Trinity Computer Services
White Paper

The Keys to a Successful Telesales System

by Alan Williams

Contents

About the author

Alan Williams is a project manager and sales consultant for Trinity Computer Services, a company with over 20 years of experience in the high volume, fast service distribution market.

Contact Alan at alan@trinitycomputers.co.uk with your questions or comments.

What are the ingredients of a successful telesales system and how can success be measured?

Imagine a world with the Internet and high speed data communication, but no voice-to-voice long-distance communication. Imagine then the excitement that would be generated if this nut were finally cracked. Now, you could just pick up the telephone and talk to your customers directly to learn their needs and introduce them to new products. Yes, it's called telesales. But like any other type of communication, telesales requires the right processes supported by very specific software in order to make the most of the opportunity.

Effective telesales demands an immediacy rarely found in a mainstream CRM system, though it draws upon some of the key CRM principles

When Is Telesales Appropriate?

Surely, I hear you say, the opportunity presented by telesales has been largely satisfied by CRM. Well yes... and no.

Yes, because with CRM, we have seen ERP systems reach out beyond their conventional processing-based confines to a more intangible area. This new area has to do with providing decision support to the salespeople to help them sell more effectively.

No, because, until now, CRM has tended to base itself around a scenario involving a timescale for sales of significant value, involving prospects, quotes, follow-ups, and more. Effective telesales demands an immediacy rarely found in a mainstream CRM system, though it draws upon some of the key CRM principles.

There are three key non-technological variables that indicate the suitability of telesales:

- The nature of the product
- The nature of the customer
- The culture of the selling organization

The Nature of the Product

Teleselling is ideal where the products are not so technical as to demand face-to face demonstrations. It works where there are high volumes of repeat sales, but often a large choice of items. Examples are food and beverage, office stationery, industrial components, and fast-moving consumer goods. Products alone, however, do not drive the need for telesales. Many of the products mentioned can be purchased over the Internet for example without the apparent need for spoken contact.

At the same time, the customer wants to feel confident that the person on the other end of the phone knows enough about his business to take the order accurately. In other situations, the customer may be looking for help and guidance in product selection and may also be receptive to hearing about offers that may help his own business opportunities. The customer may not even have immediate access to a fast Internet connection and may not perceive using a PC to place an order as time-efficient. This type of customer is not necessarily "behind the times" with regard to technology, but does perceive genuine added value from a spoken call that cannot be realized by placing the order remotely.

The Nature of the Customer

The typical telesales customer is looking for absolute minimum hassle with no particular skills needed in order to convey their order, or obtain the information they need. This could simply mean picking up the phone and being able to express their requirements in no special sequence using no defined terminology.

The Company Culture

Different selling organizations in the same market area may or may not seek to develop telesales as a primary sales channel depending upon the company culture. The selling organization recognizes that it places a high value on personal relationships, and the sales-building opportunities provided will be more likely to utilize the benefits of telesales.

Six Key Features of a Successful Telesales System

1. Fast Service

This is absolutely critical to the caller. It should also be important for the selling organization because they are using valuable human resources. The most obvious factor here is response time—achieved through a combination of good software design and a suitable hardware configuration. Other factors include:

- Ease of navigation, including the ability to put the mouse to one side and drive the process from the keyboard.
- Flexible searches—not just on products, but also on customers, so any parameter can be used to return a list of possibilities, without perceptible delay.

By way of example, in one customer case their key success criteria was that their telesales people could enter orders at normal conversational speed with the customer driving the method of order entry. Only when this had been achieved in a conference room pilot was it appropriate to introduce it to the customers.

All too often in the past so called "telesales" has been accomplished by operators scribbling down orders or filling in a manual order sheet with the order going into the system separately, leading to lost sales and expensive call-backs to clear up unresolved issues.

2. One Call That Tells All

The regular order call to or from customers is often the key point of interaction. Many of their perceptions of you, the supplier, will be drawn from these calls. It is the opportunity not only to take orders and to sell, but to pass on news and information and to answer queries. So the telesales person needs access to the knowledge base on the product file as well as up-to-date transactional information, such as the status of recent customer deliveries and the latest position on any unresolved back-orders. Eliminating call-backs will also save time and money.

3. Customer-Centric Service

Some of the information in the system is of a general nature, but much of it will be specific to the customer. It is perhaps in this area that the IT system provides the greatest opportunity to raise the levels of customer service.

Customer-specific buying lists can increase the speed of service, either based on formal contracts or built organically out of sales history and customer order patterns. There may be customer-specific item numbers or descriptions, or even specific pick and pack instructions. Further control may also be needed over which items are accessible to which customers. For example, own-brand items or agreements to sell only from prescribed lists—perhaps where a contract price is in place.

Much energy may have been expended in winning any given customer; indeed the development of a highly specific customer service level agreement may well have formed a part of that process. This may extend from agreed contact frequency and delivery lead times, through pricing structures, to pre-set performance criteria on stock availability. The telesales person needs to be automatically guided by the system to operate within the terms of such an agreement.

The successful telesales person will be driving revenue up and costs down in a number of ways that demand KPIs that go beyond simple gross margin reporting

4. A System That Helps Your Team Sell Creatively and Proactively

The opportunity to up-sell, cross-sell, and generally add to the value of the order will obviously vary from customer to customer. But when the opportunity does arise, the telesales person will need a system that presents relevant information clearly and concisely including, wherever possible, features and benefits.

The first scenario the salesperson may look at is sales patterns. Automatic alerts should highlight items that are "due" for a purchase today based upon previous ordering behavior. Failure to order today may be the result of an oversight on the part of the customer but could provide an important early warning of a change in product mix or, even more critically, a change in source of supply.

Then there may be opportunities to up-sell. The sale of one item may point logically to the sale of another—perhaps a spares kit, a service contract, or even a new variant of an established product range that you need to introduce proactively. These simple links can easily be missed without some built-in user prompt.

At a more general level, target lists may be generated for introduction during the order-taking process. The system could be used for example to identify where the customer is buying heavily from one range but much less, or not at all, from another. There may be a price issue, but often it is a question of taking the opportunity to educate the customer as to what is available.

Promotions are also important, but again, they need to be tightly focused to hit the right customers at the right times. The target may be to achieve wider penetration of new products into the customer base. Or, it may be to provide volume-based pricing structures that encourage the customer to place good sized orders, which produce economically viable shipments.

Successful substitutions when there are stock-outs can do much to maintain revenue and circumvent costly back-order shipments. These may be as simple as cross-reference lists of interchangeable products. But in more complex scenarios, it may involve identifying the most critical attributes of the unavailable product and then being able to quickly find items with the same or similar attribute profile.

5. Selling Still Needs Salespeople

When you introduce a more featured telesales system, it is easy to assume that the more advanced tools will be used. However, many companies who are upgrading their system to include true telesales employ order takers or order entry clerks who may have a totally different skill set. And training alone may not change things. Teleselling demands sales-oriented individuals just as much as customer-facing sales.

6. Enables Objective-Based Selling

In a fast moving telesales environment, the temptation is to finish one call and move straight on to the next. However, a pause to review information on the next customer, prior to making the call, may pay dividends. Consider product information and ordering trends, individual customer preferences, and service levels. Were there any products out of stock last week that are now available? Are there any emerging trends in customer order patterns that you may want to try and develop? Are there any other comments or actions from elsewhere in the company that you need to be aware of? More specifically, are there current promotions that will be of interest to this customer? Or, are there new

If you are in the business of proactive telesales, then you will want a system with the functionality and flexibility to enable you to sell creatively and help you grow your business profitably

product releases that have been promoted in other media, which could now be backed up via this call?

Six KPIs to Help You Measure Your Success

Traditionally, revenue has been the key measure—partly because margin was far less accessible and less reliable. This should no longer be the case. Costs can be readily compiled that take additional elements into account, such as landed costs. Date-sensitive price schedules provide the other half of the equation. The successful telesales person will be driving revenue up and costs down in a number of ways that demand KPIs that go beyond simple gross margin reporting.

1. Average Order Value

If this is going up even though the overall customer spend isn't, then this indicates a more efficient order-taking process (less call-backs with late "ADD-TOs"), and of course lower costs for you. If the spend is going up too, then this indicates that the customer's business is growing. Either that, or you are obtaining a larger share of it—perhaps in part because of the up-selling and cross-selling capabilities of your system.

2. Average Shipments Per Order

If this is generally too high, then this is probably an indication that you have the balance wrong between inventory holding and customer service. However if it varies greatly from salesperson to salesperson, then it may be that some of the team members are more skilled than others at cross-selling and finding acceptable substitutes. We all know that two shipments rather than one for a single order is often enough to make the whole transaction unprofitable. In addition to the extra delivery costs, there are also hidden costs like extra customer service calls and higher numbers of financial transactions to manage.

3. New Product Penetration

Specifically, what products has the customer started to buy regularly which they did not previously purchase from you? Often the most significant and profitable sales are the ones that raise their awareness of your wider product range. But also be alert to the possibility of switch-selling to higher margin products. Margin-based targets may encourage your salespeople to steer the customer away from his core contract products to more profitable alternatives. This may look good in the short term, but may lead to a souring of the relationship in the longer term.

4. Call/Order Conversion Rates

This entails coding and recording information about calls that did not result in an order. Compare telesales people, but also compare different salespeople calling the same customer sets for a more objective reading. And of course, the reasons may not all come down to the salesperson anyway. One person may be given more speculative calls to make than another, for example. You should consider what the total order value was in relation to the number (and duration) of calls.

5. Customer Feedback

Spend some time and effort on finding out what your customers really want from you. And don't expect them all to want the same thing. You could find out via an e-mail or telephone survey. You may even need to offer a reward to elicit a response, but it could be worth it in the long term. If your customers value your service because you can take their order quickly and accurately and are not pushy, then set up the customer details so that telesales go straight into his buying list. If

For More Information

For more information about Microsoft products and services, call the Microsoft Sales Information Center at (800) 426-9400. In Canada, call the Microsoft Canada Information Centre at (877) 568-2495. Customers who are deaf or hard-of-hearing can reach Microsoft text telephone (TTY/TDD) services at (800) 892-5234 in the United States or (905) 568-9641 in Canada. Outside the United States and Canada, please contact your local Microsoft subsidiary. To access information using the World Wide Web, go to: www.microsoft.com

For more information about Trinity Computer Services Ltd products and services, visit the Web site at: www.trinitycomputers.co.uk

Trinity is a founder member of the alliance of Microsoft Independent Software Vendors dedicated to bringing "best of breed" solutions to the F&B distribution sector.

www.foodandbeveragedistribution.com

for Microsoft Business Solutions

Microsoft Business Solutions
ISV Software Solutions

the customer likes your telesales because he or she needs your product expertise and experience to help them select the right products, make sure they're assigned to an experienced telesales person who can reinforce that view.

6. Service Levels

Finally, you should define closely what you mean by service levels. Service levels are frequently measured on the basis of a simple "hit or miss" at order entry (a hit if the item can be provided ex-stock, and a miss if not). In practice, the item file will be broken down into at least three types:

- High movers that should always be available
- Lower movers where occasional stock-outs may be acceptable
- Non-stock items that are always purchased to satisfy specific sales orders

A more accurate measure of customer service is whether or not the items sold could be committed to delivery by the requested date. This can be followed up by the percentage of those promises that were subsequently fulfilled.

In this context, the question of the recording of lost sales is frequently raised. It may even be used as a measure of performance. In practice, attempting to do this at order entry time is likely to be incomplete at best and, at worst, misleading. Repeated requests for the same product by the same customer during a stock out and a natural aversion on the part of the telesales person to spend time recording failure are just two examples of why lost sales recording in this way is of such limited value.

An easier and more consistent methodology is to identify those high movers that had stock-outs in the previous period and multiply the number of days out of stock by normal average daily sales. Any answer will always be a best estimate, but this involves no reliance on user input and it will provide a more reliable and consistent long-term approach. The next time you come to review your IT system requirements as a wholesale distributor, you will want to be sure you are selecting a system that can map and manage your key business transactions effectively and will provide you with the management information you need. But if you are in the business of proactive telesales, then just as importantly, you will want a system with the functionality and flexibility to enable you to sell creatively and help you grow your business profitably.