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21 Ways Sales Managers Fail and What to Do About Them

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This whitepaper has been assembled based on 40 years of experience working with business-to-business salesforces. It is the result of reading recent articles which indicate that the life expectancy of new sales managers and/or sales VPs is measured in months, not years. The average seems to be one year and eight months of tenure before the new manager is fired and/or in other ways moved aside.

This is my attempt to explain why these failures occur and, more importantly, what can be done to protect your companies and all affected individuals from these painful and unprofitable consequences.

1) **No formal training:** The first and most important reason that sales managers fail is that there are only a handful of colleges or universities in the United States that offer a four-year diploma in sales management. Granted, there are thousands of universities that offer diplomas in marketing and even a few dozen that offer a four-year diploma in selling. But, to the best of my knowledge, there are scant few ï less than half a dozen ï that offer any curriculum other than seminars and workshops that focuses on sales management.

   This is significantly tragic due to the fact that there's nothing more important to any business than the activities associated with finding, acquiring and retaining customers. The men and women that manage the people and the processes associated with finding, acquiring and retaining customers need a good educational foundation in order to perform at optimum levels. If you want your new managers or VPs of sales to succeed, you must embark on a training program.

   As you'll see throughout the balance of this whitepaper, the lack of transitional training from sales to management contributes significantly to the failure rate. My personal experience reinforces this. When I was an IBM salesman I was called by top management to fly to Chicago and interview for a sales manager's job in Chicago. I went to Chicago, conducted the interview, and flew back to my hometown. A few weeks later, I was notified that I had won the position and that I needed to report to the Chicago office the following Monday. This notification came through on Friday!

   I literally had two days, two weekend days, to make the transition from salesperson to sales manager. When I was introduced to my team in Chicago I brought all of the habits which had made me a great salesman to the position as a sales manager. Unfortunately, I wasted six or seven months of my new career making a ton of mistakes. It was then that IBM sent me to management training, and I came back a different professional.

2) **Lack of management experience:** As inferred above, sales success does not equal management ability. In my 40 years of coaching and consulting, it was very common for me to see tremendous salespeople promoted to management. In my experience there's little, if any, correlation between the ability to sell and the ability to coach, train, select and motivate other people to sell. As a result, the company that promotes their best sales representative to a management position literally "shoots itself in both feet" before embarking on a marathon race.

   By this, I simply mean that the new manager's sales production is lost to the company and, due to the fact that the manager doesn't know how to coach and manage salespeople, he or she may negatively impact the production of the sales team. Again, before a sales representative is promoted, make sure that candid discussions and evaluations occur to identify the expectations of the manager. A world-class sales manager or sales VP achieves profit and revenue goals <u>through</u> their sales team, not <u>for</u> their sales team.

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There are online assessments available that will give you insight into the DNA composition of a potential sales management candidate. I encourage you to use these assessments before you either promote someone to management or you hire from the outside.

3) **Player/coach deployment:** Many companies, especially small ones, give the sales manager a personal sales goal. He/she is forced into a position of competing with the people that they are coaching and managing. This competition breeds skepticism and a lack of trust. Many times, the sales manager cherry-picks the best leads especially when he/she is a player/coach. I don't believe it makes good business sense, and it's certainly damaging to morale, to create a player/coach arrangement. Avoid this at all cost.

4) **Lack of top management support:** Many entrepreneurs, business owners and C-level executives blame the sales manager for everything that's going wrong in the company. This lack of support contributes significantly to low morale on the part of the manager and encourages him/her to either go back to selling (I've seen that thousands of time) or move on to another company. Top management frequently forces the sales manager to live with circumstances that are incompatible with sales success.

   For instance, an example of this would be top management refusing to address shipping errors, data entry errors, pricing errors, et cetera. A nickname for this constant barrage of problems is the "sales prevention department". Many sales managers have told me that their bosses view their requests as "whining". You see, the entrepreneur or C-level executive rarely made a living as a sales rep or a sales manager. Consequently, the requests that come from the manager to senior management are frequently ignored and/or downplayed. Again, morale is impacted and that, in turn, impacts productivity.

   I encourage you to identify all of the tasks that every member of your sales team must undertake on a daily, weekly or monthly basis. Once all those tasks have been identified, assign a time value to those tasks. Then compare and contrast the time required to complete those tasks to the time required to close new business. If your company has a sales prevention department, you will unleash the power of your sales team by following this simple rule, "Salespeople should sell, and everyone else should do everything else."

   In other words, let's assign the lowest-value work to the lowest-cost employee and always measure the cost of the salesperson in terms of the revenue per selling hour that he/she can generate. If you don't know what that revenue per sales hour is, you can click this link to download my Time & Task Analysis. This simple exercise will get you started on the course of identifying your sales prevention department.

5) **Incorrect hiring procedures:** Due to the fact that sales managers and VPs rarely have formal training in how to interview, screen and/or select salespeople, they tend to hire people that they like. Obviously, likeability is important, but more important than likeability is the can-do versus will-do issue. In other words, sales managers need to select new salespeople based on an evaluation of their ability to do the job (can-do) and, more importantly, their willingness to do the job (will-do).

   Hiring people that you like makes your team more friendly and more enjoyable to work with, but it doesn't make the team more productive. It doesn't necessarily make the team more productive. Thorough, stringent hiring and selection processes must be developed and put into place. If you'd like to know more about how we go about hiring salespeople, click this link to download a copy of my workbook called: Guide to Hiring Sales Superstars.

   In that workbook you'll learn how to implement a concept which I call sales simulation interviewing. In other words, let's simulate the selling environment, observe the behavior of the candidate and then, based on their behavior, make a thumbs-up or a thumbs-down decision. *The Wall Street Journal* says that hiring mistakes cost business-to-business sales forces as much as $600,000 per incorrect hire. Don't allow your manager to make this $600,000 mistake.

6) **Lack of a dedicated marketing function:** It's a classic mistake in today's world to expect the sales manager and, therefore, his/her sales team to develop their own leads. Candidly, this is a waste of very valuable and expensive time. Back when the buying process was different (circa the 20th century), the salespeople could consistently generate enough leads to be able to make their monthly and annual sales goals. Due to dramatic changes in the buying process (social selling, e-marketing, Facebook, LinkedIn, et cetera), the traditional cold-calling and prospecting techniques don't work.

   As a matter of fact, recent studies have shown that traditional telemarketing and/or cold-calling to set appointments has less than a 1% effectiveness rate. In other words, only one out of every 100 phone calls results in an appointment. (Please note: These appointments are not necessarily qualified and ready to buy.) Regardless of the size of your business, there should be a dedicated marketing function. If you'd like to know more about how very small businesses can generate leads on a small budget, click this link to get my workbook entitled Big Marketing on a Tiny Budget.

7) **Incorrect compensation alignment:** I've seen many compensation plans that actually discourage sales managers and salespeople from pursuing revenue. Comp plans with high base salaries (relative to the annual income needs of the salesperson) encourage the salesperson to become a R.O.A.D. warrior (Retired On Active Duty). Management asks the sales team to go get more new accounts but, because of the high base salary, they have gone into retirement without resigning.

   Make sure that your pay plan, your compensation plan, is aligned with your business goals. Your comp plans should reward handsomely for overproduction of net new revenue, should reward well for retention of existing/recurring revenue, and should punish significantly in direct proportion to underperformance against those revenue and profit targets.

8) **Cheerleading versus coaching:** The untrained, uneducated sales manager will frequently resort to becoming a cheerleader. You can identify this behavior by attending any sales meeting. If there's a lot of artificial rah-rah activity, that's an indicator that you may be looking at a cheerleader as opposed to a coach.

   Now, the cheerleader doesn't understand the relationship between today's activities and tomorrow's results. Consequently, he/she has the rah-rah activity, frequent needs for motivational contests and, even worse, presentations that essentially say that we have to "work harder" or "work smarter". Both of those clichés are an insult to a salesperson who feels that he/she is already working hard and/or working smart. It's even more demoralizing when they look at the components of the sales prevention department which are keeping them from working smarter or harder.

9) **Lack of a playbook:** One cannot be a coach without having a playbook in place. A playbook should tell the sales team in precise language how to execute each task. More importantly, it must present the metrics associated with your sales success. Once that playbook is in place, the salesperson should be held accountable by his/her manager for adherence to the playbook. Without a playbook, it's impossible to harness the synergistic potential of a team of salespeople.

   Without a playbook, you can't coach. You're forced to be a cheerleader. Without a playbook, the manager becomes a sympathetic ear for the salespeople and can inadvertently become an advocate to management to reduce expectations or goals. Before you hire a new manager or promote someone to management, make sure you spell out what they need to have each salesperson do; and each activity should be metrically measured.

10) **Lack of inspection:** Due to the fact that many failing sales managers and sales executives have not established metrics, they are incapable of inspecting the quantity of sales activities conducted and completed by their team. Moreover, they are incapable of mathematically correlating today's activities into future revenue. This results in the sales manager becoming the aforementioned cheerleader.

    In addition to metrics and inspecting the quantity of activity, sales managers must be comfortable in conducting sales role-plays. The only way that I know of inspecting the quality of one's salesmanship is to watch a salesperson sell. The safest environment is for this to occur in the manager's office. In addition to observing the presentations, demonstrations and conversational skills, and questioning skills of the salesperson, the good sales manager should go out in the field and watch the salesperson make sales calls.

11) **Lack of sales practice:** Role-playing in a one-on-one environment is very beneficial, as stated above. I believe that sales teams should practice their selling skills every two weeks. This is rather easily facilitated by utilizing our Buyer Side Selling curriculum. Whether you use our curriculum or not, your team should meet at least once every other week and discuss sales situations which are causing them to get "stuck". The scenarios should be replayed, and the best learning experiences come out of the teammates providing suggestions and coaching to the salesperson.

12) **No involvement with social selling:** In today's world, it should be considered a cardinal sin for a sales manager to allow his/her salespeople to operate with no involvement in the social selling arena. For instance, I'm amazed at the number of salespeople I meet that do not have a LinkedIn profile. They're free, and they help make connections which can turn into new accounts and/or new transactions. In addition to this, salespeople must be trained and become accountable for utilizing all of the viable social selling tools available to the company.

    For instance, automated prospecting systems will dramatically improve the productivity of the sales team, if and only if the team uses them. There are social selling posting systems. As a matter of fact, there's a myriad of technologies that are designed specifically to help salespeople capitalize on social selling activity. If you're not aware of these various technologies, please contact me at my office by clicking here and scheduling a time for us to talk. There's no charge for this service, but I do want you and your team to take advantage of all of the social selling technologies that are out there.

13) **Improper CRM use:** CRM technologies have been around since the days of DOS, but they still are not adequately embraced. Many salespeople tell their managers that they don't want to use the CRM system because it's "too complicated". Or, they don't want to use the CRM system because they don't want management looking over their shoulder. I believe that the derogatory term "micromanaging" was coined after CRM technology was put out into the workplace.

    This is not the place for me to editorialize regarding why CRM is not embraced, but it is the manager's requirement to build a set of accountabilities, procedures and policies that make CRM utilization mandatory. Without exception, companies that use CRM technology proficiently are the companies that dramatically increase their top line without having to hire more salespeople. CRM and marketing automation technologies combine to increase the marketing footprint of the company.

    The marketing footprint is the combination of the number of people with whom you maintain contact and how frequently that contact is actually executed. When you increase the size of the marketing footprint, you in direct mathematic proportion increase the revenue that your sales and marketing activities are driving. Consequently, allowing a sales team to ignore the discipline of CRM technology is a travesty.

    My recommendation is that utilization of your CRM system become mandatory. After all, in other professions such as banking, tellers are not allowed to tell their managers that they won't use the company-supplied technology. The same practice or philosophy should apply within your company.

14) **Remote control management:** Many failing sales managers stay in the office and attempt to manage their team by remote control. There is no successful sports team coach who does all of his/her coaching from inside their office without observing the game and the behavior of the team. The same goes for selling. The best sales managers are in the field with their salespeople more often than not. They understand that they have to help all members of their team improve.

    They also understand that the best way to do that is to get out in the field and observe what they're doing. This is a great time to conduct weekly one-on-ones, geography and time allowing. The manager that never goes out in the field, that never sees the reality of the customer interaction, that tries to deal with everything through paperwork, forms and email is the manager that's on his/her way to failing.

15) **Criticizing team members in public:** Criticizing a team member in public contributes directly to the reduction in morale. No one is willing to take a risk, to do anything slightly outside of the box, if they believe that the consequences will be embarrassment and harassment that comes from their manager. We should always adhere to the adage that we should praise in public and criticize in private. Managers that adhere to this are the managers that produce excellent results for their employer.

16) **Time-wasting sales meetings:** I've attended thousands of sales meetings as a coach, consultant and a salesperson. The worst sales meetings are the ones where the manager recites numbers, asks salespeople for a commitment to numbers for the next week or month, and then the meeting is concluded. Handle those kinds of administrative issues over the phone and via email.

    Use your sales meetings to develop the sales skills of your team. Bring in expert speakers to talk about topics that will help your team become better at their craft. Remember, the best salespeople spend time sharpening their saw. The manager's job is to make sure that everyone has the sharpest saw possible and is able to use that tool proficiently.

17) **Fuzzy expectations:** I can't tell you how many times I've heard sales leaders tell their team to sell more, but they don't translate that overarching, grandiose demand into activities. Selling more means nothing. Making two more first meetings per week, that has substance, meaning and can be interpreted by the salesperson.

    Fuzzy expectations produce fuzzy outcomes and those, in turn, produce low profits. Good sales managers must communicate, in writing, the activity metrics and the performance expectations that their team is to meet or exceed, without any confusion. Clarity is the name of the game when it comes to setting expectations.

18) **Failure to manage metrics:** As mentioned elsewhere, many sales teams don't establish activity metrics. Sometimes, it's because management has been convinced that the salespeople don't like being micromanaged. If you're paying your team a salary, a base, a draw or any other guarantee, then you have the right to set expectations in exchange for that compensation. I recommend that we, at bare minimum, manage and control five vital metrics as presented in our curriculum, *The New Math of Sales Excellence*.

    These metrics are: number of first meetings; conversion ratio of leads to deals; length of the sales cycle; available selling time; and dollars per transaction. Our results show that, when you improve each of those metrics by only 5%, you can in the aggregate produce a 36% increase in your organization's top line. Let's shorten the sales cycle by 5%. Let's give our salespeople 5% more selling time every day and hold them accountable for using that time for profitable, revenue-producing activities. Let's increase the selling price of each transaction by 5%, improve the conversion ratios by 5%, and book 5% more meetings.

    When you stop and think about it, improving any of those metrics by 5% is relatively easy. All we have to do is focus on it and go make it happen. Managers typically don't get activity reports. Consequently, they are forced to manage with lagging indicators versus leading indicators. When you establish metrics, you have the advantage ï perhaps, for the first time ï to manage with leading indicators. When you're managing with leading indicators you have the ability to avoid undesirable outcomes long before they become a reality. The trends will let you know what the future looks like.

    By knowing what the future looks like, you reduce, indeed, you eliminate stress. You have a much more enjoyable work-life balance, and your managers will succeed. Make sure that we establish metrics and that we get weekly trending reports on each of those metrics based on the activities that the salespeople produce.

19) **Flawed onboarding:** Your company has gone through all the effort, time and energy to hire someone. As mentioned elsewhere, the sales manager is hiring someone that they like. When we do that and we fail to do proper onboarding, the odds are that salesperson will underperform and/or just flat-out fail. A good transition program should run for three or four months.

The key to successful and profitable onboarding is to confirm, on a weekly basis, that the new employee has gained a measure of proficiency. Don't hold them accountable just for dollars, especially in these early days. I want them to prove to top management that, in the previous seven days, they have gained a measure of proficiency regarding your company's value proposition, your company's policies and procedures, your company's competition, and their game plan for producing good sales results.

20) **Failure to plan:** Failure to plan is, as someone once said, planning to fail. Sales managers who don't have solid, metrically measured, activity-based sales plans have planned to fail, although that hasn't been their declared intention. The only benefit of failing to plan is that failure comes as a complete surprise. It's never preceded by a period of worry and/or depression.

Sales plans should be written at the beginning of every year. They should be updated on a quarterly basis. They should always include activity objectives based on SMART technology, which stands for Specific, Measurable, Achievable, Results-based and Time-gated. If your descriptions of activities in your account plans, your territory plans and/or your sales plans aren't metrically measured, then you haven't written a plan. You've written a list of hopes.

21) **Poor administration of marginal performers:** Failed and failing sales managers don't hold their marginal performers accountable. They don't identify them, and they don't put them on what I've nicknamed an up or out program. In other words, once a marginal performer has been identified as a marginal performer, he/she must be told that their performance must improve in a marked fashion within 30 days or they run the risk of having their employment terminated. At all times, all good managers have at least one of their team members on a coaching program.

I hasten to point out that these coaching programs don't universally and inevitably end up in termination of the employment of the marginal performer. Managers must identify marginal performers, understand why they're performing marginally, and implement a proactive approach to helping them improve. If they can't improve or, worse, won't improve, then they must be allowed to remarket their résumé.

I hope these 21 topics have helped you understand why managers fail and, more importantly, I hope that I've given you some ideas to make sure that your managers don't fail. As always, I wish youé

Good Luck and Good Selling!!!

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