

Homegrown vs Experienced

There's a long-standing debate in the printing industry over whether it's better to hire and train your own salespeople, or hire them away from other printers. As I mentioned in last month's newsletter, I come down pretty heavily on the homegrown side. Before I tell you why, though, let's look at the arguments for and against both approaches.

The main argument for hiring experienced salespeople is that they bring you business faster. The most desirable experienced salesperson is usually seen as the one who's been working for a direct competitor. That means that he or she has existing accounts, and at least some chance of bringing those customers along. That obviously brings an immediate benefit to the "headhunting" printer.

Even an experienced salesperson from an indirect or non-competitor offers certain benefits. One example might be a person who's been working for a forms company in an area, and is hired by a commercial printer. That salesperson may not have a ready volume of commercial work to transfer, but does have some customer relationships, and some level of graphic arts product knowledge. That, along with basic sales capability, puts this salesperson much farther along the "sales productivity" curve than an inexperienced new hire.

The same would be largely true of an experienced salesperson who had to give up a job and move to a new area for some reason. No customer relationships perhaps, but still product and sales knowledge. And it's not all that uncommon a situation in modern American society where both husband and wife often work, and both end up changing jobs when one gets a new job or a transfer.

The downside of hiring experienced salespeople is that they may have "bad habits". Sales management can be enough of a challenge without always having to hear that "they never made me do that" or "we did it this way" at another printing company.

The other downside, of course, is that you get no guarantee that any salesperson can actually bring customers and business along from another printer. But I'll come back to that...

Homegrown

The advantages of homegrown salespeople start with a lack of "bad habits". You get to teach them your way of doing things right from the start. A homegrown salesperson will often bring more enthusiasm to the job, too. Everything is new and exciting, as opposed to the experienced salesperson who may have been in a *plateau* stage before coming to work for you.

The major disadvantage, of course, is that a raw salesperson requires a considerable amount of training. On one hand, that means a significant amount of time and effort—probably yours—has to be spent to bring this person up to speed in all four of the elements of the *printing sales knowledge base*: product knowledge, market knowledge, operational knowledge, and sales technique.

(Product knowledge refers to an understanding of basic printing technology...how the ink gets on the paper as well as the specifics of various product types like business cards, folded brochures, etc. Market knowledge means some understanding of a typical printing customers' needs, and of trends in the marketplace, like the use of more and more color in printed business communications. Operational knowledge refers to the way you want your printing company to run, your established policies and procedures. And sales technique deals with the specifics of *how* to sell. I'll write more about the printing sales knowledge base in a future newsletter, and I'll be speaking at some length about these issues at the 1992 SMUG Conference on Amelia Island in October!)

The homegrown approach also means that it's going to be some time before you start seeing payback on your investment. The new salesperson has to learn, and has to build the basis of a sales relationship with each individual potential customer before orders will result. Both of those things take time.

My Preference

I've never been one who prefers the short-term fix, and that's a large part of the reason that I'd rather grow my own salespeople than hire them away from another printer. You can compensate for the "sales productivity curve" by staying out in front of it. In other words, if you expect to "need" additional sales volume in six months, you get a new salesperson started *now!*

And I think the advantage of training a salesperson *your way* is a significant one. This is not just a person who's going to sell for you. This is a person who's truly going to be an ambassador for your business. I want your

business to be important enough to you that you take the time and make the effort that it takes to be represented properly. Anything less might bring you business now, but cause you to lose it later.

A Hard Lesson

And, as I noted earlier, you don't get any guarantee that an experienced salesperson with existing accounts will be able to bring that business along when coming to work for you. This is a lesson that all too many printers have learned the hard way.

I'll only tell you one horror story. It's about a printer who hired a salesperson from a direct competitor. The salesperson told the printer that he was writing about \$300,000 per year in sales, and the printer agreed to a guarantee of \$45,000 per year on the basis of that volume.

The salesperson did bring in some immediate business, about \$30,000 in the first three months. But then it started to tail off instead of grow. By six months, the total of new business was only about \$50,000, and the printer had paid out \$22,500, a direct cost-of-sales of 45%!

I hope you won't get me wrong. This sort of arrangement does work out very well sometimes. But not always, (probably not even often) and I want you to understand what you risk. If you compare that story to a homegrown situation, you might find a printer who gains something more like \$25,000 in business in the first six months, but only pays out \$7500 in direct sales compensation. (Those figures are based on the \$10,000 salary/10% commission compensation plan I discussed in last month's SMUG Newsletter.) I'd consider that a very acceptable investment to that point, and the best part is that your salesperson, with six months of experience under his or her belt, is very well positioned to really take off!

Playing Defense

This discussion leads into the answer to a question I'm often asked: How do I protect *myself* against having a salesperson leave and take away some of my business? The answer is twofold. Broaden the level of contact between your customers and your printing company, and have a contingency plan in effect to communicate with those customers *immediately* if a salesperson does decide to leave you.

By broadening the level of contact, I mean that you make sure that each customer knows that there are other people within your company besides the salesperson who are intimately involved in that customer's satisfaction. Especially you! I'd encourage you to make joint sales calls on a regular basis, and either try to get customers into your shop on a "plant tour" to meet the rest of your people, or cycle those people out on joint calls from time to time...even your pressman!

If a salesperson does leave, your contingency plan should put you physically in front of each customer—starting immediately with the most important one and working downward in priority order—with a very simple message. "Hey, Mr. Customer," you might say. "Jack's a great guy and a wonderful salesperson. I enjoyed having him working for me but he's made a personal decision to move on. I just want to be sure that you know that Jack was only one of the people who was responsible for your level of satisfaction with our company, *and the rest of us want to keep your business!*"

I've had to implement that contingency plan a couple of times in my career, and I've *never* lost a substantial customer, or even a substantial amount of sales volume. I guess it's my first-hand knowledge that you can defend against this situation that keeps me from thinking that I can "hire" immediate growth.

So I'd rather see you take the homegrown approach. Yes, it will take longer, and you still get no guarantee that every salesperson you hire will work out. But you risk a lot less for what can be equal reward, and that makes a lot of sense to me.