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# REVITALIZE

# Your Sales

By John Rymer, New Home Knowledge

**AS ANY FIRST-YEAR ECONOMICS STUDENT CAN TELL YOU**, when the U.S. is producing 1.45 million new annual households and starting only about 600,000 new homes, eventually things get out of sync and more new-home activity will soon follow. While picking a date to declare the bottom of the current housing cycle is a fool's game, it's fair to say that in the not-too-distant future, new-home activity is going to increase substantially. The question is, to whom go the spoils as the market begins to expand?

Lots of things go into getting ready for the coming market expansion: financial wherewithal, access to land, scalable back-end processes, purchasing acumen and a great management team. Yet for those with a memory long enough to remember the day of a neutral new-home market, a top-shelf sales team needs to be at the upper most part of your priorities.

So why focus on revitalizing your sales team now?

- 1.** You want to get ready for an expanding market. The new-home market is set to expand, and sales professionals will lead the way in allowing builders to grab market share.
- 2.** It's your best investment. Most industry experts expect margins to remain razor thin. Throwing money at sales personnel is not a viable strategy. Focusing on sales operations and motivation is the most prudent path to an outstanding sales team.
- 3.** Your staff needs motivation. With few sales quotas being met or exceeded in the last few years, most sales professionals feel disenchanting, underappreciated and in need of motivation and a fresh start.

## STEP 1 INVEST IN THE RIGHT TEAM

Before thinking about fortifying your sales efforts, determine if you've got the right players in which to invest. No amount of attention, training, counseling and motivation will convert a poorly matched or disenchanting sales member into a sales super-



Motivate your team and prepare for the new market by training your sales force now.

# Team

- star. Begin by asking yourself three basic questions:
1. Do your team members proactively accept responsibility for achieving sales?
  2. Are they satisfied with their skills and performance, or are they hungry to improve?
  3. Are their values consistent with those of the company?

The first group that needs to leave is the sales professionals who are ambivalent about achieving more sales and believe they are held hostage to the marketplace. They are the wrong fit for the position. Sure these team members are typically easy to manage — they do a great job with filling out reports and do not often rock the boat in sales meetings — but at the end of the day they are not all-focused on converting semi-warm prospects into ardent home buyers.

The second group of misfits is what I refer to as “Sales Superstars of 2005.” Many of these folks believe they already possess the skills necessary to be highly successful — “Hey, I sold 44 homes and made \$200,000-plus in 2005.” They are not only lazy but are deceiving themselves on how much work is required to truly be a top performer in a typical new-home marketplace. Wish them well and hope that another market like 2005 comes along soon.

The third group is the most difficult to part ways. They are proven sales professionals. They know how to sell and work hard at achieving sales goals. The problem is, as your company grows, their constant undermining of management will ultimately be more detrimental than helpful in making sales. Not to be confused with team players who have passionate views on how to improve sales, these folks second-guess every man-

agement decision, look for ways to overrule existing protocol and want nothing more than to be the sole decision maker within the company without the responsibility for dealing with the consequences of their actions. It's a tough call but one you need to make before the market takes off and your sales team becomes permanently disenchanted.

## STEP 2 ESTABLISH BENCHMARKS

Once you've got the right players, it's time to re-establish expectations — and just as important to reinforce and manage the metrics you put in place. There are three essential benchmarks of every great sales team:

### Know your competition as well as you know yourself

Every great sales professional is intimately familiar with whom they compete. If your sales team relies on “Internet-based” competitive market analysis to analyze competition, think again. How do your competitors' discounts work? Do they have a full-time professional sales agent on site every day? How does their community maintenance compare to yours? How many net sales have they achieved in the last 30 days?

The Internet won't provide the answers. Top sales teams have a current review of every top competitor at least every 60 days. Sharing competitor shops can be a great part of every sales meeting. Ask the sales professionals to provide the top advantages of the competition and how your community outshines their competition. Ask agents to send a copy of the



report to management and keep a current copy on file at the sales office.

### Formalize customer follow-up systems

As sad as it sounds, fewer than 1/3 of visitors to new-home sales centers ever receive any follow-up from the sales staff. Sadder still is the fact that sales from the communities that do keep in touch with customers are nearly twice that of communities' representatives who fail to follow-up. One of the biggest traps to formalized follow-up is that elaborate follow-up programs are easy to develop but tougher to maintain and monitor. My suggestion is to keep it simple but demand that minimal customer follow-up standards are maintained. Here are the essentials:

■ **Differentiate follow-up by customer ratings.** Customers looking to make a new-home decision in the next three weeks should receive a higher level of attention than those who are looking for a home "after their bankruptcy goes away." Everyone should receive follow-up, but your sales team will become discouraged if they are required to follow-up with everyone equally.

■ **Utilize phone, mail and e-marketing.** No one method of follow-up is best for every customer. Great follow-up involves taking advantage of every opportunity. Misspelled e-mail addresses and spam filters are the hidden death nail to many elaborate e-mail campaigns.

■ **Monitor follow-up activities.** One well-known builder has told me repeatedly about the number of sales his e-marketing follow-up campaign has achieved for his company. After I blindly registered twice at his communities and never receiving any follow-up via e-mail, snail mail or phone, I know he could make more sales by trying to do a better job with monitoring follow-up activities. Call sheets and notes on registration cards are a great way to monitor phone follow-up. Mailing meter codes assigned to individual sales professionals are a good test of what actually makes its way to the post office. E-mail programs typically have diagnostic tools to let you see who is opening what's being sent.

### Create best-in-the-business Realtor relations

There has always been a love/hate relationship between builders and the general realty community. With that said, the relationship has been tested even further during the latest building cycle. Get past the numerous problems that Realtors create and their often lack of work ethic. Focus on the 60-plus percent of new-home sales that are done with some varying degree of Realtor assistance — or at least a Realtor registration. Here's how the best builders are committing to improve

their Realtor relationship standards:

■ **Define minimal general Realtor activity standards.** Establish a points system for monthly on-site visits to top Realtor offices, hosting general Realtor sales meetings at your community, using e-blasts or sending hot sheets. Get your sales team involved in determining minimal standards. They are likely to be tougher on setting minimums than you, and you are more likely to get buy-in once the standards are established.

*One of the biggest traps to formalized follow-up is that elaborate follow-up programs are easy to develop but tougher to maintain and monitor.*

■ **Out of sight, out of mind.** Remember that for every new-home sale by a Realtor, four existing homes are sold. Just because you touched base with Realtors two months ago doesn't mean they remember much about your community. E-blasts are a great way to stay in touch, but just provide the facts (prices, delivery dates, square footage) and a great photo or two. Long winded e-blasts get deleted before they get read.

■ **Realtors have a relationship with your sales agent, not your company.** While it is not uncommon to have high sales turnover during a down market, don't think the great promotion your company had two on-site-agents ago has any impact on your current Realtor relationships. Make sure your current sales team re-establishes relationships with Realtors who have done business with your company in the past.

■ **Remember the 90/10 Rule.** As we all know, 90 percent of the Realtor sales are made by 10 percent of the general Realtors. A shotgun approach to Realtor relationships will put a dent in your purse strings without necessarily putting a dent in your sales. Finding the top general realty professionals is easy. Getting their attention is the tougher assignment.

## STEP 3 FOCUS ON MOTIVATION AND TRAINING

With missed sales quotas, operating losses and high cancellation rates, it's little wonder that builders are shy about spending time, effort and especially dollars on training and motivating their sales teams. But with an impending market expansion, now is the time to commit. Jack Welsh, the well-regarded former CEO of General Electric, is fond of saying, "I always demanded high standards from our employees, but we also believed in investing in them through training and giving huge hugs when they succeed."

### Sales training: Providing a path to greater success

It is understandable that sales training budgets have been cut



to the bone in recent years. But in the face of an expanding marketplace, sales training is an essential element of grabbing market share. Sales professionals need a roadmap to success that is front and center in their everyday mindset.

So how do you leverage the training dollars you have? Have everyone in your company on the same page when it comes to sales standards. A pick-and-choose menu may be great in a Chinese restaurant, but it's not appropriate for new-home sales. Set minimum selling standards that apply to every member of your sales team.

Monitor and critique results through role plays in sales meetings and through periodic shopping reports. If you don't have the budget for dedicated on-site professional training, consider online new-home sales courses. The best of both worlds is where online course work reinforces on-site training. Do your research before hiring a new-home sales trainer. Ask for and call references. Also ask the trainer for his or her participant satisfaction ratings before making a final decision.

*Have everyone in your company on the same page when it comes to sales standards. A pick-and-choose menu may be great in a Chinese restaurant, but it's not appropriate for new-home sales.*

**Motivating your sales team: a forgotten art?**

How would your sales team describe the sales environment of your company? If fun doesn't come up in one of the first few adjectives, you're certainly not getting the most from your team. Sales professionals by nature respond to challenges and recognition far better than fear and intimidation. Here are some of the high-value motivational items:

**1. Sales contests:** Contests are a great motivational tool to get extra focus on sales and an incremental 10-15 percent increase in sales over 6-8 weeks. Budget 5-10 percent of your

total annual sales compensation dollars for contests. But remember that sales contests are counterproductive if the sales goal is viewed as unobtainable.

**2. Fun sales meetings:** If you don't hear laughter and cheering coming from your sales meetings, you need to re-design the format. This does not mean that poor sales performance is something to gloss over and laugh about. But great sales meetings celebrate sales, are fun and challenge team members with tasks such as role playing. They also leave the group on an up-note about needed accomplishments for the coming week.

**3. Recognition:** Kind words and recognition go a long way toward higher productivity with sales professionals. A tough market and thin margins should not take away from an outstanding sales effort.

**4. Spiffs and bonuses:** Sales professionals love challenges. Spice up your compensation program with special incentives for your sales team. Whether adding a bonus on a hard-to-sell home or adding a spiff when a sales professional gets more initial deposit money, a motivated sales team will respond.

Revitalizing your sales is not about locating a single silver bullet. It's a commitment in time and resources to grow the proficiency of your sales team. While the future is likely to hold a significant increase in new-home sales activity, it is just as likely to require more work and more discipline from new-home sales professionals. Sowing the seeds now is the best insurance to capture added market share. **PB**

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