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**DRIVING SALES BY
FOCUSING ON YOUR
HIGHEST POTENTIAL ACCOUNTS**

A Perspective From John Larson And Company

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jlarsonandco.com

BACKGROUND

Sales Force 101 tells us that a successful sales representative focuses his or her attention on those accounts with the highest sales potential

- Unfortunately, in our experience for every **one** company that follows this maxim there are **nine** where sales force contact frequency does not have a statistically significant relationship with account potential
- Reorienting sales call activity to focus on your highest potential accounts represents a significant opportunity for companies to drive profitable growth



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METHODOLOGY

The following case study is based on a an engagement we conducted for a client that was the overwhelming market share leader in its product category

- From their Customer Satisfaction survey results we obtained an estimate of monthly sales contact frequency for each of their accounts
- We combined this with two pieces of information that our client supplied to us for each of the companies surveyed
 - A statistically accurate measure of each company’s annual sales potential
 - Our client’s most recent annual sales to each of these accounts



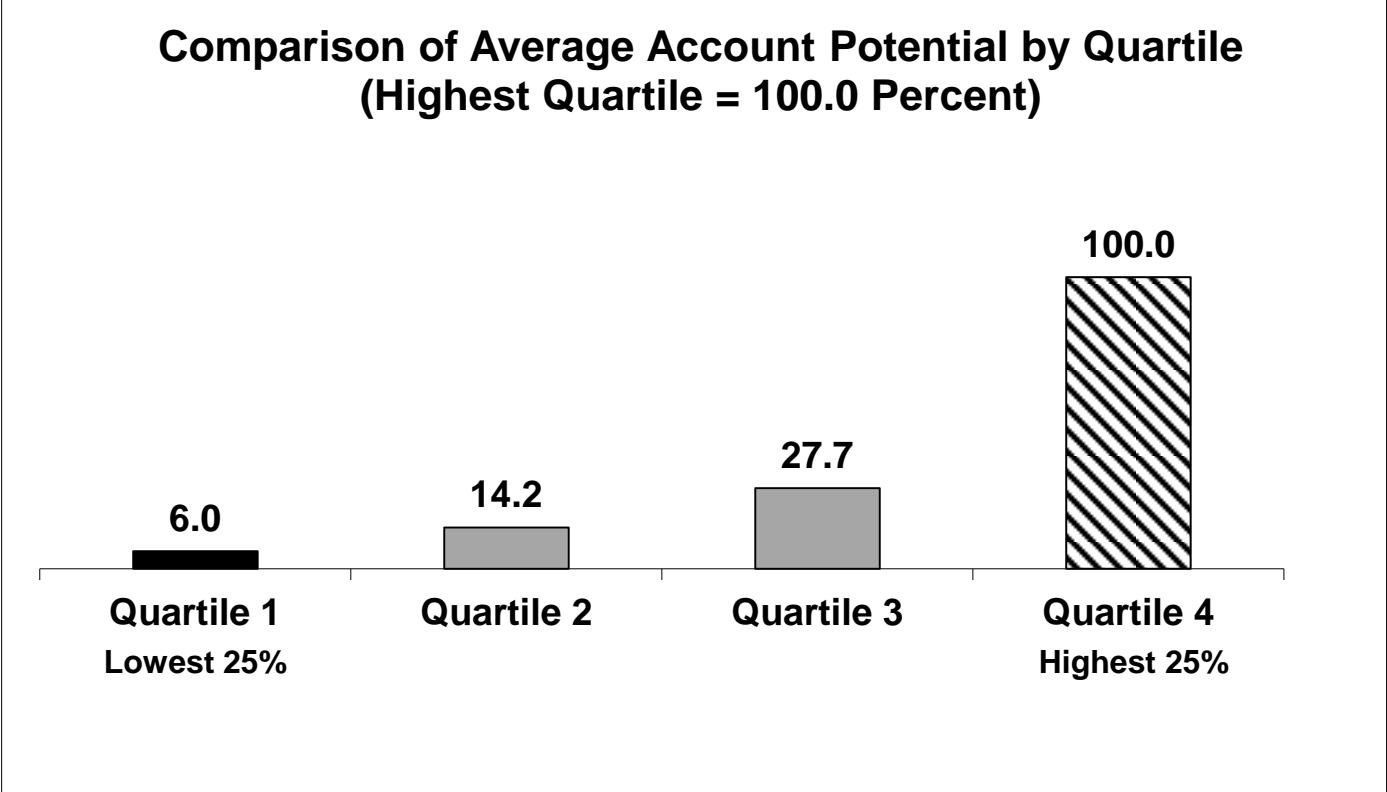
METHODOLOGY

Accounts were ranked from highest to lowest based on account potential and divided into four equal quartiles

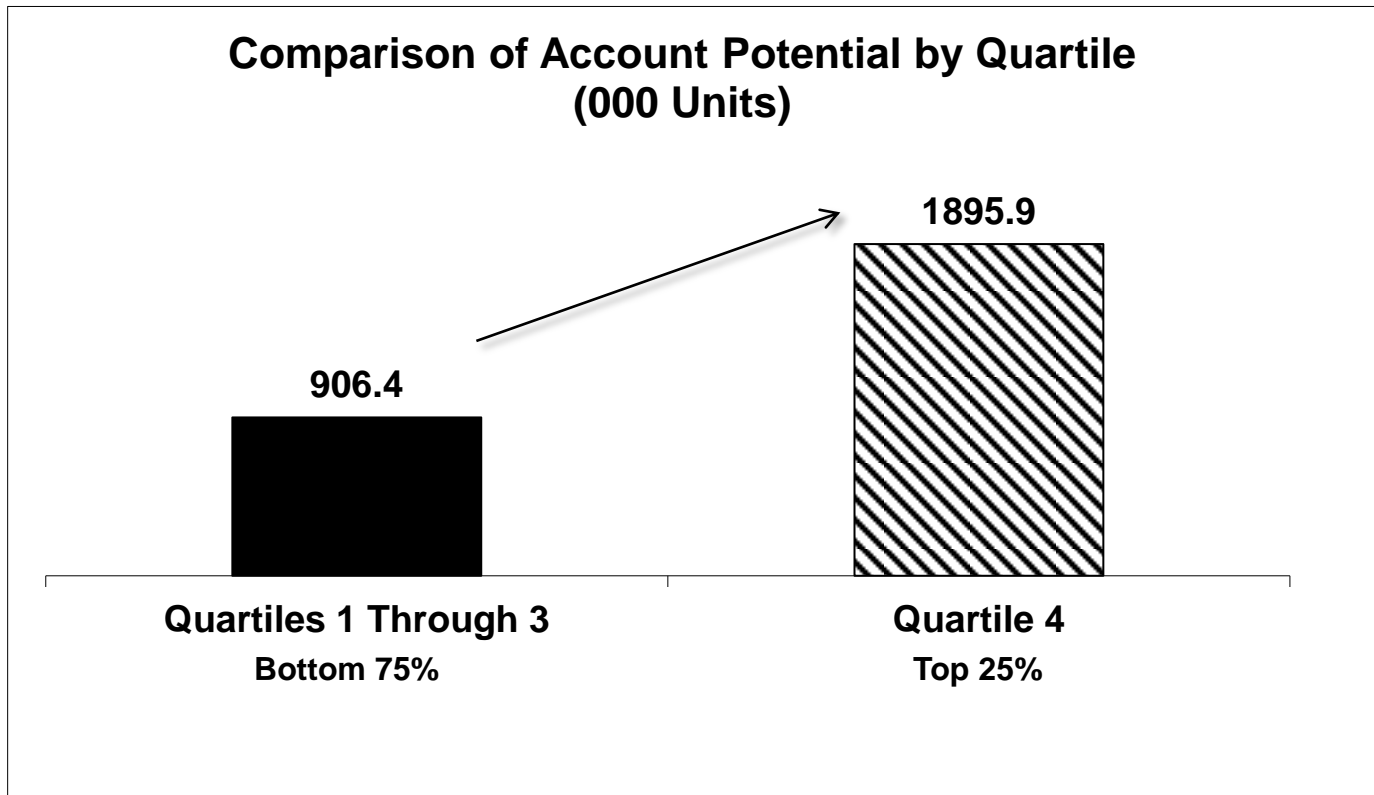
- Quartile 1 (the accounts with the lowest sales potential)
- Quartile 2 (the accounts with the second lowest sales potential)
- Quartile 3 (the accounts with the second highest sales potential)
- Quartile 4 (the accounts with the highest sales potential)



Average sales potential in Quartile 4 was three and a half to nearly **seventeen** times that of the other quartiles



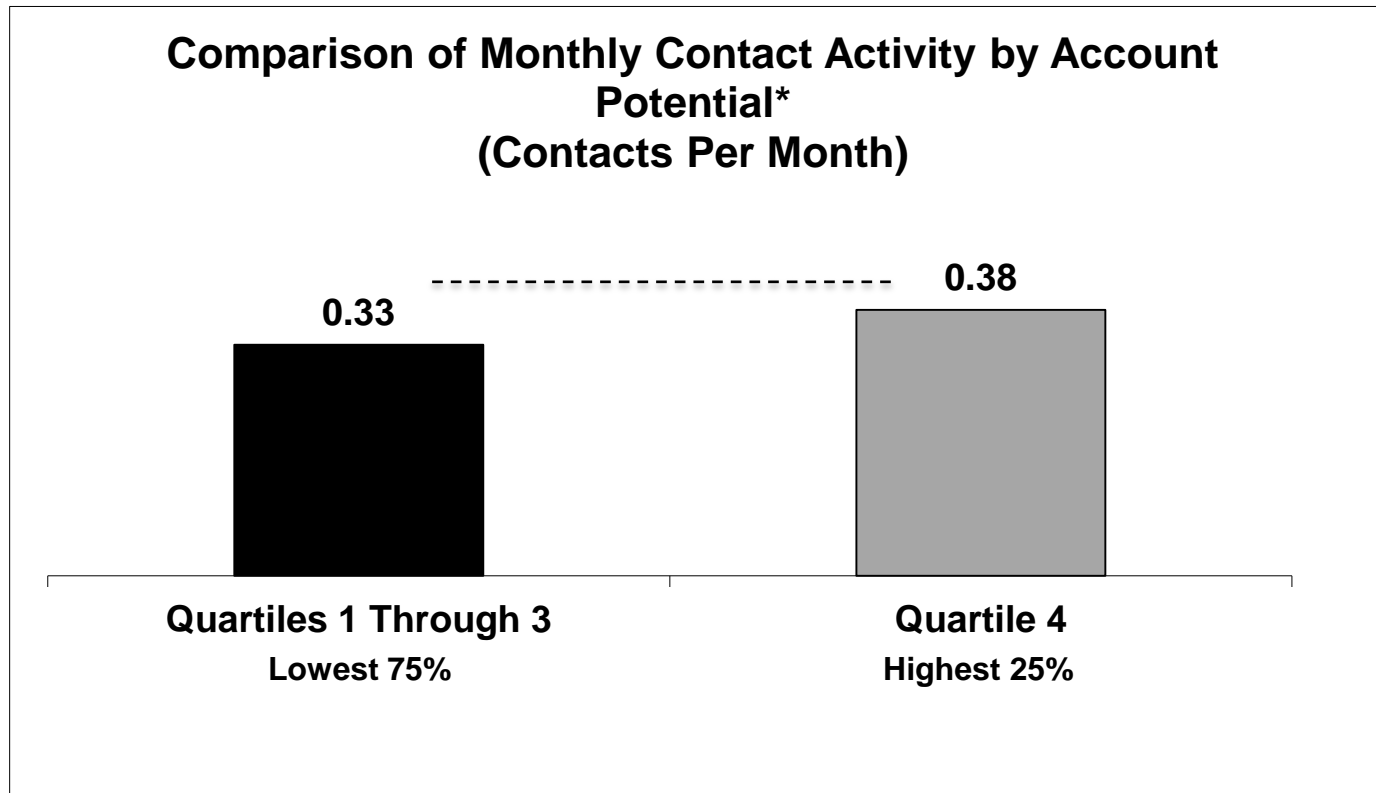
The total sales potential of the accounts in Quartile 4 was **more than double** the **combined potential** of all the companies in the first three quartiles



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CORRELATION BETWEEN CONTACT FREQUENCY AND POTENTIAL

Yet monthly contact frequency had virtually **no correlation** with account potential, something we observe in nearly 90 percent of our client engagements

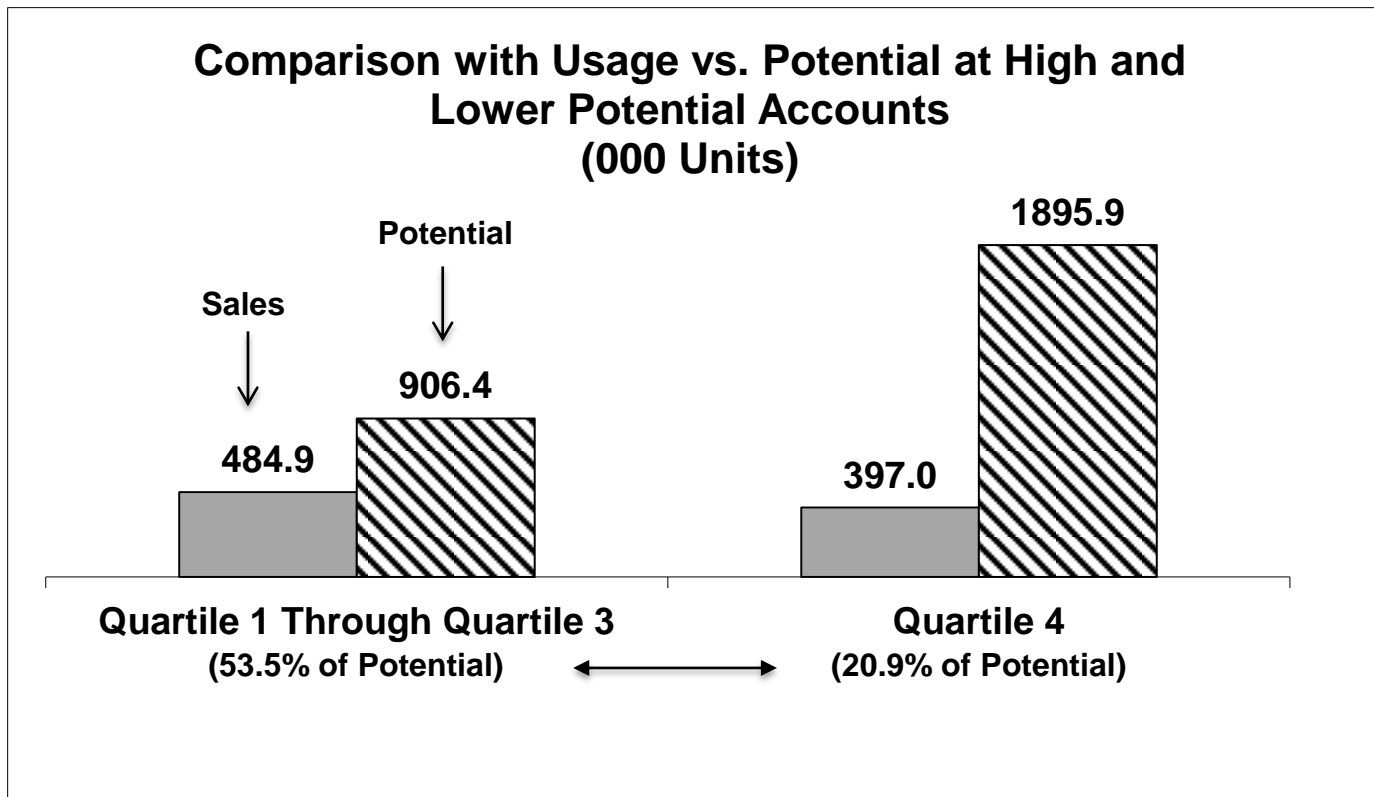


* = Differences are not statistically significant



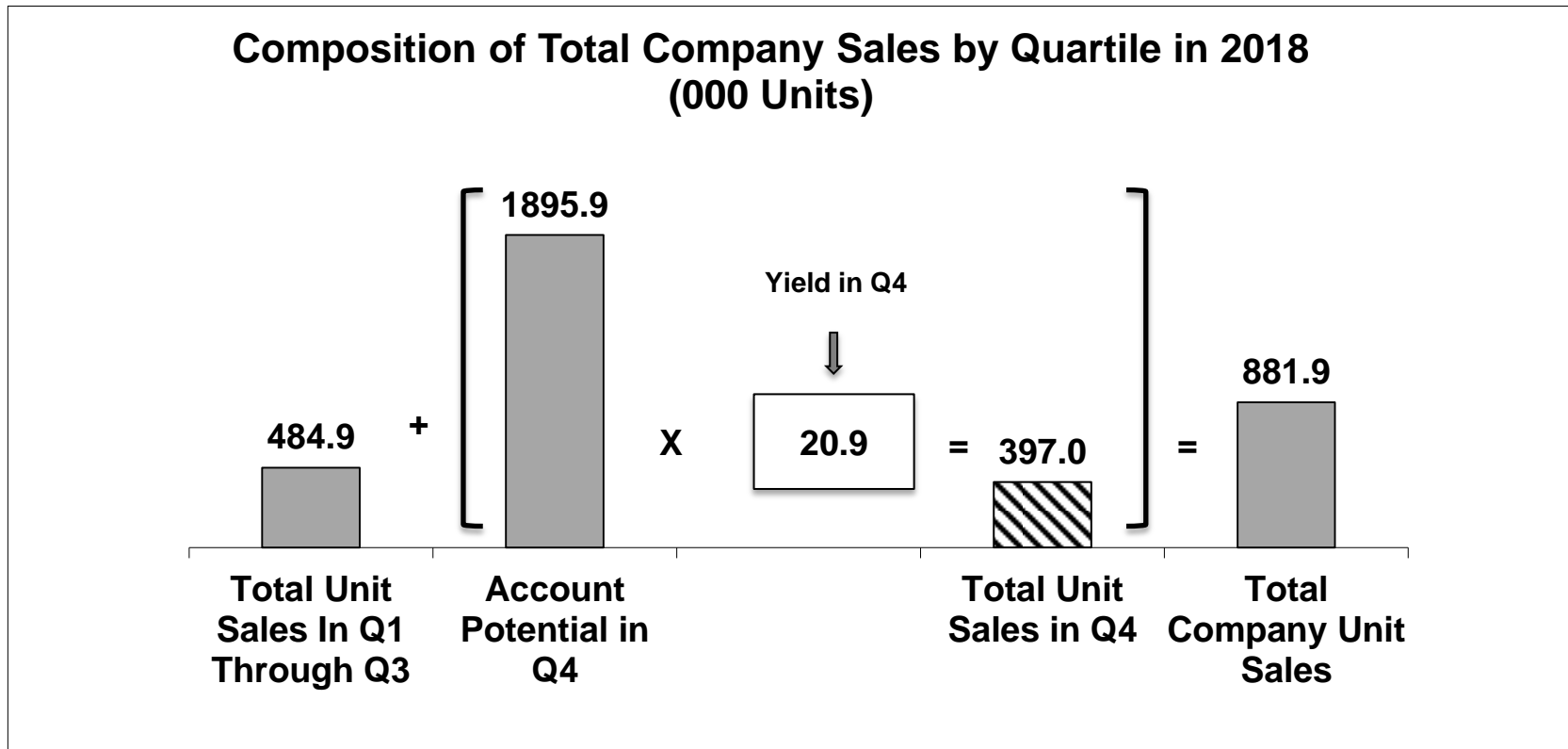
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As a result of their sales contact pattern, the Yield at their Q1 through Q3 accounts (Total Sales divided by Total Potential) was more than two and a half times that of their Customers in Q4 (i.e., 53.5% vs. 20.9%)



IMPACT OF INCREASING CONTACT FREQUENCY IN Q4

For purposes of subsequent analysis current unit sales across their four Quartiles can be broken down as follows



Consider the following very plausible scenario

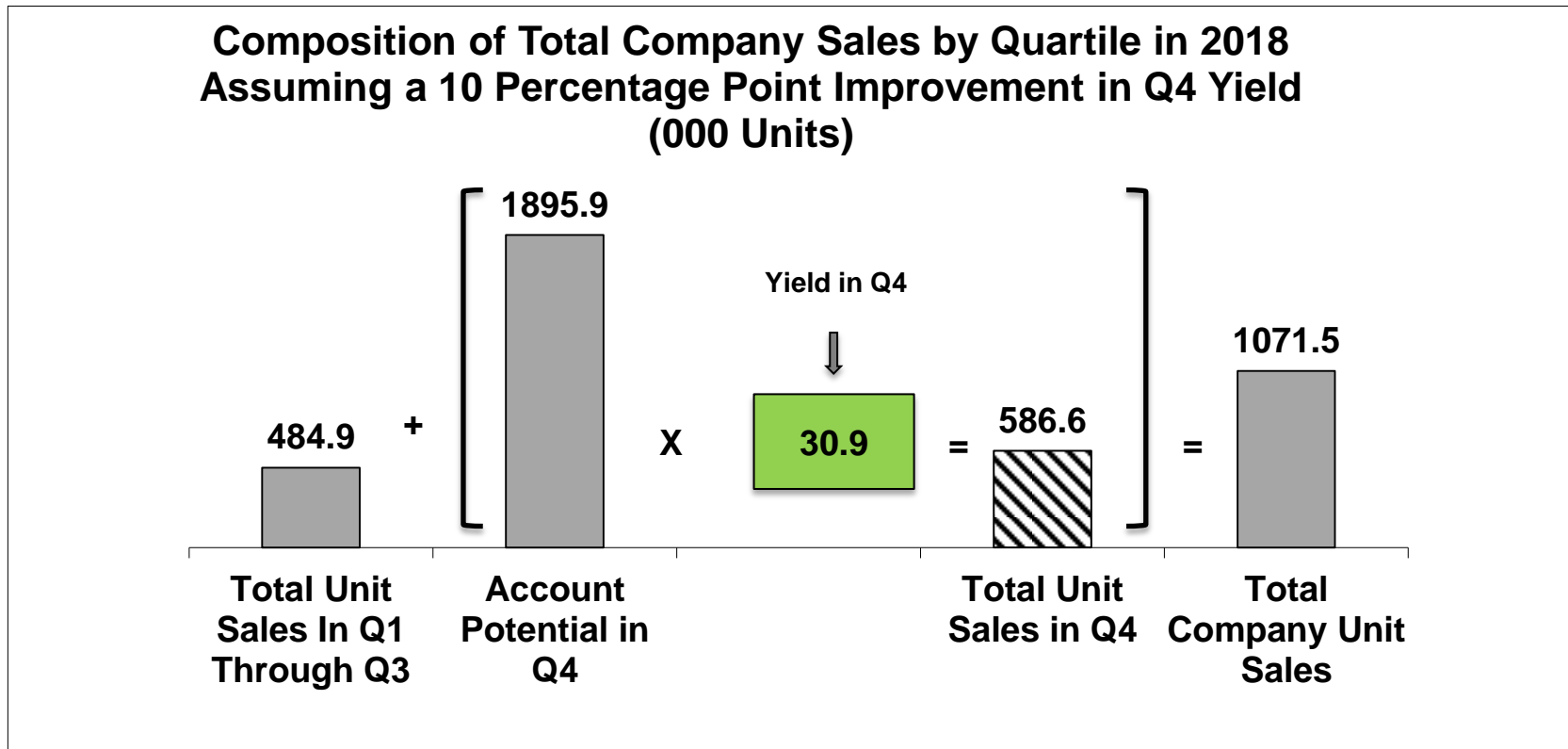
- This client expands its sales force and focuses these new hires on its Q4 accounts
- Sales contact activity at accounts in Q1 through Q3 remains at prior year levels
- As a result of the increased contact activity at Q4 accounts Yield at those companies increases from 20.9% to 30.9%*

* Note, this is still more than 20 percentage points below the Yield in Q1 through Q3 (53.5%)

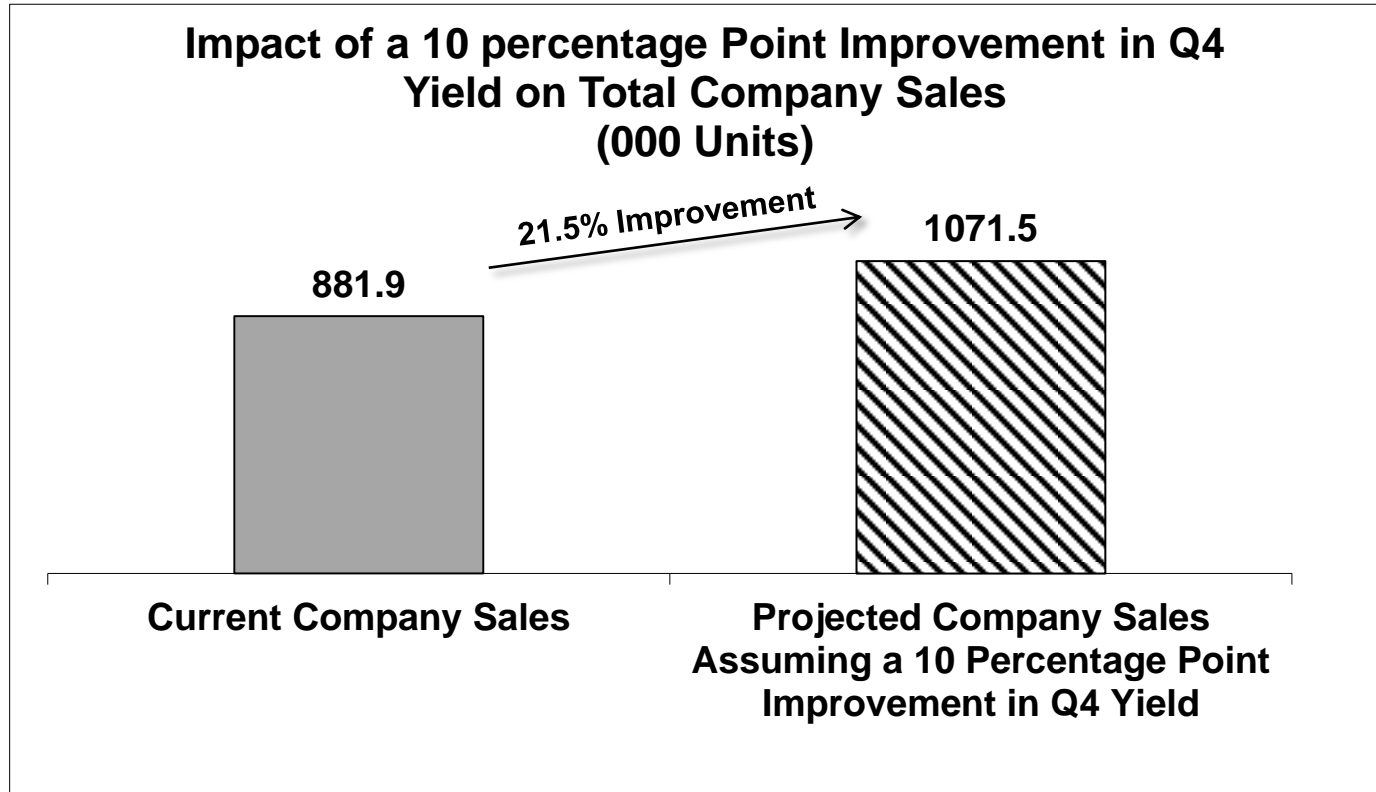


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This increase in Yield at Q4 accounts raises total sales in units to 1071.5



This represents a 21.5 percent improvement in total unit sales



CAUSAL FACTORS

It is incumbent on sales force management to continually focus their account managers on the objective of going “where the money is” — in our experience there are several key reasons why this does not occur

- Sales force management and account managers lack solid, accurate data on relative account potential
- Account managers often look at their sales volumes at their various accounts and come up with incorrect conclusions about their long-term potential
 - Our data suggest that even at an account that is Highly Satisfied our clients are typically getting only 60 to 70 percent of that Customer’s total spend
 - Will they ever get 100 percent?- Highly unlikely
 - Can they get 85 percent of the business?- Yes, through increased contact frequency



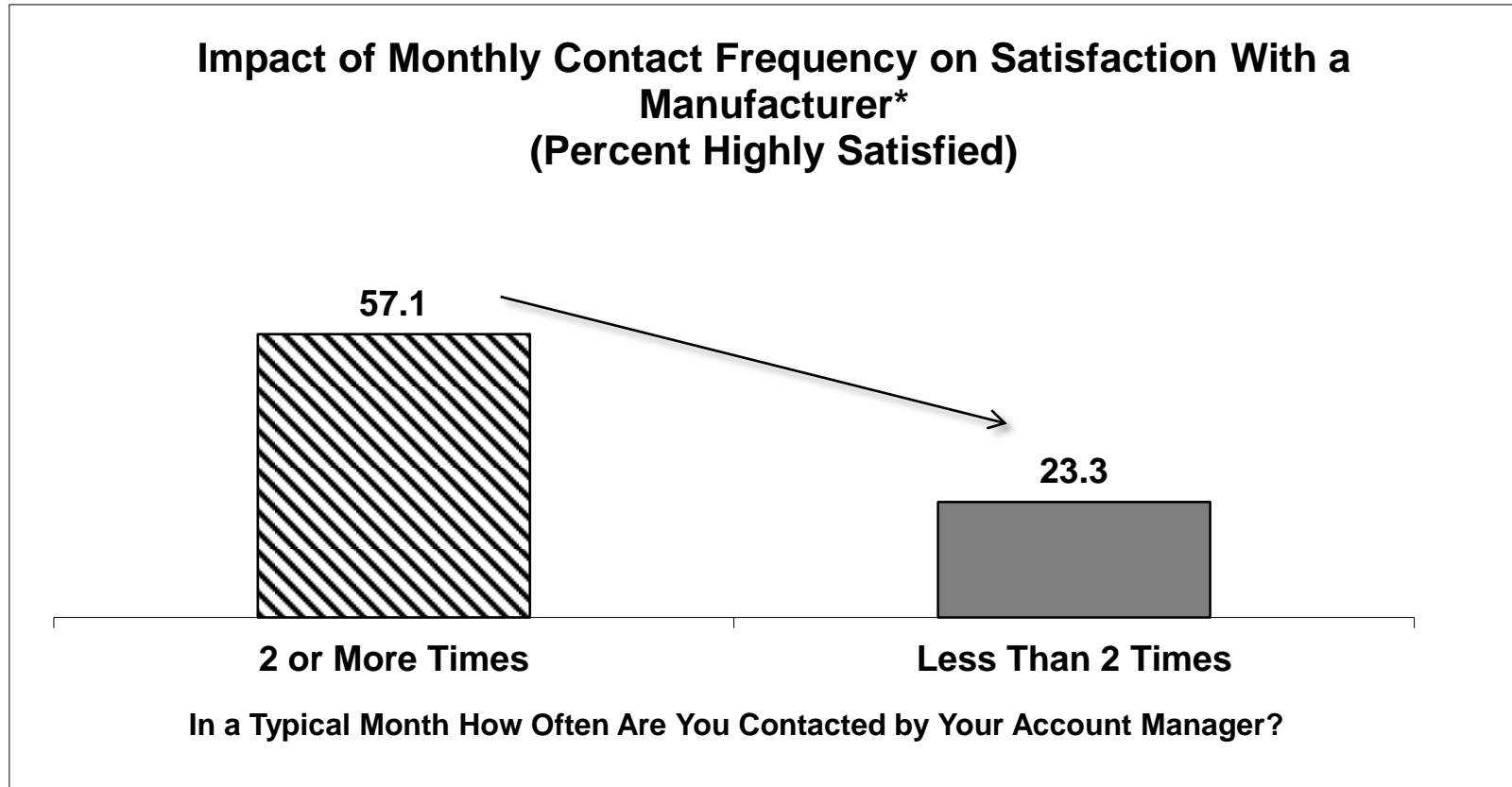
- A third reason has to do with the difficulty of “closing” a sale
 - In many cases smaller accounts have a simpler and often quicker decision making process than do larger accounts
 - An account manager in need of an additional sale to hit his or her monthly quota is sure to opt for a “short and sweet” sale at a smaller account
- A fourth reason that we often hear is that reps often have nothing new to say to a Customer that would warrant a meeting- It is the responsibility of corporate marketing to equip the sales forces with perspectives and position papers they can share with their Customers which would warrant a meeting and further discussion



- Account managers tell us they avoid “putting all their eggs in one basket”
 - They believe that spending more time with their largest Customers makes them excessively dependent on these companies and increases the overall risk of their account portfolio
 - While “diversification” is a worthy goal, our results indicate that contact frequency is the key to account retention and growth



Finally, perhaps the biggest barrier we have found to spending more time with their largest Customers is the mistaken belief on the part of the sales force that the Customer “does not want to see me”- our results show that greater contact frequency leads to higher Customer Satisfaction



* = Difference is statistically significant



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