

CHAPTER 2

The Simple Math of Selling in the Tech Space

Most salespeople are motivated to change (or not) in the same way the buyers are motivated to take action—Pain. They need some encouragement because they're not yet certain why they should invest time in learning about the Sandler Selling System or change their approach to selling. This chapter provides that nudge. It's specifically designed for people who sell in the tech space and whose prime motivational factor (pain) is making money.

BEGIN AT THE BEGINNING

Let's start with two basic propositions upon which everyone—you, me, your sales manager and your loved ones who are counting on you to succeed—can all agree. First, there is such a thing

as a closing ratio. Second, you have one right now.

In other words, out of the pool of people you consider to be qualified prospects, some percentage is being closed by you right now. For the purposes of this chapter, I'm going to assume that number, whatever it is, reflects your closing activity over a significant period of time—say, the past twelve months.

Whenever I'm working with groups, I ask them to arbitrarily pick a number that reflects a typical closing ratio in their company. Let's say that number is two out of every ten people. That means you sell to two out of every ten accounts you consider to be qualified prospects. You and I might disagree about what constitutes a qualified prospect, but we're going to let that go for the moment. For the sake of argument, let's assume that everyone you deem to be qualified is in fact a qualified prospect.

Let's say that closing ratio, two out of ten, is currently delivering \$200,000 a year to you as a salesperson. The lower your average sales price and the more transaction-oriented your role, the greater the size of these metrics. Divide \$200,000 by your average deal's commission, and this will tell you about how many deals you need to close to maintain that amount.

WHAT NEEDS TO HAPPEN FOR YOU TO GENERATE THAT INCOME?

Let's say that in order to generate ten live prospects, in all likelihood you have to talk to something like fifty "suspect" people/accounts. (Again, I'm not saying that these numbers are literally accurate—they're just in the ballpark of what most salespeople we work with in the tech sector experience.)

In order to talk to those fifty people, it's likely that you have to make something like twenty to thirty phone calls a day if you

are in enterprise or account sales (forty to sixty if you are in tele-sales), week in, week out, every working day. That number may seem high, but remember that it includes callbacks, people who don't answer and repeat dials. If you're like most of the salespeople we know, you must maintain that high volume on a daily basis. If you're lucky, ten of the people you reach out to by phone will want to continue the discussion with you.

Of course, continuing the discussion isn't really what you're after. You're after in-depth discussions with decision makers—discussions that take up multiple visits and involve multiple points of contact within the organization. The numbers tell us that you need a total of thirty of those kinds of in-depth contacts over the course of the year to make your commission. We've said too that you're likely to close two out of ten, or six total deals. That adds up to \$200,000 (or much higher after you completed the prior paragraph's formula).

This is just one scenario, involving a fairly high dollar value for each deal. But it is a realistic scenario for people working in the tech center. With me so far?

Good. Let's keep going.

LET'S PLAY "WHAT IF?"

Whenever good salespeople set up their sales plan for the year, they try to estimate how much money they're going to make over that twelve-month period. That's the whole point of the exercise. You've probably done the same thing for your current year.

I want you to take whatever that number is and hold it in your mind. It might be lower or higher than \$200,000. Ask yourself this question: "What would I buy and how would my lifestyle change if I were able to increase that number by 50 percent?" In-

stead of making \$200,000, as in our example, let's say you made \$300,000. What would you do?

Would you buy a car? A couple of cars? A fleet of motorcycles? Maybe put a down payment on a new house? Or pay off some loans? Or would you go on a longer, more satisfying vacation than last year?

I need you to come up with a clear answer to this question—it's very important!—and I need you to be able to visualize that answer. This part of the book is up to you to fill in. I can't do this part for you. All I can do is ask you to have a clear picture of that new lifestyle in your mind before you move on to the next step.

What if you could double that expected number—i.e., \$400,000? Do I have your attention?

LET'S PLAY, "HOW LONG?"

Now take a moment to think about how many years you have left in your career as a salesperson. Make a realistic estimate. Based on your age, it might be ten more years, it might be twenty, it might be thirty. Pick the right number.

Got it? Good. Now figure out what you can do with all of that money, over the course of all of those years. How different your life would be if you had 50–100 percent more income to work with, each and every year, from now until the end of your career?

How frustrated are you today that others make that kind of money?

What have you done to fix this inequity?

How did that work?

How did that make you feel?

Have you given up and are you willing to accept this as fact?

—Or—

Would you like to do something about this situation?

Look at that. You just went through your own personal Sandler Pain Funnel.

By now, perhaps you are thinking something like this: “It sounds great, Rich—but how are you going to back it up? How realistic is it that I’m going to be able to earn 50–100 percent more than I thought I would over the next twelve months? Does anyone actually do that?”

The answer is “yes.”

What I’m proposing is quite realistic. In fact, Sandler has helped tens of thousands of salespeople increased their income by 50–100 percent just by putting into habitual action the principles you’ll learn about in this book.

“PROVE IT!”

Here is the simple math of the sales formula:

$$\text{\$} = \text{QPR} \times \text{C\%}$$

*QPR = the revenue represented by your qualified prospects,
and C% = close percentage*

Think of it this way. Assume you’re currently closing two out of every ten prospects, and you believe, deep in your heart, that you can’t work any harder or any smarter than you already are. That’s fair.

If, by using the Sandler methodology, you did nothing but get twice as good at qualifying as you are right now, you could realistically expect to move from closing two out of every ten prospects to closing four out of every ten prospects within just 90–120 days.

SANDLER TIP

Even if you only improved your qualifying skills by implementing what you will find here, that would have a powerful, positive effect on your income.

Yes, that works out to an increase of 100 percent in your commission income. We've seen that happen hundreds of times. It can happen for you.

Here's where we have to ask you to give Sandler Training some credit. Do you think we're not going to give you *anything* to improve your sales skills beyond the qualifying phase, nor help you to increase the revenue represented by your QBR?

We're not even talking yet about improvements in your income resulting from getting better at interviewing or more effective at closing. With improvements in those areas, can you imagine what you could accomplish? What kinds of changes could you make in your life?

We have seen plenty of people move from closing two out of ten to closing six out of ten. If you think a 60 percent closing ratio is unrealistic in this industry, then you're the person for whom I wrote this book.

Ask yourself this one question. If you stopped calling all of your qualified prospects, how many would pick up the phone and call you first? All those who would not call you do not feel that they need to buy from you as much as you feel you need to sell to them.

MY CHALLENGE TO YOU

That's the simple math of selling in the tech space. My challenge to you now is to keep reading—and to put into action the advice

you find the following pages. Try what I suggest. See for yourself whether your numbers start moving in the right direction.

KEY TAKEAWAYS

- If, by using the Sandler methodology, you did nothing more than get twice as good at qualifying as you are right now, you could realistically expect to move from closing two out of every ten prospects to closing four (or even six) out of every ten prospects, thereby possibly doubling (or tripling) your sales, within just 90–120 days.
- If you also increased your sales skills by 50 percent, you would now be closing sales with 2.5 times improvement over where you are today.
- This increase in sales and subsequent commissions will span your lifetime.

