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# How To Reduce Sales Personnel Turnover

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This white paper describes how sales managers can retain key personnel as the gradually improving economy creates greater job mobility. It explains how sales managers can use scientifically-proven assessment tools to:

- Place individuals in the right sales jobs, thereby ensuring increased employee success.
- Create a satisfying career path for individuals within the firm, thereby reducing incentive to leave.
- Customize sales training to match the innate behaviors of the individual, thereby increasing employee engagement and loyalty.
- Improve the relationship between the manager and the sales professional through more effective coaching.

## **Economic Changes = Higher Turnover**

Difficult economic times are challenging for sales managers. Opportunities become scarce as prospects stop spending. Increased competition for a shrinking base of customers makes revenue harder to generate and it becomes more difficult to keep reps engaged and motivated. This can make it challenging to keep top sales employees who are likely to look for employment in companies and industries where sales have become less scarce.

Conversely, an improving economy can also create retention problems. Employees become less concerned with job security and more concerned with advancing their careers, even if that means finding employment elsewhere. Indeed, according to a recent survey conducted by the accounting firm Deloitte LLP, fully one-third of employed Americans plan to look for a new job as the economy improves.

Regardless of economic conditions, sales professionals are more inclined to leave, according to Dave Stein, CEO of ES Research, a firm that measures and analyzes sales training. "Eight to ten years ago, if a sales person worked at several companies for less than 3 or 4 years, they'd be considered unreliable," he explains. "Today, especially in fast-moving markets, sales people are expected to have experience in multiple firms, selling to multiple industries."

To make matters worse, the employees most likely to leave are the younger workers who have the potential to be future leaders, according to a recent survey conducted by the Opinion Research Corporation. While so-called "baby boomers" (age

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(Deloitte survey)

45-65) may have aspired to achieve upward mobility by spending their working years being promoted up the corporate ladder at a single employer, Gen X (age 30-45) and Gen Y (age 18-29) members expect to change employers far more frequently.

Higher turnover rates are bad news for sales managers. Experts believe that the total cost of replacing an employee is somewhere around 150% of that employee's annual compensation. However, the figure is much higher for sales professionals because their departure may mean the loss of key customers, creating millions of dollars of lost revenue.

Ironically, it's often the coping mechanisms that firms put in place during a downturn that cause sales employees to leave once the economy picks up.

For example, as companies become more concerned with cash flow, sales teams suffer tighter travel budgets, slower payment of expenses and commissions, and less spending on sales training. While these actions may be necessary they tend to alienate sales professionals, who begin feeling that the firm does not truly support their efforts.

This often causes sales professionals to emerge from a recession feeling resentment toward their firm and its management. According to the Deloitte survey, almost half of those planning to leave their current job cite a loss of trust in their manager or employer as the primary reason they intended to look for new employment.

This is no secret in the board room. Once again, according to the Deloitte survey, fully two thirds of Fortune 1000 executives understand that a lack of trust and confidence in management can contribute to an increase in job mobility.

### **How To Reduce Job Turnover**

As economic turmoil continues, sales managers must find new ways to regain the trust of their top sales performers. Needless to say, sales managers will need to move quickly to remove the organizational barriers and spending restrictions that are burdening the sales team. However, retaining the allegiance of key sales personnel will require more than patching up wounds. To ensure a low turnover, sales managers will need to take the following strategic steps:

**Step #1:** *Assign people to the sales jobs where they're most likely to be successful.* When sales managers assign individuals to jobs that better match their personality and skill set, those individuals are more likely to experience job satisfaction and thus be less likely to leave.

**Step #2:** *Create a progressive career path within the company for individual contributors.* When sales managers identify a way for individuals to continue to grow and thrive within the company, they are far less likely to look for advancement opportunities elsewhere.

**Step #3:** *Provide targeted sales training that increases overall sales performance.* When sales managers customize training to leverage the individual's strengths and shore up individual's weaknesses, it's more likely to be effective in increasing sales, thereby increasing job satisfaction.

**Step #4:** *Customize individual coaching to the needs of the individual.* When sales managers take into account how each individual employee is best able to learn, they can better coach and mentor the sales professional based on the individual's unique communication needs and professional goals.

Because these four steps are both within the power of the manager to execute, and geared towards the need of the individual employee, they tend to reestablish and strengthen the bond of trust between the employee and the manager, thereby making job hopping even less likely.

However, while many sales managers realize that they need to provide this kind of individualized attention in order to keep key employees on board, it is often difficult for sales managers to identify, and react to, the needs of individual employees. While the intent may be present, few managers have the innate ability to sense what's needed in every case.

Fortunately, there are scientifically-valid assessment tools that can help managers understand the motivation and drives of the rep and create individualized programs that can increase job satisfaction while preventing unnecessary turnover of valuable sales personnel.

The remainder of this white paper describes how assessment tools can help sales managers execute the four steps described above.

### **Assessment Tools and Job Assignments**

In the past, it was not unusual for sales professionals to be the "Jacks (and Jills) of all trades" who were responsible for everything from cold-calling to negotiating the final contract. The only concept of the separation of labor was the rudimentary split between "hunters" (who developed new accounts) and "farmers" (who maintained long-term relationships.)

In recent years, however, that simplistic sales behavior model has become increasingly obsolete. Today's sales and marketing organizations are often highly specialized, with specific roles ranging from lead nurturing, to opportunity development, to inbound marketing, to field sales, to sales support, and so forth.

While all of these are sales and marketing positions, they all demand different skill sets and different personality types. For example, a sales professional who is successful at face-to-face selling may feel drained and exhausted when asked to handle incoming calls from a website. Similarly, a sales professional who loves cold-calling is likely to find working with sales technology (such as running a lead nurturing campaign) to be boring and unchallenging.

Assigning a sales professional to a job role for which he or she is not suited, almost guarantees the eventual loss of that talent.

Every time a sales manager tries to cram a "square peg in a round hole" it creates job dissatisfaction, and an understandable desire, on the part of the sales professional, to find a job somewhere else, as quickly as possible. Unfortunately, even

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the sales professional may not know ahead of time whether or not a particular sales job is a good fit.

Scientists have long known that individuals have measurable characteristics that determine what motivates them, and which provide the underpinning for the execution of sales skills. Through the use of a behavioral assessment tool, sales managers can create an ideal profile for each job, and then match the characteristics of the individual on the team to that profile.

For example, The LBA Group, a Florida-based CPA firm, uses the Predictive Index® (PI®), a behavioral assessment tool from PI Worldwide®, to make sure that people get assigned to the right jobs from the start of their employment.

LBA's management sees behavior assessment as a way to better understand the diverse ways that people approach problems and challenges. Managing director Kim White estimates the cost of the assessment is one-half to one-third of what she would pay for recruiting fees for one person in a year. "It's worth it to me," she said. "We don't have much turnover. We pride ourselves on that. We want people to be long-term players."

### **Assessment Tools and Career Paths**

It's not enough to get people into the right jobs; they also want to know where they're headed, long term. Unfortunately, many companies assume that the only upward career path for a sales professional is into sales management.

That career path, however, is not appropriate for every sales professional and can lead to job dissatisfaction and high turnover. Sales professionals famously tend to have a behavior profile that's "entrepreneurial", which may not be suited for a management career path.

According to a recent study conducted by PI Europe, entrepreneurs tend to be assertive, self-confident, challenging, venturesome, independent and competitive. They also tend to be tense, restless and driving, working with a profound sense of urgency and a low level of patience.

This profile exactly matches what's required of sales professionals inside a demanding, highly competitive market. However, it's also a personality type that's unlikely to be successful in a management role.

"A great manager has to have empathy," explains to Steve Waterhouse, president of Predictive Results, a company that uses the Predictive Index to study employee behavior. "It's not a manager's job to make herself successful. It's to make her staff successful."

This is not to say that it's impossible for a top sales professional to become an effective sales manager. However, there is definitely a measurable difference in the behavioral profiles of the most successful sales professionals and the most successful sales managers.

*Driving sales training with assessment tools improves individual performance, increases sales team productivity, and creates predictable, sustainable sales results.*

(The Clark-Mortenson Agency)

This disparity suggests that sales managers need to customize their long-term incentives in order to accommodate differences in personality type. “A great manager figures out what motivates an employee and treats each one as if they are special and unique,” says Waterhouse.

A case in point is South Central Media, a company that specializes in radio advertising and coordinated marketing efforts. The company originally used PI during the hiring process. “We made sure that the candidates had the right talents and the right drives to be able to fit the position,” explains President Craig Jacobus.

Now, however, the firm is using PI to help train and place people throughout the organization into roles where they’re most likely to be successful. Furthermore, all employees take the PI including department heads, allowing these managers to hone in on the individual needs of the team members. At South Central managers are encouraged to share the results of their PI with their team, allowing for improved communication and team morale.

More importantly, the PI assessments are used as guides for career growth. As a result, South Central Media enjoys an extremely low employee turnover rate, according to Jacobus. “We’ve got employees who have been with our company over 30 years and the number of 10+ employees is pretty staggering as well because of the way the organization is built and how they’re treated,” he explains. “We don’t lose many people and I think PI has a lot to do with it.”

### **Assessment Tools and Sales Training**

The primary purpose of sales training is, of course, to increase sales. However, when done well, sales training also reduces sales employee turnover by making salespeople more successful, and thus less likely to look elsewhere for employment. Unfortunately, many companies do not make wise investments in this area, thereby limiting its positive impact.

In the United States alone, companies that sell business to business spend between \$4 billion and \$7 billion on sales training per year, according to Stein. However, few companies get lasting benefits from the sales training process. “Nine out of ten companies say that the sales team, after training, doesn’t end up with any lasting values,” says Stein. “Sales training typically fails when companies invest in training programs that don’t address the real weaknesses of the sales team.”

For example, suppose a company is generating numerous sales leads with an highly effective telesales program, but is having trouble closing those leads after they’ve been generated. In this case, spending money to make the company’s cold-calling more effective will simply result in even more leads that don’t eventually convert into customers.

The problem is that, in many cases, neither sales management nor the sales professionals themselves are fully aware of their organizational and procedural weaknesses. Just as individuals often have distorted notions of their own strengths and

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– Craig Jacobus,  
President, South Central Media

weaknesses, corporations (in general) and sales teams (in particular) are often unable to realistically assess what they're doing wrong and what they must do differently to sell more effectively.

How, then, can one gain this self-awareness? Behavioral assessment tools allow sales management to scientifically measure how well the sales team (and the individuals within it) are performing key sales tasks, and then to select appropriate sales training that's customized to specifically address weaknesses.

For example, the Clark-Mortenson Agency (one of the largest independently owned insurance and financial services agencies in Northern New England) uses the Selling Skills Assessment Tool™ (SSAT) from PI Worldwide, to diagnose problems in their sales process and guide the development of sales training programs.

When the company needed a better way to get in front of prospects and elevate its closing ratio, it turned to scientifically proven assessment tools paired with individualized sales training (both provided by PI Worldwide) to shift the sales focus away from trying to sell products and towards identifying and meeting the client needs.

To accomplish this, every salesperson at the agency completed an online assessment, which provided him or her with a quantitative analysis to determine current strengths and areas of growth. Those were then addressed through a training course specifically designed to match those individuals strengths and weaknesses.

The Clark-Mortenson Agency discovered that driving sales training with assessment tools improved individual performance, increased sales team productivity, and created predictable, sustainable sales results. This, in turn, has helped their people grow professionally within the agency, creating a higher level of job satisfaction.

### **Assessment Tools and Management Coaching**

To be truly effective, a sales training methodology must be reinforced until it becomes second nature. In most cases, that's only possible when the sales manager provides individual coaching, working with each sales professional to incorporate new strategies and tactics into day-to-day selling activities.

However, many managers find it difficult to coach effectively, not because they lack the desire, but because they lack the tools to understand how to communicate effectively with each individual on the team.

Fortunately, this is yet another case where behavior assessment tools can play a crucial role. Because behavioral assessment provides key insights into a person's natural behavior and workplace drives, it can provide managers with insight about their own behavioral needs and coaching style as well as information about the person they are coaching.

This is important because, if a manager provides feedback or coaching that plays into the wrong motivation, it can have the opposite desired effect and cause low morale and a negative attitude. By contrast, behavioral assessments provide the data necessary for managers to recognize and understand the communication

*Assessment tools like the Predictive Index offer a scientifically-proven way to better match individuals to sales jobs and career paths*

needs of the individual. Armed with this concrete data, a manager's coaching time increases in efficiency and effectiveness.

The Yankee Candle Company is using behavioral assessment tools from PI Worldwide to provide insight into each sales person's natural behavior style and then provides customized coaching to improve sales performance.

This methodology has allowed Yankee Candle's management to better understand how different people think, learn and perform, according to Yankee Candle Senior Vice President Michael Thorne. "For example, a sales rep with a different personality from their manager might not connect with them easily," he explains. "If the manager understands how the rep makes decisions and receives information, this unlocks tremendous potential for better communications and, ultimately, better business results."

Similarly, PI Worldwide CEO Nancy Martini recently visited India to help some major firms tune their sales coaching efforts. "The attrition level in some industries in India are an astronomical 30 to 40 percent and the figures for sales management are as high 10 percent," she explains. "To stay ahead of the game, Indian companies want to understand the individual selling strengths and weaknesses of their sales reps, then strategically determine how best to develop them."

Sales managers in India are rapidly incorporating the key idea that sales productivity in a global environment requires the sales manager to adapt coaching strategies to the exact needs of the individual, according to Martini. "Companies are using assessment tools like PI and SSAT to provide critical insight on potential ability, sales behavior and selling skills," she explains. "Armed with the right data and a benchmark of where each rep is today, they can provide the kind of accurate coaching that can result in a significant performance improvement."

Assessment tools offer a scientifically-proven way to better match individuals to sales jobs and career paths, and to use sales training and coaching to improve overall sales performance. This, in turn, creates a sales environment where personnel are more satisfied, thereby reducing the turnover of valuable sales personnel. As the economy continues to improve, sales managers should look to incorporate behavioral assessment more fully into the sales environment.

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