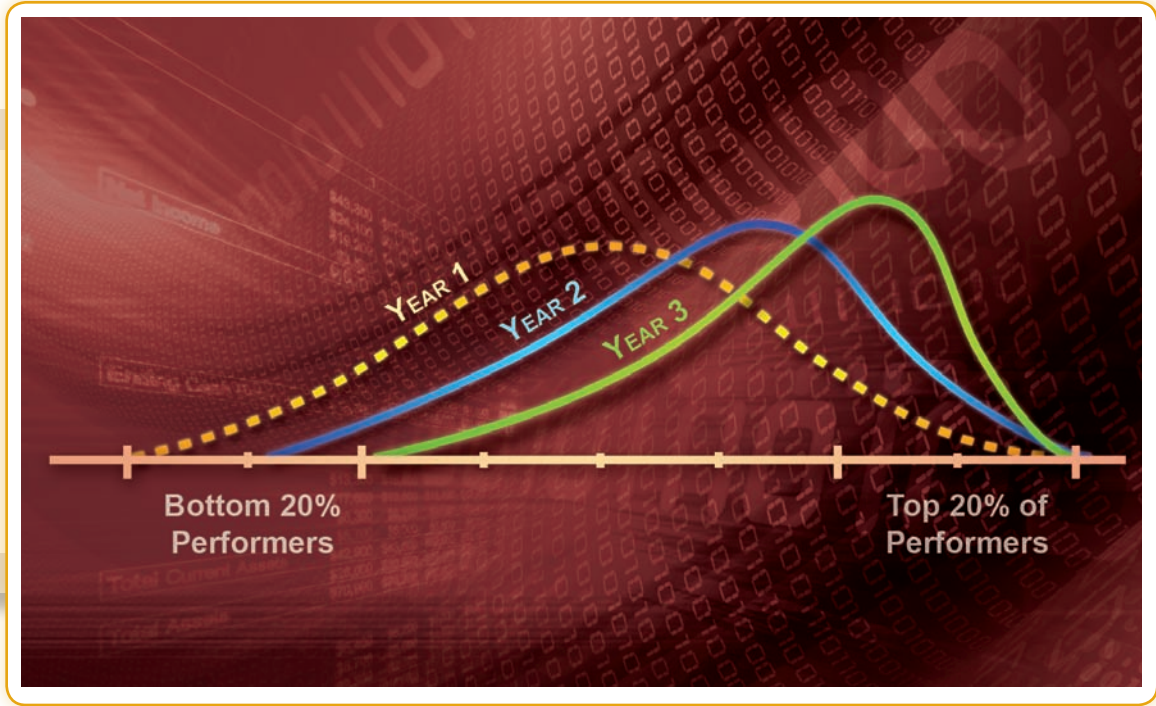


Applying Total Quality Management to Sales

TQSalesMTM



Advantage

SM

TQSalesM™

Developing a sales team during a thriving economy is a challenge. When you add the dynamics of the current economic challenges, it is even more important to be strategic and focused on the mission critical aspects of your business.

According to Chally's 2007 World Class Sales Research, your salesperson is now the single largest factor (39%) in a customer's purchasing decision. No other factor - product, quality, or pricing - equals the impact of a salesperson. When you couple that with data from CSO Insights, we have a monumental challenge:

- Only 53% of sales representatives make their quotas
- Sales representatives only win 49% of their opportunities

Chally's **TQSalesM** methodology is the first to leverage the productivity advantages of Total Quality Management, Lean, and Six Sigma and bring that methodology to your most important asset, your sales force.



SUCCESS

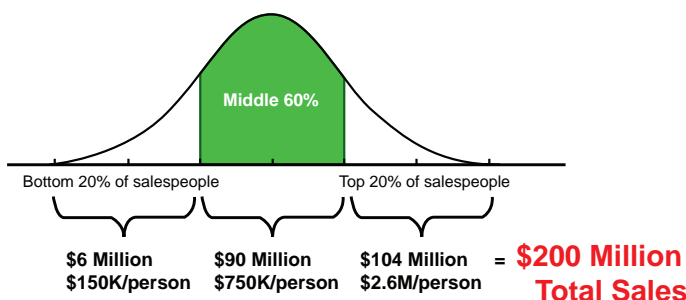
The TQSalesM™ Difference:

Just as TQM, Six Sigma, and Lean focus on finding sources of error and eliminating them, so does Chally's TQSalesM Methodology.

The method proposed by most sales consulting firms suggests that you study the techniques of the top 20% of sales representatives and then train the middle 60% with those techniques.

TYPICAL SALES FORCE / REVENUE DISTRIBUTION

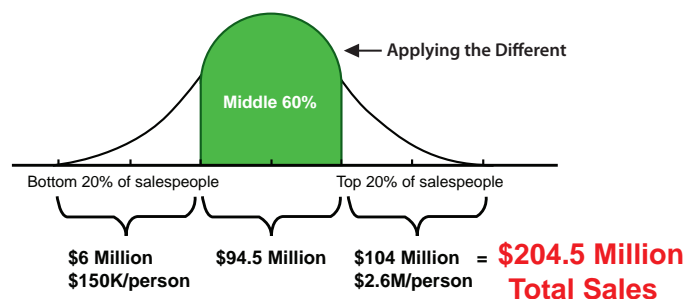
ABC Company: 200 Salespeople
and \$200M in Sales



TYPICAL BENCHMARK / COMPETENCY MODEL OUTCOME

PROPOSED BY CHALLY COMPETITORS

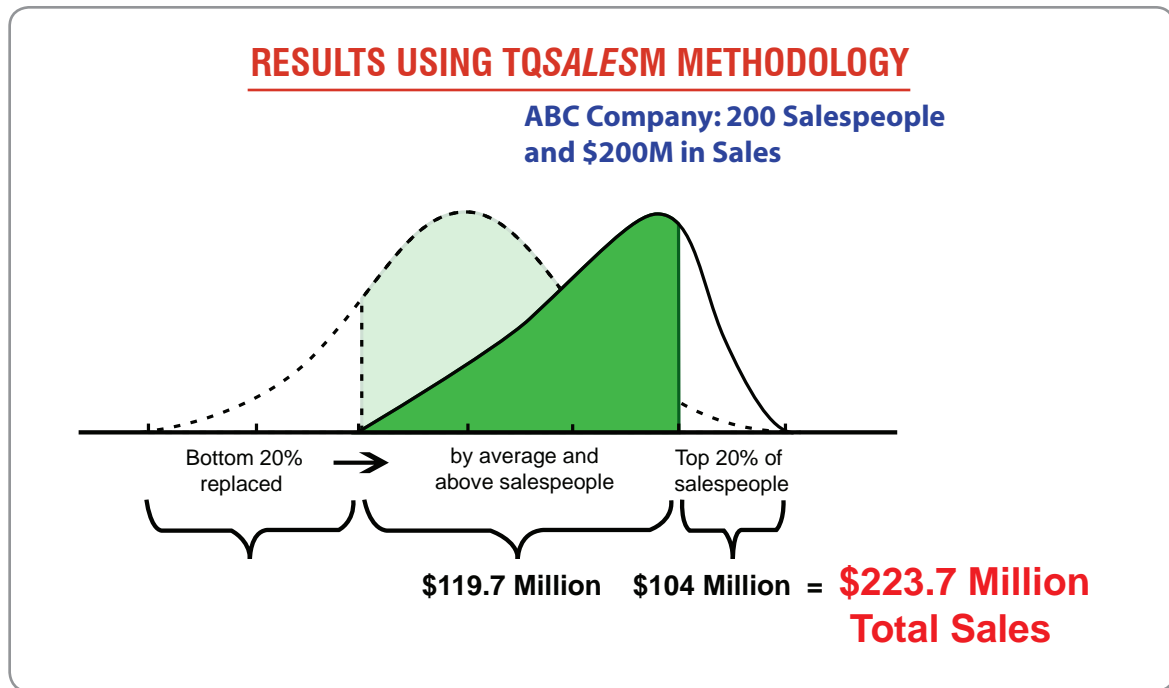
ABC Company: 200 Salespeople
and \$200M in Sales



The Result: The middle 60% of the sales force only improves their performance by 5% on average which represents a meager 2.25% improvement in sales.

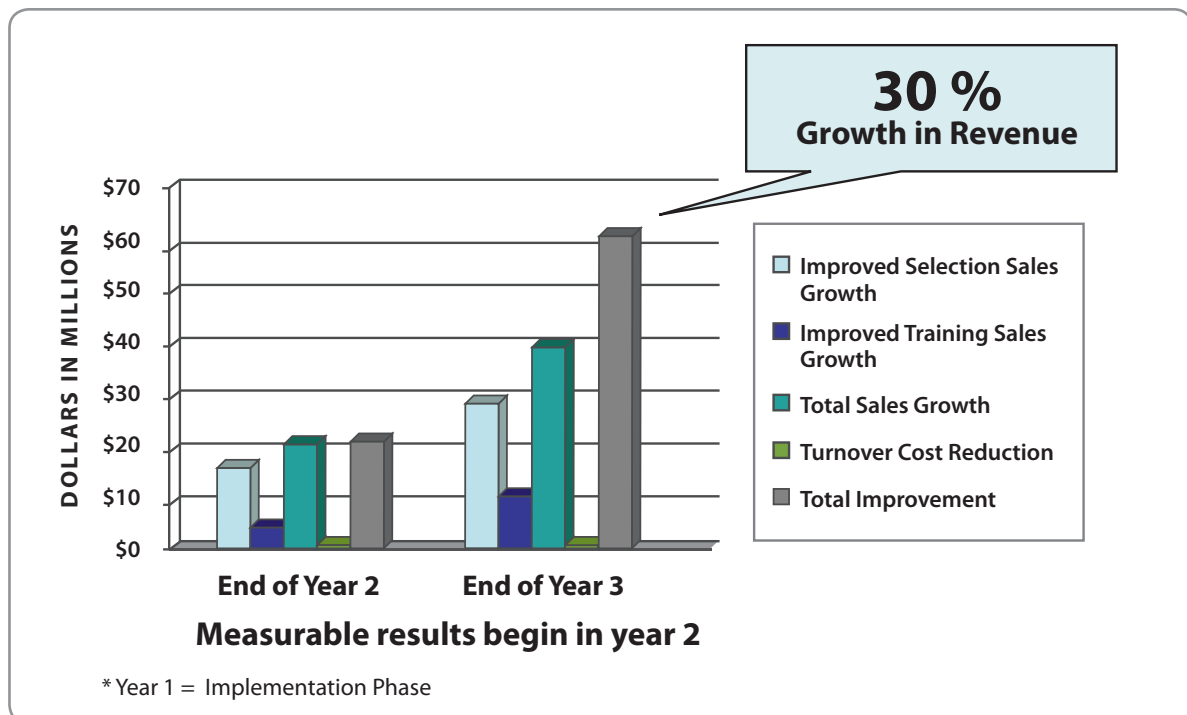
Chally's **TQSalesM™** Approach to Managing Your Sales Talent

Replace the bottom 20% of your sales team with new salespeople who are average to above average performers.



The Result: By replacing the bottom 20% of salespeople with average or above performers, you increase sales to \$223.7 million. Then train the rest of the sales force and get an additional 5% gain.

If you implement Chally's **TQSalesM** Methodology over three years, and your business conditions resemble the assumptions used in the model (see TQSalesM white paper), you will increase your revenue by 30% or \$60 million as shown in this illustration.



TQSalesM™ and Actuarial Science Require Accurate Talent Measurement Tools

Predictive Talent Metrics must be:

- ☒ Quantitative
- ☒ Objective
- ☒ Accurate


The key to TQSalesM success is based on Chally's predictive actuarial analytics. Most other talent management companies utilize traditional methods which are deductive and theory based. Chally's method is based on actuarial science, which relies on the law of large numbers that have been collected over 30 years. It is critical for measuring and predicting highly complex issues.

Following are the steps required to implement a successful TQSalesM™ methodology:

Step 1: Conduct a Customer Audit...

A Customer Audit is a powerful, predictive sales management tool that can accurately identify and measure the key factors that influence customers' purchase decisions. The Customer Audit can produce:

- Accurate segmentation of markets
- Key benefits sets each market requires
- Measures of product/service value
- Comparisons against competitors
- Measures of salesperson performance
- Precise customer satisfaction scores
- Tactical and strategic solutions

		Competitors: ALL Companies						
		Group: ALL Status						
		Industry Category: ALL Industry Categories						
		Region: ALL Regions						
		Title: ALL Titles						
		Company Size: ALL Employees/Sizes						
		Market Segment: ALL Market Segments						
		Competitors: ALL Competitors						
Customer ABC								
January, 2008								
853		Respondents Selected						
Company Factors	Valid Ratings	Product Availability	Accuracy of Order Fulfillment	On-time Delivery	Flexibility and Ease of Doing Business	Price	Quality of Product (consistent quality)	Responsive to Problems
Client	381	5.06	5.75	5.12	5.20	4.78	5.02	5.07
Competitor 1	140	4.77	5.50	4.92	4.93	4.67	4.43	4.71
Competitor 2	223	4.65	5.42	4.73	4.82	4.60	4.49	4.46
Competitor 3	47	5.00	5.75	4.81	5.40	4.19	5.06	4.79
Sales Factors	Valid Ratings	Personally Manages Your Satisfaction	Understands Your Business	Acts as a Customer Advocate for You	Knowledge of Applications	Solves Problems	Innovative in Responding to Your Needs	Responsive
Client	381	5.49	5.46	5.62	5.84	5.65	5.50	5.55
Competitor 1	140	5.03	4.94	4.95	5.33	5.40	5.03	5.21
Competitor 2	223	5.05	4.96	4.87	5.37	5.10	4.73	4.95
Competitor 3	47	4.83	5.17	5.50	5.00	5.17	5.00	5.67

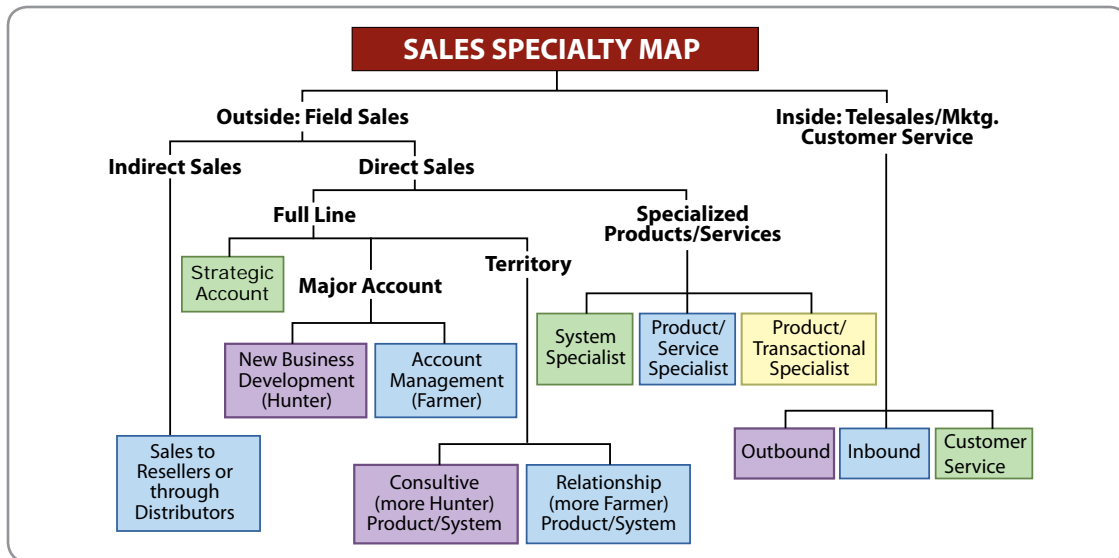
Organizations strive to become the undisputed vendor of choice in their markets. Loyal customers are substantially more profitable. Loyalty, however, has less to do with the features of the product or service sold than with the ability to guarantee the resulting benefit the customer seeks.

Step 2: Creation of Sales Profiles...

In order to determine a select group of skills that statistically differentiates top and bottom performers for a specific position, a profile must be created. This will define what high potential performers have that low performers don't. There are two main parts to a validation study:

1. **Quantitative:** Incumbents who complete the assessment are scored against 156 work-related skills measured by the assessment and this data is then merged with actual performance data from the client.
2. **Qualitative:** Obtainment of information about the duties, activities, and responsibilities of those in the focus position. Individual differences, in terms of knowledge, skills, abilities, and other attributes are also discussed, and distinctions among high performers and low performers are described.

All Sales Roles are not the same. Just as any other profession, sales has uniquely different roles that have different requirements to be successful.



*See Chally's "How to Select a Sales Force that Sells" publication.

Step 3: Conduct a Talent Audit...

A Talent Audit can help you gain a better understanding of your current talent pool, who is the best fit for new roles, what employee training is needed for different jobs, and what is your current bench strength. The Talent Audit provides access to skill comparisons and overall success potentials of an individual, team, or organization with a predictive accuracy similar to the way a DNA strand identifies genetic makeup of each individual.

Salesperson	New Business Dev. (Hunter)	Account Mgt. (Farmer)	Strategic Acct. Mgr.	Regional Sales Mgr.	Territory Consultive System Sales	Territory Consultive Product Sales	Outbound Telesales	Inbound Telesales
Cook	73	46	73	52	48	36	37	44
Johnson	60	35	22	20	41	65	50	41
Edwards	57	37	73	71	56	47	35	34
Hill	38	65	37	77	44	52	41	38
Williams	36	78	55	88	48	46	38	33
Black	48	33	62	18	51	54	71	76
Peters	43	49	70	39	53	62	68	48
Thomas	35	59	68	30	82	53	45	38

Step 4: Implement a Selection System...

A selection process should be implemented to hire, place, and train the right people in the right positions using actuarial science that can pinpoint specific strengths and weaknesses for specific job profiles. This EEOC compliant, predictive assessment method has been proven to improve selection accuracy by 25%-30% over conventional methods.

The selection tool includes:

- Recommendations
- Coaching Tips
- Manager's Report
- Employee Report
- Motivational Characteristics

ASSESSMENT RESULTS
Manager's Report

Personal & Confidential	
CANDIDATE:	John Smith
POSITION:	Account Management
BOTTOM-LINE:	Recommended if concerns addressed can be resolved
DATE:	November 16, 2008
ADDRESS:	The Receiver Your Company P.O. Box 1234 Any city, USA 40000-1234

The validity scales from the Self-Descriptive Index indicate that Mr. Smith went out of his way to be candid in answering the questionnaires. Yet, the following remarks are an accurate description of his work approach.

Summary of Candidate's Critical Selling Skills Potential

All scores shown are percentile scores, which range from 1 to 99. These scores provide a more detailed description of how an individual compares to a large sample of professionals who completed the Chally assessment. For example, if an individual scored in the 66th percentile on a critical success skill, that individual's score is higher than 66% of the individuals in that larger sample. Do not confuse percentile scores with percentage correct scores. Percentile scores allow you to compare one person's scores with a group of others who took the assessment. Percentage correct scores simply reveal the number of items that one answered correctly out of the total number of items.

According to Chally's analysis of Your Company position information, we have determined that the following Sales Skills are most critical to success in this position:

CRITICAL SUCCESS SKILLS	PERCENTILE
MAXIMIZES RESULTS BY SYSTEMATICALLY MANAGING AN ACCOUNT PLAN	49
DRIVEN TO PRODUCE BY INCREASING SALES TO EXISTING ACCOUNTS	81
WORKS THE SYSTEM FOR THE CUSTOMER	86
EDUCATES CUSTOMERS THROUGH STRUCTURED TRAINING	75
PROMOTES CUSTOMER RELATIONS BY SOLICITING FEEDBACK	90
RESPONDS AT ANY HOUR	38

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John Smith | 2

Step 5: Training and Development...

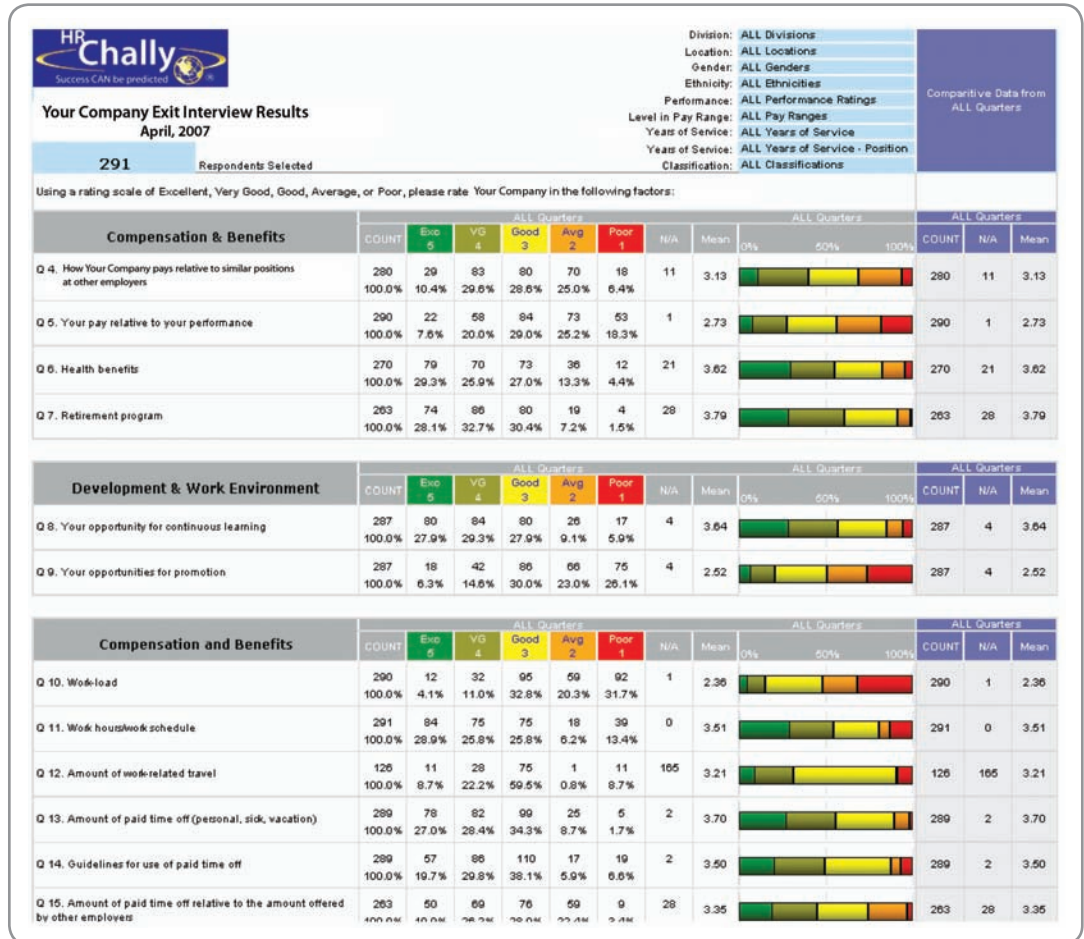
In order to achieve the greatest possible ROI, an organization must plan their training and consulting resources and strategy carefully. Chally has partnered with top training and consulting organizations to ensure that you achieve measurable results. This will not only improve developmental ramp-up time but improve sales productivity and effectiveness.



Step 6: Conduct Exit Interviews...

Exit interviews can capture critical causes of employee turnover from former employees. That information can be utilized in the creation of employee retention solutions. The Exit Interviews will give you feedback on reasons for leaving associated with:

- Compensation
- Benefits
- Development
- Work environment
- Management behaviors



TQSalesMTM Process
Proven Results



TQSalesM methodology can deliver predictable revenue increases of 15%-25% through improvements in salesperson ramp-up times, cost savings associated with reductions in sales force turnover, and growth in overall sales force productivity.

Advantage Performance Group
700 Larkspur Landing Circle, Suite 125
Larkspur, CA 94939
Phone: 415-925-6832 or 800-494-6646
Fax: 415-925-9512
contact@advantageperformance.com
<http://www.advantageperformance.com>

