

# Select Perspectives

By Matthew S. O'Connell, Ph.D., Amie Lawrence, Ph.D., and Matthew Reeder

## Predicting Success in Sales

Why are some people successful in sales and others aren't? In other words, what makes for a good salesperson? This is a question that sales managers and executives ask themselves regularly. Perhaps a more perplexing question is why someone who is successful selling in one job is a complete failure in another, or vice versa. Is there a way of dramatically increasing your odds that someone is going to succeed in a sales role?

These questions served as the starting point to our investigation into predicting sales performance over three years ago. While we had been involved in helping organizations assess and select salespeople since our founding in 1993, the question of why some people succeeded in some roles while not in others left us with a desire to learn more. It was then that we set out to review all of the research we could on predicting sales. All told, we reviewed over 600 empirical studies dating back to the 1920's, and encompassing data from over 450,000 salespeople. We were interested in any and all studies as long as they met one criteria; it had to be a true empirical study in which a relationship between sales performance and some type of predictor was calculated. We weren't interested in purely theoretical articles on what makes a great salesperson unless it had data to back it up.

The results of that research led us to develop a unique assessment tool that quickly evaluated the key components that were most relevant in differentiating people on their likelihood of success in a wide range of sales positions. The name of the tool that we developed is called Select SalesPro™. We then set out to test how well Select SalesPro actually predicted sales for

salespeople from a varied cross-section of industries and sales positions. This article highlights the results of our findings.

### The First Problem – Defining Success in Sales

How do you know if someone is successful at sales? This may seem like a rhetorical question but it's actually less straightforward than it would appear. The simple answer would seem to be, you know that they're successful if they sell a lot. Ultimately, that's what you want out of your sales people, i.e., productivity and sales. But, what if they make a lot of sales but in doing so they cut prices so much to do it that the sales aren't that profitable to the company? What if they close deals by making wild promises that your company can't live up to and you end up with upset customers who require a lot of service recovery time to keep happy? Or, what if the person is new to the position and has a new territory, works exceptionally hard, seems to be doing all the right things but doesn't have much to show for it at the end of six months. Is that person substantially worse than a person who's been in an established territory with some long standing accounts who is basically just an order taker but accounts for a lot of sales?

Another challenge in using objective measures of sales is whether you look at "raw" sales numbers or those that are corrected for external factors, such as quotas. So, who is really doing a better job, the seasoned salesperson in the established territory who sold \$1 million but was at 75 percent of quota or the new person in the untapped territory who only sold \$100,000 but was at 150 percent of quota?

## Selecting and Developing Great People



©2008 Select International, Inc.

To learn more about Russell Consulting International and our products and services, contact us at +61 3 9696 3166. Or visit us on the Web at [www.russellconsulting.com.au](http://www.russellconsulting.com.au). Select International is a registered trademark of Select International, Inc. USA, and Russell Consulting International is licensed to market, sell and implement Select International, Inc. products and services in Australia and across the Asia Pacific region.

You would think that sales managers are able to take those types of things into account when they rate the performance of their salespeople. After all, a sales manager should have information on the individual's sales, as well as have a good idea about their territory, the types of activities they're involved in and also what type of person they are to work with. If that's the case, then potentially looking at ratings of job performance would be a better indication of a salesperson's success.

These are important considerations because, surprisingly, the correlation between supervisors' ratings of sales performance and objective measures of sales is not nearly as high as you would expect. Based on the results of an analysis of 21 studies covering over 4,000 salespeople, Rich and his colleagues<sup>1</sup> found that the correlation between objective sales and supervisor's ratings of sales was  $r = .45$ . That's not particularly high when you consider that sales managers know how much their salespeople have sold. One would expect that it would have a strong influence over their ratings of success. Obviously, there are other factors that are being taken into account when sales managers rate the performance of their salespeople.

In selecting components to include in Select SalesPro we tried to include those factors which seemed to do a good job of predicting both objective sales as well as more subjective, although potentially no less meaningful, ratings of performance.

### The Myth of the Perfect Salesperson

What we found in our research, interviews and consulting work is that there is no such thing as the perfect salesperson. If you're looking for the "can't miss" rainmaker who will bring in huge deals in his first month on the job, you're most likely going to be very disappointed. The simple reason is that different situations call for different types of salespeople. It's as much a matter of fitting the right person to the position as it is having some ideal set of characteristics.

Before you set out to find your next salesperson make sure to ask yourself two questions. "What do we sell?" and "Who do we sell to?" The answer to those two questions will guide you to the right type of salesperson for your specific situation. This probably seems to be too

simplicistic and obvious to be of any value. Trust me, it isn't. You'd be amazed at the number of people that are hired into sales positions for which they are a terrible fit. If the companies that hired them would have truly thought about those two questions beforehand they would have realized it well before hiring them.

But surely, there have to be some characteristics to define success in sales. The good news is that there are indeed characteristics that help define sales success. However, it all goes back to matching how those characteristics fit with the actual job that really defines a successful sales profile. The next several sections describe those characteristics.

### Predictors of Sales Success

As you can imagine, there are a lot of theories about what it takes to be successful in sales. Sifting through the litany of potential success factors is a seemingly never ending task. For every study that shows success for one factor, it seemed like there are at least two others that show no relationship for that factor. However, we did find that there are some individual differences that consistently differentiate between success and failure in a broad range of sales positions. These aren't meant to be the "magic ingredients" for a successful salesperson but they do appear to be a solid, stable and manageable base from which to customize a profile to meet your specific situation.

We've broken these core factors into three major areas:

- ◆ Competencies
- ◆ Styles
- ◆ Drivers

### Competencies of Success

There are five competency areas that consistently are related to higher levels of sales performance. The names used to describe these five areas differ from study to study but the underlying constructs remain the same.

### The Top Five

- ◆ **Achievement Motivation.** The extent to which someone is driven to succeed. It is usually associated with

competitiveness and goal achievement. The fear of failing is also a component that comes into play here.

- ◆ **Emotional Stability / Adaptability.** The key here is the extent to which the individual can function effectively even when faced with rejection or stressful situations. This might also be referred to as “Resilience.”
- ◆ **Emotional Intelligence.** This is a newer area of research compared with the others. It’s also a very a broad area that encompasses a number of other factors. The key here is the extent to which the individual empathizes and understands the emotions and motivations that underlie human behavior, i.e., how well they “read people.”
- ◆ **Accountability / Locus of Control.** In essence, this relates to the extent to which people see themselves as responsible for their own success or failure. They are accountable.
- ◆ **Organization / Time Management.** The key here relates primarily to time management and prioritization.

### The Next Three

There are three other competency areas that are close to breaking into the top five but don’t quite meet the criteria of being consistently and strongly related to success. This most likely means that they may be more important in some situations or positions than in others.

- ◆ **Extraversion / Outgoing.** Tend to be talkative and enjoy being around other people.
- ◆ **General Cognitive Ability.** Relates to logical reasoning, interpreting information quickly and accurately.
- ◆ **Communication (oral and written).** This relates to being articulate, and easily understood.

### What Doesn’t Work?

While there are any number of factors that don’t relate to sales success, there are some that are more surprising than others. These three areas intuitively seem like they should be linked with successful sales performance but really aren’t.

- ◆ **Conscientiousness.** This is a competency area that is consistently related to success for most jobs but not for sales. This area relates to being structured, rule bound and a strong work ethic. While the work ethic component is related to sales, structured rule bound components are not.
- ◆ **Agreeableness.** This is related to being friendly, likeable and enjoying social relationships. It’s different from being extroverted because you could be quiet and reserved while still being friendly and easy to get along with.
- ◆ **Education.** Getting good grades in school, or having a college vs. a high school education has very little to do with success in sales.

### Sales Styles

One of the most consistent comments you get from sales managers in service industries is that salespeople who are used to selling products typically fail when they move to selling services. Most likely, it’s because you’re moving from a more tangible to a less tangible and more conceptual offering, which can be quite challenging for someone to understand. For that reason, we looked for factors other than the key competency areas described above to help define a salesperson’s predominant “style.”

These three dimensions consistently emerge when you look at different sales positions, both within and across different companies and industries. Matching core aspects of the job itself to the individual’s predominant selling style increases the likelihood that a salesperson is going to excel in a particular role.

#### Hunter vs. Farmer

Hunters thrive on seeking new opportunities and opening new doors. They find it difficult to maintain focus on any one

opportunity for very long and will jump around depending on the likelihood of closing the deal.

Farmers prefer developing long term relationships and value being a resource for their customer. Rather than always seeking the next “win,” they are comfortable working within existing relationships to grow the business.

### **Analytical vs. Intuitive**

Analytical sellers rely on information and data to make a sale. They tend to be methodical and risk averse.

Intuitive sellers rely on their instincts, hunches and feel for people or situations.

### **Product vs. Solution**

Product-based sellers tend to focus on the product’s features and benefits, and spend less time understanding or developing the needs of the customer. They tend to rely on technical knowledge, and “people skills” to build trust and customer acceptance.

Solution sellers tend to use a consultative approach to identifying needs and selling larger “solutions” to meet the needs of the customer. Professionals in many non-sales related fields such as attorneys and consultants tend to be more solution based in their approach to selling their services.

It’s important to realize that no one is purely one thing versus another. Most people are along the continuum between each end of the dimensions. So, just because someone is more of a product oriented salesperson doesn’t mean they can’t sell solutions. It just means that their style is naturally suited to work more with products and it will be easier for them to excel in an environment that sells products.

It’s also important to understand that no particular style is inherently better than another. A more intuitive seller is likely to do better in situations that require her to think on her feet, read the situation quickly and come up with recommendations on the fly. That same person may have a hard time working on long-term sales that require detailed analyses, formal

presentations that focus on details and in-depth analyses of the product or service in question.

### **Drivers**

Understanding the key factors that motivate someone is important for any role. It’s potentially more important in sales roles because of the increased variability in performance. In other words, there’s more opportunity to achieve high levels of success as well as more opportunity to do poorly than in most jobs. For that reason, motivational factors become critical to the individual’s likely success and sustainability (i.e., tenure) in the job.

Drawing on the work of researchers such as McClelland & Boyatzis (1980)<sup>2</sup> and Wiggins & Trapnell (1996)<sup>3</sup>, we identified five major motivators or Drivers of sales behavior. They are as follows:

#### **Need for Achievement**

Individuals with a high need for achievement gain satisfaction from successfully completing tasks perceived by them and others as challenging. These individuals tend to be competitive, and have a strong desire to succeed and ultimately, to “win.”

#### **Need for Affiliation**

Individuals who are motivated by this need gain satisfaction from building close relationships with other people and would likely prefer to work in an environment that offers the opportunity to collaborate and engage with other people, whether they are colleagues, customers, friends, etc.

#### **Need for Recognition**

Someone who is motivated by this need gains satisfaction from receiving a gesture or award as an expression of acknowledgement or appreciation. Preferably, the recognition should be public and tangible.

#### **Need for Power/Authority**

Someone who is motivated by this need gains satisfaction from influencing others and being in a position of authority or

control. Individuals who are highly motivated by this need are compelled to gravitate to positions of power, authority and leadership.

### Need for Money

Individuals who are motivated by this need gain satisfaction from receiving monetary compensation for completing assignments. While everyone to some extent is motivated by financial gain and stability, these individuals place monetary gain as primary driver of their behavior and basis for their satisfaction.

### Putting it All Together

It's important to reinforce the point that there is not one single factor or one single profile that will predict success across all sales positions. The combination of Competencies, Sales Styles and Drivers provides us with a basis upon which to establish success profiles to accurately identify who is likely to be successful and who is not. For some positions a number of the key sales competencies are likely to be unrelated to success in the job, while for other positions those same competencies emerge as the best predictors. The same is true for Sales Styles and Drivers. It's important not to assume because someone is in sales that their primary motives are to make a lot of money and they have to be extroverted and great at reading people. In some cases that combination may be a fine match. In others, it might be that successful individuals are more motivated by being recognized for their accomplishments, and tend to be adaptable and good time managers.

To help gain an understanding of how the key factors can be combined to come up with profiles that actually predict sales success we have provided a short summary of four separate studies that we recently conducted. Each of the studies focuses on salespeople from different industries and selling different products or services.

### Research Findings

This section summarizes four empirical studies that were conducted using Select SalesPro across a wide range of positions and industries. In each of the subsequent studies presented, a correlation between scores on the assessment

and some external criteria is provided (e.g., supervisor ratings of job performance, actual sales). The table below provides generally acceptable standards for evaluating the strength of correlation coefficients in behavioral science settings.

Range in Validity Coefficient <sup>4</sup>		Strength of Relationship between Predictor and Criteria
r = .00 - .19	-	Little, if any, relationship
r = .20 - .29	-	Small/Moderate relationship
r = .30 - .39	-	Moderately strong relationship
r = .40 - .50	-	Strong relationship
r > .50	-	Very strong relationship

### Study 1 – Field Representatives for a Sales and Marketing Services Firm

Two separate samples of field representatives (large format, small format) were obtained from a Canadian business services firm specializing in sales and marketing solutions. Salespeople from this firm were responsible for product placements for a wide range of consumer products. A total of 63 representatives were administered Select SalesPro as part of the validation study (40 large format representatives and 23 small format representatives). Large format representatives tended to place products in larger chains, such as grocery stores, large retailers, etc. Small format representatives placed products in a broader range of outlets, such as gas stations, convenience stores and more “mom and pop” type locations.

Interestingly, there were some meaningful differences in terms of what predicted performance for the large and small format salespeople. For small format positions, achievement motivation, accountability, time management and problem solving were the strongest predictors. Additionally, successful small format representatives were driven by achievement and affiliation, and clearly not by money or recognition.

Successful larger format representatives were clearly driven by achievement motivation, both as a competency and as a motivator. Other factors such as time management, reading people and adaptability were not related to performance and were in fact negatively related to performance. Large format representatives were not motivated by affiliation or money.

What's interesting is that these results actually make sense given the nature of their jobs. Time management, accountability and problem solving, as well as affiliation needs are more important for small format positions because they interact with a much broader range of people on a daily basis. They are required to visit many more locations in a given day and make more decisions regarding product placements on a weekly basis, i.e., the quantity of information they need to process is actually more and also more varied. Large format representatives, by and large, spend more time in a given facility and have relationships with a smaller number of people. They call on fewer locations in a given time period and the data they need to analyze, while larger in volume, is more consistent and covers fewer locations.

Based on the information about the jobs and the results of the studies we established profiles for each position and then evaluated their success against multiple criteria. Based on these profiles individuals were classified into four bands: A = strongly recommended, B = recommended, C = recommended with reservations, and D = not recommended. The results of that analysis were very positive.

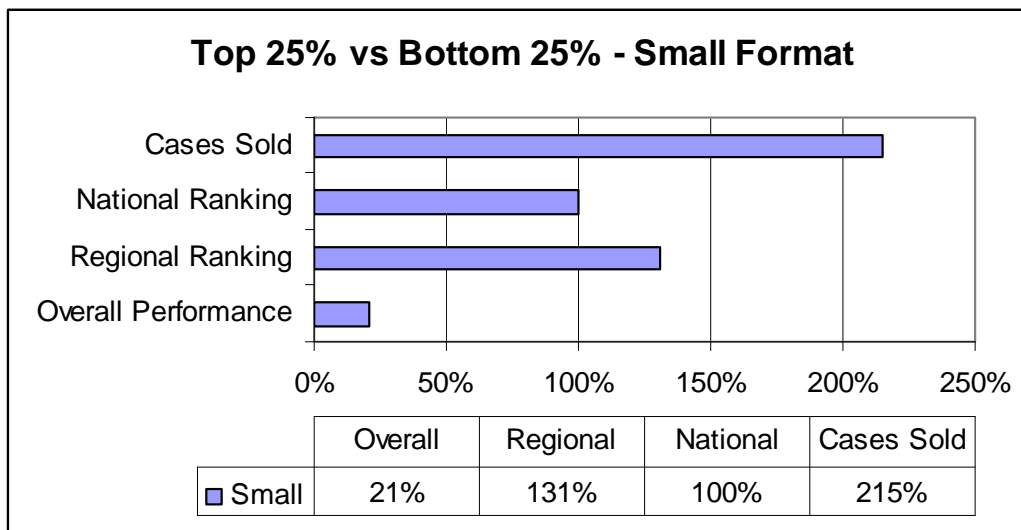
For small format representatives, the overall assessment score correlated  $r=.78$  with overall job performance ratings,  $r=.39$  with regional sales rankings,  $r=.37$  with national sales rankings, and  $r=.57$  with overall sales volume.

For large format representatives, the overall assessment score correlated  $r=.66$  with overall job performance ratings,  $r=.49$  with regional sales rankings,  $r=.60$  with national sales rankings, and  $r=.50$  with overall sales volume.

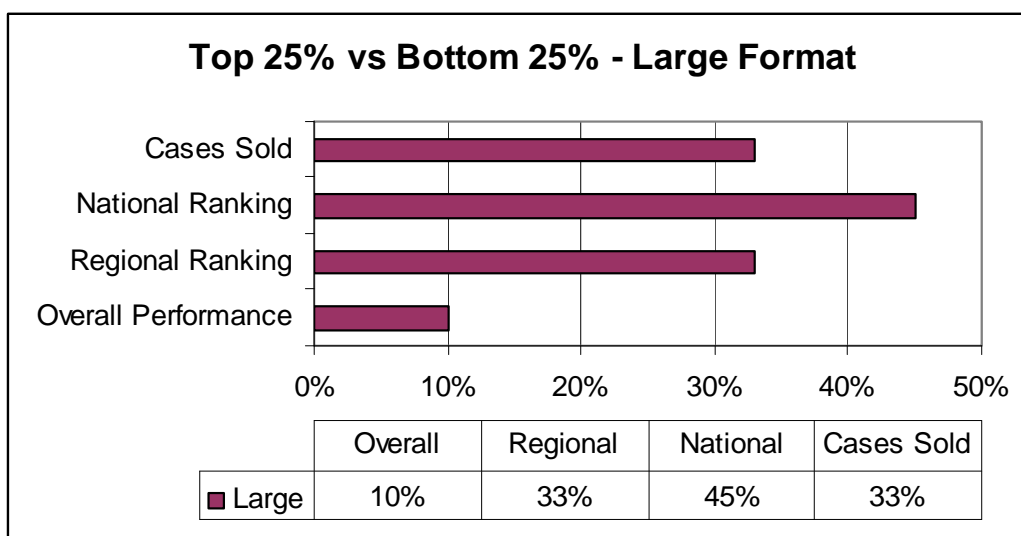
What do these correlations mean in terms of actual differences in performance? Consider Figures 1 and 2 below which show how much of an increase in sales performance, as measured by both objective sales metrics and ratings, the top 25 percent of assessment scorers achieved as compared to the bottom 25 percent. For example, in the small format group, the individuals who scored in the top 25 percent on the assessment outsold the bottom 25 percent by 215 percent with regard to number of cases sold.

What both of those tables show is that individuals who perform in the top 25 percent against the customized Select SalesPro profiles significantly outperform those in the lower 25 percent, for both large and small formats. It's also interesting to note that there is even more variability in performance for those in small formats vs. large formats. This is not surprising because as mentioned earlier, individuals in the small format positions have a lot more autonomy in their jobs and are able to demonstrate their skills and abilities to a larger extent than those in the more stable, larger format jobs.

**Figure 1. Percent Increase in Performance: Top Performers as Compared to Bottom Performers on Select SalesPro for Small Format Representatives.**



**Figure 2. Percent Increase in Performance: Top Performers as Compared to Bottom Performers on Select SalesPro for Large Format Representatives.**



**Study 2 – Sales Directors and Sales Consultants for a Group Health-related Insurance Carrier**

Select SalesPro scores were obtained from a sample of 17 Sales Directors and Sales Consultants working for a health related-insurance carrier at both east coast and west coast locations. These individuals were responsible for selling employee benefit packages to organizations and thus worked in a business-to-business environment.

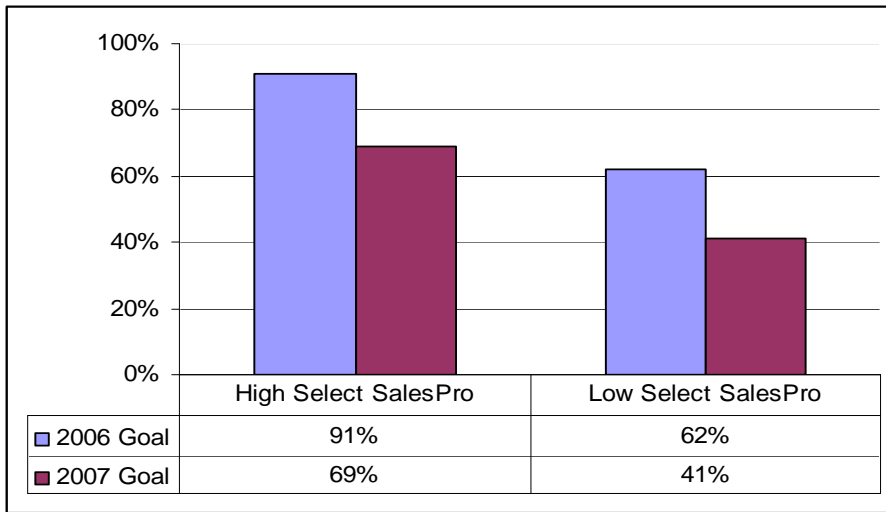
Successful individuals in these positions tended to have high scores in achievement motivation, adaptability, extroversion, accountability and problem solving. They also were driven by achievement and money. They were not motivated by power, recognition or relationships.

Also, it was clear that the best sales style profile was a Farmer-Intuitive-Solution. Each of those factors was significantly related to sales performance.

When an overall assessment profile was compiled, it correlated  $r=.84$  with performance ratings from supervisors and  $r=.13$  and  $r=.58$  with sales goals in 2006 and 2007, respectively.

The table below provides a comparison of individuals who’s Select SalesPro score was in the top 25 percent vs. the bottom 25 percent of those assessed in this organization, in terms of 2006 & 2007 annual sales goals. While it’s clear that the group as a whole performed better in 2006 than in 2007, it’s also clear that in both years high performers in Select SalesPro met their sales goal by almost 30 percentage points.

**Figure 3. Comparison of Top Performers and Bottom Performers on Select SalesPro in terms of 2007 Sales Goal Achieved.**



**Study 3 – Account Managers and Business Development Managers from an Office Products Retailer**

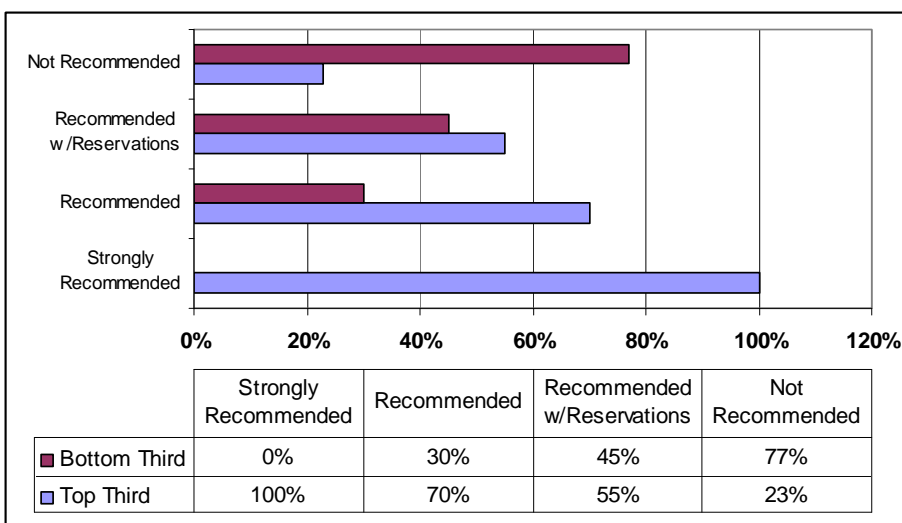
Seventy-three account managers from a large, national office products retailer located in the United States were assessed using Select SalesPro. Individuals in the sample were dispersed across the organization’s Central, Northeast, Southeast and West regions.

Successful account managers tended to have high scores in achievement motivation, adaptability, reading people (i.e., high EQ), extroversion and time management.

Additionally, they tended to be driven by a need for recognition. Individuals who were overly analytical or were motivated strongly by money did not tend to be as successful.

When a profile was established based on these factors and applied to these individuals, overall Select SalesPro scores correlated  $r=.55$  with job performance ratings. To put this in perspective, the top third of performers on the job, based on job performance ratings was compared with the bottom third of performers in terms of their Select SalesPro scores. Those results can be seen in Figure 4 below.

**Figure 4. Comparison of Top Third and Bottom Third Performers Across Select SalesPro Categories.**



Perhaps what's most interesting to note here is that none (0 percent) of the lower performers fell into the Strongly Recommended category for Select SalesPro, while almost 80 percent of the individuals in the Not Recommended category were low performers.

#### Study 4 – Field Sales Representatives from a UK-Based Communications Solutions Provider

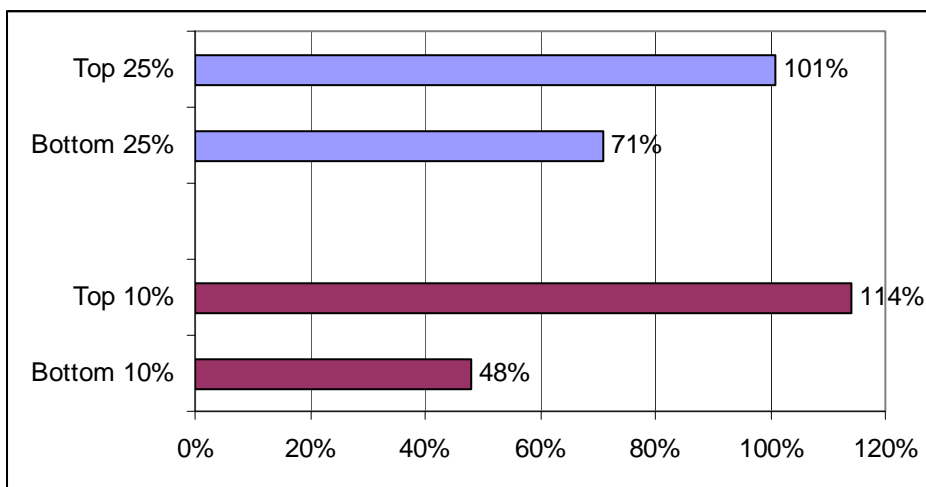
One hundred forty-four Field Sales Representatives for a large, international communications solutions provider located in the United Kingdom completed Select SalesPro as part of a larger project. These individuals were responsible for the sales of various types of communications technology services and products (e.g., mobile and broadband, information communications technology) in a business-to-business environment.

Supervisor performance ratings as well as annual sales as a percentage of goal were available for the entire sample.

Successful sales representatives tended to have high scores in achievement motivation, adaptability, reading people (i.e., high EQ), accountability and time management. Additionally, they tended to be financially motivated, with a strong drive associated with money. Individuals who were motivated strongly by power did not tend to be as successful.

Overall, Select SalesPro assessment scores correlated at  $r=.54$  with supervisor ratings of performance and  $r=.43$  with annual sales. The figure below compares actual sales performance for individuals who scored in the top vs. bottom percentiles on Select SalesPro.

**Figure 5. Comparison of Annual Sales Performance (Percent of Goal Met) for Top vs. Bottom Performers on Select SalesPro.**



As can be seen in this table, sales representatives who score in the top 25 percent on Select SalesPro sell 42 percent more than those in the bottom 25 percent. The difference is even more dramatic for those in the top 10 vs. the bottom 10 percent, where the difference in sales is 138 percent higher for those in the top group. Similar differences were also found for supervisor ratings of performance.

#### Summary and Conclusions

Clearly, predicting success in sales is not easy. Making a sale depends on so many factors, some of which salespeople have control over and some of which they don't. The best salesperson in the world is unlikely to be successful selling a product that is grossly overpriced, outdated or underperforming. Nonetheless, it is also clear that some people are consistently more successful in sales than others.

---

As we saw in the four studies described here, it's possible to be accurate and do a good job identifying the factors associated with successful sales performance, but that those factors are not the same for each company or for each position. For instance, in study 1, we saw that even within the same organization, and essentially the same position, there were clear differences in what type of people were successful in large vs. small format environments.

In studies 1 and 3 we saw that being motivated primarily by making more money was not associated with success on the job, whereas in study 4, that was a key factor in being successful. In study 2 a strong drive for recognition was negatively associated with success while in study 3 it was positively associated with success.

There were some consistent findings, which were also consistent with previous research on predicting sales performance which was described earlier in this article. Achievement Motivation (or Driven to Win) was a key predictor in all four studies. Time Management was a predictor of success in three out of the four studies as was Accountability and Adaptability.

Ultimately, the most consistent finding was that by setting a profile of success that takes into account competencies, styles and drivers to match the needs of the job, it's possible to achieve outstanding results in predicting sales success, regardless of the position or industry.

---

## References

- <sup>1</sup> Rich, G. A., Bommer, W. H., MacKenzie, S. B., Podsakoff, P.M., & Johnson, J. L. (1999). Apples and apples or apples and oranges? A meta-analysis of objective and subjective measures of salesperson performance. *Journal of Personal Selling & Sales Management*, *XIX*, 41-52.
- <sup>2</sup> McClelland, D. C., & Boyatzis, R. E. (1982). Leadership motive pattern and long-term success in management. *Journal of Applied Psychology*, *67*, 737-743.
- <sup>3</sup> Wiggins, J. S., & Trapnell, P. D. (1996). A dyadic-interactional perspective on the five-factor model. In J. S. Wiggins (Ed.), *The five-factor model of personality: Theoretical perspectives* (pp. 88-162). New York: Guilford.
- <sup>4</sup> Cohen, J., & Cohen, P. (1983). *Applied multiple regression/correlation analysis for the behavioral sciences* (Second Edition). New Jersey: Lawrence Erlbaum Associates.