marketing organizations, some problem areas tend to be outside the reach of technological solutions. More time is wasted as a result of poor strategy, bad hiring, unqualified leadership, and a lack of performance management than from flawed sales tactics. Companies have invested in sales tactics for years. What they haven't done is invest in lead management, immediate response to leads, lead resources, and proper intelligence on why companies buy, and why they don't.

This paper highlights 15 time-wasters that are endemic to typical inside sales and lead generation departments. The research study that originally prompted this paper was done on-site at PeopleWise, a division of LexisNexis in 2005 through 2006 and outlined 10 of the current 15 time-wasters listed here. Additional time-wasters have been added from research done in conjunction with Kellogg, MIT, FranklinCovey, Jim Click Automotive, and Omniture.

Each section will address a single time-waster and provide a best practice that will offer a jumping-off point to start eliminating the problem:

15 TIME-WASTERS

#1:   Poor Sales and Marketing Strategy
#2:   Poor Hiring
#3:   Poor Performance Management
#4:   Low Levels of Motivation
#5:   Poor Lead Generation Resources
#6:   Slow Response to Lead Inquiries
#7:   Too Few Attempts to Contact Leads
#8:   Dialing Time, Busies, No Answers, Bad Numbers
#9:   Voicemail and Answering Machines
#10: Poor Training, Coaching or Mentoring
#11: Poor Sales Management Processes
#12: Poor Lead Management Processes
#13: Fulfillment Overhead—E-mails, Mailers, Faxes, and Proposals
#14: Taking Too Many Notes
#15: Not Knowing Your Wins and Losses (Reporting, Analysis, Post-Mortem)

TIME-WASTER #1 of 15: Poor Sales and Marketing Strategy

A poor marketing strategy will lead your company to make costly mistakes, select the wrong market, or fail to reach the right target audience. While executive management has the primary responsibility of defining the sales and marketing strategy, every VP of Sales, Sales Manager, and Salesperson should ask him or herself:

• What battle should we be fighting? If your main competitors are well-established and several times larger than your company, you may find it impossible to gain a significant footing in the industry. You may be better served if you find a niche where your product excels and go after success in that area.

• In which market segment will we have the greatest chance of success? Your product may serve a large market well, but some segments will give you a greater ROI than others. Define where you stand to make the greatest profit with the least amount of effort and focus on that segment.

• What is the most effective way to target the correct market segment? Tailor your marketing to your target audience: while senior citizens watch a lot of daytime television but shy away from Internet search engines, small business owners are often the opposite.

• What is our most successful, low-cost source of leads?

Once you have defined these core issues, further define it by asking yourself:

• What is our core message? Boil it down to 30 seconds or less.
• Who is the target decision maker? What title do they usually have? What department do they work in? List each possibility.
• What are our products' coolest features, benefits, and impact?
• What pains or possibilities do we address in our target marketplace? List the top 5 of each.
• What is our advantage over the competition: price, quality, speed, or service?
• What is our Unique Selling Position: the single, coolest, most powerful stance we can take in the market?

> **BEST PRACTICE:** Take the time to answer these questions, and then make sure you and your people know these strategies well and the tactics that support them. Write them down, post them, and review them quarterly.

TIME WASTER #2 of 15: Poor Hiring

Many sales organizations spend a great deal of time and money on systems, leads, and facilities only to forget the most important thing: building a strong sales team.

Before you hire your first employee, identify a "success profile," a list of characteristics that will make a successful part of your sales team. Hire only people that match your success profile.

The most important person in a sales organization is a "scrappy sales manager," someone who has a clear vision of the company's direction and goals and who works tirelessly at following that direction and reaching those goals. Too much time is wasted by employees who either don't know these things or simply don't care. You can remedy that by hiring a sales manager who knows, cares, and carries that message to the rest of the sales team.

Once you have a strong sales manager, build a sales team that will support him or her. The best way to hire proven salespeople is by asking your existing salespeople. They have worked with other great salespeople and know who will be successful with your company—and who won't. Every sales organization has a top producer: find out who that was at the companies where your people have worked and offer them a position with your company.

During each potential employee's interview process, include a way to simulate a real work environment prior to a full commitment of hiring.

> **BEST PRACTICE:** Hire each employee into a 60 day probation/evaluation period. This will encourage the sales person to quickly learn your systems, processes, and products without wasting any time. Once they have successfully passed the probation period, continue to offer incentives and evaluation to boost morale and prevent a drop-off in initiative and productivity.

TIME WASTER #3 of 15: Poor Performance Management

Performance Management consists of clear objectives, fair goals, simple priorities, and immediate feedback. In order for your sales team to succeed, you must first define exactly what—and when—you want things done. Each salesperson should have a job description and certain priorities that make sense in your business. Prioritize leads, lists, sales stages, size of accounts, etc., so your salespeople are soon thinking along the same lines that you are. Communicate to your team what you expect from them and continually let them know how they are doing in reference to your expectations.

> **BEST PRACTICE:** Make sure every one of your objectives can be measured. Provide feedback–both positive and negative–quickly and in a way that is fair and reasonable. In sales, you can provide the best feedback by playing back a sales rep's recent interaction with a prospect or customer and using it as a training opportunity.

TIME WASTER #4 of 15: Low Levels of Motivation

Low motivation usually arises from one of the problem areas previously mentioned (poor strategy, mis-hiring, unclear objectives, unfair goals, complex priorities, and slow feedback) as well as from poor leadership, lack of discipline and accountability, and a win-lose or lose-lose pay plan.

Salespeople want to sell as much as possible as easily as possible. They will be quickly demoralized when obstacles that are outside of their control prevent them from succeeding.

These things tend to dampen sales teams' motivation:

1. Pay plans that reward actions and events beyond the employees' control.
2. Pay plans that take too long to reward success.
3. Lack of immediate recognition.
4. Lack of clarity about expectations.
5. Goals that are set too high.
6. Lack of leads or good lists.
7. Products or services the salespeople don't believe in.
8. Working for a Sales Manager who isn't perceived as fair.
9. Poor communication of what is good and bad.

> **BEST PRACTICE:** Ask your salespeople what motivates them, do your homework with the experts, make a list of viable incentives and get started.

TIME WASTER #5 of 15: Poor Lead Generation Resources

Why cold call if you can have inbound leads generated from an effective marketing campaign at a fraction of the cost? Our biggest and best clients take this seriously and use web, radio, and television outlets to provide sustainable and scalable sources of qualified leads.

It's all about the leads. We don't see nearly as many successful companies leaving the lead generation process to their sales people. If you don't provide pre-qualified leads, at least provide your sales teams with good lists to call. Good lists cost roughly 5% to 10% of the money you spend on labor costs and can increase results dramatically (we have seen results as high as 1300%), yet some companies we studied left their reps to spend as much as 40% of their time looking for someone to call. Not only are you wasting your most valuable resource—your sales team—you risk losing your most effective sales reps to companies that are willing to give them a higher rate of success by providing warm leads.

We also advocate using dialing technology to triple or quadruple the contact rates of new leads and allow salespeople to spend less time between conversations with decision makers. Dialers that connect your sales reps to a live call as soon as he or she has ended another call will keep your sales reps busy making sales—increasing their success and profitability.

> **BEST PRACTICE:** Invest in good leads or lists. The Internet is already the fastest growing and least expensive source of leads for almost every business. Create an effective website and generate leads.

TIME WASTER #6 of 15: Slow Response to Lead Inquiries

Every day we find another company that spends tens of thousands of dollars to create a fancy website, spends thousands of dollars each month with Google to drive clicks and contracts with a web-analytics company such as Omniture, and now with Adobe, to analyze and improve the conversion on their website only to let a lead sit for 24 to 48 hours before calling them back! Our repeated research and experience shows that only 45-50% of all leads get contacted, and reps only attempt contact between 4 and 5 times. See Omniture Study, Dreamforce Study, Mega 100.

Laura Ramos, of Forrester Research, studied how effectively companies respond to their leads and wrote an article entitled "How Mature is B2B Lead Management?" (November 2006). In her study, only 10% of sales departments respond to leads within 24 hours and 41% respond to leads in one to three

days. Nearly half of the sales departments she studied had yet to standardize how to route and respond to leads within the organization.

Hot leads cool off quickly. Our best clients know their key action is to call them back immediately. Response time should be measured in seconds and minutes, not hours and days.

Recent research by InsideSales.com in conjunction with Dr. James Oldroyd shows that the odds of contacting a lead increase 100 times if it is attempted within 5 minutes versus even waiting 30 minutes, while the odds of setting an appointment increase 21 times in the same time frame.

> **BEST PRACTICE:** Respond immediately to leads that are requesting demonstrations, pricing, or have immediate questions. Other forms of lead offers should be tested to find the optimal time to respond for the highest conversion and qualification ratios. Automate lead qualification and routing to eliminate delays in entering your lead information into your system and getting them to the right sales rep.

TIME WASTER #7 of 15: Too Few Attempts to Contact Leads

While it may seem that giving up on a lead after five contact attempts saves time, it is actually a huge time-waster. After spending thousands of hours and dollars creating and maintaining a campaign to attract leads, failing to follow-up effectively is in effect dumping all those hours and dollars down the drain.

Jacques Werth, the author of "High Probability Selling," quotes a 14% contact ratio in a business-to-business environment. Our studies show B2B prospecting contact ratios hovering around 10% across most industries. However, our studies also show that if a sales rep attempts to contact a lead 4 to 6 times, he or she reaches a lead contacted ratio of 55%. Such low actual contact ratios tell us one thing: most sales reps are giving up too early!

We also found that most sales reps make follow-up calls at roughly the same time each day. This seems counterintuitive: if a lead is unavailable in the morning, continuing to call them each morning for five days will waste time and yield little result.

A recent study we did in conjunction with FranklinCovey and published by MarketingSherpa yielded some very interesting data about what time of day is most productive to call leads back.

A dialer can help solve these problems, particularly one that can try calling a number at different times of the day and on different days of the week in order to 'wring dry' a leads potential value. Some of our clients make twenty to fifty attempts on each lead calling mornings, afternoons, and evenings. Our internal staff and many of our clients contact between 80% and 90% of all contactable leads.

> **BEST PRACTICE:** Track every dial and every contact. Separate your contactable leads from those without viable contact information. Track how many attempts your sales reps make to contact leads and the actual percentage of contacted leads for 30 days. Once you form a baseline, begin increasing contact attempts to increase your contact ratio up over 80%.

TIME WASTER #8 of 15: Dialing Time, Busies, No Answers, Bad Numbers

As a company that embeds dialers and telephony 'power tools' in its CRM software, we were disappointed to find that the actual dialing process is one of the lesser of the time wasters. However, it is still a significant problem. While it is important to reduce the amount of time sales reps spend dialing, it is far more important to keep them busy and on task by giving them enough leads to call and tools to make calling leads easier.

This is especially true in the business-to-business (B2B) world where selling is so much more complex than selling to consumers (B2C). The dialing experience is only a small part of the whole productivity equation but we found that technology could take a lead generation representative (a specialist) from 40 or 50 dials per day to a range of 170 to 350 consistently. A normal sales representative (sales generalist) with responsibility for the entire sales process can go from 20 to 30 dials to between 70 and 120 dials a day.

In the B2C world, ratio and predictive dialers significantly overcome the time wasted with waiting for rings, busies, no answers, and bad numbers. Ratio dialers and predictive dialers combined with a lead-management CRM database to keep everything organized can boost sustainable dials to 400 or even 600 per rep per day.

> **BEST PRACTICE:** Utilize a hosted dialer and lead response management solution to help your sales reps do 8 hours of work in 2 to 2.5 hours. The Kellogg Survey found that companies that break their sales process into specialties have a net higher close rate than those that leave their representatives as generalists. Work with companies who specialize in 'profiling' or researching and verifying contact information for your representatives.

TIME WASTER #9 of 15: Voicemail and Answering Machines

Up to 60% of all calls a sales rep makes can go to voicemail or an answering machine, either directly or when routed by a receptionist. If a lead generation rep makes 200 calls in a day and 60% of these calls go to voicemail, he or she could leave 120 voice messages that average about 1 minute long. A single rep could waste 2 hours leaving messages—and that doesn't include the time spent dialing and being transferred to a decision-maker's voicemail box!

Most reps don't make that many calls and don't bother leaving nearly that many messages, but what if they could? We have seen call-back ratios that range from less than 1% to as high as 22%. Clearly, there is a potential ROI—but is it worth the gamble?

Recent technology allows a sales rep to prerecord an entire library of voice messages in his own voice. When he is sent to voicemail, he can select an appropriate message to leave with the click of a button before immediately moving on to the next call. Since these digitally recorded .wav files are often recorded over the phone and saved to a CRM or dialer system, they cannot be distinguished from a live call.

In one series of tests using this technology, we saw an average call-back rate of 4.8%—far higher than other forms of direct marketing. What's more, the prospects never suspected that they had received a pre-recorded message.

> **BEST PRACTICE:** Provide voice-messaging technology coupled with dialers to increase your sales' reps effectiveness without taking any additional time.

Also see our paper on Impression Marketing™ for more detailed information on effective techniques that use this technology.

TIME WASTER #10 of 15: Poor Training, Coaching, or Mentoring

It is a rare company that has developed a strong in-house sales training program. Training, by definition, is what someone else does to you. Learning—the part that sticks—is the do-it-yourself part. Most companies conduct single-event training seminars: a one-day event that focuses on a single skill and sends its attendees out to put everything they learned into practice. This strategy yields a noticeable effect for 6 to 8 weeks before the attendees return to a baseline only slightly higher than before.

We recommend a better way.

Sales coaching or mentoring are much higher forms of training. Coaching methodologies employ ongoing, two-way, interactive training and learning and focus on sustained productivity increases through constant repetition and rehearsal.

Sales coaching is similar to sports coaching: the coach doesn't show up to lecture for a day and then expect his players to win the championship on their own. A good coach works with his team every day. He watches them during practice and on game day to guide them as individuals and as a team. A sales coach does the same thing. He or she spends time on a regular basis working with sales reps individually and as a team to help them hone their skills and work together better.

> **BEST PRACTICE:** Ensure that each sales rep spends 1 to 2 hours each week reviewing and rehearsing sales and lead qualification methodologies with a designated coach or mentor. Have reps listen to themselves and other salespeople, especially the model reps who demonstrate the best ratios for each aspect of the lead generation and the sales process. Build a recorded library of the best examples of sales and lead generation for all reps to review and rehearse.

TIME WASTER #11 of 15: Poor Sales Management Processes

This is where the typical Customer Relationship Management (CRM) system comes into play. A well known study was done to show that solving this time-waster resulted in a 17% increase in net sales productivity.

A 17% increase in sales is a great return on a relatively small investment. While analyzing and designing an effective sales process is not difficult, implementing it can be. Sales reps who prefer their "home-grown" approach may fight the process and actually hurt overall productivity. An effective CRM system must appeal to the sales reps by solving immediate pains and by making it easier for them to stay organized and keep promises to their customers and co-workers.

A typical sales process usually involves the following steps:

- Introduction
- Qualification
- Demonstration
- Proposal
- Overcome Obstacles
- Closure
- Follow Through

It is critical to analyze and formalize your sales process. If you don't feel competent enough to do this on your own, hire one of the many sales consulting firms that are only a few clicks away on a Google search.

> **BEST PRACTICE:** Invest the time and money in formalizing your sales management processes and implementing the underlying technology to optimize it for your sales reps. Talk through and write down exactly what should be said, learned, committed to, and done at each stage in the sales process.

CRM solutions like Salesforce.com are well worth the investment to organize, optimize, and standardize the sales management process. Track and display the five key sales metrics for the team and individual sales person.

TIME WASTER #12 of 15: Poor Lead Management Processes

A typical lead management process goes something like this:

- Leads generated on a website sit in the webmaster's box until she checks it.
- The webmaster checks her box once each day and sends any accumulated leads to the sales manager's box until he checks it.
- The sales manager checks his box once each day. He sorts the leads and sends them to the appropriate sales rep.
- The sales rep types the lead information into a tracking system—a spreadsheet or contact manager—before calling the lead. After making 4 or 5 attempts to contact the lead, she moves on to other leads.

The process from lead capture to first contact attempt often takes between 48 and 72 hours. The time to first contact can often be as long as two weeks—plenty of time for the prospect to forget your company or sign up with your competition. Lead management is nearly as important as sales yet it is often the most overlooked process.

Why?

The lead management process is often where the marketing department hands off the leads it generated to the sales department. Leads are often lost in this "gray area" and neither department wants to take responsibility: marketing blames sales for failing to follow up and sales blames marketing for sending them unqualified leads.

Another failure in most lead management processes is found in the lack of automation. Leads are routed through a slow pipeline that could easily be replaced by technology and reduce the time between lead generation and first contact from days to minutes.

Effective lead management includes such disciplines as:

- Lead Capture
- Lead Scoring
- Lead Routing
- Lead Response Management
- Lead Qualification Skills
- Lead Tracking
- Lead Reporting
- Lead Source Analysis

> **BEST PRACTICES:** Create a clear process for each aspect of lead management. Invest time in the process and money in the systems to leverage the ability to quickly and effectively qualify and sort leads and you will find hidden increases in productivity. Respond as fast as possible to web leads (5 minutes or less is optimal).

Focus response and call back attempts to optimal times of day and day of week. See LRM Study for details or download for extended study.

TIME WASTER #13 of 15: Fulfillment Overhead— E-mails, Mailers, Faxes, and Proposals

In our observations, the average salesperson spent 1.5 to 2 hours per day following up on leads by typing emails, sending mailers and faxes, and formatting proposals. Some reps spent as much as 3.5 to 4 hours on these tasks.

Rather than waste time between calls with these repetitive tasks, automate the process with templates. Create a flow chart for your typical sales processes and find the places where emails, faxes, mailers, proposal, and other typical media are needed. Create a template for each one, provide them to your sales representatives and watch the sales process for 30 days. Analyze which templates worked and which ones didn't, refine the process more and you reduce your wasted time by 50% and cut the time spent on each sales process by as much as 80%!

For example, it took an average of 45 minutes to prepare a proposal in our own office. We took the time to create a template for the proposal process and cut the average time down to 2 minutes.

> **BEST PRACTICE:** Look at the standard emails that go out, create a template library, use a database that merges personal prospect and product information, and send them with a click of a button. Get rid of expensive and time-consuming mailers and go electronic.

TIME WASTER #14 of 15: Taking Too Many Notes

The average sales rep spent a surprising 7.5 minutes after every call making notes. He or she usually recapped the conversation, scheduled follow-up events and tasks and summarized emails, faxes, and proposals sent. Many reps recorded unimportant information. We recommend recording information that:

- Provides a memory link back to the discussion;
- Records action items with associated date and time information;
- Clearly notes elements of a needs analysis or qualification.

Rather than re-typing information sent to the customer in the notes, simply link the actual emails, faxes, and proposals to the customer record in the database. Not only will you have a copy of the actual document, you will drastically reduce the amount of time spent in note-taking.

BEST PRACTICE: Invest in the systems that allow sales reps to tie copies of information sent to the customer directly to the customer record. Encourage the reps to practice typing notes and linking information throughout the phone conversation to reduce time spent after the conversation taking notes by as much as 75%.

Gather One Unique Aspect (OUA) from a conversation and record it rather than the entire conversation. Use the OUA for future communications and as a memory recall tool.

TIME WASTER #15 of 15: Not Knowing Your Wins and Losses

The marketing department almost always wants the sales department to report results, link campaigns to toll free numbers and track the search engine keywords that bring in the most sales. It rarely happens. However, knowing the sources of your successes and failures will help you streamline your marketing and ultimately tap your most profitable sources of prospects and profits.

Very few companies track a lead from capture to conclusion or interview prospects and customers to find out why they do or do not buy. However, a sales team that fails to track why it wins or loses each sale is like a sports team that refuses to watch film of its competition before a game to prepare: real progress is impossible unless it takes the time to learn from past successes and failures.

BEST PRACTICES: This time-waster covers nearly every area of the lead management and sales processes but it is also very simple to eliminate. The key is to start simple: pick 5 to 10 Key Performance Indicators (KPI's) to track for 30 days. Once you have a baseline to work with, begin making changes and tracking them to see how they affect performance and profits. By recording phone calls it is easy to do a post-mortem analysis of why a company did not go with you. It is also as important to know why a company did go with you as well, this is much easier facilitated with monitoring and recording technologies and dispositioning of calls.

You can begin be picking the most important Key Performance Indicators (KPI's) such as:

Internet-based Leads

Counts: Impressions, Clicks, Leads, Prospects, Customers

Ratios: Impressions to Clicks, Clicks to Leads, Leads to Prospects, Prospects to Closes.

Cost per: Click, Lead, Prospect, Customer

Cold-Calling Leads

Counts: Dials, Contacts, Presentations, 1st Appointments Set, 1st Appointments Held, Demonstrations, Proposals, Closes

Ratios: Contacts per Dial, Closes per Proposal, etc.

Cost per: Dial, Contact, Demo, Close

Revenue

New Revenue per month, Revenue lost per month, Average Revenue per Account, Average Revenue per Sales Rep

Ranking and Dispositions (from surveys)

Top 10 reasons why: people click on your site/ad, people bought, people didn't buy, people called your support team, people quit your service

Top 20 Accounts

Top Sales Representatives