

The Best Sales Force: Finding, Keeping, Grooming

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Against your better judgment, you fell into the "bad breath is better than no breath" snare when your best salesperson with the largest territory quit. You hired "Bill," an enthusiastic guy with a pretty good resume who interviewed well, said all the right things, and assured you he would make all of your worries disappear. Seemed like a pretty good hire for a \$100,000 base salary.

Six months later, with his territory languishing, you have to let him go. Depending on Bill's initial salary, you probably cost your company anywhere from \$300,000 to \$600,000 for that six-month "quick fix."

The intrinsic costs of a "mis-hire" also are high—training time, lost revenue, confusion among customers, possible bad-mouthing in your industry, and even low morale among the remaining employees. Your budget will feel the biggest crunch, though.

Experts predict a mis-hire costs a company three to six times that person's annual compensation.

"For every 10 people you hire, you will lose four in a year," says Greg Alexander, CEO of Sales Benchmark Index in Alpharetta, Ga. "In a company that employs 100 salespeople, [if] they lose 40, even at the low end of three times annual compensation, those mis-hires will cost that company \$12 million in a year."

Using more than 200 sales metrics and 11 years of sales data, Alexander's company compiled information from a 10-year period (1996 to 2006) and found the turnover rate (including voluntary and involuntary departures) among 3,700 U.S. publicly traded companies across 19 industries was 39.6%.

"Best-in-class companies have a turnover rate of 11 percent," Alexander says. "Based on the example above, that 100-salesperson company could save \$9 million on sales compensation just by improving their hiring practices."

And if those statistics aren't compelling enough, Sales Benchmark Index and Miller Heiman, a sales training company in Reno, Nev., undertook a sales force effectiveness study, "Winning Sales Organizations." They received 5,538 responses based on the 75-question survey regarding sales force effectiveness, of which talent selection is a component.

The survey found three key drivers to turnover:

1. Poor hiring
2. Poor onboarding (training once hired)
3. Poor coaching from a supervisor



"Poor hiring decisions contribute to turnover more than the other two," Alexander says. So, what's a hiring manager to do?

"A manager needs to make hiring decisions based on data and benchmarking against peers," Alexander says. "The idea of 'sales as an art' does not produce results. We compiled information for the 10-year period between 1996 and 2006 and found that only 60% of salespeople reached their quota. That means there's a 40% opportunity for improvement."

Second, companies need to invest in infrastructure. "The talent selection process needs to be standardized and adhered to across the company. Also, invest in information technology systems that allow salespeople to be with customers rather than doing paperwork," he says.

The third consideration for building a top-rate sales force, according to Alexander, is that the sales strategy needs to be aligned with the business strategy.

Unfortunately, he explains, only seven percent of CEOs currently in the Global 2000 rose through the sales ranks. As such,

most don't understand "best in class" sales force management.

"They use concepts such as 'reverse engineering' and 'think analytically,'" Alexander explains. "Salespeople who reach the chief sales officer level have relied on gut instincts, charisma and tribal knowledge. As such, the communication is not there between the CEO and CSO."

The result? The average tenure for a vice president of sales is 19 months.

"When a business embraces sales benchmarking and data-driven decision-making, the entire executive suite speaks the same language," Alexander says. "And that is the language of empirical data."

Industry experts Sales & Marketing Management talked with agree that the best way to be prepared for sales vacancies is to have a "virtual bench," or a pool of salespeople you cultivate in your industry. "Don't wait until you have a vacancy to begin recruiting, and don't leave the recruiting to your sales department," says Rick Page, chairman and CEO of The Complex Sale, also in Alpharetta.

"You've got to cultivate people on your own," Page says, "and you've got to pay recruiters a competitive rate, or they won't send you the best recruits. If you think it's expensive, just remember—lost sales are the biggest expense item that never hits your books."

Alexander says the best candidates never get to the open market because they are networking and choosing where they will work next, instead of being offered a job. "High performers don't respond to job boards, recruiters or advertising," he says. "They're selecting who they will work for, not vice-versa."

Alexander says to always "draft the best athlete," even if you don't have a home for him, because having him onboard raises the collective ability of your entire sales force.

Page looks for chemistry or a good fit with the corporate culture, competence, commitment, communication skills and character in superior salespeople.

"The first thing you have to do, though, is to define what success looks like for your organization and let that drive the hiring, coaching, and performance management process," Page says. "If you don't do that, you're hiring on hope."

According to Page, in a competency-based model, you identify things you need to hire for. This can be done by defining your "best practice" sales cycle and determining what made it best. Whatever those determining factors were, look for a candidate who embodies those skills. Or, assess your top 10 salespeople and distill their competencies into a model that candidates need to measure up to. If done correctly, he says, the competency-based model of hiring can be turned into a performance review after the person is in the fold.

Putting together a top-rate sales force starts with front line managers, Page adds.

"You have to get the right management team and train these people," he says. "You can't take your best sales performer and say, 'Poof, you're the manager,' and expect them to succeed. It's a totally different skill set."

Page says that many sales managers don't feel that growing a rep is part of their job, and because they have so little time, coaching falls by the wayside. If your sales reps don't feel supported by these front-line managers, they will be more apt to leave when a better opportunity comes along, he cautions.

According to Steve Andersen, president and founder of Performance Methods, Inc. (PMI) in Atlanta, in order to attract "top gun" sales performers to your organization, you need to do three things:

1. Show them your company has an effective vision for the future, developed by senior leadership, and be able to communicate it.
2. Equip and enable first- and-second line managers to be effective field coaches. Does the potential employee think you can add value to him or her that will make them want to stay with your company?
3. Invest in sales best practices programs that are designed to get more productivity from the middle 80 percent of performers (that portion of your business between the successful-no-matter-what top 10 percent and the bottom 10 percent). If you are making these types of investments in your people, potential candidates can see themselves being productive more quickly and more successful over the long term. "You will not move the sales productivity needle for your organization without moving that middle group," Andersen says.

He brings this concept to life by comparing it to the 1927 World Series Champion New York Yankees: "That was a championship team because of the likes of well-known players like Lou Gehrig and Babe Ruth. But they became a dynasty because of players like Bob Meusel, Joe Dugan and Tony Lazzeri, whom few people have heard of."

Andersen says Honeywell Building Solutions, a division of Honeywell Inc., integrated all of these concepts into its sales team:

"Senior-level management has done a great job of creating a vision and communicating it throughout the organization," he says. "They also have a certification program for their first- and second-line managers that equips them to be effective field coaches.

"These managers become workshop coaches when the reps have their training, and we work with real-life accounts and real opportunities. Everyone can see that the cultural emphasis is on making everyone better in their job, not just a select few. We all need the Bob Meusels and Tony Lazzaris."

What differentiates a world-class sales organization from one that's not? According to Jeff Shumway, vice president of FranklinCovey and general manager of its Sales Performance Group, "A world-class sales organization understands 'whole needs development.' In other words, they come to a call armed with solutions rather than just regurgitating pricing. They can also have a business conversation with a CEO, divisional president, or sales leader in terminology that each of those people relates to and understands. This means understanding return on investment, the ROI timetable and the investment cycle.

"A world-class sales organization must also have training in place to reinforce and coach to continue to develop sales skills," he continues. "If a systemic process is not in place, training is happenstance, if at all."

Shumway looks for candidates who can express themselves clearly, have presence and have situational experience. The candidates then go through three phases of interviewing after the human resources department screens qualified people. First, Shumway and his director of sales interview the applicants. If they feel strongly about a candidate, he or she is interviewed by more people from the group who already perform the same job the candidate is interviewing for. If the candidate is still viable, the CEO and the divisional president of sales conduct the final interview.

"It is time-consuming, but it shows our commitment to the candidate and helps us choose outstanding people," Shumway says.

Bill Truax, president of Truefield Enterprises in Chagrin Falls, Ohio, suggests having potential candidates shadow seasoned reps in the field or have them take a psychologically based test administered by a third-party firm. "This is really a good way to develop reps to the top of their potential," he says.

Even if you inherit a sales team already in place, there are ways to transform it into a higher-producing group, as well as increasing job satisfaction. Josh Horstmann, a 12-year veteran of telesales in the telecommunications industry, has been on the job two months as vice president of America's TeleWeb Sales for Novell. He oversees a 90-person inside sales team. Horstmann's three-step assessment process will work for inside or field sales forces.

"The first thing I did [when I started at Novell] was have an 'all hands' meeting and introduced myself, and then went over the goals and challenges," he tells Sales & Marketing Management. "Next, I met with the managers to assess where their skill level was. It's very important to have the right sales managers in place. Lastly, with the sales managers, I assessed the individual employees and divided them into three levels: top performers, middle-of-the road performers and those who are struggling.

"Concentrate on the third group first to determine where you can help them. Some people in this group should be put on a performance improvement plan; others may not make it. But take a hard look at how you can make them successful. For me, the right attitude is important; I want people who want to be successful."

Because of the high burnout rate in telesales, Horstmann says he looks for the right balance of aligning company goals with an employee's personal goals. With 80 percent of his reps' time spent on the phone, incentives, daily spiffs and making the job fun are all ways he tries to keep morale up.

Ongoing training is his final piece of the puzzle. He says he's been successful keeping the turnover rate during his career in telesales between 15 percent and 20 percent, with some of that attrition due to reps who have moved to outside sales as part of their career development.

"This is a high-volume, stress-filled, metric-driven job," Horstmann concludes. "I'd rather hire the right people, train them, help them fulfill the company's goals and their personal goals, and move them up in the company—if that's what they want—than lose them." smm

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