

Benchmarking – Past, Present, and Future

If you are like me, you are trying to figure out what happened to summer. It seems like yesterday we were lighting off fireworks and eating your brother in law's terrible BBQ. Now you are trying to figure out if the Bears and Packers will score more than 48 points combined!

Speaking of football season being well underway, I was asked a great question the other day. If there were no clock, no goal line, and no scoreboard, how would you be able to tell who was winning the game? If this were the case, you would have to identify different ways to measure the two teams and who has had the better performance that day. Passing and rushing yards. Turnovers. Sacks. Penalties. These would be the only indicators of who is the better team. Scoring points is the primary goal, but that only provides you with the final score. The practice and activities you perform in advance are the real differentiators between winning and losing. Hence, the need for a comprehensive game plan is critical.

Sales professionals have long recognized the need for building a game plan that promotes success. The process of analyzing and creating this game plan is often referred to as benchmarking.

In the office technology industry, it's common for dealerships to affiliate with various peer groups to compare and contrast critical metrics to gauge their key performance indicators (KPIs). By establishing and then benchmarking their performance against those of their peers, they find where they are succeeding and where things can be improved. By using metrics such as response time, parts consumption, gross profit contribution per employee, etc. versus looking solely at EBITDA, you can drill down to the specific areas that directly affect the bottom line.

If this works for the higher-level financial details of a dealership, then it can benefit your sales team as well. You will have to identify the tasks and activities required for your team to succeed. This starts with identifying the various "types" (i.e., job classes) of reps that comprise your group. There are many ways that you can segment the different reps in your dealership. Some typical examples, a key benchmark for an MPS rep might be the number of demos completed. Identifying by job class those 3 or 4 critical activities needed to ensure success allows for Sales Leadership to quickly and efficiently identify potential issues before they show up in the month-end results. While the final measuring stick is the attainment of quota, establishing benchmarks that lead to quota success is critical.

In that light, think of sales quotas as the "end zone" and benchmarking as the game plan on how to get there quickly. If your rep knows which daily, weekly and monthly activities they need to accomplish to have the sales start to roll in, then it will be more accessible for your reps to follow that roadmap. Benchmarks shouldn't be a negative or penalizing activity, but rather should help guide to rep to success. I would even collect feedback and input from high performing reps to understand their process and incorporate that into your dealership's benchmarks.

The best way to establish useful benchmarks would be to work backward from the sales quota. Start with a finished sale and see what steps and tasks it took to get there. You can start to reverse engineer the process and find the complete tasks that it required. When it comes to your most successful reps, how many proposals did they have to present to get that closed deal? How many site visits or solution calls did they conduct before they were able to submit a proposal? This is the best way to evaluate the process for starting with a lead and turning it into revenue. You can also get creative and look outside of standard tasks like appointments, demos, and proposals. One of the first steps in the sales process would be to identify what the pain points are for the client. Once a rep can actively identify that one item, you can get the ball rolling in the right directions. The best part of the benchmarking process is you can completely tailor it to your reps and your environment.

In 2018 benchmarking is easier than ever and should be taken advantage of by all dealerships. Most, if not all, sales ERP systems have a form of benchmarking to set achievable activity goals and monitor progress through easy reporting. Once you have created your job classes and identified the most efficient and effective tasks to lead to closed sales, you can add them to your sales software and keep track of your team's success. If done correctly, this will give your reps a great blueprint of how to create and maintain a sales pipeline that will continue to build closed sales month in and out.