



2019 STATE OF SALES FOR SMALL TO
MID-SIZE BUSINESSES

How mindful are businesses about hiring and rewarding performance?



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Chapter 1: Overview

Most Small to Mid-Size Businesses Lack a Salespeople Management Strategy

Asked what phrase best describes how your company addresses gaps in sales competency when discovered, nine out of ten people (92%) scored their organization Poor/Below Average. Moreover, three in ten (30%) reported: "We typically don't do much training."

Whether launching or expanding a sales operation, simply landing good talent takes time and effort few companies can afford. Then comes building infrastructure to address competency, accountability, compensation and the training needed to drive long-term success.

We can tell you from experience that most small to mid-size companies will not get this right on their own.

Sales Xceleration recently reviewed data sets from 933 Sales Agility Assessments completed by small to mid-size Business Owners, CEOs and Presidents and discovered a trend: Most businesses don't appear to have a strategic plan for staffing. We see this across the board – from how they hire to how they deploy people, develop talent, motivate and train. Winning businesses, in our opinion, are as mindful about their people as about their product.

KEY FINDINGS

78%

Hiring processes lack objectivity

More than three out of four respondents (78%) scored their company's hiring process Poor/Below Average, describing a hyper-insulated approach to bringing on new salespeople.

85%

Underperformance of sales rep rarely has consequences

Asked if consequences for not meeting expectations are clearly communicated and enforced, 85% scored their business Poor/Below Average, reporting there is no documentation of performance nor improvement plans.

80%

Compensation plans are not working and need rethinking

Four out of five respondents (80%) scored their company Poor/Below Average when it comes to how sales reps are compensated, reflecting plans that over-push or undermotivate.

91%

Outcomes of sales training are questionable

When asked how they knew sales training was effective, nine out of ten respondents (91%) scored the company Poor/Below Average. Four out of ten (40%) said their company has no insight whatsoever into the efficacy of its training.



Chapter 2: Staffing & Hiring

It seems like a perfect fit. Business A is growing rapidly and must add to the sales department - pronto. The business comes across a prospective new employee who, on paper, is exactly the type of seller needed on staff. This high-level performer (who will no doubt have multiple offers soon) is very interested in Business A.

Unfortunately, our Sales Agility Assessment shows that odds are low for Business A to land the candidate. Here's why:

- Fewer than one in four businesses (22%) are prepared to cover a new salary in short order. A full 36% do not have a dime budgeted toward new hires.
- More than one in four (27%) haven't written a job description to show this candidate. And 17% will have nothing in writing at the time of an accepted offer.
- Three out of five businesses (78%) are likely to do a poor talent evaluation.

Effectively hiring and motivating a sales force translates into profit. For purposes of this discussion, we focus narrowly on how well businesses manage in this area and the biggest areas for improvement.

Want to Get the Right People in the Right Seats? Start With a Plan.

While focusing on day-to-day operations is understandable, businesses that fail to plan for staffing will come up short-handed as growth accelerates or competitors snap up the best candidates.

At Sales Xceleration, we coach our clients to approach staffing in a clear-eyed, strategic fashion.

Look for salespeople before you need them

In the scenario above, a majority of businesses may not have even been aware of the candidate. Seventy-four percent of those answering our Sales Agility Assessment score Poor/Below Average – mostly relying on family and friends for referrals or luring salespeople from competitors. A better plan is to proactively look for talent. And beware the danger of hiring from only the businesses' vertical: The best people may be found outside it.

Map future staff funding to company growth

When it comes to setting aside budget for hiring,

73% of businesses score Poor/Below average; some tell us hiring isn't a line item, but they will handle new hires with available cash flow. The question is: Will you have the funds required for your new hire when you don't plan for it?

Always provide job descriptions

What business hasn't filled a Hunter position with a Farmer – or vice versa – at one time or another? This is the start of a problem that won't end (or will end badly). Only one in three businesses (33%) scores Excellent at having a written job description for each sales resource, and is ready to present it during and after the hiring process.

Interview in a way that helps ensure the fit is every bit as real as it appears

Snapping up a candidate because "we know a good salesperson when we see them" is not a best practice. Nor is having only the Sales Manager/ Owner handle the entire process. Still, three out of four businesses (78%) say they operate this way. Only 19% of businesses score in the Excellent range, using outside assessments to evaluate prospective team members and/or having multiple people interview each prospect.

Chemistry and cultural fit can be as important as someone's resume. A great hiring process allows you to discover what makes that candidate tick – and if they fit. Learn more [here](#).

Tip:

If you're not comfortable or confident in how to embark upon finding the right type of salesperson, there are great tools to help you with your selection. There are many options which include DiSC®, MBTI® from Myers-Briggs, or any of the other similar personality and psychometric assessment systems.





Chapter 3: Clarifying Roles & Responsibilities

With that new great candidate on board, it's imperative to validate your new salesperson's decision to join your company, as well as to equip them to be effective in his/her role. It all starts with defining the role and documenting it in writing - this only happens slightly more than half the time.

- 64% either won't have the job description in writing or believe that the interview discussion was clarification enough.

Not surprisingly, the majority of new employees aren't crystal-clear on job requirements. This causes the new hire, management and other key personnel to not be on the same page regarding expectations, performance and consequences. And according to data compiled through our Sales Agility Assessment, chances are slim the situation will be corrected through scheduled performance reviews.

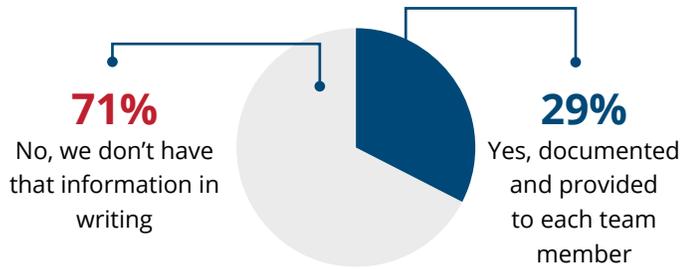
More Than Eight in Ten Businesses Don't Clearly Communicate Expectations and Consequences

Data from our Sales Agility Assessment shows why a vast majority of small and mid-size businesses are primed for employee/employer misunderstandings:

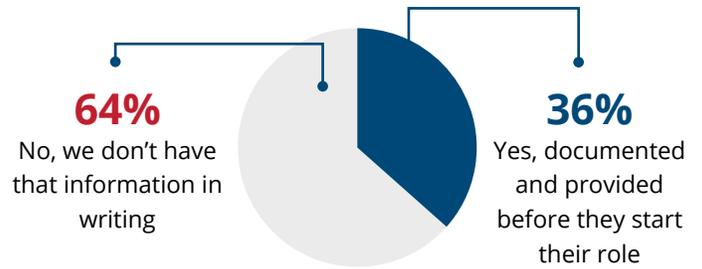
- 85% score Poor/Below Average on clearly communicating expectations and consequences.
- 71% score Poor/Below Average at defining each team member's roles and responsibilities and at providing written performance reviews (73%).
- 40% have never provided written performance reviews.*

*The percentage of businesses not providing written reviews is flagged as high in our data analysis, suggesting significant improvement is needed in this area

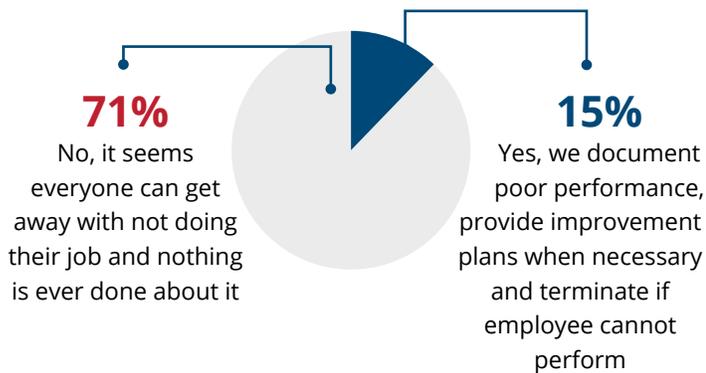
Do you currently have each sales resource's roles and responsibilities defined in writing?



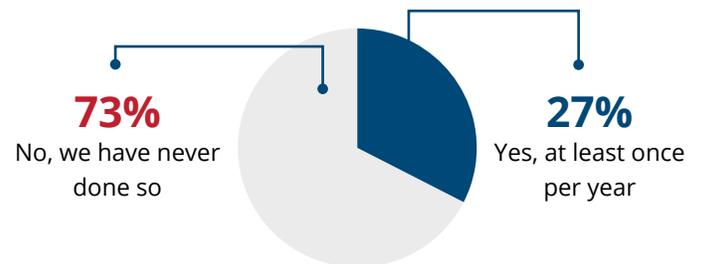
Is an individual's job description defined and in writing at the time of an accepted offer?



Are there clearly-communicated consequences for not meeting expectations and are those consequences enforced?



Do you provide written performance reviews?



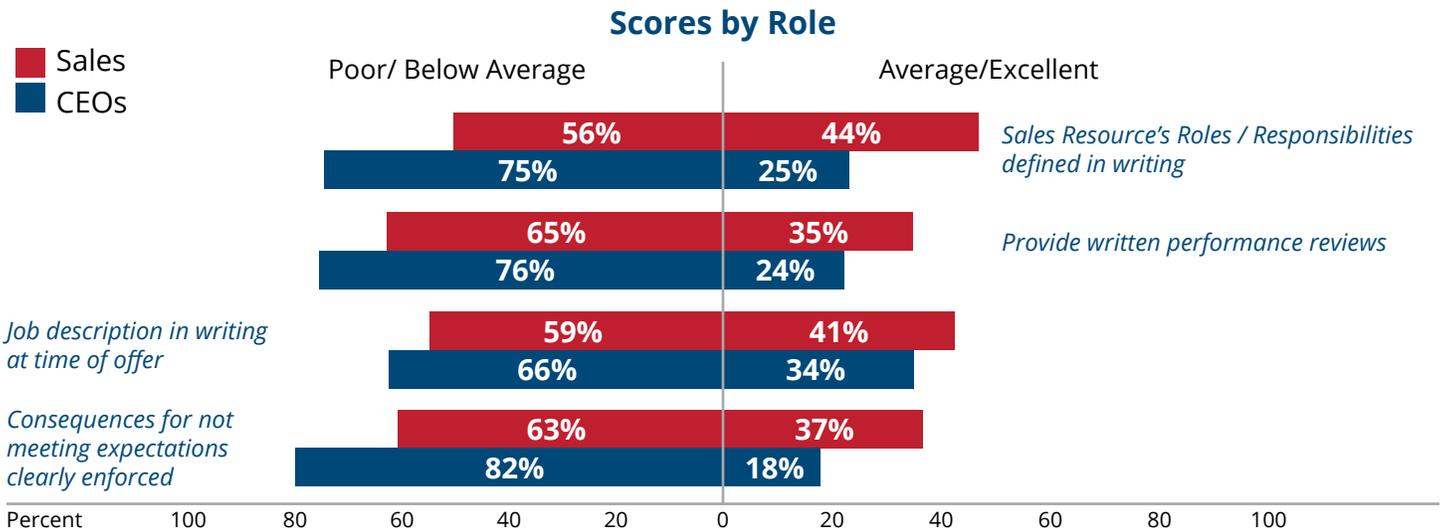
A Key to Effectiveness: *Keep people from tripping all over themselves – or one another. Eliminate role confusion by creating separate and distinct sales territories. 58% of businesses need improvement in this area.*



Sales and C-Suite Not on the Same Page About Performance

Along with the front-line confusion, our data points out misunderstandings between sales departments and CEOs. We found significant differences in how the people in these different roles rate their firms for managing personnel expectations. The differences span from hiring to reviewing and correcting course when necessary.

The solution lies in alignment between the sales leaders and the CEO, frequent communication and solid documentation. We also recommend gaining broad consensus when revising sales goals annually.



While we recommend doing annual written performance reviews, many employees crave more frequent coaching and real-time feedback – especially Millennials. Sales managers should make it a priority to stay connected with shorter, constructive conversations including one-on-ones and real-time feedback throughout the year.





Chapter 4: Motivation & Compensation

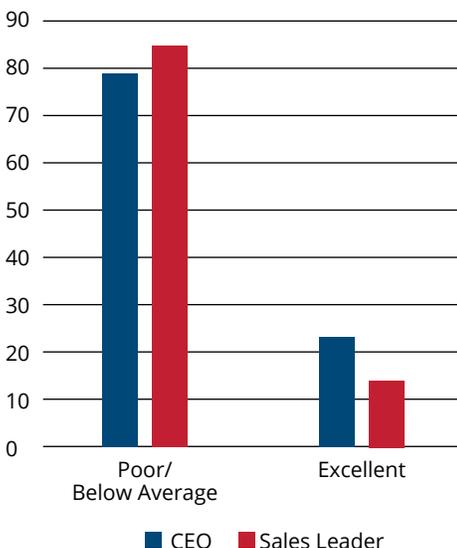
While money is a sure motivator, votes of confidence also fill an employee's job satisfaction bucket.

Only half of all businesses (50%) score in the Excellent range for assigning accounts based on account potential and the salesperson best suited to be successful. Looking across job titles, CEOs agree; 52% score their business as Excellent at assigning accounts.

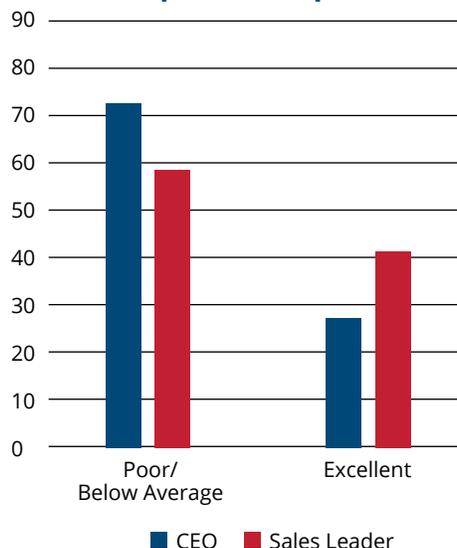
Diverging Opinions Surround Compensation Plans

When asked about sales team compensation plans driving results, the number of CEOs handing out Excellent scores drops into the 20th percentile. And the data shows significant skewing away from sales leader scores. The only thing CEOs and sales leaders appear to agree on is how frequently the organization changes its compensation plans.

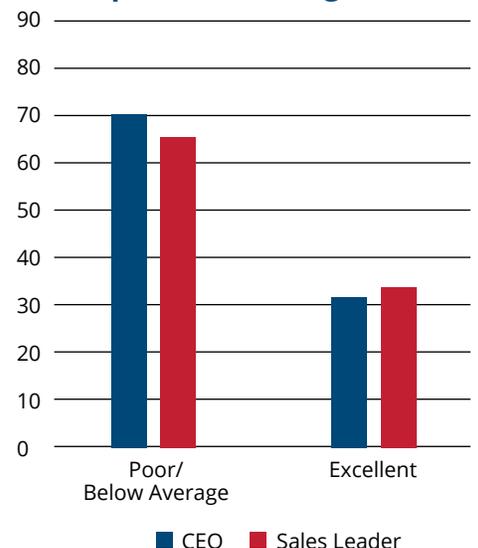
How sales reps are paid



Salespeople sign their annual compensation plan



How often compensation plans are changed



Nearly Half of Businesses Surveyed Don't Have Sales Goals, Quotas; 80% Compensate Poorly

Why does the CEO view of compensation sharply diverge from that of sales leaders and other roles? It could be their lack of insight, their view of what should be incented and how they view the compensation aligns with company goals.

When asked how the sum of each sales rep's quota compares to the overall company goal, nearly half of all respondents (44%) said their company does not have a sales goal or doesn't issue individual sales rep quotas. The question drove 90% of CEOs to score their organization Poor/Below Average suggesting that individual sales goals, even if they exist, are not aligned with the company's sales goal.

Given the absence of goals, quotas and an understanding of how they align with the overall business plan, it's not unreasonable for CEOs and sales leaders to disagree on compensation. Seventy-nine percent of CEOs scored their business Poor/Below Average for how it pays sales reps, as did 80% of respondents overall.

We believe that salespeople need a reasonable guaranteed income, but not so great that they won't be sufficiently motivated. Therefore, the Sales Agility Assessment is designed to correlate a 50/50 split with an Excellent score. On the other hand, compensation plans that are all base salary and no commission or no base salary and all commission result in a Poor/Below Average score.

To see what sales representatives earn on average, visit [Payscale.com](https://www.payscale.com).*

34% of respondents aren't concerned with signing an annual compensation plan. They say one isn't even written down.





Chapter 5: Training

Onboarding, Training Are Key to Employee Retention

In their 2018 SMB Insights report, The Business Journals tell us half (51%) of small and mid-size businesses are very concerned about being able to find and keep good employees. In fact, their study reports this as their #1 issue, ahead of cybersecurity, healthcare and taxes.

Structured onboarding and training let team members know the business is committed to their long-term growth and success. In addition to providing reps with opportunities to hone their interpersonal and communication skills, training makes the entire team more effective by addressing gaps in sales competency.

Unfortunately, about one in three businesses fail right out of the gate:

- 31% provide absolutely no structured onboarding
- 30% say they typically don't do much training

Excellent scores for onboarding are few and far between. Only 10% of businesses say their salespeople receive training, go into the field and then return for additional training.

Nine Out of Ten Businesses Don't Know if Training is Effective

When training is provided, the majority of businesses aren't aware of how well it works:

- 91% don't know if their training is effective
- 40% have absolutely no insight into training efficacy
- 64% say a Sales Manager/Owner rarely or never travels with a sales rep

Very few (7%) of businesses say they set clear objectives for training and then evaluate the results. They are the ones, however, who are getting it right.

CEOs are significantly more critical of how their organization onboards, with 57% scoring the efforts poor compared with only 47% of sales leaders.

About Sales Xceleration

We help businesses build a path to more sales. We do this by providing an Outsourced Sales Consultant to small businesses and mid-sized corporations that want to launch or expand their sales operations to drive revenue growth. Our Sales Consultants take a hands-on approach and do the work for our Clients. They build the right processes, use the right tools and ensure the right salespeople are in place. Our unwavering objective is to help business leaders build a solid sales foundation so they can enjoy sales growth for years to come.

About the Data

We offer a 48-question Sales Agility Assessment to potential and existing clients. This assessment is typically taken by the Owner, President, CEO and/or Sales Leader. It delves into how well they are currently performing on the core sales components a company must execute well to run an effective sales department. The results of the scores, compiled from 933 completed assessments across all industries are what was used to compile these insights.



Want to Learn How to Set Up New Team Members for Success?

Get your free copy of the 90-Day Onboarding Checklist for Sales Managers and Sales Reps.

After all, having a well-laid-out onboarding process will make your new hires feel welcome and allow them to focus on what you hired them to do – grow sales.

[Download Our 90-Day Manager Checklist](#)

[Download Our One-Year Sales Rep Checklist](#)