

# Better Sales Leaders, Better Results

by Joe Folkman

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We at Zenger Folkman have observed that when a new sales approach is developed, most sales organizations quickly rush to put every salesperson through a development program to help their frontline salespeople get up to speed. Their dedication to training is impressive. Their rationale for spending the time and the money on sales training is extremely simple and justifiable. Better salespeople mean higher revenue. Few, if any, other functions in the company can do more to enhance the organization's profit quickly or cause the company to lose money.

While salespeople have usually enjoyed a great deal of training and development on selling techniques and strategy, sales managers typically do not receive commensurate development on how they can be more effective leaders of the sales function. For many people in sales, they question the correlation between leadership capability and sales results.

Zenger Folkman has collected data on over 10,000 sales managers and executives. The collective data strongly suggests that a sales manager's skills have a direct and immediate impact

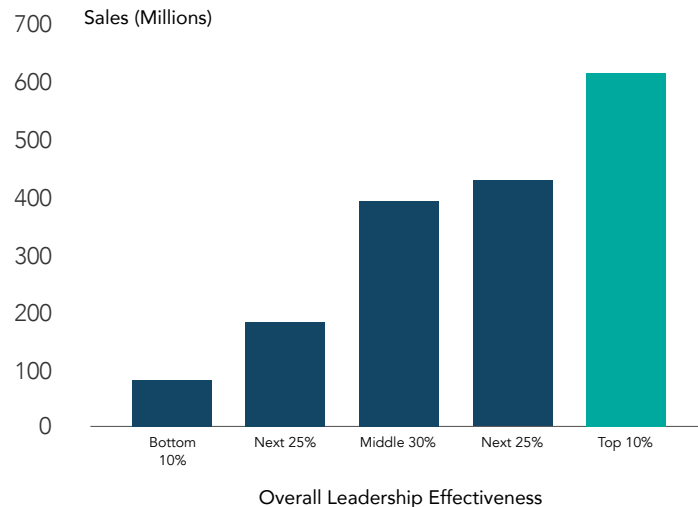
on salespeople and specifically on their performance in selling.

Several years ago, we collected data on 170 leaders in a large telecom organization. Each leader was assessed on their

ment was created from a database of over 1,800 behaviors, with results from 200,000 assessors and 20,000 leaders. The research identified the 49 behaviors that differentiated great leaders from poor leaders. Once the data was collected on

sales. It was fascinating that most people in this organization believed that hitting \$400 million in sales was considered exceedingly good performance. Note, however, that the best leaders (those in the top 10 percent) were generating, on average, over \$600 million in sales.

**Fig. 1 – Leadership Effectiveness vs. Sales**



leadership capabilities using *The Extraordinary Leader* 360-degree assessment. Sales leaders received feedback from their manager, peers, direct reports, and others in the organization. On average, each leader received feedback from 14 raters. This *Extraordinary Leader* assess-

the 170 sales leaders, each leader’s data was matched up with their sales performance (Figure 1).

The groups managed by those with the poorest leadership skills (i.e., “Bottom 10%”) generated less than \$100 million in

When we presented this information to our client, they were extremely surprised. No one had ever directly connected leadership effectiveness with sales performance. After looking at the data, one sales executive said, “Is it possible that we always give our best sales leaders the best regions?” Another sales executive then responded, “I always give my best sales leaders the worst regions.” The question in the discussion soon moved to “What was it these exceptional sales leaders (those at the top 10 percent) did that drove up sales so much?” Looking at additional data, we helped the managers understand that extraordinary leaders create an environment that generates significantly better outcomes.

The following table contrasts sales leaders in the bottom 10 percent to those in

the top 10 percent. Extraordinary leaders have employees in their team whose engagement is at the 81st percentile, whereas only 12 percent are thinking about quitting, and 62 percent of team members are willing to put in extra time, effort, and energy into their jobs.

The worst sales leaders have employees who are basically in the bottom third of their population, in terms of their engagement, and 45 percent of employees are thinking about quitting. Poor sales representatives seldom quit. Unfortunately, the best salespeople quit.

are quitting, morale is low, and employees are basically putting in their time to collect a paycheck.

### The Big Insight

After looking through the data with this group of leaders, several insights emerged.

1. Poor sales leaders really hurt the organization, but organizations seldom have a way to identify them. Worse yet, sales leaders who have not been assessed don't know if they are a poor leader or a great one. In fact, the person who is the least accurate at

2. The effectiveness of a sales leader has a dramatic impact on a variety of organizational outcomes such as engagement, turnover, productivity, and sales. In the past, most sales organizations have focused their energy on commissions, good marketing information, technology tools, lead generation, and sales training. Our data shows that an individual sales leader has an enormous influence on their team members, which ultimately impacts sales. Improvement in a sales leader's leadership effectiveness has a direct impact on every team member and the work environment in that team.

3. Organizations don't merely need good leaders; they need great leaders. Organizations often assume that good leaders can do the job—but they can only get us half-way there.

|                   | <b>Employee Engagement Percentile</b> | <b>% of Employees Thinking about Quitting</b> | <b>% of Highly Committed Employees</b> |
|-------------------|---------------------------------------|---|--|
| <b>Bottom 10%</b> | 29th                                  | 45%   | 24%                                    |
| <b>Top 10%</b>    | 81st                                  | 12%   | 62%                                    |

Finally, only 24 percent of their employees are willing to put in extra time and effort on the job. It's impossible to generate great sales when your best salespeople

predicting their leadership effectiveness is the leader being assessed.

### Building Better Leaders

Sales leaders learn at a young age—while still in grade school, in most cases—that the way to improve themselves is to fix their weaknesses. By the time they start their careers and receive their first super-

In our research, “lack of weaknesses” was not the distinguishing feature of the best leaders. Instead, they possessed a few profound strengths.

visory assignment, the habit is deeply ingrained. We see it all the time when leaders receive a 360-degree feedback report: they ignore the data on their strong points in favor of an in-depth analysis of their shortcomings. They have developed a bone-deep belief that if they raise those lower scores, they will be better leaders.

Nothing could be further from the truth. In our research, “lack of weaknesses” was not the distinguishing feature of the best leaders. Instead, they possessed a few profound strengths. They used these strengths to great advantage in the organization—and, in turn, were known for being “world-class” in two or three areas. In contrast, the “mediocre” leaders were distinguished by their lack of strengths, not their possession of a few deficiencies. They were “OK” in many leadership competencies, but nothing really made them stand out from the crowd.

In other words, the absence of low ratings (along with the absence of high ratings in any areas) describes the bottom

third of managers in most organizations. As one individual observed, “It’s the bland leading the bland.” Raising these “bland” managers’ lowest scores is virtually guaranteed to do absolutely nothing for their overall leadership effectiveness. They need a totally different strategy.

A caveat is in order here. Our research identified one situation in which working on weaknesses is the right thing. It’s when the leader has what could be termed a “fatal flaw.” All leaders have some areas where they’re not so strong. Such “rough edges” aren’t a problem. But fatal flaws become a brick wall. The leader cannot move forward until this wall is torn down.

As we analyzed the least effective sales leaders in our database, we found the following list of typical fatal flaws:

- Inability to meet customer needs.
- Incapable of inspiring and energizing others, they know how to push but not how to pull.
- Unwilling to accept feedback and improve themselves.
- Failure to understand the big picture,

vision, and objectives of the organization.

- Failure to provide others with a definite sense of direction and purpose.
- Unwilling to set stretch goals.
- Lack of desire and skills to coach and mentor others.
- Unaware of significant issues going on outside the organization, internally focused.
- Views everything as a priority, unable to identify the highest priority goals.
- Has low standards, accepts poor quality work.

Interestingly, these flaws have a common thread. They are “sins of omission,” resulting from inaction, risk aversion, and a “status quo” mentality. The message is clear: playing it safe is perhaps the riskiest thing a sales leader can do. Better to get out and make something happen than be perceived as a conservative, careful non-contributor.

### **Invest in Developing Strengths**

Being an extraordinary sales leader doesn't mean doing 34 things reasonably well; it means doing three or four

things extremely well. A major discovery from our research was that strength in a relatively small number of competencies catapults a sales leader into the top tier of their organization.

The implications are revolutionary.

Rather than spend time in bringing up low scores (as long as they're not “fatal flaws”), sales leaders get far greater ROI by choosing an area of moderately high skill and ratcheting it significantly upward. When a sales leader develops three or four competencies to a “top 10 percent” level of proficiency (e.g., a degree of competence displayed by the best leaders in the organization), then this person will join that elite group.

These strengths cannot be just any behaviors. Punctuality, for example, was not a differentiating characteristic of the best sales leaders. The strengths must be in areas that make a difference. They must be traits or behaviors that others readily see and that make a positive impact on how the organization functions. We have identified these as “differentiating competencies.” We discovered there

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are 16 such differentiating behaviors. The sales leader would be advised to work on competencies from this list. We know that high performance on these behaviors leads to better outcomes in the organization.

### **Developing Strengths Requires a Non-linear Approach**

Ask anyone how to go about correcting a weakness, and they will give you the standard answer: study, practice, get feedback, repeat. Ask the same person, “Okay, how would you build on a strength?” and you’ll often be met by a blank stare. We’ve been conditioned to look for and fix defects. Few of us have ever seriously considered the question, “How do I get better at something I’m already good at?”

For this reason, some leadership theorists argue that building strengths is a fool’s errand. We would state it differently: when a person begins to excel in an area, a different approach to development is required. In delving into the empirical data, we discovered a fascinating and previously unnoticed phenomenon. A number of supporting behaviors were statistically correlated with each of the 16 differenti-

ating leadership competencies. Leaders who scored in the top 10 percent on the differentiating behavior also tended to score very high on these supporting behaviors. We have called these supporting behaviors “competency companions.”

That the differentiating competencies and their companion behaviors are statistically linked is obvious from the data; less obvious is the reason for the connection. Does A cause B, or does B cause A? Or, do they simply have another common root from which they both stem? The answer to those questions will hopefully come as we conduct further research. We invite interested parties to participate in researching this interesting phenomenon that shows such great promise as a way to develop leadership. For now, we can say with total confidence, for example, that “assertiveness” is a powerful companion behavior to “honesty and integrity,” or that “networking” greatly leverages a person’s strength in “technical expertise.”

Examples abound in the world of athletics. Why do world-class tennis players lift weights and run long distances? Why

do runners also swim and bicycle? Such cross-training has become commonplace as athletes have discovered that it greatly improves their performance. The competency companions represent the cross-training manual for leaders who are intent on building on their strengths.

### **Conclusions**

We know that using differentiating competencies, a strength building approach, and non-linear development can raise the bar on leadership in every organization. We have studied results from 394 sales leaders in a variety of organizations that utilized this approach and found that 79 percent of them were able to make a significant improvement in one or more competencies. Looking at the results from 313 sales leaders who were able to improve at least one competency, shows that their overall leadership effectiveness went from about average (51st percentile) to significantly above average (65th percentile).

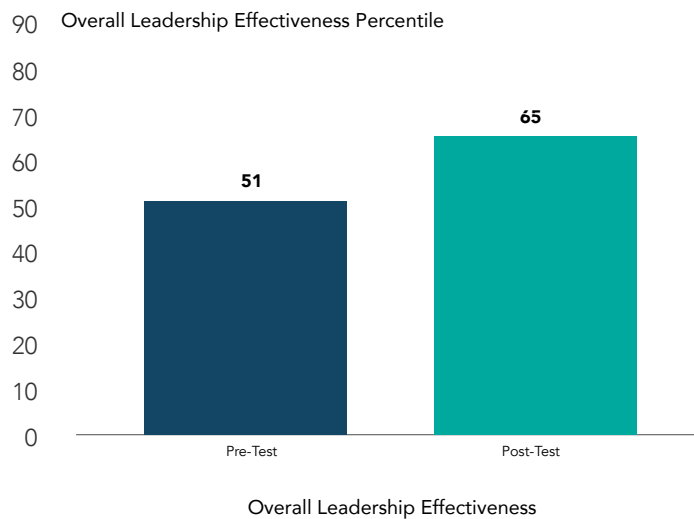
Within that group, 101 of the sales leaders had fatal flaws. With support from managers, these leaders were able to make a significant improvement moving from

the 20th percentile in the beginning to the 49th percentile after 18 months. Leaders with no fatal flaws focused on building strengths. Those 212 leaders were able to move from the 66th percentile in the beginning to the 72nd percentile after

centile. We also found that intention to quit went from 30 percent initially to 21 percent. Our data clearly demonstrates that the one factor having the most impact on sales employee engagement and retention is the effectiveness of their immediate supervisor.

investments in leadership training for sales leaders may have an even greater payoff.

**Fig. 2 – Comparison of Pre-Test and Post-Test Results**



18 months. Looking at those sales leaders who were able to make a significant improvement in their overall leadership effectiveness, we also measured a significant increase in employee engagement moving from the 47th percentile to the 62nd per-

It's absolutely clear in sales organizations that sales training typically pays off. When one looks at the investment in the training and the outcome of increased sales, it's a no-brainer to provide salespeople with regular training. Our data clearly shows that



## About Us

Zenger Folkman relentlessly seeks to rise above the inconsistent, and sometimes misleading, nature of popular leadership philosophies and beliefs brought on by opinion. The discipline of leadership and those who pursue it deserve better. Our most valuable asset is the expertise of combining hard data and statistical analysis with logical explanations and actionable application that help individual leaders thrive and organizations succeed.