

# Breaking The Great Sales Myths

**R**igorous quantitative and scientific research can often debunk long-held “traditional wisdom.” Modern “business-to-business” research measuring customer purchase choices, as well as sales force and individual salesperson effectiveness, has provided many of the biggest surprises. The following eight sales “myth-breakers” are a case in point:

1. ***Business buyers select a vendor more on the skills of the salesperson than price, quality, or service features. It's 39% for the salesperson and only 18% for price.***
2. ***Customers rate sales forces that sell commodities as the strongest and most consistent “world class” sales performers.***
3. ***As a talent-based vs. a learned skill, exceptional sales effectiveness is usually inversely correlated with “academic” interest.***
4. ***Psychological theory can't predict sales success.***
5. ***Sales excellence can be coached but not trained.***
6. ***The most commonly trained sales skills seldom influence customers to buy.***
7. ***The more salespeople achieve success in one market; the more likely they are to fail in a different market.***
8. ***Compensation levels of salespeople in different markets are not necessarily related to the level of talent needed to succeed.***

## **THE 39 PERCENT FACTOR**

Annual “World Class” sales force benchmarking projects conducted by the Dayton, Ohio-based HR Chally Group have collected data from over 100,000 business decision-makers. Correlating the quantitative ratings against actual purchase decisions makes it possible to measure the impact of a variety of factors on the customer's decision to buy.

According to more than 23,000 business customers, overall customer satisfaction is determined by four major factors, which depend largely on the salesperson:

- **Salespersons competence (39 percent)**
- **A total customer solution (22 percent)**
- **Quality of product or service (21 percent)**
- **Competitive price (18 percent)**

## COMMODITY SALES REPS AS STARS

When the customer knows your offering has the same features, quality standards, and even price as that of your competition, the added value the salesperson brings to the table is the only differentiation. There is no “better mousetrap,” “new and improved,” or even “special offer” that the competition can’t or won’t match -- almost instantly. Since 1994, almost all of the customers’ top-rated or “world class” sales forces sell products that would be described as commodities, and only three companies (selling commodity materials, supplies, or paper) have been named more than once. (See chart.)

### How Customers Rank Selling Effectiveness in Different Industry Segments

Rank	Industry	Average Rating
1	Fine Paper	89.50
2	Business Forms	88.65
3	M.R.O.*	88.47
4	Original Equipment Auto Parts	88.36
5	Office Supplies	88.27
6	Chemicals	87.97
7	Rubber	87.87
8	Primary Metals	87.74
9	Electronics	87.70
10	Office Productivity	86.67
11	Aftermarket Auto Parts	86.52
12	Health Care	86.10
13	Pharmaceuticals	85.99
14	Computers & Software	85.80
15	Delivery/Freight**	85.51
16	Telecommunications	82.54

**Key to Ratings:**

100 = Excellent  
90 = Very Good  
80 = Good  
70 = Average  
60 = Poor

\* Maintenance, Repair and Operations  
\*\* Freight combined with Mail into a “Delivery” segment

## SALES SUPERSTARS USUALLY DON'T SHINE IN SCHOOL

Unfortunately, many companies recruiting for sales positions set minimum academic grade requirements. The evidence indicates, however, that school grades tend to be inversely correlated to later success in many sales positions, especially “hunters” or other natural talent-based positions. The explanation is straightforward; school is a written media, reading is the critical study skill, and writing drives the main testing and grading process. Selling, however, is primarily an oral skill, dependent on listening and communicating.

A facetious example may make the point. Suppose there were two candidates for a sales job. One was a summa cum laude graduate of MIT with a major in physical chemistry, 4.0 GPA, finished in 3-1/2 years. The second candidate barely squeaked through a local community college, 1.999 (rounded to a 2.0) GPA, worked part-time, and took almost five years to graduate while changing majors three times.

Even before we meet these two candidates we could guess about a couple of major points. The first candidate is obviously studious; so much so we can guess he probably only knows a couple of people well: One would be a roommate and the other a lab partner. We know he hasn't had time to spend socializing. He has spent little time with the more “personal” problems that occupy most students. He

may not even pay much attention to world affairs or current events.

Our second candidate, however, will have a very different bio. He is likely to know everybody on campus; more importantly, everybody knows him. A large amount of time was spent at part-time jobs, sorority and fraternity functions, and other social events. The student union is a home away from home, where all of the popular issues of the day are debated. Most importantly, he has learned to “answer objections” and “close” through repeated attempts to convince professors to upgrade a “D” to a “C” or even an occasional “F” to a “D.” These challenges can prepare the bright and “sales-talented” individuals quite well.

## **PSYCHOLOGICAL THEORY DOESN'T PREDICT SALES SUCCESS**

Chally was created as a result of a U.S. Justice Department grant to develop a legally defensible selection test in response to Supreme Court rulings about employee selection. Psychologists were hired to identify or develop the selection instruments or psychological tests best suited to predict future on-the-job performance. Unfortunately, none worked well in predicting on-the-job success. Today, “pop” psychology is still driving the sales of popular books. Theories such as “Maslow’s hierarchy of needs” are still taught in many places, even though they were discounted years ago. We should have recognized that many theories are really part of a local culture. For example, the WWII Kamikazes [suicide bombers] did not believe that personal survival was the most basic drive.

One effective approach to predict future performance is based not on psychological theory but actuarial science. The same predictive statistics the insurance industry uses turn out to be very effective.

## **SALES TALENT CAN BE SHARPENED, BUT NOT CREATED**

“You can’t train a person for a job they can’t do!” This old “saw” is typically forgotten in the rush to fill open territories or cover critical positions. The key is distinguishing between “talent-based” skills and those that can be learned. The most frequently identified talent positions include: sports, military leadership, political electability, entrepreneurship, certain creative writing, computer programming, design, mathematical, artistic, and most sales skills. This doesn’t imply you can’t teach anybody how to write programs, run for office, or play golf, but all the training in the world won’t make most of us into the next Jack Nicklaus or Tiger Woods.

## **SALES TRAINING IS NOT ENOUGH**

We are all familiar with typical sales training. Some focus on the basics and some on more advanced skills. They are necessary but not sufficient. Research in two categories sheds critical light on the sales skills that make a difference in the customer’s decision to buy. The first comes from correlating customers: rating of salespeople against the volume, margin, and repeat purchases they made. Only three sales skills made a difference:

- **Competence at “personally” managing the total customer relationship**
- **Understanding the customer’s business**
- **Acting as a customer advocate to correct any and all problems**

The second source of research analysis focuses on why customers defect. The No. 1 complaint? “The sales rep didn’t understand my business.”

The most powerful training focuses on learning the customer’s business and being able to manipulate your own systems efficiently to serve the customer’s business priorities.

### ***TOP-PERFORMING SALESPEOPLE CANNOT SELL IN ALL MARKETS***

It would be convenient to believe a simple philosophy, such as “just learn the skills and apply yourself, and you can sell to anybody.”

Unfortunately, customers are too different for a one-size-fits-all approach. Some customers need a “high-tech” solution, while others need “high touch.” Some want neither and some want both. Just like professionals in other talent-based careers, the jack-of-all-trades is master of none. The most unique or specialized skills include new business development (hunters or rainmakers), strategic account managers, and outbound telesales personnel. Job descriptions that equally emphasize a number of criteria -- such as “penetrate existing accounts,” “develop new business,” and “expand to multiple contact levels within certain key accounts” -- cannot be filled by 99 percent of even the best salespeople. Even if such a rare superstar were found, the compensation level would be way out of range.

### ***WEAKER PERFORMERS IN SOME MARKETS MAY EARN MORE THAN STARS IN OTHER MARKETS***

The message is critical to understand when considering hiring experienced personnel from other business segments. In general, compensation increases as the margin for a product or service increases. When the cost to produce a product or service is a small percentage of the selling price, variable compensation can be extreme. Likewise, when the product or service being sold is a discretionary or infrequent purchase, billing margins and the accompanying compensation can also be high. This proves to be most frustrating for companies hiring high-tech salespeople from a glamorous former position with expectations based on their previous earnings. They usually end up as an expensive mis-hire.