INTERACTIVE COMMUNICATIONS INC

Seven Internal Wholesaler Measurement Missteps

By Mary Anne Doggett & Claudia Fogelin

When it comes to internal wholesaler measurement, many sales desks cling to outdated metrics that make it impossible to tell who's selling and who's just dialing the phone. From our research, the best sales desks use innovative measures to motivate behaviors that link directly to sales results and help build long-term advisor relationships.

The first step in assessing the effectiveness of your metrics is to know what doesn't work. To help you do that, we have identified seven internal wholesaler measurement missteps that might be leading you astray.

1 Make it all about activity

Sure, you gotta be in it to win it and activities – the number of dials, contacts, talk time and so on – do play a role in internal wholesaler sales success. But these activities don't motivate the kinds of conversations that deliver sales results. To do that, you need to balance activity with criteria-based behavioral measurements that allow you to know not just how often an internal does something, but also how well they do it.

If you don't, the result is often activity for the sake of activity. For example, here's how one internal we observed met his daily activity goal of forty-five dials, fifteen of which needed to be contacts (more on contacts below):

- 30 messages left on voice mail or with a gatekeeper;
- 10 friendly chats with low producing advisors; and
- 5 brief product pitches to higher potential advisors who probably regretted picking up the phone.

Since his firm was all about activity, this internal had hit a home run! But did he sell anything?

2 Count almost anything as a contact

Most firms use the word "contact" to indicate that an internal has interacted with an advisor, but the definition varies widely across the industry. At the low end, it's a contact if the advisor picks up the phone and says hello. At the high end, there must be a sales conversation in order for the call to count as a contact.

We've long been advocates for the high end of the scale, although admittedly it is more challenging to measure than the number of hellos. A firm must establish what it considers to be the essential components of a sales conversation and then link those criteria-based behavioral measurements we mentioned earlier to each of these.

"help internals understand what they need to do to increase sales"

For example, in order for the call to be considered a contact a firm might require that the internal open the conversation with the benefit to the advisor, gather one or two pieces of profile information, or ask the advisor to take a next step. Yes, such criteria-based measurements require work and aren't always cut and dry. The payoff comes in increased in sales and internals who are more prepared to move out to the field.

Unfortunately, the number of firms using criteria-based behavioral measurements for a contact has been dwindling. It has been a difficult time for internals at some firms to get through to advisors and falling contact numbers can demotivate internals (not to mention make the sales desk look bad). Fixing this by lowering the bar for a contact only puts a bandage on the problem and doesn't solve it. It also frustrates top performing internals who are no longer able to differentiate themselves from their colleagues who are just smiling and dialing.

3 Treat all contacts as equal

Which would you rather have? Four contacts with one advisor who already uses your firm's products and likes to talk – what one of our favorite National Sales Managers calls a "friendly"? Or one contact with that advisor, one with a high potential prospect, one with a new producer, and one with a moderate producer you know can bring you more business? We'd take Door #2 and its higher sales potential. Without direction on who to call, many internals take Door #1 and stick with the advisor they are comfortable with.

We're not suggesting that firms totally dictate which advisors their internals call, but if your measurements allow them to stay in their comfort zone, they will. It's human nature. In addition, Third party data, information gathered by national accounts, and even predictive modeling now makes it possible for firms to identify target advisors their wholesaling team knows nothing about. The best way to ensure that internals make the most of these high potential leads is to measure their success with them.

4 Scrutinize results daily

We recently visited two sales desks that had approximately the same number of internals, comparable coverage models and similar measurements. The team on the first desk thought the numbers were too high to the point of being almost unattainable. The internals spent lots of time griping and asking for exceptions. The reaction on the second desk was totally different. As one internal said to us, "If I do what I'm supposed to do I usually hit my numbers."

The difference? The manager from the first desk checked every measurement every day and produced a never-ending flow of spreadsheets with daily rankings. The internals were under the microscope all day, every day.

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The manager of the second desk had a long-term perspective on measurement. "I'm looking for trends," he explained to us. "Anybody can have a bad day, but if I see an internal who consistently falls short or trails the rest of the team, that tells me there's something wrong. But in general, the team knows what's expected of them and most of them just get it done."

5 Have a rule for everything

No matter how carefully you develop your internal wholesaler measurements, someone is going to try to game them. Burdening your entire sales desk with multiple rules designed to stop the small number of people who are out to beat the system will foster resentment. And it's not clear that such rules actually stop the gamers.

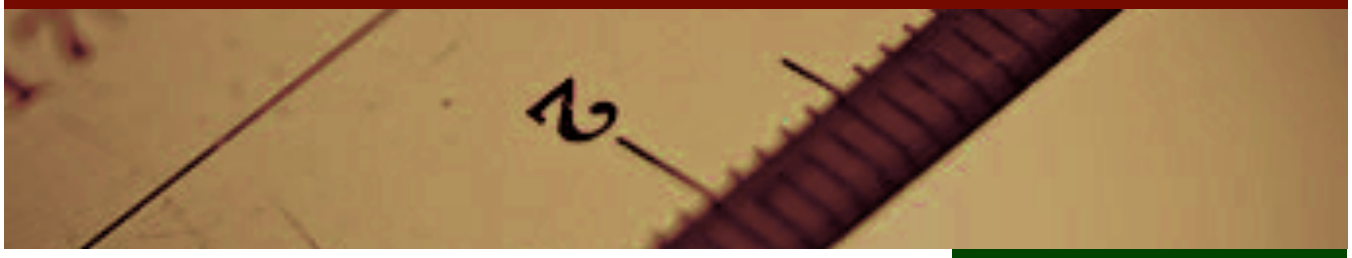
Remember that fourth grade teacher who insisted students keep their hands visible at all times so nobody could doodle? Remember how that rule annoyed the kids who didn't doodle? And how many kids managed to doodle anyway? That's what we're talking about.

Based on our work with internal wholesalers during sales desk observations and training sessions, we believe that the overwhelming majority of internal wholesalers approach their job with integrity and try to do the right thing. Treat them like fourth graders and you'll demotivate your good people, provoke bad behavior and spend most of your time policing rather than managing and coaching.

6 Disconnect metrics from promotion

Do you often pass over the internals who are acing the measurements and promote those who rank in the middle of the pack? Of course it takes more than good metrics to make someone a candidate for a bigger job. There should, however, be a strong correlation between performance versus measurement and the criteria for promotion.

Disconnect the two and you send a message that your metrics don't indicate who's doing a good job.



When this happens your internals have no way to know what they need to do to move ahead – or even if they're really doing a good job. If the measurements don't count, what does?

7 Track sales only at the territory level

Most firms don't even try to track an internal's individual contribution to territory sales. Many don't think they can. Some also fear that it might cause friction between the internals and externals and there's a grain of truth in that. Firms that have found ways to gauge internal wholesaler sales results are often surprised at just how much impact they have on sales results. That can make externals pretty uncomfortable.

The reality is that good sales people want to know that what they are doing is making a difference. Team results don't motivate them as much as individual results. You also miss an opportunity to both recognize and reward your best internals… and risk losing your top players.

Ultimately, the purpose of sales desk measurements is to help internals understand what they need to do to increase sales. If your measurements or the way they are applied don't do that – or, even worse, discourage effective sales behaviors – then they are probably getting in the way of better results.

The best way we know to find out if your measurements encourage effective sales behaviors is to ask your internals. Yes, ask your internals. From our experience, they know what's working and what isn't. And the good ones would gladly give up ineffective measurements they have no trouble achieving for more challenging ones that help them focus on the right opportunities and measure their individual impact on sales.

So take a close look at your internal wholesaler measurements and ask yourself whether they are about sales or about, well, something else. If they're not about sales, it's time to make changes.

For more information about the Interactive Communications approach to effective internal wholesaler measurement, including setting criteria-based behavioral measurements, email internals@interactive-com.com or call Mary Anne Doggett at 914-271-0890.

INTERACTIVE COMMUNICATIONS

Interactive Communications is a sales consulting and training firm helping financial services firms design, build, and increase the effectiveness of their distribution organization.

We provide forward thinking and proven approaches that enable financial services firms to distribute their products efficiently, beneficially and at lower cost.

Our firm works primarily with intermediaries – wholesalers and their managers – to help them capture today's sales opportunities while preparing them for future trends.

THE PRINCIPALS

Mary Anne Doggett and Claudia Fogelin are the Managing Partners of Interactive Communications, Inc. They have spent over 15 years traveling with, listening to, and working with financial services professionals and their management teams in order to help them improve their sales results. Although they complement each other well, their clients appreciate their yin and yang approach to solving distribution problems, not to mention their sense of humor.

Prior to founding Interactive Communications Inc., both partners worked with Citigroup in a variety of line management positions. Mary Anne holds an MBA from the New York University School of Business and Claudia holds a Masters from Columbia University.