



BECAUSE THE FUNDAMENTALS ARE NOT OPTIONAL.

JV/M, Inc.
Need Sales?

How to Find Qualified B2B Telemarketers: Pre-Screening for Business Knowledge (Part 1 of 4)

Introduction

One of the major challenges for companies that want to generate new sales in the business-to-business (B2B) market is finding salespeople who are willing and able to make cold calls. But because most field salespeople don't like making cold calls, many salespeople are ineffective at it, and good cold-calling behaviors often contradict good field-selling behaviors, many companies have come to the conclusion that segregating the cold-calling function from the other sales functions (such as covering your bases and closing,) is a cost-effective solution. It frees up experienced salespeople to focus on making presentations and closing business, while it theoretically cost-reduces the lead generation function by using less expensive telemarketers.

Once the decision is made to segregate the functions, however, the challenge then becomes one of finding telemarketers who are truly qualified to make cold-calls to business executives and other decision makers, which always includes getting past gatekeepers and voice mail, and often includes uncovering needs. But while there are over 2.5 million telemarketers in the US according to the US Department of Labor, in attempting to recruit qualified "bird dogs," JV/M has found that over 95% of applicants are *unqualified* for the job. This is because of a lack of business knowledge, a lack of appropriate sales skills, and the presence of an inappropriate perspective or motivation, among other issues. The impact of the scarcity of qualified B2B telemarketers on recruiting costs, training and development costs, and sales results, however, can be catastrophic – going far beyond high failure rates and an excessive cost-per-lead. A poorly performing telemarketing staff can demotivate their outside sales representatives by sending them out on bad appointments, generate excessive field sales costs, and even deposition the company and its products in entire market segments.

JV/M regularly recruits professional B2B telemarketers for its outsourced B2B telemarketing, lead generation and executive appointment-setting services. Because of the high number of applicants and the low percentage of qualified applicants in the applicant pool, JV/M had to develop an online test to screen out unqualified applicants before the resume review and interview in order to reduce the cost of recruiting, interviewing and selection, as well as to reduce the failure rate of new hires. The test has been validated over the years as being able to predict success on the job in excess of 80% of the time, while providing excellent insight into the attributes of the candidate population.

Three of the nine areas tested by JV/M's Telemarketing Skills Assessment are business knowledge, sales skills and sales perspective. This series presents an analysis of the prevalence of appropriate and inappropriate attributes in these areas in the population of over 800 applicants over the course of two years in order to show how an online test can reduce recruiting costs when there is a predominance of unqualified candidates.

Methodology

The Telemarketing Skills Assessment is a test consisting of 45 multiple-choice questions that is given to prospective Lead Generations Specialists applying for a professional B2B telemarketing position at JV/M. The test has been validated as being able to predict that a candidate will be successful on the job over 80% of the time. Combined with a subsequent interview and reference checks, the success rate for new hires exceeds 80% at JV/M, while using the test has reduced interviewing costs by over 90%, and reduced recruiting costs by over 70%.

JV/M has found that there are nine attributes that can and should be screened using an online test, and presents in this series of articles the results for three of them to illustrate the methodology. The attributes covered in this series are:

- Business knowledge
- Sales perspective
- Sales skills

Results for Business Knowledge

Several questions on the test attempt to identify gaps in the applicant’s business knowledge that can be used to predict failure on the phones. The questions include the following, along with the answer choices, and the explanation of the correct and incorrect answers.

How many Companies are in the “Fortune 100”?

In talking with decision makers and reviewing call notes, business literacy is expected in a professional salesperson, especially in the lead generation phase of the sell-cycle. Without this, the decision maker is likely to find the caller to be not credible, and will generally hang up on them, concluding that the call is a waste of their time. Having certain core business information, much of which is acquired over a number of years through exposure to the business environment, and training, as well as through reading general business literature, also enables the telemarketer to better align their activities with the sponsoring organization.

One of the questions that attempts to uncover basic business literacy on the Telemarketing Skills Assessment is the following:

1. You have been given a list of 100 large businesses – the Fortune 100 – to call. Your goal is to get at least 10 appointments with their CFOs. But after calling each one many times, you’ve only gotten five appointments. What do you do?
 - a. Keep calling until you get five more appointments.
 - b. Ask for a new list.
 - c. Change your pitch, and then try again.
 - d. Take a break, and start again after you're refreshed

While the question seems to probe for the candidate’s persistence or flexibility, one of the answers uncovers a point of ignorance that can be fatal in B2B campaigns. Out of a sample of 813 candidates taking the test during the relevant period, the distribution of answers was as follows:

Answer	Count	Percent
a	193	23.74%
b	130	15.99%
c	356	43.79%
d	134	16.48%
Total	813	100.00%

Based on the results of dozens of campaigns, the correct answer is (c). Getting five appointments certainly shows some success, but given the information provided in the question, we have to assume that the expectation (or need to produce leads,) is greater than that. The question is: What do you do about it? The correct answer is to modify the pitch.

While there are issues of temperament and sales skills raised when a candidate answers (a) or (d), candidates who answer “(b) Ask for a new list” demonstrate a clear lack of business, if not mathematical, knowledge, as

there is clearly only one “Fortune 100” list of companies available. This lack of basic business knowledge is a good indicator of eventual failure, as the candidate is unlikely to have the general business knowledge needed to conduct an intelligent conversation with a high-level decision maker. As importantly, they are unlikely to be able to adapt their pitch to the target’s response because of an evident lack of listening/reading skills. And in cases where there are strict limitations on the number of potential prospects, they are likely to fail miserably, and potentially ruin the opportunity. Nearly 16% of candidates thought there was another list of Fortune 100 companies available.

Beyond the ignorance of the business market, the tendency for telemarketers to ask for a new list generally comes from many having worked in the consumer field where there is a virtually endless supply of names to call, and “burning” through lists is common. In most business applications, however, the number of targets is generally limited to a few hundred, or a few thousand, at most. Telemarketers whose first reaction to an inability to achieve their production goal is to ask for a new list will usually not absorb training; they are generally only capable of reading a script. They are likely to lack credibility with the target, and consistently fail to reach their goals. And they are going to be stumped when they run out of names to call. So these candidates should be avoided.

How Do You Measure Productivity?

A critical issue in the success of any B2B telemarketing program, just as in the case of a consumer telemarketing program, is productivity. But productivity can be measured in a number of ways. Most rational businesses measure the productivity of a telemarketing program as they do any marketing program, by its profitability, or its financial contribution to the business. However, many program administrators micromanage the program against other metrics such as dial rate, contact rate, or appointment rate. Telemarketers who are used to these types of programs, and then placed into a professional B2B environment, tend to fail in high numbers.

Telemarketers who are trained to maximize their dials-per-hour tend to drop calls too early – often without getting anyone on the phone. They frequently do not develop rapport, uncover needs or build value – all key steps in the generation of qualified leads. Telemarketers who are trained to maximize their contact rate tend to do a little better, since they (at least) have conversations, but they often fail to reach decision makers, and usually generate low-quality leads as a result. Even telemarketers who try to maximize their appointment rate have problems because they tend to send field salespeople out on appointments even if they are not qualified just to get credit for the lead; again, resulting in a very low profitability for the program.

To weed out candidates who work at potentially cross-purposes to a profit-driven program, one of the questions asked on the Telemarketing Skills Assessment is the following:

2. Of the following, which is the most important measure of productivity?
 - a. Your dial rate (i.e. dials-per-hour)
 - b. Your contact rate (i.e. dials-per-contact)
 - c. Your appointment rate (i.e. contacts-per-appointment)
 - d. The cost-per-appointment

The distribution of answers in the candidate population was as follows:

Answer	Count	Pct
a	99	12.18%
b	131	16.11%
c	525	64.58%
d	58	7.13%
Total	813	100.00%

The startling lack of importance ascribed to the cost is almost ubiquitous in the population, with only 7.13% of candidates concerned with it. The cost-per-appointment, which is a function of the other three metrics (plus the hourly cost,) is the only metric that balances the importance of the constituent metrics in a meaningful way – a balance that is critical to effective self-management of the telemarketer. Assuming that an effective B2B telemarketing program requires some autonomy by the caller, working towards a performance measure that is consistent with the financial goals of the program is the only way to achieve a win-win. Without it, the telemarketer is likely to “burn hours,” if not lists and leads.

Based on post-test interviews, the high number of people answering “(c) Appointment rate,” or contacts-per-appointment, reflects an assumption that the appointment rate is being interpreted as “appointments-per-day.” If one assumes that the telemarketer gets a fixed hourly wage, then the cost-per-appointment should simply be the appointment rate times the cost-per-hour. But these interviews consistently showed a distinction between people who were concerned with the appointment rate and those who were concerned with the cost-per-appointment. Those who were concerned with cost-per-appointment were concerned about quality and profitability, while those who were concerned only with the appointment rate were concerned only with generating leads regardless of the quality or outcome. In addition, those who were concerned with the cost-per-appointment tended to judge their results over time, while those who were concerned with the appointment rate tended to discount prior “bad days” in evaluating their own success.

Candidates who are concerned with their appointment rate can be considered, but candidates who are concerned with their dial rate or contact rate should be avoided. But candidates who measure their success by the cost-per-appointment are preferred.

What Really Matters?

Beyond the metric of profitability is the question of mission and vision. Getting a sense of the values of the telemarketer, and their consistency with the needs of the business, can be an important selection factor. In the Telemarketing Skills Assessment the following question was asked to better understand the motivations and business acumen of the candidates.

3. Considering the role of the telemarketer in a B2B environment, which is most important?
 - a. The quantity of the leads produced.
 - b. The quality of the leads produced.
 - c. For the telemarketer to make a lot of money.
 - d. The profitability of the telemarketing program.
 - e. A good balance between work and personal life for the telemarketer.

The distribution of answers was:

Answer	Count	Percent
a	60	7.38%
b	532	65.44%
c	16	1.97%
d	180	22.14%
e	25	3.08%
Total	813	100.00%

While it is commendable that most candidates (65.44%), were concerned about the quality of the leads, only 22.14% thought the profitability of the program was paramount. This lack of concern for profitability can cause significant problems for the viability of the program, and candidates who show an insensitivity towards

it should be avoided. Perhaps frighteningly, considering their role in sales, is that the overwhelming majority of candidates weren't motivated by a desire to make a lot of money.

Many telemarketers are confounded by this question, but it is a useful one to weed out unqualified candidates. For example, one can quickly eliminate candidates who are concerned only with the quantity of leads produced, since they will consistently generate lots of bad leads that generate excessive field sales costs and resentment among the sales team. Candidates concerned with making a lot of money can be considered – but only if the program provides incentives; while candidates who are concerned with having a good balance between work and their personal life should probably re-think their interest in work. Candidates who are concerned with quality, however, are generally worth considering, as long as other responses demonstrate their concern for the profitability of the program.

When the telemarketer has a concern for the profitability of the program, they tend to add intelligence to the process, making suggestions based on their calls for improving results, and imposing continually improving standards of performance on themselves. This reduces management costs, and has a tendency to result in long-term success of the program.

Analysis

The combined results show that only 2% of the candidates answered all three questions correctly. If we allow that the quality of the lead is an acceptable answer in the last question, around 10% of the candidates answered the business knowledge questions correctly. Either way, this is an astoundingly low penetration of common business values and knowledge in the population, suggesting that most candidates bring little to the table; and many bring assumptions that can be outright destructive.

Conclusions

While the typical consumer telemarketing program is designed to utilize scripts and have a virtually unlimited target market, the need to engage business decision makers in an intelligent conversation and the limited target market in the typical B2B program strongly call for telemarketers that have some fundamental business knowledge. Likewise, for the program to be effective, telemarketers generally need to be self-monitoring, which requires that their values align with the profitability objectives of the program. Candidate pre-testing has shown that the vast majority – over 90% – of candidates lacks these attributes; however such testing can eliminate unqualified candidates prior to an interview as a means of minimizing recruiting and selection costs, and maximizing the probability of success.

Recommendations

In recruiting telemarketers for business-to-business applications, it is recommended that candidates be questioned about their fundamental business knowledge and values before being interviewed as a means of eliminating patently unqualified candidates at the lowest possible cost. While the specific questions asked in the Telemarketing Skills Assessment may not be appropriate for other firms or programs, avoiding interviewing or hiring candidates who do not understand the basic principles of profitability, as well as common terminology in the business world, can prevent high failure rates of both the candidates and the programs.