

GEEWIZ NEWS

SEPTEMBER/OCTOBER 2004

Greetings

Welcome to September/October! Spring is supposed to be here, although our farming and rural businesses wouldn't believe it, and just around the corner is the busy, fast-moving consumer goods season of October, November, December where our retail businesses will be rubbing their hands with glee.

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Welcome to new Geewiz clients

- Donovan's Chocolates
- Trident Tavern
- Garden Inn Best Western
- Gordy's Bar & Restaurant
- Academy Publishing
- Knowledge Group of Companies, Malaysia

Marketing your local body politician

One of the most intriguing marketing exercises, showing terribly bad examples of marketing and self promotion, is in evidence in New Zealand at the moment with local body/local council authority elections. Business, traditionally, ignores the local authority elections, and yet your local council actually has more control over your business endeavours (through such things as the Resource Management Act, signage, waste disposal bylaws, parking restrictions, noise restrictions, and of course rates that you have to pay on the properties) than many would realise. The local council and authorities are responsible for the future development plans of the community that you have your business in, or you happen to live in, and it is well known that pressure groups who have local issues at heart generally tend to wield power on local councils way beyond their support in the community.

If you haven't already taken the chance to have a look at some of the candidates that are standing for council or for mayor, make sure you do so. These people could affect your business, either positively through support or negatively through control.

However, it is the marketing of would-be politicians that is of most interest. As you well know, in marketing copy you never use the words "I" or "we", instead you use "you" or "your", and pictures of people smiling and looking friendly are always going to win over pages of words. Bullet points and paragraph headings are easier to read than long, detailed explanations, and of course the New Zealand "Tall Poppy" syndrome is interested in people's experience not

what they have done, preferring, if they produce a list of all the things they've done to cut them down to size.

As I glanced around the promotional activities being used, such as billboards; cheap looking flyers arriving through my letterbox and business box; street signage; newspaper articles; addresses to the public in draughty, cold halls; email support communications; and websites, I looked in vain for really good examples.

There are some very clever websites that promote the person, and when you get into the website you can see that they've been put together to emphasise who the candidate is, and what the candidate stands for, and their experience in the community, which seems to be a really good basis for providing information. However, as I look around the billboards and the street signs, surely there's something missing in the marketing - just putting a picture of somebody with their name and perhaps the party they stand for, without a "USP" or call to action, or something that they stand for, seems to me to be just a short term branding exercise that is not going to achieve much marketing success.

It's interesting, when you look at the flyers and you have a look at the picture of the person, and sometimes you know the people and you have a look at the difference in age between the photograph that they are displaying and the memory or vision that you have of them, and it amuses you.

All of the flyers seem to be talking about controlling rate expenditure, controlling council methods and systems, but how many of them talked about what they are going to bring? Obviously experience in local body politics, maybe their vision for how they'd like to see the community developed, perhaps what other people have said about them with some testimonials, perhaps an invitation to visit a website, phone an 0800 number, or see some articles that have been presented in the local newspaper.

Of course, the local newspapers and the national newspapers are having a field day at the moment, because they've got some wonderful copy about people in the community, they've got some paid advertising - but where is the indepth review of the candidates, or even an indepth review of the marketing success? Most of the material that you see is all about short term promotional tactics that have a lifecycle of approximately 6-8 weeks, all designed to get awareness of the person's name so that come the voting, generally it seems by postal voting these days, and you look at the voting papers plus the little directory of candidates, you can instantly associate somebody whose brand has been built by publicity to mean something.

Who would be a local body politician? But take an interest in your local body elections, even if it's just for the marketing strategies being used by the candidates.

Tom Agee – Personal Opinion

I had the great opportunity to listen to Tom Agee, the writer of Marketing Magazine's consumer column, talking about some of the successes that he has had in marketing within his career in New Zealand, which of course has led to him recently being inducted into the Marketing Hall of Fame. It was interesting to hear his thoughts on what is happening to marketing strategy implementation in New Zealand, as we have more overseas control and more strategic decisions are being made from internationally-based head offices, there is almost a 'dumbing down' of marketing skill in New Zealand, where marketing managers and members of the profession are just being asked to implement rather than investigate, research, and come up with the best strategy to develop customers.

He quoted a recent reversal of that trend, where Heinz have set up back in New Zealand the Watties marketing team to really focus on understanding the customer and developing marketing strategies for the New Zealand market and the New Zealand brands. Let's not become a promotion activist, but rather let's stand up for the marketing skills that are inherent in so many wonderful New Zealand entrepreneurs and business owners. Marketing is about understanding the needs of your customers, you really do need to understand the segment of

market that you are working in. The New Zealand economy is a substantial, viable economic segment in so many areas. Make sure your marketing is at grass-roots level, and not some global procedure.

Banking system interfering in marketing

Have you noticed how the trading banks are interfering with the success of the economy at the moment? By this, I mean pushing up interest rates. One of the most important drivers in our economy is the interest rates on home loans and mortgages, and look at the dramatic increases there have been over the last 6-12 months, designed supposedly by the wonderful economists who forecast for the banking system “to dampen the economy”, “to slow down inflation”, and to maximise the return for the banking system.

Hands up all of you who have asked for the economy to be slowed down so you do less business.... Hands up all of you who are quite happy to pay extra interest on your home loans or your floating mortgage rates.... There is a saying that there is an unfortunate outside influence in the economy – it’s called the banking system or the finance system. I wonder how close to their customers the banks really are.

Sales & Marketing Institute continues to expand

As many of you know, this year I’m President of the Sales & Marketing Institute of NZ, and in a previous Geewiz News I made a wonderful offer to pay the second month’s event attendance for any Geewiz friends who decided to join and become members, so that you could get a free event, and I’m pleased to see that a number of you took that up and are enjoying membership.

With events occurring in Auckland and Christchurch, and from November in Wellington, this is truly an organisation for people who do take an interest and want to network with peers who are in the sales and marketing professions. Check out www.salesmarketing.org.nz for some more details, and I look forward to seeing you at an event.

Recommendations and Referrals

You might like to check out the following businesses:

- www.my-pa.co.nz an excellent personal assistant on demand service
- www.230marua.co.nz a great place to buy leather lounge suites
- www.mainlandminerals.co.nz a great organisation for farmers to deal with for their fertiliser needs
- www.protective-response.com an international, successful security provider
- www.innovativelogistics.co.nz a high-growth, successful freight forwarding and logistics company
- www.xsbaggage.co.nz an innovative, international overweight or excess baggage provider
- www.thegearboxshop.co.nz experienced (over 20 years) gearbox repairs workshop
- www.psinz.com a very clever supplier of printing on speciality shapes and materials
- www.questapartments.com.au a great place to stay (New Zealand and Australia)

Remuneration packages for sales reps and sales managers

One of the hardest things in managing a sales force is identifying and creating a reward package that will encourage your sales performers and their managers to succeed.

First of all, let’s deal to the idea that money is the reason why people come to work. This is false. Money is meant to be spent on a lifestyle, and people work for their lifestyles not for the money. They enjoy the challenge of the work, they enjoy the people that they work with, and

the remuneration rewards have to relate to the effort that they put in, and the contributions that they make, under their personal standards.

Consider that return on investment in salespeople is one of the most positive returns you can get, for example a 10% cost of sale will return a 100% return on investment when you relate the revenue to the cost.

There are many forms of remuneration structure for sales reps that range from the full-risk commission only, to the full-comfort salary or fixed income.

As most sales people like to be rewarded for the efforts they contribute over budget, or for the efforts they contribute for bringing in new clients or new business, you may like to consider in your remuneration package three elements.

1. A base salary that is attractive to live on and pays for the basics of life (mortgages etc), commonly ranging from \$35,000 to \$55,000 per year.
2. A reward for achieving specific standards, eg. exceeding the budget, bringing on sales of certain profitable or marketing strategic products or services, adding new business from existing customers, or adding new clients and new business. All of these are above agreed targets, that are best set by the sales people with guidance from the sales manager, and you can reward for these. It's quite often called "at risk" money but it is based on the skill level of the people you employ.
3. A quarterly team performance, that is, if the sales team in a given area or the national team overall achieve some key standards, budgets, targets or objectives, then the whole team shares in a reward.

This structure provides a comfort level and covers the service requirements that are many and varied in sales, plus also rewards the use of skill and encourages team work with the top performers helping the slower performers, as well as focusing people that sales is an individualistic profession, but combined into a team it achieves incredible results.

Whether your sales team member is a sales rep calling on customers, or a telephone sales or customer service person, this structure is workable, measurable, and achieves results.

The structure for sales managers should recognise that the sales manager is not responsible for the major part of the sales. Having your sales manager look after your key accounts, that is all of them, is a mistake because generally the customers get less service than what they would get under a top performing sales rep. That's not to say that the sales manager shouldn't be involved in working with the major accounts, but the day-to-day involvement in a major account's business should be done by a top performing sales rep.

An ideal reward package for a sales manager can consider the following elements:

A base salary that respects the planning, analysis, trend development, training work, and attention to detail that a sales manager puts in, commonly from \$50,000 to \$80,000, though major corporates and bigger organisations may have a higher ceiling running from \$70,000 to \$100,000 base.

In addition, reward the sales manager on the sales reps in his/her team that achieve their budgeted results, by a financial reward for each rep that achieves during the month, and for the overall team performance for the quarter.

A sales manager can be rewarded on a quarterly basis for profit result, achieving of key company objectives, and this could even be extended to an annual profit share or dividend on shares.

This package has the effect of encouraging the sales manager to drive the budget result through the sales force, measure the sales force, motivate and achieve on their ability to organise sales people to produce results. In addition, the extra reward for the successful

management every quarter or annually reflects the management expertise that is being brought to achieve those results.

Traditionally, many employers think that the type of motor vehicle, the PDAs, the laptops, and tools of the trade can also be seen as reward recognition. While with some people they will be delighted at getting a certain style or brand of car, they are actually just tools of trade, and when you provide them generally the reaction from the sales rep or the sales manager is, "well I deserve that anyway" and they actually don't put in any extra effort as it becomes, to use a management theory, just hygiene factors (McGregors) that enhance the conditions you work in, enhance the efficiencies, but doesn't actually make people more productive.

A common mistake is that monetary packages become motivators. This is totally incorrect, the motivator is what you can do with the monetary package in your lifestyle, which reflects on the partnership, the personal lifestyle habits, and the peer group discussions that are held.

There are additional articles on my website about remuneration, and of course in my book *NZ Sales Management* there is additional information, plus as a Geewiz friend, if you want to discuss any remuneration issues send me an email (Richard@geewiz.co.nz) – remember, it may be free advice for you, but it is an investment in getting an outside viewpoint.

Coming up –seminars in October/November and running into December

I look forward to seeing you these seminars, and to those of you who have already booked me for in-company workshops and conferences, I look forward to working with you.

As always, you can register on the website, www.geewiz.co.nz, paying by credit card, Bartercard, or even on invoice. Anything to make it easy for you and your staff to attend.

OCTOBER 2004

Northland

- 13 Oct 8.30am Closing the Sale in Kerikeri
- 13 Oct 5pm Prospecting in Whangarei
- 14 Oct 8am Closing the Sale in Whangarei
- 14 Oct 2pm Improving Selling Skills in Dargaville

Auckland

- 5 Oct Selling Professional Services, 1 day, Auckland Chamber
- 12 Oct Sales & Marketing Institute Marketing Lunch, www.salesmarketing.org.nz
- 19 Oct Sales & Marketing Institute Sales Breakfast, www.salesmarketing.org.nz
- 22 Oct Major Account and Corporate Development, EMA Northern

Christchurch

- 6 Oct Presenting - Sales & Marketing Institute Sales Breakfast, www.salesmarketing.org.nz

NOVEMBER 2004

Auckland

- 2 Nov Sales Basics, 1 day, Auckland Chamber
- 2/3/4 Nov 3-day Certificate in Selling, 3 days, Auckland Chamber
- 9 Nov Sales & Marketing Institute Marketing Lunch, www.salesmarketing.org.nz
- 10 Nov Collect Your Debts, ½ day, Auckland Chamber
- 11 Nov Prospecting for New Business, ½ day, EMA Northern
- 16 Nov Managing the Sales Team, 1 day, Auckland Chamber
- 17 Nov Sales & Marketing Institute Leadership, www.salesmarketing.org.nz
- 23 Nov Sales & Marketing Institute Sales Breakfast, www.salesmarketing.org.nz

Wellington - Portland Hotel

- 8 Nov Dealing with Major Accounts, ½ day
- 8 Nov Prospecting for New Business, ½ day
- 9 Nov Sales Basics 1 & 2, 1 day

Christchurch - CECC

- 17 Nov Prospecting (morning)
- 17 Nov Awkward & Difficult Customers (afternoon)
- 17 Nov Motivation & Attitude (evening – 2hrs)
- 18 Nov Overcoming the Difficult (Sales Basics 2) (morning)
- 18 Nov Presentation Skills (afternoon)

Christchurch – Sales & Marketing Institute of NZ events

- 5 Nov Sales & Marketing Institute Sales Breakfast, www.salesmarketing.org.nz
- 24 Nov Sales & Marketing Institute Marketing Lunch, www.salesmarketing.org.nz
- 30 Nov Sales & Marketing Institute Leadership, www.salesmarketing.org.nz

Rotorua - Chamber

- 24 Nov Prospecting 9-12.30pm
- 24 Nov Awkward & Difficult Customers 1-5pm
- 24 Nov Motivation & Attitude 5.30-7.30pm
- 25 Nov Sales Basics 1 9-12.30pm
- 25 Nov Sales Basics 2 1-5pm

DECEMBER 2004**Auckland**

- 1 Dec Sales Basics, 1 day, Auckland Chamber
- 7 Dec Sales & Marketing Institute Marketing Lunch, www.salesmarketing.org.nz

Christchurch – Sales & Marketing Institute of NZ events

- 8 Dec Sales & Marketing Institute Sales Breakfast, www.salesmarketing.org.nz
- 15 Dec Sales & Marketing Institute Marketing Lunch, www.salesmarketing.org.nz

Remember, there are no such thing as problems, only opportunities for you to use your sales, marketing, and management skills!

Kind regards,

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