

BUILDING FOR TOP PERFORMANCE

Is hiring new salespeople your most favorite activity? No, I didn't think so. Yet, in the depth study, more than one sales executive admitted to turnover greater than 50% of salespeople with fewer than three years with the company. True, you can now get thousands of great resumes through web-based services, but who really wants to spend all of that time interviewing the candidates only to have to replace half of them in less than a year and the other half the next year?

Building a top-performing sales team isn't easy, but it is impossible when turnover is high, and in most sales forces, turnover is high. The cost of turnover is extremely high, much more than wasting a sales manager's time in recruiting. What surprised me most in the depth study was that most sales executives seem to think dealing with high turnover just comes with the job. On the contrary, I did identify several sales execs in the depth study who reported no turnover for more than two years. In one instance, the sales team was over 100 salespeople, though to be honest, most were smaller. Even so, I have found sales forces in companies with hundreds of reps who experience less than 10% turnover.

Low turnover is a symptom of a healthy sales staff – in fact, it is probably the single most important indicator of sales force health. True, there are complacent sales organizations with low turnover and low sales growth, but it is next to impossible to enjoy high sales growth when you have high turnover. And you don't have to accept high turnover as the norm.

The Cost of Turnover

Turnover is extremely costly. I've already mentioned one obvious impact – your sales management spends its time recruiting, selecting, and training replacements. The other obvious cost is lost sales because no one is working the territory. Oh sure, you may have someone covering the territory, but you wouldn't have that territory if it didn't require the devoted attention of a full-time salesperson. So what exactly does it cost when you lose someone?

Sales. The first and most obvious cost is that you lose some sales. Let's examine that in more detail