Window Coverings University

division of custEmers.com

B-121 Professional Window Coverings Sales

Make-A-Friend

Consultation Selling System

Section 2

Review Home Study

- Competitive Analysis
- Benchmarking and Goals
- *Maslow Hierarchy* (Wikipedia)

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Competitive Analysis

Complete this section prior to arrival at class

Competition is a barrier to my growth because.... *List the reasons competitors prevent you from winning more jobs at a good profit*

My major competitors are *List competitors you have lost work to and how many jobs in the last 90 days*	
Competitor Name	**Jobs lost, 90 days**
1.	
2.	
3.	
4.	
5.	

After completing the information above, use the Competitive Comparison Checklist to evaluate your competitors.

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How Do Competitors Affect Your Business?

1. After the Appointment_____

_____

_____

_____

2. Before the Appointment_____

_____

_____

_____

3. How does competition affect your closing rates and gross margins? _____

_____

_____

_____

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Benchmarking and Goals

"If You Can't Measure It, You Can't Manage It"

- Wing it or Plan it?
- Benchmarking
- Goal Setting
- Power of Benchmarking and Goals
- How does this affect your selling career in window coverings?
- Example – Beginner vs. Professional
- Gross Profit Comparison
- Optimum level for each Metric
- If you are New to Window Coverings
- If you are Experienced

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Benchmarking

Benchmarking means finding a baseline to beat. Goal setting is about setting realistic objectives to improve on the benchmark.

The concept of benchmarking is as simple as taking a vacation trip. If you want to drive to California, first, you must know where you are now. Then you can decide the route to take to get where you are going.

Wing It or Plan It?

Next, you can decide if you want to "wing it" or plan it. If you have plenty of time and don't particularly care how you get there, then Wing It. But, if you want to get there in the least time possible, you need a plan. We've all heard the old saw that,

"The world stands aside for a person who knows where he is going"

It is especially true in business and sales. People love a winner. When you have a goal and a plan, you magnetically attract people and forces to help you reach your goal. When you are in sales, you are really in your own business. You have the power and control to increase your income. It is not about your customers or your employer. It is about you!

Goal Setting

The same is true in Goal Setting. Technically, management experts define goals and objectives this way...

Goal: A broad general direction. Examples: "I want to go to California"; "I want to increase my sales."

Objective: A specific, measurable point where you want to be, along with a deadline for achieving it. Examples: "I want to drive from Kansas City, Mo., to be at DisneyLand, in Anaheim, CA on the 8th of June, 2004"; or, "I want to increase my sales from $275,000 to $375,00 in Calendar Year 2004."

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For this Goal Setting discussion we will refer to goals as specific objectives, common in sales planning.

Power of Benchmarking and Goals

One of the most powerful examples of Benchmarking is the story of Roger Bannister when he broke the four minute mile. It was considered biologically impossible. Yet, soon after a competitor achieved it and before long the world welcomed 16 more who achieved the "impossible"

Sales Performance Comparison

Note the important change from beginner to professional – the difference is almost five fold in results. This is the power of building relationships that result in repeat and referral sales for a lifetime. ("Appointments" mean *First Appointments when a presentation is made.* It does not include follow-on appointments to close a sale)

Sales Performance Comparison

Comparison of new / untrained salesperson VS. Professional with Repeat and Referral Following

The Power of One Appointment Per Working Day 300 Per Year:

	Beginner	Professional
Appointments	300	300
Closing Ratio	50%	80%
Customers Sold	150	240
Average Customer Sale	1000	3000
TOTALS	$150,000	$720,000

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Par Performance:
67% Closing Rate – $1,500 Average Sale

After you reach the basic level of 50% closing ratio and $1000 average customer sale, the next goal is to move to 60% while not reducing prices. Then build your average sale steadily to at least $1200. Steadily set your goal to increase by $50 average sale every 90 days. By the end of the year you will be $200 higher. *If you have 200 sales in a year that is another $40,000 without spending another dime on advertising, car or gas!* From there, continue your improvement until you reach the solid, "Par" level of 67% closing ratio and $1,500 average sale, or about $1,000 in sales for every appointment you go on!

Gross Profit Comparison

If you own your own business or if you are paid on gross profit, this chart is even more meaningful. We have found further that a beginner will average around 40% on Soft products and about 30% on Hard products. Yet a "Professional" will average close to 50% overall on all products. Compare the difference:

Beginner Gross Profit: 40% of $150,000 = $60,000

Professional Gross Profit: 50% of $720,000 = $360,000

Gross Profit Pays Your Bills

If you attend our management class you will learn how to calculate gross profit. For now, it is enough to know that gross profit is the amount remaining after you pay for products from vendors and installation costs to contractors. It is the money you have left to pay expenses.

After achieving viable sales, gross profit is the single most important factor to achieve profitability in your business.

If you work for someone as an employee, remember, only when there is good gross profit can the company pay you good commission income.

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Back to Selling

Now that you understand the importance of measuring performance, let's return to our idea of benchmarks and goal setting for sales. There are only three benchmarks to measure for Shop At Home selling:

1. **First Appointments (monthly)**
2. **Closing ratio**
3. **Average size of customer sale**

Now let's study what you should know about each of these "metrics". ("Metrics" mean critical factors to measure for company – or salespeople – success.

Optimum Level For Each Metric

Whether you are a beginner or experienced, this will give you ideas to set your sales goals. If you are a beginner, do not worry about this! Simply be aware that it exists. Beginners should never put pressure on themselves to close sales.

If You Are New to Window Coverings

The first thing to do is just go on appointments and have fun. In fact, just assume you won't sell it, but tell yourself, "What the heck, it could be fun to try". Of course this flies in the face of traditional sales training, but it is correct for our business. You have enough things to worry about without pressuring yourself to close a sale on your first few appointments. Just get out and meet people and have fun. Everything will fall into place when you do.

If You Are Experienced

Most business owners and sales consultants look at their first priority to get more appointments. And if then the second priority is to improve closing ratio. It may surprise you, but your best opportunity to increase sales may not be more appointments. It is probably to get more sales from every appointment you go on. Look back on the Sales Performance Comparison chart. Look at the power of improving closing ratio and average size of sale.

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1. Optimum monthly appointments

The best number of monthly in-home sales appointments is about one per working day - about 25 per month. Sales will not increase when going on more than 35 per month. (8 per week, average). This is optimum for a salesperson who does not own the business. If you are a business owner *and* head salesperson, about 20 appointments per month is optimum.

2. Optimum closing ratio

The best closing ratio is from 65% to 80%. The exact closing ratio is a factor of lead source (advertised lead or referral lead) and skill of the sales consultant. Contrary to those who brag about "closing 90% of their sales", *Closing ratios over 85% are poor business judgment for many reasons.* We will discuss the reasons in class.

3. Optimum average customer sale

Average customer sale offers the greatest potential for profit improvement. Beginners should average about $1000. Experienced professionals will exceed $3000. The difference is in the skill of the salesperson and proportion of repeat and referral leads compared to media advertised leads.

Now that you know what the benchmarks are for window coverings sales, you can set goals to achieve them. We discuss how to go about it during your classroom study.

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Benchmark List of Last 50 Appointments

Enter your last 50 appointments, not to exceed the most recent three full months

Your Name	
Your Business Name	
Your Business Address	
Your Business City/State	
Your Telephone	
Today's Date	
Your Website Address	
Your Email Address	

APPOINTMENT INFORMATION **Begin _____ 1, 200__** **End _____ 31, 200__**

	Appointment Date	First Name	Last Name
1			
2			
3			
4			
5			
6			
7			
8			
9			
0			
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50			
	Total Appointments		**Average Per Month _____**

Initial _____

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Benchmark List of Last 20 Appointments

Enter your last 20 appointments into this list and, if applicable, sale date and amount

Your Name	
Your Business Name	
Your Business Address	
Your Business City/State	
Your Telephone	
Today's Date	
Your Website Address	
Your Email Address	

APPOINTMENT INFORMATION

Appointment Date	First Name	Last Name	Sale Date (if applicable)	Sale Amount (if applicable)

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Sales Performance Comparison
Beginner v. Super Star

(25 Appointments per month – one per working day)

	Beginner	Star	Super Star
Appointments	300	300	300
Closing Ratio	50%	65%	80%
Customers Sold	150	185	240
Average Customer Sale	1000	2000	3000
Total	$150,000	$370,000	$720,000

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What Is the Lifetime Value Of a Customer?

$_____

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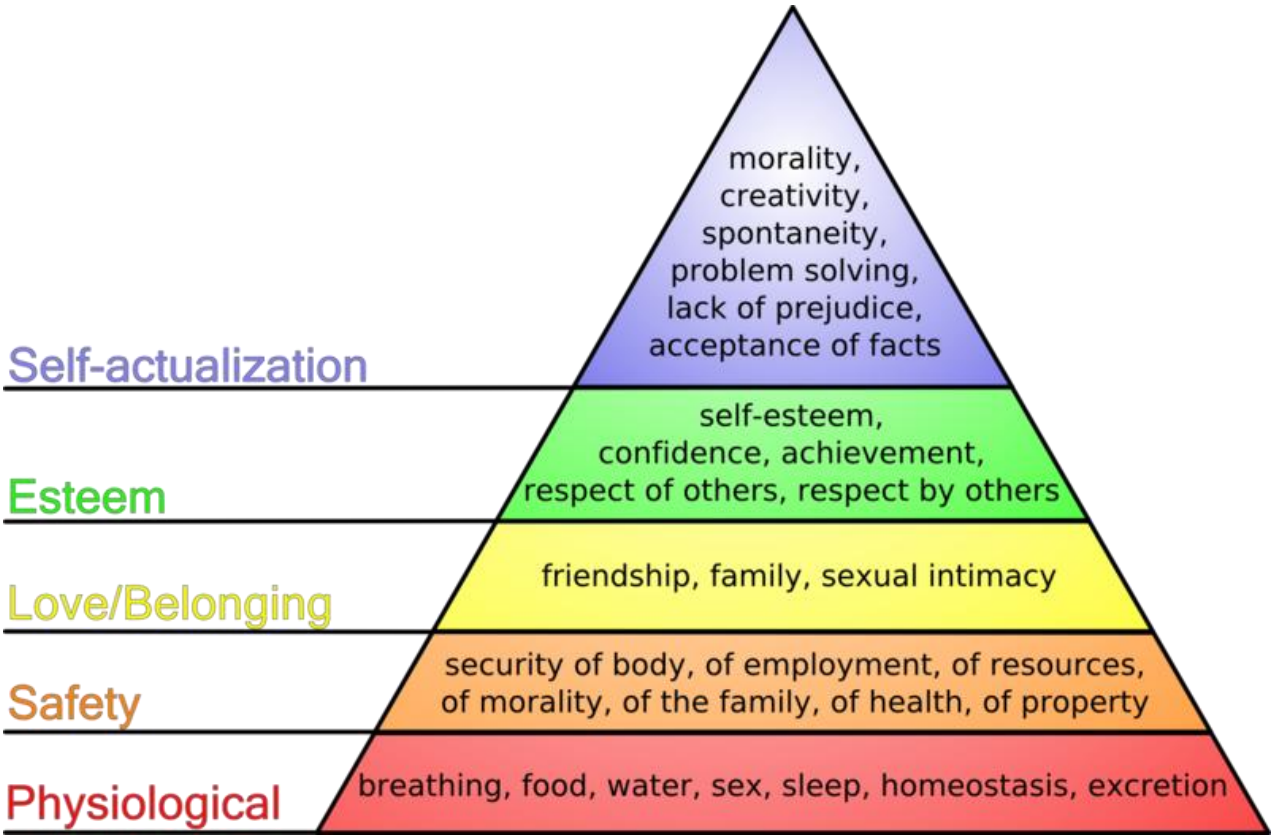
Maslow's Hierarchy of Needs

Courtesy of Wikipedia - Online free encyclopedia

http://en.wikipedia.org/wiki/Maslow's_hierarchy_of_needs

To better understand the motivation and desires of customers who seek beauty and emotional satisfaction in their homes, as may be expressed in exceptional window treatments, study Maslow's Hierarchy of Needs. Be prepared to answer in class how this relates to our business and to competition.



This diagram shows Maslow's hierarchy of needs, represented as a pyramid with the more primitive needs at the bottom.

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Maslow's hierarchy of needs

From Wikipedia, the free encyclopedia

Maslow's Hierarchy of Needs is a theory in psychology that Abraham Maslow proposed in his 1943 paper *A Theory of Human Motivation*, which he subsequently extended to include his observations of man's innate curiosity. His theory contends that as humans meet 'basic needs', they seek to satisfy successively 'higher needs' that occupy a set hierarchy. Maslow studied exemplary people such as Albert Einstein, Jane Addams, Eleanor Roosevelt, and Frederick Douglass rather than mentally ill or neurotic people, writing that "the study of crippled, stunted, immature, and unhealthy specimens can yield only a cripple psychology and a cripple philosophy."

Maslow's hierarchy of needs is often depicted as a pyramid consisting of five levels: the four lower levels are grouped together as *deficiency needs* associated with physiological needs, while the top level is termed *growth needs* associated with psychological needs.

While *deficiency needs* must be met, *growth needs* are continually shaping behavior. The basic concept is that the higher needs in this hierarchy only come into focus once all the needs that are lower down in the pyramid are mainly or entirely satisfied. Once an individual has moved past a level, those needs will no longer be prioritized. However, if a lower set of needs is continually unmet for an extended period of time, the individual will temporarily re-prioritize those needs - dropping down to that level until those lower needs are reasonably satisfied again. Innate growth forces constantly create upward movement in the hierarchy unless basic needs remain unmet indefinitely.

1 Deficiency needs
- Physiological needs
- Safety needs
- Love/Belonging/Social needs
- Esteem needs
- Cognitive needs
- Aesthetic needs

2 Growth needs
- 2.1 Self-actualization
- 2.2 Self-transcendence

Deficiency needs

[Physiological needs]

The physiological needs of the organism, those enabling homeostasis, take first precedence. These consist mainly of:

• the need to breathe • the need to drink water • the need to regulate homeostasis • the need to eat • the need to dispose of bodily wastes • the need for sexual activity	If some needs are not fulfilled, a human's physiological needs take the highest priority. Physiological needs can control thoughts and behaviors, and can cause people to feel sickness, pain, and discomfort.

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Safety needs

When physiological needs are met, the need for safety will emerge. When one stage is fulfilled you naturally move to the next. Safety and security rank above all other desires. These include:

- Physical security — safety from violence, delinquency, aggressions
- Security of employment
- Security of revenues and resources
- Moral and physiological security
- Family security
- Security of health
- Security of personal property against crime

Sometimes the desire for safety outweighs the requirement to satisfy physiological needs completely.

Love/Belonging/Social needs

After physiological and safety needs are fulfilled, the third layer of human needs is social. This involves emotionally-based relationships in general, such as:

- friendship
- sexual intimacy
- having a supportive and communicative family

Humans generally need to feel belonging and acceptance, whether it comes from a large social group (clubs, office culture, religious groups, professional organizations, sports teams, gangs) or small social connections (family members, intimate partners, mentors, close colleagues, confidants). They need to love and be loved (sexually and non-sexually) by others. In the absence of these elements, many people become susceptible to loneliness, social anxiety, and depression. This need for belonging can often overcome the physiological and security needs, depending on the strength of the peer pressure. e.g. an anorexic ignores the need to eat and the security of health for a feeling of belonging.

Esteem needs

According to Maslow, all humans have a need to be respected, to have self-respect, and to respect others. People need to engage themselves in order to gain recognition and have an activity or activities that give the person a sense of contribution, to feel accepted and self-value, be it in a profession or hobby. Imbalances at this level can result in low self-esteem, inferiority complexes, an inflated sense of self-importance or snobbishness.

There are two levels to Esteem needs. The lower of the levels relates to elements like fame, respect, and glory. The higher level is contingent to concepts like confidence, competence, and achievement. The lower level is generally considered poor. It is dependent upon other people, or someone who needs to be reassured because of lower esteem. People with low esteem need respect from others. They may seek fame or glory, which again are dependent on others.

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However confidence, competence and achievement only need one person and everyone else is inconsequential to one's own success.

Cognitive needs

Maslow believed that humans have the need to increase their intelligence and thereby chase knowledge. Cognitive needs is the expression of the natural human need to learn, explore, discover, create, and perhaps even dissect in order to get a better understanding of the world around them.

Aesthetic needs

Based on Maslow's beliefs, it is stated in the hierarchy that humans need beautiful imagery or something new and aesthetically pleasing in order to continue up towards Self-Actualization. Humans need to refresh themselves in the presence and beauty of nature while carefully absorbing and observing their surroundings to extract the beauty that the world has to offer.

Growth needs

Though the deficiency needs may be seen as "basic", and can be met and neutralized (i.e. they stop being motivators in one's life), self-actualization and transcendence are "being" or "growth needs" (also termed "B-needs"), i.e. they are enduring motivations or drivers of behaviour.

Self-actualization

Self-actualization is the instinctual need of humans to make the most of their abilities and to strive to be the best they can.

Self Actualization is the intrinsic growth of what is already in the organism, or more accurately, of what the organism is.

Maslow writes the following of self-actualizing people:

- They embrace the facts and realities of the world (including themselves) rather than denying or avoiding them.
- They are spontaneous in their ideas and actions.
- They are creative.
- They are interested in solving problems; this often includes the problems of others. Solving these problems is often a key focus in their lives.
- They feel a closeness to other people, and generally appreciate life.
- They have a system of morality that is fully internalized and independent of external authority.
- They have discernment and are able to view all things in an objective manner. Prejudices are absent.

In short, self-actualization is reaching one's fullest potential.

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