

AN EXECUTIVE WHITE PAPER

The Seven Deadly Sins of Sales Management

Seven Deadly Sins of Sales Management Overview

The following paper is a compilation of many years of experience in sales management and observations of sales managers as they have worked at their jobs. Time was spent listening, observing, and practicing sales management for more than 25 years. Here are some of the lessons learned and the sins to be avoided.

How many of the seven deadly sins is your sales management committing?

Have you quantified the cost to your company of these sins?

SIN #1 “Let’s promote our best salesperson to be our next sales manager”



This is the sin most often committed by organizations. Despite the fact numerous sales professionals recognize this sin, many companies still commit it. Why? We often assume that our best salesperson will make an excellent sales manager.

When we do this, we ask an individual who has been successful at doing a sales job, responsible for their own performance, to now be accountable for the sales results of a group of people.

The move from a sales position to a sales management position requires a new set of skills and often, a different temperament. Many high-performing salespeople do not have the ability to coach, mentor or lead the sales force. They often see leadership as “doing it themselves” so they consistently assist their salespeople in “closing business”, rather than working with their team to make sure that they have the ability and confidence to do the job themselves.

That said, many good salespeople could be trained and developed to be excellent sales managers because they have the talent and the empathy to be a true coach and mentor. What characteristics should senior management look for when assessing sales management talent? Consider sales staff who may not be the best performers but who are the better team players and have demonstrated an ability to assist new salespeople on the job. These candidates need to have a successful sales record, but they do not need to be at the top in order to be considered.

Some top salespeople will wonder why they are not being promoted. Managers need to be honest.

Explain the skills and qualities you are looking for in a sales manager and relate them to your observations of your salesperson’s skills and successes. Some top performers will realize that they are driven by personal goals and ambition and will recognize that they are not suited for a management position. For those who insist they want to be considered, provide them with the opportunity to do some sales managing on a temporary basis or to work alongside a sales manager temporarily, so they can be exposed to the trials and tribulations of the job.

If all of this fails to dampen the ambition of the salesperson, it may be necessary to suggest they seek a sales management position with another company. In several situations where this has happened, the result is that the salesperson in question returns to the original company asking for their old sales position back. The person came back with a better sense of themselves and their skills and interests, as well as a better frame of mind for their sales career and commitment to their old company.

At the same time, there are top performers who have proven to be successful as sales managers. In these cases their former senior managers are generally viewed positively because they did not get in the way of the employee’s career path.

An additional risk associated with promoting a high performer is that a company may end up having to fill two positions instead of one: the sales rep position vacated by the promoted salesperson needs to be filled, and if the new sales manager is unsuccessful, they will most likely leave the company and the manager’s position will also need to be replaced. This can be a costly error and one that is highly distracting to a sales force.

A variety of assessments and type indicators can be used to assist in determining who in an existing sales force is a prime candidate for sales management roles.

QUESTION: When hiring or promoting people to the sales management role within your company, what special training or tools do you provide them to help ensure their success in the role?

SIN #2 “Why do salespeople need recognition... we pay them to sell don't we?”

A number of sales managers and many senior executives make the mistake of assuming that simply paying their sales staff should be sufficient motivation for their personal success. They also assume that it takes a large budget to provide the incentives and rewards that will properly motivate their sales staff.

In both cases the assumption is wrong. Numerous studies have shown that remuneration is not the top reason a person goes to work. For some top performers money is their greatest motivation, but for your general sales staff, recognition is very important to maintain a positive atmosphere in the salesroom.



Recognition, however, isn't necessarily expensive. With some proper planning, recognition programs and awards can be designed that will cost next to nothing. A simple periodic listing of results (weekly, bi-weekly, and monthly) is a good start, while the mention of a new account or a strong win in a highly competitive situation is worthy of recognition. In the book “1001 Ways to Reward Employees” (Workman Publishing, New York, 1994), Bob Nelson has some key recommendations:

- Match the reward to the person...reward your sales staff in a way that, as an individual, they find rewarding
- Match the reward to the achievement
- Be timely and be specific ... provide the recognition as soon as possible after the event and make it clear why the person is being rewarded

When designing a recognition program, make sure it reflects your company's values and business strategy, involves your staff in the program development and creates significant variety. Make incentive programs highly visible within the organization and keep them changing and up-to-date.

In addition to having a good recognition program, it is important for sales managers to keep a positive attitude with your sales staff. Your people face daunting challenges daily in the marketplace, dealing with negatives and rejection on a regular basis. The last thing they need is to return to a salesroom that is negative and unfriendly. The Alec Baldwin scene in the movie *Glengarry Glen Ross* is an exaggeration of the domineering and abusive sales manager, but it is amazing how many sales offices are still run with some fear and intimidation. Sometimes an individual salesperson needs to be given a “wake-up call” about their performance but it should be done privately. Anything you have to say publicly should be positive and geared to inspiring your sales troops ... not deflating them. Remember what your mother told you -- “If you haven't got anything positive to say, don't say anything at all.”

Stay close to your sales force and you will find the behaviors you want to recognize. Sitting in an office is not the way to discover the good things that are happening with your sales team ... see the next sin regarding staying behind a desk.

QUESTIONS: What type of formal recognition does your company have in place?
Do you recognize individual and sales team performance?
Have you been able to measure increases in confidence levels as a result of your formal recognition program?

SIN #3 “The salesperson’s job is to sell, my job is to manage the operation”

While there is some truth in this statement, the sales manager who believes that running the operation means rarely leaving the office is mistaken. There is no quicker way to lose touch with the troops than to get caught in the office with your door closed. As a sales manager there are responsibilities that involve processes and procedures including:

- developing and monitoring your sales staff’s personal sales plans
- managing the demands of your boss and corporate office
- conducting regular performance reviews
- overseeing sales meetings and attending senior management meetings



However, you must control these activities or they will eat up the day and you will not have the opportunity to work with your sales team members in the field. Sales managers should spend a minimum of 30% of their time “pounding the pavement” with sales reps. One way a number of sales managers have achieved this is by having several “house accounts” they are responsible for.

A word of caution: the sales manager’s sales efforts can never be allowed to overshadow their sales management role with staff. When the manager sells more than the sales staff it can prove to be a bad arrangement.

For many managers, developing a good “second in command” individual within the sales staff has worked well. But don’t rush to do this: it must be done in a way that clearly shows a lack of bias so the rest of the sales team is not miffed. Look for someone with leadership potential and a sense of team play.

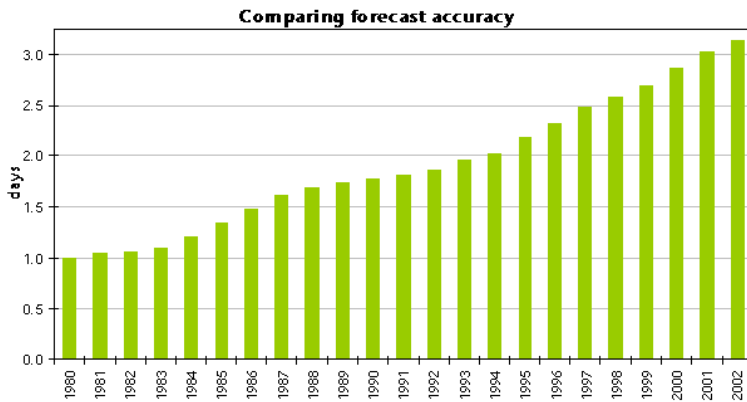
Give your “second in command” some small management assignments to start with. If this works well, you may groom your own replacement. Being a manager who is known for their ability to spot talent and to mentor and encourage staff can be an extremely valuable asset for your company. There is a need to coach and mentor all sales staff, including those top performers. In fact, some timely mentoring/coaching can reap more sales from your top salesperson(s).

Not paying attention to your sales elite can result in rogue selling behavior that may not be illegal but certainly would be categorized as unethical. For example, when a customer signs a deal with a tacit understanding that it is a “trial” purchase ... the deal should not be booked until the trial is over. Poaching in other people’s territories is another unacceptable behavior which is often tolerated because the sales manager does not want to lose the production of a good performer.

What do you do with star performers who are creating havoc with your sales team? When you are trying to make your numbers every month, it is easy to turn a blind eye to the indiscretions of your top gun. The best advice is to give them the opportunity to join the team but, if at the end of the day, if they choose to follow their own course, you should not hesitate to release them from your team. You may find a place for them somewhere else in the company or you may have to fire them. Our studies show that you will have nothing but trouble with the performance of your team as long as one individual continues to perform as a “non-team player”.

QUESTIONS: Considering that a significant role of a sales manager is to “coach” their people, how many “4-legged” sales calls (rep + manager) do you accompany your sales people on per week?
If you asked your sales people “how can I be more effective in helping you” what do you think they’d say?
Do you have a “360” degree feedback process whereby your sales staff evaluate your performance as a manager?

SIN #4 “Sales forecasting is easy...take last year’s sales and add 10%”



This is affectionately known by many of us as the “dart board” method of sales forecasting ... pick a number and work to it whether it has any basis in reality or not.

The problem with this method of forecasting, apart from the fact that it is usually wildly inaccurate, is it can sow the seeds of disenchantment and poor morale with your sales force. This happens because everybody (usually at corporate) is overly optimistic about sales for the following year. Serious problems can develop within sales forces because targets are set far too high and the opportunity to make more money than the year before disappears.

Often, there are scenarios where remuneration drops dramatically in the year even though the revenue number is about the same as the year before: the bar has been set too high for most of the sales staff to make any bonus money. In such a case, the company does fine financially, but the sales group takes it on the chin. The increased turnover in such cases is often dramatic.

The issue of sales forecasting and sales budgeting is fraught with problems. If anything cries out for a well-defined process, it is this area of attempting to foresee future results. While there will probably never be an exact formula for sales projections and there will always be divergence from the budget number, if you can train your sales staff to adhere to a clear process for their pipeline, forecasting accuracy will improve.

Forecasting must also be flexible so you can quickly respond to changes in the market. This flexibility should be used in all situations where business has changed dramatically, for either good or bad reasons. The sales force needs to be responsible for their sales activities and their results, and not punished or rewarded for sudden changes in the business cycle.

Insist on honesty from everyone, including yourself, throughout the sales forecasting process. If you have someone who has historically sandbagged their projections (made them too low), force them to come clean. Use peer pressure if necessary...the other salespeople will quickly bring a “sandbagger” in line. There will be the rare occasion when you have someone on staff who is wildly over-optimistic. Put them through the same honesty process. In both cases you can ask specific questions about customers and prospects to make sure that your staff’s sense of reality is in line with yours.

A quick note on “blue birds”. These are the sales that come in “over the counter”. Some sales managers have a bad habit of dismissing “blue birds” and making light of them. Some will deny commissions to salespeople because they did not “work for the sale”. We suggest that you celebrate them even though the salesperson has not done very much to win the deal. Celebrate because the “blue bird” in no small way rewards your staff for all the sales efforts they have made that did not result in any sales. If you find you are having a lot of “blue birds” it probably means you are, according to Geoffrey Moore, “Inside the Tornado”. Just remember this part of the sales cycle doesn’t last very long and if your sales force becomes complacent you will end up with a death spiral that will be tough to counteract. However, if you stay on top of the sales process, you should be able to manage the peaks of the cycle as well as the valleys.

QUESTIONS: How confident are you in your team’s ability to accurately forecast revenues?
Are you a victim of “quantitative forecasting” or has your company evolved to the “qualitative approach”?
Is your forecasting process still relying on percentage guesstimates?
When was the last time you won 50% of a deal?

SIN #5 “If the sales force is on straight commission, I don’t have to worry about managing them or concern myself with high turnover”

This is one of the biggest fallacies in the sales management game. The assumption is that because the salesperson will either “sell or starve”, they will be motivated to succeed and will not need any sales coaching or supervision. People who do not understand sales or the selling process often commit this sin.

Straight commission sales or draw-against-commission sales are the two toughest sales models to manage because of the pressure on the salesperson and the sales manager to get results early and often.

It takes a lot of time to ensure that you have hired the right people for the position and it takes more emotional energy and time to make this model work well once you have hired them.

Depending on the situation, as a sales manager, you have at best six to eight months to make your sales rep successful and in many cases the time frame can be counted in weeks, not months. Your success will also be affected by your company’s position in the market: it is a lot easier to generate sales if you have market share leadership as opposed to being the fifth or sixth player in a highly competitive situation. As sales manager, you need to know your sales cycle because, if it takes longer than three or four months on average to “open a relationship”, you are going to have a hard time keeping sales staff on board with a straight commission structure.

You may discover you have the wrong compensation package. Perhaps you’ll need to go to a salary structure that has a strong bonus component. Or, if you have very long sales cycles (construction, aircraft) you may have a higher salary component supported by a smaller bonus arrangement. However, don’t put your sales staff on salary if they are successful on a straight commission basis.

When successful reps are making more money than some senior executives, keep in mind and try to understand the “risk/reward” issue; sales reps risks income day-in and day-out, while those in the executive suite have salaries to rely on. Sometimes the “risk/reward” issue is ignored.

Compensation for sales staff is one of the most difficult areas for company management. You want to develop a system that works to the benefit of the salesperson, the company and your customers.

QUESTION: When considering the key motivators to sales people at-large, money is third on their list, behind doing a good job for the customer, addressing their needs and being recognized by their peers for their activities and results. How effective is your company’s recognition program?

Does it truly recognize your sales stars while motivating the entire team?

What is your company’s annual sales turnover rate?

How challenging is it today to recruit, train and keep high quality sales professional?



SIN #6 “I trust my gut when it comes to hiring salespeople”



Many are familiar with the “salesroom salesperson”. This is the salesperson whose most effective sales pitch was to the sales manager who hired them. Most of these types of hiring mistakes are a result of relying too heavily on “gut” feeling. Everyone in sales management roles must remember that we are probably the most susceptible to the “interview sale”. This is the person who is smooth, gracious and confident in the interview but can’t qualify a sales opportunity or close a barn door let alone a deal in the real world of sales. Beware of first “gut feelings”.

Most large sales organizations now use some type of assessment tool to assist in the process. Consider doing assessments before the interview process. There are several good tools available to assist with the hiring task to make it easier and more effective.

Everyone hiring salespeople should be trained in behavioral interviewing. This interviewing technique is designed to give a picture of past behavior that will indicate future performance. Don’t accept vague answers; ask for as much detail as you need to demonstrate past successes. The responses from this type of interviewing are much more valid than comments from those listed as references.

When you get to the reference-check part of the process, make sure you call at least three people before you make a decision and ask for more if you are not sure about the candidate after talking to the first three references. Vague answers are a good indication of problem areas with your candidate and the alarm bells should be ringing loudly. Some references will not give detail for legal reasons. So don’t depend on this.

Many mistakes in hiring are the result of not spending enough time up front screening the candidates as closely and as carefully as possible. We, as sales managers, are in such a hurry to fill the position and get on with other issues that we fail to do the due diligence required to weed out the people who are just not suited for the job. Spend more time on the hiring process and you will spend less time on the firing line. No one enjoys the task of firing someone. Put the proper effort into the hiring and your job will be easier and more enjoyable.

QUESTIONS: Do you apply best “hiring” practices when it comes to recruiting new sales people for your company?

What is the impact to your company if you do not recruit the right people?

SIN #7 “Every salesperson is different...so is their style of selling and their sales process”

Encourage the individuality of your salespeople in their style of selling, but train them in one single process of sales. The reason you want a standard sales process is to make the job of the sales manager easier and more effective: with only one system to be concerned about, everyone works with the same definitions and understandings. By focusing on the sales process, you are, for the most part, able to eliminate the personal issues in dealing with performance matters - good or bad.

Diversity of personalities is important because this brings real strength to your sales force. Salespeople can sometimes find another associate who can better deal with a particular client or provide advice on how to approach a specific account. If you run your sales team with an honest desire for dialogue and input, you will be amazed at how much actual mental horsepower you have working with you.



QUESTIONS: How many sales people do you have?
How many sales processes do you have?
Does sales management at your company feel like psychology?

Other sins to be wary of:

Service problems are not my problem...

This is a serious sin because it clearly indicates that sales management is working without any sense of teamwork or cooperation with the rest of the firm. This attitude will eventually cost sales because customers do not see you as separate departments but rather as one entity. If the service department or the billing function is not doing things properly, the end result is an unhappy customer. How successful is your sales staff going to be selling to an unhappy customer?

Question: How well does your management team work together as a cohesive unit?

Having only top-line responsibility

Sales managers who will do anything with pricing in order to make their numbers commit this sin. The problem with this attitude is that if there is no bottom-line responsibility. It is a great way for a company to lose money. The reward packages of all sales managers need to be a combination of top-line and bottom-line results.

Question: Does your compensation program reflect profitability targets as well as revenue goals?

Faliure to deal with poor performance

Finally it is important to deal with poor performance. A lot of people struggle with Jack Welch's concept of removing the lowest performers. There can be a fine balance between poor performance and a temporary downturn, but we sometimes we have to face the fact that some people are not suited for their particular sales role in your company. Letting them go can sometimes be the best thing you do for them.

Questions: Are you consistently reviewing the performance of your sales staff?
Have you communicated clear expectations for performance and the consequences for non-performance?

CONCLUSION

There are no “silver bullets” for any sales manager that will guarantee success. However, if you work hard to avoid the sins outlined here, you can be assured that your tenure as a sales manager will be more successful, less stressful and a lot more enjoyable than if you choose to ignore these lessons.

And if you routinely commit several of the sins of sales management and your sales staff commits the sins of selling, you can be assured that you will have a challenging tenure as a sales manager.

To be successful, discipline yourself to some of the processes described: Make sure you have a hiring process, an orientation process for new sales staff, a sales process for your troops and a process for rewarding them for their hard work and efforts. Similar to any good athletic team, you need to have the discipline to execute your game plan each and every day.

A key role for a sales manager is to eliminate or mitigate the internal hurdles that organizations build, often inadvertently, to impede their sales staff. Your salespeople face enough obstacles fighting off your competition and attempting to meet the needs of your customers. They don't need to run another gauntlet when they return to the office.

A great sales manager once consistently told his sales staff to “Just make the calls”. A simple piece of advice, but very effective.

Whatever plans and processes you devise, stick to them and adjust as required. Sales will always be both an art and a science but the more activities you put into a process, the more predictable your outcomes will be.

Stay close to your sales staff and work with them to get the best results possible. Your job is to find ways to leverage the best performance from each team member. It won't be easy and there will be times when you have to make some tough decisions, but if you work at it, you will find the job very rewarding and lots of fun.

Remember that in sales your best day always available each and every day and no matter how bad the day gets, focus on the issues, not the people.

