

The 80/20 Rule in Sales

The 80/20 is commonly quoted in business, particularly as 80% of a company's revenue tends to come from 20% of its customer base. The 'A' grade customers. The same can be said of sales people.

In an organisation with a fairly large sales team a similar scale will apply in that 80% of the business being brought in will be brought in by 20% of the sales team. The 'A' grade sales people. I'm sure you're nodding in agreement at this point but let's just put this into context as the figures always mean more than the statistics.

If a sales team of ten people are generating £1 million of revenue, that means that 2 people in that team are generating £800,000 between them (£400,000 each) and the other eight are generating £200,000, an average of £25,000 each. This means that on average the top two sales people are out performing the rest of the team by sixteen to one! They are doing the same job, have had the same training, have all the same sales materials and equal product knowledge but the best sales people are selling sixteen times more effectively than their co-workers!

There are practical reasons for this such as length of time with the company and large deals distorting the figures slightly, however the main reason that two people can do the same job and get such different results is related to the sales abilities of each individual.

I started a job selling mortgages on the same day as another guy. I had worked in finance before but never sold mortgages, he had been working in mortgages for the past six years. Our target for the first three months was to achieve 5 deals whilst we were still learning the ropes, just to prove that we could do the job. After our first three months my colleague had 2 deals and was sent packing, whereas I had sold 30 mortgages. He had the better knowledge but I outsold him by 15:1 because I applied my sales abilities to the work above and beyond my product knowledge.

This article is not going to cover the how's, that will be taken care of throughout other articles, but is more to point out that the aim should always be to get yourself in that top 20% by applying yourself in the right way.

The 80/20 is not a division between the good and the bad. It is a division between those who believe, work hard, work smart, have confidence and focus on connecting with people. The very first article in this series was about Customer Focused Sales. Being a customer focused sales person, through its many facets, is one sure fire way to ensure that you are part of the 20% and not the 80%.

It is better to aim for first and finish second than it is to aim not be last and achieve your goal.

Happy Selling!