

Piano sales management is all about closing more sales through an organized prospect management system. Unlike other departments in a music store, piano shoppers require more attention and follow up to close a sale. Compared to the first purchase of other instruments, buying a piano forces a customer to consider a much higher purchase price combined with little or no knowledge of how one brand of piano compares to another. Therefore, selling a piano requires three practiced disciplines: customer qualification, customer follow up and closing skills.

Customer Frontline is designed to focus piano sales people on these three disciplines with each of their piano prospects. This Customer Frontline guide will outline the audits and reports a sales manager can use to measure how effectively each sales person is working to close each "up" that they have taken when working the floor.

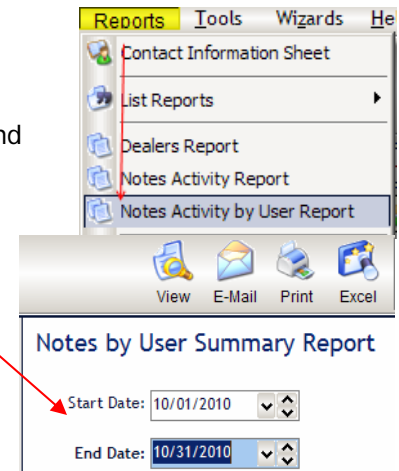
There are four data audits and reports that will provide a piano sales manager with information and statistics needed to increase closing ratios and gross margin:

1. Customer contact initiatives and closing ratios
2. Customer qualification
3. Prospect rating and follow up schedules
4. Pending closings

1. Customer Contact Initiatives and Closing Ratios

This report will tally up the customer contacts by type and quantity for each sales person within a specified date range. The contacts by type are classified according to the Notepad categories in the drop down menu of the notepad. This report provides two sets of data. The first set is a numerical view of selling initiatives. The second is what we call the denominator of the closing ratio. See page 2 for closing ratio calculations.

1. To open the report utility click "Reports" in the top menu bar, then click the "Notes (or FTI) Activity by User Report".
2. Select the date range to be reviewed. You can either click the down arrows and select dates from calendar screens, or key enter the dates.
3. Click View or Print to see the report:



Note Type	Total	ADS	ASLI	BJLY	BLYN	DENI	DLEM	KCON	LISA	XADS
A) First Store Visit	364	75		1	76	15	159	14	24	
A) New in-Store Customer Today	1		1							
B) Return Store Visit	131	21			44	12	40	1	13	
C) In-Store Purchase Made	128	5			37	8	47	10	19	2
D) Remote Event Prospect	49	4				3		42		
E) Remote Event Purchase	66	9			2			21	34	
Email Sent	60	1			4		55			
F) Outgoing Phone Call	238	58		48	38	33	27	1	33	
G) Left Phone Message	108	68			14	1			25	
H) Incoming Phone Call	75	23			38	2	7		5	
I) Out of Store Visit	8	3		1	1			1	1	1
I) Outgoing Phone Call	1		1							
J) Other	103	27		5	48		13	1	9	
K) Owner Satisfaction	80	11			68				1	
L) Sent Mail, Email, Fax	789	769	1		13		4		2	
M) Incoming Email	20	9			4		7			
M) Lost sale	2				1		1			
N) Lost sale	9	4			2	1	1		1	
Q) Other	1	1								
Totals:	2233	1088	3	55	390	75	362	91	167	2

The left column lists the note types from the notepad entry utility; the top row identifies each sales person that entered notes during your selected date range.

This report tabulates the number of note types entered and the total notes entered by each sales person. The company totals are calculated in the first column.

Closing Ratio: Defined and Calculated

This one statistic tells a sales manager how well the selling skills in the piano department match the buying skills of the customer. As a definition, the closing ratio is a percentage of unit closes divided by the number of new opportunities within a specified reporting period. Notice the term "new opportunities"; an understanding of this number by all sales people is critical to accurate calculations of the closing ratio. A new opportunity is counted when a piano shopper enters the piano department *for the first time*. The notepad header in Customer Frontline is commonly worded: "First store visit". This is a key notepad entry for a manager to track for two reasons: it represents the volume of piano shoppers created by your company's marketing programs and it quantifies the denominator of the closing ratio.

Be vigilant that the sales staff understands the significance of this notepad entry. A piano shopper can only make one first time visit to the store. Subsequent visits are documented as a "return to the store". Return visits are not counted in the closing ratio calculation, as explained in this example:

Customer Smith comes in to look at pianos with sales person Bob. Smith leaves without buying. Bob follows up (good prospect management) and convinces Smith to return for another look. Smith comes in. Bob closes the sale. By this scenario Bob has one customer but reports two floor ups: "first store visit" and a "return to the store". However, Bob's closing ratio is 100%, not 50% because he closed one piano during the period in which he had one first store visit. The closing ratio is the number of units sold in a given date range divided by the number of first store visits that occur within the same date range.

Closing ratios are typically calculated each month to coincide with accounting periods. The notes summary report as shown on page one provides the piano sales manager with the statistics of the closing ratio for each sales person and for the company as a whole. The following calculation is made from the sample report on page one:

$$\frac{\text{In Store Purchase}}{\text{First Store Visit}} = \text{Closing Ratio} \qquad \frac{128}{364} = 35.2 \%$$

"The accuracy of the closing ratio is equal to the accuracy of notes entered by the sales staff."

A sales manager needs to observe the dynamics of the closing ratio from two perspectives. The first is the gap between the highest and lowest individual ratios. What is acceptable is a management decision, but questions need to be answered in terms of individual closing skills, fairness with the "up" system, etc.

The second dynamic is the change in the company wide closing ratio over time. Positive and negative changes require management analysis. Is an increase the result of better closing skills or a demoralized competitor? What would cause the closing ratio to decline? Managing up sales revenue by managing up the closing ratio is a far more profitable strategy compared to more advertising programs or adding product lines, sales staff, etc. See our management newsletter "Three Keys to Profits in Piano Retailing":

www.customerfrontline.com/managementnewsletters

The 212° Closing Ratio Goal

How critical is the closing ratio for a piano sales manager to make the budget? Think of the answer in terms of water temperature:

At 211° Fahrenheit water is very hot.

At 212° water converts to steam with power to split open a steel cylinder...just one more degree of heat!

What happens to the bottom line of your piano department when *one more additional* sale is closed each month by each sales person?



2. Customer Qualification

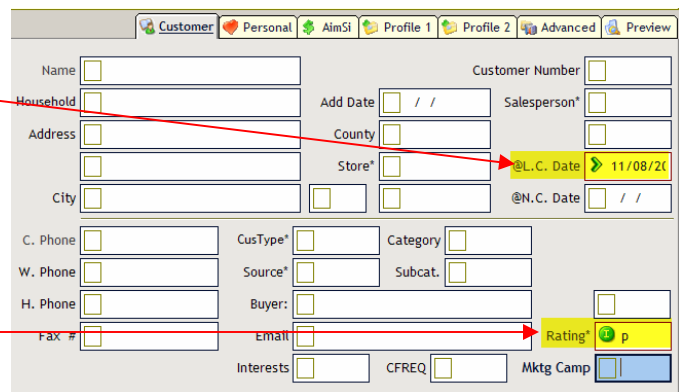
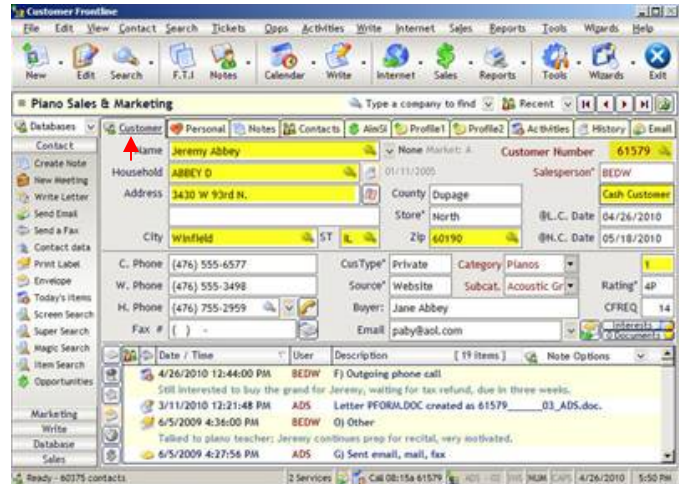
Just like a door, a sale can't be closed before it is first opened. And the wider the door is opened the bigger the piano that can be delivered through it!

Customer Frontline is designed to be a *piano shopper qualification guide*. The system prompts sales people to ask questions that open the doors of selling opportunities. As a manager you can audit customer records to determine how well a salesperson qualifies piano shoppers. See the *Customer* and *Profile 1* tabs of the sample customer record on the right. The completed data fields indicate that the sales person has asked a lot of questions. The notepad entries in the lower portion of the *Customer* tab outlines a strategy to follow up and close a pending sale with this prospect. With this information the sales manager can review the dynamics of the pending sale with the sales person and discuss options to close the deal before the prospect loses interest and motivation.

Experience indicates that the gross margin of a sale is determined by how accurately and completely the sales person qualified the buyer!

Here is a recommended weekly audit routine for sales managers to implement as a way to monitor piano prospect qualifications and follow ups:

1. Select Screen Search
2. Click the command box for the L.C. Date field and select the "greater than" command.
3. Enter the date eight days prior to the current date. If today is Nov. 16, 2010 the field entry date would be 11/08/10. This command will identify customers who have been contacted from Nov. 8th to the current day.
4. Click the command box for the prospect rating field and select the "includes" command.
5. Enter the letter P in the field. Press Enter.
6. Click the "Start" button in the upper right corner of the screen.



Customer Frontline will collect all prospects that have been contacted by a salesperson within the last seven days. The manager should scan the information in the data fields on both the *Customer* and the *Profile 1* tabs. How complete is the qualification of the subject prospect? Review the notepad entries. What is the sales person's strategy to close the sale? Does the Rating field entry accurately reflect the pending sale as represented by the other field entries and notepad comments? Is the Next Contact Date appropriate given the level of urgency to buy as reflected in the field and notepad entries?

A prospect audit can be more focused based on management priorities. For example, the screen search described above can be narrowed with additional combinations of data field selections: salesperson, prospect rating category, product category, etc. Download "Finding and Counting Sales & Marketing Opportunities" for more information about using the Screen Search utility as a sales management tool:

www.customerfrontline.com/managementreports

• Management tip: the contents in four key data fields will provide you with a quick measure of how well the sales person has qualified a piano shopper as a preparation to close the sale:

1. Rating: See the four prospect category definitions listed below. Is the rating entry justified by the level of qualification and buying urgency as reflected in the other data fields and notepad contents?
2. Player Name: Did the sales person discover who will play the purchased piano? If not, why not? How can emotional value be added to the pending purchase when the player is a non-entity to the sales person?
3. N.C. Date (next contact date): When is the customer scheduled for the next follow up contact? Does the time sequence reflect the urgency to buy? Is there a strategy or commitment, as reflected in the notes, that outlines the purpose of the next contact?
4. Occupation: Knowing a buyer's occupation gives insight to the economic and social references that will influence the prospect's buying decision. However, obtaining this valuable piece of information requires an advanced communication skill on the part of the sales person. "What do you do for a living?", or any variation of this question cannot be asked in a blunt manner. The sales person must gain a high level of trust with the prospect and sustain a free exchange of conversation in which this information is revealed. The contents of the occupation field, or lack thereof, separate professional sales people from the averages.

3. The Customer Frontline Piano Prospect Rating System

Folklore has it that the first official prospect rating system was instituted during the 1950's by a regional sales manager of the Chicago Area Wurlitzer Piano retail stores. The rating categories below represent a collaboration of Piano Retailers that use Customer Frontline today. It has proven to be a mentor of intellectual honesty for sales people because sales managers can ask questions: "on what basis did you decide to rate this prospect at X?" "What will it take to advance this prospect from level X to level Y?" "How can we help you close your level four prospects?" Results can be managed when a system is defined, quantified and followed. A common attribute of the most successful piano retailers is an established prospect management rating system that infuses accountability across the sales staff and sales managers. Here goes:

Rating Definition

- 1P Basic information such as name address, phone, etc. has been obtained; most likely from a remote venue. A sales person would not recognize this prospect if they came in to the store.
- 2P The salesperson has physically met this prospect, and made a product presentation. Urgency to buy is low. The data fields of the customer record with a notepad entry are completed, including a scheduled follow up contact (N.C. Date).¹
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- 3P The sales person has determined: "I would be shocked if this person doesn't buy a piano". This prospect is considered to be motivated and will buy from someone. Therefore, the next contact date reflects some level of urgency, and the note entry defines a targeted follow up strategy.
- 4P The last step prior to ownership; the sales person has concluded: "I would be shocked if this person didn't buy a piano from me." The urgency of a pending sale must be adequately documented in the notes with a current next contact date.
- OW The prospect has been closed by the sales person and now owns a piano.

Notice the line between levels two and three. The intention is to create a psychological threshold to be crossed by the sales person. It is the sales manager's "Maginot Line" to defend and protect the sales budget against lost sales opportunities. A level three or four declaration places a significant level of accountability on the sales person to cultivate the relationship and advance the customer from prospect to owner. Level three and four prospects should represent the sales manager's first source of sales revenue.

¹Note: Here is an alternative definition of a level two prospect that has been adopted by some piano retailers. The manager should decide which definition is the most appropriate to the shopping patterns of the customer clientele:

2P The salesperson has had a conversation with this prospect, either face to face or by phone, and has sufficient information to fill in the data fields of the customer record, including a notepad entry with a scheduled follow up contact date in the N.C. Date field.

4. Pending Closings

This fourth manager's audit is frequently used as the basis of a sales meeting. It is based on reviews of individual prospects with the sales staff to help each other develop plans to close pending sales. Meetings that are organized around this collaborative approach tend to raise the level of accountability from each sales person amongst their peers. Discussions within the group typically stimulate new ideas that can help each participant improve her/his individual selling skills. The best part of this meeting venue is that the manager asks only one or two opening questions, the group takes it from there.

The manager prepares for the sales meeting by running a screen search based on prospect rating categories. Example: search and find all level four prospects. Or, mix things up and discuss level three or two prospects - ask for ideas to advance a prospect to the next level. Customers with a delinquent next contact date should be reviewed on occasion. Avoid following a fixed meeting format. "Management creativity promotes staff alertness and responsibility."

Example

Sales meeting agenda for the first week of a new month: "review level four prospects with a delinquent next contact date".

Screen Search:

1. N.C. Date is "less than" the first day of the new month.
2. Rating "equals" 4PR

The screenshot shows the Customer Frontline search interface. The search criteria are: Full Name (empty), Active Only (checked), Customer # (empty), Bus/L Name (empty), Date Added (empty), S.A. #1* (empty), Address (empty), County (empty), Address2 (empty), Country (empty), City (empty), @L.C. Date (empty), @N.C. Date (10/31/2010), Player Name (empty), Cust. Type* (empty), Store* (empty), Spouse (empty), Rating* (4PR), PnoType* (empty), Phone 1 (empty), PnoType* (empty), Phone 2 (empty), Source* (empty), Interests (empty), Email (empty), and Mark Camp (empty).

The screen below shows the result of this Customer Frontline data search. Thirteen customer records have been collected and can be displayed one by one during the sales meeting. The manager should point out some data highlights while asking questions of sales person XADS: "Why is this considered a level four prospect?" "If a level four, what is the reason for a delayed follow up contact?" To the group: "Based on what we see in this prospect record, who can give XADS some advice to close this pending sale?"

The screenshot shows the Customer Frontline search results. The search criteria are: Search, Browsing 1 of 13 records. The search results are: Full Name (Kathi Coleman), Customer # (CHR011), Bus/L Name (Christ Church Episcopal), S.A. #1* (XADS), Address (2100 S. Marsahl Blvd.), County (KANE), Address2 (empty), Country (USA), @L.C. Date (09/23/2010), City (Elgin), Zip (60123), @N.C. Date (10/14/2010), Player Name (empty), Cust. Type* (Church), PnoType* (AG), Store* (SOU), Spouse (Kathi Colman Pianist), Rating* (4PR), Status (Dir Mail), NextEvent* (empty), Phone 1 (555/564-7229), Email (kathi@cce.org), CFREQ (30), Phone 2 (/ -), Interests (0 Documents).

The manager navigates from one customer record to another by mouse clicking the left or right arrows highlighted above in yellow, or by pressing the left or right arrow keys on the workstation keyboard. With Customer Frontline a manager's fingers do the walking while the sales staff does the talking!

Mail your questions, criticisms and comments to Al Slivinski: ads@rbsolution.com