A Sales Force MAKEOVER

Sales teams should be structured to leverage individual reps' strengths

Every day salespeople hit the street looking for opportunities to sell their wares and ultimately generate revenue for their companies. Some reps find new customers, while others develop sales opportunities with their existing clients. Classically these two activities are called hunting and farming. Salespeople are typically drawn to one of these categories of selling over the other. The seller's behavioural profile and natural talents will dictate their preference.

But why do most organizations structure their sales department by territory where reps are responsible for finding new business *and* growing existing clients? This strategy leads to broad performance gaps in sales teams. Hunting and farming a territory are two distinct activities, and by separating them you can improve sales performance by focusing your people on what they do best.

When salespeople are categorized as hunters or farmers you will quickly see how their responsibilities, goals and attributes differ. Hunters immediately bring to mind stereotypical sales profiles. These salespeople find and secure orders with new clients, and once the deal is signed they move on to the next new piece of business. Hunters excel at generating and qualifying leads, making persuasive presentations and moving people to action. They are full of energy and possess high levels of endurance, which is necessary when the majority of people they first encounter are indifferent to doing business with them. In a sales organization, the hunter is responsible for new business development.

Farmers pick up where the hunters leave off by continuing contact with customers and securing future orders. Farmers maintain relationships with existing customers, and often act as advocates for clients. They possess high product knowledge, and often proactively discover customer support issues before they fester. Within the sales organization farmers are sometimes referred to as account managers.

When we look at hunting and farming as distinct positions it is very obvious how the ideal person for each role is very different. Yet for most firms these positions are grouped together. A mid-market software developer faced this very challenge. The company had experienced explosive growth in its first four years of existence. It was considered the dominant player in the market, and had quickly risen to exceed $7.5 million in annual sales in less than four years. In 2003 the company began to plateau. Revenue growth was stagnant, turnover in the sales force was high and none of its reps could consistently perform quarter over quarter. Management was very frustrated.

Like most organizations, the company aligned its salespeople by territory. The mantra was, "I don't care where the revenue comes from, just go get it." Salespeople are primarily measured on revenue. In general, where revenue comes from is not closely scrutinized, measured or rewarded. As a result, a company cannot easily control the activities of its sellers because they tend to follow the path of least resistance by focusing on serving their existing clients. The software developer's reps were no different. The result was management could not trust or bank on the sales funnel. Revenue came in fits and starts, which made it very difficult to hire new employees or invest in research and development activities.

The company recognized that its growth was dependent on acquiring new customers. Its market was rapidly consolidating, and the barriers of entry for competitors were low. The answer was to separate its sales force into business development and account management. It did extensive research on each of its reps to identify the traits that stood out for the best hunters and the best farmers. The company used a combination of behavioural profiling, skills assessments and reviewing the reps in action to understand the differences between hunters and farmers. Using this intelligence, it developed new job descriptions and ideal behavioural profiles to rebuild the sales team and hire people to fit the new requirements. The pursuit paid off. Within 18 months, the company had increased sales by 35 per cent.

The decision to separate hunting and farming into distinct positions must come from the top. The first step in the process is to clearly articulate the separation of revenue projections and goals into new business development and existing client development. Rather than stating sales targets for the following fiscal year will be "x," management should define the total goal and then build accountability into the system by stating what percentage will come from new business development and what percentage will come from existing customers. This step will clearly articulate if the quotas are realistic, as well as what skills and resources the sales team will require to reach their designated quotas.

As the roles are separated a new set of measurements is required to manage and motivate the salespeople to peak performance. Revenue is still an important measurement, but it is also important to measure and review weekly activities and behaviours to ensure each of the reps will achieve their quota. When hiring new salespeople it can take four to six months just to get them up-to-speed. This is a long time to invest in someone to find out nine months later they aren't going to cut it. The measures of a hunting role may be more concerned with suspects generated per week, the conversion ratios from prospect through to close, and the ongoing activities required to achieve quota. Sales quotas are much easier to achieve when a sales manager proactively reviews and manages these activities weekly, because the reps are being managed to their behaviours.

The software company referenced earlier implemented strong business process to manage the distinct activities of its hunters and farmers. Hunters focus on building a constant pipeline of qualified prospects to close. The management team spends a great deal of time working with each of the business development reps to keep a consistent funnel, and to focus their activities to quickly qualify potential business and move it through the funnel. The farmers are measured under a different set of criteria. They are responsible for coordinating the software implementation, and are also managed by account-driven objectives. Each account manager is responsible for building strategic account plans for their priority customers, and they are measured on the achievements of each plan's objectives.

Separating hunters and farmers is a complete cultural shift because it transitions the team from a group of generalists into specialists. Many salespeople do not survive the transition, and the sales team will look very different even six months after the strategy is implemented. But, once the team is filled with specialists focused on clear goals, growth is unstoppable.

Nothing is more important to success than getting the right people into the right positions

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