

## **Sales Force Retention is a Myth**

Employee retention is a top-of-mind management topic today. As it should be! With the boomers leaving the market and an already overheated job market, companies need to hold onto their top performers. A fully trained, engaged and productive sales person is a huge asset, and is potentially crippling to lose. But the real question is not, "How do we retain our top performers?" Rather sales managers need to look deeper to identify, "Why do I have a retention problem?"

A revolving door of sales talent is a symptom of a much deeper problem. Sales people don't leave jobs when their products are in demand, leads are plentiful and sales performance exceeds quota. They leave when the wheels are falling off the bus. When management starts talking about "improving retention," take a deep look at the sales environment.

### **1. What is happening to your market?**

Coal miners used to take canaries into the mines to detect harmful gases. It was pretty grim. If the canary died, the miners knew they were in danger and to take action. When sales people start leaving, they can be your canaries – an early warning system of problems happening in your market.

When a market begins to consolidate or a product becomes dated, the sales cycle becomes even more difficult. It is harder to find leads. Customers stop investing the time they used to with the sales people and closing ratios decline. A shifting customer base can be a very demoralizing sales environment. Sales management tries to stay on top of the sales people to achieve their numbers, but the customers just aren't buying. It is a lose-lose situation for the sales people.

All is not lost. If management recognizes the changes in their market soon enough, they can adjust. At this stage it is key to recognize the problem is not the sales reps; rather it is a corporate, product development or marketing problem. Sales is being directly impacted today, but with the right product and marketing mix the sales team can return to a fun and rewarding environment.

### **2. What is their manager doing?**

"People don't leave companies, they leave managers." This is a hackneyed phrase, but it speaks the truth. The front line sales managers are the most important people in a sales organization. They are responsible for acquiring, coaching, motivating and retaining the sales reps. When you have a bad sales manager, the damage can be deep and pervasive.

It does not matter how good the product is, how fast the company is growing or how much money the sales people are making. If the manager is making the reps' lives hell, they will leave. No money is worth the hassle.

Identifying bad managers is easier said than done. Often you don't find out until it is too late, but you can implement early warning systems. Tracking and analyzing sales

metrics are a good starting point. Metrics provide the data to identify trends and problems. Is the manager achieving her sales targets? What is the employee turnover in the group? How does the team relate to the other territories? Sales departments are very accustomed to being managed to the numbers. By including retention and employee performance metrics, the executive team can manage beyond hard revenue goals.

Tom Peter's coined the term, "Management by Wandering Around" in his book *In Search of Excellence*. The philosophy is very applicable in a sales department. Executives and Sales VPs should make time to constantly meet with the sales people one-on-one. If the reps are facing a management problem, they will tell the senior management. It may not be overt, but if you are paying attention you will see the signs in a one-on-one session. They will articulate issues such as morale, micro-management, politics and other non-sales related problems. Do not overlook these comments; it may come to haunt you later.

### **3. Would you sell for your company?**

Too often sales is boiled down to a numbers game. Management will say, "For every 'no' you hear, you are that much closer to hearing 'yes.'" Bull! Cold calling is the most inefficient lead development tool out there. Sales people can make calls until they are blue in the face, and still not have a qualified prospect. A "learn to love no" sales culture is no joy to work in. It is filled with rejection.

When an organization does not value sales people, the compensation plan shows it. The sales people are often paid 100% commission or an extremely low base salary. Management wants the sales people to be hungry. As the saying goes, "If you pay peanuts, you get monkeys." It is very hard to attract and keep highly talented sales people when the company has no skin in the game. The compensation plan must be tuned to the market value of the sales people, and adequately compensate the reps for the value they bring to the business.

People may take a low paying sales job to start their career or when they are desperate. Yet when they find their feet, you can bet they are going to look for something better: a product that is easier to sell, better pay or a more professional work environment. In this labour market there are plenty of choices available to all levels of sales people.

### **Can turnover be eliminated?**

Sales people go through a natural cycle in any job. The first year is typically a build year. This is an exciting time for a new sales rep as he learns the product, the market and how to sell it. In the second year the sales person finds his legs. He is achieving quota and reaping some of the rewards from the hard work he has done to date. The third year is a quota buster. At this point the sales person has mastered the product, the market and can easily exceed quota. It is a great time, but is also a turning point.

By the time sales people reach their fourth and fifth year in a role they begin to plateau. In this phase, they have mastered the job and complacency can kick in. The money might be great, but they could be bored and looking for the next challenge. At this point

the organization should be looking to promote sales people, adjust their position or give opportunities for growth. Otherwise the sales people could leave. This might not be bad turnover and can be accounted for in the workforce plan.

On the other hand, if sales people are leaving in the first 24 months, this is a sign of a retention problem. Now it is time to look at your customers, look at your managers and look at your sales organization to determine if you have a much larger problem. Sales people don't leave great jobs; they leave crumbling ones.

*Jeremy Miller ([Jeremy.Miller@LEAPJob.com](mailto:Jeremy.Miller@LEAPJob.com)) is a Partner with LEAPJob ([www.LEAPJob.com](http://www.LEAPJob.com)). LEAPJob is a sales recruiting and sales consulting firm that helps companies achieve their growth targets by building top performing sales organizations. You can reach Jeremy at 905.281.3090, Ext. 22.*

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