

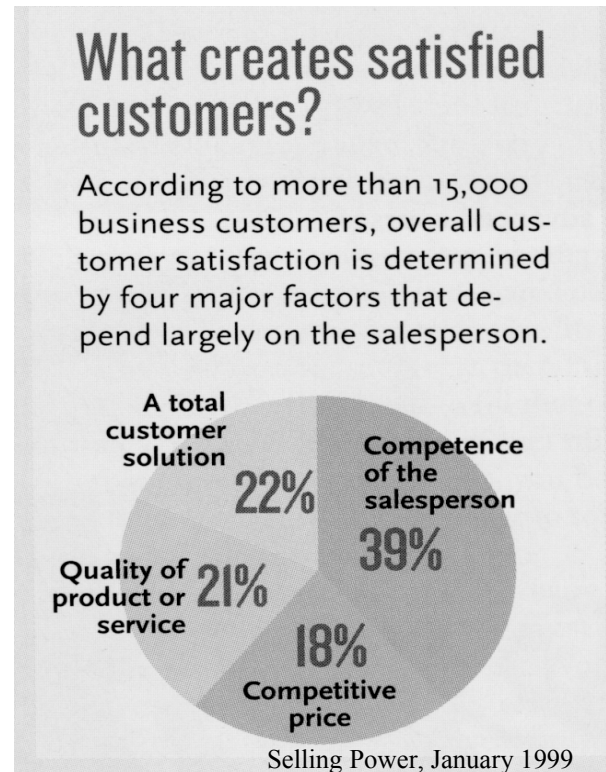
# The Most Common Myths About Sales & Effective Salespeople

*Quantitative and scientifically rigorous research can often debunk long-held “traditional wisdom.” Modern “business-to-business” research measuring customer purchase choices, as well as sales force and individual salesperson effectiveness, has provided many of the biggest surprises. These top eight sales “Myth Breakers” account for many competitive sales failures.*

1. Business buyers select a vendor more on the skills of the salesperson (39%) than price, quality, or service features.
2. Customers rate sales forces that sell commodities as the only consistent “world class” sales performers.
3. As a “talent” based versus a learned skill, exceptional sales effectiveness is usually **inversely** correlated with “academic” interest.
4. Psychological theory can’t predict sales success.
5. Sales excellence can be “coached” but not trained.
6. The most commonly trained sales skills seldom influence customers to buy.
7. The more salespeople achieve success in one market, the more likely they are to fail in a different market.
8. Compensation levels of salespeople in different markets are not necessarily related to the level of talent needed to succeed.

## 1. The 39% impact of the salesperson

Annual “World Class” sales force benchmarking projects conducted by Chally have collected data from over 100,000 business decision-makers. Correlating the quantitative ratings against actual purchase decisions makes it possible to measure the



impact of a variety of factors on the customer’s decision to buy.

Typical Chally research results have been published as cover stories in *Selling Power* Magazine.

## 2. Commodity salespeople have to be “stars”

When the customer knows your offer has the same features as the competition, equal quality standards, and even similar price, the **added value** the salesperson brings to the table is the only differentiation. There is no “better mousetrap,” “new and improved,” or even “special offer” that the competition can’t or won’t match...almost instantly. Since 1994, almost all of the customers’ 25 top-rated or “World Class” sales forces have been selling products that would be described as commodities, (See chart below) and only three companies (selling materials, supplies, or paper) have been named more than once.

is the critical study skill, and writing drives the main testing and grading process. Selling, however, is primarily an oral skill, dependent on listening and communicating. A facetious example may make the point humorously. Suppose there were two candidates for a sales job. One was a Summa cum Laude graduate of MIT with a major in physical chemistry, 4.0 GPA, finished in 3½ years. The second candidate barely squeaked through a local community college, 1.999 (rounded to a 2.0) GPA, worked part-time, and took almost five years to graduate after changing majors three times.

Even before we meet with these two candidates we could guess about a couple of major points. The first candidate is obvi-

### How customers rank sales effectiveness in each market segment

RANK	INDUSTRY	AVERAGE RATING	RANK	INDUSTRY	AVERAGE RATING
1	Business forms & paper	89.28	9	Office productivity	86.67
2	Maint., repair & operations	88.47	10	Automotive aftermarket	86.52
3	Auto parts (OEM)	88.36	11	Health care supplies	86.10
4	Office Supplies	88.27	12	Pharmaceuticals	85.99
5	Chemicals	87.97	13	Computers & software	85.80
6	Rubber	87.87	14	Freight/delivery	85.51
7	Primary metals	87.74	15	Telecommunications	82.54
8	Electronics	87.70			

Key to ratings: 100=Excellent 90=Very good 80=Good 70=Average 60=Poor

Selling Power, January 1999

## 3. Sales talent seldom shines in the classroom

Unfortunately, many companies recruiting for sales positions set minimum academic grade requirements. The evidence indicates, however, that school grades tend to be inversely correlated to later success in many sales positions. The explanation is straightforward. School is a written media, reading Our second candidate, however, will have a very different bio. He is likely to know

ously studious; so much so we can guess he probably only knows a couple of people well. One would be a roommate and the other a lab partner. We know he hasn’t had time to spend socializing. He has spent little time with the more “personal” problems that occupy most students. He may not even pay much attention to world affairs or current events.

everybody on campus, more importantly everybody knows him...he spent heavy

time at jobs, social events, and possibly even fraternities. The student union is a home away from home, where all of the popular issues of the day are debated. Most importantly, he has learned to “answer objections” and “close” through repeated attempts to convince professors to upgrade a “D” to a “C” or even an occasional “F” to a “D.” These challenges can prepare the bright and “sales talented” well.

#### **4. Psychological theory can describe, but not predict, sales success**

Chally was created as a result of a U.S. Justice Department grant to develop a legally defensible selection test in response to Supreme Court rulings about employee selection. Psychologists were hired to identify or develop the selection instruments or psychological tests best suited to predict future on-the-job performance. Unfortunately, none worked well in predicting on-the-job success. Today, “pop” psychology is still driving the sales of popular books. Theories such as “Maslow’s hierarchy of needs” are still taught many places, even though they were discounted years ago. We should have recognized that many theories are really part of a local culture, and that the WWII Kamikazes for example, didn’t believe that personal survival was the most basic drive.

There is an effective approach based not on psychological theory but actuarial science. The same predictive statistics the insurance industry uses turned out to be very effective. Today, Chally’s actuarially validated selection assessments predict future performance with great effectiveness.

The second source of research analysis focuses on why customers defect. The number one complaint? “Didn’t try to understand my business.”

#### **5. Sales talent can be sharpened but not created**

“You can’t train a person for a job they can’t do!” This is an old “saw” but typically forgotten in the rush to fill open territories, or cover critical positions. The key is distinguishing between “talent-based” skills and those that can be learned. The most frequently identified talent positions include: Sports, Military Leadership, Political “Electability,” Entrepreneurism, certain Creative Writing, Computer Programming, Design, Mathematical, and Artistic Skills...and most Sales Skills. This doesn’t imply you can’t teach anybody how to write programs, run for office, or play golf, but all the training in the world won’t make most of us into the next Jack Nicklaus or Tiger Woods.

#### **6. Customers expect more than just “sales training” in the people who call on them**

We are all familiar with typical sales training. Some focus on the basics and some more advanced. They are necessary but not sufficient. Research in two categories sheds critical light on the sales skills that make a difference in the customer’s decision to buy. The first comes from correlating a customer’s rating of salespeople against the volume, margin, and repeat purchases they made. Only three sales skills made a difference:

- “Personally” managing the total customer relationship
- Understanding the customer’s business
- Acting as a customer advocate to correct any and all problems

The most powerful training focuses on learning the customer’s business and being able to manipulate your own systems efficiently.

## **7. Top performing salespeople specialize and do not sell in all markets**

It would be convenient to have a simple philosophy like “just learn the skills and apply yourself and you can sell to anybody.” Unfortunately, customers are too different for one-size-fits-all. Some customers need a “High-Tech” solution. Some need “High-Touch.” Some want neither and some want both. Just like professionals in other talent-based careers, the “Jack of all trades” is master of none. The most unique or specialized skills include new business development (hunters or rainmakers), Strategic Account Managers, and outbound telesales personnel. Job descriptions that include equal emphasis on criteria such as: penetrate existing accounts, develop new business, and expand to multiple contact

levels within certain key accounts, cannot be filled by 99% of even the best of salespeople. Even if such a rare superstar were found, the compensation level would be way out of range. And of course, finding enough superstars to populate the whole sales force...

## **8. Compensation levels vary so greatly that weaker performers in some markets may earn more than the stars in other markets**

The message is critical to understand when considering hiring experienced personnel from other business segments. In general, compensation increases as the margin for a product or service increases. When the cost to produce a product or service is a small percentage of the selling price variable compensation can be extreme. Likewise, when the product or service being sold is a “discretionary” or infrequent purchase, billing margins and the accompanying compensation can also be high. This proves to be most frustrating to companies hiring high-tech salespeople from a glamorous former position with expectations based on their previous earnings. They usually end up as an expensive mis-hire.



*1900 Founders Drive  
Dayton, OH 45420  
(937) 259-1200  
Fax (937) 259-5757  
[www.chally.com](http://www.chally.com)*