

Mysterious No More: Mystery Shops Work!



Few topics in new home sales bring about as much anxiety as does the subject of mystery shopping a builder's new home sales professionals. Many sales leaders roundly assail shops as both demeaning and demotivating, while other managers herald "secret shops" as an invaluable tool in monitoring sales performance and directing sales efforts. Rarely do managers and front-line salespeople lack strong opinions in this critical area of our business!

For years, however, managers were left to settle the issue based on opinion alone. That is no longer the case – the research is in, and it provides compelling evidence that mystery shops represent one of the better investments a company can make.

In early 2012 Shore Consulting, in partnership with ONeil Interactive and the research firm Impact Performance Solutions, embarked on the most aggressive sales leadership survey in the history of the industry. 275 sales executives from around North America took part in what would become known as "The Pulse 2012". The results were astoundingly eye opening. Those managers who regularly mystery shop their sales team finished stronger in four key areas.

1. Mystery shop leaders more accurately determine training needs.

When it comes to assessing the top three training needs of their sales teams, mystery shop leaders offer a very interesting opinion when compared with all survey respondents combined:

ALL LEADERS	MYSTERY SHOP LEADERS
Building Urgency	Building Urgency
Overcoming Objections	Closing Skills
Closing Skills	Negotiating Skills

“Negotiating Skills” did not even make the top *five* list for all leaders, but came in at number *three* among those who mystery shop. This represents a significant finding with unmistakable impact on a company’s potential bottom line.

Slicing deeper into the data, there is an interesting skew among one subset of mystery shop leaders: those who shop their teams on a **quarterly basis** rate “Discovery Skills” as their number one training need by a wide margin.



Based upon Shore Consulting’s experience training thousands of sales counselors across North America, discovery skills lay the foundation for every single sales presentation. In short, most sales training experts will agree that underdeveloped discovery skills are at the root of most sales training issues today. Mystery shop leaders are right on the money.

2. Mystery shop leaders promote skill development more consistently.

Among those who regularly mystery shop their sales associates, the topic receiving the **most** time in sales meetings is “Training and Coaching” (48.5% of respondents). Among that same group, the topic receiving the **least** time is “Administrative Issues” (48.1%).

However, among those who do **not** mystery shop their salespeople, the topic receiving the **most** time is “Strategy and Business Planning” (38.2%). And among the same group, the topic receiving the **least** time is “Reward and Recognition” (36.3%).

The data present a compelling contrast in how these leaders prioritize time and effort with their sales team: mystery shop leaders focus on execution, while non-shoppers focus on “planning” with very little follow-up tied to the results.

3. Mystery shop leaders have healthier turnover rates.

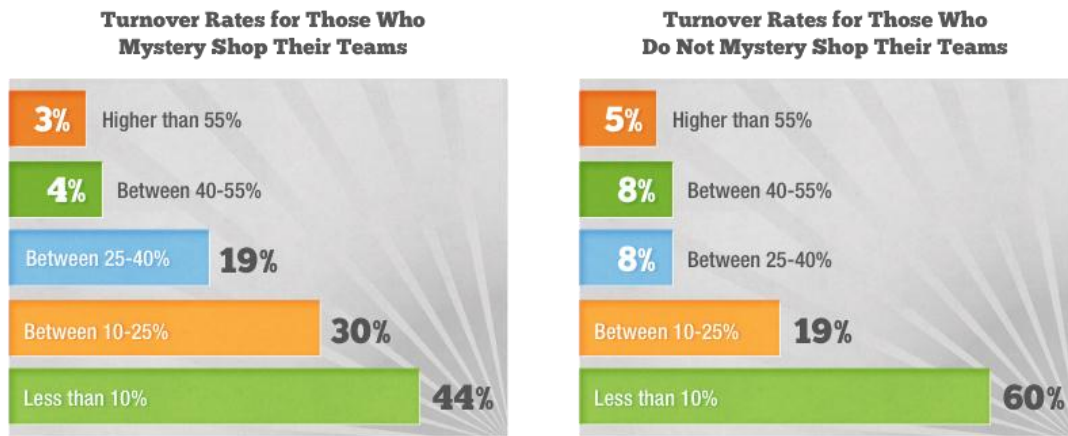
Surprisingly, The Pulse 2012 survey found that turnover rates across North American new home sales teams were remarkably low, given the ongoing tough market conditions.



An astounding 50% of sales leaders report a turnover rate of **less than 10%**. Many high performing companies view turnover rates of less 10% as a danger zone. Such low turnover rates could indicate that builders may not be upgrading the talent of their teams as aggressively as they should.

Further, considering the difficulty of selling in tough market conditions, one would expect more sales counselors to “self-select” out of their role. In general, it must be considered whether a sub-10% turnover rate is healthy for any sales organization, but more so in times of a challenging market.

It seems mystery shop leaders agree. Mystery shop leaders report higher turnover rates over those who do not shop.



Let’s be clear: “churn and burn” management practices are not being advocated. In fact, ensuring the success of as many sales counselors and homebuilders as possible is the primary concern of Shore Consulting. With that in mind, the data suggest that when sales counselor performance is monitored and measured—and presuming sales leaders hold sales counselors personally accountable for results—turnover increases. This is considered a healthy and natural outcome.

4. Most importantly, mystery shop leaders exceed their business plan at a higher rate.

According to The Pulse 2012, only 16% of non-shoppers reported that they exceeded their 2011 business plan. On the other hand, 23% of mystery shop leaders exceeded their 2011 plan – a startling increase in performance!



It seems most likely that this last statistic deals with transparency in negotiating skills. Salespeople who undergo regular shops receive regular coaching as to the use of incentives and discounts; those salespeople who are not shopped remain “under the radar” of their own managers.

Undoubtedly the debate will live on, but compelling evidence now clearly suggests that mystery shopping is good for sales performance, good for training, good for managing the sales staff, and most importantly, good for the bottom line.

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