

# 2018 Sales Talent Study

## REPORT SUMMARY

# Sales Talent: Problem... and Opportunity

*Sales performance is in a multi-year decline, while buyer expectations continue to accelerate. There is no single solution for the challenges sales organizations now face, but assuredly talent will be an element of any successful transformation.*

*“Talent” refers to the group of selling and management resources within an organization and the aptitude they possess. Only 16.4% of respondents in the 2018 Sales Talent Study say they have the talent they need to succeed in the future.*

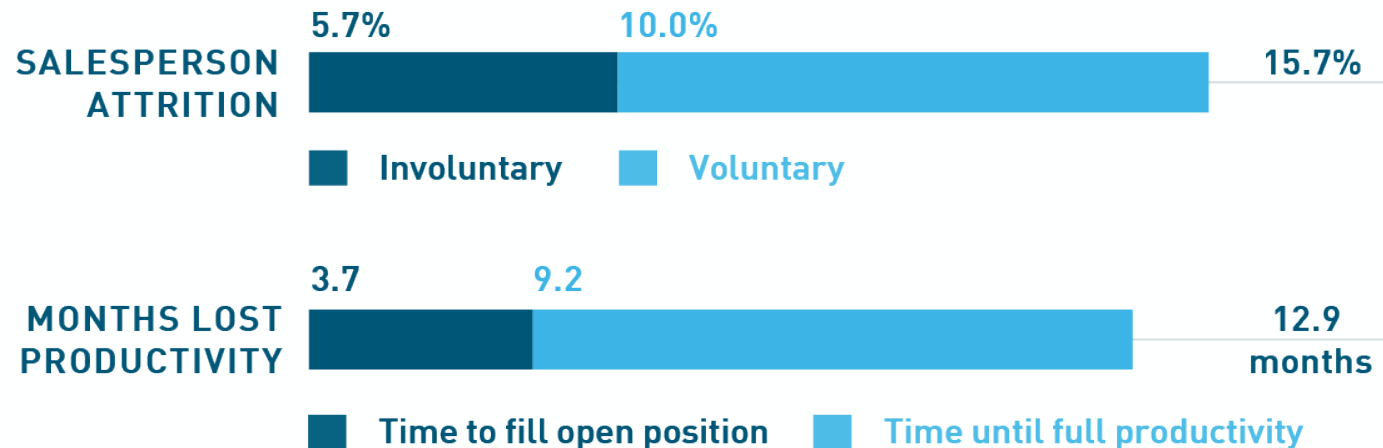
*Despite the comprehensive impact, solutions for talent problems suffer by being crafted as disconnected practices in support functions, versus a comprehensive strategy, driven by the sales executive level.*



# Costs of talent gaps are high.

## Salesperson Attrition & Time to Productivity

Attrition in sales organizations is commonly higher than in other functions, currently hovering at the 15.7% mark. The resulting costs to the organization can be significant.



One of the most obvious impacts of the talent problem is that talent gaps are expensive.

The most glaring costs are often the tangible recruitment, hiring and training costs associated with unsuccessful new hires. Our study shows the current attrition rate is 15.7% -- 10% voluntary, and 5.7% involuntary.

Other, larger, costs can be harder to calculate. Sales positions remain vacant for an average of 3.7 months. Obviously, territories managed by departed sellers suffer while no one is in the role. Then, it takes roughly 9.2 months before a new hire achieves full productivity. So, more than a year with the territory under-served.

There is also a talent cost from underperforming reps not maximizing their potential. Half of the sales organizations in our *2017 World Class Sales Practices Study* said their sales force's ability to optimize deal size needed improvement or major redesign.

# Creating a tipping point of talent in the sales team.

## A Hypothetical Example

*The combination of attrition and net new growth can be a powerful catalyst for change within a sales organization. But only if the hiring decisions are eliminating perpetuating the talent gap.*

Assume your salesforce is 100 strong...

Attrition of 15.7% means you lose... *16 sellers*

Growth of 8.9% means that in addition to replacing losses, you need a net new... *9 sellers*

Resulting in the hiring of *25 sellers*

Out of your new salesforce size of 109, that's *23%*

**That means you can reach a tipping point of change in less than two years. And you may have a whole new salesforce in four years!**

As with many challenges, talent gaps offer opportunities as well.

In addition to replacing reps who choose to leave, 64.1% of organizations in our study were planning to grow their net sales force as well, by an average of 8.9%. Combined, this represents a significant proportion of a sales team. A hypothetical example shows just how quickly the composition of a sales force can change.

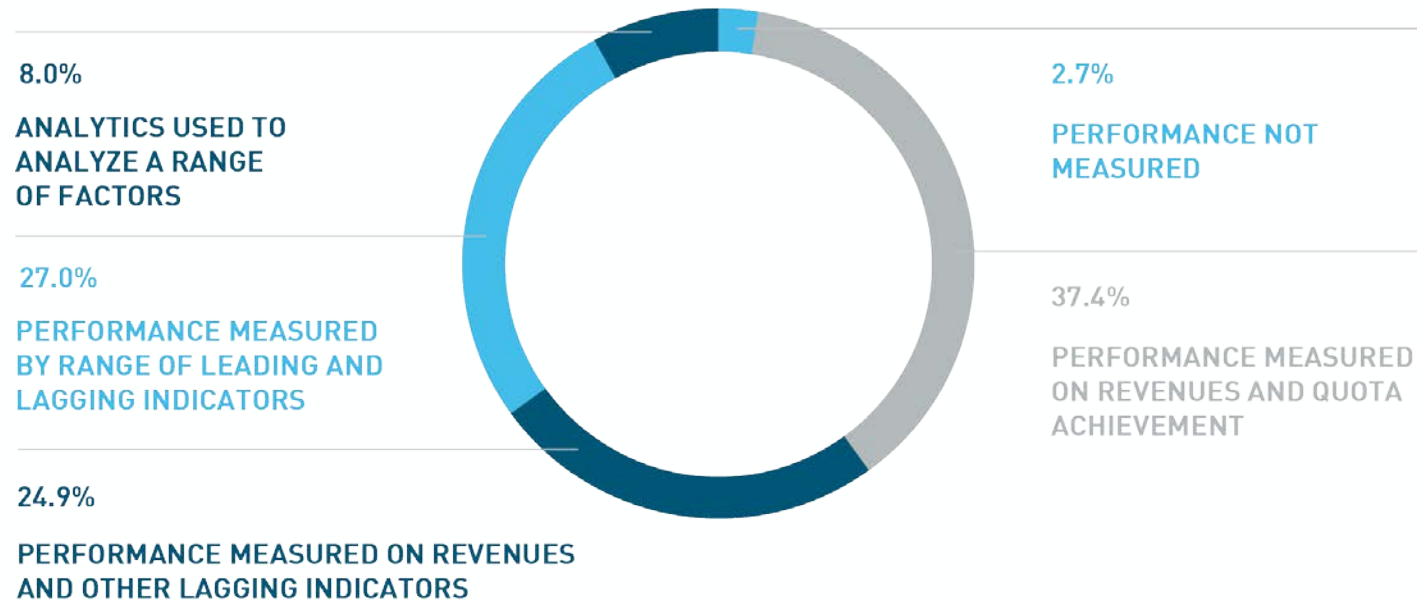
Hiring new reps, and hiring to a different profile, can result in a sales force that is more adaptable and less resistant to transformation.

Of course, hiring alone does not solve cultural problems. Culture change begins with a clear executive vision and move forward with human capital management (HCM) practices that properly onboard, enable, coach, measure and transition sellers.

# The challenge of identifying and replicating successful sellers.

## Performance Measurements of Salespeople

The majority, 62.3%, of sales organizations are using lagging indicators to measure individual performance. Only 8% are using predictive analytics.



Determining whether you have a talent gap, or determining how significant it is, begins with an understanding of your current talent pool.

Sales performance can be measured using a range of data. To level-set, lagging indicators are output-oriented and rear-view, meaning that they document what has already taken place. Leading indicators are input-oriented and have the potential to influence or change the ultimate output.

For example, booked revenue, an output, is a lagging indicator. Conversion of first calls to solution presentation is a leading indicator. The difference is important, since changing that behavior can ultimately change booked revenue.

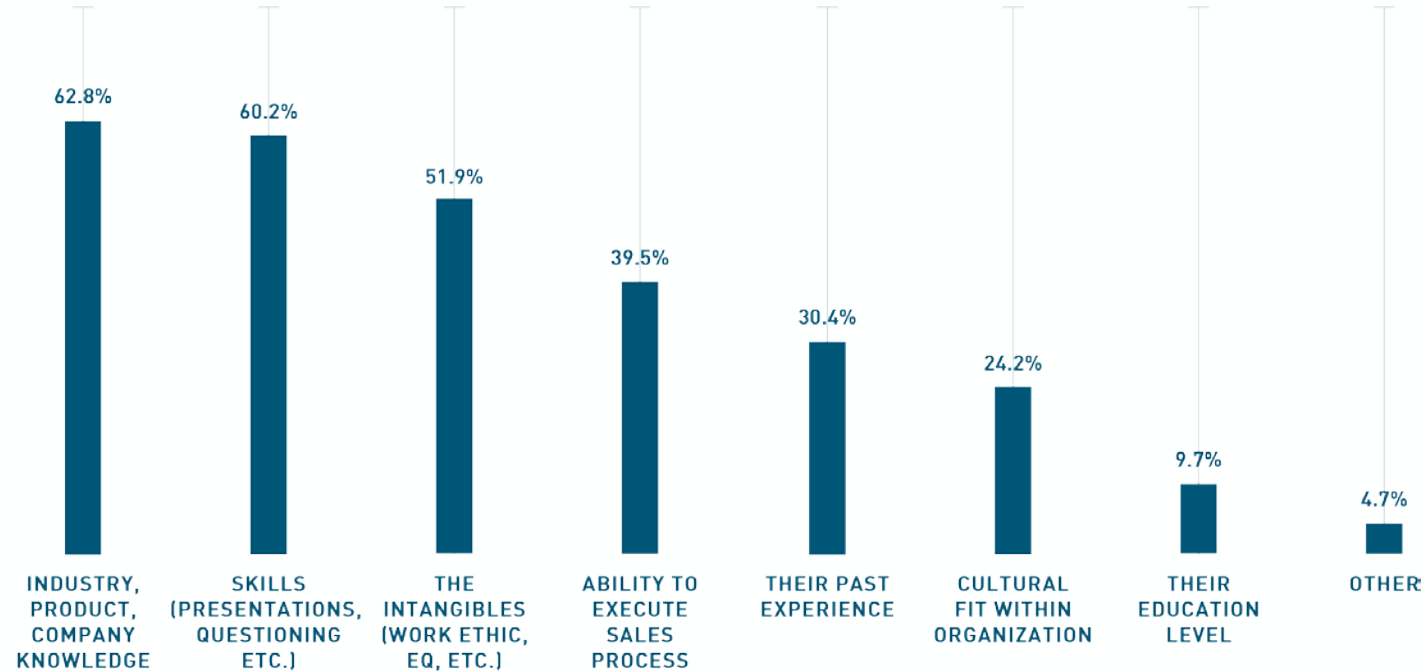
Over-relying on lagging indicators makes it hard to meaningfully coach and develop salespeople, and makes it near impossible to replicate the best.

16.3% of sales organizations say they did assess why specifically their best were successful. This is critical when you consider that the top 20% of reps were reported to account for 53.6% of total company revenues.

# Hiring is not an organizational strength for most.

## Factors that sales leaders believe lead to success

As noted earlier, most organizations did not have the data in order to identify the ideal hire. Therefore, many resorted to traditional criteria or managerial instincts (below).



Less than ¼ (22.6%) of organizations claimed hiring as an organizational strength.

The marketplace itself is changing quickly, but hiring profiles are changing only gradually. The priorities are, and have been, business degree, relevant sales experience and high emotional intelligence.

When we asked sales leaders what they believed led to success, many of the factors in the hiring profile such as education and past experience were not deemed as relevant. Leaders sorted to industry and product knowledge, sales skills and intangibles as the largest drivers. The latter two can be more challenging to identify in the hiring process.

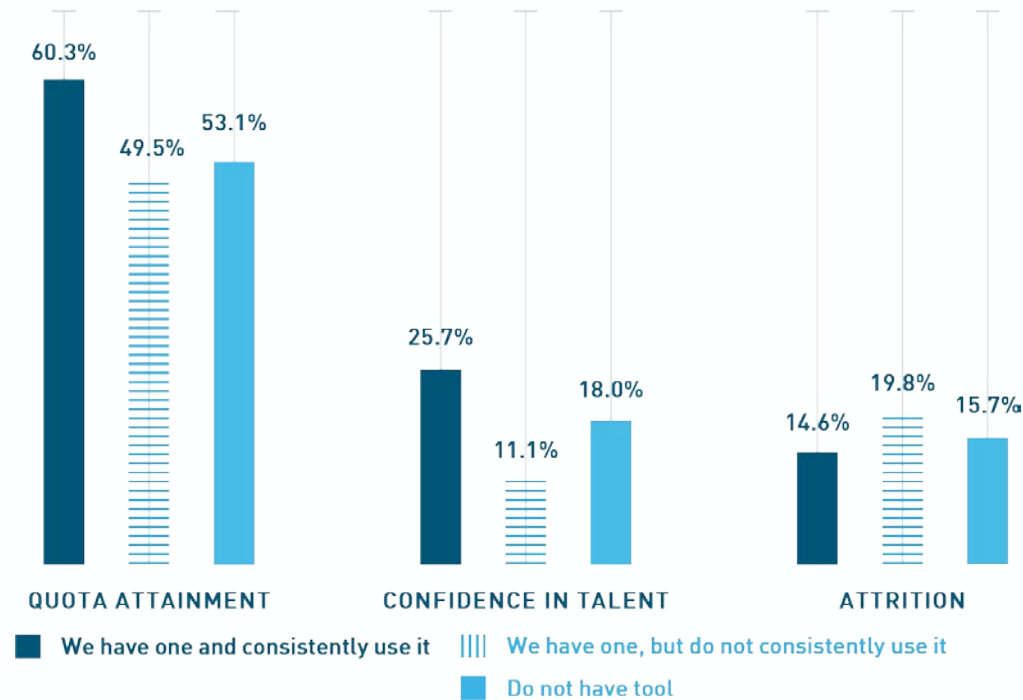
The problem is that either way (what we've always done or what managers see anecdotally) are fraught with guesswork. Few organizations actually, quantitatively know what the ideal candidate looks like and are rigorously using the tools to hire for those traits.

Surprisingly, when we asked leaders how they have changed their profiles over the last year, the most common response was "not at all."

# Some hiring tools, criteria and profiles are evolving.

## Hiring tool use vs. sales and performance metrics.

Those using hiring assessments have more sellers making the number, more confidence in talent and less attrition. However, not using their tool consistently have lower performance than those with no tool at all.



While many report no changes to hiring, despite the lack of success, there are some who are making notable changes to the way that they hire.

For example, there is a growing emphasis on STEM degrees. In addition, the “business” degree may in fact be a “sales” degree, with graduates having learned the basics of sales process, methodology and how to use Salesforce or other CRM software. On the attributes side, there was a growing interest in analytical skills, cognitive ability, comfort level with technology, agility and learning ability/interest.

Further, over half of respondents were adopting predictive assessments to more precisely define their hiring profiles and use data to match against the above criteria in a quantitative way.

Such tools can provide valuable insights to guide hiring decisions and ongoing talent plans. But they must be used consistently, implemented well and calibrated over time. As shown at left, just having a tool is not a guarantee for success.

# The talent effort continues post-hiring, but with better data.

## Organizations Capabilities in Sales Talent Management

Generally, organizations had neutral perceptions about the way that they managed the life cycle of a seller. With sales candidates scarce, and talent 'poaching' more common, this leaves sales team vulnerable.

### ONBOARDING & DEVELOPMENT



### ENGAGEMENT & RETENTION



### TRANSITIONS



■ Negative ■ Neutral ||| Positive

Hiring is just the beginning. To help sellers reach their potential, sales organizations need to manage the end-to-end experience of salespeople:

**Onboarding & Development** -- Organizations with strong onboarding get new hires to full productivity 17.9% (two months) faster than those with weaker practices. Once onboarded, continuous coaching and enablement is required. (see CSO Insights content on sales enablement)

**Engagement & Retention** -- Salespeople need to feel like the company supports their success. This requires adopting a sell-the-seller approach, developing employee value propositions, creating formal engagement and retention strategies, offering opportunities for career advancement.

**Transitions** -- Of course not all sellers will remain on the team for a variety of reasons. Having a fair and transparent approach for performance management has a marked effect on those staying.

Importantly, the success profile and the information collected during the hiring process should help guide all of these activities.



# Conclusion

*Talent is an issue for most sales organizations: who to hire, how to find them, and how to help them live up to their potential. Unfortunately, many organizations manage their talent through a collection of practices, rather than via a comprehensive talent strategy.*

*Such a talent strategy is owned by the CSO. It encompasses a vision for talent, a continuous current state evaluation as well as an evolving ideal for future state, and a systematic way to close the gap through human capital management practices.*

*For more information about talent strategies and other key elements of sales transformation, contact your CSO Insights analyst at [info@csoinsights.com](mailto:info@csoinsights.com).*



## About CSO Insights

*CSO Insights is the independent research arm within [Miller Heiman Group](#), dedicated to improving the performance and productivity of complex B2B sales. The CSO Insights team of respected analysts provides sales leaders with the research, data, expertise, and best practices required to build sustainable strategies for sales performance improvement. CSO Insights' annual sales effectiveness studies, along with its benchmarking capabilities, are industry standards for sales leaders seeking operational and behavioral insights into how to improve their sales performance and to gain holistic assessments of their selling and sales management efficacy. Annual research studies address sales and service best practices, sales enablement and sales performance optimization.*

## Terms and Conditions

*Printed in the United States of America. Except as permitted under the United States Copyright Act of 1976, no part of this publication may be produced or distributed in any form or by any means, or stored in a database or retrieval systems, without the prior written permission of the publisher. For additional information, contact Miller Heiman Group, Inc. 10901 W. Toller Drive, Suite 202, Littleton, CO 80127 email: [info@csoinsights.com](mailto:info@csoinsights.com)*

*The reader understands that the information and data used in preparation of this report were as accurate as reasonably possible at the time of preparation by the publisher. The publisher assumes no responsibility to update the information or publication. The publisher assumes that the readers will use the information contained in this publication for the purpose of informing themselves on the matters which form the subject of this publication. It is licensed with the understanding that neither the authors nor those individuals interviewed are engaged in rendering legal, accounting, or other professional service. If legal or other expert advice is required, the services of a competent professional person should be sought. The publisher assumes no responsibility for any use to which the purchaser puts this information.*

*All views expressed in this report are those of the individuals interviewed and do not necessarily reflect those of the companies or organizations they may be affiliated with Miller Heiman Group, Inc. All trademarks are trademarks of their respective companies.*