



Building the Value of Your Business

Four of Five - *Improving Your Employee To Sales Ratio*

BUILDING VALUE:
*It is what we have been
doing for over 40 years*

Whether you want to build value for a future acquisition, build value to pass on to the next generation, or build value for your personal benefit, the JBL Specialists will use their years of experience and knowledge of best practices to help you reach your goal.

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What is the Employee to Sales Ratio?

The employee to sales ratio is simply a comparison between how many people you have to your sales volume. It is a measure of efficiency and ultimately profitability. The more you can increase sales without adding people, the more efficient you are. You might have also heard it referred to as revenue per employee.

Every business strives to improve their employee to sales ratio. You may not think in terms of employees to sales, but that is what you are doing when you work to increase sales and profitability without adding more staff.

Increase Your Order Takers

In the previous Building Value paper we briefly touched on the difference between consultive selling and order taking. Consultive selling requires you to spend more time with your customers learning what their needs are and how to best solve their welding related problems.

Order takers are when the customer calls and says “ I need 50 pounds of rod and two bottles of oxygen. In many cases there is very little selling involved.

So how do you increase the number of order takers you have without hiring more people? It is simple, set up an eCommerce site with the common products your customers are buying and let them enter their own orders. Amazon sells welding supplies all day long and their customers enter their own orders and pay in advance for the product. Walmart sells welding supplies, and their customers enter their own orders as well.

You may say, “That won’t work with my customers.” Amazon will boldly tell you that their current biggest push is get your customers to start buying from them and online.

We are not proposing that you adopt an Amazon or Walmart approach. What we are suggesting is that you establish an eCommerce presence that allows your customers to place repeat orders without having to call a salesman. Inside or out. There are exceptions to every rule and you do have some customers who don’t want to order online. But you have a lot of customers who would order online if you made it available to them and promoted it to them.

Every time a customer places an order online, they are doing the data entry work and you gain the time they would have spent on the phone with your inside team. Every time someone places an order online you are processing an order without a salesperson being involved.

Buy don’t make the mistake of taking sales credit/commissions away from the assigned salesperson when the order is entered online. You want your sales team to benefit. You want them to promote you to your customer base. Educating your customers, telling them about new products, and solving problems is what you want your sales team to do. eCommerce is not a consultive salesperson. But it is an extremely efficient order taker.

eCommerce lets your sales team spend more time on the things they do best and less time functioning as an order taker. eCommerce helps to improve your employee to sales ratio by giving you the opportunity to increase sales without adding to your sales team.

The specialists at JBL can show you how to move into the world of eCommerce.

Promote to All of Your Customers

In the previous paper we made reference to the 80/20 rule. To quickly refresh you, it simply means that in many organizations 20% of the customers generate 80% of the revenue. We talked about how your sales team should focus on those customers that generate the most revenue. But we also said, “**Do not ignore the low volume customers**”. You know, the 80% that generate 20% of your volume.

Let’s do some math. You have 1000 customers. You have 2 salespeople. That works out to 500 customers per salesperson. How long will it take each salesperson to visit and spend time with the top 20%? By the time they get through with them it is time to start over. What about the 80% you don’t get to on a regular basis? Do you add more salespeople? Remember, the goal is to improve your employee to sales ratio. Adding more employees makes that more difficult. We also mentioned in the previous paper that JBL has something that will help you sell to the 80% that generate 20% of your revenue with very little effort on your part.

EZ Order is a marketing tool that JBL Solutions developed that lets you send customized emails to your existing customers. All you need is their email address. JBL’s CylTech software will do most of the work for you. Here is how it works:

1. Determine how often you want to send out the email. You can send the emails weekly, monthly, a specific day of the month or so many days between emails. You determine the period based on the customer. One customer might get an email weekly, and another might get one every 90 days.

2. You compose an email on any topic. New product line, new branch opening, or Merry Christmas. In other words, any way you want to promote your business. The email can be changed every time you run the program. When you take on that new line of Revco gloves, you could promote that in your email.
3. A history of what your customer has been buying is attached to the email as a sample order making it easier for your customer to buy from you. They have the quantity they purchased, the price they paid and the stock number. It is basically a proforma order.
4. A link in the email can direct them to your eCommerce site to place their order.

EZ Order can send out 50 emails, 500 emails or 5,000 emails. It is your decision. Sending an email with a sample order attached to your larger customers is a great reminder for them to check their stock on the items they buy from you. For the lower volume customers it is a reminder you are still here and want to help them with the products and services they need.

Regardless, you have a tool to easily reach out to your customers showing them a convenient way to place orders and letting them know you are interested in their business.

Summary

Increasing revenues is one way to increase the value and profitability of your business. The employee to sales ratio is one way of measuring your success in this area. JBL Solutions can help you improve your employee to sales ratio by showing you how to get started on the eCommerce path which dramatically increases

your sales opportunities. The EZ Order program from JBL is an economical way to make hundreds or thousands of customer contacts each month with very little effort on your part.

For more information on any of the techniques or products discussed above or for more information about JBL Solutions (DataWeld) call 800-334-1987 or email to sales@jbl-solutions.com.