

Distribution Company Increases Sales Effectiveness

Situation:

This distribution company was experiencing declining year-over-year growth. Individual sales representatives were responsible for building their own base of business, and their compensation increased and decreased with the growth of their territory. The effort required to manage the baseline business does not always allow enough time to identify new customers and increase penetration in low volume accounts. Many reps were experiencing workload issues as they tried to expand their business.

Challenge:

The company knew their sales model was ineffective, and that they needed to make some changes. They wanted to determine how their reps could increase sales effectiveness and improve sales productivity to impact revenue growth and sales ROI.

Findings from Alexander Group's assessment crystalized the company's hypotheses and validated the need for drastic changes to their sales model.

Solution:

Alexander Group conducted a sales time benchmarking assessment based on a statistically significant sample size of sales representatives with varying territory compositions. The purpose of the study was to gauge how sales people allocate their available time across 10 categories from sales to non-sales related activities.

Topline findings were:

- Engaged selling time is 21% versus best-in-class distributors' engaged selling time of 43%
- Reps spend 2x as much time on order entry as benchmark distributor reps
- Reps spend much of their day "putting out fires" – spending only half as much time on planning as benchmark reps
- Reps spend about 40% less time prospecting than benchmark reps. On average, reps spend 80% of their time with existing customers, and acquiring new customers is difficult with their current account workload
- Reps tend to have large, non-exclusive territories, and some reps have to travel an hour or more to visit a group of accounts - higher travel times than other distributor reps

As a result of the study, the company reorganized their sales organization around three initiatives to: 1) change the sales model from agent manager to full time manager, 2) optimize territory workload to stimulate new customer growth, and 3) provide reps with greater incentive to transition ordering to e-commerce ordering channels.

Benefit:

Findings from Alexander Group's assessment crystalized the company's hypotheses and validated the need for drastic changes to their sales model. Alexander Group supported the change management effort by getting buy in from the field sales teams and middle management. Our roadmap for implementation put the company on a path to improvement, and they are seeing immediate signs of increased sales effectiveness.