Developing Successful Sales Organizations

And growing your business exponentially
Who is This Guy?

- Sold Salt (someone had to...)
- Parke-Davis - Pharmaceuticals (15 years)
- 24 year veteran of staffing industry
- Worked as:
  - President **CCG**, $30M IT Staffing Firm;
  - **SVP Southern Region** – **Modis**, 22 offices; $115M
  - **Market Vice President** – **Kforce**, Atlanta/Charlotte – IT / F&A
  - **General Manager** - **IT & Healthcare Divisions**: **Corestaff** *(div. of Impellam)* – 16 US Offices - $60M
- Charged with “turning around” offices, regions, and entire divisions.
- Founded Harvyst Consulting Partners - 2013
Currently

Harvyst Consulting Partners

✓ Director for the *TechServe Sales & Recruiting Management Program*

✓ Industry Consultant to Staffing Companies throughout the US

✓ Lead / Coach Executive Leadership Teams

✓ Trainer of Sales Teams or Individuals (all levels)

✓ Director of *Sales & Recruiting Manager Coaching & Development Program*
Developing Culture

Culture, Vision, & Accountability

✓ What is the current “Culture” of your organization?

(how would your people describe it?)
Why “Culture”?

Culture, Vision, & Accountability

- Culture defines who we are, and why we are!
- Culture represents our deeply held values.
- Culture will guide our decision making
- Culture will keep us grounded, focused, and energized.
- Culture is ultimately the least desirable practice(s) that we will tolerate.

and remember...

“CULTURE EATS STRATEGY FOR BREAKFAST”
## Defining The Culture We Want

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Developing Your Vision

Culture, Vision, & Accountability

**EXPECTATIONS:**

Annual Revenue $ – Today / EOY / Next Year / 5 Years

People – How many / (Sales/Recruiters) / Where / When / Management

Clients – Key Targets / Current Client Expansion / LOB’s / MSP?

Delivery – What Needs to Change / Alternative Methods / Technology

Locations - Other Cities / Why / When / How will You Manage

Training – Ongoing / On-boarding / Who Delivers / Technology
Communicating Your Vision

Culture, Vision, & Accountability

How to COMMUNICATE Your Vision:

- Share the “vision” in one-on-ones
- Present “vision” at company meetings
- Constantly push for “buy-in”
- Establish clear milestones to reach “vision”
- Post achievements against milestones
- Provide “WIIFT” when achieved
- Celebrate successes
Start with the end in mind

Recruiting
- Skill sets pipelined
- Resumes reviewed
- Candidates called
- Candidates screened
- Candidates submitted
- Candidates prepped
- Interviews conducted
- Offers Made/Accepted

Sales
- Clients prospected/sourced
- Daily dials to set meetings
- Client meetings set/conducted
- Qualified job orders received
- Candidates submitted
- Candidates prepped

Gross Margin $ being generated
Know Your Key Benchmarks

What percentage of job orders do you fill? ___20% (1 in 5)___ (job orders / starts)
   (consider client mix)

How many client visits does it take to get a JO? ___2___ (job orders / sales visits)

How many submits does it take to get an interview: ___3___ (submits / interviews)

How many interviews to make a placement? ___4___ (interviews / placements)

Therefore: You need this many of “X” to make “Y” placements per month:
   JO’s: 5
   CV’s: (2X5) 10
   SUBMITS: 12
   INTERVIEWS: 4
   PLACEMENTS: 1
Calculate Your Activities

What percentage of jobs do you fill (placements / new jobs): 26.9%
How many client visits to get a job order (CV’s / New Jobs): 1.29
How many submits to get an interview (Subs to client / Intvws): 2.10
How many interviews to make a placement (Intvws / Placements): 2.79

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<th>Activity levels needed:</th>
<th>JO’s: 4</th>
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JO’s: 16 (4 per week)
CV’s: 21 (5.25 per week)
SUBS: 24 (6 per week)
INTVWS: 12 (3 per week)
PLACEMENTS: 4
GP$ Discussion is Next
(the math behind $10K)

• If my average GP$/hr = $15 (BR – BPR)
  (i.e. “spread”)
• Then One Placement = $2,400 /GP$ month
  ($15 X 160/hrs)
• Then to Make $10K in GP$/week = 16.7 COB
  ($15 X 40 Hours = $600 GP$ per week for one COB)
  ($10,000 monthly GP$ / $600 weekly GP$ = 16.66)

  n.b. – if “spread” is $20/hr – headcount is 12.5
Why $10K/week?

The OPR states:

- 44% of all IT staffing sales people fail to reach $500K
- 35% earn between $0 and $500K
- 21% earn between $500K and $1M
- 44% earn $1M or more
Why $10K/week?

$10,000 Weekly Gross Profit
(non-split adjusted)

= $520,000 GP$/YR

Total “All in” Comp = $139K
(Salary = $65K + Commission of $42K (8%) + Statutories/Benes $32K)

Assume 55% of GP$ (split-adjusted) Fall to EBITDA
($260,000 real GP$ X 55%) = $143K
### What is Your B/E?

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<td>GP$ (GP%)</td>
<td>$1,411,158 (28.0%)</td>
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<td>Staffing Exp (S) (ECR%)</td>
<td>$614,542 (43.5%)</td>
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<td>Gen &amp; Admin (G&amp;A)</td>
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<td>Total SG&amp;A (% of Rev)</td>
<td>$748,966 (14.8%)</td>
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<td>$796,616 (56.4%)</td>
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<td>EBITDA (% of Rev)</td>
<td>$399,641 (7.9%)</td>
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**First Measurement:** What % of GP becomes EBITDA? – ($399,641 / $1,411,158 or 28.3%)

Formula: EBITDA / GP$

**Second Measurement:** When I remove Staffing EXP, what % of GP falls to EBITDA? ($1,411,158 - $614,542 = $796,616 /$1,411,158 or 56.4%

Formula: GP$ - “S” / GP$
Why $10K/week?

$10,000 Weekly Gross Profit
(non-split adjusted)

= $520,000 GP$/YR

Total Annual Comp = $139K
(Salary = $65K + Commission of $42K + Statutories/Benes $32K)

Assume 56.4% of GP$ (split-adjusted) Fall to EBITDA

($260,000 real GP$ X 56.4%) = $146,640K
Why We Discuss “Break Even” With Our People?

- Most people will view 8% commission as “too little” (vs 92%)
- Very few understand the cost of putting them in the field (salary, statutories, benes, etc. against their “contribution”)
- They will view $10K in weekly spread as arbitrary?
- Once they reach $10K, they will feel as if they have reached “the summit”! (when in fact they just made it to “base camp”)
- We live in a world of “entitlement”.

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# Target & Track Activities

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<td><strong>Total</strong></td>
<td></td>
<td>657</td>
<td>1838</td>
<td>716</td>
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<td>39.0%</td>
<td>23.2%</td>
<td>243.59</td>
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**Expectations**

- **Starts in Quarter:**
  - Min: 5
  - Avg: 9
  - Star: 14

- **Submits to Interviews:**
  - Min: 30%
  - Avg: 40%
  - Star: 50%

- **Interviews to Starts:**
  - Min: 25%
  - Avg: 40%
  - Star: 50%
TRAIN THEM!

Don’t assume their message is relevant.

**THIS:** “the reason for my call is to sit down with you for twenty minutes this Tuesday to share with you some trends that could negatively impact your future hiring. I’ll also share with you some ideas as to how we are helping other clients overcome these trends. Would Tuesday at 1:00pm work?”

**NOT THIS:** “I’d like to come by on Tuesday to find out a little bit about your business and give you a little more information on who we are and how we might be able to help”
1. Instilling urgency into clients
   * cost of delays
   * failed hiring percentage (50%)
   * loss of talent (leaving before assignment is completed)
1. Selling/implementing “interview-less hires”
2. Organizational mapping and navigation
3. Pro-active performance reviews (QBR)
4. Becoming your clients PMO (cataloging)
5. Building/demonstrating “vertical” expertise
6. Selling against low/fixed fees
7. VMS strategies (coverage / compensation / delivery / mix)
8. On-site client/consultant relations reps
9. Meeting/involving in client initiatives (diversity, veterans, habitat for humanity, etc.)
10. Prepping clients to defend against disruptive trends
Help Them Determine Where & How

<table>
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<tr>
<th>Name: Mike Alopia</th>
<th>Q1 2014</th>
<th>Q2 2014</th>
<th>Q3 2014</th>
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<th>% of Goal</th>
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<tr>
<td>Territory:</td>
<td>Houston / HCP</td>
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<td>2014 Contract GP Goal</td>
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<td>$174,108</td>
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<td>2014 GP Perm Goal</td>
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<tr>
<td>TOTAL 2014 GP$</td>
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<td>$199,108</td>
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<tr>
<td>Headcount YE GOAL</td>
<td>43</td>
<td>22</td>
<td></td>
<td></td>
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<td>51.2%</td>
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</table>

Headcount: current: 23  YE Goal: 43  (49)

- ABS: current - current: 3  YE Goal: 8
- Centerpoint Energy: current: 2  YE Goal: 6
- IFCO: current: 5  YE Goal: 8
- Dynegy: current: 1  YE Goal: 2
- Universal Weather: current: 0  YE Goal: 2
- CSR: current: 1  YE Goal: 1
- EDF Trading: current: 0  YE Goal: 2

Key Strategies

Q2:

**Strategy #1:** Target TGS Nopac by asking Michael Roberts to provide you with Rainking results. Once names are uncovered begin cold calling into the account with the WIIFT of "hidden costs in the hiring practice that is costing companies hundreds of thousands of dollars in lost revenue". Get at least 4 meetings with hiring managers this quarter.

**Strategy #2:** Org chart major clients. Begin with NRG. Start with your consultants and who their specific managers are. Then ask "how many other people are on this team (you can ask the manager or your consultants). Then begin to work across ("who are your peers? And what are their areas of responsibility?") and up ("who do you directly report to? Who does your boss report to?") the organization. Connect the dots on the managers you know (form where your consultants are working) to see how they intermingle. Once you start to uncover areas of little or no knowledge, set your meeting targets based on those specific areas. Write it down. Let other managers verify your chart. Just having names and titles isn't enough. You need to know how the whole picture comes together. Have NRG ready for the next quarterly meeting.

**Strategy #3:** At ABS, set and meet with Maria O'Neill (CIO). Start with the question "What do you think Chris Wiernicki would say is the most
Change The Narrative!

Fact: Current hiring is out of control and costs companies MILLION$ each year.
Fact: 50% of Hires fail within the first 18 months (Sullivan Study)
Fact: In 20 years, the percentage of failures has not gone down.
Fact: There is a cost for every day a job goes unfilled (different for every client)
Fact: All of HR’s initiatives (no mgr contact, SLA’s, compressed margins, etc.) have done nothing to improve the quality of hiring.
Fact: 11,000 Baby Boomers leave workforce daily – (4M /Yr) birth rate 3.85M
Fact: Government has capped # of foreign workers brought into US.
Fact: Hiring Managers are rarely held accountable. Scorecard them.

How Do We Use These Facts to Effect Change?
Questions to Appropriate People

HR/TA/Purchasing:
- “Do you track your hiring failure rate?”
- “Have you ever considered scorecarding hiring managers to control that rate?”

Hiring Managers:
- “Do you track time to fill or do you know your avg. time to fill?”
- “Do you know your Hiring success rate and how it compares?”

Sr. Level Managers/Directors/VP’s:
- Do you know your departments hiring success rate?
- Do you know how long, on average, it takes to fill a job in your dept.?
- Have you ever figured the cost to your dept. for failure?

C-Suite (including CEO’s):
- Are you working toward six sigma anywhere in the company?
- What would happen if a process was running at 50% failure?
- What is your corporate plan to overcome the worker shortage?
Smiling & Dialing” isn’t enough!
We must establish Name & Brand recognition thru a steady diet of:

a) Cold calls
b) E-mails
c) Linked-In mails
d) Direct Mail
e) Networking Events
f) Referrals
Make Sure You Know:

- What are their objectives for client visits? Are they written?
- What Differentiators do they present? Are you impressed?
- Are they navigating accounts effectively and deeply? Have them BUILD Org charts
- Can they overcome common objections without sounding like it’s the first time they’ve heard it?
- What are the pressing ISSUES for both sales & recruiting? (hold monthly conference calls)
- If Lunch N Learns exist, what are the topics, and is attendance mandatory?
- Other ways to improve them as professionals – “book of the quarter”
Prepare & Instruct All Interviewers

- Select Key “Target Areas”
  - Deadline motivation
  - Inherent drive for success
  - Optimism / Passion
  - Creative problem solvers (resourceful)
  - Competitive / Assertive
  - Persistent (rejection proof – lsp/ha/lc)
  - Compassion / Empathy
  - Ability to learn from mistakes
  - Honesty and integrity
  - Story teller

- Provide/Assign questions for each Section
# Candidate Scorecard

<table>
<thead>
<tr>
<th>Interviewer</th>
<th>Deadline Motivation</th>
<th>Drive for Success</th>
<th>Optimism</th>
<th>Creative Problem Solver</th>
<th>Competitive</th>
<th>Persistence</th>
<th>Compass</th>
<th>Ability to Learn from Mistakes</th>
<th>Honesty / Integrity</th>
<th>Story Teller</th>
<th>TOTAL</th>
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<tbody>
<tr>
<td>Manager (phone screen)</td>
<td>8</td>
<td>5</td>
<td>8</td>
<td>9</td>
<td>9</td>
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<td>8</td>
<td>7</td>
<td>5</td>
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<td>9</td>
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<td>8</td>
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<td>7</td>
<td>8</td>
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<td>9</td>
<td>7</td>
<td>9</td>
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<td>8.5</td>
<td>6.67</td>
<td>5.00</td>
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</table>
As Managers, What Should We be Doing to Develop Our People?

1. Make sure we have an on-boarding program

2. Set Clear Expectations (reasons behind $10K weekly spread)

3. Build Written plans / Account strategies

4. WORK WITH THEM in the Field

5. Hold Them Accountable (manage to agreed upon activities and results)
Set Clear Expectations

• Lay out 30/60/90 day training plan in acceptance letter.

• Clearly state expectations with time frames:
  – 1st placement in 75 days
  – 6 months to have “X” COB
  – 10 F2F client visits per week
  – “X” number of cold call dials / day

• Conduct **weekly** reviews of progress (60 minutes)

• Cut losses quickly. Dismiss if progress isn’t on plan.

• Track everything / push for continuous improvement.
Examples of Differentiators

1. Consultant Ratings by recognized organizations
2. Centralized recruiting organization
3. Performance tracking statistics
4. Scorecard / Performance reviews
5. Ability to identify actual hidden costs
6. Customized skills testing capabilities
7. Best of Staffing – Client Satisfaction
8. Customized Pipelining by Hiring Manager
9. Industry specific information – success stories
Sales Manager “Do’s & Don’ts”

**DO**
- Build a hiring profile and internal scorecard
- Maintain strict standards on who you bring into the company
- Create a clear “vision” for the sales team
- Set clear and written goals
- Hold people accountable to accepted goals
- Constantly revise and revamp sales strategies.
- Insure that sales people are prepared (role play)
- Establish and regularly add/tweak “differentiators”
- Have weekly one-on-ones to drive results
- Treat everyone “fairly”, not necessarily “equally”
- Network constantly (“ABS”)
- Study the market & competition
- Stand up for your team
- Work with team in the field, regularly (lead by example)

**DON’T**
- Manage from behind a desk
- Settle for less than desired results
- Hire people just to fill a vacancy
- Wait until you need someone to start your search
- Complain or allow a bad situation to fester (find solutions)
- Manage everyone the same way
- Look to assign blame
- Assume you know how your people will respond or react to client issues (role play i.e.- objection handling)
- Assume people have done what was agreed to (verify regularly)
- Be afraid to turn down bad business
- Pay commissions on business that was below pre-set expectations
- Ever quit searching for ways to improve
Most Critical “DO”

MEET WEEKLY:

- Face-to-face meeting results / week prior
- Open Job Orders
- Candidates Submitted status
- Who was interviewed
- What’s needed to move things forward
- Where are you going this week
- Best chance to close a deal
- Where can you use manager
- Where are you struggling
- Agree on next steps and document
Teach The Cost of Time

Annual Revenue / Total # Employees / 235 Working Days = Productivity/day employees

$36.4B / 73,100 / 235 = $2,118.91

34 days to fill a Job X $2,118.91 = $72,042.94 cost of search (lost productivity)
Establish Your Own Time to Fill

Receipt of Req

Consultant Start

Business Days Elapsed

31

Compare it to the Industry Average:

Contract = 45 days
Perm = 72 days
Then do Some Math

Client avg. **time to fill**: 45 days *(industry avg. ~ 40 days)*

Your avg. time to fill: 31.0 days *(must show proof)*

**TIME SAVED** when using us: **14.0 days**

**CPD/UFJ:**

$2,118.91

**Savings Per Fill:** $29,664.74 (14.0 X $2,118.91)

Total # of Client Jobs Filled per year: 15 / 100

**Annual Savings:** $444,971.10 ($29,664.74 X 15)

**IF All Fills With** $2,966,474.00
Recap – Great Sales Management

1. Requires excellent hiring/selection process
2. Utilization of Profiles to understand areas of deficiencies
3. Have/Build/Conduct a proper on-boarding process
4. Sets clear performance expectations
5. Develops specific and customized written plans
6. Conducts/builds on-going training
7. Sets activity expectations
8. Tracks & posts performance against expectations
9. Fine tunes and teaches company “Differentiators”
10. Builds/Implements appropriate strategies & assists with execution
11. Meets weekly to track growth against goals
12. Works in the field with sales to insure they are “selling”
13. Cuts losses quickly with poor or underperforming players
14. Builds a culture of high performance
What Determines Our Value

- Top & Bottom Line Growth
- GP Growth
- Ability to Consistently Hire Good People
- Ability to Train & Develop People
- Ability to Build a Repeatable Process
- Showing That People are Held Accountable
- Moving with “Appropriate” Speed in Dismissing Underperformers
- Building a Culture of “Winning”
Sales & Recruiting Management Program

For more information, contact the TechServe Alliance office at SMP@techservealliance.org or 703.838.2050.
Even the Very Best Need Coaching

For more information on:
“Coaching for Managers”
Contact: Rick Carlson or Pete Christopoulos
rcarlson@harvystconsulting.com / pete@foxhoundconsulting.com
THANK YOU

Q&A?

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Founder / President
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404.863.2265