

By Carl Davidson

About the Author

Carl Davidson is the president of Sales & Management Solutions, a consulting firm specializing in sales and management video training and live seminars. He is the author of several books including *Secrets of Accountability Management*. His articles are read by more than 60,000 sales professionals monthly. Send comments on this article to him at davidson@salesco.net. For a free demonstration video and list of products and topics, call 800-941-0068.



Prospecting for Salespeople and Owners

Just how important is it to the water treatment industry?

I spend a lot of time at my seminars preaching about prospecting. I am met with many enthusiastic responses mixed with many rolled eyes of those who are sick of hearing about prospecting. I am writing this article to point out how important prospecting is to your career if you are in sales and to the company if you are in management. Often we get proficient at things we do not initially like if it is important. The following is a snapshot at just how important prospecting is.

The Big Picture for Salespeople

One reason many of us ignore prospecting is that it seems like a big effort for a small return. The truth is, the return is huge. Let's say you made a commitment to self-generate six demos per month. That is only 1.5 per week. Do you think you could do that if you really wanted to? I always use a line at my seminars saying "this won't put your kids through college" but I realize now how wrong that is.

Six extra demos per month would result in two extra closes if you close at the national average closing rate of one sale per three demos, although your closing rate will be higher on self-generated leads. Two extra closes per month at an average commission of \$300 each means extra earnings of \$600 per month. That is enough to lease a new Mercedes. Assume for a moment that you invest that \$7,200 per year in a IRA at a 6 percent return. In 10 years, you will have saved \$93,600. In 20 years you will have saved \$207,897. It could mean the difference between college for

your kids and none, or between a nice retirement for you and poverty. This monumental difference in your life can be yours for only six extra demos per month or 1.5 per week.

The Big Picture for Owners/Managers

You may be asking yourself as the owner why your salespeople do not realize that and do something about it. Take a look at the big picture for owners. If a salesperson sold two extra per month and made \$600 commission, you would probably make \$1,400 in gross on those two sales after you pay commission. (I am using a figure of \$1,000 gross profit per sale less the \$300 commission paid for two sales per month.) That means for every salesperson you have who is not selling just two extra sales per month by prospecting, you are losing \$1,400 you could be making. This virtually is net profit, because none of your other expenses need to increase to get these sales.

If you have one salesperson who you encourage to follow a program that netted two sales per month and you made the extra \$1,400 per month, in 10 years you would earn \$194,382 and in 20 years \$455,262. That is for one salesperson. If you have four, this minimum little prospecting plan would allow you to earn more than \$1.8 million for your retirement.

That is the big picture. Best of all, it requires very few extra hours. It merely is better use of the time and resources you and your staff already are spending.

Some people say, "Carl, I tried prospecting once, and it didn't work." Well, most of us buy lottery tickets or go to Las Vegas even though it does not work—in the vague hope we may make a big win. I am suggesting a program that costs discipline and dedication that is guaranteed to pay off big over the years if you stick with it.

Some people tell me they are happy to just work the call-ins, and they keep fairly busy doing it. It is a great way to live now with no pressure, no rejection and no goals, but what if you really need an extra \$500,000 or more in a few years? Where will you get it? It could have been yours.

A Sober Look at Reality

Compare ourselves with other industries. The lowest paid salespeople on earth are the ones who wait for people to come in. For example, in automobile sales, 80 percent of the salespeople barely get by. They wait at the door. The 20 percent that do well are the ones who prospect. I met a top Volvo salesperson at a seminar who refuses to take floor leads because she says they are harder to close than the ones she brings in.

There are industries such as insurance, real estate, mortgages and many others where the company provides no leads. Salespeople do very well in those fields. You can't really see too many situations where salespeople make big money based on walk-ins or call-ins.

I'm a Great Closer

In the age of specialization that we live in, many of us think there are closers and prospectors. The truth is that you can never close your way to riches. For example, the company gives you one demo per day from call-ins. That is the industry average—20 demos per month. If you are like most, you close six times in the month. If you earn \$300 per sale, you would earn \$1,800 for the month. That puts you just above the poverty line. Assume you become a great closer and close 66 percent (that is twice the national average). You now make \$3,600 per month. The fact is that if you could close 100 percent of every demo you do, you would make

Three Ways to Boost Your Prospects

Here are some exercises you could do if you believe in the company, the product and yourself.

- 1. Make a list of every relative, friend and personal contact you know that you have not approached about your product.** Some people feel you shouldn't approach people you know, but if you really believe you sell a superior product and a great value, wouldn't you want your friends to know about it?
- 2. Make a list of every person you do business with every day and try to interest them.** It is amazing how salespeople can get up, stop at the dry cleaners, drop off their child at day care or school, get the oil changed, get a hair cut, stop at the supermarket and still feel they did not meet anyone they could sell to. A client told me his top producer had a heart attack. The owner went to see him in the hospital. He has tubes all over him and he was drifting in and out of consciousness. The owner noticed a small piece of paper in the salesman's hand. He read it and it said, "My name is Bob. I work for Acme water. How long has it been since you had your water tested?" Selling during a heart attack—now, that is further than anyone should go, but it makes for an interesting image for us to carry.
- 3. Go to more parties, get-togethers, business club meetings, etc.** Every time someone asks what you do for a living (and they all do) use it to start a demo or a request to set one up.

only \$5,400 per month. A person who can close 100 percent deserves more.

The only way to make your fortune is to become a master prospector. Even if

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Prospecting Questionnaire

Does your company encourage prospecting? Take a quick moment to answer these questions and send your opinion to **Carl Davidson** at davidson@salesco.net.

1. What percentage of your sales comes from prospecting?
2. Which prospecting techniques work best?
3. Which ones do not work very well?
4. What does your company do to encourage prospecting?
5. Does your company do anything that may discourage it?