

**Global
Distributors
Collective**

Benchmarking tool for last mile distributors Sales and Marketing

5th December 2024

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HYSTRA
hybrid strategies consulting

Agenda

1. Introduction to benchmark – 10'
2. Sales and Marketing KPIs – 60'
3. Q&A – 20'



Which 23 KPIs are included in the report?

Value Proposition

Net Promoter Score (NPS)

Unique selling proposition

Market segments

Revenue streams

Gross margin

Inclusivity ratio

Product utilisation rate

Sales and Marketing

Above-the-line marketing

Market penetration

Revenue per sales agent

Sales agent compensation

Sales agent cost ratio

Sales agent churn

Sales agents per manager

Cost of field force

Sales agent time efficiency

Back-end Infrastructure and Overheads

Product servicing rate

Stock loss

Overhead ratio

Digitalisation indicator

CEO support system

Cash conversion cycle

Grant contribution

Question



Mass media marketing can help in...

1. Increasing trust among risk-averse customers
2. Convincing low-income clients of the benefits of your product
3. Making potential customers understand where and when they can purchase a product
4. None of the above

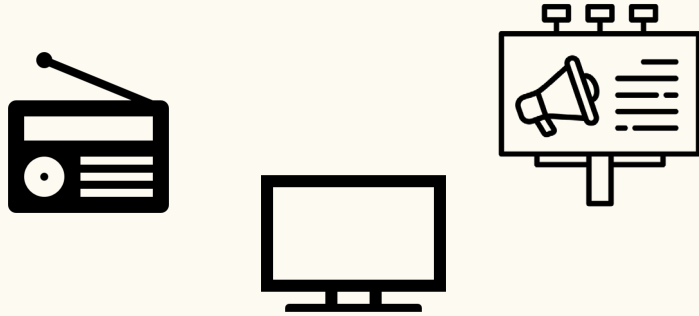
Answer



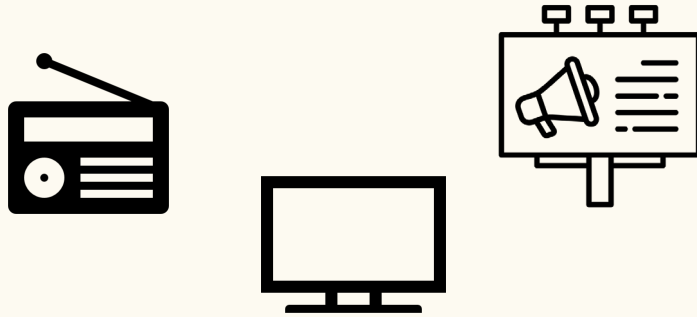
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Above-the-line marketing: how to identify and minimise untargeted marketing?



Above-the-line marketing: how to identify and minimise untargeted marketing?



Best practices

Limit above-the-line marketing campaigns to local radio adverts

Invest in below-the-line marketing such as demonstrations, and leverage social media

Identify motivations for purchase and reasons for non-purchase to tailor marketing messages and channels

Benchmark value

- Can be improved: >5%
- Good: 3-5%
- Best practice: 0-2%

Question



Companies can increase their market penetration cost-efficiently by...

1. Incentivizing agents to travel further and cover a broader area
2. Ensuring sales agents return to a location a few weeks after selling to the first few customers
3. Training and incentivizing existing customers to become sales agents
4. Incentivising existing customers to become lead generators and aggregate groups of potential customers

Answer



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Market penetration: how to calculate and maximise it?



4 customers out of 5 eligible customers
in your operating area after 2 years

Penetration = 80%

Market penetration: how to calculate and maximise it?



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in your operating area after 2 years

Penetration = 80%

Best practices

Leverage existing customers as lead generators

Group sales in one location

Support agents to increase penetration

Utilise client relationship management software to generate additional sales through referrals or cross-selling

Ensure senior management spends time on field

Benchmark value*

Product price <\$20

- **Can be improved:**
Don't know or <30%
- **Good:** 30-40%
- **Best practice:** >40%

Product price between \$20 & \$100

- **Can be improved:**
Don't know or <10%
- **Good:** 10-30%
- **Best practice:** >30%

Product price >\$100

- **Can be improved:**
Don't know or <10%
- **Good:** 10-20%
- **Best practice:** >20%

Question



Best practice salesforce for durable goods (solar products, water filters etc)
achieve sales of ... (in FTE)

1. 10K\$/year
2. 15K\$/year
3. 20K\$/year

Answer

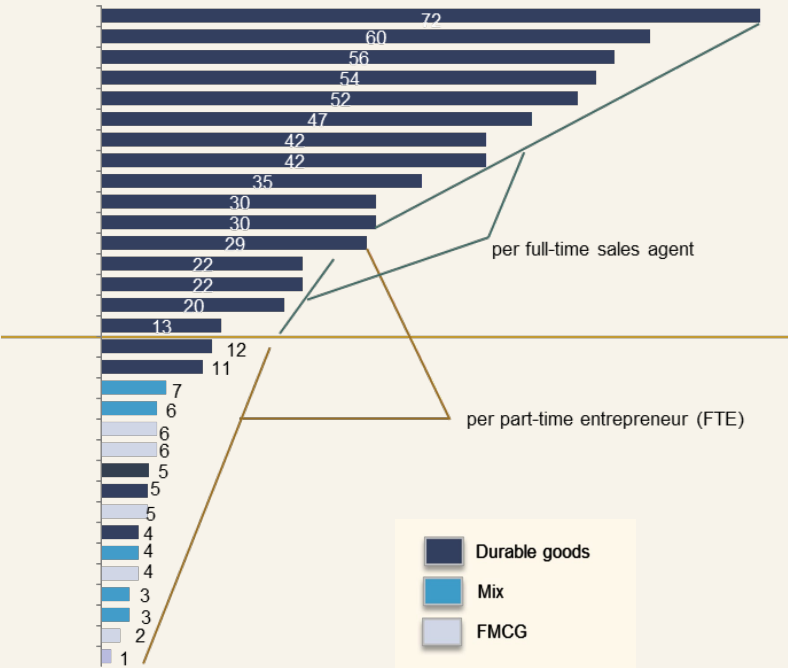


Best practice salesforce for durable goods (solar products, water filters etc) achieve sales of ... (in FTE)

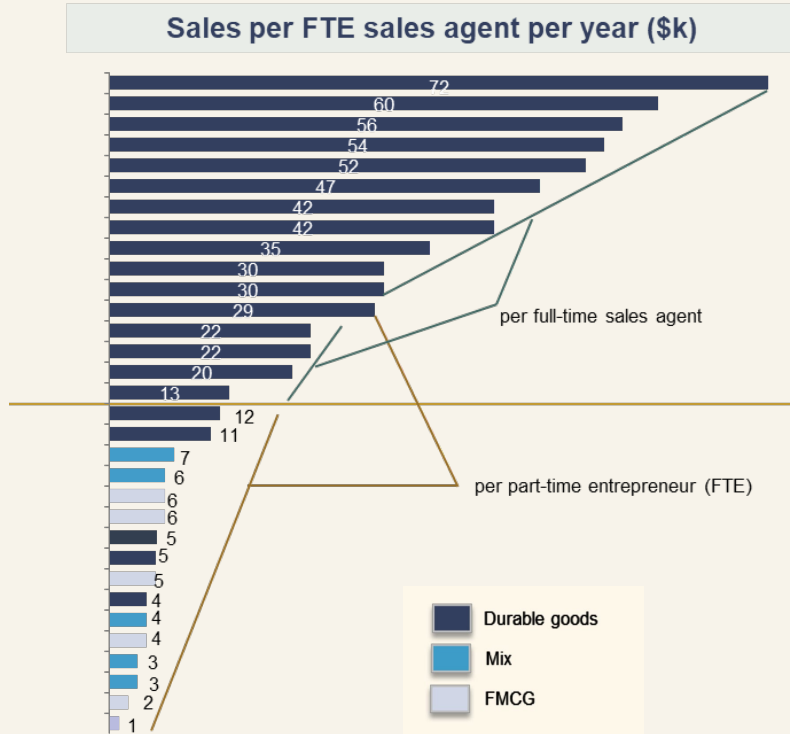
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Revenue per sales agent: How to assess and increase it?

Sales per FTE sales agent per year (\$k)



Revenue per sales agent: How to assess and increase it?

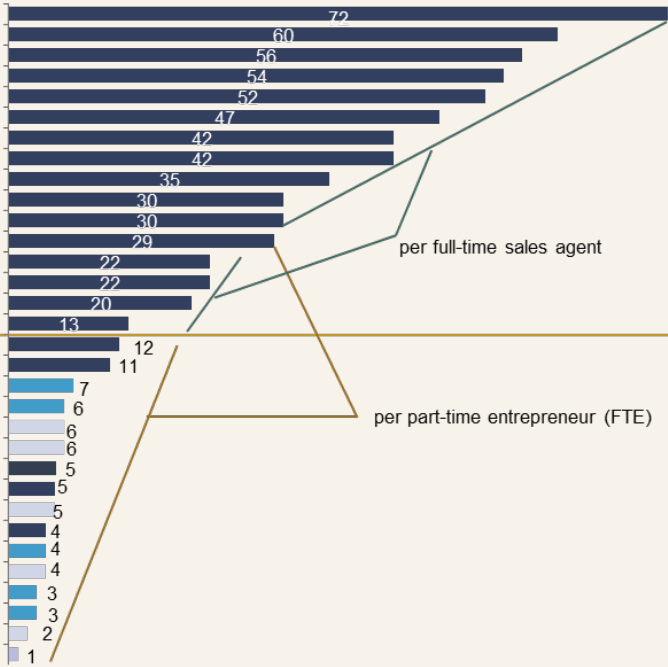


Best practices
Run a recruitment process that emphasises - and ideally enables candidates to test - the working conditions of the job
Review individual performance based on this aggregated KPI
Assess and share sales techniques and routines of your best agents
Help agents set their own sales targets
Use technology for ongoing training

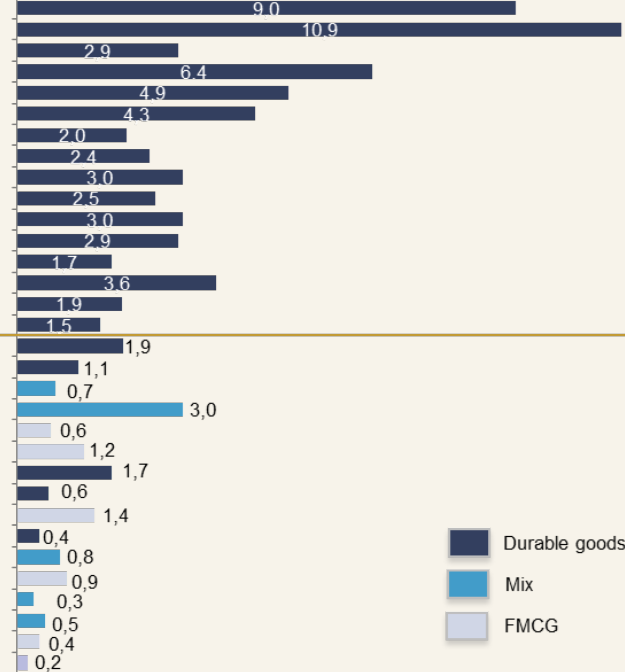
Benchmark value*	
A last mile distributor of durable goods with a full-time sales force	A last mile distributor with a part-time sales force or selling FMCGs (in FTE)
<ul style="list-style-type: none"> Can be improved: <\$15k Good: \$15k-\$20k Best practice: >\$20k 	<ul style="list-style-type: none"> Can be improved: <\$3k Good: \$3k-\$10k Best practice: >\$10k

High sales productivity also enables to pay the salesforce well

Sales per FTE sales agent per year (\$k)



Compensation per FTE sales agent per year (\$k)



- Durable goods
- Mix
- FMCG

Question



A cost-effective compensation package...

1. Must be at least at par with other opportunities a sales agent could have
2. Can be lower than other opportunities if agents work for a social purpose
3. Should include a variable part based on longevity at the company
4. Should include a variable part translating the long-term company objectives

Answer



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Sales agent compensation: How to design a cost-effective incentive plan?

**Total annual compensation for agents ÷
Average number of agents during the year**

If you have part-time agents, divide the calculation above by average proportion of the workweek worked by part-time agents, to get to a "full-time equivalent" value.

For instance, for part-time agents working 2 out of 5 days, divide by: **(2 ÷ 5) = 0.4**

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Best practices
Assess compensation offered by your competitors
Match variable financial incentives with company's long-term targets
Make compensation simple and transparent
Offer non-financial or in-kind incentives

Benchmark value	
Full-time sales force and durable goods	Part-time sales force or FMCG (in FTE)
<ul style="list-style-type: none">• Can be improved: <\$1.5k• Good: \$1.5k - \$2.5k• Best practice: >\$2.5k	<ul style="list-style-type: none">• Can be improved: <\$500• Good: \$500 - \$1k• Best practice: >\$1k

Incentives should be linked to company's objectives

Objective		Possible sales force incentive
Ensure your sales force performs well beyond sales	Ensure customer satisfaction	Index part of sales force commission to Net Promoter Score
	Perform consistently	Index part of sales force commission to consistency of sales over several months
	Stay for at least a year	Index part of sales force commission to completion of year (resulting in an end-of-year bonus)
	Give credit to customers with capacity to pay	Index part of sales force commission to early on-time repayment rates
Overcome learning curve with low sales		Provide fixed salary for the first few months, equal to commissions on minimum sales required to be hired (then replace fixed salary by commissions)
Overcome attendance issues		Provide a (small) daily stipend to contribute to food, transport etc. against proof that agent is working e.g. geolocation at place of customers, photo of demonstration event, etc.
Overcome long-term retention issues		Provide different levels of incentives for different volumes of sales (e.g. bronze, silver, gold levels) potentially combined with good performance on other KPIs (e.g. customer satisfaction or consistent on-time reporting of sales)

Question



Best practice average compensation for a full-time sales agent selling durable goods should be...

1. 5-10% of average revenue generated by a full-time agent
2. 11-15% of average revenue generated by a full-time agent
3. Greater than 15% of average revenue generated by a full-time agent

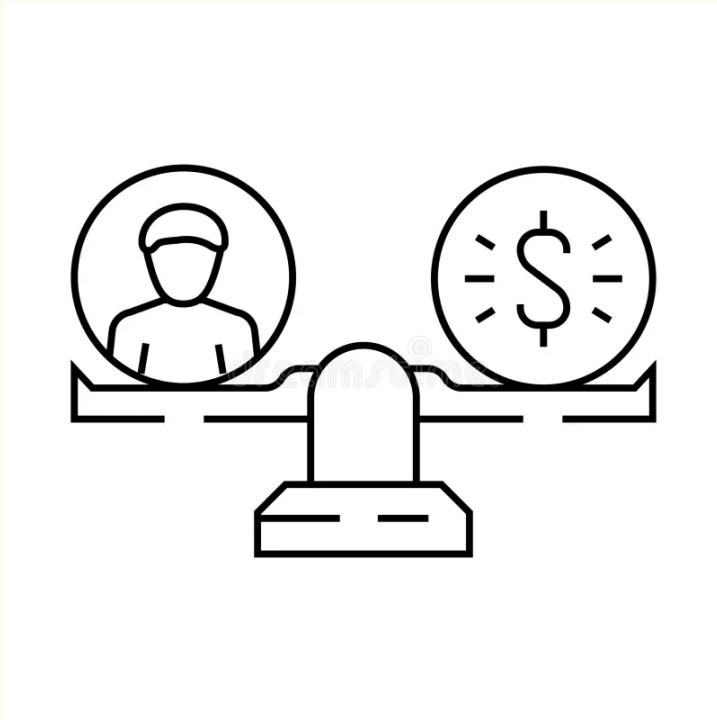
Answer



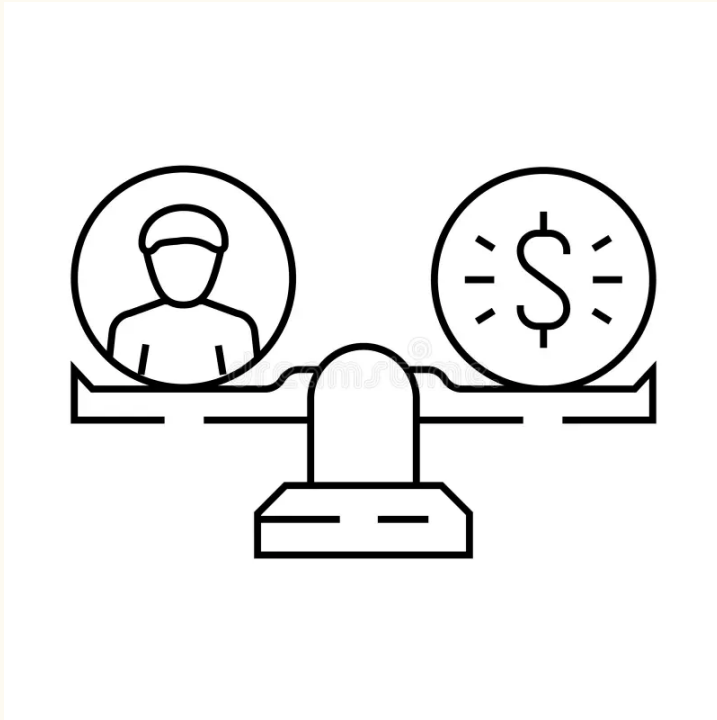
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Sales agent cost ratio: How to assess and optimise it?



Sales agent cost ratio: How to assess and optimise it?



Best practices

Adopt best practices for the two KPIs that compose this ratio: sales agent compensation and revenue per sales agent KPIs

Ensure that

- 1) the gross margin generated by your agents' sales target covers their fixed costs (fixed salary, airtime, travel stipend...)
- 2) the resulting revenue for agents is at par with other opportunities
- 3) agents can become rich if they over-perform, thanks to their variable compensation (while staying within the ratios below)

Benchmark value

Durable goods

- Can be improved: <5% or >15%
- Good: 11 - 15%
- Best practice: 5 - 10%

FMCG

- Can be improved: <15% or >25%
- Best practice: 15 - 25%

Question



To reduce sales agent churn...

1. Give adequate time and training to new agents performing poorly
2. Focus on non-monetary aspects like team culture more than providing competitive compensation
3. Promote sales agents quickly to make managers out of the best performers
4. All of the above
5. None of the above

Answer



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5. None of the above

Sales agent churn: How to minimise it?

Links between sales agent churn and company policy

	Compenstion			Career oppotunities	Awards and events	Field sales force yearly churn**
	Competitive*	Partially fixed	Close mgmt			
Company 1	✓	✓	✓	✓	✓	7%
Company 2	✓	✓	✓	✗	✗	8%
Company 3	✓	✓	✓	✓	✗	10%
Company 4	✓	✗	✓	✓	✓	20%
Company 5	✓	✗	✓	✗	✗	25%
Company 6	✓	✗	✓	✓	✓	30%
Company 7	✓	✗	✗	✓	✓	30%
Company 8	✓	✗	✓	✓	✓	40%
Company 9	✓	✗	✓	✓	✓	40%
Company 10	✗	✗	✗	✗	✗	60%
Company 11	✗	✗	✗	✓	✓	60%
Company 12	✓	✗	✓	✓	✓	80%

*Competitive compensation compared to other local opportunities; **Churn does not include management.
Source: Hystra analysis

Sales agent churn: How to minimise it?

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Company 1	✓	✓	✓	✓	✓	7%
Company 2	✓	✓	✓	✗	✗	8%
Company 3	✓	✓	✓	✓	✗	10%
Company 4	✓	✗	✓	✓	✓	20%
Company 5	✓	✗	✓	✗	✗	25%
Company 6	✓	✗	✓	✓	✓	30%
Company 7	✓	✗	✗	✓	✓	30%
Company 8	✓	✗	✓	✓	✓	40%
Company 9	✓	✗	✓	✓	✓	40%
Company 10	✗	✗	✗	✗	✗	60%
Company 11	✗	✗	✗	✓	✓	60%
Company 12	✓	✗	✓	✓	✓	80%

*Competitive compensation compared to other local opportunities; **Churn does not include management.
Source: Hystra analysis

Best practices

Provide competitive compensation with a partly fixed salary if selling complex or expensive products

Provide effective/close management

Introduce non-monetary rewards

Conduct exit interviews

Collect agent NPS

Benchmark value

- **Can be improved:** Not measured or >30%
- **Good:** 10% – 30%
- **Best practice:** <10%

Strategies can be adapted to reduce churn depending on when and why most agents leave



Question



Best practices on agent management include...

1. Conducting weekly meetings between the manager and their sales team
2. Ensuring close management with less than 5 agents per manager
3. Standardising the routine the sales managers should follow so they know how to best support their agents
4. Letting managers fully manage their schedule so they can adapt to best to support agents

Answer



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4. Letting managers fully manage their schedule so they can adapt to best to support agents

Sales agents per manager: How to provide effective supervision?



Example of a sales manager's daily routine

Time	Action
8.30am	Calls to some agents
9am – 12pm	Spend half day with an agent, including 1-2-1 training
12pm – 1pm	Lunch
1pm – 1.30pm	WhatsApp check on agents' progress
1.30pm – 4.30pm	Spend half day with an agent, including 1-2-1 training
4.30pm – 5pm	End-of-day call with all agents

Sales agents per manager: How to provide effective supervision?



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Best practices

- Adjust supervision based on product-type
- Mandate weekly meetings
- Standardise manager routine

Benchmark value

Durable goods	FMCG
<ul style="list-style-type: none">• Can be improved: <5 or >10• Good: 5 - 7• Best practice: 8 - 10	<ul style="list-style-type: none">• Can be improved: <10• Good: 10 - 14• Best practice: 15 - 25

Question



To limit the overall cost of your field force (including management)...

1. Let any agent join the sales force on a pure commission basis
2. Increase the number of part-time agents who will require less management support
3. Opt for a full-time sales force who will sell more and be overall more cost-effective

Answer



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Cost of field force: How to assess and optimise it?

Average monthly compensation of sales agents, sales managers and all other field force staff ÷ Average monthly revenues generated by all active sales agents

Beyond sales agents, **a field force includes:**

Technicians, sales force managers and regional sales managers. It may also include call centre staff if they interact directly with customers.

Salesforce cost as % of sales from two SHS PayGo companies selling similar products in the same country



Cost of field force: How to assess and optimise it?

Average monthly compensation of sales agents,
sales managers and all other field force staff ÷
Average monthly revenues generated by all active
sales agents

Beyond sales agents, a **field force includes:**

Technicians, sales force managers and regional sales managers. It may also include call centre staff if they interact directly with customers.

Best practices
For complex products, have a full-time, closely managed sales force, with at least a partly fixed stipend or salary
Leverage local villagers/ existing clients as referrals and possibly support for cash collection, NOT as agents

Benchmark value	
Durable goods	FMCG
<ul style="list-style-type: none">• Can be improved: >20%• Good: 13% - 20%• Best practice: <13%	<ul style="list-style-type: none">• Can be improved: <18% or >35%• Good: 18% - 22% or 31% - 35%• Best practice: 23% - 30%

Question



Sales agents' time and productivity is optimized when...

1. They do not do any reporting
2. They are followed weekly on 5 KPIs that are crucial to success
3. They are followed daily on 5 KPIs that are crucial to success
4. They limit their daily transportation time to 2 hours max
5. They travel as long as needed and go back to the same villages regularly
6. They travel as long as needed and explore new territories

Answer



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Sales agent time efficiency: How to assess and optimise it?



vs.



vs.



Sales agent time efficiency: How to assess and optimise it?



VS.



VS.



Best practices
Develop agent routines
Leverage current customers to become lead generators
Simplify sales agents' reports to five daily KPIs
Improve logistics and operational tools for agents

Benchmark value	
Full-time sales agents	Part-time sales agents
<ul style="list-style-type: none">• Can be improved: <50%• Good: 50% - 65%• Best practice: >65%	<ul style="list-style-type: none">• Can be improved: <75%• Good: 75-90%• Best practice: >90%

Q&A



Thank you and wrap up

- Your feedback
- Recording, slides and speaker details

Contact us:
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