

HOW TO MANAGE A DEALER/METAL BUILDER PROGRAMS (includes office equipment, metal buildings, farm equipment, telephone equipment & service, hand-held phones, and franchise support programs):

Mailing Lists/EmailLists/National Accounts

HOW TO MANAGE A DEALER/BUILDER PROGRAM

Part 1 - Q Concepts

dealer/builder/salespeople
how many sales are too many?
is everybody really a prospect?
setting sights.
who's covering the bases?
measuring the marketplace.
selling is an "inside job" too.
an exercise in arithmetic
getting the job done.
who pays? And how much?
money matters.

Part 2 - PROFILE REPORTS/ANALYSIS

market availability report sample

applications of MAR
response analysis reports
mapping/radius profiles

CONTENTS...

applications of “Market Availability Report”

sample MAR

response analysis reports

sample mapping report

dealer/builder/salespeople

Unless you are one of the legion of salespeople who make personal selling their careers, you cannot really understand the hardships and frustrations that go with the job. Nor can you appreciate the sense of power and accomplishment that comes from closing a sale. But there it all is...the ups and downs...pinned together in the brief encounter between salesperson and prospect. Never mind the logic, the committees, the purchasing departments that go into buying decisions. At each step of the way, the ultimate yes or no is being fashioned by individuals.

The interaction of the salesperson in the field with his prospect continues to be the major motive force in marketing. Super-mart and self-service may have their hold on retailing and consumer purchases, but not even the most far-out seer has made any claims for automated activities in the realm of business buying.

From typewriters to drop forges, from auto leasing to aerial surveys, business buys as the result of competent selling by the salesperson in the field. In spite of all the problems that blanket the salesperson like a shroud, he or she remains on top...unheralded most of the time...in the drive for marketing success. Advertising, sales promotion, exhibits, publicity: these pave the way and buttress the mechanism of selling. But it's face to face - belly to belly, as one hard-headed sales manager has called it - where the sale is made.

You know it. And your salespeople know it. Or, if your marketing structure is built on a builder-distributor foundation, your builders' salespeople know it. They have the same objective you have, the objective that is spelled out on the bottom line: more sales and more profit.

There's a nice ring to that objective. But it is, after all, only a generality. Everybody wants more sales and more profit. But doesn't it make sense to phrase your

objectives more sharply, with a kind of definition you can put into practice? Suppose - just suppose—your objectives went like this:

“Our goals are to make the field sales effort as efficient and as productive as possible, by enabling each salesperson to make the best possible use of his limited time for actual selling.

We want to provide him with a steady flow of the right kind of sales leads, good leads that will put him a long way down the road to more conversions - leads from the right kind of prospects, the people who can and should buy the product the salesperson puts in front of them.”

If you can put your objectives in terms like those, you are already using the Q CONCEPT.

The Q Concept is just a phrase, of course. But it is one that puts all the power you can muster right where it belongs: on Quality and Quantity. By developing direct mail support for the man in the field with the Q Concept as a guiding principle, you'll be directing your energies toward the essential need: the right quality of sales leads, in the right quantity.

Naturally, your direct mail support program must be both attractive and attractively presented to your sales force or to your builders. It must appeal to the old-line operator who, with good reason, shrugs at inquiries that come from time-consuming students or curious housewives, instead of from interested business prospects. And the program must excite newer salespeople or builders who have not yet learned the value of good leads from good prospects. Your program must meet the demands of seasoned managers who want year-'round action, not peaks and valleys in the sales chart.

The Q Concept - Quality and Quantity - puts your direct mail support on the right path. No matter how your marketing structure is organized, no matter what terminology you use, at the end of the line...past the distributor and the wholesaler, the builder and the jobber...your target is the right quality and the right quantity of leads for the salesperson. You want him to know he's backed by good products, good prices, good promotion and good sense in the way he uses his selling time.

how many leads are too many?

How do you determine Quantity? Isn't there always time for one more call each day? Won't the salesperson in the field drive a bit faster, run a little harder, if they have a briefcase full of inquiries to scout each week? Sure, they may cover all the inquiries you throw at them. But can they do the effective selling in depth that

results in sale, or will they merely wind up using time to fill out call reports and making excuses for too few sales?

Sales management can - and must - reach some valid conclusions as to the physical number of leads that will be dealt with effectively, in a given period of time. Perhaps in your company, for your product line, four sales calls per day are all that can be handled. You can find out by studying the activity of the top producers on your sales team. You'll be able to learn how many calls - productive calls—fit into a day filled with broken appointments, travel delays, paper work. You will also discover how many call backs are required before a sale is actually closed. For example's sake, take the assumption that your product line requires three calls before the average prospect signs on the dotted line, with a span of a couple of weeks between calls. Start a salesperson off one week with five leads; they will use only one-fourth of his production time if he makes four calls a day. Give them five more leads the next week, and five more the week after. Soon enough, they'll be swamped by the demands of their callback schedule, and they'll begin to ignore the good new leads that follow. After all, salespeople want to concentrate on the right quantity, to control your sales support program so that it works for the salesperson...and for you. Too many leads are wasteful of your investment; too few are red ink on the sales ledger.

is everybody really a prospect?

Now, what about the other half of the Q Concept? The products or services you are marketing have a broad range of applications, no doubt. Company executives like to think that "everybody needs our line." Maybe so. Or maybe you owe it to your company and to the salespeople in the field to talk back. Maybe you don't really have six-million plus prospects, which is the collective number of units that comprise the total business community of this country.

There is nothing wrong in conceding that a competitive product has a stronger application for some segments of the universal market. You may rack up more sales per promotional dollar by aiming just at those segments known to favor your product or brand. If market segmentation sounds too much like a subject for a B school seminar, that a look at the human element. What about the salesperson who plugs away following up routine inquires only to find, with growing dejection, that your high powered promotion has reached people who really don't need (or want) any part of the product he presents. Time is consumed fruitlessly; sales sag; morale droops. And your top salespeople soon start looking for other connections, with companies that know the Q Concept means business.

setting sights

Possibly the most crucial step in mapping out a direct mail support program is to insure Quality by the careful selection of the right market segments. Out of the lists of six million and more names, you can carefully pick your way to the most suitable targets for your direct mail by means of several criteria.

Start with the government's Standard Industrial Classifications that neatly fit all businesses into nine major categories, each divided into hundreds of numerically-designated groups, much like the Dewey Decimal System that makes it possible to find the book you want in any well-ordered library. Manufacturing is one of the major categories, refined into twenty groups. One of the groups is Electrical Machinery and Equipment (#36). In turn, this group is split into scores of specific classifications ranging from Welding Apparatus (#3623) to Phonograph Records (#3652). Would your products have the same degree of application in both of those...or should you be choosing with explicit care? Why scatter your shot when you can choose the quality of prospect that means success for your sales effort? The SIC, short for Standard Industrial Classification, is an excellent weapon for that purpose.

There are other criteria that may be equally useful to you. You may want to refine your over-all market by isolating businesses of different financial stature...or by the yardstick of number of employees. Or, say, for a high priced, high-volume duplicating machine, you may want to reach out to labor corporations and only to their headquarter locations. Your program, regardless of product, may accomplish a much better job in obtaining quality leads by aiming at specific functional titles: Chief Maintenance Officer, Office Manager, Security Officer...or any title that will narrow your response on a qualified basis, and produce leads that will be most meaningful to the salesperson at the end of the line.

Even geography can be a decisive factor in the Q Concept. National promotional media, such as trade magazines, tend to produce leads on a national scale, obviously. Aside from their degree of quality, they may come from areas that are not covered by existing builder or sales territories. If an attempt is made to give those leads full attention, they usually create headaches for sales management. If ignored, they are a drain on the advertising investment. Geographic selection, particularly when mailing lists are computer based, can be made by region, state, standard metropolitan statistical area, county, city, sectional center, or right down to a five-digit zip code area.

In sum, carefully planning terms of the Q Concept can guide you to finite segments of the total business scene, so that your direct mail materials reach - and influence - prospects whose type, size structure and location give you a maximum quantity for an effective sales promotion effort.

Granted, new programs for new products do not always allow you to reach back into pragmatic experience as a base for your choices. Fortunately, a direct mail program does enable you, by the simple expedient of testing, to draw off the essential facts you need. Starting with zero background, you can test various creative elements and offers to determine your strongest mailing "package." You can test mailing lists to eliminate borderline assumptions regarding size, classification, title. With the empirical evidence you accumulate via astute testing, you can move forward firmly and at full strength, turning the Q Concept into demonstrable fact.

Easy, isn't it, to put objectives down on paper: sales leads in the right quantity and the right quality. But figuring out how to implement your ideas gets to be quite a bit more work. True, the labor of preparing detailed plans does give you the chance to probe and scrutinize and check—before you commit dollars and time to the tasks ahead. You're entitled to look for help in planning, from your direct mail agency or your general advertising agency or from a competent mailing list source. Or from all of them.

who's covering the bases?

Once you've made the essential decisions regarding the market-place, so that quality of response is assured, your next step is matching market segments to sales territories. This may relate to a builder organization that allows you no direct concern with coverage by specific salespeople. Or it may relate to your own sales force, where each salesperson has a rigidly-bounded area assigned by their sales manager. Or you may be planning in terms of retail outlets, for each principle that governs lead-getting for salespeople is equally valid in developing store traffic for independent, chain or franchised retail operations.

When actual territorial assignments do exist, carved out at some point in the past and patched from time to time as new sales people or new builders are recruited, you can begin with a listing of that information. Examine it, builder by builder, county by county, even zip code by zip code, and you're bound to uncover overlaps that are all too often hidden in the marketing structure.

Taking this step toward the Q Concept not only makes clear any flaws in territorial assignments but also points up, as a corollary, the gaps that may be shorting your sales opportunities. Given the information about the probable conditions, a computer program can dramatically simplify the troublesome task of expressing sales areas on a mutually exclusive basis. A program can be devised to take care of the special problems that crop up in areas having two or more directly-competing builders. In brief, good planning is a big part of the Q Concept.

measuring the marketplace

Next step? You know your prime markets by type and size; you know the geography you have to encompass. You still have many important questions to answer. How many actual prospects are on tap in your marketplace? How many builders or sales offices will participate in your program? What will be the frequency of your mailings? What is the total quantity of your print order...the number of dollars to be spent? To what degree will builder share in the expense? And those are just a few...

Your very next step must be a study of prospect availability. It is essential that you and your builders know the true number of prospects in each pre-determined

geographical unit to be covered. For major cities or metro areas, you may want quantities reported by each zip code unit; for areas of lesser density, quantities reported by county may serve as well. You may need the number of prospects counted as a single total for each unit. Or you may have different product groups covered independently in your promotional material and you may, therefore, need a total count for each separate market grouping within the geographical areas. A properly developed report of prospect availability tells you exactly...no guesswork...the real marketing universe to be reached by your promotion and by your sales force.

As an offshoot of the information related to assigned sales territories, the prospect availability data can also express the numbers of selected prospects in open areas, offering good ammunition to sales managers who are scouting for a new builders or salespeople in areas not already covered.

The wealth of data that can be built into the prospect availability study remains useful over an extended period of time. It helps analyze markets, project sales potentials, measure requirements for new branches and new warehouses. All these are common by-products of the basic information: the tabulation of selected prospects in specific geographic areas...the right quality and the right quantity.

For any sales organization that has not been specific in setting out exclusive territories, the Prospect Availability Report becomes an excellent means of doing just that. The relative "richness" of each area can be measured and balanced, and potentials and quotas can be projected realistically.

selling is an "inside job" too

At this stage in the program, your planning is complete and you're ready to roll. In which direction? Internally, to sell the program to your own company; upwardly, to gain full cooperation from your own management. Once your superiors approve what you present to them, you have to do the same kind of selling job on the regional managers, builder management, and salespeople. Each echelon must be brought to the point of wholehearted acceptance. Enthusiasm is the keynote that insures cooperation all the way...right through to the final sales call that gets the order. Perhaps most important is the way the program is presented to the regional sales manager. In your company, they may have some other title, but they're the ones that are in touch with the builders or the field reps; they know them, maintain contact with them, lead them. Unless and until the regional sales manager is sold on the direct mail program - understands it and what it will accomplish - the program cannot succeed.

Generally, this internal selling phase begins with a meeting of these middle level representatives, with full participation by the company, the advertising staff and its counselors. Visual presentation aids can be extremely helpful, not only at this point,

but also when the regional managers carry the story out to the salespeople in the field.

Face up to this: your sales team is not compensated for selling direct mail programs. Why should they push themselves on your behalf? Consider how valuable an incentive could be at this stage; regional managers could earn prizes or points for the job they do in signing up builders. There's no better way to get your program off to a good start than by approaching the internal selling task with the same creative outlook you bring to your regular promotional efforts. Just as you may use premiums to pep up your sales promotion, incentives can materially boost results when you "sell" the direct mail plan and the Q Concept to your own sales staff.

What should regional managers, in turn, present to their builders? Not just the direct mail material of course, but the Q Concept as well. Let them show copy and design as strong as you and your agency can make them. Let them stress the frequency of mailing that will squeeze out the controlled, correct quantity of leads. Let them discuss the careful selection of categories that insures the right quality. Give them copies of the prospect available reports to guide the builders to the extent of their own markets and their own involvement.

Is that all it takes to warm up the builders? Will they then flock to your banner, signing up unanimously for the program? Not likely!

In this, as in other aspects of marketing, there will be a fairly predictable curve of reaction. Some builders know quite well how valuable a good direct mail program is. Some can be led into participation by an enthusiastic regional manager. Some won't be budged by anything. But here too you can build in the power of an incentive - perhaps by offering a free listing in your national advertising, or additional promotional allowances, or even merchandise bonuses. Such decisions may be dictated by company policy, but your plans should be governed by your knowledge of sound promotional tactics.

One effective point is to remind the builders or salespeople of the job they face if they try to build their own direct mail programs. Even piggy-backing on materials you offer them, they still have the costs and the labor of preparing lists, addressing mail, inserting, sealing...licking stamps in some cases. You can give them better material, better lists, complete and organized handling; you save them money and you save them work. And you can guarantee better results.

an exercise in arithmetic

Let's take a moment to explore the extent of a typical program as it shapes up, to this point. A set of assumptions is in order. For instance, assume your builder organization consists of 300 independent business operations. Odds are, your final degree of participation will include 200 of them. That is a fairly sound assumption, based on considerable experience. Assume also that each builder employs 3 field salespeople, for a total selling force of 600 to be covered by the program. Assume

that the prospect availability study has shown an average of 3,000 prospects for each builder territory.

These assumptions add up to a total prospect universe of 600,000. If your experience or your testing has indicated an anticipated response rate of 2%, each scheduled mailing will produce approximately 12,000 inquires, or 20 qualified leads per quarter per salesperson. In applying the Q Concept, you may have learned previously that 6 or 7 good new leads each month are all a good salesperson can handle effectively. With that reasoning, you could arrange to split your mailing - equably, on an alternate name basis - into three parts for a once-a-month schedule.

You could plan to repeat the operation quarterly, to insure a steady year-long flow of qualified leads. Because any time lag in getting back to the inquirer can be a negative factor, leads should be on their way to the field force as swiftly as possible. When responses are channeled back to company headquarters first, the transit time alone can cost wasteful days. Your direct mail program can include short-cuts, however. A computer program can include identification codes on mail materials or address labels, so that responses may be recorded and routed to the field within the least possible time. The salesperson knows how important it is to strike while the iron is hot: you support him best by helping him fulfill the maxim.

Once your program is off and running, and the word about results gets around, many of the initially reluctant builders are going to want "in". In addition, sales management may shuffle and add territories without advance information. Whatever happens, your program must be flexible enough to accommodate any change.

getting the job done

Some of the details of a sales support program appear to be merely mechanical, yet they have a significance that strikes right to the heart of the program. For example, should the direct mail material carry the builder imprint, so that the inquiries drawn within his territory will be returned directly to him? Or should the material carry the company imprint, with replies coming back to "Headquarters"? Both techniques have their advantages. The builder imprint, or the district sales office address, usually gets that echelon more involved in the aim of the program...more pride comes into play. And, too, a "local" address may sometimes have more meaning for the prospect.

But you then are at the mercy of hit-or-miss feedback from the field, without a tangible way to measure the scope and nature of the results. When the leads flow back into your hands, you can record and tally the results, check on conversion to sales, and analyze the responsiveness of various list segments included in the total market. Then, as the program progresses, you may find reason to make necessary changes. Some market segments may be dropped; others may call for expansion. Salespeople - of their territories - may be juggled.

If a compromise is called for, you can print the builder company name, address, and phone number as a return address on the mailing piece - but use the headquarters address on the reply medium. This gives the builder the local thrust they prefer, yet allows you to process inquiries with maximum control.

Eliminating the local or builder imprint gives you more control but with reduced involvement at the field sales level. Both techniques have good features; only you can decide which is better for your goals.

Sometimes there is a big plus in telephone selling to back up the direct mail promotion, and you probably can obtain a duplicate record of your mailing lists with each prospect phone number included with the entry. Many salespeople and builders genuinely appreciate this extra sales aid. There can be pitfalls in such a step, though. When a salesperson has the chance to pore over the relatively few names that cover their area, they quite often find fault with the list on the basis of their own knowledge of changes in the business environment, that took place as recently as a couple of days before. However, no supplier of nationally-derived lists can match that intimate knowledge. The local representative's dissatisfaction, growing out of one or two inaccuracies, should never outweigh the advantages the salesperson gains from the total power of the organized program.

who pays? and how much?

Here is another management question that has no single best answer. Who pays for the program? A substantial majority of knowledgeable "pro's" insist that the builder pay some part of the cost, or that a salesman's allowances be debited for their share. There is a good logic in this view, as the outlay of even a small amount will gain more appreciation for and interest in the program as it moves along. But how much is "part"? In some programs, the entire cost is liquidated by the charges assessed to the builders. And, yes, there have been a few programs that in themselves turned a profit because the charge levied frequently adopted, apportionment of expenses on the builders was higher than the actual costs.

The general condition of most programs is that the builder should pay the cost of the materials mailed into their territory, and the company should pick up the tab for the administrative and marketing research steps, such as the study of prospect availability, that precede the actual mailing phases of the program. This appears to be a fair, and frequently adopted, apportionment of expenses.

money matters

Just how much should a well-mounted, successful direct mail program cost? Generalizations are difficult, but experience does offer some parameters. A typical program may account for 250,000 pieces each quarter or approximately 1,000,000 mailing pieces in a year's time. In that quantity, postage would account

for a bit less than 21 cents per piece...with future rate increases a certainty. The cost of the mailing list could range from 4.5 cents to 12 cents per mailing piece, depending on stratification factors and data sources. The production, printing and letter-shop would be about 20 to 40 cents per unit. Rounded out on the low side, the cost-in-the-mail would be around 60 cents per thousand. Lower cost factors can be obtained through design, along with the advantage of economy of scale.

Is that all there is to the Q Concept? To direct mail? To sound builder support programs? Not by a long shot! Your company, your marketing structure, your products, all have their own character and their own needs. The best program you can develop is the one that most closely fills those needs - specially conceived and specially implemented for you

For more information about managing a dealer/builder campaign, please call