

TOUGH LOVE for CEOs

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Required Reading for Growing Companies

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There are many ways to grow a company, through acquisition, through operational efficiencies, through bottom line savings (“growth follows the knife,” the old gardening adage goes) and through sales. For the purposes of this series, it’s all about sales. But how can a CEO know if he or she has positioned the company for growth through sales? It requires that CEO to take a serious look into the company (actually three looks) and come up with an honest assessment of the talent, the sales environment and the sales structure. Get answers to these three issues, and get these elements of your sales force working *for* you, rather than against you, and more good things can happen more often. But it begins with asking good questions.

Let’s start with the talent. To paraphrase from Jim Collins’ instant classic, *Good to Great*: Do you have the right people on the bus and are they in the right seats? For instance, do you have relationship people in positions to groom and grow accounts? Do you have starters in positions to open relationships with potential new clients? Do you have people who are great finishers in a position in the company where they can finish for you? If not, why not? And is your sales team in line with your company’s culture, or are they creating their own?

This brings us to environment. Environment is the collective mindset of the sales team: how they perceive themselves and their roles within your organization, and how that manifests itself in a perception from the outside. Here’s a gut check for any CEO. Is the sales environment that you and your company have created one that people are dying to get into – or dying to get out of? In either case, how many people are being successful in that environment? The standard is the Pareto Principle (that 20 percent of your sales force is racking up 80 percent of the sales for the company). I believe that this principle can be avoided, creating a more balanced ratio of success through proper selection and placement when building a sales force, building an environment where people are set up to win and by offer-



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ing a structure where winners are rewarded. All too often, corporate environments do not have such a structure in place.

Last month, we talked about EPIC companies and how they get that way primarily by having people (and thus a culture) of abundance, as opposed to scarcity. Think about how this plays out in relation to how you compensate your sales force – and while you do that, indulge me by letting me tell you a true story:

A CEO, we’ll call him Tom, had a very, very good sales person on his team. We’ll call her Beth. Beth had a quota of \$5 million per year and sold \$7.5 million in her first year. Her compensation on the first \$5 million was 3 percent. On anything above that, she made

1 percent. The obvious problem with this model is that she is disincentivised to keep making money for the company at the rate that she was. Tom looked at it like this: If he continued to compensate her at 3 percent after reaching the quota, she’d be making too much money (maybe even more than he was). Tom’s ego ended up costing him a lot of money, because Beth left his company in search of a culture that was in line with her values and that would reward her for her abilities. Besides acting out of scarcity (“She might make more than me and I’m the CEO”), Tom also made a huge error in not recognizing that most people go into sales because, in sales, you control what you earn – no one else. And the structure in which Tom’s sales force operates limits the ability for that sales person to have that control, in order for Tom to feel like he has more control. Wrong.

If you’re having trouble growing your company through sales, or if you can’t seem to keep good sales people, you’re either selecting the wrong people, you’re creating an environment in which good people can’t win, or the structure you have them operating in is working against you. But the constant in this, as a CEO, is you. Take a look at these three issues, but at the same time, be willing to take a look in the mirror in order to assess what it is you are doing, or who you are being, to create these results. Then change it. Change yourself – that’s your sales quest.

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