



# THE BENCHMARK

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## Achieve your sales goal

**N**ot achieving sales goals is one of the chief causes of low net profit. Let's focus on two causes of this problem — and the attendant solutions.

### Cause 1: Planning

Too often, not enough time goes into the details required to turn a goal into an invoiced reality. Specifically, most managers underestimate the number of leads necessary. Identify specific numeric targets in your annual plan, and break them down into weekly goals. Table 1 provides an example of this type of sales planning.

TABLE 1

**Sales goal** — \$1 million  
*New sales sold and produced in a fiscal year*

**Close rate** — 20%  
*Percentage at which bid dollars close*

**Bid goal** — \$5 million  
*Sales goal divided by closing rate*

**Average job size** — \$15,000  
*Dollar value of average job or contract*

**Number of bids** — 333  
*Bid goal divided by average job size*

**Qualification rate** — 50%  
*Percentage of leads that are qualified to bid*

**Number of leads** — 667  
*Number of bids divided by qualification rate*

number of leads. This qualification rate can be as low as 40% in grounds maintenance, for example.

The bottom line is that \$1 million in sales requires a starting point of 667 leads. Keep in mind, a lead is a job or property. Therefore, a single property management relationship may generate many leads.

Per the Table, achieving \$1 million in sales at a 20% close rate requires \$5 million in proposals. Close rates are falling as competition has increased. In grounds maintenance, 17% is now a typical rate. In design/build, it's higher — usually around 35%. In bid/build, it may be as low as 5%.

Translating bid dollars into a bid number requires an assumption about average job size. Recognizing that all leads are not qualified (for an assortment of reasons), it makes sense to apply a qualification rate to determine a

TABLE 2

**Prospecting time** — 0.5 hours per  
333 total hours (leads times hours)  
*Average time it takes to make prospecting call*

**Qualification time** — 0.5 hours per  
333 total hours (leads times hours)  
*Average time it takes to meet and qualify*

**Bidding time** — 5 hours per  
1,667 total hours (leads times hours)  
*Average time it takes to measure and estimate*

**Closing time** — 2.5 hours per  
833 total hours (leads times hours)  
*Average time it takes to present, close and follow-up*

**Total hours** — 3,167  
*Hours required to achieve the goal*

**Solution:** Build a solid list of leads. The best sources include existing relationships, lapsed customers, previously bid but lost jobs, and geographically oriented door-knocking or mailing campaigns.

### Cause 2: Division of labor

More management thinking should go into time and talent allocation. Specifically, in today's world it is highly improbable that one person can effectively execute the sales process: prospecting, qualification, measuring, estimating, presenting and closing. To understand what you need, you must identify time requirements by activity. Table 2 does this.

The sales process is labor-intensive. If time and talent are improperly allocated, the goal will not be achieved. Table 2 makes this clear: To sell \$1 million, more than 3,000 hours of someone's time is a realistic estimate. Obviously, a single individual will not be able to get it all done — especially during crunch times.

**Solution:** Focus your salespeople on prospecting, qualification, presenting and closing, and assign measuring and estimating tasks to someone else who is far better and faster at it anyway.