

Sales Questions

Q. I'm trying to benchmark what percent of revenues top, average, and low performers (sales reps) typically represent. For example, top performers -- the top 20% of your sales force -- account for 80% of revenue. Do you have such data, and how could I obtain it?

A. We have not aggregated data generically across all industries. It would be interesting but the "moderator" variables within industries are too extensive, in our view, to make it meaningful. If you've tracked our benchmark research you'll know the effectiveness of sales forces varies dramatically by industry. Paper, Forms, MRO, and other commodity selling sales forces set a much higher standard of performance. In these organizations, the curve is much flatter and performance for the top would be fairly consistent for the top 35-40 percent. And the weakest performers would be only the bottom 8-12%. The exact opposite is true for most "high-tech" products such as Software or Pharma.

In addition, the type of compensation and the percent of compensation at risk is a strong moderator. The 80/20 ratio would go up to 90/10 or worse when there is little compensation at risk ... and like the effect of higher standards (for the commodity sellers above) where "at risk" commissions are much higher, the performance standard is also tougher and the curve again begins to flatten out. A third moderator comes into play for Strategic Accounts or other "team selling" situations. Where teams can affect each other's compensation plans, the curve levels out again.

Once again good question ... hope this gives you some help.

Q. Have you ever done any research to learn how much of selling success is mental versus skill based? I hear things like 75 percent of selling is mental, etc. Any data or opinions on this? Can you help me answer this question?

A. There have been several studies reported in the *Journal of Personal Selling and Sales Management* (the only academic and research based journal) over the years that have tried to measure the effect of environmental factors and other "motivational factors" that could affect a salesperson's "mental attitude"... while some impact has been found, the correlations have never been more than $r = 0.2-0.3$, which would equate to 4%-9% impact on sales success. Skills (which are usually based on innate talent, not just learned) have been shown to have an impact up to 70%. You never will get higher because economic factors, product reputation (quality/price), and strength of competition will always have a more significant effect than the mental attitude of the salesperson ... unless there is a significant negative morale factor happening such as bad manager relations or broken compensation structures.

So, except for motivational speakers and people selling incentive programs, nobody with an objective review of sales success would rely too much on mental attitude except to remove any negatives.

Q. I am confused about how exactly a company can “own the customer.” Does this have to do with creating a relationship with your customer and adding value beyond delivery of the product/service?

A. “Owning” the customer refers to maintaining, knowing, serving personally, and continuing contact with that customer. Thus, if you sell directly to a customer on a regular basis, you “own” that relationship. Someone who sells a product through a distributor allows *the distributor* to own the relationship. Additionally, if you make a product but sell it to someone else to put their brand on it, then they own the customer.

Q. In performance profiling, where key result areas and key actions are identified, how does the 80/20 rule apply? I just need to be clear on this to make sure I get it right.

A. The 80/20 rule applies to the rough or intuitive assessment that the world of sales makes about its overall success rates. For example, a typical usage would be that “20% of our customers provide 80% of our sales,” or “20% of our sales force delivers 80% of our results.” The inverse is also commonly cited, i.e., “the worst 20% of our customers take up 80% of our service time,” or “the weakest 20% of our sales force consumes 80% of sales management’s efforts.”

In reality, what most people don’t immediately realize is that the 80/20 rule actually describes a normal curve, or the result you would get if everything happened by pure chance. The sad news here is that in selecting salespeople, for example, the 80/20 rule would be the result if you just flipped a coin to decide whether to hire every candidate or not. The same would be said for targeting prospects; 80/20 would mean you’re spending as much time to sell to poor prospects as you are good ones ... and so on.

By the way, the scientific research indicates that the typical interview only improves the accuracy of selecting candidates by 1% over that flip of a coin ... that is why Chally, with an accuracy rate up to 25% better than an interview, has been so successful and has been kept by the majority of our clients for as long as 30 years.

