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SALES MONEYBALL

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Have you ever seen the 2011 Brad Pitt movie “Moneyball?” When my wife and I watched the movie a few years ago, we came to the same conclusion. The Moneyball principle is what we use in our sales consulting business!

In my book R3R1: The Sales Formula for Success and the related sales training videos, I talk a lot about sports because sports and sales have a lot in common -process, execution, and statistics.

Here is a synopsis of the movie Moneyball. It is based on the true story of the Oakland Athletics, their Manager, Billy Beane, and how he changed the way baseball and other sports use statistics to increase their odds of winning games.

The A’s were not a big budget team like the Red Sox or Yankees, so they could not afford expensive, first-class players. As you probably know baseball does not have parity like other sports. There is not a salary cap, so teams with more money or wealthier owners can buy expensive players and have an advantage to winning championships.

Well, Billy Beane hired Paul DePodesta, a Harvard graduate with a background in economics. DePodesta was also a baseball fan and loved statistics. Billy and Paul studied decades of baseball statistics and determined how players score. Using a particular mathematical calculation, they could predict how many runs individual players should score, and they set out to recruit players that met those statistics. Remarkably, the players with the statistical talent of On-base and slugging percentages were not always high-priced, and the A’s could afford to recruit them. So, using this formula, they built a team focused on base hit percentages.

What happened? Once they assembled the team based on the outlined statistics, the A’s began winning games and became the first team in over 100 years of American League baseball to win 20 consecutive games. Since that incredible season, other teams have successfully adopted this strategy.

Sales process is like baseball when it comes to

scoring. For example, you would not consider a signed sales order, in the pre-delivery phase with no payment for a product or service, a score or run batted in. No, not at all. Rather, a sales order in most cases would be a base hit – a single to first. There are usually many steps in the delivery cycle that must take place before the sale is consummated. During that delivery cycle process, the runner (the sale) could be tagged out due to one of many situations.



For example, in a residential real estate sale, the buyer signs an agreement that is contingent on him selling his current home – and his house does not sell in the set time-frame. That is an out. Or, perhaps the agreement is subject to appropriate financing – which does not materialize. Out. The deal may be contingent to a house inspection which reveals a serious foundation issue. Out. The runner, or sale, was tagged out in these examples. Of course, on the other hand, the transaction could proceed without any interference. The buyer’s house sells – second base; the house passes inspection – third base; financing is obtained, and the deal is closed – the runner is home. Score.

In this example what is the key to being a successful real-estate salesperson? Is it to focus on obtaining inspections or arranging the best financing? Is it to emphasize closings? No, the key to success is writing buyers agreements – hitting first base hits. You want to obtain as many signed buyers agreements as possible. Perfect your sales process to persuade your prospective

buyer to sign an agreement. That is your job. Everything else that happens during the process is minutiae. This idea may seem odd, but most real estate agents would probably agree that they typically focus on closings – or scoring. But, how can you do that if you have people on base? You can’t.

My wife and I reached this conclusion in our senior housing consulting business. We did the math and determined that 60 percent of the prospects that committed to a specific apartment (we wrote a sales proposal for the individual) moved in and lived in the community. Since we realized this years ago, we shifted our focus to three things: one, persuading people to use this senior housing service, two, have them choose and commit to an apartment, and three, provide them a written proposal (or receipt) which serves as a contract. Since we began putting all the emphasis on “receipting” (first base hits) here are some recent statistics:

During the last project, we wrote receipts for 82.8% of the prospects we met with, and of that group, 60% moved in and currently live in the community. Interestingly, we receive criticism for a higher number of cancellations. However, by focusing on base hits, we move in 50% of all tours. The industry average is approximately 15% or lower. Our base hit strategy is a massive improvement wouldn’t you agree?

We keep accurate statistics, so we know precisely how many prospects come in for a tour of the senior housing community. We follow the R3R1 sales process, then narrow the prospect to a particular selection, and commit them to buy. We know that many of the prospects will tag out, but our net numbers are outstanding.

The Moneyball approach to selling works in any industry. You must have a solid sales process like R3R1, and identify the point of sale/commitment opportunity and ask for the sales order – the base hit. Lastly, you should closely monitor your statistics, such as the number of meetings to sales orders statistics, and concentrate on increasing that percentage. If your base hit rate is up, your sales results will be astounding.