

## Five Steps to Meet the Coming Challenge of Selling in 2009

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Albert Einstein once said that the definition of insanity is “doing the same thing over and over again expecting different results.”

That will more than apply this year. 2009 *will* be much different than what we’ve been experiencing over the past few years, albeit most of us began to feel that change in the fourth quarter of last year. The bottom line is that 2009 will be more difficult for almost all of us who sell for a living.

The operative question, though, is what are we going to do differently this coming year to account for fewer targets being in the market for what we’re selling when we contact them?

Because of the importance of this topic, I’m going to break my promise to keep these articles under 800 words, as I’m going to step us through five steps to address selling in a tough economy.

### **Here we go!**

First of all, our target for 2009 is either still going to be bigger than it was in 2008 or it’s going to feel like it is bigger. So suck it up. We’re among the lucky ones as we’ve still got our jobs.

By the way, this five step process will be easier using our free Activity Calculator. Directions for downloading can be found in Step One. We’ll use it to determine where to focus our efforts in 2009 to become a more efficient and effective in our selling efforts. It will also show us exactly what we’ll need to do *each and every day* to hit those goals.



## Step One - How'd we do in 2008?

The first thing I'd suggest we do is to take a look at the 'anatomy' of our numbers for 2008 and create measurable RATIOS out of those numbers. Estimate what you don't know.

I do believe in the old adage that sales is a numbers game. However, I also believe it is the *RATIOS*, or how those numbers relate to one another, that tell the real story. It's the best way I know to determine where we need to focus to improve our performance.

There is also another reason why this process will be important in 2009. No one knows how bad it might get. We're not only going to have to go through this exercise to plan the year, but I would suggest comparing results against the plan monthly until we see a sustainable pattern emerge. We don't want to wait until it's too late to adjust our plans as we jump into the uncharted waters of 2009.

Here's what we need:

1. To figure our CLOSING RATIO we need to determine:
  - a. The average size of the deals we closed in 2008 and how many we closed.
  - b. The number of Initial Appointments (IAs) we went on.
2. What was our average buying cycle length? Measure this from the date of our initial face-to-face appointment (IA) unless the opportunity went dormant for some period of time. If it did, use the secondary IA date that kick started the buying process again. In other words, we don't want to skew the average with the customer you met in early 2007 and closed in 2008, when realistically most of our customers go through a three month buying cycle.
3. To figure our APPOINTMENT RATIO - How many phone conversations did we have to have in order to generate those Initial Appointments?
4. To figure our CONVERSATION RATIO - How many times did we have to dial to get the person on the phone we wanted to set an appointment with?
5. Where did the Initial Appointments come from? How many from:
  - a. Marketing leads?
  - b. Networking activities?
  - c. From referrals?
  - d. From cold calling activity?
6. Download the Activity Calculator from the 'Resources' page on our website (<http://www.caponipg.com/books-info.htm>) and plug in the appropriate numbers and RATIOS.



## **Step Two – How do we expect 2009 to be different?**

This is the key question to ask ourselves before moving on to the next step of how to improve on last year's results. The question will manifest itself in many forms and the next paragraph contains some examples. But a good starting point is to go back through the questions in Step One and ask ourselves what kind of differences we expect to see.

Additionally, do we expect to see fewer buyers, smaller sized sales, or longer buying cycles? How much cold calling did we have to do in order to get enough Initial Appointments last year and will we need to make more to find the people who are still in the market? Will we need to discount more often to close business, or learn to sell more on value? Will we need to qualify more on our appointment making calls to reduce travel expenses? The bottom line is that doing the same thing we did last year will not work for most of us.

## **Step Three - What are our options to improve performance?**

Even though this exercise will work for a flat growth model, let's assume we want to increase our sales by 20% for the purposes of this discussion.

There are really only five levers we can pull to increase our sales (other than finding better leads). Our objective is to figure out how to work smarter in 2009, not necessarily harder (although it may unfortunately require both this year).

Here are our choices:

1. Increase the number of dials by 20% (Ouch!)
2. Increase the CONVERSATION RATIO by 20%.
3. Increase the APPOINTMENT RATIO by 20%.
4. Increase the CLOSING RATIO by 20%.
5. Increase the average size of our sale by 20%.
6. Find better qualified leads.
7. Find a combination of the above steps that equal 20%.

Play some 'what if' games with the Activity Calculator. Change some of the RATIOS in the spreadsheet. If we must decrease the ratio of dials to conversations by 5% for instance, what does that do to the number of dials we need to make?

Take a look at our buying cycle length. How could we shorten it (without sacrificing the necessary steps to close the business)?



Now take a look at where we're getting our Initial Appointments. Are they of the quality we need? Do we know how many we need? (We can help you with that.) Will marketing, networking and referrals generate enough? Will we need to cold call more?

Normally there won't be just one area we choose to improve. But if you're looking for the place to start that will provide the most leverage, start with the appointment making process. The chart below illustrates that an achievable goal of just a 1% increase in the CONVERSATION RATIO and a 4% increase in the APPOINTMENT RATIO results in a 38% increase in sales.

That increase comes from an improvement in effectiveness. But look what happens when we also address efficiency. In this example, a doubling in dials was attained (with no increase in time) and the sales increase is 175%.

Dials per Year	Conversation Ratio	Appointment Ratio	Closing Ratio	Average Sale Size	Revenue	Percent Change
2200	8%	18%	25%	\$12,000	\$96,000	- 0 -
	9%				\$107,000	13%
	9%	22%			\$130,000	38%
4400	9%	22%			\$260,000	175%

#### Step Four - Determine the 'how' we're going to improve what we've selected to work on.

Now that we know 'what' to focus on, we've got to ask ourselves 'how' we're going to improve it. If we've chosen any of the steps other than find better qualified leads, without sounding too self-serving, the Caponi Performance Group has helped many sales organizations improve both the effectiveness and efficiency in each of those RATIOS. But whether or not you use us, someone else, or do it yourself, it will take a combination of skills, processes and tools to be successful.



Here's some examples:

1. Increase the CONVERSATION RATIO by 20%. In years past, I've talked about finding ways to make fewer of the calls by becoming more effective. This coming year, the operative challenge may be all about keeping the growth of that number as small as possible as it will probably require more dials just to get the same number of Initial Appointments. So we've got to ask ourselves the following questions:
  - a. How efficient are we? How good are our tools that support the process of making the dials or how can we make more dials in less time?
  - b. How effective are we? How good are we at leaving voicemails that get returned? How good are we at getting through gatekeepers? How about handling the, "We're reducing our spending in that area this year," objection? Do we still get the appointment, or do we ask, "What would be a good time for me to call back?"
2. Increase the APPOINTMENT RATIO by 20%. In our annual survey, our client's sales reps last year again estimated that less than 5% of their targets were 'in the market' for their solution when they called. My guess is that it will be worse this coming year. Do we have a compelling enough reason we're offering to targets for getting together, or are we like the masses and telling them we'd like to share with them how we can help them do something better/cheaper/faster?
3. Increase the CLOSING RATIO by 20%. There are three variables at play here.
  - a. Creating more prospects by better understanding their business (asking better questions) and, in most cases, creating an opportunity for our solution where none existed before our call.
  - b. Forecasting more effectively by getting better at directing our prospect through an efficient buying cycle, shortening that buying cycle where appropriate, and culling out the ones that won't or can't buy more quickly.
  - c. Closing more opportunities by understanding how our solution would make sense for them to use our solution.
  - d. Increase the average size of our sale by 20%. Can we cross sell or up sell any additional solutions? Can we raise our price? Can we call on larger prospects that will require more of what we sell for the same effort?
  - e. Find better qualified leads.



### **Step Five - Take action.**

We have historically helped our clients improve their new sales revenue numbers by taking a holistic approach to the challenge. We've helped double or better the number of Initial Appointments they were previously attaining at the front end of the selling process by focusing on the effectiveness and efficiency of the (DIALS, CONVERSATION RATIO & APPOINTMENT RATIOS). We've also historically helped our clients increase their CLOSING RATIO as well.

This year, taking a quantitative approach will be more critical than ever. If you think we can help you through this coming year, give us a call. But whether we can help you or not, I hope this article will be helpful to you.

Good selling and Happy New Year!

Caponi Performance Group, Inc., along with Contact Science, provides a holistic solution to Appointment Making by providing a proven methodology that addresses both the effectiveness and efficiency of the process. Visit us at <http://www.coldcalling101.com> and at <http://www.caponipg.com>.

