

# **Hire Right, Higher Profits**

The Executive's Guide to  
Building a World-Class Sales Force

By Mr. Lee B. Salz

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## TABLE OF CONTENTS

About the Author.....	ix
Foreword.....	xi
Chapter 1: The Test Most Executives Fail.....	1
Chapter 2: The Myth of the Great Salesperson.....	7
Chapter 3: Hiring from the Competition: Fast Growth Strategy or Flawed Sales Myth.....	13
Chapter 4: Identifying the Factors that Affect Revenue Investment Performance.....	19
Chapter 5: Developing the Performance Factor Portfolio: the Investment Foundation.....	27
Chapter 6: Attracting Revenue Investment Candidates.....	33
Chapter 7: Constructing the Revenue Investment Evaluation Program.....	39
Chapter 8: Analyzing a Revenue Investment Prospectus: a Salesperson’s Resume.....	57
Chapter 9: Evaluating Revenue Investment Candidates.....	61
Chapter 10: Making the Revenue Investment Decision.....	67
Chapter 11: Protecting the New Revenue Investment.....	75
Chapter 12: Laying the Foundation for the New Revenue Investment.....	83
Chapter 13: Identifying New Revenue Investment Expectations.....	91
Chapter 14: Getting a Fast, High Return on the Revenue Investment.....	101
Chapter 15: Assessing Revenue Investment Performance.....	109
Appendix.....	123

## ABOUT THE AUTHOR

Mr. Lee B. Salz is a leading sales management strategist and expert in hiring and onboarding highly profitable salesforces. Through his sales management consulting firm, Sales Architects, Lee has helped hundreds of companies experience explosive growth through the migration of their sales teams from “people-based” to “process-based.” An expert in hiring, onboarding, management, coaching and compensation, he designs the programs companies need to cultivate and maintain high-performance salesforces.

In addition to *Hire Right, Higher Profits*, he is the author of three best-selling business books: *Soar Despite Your Dodo Sales Manager* (WBusiness Books, 2007), which won the silver medal in the Top Book Awards; *Stop Speaking for Free! The Ultimate Guide to Making Money with Webinars* (Business Expert Publishing, 2010); and *The Business Expert Guide to Small Business Success* (Business Expert Publishing, 2010). He serves on the Editorial Advisory Board of *Sales & Marketing Management* magazine, is the host of the *Sales Management Minute* podcast series, and is the chairperson of the *Sales Management Challenge* executive skill-development program.

Lee was recognized as one of the Top 25 Sales Influencers by OpenView Labs in 2011 and 2012, and is a member of the Top 25 Online Influencers in Talent Management (HR Examiner 2011). His articles have been published in hundreds of websites and magazines. He’s been interviewed on ABC News and MSNBC, and has been quoted and featured in many leading publications, including CNN, The Wall Street Journal, The New York Times, The Dallas Morning News, *Selling Power* magazine, and *Sales and Marketing Management* magazine.

To help companies implement the sales enablement methodology presented in *Hire Right, Higher Profits*, Lee launched The Revenue Accelerator\_ – a web-based, sales onboarding and enablement technology firm. The firm’s technology platform has been used to onboard thousands of salespeople – resulting in shorter ramp-up times, higher revenue production, and reduced sales turnover.

Lee is a results-driven consultant, dynamic speaker, and passionate entrepreneur. He lives in Minneapolis with his wife, three children, and two dogs. When he isn’t helping companies grow, Lee can be found on the baseball field coaching his kids or in the gym preparing for his next powerlifting tournament.

You can learn more about Lee Salz on his websites:

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# 1

## THE TEST MOST EXECUTIVES FAIL

**A**lbert Johnson comes home from work exhausted. He hugs his wife and kids, and then he falls into his easy chair. Today was just another grinding day for him as the vice president of sales for The Magic Mirror Company. The tremendous pressure to achieve the corporate revenue budget number sits on his narrow shoulders. Things are tough right now and he is being squeezed by the CEO as well as his executive peers to drive sales.

As he leans back in his chair, Albert scratches his head in search of a way to get the revenue boost the company needs. After spending a few hours deep in thought and watching *King of Queens* reruns, he dozes off without ever touching his dinner. His thoughtful wife covers him with a blanket, takes the kids to bed, and leaves him to sleep in his chair for the night.

The next morning, Albert wakes up with a start. He has just come up with an incredible idea to drive sales. He reaches over to the coffee table for a pen and pad and begins to scribe his thoughts. "This idea is going to revolutionize our business," he thinks. "Revenue will skyrocket, profits will soar, and I will be a hero."

Albert can barely contain himself as he springs out of his chair, showers, dresses, and heads to the office. Screech! His tires skid as his car comes to a quick stop in the corporate parking garage. He leaps out of the car and sprints to the CEO's office without even stopping to drop off his laptop and coat.

As he reaches the CEO's office, he briefly pauses to catch his breath. Wiping the sweat from his brow, he enters and declares, "I've come up with a great idea for us to drive revenue and take our business to the next level. We will take the competition by storm."

Albert shares the idea with Linda Austins, CEO of The Magic Mirror Company. After listening intently, she leans back in her chair and says, "Interesting concept ... How much will it cost to implement this revenue-growing idea of yours?"

"It's only a \$25,000 investment!" Albert says.

In an instant, Linda goes from sitting back in her chair to leaning across the desk toward Albert.

"Did you say \$25,000? That's a lot of money! You've seen our financials and I'm sure you're acutely aware of the current economic climate."

Albert interrupts, "I know it's a major investment, but I am also confident it will drive profitable revenue for us."

Linda rises from her chair, walks over to the window, and stares for what feels to Albert like an eternity. Then she looks back at Albert and says: "Albert, I'm intrigued. Here's what I need you to do. Write up the idea and send it to me in an email. Research the concept and see what the

marketplace thinks of it. After you have done that, put together a blue-ribbon panel to conduct a feasibility study. Of course, talk with Finance and Operations to get their take on this idea as well. Once you have gathered all of this information, put together a presentation for the team. We should be ready to make a decision on this idea within six months to a year. Now, keep in mind that a \$25,000 expenditure is not taken lightly around here, Albert. Great job coming up with this idea.”

With those marching orders delivered, Linda turns to her PC and begins reading her email. Albert finishes writing down his to-do list and packs up his briefcase. As he begins walking toward the door, he stops and turns to Linda.

“I almost forgot to mention this to you,” he says. “I’m going to extend an offer to a sales candidate today and invite her to join our inside sales team. I interviewed her yesterday and she looks like a good fit. Do you want to meet her?”

Without even looking away from her computer, Linda replies, “Nah, that’s okay. What salary are you going to offer her?”

“\$25,000,” Albert responds.

Still without looking away from her email, Linda quickly says, “That’s fine.”



While this story is fictional, I envision a knowing smirk on your face because this scenario rings true in your company. The Magic Mirror Company analyzes (perhaps, even overanalyzes) a \$25,000 investment in an idea intended to increase revenue, but pays little mind to hiring a salesperson with a \$25,000 salary whose job is to increase revenue as well.

Here’s the point many executives miss... It’s the same \$25,000 investment!

Even that statement isn’t completely accurate. Hiring a salesperson at a salary of \$25,000 doesn’t cost the business \$25,000. There are additional costs that compound this expenditure such as health insurance, other employee benefits, and travel. To be truly accurate, a percentage of the sales manager’s cost to the company should be allocated to the salesperson expenditure as well. And, the \$25,000 in this scenario is an annual salary, not a one-time cost to the business. Even though many salespeople are paid annual salaries significantly higher than \$25,000, executives rarely view the investment in an idea the same way as the hiring of salespeople.

If your firm operates like The Magic Mirror Company, it just failed the Revenue Investment Test – by viewing an addition to the sales team as merely hiring, and not as an investment in revenue. Companies taking this approach risk incurring huge and unnecessary costs in the forms of high turnover, underperformance, and lost sales.

But top-performing companies view their sales teams in a completely different way. They recognize that each salesperson represents a revenue investment made by the company. To make informed, investment decisions, each candidate goes through a structured, deliberative evaluation process. While the adding of headcount is commonly called “hiring,” these companies view it through the lens of investing in revenue. While revenue investment is a common business expression, the usage of it in this book refers to each member of the sales

team. When executives adopt the revenue investment perspective, the entire way they view their current and future sales teams change.

For example, they don't just analyze the sales pipeline; they also scrutinize the sales candidate pipeline. These executives know that only searching for talent when they are staring at open seats on their sales teams can result in poor selection decisions. Instead, they are perpetually on the lookout for talent and always have prospective candidates in the pipeline.

In addition, these executives, before evaluating candidates, analyze the sales role to develop investment criteria. Those criteria are used to develop a multi-step candidate evaluation process. Those candidates, in whom a revenue investment is made, participate in development programs to help them get up to speed rapidly leading to a fast, high return on the investment.

These executives also understand that salespeople contribute to both sides of the company's profit and loss statement. It's absolutely true that the sales force is a source of revenue. But it also represents significant costs, both tangible and intangible, to the business. While you can easily tabulate the tangible ones, it is much more difficult to quantify the intangible ones – like the brand damage resulting from sales turnover and sending the “salesperson of the day” into accounts.

The philosophical shift from hiring salespeople to investing in revenue is a key to driving both top-line and bottom-line sales performance. This book provides the practical guidance needed to implement this strategy in your company and cultivate a highly successful and profitable sales force. The corresponding methodology and processes presented have been implemented in companies of all sizes and in most industries. They work for all because they can be adapted to specific business environments, needs, and cultures – as you are about to see.