

STATE OF SALES MANAGEMENT 2014

LEADING & RETAINING SALES REPS



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The
Bridge
Group, Inc.

*Build. Expand. Optimize.
Sales Strategies*

TABLE OF CONTENTS

Introduction	3
Chapter 1: Sales Rep Satisfaction	6
Chapter 2: The 4 Pillars	9
Chapter 3: The Next Week Gap	11
Chapter 4: The Next Month Gap	15
Chapter 5: The Next Quarter Gap	19
Chapter 6: The Next Year Gap	23
Conclusions	27



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INTRODUCTION

As an executive charged with leading a sales team, you know that two keystones to making your number are the effectiveness of your execution and the quality of your people. Countless studies, opinion pieces, and MBA case studies have been dedicated to the execution side of the coin. But **the people component** often goes uncovered.

We're here to remind you: *you cannot hit your number managing process and tools alone.*

Leading an inside sales group requires smart management, no doubt. But it also requires great leadership. If you truly want to lead your people you need to understand what that entails in 2014. This book is here to help.

Using primary research, we uncovered what motivates and de-motivates reps. We'll explore what individual sales reps really want from their roles, their organizations, and their managers.

We hope these pages will allow front-line sales managers to see their roles in a new light – as the *linchpins* they are for their organizations. We also hope that Directors and VPs (*those who manage the managers*) will understand the critical part they have to play as well.

- *Steve & Trish*

STUDY METHODOLOGY

The Bridge Group, Inc. and VorsightBP surveyed over two thousand sales executives – individual contributors, front-line managers, and directors. Based on respondents' roles, we asked specific questions about their jobs, their organizations, and their perspectives.

We obscured the purpose of the research in an attempt to avoid priming survey participants. In total, 1324 valid responses were included in this project.

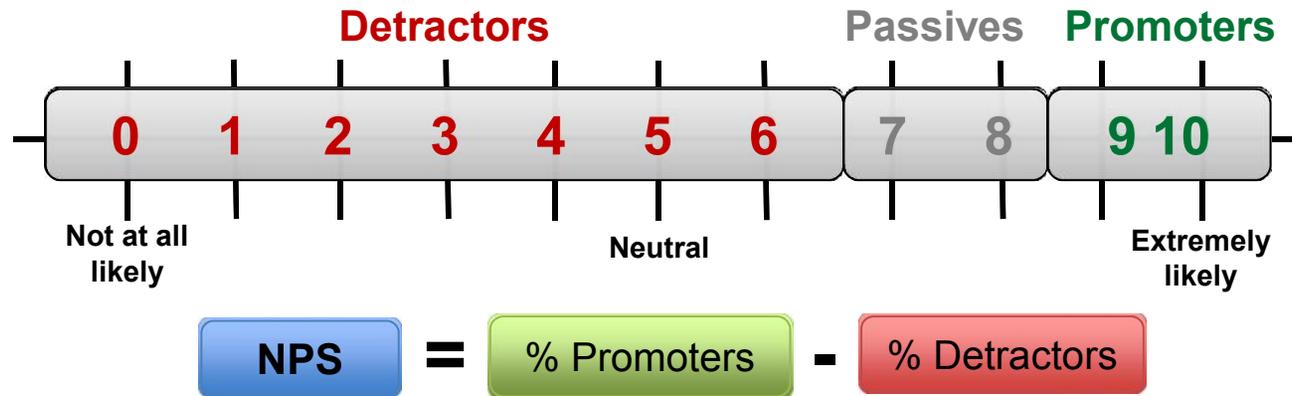
Separating 'satisfied' from 'unsatisfied' sales reps

In order to categorize reps, we asked: **On a scale of 0 to 10, how likely is it that you would recommend a role on your current team to a friend or colleague?**

We chose to use the [Net Promoter Score](#) system. We felt that rather than create our own scoring, it would be better to build upon an accepted framework. Following NPS© methodology, we bucketed reps as follows:

- **Detractors** (score 0-6) are unhappy.
- **Passives** (score 7-8) are satisfied but unenthusiastic.
- **Promoters** (score 9-10) are loyal enthusiasts.

On a scale of 0 to 10, how likely is it that you would recommend a role on your current team to a friend or colleague?

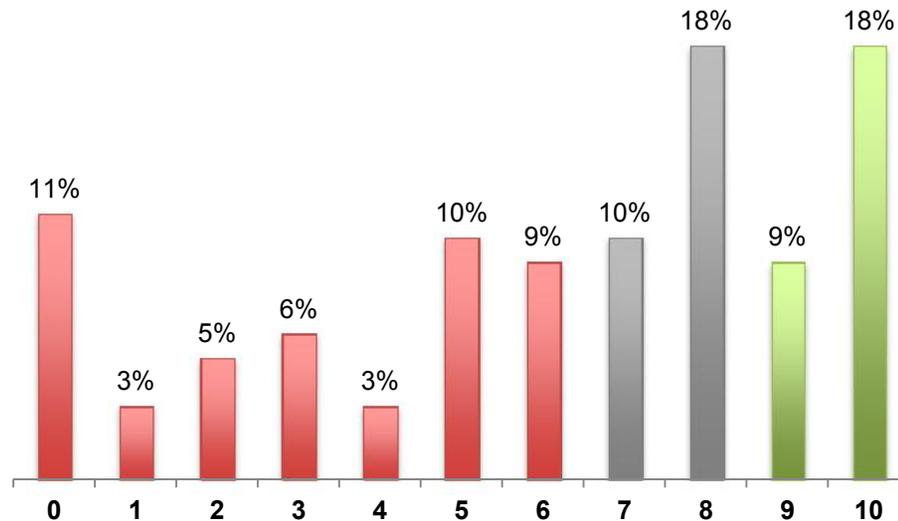


Throughout this book, whenever you encounter **Promoters** or **Detractors**, please remember this framework.

CHAPTER 1: SALES REP SATISFACTION

At the end of the day, how happy are sales reps in general? From our research, we calculated an **overall Net Promoter Score of -18**. We found nearly twice as many **Detractors** as **Promoters** among our respondents.

Detractors	45%
Passives	28%
Promoters	27%
NPS	-18%



In terms of favorability, this puts our profession somewhere between the Airlines and the Credit Card companies.

Yikes! Gang, this isn't good. They may not be shouting it from the cube tops, but our sales reps aren't happy. Could it be that we have become so consumed with automation, calibration, tools, and fads that we have forgotten about the people in sales?

STEVE'S TAKE



MAKE THE # + ACCOUNTABILITY - MICROMANAGING = ?%!

This is a tough line and I would argue more art than science.

And keep in mind, I've been accused of being a micromanager. As a leader, no pill is tougher to swallow than hearing your team thinks you are micromanaging.

We all know that salespeople are generally independent types. We also know that motivation comes from within. But the truth is that salespeople, like any other people, want to be led. No, let me rephrase, salespeople **NEED** to be led.

Think of it this way. That internal motivation is the spark. It is the sales manager's role to find a way to create the right conditions (the tinder) for it to take a flame.

CHAPTER 2: THE 4 PILLARS

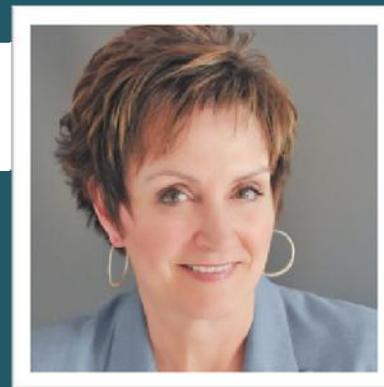
We identified 4 areas that separate **Promoter** from **Detractor** sales reps – coaching, development, compensation and career path.

We've come to think of these as four pillars. These are the questions your reps are asking themselves. You, as a manager, need to be ready to respond.

- 1. The Next Week Pillar:** What should I do differently next week?
That's exactly what our sales coaching will be about.
- 2. The Next Month Pillar:** How will I be better next month?
I'm ready to invest in your professional development.
- 3. The Next Quarter Pillar:** What will I earn next quarter?
I've made your compensation plan clear and direct.
- 4. The Next Year Pillar:** What's my next step career-wise?
Let me talk to you about a career path.

In the following chapters, we'll share data around these pillars and make the case for why you need to make addressing them your top priority.

TRISH'S TAKE



With demand for top talent far outstripping supply (*not to mention recruiters swarming your best reps*), gone are the days when being a sales manager just meant looking good to the executive team.

Those who succeed today are those who view themselves as career coaches and live by the following:

- My #1 priority is to increase the sales skills of each rep
- I'm going to create a robust learning environment
- Compensation plans will be clear and oriented to drive desired behavior
- My job is to grow the talent of those I lead and to ensure they remain within the company as a valued contributor

CHAPTER 3: THE NEXT WEEK GAP

Coaching's positive impact on performance has become sales gospel. Spending time face-to-face with reps, rather than nose-to-monitor with spreadsheets, is one of the most impactful things front-line managers can do.

We think this line from the folks at the [EcSell](#) Institute says it well:



Coaching is not a component within the sales manager's role; managing is now a component of the new coaching role.

We asked sales managers to quantify their sales coaching, **“On average, how many hours do you spend on call-level sales coaching?”**

The result: Managers reported 3.9 hours per rep per month. This is well within the gold standard of 3-5 hours per rep monthly.

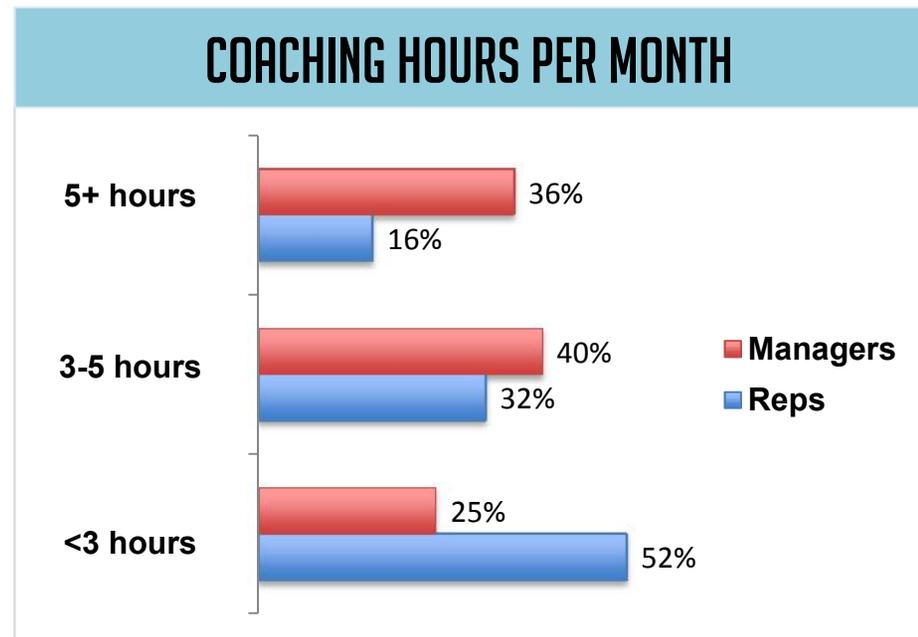
Before we pop the champagne, let's take a look at how individual sales reps responded to a similar question, **“On average, how many hours do you spend with your direct sales manager on call-level sales coaching?”**

Reps reported an average of 2.2 hours per month with their direct manager.

That's a full 40% fewer hours reported by reps than by managers.

This discrepancy between what managers believe they are delivering and what reps perceive they're receiving is rather dramatic.

In the chart on the right, you can see the perception problem.



WHY DOES THIS MATTER?

Reps who received 3+ hours of coaching per month are **twice as likely** to be **Promoters** as those who don't.

COACHING HOURS PER MONTH	
3+ hours monthly	45% Promoters
<3 hours monthly	22% Promoters

So coaching matters, both for performance and for job satisfaction. Yet a perception gap remains. Here are a few thoughts on why:

1. **Perhaps coaching lacks a clear definition.** A sales manager may view 'giving some advice' as coaching, a sales rep might not view unstructured feedback as coaching at all.
2. **Managers might be counting time differently** (i.e., including planning, execution, and post-session documentation). Reps might only be counting the middle portion.
3. **Managers may spend the majority of time coaching a sub-segment of the team** (e.g., underperformers). As a result, managers may be correct that they're spending significant time coaching. However, the reality is that most receive little and a select few receive a lot.

STEVE'S TAKE



Very few companies measure and report on coaching time. No one actually knows *'the truth'* and we are left at the mercy of perceptions.

Reps crave coaching, so they perceive they are getting little.

Managers feel overwhelmed by coaching, so they perceive they are giving a lot.

The truth likely lies somewhere in the messy middle.

CHAPTER 4: THE NEXT MONTH GAP

In her book *Smart Sales Manager*, Josiane Feigon writes that Gen Y (those born from 1983-2002) are “goal oriented, impatient and want to get ahead.”

Now whether this is true of Millennials specifically, anyone under the age of 30, or human beings in general, isn't the issue.

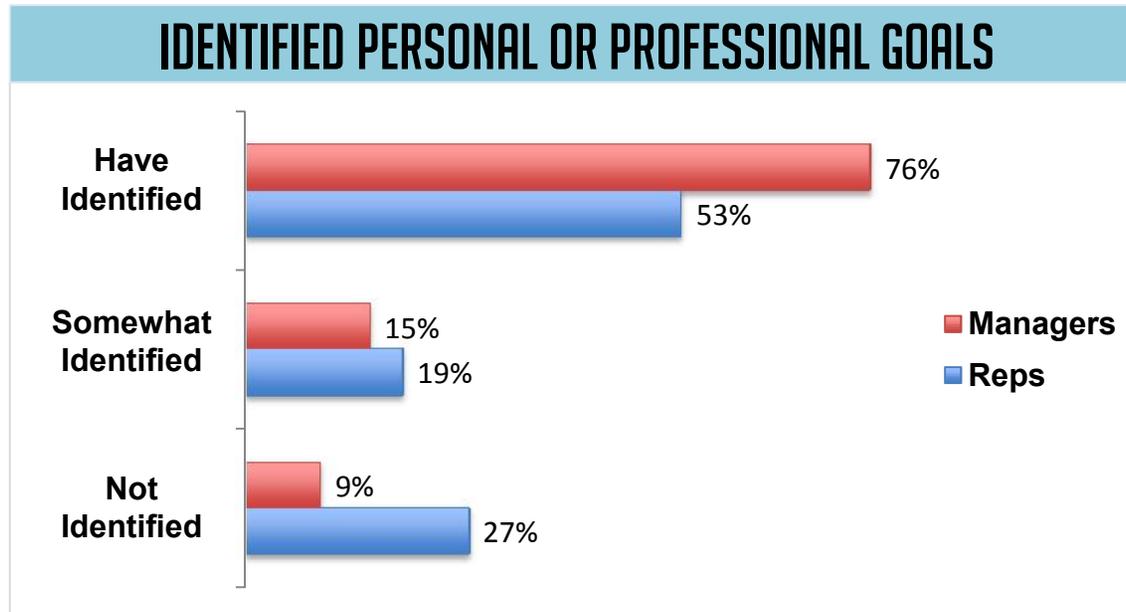
Everyone feels, as Daniel Pink puts it in his book *Drive*, ‘the urge to get better and better at something that matters.’

In professional selling, it is hard to move forward without a destination. Too often ‘professional growth’ as a sales rep doesn't extend beyond just hitting quota this quarter and the next.

Well, it turns out that reps are asking us for more.

We asked reps, “**Besides hitting quota, have you identified any personal or professional goals with your manager?**” Similarly, we asked managers, “**Besides hitting quota, have you identified any personal or professional goals with the majority of your reps?**”

Here's what we found.



Two big takeaways here:

1. More than 50% of reps report **having had** these types of conversations. This is a good foundation.
2. Reps are **three times as likely** as managers to report that goals have not been identified. Not so great! A disconnect appears to exist here.

WHY DOES THIS MATTER?

How can we expect our teams to improve if we don't work with our reps and develop individualized plans?

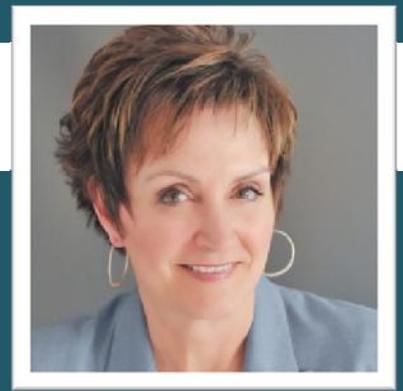
Surely we provide training, but not all our reps share the same strengths and weaknesses. Customized development plans are a critical component of enhanced performance. As sales managers, we need to ensure that development is an integral part of our culture.

Reps whose managers have ID'd development goals are two to three times more likely to be Promoters than those whose managers haven't.

Have Identified	37% Promoters
Somewhat Identified	24% Promoters
Not Identified	11% Promoters

In this highly-competitive market, **voluntary turnover** will be your revenue killer. One way to minimize risk is to ensure your reps feel that you're working with them to increase *their skills* and *their ability* to get to the next level. You can't do that without ever having had the conversation.

TRISH'S TAKE



If you are a CEO or VP of Sales reading this, you may be shaking your head because you know your front-line managers haven't had these conversations.

But let me ask you this, *Have you had development conversations with your individual sales leaders?*

Your managers, too, want to 'get better at something that matters.' Their growth and development is critically important to your success.

Have the conversation - leadership by example, baby!

CHAPTER 5: THE NEXT QUARTER GAP

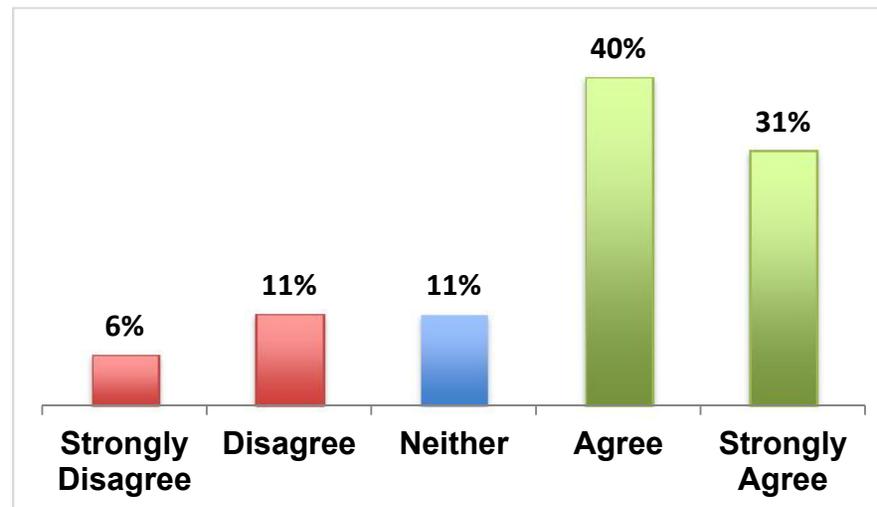
We've said it before and we'll say it again. In sales, it's all about the Benjamins.

Or is it?

On the one hand, we have the widespread belief that sales reps are 'coin operated.' On the other, there's a growing body of research on the downsides and unintended consequences of variable compensation.

Let's set aside the debate over commissions as angel or devil and focus on a different question. We asked reps to rate their agreement with the following, "**I clearly understand my incentive compensation plan.**"

Here's what we found:



71% of reps either 'agreed' or 'strongly agreed' that they clearly understood the incentive compensation plan.

But that leaves nearly 3 out of 10 reps who **do not** clearly understand their incentive compensation plan.

At first glance, we thought that perhaps greener sales reps were pulling down the average. So we broke down the responses by **years in sales**. The results really surprised us.

% UNDERSTAND COMP BY YEARS IN SALES	
Less than 3 years	78%
3-6 years	73%
6-10 years	70%
10+ year	69%

The longer you've been in sales, **the less likely** you were to report completely understanding your comp plan.

Why would more seasoned sales reps report worse understanding than newbies?

WHY DOES THIS MATTER?

Could it be that over the years they have been burned by exceptions that took money out of their pockets? Or perhaps the longer your tenure, the more complex your sale, the more factors in your plan (*revenue, margin, term, product mix, oh my!*)?

Net new reps who clearly understand their comp plans are three times more likely to be Promoters than those who don't.

CLEARLY UNDERSTAND COMP PLAN	
Agree & Strongly Agree	33% Promoters
Disagree & Strongly Disagree	10% Promoters

Getting comp right and making it easy to understand are crucially important. While 'how much money matters' is still disputed, the data are clear that a decipherable comp plan separates the **Promoters** from the **Detractors**.

In fact, clear compensation is just as important as coaching in this regard. Thankfully, it takes a lot less effort to get it right (and you only have to design a good comp plan once). So if you only have time to stick the landing on one, it's always better to nail comp.

STEVE'S TAKE



A quick story. I was recently eating lunch with a telecom sales rep at a big company. We were talking about the comp plan and he mentioned that their pay stub showed a '*commission deduction line.*' It shows the amount of commission earned and then a deduction for earning above the limit for the pay period.

Let me repeat this. This company actually shows reps how they are being screwed (ahem, sorry, 'capped') as a line item on their pay stub. I can't imagine anything more de-motivating. Yet this rep fully understands his comp plan and chooses to continue working at the company.

To each their own.

CHAPTER 6: THE NEXT YEAR GAP

The final gap relates to perceptions around tenure in a given position. We asked both reps and managers, “**How many months should a top rep remain in a role before (s)he seeks a promotion or changes jobs?**”

On the surface, there appears to be an agreement. Reps, on average, responded with 19 months. Managers, on average, replied with 21.

We looked one level deeper at the data and found this:

MONTHS IN ROLE	
Rep average	19
Rep <i>median</i>	12
Manager <i>median</i>	22
Manager average	21

Said another way, 50% of reps think it's time to change roles after 12 or fewer months on the job.

This can be a major challenge.

WHY DOES THIS MATTER?

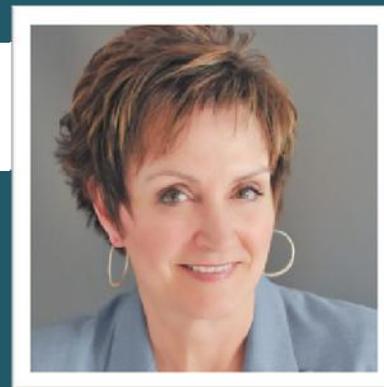
Not every organization has room for growth in the sales organization. That is just the reality of the situation. You might have the flexibility to build in steps *within* roles (i.e., BDR1, BDR2, etc.). Companies that have defined the ladder and requirements for ‘stepping up’ are satisfying the ‘up or out’ urge.

Alternatively, there may be room for growth in other areas such as marketing, engineering, operations, finance, etc. How fabulous would it be to have someone with real world sales experience in every department? Think outside of the box!

Now you may be wondering, ‘*Are greener reps pulling down the average?*’ Well, in this case you are 100% correct. We broke down the responses by years in sales and they are very telling.

APPROPRIATE TENURE BY YEARS IN SALES	
Less than 3 years	13 months
3-6 years	16 months
6-10 years	18 months
10+ year	21 months

TRISH'S TAKE



Oh the vagaries of youth.

It is the newest among us that want the fastest movement up the food chain.

Bear in mind, there may be some confusion in reps' minds between '*new role*' and '*new skills and challenges.*'

Managers who create learning environments have happier reps and less "need for speed" when it comes to role hopping.

BONUS: A CAREER PATH EXAMPLE

[SalesLoft](#), a 20-person B2B sales intelligence software company out of Atlanta, GA, recently [shared](#) their career path details.



Kyle Porter, CEO, has built an 'achieve-to-advance' promotion path.

CURRENT ROLE	NEXT STEP	ACHIEVE -TO-ADVANCE
Inbound BDR	<i>Outbound BDR</i>	Promoted after 240 MQAs
Outbound BDR	<i>Sales Executive</i>	Promoted after 120 SQA
Sales Executive	<i>Senior Sales Executive</i>	Promoted after \$800K in New ARR

CONCLUSION: MAKING REPS PROMOTERS

In the previous chapters, we've laid out the **4 pillars** for making your reps **Promoters**.

1. Sales Coaching

Make sure each rep receives a minimum of 3 hours of individualized coaching per month. If you don't actively make time for coaching, *other urgencies* will always pop up. Your calendar eats your intentions for breakfast – period.

2. Professional Development

Do this rep by rep. Once you've had that initial conversation, give them an investment in both time and money to let them execute. At Dreamforce 13, Yahoo CEO Marissa Mayer shared, "*Water finds its way - you do need to let people do what they want to do or they will do it elsewhere.*"

3. Clear Compensation

Take the time to ask your reps, "What behavior do you think your comp plan motivates?" The answers may astound you.

4. Career Path

Discuss their expectations, your next-step criteria, and the options available in the company. Your reps are already thinking about their next move – better to be in on the conversation early.

These are basic components of a positive sales culture. Maybe it is time to forget the bells and whistles and get back to the basics of leading people (clarity, communication, and genuine concern). Perhaps in the process, we'll be able to give them what they really want.

Simple, right?

Clearly not.

In its toughest moments, we wouldn't wish sales management on our worst enemies. It's challenging working with the difficult personalities and egos so common to sales. It's repetitive – every pipeline review, coaching session, and upward reporting meeting is like groundhog day. You are constantly being squeezed between leadership who demands revenue and reps who struggle to produce it.

But in its best moments, you have the ability to provide someone with the skills and motivation they need to have a long and successful career. What could be better than that?

And maybe, just maybe, you'll hire and develop the next Marc Benioff. Good luck and good selling.

- Steve & Trish

ABOUT VORSIGHTBP

Is it worth considering that you may be focusing on the wrong problem?

VorsightBP is a professional services, consulting and training firm that focuses on:

- Turning sales people into enthusiastic and efficient prospectors
- Improving every seller's ability to help customers better understand themselves
- Converting sales managers into effective force multipliers

For more information, please visit:

<http://www.vorsightbp.com>

ABOUT



We're an Inside Sales consulting & implementation firm. We help Sales & Marketing leaders make the big decisions: on implementation strategy, productivity, process, technology and tools.

Since 1998, we've worked with 220+ technology clients, helping them increase productivity, drive higher conversion from leads to revenue and maximize performance.

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