

## Maximising Cost-Effectiveness in the Sales Department

CEOs, Sales Directors and Finance Directors should review their sales operations to ensure their efficiency and cost-effectiveness. With customers increasingly spread geographically, fuel costs rising and the increasing importance of a sustainable image, sales force resources need to be deployed in the most productive, efficient and cost-effective manner. Coupled with an effective performance and activity tracking process, re-designing the sales force can deliver performance improvements, shortened sales cycles and cost-savings.

As economic conditions tighten, business leaders have an opportunity to examine the cost-efficiency of the sales department, and with good reason. Sales teams are expensive, especially as customers become increasingly disparate (often globally), and as fuel and other provisioning costs soar. Recent research by LoganLea confirms that CEOs and Sales Directors are increasingly examining how the structure and processes within their sales departments contribute to the overall cost-effectiveness of their business operations.

In good times, sales teams can generate sufficient volume and margin to carry big expenses in a lot of cases they go unseen. Costs involved are often seen as “just the costs of doing business”. During leaner times, or as the business review cycle focuses on improving cost-effectiveness, the sales department is often overlooked. It shouldn't be.

Re-deploying sales resources more efficiently and tightening control over sales activity is a highly effective way of adding directly to the bottom line, whilst often improving top-line performance at the same time.

It should be noted of course that cost-effective does not necessarily mean the most “sales effective” – this needs to be taken into account when designing efficiency measures using careful impact analyses.

There are several key areas that contribute to increasing efficiency and cost-effectiveness, described below.

### Deploying resources to create the most value

The sales organisation should be re-defined to use the most expensive and experienced staff where they create the most value. Less expensive resources should be used to perform lower or non value-add functions. Achieving this might involve:

- Creating new roles such as Strategic Account Managers to focus on the most important accounts
- Using internal sales resources to perform initial qualification or data gathering tasks
- Re-defining territories to optimise travel distance and customer coverage
- Allocating small accounts to distributors or agents

This approach can improve sales effectiveness by deploying the most-experienced staff where they are best positioned, whilst controlling sales expenses by avoiding activities that give a poor cost/return ratio.

### Optimising the customer contact cycle

Customers should be contacted and visited at a regular, defined frequency and when salespeople identify a defined and qualified opportunity. The customer contact frequency depends on the financial and strategic value of each customer, the responsibility of each salesperson and current trading conditions.

Describing the customer contact cycle in a clear sales policy helps sales managers to maximise efficiency and sales effectiveness, delivers consistent customer service and provides a means to monitor performance. Managers need the discretion to vary the policy according to specific opportunities or customer needs, but a defined policy sets a best-practice for customer contact, ensures efficient resource utilisation and keeps a tight rein on sales expenses.

### Monitoring activity

Implementing pipeline and activity reporting processes will ensure that customer visits and other activities are directly linked to qualified profit opportunities. These processes can be manual, via territory reviews and sales meetings for example, or automated using CRM or SFA reports. Either way, it should be simple to understand how every aspect of the sales force cost relates to a return on investment.

## About LoganLea

LoganLea specialises in defining and implementing effective change within sales operations. Supporting MD's and CEO's to manage, support and lead high performance sales teams and individuals. Call us to discuss how we can help you.