

DEVELOPING AN INSIDE SALES PROGRAM

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As is always the case, distribution topics seem to come in waves. It seems like a topic comes into my circle of influence and repeats for about 90 days. Perhaps it just seems that way because I become more aware of topic and tend to hear it throughout my daily interactions with clients, guests and colleagues. This quarter, I am becoming more aware of the importance of inside sales programs in the distribution space. For those of you who have been around me for a number of years, you will often hear me talk about this role, or team, being equal to field sales programs. Unfortunately, this has not been a popular opinion for much of my distribution career, but a kid can still hope.

Let's just look at the numbers. From a seated position, inside the office, the average internal salesperson can touch at least 30 customers a day versus the field salesperson averaging about 10 meaningful customer interactions. And I may be a little light on the number of customers an internal salesperson can reach with the aid of modern technology. I should also note, that "inside the office" may be an expression of the past. An inside sales team may be partially, or fully remote. The environment is rapidly changing.

This topic came up in a recent interview I was doing with my friend Gui Messina, Executive Director of HARDI Mexico. Gui and I were talking about the differences in distribution sales between Latin American and North American wholesale distributors. One of the myths that he has been trying to crush in the Latin market is "quoting is selling." We both agreed that this is still a problem in the North American market, but to a

lesser degree. This led us to a discussion about how strong North American wholesalers in the HVACR space have dramatically enhanced their revenue by developing robust inside sales programs. A further benefit of these programs was the ability to be flexible with sales direction. The inside salesperson can be hyper focused on a product or category; or the strategy might be to become more diverse in the categories offered to the customer base. A well trained inside person can even move between strategies on a daily basis. Field sales associates often have difficulty switching directions quickly or moving between strategies.

Just so that we are all clear, the mission of this inside sales team is to make outbound contact with customers in order to drive new revenue. I wanted to make this clarification because inside sales is often thought of as an inbound customer service function with some opportunity for add on selling. We all know that adding lines to an incoming order can become a struggle in the heat of battle. The program I am advocating is a more deliberate hunting for sales versus an opportunistic add on sale.

If I was starting a team in my company, I would begin by identifying an individual with some solid customer service experience, an interest in discovering new revenue opportunities, and a comfort level with variable compensation methods. One way to identify a candidate, or candidates, might be to come up with a simple outbound calling program with your existing customer service team. I have often suggested this to clients. Ask the associates to make 6 - 10 outbound calls a day to dormant accounts.

Let's face it, we all have a ridiculous list of customers that have done business with us in the past but have not placed an order in the past 12 months. Many of them have existing lines of credit with us. For one reason or another, we are not getting that business.

Start by generating a list of dormant accounts and divide up the list among the internal associates. Rather than throwing them to the wolves, I will help by creating script and a list of questions to help them get comfortable with the initial contact. In the initial script, I am not trying to sell anything. I am directing the associate to 1) determine if the company is still in business, 2) is the customer aware that they have an open line of credit with our company, and 3) do we have accurate contact information for accounting and purchasing decision makers. During this phase, we are teaching our associates how to make outbound contact and doing a little customer database cleaning at the same time. I would gather the team each week to let them talk about their interactions. What worked? Where were the challenges? Let them laugh about the particularly difficult individuals they encountered and how to move past those interactions. During these meetings, you will begin to see who is energized by these calls and who is not suited for this role. I should also note that we need to have some place to deposit the information they are gathering. This would be a great time to utilize the CRM build into your existing distribution software, or an external CRM currently used by your field sales force.

After a month or two, I would introduce a few more questions into

the script, such as 1) where do you usually buy your products? 2) what do you like about those suppliers? 3) are there any products you have a difficult time getting? This is teaching basic information gathering and listening to the customer pain points. By this time, the candidates may have started developing some simple relationships. If this is starting to happen, I would introduce some specific category campaigns. Just like we have dormant customers, we also have dormant product categories. Years ago, I helped a concrete supply house develop a campaign to drive ladder sales into the customer base. Clearly they were not known for stocking and selling ladders, but all it took to double their revenue in the category was a focused campaign driven primarily by inside personnel.

As the crème rises to the top, I would split off those candidates that are beginning to thrive in this new outbound calling environment. Keep them fed with both dormant and house accounts. Remember, most low performing accounts can be improved with just a little attention. They simply don't know what your company can offer. I am always reminded of the simple axiom; you never get the opportunity to showcase your service without securing the first sale. As your new candidates begin to drive revenue, introduce them to technology solutions, such as email marketing techniques or outbound text communication. The sky is the limit here.

Before I leave you, I want to share a cautionary tale. At least 25 years ago, my family distributorship embarked on a similar campaign to create a tele-sales program. Yes, that's what we called it back then, but the concept was the same. One female sales associate really thrived in the position through fearless smiling and dialing. By directing here

customer base to the monthly flyer we mailed out, she had developed a nice little account base producing almost \$40K in gross margin per month. Not bad for an inside program. Here revenue was seeing steady growth with tremendous potential. So after a few month of success, what did we do? We took out a pistol and shot our big toe right off. In our infinite wisdom, we decided to give her a car and an outside sales territory. It was what we knew and failed to recognize the opportunity for here to create a whole new sales team based on the tele-sales model. I share this with you because I don't want you to repeat our mistake. If you develop a rockstar in this new program, let her create a team of rockstars. Mine your existing customer base and don't fall into old patterns. If you need help getting started, my door is figuratively open.

About the Author:

Jason Bader is the principal of The Distribution Team. He is a holistic distribution advisor who is passionate about helping business owners solve challenges, generate wealth and achieve personal goals. He can be found speaking at several industry events throughout the year, providing executive coaching services to private clients and letting his thoughts be known in an industry publication or two. Last year, he launched his first podcast, Distribution Talk. Episodes can be found at www.distributiontalk.com and most podcast applications. He can be reached at (503) 282-2333 or via email at jason@distributionteam.com. You can find additional resources on his website: www.thedistributionteam.com