



RESEARCH PAPER



The Significant Cost of an Underperforming Sales Manager

The missing link between sales training and revenue

Introduction

When organizations experience a sales performance problem - and most do - they look to one of two places for the solution: their sales processes or their sales methodology. The underlying idea is that improving process or methodology to create consistent sales execution will solve the sales performance problem.

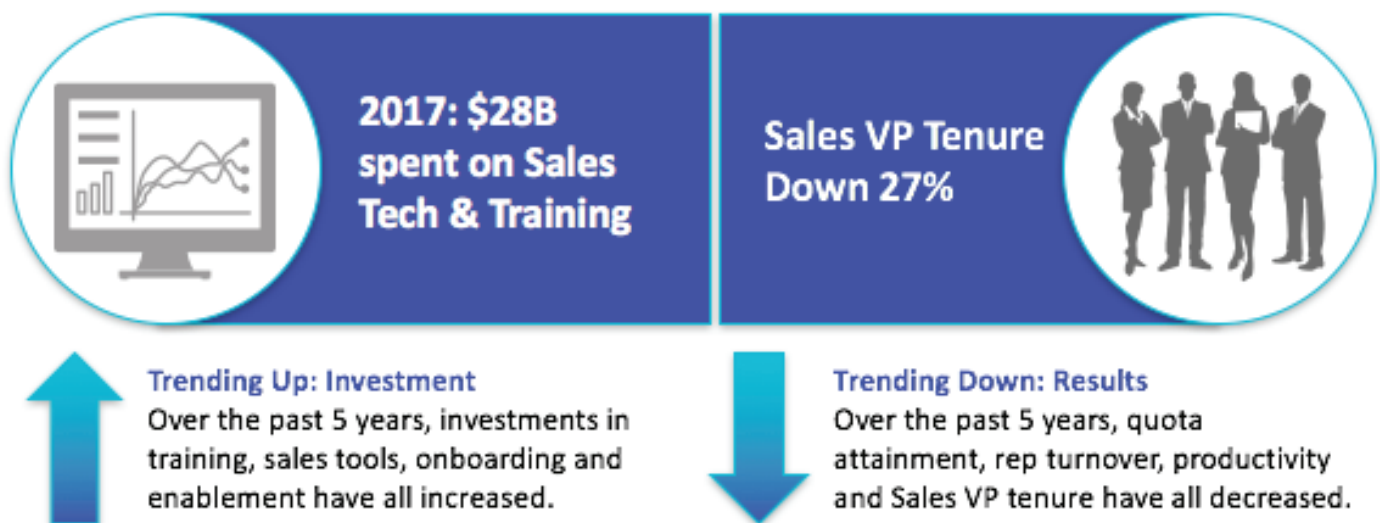
This has been the common approach to sales force improvement for decades. But it's still not working. While sales results are changing, it's not for the better. According to the LinkedIn State of Sales Report:

- Over the past five years, investments in tech and training have all increased - to the tune of \$28 billion
- Over that same period, quota attainment, rep turnover, productivity and sales VP tenure have all decreased
- 65 percent of sales reps are missing quota

Consistency in selling only works if the right things are done consistently well.

Until now, companies have operated on the assumption that the "right thing" means choosing the best sales process or sales methodology and requiring salespeople to stick to it.

The purpose of this paper is to help you understand there is another lever you can pull - one that many companies are just now identifying. Your frontline sales managers.



Source: LinkedIn - State of Sales Report, Gong.io - Research

Fact #1: Only 25% of Sales Managers Actually Know What They Are Doing

Every single day, your frontline managers play the roles of on-the-ground sales trainer, process enforcer, IT help desk, and performance watchdog. And depending on how capable they are in these roles, they will become either force multipliers of sales improvement or impenetrable barriers to change. In short, how well your managers do their jobs determine how successful you will be at sustainably improving your sales force.

Yet there is a remarkable level of complacency in many sales forces with the quality of their sales managers. After all, they were once your most successful salespeople. They know your organization inside and out, and they've been in their roles for years - creating forecasts, reporting pipelines, and coaching their reps. In fact, our study of 595 sales managers across a dozen global companies showed that the average tenure of a manager is 9.8 years. Surely, they must be capable?

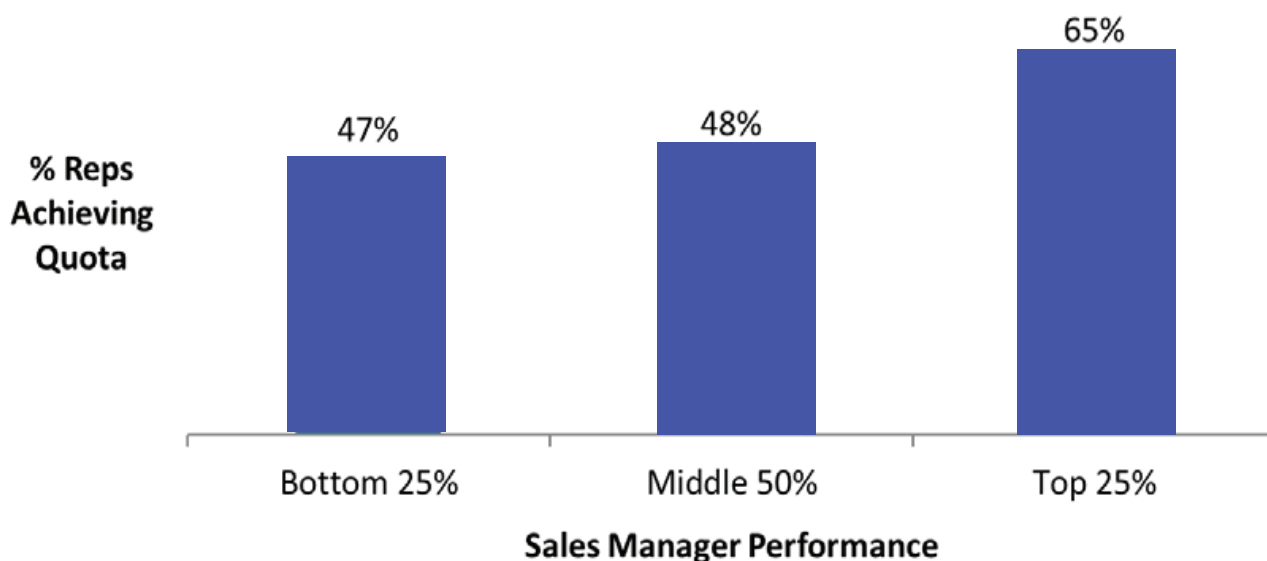
Unfortunately, our research uncovered the fact that most sales managers are mediocre, as measured by the percentage of their sellers that achieve quota. Regardless of tenure:

- The bottom 25% of managers lead only 47% of their reps to success
- The middle 50% of managers are not much better
- Only the top 25% of sales managers make what we consider to be an acceptable impact, helping nearly two-thirds of their sellers past their targets

How do your numbers compare to these averages? Many of our clients are shocked by the reality.

When salespeople fail to achieve their goals, it is because their sales managers failed to do their jobs, yet if you have not trained your sales managers to do their job, how can you expect them to do it well?

Lackluster Sales Management



Fact #2: One Poor Performing Sales Manager Costs Your Team \$3.5M

When we studied the financial impact of the most effective sales managers versus the rest, we were even more alarmed by the disparity. Measured against their annual teams' revenue targets consider this:

- The bottom 25% of sales managers realized just 76% of their goals
- The top 25% performed realized 115% of their goals

That's a staggering 39% difference in revenue contribution from the bottom sales managers to the top. Include the fact that the managers in our study had an average of 9.1 direct reports, and assume that each rep carried a \$1 million quota... We reach the conclusion that the difference between a mediocre sales manager and a top sales manager is a whopping \$3.5 million in realized revenue. Per manager. Per year.

Take a moment to consider the impact of underperforming sales managers in your own organization. If you too have a group of mediocre sales managers on your own team, you might find that they are costing you ten, fifty, or even a hundred million dollars per year in lost revenue.

Intuition would tell us that the most experienced sales managers would prove to be the best. However, our research revealed that greater experience does not equate to greater capability.

Recall that the sales managers in our research had an average tenure of 9.8 years, and 52% of all salespeople were achieving their quotas. The managers who had been in their roles for less than 10 years saw 48% of their sellers reach quota, while managers with over a decade of tenure saw only 55% of their reps succeed. In other words, the most experienced managers coached only 7% more of their sellers to quota - less than one salesperson per team.

The Cost of One Poor Performing Sales Manager



Fact #3: Your Sales Manager's Skills Directly Impact Your Revenues

What did make a difference in our research was the individual skills of the sales managers. In a study of 213 companies with more than 25,000 sales managers, we were able to isolate the sales management training that had the greatest impact on year-over-year revenue growth. As you can see in the chart below, the most successful sales managers have been trained in the specific skills that enable them to do their day-to-day jobs better.

Understanding the drivers of business results, assessing rep performance, managing their pipelines, creating forecasts, planning for success, leveraging technology, reinforcing knowledge, and coaching... These are the practical abilities that set the best sales managers apart from the rest.

And it makes sense. Sales managers are your on-the-ground resources that either drive the behaviors that make your salespeople better, or they prevent your investments in CRM, training, and methodology from ever gaining traction. This is how you break the frustrating cycle of failed sales investments - by transforming your frontline sales managers into the change agents that create sustainable improvement.

So how does your own team of managers compare to the benchmarks above? Are they powerful change agents? Do they perform at a high level? Do they possess the right skills? Most importantly, do they lead the majority of their sellers to quota? If not, then sales manager training is investment worth making... Now.

Sales Management Skills that Matter

	Impact to Revenue
Business Acumen	21.5%
Assessing Performance	15.6%
Pipeline Management	13.6%
Sales Forecasting	13.0%
Planning / Analysis	12.6%
Using Technology	12.6%
Company Products	12.4%
Internal Procedures	9.8%
Customer Knowledge	9.3%
Coaching	9.2%

Case Study: Essilor

The Situation: Get More Sales People to Quota

The head of sales for this global healthcare manufacturer was in the hot seat—he had delivered only half of his forecasted revenue growth for the last two years, Average sale price for his products was falling, profit margins were shrinking, and the sales force was failing to sell its most profitable products. Ultimately, only 29% of his salespeople were achieving their quotas.

Frustratingly, this state of affairs persisted after he had deployed a new sales process, invested heavily in sales enablement technology, and increased the volume of call planning within his sales force. And then the realization came: He had ignored an important change agent in his sales force—the frontline sales managers.

The Solution: Sales Management Code

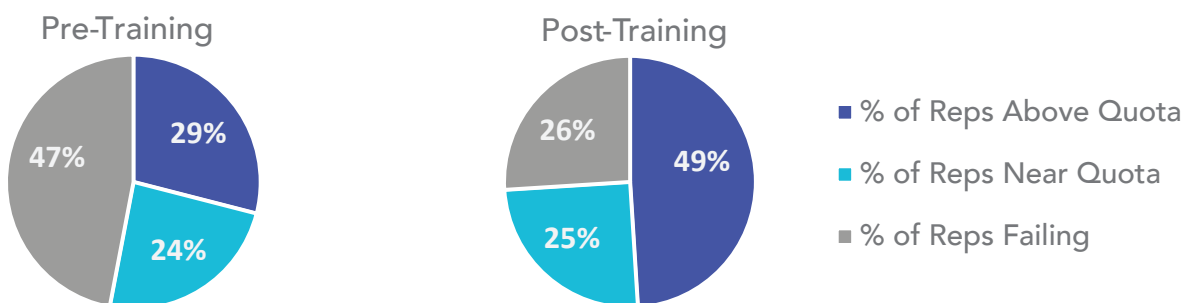
The sales leader chose to engage Vantage Point to assist because he viewed us as the sales management experts. We partnered with his internal development team to deploy our research-based frameworks that:

- Mobilized his sales managers as key change agents
- Improved the managers' sales coaching skills
- Established a rigorous management rhythm
- Focused the sales team on consistent execution of its most high-impact activities
- Held managers and sellers accountable for improved individual performance

The Results: Improvements Across the Board

In a little more than a year:

- Average sale price increased by nearly 10%
- Product cross-selling improved by 44%
- Percentage of sellers above quota rose from 29% to 49%, with another 25% near goal



Case Study: General Electric

The Situation: Bloated Sales Pipelines and Declining Win Rates

The financial services arm of a multi-billion dollar global corporation was experiencing, bloated sales pipelines, inaccurate forecasting, and declining win rates. Rather than continue to train its front-line sellers, the learning and development team turned its attention to the role of the sales manager. The sales management team had already received a great deal of training on how to coach their reps, but the coaching had failed to improve sales performance. In fact, a survey of the salespeople revealed that their managers' coaching effort was minimal and low-impact. Senior sales leadership asked the L&D team to bring them something new. Something innovative that would increase the impact of their sales managers and provide a sustainable framework for ongoing sales improvement.

The VantagePoint Diagnostic

VantagePoint was brought in to assess the situation and to provide expert advice and found:

- Inconsistent pipeline management practices were encouraging unhealthy pipelines
- Lack of formal management process which was leading to highly reactive management activities
- Sales leadership was trying to manage a heterogeneous sales force in a homogenous way
- Sales managers were struggling to apply their generic coaching frameworks to the day-to-day activities of their sellers

The Solution: Sales Management Code

In response, GE chose to adopt and implement the sales management frameworks from *Cracking the Sales Management Code*:

- The ideal seller-manager interactions were identified and a customized training agenda was created based on their specific needs
- During the sales training workshops, sales managers defined a new management process, created coaching tools to structure their conversations, identified the few sales metrics that were important, and learned new skills to execute on their key management tasks

The Results: Improved Coaching, Increased Revenue and Win Rates

Subsequent surveys of the salespeople showed that their perception of both the quantity and quality of coaching had increased dramatically. And those improvements were re-confirmed one year after the initial training workshops.

- The percent of forecasted revenue being won by the salesforce had been 25% six months before the training
- Six months post-training, the win rate had improved to 37%. Eighteen months post-training, that rate had increased to 54%



VantagePoint is the only agile sales performance company delivering diagnostic-based training and consulting solutions—all grounded in the latest academic-led, agile sales research. The VantagePoint proprietary Agile Sales & Coaching Platform includes an agile diagnostic that identifies the behaviors and unique situations your sales managers and salespeople face in the customer’s journey. Leveraging your company data, you will know the behaviors and strategies your high-performing managers and sellers use to win in each specific selling situation. With VantagePoint, you will equip all your managers and sellers to be situationally fluent, to execute each unique interaction in the buyer’s journey like your top-performers. Our mission is your performance; we are VantagePoint Performance and we are agile to the core!

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