

Back to Basics - Selling Homes is a Process

By Tom Bradbury and Doug Coons

Executive Summary

Are you facing a “soft market?” Will you experience significant turnover in sales consultants and managers who for the last several years have been primarily “order takers” and have not had to really sell? Furthermore, will your sales professionals be able to distinguish your homes and neighborhoods from the competitors’ as sales get harder and harder?

The purpose of this paper is to sound a “call to action.” **The time is now to prepare your sales professionals for a tougher market.** How? Get back to the basics of selling. The new home sales experts are all advocating increasing and improving the training of new home sales professionals.

But before you spend a bunch of money on sales training, invest in your company. Selling is a process. **Invest in your sales processes.** Training (or re-training) your sales agents on “soft” skills are only part of the solution. Develop (design and document) sales processes that encompass all the activities required to convert leads and prospects into contracts. This investment will pay off in multiple ways:

- ✓ You will have a repeatable roadmap to train your sales agents
- ✓ Your sales processes become your competitive selling advantage, reducing your reliance on “superstar” sales agents
- ✓ You will have a baseline to measure and then improve upon as you execute – enabling a culture of continuous improvement
- ✓ Your sales agents will know what is expected of them and can be held accountable for standards of performance

Investing in Your Sales Processes: The What, How and Why

Before you invest time and money on training, give your people a comprehensive roadmap on how to sell your homes. Design and document your sales processes – what specifically you want your sales

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agents to do. Not just how to interact with prospects, also include processes and techniques for generating leads, capturing prospect data, and how to do effective follow-up. Then train them. In demanding markets, your sales agents will need to work hard to make sales – give them the processes and tools to be successful.

Makes sense. But how do you do it? How do you invest in your sales processes? The rest of this paper presents “the what, the how, the why” of investing in your sales processes.

The What

*Two core processes
in new home selling:*

- ✓ *Generate Leads
& Traffic*
- ✓ *Convert
Prospects into
Contracts*

Fundamentally, there are two core processes in new home selling:

- 1) Generate Leads & Traffic
- 2) Convert Prospects into Contracts.

Pretty basic. You need to get people to show up at the community / sales office and then you need to get them to buy a home. But how your agents **execute** these processes will determine if you meet (and hopefully exceed) your sales goals.

Generate Leads & Traffic - In demanding markets, sales agents need to hustle. What percentage of leads are your sales agents expected to generate themselves? Top selling home builders expect anywhere from 20-33% of leads coming from their sales agents. Generating leads consists of a number of sub-processes:

- Following up on Web Leads
- Planning/Executing Special Marketing Events
- Planning/Executing Broker Presentations
- Generating Referrals
- Networking

Convert Prospects into Contracts – It has been estimated that it costs approximately \$300 per prospect to get them to walk in the door. So what is your process to convert each prospect into a contract? Do you have a documented critical path that each agent is trained on? Are your agents diligent about capturing information about the prospect? Do your agents always ask for the sale? Do you rank your prospects with defined ranks (e.g. A, B, C, etc)? Do you follow thru with each prospect with a defined action plan based on rank?



Converting Prospects into Contracts consists of the following sub-processes:

- Execute Critical Path – Meet/Greet, Discovery, Present, Demonstrate, Overcome Objections, Narrow to One
- Ask for the Sale – Quote, Write Contract, Take Reservation, Schedule Re-visit
- Enter / Update Prospect data
- Perform Prospect Follow-thru

The How

A sales process is ongoing and meant to be repeated.

Step 1 – Design your sale processes for outstanding performance. A process is an organized group of related activities that together create a result of value to customers. A process is ongoing and meant to be repeated.

Process design is a prerequisite for repeatability.

Process design is a prerequisite for repeatability: without it the would-be process is likely to be performed differently each time. Outstanding performance is a matter of design rather than luck.

Build in the steps and tasks that ensure your agents will cover all the bases – focus on efficiency and effectiveness. For each of the processes and sub-processes identified above:

- ✓ Map out the workflow
 - Identify each step/task and who is responsible
 - Define the sequence
 - Determine the performance standard including how long the task should take
 - Determine the required forms
 - Specify the information to be gathered
 - Designate what needs to be entered in information systems
 - Build in the prospect/buyer touch points (when and how you interact and communicate with the prospect)
 - Build in the appropriate internal controls – review and approvals and internal notifications
 - Build in your policies, rules and standards of performance
- ✓ Document the workflow
 - Visually lay out the workflow in an easy-to-understand “picture” using software such as Microsoft VISIO™. (see Attachment 1 for an example)
- ✓ Develop and link supporting documents to the workflow
 - Detailed Procedures (or even additional VISIO workflows), Policies, Standards, Forms, Checklists, Guidelines, Tips and Techniques, Spreadsheets, Information system procedures.



The goal is to have all your process documentation laid out in a coordinated manner so that your sales associates can see the big picture and can drill down into the specific tasks. (*see Attachment 2 for a representative list of documents*)

Step 2 - Put all this documentation on-line – make it accessible 24/7.

This accomplishes several objectives:

- ✓ Your process documentation will change and need to be continuously updated. Everyone will always have access to latest version of the documentation. Maintaining process documentation in hardcopy binders is not effective.
- ✓ You can hold everyone accountable to your processes – no longer can anyone have the excuse of “I did not know”. All the required information is on-line for their reference.

Step 3 – Commit your organization to continuous improvement of your sales processes. You now have a process environment to execute continuous improvement. You have a defined “baseline” – you can now identify and implement process improvements. To execute continuous improvement, you will need to design, document, and execute a process to implement changes:

- ✓ It is recommended that you designate a “process owner” for each sales process – a credible leader who can make change happen and someone with a vested interest in the overall improvement of the process
- ✓ Develop a method for sales associates to suggest and champion process improvements
- ✓ Develop the internal review and approval process
- ✓ Develop a method to update the process documentation and develop a way to notify all sales associates of the improvement.

Step 4 – Take the execution of your sales processes to the next level with Business Process Management (BPM) software. Powerful software now exists that allow companies to define a process, design it in a workflow, load the workflow and all associated business rules (e.g. “if this, do that” logic) into the software, define the role/person associated with each task, and then execute the process with the software.

When executing, as tasks are completed, the software determines the next task(s) to initiate and place on an associate’s work queue. Email notifications/reminders/and alerts are automatically sent at the right times based on how you designed the workflow.



The end result is once the process is triggered, the software tool advances the process along based on the defined workflow and then allows for exception management when tasks are not completed as designed.

Sales processes that are good candidates for business process management software include:

- Prospect Follow-thru – performing a series of follow-up actions based on the prospect ranks
- Processing Web leads – automatically triggered this process when a visitor to your website requests information, then following thru with qualifying and contacting the web lead
- Planning and Executing Broker Presentations – use BPM to ensure your agents are meeting performance standards on this lead generation activity
- Planning and Executing Special Marketing Promotions – use BPM to execute and feedback on this lead generation activity
- Processing Referrals – use BPM to close the loop on the referral process, thus ensuring this important activity is properly incented and rewarded.

The Why

It all starts with well-designed sales processes.

The “why” is all about execution. Outstanding execution is the combination of well-designed processes, well-trained sales associates and an organization that fosters continuous improvement.

Training is important – but you need to train your sales associates on your processes.

But it all starts with well-designed sales processes. No matter how good your sales associates are, they can be hindered by poor processes. A prime example of this is an ever increasing burden on the sales associate to complete paperwork, taking valuable selling time away from their day. The good news is that employees will gravitate toward anything that helps them do their job better.

Training is important – ***but you need to train your sales associates on your processes.*** This is much more effective than generic sales training, which your people then need to figure out how to apply in their day-to-day activities.

In summary, the benefits of investing in sales processes are:

Better Trained Sales Associates – Your people can access an on-line, up-to-date reference detailing how your company sells homes.

More Accountable Sales Associates – Information on what to do and how to do it is always accessible – “I didn’t know” is no longer an excuse.



Your Sales Associates Know the Big Picture – Your people know how their day-to-day job fits into the “big picture” – how their job affects other processes.

A Culture of Continuous Improvement – Documenting the core sales processes and then executing and measuring results forms the basis for a continuous improvement culture.

Visibility, Control and Assurance – Implementing a BPM software tool allows for the ability to design, “automate”, execute, manage and monitor core processes in “real-time”.

The Ability to “Manage by Exception” – Put the core sales processes on “autopilot”, then focus management on instances that are not executing according to the planned workflow. Processes not executing as planned are flagged (e.g. an “A” Prospect is not being followed up on as defined) and managers are notified via email alerts.

Integrate People, Processes and Systems – Technology and systems are only tools to get the job done. Defining and designing your sales processes aligns your people, processes and information systems to streamline your sales associates’ day-to-day work.

Conclusion

We believe the time is now for Home Builders to invest in their sales processes. This is a call to action. The selling environment is getting tougher, you need to get back to the basics of selling homes.

You can’t afford to have sales associates cut corners. You need sales associates to generate a significant percentage of their own leads – networking, giving sales presentations to realtors, generating referrals, etc. You should require sales associates to consistently execute critical path selling – meet, greet, discovery, present, demonstrate, overcome objections, narrow to one, and ask for the sale – for every prospect that walks into the door. You should require sales associates to diligently follow-thru with prospects, getting them back to the community so they can execute the critical path again until they get a contract.

- ✓ Define the critical path for converting prospects into contracts – what is the process to convert an “A” prospect into a sale, a “B” prospect into an “A”, etc
- ✓ Define and enforce rules and guidelines to help sales associates manage their prospect pipelines – e.g. limits on how many “A” prospects they can have
- ✓ Define and execute critical path selling tailored to your company, your product – provide them with scripts, selling points, etc. on how to position your product to stand out
- ✓ Define and execute effective prospect management, including data gathering and consistent follow-up to buy/die
- ✓ Provide sales associates with ideas, techniques and resources to generate 20-33% of their own leads – then hold them accountable.