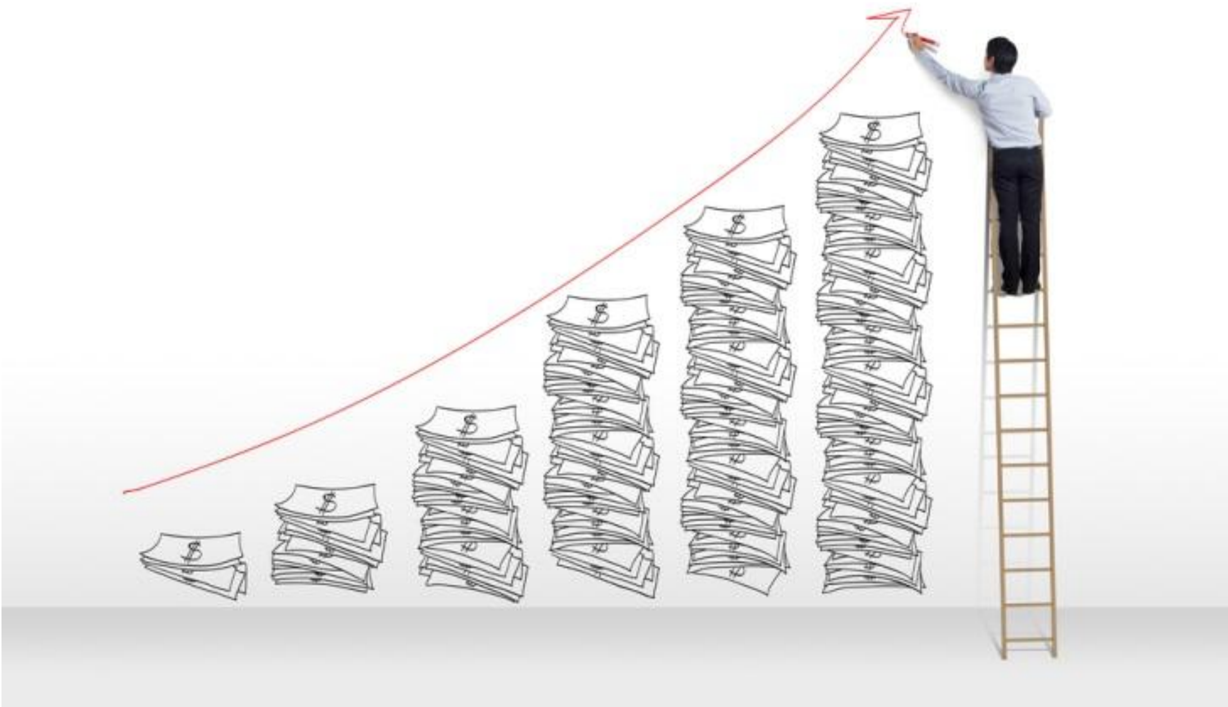
Multiple Ways to Measure Sales Performance



If you agree that measurement is an essential component of behavior change and process improvement, your desire to improve sales performance must be based on a sound metrics plan. Training measurement experts maintain that unless you set out clear expectations for sales activity and performance outcomes and unless you regularly track the actual versus desired standards, your improvement effort will not bring you the results you seek.

So what are some of the metrics you can put in place? They are multiple. It depends on your specific sales strategy, organizational culture, marketplace and talent scheme. The most pronounced sales metrics at our clients for sales leaders are revenue, margin, win rate, portfolio mix, deal size, and sales cycle.

Overall, there are basically three ways to measure sales performance: from the financial, activities and customer points of view. To succeed, determine what makes the most sense for you and your team.

1. Customer Metrics

Most of our B2B clients, like to start with customer-centric success metrics. Most often, customer success and satisfaction is a key measure of sales performance. For example, you can track a salesperson's customer retention ratio to understand their lasting power. To understand how deeply they are embedded in their client organizations, measure wallet share or percent of client budget.

2. Activity Metrics

Successful sales organizations identify and measure the handful of sales activities that make the biggest difference for their business. For example, companies that know it is a numbers game for prospecting measure the number of new account calls per week. Others that want to determine if the salesperson is calling on the right market segments and deal sizes, measure the number of calls by account size or by segment.

3. Financial Metrics

When all is said and done, the buck, as they say, stops here. Sales success is ultimately measured by the book of business brought to the organization. Like the other metrics, these depend upon your specific sales and business strategy.

It is often helpful to know the sales by different categories: profitability, product type, geography, time of year, and customer segment. It is also good to know sales to new vs. current customers. This measure will tell you where salespeople may be spending their time.

Critical to future planning is a measure of the forecast (actual vs. predicted) and expenses (actual vs. budget). You can also look at average revenue per customer. What you want to see over time is an increase in average revenue per account and an increase in the number of customers both new and existing.

The numbers matter but they alone do not tell the whole story. Sales managers should hold regular check-in meetings with their team to discuss how to grow specific accounts and how to handle specific challenges. The best managers know how to help their team overcome obstacles in the sales process and provide learning opportunities that will smooth the path toward success.