



# CREATING A SALES TEAM

Sales forces in our industry represent a major investment for most companies, and form the most public face of its marketing strategy, in this article we look at some of the issues facing sales management in ensuring the sales force is the right size and structured appropriately. What are the considerations that your management teams have to take into account?

The sales teams that you are part of represent major cost implications for your organisation. However the significance of your sales team goes far beyond its costs. The sales force is possibly the most empowered team within the company. The team represents the company publicly and is entrusted with its most important asset: the customer. Frequently the only company contact customers have is with the sales person. To the customer the sales person is

the company, hence it being so important to have the right sales person representing the company!

The sales force drives the top line and not just the expense line. More sales people should create higher sales than fewer sales people. A motivated sales force should sell more than an unmotivated sales force. A well trained, well coached sales force should sell more than its undisciplined counterpart. The right individual on the territory will sell more than the wrong or de-motivated person. The sales person whom is well organised will sell more than if he were poorly organised. The ingenuity of the sales organization will have a direct effect on the company's sales and profitability.

Having the right or wrong people in a sales force could either seriously enhance or seriously damage a company's performance from a revenue and profitability perspective.

When establishing a sales force, considering new product launches, marketing campaigns, acquisition or divestiture's many questions that are typically asked concern the sales team's of which we are a part. Are we covering our hospitals effectively? Do we have too many people? Do we have too few? Are they geographically positioned correctly? Do they have the right skills? Are the incentives appropriate to motivate them? Do we have the right people? And so on.

Making the right decisions is a key to the success or failure in creating an appropriate and top performing sales team. These deliberations are made all the more challenging by the competitive world that we all live in which ensure that management will undoubtedly be under pressure to contain costs and enhance productivity of it's existing assets.

However a correctly proportioned sales team will give your customers and prospects appropriate coverage and company products the correct representation. The sales team should be stretched but not overworked, and the company should make the appropriate investment in its sales resources.

There are many pressures on the modern day business, and thus the sales team. The modern day business environment changes almost constantly and thus the size structure and sales strategy must be reviewed regularly perhaps as often as every two years, less if you are lucky enough to work for a company in a growth stage. As the saying goes, the only constant in business is change! As individuals and members of a "sales team" we of course must be ready to meet that challenge of change.

To any accountants reading this, sizing your

sales teams on a cost containment basis does not maximize your profits! Alternatively and often sales teams are based upon historical size too, again another mistake. The maths of my assumption are as follows:

Number of People	Costs	Results
100	£10m (assuming £100k Full cost per rep)	£125m in sales £1.25m each person £40 m in marketing contribution (Assuming gross margin of 40% Sales cost of £10m). 8% is the cost of sales ratio
110	£1m incremental cost	Extra £5m in sales Extra £1m in marketing contribution This equates to 100% return on £1m Investment. 8.5% is the cost of sales ratio.

The point I am making here is that the sales team should be based upon the appropriate size and structure, not predetermined ideas, or history.

Unfortunately sales teams often don't deploy their assets and resources to their best advantage. It is the sales individuals who decide on a routine daily basis where they go and which products they market. As a few examples, which hospitals do you call on? Which products do you sell? Are they highly profitable? Do I call on new or existing accounts? Which geography do I visit? Close to home or road trip? New or existing products? Easy to sell? Or challenging? Do I hunt for new business or farm existing business?

Compensation schemes can also reward short term results versus the more strategic! Sometimes this is the right thing to do, sometimes not. But a company shouldn't be surprised if the sales person chooses short term sales achievement over strategically important products and markets. The challenge for the sales management team is to ensure that all products and markets are appropriately represented. Do you align the sales person's objectives with that of the Company?

When establishing a sales team structure the efficiency and effectiveness are the key concepts. An efficient sales team will have a high level of call activity which will be well planned and executed.

The effectiveness of a sales team will clearly represent the customer's response to sales calls, and so a highly effective sales team or individual will have will have a high impact each call and subsequently generate high levels of sales revenue per call. Therefore the ideal sales person and team profile is efficient in

seeing lots of the right people and highly effective in having impact at each of those calls.

Many of our employers structure the sales team geographically and in many cases this is absolutely the appropriate way to structure a sales team. However to further improve the effectiveness of the sales team specialization can be the answer. If your customers are complaining that you don't know your products well enough, you the sales team are finding that your customers and competitors know more than you do, customers needs are not being met, product management are not achieving their objectives for growth and market penetration could all be signs that specialization could be an answer. Of course training and not having the right people could also be the answer.

Sales management making the appropriate decisions regarding sales force size and structure can have large implications on revenue, growth, profitability; motivation of the sales team and importantly to us could effect our commission. There are of course many other considerations that management take into account when considering sales force structure and size which we don't have space for here, but hopefully this article gives insight into some of the options they have.

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