Executive Summary and Conclusions

Successfully recruiting high-performance salespeople is about getting the right person in the right place for the right purpose. In the end, this is a function of objective human judgment based on the best evidence available. SPQ-Gold® and PIAV assessment instruments can significantly improve productivity, reduce turnover, and constrain the potentially enormous costs of mistakes in hiring salespeople.

The core competency of sales is the development of new business. The single characteristic shared by the most successful salespeople is simply this; they initiate contact with prospective buyers in greater numbers than those who are not as successful. Predicting this behavior is critical to success in hiring salespeople.

Meeting sales objectives depends on selling new business, usually to new customers. Many people representing their companies in sales territories are excellent at maintaining existing relationships, but are not effective in selling new business. Sales candidates who will do both should be selected.

Successful salespeople, while somewhat more likely to be outgoing and/or assertive, actually represent all behavioral preferences and ‘styles.’ A significant percentage of successful salespeople are neither outgoing nor assertive. Themeasure of success depends on a salesperson’s ability to make the most of what they have. Measuring behavioral style is usually not a significant factor in pre-hiring assessment of sales candidates.

Successful sales behaviors of otherwise qualified sales candidates can be predicted to a reasonable degree of accuracy through the DNA of Sales Success™.

- Sales candidates who are (1) highly motivated and (2) clearly goal directed are more likely to be successful than those who are not, provided (3) they are not call reluctant. Those who don’t meet these three conditions should be screened with extreme care. If they don’t meet these conditions and are hired anyway, at least their managers know what to look for. In some cases, their behaviors can be corrected through training, coaching, and supervision by qualified persons. II (See Endnote vii)

- There is a strong case to be made that sales candidates with passionate Utilitarian attitude respond best to typical sales environments and incentives. Candidates with Utilitarian in the
bottom three positions have values that correspond with only 8% of the top salespeople based on the best evidence available at this time, and should be hired only after careful investigation and consideration.

_Totally unbiased, non-emotional view of every candidate… enabled us to turn our sales force completely around._

- Dennis Gillespie, Client

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**Text – Pre-Hiring Assessment of Salespeople**

**The Costs of Mistakes in Hiring Salespeople**

What is a hiring mistake?

Our philosophy is simple. Selling revenue comes from three sources: Renewal sales from current customers, new sales from current customers, and new sales from new customers. Experience shows that in practically every situation today’s salespeople must sell new business to achieve their budgets, and in almost every case they must sell new customers.

_The core competency of sales is developing new business._

- Mike Stewart, CSP

Hiring any salesperson who doesn’t ‘work out’ is a costly mistake. However, the most critical hiring mistake occurs when a company hires a sales candidate who will not sell enough new business to meet his revenue obligation to the company.

The costs of hiring mistakes can be stunning. Sales managers tend to estimate the tangible cost of such mistakes at something between 200% and 300% of the salesperson’s annual earnings. For example, if a sales position pays $80,000 and a mistake is made in filling that position, it costs the company between $160,000 and $240,000 according to most estimates I have heard.

Here is a conservative illustration: if a company with a sales force of fifty salespeople earning an average of $80,000 experiences an annual turnover rate of 10% and replaces five unsuccessful salespeople, the cost would be one million dollars.\textsuperscript{ii} (see endnote ii).

Note: See “Estimating The Cost of Unnecessary Hiring Mistakes” at Attachment 1.

Of course, this doesn’t include many devastating intangible costs, such as:

- Lost prestige and reputation of the manager in the eyes of company management
- Lessened credibility and authority in leading the sales force he supervises
- Lowered self-confidence and self-esteem
- Increased anxiety and stress and related health risks of the manager.
- Lowered morale within the sales force as other salespeople are held to higher standards than non-performing new hires
- Lost prestige and reputation of the entire sales department in the eyes of the rest of the company

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Page 2 of 9
• Lost prestige and reputation of the company in the eyes of customers and other influential people in the marketplace
• Morale and economic boosts for competitors in the marketplace

*We always find ways to out-dumb ourselves.*  
- Kari Saragusa, Sales Executive

Advanced Interviewing Techniques Don’t Identify Successful Candidates

In order to minimize mistakes in hiring salespeople, sophisticated sales managers often use a variety of advanced behavioral interview and competency-based performance assessment techniques. Such techniques provide a good picture of how much sales candidates know, how well they can verbalize their knowledge, and, hopefully, how well they can perform the specific tasks required of the position.

Unfortunately, such techniques do not predict whether or not they will actually perform these tasks when and where they need to. In fact, a study by Michigan State University revealed that interviews are only 17% predictive of how a person will actually perform on the job.

Through good recruiting and interviewing practices, it’s relatively easy for most companies to find sales candidates who can do the job. The challenge is identifying those who will do the job.

*Six weeks after hiring a new salesperson, you don’t want to find yourself asking, “Who is this guy?”.*  
- Mike Stewart, CSP

What A Successful Salesperson Looks Like

Because it is a mathematical fact that salespeople must sell new business to meet their financial obligation to the company, those responsible for making the hiring decision need to know what the probability is that the person they hire will use their identified talents and skills to actually develop new business.

What is the difference between a person who is skilled at keeping existing customers happy by providing great service (and makes a full time job out of this activity), and a rainmaker who not only does an excellent job of maintaining existing business but also produces the new business needed to be truly successful

*The single characteristic shared by the most successful salespeople is simply this. They initiate contact with prospective buyers in greater numbers than those who are not as successful.*  
- George Dudley, Sales Research Behavioral Scientist
High Producing Salespeople Possess the DNA of Sales Success™

Extensive psychological research, and statistical analysis, reveals that there is something inside these highly successful salespeople that is not present in those who aren’t as successful. We refer to this ‘genetic difference’ as the DNA of Sales Success™. It consists of four parts:

- Strong Motivation
- High Goal Level
- Lack of Sales Call Reluctance®
  Plus
- Passionate Utilitarian Values and Attitude

_We used to think our fate was in our stars. Now we know, in large measure, our fate is in our genes._
- James Watson, Nobel Laureate

Pre-Employment Assessment Of Sales Candidates

Assessment instruments used in the pre-employment process for salespeople should:
- Be sales-specific and show consistent statistically significant correlations between quantified test results and measurable units of sales production
- Be the result of extensive empirical research
- Not discriminate against protected groups thus posing no compliance issues
- Support the culture of the company using them for selection
- Be administered completely on line via the internet
- Represent a sound financial investment
- Be provided by an expert consultant or firm devoted exclusively to the sales profession, with appropriate credentials that include successful sales experience

The Most Common Form Of Assessment

Assessment of ‘behavioral style or preferences’ is the most common form of pre-employment testing of sales candidates. Such assessments typically require a forced choice selection of two words out of ‘groups’ of four words. There are numerous forms of such instruments that go under many different guises, such as profiles, indexes, templates, and so forth.

Sales managers and personnel professionals, as well as the subjects themselves, tend to be enthralled by the ‘accuracy’ of such reports. They say things such as, “It described him perfectly,” “It was right on,” and “Amazing! That’s exactly the way she is!”

Such assessment instruments are typically very accurate in identifying a person’s preferences, and how they are most likely to ‘fit’ in a given slot within an organization. It is a simple matter to evaluate a position and determine the characteristics of the ‘ideal’ person to fit that slot (See ASP Illustration 1). A person who meets this criteria will be more comfortable in that position than one who doesn’t, and will have to use less energy ‘adapting’. This often has significance in some positions within a company.
The fact is, however, meeting an ‘ideal’ profile or adapting to ‘conform’ is not a requirement for success in sales. A current research study of top salespeople in 178 US companies clearly illustrates this fact. See ASP Illustration 2, which shows that their profiles are nearly evenly distributed across 75% of the available patterns. The author’s field experience with thousands of sales people, as well as the experience of many other competent sales consultants and trainers, corroborates this evidence with numerous anecdotal examples.

Such assessment instruments accurately describe how a person will do something, and that is very useful in facilitating communication and relationships within a sales team. However, such instruments do not predict what a person will do when it comes to performing the selling tasks required to develop new business.

*Lots of people look good and talk good, but they don’t sell good.*

- Mike Stewart, CSP

**Pre-Employment Assessment of Call Reluctance® in Salespeople**

The SPQ*Gold® Call Reluctance Scale® measures the presence and levels of three essential parts of the DNA of Sales Success™ -
- Motivation
- Goal Level
- Call Reluctance®

More than twenty-five years of the most exhaustive on-going empirical research ever conducted in the area of sales performance has produced volumes of statistically significant evidence that clearly and unmistakably correlate sales performance with these three factors.

**Motivation** is the presence and intensity of the physical and emotional energy available to be directed toward the accomplishment of a person’s sales goals. Think of it as the amount of ‘juice’ behind a person’s desire to prospect and succeed. People who lack motivation aren’t call reluctant, they just lack desire. They can’t be reluctant to use energy they don’t even have to being with.

Note: Sales candidates who lack sufficient Motivation will probably not be successful in developing new business, or, in many cases, even maintaining existing revenues.

*I smile at obstacles. My will moves mountains.*

* I will do it with all my heart.

– Tiger Woods

**Goal Level.** There are three dimensions to goal management:
- Identifying the goal, or target, itself. It’s what a person wants. It’s the meaning behind their sales efforts. People without targets aren’t call reluctant, they just aren’t interested.
- Lots of people have written goals. Developing the specific action steps to achieve those goals requires much more effort and dedication. People without a plan aren’t call reluctant, they’re just confused.
- Many people with written goals and specific plans for their achievement do not pursue their goals. People who don’t implement their plans aren’t call reluctant. They would just rather talk about it than do it.
Note: Sales candidates who are not sufficiently Goal Directed will probably not be successful in developing new business.

If you don’t know where you’re going you’ll wind up somewhere else.
- Yogi Berra

Call Reluctance is the fear that causes highly motivated, clearly goal-directed salespeople to hesitate to initiate contact with prospective buyers in sufficient numbers to be successful, or to pursue the sales process and close enough sales to achieve their potential. It takes twelve known forms.
- Doomsayer – worries, avoids social risks; focuses on low-probability disasters
- Overpreparer – always getting ready to get ready; over analyzes, under acts
- Hyper-Pro – obsessed with image and credibility; has a ‘superiority’ complex
- Stage Fright – fears and avoids group presentations; often not an effective presenter
- Role Rejection – ashamed of sales career; ‘motivation’ junkie trying to sell himself
- Yielder – fears intruding on others; won’t push for decisions and action
- Social Self-Consciousness – intimidated by upscale prospects of higher socio-economic status
- Separationist – fears selling to friends; clients become friends he won’t sell to
- Emotionally Unemancipated – fears loss of family approval of his sales ‘job’
- Referral Aversion – fears disturbing existing relationships; won’t prospect by referral
- Telephobia – fears using telephone to prospect for new business or promote himself
- Oppositional Reflex – asks for then rejects feedback; rebuffs coaching; already knows it all

Examples of the impact of Call Reluctance® on sales production:

- Salespeople without significant Call Reluctance® placed 24% more orders than those with it. (See ASP Illustration 3)

- After beginning to use SPQ-Gold® as a selection tool this company reduced turnover 93% within eight months. (See ASP Illustration 4).

- Research identified seven specific normative measures that were statistically significant in the sales production of this company’s salespeople, who were paid on commission. The company was encouraged to hire only sales candidates who met at least five of these. The company decided to hire those who met four or more. After one year those who met:
  4 earned  $41,139
  7 earned  $149,430

(See ASP Illustrations 5 through 7)
For a free preliminary estimate of the overall presence and severity of Call Reluctance® visit www.Sales-Assessments.com and click on Prospecting EKG.

*It’s a rare person who wants to hear what he doesn’t want to hear.*
- Dick Cavett

**Assessing the Impact of Utilitarian Attitude and Values on Sales Performance**

Not all salespeople who are highly motivated are motivated by the rewards traditionally associated with a career in professional sales, and sales management. Many salespeople are driven by goals that have nothing to do with the development of new business, or even the maintaining of existing business.

Knowing what these drivers are can give invaluable insight during the pre-hiring assessment process. The Personal Interests, Attitudes, and Values (PIAV) assessment reveals what a person’s intrinsic, core values are, and what drives them at their innermost level.

The updating of this assessment tool, and ongoing associated research, since 1997 expands upon previous techniques based on work originally done in Germany by Eduard Spranger in 1928 when he identified six ‘motivators’ through which we view the world and seek fulfillment in our lives. The motivators were referred to originally as ‘Values’ and the additional terms ‘Attitudes’ and ‘PIAV’ are now used interchangeably.

*Your attitude determines your altitude.*
- Mike Stewart, CSP

These six motivators are:
- Aesthetic – A passion to experience the impressions of the world and achieve form and harmony in life; self-actualization. Seeks harmony, beauty, and balance.
- Individualistic (formerly labeled Political) – A passion to achieve position and to use that position to affect and influence others. Seeks power and influence.
- Social – A passion to eliminate hate and conflict in the world and to assist others in becoming all that they can be. Seeks the well being of other people.
- Theoretical – A passion to discover, systematize, and analyze. Seeks knowledge, even if it lacks practical application.
- Traditional (formerly labeled Ethical/Religious) – A passion to seek out and pursue the higher meaning in life and achieve a system for living. Strives to develop and conform to rules and order
- Utilitarian (formerly labeled Economic) – A passion to gain return on investment of time, resources, and money. Seeks practicality, efficiency, and financial reward.

Research studies revealed that 72% of top sales performers were motivated primarily by a Utilitarian attitude, which they listed first. This means that they seek to satisfy their passionate desire for money in a practical and efficient way before they seek to satisfy other, less compelling, desires.

*Show me the money!*
- Cuba Gooding, Jr.
  “Jerry Maguire”

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A Research Study of the top salespeople in 166 US companies across industries showed the following distribution:

Utilitarian  72%
Traditional    8%
Individualistic  7%
Social          7%
Theoretical    4%
Aesthetic       2%

-------
100%

The values that are most important to a person will impel action and most people have two or three values that are dominant. Even when Utilitarian was not the first choice of the top salespeople in studies in the United States and Germany, it impacted their overall attitude and resulting sales performance. It is interesting to note that 83% of the top performers in these studies had Utilitarian in their top two motivators, and 92% ranked it in the top three. Only a combined total of 8% had Utilitarian in 4\textsuperscript{th}, 5\textsuperscript{th}, and 6\textsuperscript{th} place.\textsuperscript{vi} (See Endnote 5).

Those with Utilitarian as the highest ranked value had the following as second-ranked values: Individualistic 35%; Theoretical 26%; Traditional 18%; Social 14%; and Aesthetic 7%. Power and Knowledge were the two most common attitudes combined with Utilitarian for success in sales.

Among the research conclusions are these points, “The top two attitudes move a person into action. Even when Utilitarian was not their first choice it impacted their overall attitude…when it comes to what is on the inside of top-performing salespeople, both the United States studies as well as the German study confirm it hands-down, a Utilitarian Attitude.”\textsuperscript{vii}

Note: Even candidates with strong Utilitarian value will not make sufficient prospecting calls if they are Call Reluctant or lack sufficient Motivation and Goal direction.

\textit{If a person is not performing as expected, it is probably because they have been miscast for the job.}
- W. Edward Demming

For more information on Pre-Hiring Assessment of Salespeople contact Mike Stewart, CSP
Mike@MikeStewartSeminars.com
770-512-0022

To begin using these assessment instruments immediately, or for more information, contact
Barbara@MikeStewartSeminars.com
770-512-0022

End notes follow
This White Paper is supported by two attachments. If you received this document via email see two separate virus free pdf files: PHA Attachment 1 and PHA Attachment 2 (Illustrations).

Appropriate corporate personnel, such as sales managers, trainers, and HR Professionals, can be certified to conduct the Fear-Free Prospecting and Self-Promotion Workshop® and coaching intervention process in order to increase prospecting activity of their salespeople by removing self-imposed barriers due to Call Reluctance®.

Leadership must come from within.
Mike Stewart, CSP

Those estimating costs of hiring mistakes included such factors as the employee’s earnings, benefits, training, travel, time of other people, decline in current territory sales, lost opportunities, and so forth. We see many situations where such costs are much higher than this example, i.e. a company with 120 salespeople earning an average of $60,000 with a turnover rate of 30% could easily experience unnecessary turnover costs of as much as $5,000,000, or more. We see more extreme situations where unnecessary turnover costs exceed $20,000,000.


A research study (Training Success: Decrease Call Reluctance®, Increase Sales, Feb, 2003) enabled members of the experimental group, who received special intervention training designed to reverse the effects of Sales Call Reluctance®, to increase their commissions 47%. The control group, who received sales training only, increased their commissions 5% during the same period.

All the sales training and development in the world is of little value if salespeople don’t make the calls.
- Mike Stewart, CSP

One obvious benefit of knowing what motivates each individual is being able to gear incentives to motivation. For example, people who are not motivated by money usually will not respond to financial incentives, especially if they are making enough money to fund their personal budget. On the other hand, a person with high Aesthetic values who has an appreciation of the arts might likely respond favorably to an incentive that features tickets to an otherwise unaffordable artistic event.

“Groundbreaking Research on What is Inside Top Sales Performers in the United States and Europe,” Bill Bonstetter, CEO, Target Training International, Ltd.
Estimating the Costs of Hiring Mistakes

1. Organization________________ For Period______ - ______
   Number of Hiring Mistakes . . . . . . ______
   X Average Earnings $___________
   = Subtotal (Note: Check Decimal Point) $___________
   X Estimated Cost Multiplier (200% - 300%) . . . . . . ______
   ESTIMATED COST OF HIRING MISTAKES $___________

Evidence of Other Problems:
____________________________________________________
____________________________________________________

2. Organization________________ For Period______ - ______
   Number of Hiring Mistakes . . . . . . ______
   X Average Earnings $___________
   = Subtotal (Note: Check Decimal Point) $___________
   X Estimated Cost Multiplier (200% - 300%) . . . . . . ______
   ESTIMATED COST OF HIRING MISTAKES $___________

Evidence of Other Problems:
____________________________________________________
____________________________________________________

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THE SUCCESS INSIGHTS® WHEEL

Work Environment:  ■ (12) CONDUCTING PERSUADER
Average Orders Placed
Related to SPQ Scores

SPQ Score Category
(through 1st four months of sales)

Doomsayer
Over-Preparer
Hyper-Pro
Stage Fright
Role-Image
Yielder
Soc. Self Conscious
Separationist
Unemancipated
Referral Aversion
Telephobia

Average # Orders Placed

N=43
Industrial Chemical Sales
Fear-Free Prospecting and Self Promotion Workshop

Illustration 3
COMPARISON OF CUMULATIVE TERMINATIONS BEFORE AND AFTER INITIATING SPQ USE

TOTAL CUMULATIVE TERMINATIONS

**SOURCE:** 1986-1987 RETENTION DATA
MULTI-LINE INSURANCE COMPANY

Data on Oct-Dec terminations for SPQ group not yet in

CUMULATIVE TERMINATIONS COMPARED BEFORE AND AFTER SPQ INITIATED FOR SELECTION

TERMINATIONS: PRE
JAN-SEPT 1986
SPQ NOT USED

TERMINATIONS: POST
JAN-SEPT 1987
SPQ IN USE

DATA FROM MULTI-LINE INSURANCE COMPANY

Illustration 4
SPQ*GOLD™
INTERPRETATION WORKSHEET

This worksheet is intended to assist users of the SPQ*GOLD™ identify Broker candidates who are most likely to prospect and become successful producers.

Please answer each question while looking at the Summary page of the SPQ*GOLD™ Report. Check the “YES” box if it applies.

1. Is the OVERPREPARER score between 0 and 55? — [ ]
2. Is the GROUP/STAGE FRIGHT score between 0 and 39? — [ ]
3. Is the YIELDER score between 0 and 44? — [ ]
4. Is the SOCIAL SELF-CONSCIOUSNESS score between 0 and 40? — [ ]
5. Is the MOTIVATION score between 58 and 100? — [ ]
6. Is the GOAL LEVEL score between 50 and 100? — [ ]
7. Is the GOAL DIFFUSION score between 0 and 60? — [ ]

Total number of “YES” boxes checked: [ ]

INTERPRETIVE GUIDELINES

7 boxes checked = very high prospector/producer
6 boxes checked = high prospector/producer
5 boxes checked = average prospector/producer
4 boxes checked = marginal prospector/producer
3 boxes checked = low prospector/producer
0 – 2 boxes checked = very low prospector/producer

Illustration 5
4 Boxes Checked

Earned $41,139

Illustration 6

*Norms for: Stockbrokers
Call Reluctance Scale for EXAMPLE #2

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<th>Contrast Norms*</th>
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---10-20-30-40-50-60-70-80-90-100

*Norms for: Stockbrokers

Illustration 7

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