



Driving sales teams in 2010 Survey Results

What your competitors are doing to measure and improve their sales performance.

HRM | DRIVING SALES TEAMS IN 2010. WHAT YOUR COMPETITORS ARE DOING - survey results

For most organisations, the changed economic climate has placed even greater pressure on the sales function. Sales leaders have had to address the challenge of increasing sales performance, while external forces have obviously reduced the number of real opportunities in most markets. At the same time, margin pressure is extreme and several sectors face the dual challenge of decreasing volumes and price.

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Such substantial change in market opportunity levels, married to similar shifts in buyer drivers and behaviour, mean sales leaders charged with getting revenues back to acceptable levels are reviewing all around them. From the data that drives key business positions, to the processes by which customers are identified and retained, good leaders are asking important questions about all aspects of their business.

Most sales leaders report the single most difficult aspect of this strategic review and change process, as being hiring good sales talent in a recession. With unemployment continuing to rise, it would seem the opposite should be case. However, determining whether a candidate is good in sales or just good at selling themselves is a real challenge. Similarly, it can be difficult to separate the skills of the sales person from the success of the company, he or she has worked for. Added to this, naturally companies are working hard to hang on to their top performers, so reducing the quality of talent generally available.

The profile of leader that organisations seek to hire has also changed. Sales Directors who want to simply manage teams are no longer good enough. Companies want their senior people to lead from the front and set the pace for their reports.

Equally, organisations recruiting sales executives and business developers, do not want to hire people with Account Manager profiles. Hunter-gatherers are on everybody's want list. Sales professionals with, as this survey highlights, great relationship skills, resilience and a strong results orientation are the target.

A total of 641 sales leaders participated in the survey. Their companies come from a wide range of industry sectors, and represent a broad spectrum of organisation sizes.



Michael O'Leary, Managing Director,
HRM Executive Recruitment

Survey Data.

A total of 1,000 senior executives were asked to participate in the survey of which just over 64% responded in full.

The companies that these responding executives work for, operate in the following market segments: Banking 7.8%; Consultancy 3.2%; Distribution & Logistics 4.8%; Engineering 3.2%; FMCG 20.6%; Healthcare 14.3%; Hospitality, Leisure & Tourism 3.2%; Insurance 4.8%; IT 12.7%; Manufacturing 3.2%; Media 7.9%; Professional Services 3.2%; Other Services 4.8% and Telecommunications 6.3%.

The roles that respondents perform for their companies are reported with the following distribution:

Managing Director	23.4%
General Manager/Operations Director	10.4%
Sales Director	27.2%
Sales Manager	29.7%
Commercial Director	5.1%
Commercial Manager	4.2%

Survey Highlights

1. 95% of senior sales leaders, say they now make much tougher decisions around key performance indicators.
2. Reflecting the need for stronger selling skills and experience 100% of respondents say they now work on sales call or sales meeting preparation with members of their team.
3. A majority of respondents now review the sales pipelines of their sales executives on a weekly basis. Volume and value of sales are now being reviewed at this frequency, along with prospect meetings and sales to specific key customers.
4. In the new sales hungry economy, pure selling skills are seen as the most important priority when hiring a new sales person. Achievements and previous experience is the second most, while product or application knowledge simply does not rate.

The characteristics of a high performing sales person.

Question 1: How important to high sales performance, do you rate each of the following characteristics?			
	EXTREMELY IMPORTANT	SOMEWHAT IMPORTANT	NOT IMPORTANT
Impact	55.6%	42.2%	2.2%
Need for control	29.6%	63.6%	6.8%
Organisation and planning	88.4%	11.6%	0%
High self-esteem	59.1%	40.9%	0%
Strong interpersonal skills	93.3%	6.7%	0%
Resilience	80.1%	19.9%	0%
Results focussed	97.7%	2.3%	0%
Ambition	60.7%	37.1%	2.2%
Strong relationship building skills	97.2%	2.8%	0%

Companies headquartered overseas, are twice as likely as Irish companies, to see “High self-esteem” as a priority.

Perhaps typical of the employee size distribution of companies in Ireland, two thirds of responding companies employ 100 people or less. Just over 20% of responding companies employ between 101 and 500, while the balance of nearly 13%, employ 501 or more.

Question 2: Which of the following headline measures, do you believe is the single most important criteria used to evaluate a sales person’s performance ?	
Revenue versus Target	75.6%
Orders versus Target	4.4%
Revenue over previous year	13.3%
Achieving set activity targets	6.7%

Question 3: Which of the following financial measures, do you actively use to evaluate your sales executive’s performance?	
Sales profitability at person or territory levels	64.4%
Average margin or discount provided	8.9%
Total cost of sales person against sales achieved	28.9%
Sales invoice receipts / cash collection	22.2%
Sales growth	11.1%

Managing Directors and General Managers are up to three times more likely to use “sales profitability” as their key financial measure. Sales Directors, who have their hands on the sales budget, prefer to look at “total cost of person against sales”.

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Managing high sales performance.

Question 4: Which of the following metrics do you use, and with what frequency, to evaluate the pipeline of your sales people?				
	WEEKLY	MONTHLY	QUARTELY	NEVER
Volume & value of sales in pipeline	56.2%	34.1%	7.3%	2.4%
Volume & value of quotes in pipeline	34.2%	34.2%	21.1%	10.5%
Sales with new customers	31.7%	46.3%	19.6%	2.4%
Sales with key customers	48.8%	46.3%	4.9%	0%
Sales of key products	34.1%	46.4%	12.2%	7.3%
Conversion ratios	15.8%	47.4%	18.3%	18.5%
Average invoice values	25.7%	37.1%	20.1%	17.1%
Average sale cycle time	10.8%	40.6%	24.3%	24.3%
Prospecting telephone calls	26.3%	21.1%	2.3%	50.3%
Prospecting meetings	40.1%	22.5%	22.5%	14.9%
Average calls/contacts to close a sale	20.4%	41.1%	10.3%	28.2%

Companies headquartered in Ireland are more likely to evaluate the performance/pipeline of their sales people on a weekly basis. Responding companies whose headquarters are overseas, prefer a monthly review cycle.

Question 5: Which of the following do you regularly use to stimulate sales performance?			
	FREQUENTLY USE	SOMETIMES USE	NEVER USE
Pipeline reviews	61.5%	28.2%	10.3%
Sales call or meeting preparation	66.7%	33.3%	0%
Sales call or meeting debrief	62.5%	32.7%	4.8%
Territory reviews	52.5%	32.2%	15.3%
Major account reviews	76.2%	23.8%	0%
Win / loss debriefs	29.7%	51.4%	18.9%
Coaching or mentoring sessions	57.3%	39.8%	2.9%

Just under 70% of responding companies are headquartered in Ireland, with the balance of 30.3% being headquartered overseas.

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Recruiting and retaining high performance sales people

Question 6: Which of the following attributes, is the single most important priority for you when hiring a new sales person?	
Product or application knowledge	4%
Customer or industry knowledge	18.2%
Pure selling skills	52.3%
Reporting accuracy and timeliness	0%
Previous achievements and experience	25.5%

Managing Directors and Sales Directors look at “achievements and experience” as their most important criteria, while General Managers look for “pure selling skills”.

“Pure selling skills” features as the biggest priority when hiring for companies with 100 employees or less.

“Pure selling skills” is twice the priority for companies with Irish based headquarters when hiring a new sales person compared with international firms, whose priority is “achievements and experience”.

Question 7: As a direct result of cuts to compensation plans, driven by the economic downturn, have you lost any high performance sales people?	
Yes	20.1%
No	79.9%

Although the overall “Yes” response here is low, Irish companies were 50% more likely to have lost a high performing sales person, than companies headquartered overseas.

Question 8: Which of the following steps do you regularly take in order to evaluate your organisation’s ability to retain it’s high performing sales people?	
Tracking % of sales people at or above plan/target	64.4%
Publish performance leagues for all to review	8.9%
Formally evaluate employee satisfaction	28.9%
Formally use measures aimed at retention of key sales people	22.2%
Conduct formal performance appraisal	11.1%
Implement employee incentive schemes	11.1%

Companies headquartered overseas are 50% more likely to use formal employee satisfaction measurements and five times more likely to benchmark employment terms against competitors.



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Adapting your management approach to new challenges.

Question 9: Which of the following statements accurately reflects changes you have instigated consequent to the economic downturn?

	STRONGLY AGREE	AGREE	AGREE SOMEWHAT	DO NOT AGREE
I make tougher decisions around KPI's	46.5%	48.8%	4.7%	0%
I have changed vertical or geographic segments	24.4%	41.5%	17.3%	16.8%
I have implemented training specifically to cope in this new market	22.0%	43.9%	31.7%	2.4%
We contact regular customers more often than before	30.3%	44.2%	18.6%	6.9%
We work more closely with our operations departments than before	28.1%	44.9%	17.2%	9.8%
We work more closely with our accounting department than before	23.3%	48.8%	23.2%	4.7%
We have ceased trading with unprofitable customers	14.6%	24.4%	38.8%	22.2%
We have reviewed our credit control policies	28.6%	40.5%	23.8%	7.1%

Respondents in companies with up to 500 employees, indicate they have definitely started making tougher decisions around “key performance indicators”.

Companies employing 501 or more employees are those most likely to have “reviewed geographical or vertical segments”.

Companies with 101 employees or more, are twice as likely to have implemented “training needs specific to the market”.

Irish companies are 30% more likely to be working “more closely” with their accounting departments, than companies with their headquarters overseas.

Question 10: Which of the following measures do you now use to evaluate your customer relationship management?

	EXTREMELY IMPORTANT	SOMEWHAT IMPORTANT	NOT IMPORTANT
Customer winbacks	26.4%	44.7%	28.9%
Customer retention	73.8%	9.5%	16.7%
Existing customer growth	79.1%	14.2%	6.7%
New customers acquired	77.3%	20.4%	2.3%
Customer product range penetration	49.8%	39.5%	10.7%
Territory potential penetration	51.3%	28.4%	20.3%
Lifetime customer value	20.5%	41.0%	38.5%
Customer complaints	42.7%	38.1%	19.2%
Customer satisfaction measurement	41.1%	43.6%	15.3%
Number of advocat customers	31.8%	38.9%	29.3%
Feedback through partners/re-sellers	35.9%	38.5%	25.6%

Companies headquartered overseas are more frequent users of formal customer satisfaction measurement tools, than Irish companies. Irish companies are more likely to use “customer complaints” or the absence of them as a CRM guide.

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When you hire your sales people, these are your priorities.

Question 11: Review and rate each of the following characteristics to reflect those which you most value and look for when recruiting a sales person for your organisation.

	EXTREMELY IMPORTANT	VERY IMPORTANT	QUITE IMPORTANT	NOT IMPORTANT		ALWAYS TRUE	OFTEN TRUE	SOMETIMES TRUE	NEVER TRUE
Consistently hits sales targets	51.9%	48.1%	0%	0%	Can offer a unique/concise value statement about your product/service	40.9%	43.2%	15.9%	0%
Has a sales oriented objective for every call	50.2%	33.3%	16.5%	0%	Keeps great notes on the CRM of key conversations and account status	26.2%	50.3%	21.1%	2.4%
Ability to turn cold calls into warm calls	40.7%	46.7%	8.2%	4.4%	Stays away from non-work related computer and social activities in work	21.4%	23.8%	40.5%	14.3%
Targets the highest level executive relevant for each sales call	34.8%	50.1%	10.0%	5.1%	Actively supports internal initiatives from his or her sales manager	34.1%	43.9%	19.6%	2.4%
Offers well thought out solutions to internal company problems	45.2%	35.7%	16.7%	2.4%	Focuses on the positive, stays away from gossip about others	35.7%	40.7%	16.5%	7.1%
Fully qualifies the prospect on the first call	21.9%	51.2%	24.4%	2.5%	Consistently seeks to improve through coaching and learning	52.4%	42.9%	4.7%	0%
Has quality conversations with a high level executive in every major account or target account in his/her territory	56.3%	38.8%	4.9%	0%	Is customer focussed and strives to ensure that his or her offering betters those of competitors	62.8%	27.9%	7.0%	2.3%
Sells consultatively; is considered an expert resource for clients and colleagues	53.7%	34.1%	12.2%	0%	Takes the high road, acting ethically, honestly and with consideration to clients and colleagues - keeps his or her word	63.4%	31.7%	4.9%	0%

The top priority for Irish companies when hiring sales people is to recruit those who “take the high road” by acting “ethically and honestly”. Their second greatest priority is “customer focussed” sales people, who “strive to ensure their offer is better than their competitors. Both of these signal that repeat business is the priority. It appears Irish companies may have taken an important CRM lesson from the downturn. Companies whose headquarters are based overseas, identify having a “consultative style of selling” and being seen as an expert resource as their top priority. These respondents report the ability to keep effective track of sales processes, through CRM as their second biggest priority.

Summary

The above table which gathers the thoughts of sales leaders from such a diverse range of backgrounds, acts as a perfect template from which to create person specifications for sales leaders when hiring new recruits. While all these characteristics are desirable in some portion, the very real challenge companies face is in balancing the “must haves” with the “can haves” so that a hire can in fact be made at all. Too many companies still believe rising unemployment means an abundance of available talent. Meanwhile, highly competitive organisations have moved on and are working hard to develop their talent pipelines. Clearly demand for “real” selling skills is extremely high, as sales leaders look for executives, who can not only seek out opportunities, but deliver to a customer, one who wants to repeat the experience. They seek ethical, articulate, results oriented sales professionals, who are highly influential with natural planning skills. And therein lies the rub, how many of these have you passed on your travels in the last five years.

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