

PROMOTE OR PROCURE?

YOUR NEXT SALES MANAGER



Promote or Procure

Thoughts for Senior Sales Leaders considering whether to promote someone, or hire in someone as a Sales Manager

Emma Rodriguez, the VP of Sales for Sinta Communications, a mid sized provider of security, communications, and networking solutions for medium and large businesses and public bodies, had some decisions to make. It was the start of a new fiscal year, and she was reflecting on the performance of her eight Sales Managers.

Five of them had done well, and achieved target with healthy pipelines going into the new year and teams of satisfied, competent people. The three that she was concerned about were all relatively new to the role, having all been appointed just twelve months previously, and all of them were struggling, two in particular.

Emma thought that James Merdew was probably going to be okay. He had been recruited from a major competitor to manage existing accounts in the Health and Education sectors, sectors in which he had appeared to have lots of contacts. It turned out that most of those contacts were lower-level contacts, the vast majority of whom were already known to Sinta. So, Emma had major misgivings about James around the six-month point, as he had struggled to become comfortable with the way that Sinta did business, his contacts were not much of a

help, and his team was just behind target. In the second half year though his good management skills came shining through, he put in new pipeline building and qualification processes, coached his people well, and overall results were much improved. Emma reflected that he maybe hadn't been the most brilliant of hires, but he was doing okay.

Nadia Kominski was also an external hire, with great experience in the application software market selling into legal markets. Now she was responsible for Sinta's business in Accounting, Consulting and Legal markets. It was clear that the people in her team liked her and gave glowing reports in the annual employee survey. Her peers on the sales management team also reported that they liked her and respected her professional manner. However, the results of her team were gradually declining. Emma had noticed that quite a few deals had been lost, due mainly to a lack of rigorous qualification, and many more had slipped from quarter to quarter. Emma reflected that while she too liked and respected Nadia, she was not convinced that she was a good 'fit' for Sinta. Nadia avoided conflict, was great at placating customers, and never demanded unreasonable resources, which the rest of the sales managers were constantly complaining about. In Nadia's previous employer, she had a technically advanced, very customizable solution for a specific market where the company had a very strong reputation. Would her management style now work in a much tougher market, where it is hard to differentiate on the product offering, and where the company had grown rapidly based on an aggressive sales approach? Emma did not know whether or not to continue with Nadia, maybe give her additional coaching, put her on a Performance Improvement Plan, or start a process where she would end up leaving.

Finally there was the question of Alex Delawnay who ran the New Business team. Alex had been one of the top new business sales people in the company, who fought really hard to get promoted to sales manager. But now he was struggling, to meet target, to work effectively with the sales people in his team, and to get much respect from other sales managers. Increasingly over the last few weeks the relationship that Emma had with Alex was deteriorating. It had been excellent, and she really enjoyed his company, his dynamism and positive attitude. The problems had started to appear after about three months following his promotion, where Emma noticed that his junior sales people had stopped saying good things about him, and one or two of his senior sales people were obviously being disruptive by being absent for much of the time, and being disorderly in

meetings. Alex had held on to a number of accounts that he had been managing previously, and maybe this meant that he couldn't do the sales management job properly.

Emma's major concern however was that Alex's forecasts were proving to be wildly optimistic with deals slipping all the time, and nothing in the pipeline that allowed him to make up any deficits. Alex did not really seem to be on top of his business, and this had led to some tense conversations between them. Emma had heard from a colleague that Alex was unhappy, so she was considering inviting him to move to an International Account Director role which she was creating for the company's biggest global customer.

What should Emma do?

Were her hiring decisions 12 months ago the correct ones?

Should she have given more support to her new sales managers?

Are there any other options for Emma at this stage?

The senior sales leaders that we talk to every day and interview on the realsalesmanager podcast, have a wide range of different views on many topics, but on some things they practically all agree:

- First line sales managers are the key drivers of performance, and the key implementors of change within the sales team
- All senior sales leaders were at one time first-line sales managers, and someone took a risk in appointing them to their first position
- Promoting someone into their first sales management position is a risk
- Hiring someone external into a sales management position is a risk

So, what are the factors that a senior sales leader should take into account when deciding whether or not to Promote or Procure a first-line sales manager, and what questions should they be asking about potential promotions. Below we summarise what appears to be common issues:

Background questions to ask yourself:

- What is the state of the team currently – is it successful, does it need major change, are there major challenges with the people or processes?
- How is your sales leadership team operating; will the new manager get support and are you able to allow them to make mistakes, or will you have to put them under pressure immediately?

- How important is it to get fresh ideas from outside your company?
- How important is knowledge of your company, propositions, processes, people etc. and how vital is this to the success of the new manager?
- How important is knowledge of the market / competition to the success of the team?

Advantages of Procuring a new manager from outside your company

- Less risk if they have a proven track record in a very similar market working for an organisation of similar size and culture etc
- Bring in fresh ideas and thinking
- Possibly new contacts and relationships (although many senior sales leaders report that in practice they are generally disappointed with new sales managers when it comes to actually bringing customers with them)
- Possibly bringing good salespeople and others such as pre-sales consultants with them.
- May be possible to hire people from more diverse backgrounds than available in the existing sales team
- Once onboard, potentially up to speed relatively quickly

Disadvantages of Procuring a new manager from outside your company

- High risk of unknown / unforeseen issues
- High risk of cultural misfit
- More expensive (acquisition and probably on-going costs)
- Impact on morale of internal candidates and wider team; any strong internal candidates will possibly be a flight risk, and will need a retention package
- Difficult to predict how long it will take them to acclimatize to company culture, values, products, processes, and build relationships
- High downside risk – if it doesn't work out, probably a lengthy and difficult exit period; plus demotivated team and depressed performance

Advantages of Promoting a new manager from inside your company

- Available quickly
- Less risk around cultural fit, company values etc
- Less risk around understanding their strengths and weaknesses
- Understands products, propositions, channels, processes etc
- Has many of the existing relationships necessary

- Very positive impact on their personal motivation
- Normally positive impact on the whole sales team (and wider) motivation
- Low downside risk – if it doesn't work out there is the possibility of returning to sales role or another position

Disadvantages of Promoting a new manager from inside your company

- Some risk that they never develop into a true, competent manager
- Risk of taking a long time to become competent, and the impact on performance
- Have an individual contributor sales role to backfill immediately
- Potentially having to spend a lot of your time coaching / mentoring the new sales manager

Time to be effective

In many cases, time to be effective is a key consideration, by which we mean how long will it take from you making the decision to hire someone, to them being competent in the role.

For the Procured manager, assuming that they are experienced and competent in the generic sales management aspects of the role, this is going to be:

1. time it takes your HR / Talent acquisition team to verify references and claimed job experience, as well as any other necessary processes, before issuing a firm offer (can be days or weeks)
2. notice period that they have to work out (plus any other personal commitments)
3. time taken to become familiar with your products, processes, systems etc
4. time taken to build any relationships that are critical to getting the job done (do not underestimate this, particularly in large, complex organisations where there are multiple stakeholders for the sales manager to work with)

For the Promoted Manager, it will be slightly different:

1. time taken for your HR team to sort out the necessary paperwork
2. time taken to build any new relationships, that they did not already have
3. time taken to become competent at basic sales management practices

Clearly, this time can be significantly reduced with a good development plan in place in the months leading up to the promotion, for example building

relationships ahead of time, and Real Sales Manager's central mission is to help with getting people competent as a sales manager in the shortest possible time.

Costs

Comparing the costs of Promoting or Procuring is difficult as so much depends on your specific situation and company policy. There is a huge argument that whatever it costs to get someone in place and being at least competent, is insignificant compared with the huge impact that the right sales manager will have on order levels, revenues and profits. Nevertheless, in some situations, cost is one factor that will have to be taken into account in the decision.

Cost of procuring a sales manager:

- recruitment fees, including advertising etc
- internal onboarding and training fees
- potential relocation and other costs

Costs of promoting a salesperson:

- recruitment fees for replacement salesperson
- any external sales management training
- any external coaching

Supplementary Question – Team Leaders

It is fairly common, when aspiring sales managers are constantly lobbying you for promotion, to be tempted into offering them a “team leader” position, where they “look after” a small number of other salespeople as a kind of player-manager’ often as a part of a larger team. The advantages of this route is that it may satisfy their desire for “management” (in the short term), it is potentially a good learning ground, and it may relieve a sales manager stretched by a large team. Having discussed this with many such ‘team leaders’ and experienced sales leaders, extreme caution is recommended before making this move, as it very rarely works out, for a number of reasons. ‘Player-manager’ is a very difficult role in a high pressurized environment, where individuals are constantly juggling important and urgent tasks – the individual in this case is torn between competing demands, and without the experience to be effective. Compensation schemes are extremely difficult to implement, and tend to force the individual to be more of a player or more of a manager. Especially if this is a new or specially

crafted role, it is almost certain that systems, processes, authority lines etc will not be set up to support the role. Finally, the sales people in the team will often become confused about who to go to for different issues.

It is extremely rare for the team leader option to be successful where it is done in response to trying to satisfy the aspiring manager. It is difficult in nearly all circumstances, but can be effective only where it is part of a long term organizational strategy, maybe one involving 'pods' or autonomous sub-teams focused on a particular market or proposition.

Now, Next or Never

In most cases, it's going to be better if the salespeople considering applying for management roles decide for themselves if it is right for them, and if they are ready now or need some further development. The article Now, Next or Never is available as a part of the free Aspiring Sales Manager programme, which also includes the Sales Manager Readiness Indicator tool. Go to www.realsalesmanager.com/aspiring for full details and to get access.

Conclusions

Hiring someone into a sales management position is always risky, and hiring managers will want to balance risks and potential rewards, depending on the situation that they are in.

Procuring someone externally potentially brings in fresh skills, ideas and knowledge, and once the search and hiring process has finished and they have served their current notice period, they should become at least competent fairly quickly if your company is reasonably easy to work within, they already understand the markets and solution sets, and they can easily adapt to your culture and values.

Promoting someone from within risks them 'not being management material' and while they can be somewhat effective fairly quickly, they may take longer to become competent in management skills (quick plug – this is an area that Real Sales Manager can help with). They represent less of a risk in that you will have a better idea of their strengths and weaknesses, and there is potentially less downside risk in that if it doesn't work out, you can probably find another role where they can add value.

It probably costs less to promote internally, although this should be a minor consideration when compared with the costs / rewards of getting the best possible candidate into the role and effective as quickly as possible.

There is the issue of having to backfill their existing role, however not promoting them when they are ready often means that they will end up resigning anyway, as will others in the sales team!

If you are considering promoting someone then Real Sales Manager can assist with their free Aspiring Sales Manager programme to help senior salespeople decide whether or not the role is for them and how to develop themselves for it. There is also a comprehensive training and coaching programme to get them up to speed as effectively and quickly as possible. Contact Steve Hoyle on +44 7785 381563, stevehoyle@mac.com or visit www.realsalesmanager.com.