



Armchair Quarterbacking in Sales Organizations

A fresh look at optimizing the sales force

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ABSTRACT

The pursuit for growth in an uncertain economy has many sales leaders looking for a competitive edge. Michael T. Spellecy discusses a method to help maximize sales performance which begins by validating the brand with customers and employees and concludes by examining several best practices for hiring, training, coaching and motivating sales people.

The armchair quarterback: we all know one. In fact, most of us have been one at some point – patiently explaining to a friend what the team should have done, second-guessing the decision to go for it on 4th and ten, lamenting the failed handoff that should have been a pass. For many of us, it's one of the most enjoyable parts of being a sports fan.

However, the armchair quarterback is a less welcome presence in the business world. And, there are few areas that boast more of them than sales. This shouldn't come as a surprise when you consider the fact that sales productivity has actually been diminishing year after year. In 2006, only 60 percent of sales people were able to meet their quotas¹.

Why? Sales teams today are operating in a more complex environment than ever before, grappling with the trends of heightened commodification, constant adoption of new technologies, longer selling cycles, increasing product and service integration, talent loss and an inevitable recession. All these challenges are bogging down even the most sophisticated sales organizations and leading to an alarmingly brief, 19-month average tenure for today's sales leaders².

But it doesn't have to be that way. In fact, it can't be that way – there's simply too much at stake. Leaders of today's sales organizations – the people charged with the performance of the sales force – need a more comprehensive and methodical game plan that drives results beyond the carrot-and-stick playbook of the past. The next generation approach must leverage both customer and employee insights, focus on sales people as individuals and harness the potential to retain the best and engage the rest.

This is how you do it:

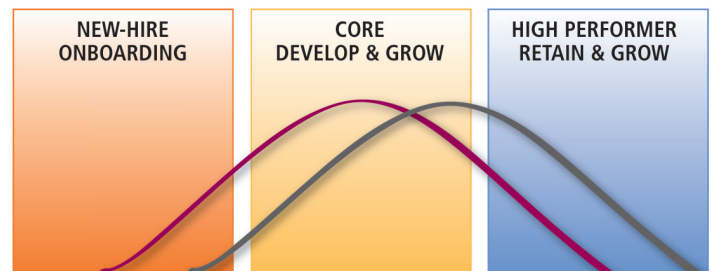
The Game Plan: A Performance Lift for the Entire Sales Team

In professional sports, virtually every team is made up of a combination of rookies, core players and superstars. Winning requires utilizing the maximum potential of each. And while sales teams may not compete on a traditional playing field, the same philosophy applies for optimizing their performance as measured in revenue, GP and customer satisfaction.

A sound strategy will have a dramatic impact on sales performance by improving the onboarding of new-hires, optimizing development and engagement in the core and maximizing retention and growth among the top performers. Recent research supports this fact. In a study conducted by the Sales Executive Council, members found that a five percent performance lift in the core translated into a 70 percent greater improvement in team performance than did the same five percent gain among the top performers alone³.

The magnitude of this performance gain is too large to be ignored. By focusing on the drivers and needs of all members of a sales team – rather than just the top performers – a sales organization can successfully shift the performance curve to the right (Exhibit 1).

Exhibit 1: Moving the Middle



In our experience, we have seen organizations that adopt this “entire sales team” approach yield the following results:

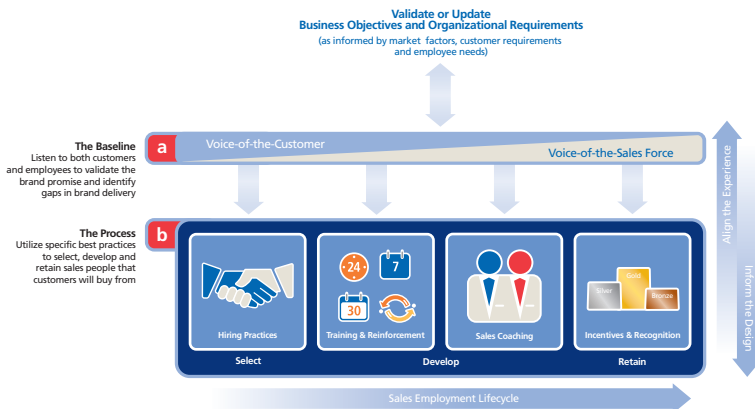
- A major life insurance company created 47 percent annual sales growth and generated \$14M in additional profit with 80 percent coming from the core.
- A Fortune 500 telecommunications company exceeded their sales target by over \$50M by improving individual representative performance by 27 percent.
- A leading financial services company engaged 43,000 associates in their retail branches leading to an increase in wallet share from 2.5 to 4.3 products per customer.

The Model: Improving Sales Performance

Realizing success requires making all the right moves. Sales leaders should begin by establishing a baseline of customer and employee research that validates their brand promise and identifies gaps in brand delivery.

They must then utilize specific best practices to select, develop and retain sales people that customers will buy from (Exhibit 2).

Exhibit 2: Improving Sales Performance



The Baseline: Validate the Sales Environment

More than ever before, customers are defining the rules of the game – which is why many organizations are working to better understand and respond to their customers’ needs. Some may integrate insights from the sales force to understand the gaps between current expectations and actual results. But while this information may be captured, how often is it fully leveraged to drive critical decisions around hiring, training, coaching and motivating the sales force? A more integrated research process can better inform winning strategies by providing formal links to business results.

Organizations that strategically apply customer research can gain a distinct advantage on the field. They are able to validate their brand drivers, understand their customers’ experiences, and link satisfaction scores to important sales initiatives such as product launches, service level agreements, process improvements and sales force reorganizations. They are also armed with the critical, ongoing data necessary to build a playbook that reflects current sales objectives and anticipates future organizational requirements.

Further, when customer information is integrated with employee research, sales teams can identify – and close – critical gaps between the brand promise and delivery by fundamentally reshaping sales practices.

They’ll be able to hire people that customers will actually buy from, develop and cultivate customer-focused sales capabilities and create individually-focused incentive and recognition strategies that embrace employee needs and lead to sustained success (Exhibit 2a).

The Process: Optimize and Align the Employment Lifecycle

Establishing a baseline of the customer’s value drivers and the employee’s insights is a critical first step towards a more effective sales organization. The information must then be leveraged to feed the four primary tenets that impact sales performance (Exhibit 2b):

The four tenets are:

1. **Hiring Practices:** Hire sales talent customers will buy from based on both the traits customers value and the traits of high performers.
2. **Training & Reinforcement:** Use learning models that recognize and respect human learning processes and reinforce behavioral change.
3. **Sales Coaching:** Install a culture of performance-based coaching that builds on sales training through the enhancement and refinement of skills.
4. **Incentives & Recognition:** Create self-funded reward and recognition strategies designed to motivate new hires, the core and top performers.

Tenet 1: Hiring Practices

There is perhaps no better winning strategy than to start with the right players on the field, which is why many organizations today already have deep-rooted competency models in place to help them identify successful sales people. However, even a slight improvement in recruitment strategies can incrementally begin to shift a sales team’s performance to the right – creating a “head start” to optimizing sales effectiveness.

Understandably, many sales organizations are reluctant to change their hiring strategies because their models have been successful in the past. Their top-performers are franchise superstars with unmatched talents for finding and closing deals. But changing conditions, fresh competition, and shifts in strategy require a flexible and nimble recruitment strategy — one that will define success today and down the road.



To ensure a winning streak, we recommend the following enhancements to hiring:

1. **Integrate customer insights:** A static competency model will not work in a dynamic, customer-driven sales environment. By integrating a customer-focus to hiring; trends can emerge that yield a smarter recruitment strategy by balancing the successful skills of the past with the current and future expectations in the market.
2. **Transition knowledge to management:** The understanding of a prospective sales person rarely moves beyond the hiring process. Adding a profiling component, that not only informs the organization if an applicant has the right traits but also communicates to management how to train, coach, reward and recognize that individual, can create even greater opportunities to maximize potential and foster retention.

Today's competency models are not broken. However, a greater possibility may exist for sales organizations to identify and develop the critical skills that will help win the game.

Tenet 2: Training & Reinforcement

Organizations that effectively prepare their sales force seem to have a distinct advantage over their competitors. Yet many still struggle with driving compliance to their playbooks. With 62 percent of organizations taking at least seven months to integrate a new sales person⁴, it is even more critical that training programs are optimized to ensure that new skills translate into immediate performance on the field.

Training programs built around customer and employee research hold the power to transform sales teams in the long run. Through the right approach, sales organizations can deliver improved models that prepare rookies for the emerging sales environment, drive incremental performance gains in the core and enhance skills among MVPs.

To optimize sales training programs, we recommend the following approach:

1. **Train for individual preferences:** One-size-fits-all training methods don't work. Present concepts through a mix of classroom training, self-directed learning and role-playing to create focus and generate individual insights.
2. **Reinforce concepts:** Simply providing classroom or individual training opportunities will not drive optimal results if new skills are not put into action. Learning programs must promote the completion of specific tasks through an applied combination of post event electronic communication, an integrated link to a formal, results-based coaching process and non-cash reinforcement of both the sales person and sales leader.
3. **Build sales communities:** Training can set a foundation but can lose momentum when sales people return to the field. Connect sales teams through communities and create networking opportunities that facilitate the sharing of best practices, communicate success stories and generate online mentoring.

Research tells us that 87 percent of the content from a training session can be forgotten if it's not applied within 30 days⁵. But, by creating training that accounts for individual preferences, promotes retention and uses coaching to encourage action; sales organizations can realize greater improvement across the board.

Tenet 3: Sales Coaching

On the playing field, the best coaches get more out of their players. They take each to the next level by continuously enhancing skills and managing fundamentals. Similarly, good coaching in sales is also recognized as one of the most effective ways to optimize performance and maximize the retention of sales people.

According to a recent study, sales representatives receiving three hours per month of coaching exceeded their selling goals by seven percent, increased revenue by 25 percent and increased deal size by 70 percent. The same research also concluded that calls per representative increased by a healthy 76 percent among top performers, and by 261 percent in the core⁶.

Building an effective coaching process that achieves results requires the following approach:

1. **Focus on individual insight:** Coaching is not about providing answers when sales people ask questions. A successful coach must create self-directed learning opportunities, generating individual insights by asking questions rather than providing answers. A solution-focused approach designed to stretch a sales person's problem-solving capabilities is most effective.
2. **Prepare the coach:** Your best sales people are not necessarily your best sales coaches. Promoting the right people and preparing those already in leadership roles with a structured plan for coaching is critical to foster engagement. Processes and tools must have a direct link to training initiatives, be focused on specific tasks and be deep rooted in positive feedback and recognition rather than corrective action.

Good coaching creates an opportunity for continuous learning to take place "in the moment." Through a focused and goal-centric approach, coaching can become a dynamic and ongoing process that drives individuals to higher levels of success.

Tenet 4: Incentives & Recognition

It takes a deep bench of both stars and core players to make a winning team and motivating each player to be their best is required for success. Likewise, sales organizations need to motivate their individuals to accelerate and sustain growth. A self-funding, non-cash incentive program – grounded in incremental improvement – can often provide that needed motivation.

However, in order to retain top performers as well as motivate the core and new hires, an ideal incentive program must enable all participants to earn meaningful rewards that are worth the effort they require. Further, a component of recognition must be integrated to allow participants to feel appreciated for a job well done.

For these reasons, we recommend the following approach to motivate sales teams:

1. **Optimize top performer programs:** Many top performer programs are designed without formally understanding what motivates and retains this core group. A more effective model incorporates feedback from the people that are likely to be rewarded. By integrating employee research into top performer programs, organizations have the opportunity to provide appropriate recognition programs that retain key players.
2. **Create motivation for the core and new hires:** More than $\frac{3}{4}$ of participants are not motivated by top performer programs because they don't perceive an opportunity to win⁷. To maximize performance for the core and new hires, sales organizations must offer a self-funded incentive program that creates opportunities for everyone who demonstrates improvement to earn meaningful rewards.

Beyond compensation and commissions, non-cash reward and recognition programs hold the power to increase the discretionary effort of each individual within a sales organization. A top performer program is an investment which provides a strong and effective retention strategy for your best sales people. A program designed to motivate the core can create a more potent performance lift throughout the sales force – often covering the cost of both activities.

Conclusion:

Getting the most from a sales force is an integrated effort – requiring ongoing feedback from customers and employees that inform how sales leaders hire, train, coach and motivate individual sales representatives. By connecting these critical drivers, sales leaders create an opportunity to maximize the performance of their teams and the individuals that comprise them.

If the object of the game is to win, today's sales leaders should consider this fresh look at sales effectiveness. A failure to do so may make them the subject of the many armchair quarterbacks sitting on the sidelines.

¹ Sales Benchmark Index / Sales and Marketing Management, 2007

² Sales Benchmark Index / Sales and Marketing Management, 2007

³ Shifting the Performance Curve: Exporting High-Performance Sales Disciplines to the Core, Sales Executive Council, 2004

⁴ Sales Performance Optimization / CSO Insights, 2006

⁵ Evaluating Sales Training Programs, OnTarget Research

⁶ Shifting the Performance Curve: Exporting High-Performance Sales Disciplines to the Core, Sales Executive Council, 2004

⁷ Maritz Poll, 2004



About the Author



Michael T. Spelley, Corporate Vice President and Managing Consultant, Sales Effectiveness Practice, Maritz

As Corporate Vice-President and Managing Consultant, Mike Spelley is responsible for leading the Sales

Effectiveness Practice at Maritz. With 30 years of experience, Spelley helps clients achieve objectives by developing programs that address the behavior of the people who impact results. He has broad expertise in a number of industries and has contributed to the development and delivery of points of view and performance improvement programs for such companies as Konica Minolta, Coca-Cola, AT&T, HP, Dell, Anheuser-Busch, and HON/Allsteel.

Spelley's expertise helps clients identify gaps between performance expectation and actual results. He educates clients on the development and execution of programs that address organic sales growth, improved productivity, new product launch, share and mix, employee recognition and retention and a host of other applications. Before becoming the leader of the Sales Effectiveness Practice, Spelley directed the operations group, project management and creative resources for Maritz.

Spelley has served on the St. Louis Sports Commission and the Board of the Olympic Festival. In this role, he led the effort to develop the presentation and business plan that brought the festival to St. Louis. Spelley received his Masters of Business Administration as well as his Bachelor of Science and Bachelor of Arts degrees in marketing and finance from Washington University.

Spelley has expertise in:

- Creating interventions designed to generate greater alignment, mindshare and loyalty from channel partners.
- Developing methodologies to improve the performance and selling effectiveness of direct sales resources.
- Counseling clients in the execution of non-cash performance improvement programs.