

Identifying Great Salespeople

With subdued economic activity placing increasing importance on maintaining company revenue, and sales performance being a key driver in this regard, many CEO's, sales directors and managers and HR Directors are ensuring greater focus is being placed on identifying and hiring great salespeople.

Whilst in a later article we intend to outline the contribution psychological research has made to identifying the individual personal attributes which lead to sales success, this article simply focuses on how to apply a psychometric process to identify sales potential. All too often this responsibility is "delegated" to administrative staff, who may lack an operational understanding of how to select an assessment process which meets the strategic need to drive revenue growth.

Firstly, some generalised facts about sales which we can explore at greater depth in a technical article:

- Researchers know that sales success is primarily determined by personality and life experience factors (not high intelligence).
- It's clear that different personality attributes are differentially correlated with different types of sales (but the research is less clear on this).
- We know that differential performance by salespeople is far greater than the usual 5:1 ratio applicable to general areas of human performance in structured environments (Hull 1928) and maybe the 12:1 shown by more recent research into management competence in ambiguous environments.
- We know that the greatest contribution by HR to sales growth and revenue generation is through accurate selection (not training, not managing, and not developing).



- We know that differences in sales capability emerge quite early – often at the 3 – 6 months mark for new employees, and nothing ever really changes poor performers into high performers not even good training, good managing, or good development. Because to do this we would really need to change a range of personal attributes – such as personality. However, we do know that this stuff increases the sales performance of high performers even more (basically those with the 'right' personality).
- We know that commercial success is primarily dependent on sales and revenue generation.

Yet despite this, we know that 95% of recruitment processes:

1. Don't directly assess these determinants of success (personality and life experience factors);
2. Produce not a single number to relate back to performance and hence determine predictive validity for future recruitment decisions and hence revenue growth;
3. Thus cannot provide established intellectual property for the organisation.

The rest of this article focuses on some practical steps to ensure that the 3 issues above are managed.

When thinking about using psychometrics as part of a recruitment process, there are many issues to consider, and so to assist with the decision-making process, the following series of questions might be useful in clarifying a preferred approach.

Initially, two questions will get to the core of the issue:

Q₁

Would you like to use an existing sales questionnaire, or one that is developed specifically for your industry, company and particular sales processes?

An existing sales questionnaire is based on a unit cost per questionnaire used, which will usually be less expensive than a tailored instrument, unless the usage of a tailored instrument is high and unlimited.

Thus the advantage is a usually lower cost, and the disadvantage is that the results are not tailored to any particular industry, company or sales process.

Costs can range from \$20-\$1000. As with all products and services, cost is usually associated with quality, and the specific quality sought in a sales questionnaire is the ability to accurately predict sales outcomes. This moves the assessment to the **benefits provided** instead of the **costs incurred**, as sales and revenue for a company are invariably mission-critical, and costs of an instrument of even \$1000 are invariably insignificant against high sales performance multiplied by many salespeople.

Approximate costing of Psych Press sales products are as follows:

1. SAS - \$ 60 (GST exclusive)
<http://www.psychpress.com.au/psychometric/talent-psychometric-testing.asp?sales-attitude-survey>
2. SALES AP - \$ 130 (GST exclusive)
<http://www.psychpress.com.au/psychometric/talent-psychometric-testing.asp?salesAP>
3. SPQ Gold upto - \$ 1000 (GST exclusive – depending on development options)
<http://www.psychpress.com.au/Psychometric/talent-psychometric-testing.asp?sales-preference-questionnaire>

Q₂

Would you prefer to use psychometrics in the candidate screening process, or in the assessment of a short list?

The arguments and justifications of where to position psychometrics in the recruitment process follow a similar pattern of cost/benefits versus relative predictive validity outcomes.

The predictive validity of psychometrics in the assessment of the shortlist obviously assumes that the shortlist has been compiled on an objective basis, and that the individuals on the shortlist have been objectively and fairly assessed against clearly defined, justifiable criteria.

This is difficult to achieve through an unstructured interview, which is the most common means of establishing a shortlist.

Depending on the time taken and the salaries of staff involved, even the unstructured interview process can also be expensive for the organisation. Whilst the external (invoiced) costs of the final assessment are relatively low, the internal costs of staff hours can be significant. A simple costing can illustrate this point. Sales advertisement attracts 35 applicants. Receive sort and store resumes (10 mins). Read resumes (10mins). Discuss 15 resumes with peers (15 mins). Ring to arrange interview with 8 applicants (15 mins) OR telephone screen (20 mins). Depending on the salary levels a screening process conducted in this manner can approach the \$2,000 mark.

In an effort to impact key metrics of time to hire, cost of hire and quality of hire, psychometrics is often used in the candidate screening process. Usually the benefits sought are greater objectivity providing greater defensibility of the process, and overall efficiency. For instance, it is not a good use of staff and interview time to ensure that the applicant has a driving licence, and is legally entitled to work within an interview context. This information is more efficiently and effectively sought in an online application process.

The additional benefit of such a process is that it obtains reliable data in a format preferred by staff involved in recruitment, without requiring the opening, reading and storing of résumés - which may not be a reliable source of information about the candidate in the first place.

Thus the comparison often reduces to the cost, reliability and predictive validity of an extended interview process as against similar factors achieved through an online application process.

However a changing environmental variable is the strength of the candidate market. In a candidate short market, an online application process may not work well as part of an attraction strategy, where search methods may have to be used to develop a candidate list. Conversely, in times of low economic activity or a candidate rich environment, the efficiency and cost effectiveness of an online approach is a major benefit. For instance, why would you pay recruitment fees if good candidates can apply through your website?

Where the decision is to use existing conventional, established psychometric tools to assess the shortlist, the decision process is concluded.

Online Sales Recruitment Process

Where the decision is to use psychometrics tailored to the needs of the organisation and industry as part of an online recruitment process, the following questions may be useful to consider.

Although it may sound complicated, the word psychometric simply means putting numbers to individual attributes. In assessment terms, this simply requires a list of relevant attributes for a role, and the ability to apply a numerical rating to them, for comparative purposes.

Often these attributes are called competencies, which in turn are composed of knowledge, skills and attitudes. Sometimes competencies include specific behaviours which are thought to be both relevant and required.

To assist with the decision-making process, and the factors involved, a series of common questions have been outlined below to provide guidance.

Q 1: Thus the question arises, does your organisation have a clearly defined set of sales competencies?

Yes 1: In this case Psych Press will simply use them as the basis for the development of a sales screening or sales assessment tool.

No 1: In this case the question is: "How can the selection process be seen as objective, without assessment against selection criteria?" [This response indicates that the recruitment process may be subject to challenge, as there may be no clearly defined selection criteria]

Q2: Would you like to develop them and provide them to Psych Press?

Yes 2: Return to Yes 1

No 2: In this case Psych Press can partner the organisation to develop appropriate competencies. Job analysis and competency modelling are relatively specialised skills invariably undertaken by organisational psychologists whose hourly rates are similar to accountants and other professionals. Often the work will involve a focus group with sales staff. Psych Press's professional experience and library of sales related competencies significantly shortens the time required to be spent on this activity. However where this is costed as part of an online screening tool, this cost is incorporated as part of the development process.

Q 3: Do you have a process for measuring these competencies (usually interview questions, bio-data questions, role plays, knowledge-based questions, personality questions)?

Yes 3: In this case Psych Press will simply use them as the basis for providing ratings on the competencies within a sales screening or assessment tool.

No 3: As with No 2, Psych Press will develop these questions to assess behaviours as part of sales competencies, thus providing the numerical measurement required to compare and contrast candidates quantitatively.

Again, Psych Press's experience with this process shortens the time required. As before, when this forms part of the development of online screening tool this cost is similarly incorporated.

Q 4: Should the psychometric screening process be validated or benchmarked against current staff?

Ideally, any selection system should be able to quantitatively demonstrate its ability to successfully identify superior performers, or successfully identify potentially poor performers. The most basic process of validating the selection process or screening tool consists of demonstrating a correlation between the outcome of the selection process and sales figures. This involves the work of a statistician using specialised software to link competencies, questions and sales figures in a manner which indicates that one predicts the other. If it successfully predicts current staff, it can be relied upon to successfully predict future staff.

Yes 4: Again this work is done on the basis of consulting hours, or on the basis of an entire package.

No 2: A decision may be made to proceed without validating the selection system on the basis of current staff, in which case future outcomes can be used to retrospectively validate the process.

Once the selection system is operational, some choices as to reporting can be made.

Q 5: Do you wish to incorporate a customised reporting function?

Yes 5: In this case authorised access to the system can be provided to see "in the moment" results for all candidates by country, by location, by role, by applicant. Such reporting is tailored to organizational requirements. Again, time to hire and cost of hire as well as quality of hire metrics are paramount. The instantaneous reporting in either a scarce or a candidate rich environment ensures a significant competitive advantage, in assessing and reaching a superior candidate more quickly than competitors.

It is the difference between being alerted by e-mail instantaneously a superior candidate completes an online application, compared with your competitors reading a résumé after an application deadline. No contest.

No 5: Some companies simply require an e-mail verification of the availability of an individual report.

As with all assessment, the more measures that are available, through different methods, the better. Thus structured interviews, role plays, reference checking all have their part to play – the above process just covers psychometric assessment.

It is hoped this overview provides a useful guide to the issues involved in incorporating psychometric assessment into a recruitment process. Whether used as a screening process, or in the assessment of a short list, the process should directly assess relevant determinants of sales success (personality and life experience factors, produce a set of metrics to relate back to performance and hence determine predictive validity for future recruitment decisions and provide established "know how" and intellectual property for the organisation.

Very simply, this might amount to a recipe for "identifying great salespeople" and thereby ensuring the revenue growth and success of your organisation.

We hope it does.