

Appendix D

SALES AUDIT

The Sales Audit is an objective review of the *structure, systems, style, staff, skills, strategy, and shared values* of your sales effort, with special emphasis on people and motivation (including incentives and compensation).

The purpose of a Sales Audit is: (1) to give sales management feedback on how to evaluate and coach people, (2) to give feedback on how to develop effective sales strategies, (3) to give feedback on how to design and implement appropriate departmental structures and systems, (4) to give feedback on how to teach selling skills, and (5) to give feedback on how to develop an effective sales management style.

In a Sales Audit sales management asks the following questions:

1. What is the nature of the *external environment*? What is the size and growth pattern in your industry and in your market, what is the current state of demand for your product, what are the current buying patterns, what is the state of the competition, what are ownership patterns (conglomeration, e.g.), and what content or technological changes have occurred in the past year that affect your organization?
2. What is the *internal environment* like? What are your organization's strategy, structure, culture, systems, and management style?
3. What is the *competitive situation*? What are the strengths and weaknesses of major competitors? What are your competitors' positioning strategies and their customers' perception of them? Are customer satisfaction surveys available? How effective are your competitors' selling efforts and how firm are their prices? Do they use third-party sales surrogates such as ad networks or representative firms?
4. What are your *competitive advantages*? Do all of your salespeople have a clear idea of your value proposition and how to position your product?
5. What *weaknesses in our competition* are you going to exploit by emphasizing which of your strengths?
6. What are your *organization's goals and objectives* as stated by top management? How do you translate and communicate these goals to your salespeople? How do you get our sales organization committed to your company's goals?
7. What are your company's *policies* for implementing its current *strategy*? Who makes the decisions on overall sales policies and procedures such as the following?
 - a. Compensation and incentives
 - b. Employment contracts
 - c. House accounts
 - d. Account list allocations or territory assignments
 - e. Collections
 - f. Expense accounts
 - g. Rates and inventory control

8. What are your long-term sales *strategy* and short-term sales *tactics* for achieving your company's goals and objectives?
9. What *sales department structure* do you have for carrying out your strategy? Do you have marketing, sales service, promotion, or research departments? How is your sales-support staff organized (geographically or by categories/verticals, e.g.)? How are your support organizations structured: traffic, accounting, production, or operations departments? How are your assistants and coordinators organized and structured?
10. How do you define your salespeople's *selling functions* and *job criteria*? Do you communicate these criteria clearly?
11. How effective are our *planning, organizing, control, and evaluation systems*? Do you set activity objectives or billing objectives for our salespeople? Do you organize your objectives by category, region, new business, etc.? How do you monitor and give feedback on sales performance and how often? How do you structure and manage sales meetings, and how often do you have them? How do you assign responsibilities for monitoring the marketplace? What kind of reports do salespeople fill out (SalesForce, e.g.)? How often and in what manner do you formally evaluate our salespeople?
12. What kind of *recognition procedures or contests* do you have to help you motivate your staff? How do you encourage salespeople to use their own initiative and to be innovative? How do you make them feel like winners?
13. What kind of *research and sales promotion material and support* do you have? Is the sales promotion material addressing your selling strategy? Is it consistent with your image? Does it clearly frame your position and competitive advantages?
14. How is the sales department's *communication and relationship* with other departments? Is there mutual *cooperation* between departments and units?
15. How good are your *systems* that keep track of contract duration, dollar value, number of units sold, pricing, and business pending/pipeline information?
16. How do you *hire* salespeople? How do you *train* them?
17. What are your *priorities*? Do you check regularly to see that you have the same priorities as top management does?

In addition to sales management asking the above questions, it should solicit comments, complaints, and problems from the sales staff in a confidential manner. For example, have an outside consultant meet in small groups or individually with salespeople to get their input and then feed back information confidentially and diplomatically to sales management.

After the above information is gathered and analyzed, then sales management must design a plan on how to improve performance and how to implement changes that are indicated.