VOLUME 3

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# The Salespeople of the Future

BASED ON 20 YEARS OF DATA COLLECTED THROUGH WORLD CLASS SALES RESEARCH

# Introduction

Conventional wisdom says that the best sales professionals are hard-driving individuals who can drum up business, develop opportunities, and close deals like crazy. Unfortunately, that bit of conventional wisdom is debatable, according to extensive research conducted by Chally Group Worldwide.

The most successful companies tend to have organizations that are extremely complex and are comprised of a surprisingly large number of distinct sales and marketing roles. While many of those job roles have a superficial similarity, the types of activities and behaviors that prove successful vary widely.

While a few roles may demand some stereotypical go-getter sales behavior, other roles are just as likely to favor employees with less showy strengths, like strong analytical skills, the ability to empathize with customer problems, or a deep understanding of complex business issues. Because of this, few, if any, individuals are likely to be successful in more than a few of these many roles.

This is important, because many companies, when faced with market changes or difficult economic times, tend to pluck top performers from their jobs and reassign them to roles with markedly different requirements, assuming they will flourish in their new position. However, the characteristics that make individuals successful in one role may not help them succeed in another.

This volume examines ways that companies segment sales roles, starting with major classifications (i.e., hunter vs. farmer, outside sales vs. inside sales) and proceeding to the complex segmentations to match their markets. It explains why top performers are often "savants" who can't be effectively moved between different roles, and then the report provides research-based recommendations for staffing, deploying, and training sales resources.

# Hunters vs. Farmers

Traditionally, the most common way to segment sales roles is into hunters and farmers. The term "hunter" generally refers to a person whose focus is on bringing deals and closing deals. The term "farmer" refers to a person who creates sales demand by activities that influence and alter the buying process, typically after a prospect has already been established as a customer.

Theoretically, the two roles are supposed to be equally important, but, in practice, many sales organizations have a bias toward the hunter role. In many firms, the farmers are seen as the people to take over after the hunters have done the real work of closing the first deal.

Unfortunately, the role of the farmer is often seen as secondary rather than essential. This favoring of hunter over farmer extends into the realm of popular culture where salespeople are invariably pictured in the hunter role rather than as farmers. Most of the time, this popular depiction is negative, as in the Tony Award winning plays *Glengarry Glen Ross*, *Death of a Salesman*, or just about any television program or movie that features a sales professional as a character. Even on those rare occasions (as in the movie, *The Pursuit of Happyness*) where the sales professional is depicted positively, the business behaviors are those associated with the hunter rather than the farmer role.

**Even some sales training programs show blatant favoritism for the hunter role over the farmer. For example, one sales trainer describes "quota-crushing sales pros" in terms that obviously refer to hunters:**

- "They have precious little time for anything that is not their deal."
- "Charming one minute, in-your-face the next, pros will use all emotional tools to win."
- "They save the charm for the prospects and clients and the venom for your company."
- "They're never satisfied … ever."

Needless to say, some of these behaviors – especially the first – would eventually make it impossible to keep a customer satisfied long term. Even so, the assumption built into the post is that the only way to bust a quota is to be an aggressive hunter.

Conventional wisdom holds that a talented salesperson can move between roles as necessary to work with customers at different stages of the customer relationship. This conventional view of role segmentation is reflected in the typical definition of the hunter and farmer roles as one might find on the Wikipedia website, which notes that "the reality is that most professional salespeople have a little of both."

The conflating of the two roles is curious, considering that, by any objective standard, the act of developing new customers (hunting) and the act of keeping your existing ones buying (farming) would seem to demand different behaviors.

A hunter is likely to spend the majority of his or her time cold calling, qualifying prospects, investigating needs, writing proposals, presenting, and closing. A farmer, by contrast, is more likely to spend the majority of his or her time developing long-term relationships, fixing problems, and hand-holding through installation and support issues.

It seems obvious that different competency sets are needed in order to succeed at "hunting" versus those skills needed for successful "farming." Intuitively, the hunter role would seem to demand someone who is gregarious, resilient, and aggressive, while the farmer role would require somebody who is thoughtful, empathic, and detail-oriented.

Even so, popular culture, business culture, and sales culture all tend to treat the hunter role as more central, more important, and more valuable than the farmer role. Under the circumstances, it's not surprising that few sales professionals want to be (or be seen as) purely farmers, while most hunters want to be seen as good farmers so that they can correctly claim follow-on commissions to accounts that they originally closed.

**Summary:**

- Sales teams are traditionally separated into hunters and farmers.
- Popular culture, and business culture, associates "hunting" with "selling."
- As a result, most sales teams implicitly or explicitly favor hunters.

# The Economics of Farming vs. Hunting

From a business perspective, though, the favoritism for hunting over farming is decidedly both strange and counter-intuitive.

Acquiring new customers is inherently expensive, while keeping existing customers satisfied and buying (classic farmer behavior) is not only the easiest way to book new revenue, but also the key to getting customer referrals, which are the least expensive and most efficient form of lead generation and customer base expansion. From the perspective of both revenue and profit, therefore, the farmer role is probably the more essential of the two.

This is especially true inside companies that struggle with customer retention issues. According to a recent study by the Acton, MA based research firm, The Brookeside Group, Inc., the average company achieves between a 71 and a 74 percent customer retention rate. This means they lose between 26 and 29 percent of their customers every year. Many companies, thus, spend as much as a quarter of their new business development resources simply to generate enough business to replace the customers who have walked out the door.

The financial impact of these low customer retention rates is enormous because keeping existing customers costs substantially less than acquiring new ones. In their book, *Customer Winback: How To Recapture Lost Customers—And Keep Them Loyal*, Jill Griffin and

| THE POWER OF CUSTOMER RETENTION | | |
|---|---|---|
| | | % SUCCESSFUL SALES |
| GOOD | ACTIVE CUSTOMERS | 60-70% |
| WEAK | EX-CUSTOMERS | 20-40% |
| FATAL | NEW PROSPECTS | 5-20% |

Michael Lowenstein cite a 2002 Marketing Metrics study which revealed that the average company has a 60 to 70 percent probability of a successful sale to active customers, a 20 to 40 percent probability of a sale to lost customers, and only a measly 5 to 20 percent probability of a sale to newly acquired prospects.

Showing favoritism to hunting over farming condemns a sales group to continually work harder and longer in order to maintain the same revenue growth year over year. The outward manifestation of this favoritism is the phenomenon that might be called "quota creep," where sales managers demand ever-increasing quotas from the same group of hunters.

The futility of this strategy becomes clear whenever there's a downturn in the economy. A challenging economic environment tends to make buyers more conservative and less likely to try new vendors. As a result, it becomes increasingly difficult for sales teams to make quotas without the artificial boost of a growing economy.

For example, in February of 2010, CSO Insights released the results of its 16th annual Sales Performance Optimization study, which surveyed over 2,800 companies worldwide to assess their current level of sales performance, the challenges facing sales teams, and how companies are effectively dealing with those issues.

At that time, the economy was beginning to show some signs of recovery after a very difficult year (2009) following the widespread economic collapse and meltdown. According to the study, the percentage of reps making quota in 2009 dropped to 51.8 percent from 58.8 percent a year earlier. As a result, overall revenue plan attainment dropped to 77.9 percent from 85.9 percent during the same time period.

In other words, sales teams were struggling to make their numbers. No surprises there. However, what might be surprising is that these quota shortfalls were largely the result of unrealistic thinking on the part of sales management. The study, which surveyed sales organizations across more than 90 metrics discovered that many companies were cutting back on their investments in their sales teams, even as they raised quotas.

Lead generation budgets were frozen or reduced by 67 percent of the firms surveyed, training investments per rep decreased by 13 percent. New investments in CRM technologies were also curtailed. "At the end of 2008, 86 percent of the firms we surveyed reported that they were increasing quotas for 2009. Many of these firms then tried to 'cut their way to success' by reducing budgets. The results show that strategy was a huge mistake," said CSO Insights Managing Partner Barry Trailer.

Even though increasing quotas while trying to cut sales investment clearly wasn't working, many companies continued with this strategy. "Again in 2010, 85 percent of the firms we just surveyed have raised their sales rep revenue targets," noted Trailer. "We can all hope that an improved economy will be the tide that raises sales performance this year, but it would be foolhardy to count on that. Higher quotas need to be accompanied by increased investments in sales."

The big question, of course, is where in the sales team should companies invest the limited amount of money that they can commit to increasing sales efficiency? The clear answer, from a purely financial viewpoint, is that the bulk of the investment should go to the areas of the company that support the farmers, because selling to existing customers is so much less expensive than acquiring new ones.

For example, the primary reason that customers defect to competitors is dissatisfaction with customer service, which falls classically into the farmer bailiwick. According to a CRMGuru survey conducted in 2004, of the respondents who said they had stopped using a product or service, 74 percent blamed customer service as a major factor in their decision. The second-most frequently cited problem—poor quality—was selected by only 32 percent of respondents, while 25 percent said they defected because of price issues.

Curiously, many sales managers perceived the situation exactly backwards. When surveyed, 49 percent of the managers viewed price as the primary reason customers leave, selected by 49 percent of respondents, while only 22 percent correctly identified customer service as the primary reason. This focus on price, of course, reflects the prevailing view that sales is more hunting than farming, since price is more of an issue at the beginning of selling relationship than customer service, which only develops into a problem after a customer has been acquired.

THE SALES MANAGER'S "MYTH"

| Major Reason Customers Leave | Sales Managers Believe | Customers Say |
|---|---|---|
| Poor Customer Service | 22% | 74% |
| Poor Quality | | 32% |
| Price | 49% | 25% |

**Summary:**

- Acquiring new customers (hunting) is inherently expensive.
- Selling to existing customers (farming) is highly profitable.
- Focusing on hunting rather than farming increases cost-of-sales.
- Companies that favor hunting often have problems with customer loyalty.
- Economic problems make new customer acquisition even more difficult.
- Increasing quotas does not make hunting more effective or profitable.

**Summary:**

- Many sales teams are segmented into inside sales and outside sales.
- Popular culture conflates outside sales with selling in general.
- Despite this, most companies are becoming more dependent upon inside sales.
- Even outside sales professionals are doing less in-person selling.

# Inside Sales vs. Outside Sales

## The other traditional way to segment sales organizations is by inside sales and outside sales.

In the United States, the Fair Labor Standards Act defines "outside sales" representatives as "employees [who] sell their employer's products, services, or facilities to customers away from their employer's place(s) of business, in general, either at the customer's place of business or by selling door-to-door at the customer's home" while defining those who work "from the employer's location" as inside sales.

According to this definition, inside sales involves attempting to close business primarily over the phone via cold calling or telemarketing, while outside sales (or field sales) will usually involve initial phone work to book sales calls at the potential buyer's location to attempt to close the deal in person. In order to do this, some companies have an inside sales department that works with outside representatives to book appointments for them.

Some companies use the term "inside sales" as synonymous with the farmer role, but this segmentation is only because the companies in question have deployed their farmers in-house. The primary distinction is still the same: the outside sales team is on the road, and the inside sales team stays in the office, a distinction that dates back to the advent of the telephone.

Just as popular culture and business culture treats the hunter role as more essential than the farmer role, the outside sales function is similarly and generally considered more characteristic of "real" salespeople than the inside sales function. When most people think of a sales professional, they envision a road warrior who spends most of his or her time meeting face-to-face with customers.

To this way of thinking, the inside sales function is inherently less prestigious, conjuring up visions of boiler rooms of cold-callers or half-alive drones providing technical support while trying to upsell an unnecessary service package. However, this cultural favoritism for the outside sales role over the inside sales role is rapidly becoming both absurd and obsolete.

*"An increasing number of sales jobs appear to be in the inside sales area. Corporate hiring of outside sales reps has, in recent years, leveled off at a .5% annual growth, while hiring of inside sales reps has been growing at lively 7.5% annual clip[1]. By the end of 2012, nearly 800,000 more companies will host inside sales teams."*

**- Dr. James Oldroyd,**

A Professor at the leading
Korean business school SKK GSB

Even more telling is that even sales professionals who are technically working in outside sales have been spending less and less time meeting face-to-face. Oldroyd's study indicated that over two fifths of all activities conducted by outside salespeople are now accomplished over the phone or on the Internet. Clearly, the traditional distinction between inside sales and outside sales (with outside sales the more important of the two) is clearly breaking down. The question is: why?

[1] www.leadresponsemanagement.org/lrm_survey

# The Economics of Inside Sales

## The answer may lie in the technological revolution in sales.

A major driver for the growth of inside sales is that many of the new lead generation methodologies (e.g., website marketing, email marketing, social networking, etc.) take place online, making it more natural to pursue the relationship either online or on the telephone. In addition, an increasing number of sales teams (both inside and outside) are using Internet-based technology like webinars and web conferencing to develop accounts, conduct negotiations and other activities that, in a previous era, would usually have been conducted face-to-face.

Web conferencing has been around in some form or another (like video conferencing) since the 1980s. In most cases, the technology is sold as a cost-saving measure (because it lowers travel costs) or as a sales and marketing tool (because it extends the reach of sales professionals).

Web conferencing allows companies to conduct live meetings and presentations over the Internet. In a web conference, each participant sits at his or her own computer and connects to other participants via the Internet. Originally conceived as teleconferencing with video, web conferencing remained a niche market until around 2004. At that time, three interrelated factors made web conferencing into a mainstream business application.

- Broadband penetration reached critical mass. To be effective as a replacement for face-to-face meetings, broadband had to become as ubiquitous as telephone connectivity, both in homes, businesses, and hotels. This threshold was reached around 2004.
- The software became more user-friendly. Early web conferencing software was clunky and non-intuitive, designed by programmers for programmers rather than for typical office workers. Later implementations reflected usability feedback from early adopters.
- The software became more reliable. Originally, web conferencing software quality was so spotty that experts recommended having a technician on hand during every conference to handle potential problems. Later implementations were more stable as service providers worked out bugs.

By 2007, web conferencing had evolved from a niche application into a mainstream infrastructure product, causing Cisco to purchase WebEx for $2.9 billion. Today, most web conferencing tools have capabilities that include:

- Slide shows - PowerPoint slides with mark-up tools and a remote mouse pointer to engage the audience.
- VoIP - Participants can participate in the conference directly on the computer through the use of headphones and speakers.
- Whiteboarding - Presenter and attendees can make notes and draw pictures on a blank whiteboard.
- Instant polls - Presenters can ask questions with multiple choice answers, with the responses displayed on a graph.
- Text chat - Participants can conduct live question and answer sessions, either in public (where all participants can view) or private (where only a subset can view).
- Screen sharing - Participants can view anything presenters have on their screens (often used to demonstrate software).
- Live video - Full motion webcam, digital video camera, or multimedia files can be presented to participants in real-time.
- Conference recording - The presentation activity (including demonstrations, videos, whiteboard, etc.) can be recorded for later viewing and distribution.

All of these facilities are obviously useful in sales situations, providing many of the benefits of face-to-face interaction, but at a much lower price point, according to Jeff Weinberger, an executive at Cisco WebEx. "Determining the potential savings over time (and over an entire company) is more challenging [because] such calculations involve additional assumptions, such as the average number of trips per year and the number of meetings that involve participants who would otherwise have traveled," he explains.

In addition, the adoption of web conferencing is seldom linear. "Travel avoidance grows rapidly over the initial adoption period (as people get used to changing their travel habits) and then can take another jump as web conferencing becomes ingrained in the corporate culture," says Weinberger.

Weinberger cites the example of IKON Office Solutions, which used web conferencing to reduce the time service trucks were on the road, saving not just carbon emissions, but gas, maintenance and insurance costs, and (because drivers were not in transit) the time it took to resolve customer issues. Similarly, Continental Airlines took 1,000 reservations agents out of its call centers and let them work from home. This not only reduced driving, carbon emissions and costs, but won the airline three awards from the U.S. Environmental Protection Agency.

Web conferencing is not just an online emulation of a face-to-face meeting. Instead, it incorporates some useful elements that are completely unique. For example, web conferencing includes the concept of an "instant poll" whereby attendees can vote on issues that are being discussed at the meeting. This instant poll feature isn't at all the same as a "show of hands" in a face-to-face meeting because the instant poll eliminates the effect of social pressure, which might cause people to vote one way or another, based upon their ability to see everybody else voting a certain way.

Similarly, web conferencing allows those running the meeting to offer participants unique ways to interact in the meeting. For example, a real estate company might provide a mortgage calculator that would allow potential homebuyers to immediately see the financial impact of buying the various houses presented for their consideration, based on each homebuyer's financial status.

Another important feature of web conferencing that's generally lacking in face-to-face meetings is the ability to archive sessions for on-demand viewing at a later date. Research has shown that a far greater percentage of people will view an on-demand presentation rather than live presentations.

What's important here isn't that every inside sales group is using web conferencing. In fact, many inside sales teams are currently deployed using only telephones and email as their primary opportunity development tools. However, the increased use of web conferencing, and the consequent cost benefits, make it clear that the "road warrior," while not destined to be a dinosaur, will become increasing rare.

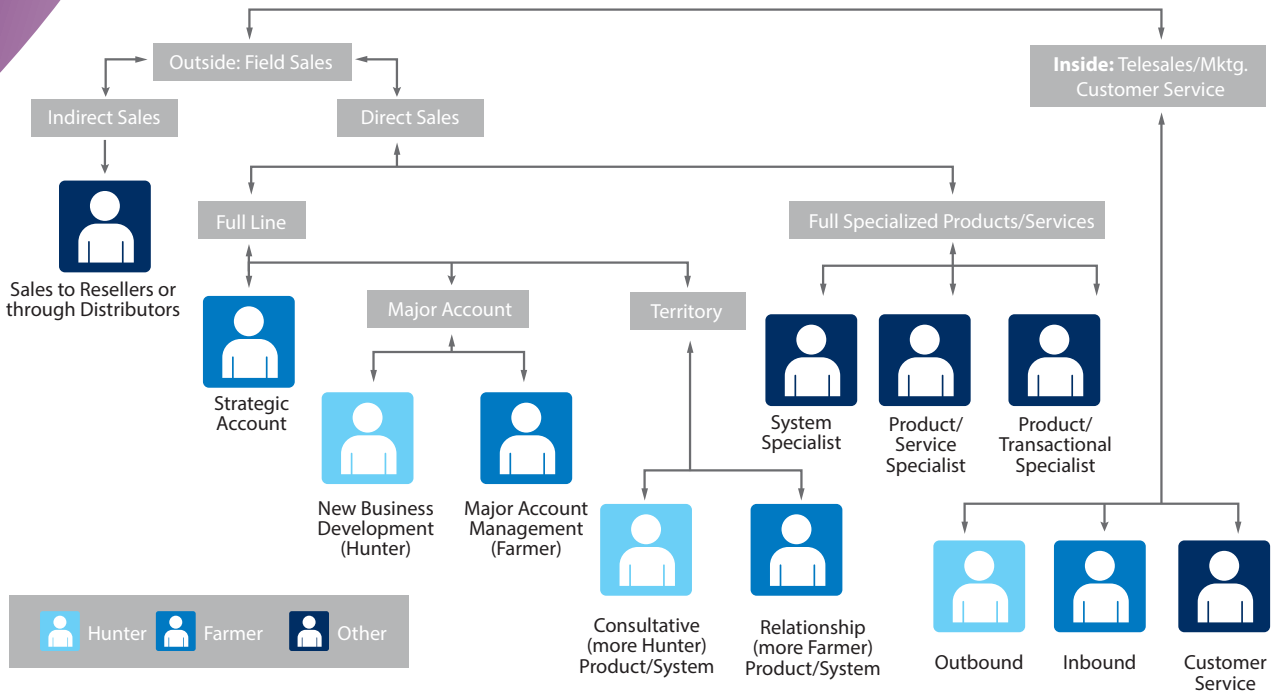
This is not to say that the role will entirely disappear, though. There will probably always be certain product and service categories, particularly those involving large amounts of money and long-term relationships, where the interaction between seller and buyer requires face-to-face interaction.

**Summary:**

- Technological advances tend to make inside sales increasingly effective.
- Remote selling (via telephone or web conferencing) reduces cost-of-sales.
- Web conferencing is proving to be a particularly useful sales tool for many firms.
- Customers are now willing to accept online interaction rather than face-to-face.

# Complex Sales Role Segmentation

Ironically, even as many sales managers continue to favor hunters and outside sales over farmers and inside sales, an increasing number of companies, particularly large enterprises, are moving toward a far more complex segmentation. According to extensive research conducted by Chally Group Worldwide, the most successful companies are adopting complex sales organizations with multiple distinct sales and marketing roles from a broad range of specialties, as shown in the following figure:



These more complex sales organizations have a number of different sales roles, some of which overlap in terms of functionality, but which are still identifiably unique. Here are some generic job descriptions for the roles identified in the figure:

### Indirect Sales (aka Channel Managers)

Must be able to train channels (resellers and distributors) on sales and programs, make joint sales calls, motivate channel partners through presentations and conversation, provide product knowledge as necessary and maintain repeat sales through the channel.

### Strategic Account Manager

Must be able to develop leads, find opportunities, penetrate prospect and customer accounts. Requires long hours of communication and account development, as well as problem solving and the ability to bring opportunities to a close. Note: this is mostly a farmer role because an account tends to become strategic only after it's been acquired.

### New Business Development (classic "Hunter")

Demands individuals who can develop leads, find opportunities, penetrate prospects, and be willing to put in long hours as well as problem solve and close business.

### Account Management (classic "Farmer")

Requires excellent customer relations skills focused on working internal systems on the customer's behalf, and an effectiveness at explaining and clarifying issues to the customer; this is driven by the desire to increase business and the ability to work long hours when necessary to accomplish that.

### Territory Consultative Product Sales (Product Specialist)

Focuses on establishing a credible image, developing new business through effective qualifying and presentation skills driven by the motivation to be an effective consultant. This where the consultant delivers expertise on the products.

### Territory Relationship Product Sales

Calls for a disciplined and systematic approach to goal achievement and a focused response to customer needs in a service capacity, as well as effective communication skills and the ability to work a sales plan in account penetration; removes objections and gives permission to buy. In many cases, the sales professional will have as much, or even somewhat lower, competency in the product area as the customer. The primary responsibility of the sales professional to ensure on-time delivery and service, rather than provide specific expertise.

### Territory Consultative System Sales

Demands the skill to develop business through effective lead generation, qualification of profitable prospects, and tailored presentations; willing to work long hours to meet objectives, sets ambitious goals and achieves them through effective selling, and understands sales strategies and tactics. The important element here is that the sales professional provides a level of competency that's greater than that of the customer. For example, an consultative system sales professional might sell a complicated, networking-based media package to a customer and then take responsibility for setting it up in the home environment.

### Territory Relationship System Sales (Who both sell and service their customers)

Adapts image to accommodate customers, gives personal attention, and takes hands-on responsibility for assuring continued customer satisfaction; knowledgeable of sales strategies and pushes to set personal records in sales; comfortable with the recognition of a high-profile role.

### System Specialist (Selling complex product installations)

Focuses on assuming the leadership to learn customer needs and goals, stays continuously aware of the market and spends the long hours it takes to influence and train others.

### Product/Service Specialist

Customers look for individuals who provide reliable information, learn their business, know the market, and communicate effectively while remaining dedicated to their own sales results.

### Product/Transactional Specialist

Uses initiative and perseverance to develop leads, qualify, and close on an ongoing basis. This is a one-on-one sales situation, emphasizing the swift development of a working relationship.

### Outbound Telesales

Takes the initiative to present benefits and answer objections in order to grow the business; willing to learn the products and services; can persevere for as long as necessary to succeed. It should be noted that there are two kinds of outbound sales professionals – those who have dedicated accounts to which they sell, and those who proactively develop new accounts.

### Inbound Telesales

Requires an image conscious vocal demeanor in a service-oriented individual who is interested in learning the customer's needs, solving problems, and making appropriate (and profitable) recommendations. In most cases, these inbound sales jobs involve an "800 number" call, rather than a dedicated account.

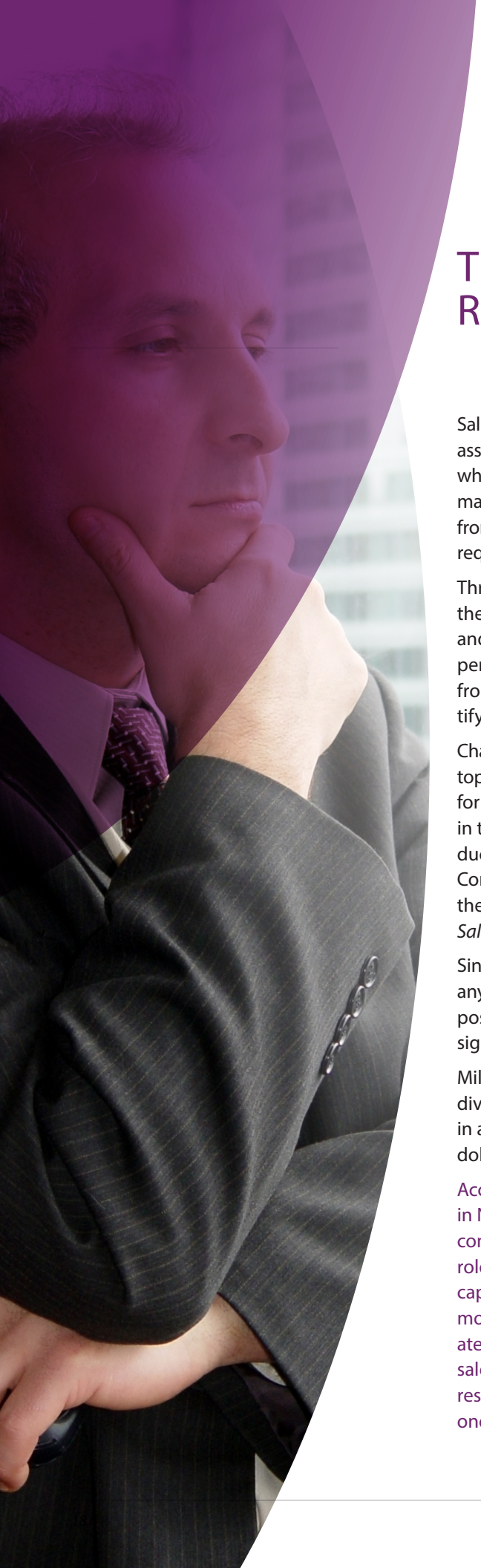
### Customer Service Representative

Calls for a focused commitment to take personal responsibility for satisfying all customers, regardless of their attitude or style; solutions must be intelligently thought out, often quickly, and presented with a positive attitude.

This is not to say that all of the roles in the modern, complex sales organization require completely different skill sets. Quite the contrary. Anybody working in any sales role, for example, must be able to have a coherent conversation with a customer about problems and solutions. However, the wide variety of sales jobs demand different competency sets of the people who would be successful in them.

**Summary:**

- Traditional segmentations (hunters vs. farmers, inside vs. outside) are obsolete.
- Many "World Class" firms have created highly specialized sales roles.
- These roles all require basic sales ability but otherwise are quite different.



# The Hidden But Dramatic Risks of Reassignment

Sales executives and managers are profoundly misguided when they assume that the best sales professionals are the hard-driving mavericks who can drum up business and close deals like crazy. While such people may be successful in some sales roles, when top performers are plucked from those positions and reassigned to job roles with markedly different requirements, they generally fail and often quite badly.

Through a series of more than 400 validation studies conducted during the last 40 years, Chally has identified the types of characteristics, skills and traits needed to distinguish high-performing individuals from poor performers in 14 different types of sales roles. Chally also analyzed data from Talent Audits conducted with more than 400,000 people to identify Top Performers/Producers in each of the 14 roles.

Chally researchers then evaluated the strengths and weaknesses of these top performers and statistically correlated them with the requirements for each of the 14 sales positions to determine their likelihood of success in the other roles. What they found was that the likelihood of top producers repeating their success in another role is slim, according to Dr. Corey E. Miller, associate professor at Wright State University, writing in the white paper *How to Guarantee Maximum Sales Results: Ensuring your Sales Force Realignment Results in Improved Profitability*.

Since it is possible to determine an individual's likelihood of success in any one of 14 sales roles using the comparison outlined above, it is also possible to conduct a financial simulation to determine what the reassignment of top producers will cost a company.

Miller cites research across several hundred thousand salespeople in diverse sales roles in diverse markets. The top 20 percent of salespeople in any sales role generate 52 percent of a company's sales volume in dollars in that market.

According to Miller, when the profiles of the top 20 percent of scorers in New Business Development, or hunter, roles were compared with the competencies, skills, and talents needed in a Account Representative role, only 7.3 percent of those top performers would have the necessary capabilities to succeed in a Account Representative position. Furthermore, only 30.1 percent would have a chance of performing at a moderate level. Shifting these top performers to a new position would reduce sales productivity in their new role by more than 40 percent. Miller's research indicates that the factors that make one person outstanding in one role may not translate to positions with different requirements.

If a company reassigns its 20 top producers in New Business Development roles, for example, it could expect that only two of them would be top producers in a Account Management role. Further, about six of the 20 would be moderately successful, the remainder are likely to fail miserably and the overall financial result would inevitably be a steep drop in sales.

To illustrate this point, let's suppose that top producers in New Business Development (NBD) generate $2 million each and top producers in Account Management (AM) generate $3 million each. After looking at these numbers, the CEO decides to reassign the 20 top NBD producers to the AM group, hoping to increase overall revenue by 50%.

However, according to Miller's research, only two of the newly assigned sales professionals would become top producers in the AM group (generating $3 million each) while an additional six would become dependable producers generating around $1 million each. The other twelve would likely fail to make even $1 million, so let's estimate them at half a million each. The following table compares the two deployments:

## The Impact of Improper Realignment

**BEFORE:**
( New Business Development: **Hunters**)

| Number of Reps | Average Revenue | Total |
|---|---|---|
| 20 | $2m | $40m |
| | | **$40m** |

**20** REPS

**AFTER:**
(Account Manager: **Farmers**)

| Number of Reps | Average Revenue | Total |
|---|---|---|
| 2 | $3m | $6m |
| 6 | $1m | $6m |
| 12 | $.5m | $6m |
| | | **$18m** |

As you can see, reassignment of the top producers from NBD to AM in an attempt to increase sales from $40m to $60m actually ended up reducing sales from $40m to $18m.

And this is very much a best case scenario! It doesn't even include the additional cost that would likely be expended in ramp-up, lost opportunities (from the change in the existing deployment), and the high likelihood of attrition, even among the successful reassignments, some of whom might prefer the kind of selling with which they are already familiar.

An analogy can be drawn between sales teams and baseball teams. On baseball teams, a star pitcher is not expected to hit dozens of home runs, nor is a talented catcher expected to be successful at playing left field. Instead, baseball players are trained (even as early as Little League) to be specialists.

**Summary:**

- Traditionally, sales managers have considered all sales roles as basically similar.
- As such, they've often tried to assign superstars from one area to another.
- Such reassignments generally fail because the new role demands different skills.
- Reassignments that ignore the differences in sales roles can greatly reduce revenue.

# The Sales Savant

Traditional business thinking is that a top salesperson can be successful as either a hunter or a farmer (but really mostly a hunter), and also be successful either at inside sales or outside sales (but really mostly good at being a road warrior).

According to that way of thinking, it should be possible to move sales personnel to and from the various roles identified in even a highly complexity taxonomy of sales positions. In other words, "a sales pro is a sales pro"—regardless of where he or she is working at the time.

The increased complexity of sales roles in today's large enterprises, combined with the documented failure of attempts to reassign top performers to different sales roles, strongly indicates that sales managers require different ways of thinking about sales professionals. Rather than perceiving sales professionals as "Jacks and Jills of All Trades," sales managers should more properly think of top sales performers almost as "savants" or specialists who should be carefully and accurately assigned to the particular roles in order to be successful.

When discussing sales "savantism" it's important to differentiate between the popular definition of a savant and the technical psychological definition. Psychologists have long observed that people sometimes have one or more areas of expertise, ability, or brilliance that are in contrast with the individual's overall limitations. These abilities may range from having a prodigious memory to having superior artistic or musical ability. In psychology, "savantism" is usually associated with developmental or genetic disorders like brain damage or autism. Many savants have no apparent abnormalities other than their unique abilities and savant-like skills may be latent in everyone.

When we discuss savantism in sales, we're referring to the popular definition of a savant: a person who is so good at some activity that he or she neglects (or is ineffective at) other activities. This popular definition recognizes the general truth that when people reach exceptional levels in any one category, they inevitably restrict their capabilities in others.

For example, at the risk of pointing out the obvious, many top engineers seem to have less gregarious interpersonal lives, possibly due to discomfort relating to people as opposed to machines.

Sales, just like any other discipline, has its own savants, top performers who seem to have a unique ability to generate revenue and profit in a particular sales environment. However, as we have seen, promoting a top performer in one area often results in a poor performer in another because, despite the traditional notion that there are common sales skills, selling actually consists of specialized skills rather than a set of generalized behaviors.

**Summary:**

- Sales superstars tend to possess an unusual amount of natural talent.
- That natural talent typically matches a certain type of sales activity.
- Sales superstars are like "savants" that don't adapt well to different tasks.

The climb from amateur status to the professional level in sports can demonstrate the need for specialization and the savant level of talent. For example:

**At the most amateur level (i.e., Tee Ball) the only requirements for selection to a team are:**

- The lack of fear of a ball coming toward them versus avoiding, ducking, or approaching with eyes closed, and
- The ability to swing a bat without falling over, or losing balance.

**At the high school or college level, there are four general criteria:**

- Running
- Throwing
- Fielding
- Hiring

As a result if the pitcher gets tired in a tough game and needs to be replaced, he'll still be put into right field, because his hitting is still needed in the line-up.

**At the professional level, the skills of a good pitcher and a good batter are so different, specialized, and "savant-like" that they would never replace each other.**

# The Four Types of Sales Savants

Chally's research into successful sales organizations has identified four general categories of savantism:

## **CATEGORY 1 :** The Aggressive Closer

All salespeople must use closing skills at some point during the sales process. A closer starts with nothing and, therefore, must aggressively initiate customer contact. In most cases, one or two contacts are made with the prospect. The risk of failure is high because there is little time to interact with the customer. Therefore, this type must not have a high fear of personal rejection.

A closer can quickly establish a prospect's emotional desire and need for the product. Demonstration sales, new high-tech equipment, trade show promotions, pyramid sales and high-ticket executive vanity items (like corporate jets) are examples. This type corresponds, overall, to the traditional view of the salesperson as a hunter who works in outside sales.

## **CATEGORY 2 :** The Consultant

Consultative sales situations usually are reserved for bigger ticket items, high technology items, or intangible, "intelligent" services - for example, telephone systems, computer systems, consulting services, law services, etc. Being successful at this requires both patience, interpersonal contact, and a certain amount of aggressiveness. Forgetting the personal touch of the relationship, or failing to persist long enough for the deal to close, and a consultative sale will be lost.

The consultant performs extremely well with more sophisticated and complex products or services. This type of sales environment requires consultation with customers to provide the expertise they need to meet their specific needs. Consultative salespeople are unusually career oriented and dedicated to their area of expertise. As you might imagine, the consultant also tends to be more "academically inclined" than the other sales types.

That being said, the consultant is not, as a rule, a daring risk-taker. The best ones do take risks, but only after careful thought and calculation. They pay a high level of attention to detail and have an above-average level of aggressiveness. However, the "super sellers" of this type are definitely able to handle personal rejection and the fear of failure. They exhibit self-confidence, patience, and the ability to quickly develop interpersonal relationships with all business prospects.

## **CATEGORY 3 :** The Relationship Manager

These salespeople enjoy independence and the personal freedom that sales offers, as well as the feeling that they are their own boss. They exercise discipline and take responsibility for their actions. Not surprisingly, relationship salespeople become resistant if management tries to control their actions too much, or if management tries to change the rules. Customers often prefer them because they are so committed to serving them well.

**Summary:**

- The "closer" is similar to the classic hunter who works in outside sales.
- The "consultant" provides technical expertise and industry specialization.
- The "relationship builder" focuses on people, expecting sales to follow.
- The "order taker" closes deals with interested buyers and ensures satisfaction.

Relationship sales requires great patience over a long period to finally cement a customer. This practically eliminates one's concern with failure on a day-to-day basis because the sale is heavily dependent on the relationship between the salesperson and customer. They accomplish this through available and quick response to anything that the customer requires.

The concept here is that a good relationship based on trust will eventually generate substantial business. Many industrial selling situations, and both territory and route sales, typify relationship sales. Relationship selling is characterized by the ability of salespeople who move to a competitor to take business with them. Local stock brokers, industrial suppliers, distributors, etc., typify relationship sellers.

## CATEGORY 4 : The Fulfillment Specialist

The Fulfillment Specialist helps the prospect to buy after they have made a selection from publicly available information such as a catalog, or website. This kind of selling requires less personal involvement, relatively little risk of personal rejection, and a compensation or reward system that does not depend on actually completing the sale.

While many major corporate salespeople follow these procedures, so also do many retail sales fit this category, as do bank tellers and other salespeople who are on total salary and receive little or no commission. Some telemarketers (but not boiler room or high-pressure telephone sales) also sell from a catalog or a website and thus, fall into this category.

Order takers are frequently responsible for huge amounts of revenue and some of the most highly paid people in the sales profession fall into this category. However, the skills required to be successful at it (like patience, accuracy, and dependability) are more common than the more rarefied skills needed to be successful at the other three types of sales jobs.

The order taker helps the buyer who is already an expert, highly knowledgeable about what's needed, and how much it should cost. The order taker expedites the order and makes sure that it is fulfilled in a timely manner. Because the product being ordered is important to the success of the customer's business, a relationship of trust and confidence plays an enormous role in ensuring future orders. For examples, paper distributors all handle similar or identical products, but many companies continue to order from a particular distributor because they're confident that the distributor can be trusted to always deliver what's promised.

*Note that none of the savant categories defined above are particularly management-oriented, although the consultant types comes close. Managing salespeople is not all that different from managing other kinds of specialized professionals. While it's necessary to understand the basic elements of selling in order to be effective, it's not necessary to be a savant in order to help savants be more effective.*

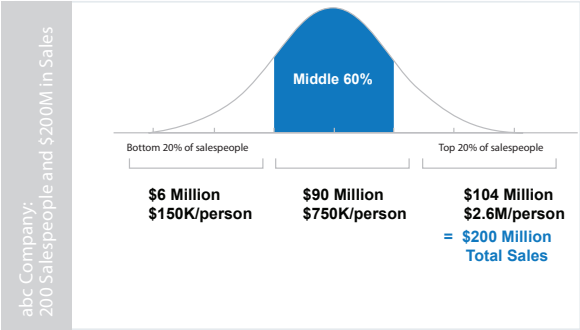
# The "Clone Your Superstars" Myth

## Many sales trainers and consultants recommend the following program to increase sales force productivity:

**STEP 1:** Study the selling techniques of your "A" players (i.e., the top 20%).
**STEP 2:** Identify the techniques they use to persuade customers to buy.
**STEP 3:** Train the rest of the sales force to use those "winning" techniques.

Unfortunately, this strategy never works because the success of the "A" players lies less in their "techniques" in front of customers than in their ability to manage their own company's effectiveness in serving customers better.

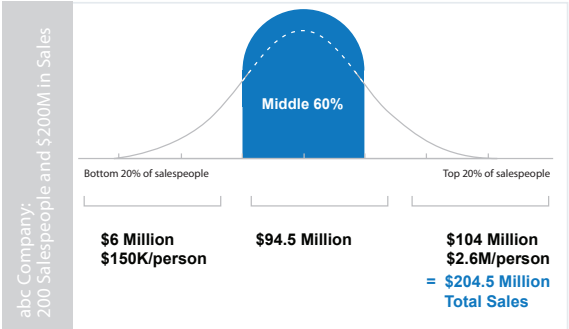
To illustrate this, let's imagine a typical 200 person sales force for a company that has annual sales of $200 million. If we plot the normal bell-shaped curve, the basis for the famous "80/20 rule" of sales force productivity, it looks like this:




Consultants today say "Study the techniques of the top 20% and train the middle 60%"

As it happens, the top 20% of a sales force does not deliver 80% of all sales. According to Chally's cross-industry sample of over 900 B2B sales forces, the top 20% actually produces 52% of top-line revenue. Even so, 52% is a fairly impressive result for 20% of the sales team to be achieving.

While considering that 52% number, imagine that we study the techniques of the top 20% and then train the middle 60% in those techniques. Let's assume that the training was wildly effective and achieved a whopping 5% improvement across the entire middle group. This extraordinary success only would still only result in a moderate improvement on sales, because the middle 60% simply doesn't account for all that much revenue?




Improving their performance by a typical 5% each … only produces 2.25% improvement in sales

## Summary:

- Superstars create disproportionate revenue compared to average salespeople.
- Most sales training assumes that average salespeople can become superstars.
- That assumption is flawed because superstars possess unique characteristics.
- Improving the sales productivity of average salespeople has a minimal effect by duplicating the methods of the stars.
- Replacing the bottom 20% is far more likely to increase overall productivity.

In fact, improving the performance of the middle 60% by 5% only produces a meager 2.25% improvement in sales. And worse, because the benchmarking research and training would likely cost (at least) several hundred thousand dollars, it's unclear whether the process would be a good investment.

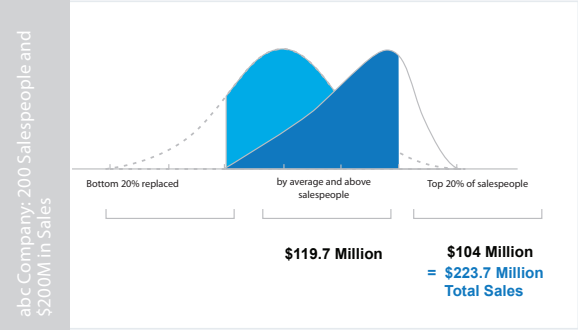
To make matters worse, research by Arun Sharma at the University of Miami has exposed an fatal flaw in the logic. By studying differences in the behaviors of sales superstars across many industry segments, he found that their sales techniques with customers were not so unique. Instead, their competitive advantage was largely based on their ability to manipulate their own company's resources more effectively to "prioritize" their customers.

In fact, the reason the top producers were effective is that they were successful at consuming a disproportionately large percentage (as much as 50%!!!) of their company's internal resources.

Most sales execs recognize that their top reps are expert at bending and stretching their companies' processes to take care of customers … and they are often difficult to manage as a result. So in reality, sales managers are really paying the superstars twice: once in allowing them greater resources than the others, and then again with much higher compensation when they consume these resources to win sales.

In other words, if you actually managed to train the 60% to do what the 20% percent are doing to be successful, you'd have to massively increase the number of support personnel, thereby adding to the cost of sales!

Rather than spending sales training dollars to clone your superstars, you're more likely to get a boost in productivity by focusing on the BOTTOM 20%, who are the personnel that are losing your company money.




Talent Analytics says: Reassigning or replacing the bottom 20% with just "average" competency levels will increase production by a minimum of 9%

If we now train the rest of the sales force and get a 5% gain, we get an additional $5.7 million

Reassigning or replacing the bottom 20% with just average salespeople will increase production by a minimum of 9%. Now, if you train the entire sales force and get that aggressive 5% gain, you get an additional $5.7 million, because you've increased the base of mid-range producers.

# Specific Recommendations

Based upon the research and analysis presented above, we have the following recommendations:

## RECOMMENDATION 1:

### Implement specialized hiring and career development

When sales managers look at hiring, they often believe that they can, and should, hire only top producers. Although such a strategy may seem logical, it is not realistic, according to Dr. Corey E. Miller. "Statistically speaking, top producers are rare, representing one out of every 15 qualified applicants and only one in every five people hired," he explains. "Furthermore, in every market, a certain percentage of such talent will be employed by competitors and [thus] it's not always possible to recruit star personnel from other organizations."

Rather than always trying to search out top performers (i.e., natural savants), it may make sense to look for individuals who can "do well" at a particular sales role, even if they might never be top performers. These profitable producers MAY have the potential to become "savant-like" (if properly cultivated), but are already good enough to generate revenue, albeit not at the level of the sales savants (typically called superstars).

Finding these profitable producers (and maybe the occasional savant or top performer) can only be accomplished through scientific testing during the hiring process, according to Miller. "The only way to truly determine whether an individual has the potential to be a high producer is through the use of a scientifically based method such as empirically keyed or actuarially based predictive assessments," he explains.

Beyond implementing selective hiring practices, sales managers also should also keep the top 20 percent of performers for each role in place. Remember: top sales performers in one type of sales role are not likely to repeat their success in other roles because different roles require different skill sets, abilities, and traits. Most individuals aren't (and can't be) experts in a multitude of areas, so it makes sense to keep your savants where they are.

Sales managers should also replace poor performers with more profitable ones. These non-savant but better than average salespeople should make up the bulk of every sales organization. The goal is to build up a "stable" stable of profitable producers, as well as top producers in order to ensure growth and profitability.

## RECOMMENDATION 2:

### Target sales training to leverage natural talent

Companies spend billions of dollars every year on sales training, but much of that training is ineffective, according to Dave Stein, CEO of the ES Research Group, a firm that studies the sales training market. In many cases, there's a mismatch between the training that the vendor offers and the actual needs of the sales team. "The assumption is that top training firms are always a safe bet," he explains. "[But] if the root cause of your biggest sales problem is not a core competency of that particular sales training organization, it's likely that the training will simply be wasted effort."

The root of the mismatch is the assumption, inherent in nearly all sales training programs, that it's possible to identify and isolate the best practices of the top sales performers in an organization and then train the rest of the sales staff to do the exact same thing.

A more reasonable approach to sales training would be to segment the training according to different roles and specializations, in order to foster and cultivate whatever latent savantism already exists in the sales staff. For example, rather than training "order takers" to use personal anecdotes to create an emotional connection, it might make more sense to provide them with specialized training in recognizing (and responding appropriately to) regional accents, something that telesales savants do naturally.

By contrast, it might be appropriate to provide consultants with general business training or industry-specific training, so that they can become more effective at managing segments of the customer's business. Similarly, closers might need constant exposure to motivational programs to hone their natural ability and stay focused on the positive, even when economic conditions make their jobs more difficult.

## RECOMMENDATION 3:

### Rework compensation to match different roles

Many sales organizations compensate all sales positions in the same way. Typically there's a fixed base pay, a commission upon actual sales, with bonuses based on exceeding quota. Because such compensations plans were designed to drive the traditional selling model of a hunter working in outside sales, they are not always appropriate for other kinds of sales jobs, nor do they always drive behaviors that create long-term customer relationships.

For example, in many sales organizations, there's a hand-off of a developed customer account from the hunter to the farmer. As mentioned previously, this often creates resentment on the part of the hunter, who feels that the farmer is taking advantage of the hunter's hard work developing the account. However, such hand-offs can also create resentment on the part of the farmer, who may end up with a messy situation resulting from the hunter overselling a customer.

A hunter, realizing that a farmer is going to take over an account, might attempt to load the account with product that the customer doesn't need, simply to push revenue into the quarter that's part of the hunter's bailiwick. The farmer then inherits an account where the buyer is dissatisfied or even angry, because the hunter's hard sell had the net effect of creating additional inventory costs (to store the extra product) as well as an unnecessary cash flow challenge.

It gets worse. Because the farmer is compensated in the same way as the hunter, the farmer is now forced to generate NEW business from that customer in order to make quota rather than build the relationship that would be part of an ongoing set of orders (which the hunter pre-empted). As a result, the farmer must now act like a hunter, which may very well mean sacrificing a long-term relationship in order to generate short-term revenue.

In order to prevent the hunter from sacrificing long-term relationships for short-term gain, the hunter should be compensated, not just on the initial deal, but on the health of the ongoing customer relationship. Similarly, in order to prevent the farmer from becoming a hunter, the farmer should be compensated not just on sales, but relationship-based measurements, like customer satisfaction.

Ultimately, companies should look to create a taxonomy of compensation that's as flexible and varied as the different roles that are emerging as selling becomes more specialized. For example, a system specialist might be provided with extra compensation for attending technical conferences, while a strategic account manager might be compensated, in part, on the customer's revenue selling to its own customer.

# About the Author

## Howard P. Stevens

Howard Stevens is Chairman of Chally Group Worldwide. Mr. Stevens specializes in leadership development, succession planning, customer and market analysis, and sales benchmarking. He is the creator of the original sales product lifecycle classifications and designed the major 5-year longitudinal study of leadership development for the U.S. Department of Defense and NASA. A licensed clinical psychologist, he is also known for his research and programs to develop a professional sales curriculum at the university level. With diversified interests, he is the author of several books on sales and management (published in multiple languages) including *Achieve Sales Excellence*, *The Quadrant Solution* and *Selling the Wheel*. He has written many articles and is a frequent speaker and radio and television guest. His World Class sales benchmarks program has been presented over 500 times across 30 countries for corporations, trade associations, government agencies, and universities. He has been a guest on CNN, Bloomberg USA, National Public Radio, Radio Free America, and other business-based programs. Mr. Stevens also taught "World Class Sales" benchmarks at the Columbia University Graduate School of Business and other universities, and serves on the Sales Advisory Board for Ohio University and the Foundation Board of Wright State University.

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## About Chally

**Talent Management Solutions to help businesses drive productivity, manage developmental costs, and gain a competitive advantage!**

Driving innovation and growth requires a focus on optimizing your most vital asset, your people! Chally provides research-based information and analytics that enable businesses to transform their teams into the high-performance force necessary to survive and thrive. Chally provides solutions to help make critical talent management decisions and minimize risks associated with:

- Selecting the right people for the role
- Developing employees in critical competencies required for success
- Aligning job competencies with expected performance metrics
- Matching talent to business strategy, goals and customer deliverables
- Measuring potential versus actual performance to identify gaps
- Identifying high-potential employees and managing succession

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