

CHECKING IN WITH THE ECONOMY - DOES ANYONE KNOW ANYTHING?

Everyone seems to have an opinion about the state of the economy. As a matter of fact, in terms of the economy, the supply of statistics is only surpassed by the number of differing opinions about what they predict.

Under the heading, "U.S. Manufacturing is Hanging Tough," Adam Geller of the Associated Press reports the Institute for Supply Management's manufacturing index was at 58.5 in September, which means that sector of the economy is expanding, but not quite as fast as in the month before. This is positive, but not nearly as positive as this news: construction spending in August hit a new all-time record, surprising most economists with the strength of the construction segment.

While some analysts in real estate and construction markets warn of excessive price increases and wild speculation — raising the specter of another economic bubble about to burst — David Lerah of the National Association of Realtors makes a good case for a historic and continuing supply shortage in the residential real estate market. He cites three factors contributing to his optimistic view:

People are living longer and healthier lives, and are not selling their homes as early in the aging process;

Immigrants, who came to the U.S. in record numbers over the past two decades, are increasingly in positions to purchase real estate;

Proliferating programs for low-income and minority home ownership, combined with low interest rates, are increasing housing demand.

Since the overall state of the U.S. economy has historically rested on these two major pillars, they combine to provide substantial optimism for the future.

More pessimistically, the price of energy continues to climb above all-time highs, affecting every segment of the economy. The Federal Reserve, worried about inflation in a hotter economy, is considering another round of interest rate increases.

Jobs are still leaking overseas, but personal income is rising. It's very hard to predict anything from the current mixed signals!

SMALL BUSINESS PROPRIETORS REMAIN OPTIMISTIC

Since small businesses create more than 75 percent of the new jobs in our economy, perhaps we should pay more attention to the success of their operations and to the plans and expectations of their owners. The Office of Advocacy has released its regular report, "Quarterly Indicators: The Economy And Small Business." In the report, proprietors' income increased at an annualized rate of 14.8 percent during the quarter—more than three times the low rate of inflation. At the same time, the National Federation of Independent Business (NFIB) optimism index sustained record highs.

A recent survey of small business owners in Salt Lake City indicated 81 percent intended to add new employees in their businesses over the next six months.

If small business owners remain optimistic and add the jobs they are now planning, the resultant growth should be positive for the entire economy. More people working in more jobs in more small businesses is an economic formula for success we can all vote for!

CASE STUDY OF THE MONTH—IDENTIFYING GREAT SALESPEOPLE!

A recreational vehicle dealer with a long history of steady growth and success, had positioned itself to take advantage of the explosive growth of the RV market over the past three years. The dealer's primary challenge: identifying salespeople likely to excel in their three stores. The company's high visibility and reputation for excellence makes it an employer of choice in its markets. The company has a good applicant flow and it can afford to be selective.

An analysis of the company's sales data, however, shows it suffers from the pervasive 80-20 rule of sales: their top producers are outselling their bottom producers by over 500 percent!

At the same time, turnover is unacceptably high in the sales force, with many new salespeople failing within six months of hire. In an industry where a dealer may spend over \$1,000.00 just to provide the opportunity for a salesperson to spend time with a qualified buyer, the lost opportunity cost at this failure rate is enormous.

To begin the process of improving their selection procedure, a differential study of top and bottom producers was conducted. Salespeople were selected and grouped for inclusion based on total gross profit production during the past calendar year.

Each person selected completed two assessments: the Profile Sales Indicator™ (PSI) and the Profile XT™ (PXT). Two patterns were constructed for each assessment, one using the top three producers, and another for the bottom three. The chart on page three shows the resulting patterns, each plotted on a single chart.

Inspecting the charts, something immediately becomes apparent. The two groups share many similar characteristics. They are nearly identical on the Thinking Style scales. They are similar on the Assertiveness, Manageability, Accommodation, Independence, and Objective Judgment scales. Both groups include the Enterprising and Mechanical interests in their top three selections.

Their differences, however, are apparent in the remainder of the scales. Most striking is the difference in their patterns on the Energy scales on both measures, and the Decisiveness scale on the PXT (red arrows in the charts on page two). The most successful salespeople have very high Energy scales (in the upper 16 percent of the working population), and there is no overlap between the groups. There is a similarly distinct separation between the groups on the Decisiveness scale, with top performers averaging a 10 on decisiveness!

Somewhat less of a contrast, but still a clearly differentiating trend, is visible on the dimensions of Sociability, Attitude, and Occupational Interests (brown arrows on the chart).

Match Scores (to the Top Performer group) were generated for members of both groups on both measures. On the PSI, there was a clear break in the match distribution between those over and those under 80 percent. Average gross profit produced by those over 80 percent was 255 percent of those under 80 percent match.

On the PXT, average match scores of the top half of the participants was 89 percent. Average match for the bottom half was 78 percent. The top half again produced over two-and-a-half times the bottom half's output.

As the dealership goes forward, these assessments and patterns will become part of the selection process for sales positions. The potential payoffs are enormous. If, by using the assessments in a selection funnel model, the company can select and retain 30 percent more top producers among their new hires, the consequence will be a 732 percent return on their investment — all dollars going straight to bottom-line profit. If they can eliminate their bottom producers, replacing them with middle and top producers equally, gross profit will rise by 21 percent! The annual return on investment would be well over 2,000 percent.

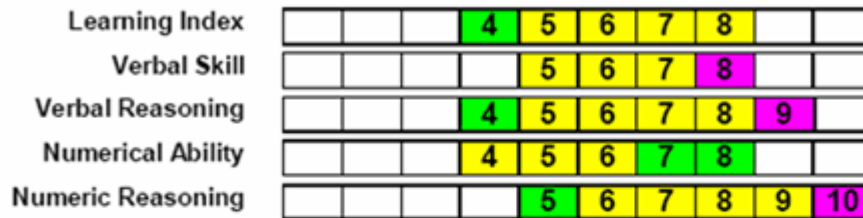
Because turnover may be the result of many factors independent of production (integrity, for example), use of these two measures together with an honesty-integrity prescreener is recommended in the complete selection funnel. If someone has low integrity, or poor work ethic, it is probably not important how well they match the PSI and PXT patterns—they will not last long here.

**Profile XT Job Pattern
Graph**

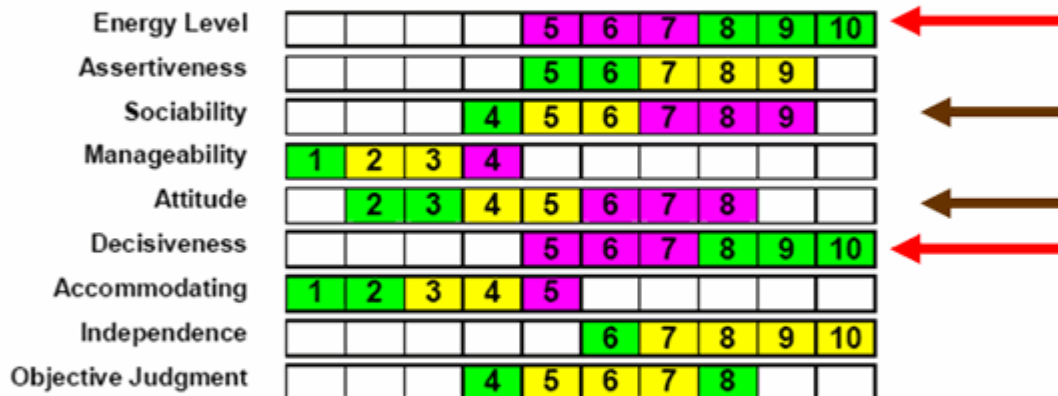
Top Gross Producers vs Bottom Gross Producers

Top **Shared** **Bottom**

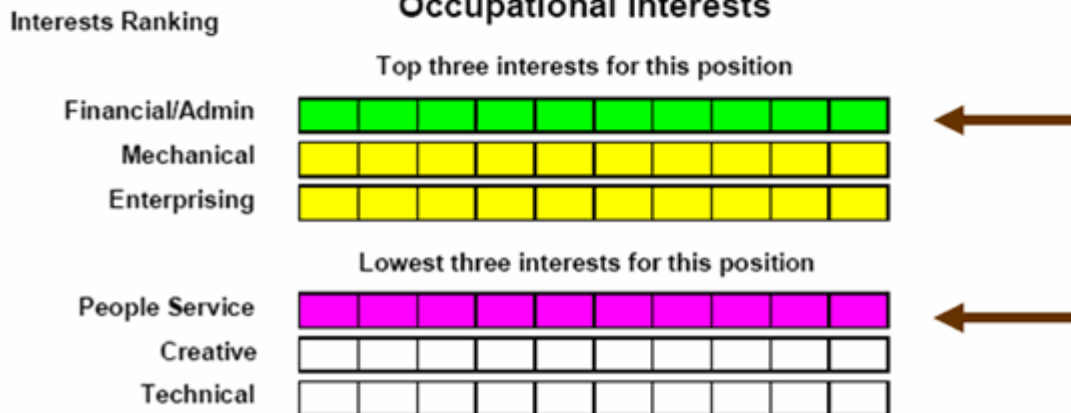
Thinking Style



Behavioral Traits



Occupational Interests



Sales Indicator Job Pattern Graph

Top Gross Producers vs Bottom Gross Producers

Top **Shared** **Bottom**

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Competitiveness	1	2	3	4	5	6	7	8	9	10
Self-Reliance	1	2	3	4	5	6	7	8	9	10
Persistence	1	2	3	4	5	6	7	8	9	10
Energy	1	2	3	4	5	6	7	8	9	10
Sales Drive	1	2	3	4	5	6	7	8	9	10



"You don't drown by falling in water. You only drown if you stay there."

~ Zig Ziglar

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