

Using Performance Standards to Boost Sales

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Increasingly slim profit margins are driving the need to focus sales staff on the establishment of performance standards tied to business outcomes. A well-crafted performance plan can help your program grow in three ways:

- ❑ It holds sales professionals accountable.
- ❑ It provides a tool for setting measurable sales goals and meeting objectives based on a realistic timeline.
- ❑ It establishes objective criteria to reward high-performing sales staff.

Defining Performance Standards

To initiate the performance measurement and reward process, standards must first be defined. Occupational health performance standards can range from fulfilling sales expectations and outcomes (such as face-to-face meetings, customer service calls, and sales doses) to human resources-related measures (such as attitude, initiative, and relationship-building). They also can be tied to desired outcomes such as increased patient volumes, utilization of specific services or products, revenue growth, or client retention.

Standards are used as a benchmark. Each set of standards should correspond with desired performance outcomes for each salesperson. When standards are customized, they more accurately reflect the degree to which an individual employee is meeting established expectations.

Standards may also be used as a tool to measure the performance of an entire sales team or a customer-focused group consisting of sales, operations, and clinical staff. Group standards typically focus on common objectives such as customer satisfaction, client retention, increased revenues and referrals, and new product rollouts.

Setting Standards

To accurately set performance standards, the following steps are recommended:

1. Establish baselines using past experience and trend data (if available). The leadership team should agree on the baseline, assumed growth without sales, and growth above the baseline to be credited to the department and sales staff.
2. Build the performance plan and standards based on objectives unique to your organization.
3. For each standard, consistently incorporate clear definitions and examples of how staff performance will be monitored and rewarded.
4. Include a mechanism to identify areas requiring improvement, additional training, and/or management support.
5. Incorporate a plan to address performance problems earlier than traditional

measurement systems and proactively resolve them.

6. Build in performance standards specific to your sales plan to encourage ongoing sales growth and retention strategies.

An Illustration

Assume you want to convince clients who only use your program for drug screens to utilize additional clinic-based services. A six-month performance plan for these clients would focus on a measurable number of calls, appointments, and contract conversions. Your measurements of success, therefore, would be the number of contracts converted, total revenue, and/or new client volumes that come from physical examinations, injury treatment encounters, and other utilization not related to drug testing.

As you develop your plan, remember these points:

- ❑ What are your specific strategic and tactical objectives? Look for areas with the greatest opportunity for contributing to the organization’s success.
- ❑ Identify and set performance standards that are specific, measurable, attainable, and results-oriented.
- ❑ Establish the focus and priorities for your staff through your performance standards.

Remember, each performance standard should include one or more measurement criteria. For example, a face-to-face encounter with a drug testing client to “up sell” your services must 1) be conducted with a decision-maker, 2) have a planned purpose, 3) be used to obtain a client profile/needs analysis, 4) be used to define a business opportunity, and 5) result in a scheduled next step

Taking Measurements

Figure 1: Sample Performance Tracking Chart

Sales Activity	Monthly	Does Not Meet (0)	Sometimes Meets (1)	Meets Target (2)	Exceeds Target (3)
Intro Letters-D/M	100	0-79	80-89	90-100	101+
Qualifying calls	120	0-95	96-107	108-120	121+
Appointments	72	0-13	14-15	16-18	19+
Follow-up appts.	20	0-15	16-17	18-20	21+

To track results, it is helpful to create a list of desired activities, behaviors, and results. Ask yourself these questions:

How can the activities, behaviors, and results be measured?

What is the value of the measurement and how frequently should it be measured?

Can we clearly define, in measurable terms, what meets expectations?

Can we tie the measures in to a baseline from which to grow our business?

Figure 2: Content Checklist of Performance Standards

Key Elements	Performance Standards	Performance Criteria
What (tasks/steps)	Quality	Observable
How (standards)	Quantity	Measurable
Why (outcomes, results)	Timeliness	Achievable
	Manner	Authority to act
	Method	Job related
	Cost	Understandable

Figure 3: Items Related to Occupational Health

Quantity	Efficiency	Cost
Calls	Timeliness	New Business
Letters	Responsiveness	Cost/unit
Appointments	Frequency	Budget
Agreements		
New referrals		
Volumes to key services		
Consistency		

Do we have a contact database to support our program's tracking and reporting requirements?

Figure 1 (above) is an example of a performance tracking chart. **Figure 2** is a sample content checklist of performance standards. **Figure 3** features checklist items that relate to occupational health sales objectives.

Remember to keep your program's unique objectives in mind as you prepare your plan. Seek the perspectives of members of your management team, internal human resource leaders, and staff participating in the program. Once you develop a draft, present it to the team members; explain the definitions, and track process and evaluation mechanisms. If compensation is associated with these standards, clearly define how and when it is impacted.

Performance-based pay can take the form of a true merit-pay program in which employees may receive anywhere from a 0% to 7% increase in pay, depending on their performance. Another form of performance-based pay is a variable or incentive compensation plan that may recognize and reward either individual or team performance. Individual sales incentive payouts usually range from 0% to 25% of quarterly base pay. The target payout is 12.5% for achieving target results. Team incentive payouts are typically 0% to 15%, with 7.5% as the target.

Remember, an effective performance plan focuses on both activities *and* results.



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