

# THE CONSULTING CORNER

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## Seminars Don't Build Competence

By Chris Vaskas-Stearns

If you want to increase parts turns, improve service response time, or develop your sales management team, seminars won't make you successful. In fact, they may succeed only in making people uncomfortable. Coming from a company that earns half of their revenue conducting seminars, how can I write that? And if it's true, *why* am I writing it?

The fact is, to change any behavior or to adopt any new behavior, we all go through four stages. Awareness building seminars, which categorize the bulk of most dealer development efforts, can only move a person to the second stage.

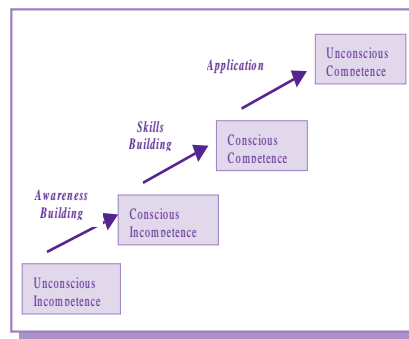
Before any development efforts are made, we work in a state of **unconscious incompetence**. We don't know what we could be doing better, or to what level we could produce. My department can and should be netting 20%? My employees could be 85% productive? Employee satisfaction leads to customer retention?

The process of **awareness building** leads to an understanding that we have incompetencies. That is, we move to a state of **conscious incompetence**. We know what we can improve, but we don't yet know how to do things the new way. Awareness building is usually done through writings or presentations, and is simply a transfer of information in a motivating way.

If a person is left in this stage and no further development is done, not only will no change in performance

happen, but that person will become frustrated and unsure. Quite often, we find people in this stage attending the same awareness building seminars over and over, hoping to figure out how to apply this information.

Instead, through **skills building** activities, we can move on to **conscious competence**.



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## The Characteristics Of Successful Salespeople

By Michelle Currie, Managing Partner

### THE MOTIVE DRIVES OF SALESPEOPLE

According to the Harvard Business Review article "What Makes a Good Salesman" every successful salesperson has two basic motive drives. Those drives are empathy and ego drive. Expanding on this article, we have uncovered three additional motive drives which we believe are present in the successful salesperson.

They are: emotional resiliency, conviction, and relentlessness.

Let's take a closer look at each of these motive drives.

#### EMPATHY

Empathy is defined as objectively understanding the other person's wants and needs. It's important to differentiate empathy from sympathy. Empathy is an objective understanding of the other person's wants

and needs. Sympathy is feeling as they do. The classic example of this is in a closing situation where the customer raises the price objection. "I-R quoted 10% less for their equipment. The price of your equipment is just too much!" The empathetic salesperson will say, "I understand how you feel, the initial price of our equipment is higher than I-R, however, our total cost is actually lower. Let's look at the total

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## Seminars Don't Build Competence

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In workshops and individual training, or through the use of workbooks and other training material, we increase our skill levels.

For example, when we're training new salespeople, we may want them to understand and use the classic five step sales process when they approach customers. First we explain the process and its importance, to build awareness that there is a proven structure for selling. Then we teach the salespeople how to use the techniques and have them practice the Approach, Qualifying, etc.

At that point they should be able to use the new skill, but it is not yet an automatic reflex. Instead, the salesperson still needs to think through each step and perhaps refer to notes or ask for occasional help. If they aren't required to use the new skill on a regular basis, or if they aren't recognized for their new competency, the new behavior won't really be adopted.

How often have you sent people to computer training classes, only to have them need retraining again in six months? Even after taking a course many of us still feel uncomfortable with new software, and if we don't *need* to use it, we avoid it. When a situation comes up later requiring us to use it, we've forgotten most of the skills we'd learned.

The goal of any development effort is *unconscious competence*. We want a salesperson to think of the sales process as **the** way to sell. We want using the new computer system to be second nature for every employee. And we want the financial model to be an automatic part of our planning and budgeting process.

The only way we completely develop ourselves or others is through *application* of the new skills. Performing the new skill over and over and seeing the rewards of the competency motivates us to continue, and eventually the new competency becomes part of who we are.

Application to this extent cannot happen in a classroom, it won't be learned in a seminar, and it can't be read in a book. Yes, hold seminars to build awareness, and sponsor workshops and training to build skills. But also insist that the skills be applied, and develop a process for reinforcing the changed behavior.

The four stages of learning help us shape a mental picture of the process. But people won't expend the effort, develop the skills or apply the processes if there is no *demand* for change and *expectation* of performance. You as 'boss' must understand these levels of development and provide the tools to accomplish the change.



## Research Alert

By Magda Popescu

As a research associate, one of my duties includes keeping everybody informed. News about our clients, their competitors and the changes in the industry are the kind of information we are looking for. At the beginning, it used to take me quite some time to be able to find all the right sites on the Internet, to download and to format the information I was interested in. There are so many web sites and on-line services out there, sometimes I feel like I am missing something.

Recently, I found out about PointCast. Now my work is much easier and most important, I have

more time left to dedicate to other projects. PointCast Network is a free Internet news service that broadcasts personalized news and information directly to your screen. You get just the news you are interested in from trusted sources, like The Wall Street Journal, Fortune Magazine, The New York Times, CNN and many more. Choosing specific topics lets you tailor PointCast to your tastes. You can personalize each PointCast channel, as well as information broadcast within each channel. There is a big selection to choose from, such as: business, money and investing, politics and government, science and technology, news and weather and even travel, health, medicine, arts, entertainment, sports and recreation.

You can access all this information by downloading the PointCast Network. All you have to do is go to the following address: [www.pointcast.com](http://www.pointcast.com) and choose the download option. Once it's installed on your computer, PointCast replaces your screen saver with the latest headline news.

What makes this program so practical and unique is its capability to broadcast the news over the internet to your computer at the intervals you specify, so information is there waiting for you when you want to see it, without any downtime. And best of all, it's free. If you haven't tried it yet, it is worth giving it a shot. You will absolutely love it!



# Ask CMC

By Phil Wind

*I have a general question about the financial composite. How are percentages computed in the Productivity section of the service department? Is there a way to find this information on your web site and I'm just not looking in the right place? Again, the format (of reporting financial information) via the Internet is great.*

Rebecca Patrick,

Scott Machinery Co

Rebecca,

Good question. Right now the web site does not have productivity information but it is good to know that if it had you would have found it there. This is the type of thing I look forward to adding to the site.

For those that are not part of a dealer group the financial composite allows dealers to compare information such as cost of goods sold, expenses, productivity and liquidity and are prepared by CMC on a quarterly basis.

There are 3 parts of the productivity question; they are Application, Efficiency and Productivity.

1. Application is a ratio that compares the % of time an employee is put to work on billable tasks compared to the amount of time he/she has available. In most industries we look for an application rate of 85%. There are 3 "blocks of time" used to calculate this ratio.

A. Allowed Time is the time we pay the employee to not come to work (holiday, vacation, and sick time are examples.) We expect Allowed time to be 10% of their total time.

B. Expense time is made up of all

the time we pay an employee to do Non-billable work. (Training, re-work ... any thing we can't bill) We expect this to be 5% of the employee's time.

Allowed time and Expense time are collectively referred to as Non-applied because although they may be necessary, they do not create any direct billing or they are not applied to billable work.

C. Applied time is when the employee is put to work and is expected to be performing tasks that directly create value. If we are measuring Allowed time and Expense time then Applied time should be everything else and is modeled at 85% of his / her total time available to work.  
 $Applied + Expense + Allowed = Total\ Time\ Available$

customer is paying a certain rate for the work needed. If the job performed on the equipment is worth \$500, that is what should be charged. He does not pay more or less dependent upon the experience of the technician and he shouldn't. However the employee is paid based upon his experience. The reason for this is that we expect a more knowledgeable worker to provide more value to both the company and it's customers for every hour worked.

$$Efficiency = Billed\ Time / Applied\ Time$$

3. Productivity is the ratio of total hours billed to total hours paid and should not be confused with Applied time. It can be calculated two ways.  
 $Application * Efficiency$  OR  $hours\ billed / hours\ paid$ .

So the total picture looks like this.

$$Application = Applied\ Time / Total\ Time\ Available$$

2. Efficiency is the ratio of billed time to Applied time and should be 100% or more for most industries. If a task should take 10 hours and we bill the customer 10 to perform it yet it takes the tech 11 "Applied hours" to complete the job we have 10/11 or 91% efficiency. If the same job is completed by a more experienced Tech and takes 9 hours we see a 10/9 or 111% efficiency.

Often an issue of morals comes up as soon as we start talking about billing a customer for more time than was actually devoted to a job. At CMC we respond to this issue very simply. The

A tech is paid 2080 per year. (52 weeks\* 40 hours) He gets 10% of his time or 208 hours (26 days) of allowed time (10 vacation, 11 holiday, 3 sick and 2 personnel for example.) He spends 5% of his time or 104 hours (13 days) on expense time (training, and re-work etc.) He spends 1768 hours (221 days) working on billable work and customers pay the company 1768 hours for the work he does.

This gives us a productivity of 85% or for every hour we pay the tech we bill 0.85 hours to customers.

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$$Productivity = Application * Efficiency$$

$$Productivity = \frac{Applied\ Time}{Total\ Time} \times \frac{Billed\ Time}{Applied\ Time} \text{ OR } \frac{Billed\ Time}{Total\ Time}$$

## Ask CMC

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The reason for all of this is that due to the large overhead in the department we look for a 65% GP in service. If the tech is paid \$10 / hr and the customer is charged \$35 / hr (3.5 billing multiple) and we are operating at an 85% productivity, then for every hour paid ( $\$10 * 100\% = \$10.00$ ) we bill .85 hours to the customer ( $\$35 * 85\% = \$29.75$ ) and we will hit the 65% GP model.

**Sales = \$29.75    COGS = \$10.00    GP = \$19.75 or 66.4%**

The important thing to point out is that finding the cause of low productivity is the relative issue. If the application rate is poor we have a management issue. If the efficiency rate is sub-par we will need to focus on our technician's ability level and/or motivation.

This is one of the least understood concepts we work with but if you can get it, it can be very helpful and will go a long way toward improving the profitability of the dealership. It is one of several steps on the path to a 5% net before tax and a 15% ROA.

Thanks for writing,

Phil

To submit a question to Ask CMC write to

Phil Wind  
Currie Management Consultants  
65 James Street  
Worcester, MA 01603  
Or Email PWind@Curriemgmt.com

Even if we don't use it in the Consulting Corner, we will respond to all questions.

*This article was published with permission from Scott Machinery Co.*



## The Characteristics Of Successful Salespeople

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cost of ownership between the two pieces of equipment....”

The sympathetic salesperson will probably say, “You're right, we are priced much higher than I-R. Let me go back and see what I can do about the price.”

The key to analyzing the amount of empathy you have is to examine your own selling behavior and identify whether you first are objective, and second, allow the prospect enough time to articulate their wants and needs. Then, once they are articulated, do you repeat them back (summarize) in order to let them know you understand their needs? If you do, you are demonstrating empathy.

The ability to be empathic will enable you to gain feedback by which you can adjust your own behavior in order to deal effectively with other people.

### EGO DRIVE

Some people equate ego drive with the phrase, “Going for the throat.” That's a little harsh. Ego drive can be described as the drive to achieve. By this we mean the personal motivation to be the primary force in something positive happening. Salespeople with high ego drive do not get much satisfaction out of merely getting

an order. Their satisfaction comes from the conquest of the customer. When a salesperson with high ego drive completes a difficult sale (whether for a small order or a big order) that person gets a rush of excitement. You can test your own ego drive by analyzing whether or not you feel this “rush of excitement” when you've made a particularly difficult sale.

### EMOTIONAL RESILIENCY

This third trait is fairly straightforward. It is the ability to bounce back from a rejection.

Effective salespeople may feel rejection, but they do not personalize it. They move to the next task or relationship. This trait is best exemplified (though overstated) by the often told story of a salesperson who was asked whether he had experienced rejection. The response was, “I've been yelled at, thrown out, and had security called on me — but I've never been rejected.” The point here is that the actions were never personalized by the salesperson and thus were not considered rejections of his individual value.

### CONVICTION

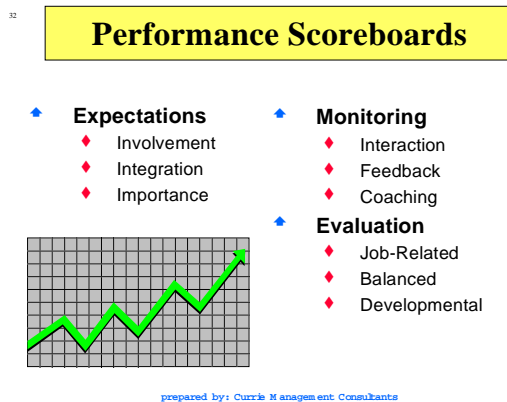
This trait is more difficult to define. What is meant here is the strength of conviction salespeople have about their value systems. For example, they may

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# Managing Our Business

By George Keen

What we do to manage our business is sometimes more subtle than you might expect. Recently I was talking with some managers and they were talking about their first couple months using Performance Scoreboards. They said the employees had some good reactions and some others were uncomfortable with it. Of course those that had a good reaction were the ones who scored high on the monthly ratings the first time.

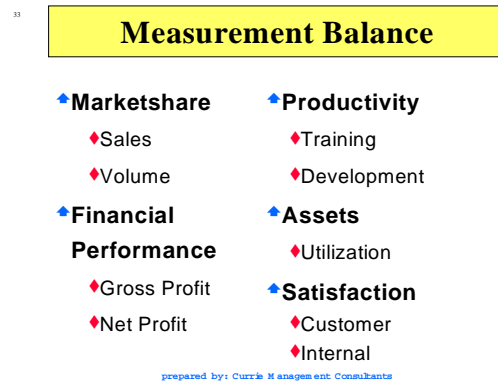


In any implementation of a new program you're going to have some people that are already doing well. They have probably always been your good performing employees. With Performance Scoreboards we are just recognizing how good they are. What challenges will they have and what are you going to do about their great scores?

First, give them the positive recognition that their results deserve. Let them know your appreciation. Don't move to raise the bar too fast, it may be more enlightening to watch the consistent performance. If the performance isn't consistent then work on why it isn't. If only certain parts of it are stellar, work on the gaps. You might even find that the "stellar performance areas" are so good you want these employees to teach others. Then again, you might want to relieve them of the "other functions" which are drawing them down and concentrate on what they do best.

I asked the managers what they did about the employees that were uncomfortable with the new Performance Scoreboards. They said they talked to the employees and reviewed the targets, goals and how they measured the results. Basically they ended up telling me that they reviewed the expectations, clarified the goals and

reinforced why they needed the results. I guess you could say they went back to communicating with their employees. It could be that the employees did not understand the expectations or goals the first time. They may have heard what was said but not understood the fact that they would be recognized for accomplishing what was talked about.



Employees generally fear the unknown. So do we. We sometimes need to see if the fire is hot. But we don't put our finger in there a second time as quickly. And we know the results if we do. Employees benefit from seeing the results of their productivity report for the month. You told them it would be posted on this Performance Scoreboard, but they didn't know they were doing that bad. They didn't know it would have so much impact. 25 % can really make a difference. Maybe the first month needs to be a starting point. It also helps to walk them through how you get the information, calculate the results, and then post the results to their scoreboard.

That first month wasn't bad. It was a trial period for you and a chance to communicate with your employees. Now they know better what is happening. You had a chance to clarify your expectations. You reinforced how important they are to your department. And you explained the integration of their job to the results of the company.

Remember the important part of working with employees is not the numbers but the relationship and from that they will deliver the results. Regular feedback will get results. Look at the charts with this article and refresh your plan with the balance of the Performance Scoreboard. Communication and positive reinforcement will return benefits to you long after the beginning of the project.



# The Characteristics Of Successful Salespeople

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express a strong belief in the manufacturer, the product, market-driven economies, responsibilities to families, and other such factors. When faced with snippets of information that might challenge their beliefs they are able to discount them easily.

In other words, they are extremely focused on what is right or wrong, effective or non-effective. When their beliefs are consistent with the realities of the business situation, they are extremely effective. When belief and reality are at odds, they can appear extremely truculent.

## RELENTLESSNESS

Truly effective salespeople just don't give up. When they hear prospects say they are leaning toward someone else, the relentless salesperson views this as just the beginning of the sales process.

In fact, their "conviction" is that the sale starts when the prospect says "no." Sometimes, we feel certain, salespeople may unconsciously construct a "no" response so they can be personally energized to fight. In other words, there is no kick from the easy sale. These individuals will also not easily accept the fact that the prospect has placed the order with someone else. Even then, they continue to sell in an attempt to take the order away from the competitor.

The above motive drives, when taken as a whole, are the basic internal characteristics of the effective salesperson. You cannot be effective if you have one or two of these drives at a high level and the rest at a low level. In fact, in a successful salesperson you'll find that all are maximized — at the appropriate time.



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