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GROWING GREAT COMPANIES

HIRING THE RIGHT SALES PERSON

What To Look For And Which Incentives To Use To Attract Them



HIRING THE RIGHT **SALES PERSON**

Much of the success of companies today has to do with having the right sales people. With an excellent team of motivated sales people, the bottom line of any company can be made to show a strong profit – month after month – and oftentimes even when the economy is not very strong. While you already know about the need for top-notch sales professionals, what you may not know is how to ensure that you hire the right sales people in the first place.

According to the Rain Maker Group, top sales performers will typically bring in between four to five times as much profit as the lower end of your sales personnel. In most companies, the top performers amount to only about 20 percent of the sales force, which means hiring the right sales professionals for your company to replace the other 80 percent would make a drastic difference in the amount of annual profit that your company could make.

What is even worse, however, is that low producers are actually costing your company. Mike Stewart CSP, who wrote a white paper entitled *Pre-Hiring Assessment of Salespeople*, says that based on his research it is actually costing you between two and three times their annual salary – that’s a serious loss that you cannot afford these days. If, for instance, they are being paid \$50,000 annually, then it is actually costing your company between \$100,000 and \$150,000 to keep them – each year.

These figures make it clear that your company cannot afford to continue to make sales hiring mistakes. By eliminating the guesswork in your hiring practices, over time you can develop that winning sales team that will dynamically change your company in terms of profit, motivation, and growth. A good place to start is with companies such as HR Challey which focus especially on assessing quality sales people. They can provide you with the assessment tools you need to make the difference you want.

Many companies have successfully used a number of incentives to motivate their sales force. But before selecting any incentives, you must understand that most sales professionals can clearly be divided into two main types – hunters and farmers, says HR Challey. A hunter does what it takes to find new contacts – they are assertive, outgoing, and entrepreneurial and love challenges – they are great at prospecting for new customers, scoping out new territories and developing brand new business prospects. A farmer, on the other hand, is much more laid back in their sales approach. They are content to manage relationships with the customers they already have. They are also great at developing long term clients, and maintaining business by entertaining and satisfying customers through managing service and support teams. Because of the dramatic differences in the personalities and styles of hunters and farmers, the incentive that works for one would be almost meaningless to motivate the other. Therefore you must gear the incentive to drive the results for the type of sales individual that you are managing and want to motivate, and for new hires, you must gear the incentives so that they will attract the type of new salespeople that you want to hire.

An important part of the hiring process should also involve what is now commonly referred to as employment branding. When a company creates a reputation among its employees that matches the promises of its career webpages – and related employee marketing, then it becomes an exciting and attractive place to work. Why does your company need employment branding? Because when potential employees talk to

your existing employees, review your company’s webpages, read your want ads on Monster, or visit your booth at tradeshow, etc... and then walk through your halls and meet your staff – you want them to hear, see, and “experience” the same consistent messaging about what it’s really like to work there. All of this employment branding will work together to further attract or repel certain types of applicants.

If the message they pick up from other sources (other than the interviewer) does not match what they hear in an interview, it will definitely send the wrong message – to possibly the best people. When that happens, they will interview elsewhere – and your company could miss out on a golden opportunity. You know that there is a serious problem with employee branding when you see too many well-qualified candidates not accepting your job offers. One company that specializes in identifying company culture and then enables you to build a solid employer brand is the Bernard Hodes Group. They can help you sort out what is the ideal candidate profile and identify how they would be best attracted, and then show you how to develop marketing and hiring campaigns to draw that type of person in to your company.

A white paper at the Bernard Hodes Group called *Recruitment Process: Keys to Success*, mentions that not having the right incentive systems in place, as well as a poor employer brand, can also be costly in other ways. To compensate, employers have to pay more money to get potential candidates, have to wait longer to fill positions, and a constant churning of positions will also be taking place at the same time.

Another white paper at the Hodes Group called *Employer Branding as the Foundation for Organizational Success*, by D. Mark Hornung, mentions that having a third party group evaluate your employer brand is essential because employees often will not say exactly what they feel to their employers. Using your own company personnel for the survey may also fail to ask the key questions that will provide you with the right information you need to carefully design the powerful employer brand your company needs.

Choosing the right incentives to attract the right sales professionals for your company is also essential to getting the constant flow of new people for your company. Good incentives will also enable you to retain the right people on your sales force and to see many more resumes sent to you on an ongoing basis from better qualified sales people as a result of employee-provided sales representative referrals. You can get a good set of ideas for possible incentives by finding

out what your competitors are offering by asking for details when interviewing potential employees – and you can be sure that potential sales employees will be comparing your incentive programs the same way, too.

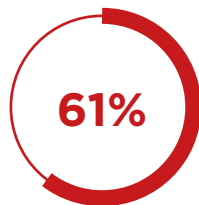
Besides a base salary, typical incentive plans can include:

- Monthly commissions based on individual performance
- Quarterly Bonus Programs based on division performance
- Annual Bonus Programs based on corporate performance
- A combination of individual, division, and corporate performance
- Incentives based on new products/services sold

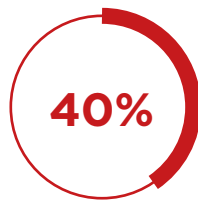
- Incentives based on specific products sold
- Incentives based on increasing sales at existing customers
- Incentives based on increasing sales at new customers

A sales incentive package should include both long-term and short-term goals. The Hay Group (experts in compensation consulting) suggests that your incentives should be aligned with individual and business performance. This is especially true of short-term goals. Long-term goals, however, should be aligned with shareholder interests and a goal of retaining your key people. In a white paper at Selling Power, Ed Galonek the writer, reports that when a well structured incentive program is established, the revenue will ultimately increase to between three to ten times as much as the cost of the incentives.

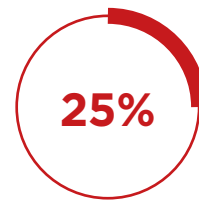
Your company's incentives can range from bonus schemes to various pay plans, but they need to match the type of sales professionals you want to attract. With pay incentives, the Hay Group mentions some specifics in a white paper about trends that it has found. An overall trend, the paper says, is that there is a much greater alignment today between a variable pay policy and a fulfilling of company strategy – a greater strengthening between reward and performance. Some of the numbers it found among companies and how they use incentives are:



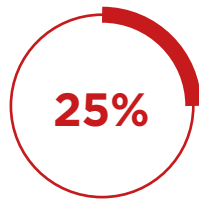
Better alignment with business strategy



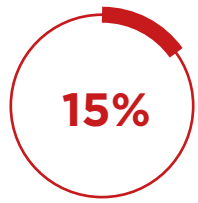
Improve company or team performance



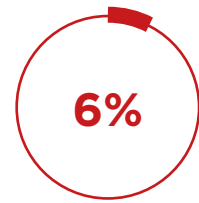
Reinforce specific business priorities



Improve individual performance



Ensure retention



Comply with regulations or governance requirements



The same paper also mentions that using financial awards may have some potentially serious limitations. One of these is that it may tend “to disengage the majority of employees, who are motivated by more than financial success and who want to be part of an enterprise or goal they can believe in.”

There are many different ways to motivate sales personnel and other employees in your company for that matter, too. Motivating an individual may enable you to increase performance in a group by 22%, says a SITE survey. Offering an incentive to a team, however, or to the company as a whole, can bring about an increase of 44%, the same survey found.

Here are some incentive ideas that are commonly used to motivate people today:

- Recruitment incentive
- Retention incentive
- Relocation incentive
- Telework from home or remote offices
- Alternative work schedules
- Additional annual vacation leave
- Gift items or gift cards
- Special organizational benefits
- Student loan repayment
- Vouchers for further education, childcare, etc.
- Special trips, cruises, sport event tickets, spas, and special weekends
- Electronics, or certificates for electronics
- Jewelry – watches, rings, crystal, clocks, etc.
- Company advertising specialties with logos – like shirts, mugs, padfolios, etc.
- Cars – drive a Lincoln for a year, do good next year – keep the car; two-day tour at Road Atlanta – driving a Grand Prix racer.
- Recognition – annual sales meetings, people being able to know where they stand in relation to others – quickly and easily. Create a day in their honor. (About 75% of employees expect recognition these days.)
- “Run Through the Warehouse,” – at Maritz Enterprises, winners run through a 400,000 square foot warehouse – grabbing as much merchandise as they can.

Design your employer brand and develop it, then carefully choose your incentives so that both match the sales goals and personality type you are seeking. Then watch the resumes from quality sales professionals and carefully assess how they will fit best. Decide whether they are hunters or farmers, and what’s going to motivate them. Then, interview, grade, and make the right hire.

In order to learn more about how you can incorporate employer branding and sales incentives into your company sales team to improve your bottom line, visit The Ropella Group at www.ropella.com. There are many white papers, client tools, information posters, and related resources available, including the book *The Right Hire*. These information resources will help you get started towards successfully Sourcing, Marketing, Assessing, Recruiting, Retaining, Training, and Transforming an ongoing stream of professional sales people.

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- Biz Community; Boost performance with incentives - But think about it first!
<http://www.bizcommunity.com/Article/196/20/2586.html>
- Software Sales Jobs; Want Better Sales Results? Try Recognition!
<http://aux.softwaresalesjobs.com/index-wrap.jsp?u=o/newsletter/articles/con-article211.jsp>
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