How do Sales Managers add value to the selling efforts of sales people?

A discussion document of benefit to Senior Living sales and sales management efforts

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Adding Value is fundamental in every customer purchase.

Adding value is the fundamental principal behind every decision we make to purchase goods or services. We trade the value of X number of dollars in exchange for a product or service that will offer us greater value than retaining those dollars and NOT making the purchase. In fact, the first law of wealth accumulation states: *"Wealth is accumulated in direct proportion to your ability to provide a valued product or service to others."* The greater number of people you are able to benefit – the larger your opportunity to sustain a viable business as a result.

This is true not only for large discretionary purchases, but for a small commodity purchase as well. An example makes the point very clear. Consider the simple purchase of a tank of gasoline for your automobile. When your tank is empty and you need to drive somewhere, you will readily exchange some of your cash for a tank of gas. $60.00 of gasoline at that point is of greater value to you than keeping three $20 dollar bills in your wallet, or $60.00 of anything else for that matter.

What this means is that we are actually trading "up" with the purchase, not trading "down." It is really not so much what the transaction "costs" us as what we "gain" from the exchange that motivates our decisions.

Sales people as agents of adding value.

This means that sales people are, in fact, agents who assist us as customers in the process of "***gaining or adding value."*** This is an odd fundamental proposition, considering the negative images that are conjured up of the "stereotypical salesperson" seen by prospective customers as someone who is willing to mislead or even lie, as long as they make the sale and earn their commission. I know first-hand from sales seminar work conducted around the globe that the general stereotypical images that come to the minds of customers are indeed most unflattering. I have included one of these images below that was drawn by sales seminar participants with word and thought balloons of what the stereotypical sales person thinks and says.

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Senior Living sales environment better – yet still requires usual sales behaviors.

Fortunately, within the context of senior living, this type of negative sales behavior is somewhat constrained due to the fact that after the sale is made your customers move in with you! As residents, they have the opportunity to continue to directly influence your ability to make additional future sales. This is an excellent case where “good guys do not finish last,” because a well-satisfied customer–now–resident, with their positive comments will assist in converting many more prospects into satisfied residents.

While successfully selling senior living inherently requires a more compassionate and ethical approach than in some other industries, when the day is done, it is still a sales process. Generating leads, responding to inquiries, making presentations, follow-up phone calls, letters, emails, entering information into the SFA database, completing customer paperwork, and collecting a check are core selling activities that must take place to be successful. Just being warm and fuzzy and a fan of the elderly is not going to get the job done without the commitment to the necessary component activities of successful selling.

Sales forecast drives senior living budgets.

The inescapable reality is that at the fore-front of all community budgets and planning is a realistic sales forecast. Determining all of the various department budgets and number of full or part-time employees is all dependent on the expected sales revenues. However, a sales forecast needs to have a foundation of predictable, repeatable and sustainable sales behavior. Otherwise it is no better than a pro-forma projection that has been conjured up to provide an attractive rate of return for a potential project.

The sales reality is that you can not directly control sales ***outcomes*** in a meaningful way. An executive director whose reaction to an occupancy shortfall is to berate his sales team with the exhortation, *"We are eight units behind our occupancy budget, so get us more sales or else,"* is not doing much but contributing to anxiety levels which may actually produce a negative effect on sales performance.

Senior Living organizational challenges of sales management.

Senior Living companies have the inherent challenge of a distributed sales organization. You have salespeople working out of a single community, by themselves, or with at most two or three others. The Executive Director is the de-facto local sales manager whose background and primary responsibilities are all focused on managing operations, not sales. For many EDs, one of the reasons they got involved with operations in the first place was that they did not have a desire to be in sales. This lack of sales background is a unique sales challenge in senior living. In most other industries, sales managers were successful sales people first.

There is often an Area and or Regional Sales Manager who fills an intermediate role between community sales people and the Corporate VP of Sales and Marketing. Their ability to contribute to the successful performance of sales is challenged by the number of communities, geography, and the fact that in most cases, the sales people report to the ED, who reports to the VP of Operations. This puts the Area and Regional Sales Manager into a "matrix" type of role where they are being held accountable for occupancy shortfalls and improvements, yet with no direct authority over the ED or the community sales team.

The Fundamental Challenge is: How do sales managers add value to the selling efforts of sales people?

Let's examine sales management dynamics in the context of a typical Senior Living company with ten or more communities in five different states, a VP of Sales and Marketing, a Regional Sales and Marketing Manager, an Executive Director and 1 Sales person per community. Two of the communities are above budget (92% occupancy), six are in the 86% to 91% range, and two are in the 78% - 83% range.

What accounts for the difference in occupancy performance?

This is the obvious question. With a similar product and service offering in all of the communities, the most likely differences are the following three: 1) Market differentiators, 2) Operational issues, 3) Sales and sales management issues. Let us examine each of these potential variables.

1) The markets are substantially different.

The markets have different dynamics as a result of the number of age and income-qualified seniors or the presence of competitors who are getting a greater market-share of available customers. It is possible that a community has been purchased or built in a market that has a smaller demographic footprint than research and development predicted. Or there are a greater number of competitors in the market than anticipated. I have seen this happen in the late 90's when management thought that certain markets would be a "slam-dunk," only to realize that by the time the community opened its doors that there was considerably more competition for seniors than initially anticipated. There are also certain markets that require a locally adaptive approach that may be different from other markets. For instance, I have seen markets in South Florida that were more price and incentive-sensitive than in other parts of the country.

2) There are significant operational problems.

There is no doubt that communities suffering from significant operational issues can affect occupancy both in terms of number of move-outs, as well as interfering with prospective residents moving in. When communities are dirty, smelly, or generally run-down or have an excessive amount of turn-over in key positions and hourly staff, there is a detrimental effect on census. You must be able to deliver the product and services offered if you are going to achieve and maintain the level of desired occupancy. This is especially true when you consider that the best source of new business is cultivated from existing satisfied customers. Since family and professional referrals tend to convert at a higher rate than any other source, satisfaction with the quality of day-to-day operational performance is extremely important.

3) Sales and sales management issues.

In most instances differences in the quality and quantity of sales and marketing efforts are responsible for the occupancy variables in these communities. Obviously, a bad hire or turnover in the community ED or sales person position will have a detrimental impact, especially if a building is in an initial fill-up situation. However, even with the positions filled with people who are doing their jobs, the biggest variable is how well they are staying focused on their core sales and marketing responsibilities. When leads are not followed up in a timely fashion, sales tours/presentations are given in a perfunctory manner, and event planning is poorly managed there will predictably be less-than stellar occupancy as a result. Unless your community is the only game in town, the manner in which your community is presented and marketed has a huge effect on occupancy performance.

The biggest variable is sales execution.

I can offer you a solid example with empirical proof of this assertion. During my tenure as the National Director of Sales Planning and Technology with Marriott Senior Living Services, we found in our meetings with Areas Sales Managers that there were a number of communities that were under-performing against their occupancy budgets. Remedial action plans were discussed and formulated, and at the next month's meeting would be reviewed. There was a list of these under-performing communities created that was nick-named "The Salmon Report," because *they were all struggling to swim upstream in their census results*. For a number of communities, this process was repeated month after month with no gain in census. It became clear that something different had to be done to change this situation. The census shortfalls were so large that when the calculations were completed as to the number of phone calls, tours and move-ins that were needed, it was clear that added sales help was needed. The solution was to create a position of "Sales Specialist." This was filled with a veteran sales person who would temporarily join the community sales team, working alongside the existing team for weeks or months to bring more selling power to close the census shortfall.

The Sales Specialist.

The role of a Sales Specialist is not an easy one. You are viewed as an expensive interloper by the existing team and are away from home living out of a hotel for weeks at a time. Despite these challenges, what we learned was very telling, especially in the case of our best Sales Specialist. In every situation where she was assigned, the community occupancy increased significantly. When she was interviewed by a group of senior MSLS managers to learn what was responsible for her success, this is what she told them: *"I just did what Ned recommended in staying focused on my 'Calling Calendar,' making calls to those in the lead-base, setting appointments, giving tours, closing sales and staying out of operational issues."* Her skilled focus on working the existing lead base proved that for every 30-50 leads in a sales data base, there is a move-in.

The need for sales activity focus.

Her experience additionally validated that the number one reason why sales people do not succeed is that they have a lack of discipline around core sales activities of making sufficient customer contacts and appointments. This also required her to NOT get mired in other operational issues, which can be a significant problem in senior living communities. I have continually seen community sales people who are very "busy" with all manner of non-sales activities, meetings, and functions. Some of this is fostered by their office location where residents continue to walk in their door to chat or come to them to resolve some issue they are having. In being a good "team-player," they may be filling in to run an activity when someone does not show or any one of a dozen other community involvements. It is not that I want sales people to avoid being a team-player. It is that if they abdicate their sales role and occupancy suffers, they are letting their community team members down. If occupancy suffers enough, then staff will be reduced.

This is the key question that needs to be kept in the minds of the entire community: *If a prospective customer was discussing with the sales person making a decision about their mom moving in, would you barge in with some question about another resident?* Would the sales person allow herself to be interrupted for twenty minutes with current resident Mrs. Smith talking about her son-in-law? Clearly the answer is “no.” This is the same type of litmus test that needs to be applied to other core selling activities such as making calls to those in the sales database. There needs to be a focus on core selling activity and cooperation from the community in contributing to successful sales activity.

The sales person’s perspective of sales meetings.

Most meetings of the ED with the sales person are in the context of the “daily stand-up meeting” which includes other department managers and focuses on a reporting of what tours and move-ins are scheduled to take place. When the regional or area manager visits the community, it is usually only for one day at the community, and the majority of time is spent discussing the number of hot leads, activity in entering information into the SFA database, and what marketing activities have taken place or are planned in the near future. From the sales person’s perspective, this is time away from actual selling and marketing that simply reports to others what they already know. While examining the history of sales actions has merit, when this is the dominant sales management activity, it is much like “*driving a car while spending your time looking in the rear-view mirror.*” It does not add real benefit to the sales person and may in fact occupy added hours of their time preparing reports for these meetings. While the ***quantity*** of sales activity is important, there needs to be an even greater amount of emphasis in improving the ***quality*** of the sales efforts so that more of the customer contacts result in a move-in.

Parity in the senior living marketplace.

The current situation in senior living is seeing increasing parity in what communities offer customers. Market-place dynamics and the community ‘product’ and ‘service’ are now more typically the same than different. If you were to obscure the name of the company on five different company brochures or websites, you would have a hard time distinguishing one from the other, as they virtually all say the same thing. Senior living communities also are more alike than different in their construction and layout for a similar type of property. They all have a library with a fireplace, private dining room, activity room, central mailbox area, etc. The “gracious and well-appointed” facility is now the norm – not a substantial differentiator.

Tours as the key part of the customer contact experience.

Most prospective customers of senior living, whether they are adult-children or the senior themselves, plan on shopping from one to five different communities before making a decision. However, since the majority of these tours are *"pre-programmed walk-throughs of the building,"* they do little to differentiate one community from another in the mind of the customer. Given the parity of facility structure and services alluded to earlier, the prospective customer will usually default to a choice based upon geographic proximity and price. In many markets, sales performance is a 'zero-sum' issue, in that the resident you gain is the resident your competitor did NOT get and vice-versa. This means that to avoid the miasma of only being "some-what" full, sales efforts need to be so much more compelling to the prospect that they are willing to travel farther in choosing your community than the competition. Doing this will also allow you to compete as being the "clear best choice" not just cheaper than the other community that is equally as convenient in its location.

A customer-contact strategy that focuses on your staff and residents.

The good news in all of this, is that with rare exception, it has been my experience that if a community was "firing on all cylinders" with every prospective customer that visited, the community would be full. Doing this will require a qualitative improvement in every aspect of prospective customer contact to ensure that they are so "wowed" by their every experience that your community is an easy obvious choice. This means that at every point of contact, from calling in to the front desk for information; to feeling welcomed when they walk in the door; to a sales person interaction that focuses on listening more than telling, and on ***introducing staff and residents*** more than on ***showing the building***, the prospective customer is continually "wowed."

For example, introducing a Dining Services Director who can speak meaningfully about how he has been able to accommodate low-salt and sugar dietary needs of residents with similar issues as the prospective adult-child's mother is far more compelling than pointing out the menu variety on a display easel while walking past the dining room. I have seen prospective customers who have been carefully listened to, then introduced to staff and residents with compelling, appropriate, and pertinent information that has "wowed" them, truncate their plans to visit multiple other communities and turn their car around to come back so they can discuss move-in details.

What sales management activities should Executive Directors focus on to add value?

1) Conducting a weekly, 60-minute meeting with your sales people that is devoted to sales and marketing issues is at the top of the list. It needs to be regularly scheduled, not be postponed capriciously, and not exceed an hour. But even more important, you need to focus on the following:

a) **Maintain a tone of open-minded discussion**. It is important to avoid attacking, judgmental, or defending attitudes. Receiving information in a non-judgmental way is huge. Otherwise, people will tend to only tell you things that do not result in disapproval. Additionally, during the process of closing a prospective customer opportunity, there is often information that seems bad at the time and may end up being a hidden blessing in disguise. By staying neutral to the information, you are better able to come up with ideas that will serve a productive end while there is still a chance to do something about it.

b) **Delve more deeply into understanding** the nuances of 2-3 genuine short-term move-in prospects. Especially when it is a second-returning tour, strategize openly about which staff and residents can appropriately be introduced that will be compelling for the prospects. Discuss and approve any creative move-in incentives that are specific to the prospect. Tailoring a package that removes barriers to moving in such as a $1,000 credit with a senior-specialist moving company, and an upgraded cable sports subscription to watch a favorite team from back home ($300) may seem like a more compelling offer to the prospect than waiving a community fee which actually costs more ($3,000).

2) Get personally involved with tours of high quality prospects. Make sure the sales person takes the lead and that you are clear on your respective roles before meeting with the prospect. This is especially valuable when seniors and their adult-children tour together. For instance the ED can focus on walking arm-in-arm with mom while the salesperson is able to have discussions with the adult-children that may best not include mom. Consider that the economic value of a prospective resident who stays 36 months in a $3,600 unit is $130,000. This is certainly worth an hour's time to assist in making it an easy decision in your favor.

3) Protect the times your sales person has scheduled for completing follow-up lead-base activities. Not only do you want to hold them accountable to themselves to keep the schedule, but you want to keep them from getting constantly interrupted with non-selling activities. Other department managers need to know that when they are making calls; sending out follow-up correspondence and emails, that they should not be interrupted unless it is with an un-anticipated walk-in by a high-quality prospect.

What sales management activities should Regional or Area managers focus on to add value?

1) **When visiting the sales person's community, the Regional Manager should, if at all possible, coordinate their visit so as to be able to participate in the weekly sales meeting**. This will allow them to contribute to the quality of the meeting and solutions generated as well as actively modeling the skills necessary to conduct a high-quality weekly sales meeting, which is huge.
Additionally, their observation of the ED in action during the meeting provides them the foundation to offer feedback and coaching to the ED on their meeting performance. In many cases EDs have never seen a truly effective weekly sales meeting being conducted at any time in their careers. Remember that for most EDs, this is their weakest area of competence and experience. It is also not an easy thing for those with many years of sales and sales management experience to do well. It requires a challenging blend of analytical and interpersonal skills to do competently. And lots of practice.
Also by coordinating your visit with the weekly sales meeting you will not have to ask the ED and sales person to re-visit with you issues they have already covered once that week.

2) **While visiting the community, the Regional Manager should accompany the sales person on any scheduled tours.** There should be a strategy-planning time before the tour to discuss roles and how to best move the sale forward. The sales person should take the lead in the tour/presentation, and the Regional Manager whenever possible should deflect any questions and concerns to the sales person to handle to avoid the prospect seeking to work directly with the Regional. You should allow for time after the tour which follows a de-brief approach where the salesperson is first asked what they thought they did well. Then the RM provides feedback on what they observed the sales person did well. Next the sales person is asked what they could have done better or differently – and then the RM describes what they thought they could have done better or differently. Having the discipline to follow this manner of providing coaching/feedback allows the sales person to become more conscious of what they are doing well, before diving into all of the negatives of what they feel they could have done better. It also allows the sales person to provide much of the hardest feedback about herself, so that the RM does not come across as the one who is making all the observations about the tour's shortcomings.

If there are not any scheduled tours that day, then the RM should play the part of a prospective customer coming into the community with challenges similar to those that will likely be encountered in the future. The RM and sales person need to stay completely "in character" for the completion of the tour. The debrief should be conducted in the same manner as already described. It is important to be vigorous in this method, because the tendency of the sales person is to lapse out of their role out of nervousness and start talking about what they "would normally do" instead of actually demonstrating the words and actions they would really use.

3) Provide your sales people with ongoing skills and sales tool development to improve their closing percentages. Creating the organizational commitment to a sufficient level of sales activities is only one part of the successful sales equation. You also want to increase the quality of these sales efforts. A baseball analogy clearly helps to prove this point. If you are a player who gets two hits out of ten at bats, you will likely be sent to the minor leagues, while one who gets three hits out of ten will be going to the All-Star Game. Getting one more move-in out of ten tours will make a huge difference in on-going occupancy results. To do this requires that you improve the *quality* of your prospective customer interactions. The sum total of many of these incremental improvements can have a dramatic effect over a year's worth of sales efforts.

For instance, providing your sales people with improved questioning and note-taking skills, combined with the usage of a succinct and easily tailored follow-up letter can so impress a prospective customer and differentiate you from other competitor community sales people that they choose you. Obviously, no one will close ten out of ten prospects, yet improvements in thoroughness and quality of these interactions will, over time, net you an increasing percentage of those customers who would otherwise have considered you to be no better than your competitor.

Another way to add value to sales results is to provide your sales people with an array of creative closing incentives that move your customers past the resistance that they may have to moving forward. Consider the case of an adult-child who tours your community looking for their mom. They love the community and they have no negative financial issues in the way. However, mom lives 400 miles away, and the decision will require having mom visit the community along with another sibling. All three need to visit the community, and waiting for this to happen drags on for over a month with no clear resolution. Your community has been offering a month's free rent for move-ins that take place in the next 30 days, so you confirm with the adult-child prospect that they are willing to move forward, provided that the visit with mom goes well. You offer to purchase a round-trip air ticket for mom at a cost of $375.00 and that makes the difference in getting the tour to take place along with the subsequent move-in. Providing your sales people with a flexible tool-kit of incentives that are tailored to removing barriers to the customer making the decision or the move-in are more compelling and beneficial to getting a "yes" decision in your favor than a flat cash discount such as a month's free rent. The month's free rent is not going to remove barriers to making the decision in the manner that other more actionable uses of discretionary incentives will.

One more sales tool of substantial benefit for sales efforts is to provide an "events planning toolkit." This provides specific step-by–step guidelines and templates for conducting proven events that produce customer interest and valuable leads. Sales people can spend a lot of time devising and managing events. By compiling and organizing the best practices from all of your communities into an event planning manual is like providing your team with proven "recipes" so that they do not have to re-invent the wheel in generating continued interest in your community.

4) Learn from other successful Regional Managers how they add value to their sales people's performance. Attending meetings and workshops such as ALFA's annual convention can provide you with additional insight from others with similar sales management challenges.

To assist with this concept of sharing ideas the Center for Applied Sales Research has created a survey on how sales managers add value and the values that inspire them. **By completing the survey that is accessible online at: *wwww.centerforappliedsalesresearch.com*, you will then gain access to a document summarizing the input from other senior living sales managers.** By sharing some of your insights, you will gain the benefit of learning about the best thinking of many others.

Additionally, I believe that the process of completing this survey will provide intrinsic value for each survey participant. The questions serve as a form of self-discovery that may shed light on things that we have only been dimly aware of before.

Here is a partial listing of the responses of other manager's input to date:

a. ***What would your salespeople say* that you do as a sales manager to create value for them?**
   - I think they would say that I support them.
   - They would say that I am always available to discuss hot leads and ideas to get them into their community.
   - I work with them to clarify their thinking on strategies to close sales and assist them in creating innovative approaches.
   - Brainstorming new sales activities
   - Bring them new ideas, motivation and solutions to problems.
   - Bring a new perspective or angel to their situation.

- They say that my feedback on their use of sales tools and techniques like the "T" Note-Taking Page and use of Discovery Follow-up letters has improved their number of prospect conversions to sales.
- Lead by example…. Assist with their sales calls, not just shadowing on calls, participate. I think when they see someone making a call, asking probing questions and doing good discovery it adds value.
- Listen…. It's important that the team believes you hear them. It adds value when you respond in a timely manner. This is how they know your truly listening.
- Mediating with operations…. For the most part with their Executive Directors.
- Creating additional sales incentives that assist in closing more sales is of value to them.

b. <u>As a sales manager, what do you most strive to do to add value for your salespeople?</u>

- I try to add value to make each of them the best sales person they could be and to push them when needed.
- Keep them focused on the core sales activities that will make them more successful in closing sales and maintaining high occupancy levels.
- I strive to be a catalyst for positive change and sales improvements whether in skill-building or in removing barriers to their success.
- Improve the quality of solutions that they are able to implement.
- Create a culture that values giving and getting feedback on a regular basis.
- Demonstrate personal enthusiasm for doing the job well and continuing to seek ways to become ever better.
- My goal is to measure their sales ability and motivate them to exceed their goals. I get in the trenches with them…. Sales calls, sales blitzes, meet with referral sources, competitors and speak with prospects. I strive to lead by example. I believe it's important for my team to know that I once did the same job.

c. **How do you add value to the performance of others?**

- I evaluate their sales skills on my routine trips to their communities.
- I look through their sales notes to be sure they have proper follow up.
- I try to be available to them in person, or by phone and email.
- I give them honest feedback. My feedback is through written evaluations, verbal discussions and demonstration.
- By joining them on sales presentations with potential customers, and debriefing what they did well and could do better or differently.
- By creating an open dialogue with them about what difficulties they are encountering.
- By creating effective strategies they can use to convert more of their hot prospects.

i. **In what ways do you inspire or motivate them?**

- Create contests for them to achieve goals (some small some large).
- Send notes with words of encouragement.
- Send gifts periodically for outstanding achievements.
- Send articles and books on sales and personal growth and achievement.
- Create opportunities for recognition of excellence, innovation and marked improvement at sales meetings and in company newsletters.
- By being an example to them. I would not ask them to do anything that I would not do.
- Personally demonstrate the sales skills that I expect them to be proficient in using.
- Bring a demeanor of “pleasant persistence” to the job.
- Use humor to motivate them – as I believe they will work better when they are enjoying what they do.
- Provide them with motivational quotations from those who have triumphed over adversity.
- Setting realistic goals and making sure they are rewarded for meeting them. It always doesn’t need to be monetary. Sometimes a phone call or card.

- I let everyone know when they are doing a great job. Most important, I let them know how much their hard work is appreciated. This seems to be most effective.
- Celebrate their successes with them.

ii. **<u>How do you coach them?</u>**

- I coach them by discussing specific sales situations.
- We discuss what they did well and where they could improve.
- I demonstrate to them how I would conduct a tour so they can compare their style and look at ways to improve their skills.
- We review their SFA notes and strategize the best way to conduct the tour with the prospect.
- I work side-by-side with them.
- I will join with them in visits with customers and then de-brief afterwards.
- I attend the weekly sales meeting and ask questions to help them find ways to improve sales practices.
- Shadowing…. Asking what you did well and could do better
- Assist with some calls
- Brief role plays….ongoing
- I make them feel comfortable and at the same time let them know what was good and what they need to practice
- Ask them what I can do better as their coach

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Ned Dobner has extensive Sales and Sales Management experience in the Senior Living Industry, having served five years as a Senior Consultant with Wilson Learning Corporation and five years as the National Director of Sales Planning and Technology for Marriott Senior Living Services. He has designed and implemented customized sales, sales management and selection programs for Marriott, Forum, Hearthside, Village Oaks, Aston Gardens, KISCO, MBK and Oakdale Heights. He spent three years as the Vice-President of Sales and Marketing for Signal Mountain Networks. He is the founder of the Center for Applied Sales Research, and has served as Principal Consultant for the last six years. He is the author of CASR's Sales Excellence Leadership System (SELS) and Professional Referral Opportunity Development (PROD) Senior Living Sales and Sales Management Training Courses.

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