



MDM Special Report:

Beyond Sales Training in Distribution

Debbie Paul



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Move Beyond Sales Training

Changing customer needs require new skill sets

Employees are one of the primary reasons for success in distribution, but training programs and budgets often do not reflect their importance. This article, based on the results of a recent Real Results Marketing survey, looks at why the gap exists and how distributors can shift their thinking about training.

When distributors talk about assets, often they are referring to “hard assets” such as inventory or warehouse infrastructure. But what about people?

The world of distribution is changing rapidly. Margins are eroding, small distributors are being acquired by larger distributors and new transactional channels keep being introduced. More people want to conduct business online, limiting the amount of interpersonal face time with employees. In this new reality, employee assets become even more important as strategic tools to help grow profitability.

Employees are one of the primary reasons for success in distribution, because they represent and communicate the company values and benefits to customers.

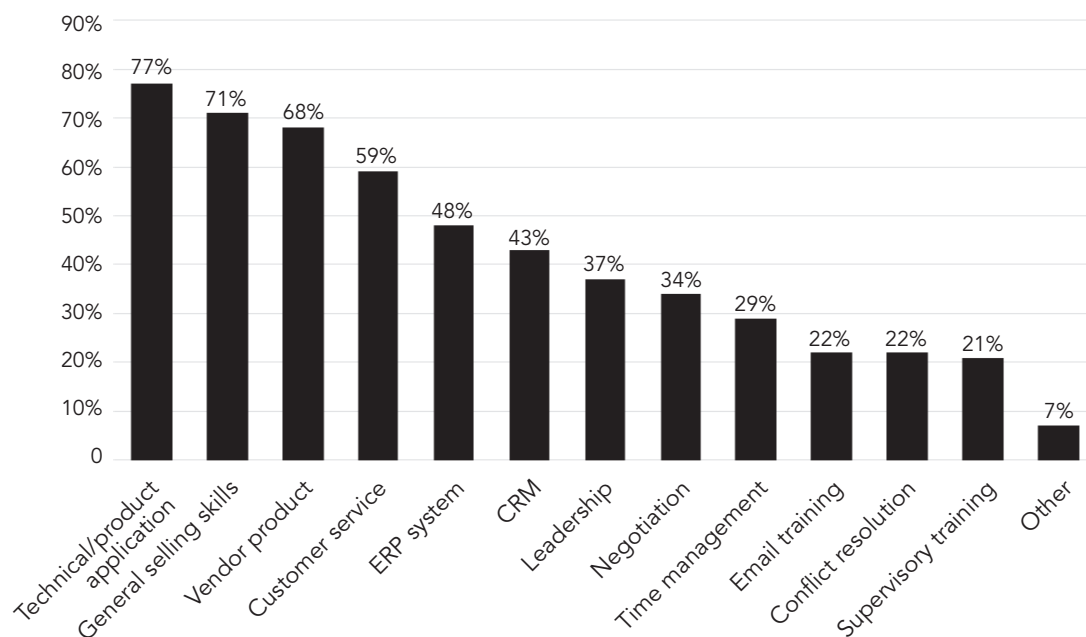
Distributors recognize the value of good employees, and they recognize the need to invest in development and training, but is the training that is being provided what’s needed to do their jobs effectively? And is it enough to help them develop into tomorrow’s leaders?

The skills training gap

In a recent survey from Real Results Marketing, distributors were asked about the training they provided customer-facing employees and how it related to their specific responsibilities. A majority of respondents said that product training was the most frequently offered, followed by general selling, vendor product, customer service and systems training. (See **Figure 1**.)

While these types of training are valuable in enabling employees to perform in their role – and are especially important to the newer employee – other types of training, such as leadership, negotiation and time management, typically fall to the bottom of the priority list. At the same time, leadership development is commonly listed as one of the top concerns for distributors, as seen in the “2016 CEO Chal-

Figure 1: Type of Training Provided for Customer-Facing Employees



lenge” from The Conference Board.

These types of training can enable employees to make greater strides in their current roles, which, in turn, help grow customer relationships and loyalty. The next generation of employees wants to grow with a company, but that requires investment in their growth.

When employees feel empowered with the skills to affect customer relationships in a more strategic way, they are more satisfied with their jobs and themselves, which translate to greater customer satisfaction.

The days of making the field salesperson “milk run” are over. Customers want relationships that will truly add value to their operations. In many cases, this means understanding their business and providing solutions to help them improve their business, through cost savings or efficiency gains. This type of relationship cannot be developed only through product knowledge. Salespeople must develop other skills to enable them to meet changing customer needs. So why is the majority of training still focused on product and general selling and service skills, rather than focused on building those specific skills needed to build customer loyalty?

Internal vs. external training

Training in general, although perceived as valuable, is not always perceived as effective by the distributors we spoke with in conjunction with

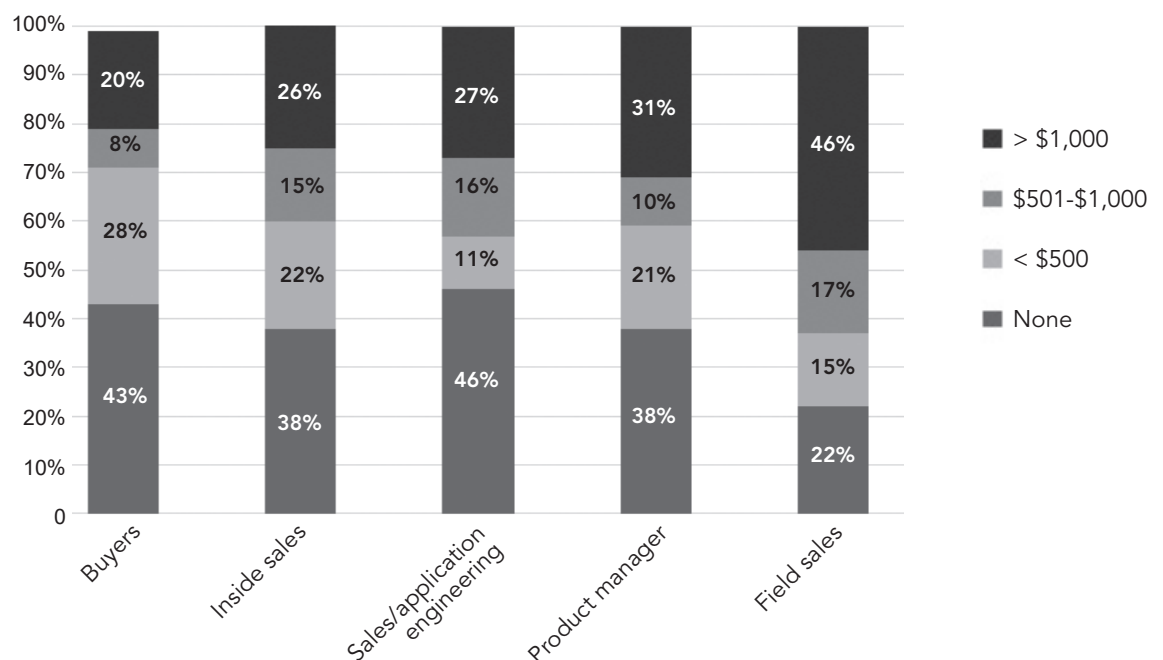
the survey. This is because most training is not measured or the effectiveness tracked. The effectiveness of internal training, in particular, can be difficult to assess because of a lack of formal structure or benchmarks for comparison.

The most popular method of sales training was on-the-job training, with 83 percent of respondents noting it as the preferred method. This was followed by side-by-side training (74 percent). Typically, these training methods do not follow a set program, instead driven by the veteran employee providing the example.

If implemented properly, on-the-job training can be very effective. But often the training is simply demonstrated (as in the case of systems) or verbalized, without any documentation or follow-up. Trainees are then left to sink or swim and must use trial and error to learn. This can lead to higher employee dissatisfaction and turnover, which can impact customer satisfaction.

Learning management systems provide a more systematic way to present and follow up on training for employees. These systems (e.g., Litmos, Docebo, Bridge) can be structured to enable tracking and reporting and provide tools for retention, such as testing and follow-up courses. Some learning management systems can also incorporate different methods of training, such as gaming, which applies game design thinking to the learning program to engage users in a different way.

Figure 2: Training Investment by Role



Many larger manufacturers have chosen to use learning management systems for their product training programs and have designed portals for distributors to access employee training. However, when respondents were asked if they had an internal LMS, only 22 percent said yes.

LMS are pricy and require a commitment to usage. And often, training budgets are not robust.

Internal training costs can be difficult to track and quantify, as they are often incorporated into the daily costs of doing business. But when asked how much of the annual training budget was spent on third-party training by role, many respondents allocated no budget

dollars for many business roles. (See **Figure 2.**)

Distributors were more willing to budget for third-party training for field sales than any other job function, with 46 percent of respondents saying that they spend more than \$1,000 annually. But at the same time, 22 percent of respondents said they had no budget allocated for third-party training of field sales.

Closing the gap between the perceived value of training and the true effectiveness of it is crucial for building an effective team. And it requires a focus on providing the best tools to employees across the board.

MDM Editor Jenel Stelton-Holtmeier contributed to this report.

How to Overcome Training Challenges

Ongoing, in-depth sales training for employees critical for success

Distributors say they want to provide more training to their employees. But decisions about product and sales training delivery, measurement and retention aren't always simple. This article, based on the results of a recent Real Results Marketing survey, examines the challenges that distributors face around providing training.

Distributors are good at providing their employees with training on products and systems. But they often fall behind when it comes to offering ongoing, in-depth sales training, even though sales is a critical element of any distribution business.

Part of the challenge may come from the choices around delivering training. Product and system training is generally provided in-house or through vendors.

Expanded sales training requires a longer term focus that simply isn't a part of the culture for many distributors.

Much on-the-job sales training is based on the assumption that "tribal knowledge" will be learned through experience. But without a formal process for sharing that experiential wisdom, it is rarely shared among sales employees.

Most of this knowledge never gets written

down and stored for future training, yet this information may be the richest when it comes to understanding market segments, buyers within those segments and how products and services are identified based on segment.

How much training follow-up do you offer?

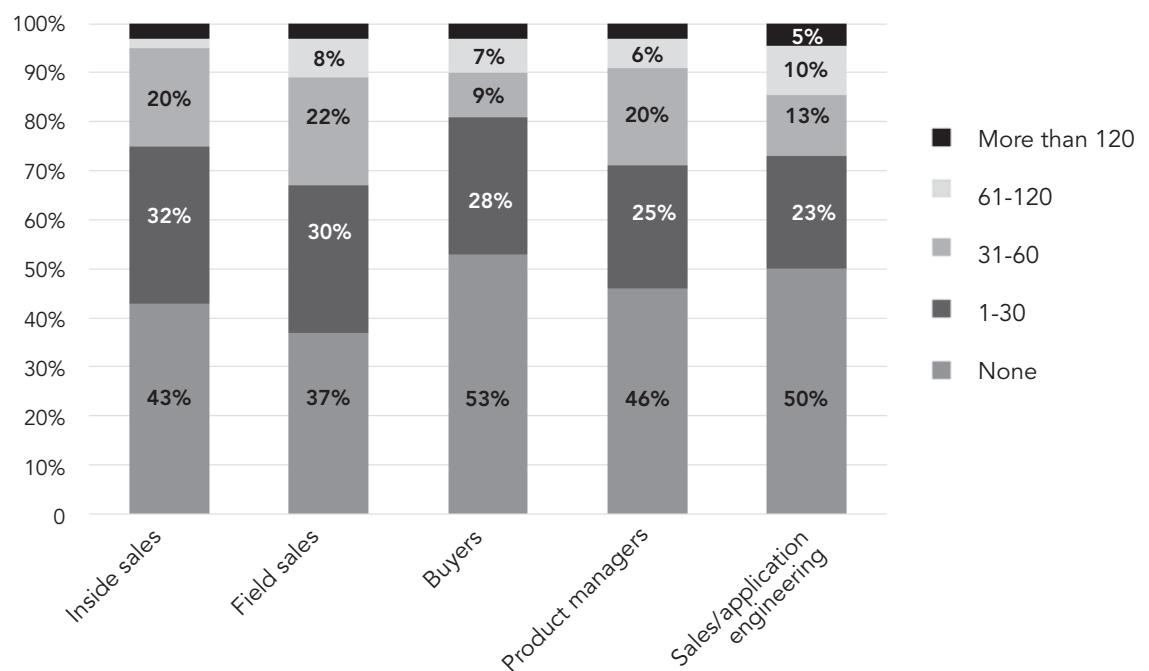
When a distributor has a formal sales training program integral to how it does business, often the program is a product purchased from a third-party vendor.

Delivery of this type of training could be in the form of on-site training and practice, including follow-up assignments and materials, and is usually given to employees when they join the company.

The effectiveness of this type of training lies in the ability of the company to follow through with the training to ensure it is retained and actively used on an ongoing basis, through testing, practice and continual follow-up. Unfortunately, this is not a frequent occurrence, and this type of sales training is often viewed as one-time.

There are many options available, but each has their own challenges. Formal learning management systems (LMS), such as Docebo,

Figure 1: Minutes per Month Spent on Online Learning



Eclipse or Bluevolt, may be expensive and rely on vendor portals for product training.

In a recent survey from Real Results Marketing on sales training in distribution, only 22 percent of respondents used a learning management system. Yet when asked if they would like to see vendors deliver product training via LMS, 75 percent of them responded yes. Distributors see the value of LMS for training, but they do not appear ready to invest in one for themselves.

Instead, many noted they use online platforms as the preferred method of delivery for product training. But when asked how many minutes per month were actually spent in online learning (including vendor portal training) by job title, nearly half of employees did not participate in any.

How much time is spent on online learning?

Only a small percentage of employees spent more than one hour each month performing online training of any type.

Interviews with several distributors revealed that a focused amount of training happened when a salesperson was hired, but after the first three to six months, training simply stopped. The salesperson became busy servicing an assigned territory, and because training was not a core part of the company's strategy, there was

no incentive to take time for additional training.

Another reason for the lack of online training is the lack of accountability for salespeople to actually do the training. If given the choice between training and their jobs, they usually elect to perform their normal job duties.

This is why it is so important to build a training path for each employee that will provide real value to both employees and the company. Training needs to be viewed as an important aspect of every sales job. It must be tracked and, most importantly, the knowledge must be retained.

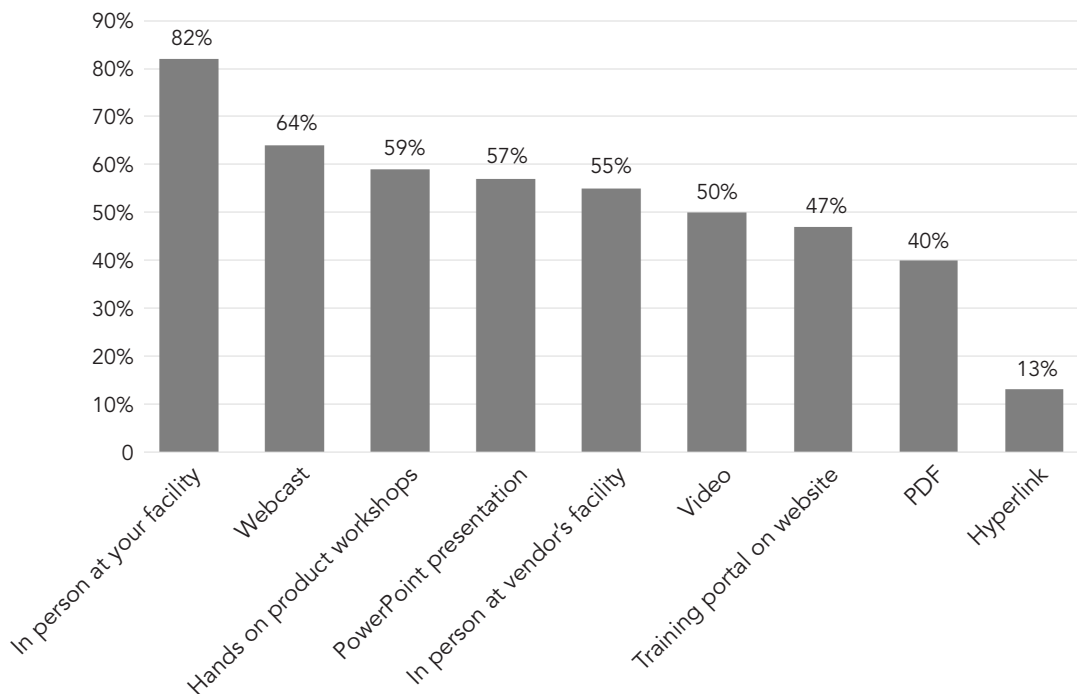
"We need to do less training and find ways to retain the training we are delivering in a more effective way," noted one distribution executive.

If it's not driven internally, the value of ongoing training is minimal. Some vendors require their distributor partners' salespeople to participate in formal training of their products, including a certain number of hours to be spent with online training.

The risk of not doing so, according to one distributor interviewed, was the potential of losing exclusivity on the product line. But even though the training was required, ongoing retention of the information was not emphasized or measured by the distributor.

When asked what format distributors' vendors were providing product training in, 82

Figure 2: How Vendor Training is Delivered



percent said that training was performed onsite at the distributor location, while other written forms of training were also popular.

How is your vendor training delivered?

The delivery method varies widely, but it is often a one-time event. PowerPoint presentations, videos, PDFs and even materials gathered at the training are simply filed away and not looked at again. As a result, the knowledge contained within them is left to gather dust.

A shared file or learning management system that is regularly updated can be an effective tool for ensuring that tribal knowledge isn't lost as veteran salespeople leave the workforce and that vendor training remains a relevant part of

their day-to-day tasks. Employees will be much more likely to use the information if they know where they can access it consistently.

In addition, develop a strategy for making ongoing training a critical piece of the business' long-term focus. Things that aren't measured and/or incentivized are less likely to be done, especially if they're treated as a one-off requirement. Ongoing training and development has also been shown to be an effective engagement tool, contributing to longer employee tenure with better results.

MDM Editor Jenel Stelton-Holtmeier contributed to this report.

Mind the Training Gap for Negotiation

Negotiation critical for more than field sales

Distributors lag when it comes to follow-up or reinforcement training, and they woefully lack in negotiation training, even though a major part of a buyer's role is negotiating with vendors. This article, based on the results of a recent Real Results Marketing survey, further examines the challenges distributors face around providing training.

The majority of training provided by distribution companies today is product and systems oriented. While critical, it may not be enough. For companies that are investing in sales and other soft skills training for their salespeople, the majority do not have consistent follow-up or reinforcement training, which makes the training less effective overall.

When CEOs and vice presidents of sales were asked how important negotiation training was for their sales employees, they responded with a resounding "very important." Yet the results of a recent Real Results Marketing survey highlighted a gap between the perception of importance and the training that was actually provided.

Minding the negotiation training gap

When asked "How often have the individuals in the following roles had negotiation training over the past three years?" at least half of respondents said "never" for most roles. The exception was field sales. (See **Figure 1**.)

For the distributors surveyed, more than half of field salespeople received some negotiation training. But even for field sales, more than one-third (37 percent) of respondents said they never provide negotiation training and 18 percent only provide it once.

This gap is problematic because field sales is not the only position involved with negotiation. A major part of a buyer's role is negotiating with vendors, and inside salespeople are actively setting pricing and service terms with customers.

We then asked "How likely are you to spend training budget on negotiation training for the following roles?" Survey respondents were very interested in supplying negotiation training for their salespeople. Eighty-three percent of respondents said they would be very likely or somewhat likely to spend training budget for

Figure 1: Over the past three years, how often have employees in the following roles received negotiation training?

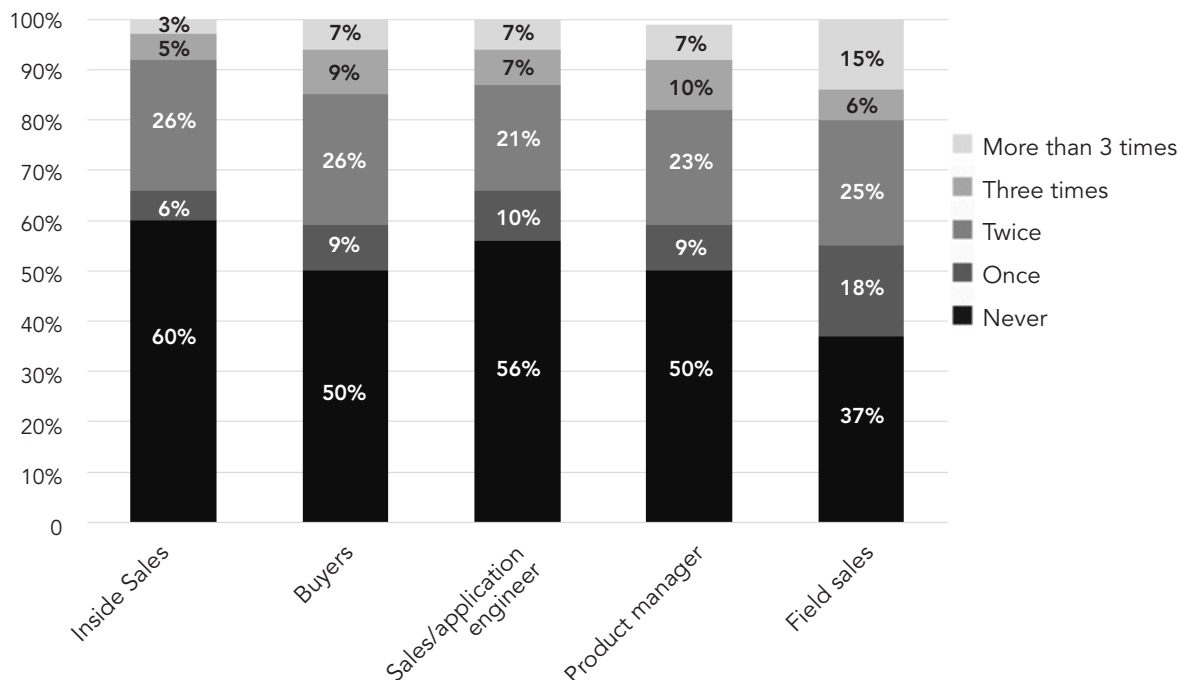
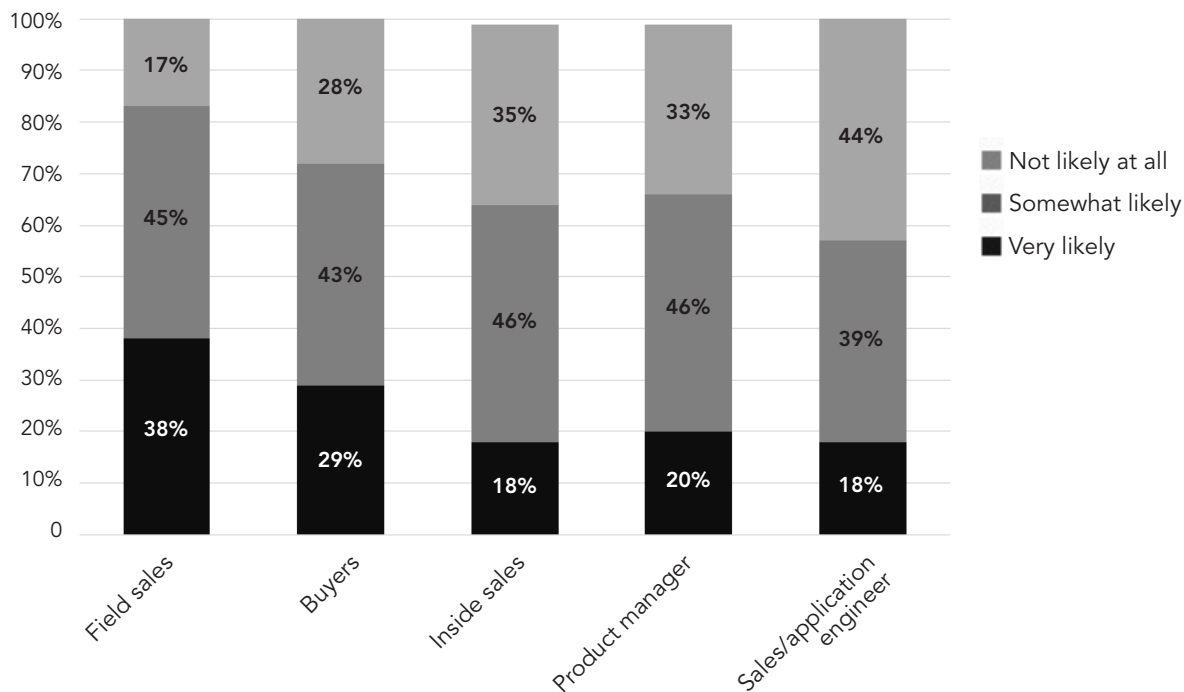


Figure 2: How likely are you to spend training budget on negotiation training for the following roles?



field salespeople, while 72 percent would spend budget for buyers and 64 percent would do so for inside sales. (See **Figure 2**.)

So, why the gap between the perceived importance of negotiation training and what is actually occurring? We asked a few C-level individuals, who told us that there is only so much time for training employees within the company.

In distribution, there are so many products, variations and applications, that product training usually takes priority. Systems are changing, websites are being updated and new tools are being introduced at a much faster pace than in the past. This limits the amount of time available to be spent on “soft” skills training such as negotiation.

Sales employees are also starting to push back on the amount of their time spent in training versus performing their job duties. Because many distribution companies base compensation on actual results, the culture of the company develops into one focused on the daily, direct results job tasks. Without incentives and accountability to pursue additional training, employees will default to their daily tasks. (Read more in part two of this series.)

Training tools and techniques

The tools that are made available to salespeople may also be creating a challenge for

ongoing training. On our survey we asked: “What types of tools do you use to enable your employees to negotiate effectively?”

The survey results show that the tools are largely historically based, contained in the form of data in an ERP or CRM system and related mostly to setting price. (See **Figure 3**.)

But where does value come into the equation? How much in extra services are distributors giving their customers but not receiving anything back for? When a customer wants a better price, what do salespeople typically do? Do they default to discounting or offer rebates?

Without effective negotiation techniques, most salespeople do not truly understand value and are not equipped to handle effective price negotiations.

What makes for a good negotiation training program? It should include many of the same components of any good training program: great content, role plays, retention programs and follow-up skills training. Use data to show how this type of training will help them improve in their own day-to-day tasks.

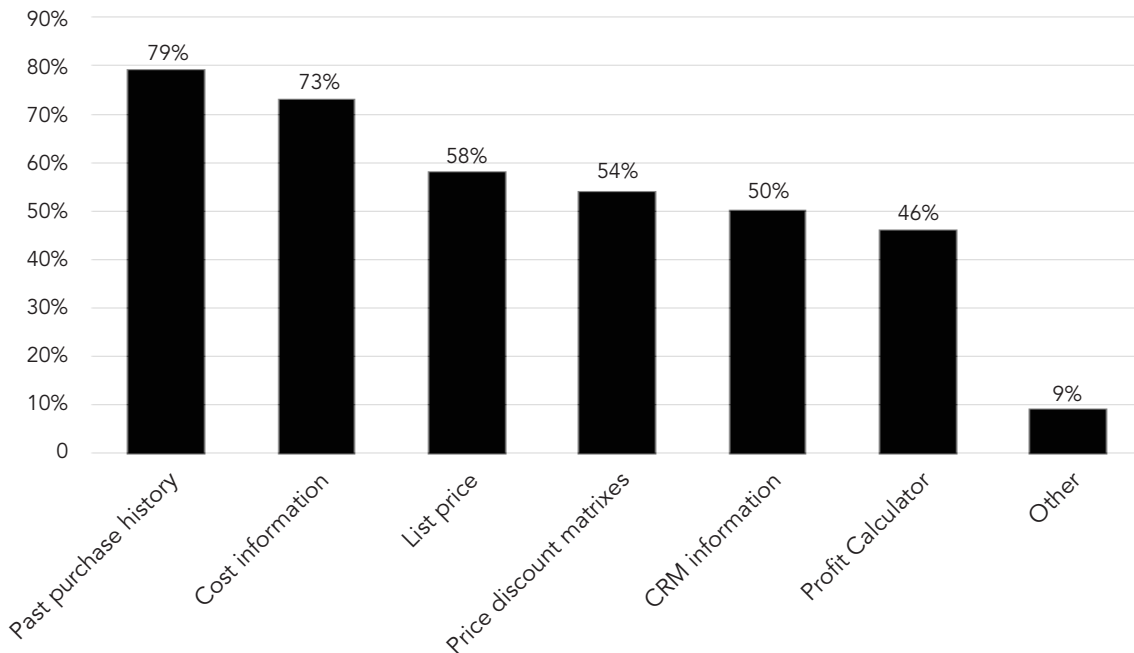
Just like any other training, negotiation training must be practiced and used consistently to be effective. These skill sets must become a standard part of all sales employees’ repertoires. This will not only increase profitability for the company overall, but will lead to happier

employees and better retention.

In order for any training program to be effective, it has to become a part of the com-

pany's culture from top to bottom. Management has to make it a priority, and it must build incentives and accountability into the program.

Figure 3: What types of tools do you use to enable your employees to negotiate effectively?



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