

DePaul University Sales Management Study
Firms Need to Invest More in Recruitment and Training of Sales Professionals

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CHICAGO--(BUSINESS WIRE)--Firms are not adequately investing in sales force recruiting, hiring and training, according to a national survey of sales management practices at a broad range of companies conducted by DePaul University's Sales Leadership Program.

Although the majority of firms surveyed said their businesses depend heavily on sales or marketing, the research found that most firms spend little time interviewing sales candidates and firms could not quantify the cost of hiring them. In addition, less than half of the 302 businesses surveyed provide formal training for sales people and most relied on traditional compensation practices that could adversely affect customer relations.

"This survey shows why companies are finding it difficult to hire and keep the best sales professionals," said David Hoffmeister, director of DePaul's Sales Leadership Program, who worked for more than 30 years as a consumer goods sales executive before joining academia. "Companies slashed their recruiting and training budgets in the 1980s and '90s to cut costs, and now they are not spending enough time and money to find and train good sales people. Given the fact that many veteran sales professionals are Baby Boomers who will be retiring soon, firms that want to stay competitive should start making greater investments in hiring, recruiting and training their sales forces."

Most of the firms in the survey use the traditional base salary plus commission formula for compensation, but Hoffmeister suggested that they should consider alternatives because it could undermine relations with today's savvier customer.

"Customers are unhappy with sales people who are motivated by commissions to sell to them rather than serve them," he explained. "Firms need to think about reshaping their compensation practices so that sales people are rewarded for partnering with customers rather than for sales volume alone."

Findings of the survey include:

Recruiting:

- Firms now demand well-educated candidates with advanced degrees and sales education.
- Firms do not spend enough time in the interview and screening process.
- Selection continues to be incorrectly based mostly on personality traits.
- Only one-third of firms know cost of hire.

Selection, hiring and training:

- Only 43 percent of firms have formal training programs.
- Training is dominated by short, on-the-job sessions at smaller firms.
- Firms invest between \$35,000 and \$100,000 in training new hires before the businesses break even.
- With firms' training resources limited, little training is done in consultative selling skills.

Motivation and compensation:

- The majority of firms use base salary plus commission, although finance and insurance firms focus on straight commission.
- Large firms more frequently use special bonuses and trips as incentives.
- Large firms provide more equipment/fringe benefits, including wireless devices such as Blackberries.

Management and performance:

- Large firms involve sales managers in goal-setting.
- Compensation increases steeply as performance improves.
- Firms are slow to accept new technology to drive performance.
- Firms continue to be tied to asset-heavy, in-house customer relationship management systems.
- Annual turnover is 13.5 percent in large firms and most firms underestimate turnover costs.
- Only 36 percent of firms provide leadership training, only 22 percent of firms utilize talent identification systems and only 19 percent of firms “match” talented people to jobs.

To view the full survey report, go to the university Web page:

http://newsroom.depaul.edu/news_release/2005-2006DePaulOmnibusSurveyReport.pdf