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THE NUMBERS GAME

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Diehard baseball enthusiasts closely monitor statistics. It may even be said that no other sport tracks every play and records the stats on each player to the extent that baseball does. Most baseball fans understand these stats and revel in hearing the numbers about their favorite player. Along those lines, one of the most intriguing mathematical concepts is one dubbed “Moneyball” made popular by Major League Baseball’s Oakland A’s manager, Billy Beane. When I saw the movie by the same name, I said to myself, “I do that in sales!” Yes, I have been playing “Moneyball,” and I did not even realize it. A couple of years ago, I

introduced this concept in an article I wrote, “Sales Moneyball.”

The idea of “Moneyball” is that the baseball coach does not put the emphasis on his players hitting home runs, but instead focuses offensively on the players reaching first base. The reason for this strategy is that statistically, a high percentage of players that reach first base will score. Think about it – a player cannot score unless they reach first base. Even if a player hits a double, triple, or home run, they can’t score without touching first base. So, home runs and big plays statistically are not as important as one would think

even if they are exciting for fans to watch.

Once you think about it, I am sure you will agree that “Sales Moneyball” is a method that you should employ. When applying this strategy, the salesperson is using incrementalism to move his prospects closer and closer to the conclusion of the sale. In most cases, if executed effectively, the prospect cannot even detect the process. Incrementalism works like this: My prospect is on first base; next, they reach second, then third, what do you know they are home! The sale is completed. On the other hand, to immediately move

a prospect from “I am interested in what you are selling” to “I am buying what you are selling” is like hitting a home run. Which scenario is harder to accomplish?

The obvious question is, how do you make this concept work? Here are a few points to consider: begin by identifying in your presentation the inflection point that causes the prospect to act - first base. Repeat that process with as many prospects as you can, getting each of them to that point.

In various industries the inflection point is going to be at a different stage in the sales presentation, so how can you determine where it is in your business? Ascertaining exactly where it is can be a challenge, however, it is typically where the prospect makes a commitment toward buying but has not completed the final sale.

Just so that we are on the same page, here are a few examples based on my prior sales experience.

- ❖ **New Car Sales** – When the prospect articulates what they are willing to pay the dealer as a trade difference for a new vehicle.
- ❖ **Life Insurance** – At the point that the potential insured agrees to undergo an underwriting exam to determine if they qualify for a policy.
- ❖ **Technology** – The prospect requests a formal proposal.
- ❖ **Senior Housing Industry** – When the individual selects a specific apartment and sets a tentative move-in date.

I asked an avid user of the R3R1 sales process, Chris Higgins, of Gallo Moving and Storage (an agent for United Van Lines) in Milford, Massachusetts where he believed the inflection point was in his sales process. He explained that it is during the “resolving” phase toward the end of his presentation when he offers a

formal proposal. If the prospect asks him one of two questions, he has them on first base. The questions are as follows: “Do you have a moving crew available on [the date they want to move]?” or “Will you guarantee the price?” Higgins confirmed that he closes a high percentage of deals when he reaches that point of his presentation.

You see, it is at a different place in the sales presentation for every product or service in various industries. So, it is up to you to determine where it is in your business. Some may think that finalizing the contract would be the inflection point, but a completed contract or deal is a “run batted in” or a “home run!”

It is essential to scrutinize your process, determining when a prospect is on board – that they are making a pre-commitment to buy. When you have examined the inflection point issue, then you can organize your sales process so that your focus is on getting as many prospects as possible to that point - the stage of “almost” buying. The fascinating aspect of this concept is that even if you have a number of prospects cancel or back-out, since you are convincing a higher percentage of prospects to get on “first base” (or closer to the point of concluding the sale) you will discover that your overall sales conversions increase and your subsequent results improve. The key is that the prospect must be making a significant commitment, not just showing cursory interest.

Consider the following mathematical calculations that prove that “Sales Moneyball” works:

At the inflection point, through a structured sales process and a compelling sales presentation, out of 100 qualified prospects you convince 90% to get on “first base” with the prospect making a significant commitment toward buying. However, you have an extremely high

number of cancellations or back-outs - as many as 40%. That would mean that of the 100 qualified prospects, 90 are on first base, 36 cancel the sale and 54 go on to finalize a purchase. So out of 100 presentations, you had a 54% conversion!

Let’s look at this a bit more conservatively. Let’s say that you could only get 60% of 100 prospects to start the buying process, and again, 40% backed-out or canceled. That would still mean that of 100 prospects you completed sales with 36 of them. In many companies, with a 36% net conversion rate, you would be considered a top producer.

What is the point? Just like in the Moneyball model in baseball, your actual results are based on how many people reach first base. It sounds simple, but I have met very few salespeople who put into practice “Sales Moneyball.” It amazes me how many salespeople focus exclusively on the final stage of completing the sale and ignore the sales inflection point. In baseball terms, the salesperson is trying to hit a home run every time. The reality is that salespeople strike out way too frequently, and as a result have lower net sales conversion rates.

In review, if you want to employ the “Sales Moneyball” strategy, first analyze your presentation and determine the inflection point. Next, develop a sales process where you get as many prospects as possible on first base (the inflection point). Then, continue to load first base with more and more prospects. Focus on your gross closing number, in other words getting the maximum number of prospects on first base. Like baseball, it’s essential to keep a close eye on your statistics, so you know how you are doing. As you follow this process, you will see your net sales conversion percentage increase.

So, let’s get out there and play ball - Sales Moneyball.