

Case Study for Tele-Sales Success

Thank you for your interest in our services. This Case Study provides complete details, including additional results gained outside of the original goals, and an in-depth analysis of the ROI solution offered.

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Premier Incentives

Maximum Success Through Motivation



Summary

A manufacturer and retailer of computer peripherals is faced with the fact that it must expand its product line to remain competitive and profitable, while not increasing its cost of sales. The existing direct sales force and tele-sales staff are being asked to learn and sell more products without additional compensation. Incentive programs have been used successfully in the past, but never to solve such a difficult problem, and never with the tele-sales staff. A new ROI Incentive Program is planned for the tele-sales staff only, with the following objectives set by the company:

- Increase sales by not less than 20%
- Increase sales per hour by not less than 10%
- Increase number of outbound calls per day by not less than 25%

An in-depth analysis of the internal and external environment in which the company operates was conducted by The Business Group. Based on this analysis, objectives, rules and awards were put in place for an ROI Incentive Program.

Over a period of six months, the following program results were achieved:

- Incremental increase in sales of 38%
- Incremental increase in sales per hour of 40%
- Outbound calls per day increased by 34%

The non-financial results included:

- A new sales method was introduced to the company
- Program participant survey's yielded a 97.3% positive response (excellent) rating
- Direct Sales Force participation improved Tele-Sales ability to learn about larger equipment sales

ROI Analysis - Case Study for Tele-Sales Success

The incentive program yielded the following Return on Investment (ROI):

Total Incremental Improvement:	\$ 393,100
Total Incremental Costs:	\$ 43,500
Total ROI:	\$ 349,600

To determine the Return on Investment for this program, all additional incremental revenue and costs were calculated, including increased operational costs and incentive program costs.

The complete details, including additional results gained outside of the original goals, are documented below.

Background

COMPANY OVERVIEW

The company is a United States based Fortune 500 computer manufacturer which sells computer peripherals through a tele-sales call center. The tele-sales call center provides backup support for the traditional field sales representatives of the company. Larger priced computer related products are sold through the direct sales force. Customers for these products are then contacted by the tele-sales team to offer add-on products to their purchases.

SITUATION ANALYSIS

The company was in a period of rapid expansion of their product line, and sales representatives were being asked to sell a much wider scope of products. This rapid expansion created a tremendous increase in workload on both the direct sales force and the tele-sales center. The added demand for products took a toll on earnings (as production costs increased) and increased R&D expenses created pressure on stockholder equity. As a result, the company was reluctant to increase the direct sales force or the budget related to sales activities.

The company considered introducing a first-ever sales incentive program for the tele-sales center. The direct sales force had experienced success with such programs but management felt that this was due primarily to naturally occurring sales increases during the incentive period. Management was open to a program for tele-sales, but only if it was designed in such a way to only reward actual improvements in activity.

COMPANY OBJECTIVE

It was required that the company objectives for the new ROI Incentive Program be tied to tele-sales activities only, completely independent of the direct sales force objectives for sales increases. These tele-sales-only objectives included:

- Increase sales by not less than 20%
- Increase sales per hour by not less than 10%
- Increase number of outbound calls per day by not less than 25%

SOLUTION

An analysis was completed of both the internal and external environments in which the company operates. The internal analysis revealed that the tele-sales team actually enjoyed working closely with both the direct sales force and the customers to create a full company product offering. As a direct result of the relationship, the tele-sales team would often provide technical assistance to customers when they made outbound calls to sell additional equipment.

The external analysis revealed that end user customers were completely satisfied with their computer-related purchases being handled by qualified sales people over the telephone. In contrast, analysis of competitors revealed that all were moving in the direction of increasing their direct sales force, complete with the significant costs associated with that addition. With

pricing already putting considerable pressure on margins, the avoidance of this added cost was perceived as a great benefit for the company.

Program Design

An incentive program was designed that would motivate the tele-sales team to increase sales activity and reduce the dependence on the company's direct sales team, thus freeing the direct sales team to focus solely on looking for new customers.

The rules structure provided the company an opportunity to exceed their sales related objectives and created a new source of sales revenue. Tele-sales representatives were now able to sell upscale products that previously were handled by the outside sales team only. Both of these teams of highly skilled sales professionals soon found common ground and worked together to sell total client solutions to the marketplace.

Incentive Program Objectives

After analysis was complete, it was estimated what was possible to achieve via a new ROI Incentive Program. This included:

- Sales could be increased by 48% to 57%
- Sales per hour could be improved by 48% to 58%
- The number of outbound calls could be increased by 30%, to 50%.

Incentive Awards

Incentive awards were selected based on the demographic profile of the tele-sales team. This profile considered the economic factors of each of these individuals, and the type of incentive award that would provide the highest perceived value to them. A group travel program was designed to bring this group together to celebrate their individual and team accomplishments.

Best Practice Rules Structure

The rules structure was designed to drive the tele-sales objectives of the company and to provide enhanced benefits not originally recognized by the company. The rules created included points for:

- Sales increases over established base
- Number of outbound calls over established base
- Bonus points for outbound calls made that exceeded 25% of established base
- Sales per hour over established base

Results

- Total sales increased by 28% over the projected 20% increase
- Sales per hour increased by 10% over the projected 10% increase
- Outbound calls per day increased by 9% over the projected 25%

Additional Results Beyond Original Scope of Objectives

As is often the case, the analysis conducted at the beginning of the program revealed more than what was anticipated when the company sponsoring the program set objectives for the program. In this case, the analysis indicated that the company could improve sales related activity without a higher incremental sales expense. The following details the major unexpected issue/opportunity that surfaced, along with its impact and how it was capitalized on to the company's benefit.

ISSUE IDENTIFIED

Customers were willing to purchase larger computer-related equipment over the telephone.

POTENTIAL IMPACT

The cost of sale for the tele-sales team is much lower than the direct sales force for these types of purchases. The company would gain a substantial competitive edge by having a wider range of products sold through tele-sales than with a direct sales force.

Best Practice Rules Structure

The tele-sales team and the direct sales force were put into teams. Each team received points for sales of larger equipment which normally required a face-to-face sale.

Results

Direct sales force representatives referred customers to tele-sales representatives who, in turn, concentrated on higher volume business.

Summary of Results

A monthly monitoring of the program results was initiated as the program operated. This allowed both the company and the incentive team to monitor changes in the overall behavior of the internal and external environment of the company as the program unfolded. By tracking these changes and adapting the rules structure to meet any unforeseen changes, plus or minus, it was possible to accurately measure the results of the impact of the incentive program on the company itself.

The financial results created, expressed as incremental above the projected company plan, specifically created by the incentive program included:

- Incremental increase in sales of 38%
- Incremental increase in sales per hour of 40%
- Incremental increase outbound calls made per day by 9%

The non-financial results included:

- A new sales method was introduced to the company
- Program participant survey's yielded a 97.3% positive response (excellent) rating
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The incentive program yielded the following Return on Investment (ROI):

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Learn More!

Learn more about our ROI Incentive programs at premierincentives.com or by contacting a Premier Incentives consultant at the following:

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