

IF YOUR SALES ARE LESS THAN YOU'D LIKE (AND WHOSE AREN'T)—CASE STUDY

The client company in this case study is in what most would call a "mature" segment of the economy—Corporate Accounts in the Retail Office Supply industry. While the company had done well for years, like most companies, it was highly interested in increasing its share of this inelastic market. At the same time, the company was experiencing relatively high turnover in its sales positions. We suggested that an analysis of the sales force, followed by recommendations for selection process changes, could be their solution. The assessment chosen was the Profiles Sales Indicator (PSI). In the first year, two groups of 12 salespeople were assessed, using the PSI: A group of the Top Performers (based on annual sales volume), and a group at the very bottom of annual production, the Bottom Performers. Using the Top Performers to produce a Success Pattern, it was found that the two groups were markedly different in their Match

Scores to the pattern; they were even more remarkably different in their sales production. These results are summarized below.

This company had previously developed documentation of the cost of turnover in the sales department. When advertising, recruiting, hiring, training, compensation, and termination were figured in, the average cost per turnover was estimated at \$15,000!

In the second year, following the recommendations developed from the PSI data, the company applied the PSI as a selection tool, and also used the Management Reports to coach the existing employees and new hires throughout the year. In the first 10 months of the year, these were the results: **Sales**

turnover dropped from an annual rate of 65.48% to 23.26%, a reduction by two-thirds!

The company calculated potential annual sales increase available, if all 12 Bottom Performers were replaced by Top Performers: \$2,150,940! Over 3 years, with a turnover rate reduced to an acceptable rate of 25% or less, total costs of the PSI in use were estimated at \$36,000. Even if all of the sales gain were deferred until the end of a three year term, sales volume increase would exceed costs by a factor of 58:1. As the bottom performers continue to be replaced, with potential Top Performers, additional gains will be realized. Ultimately, market share will increase!

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Note that, while the difference in match score is only 10 percentage points, it is highly predictive of sales performance! (This is a quite common finding.)

