

Are Salespeople Your Competitors?

By A. Barry Hults, MAS

Sales Management and related issues are the most frequently requested topics for extended discussion in courses, workshops, lectures and our Business Improvement Groups for suppliers and distributors. Most business owners agree that people issues present the most difficult problems for an entrepreneur in the growth and development of promotional marketing firms.

In fact, when we ask owners to create lists of priorities for discussion, these subjects come up again and again.

- When hiring salespeople am I creating competitors? · Why do sales representatives leave and move to my competition?
- Why do they move from company to company?
- Where do I find good salespeople?
- How do I hire the right person?
- Should I hire only those experienced in the industry?
- How do I compensate salespeople? What are the industry standards, if any?
- What is the best method of motivating sales representatives?
- Who should manage my sales team?
- What training do salespeople need?
- How much can I afford to invest in training new staff?
- Are regular sales meeting necessary even if we only have one or two account executives?

Over the life of this column I'll attempt to challenge the conventional wisdom on these and other sales management-related topics. I welcome your input as we work through the process of becoming better managers of sales staffs.

Commitment & Contracts

In this first column, let's begin with the question: "When hiring salespeople, am I creating competitors?"

Let's assume salespeople will leave you after a number of years and start their own distributor and supplier firms. What are the consequences to your company?

Consider the profits you earned from the salesperson in the years of association with your company. If your business is well managed, your systems geared to salespeople and your margins such that you do, in fact, profit on your sales staff, perhaps you should take the attitude that the profit you earned on those sales was sufficient reward for the effort you invested to gain the sales in the first place.

If you've invested the time necessary to ensure the relationship your clients have with your company is strong and secure - and they feel your company performs for them - you'll likely retain those clients, even if a salesperson leaves to start his own business. If, however, they feel all of the effort on their behalf is put in by the account executive, then the probability exists that clients will follow the salesperson.

It also may be useful to examine your contract with salespeople. Does it deal with the issue of client ownership? (For this column, I've assumed an employee relationship with your sales personnel and have not attempted to address the

issue of client ownership vis-à-vis independent contractors. In either case, it's prudent to seek legal counsel.) Most often, principals abdicate the responsibility of maintaining client ownership to their salespeople and don't meet with major clients on a regular basis.

Also consider whether or not it's likely you and your salespeople will cross paths if they leave. Will your ex-salespeople even call on the same clients? How many potential customers are there in your market area? Do you own the market now? How many of those potential customers will likely become clients of your company in the next five years?

If your contract and your client relationships allow you to maintain the customers your salesperson services, perhaps you should consider why she would want to leave in the first place. When a salesperson does go, it's best to take the long view, wish them well and attempt to remain on good terms.

Why Are They Leaving?

Part of the second question business owners often ask is "Why do salespeople leave a company?" Most of the studies I've read suggest people leave for non-financial reasons. They leave your company because:

- They don't feel appreciated.
- They feel their work isn't valued.
- They feel the work environment is repressive.
- They feel management takes credit for their ideas.
- They don't have clear performance measurements.
- They don't feel the company supports their efforts.
- They feel the company profits to a higher degree than it deserves.
- They feel they'll never measure up to management's expectations.
- They don't feel success is within their reach.
- The Appeal of Free Enterprise

Sometimes, salespeople leave because they're entrepreneurs at heart. We operate under the free enterprise system, which encourages new business development. It thrives on the entrepreneurial spirit. Don't we all?

How did you start your company? Did you learn the business from another firm? Would you really want to change the free enterprise system? Some people will end up in business for themselves – just as we did – because they're destined to be entrepreneurs.

So, are salespeople who leave and start their own businesses really competitors? If we deliver the creativity, marketing knowledge, products and service our clients need to be successful – with unparalleled levels of customer service – do you really need to worry that your clients will leave for a new, unproven firm?

Final Thoughts

We should examine our companies to determine if we provide a stimulating and rewarding work place; if we and our sales management team understand and practice sales motivation techniques with our staff; and if we express our appreciation of the efforts of our salespeople and recognize their accomplishments.

Then we need to admit to ourselves that people are just destined to head their own companies. And yes, some of the salespeople we hire may eventually leave and start their own companies. In a way, we create our own competition.

The real question: have you created strong relationships that will maintain your clients even if a salesperson does leave?