

AS SEEN IN
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Measuring Up

It's the right time of year for showroom owners to evaluate the performance of specific aspects of their business.

BY MARK OKUN



When the goal is to improve the performance of any aspect of your business – sales, delivery, professional development, or service – the only way to accomplish it is to measure actual results against goals and standards.

Often referred to as Key Performance Indicators (KPIs), this is any metric used to measure performance. Showrooms can use a variety of measurements that relate to the activities they want to improve.

While there are regularly used measurements in retail (i.e. the September 2017 *On the Mark* article *Sales Management Is About More Than Just Numbers*), there are no standards for which KPIs are selected. The indicators put in place are the guideposts of the progress of the individual initiatives related to an overall strategic goal. KPIs are essential when managing the

performance of a process, a strategy, an individual, or an organization. They are the unbiased achievements of selected aspects of performance as it relates to the goals and benchmarks set earlier in the year. This is real data that supports – or diminishes – the impression that subjective information makes and is easy to find in conversation with team members. Collecting data is only a benefit if it is used to make improvements, corrections in direction, coach behaviors, and improve results.

PEOPLE DO WHAT YOU INSPECT, NOT WHAT YOU EXPECT

“Inspect what you expect” is a well-worn leadership quote that provides an accurate direction of what to do – but without more information, it falls short on just how to do it. If you only have KPIs without regular staff interaction, you will not increase performance or create new habits. Using KPIs to reach success requires



“Individual commitment to a group effort? That is what makes a team work, a company work, a society work, a civilization work.”

—Vince Lombardi

commitment from the two-person team to communicate clearly with each other. Their conversation is based on actual tracked performance and the activities of staff members as compared to the targeted goals and actions that will lead the chosen results. The tracking outcomes are reviewed on a frequent and scheduled basis. In fact, the more frequently you interact with team members on performance and review their KPIs, the quicker the effects of the one-on-one work will be seen.

KPI REVIEW FREQUENCY

The rate of performance measurement can and should vary by the activity. Commitment to KPI check-ins conducted on either a weekly, bi-weekly or monthly basis is a good start.

The way KPIs are examined will maximize their benefits. First, segregate KPIs into time-frame snapshots that represent “traffic count” – which is a daily review – while “individual sales performance rates” or “response to marketing” initiatives can be a weekly or monthly check based on the anticipated result. The same measurement frequencies apply to client-focused activities and other malleable behaviors that have a bearing on performance.

The resulting conversation will deliver a view of the team’s actions, making it easy to talk about what’s going on in a timely way and then make any corrections if needed.

Frequent and scheduled conversations permit professional development time to be significant as various goals are broken down into the actions that must be done each day. It is each team member’s responsibility to work towards achieving those goals.

IMPROVE SALES METRICS BY COACHING

Coaching a sales team to better performance begins by inspecting the current sales activities in relation to the desired outcome and then making adjustments to those activities until the desired performance result or behavior change is reached.

Coaching is about drilling down to the one-on-one personal activities which, when applied, attain the individual goal and the larger company goal. One-on-one coaching time that is scheduled with each staff member is a precious investment in both time and money. Schedule it when the

ON THE MARK

KPIs are most focus can be placed on the individual without interruption.

essential The conversation is based in the reality of the KPI, actual performance vs. desired performance or worse, the feeling of performance. This professional exchange allows for the celebration of demonstrated progress and guidance around stumbling blocks.

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If you have not yet used KPIs in your business, my advice is to start at a slow pace with one or two people and then expand. Result-based performance programs and their indicators focus on the portions of the business that will make the most immediate bottom line impact. When the individual's performance hits the standard, go to the next action item and repeat.

Along with those coaching sessions, follow up with "immediate feedback" on observed performance. Sometimes waiting a week to talk about an observed action is too long. When a staff member is with a client and is observed performing in a way that is not aligned with the agreed upon outcome, it is time to make a quick note and immediately follow up with the team member while the action is fresh.

JUST ONE KPI
An example of one goal to put into action is to increase the size of the contact list.

A weekly KPI to review for this goal could be called "Contact Acquisition Rate" or "CAR." I like calling it CAR because it gets you where you want to go, but you can call it anything you want. An essential CAR focus would be obtaining email addresses or social media likes and follows.

If the goal is to get email addresses for marketing, tell the team the actions that must take place with each customer. The result of those efforts will yield an email address. The KPI would be the number of email addresses obtained vs. the number of clients asked. That percentage is your actual amount of collected addresses vs. the target.

According to a recent survey by YouGov, 27 percent of consumers state they would not share their information at any point. This tells us 73 percent will share it. We would assign a KPI that 73 percent of all customer interactions would either supply an email address, or there is already an email address on file.

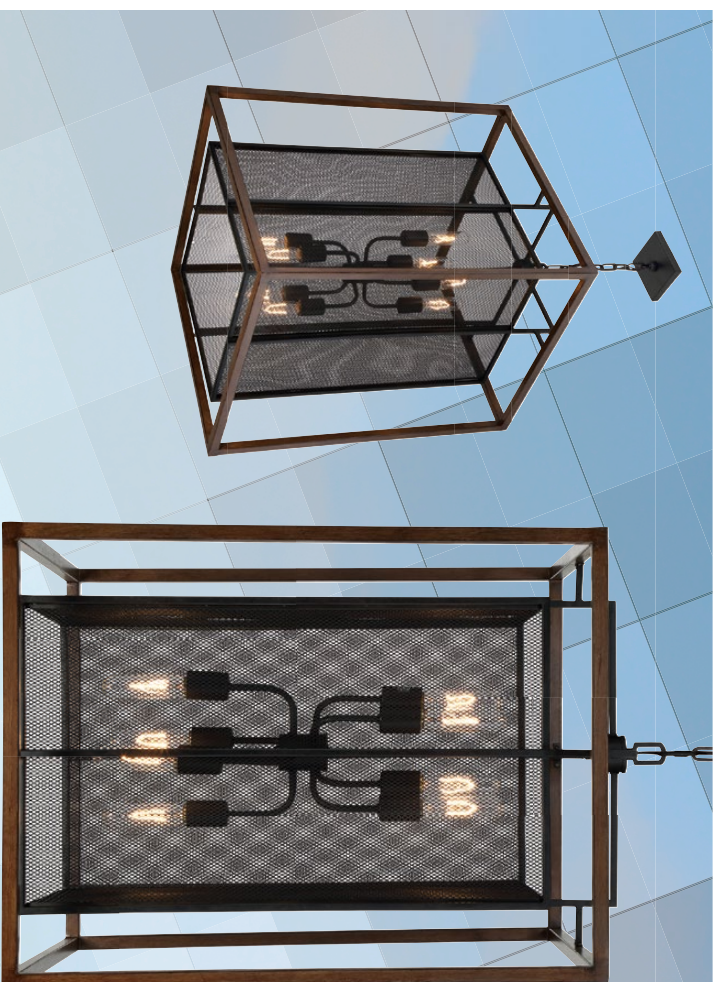
Set up KPI tracking like a scorecard in golf with only three choices: have the email address on file, obtained an email address, or client refused to supply. The numbers in each category will provide information to help improve performance.

SELECTING SHOWROOM KPIs

KPIs that make the most impact will resemble the primary activities the business engages in. Guide team members on how to catalog the progress of their activities within the agreed upon time frames. This information will help shape performance decisions and can isolate areas of growth or improvement for the individual and the business.

KPIs can focus on the actions of every department; however, the top 10 KPIs that have a bearing on today's retail environment are:

1. Total Sales
2. Gross Margin Profit per Transaction/Item
3. Salesperson Conversion Rate (closing)
4. Door Traffic
5. Awe \$ Sale
6. Email addresses / Facebook Page Likes
7. Acquisition
8. Customer Contact & Ongoing Engagement
9. Return Rates
10. Product Turn Rate
10. Organic Traffic (Web)



The Coast is Here

Coasts connect the green of land and the blue-gray of sea with an array of rich tans, grays, and browns. This contrast is at once comforting and invigorating. Rio Lobo is a display of such differences; black and dark oak, squares and rectangles, solids and mesh. **Through diversity in design, it finds unity.**

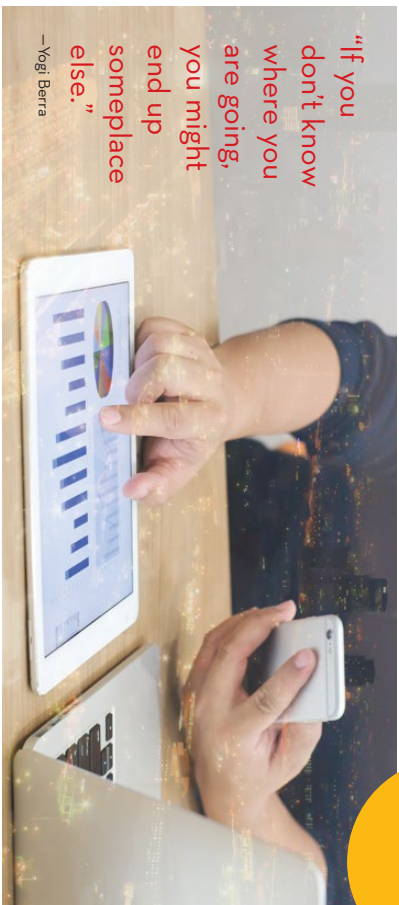
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“If you don't know where you are going, you might end up someplace else.”
—Yogi Berra

The KPIs must relate directly to activities that can be influenced. What you include must be linked to overall business objectives and the immediate strategy and goals associated with them. When attention and measurement are applied, they will directly influence the ability to succeed as well as flag actions that need further attention. The results and benefits of using KPIs are seen over time. Changing actions and behavior is not a speedy process; it requires attention, energy, and consistency.

SET IT BUT DON'T FORGET IT

Once the KPIs and the coaching process are introduced and the team understands that these conversations are now a regular part of performance inspection and appraisal, you must commit to the entire process. The reason is clear: KPIs and coaching have been established to increase overall business performance, not just to develop a sales team.

The next critical step is the upkeep of the recorded information; this is the history of success for the individual and the team. Providing a 3-ring notebook to each person is a way to have a written account of all the actions that have gone into the coaching for results. There is a direct human-to-human link to the goals, the action plans, and the KPI comparisons when they are in the employees' handwriting.

When staff members personally track their

stats (KPI measurement) along with those tracked by their coach/manager, the goals and actions become apparent to both of them and each has an intrinsic ownership of the results and the success. Research done by the Dominican University of California discovered that people who wrote down their goals and whose actions were supported with accountability were 33 percent more likely to reach their goals versus people who only expressed their goals.

When external support is increased, along with focused commitment to specified activities and weekly reporting, the rate of success rises even higher. When using KPIs and coaching performance indicators for the sales team, success comes to those who put in the work.

That work includes:

- ▶ Having a Mutual Commitment to the team and achieving results; commitment to the one-on-one time, and the personal effort needed to succeed.

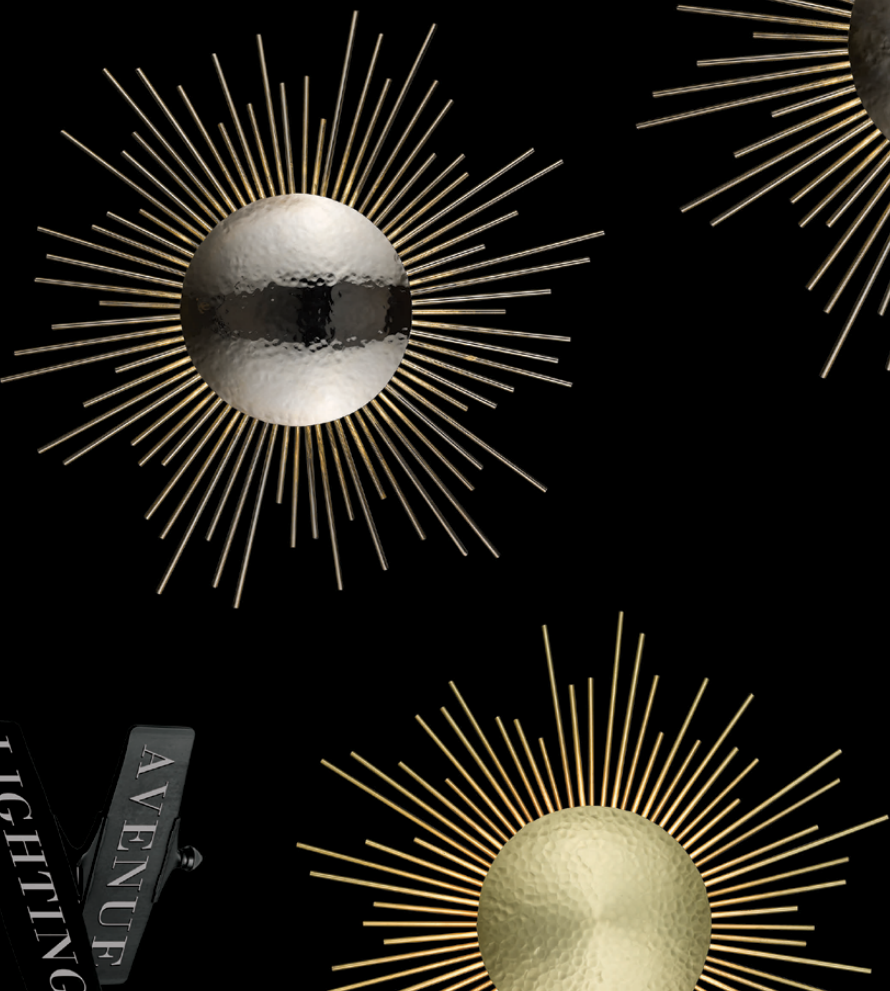
- ▶ Mutual Accountability between the coach and employee. Each person, team member, and manager/coach must write down what actions each of them will be doing to attain the skills needed to win.

- ▶ Like any activity, the efforts can be replicated and applied by the entire team. It is the drive of the individual and their coach that will make goals a reality.
Happy Selling! ♦



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