DENVER
BUSINESS JOURNAL

Friday, March 12, 2004

Poor hiring often leads to astronomical turnover costs

Denver Business Journal - by Garry Duncan

For every sales hire that leaves the company, prepare to spend one to five times that person's annual salary to find a suitable replacement.

That covers just the hard costs involved in interviewing, training, managing and coaching a salesperson. It doesn't begin to cover the less tangible, but very real, costs related to lost opportunities, employee morale and customer dissatisfaction.

Viewed this way, people in charge of hiring salespeople can't afford to make even one incorrect hire. Yet in many companies, turnover runs rampant -- demolishing profits, souring stakeholders and ruining public image along the way.

Given the critical importance of hiring salespeople who fit the organization's culture and also will benefit from the association, why is finding the right person so difficult?

Salespeople are often hired for the wrong reasons. They're hired based on a resumé instead of whether or not they have the right values, attitudes and motivations for a particular job. They're hired based on a good "gut feel" to the exclusion of critical objective evaluation data. They're hired based on a poorly thought-out set of criteria that doesn't address what the company really needs.

Because of these failings, too much time can be spent rehiring, reorienting and retraining new people, instead of turning good hires into great, loyal, long-term sales stars.

Successful sales team leaders use a simple formula requiring both a good instinct and supporting objective assessment. If either one is lacking, don't hire the prospect. In making the assessment, always remember that past performance is the best predictor of future performance -- so make sure to get a complete, accurate history.

To avoid the rehiring rut, smart leaders enthusiastically embrace the philosophy of "hiring what you can't train." Only one of four major hiring criteria categories is not set in stone when interviewing a candidate: hard skills specific to a job and industry.

The other three -- personal talent, internal motivators and values, and behaviors -- are well-established and more often than not will determine the staying power of a new hire.

The most important category is personal talent: the attributes, conceptual skills and

competencies of a candidate. This area addresses whether or not the person can do the job. Problem solving, conceptual thinking, objective listening, leadership ability and personal accountability are examples of personal talent. A sales position requiring a good problem solver will not fit with a fast-moving salesperson possessing strong closing preferences.

Next in importance is motivation and values (why someone will do the job). The candidate must match up well to corporate culture and values. If the job calls for total teamwork and the candidate is a "lone wolf" accustomed to personal recognition, the fit is wrong. If the job requires a money-motivated person accustomed to working alone, a candidate craving social interaction first and making money second isn't the answer.

Third is behavior -- how someone will do the job. Profiling tools can provide insightful, objective criteria about how people will behave when confronted with such challenges as an organized workplace, urgency issues, frequent change and competitiveness.

In the relative calm of a job interview, a candidate may proclaim a great ability to handle the stress of frequent daily deadlines. Profiling tools and personal job history will determine how well the person actually does handle the stress of constant urgency.

Last is the hard skill set already acquired or that can be trained. Often the primary criterion for hiring, hard skills should be considered in tandem with the other areas. Job skills and credentials only tell you that a candidate theoretically can handle a job, not that the person will perform in your organization.

If, on the other hand, a candidate requires training but has the "right stuff" in the other categories, you may well have found a "diamond in the rough" worth hiring and cultivating into a loyal, longtime employee.

The best time to address these issues is long before interviewing a specific prospect. A sales team should first develop a job benchmark that details required personal talent, motivations, behaviors and hard skills.

Then, make sure systems are in place to capture the right information. Choosing the right profiling tool is indispensable to success. Develop a comprehensive job description, what the position will be accountable for and a measurement system. Remember, if you can't measure performance, you can't hold somebody accountable to it.

In many ways, developing an effective sales team is akin to building a championship football team. How many times do teams with high preseason rankings wind up with mediocre seasons? All the high-priced sports talent in the world won't produce a winning team, if those stars are not in the right positions and on a team with congruent values, motivations and processes.

Developing the right sales team is no different.

Garry Duncan is principal of Denver-based Leadership Connections, a sales training company. Reach him at 303-462-1277 or garry@leadershipconnections.com.