

# What makes sales teams sizzle? Better leaders.

Leadership can be critical in sales, an area where research shows that managers are the no. 1 driver of revenues. Savvy companies know that best-in-class leaders create a positive team climate that can boost bottom-line performance significantly.



# Executive summary.

Effective sales leadership is critical to organizational success. Talented sales leaders generate superior results, whether they lead a group of high or average performers. And given these leaders' impact on revenue, organizations can benefit by devoting special attention to the selection and development of sales managers. This is especially critical as Korn Ferry Hay group research indicates that sales leaders can be the no. 1 driver of sales revenue, creating the favorable climate that can increase bottom-line performance by up to 30%.

But companies almost reflexively focus on top sales performers when selecting leaders in this area. This approach may seem logical but often is a mistake. The qualities that make high-performing salespeople are not the same as those that make effective sales managers.

The need for personal achievement tends to drive excellent salespeople. They are competitive, enjoy being personally accountable for their performance, and thrive on immediate and objective feedback. While they may share some of these qualities, effective sales managers are less personally competitive. They get greater satisfaction from helping and supporting others.

Various tools and methods can help companies identify manager talent among their quality salespeople; some clues also include candidates' behavior and actions in the workplace and personal life. The individuals who enjoy teaching and coaching demonstrate behaviors key to good sales management.

Moving to a manager role can be a dramatic change for salespeople; it also requires very different skills and competencies. It entails much broader accountabilities. Newly appointed sales managers, no matter how well qualified, often need additional support—such as training and development—to succeed in their new roles.

Their challenge is to create an environment that inspires individual performance, teamwork, and mutual support. They need to assist their team members with selling skills, prioritization, and developing a strategic sales approach. And they must foster information sharing, cooperation, and support among group members.

They can do this in part by recognizing that salespeople differ in their motivations and preferred approaches. Broadly speaking, some are akin to hunters, who prowl and pounce on the current deal, then move on to the next opportunity. Others are more akin to farmers, who like to cultivate long-term relationships with clients and grow a portfolio of business. Depending on the nature of their products, markets, and sales strategies, organizations have varying degrees of needs for hunter and farmers in their sales force.

A well-researched, customized sales competency model can assist organizations in hiring, developing, and retaining salespeople who fit their sales needs. Salespeople with the right competencies for their role tend to be more productive and happier, and they are less likely to leave the organization.

**Great sales managers working with less talented salespeople generate more revenue than poor sales managers working with more talented salespeople, research shows. Leaders who create a favorable climate can increase bottom-line performance by up to 30%.**

# Great sales leaders generate superior results.

In every organization, sales management is a critical function. Although the performances of individual salespeople are important, research shows that their managers affect revenue more (Spencer and Spencer 1993).

Korn Ferry Hay Group has decades of proprietary work with clients involving interviews and data analysis that show that the climate a sales manager produced (as reported by the salespeople) was the No. 1 driver of sales revenue—even more important than the competency of individual salespeople.

Specifically, the firm has found that great sales managers working with average salespeople generate more revenue than poor sales managers working with more talented salespeople. The ideal situation, of course, combines great managers with great salespeople. But the overriding point is that good managers can compensate for lesser talent in their teams, while bad managers can hinder good performers.

The firm has found that great sales leaders create a climate and culture that improves team performance. The six dimensions of climate we applied in the research are:

**Flexibility:** New ideas are welcome, and there are no unnecessary rules or constraints.

**Responsibility:** Salespeople have freedom to make decisions but are held accountable for results.

**Standards:** Management sets challenging but attainable goals, thereby motivating salespeople to excel.

**Rewards:** Rewards and recognition link directly to performance.

**Clarity:** Salespeople know what is expected of them and how their individual goals relate to the larger organization.

**Team Commitment:** There is both a high level of trust that everyone is working toward a common goal and a high level of cooperation within the sales team.

Decades of Hay Group research shows that the right climate can increase bottom-line performance by up to 30% (Hay Group 2010). By nurturing a positive climate (Hay Group 2016), sales managers can maximize results from individual sales contributors—even those who previously were mediocre performers. That's a critical performance metric that organizations must consider when evaluating a potential sales manager.

Climate and Competencies	Highly Competent Salespeople	Salespeople with Fewer Competencies
Sales managers create great climate	Best-case scenario: Everyone is focused and energized for results.	Second best-case scenario: Great leaders get good results from average talent (making bricks without much straw).
Sales managers create mediocre climate	Second worst-case scenario: Results sub-optimized. Potentially high-performing talent is frustrated by the manager's lack of clarity, direction, and support.	If you are here... 

## Great sales managers versus great salespeople.

Salespeople and their managers differ greatly, especially in their roles and the disparate skill sets and qualities each demands. To be clear, effective sales managers must have sales experience and be respected in their craft. But their supervisory role also requires significant levels of leadership, coaching, and management skills. Sales managers also must focus on and draw satisfaction from their team members' performances. That's a distinctly different mindset than what is common for many outstanding salespeople, who are driven by individual achievement.

Many organizations err by promoting their very best salesperson to manager. This all too often creates these results:

- The company loses its best, most productive salesperson.
- The newly promoted manager grows frustrated, unhappy, and less than effective.
- The remaining salespeople are uninspired; they lose motivation and purpose.
- The unhappy sales manager leaves the organization.



Top salespeople intrinsically need to achieve. They relish pushing themselves, setting ambitious individual goals, and outperforming peers; challenge and competition exhilarates them. The best in class thrive on clear performance standards, personal accountability for results, and objective feedback.

But these same qualities that make a “natural” salesperson may create a frustrated, ineffective sales manager. Rather than compete against colleagues, sales managers must support and encourage others’ performance; they must find their satisfaction in their team excelling and in the approval from other leaders (executives) in their organization rather than finding satisfaction in hitting sales goals. And rather than crystal-clear performance standards, sales managers likely must achieve on many and varied corporate initiatives, some of which may conflict with sales objectives.

Top salespeople also find motivation and fulfillment in a commission-based compensation structure that gives them the opportunity to earn more through increased effort. In contrast, sales managers often earn less than top salespeople; their compensation, typically salary-based, no longer lets them generate more income by working harder.

Rather than embrace their role and its differences, sales managers can fall back on old sales habits, such as trying to close deals or managing client relationships. Instead of being helpful, these actions undermine their salespeople’s motivation and credibility while adding little value to the organization.

## What makes great sales managers?

Outstanding salespeople are driven by the need to achieve, according to research Korn Ferry Hay Group has conducted for several sales organizations. In essence, sales talent finds the process fun and rewarding; they get emotional satisfaction from exceeding their sales targets and earning large commissions.

Outstanding salespeople who become good managers differ in a critical way. Although they value and appreciate the sales process, they do not get the same emotional satisfaction in hitting their numbers. Instead, salespeople who evolve into outstanding managers often are motivated by relationship concerns. They want to coach and develop others. They feel a sense of fit when appointed as sales managers, as though they have found their true calling. They also tend to prefer the security of a consistent salary rather than earning a low base plus commission, even though they may make less money over time as a sales manager.

The best sales managers often were good salespeople—just not the very best. They valued personal achievement and hitting their sales targets, but they enjoyed helping and supporting others over personal competition.

Companies can tap tools and methods to measure people's values, motivations, and behaviors to help distinguish potentially good sales managers from good salespeople. Organizations may want to look closely for management potential in a high-performing salesperson who isn't strongly competitive with colleagues, bolsters team morale, and gives helpful advice to younger colleagues—all qualities exhibited by good sales managers.

Organizations may want to look at salespeople's activities off the job, considering if they exhibit management potential by coaching youth sports, tutoring or teaching, or volunteering in community activities that don't necessarily bring prestige or professional contacts.

When hiring salespeople, companies also may want to consider future management potential. Populating the team with salespeople who may become excellent managers in this area prepares the organization for growth and stability.

The transition from salesperson to sales manager can be dramatic. The day-to-day work, the objectives, and the required skills and competencies differ completely. Even when new sales managers are an excellent fit by all measures, it is critical that organizations provide them with competencies and leadership skills to succeed. These individuals already know how to sell; now they must learn to lead others and meet very different accountabilities. Effective leadership development programs can be key. (Korn Ferry 2016).

# Sales managers: best practices.

Sales managers' many responsibilities involve growing revenue with effective management of sales teams; managing sales administration and sales reporting; creating and executing a business plan with objectives and metrics; managing expenses; coordinating with marketing; and reporting sales activities to the broader organization. The best managers focus on high-return activities by:

- Creating a positive climate for their people, characterized by clarity of purpose and standards, team spirit and cooperation, and rewards for strong performance (McClelland et al. 1989).
- Building incentives and motivators for the entire team to encourage salespeople to coach and support each other and achieve team goals.
- Focusing on top-tier and next-best salespeople, coaching them on how to become more strategic, and prioritizing their efforts. Although this may seem counterintuitive, working with better performers generates the best results.
- Searching relentlessly for new opportunities and being alert to changes in the organization that may affect sales. A good sales manager, for example, will move quickly to train team members in advance of the organization's move to require its salespeople to sell multiple product lines.

A critical responsibility for sales managers, of course, is to design compensation that motivates salespeople. Well-designed packages reinforce high-performers' needs to achieve, to be accountable for results, and to receive clear and immediate feedback.

Conversely, compensation that fails these needs can sap morale and even be viscerally painful to achievement-motivated salespeople, the results of which can be disastrous. Top performers may "check out" out and eventually leave the organization. Skewed incentives may lead salespeople to emphasize less-profitable products. And crumbling team cohesion may cause salespeople to undercut one another.

Compensation programs should be customized depending on the nature of the products or services, the market, the overall sales strategy, and other factors that organizations may find particularly important. For example, an organization that relies too heavily on existing customers may create a scheme that incentivizes procurement of new customers. There is no "one size fits all" answer, although there are consistent principles that should be observed.

# What drives salespeople.

Organizations and recently promoted sales managers may benefit from insights about what drives salespeople. To be clear, Korn Ferry Hay Group research indicates that excellent sales managers can succeed with many different kinds of salespeople on their teams. Although drive for achievement is common in great salespeople, other competencies also figure prominently, such as:

- Persistence and energy
- Scanning for opportunities and prioritizing efforts to achieve the best return for time and energy invested
- Optimism, resilience, and self-confidence
- Ability to adapt communication style to different audiences

These competencies are widely shared among sales professionals. But our studies of many sales roles over the years demonstrate that there is no singular universal model to predict outstanding performance in all sales jobs. The competencies that predict sales results are powerful and effective, but they vary among companies, even from one sales role to another in the same company. For example, the competencies required to sell high-end medical equipment to hospitals differ significantly from those needed to sell routine medical goods, such as syringes or tongue depressors, to doctors' offices.

A well-researched, customized sales competency model can assist organizations in hiring, developing, and retaining salespeople. Research shows that salespeople with the right competencies for their roles generate substantially more sales than those with fewer of the right competencies. Those who fit better also are far less likely to leave the organization.

## Hunters versus farmers.

The nature of the product or service being sold and the target customer determines the sales role and the competencies required of the salesperson. While various sales roles exist, the two broadest archetypes for salespeople are hunters and farmers.

### Hunters

Hunters enjoy and are energized by the hunt for new customers and new deals. They excel at identifying new sales prospects, engaging them, and finding a solution within the organization's product mix to meet their targets' needs. While hunters can demonstrate strong networking and consultative sales skills, they may lack follow-through. Typically, they do not invest great energy in developing long-term relationships with customers.



## Farmers

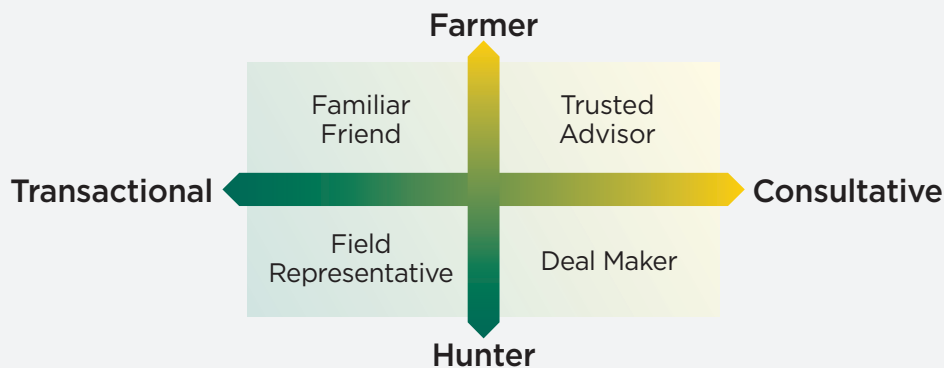
Farmers cultivate relationships with customers. They excel at collaborating with existing customers, upselling others on new products, and generating repeat business. They enjoy developing loyalty and trust with clients. Internally, they tend to be team players. While farmers may be very productive salespeople, they may not be particularly good at prospecting for new customers.

Most sales organizations need both farmers and hunters. A company skewed too heavily to hunters may acquire new customers quickly but may not fully develop their potential; also, they may experience excess customer attrition. An organization with too many farmers may have a loyal customer base but struggle to attract new clients. Based on their sales goals and strategies, organizations should strike a balance between hunters and farmers.

Figure 1

### The Sales Value Matrix.

Companies may find it helpful to understand sales roles with this tool.



Companies also may find it helpful to better understand sales roles by looking at them with the firm's Sales Value Matrix. It has two axes, one that looks at the nature of the client interaction (transactional to consultative), the other examining service versus demand (hunters-farmers).

This further defines four basic sales roles: familiar friend, field representative, trusted advisor, and deal maker.

Salespeople falling in different parts of the matrix may need assistance with different types of skills, competencies, other organizational support, and pay mix. Innovative companies also may design new sales roles by using this tool.

# Navigating sales success.

Maximizing the effectiveness of sales teams is mission-critical for organizations seeking to grow top-line revenue performance. Korn Ferry Hay Group research suggests that companies follow this road map to optimize their sales, sales teams, and sales management:

- Appoint and develop sales managers who enjoy leading teams, coaching, and taking satisfaction in others' performances. Avoid the fatal mistake of promoting the top sales person to sales manager.
- Focus on high-value activities, such as creating a positive climate for the sales team, creating clear performance and compensation standards, and working with high performers to become more strategic and prioritize efforts.
- Undertake a customized sales competency survey to ascertain the sales roles and precise mix of competencies that correspond to the organization's products and sales strategy.
- Hire salespeople whose competencies closely align with the survey results.
- Provide continuing training and development to salespeople to reinforce key competencies.

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