

THREE REASONS WHY Your Salespeople ARE NOT SELLING



And How to Reignite Them – and Your Profits

White Paper Series from Chuck Reaves, CSP, CPAE, CSO

It is becoming a more frequent plaint: *“My salespeople are not selling.”* The sales leader begins hearing the same, frequent excuses from the folks who are supposed to be responsible for bringing in business. Initially, the common refrains refer to the price being too high, the competition having a better offer and customers “just not buying.” Later, the excuses become more specific (i.e., the customers want better terms), but they are still excuses. This is not a sales problem; it is a sales leadership issue.

There are three reasons why salespeople opt to not sell:

- They do not have to
- They do not want to
- They do not know how to

Salespeople are human and, therefore, are subject to the frailties of human nature. Their experiences with their organization and their customers can significantly alter the way they think about what they are selling, about who is buying and what they think about themselves.

This white paper discusses the drivers and the remedies for the three most common reasons why salespeople are not producing. From this material, your organization can diagnose existing or potential sales issues and address them in a professional manner.

It's even lonelier at
the top for the Chief
Sales Officer



OVERVIEW

After a couple of decades as a sales developer (speaking, training, consulting, technology), I am not surprised as often as I once was. It is not uncommon for organizations to find themselves with sales processes that are counter-productive. As illogical as it seems, most organizations have flaws in their sales processes that will actually thwart what they are expecting from their sales team.

It is not uncommon for organizations to find themselves with sales processes that are counter-productive

These flaws can lead to dysfunctional sales teams. Suddenly (or so it seems to them), the leadership of the organization realizes sales are declining at an alarming rate.

I have been asked to write, rewrite or assist in writing sales plans for different organizations, in different industries, both for profit and non-profit entities. Not once have I seen an entry in any of those plans that read something like, "We will hire expensive salespeople and accept whatever sales they bring in." Can you imagine a start-up using that approach to attract investors? Still, too many companies evolve into this pattern of behavior.

These weaknesses creep into the corporate mindset. Before long, the minor weaknesses become fatal flaws. The subtle ways these issues infest themselves in the sales culture make it difficult for the organization to realize what is happening.

For instance, more than a few CEOs and even CSOs have told me, "*We pay our salespeople very well and yet they are not producing.*" Most cannot see the irony in that statement. If their salespeople are making good money by not selling, why should they sell?

Do you need to develop a personal action plan for an individual? Or, is it time for you to revisit elements of your sales processes

There are three reasons why salespeople are not selling. The leadership team needs to determine which of those apply and how many of their salespeople are infected with each malady. If yours is a large sales team, you may find that all three are present with different members of your team. Do you need to develop a personal action plan for an individual? Or, is it time for you to revisit elements of your sales processes?

Once you have identified which of these reasons is holding back your salespeople, you must determine if it is:

- EPISODIC – only one or two salespeople are being impacted by this issue
- SYSTEMIC – there is something in the current sales process or environment that causes this issue to exist
- EPIDEMIC – this is an issue that could have legs and impact more salespeople

The unintentional influences and the actions that have followed have created unhealthy, and in some cases fatal, flaws in the sales organization.

What follows is a closer look at each of the three reasons why sales production typically declines. You are not alone; others have faced them and many have found a way to revive their sales results.

Finally, you will find a section on fixes – how to go about making the necessary changes in your organization that will bring you the results you want.

Regardless of the size of your sales team, whether it is a couple of people or a couple of thousand people, these ideas are worth your consideration. If you sell through others, such as distributors, channels, etc., there will be clues here for you to use in selecting and managing your partners.

THEY DO NOT HAVE TO

Primary Cause: Compensation and Recognition Plans Need to Change

“What is the penalty for non-performance?”

One of the first questions I ask CEOs, CSOs and other sales leaders is what happens to the salesperson who is not producing. Usually the results of not performing are less onerous than the efforts of having to actually achieve their objectives.

Salespeople can sell. Some can sell themselves and little else. These are the people who move from company to company frequently. Just as your organization was willing to add them to your team, so the next team will sign them up. They typically seek positions with a straight salary or a strong base with a commission add-on. As long as they can survive on the steady income, they do not have to sell their products or services to meet their perception of their obligations to their employer.

“What is the fourth reason your people are giving you for not being able to sell?”

The first three reasons salespeople use for being unable to sell are universal:

- “Our price is too high.”
- “Our product mix is wrong.”
- “The competition is superior.”

So, what is the fourth reason? It is usually internal; it is a flaw in the current sales model.

For instance, many companies use a base-plus-commission compensation program. The salesperson receives a fixed base salary and then earns commissions from incremental sales. Over time, the base salary increases, usually through COLA (cost of living allowance) increases. Meanwhile, the senior salespeople have paid for their children’s education, weddings and other similar expenses. They have paid down or paid off their mortgage so that their living expenses have decreased while their base has increased. They can play golf on Mondays and Fridays and still sell enough to live comfortably. They no longer have to hustle as much as they did earlier in their career. They can do fine by only addressing the low-hanging fruit.

These people will often complain that their company has cut their territory. The company has to because the territory cannot be thoroughly or even adequately covered with a three-day work week.

Salespeople are competitive; they like to win. When they see members of their sales team earning an equivalent or higher income with less effort that can become their goal.

Inevitably, not having to produce will create sales slumps. Too many leaders who did not come up through the ranks of sales are unsure how they need to respond to slumps. When the salesperson says, “We’ll make it up next month, boss,” how is the leader supposed to react?

Sales leadership is responsible for nipping slumps in the bud.

Unaddressed, slumps tend to breed greater slumps. There is a psychological attitude that eventually dominates the salesperson’s thoughts and actions. It is the responsibility of the sales leaders to correct this.

Do not ignore slumps. They are a symptom that something else in your sales model needs attention.

The compensation plan can actually create slumps

The activities of salespeople are primarily driven by what they think they will receive as a result of their efforts. When a compensation plan has been in place for too long, salespeople can learn how to make the plan work for them. This is why sales remuneration plans need to be revisited and changed frequently.

For instance, when the compensation plan rewards salespeople for bringing in new accounts, existing accounts may be ignored. Customers that have been loyal buyers may feel neglected and begin looking for an alternative source. Their new needs may go unaddressed as their rep focuses on only finding new accounts.

Remember, growing an existing account is usually more profitable than closing a new one; there is no client acquisition cost, for instance.

Meanwhile, the salesperson may not be able to find as many new opportunities as they once did and, as a result, find themselves in a slump.

Salespeople are creatures of habit. A change in the compensation plan can break their habits quickly and create a need to sell.

THEY DO NOT WANT TO

Primary Cause: Product Failure or Personal Failure

It is difficult for anyone to successfully sell something they do not believe in. Lacking confidence in their offering, they will overtly or inadvertently sabotage their sales with their choice of words, intonation in their voice, body language, eye contact or other ways.

So, what failure is creating their lack of desire? It is usually a product failure or a personal failure.

Product Failures

Products and services can fail – or appear to fail – in various ways. Every organization makes mistakes. The way the organization responds to the error makes all the difference. Frontline salespeople and customer service people are the messengers that form the opinions of customers.

There are minor and major failures. A minor failure would be something like telling a customer they will have an answer before close of business and not hearing from the vendor until the next morning. A major failure would be something like a product recall.

After all, few people look forward to facing an irate or disappointed customer.

The salesperson will usually be the person to take the brunt of the reaction from the customer. They know how to sell; do they know how to *sell around* an issue like this?

“Relationship selling” is a redundant term; all selling is relationship selling. Companies do not do business with companies; people do business with people. When a vendor underperforms, the relationship is harmed. A salesperson can easily mishandle these types of situations by downplaying the issue or responding too slowly. As a result, the customer may threaten to find an alternative source or use some other recourse that puts the salesperson on the defensive. Salespeople prefer to be on the offense.

A value-added sales professional, as opposed to a commodity salesperson, wants to focus on helping their customer be more successful. A product or service failure does just the opposite: it holds the customer back. Value-added sales professionals are typically more sophisticated and know how to manage tough situations. However, less experienced or unsophisticated salespeople can be terrified of having to face a disgruntled customer.

Personal Failure

It happens. A salesperson goes out on a “routine” sales call and is blindsided by a customer’s reaction. Immediately, the salesperson realizes they are not prepared for this situation. Perhaps a previous customer request has not been addressed. Maybe there have been product or service issues. What the salesperson thought was going to be just another sales call becomes a morass. Embarrassed, the salesperson tucks tail and runs.

A series of lost sales can cause a salesperson to see themselves as failing – or failures. This is why slumps beget slumps sometimes.

With their confidence shaken, they engage their next client with some timidity. The client may misinterpret the timidity as something else and subsequent calls are not as positive as the salesperson had expected. The discomfort grows.

Another common personal failure is when the “big one” does not close. The major sale that consumed so many of the corporate resources became highly visible and anticipated. When the sale goes away, the salesperson, understandably, has a

sense of failure. When efforts to get them back into the game are not working as effectively as they once did, the slump begins.

THEY DO NOT KNOW HOW

Primary Cause: Lack of Ongoing or Advanced Development

Of course salespeople can sell. Some are better at selling themselves than they are at selling what their organizations intend for them to sell, as we have seen. The issue is not whether or not they can sell, it is how well can they sell and whether they are they using the best approach for selling.

It is not that the salespeople do not know how to sell; it is that they do not know how to sell in an increasingly sophisticated environment.

The science of selling is changing. The adage that there is no one-size-fits-all is more important than ever. Every customer is different and customers change and grow between their encounters with salespeople. Competitors are changing.

So, salespeople who continue to use the same approaches they have used in the past are the ones who do not know how to sell in a rapidly changing world. As buyers' sophistication increases, the sales approach must become increasingly sophisticated as well.

The three primary drivers of change in sales are:

- **DEMOGRAPHICS** – the buyers on the other side of the table may be younger or older than the salesperson is prepared to address. Boomers buy differently than Millennials. The approach that is successful with Boomers may work against the salesperson when engaging a Millennial. Some buyers insist on face-to-face encounters while others may forbid them.
- **TECHNOLOGY** – as the methods and availabilities of technology increase, customers will expect sales professionals to make the best use of them. Face-to-face calls can be effectively replaced, cost justifications can be instantly and accurately customized and information can be efficiently disseminated using tools that save the customers and salespeople time.
- **PROCESS** – the same processes that are revolutionizing other aspects of business are making their way into the sales side of the house. Quality concepts such as Lean or Kaizen can make sales happen better, faster and at a lower cost.

So, what can you do to reignite your sales team, your revenues and, ultimately, your profits?

For Those Who Do Not Have To

KEYWORD: ACCOUNTABILITY

Create a need to achieve. One of two motivators will help here: FEAR and LOVE.

- **FEAR:** there needs to be an understanding that there are consequences for underperforming. Depending on the severity of the issue and the circumstances, the consequences can range from financial reductions to termination. Typically, an action plan is the best approach. The salesperson is required to list specific actions they will take to improve their performance, the dates by which those activities will be completed and how they will be verified. Daily or weekly goals need to be clearly communicated and reviewed.
- **LOVE:** what will the salesperson or the organization receive when the performance level improves? The reward for higher performance must outweigh the discomfort of not performing. For salespeople, this usually involves a monetary reward. For sales professionals, use recognition and appreciation.

Both of these can be managed through the compensation program.

1. Is it time for you to fine-tune or redefine your compensation plan? If you are using a base + commission model, make sure it is a “starvation base with a BMW potential”.
2. What SPIFFS (temporary promotions) can you roll out?
3. Consider having contests to capitalize on the inherent competitive nature of salespeople.

When a CEO/CSO hears they need to make radical changes in their compensation program, some wonder whether their salespeople will leave.

A client had his salespeople on straight salary in an industry where the competitors were straight commission. His people also had a company car and an expense account which their competitors did not. When I recommended we transition his people to a straight commission, he said, "Half of them will quit!" I responded, "That's true. Today they are not selling and you are paying them very well. After they quit, they still will not be selling but you don't have to pay them anything!" Only two of the nine moved on.

For Those Who Do Not Want To

KEYWORD: PASSION

Reignite a passion for high performance.

If their lack of desire is due to product failure, resell your products to them.

- Make sure they know what has been done to correct any previous product issues
- Have them conduct customer satisfaction surveys so they can hear positive messages from the marketplace
- Expose them to side-by-side comparisons with your competitors' products, services and other capabilities (if you do not have a side-by-side, have them develop it)

If their lack of desire is due to a perception of personal failure:

- Remind them of their previous successes and ask them what was different then
- Have them make customer satisfaction calls on customers they closed
- Reassure them that slumps are almost inevitable and that they never last
- Have them develop an action plan for rejuvenating their efforts

For Those Who Do Not Know How To

KEYWORD: DEVELOPMENT

Step One: Is this an EPISODIC, SYSTEMIC or EPIDEMIC issue?

- EPISODIC – have the salesperson or salespeople find and participate in a sales training program. They need to find and pay for the training. (When something is free, it is not as valuable.) They can determine what topics they need help with and what resources they can use (e-Learning, seminars, media, etc.) Let them know you will reimburse all or part of their tuition upon completion of the training.
- SYSTEMIC – begin with a needs analysis to determine what aspects of sales are weakest throughout the organization. Find the resources you need on the web and determine what sales development process will be most effective.
- EPIDEMIC – do the above quickly. Do it now.

SUMMARY

We are all responsible for our behaviors. Salespeople are no exception. However, when they are continuously hearing objections from their customers and prospects, after a while they can begin to believe it. They need – and deserve – the encouragement and guidance to pull themselves out of their destructive habits.

The single, most important function of sales is to teach.

The single, most important function of management is to teach.

The single most important function of leadership is to teach.

Teach by example, by encouragement and by recognition.

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