

The Business Case To Invest In Sales Training



www.Totalimmersionsales.com

Convincing the "Beancounters" that sales training & coaching is a great investment in revenue & profit

The Business Case For Sales Training

Okay, so now you've been exposed to some great sales educational material to help you sell your service and some of it has actually worked for you and now you want to take it to the next level. You have thought about the possibility of attending a week-long live sales training event that includes weekly coaching follow up and you are actually excited at the prospect of your results improving. What do you next to take action and start your path to success?

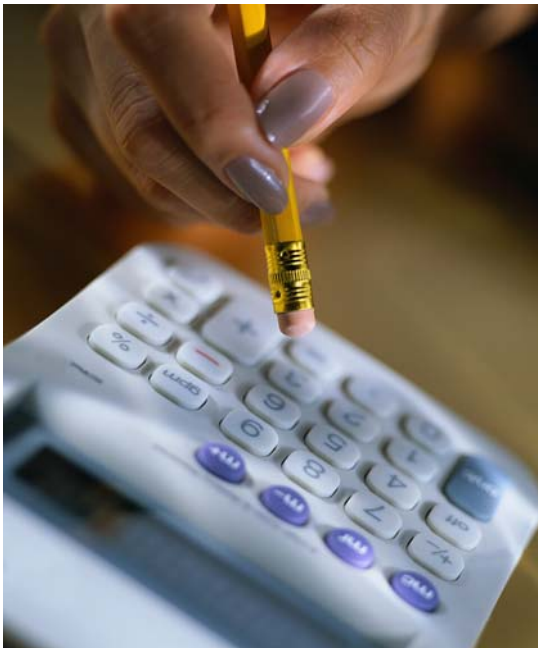
Your First Sale

Odds are if you are like most small or large businesses the first thing you must do is to sell the "bean-counters" on the fact that you need training and coaching to improve your results. Unfortunately for you, these frugal "It's not in our budget" types are not the easiest people to convince as far as releasing the funds necessary to invest in this type of "soft skill" needed to operate a business.

The Hardest Sale You May Ever Make

So the hardest sale you'll ever HAVE to make may just be to the person in the accounting office in your company. In some cases this may range from people such as the company's Owner, the Owner's wife, the CFO, bookkeeper or even you if you own the company.

How do you make a "business case" to invest the time and money to attend sales training and coaching that is so desperately needed to maintain or exceed the revenue and profit projections that you or your "bean counters" have set for the year? That is the subject of this special report.



Why is sales training just as important as the copy machine in your office or the liability insurance policy. Remember that NOTHING happens in a business until something is sold. This information is not a "soft" skill at all as some would suggest. In fact, selling your services for the price you need, may just be the most important and difficult skill you will ever learn and use.

Without any further ado, here is the "business case" or financial reasons why the investment in improving your sales and profit makes sense.

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The Budget

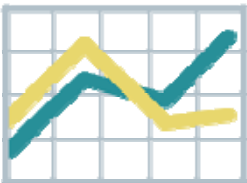
As any good business person would do, setting up a budget is of paramount importance to controlling wild and unexpected costs that can submerge any company. When you set a budget for the year a good business will use last year's performance as an indication of what to expect this upcoming year.



Setting a Budget 101

A very conservative approach is to set the budget for the same as the prior year. A normal approach for a growing company is to set the budget slightly higher, like 10% to 30% more than last year. What changes have occurred recently that throw a pipe wrench into this type of planning? In a word, it is the "economy."

FACT: Service Contractors call counts have dropped an average of 18% in 2009.



The reason for this is simple. No, it is not necessarily the consumers fault for this drop. What has occurred is that the stoppage of new investments in homes and buildings due to the difficulty in financing them has forced new construction contractors into the service business. Now the market is diluted with more choices for consumers and as a result, around 18% of the time they are giving someone else a chance instead of you.

QUESTION: With your call count down by 18% from last year, how can you maintain the same revenue or even project a growth for your budget using the same way you have always sold in the past?

ANSWER: You are either delusional or you are using HOPE as a plan.

Neither answer is a very wise. You must invest in learning new ways to differentiate yourself from these new competitors. I know that you may even have a sales training system that you already use. But the system you currently use is responsible for getting the results you currently have. If you currently belong to a best practice group or use manufacturer sales training remember that although this is a good start that these organizations only focus a small part of their efforts on selling service. As Albert Einstein once said, "The problems we face today cannot be solved by the same thinking that created them."

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BEAN COUNTER'S GREATEST HITS

"Sales training is not in our budget."

Ask this question...

Q: "How will we meet or exceed our revenue and profit budget without any investment in sales training and coaching?"

ALTERNATE:

Q: "With our call count 18% down from last year, how will we stay within budget?"

Note to Bean Counters: Remember that the budget must be set with intelligence. In order to project any dollar figures for next year you have a fiduciary responsibility to make sure you can explain how you have concluded this projection will be accurate.



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Overhead

I think we can all agree that the contracting business of today costs much more to operate than it did in the past due to many factors. The increased cost of communication, marketing labor, taxes, sophisticated tools, vehicles, fuel, insurance, medical benefits and much more have increased the overhead expense of service contracting to the point that is seems almost unreasonable.

Many financial types will point to the increase in overhead as a reason to NOT invest in improving sales and profit. This self-defeating argument is an easy one to overcome if you think about it from the right angle.

Studies Show 92% Increase In Revenue

We at ContractorSelling.com have done a recent survey in the spring of 2009 of 36 service contractors who have attended our Total Immersion sales training with ongoing coaching within the past 2 years. The results of this survey showed a 92% overall increase in total revenue with a slight increase in internal costs.

In one of the case studies, an HVAC contractor shown below, one can see the impact that sales improvement skills training along with ongoing coaching support had on their overhead and profit from year to year.

SAMPLE HVAC SERVICE CONTRACTING COMPANY CASE STUDY

<u>COMPANY SALES</u>	<u>2007</u>		<u>2008 (After sales training)</u>	
Total Sales	\$1,267,537	100%	\$2,433,671	100%
Cost Of Labor	\$304,208	25%	\$438,060	21%
Cost of Material	\$354,910	28%	\$584,081	24%
Company Overhead	\$532,365	42%	\$745,883	32%
Total Profit	\$63,376	5%	\$559,744	23%

As you can see by the above yearly comparison, the impact of higher sales revenue sold at a higher profit margin can literally change the dynamics of a company over the course of a year. Of course the higher revenue will increase the overhead dollars spent to a certain degree but look at the 10% drop in overall percentage.

Even a conservative 10% improvement in revenue with no internal organizational changes will result in a 4% drop in overhead and add 6% to the bottom line.

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I remember a company I worked with in New England that hired our company to come in and work on their overall profitability. The CEO was excited about the prospect of increasing sales to cover his marketing expenses and the CFO wanted to see if I could cut overhead and increase the company productivity.

I went on a mission to increase their sales on the same opportunity they have always performed. After 14 days of working with their frontline techs and sales people, in the next 90 days sales increased by 30% for the same timeframe over the previous year with fewer calls. This increase resulted in a 7% drop in overhead. A great example of how one action can yield two results.

BEAN COUNTER'S GREATEST HITS

"I can't pay my bills now, how can we possibly afford sales training."

Ask this question...

Q: "If we don't invest in getting better results then how will we pay our debts?"

ALTERNATE:

Q: "What impact would a 92% increase in sales have using the same people and overhead in our company?"



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High Employee Turnover

What is the cost of losing employees after you have spent money to acquire, train and coach them over a period of years? To properly gauge the cost of such a loss you must realize that the overall impact is two-fold:

1. Measure the cost that you have already spent on training and coaching them.
2. Measure the cost of a replacement for them and repeating the train/coach cycle.

What is the true cost of NOT training your people? I hear many contractors tell me that they are afraid to train their people and then watch them leave their company. My question is "What if you don't train them and they stay?"

It is a fact that companies that engage their employees in consistent training and coaching retain their employees at a far greater rate than those who do not. What are the true costs of having to re-hire a new high-performer? Here are some that come to mind:

Cost of writing and producing ads for newspapers & job boards	\$_____
Cost of running these ads in newspapers & job boards	\$_____
Cost of writing a job description	\$_____
Cost of internal or third party recruiters	\$_____
Cost to use outside interviewing or reference checking service	\$_____
Cost of testing and evaluating prospective employee	\$_____
Cost in executive time to review resumes & interview	\$_____
Cost of salary during the first 30 days of company orientation	\$_____
Cost of training classes or training materials	\$_____
Cost of HR person's time to set up new employee	\$_____
Cost of new leads given to employee adjusting to new job	\$_____
Cost of management coaching time to correct behaviors	\$_____
Total Costs	\$_____

When you look at the above costs they can be daunting. What if the under-performing employee can be saved and not replaced? How much can be saved? You do the math.

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BEAN COUNTER'S GREATEST HITS

"My people will never improve their sales by even 30%."

Ask this question...

Q: "If we don't believe that the techs and sales people working here have the power inside of them to improve, then why do we continue to employ them?"

ALTERNATE:

Q: "Then how WILL we ever become successful with people that can't possibly improve?"



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Increases Marketing Effectiveness

I don't think that even bean counters would argue that it is expensive to get the phone to ring. With the market flooded with new service contractors from the new construction market it is more difficult to get customers to call you. Would anybody argue that in today's challenging environment that it takes a minimum of \$150 and as much as \$300 to get customers to call you for service?

With the difficulty in acquiring and retaining customers at an all-time high, we must think about these two facts:

FACT #1: We can't afford to lose current clients because they cost too much to replace.

FACT #2: We need to sell more on each call to cover the additional expense to advertise.

Going back to the basics of budgeting, one can see that if we are more effective in not getting turned down by current customers we will not have to find replacements for them.

Also, if we can increase sales by as little as 30% with the same people and internal support, the resulting gross profit will shrink the percentage spent in advertising and also add money to the bottom line.

BEAN COUNTER'S GREATEST HITS

"We don't have enough calls right now to send people to sales training."

Ask this question...

Q: "When will we find the time to improve our revenue?"

ALTERNATE:

Q: "If we did 30% more revenue with the same costs on fewer calls, why would we care?"



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Lower Risk

FACT: The average Total Immersion attendee does \$1,637 per call as a tech and \$8,566 as a sales person on competitive opportunities.

Look at your average service call. If you are under \$500 per call then you need to do 3 calls to make less profit than a contractor that has sent techs to attend our training. If your average equipment sale is around \$4,500 then you must do 2 jobs to make less money than our Total Immersion sales people.

What impact does this have on the bottom line? Well, for starters there is less risk as the average tech using our program completes an average of 3 calls per day while "normal" techs do 4 to 6 and STILL fall short of the revenue and profit our attendees achieve. If you do fewer calls and make more money then anyone would have to agree that the risk the company takes each day to do business is much less. What are the increased risks of high daily call counts by techs and installers? Here are a few:

1. Higher risk of accidents causing workmen's compensation claims.
2. Higher risk of damage to homes causing general liability claims.
3. Higher risk of both of the above insurance premiums being raised.
4. Higher risk of call-backs due to physically and mentally overburdened workers.
5. Higher risk of productive employee days lost due to injury.

Higher risk of losing current customers due to poor perception of value. Okay, I think even a stingy bean counter can get it. The more calls we do for less money results in bad things happening.

BEAN COUNTER'S GREATEST HITS

"We need to work on improving job quality before we start selling more."

Ask this question...

Q: "How will job quality improve when we have to do twice as many calls as we should to make a decent profit?"

ALTERNATE:

Q: "Would job quality improve if we made the same amount doing half the calls?"

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Conclusion

Can a business case be made for investing in sales training and coaching? I believe the business case for taking action to improve sales and profit results far exceeds the case to hunker down and hope for something to change on its own.

Remember that sales training is a journey and not a destination. The highest of the high performers always want more and better information to improve their results. The metamorphosis of the service contractor performing at the highest levels of profit reveals itself in stages. None of the stages that these contractors go through are a waste.

STAGE 1: No Training or Trial & Error – This is based on trial and error and the experiences that the owner or manager have in their limited scope of what is possible.

STAGE 2: Manufacturer Training - This is primarily based on selling the benefits to consumers on their equipment not on your services. Trains you and your competitor to be the same and does not focus on making you the market leader. Just look at the dealer ads. Any sales educator that works for the manufacturer has another agenda other than helping you compete and succeed.

STAGE 3: Best Practice Group Training - Uses general best practices to train selling services. This is some good stuff to get started with. I really believe that these groups help you to differentiate your service from competitors. The only down side is that these groups have their job cut out for them in that they cannot completely focus on improving sales. Although the information is a good start, it is watered down with other training on financial, operational and marketing information as well.

STAGE 4: Mastery Level – Hey even the best quarterback in the NFL has a coach to help them master their skill set. Every step you have taken has brought you to the point where you need to differentiate your services and create higher value so that you CAN sell at higher gross profits. This training and ongoing coaching is like having a specialized batting coach helping you after every at bat, not just in spring training.

Invest in Your People - Is the investment in your people really worth it? A reasonable plan to improve results centers around three main principles.

1. PLAN - Develop and plan the strategies you need to improve your revenue and profit.
2. DO - Taking action is always better than waiting for something to happen.
3. REVIEW - Evaluate the impact that any training you invest in has on your success.

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Are you ready for your masters degree in revenue and profit? Do you want to create higher value so that the company, employees and customers all receive top value from your company? Profit is not a dirty word. When we are profitable we can serve our customers. Employees, vendors, our community and ourselves much better because we have the financial capital to invest in them.

At ContractorSelling.com 100% of our efforts are centered around one concept. You will always get our total dedication to improving your sales and profit. Change your thinking; grow your sales. Join us at a Total Immersion Summit soon and start your journey to success. Call us now at 877-764-6304 or go to our website at www.totalimmersionsales.com to sign up right now.