




**free** Piece of Mind when you train

# PRICELESS

Employee Training for Salespeople but not just for Salespeople

- Better closing percentages
- Better customer service
- Better employees

Training Valid  
Always

  
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By Evan Hackel

# THE COST OF POOR PERFORMANCE

## WHY FAILING TO TRAIN YOUR EMPLOYEES COSTS A LOT MORE THAN YOU THINK

Many people have heard this story, which has become a legend in the training industry . . .

A CEO and department head were having a brief conversation after their monthly strategy meeting, where the main focus was on employee training. The CEO said, "What if we spend all this money training our staff and they leave us?" And the department head replied, "What if we don't train them and they stay?"

A simple but pointed response. If you spend a lot of money on people and they leave, that's not an optimal outcome. But if you don't train your employees and they stay, it costs you a lot more.

A franchise group, comprised of more than 2,000 stores, experienced this training quandary first-hand. The head of sales had a simplified approach to hiring. He simply hired salespeople who had worked at other stores that sold the same kind of products that were sold at his stores.

His assumption was that the experienced salespeople he hired were "pretrained" and that hiring them would save a lot of time and expense. Plus, there would be no need to acquire the tools and systems that were needed to implement a training system.

His decision to hire experienced salespeople made sense, but it was flawed. The fact that those salespeople had experience didn't mean that they came armed with the best selling skills or factual product knowledge. But after a few years of using his "hire the experienced" approach, he saw that he wasn't achieving the kind of results he wanted. He sensed that the size of each average transaction on the selling floor was too small. Buyers were not becoming repeat customers. Plus, his stores were receiving negative comments online about the quality of their customer service.

Because he could see that the skills of his salespeople needed improvement,

he took the plunge and brought in an experienced training development firm that developed a program of e-learning for salespeople that trained them to increase the size of the average ticket size, to improve their closing percentages, and to provide better customer service.

The performance of the salespeople his company trained was dramatically better than the performance of experienced sales people he simply hired. Plus, he soon realized that training was giving him another benefit; because he could hire high-energy, high-potential employees—not only those with experience—he was building a much stronger and enthusiastic salesforce.

After a year, the average annual sales made by company-trained salespeople had in many cases outperformed seasoned professional hires by \$200,000 or more. When he factored in sales and contribution margin improvement, the people trained in-house produced about \$80,000 a year more in profit. With an average five-year tenure for each employee, the training was worth \$400,000 more in profit dollars.

That is another way of saying that the cost of not training each salesperson amounted to \$80,000 a year for that company. So what really happens if you don't train people and they stay? It means that you're going to be losing a lot of money.

### Why Do Trained Salespeople Produce More Income?

There are many reasons. Trained salespeople . . .

- Close more sales
- Generate larger average sales
- Sell fewer products at discounted prices, and more products at list price
- Make fewer mistakes
- Sell the right products, reducing the cost of returns and product replacements
- Build customer relationships that result in more repeat business
- Generate more positive reviews online
- Increase your net promoter scores
- Help keep morale and productivity high among all your employees, because people don't like to work with untrained people who don't know what they are doing.

What is having poorly trained salespeople costing you? Not training people costs money . . . a lot of money.

### Training Is Not Just for Salespeople

Training has a major impact on customer service practices across a variety of industries. Consider the often headache-inducing business of at-home product installation—one that would certainly benefit from customer service-focused training. The basics, such as explaining to customers the details of the installation process, an emphasis on crystal clear communication prior to the start of the job, and of course, conveying the importance of punctuality can boost customer retention. Training staff to be cognizant of their customer service practices can also increase referral business, which can be worth extra hundreds, thousands, or even millions to your bottom line.

### Every Untrained Employee Costs You Money

ROI on training is dramatically greater than most company executives believe it will be. In simple terms, if a trained worker becomes 100% productive and an untrained worker is only 60% productive, you are losing \$40,000 in value on every \$100,000 of business you conduct.

### In Closing . . .

Not training is hugely expensive—far more expensive than training. In your company, you should look for all the opportunities where proper training can dramatically increase profits, reduce waste and provide an outsized ROI for every training dollar you spend. If you start to look, it's nearly guaranteed that you will find many more opportunities than you expect.

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