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## Beware of Data Mania

Managers can spend their careers evaluating reports and data. But what information is key to improving your sales force's performance?

*by Benson Smith and Tony Rutigliano*

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Johnny Carson quipped, "The easiest way to look young and thin is to hang out with people who are old and fat." Much of life, after all, is relative.

If you really want to feel good about yourself, grade yourself against easy competition. This is equally true in sales management: If you want to pat yourself on the back, then compare your organization to some of the least productive sales forces you can find. But if you want to challenge your sales team to become world-class, then compare yourself to the very best.

This comparative process can be tricky, even for the most experienced sales managers. During presentations over the past three years, we've informally asked more than 800 senior sales executives to rank their sales forces on a scale of 1 to 10. None of the respondents gave their sales forces a 10, and fewer than 3% gave their sales forces a 9. Respondents were equally reluctant to give their sales teams low ratings; no one ranked a sales force as either a 1 or 2, and only 3 respondents out of 800 gave their sales forces a 3.

The vast majority of respondents ranked their sales forces as a 5, 6, or 7 -- but they can't *all* be average or above. These answers clearly don't jibe. This exercise demonstrates that lacking solid comparison data, sales managers will overrate or underrate their sales forces. If you think your sales force is better than it really is, you're fooling yourself. But you're also in trouble if you think your sales force is worse than it really is. Either error can be harmful and may obscure what you need to do to improve a below-average sales force or develop and maintain an excellent one.

Recently, Gallup worked with a new vice-president of sales for a medium-sized company. Like many new senior managers, he wanted to make an impact, to shake things up. Admittedly, we like working with managers like this. They're often imaginative, have a strong drive for excellence, and refuse to settle for less than the best.

Nevertheless, our evaluation of this manager's sales force surprised him. It was already excellent. In fact, it was one of the best organizations we had studied. Consequently, we had to caution him against making some of his planned changes. Yes, there was some room for improvement, but those improvements would be incremental rather than major. If he wasn't careful, he could inadvertently ruin the quality of his sales organization.

### **So how good is your sales force – and how do you know?**

To understand how good your sales organization is -- or in some cases, how bad it is -- you must first know what data are crucial to make that evaluation. Business today is much too competitive to rely on "gut feelings."

Not too many years ago, sales managers often had to rely on "guesstimates." Data were hard to come by or expensive to process. Managers now face the opposite situation: They live in a world of data overload, and their desks can become cluttered with report after report.

A senior executive told us that when he started in business, getting any kind of hard data to evaluate his sales force was difficult. Running special computer reports was expensive, and those reports consisted primarily of "must have" information for financial reporting. Today, there is a report for almost everything. We wouldn't be surprised to walk into the office one morning to find a new report summarizing the purchases of "left-handed customers on alternate Tuesdays during leap years." Managers can waste valuable time reviewing low-priority reports that spawn a never-ending series of nit-picking questions.

So what data should you be looking at? What reports will give you the management intelligence you need to improve your sales organization's performance? Here is our list, plus a brief explanation of the vital information a manager needs for evaluating the current state of the sales organization and its progress.

#### **1. Productivity index**

This report ranks the performance of your sales representatives from best to worst. In some organizations, it's based on total dollar sales. In others, a more complex formula may be required. For example, it may make more sense to rank your sales representatives by increased sales dollars versus the prior year. For other organizations, gross profit contributions may be a more meaningful measurement. In some situations, you may want to take territory potential into account. For example, if the Florida territory has three times the potential of the Oklahoma territory, you may need to factor that into your

index. But the end result should be a reliable ranking from top to bottom of every individual in your sales organization. A subsection of this report might list individuals who were consistently in the top 25% of your rankings and individuals who were consistently in the bottom 25%.

## **2. Turnover by performance quadrant**

Organizations can suffer from too much turnover as well as from too little. But to evaluate it effectively, you must consider more than just the turnover number. Once you have a meaningful productivity index, you can compile turnover reports based on four productivity quadrants in your organization. Turnover in your top quadrant indicates a very different problem than turnover in your bottom quadrant.

## **3. Customer engagement**

This measurement refers to a combination of attitudinal loyalty and emotional attachment -- the extent to which customers have a strong emotional bond to the company -- and assesses the strength or health of your customer relationships. To be most helpful, this information should be available not just at the corporate or regional level, but at the territory level. Increasing the percentage of your customers who are fully engaged with your company must be one of your key sales force objectives each year. Measuring and reporting this dynamic every 6 to 12 months is sufficient in most companies.

## **4. New hire performance**

How well are your new people doing? Many companies have benchmarks they want new hires to reach during their first several months on the job, including learning experiences that extend beyond the initial training period. These learning experiences are necessary for salespeople to gain the information and knowledge they need to be reasonably effective. The sales progress of new hires must also be carefully assessed. Determine specific points at which you assess your new employees' progress on the learning curve. At these "decision points," decide if your new employees should stay or go based on their performance. These data and analysis can help you get rid of hiring mistakes more rapidly and fine-tune your initial training programs to yield better results.

## **5. Top customer lists**

Depending on the size of your company, list your top 10 customers, your top 100 customers, or your top 1,000 customers. Paying close attention to your best customers serves as an early indicator of what your business will look like over the next several months. These lists should include sales and profit data, but information about the key contacts in the company is also helpful. A senior sales executive's time can be well spent in forging relationships with these best customers.

Make sure your key customer contact is at the right level -- that is, someone

who is really aware of how your product or service is regarded at the company. Often, salespeople place too much emphasis on developing relationships with the CEO. Many times, the CEO will have little knowledge about your product or service and has deferred decisions down the executive chain. Maintaining strong relationships with these contacts further down the chain will be far more helpful to your sales efforts than courting the CEO. Your title may not impress a CEO, but it may impress a senior engineer or purchasing manager who is flattered that you're taking the time to monitor what's happening with the account.

## **6. Sales force engagement**

How engaged is your sales organization? Gallup's Q<sup>12</sup> process can help you make this determination. This measurement needs to be taken every 6 to 12 months at the workgroup level, because that's where engagement and morale are built and maintained. Like customer engagement, this is a measurement that you can use to benchmark yourself against the very best organizations in the world.

## **7. Talent**

How do the talents of new hires compare to the best performers in your organization? If you're paying more money to some new sales representatives than others, are you getting your money's worth? Or are you just paying more to hire a mediocre sales representative with more experience? Much of the improvement you can make in your sales organization relates directly to better hiring decisions. If you don't have a way to evaluate the talent of your new hires and compare them to your very best performers, you have no real control over one of the most important drivers in improving your organization.

## **Other data**

We have not mentioned some obvious data that you may review -- like reports that compare sales and earnings -- because every company has this information, and you are probably well versed in its use and value. We won't pretend that the above list is the only information you need.

At the same time, many companies need to watch out for data overload. Pay the most attention to data that tie to outcomes or are a leading indicator of outcomes. Pay attention to data that can help you make decisions and that lead to improvement. Continue to compare your organization to the best performers in the world -- and learn to recognize when you have become one of them.

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Benson Smith and Tony Rutigliano present their insights on building a world-class sales organization to sales managers and senior sales executives in cities across the United States. A limited number of seats are available for these powerful presentations.

For a schedule of dates and locations, or for more information, visit the [Summit on \*Discover Your Sales Strengths\* for Senior Sales Managers and Executives](#) or the [Summit on \*Discover Your Sales Strengths\* for Sales Managers](#) pages at [www.gallup.com](http://www.gallup.com), or contact [Mary Penner-Lovci](#) (212-899-4890). To learn how Gallup's research-based approach can help you build a world-class sales force, visit the [Sales Management](#) area on this site or e-mail [Benson Smith](#).

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