

Finding and Keeping Good Salespeople

“As I look at the industry,” a printer told me, “I see great things being done on the printing end. We have fantastic capabilities. We’re just not very good on the selling end, or at sales management. I think most of us struggle with finding and keeping good salespeople.”

It’s an age-old problem. Where do you find good salespeople and how do you keep them? The answer to both of those questions starts with this one: *What exactly do you want your salesperson to do?*

The answer probably seems obvious: *I want my salesperson to sell!* But doing this right requires more thoughtful consideration. Do you want your salesperson to develop new customers, or to service established customers? If the answer is *both*, what’s the mix between those two activities? Do you want your salesperson out looking for things to quote on, or selling innovative applications of your production capabilities? There are plenty of candidates for most good sales positions, but are they really good candidates for *your* sales position?

Hunters

The Prime Directive for most businesses is to *grow the business*, and for a printing firm, there are only two ways to do that: gain new customers and/or sell more to your current customers. It’s generally acknowledged to be easier to do the latter, which I think provides evidence that you need someone with special skills and attitudes to do the former. I don’t have any factual data to prove this, but my consulting experience suggests that maybe 10% of all current printing salespeople have well-developed *hunter* skills and attitudes.

Hunter *skills* include questioning, listening and negotiating. Hunter *attitudes* start with a very competitive nature, and a desire to avoid getting bogged down in details. Now, that should scare you, because the definition of a *good* salesperson for most printers would include being detail-oriented and working well with the production side of the business. You have to understand, though, that you don’t pay a hunter to get orders or to process them, you pay him/her to create a decision—the decision to give your company a chance. A pure hunter will do that, and your company will (hopefully) benefit from the lifetime value of that customer. The (hopefully) part reflects the distinct possibility that it won’t be a long and full lifetime if you expect a real hunter to *farm* that account too.

Farmers

The hunter/farmer analogy is not as clean as I would like it to be, because it’s based on the idea that hunters kill and farmers grow. A better analogy might be obstetricians and pediatricians; one is responsible for the birth of a relationship and the other is responsible for maintaining its health. The hunter/farmer terminology is pretty well accepted, though, so let’s continue to use it.

Farmer *skills* include questioning, listening and negotiating, too, but there’s a significant difference in the application of those skills. For the hunter, questioning and listening are essential to finding weaknesses in the status quo, and negotiations are mostly about positioning a higher price as the solution to a problem, or possibly a better way of doing something. For the farmer, questioning and listening are more about getting the specs on every project right, and the justification for a higher price can be tied to proven performance.

Farmer *attitudes* start with a commitment to customer satisfaction, and that should scare you a little bit too. As I tell salespeople in seminars, a large part of their job is to be the advocate of the *customer to the company*; in other words, the salesperson communicates the customer’s needs and wants to the company, and fights for the customer’s best interests. At other times, though, the job description shifts, and the salesperson has to be the advocate of the *company to the customer*; in other words, sometimes the bearer of bad news.

I have never been one who believes in the idea that salespeople should be called something else, because of a stigma attached to the sales profession in our society. I do believe, though, that *Account Manager* is a very good title for a salesperson whose primary responsibility is customer maintenance rather than new customer development. I think the combination of representing the customer and representing the company is well-defined by the phrase *managing the account*.

Where do organizational skills fit into all of this? From my perspective, strong organizational skills are a significant asset for a hunter but an absolute necessity for a farmer. To put that another way, I will tolerate some organizational deficiencies in a salesperson with a proven ability to develop new customers. I’ve found that you can’t tolerate the same lack of organization in an Account Manager, though, because the largely reactive nature of the position requires strong organization and prioritization skills.

Missionaries

My dictionary provides several definitions of the word *missionary*, one of which is: *somebody who tries to persuade others to accept or join something*. In our industry right now, there's a pretty significant need/opportunity for missionaries who can sell innovative applications of our capabilities and technologies. From printing on textiles to what I like to call *extreme personalization*, 21st Century printing capabilities have opened up vast new possibilities for business communications.

The problem, though, is that these applications don't sell themselves, so we need salespeople who can sell them. Missionary *skills* certainly include questioning, listening and negotiating, but they also include an intellectual component that not all hunters have. To put it bluntly, you have to be smart enough to understand both the technical aspects and the communications potential. And then you must have both the patience and the creativity to develop and sell a *program*, not just a relationship or a product.

Missionary *attitudes* include that patience, and also a commitment to the concept of *return on investment*. A true printing missionary is almost always selling something that costs more than the status quo. That means his/her negotiation position will almost always be: "*Yes it costs more, but it'll work better and therefore be a better investment.*"

Your Sales Position

The point of all of this, of course, is that the person needs to be matched to the position. If you have a need for a *hunter* or a *missionary*, you won't be happy with the performance of a person with *farmer* skills and attitudes. So how do you know what skills and attitudes a candidate possesses?

First, all of your recruiting material should stress exactly what you're looking for. Second, most of your interview and reference check questions should be about confirming these traits. Third, don't ever hire a salesperson without first testing for the skills and attitudes the position requires.

Recruiting

It's important to understand the difference between *advertising* and *recruiting*. One is mostly passive, the other is highly proactive. Most printers seem satisfied to place a Help Wanted ad in the newspaper or on monster.com or one of the other online services. That strategy usually fails, though, and the reason is simply that the person you really want to hire is not looking for a job right now!

Think about this for a moment. There are only two reasons why someone would be looking for a job. One is that there's something wrong with the job they have, and the only other is that there's something wrong with the person. Now, there certainly are good people in bad situations out there, including very good people who have become available through layoffs and business failures that were in no way their fault. But I still think it's fair to say that the majority of job-seekers—especially sales job seekers!—are job-hoppers or poor performers or very possibly both. I think the salesperson you really want to hire is working right now, and performing at a high level right now, and loyal to his/her employer...*but smart enough to listen if something potentially better comes along!*

How do you reach people like that? One possibility is to hire a search firm, but there's a significant cost attached to that, and no guarantee of success. A better strategy, I think, is simply to network through your family, friends, suppliers, customers, fellow Rotarians or Chamber members, etc. Describe the opportunity in general terms and the skills and attitudes you're looking for in specific terms, and ask if they know anyone who might fit the bill. Hopefully, between advertising and networking, you'll come up with a few viable candidates.

Interviewing

A job interview has both *buying* and *selling* elements to it. I think it's fair to say, though, that most printers put the cart before the horse, trying to *sell* the job to the candidate before they've decided that they want to *buy* that candidate's services. I urge you to focus on the buying side before you spend any significant time trying to sell the job.

My interviewing strategy is pretty straightforward, and it doesn't include questions like "what did you like about your last job?" or "what did you not like?" I start with a statement—"Here are the skills and attitudes I'm looking for..."—and continue with a challenge: "Convince me that you possess these skills and attitudes!"

I would probably not be as direct if I were interviewing, say, a candidate for a design or prepress position. A salesperson, though—certainly a hunter or a missionary—should be able to handle this sort of situation. The way I look at it, the interview process is the first element of testing a candidate. (By the way, I would never hire a salesperson on the strength of a single interview. I make it a point to have at least two face-to-face meetings, and I have talked with some candidates 3-4 more times on the phone. I'm also a very strong believer in having others in my organization talk to each candidate. The better you get to know a candidate before you make a hiring decision, the more likely it is to be a good hiring decision.)

Testing

As noted, the interview process is the first element of testing, and I hope you see how my interviewing strategy puts a candidate in a selling situation. My requirement for testing goes well beyond that, though. Just as I would never hire a salesperson on the strength of a single interview, I would also never hire one without input from an in-depth psychological profiling tool. One such tool—and one I've been using for many years—is called the Caliper Profile (www.caliperonline.com). Here's a quote from Caliper's own promotional material: "The Caliper Profile is a personality assessment instrument that objectively quantifies an individual's competencies, and identifies candidates with the strongest potential." I have found this to be an invaluable sales management tool!

Caliper tests for personality characteristics such as ego drive, assertiveness, empathy, self-structure, abstract reasoning and idea orientation. In other words, Caliper can tell you if a candidate is a hunter, a farmer, a missionary, or some combination of all three. I can also tell you that, in my experience, Caliper has been uncannily accurate.

Here's my proof of that statement. I have had clients over the years who didn't want to take the time or spend the money to test candidates before hiring. I have always insisted, though, and in numerous cases where we ultimately hired a candidate we'd tested, I revisited the Caliper report with my client six months later. "OK, you've watched this person in action for 6 months," I have said. "Now tell me if the Caliper Profile accurately describes the person you've gotten to know." The response has always been the same: "This is amazing!"

No matter how carefully and thoroughly you interview, you'll never know a candidate pre-hire as well as you will after he/she has been working for you for 6 months. Caliper—or any other in-depth assessment tool—can give you a look into the future. I hope you'll agree that you have to be crazy to hire a salesperson without taking that look.

(By the way, *in-depth* is important here. The Caliper Profile is made up of 150 questions, and it takes most people 90-120 minutes to complete it. It also costs \$295, which has always made testing the last step in my hiring process. There are a variety of 40-50 question, \$19.95 profiles available, but they don't give you the same depth and quality.)

Keeping Good Salespeople

Having (hopefully) found yourself a good salesperson, how do you keep that person with you? It's pretty simple really. First and foremost, you make sure that your expectations and your salesperson's expectations are in synch, and then you keep your side of the bargain. (And if your salesperson doesn't keep his/her side of the bargain, we're not talking about a good salesperson, right?)

Your expectations start with the job description—developing new customers vs. servicing established customers, quote machine vs. missionary, etc.—and continue with more tangible action standards and objectives. Your overall objective (and the salesperson's quota) might be \$500,000 in sales, and one of the action standards to support that might be 20 "prospecting starts" each week. (That's my term, by the way, for a process which begins with the identification of "suspect" companies and ends with the qualification of real prospects.)

Your salesperson's expectations probably start with an income goal, but may also include support and "working conditions" expectations. Let's deal with those first. Part of your side of the bargain is to ensure that the promises your salesperson has to make are being kept; promises of quality, service, reliability, etc. Now, the salesperson shouldn't be making unreasonable promises—again, one who does that would not be a good salesperson, right?—but you have to understand that those promises are a critical part of the selling process. If the promises aren't kept, the customer may not buy from you again, and that affects the salesperson's income. Put yourself in a salesperson's shoes. If you do your job—developing customers, winning orders, etc.—but your "promise-keepers" don't do their job, you're probably going to look for a better group of promise-keepers before too long.

Income Expectations

Now let's talk about income goals and expectations. I've seen many situations that were doomed from the start because the printer either created or allowed an unreasonable earnings expectation. Here's an example: A candidate earned \$65,000 the previous year selling office products. The printer told him he could earn a lot more than that selling printing. "I'll pay you 10% of everything you sell," the printer said, "and for the first 3 months, I'll let you draw \$5000 per month so you won't be taking a huge pay cut while you're getting things rolling."

In the first month, the salesperson worked very hard and sold basically nothing. In the second month, he continued to work very hard and landed a few small jobs and one good sized (by this company's standards) job. The small jobs were in the \$300-\$500 range. The good-sized job billed at \$3500, and his total sales for the month were a little less than \$5000. In the third month, he landed several more new customers, 6 small jobs and 3 good-sized jobs, for total sales of approximately \$11,000.

I asked the owner how the new guy was doing. "Great," he said. "I couldn't be happier!" I asked the salesperson how he was doing. "I'm dying here," he said. "Everyone tells me I'm doing great, but I'm not even close to covering

my draw. I have to do \$650,000 in sales to equal what I earned last year, and I can't see any way that's going to happen."

Here's the problem. The printer hired a \$65,000 guy for a \$30,000-\$45,000 job. The first question you should always ask yourself before hiring a salesperson is how much sales volume can you reasonably expect. I ask my clients to come up with three figures: a solid performance, an exceptional performance, and a minimum level of performance. The second question you should ask yourself is how much you're willing to pay for each level of performance.

When I did this "after the fact" with this particular printer, we came up with \$300,000 as a solid performance and \$450,000 as a really outstanding performance, all of that based on his equipment and capacity and market dynamics. His answer to the second question was the same 10% of sales he'd offered to the salesperson, with the expectation that benefits and expenses and taxes would increase that to a total "compensation load" of about 15%. "With anything more than a 15% load," he said, "the work he brings in won't be profitable."

Here's a hard fact. The arithmetic of the situation tells you exactly how much salesperson you can afford, and it may very well disqualify the kind of candidate you would really like to hire. The trap that many printers have fallen into is to think that a more talented and experienced—and therefore more expensive—salesperson will automatically bring in enough business to make everybody happy. It doesn't work that way. If the printer paid \$65,000 for \$450,000 in sales—which we agreed, remember, would represent a really outstanding performance—the salesperson might be happy in the short term, but please also remember that the printer promised him he could earn "lots more" selling printing. And the printer wouldn't be happy at all with a wages-plus-benefits-plus-expenses-plus-taxes compensation load up around 20%. The most likely scenario is the loss of a talented salesperson, because the job was not all it was cranked up to be.

The moral of this part of the story is *don't oversell the job*. Remember, this all starts with reasonable performance expectations. If it would take a beyond-reasonable sales performance to get to the salesperson's desired or required income level, the relationship is almost certain to fail.

Affordable Salespeople

All of this begs a question: What do you do if you can't afford to hire—or if the job won't support—a proven professional? My best advice is to hire someone who's going to be a proven professional someday. Let's take another look at that quote from Caliper's promotional material: "The Caliper Profile is a personality assessment instrument that objectively quantifies an individual's competencies, and identifies candidates with the strongest *potential*." In other words, you have tools available to help you identify young/inexperienced people who are likely to grow into the job. You'll have to train them, and manage them effectively, but the "opportunity equation" is pretty clear-cut: good candidate + solid training + solid management = Great Salesperson.

Here's something else to consider: Attaining an income level is no guarantee of performance. There are plenty of "hacks" earning \$65,000 or more in sales, some of whom inherited great territories, or compensation plans that benefit the salesperson far more than the company. I believe, though, that the top 25% of people who will start with you at \$35,000-\$40,000 will outperform the bottom 50% of people currently earning \$65,000 or more, and the top 10% of those \$35,000-\$40,000 people will outperform the bottom 80% of those earning \$65,000 or more. Like any other investment, the best strategy with salespeople is to buy early in the value cycle; in other words, to invest in relatively inexpensive things which will appreciate in value.

Appreciation

Appreciation, by the way, is another part of the formula for keeping good salespeople, and you show your appreciation in both tangible and intangible ways. The *intangibles* may be the most important consideration here, and the moral of this part of the story is to *treat your valued salespeople with at least the same respect you show a valued customer*. (That's good strategy, of course, with any valued employee.)

The *tangibles* provide you with opportunity too. Here's an example. One of my clients had determined that she was willing to pay a new salesperson \$45,000 to bring in \$350,000 in sales in her first year, and we both agreed that \$350,000 was a reasonable expectation. We told the candidate that this position had "low 40's" potential in the first year, and that met her income requirements and expectations. The salesperson's compensation plan started with a salary of \$2000 per month, and my client's original plan was to pay 6% commissions on top of that, which would add up to exactly \$45,000 on \$350,000 in sales. My recommendation was to reduce the commission rate to 5% and add two incentives to the plan. The first was a \$2500 bonus to be paid if the salesperson reached her quota of \$350,000. The remaining \$1000 was budgeted for "random acts of appreciation."

About five months into the first year, the owner and salesperson went on a sales call together, and on their way back to the office, the salesperson remarked on a watch that the client was wearing. "I really want one of those," she said. "I can't really afford one yet, but it's definitely on my list." That led the owner to call the client to inquire

about the watch, and that afternoon, she ordered one (about \$400) from amazon.com. As she gave it to the salesperson, she said: "This is just because I appreciate the way you do your job and represent the whole company. Keep up the good work!"

I'm sure you see the motivational and loyalty-building value of that act of appreciation. Please also note that there was still \$600 in the budget for additional "random" acts.

Danger!

Let's go back to the subject of income *expectations* for a moment. For most salespeople, part of the expectation is the opportunity to increase sales and earnings from year to year. That holds true right up to the point where many salespeople settle into a comfort zone.

What do you do in that situation? Here's what you *don't* do. You *don't* arbitrarily decide that since the salesperson isn't working as hard, you won't pay him/her as much.

This goes all the way back to the question of reasonable sales expectations and what you're willing to pay for that level of performance. After asking my clients to define first year objectives and compensation tolerances, I always ask them to think ahead. This process, combined with the interview process, ultimately yields 7 data points: (1 & 2) 1st year sales expectations and what the printer is willing to pay for a reasonable performance, (3 & 4) future sales expectations and what the printer is willing to pay for a reasonable performance, (5) what the salesperson needs to earn in the first year, (6) what the salesperson *wants* to earn in the first year, and (7) what the salesperson wants to earn by some future year. With those 7 data points, it is usually possible to craft a compensation plan that will work for both parties in both the short term and the long term, and that's important because *changing* a compensation plan is by far the most dangerous element of sales management.

Please note that there's usually a difference between what a salesperson *wants* to make and *needs* to make, especially in the first year. The *need* figure may have to cover hard, fixed expenses, or it may reflect the value the salesperson places on his/her own talent and experience. Either way, you have to guarantee that *need* figure, or else the salesperson won't come with you or stay with you.

You don't have to guarantee the *want* figure, but you do have to provide a reasonable opportunity to reach it. If not, the salesperson is probably not going to stay with you. Again, don't oversell the job!

Closing Thought

Here's a closing thought for today. It is certainly worth the time and effort it takes to find good salespeople, but ultimately, you don't need to keep salespeople, you need to keep customers!

In addition to the expectations and appreciation issues, it's important that you never let a customer be your salesperson's customer, as opposed to being *your company's* customer. You prevent that by broadening the interface between your company and your customers, involving designers and customer service personnel and maybe even production people in the relationship. You also make sure that you have a personal relationship with the most important customers.

Most printing companies seem to abdicate "ownership" of the customer, which makes it easy for a salesperson to take a customer along if he/she leaves to go to work for a competitor. I want you to be able to go out and say: "I'm sure 'Fred' has talked to you about continuing to buy from him at his new company. We just want you to know that 'Fred' was only one of the people at our company who's been responsible for your level of satisfaction, and the rest of us want to keep your business!"