How to Build a Winning Sales Force: Reducing Turnover

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Overview

- AFLAC Background
- Caesar Williams, AFLAC Philadelphia Regional Sales Coordinator
- Hypothesis
- Research
- Steps for Implementation
- Results

What is AFLAC?

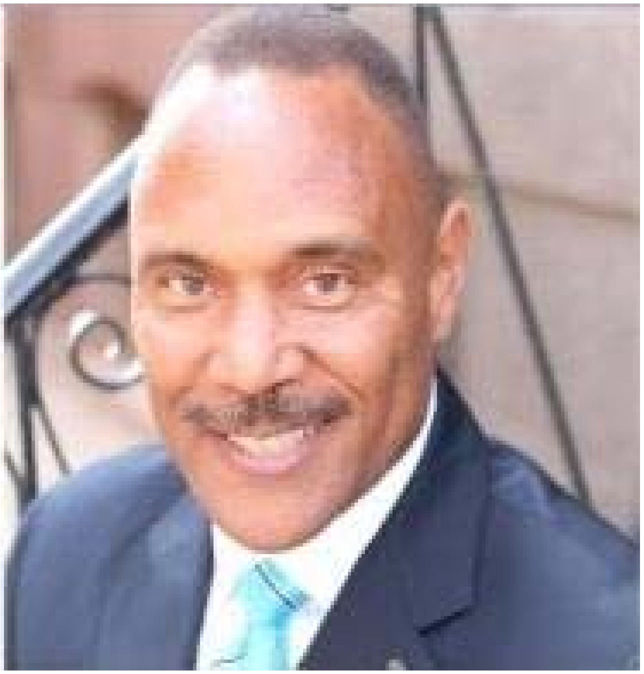
- American Family Life Insurance Company
- Supplemental Insurance for Individuals and Businesses
- Where traditional property and casualty insurance ends, supplemental insurance begins
- Founded in Columbus, GA
- 70% of company's business comes from Japan - 1/3 of all Japanese families

Aflac®

We've got you under our wing.®

Caesar Williams - AFLAC Philadelphia Regional Sales Coordinator

- Point of Contact
- With AFLAC for 30 years
- Face-to-face interview with Mr. Williams. Follow ups via telephone and email
- Overview of AFLAC and Supplemental Insurance
- Provided us with areas in need of improvement



Areas in need of improvement compared to the company's strengths

Company Strengths

Strong Communication Skills

- This is an important skill sales representatives must have to retain clients.

Product Knowledge

- Sales representatives should be knowledgeable about the products they provide in order to educate their clients and match specific products with the customers needs.

Follow Up

- This encourages sales representatives to maintain customer relationships with their clients.

Areas in Need of Improvement

Prospecting and closing new accounts

- Sales representatives are inadequate in retaining new prospects or closing new accounts.
- Currently the sales coordinator, area brokers and new sales associates attract and close for new accounts.

Retention rate after 12 months

- The retention rate is currently between 15% and 20%.

Implementing a training program with an increased focus on prospecting and closing new accounts will increase the retention rate among sales representatives from 15% to 22%

Formulation of hypothesis

- Compare and contrast the company's strengths with areas in need of improvement

Sales Effectiveness Driver: Shaper

- Culture is learned, process begins with training
- Coaching reinforces training and company culture

Current retention rate in line with industry average

- Why settle for industry average?

The sales effectiveness driver which correlates with the hypothesis

The Sales Effectiveness Drivers

DEFINER Drivers

- Sales force design
- Structure and roles
- Sales force size
- Territory alignment

Define sales force structure and roles.

SHAPER Drivers

- Recruiting
- Training
- Coaching
- Culture formation
- Leadership
- Sales managers
- Compensation and incentives

Shape the skills, capabilities, and values of salespeople.

ENLIGHTENER Drivers

- Customer research
- Targeting
- Data and tools
- CRM

Provide customer knowledge and know how for success.

EXCITER Drivers

- Culture
- Leadership
- Compensation and incentives
- Motivation programs
- Meaningful work

Motivate and inspire salespeople to succeed.

CONTROLLER Drivers

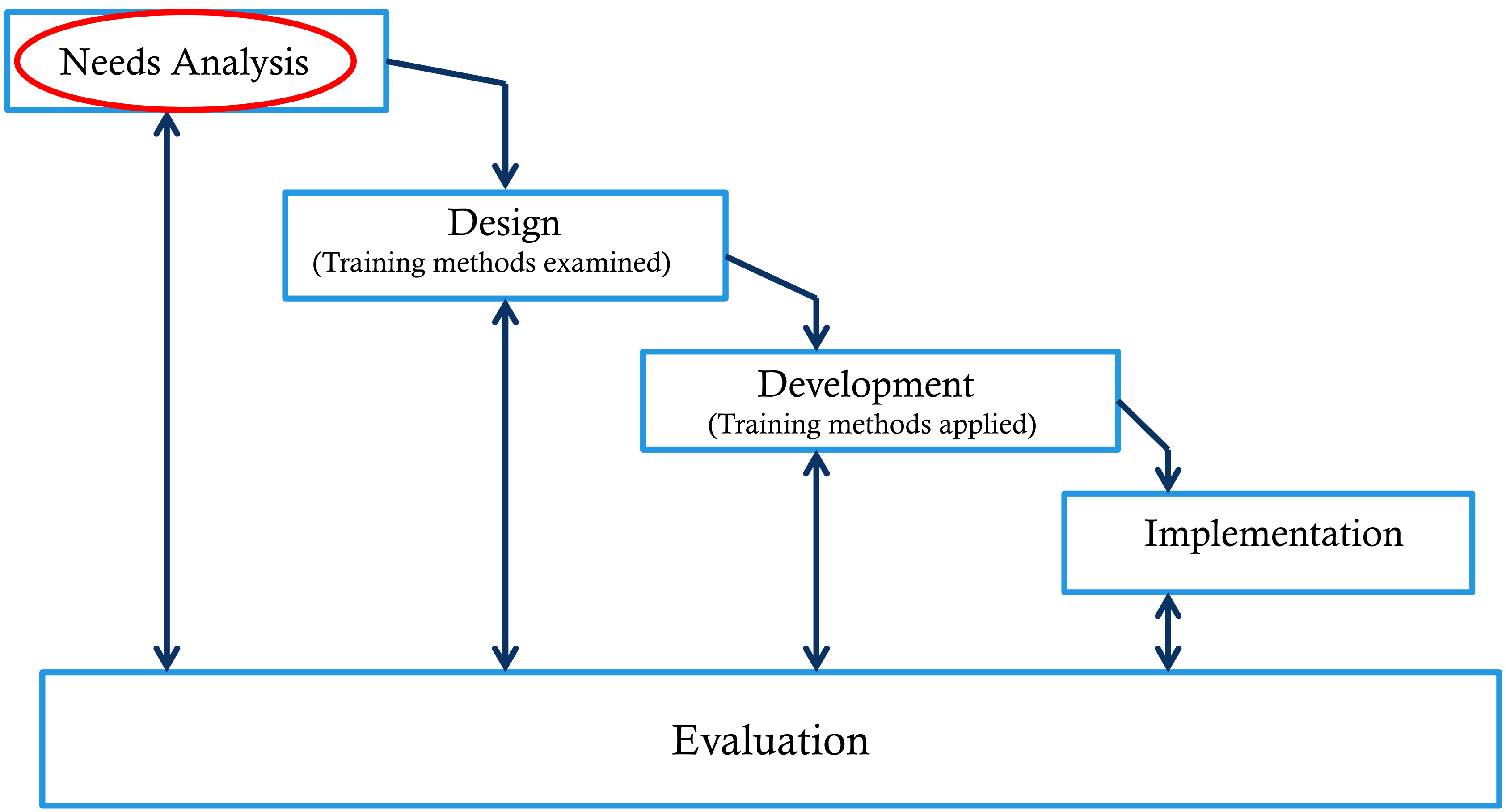
- Culture
- Sales managers
- Compensation and incentives
- Performance management and measurement
- Goal setting and forecasting
- Coordination and communication

Direct and control sales force effort.

Sales Force Structure and Roles → **Salespeople** → **Activities**

"Building a Winning Sales Force"
Zoltners, Sinha & Lorimer

Model of the Training Process



"Training Delivery Methods."
Marilyn M. Helms

A Training Needs Analysis (TNA) assist AFLAC sales personnel to prospect new accounts

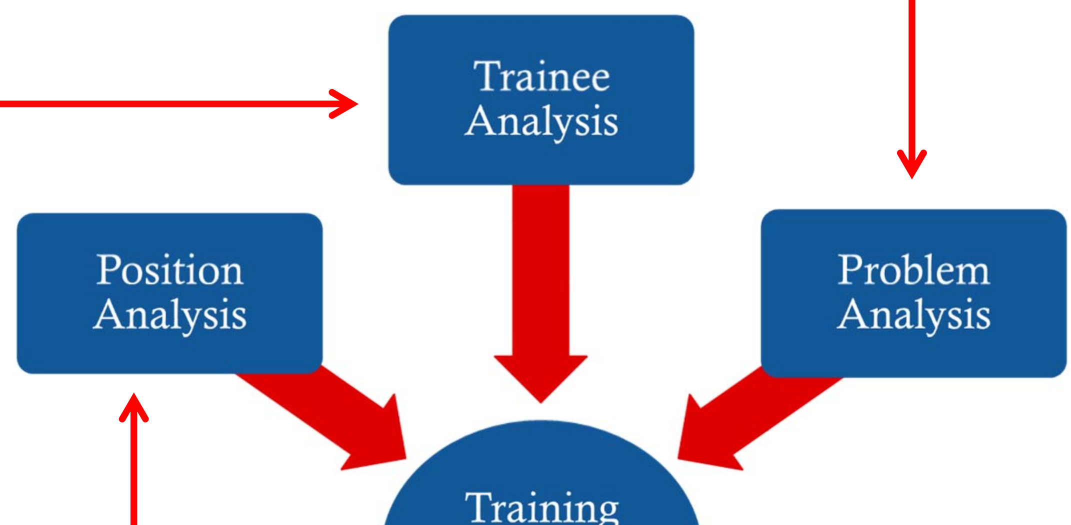
Training Needs Analysis (TNA) is a sound investment for AFLAC training department, helping to ensure that the training investment you are about to make will produce the maximum results.

Determine if training is an appropriate solution to the high turnover rate.

- What exactly is the problem?
- What causes it?
- What could be a training solution?

Gather information on the trainee's social and cultural background, and their preferred modes of learning to guide your choice in training strategy.

Define the skills, knowledge and attitudes required for good job performance.



Purpose- Retaining new prospects will increase the annual retention rate among sales representatives from 15% to 22%.

Approach- Spend time witnessing new personnel's working style and aptitude. Successfully build a detailed picture of individual needs alongside the needs of the overall organization. Address the benefits off-the-shelf package training versus the bespoke package training methods.

Practical Implications- Meet with new personnel for live and recorded progress reporting sessions. Speak to multiple agents at different levels for their insight towards new hire training. Analyze the functionality of other departments to view how effective the role of a new hire can be.

Statistical Feedback- Look for increases in productivity. Identify operational and cultural changes resulting from productivity. Ask for feedback from those in training.

The relationship between turnover rates and training

1. Human Capital Loss View
   - This occurs when there there is an economic perspective of the workforce. It has a relationship between turnover and organizational performance.
   - New employees can bear the initial costs of turnover because they are willing to take a position that does not have high pay with the expectation that in the future they will reach a higher pay roll status.
   - High turnover leads to disruption in the customer relationships, which can lead to a stressful work environment when employees are pressured to create new relationships and maintain relationships for the previous sales representatives territory.
   - Without proper training to control the disruption that can lead to low performance, sales representatives can voluntary leave leading to voluntary turnover.
2. Sociological View
   - An increase in voluntary turnover beyond a certain point creates an increasingly disruptive work environment. This contributes to low morale, demotivation and lack luster performance which then leads to unhappy clients who will leave due to the unsatisfactory services provided by the sales representatives.
3. Training Behavior View
   - The purpose of the training behavior view is to determine why turnover rate is high or low.
   - Low levels of voluntary turnover cause workforce stagnation and close-mindedness; low to moderate levels of voluntary turnover rejuvenate the increasing workforce through innovation, flexibility and adaptability; moderate turnover could result in new, highly motivated employees who possess more current skills and lower payroll and benefits costs.
   - Turnover rates and performance have a direct correlation with one another. According to the "Turnover Rates and Organizational Performance," article it states that "turnover rates and performance are positively related between zero and moderate turnover rates, reach zero-slope point, and become negatively related between moderate and high turnover." This statement reiterates how there is a negative relationship associated with high turnover opposed to low to moderate turnover.

Training programs that Caesar Williams could implement amongst his sales representatives

Training needs assessment:

- What are the training program objectives?
- Who should be trained?
- How much training need?

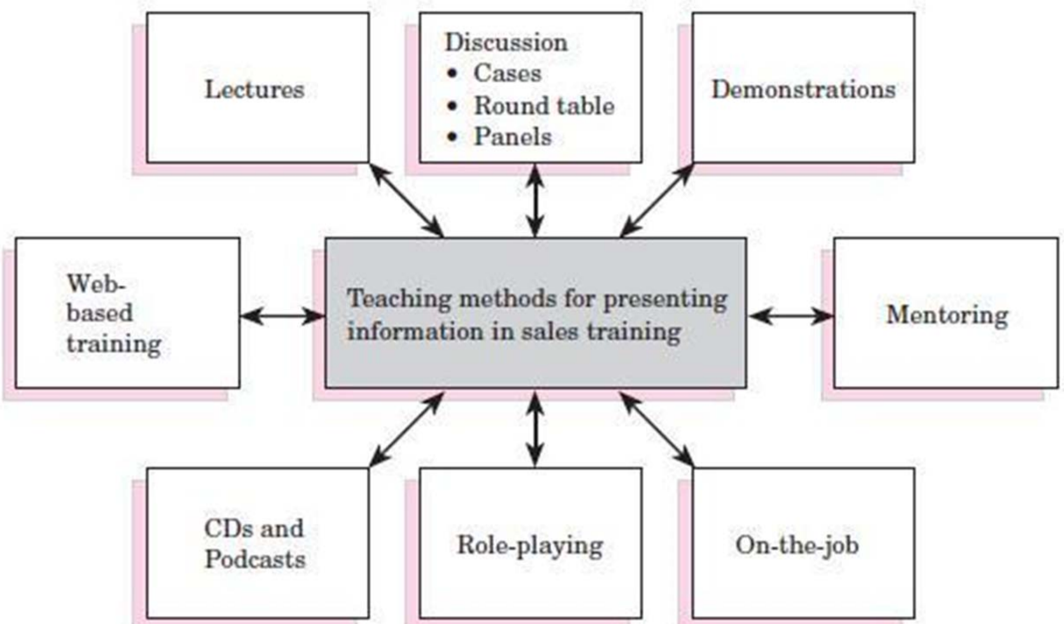
Training program design process:

- Who should do the training?
- When should the training take place?
- Where should the training take place?
- What should the content of the training be?
- What teaching methods should be used?

Training design resulting from research

FIGURE 7-5

Presentation techniques in sales training programs



- **Training Objective:** Improve prospecting and closing new accounts
- **Trainer:** Caesar Williams and Outside Training Specialists
- **Survey:** Recent survey of firms showed that 39% of large firms used outside training specialists to provide part of training. Many Small/Medium size firms run the entire training process through outside specialists.
- **Trainee:** Inexperienced Reps.
- **Decentralized Training**
  - Self-Guided Assignment
  - On-The-Job Training
  - Use of Senior Salespeople as Coaches

Program model designed around adult learning models for higher impact based on research revealing that 87% of the learning is forgotten in 30 days

Trainee involved in the planning and evaluation of instructor.

- Follow-up reinforcement is the main key in the training

Trainee engaged in discussion and problem solving rather than listening.

- Learning has immediate relevance to job
- Selling to Groups
- Knowing which customers to target and what products should be targeted towards them

Focus more problem-centered than content-oriented.

- Through building relationship with other sales representatives and clients they can be have more versatility
- Understanding and satisfying their clients through customer management procedures.

The training period of the program is one week with reinforcement for four months, which an example of this was located in the book "Building a Winning Sales Force" page 165 Figure 8-11.

Example of an L&D program with reinforced learning which emphasizes the importance these learning styles play in the sales field

Figure 8-11

Content: Need Sales Competencies		• Core product knowledge • Selling skills • Territory Alignment	• Targeting • Selling to groups • Building relationship versatility • Customer management	• Negotiation • Situational leadership
L&D Program	Period	Six to eight weeks	One week	One week
	Methods	• Classroom training • Field apprenticeship	• Classroom seminar	• External classroom seminar
Reinforcement	Period	Four months	Four months	Twelve months
	Methods	Manager-Led • Coaching • Reinforcement of selling skills • Case studies Self-Managed • Product self study guides • Intranet resources, tools, and tests	Manager-Led • Coaching • Reinforcement of group selling skills • Case studies Self-Managed • Targeted tools • Intranet resources, tools, and tests	Manager-Led • Coaching • Reinforcement of negotiating skills • Case studies Self-Managed • Intranet resources, tools, and tests

Advantages of Decentralized Training

- Less costly than centralized training. Trainee remains in the field to work. Improves through experiential learning as they are able to use the skills they learn.
- Matches to the speed at which trainee can learn the material
- Considerable managerial benefits. If first line sales manager does a good job, trainee gains confidence in their leadership.
- Recommend use of self-guided, Web-Based instruction (address all the skills that each reps needs).

Training Content related to Decentralized Training

Basic Requirement

- Task-Related KSAs (Knowledge, Skill and Ability)

Main Focus

- Growth-related KSAs.

Lectures (15%)

- Due to this program's small portion, information limited to small amount of reps.

Discussion (35%)

- Gives the students an opporturnity to work through own problem, encourage exerienced sales reps to share best practices with less-experienced reps.

Role-Playing (40%)

- Highly effective in teching selling techniques, especially for prospecting new account. Trainee receives direct feedback and other options for how to handle problems.

On- The- Job- training by mentor (10%)

- Experience training from sales representatives who are doing well at closing accounts pair up with trainee to help improve the skill.

Recommended course in training program to developing strategic selling and organizational leadership

- Enterprise selling skill
- Account planning and Opportunity management
- Target account selling
- Solution sales program

Team learning from designing a training program for Caesar Williams

1. The first thing we learned was understanding our hypothesis. It was changed multiple times. Our initial hypothesis was too complex, but we had already conducted additional research. Even though we did not use the additional research regarding various training programs, and quantitative data on employment in the insurance industry, it allowed us to focus on our hypothesis.

2. We learned how difficult it can be to get in contact with your sales contact. We called Caesar Williams' office, cell, emailed his work, and personal, but were still unable to get in contact with him. Thanks to Alejandro who knew a mutual friend and was able to connect with Caesar Williams. Team Work!

3. As all group projects, we learned how to accommodate people's schedules in order to complete the project. We had a few bumps in the road however, as we have learned in the class there is no such thing as smooth sailing in sales. It is about learning how to deal with those problems before and as they arise and how to resolve the situation at hand.

4. The final lesson that we learned from this project is that we must motivate ourselves to complete the project. Set benchmarks, and strive to achieve them. We learned how to manage our time, just like the speakers who came to the class spoke about being motivated to complete their tasks and reach their goals.

Any Questions?

Appendix

- References:

  - Andris Zoltners, Prabhakant Sinha Sally Lorimer. *Building a Winning Sales Force.* New York City: AMACON, 2009.
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  - Shaw, Jason. "Turnover rates and organizational performance." *Organizational Psychology Review*, August 2011: 187-213.