

Sales Managers: Narrow-Minded or just Skeptical?

by Neil Witmer, PhD



Sales managers are skeptical creatures. Especially of consultants...easy solutions...unfamiliar technology...too many empty promises made by suppliers and production people. They have a keen eye for snake oil and hate to be bamboozled.

Several years ago a friend of mine, a sales VP who desperately needed to upgrade his team, bought a candidate testing program from an established firm. A year later the test proved to be a crapshoot. Wasted time and money. Another year of flat sales. Worse, my friend looked foolish to his CEO.

Another story. A sales manager hired a consultant to develop “world class” sales methods to expand new markets. After 3 months of paying the consultant to learn the business, the consultant proposed the same methods that the sales manager was planning to implement anyway. No wonder sales managers are skeptical about offers of help.

Narrow-Minded or just Skeptical?

Many CEOs hold the stereotype that sales managers are resistant to change...stuck on established methods...afraid to let go of unproductive staff. But are sales managers narrow-minded and afraid, or just cautious? Let's take a look.

Five top reasons why sales managers resist change—

1. “I’ve been burnt before”
2. “I know my team and my customers better than anyone”
3. “I don’t have the budget” (translated: “I don’t trust the value”)
4. “I can’t afford the distraction this quarter...or the next...or the next”
5. “I’m not ready to upgrade my team” (translated: “I don’t want to hurt the feelings of loyal people”)

In twenty years of working with sales managers, I have found few who are narrow-minded. On the contrary, sales managers (and executives) are the most creative risk-takers on the planet. Think about the creativity and risk required to make promises to customers...with unproven new product quality...and delivery out of one's control. And what about the risk of committing to a 12-month forecast, putting your reputation on the line, not to mention the bonuses of the whole team!

Risk-avoidant? Nonsense. Narrow-minded? Rarely. Protective of their people? Sometimes. Skeptical? Absolutely!

So sales managers' motives are honorable. They are street-smart. They know how to take risks and innovate, with sales strategy, relationship building or forecasting. And they have a keen eye for snake oil.

The Cost of Skepticism

But skepticism is not all good. It can stifle innovation that is critical to performance, or survival. This is especially apparent with personnel decisions.

More stories:

A \$1B technology company faced a slowdown in growth. Salespeople were accomplished at relationship building, but customers required more strategic solutions. Sales managers attempted to train strategic skills, but half the sales force stayed too tactical. The CEO was forced to step in to evaluate and upgrade the sales staff. He lamented, “40% of our current sales staff will not make it. This means hiring 30 people immediately who can, and waiting 12-18 months for them to ramp up”.

A \$100mm portfolio company with private-equity owners had a force of 40 salespeople. Each “A-player” in the group averaged \$2.5mm annual sales with gross margins averaging 55%. An analysis by the fund managers and the CFO showed that 30% of the sales force were “C-players”, with an *annual* cost to shareholders of \$8mm in gross profit! The VP sales, who had assumed that all sales teams must tolerate some C-players, was fired. The CEO also took a tongue-lashing. Exit was delayed two years.

Financial costs are easy to estimate, and they are typically huge. In addition, it is important to estimate the hidden costs that can impact customer goodwill, company reputation and frustration of both salespeople and management.

Best Practices

So what about sales managers who prove to be both skeptical *and* innovative? How do they do it? How do they, for example, upgrade the talent of their sales teams without taking unwise risks?

The simple answer is that they use “best practices”...tried and true methods, proven in other industries for upgrading sales talent. Here are five best practices we have seen used by the most innovative sales managers:

1. **Face reality; calculate the cost of “C-players”**—Innovative sales managers resist getting too close to their teams to see them objectively. They manage by the numbers, dividing their team into A-players, B-players and C-players. Rather than ranking or dividing the group arbitrarily into thirds, they use objective criteria to identify and replace C-players:
 - A-players lose no customers due to poor service. They sell in the top 10% of performers in the industry.
 - B-players lose no customers due to poor service. They sell in the top 10-30% of performers in the industry.
 - C-players lose one or more customers annually due to poor service. They sell in less than 30% of the top performers in the industry.

These sales managers then estimate the dollar cost of C-players, helping to justify the need to make painful changes. See <http://www.salesdrive.info/calc.php> to calculate the cost of tolerating an underperforming salesperson.

2. **Identify skills for the future**—Most industries are facing radical changes in customer expectations and sales channels. The sales job is different than it was when most salespeople were originally hired. For example, commodity sales, with ever increasing margin pressures, require either better relationship-building skills and/or more creative problem solving for a salesperson to win deals. Strategic solutions require conceptual thinking and long-term planning skills. And, as research has proven since the first salesperson hit the road, *Drive* is the most essential (and most often lacking) skill that allows a salesperson to adapt to changing customer needs. See <http://www.salesdrive.info/tips.php?Action=View&Who=1> for a more detailed recipe for evaluating the changing roles and skills in your industry.
3. **Avoid the development trap**—Although some B-players can be developed to become A-players, and some C-players can be developed to become B-players, not all skills are developable. Sales managers who do not understand this principle might as well flush half their training budget, and coaching time, down the toilet. In general, skills that are almost impossible to develop include: drive, competitiveness, confidence, creative thinking, detail-orientation, analytic horsepower and conceptual thinking. If these skills are essential for success in your industry, it is better to cut your losses and hire people who have them.
4. **Trust that talent exists somewhere**—Too many sales managers resist upgrading their talent because they don't believe that A-players can be recruited. This may be true if your organization has a bad reputation, or if your compensation is below standard. Otherwise, you must trust that with enough effort, and perhaps the help of a good recruiter, there are A-players out there who can generate outstanding

results for you. Sometimes this requires re-thinking your spec. For example, if you sell technical products and typically require an engineering degree or years of product-specific experience, you certainly limit your pool of candidates. But...many sales managers have found that if they first seek sales aptitude (see #2 above), and then invest enough time in technical training, these salespeople often exceed the performance of their technically educated peers.

- 5. Use proven methods to test candidates**—Most tests of sales aptitude are not very effective. Even the few “power-tests” that exist must be used carefully. Successful sales managers use good tests only as a pre-screen to bring stronger people into the interview pipeline. This saves time and increases the chance of finding an A-player. Then, armed with a well-defined skill spec, and using “experience questions” (sometimes known as behavior-based questions) sales managers “drill” a candidate until their skills become apparent. This often takes one to two hours per candidate. Further, if a sales candidate is expected to sell more than \$100k annually, with high margins, a professional assessment will pay off; see www.salesdrive.info.

The Payoff

If you are both skeptical *and* use innovative best practices, you then become shrewd. Shrewd sales managers achieve record sales and beat the pants off of their competitors!