

## Sales Metrics – Professional or Amateur?

*By Bryant Nielson*

I recently had the opportunity to speak in front an audience of sales professionals and their managers, wherein the topic of Sales Metrics arose. I found it interesting that many within the group, and some of them were very high income earners, had little or no knowledge about what comprised their success. It became uncomfortable when the Sales Managers also did not have any standard methodology for measuring success.

I started my response with a digression into the topic of Alex Rodriguez, the 2007 MVP in the American League. A-Rod just opted out of a huge contract with the New York Yankees in the pursuit of an even larger contract on the open market. A-Rod's agent prepared a thick portfolio of statistics about Alex. Starting with the batting stats: games played, at bats, runs, hits, doubles, triples, home runs, runs batted in, stolen bases, caught stealing, base on balls, batting average, on base percentage, slugging percentage, total bases, sacrifice hits, sacrifice fly's, and hits by pitch. Then there are the fielding stats: assists, double plays, errors, fielding percentage, innings, passed balls, putout, range factor, total chances and triple plays. Those are the standard measurements of all professional baseball players.

What makes Alex Rodriguez's situation even more interesting is that his agent, Scott Boras, introduced some additional statistics: baseball jerseys sold, attendance at the ball park, and increase in value for media properties. In fact his agent, Scott Boras refers to this new measurement as: IPN [Iconic Performance Network.]

Quoting my father, "until you measure your actions, you are nothing but an amateur." Professionals have and always will measure every aspect of what they do. As in baseball, the difference between the Majors and the Minors is all in performance. Amateurs do not measure anything.

Returning to the question of sales metrics, I asked the group, how do you measure yourself? How do you determine what impact you have for your employer? Do you have 5, 10 or (like A-Rod) 32 measurements of performance? If not, why?

Sales metrics can start with a basic set of measurements, and over time, be refined to a larger more specific set of statistics. The four basic measurements, for sales, are:

1. Lead Rate
2. Conversion Rate
3. Flow Rate
4. Funnel Value

**Lead Rate** is the measurement of lead generation. How many leads are generated and from what source? Was it from advertising, client presentations, cold calling, telephone marketing, or from the web? How many inquiries are made for each type of campaign? How many leads are being generated and how are they managed?

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**Conversion Rate** is the measurement of leads to orders. What percentage of leads are converted into sales? Is there a difference between the leads, their source and their conversion rate? How many visits, phone calls, presentations, or advertisements will it take to get the order?

**Flow Rate** is the time it takes an order to be delivered and thus make money. Just because you took the order, it does not directly translate into delivery of the product. How is the deal managed internally? What does it take to create, deliver or prepare the product? Can that time-frame be shortened? How can the process be improved? Is any part of this process measured?

**Funnel Value** is the measurement of the longer term client value. It is easier to sell to an existing client than it is to find a new client. Determining what the Life-Time-Value [LTV] of each client is will assist in the revenue projections for the salesperson and the company. Do you measure the recency, frequency or monetary value [RFM] of your clients? Can you increase that frequency? Can you increase the amount that is purchased?

These four basic group measurements can turn any sales organization into a professional organization. It will give a direct and reportable value to the type of sales, the value of each sales person and the direction of the organization.

"You cannot manage it until you measure it." - Peter Drucker.

#### About the Author

*Bryant Nielson, Managing Director and National Sales Trainer, assists executives, business owners, and top performing sales executives in taking the leap from the ordinary to extraordinary. Bryant is a trainer, business & leadership coach, and strategic planner for sales organizations. Bryant's 27 year business career has been based on his results-oriented style of empowering. Subscribe to his monthly ezine, **Lengthen Your Stride!**<sup>™</sup>, and learn the legendary secrets of top business achievers at: [www.BryantNielson.com](http://www.BryantNielson.com)*

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