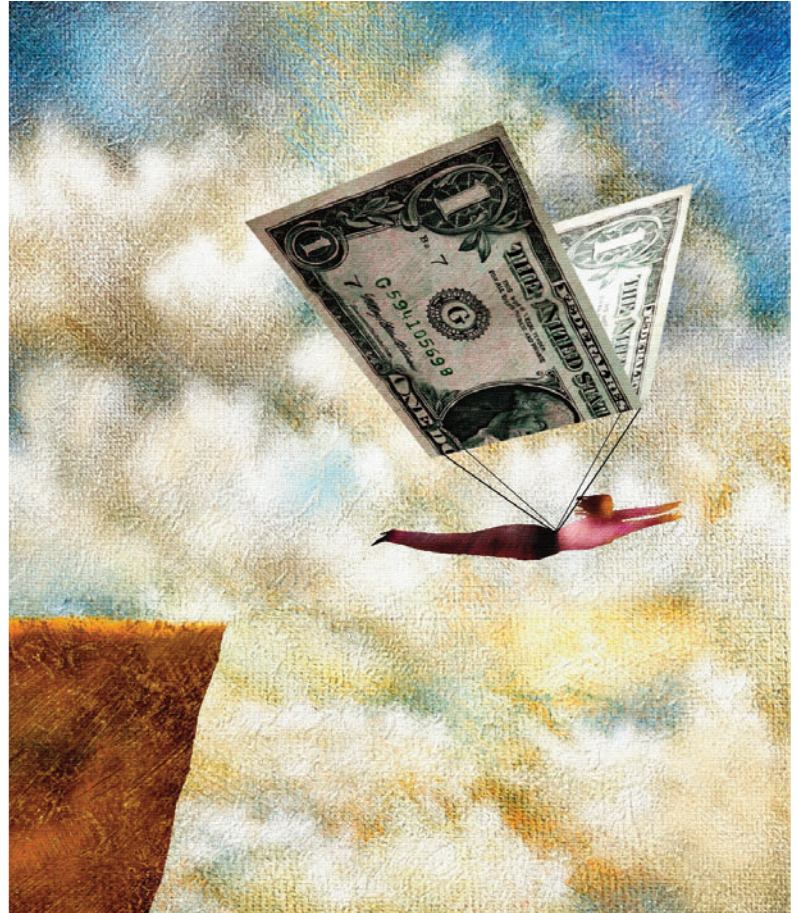By Geoffrey James

What Makes Top Performers So Productive?

Caliper explains how better hiring equals higher revenue.

With annual revenues of over $4.9 billion, "Acme Software" is one of the world's largest providers of data security services, data management software, and security outsourcing. Originally the data processing arm of a Fortune 500 company, Acme pioneered the development of such software and now provides solutions to institutions throughout the financial services industry, higher education, and the public sector. The company currently employs over 17,000 people in more than 400 offices in 30 countries.

Acme serves more than 25,000 customers, most notably the world's 50 largest financial services companies. Acme's customer base is highly diversified with no single customer accounting for more than 4 percent of the firm's total revenue during any of the last three fiscal years.

About two years ago, the management team of Acme's North American security services division, which is responsible for approximately a quarter of the company's total revenue, observed that a handful of the company's top sales professionals were responsible for the bulk of the division's income. The relatively poor performance of the remainder of the sales staff seemed mysterious to management because customers generally initiated sales opportunities, due to Acme's strong brand.

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What Makes Top Performers So Productive?

SALES ORGANIZATION STRUCTURE

The security services division at **"Acme Software" employs approximately 200 sales professionals in the U.S. and Canada.** Within that geographical area, Acme has identified approximately **fifteen regions or territories, with about ten to twenty sales professionals** working in each region. Of these professionals, some focus on new business **("hunters")** while others focus on existing customers **("farmers")**. However, the "hunter" and "farmer" roles are not mutually exclusive and there is frequent crossover selling.

Each territory has a regional manager who reports to the vice president of Sales for the security services division. That vice president reports to a divisional president, who reports directly to the CEO. Acme has no corporate-wide CSO function. For customers in the financial services sector (Acme's largest customer base), **Acme has a global account management program** which allows the firm to better **target potential cross-selling opportunities.** When the security services division sells into that sector, the sales team works closely with the appropriate global account manager.

Acme's management did not know why those top performers were so productive and what differentiated them from the rest of the sales staff. Consequently, Acme's hiring practices were hit-or-miss, based upon the gut feeling of the regional managers rather than upon any kind of formal evaluation of candidates for sales jobs. Because of this, there were many false starts and failures among new hires in the sales group, which added to the company's cost of sales.

Acme asked Caliper to identify the qualities that distinguish Acme's top performing salespeople and to develop an Ideal Profile to serve as a model for hiring new sales personnel. Caliper was chosen for this engagement because Caliper had already been assessing the personality strengths, limitations and potential of job candidates for the entire division.

Caliper worked with Acme's management to identify the top performers using a variety of performance metrics including: growth of existing business, development of new business, and historical performance reviews. Caliper then conducted a job analysis of the sales role via focus groups with key stakeholders and the highest-performing sales professionals. The result of this job analysis was a comprehensive competency model containing 80 key behaviors that correlated with success in Acme's sales environment. These behaviors fell into three general areas:

1. Generating new sales opportunities.
E.g. Identifying and qualifying leads, gaining access to IT decision makers, and qualifying contacts and opportunities.

2. Managing the sales process.
E.g. Addressing client strategy, building client confidence, defining customized solutions, and closing sales.

3. Developing an existing account.
E.g. Planning account strategy, finding ways to meet clients' expectations, managing internal relationships, and providing after-sale service.

Research has repeatedly shown that employees who consistently perform at high levels are almost always employed in work environments and positions that are congruent with their personality and motivational strengths. Therefore, using the competency model as a guide, Caliper assessed over 50 of Acme's top performers by having them take Caliper's proprietary, in-depth personality assessment. The assessment instrument measured 24 different traits and motivational factors that have been found to be highly predictive of job performance, matching them to the competency model.

The results of this assessment were telling. Acme's top performers were highly driven individuals who showed characteristics consistent with the "hunter" style of selling. They shared a direct communication style that enabled them to persuade others, as well as a motivation to accomplish things quickly and efficiently. They had no trouble aggressively pushing ahead with the sales process and were not apt to get bogged down with over-analysis.

Acme's top performers were also adept at concisely presenting the benefits of the client's products and professional services and closing

the sale quickly. They also demonstrated strong interpersonal dynamics, which allowed them to form large networks, develop new contacts quickly, and identify large numbers of prospects. They were also self-starters who displayed good organizational skills and required little help from management to stay motivated and on task. At the same time, the top performers contained a characteristic

relatively unusual among "hunter" types. They tended to enjoy working collaboratively with teams of people rather than simply excelling as individuals. This was important to Acme because their long-term corporate strategy was to extend customer relationships across the various divisions of the company by focusing on developing trusted, well-managed, long-term relationships with its customers.

As such, Acme was looking to maximize cross-selling opportunities in order to increase Acme's share of its customers' total IT spending.

With all of the above in mind, Caliper built an Ideal Profile for the perfect candidate and adapted the assessment tool so that Acme could use it to pre-qualify sales candidates before offering them a job.

THE SUCCESSFUL CHANGE

Caliper's Ideal Profile for "Acme Software" identified the four major areas where the company's top performer's excelled.

1. Persuasiveness.
They tended to be adept at conveying information and influencing others. They were comfortable communicating in a straightforward way to convince a client of the benefits of the services they are providing. They also demonstrated the urge to complete tasks quickly and show a high tolerance for risk and thus are apt to aggressively pursue the sale.

2. Interpersonal.
They tended to be sociable and gregarious, with a high ability to meet new people and develop lasting relationships with a wide network of individuals. This, coupled with their persuasive inclination, assisted them in gaining access to, and building confidence with, key IT decision makers. They were also adept at maintaining contact with clients over long periods of time, allowing them to develop more leads and stay in tune with changes in the industry.
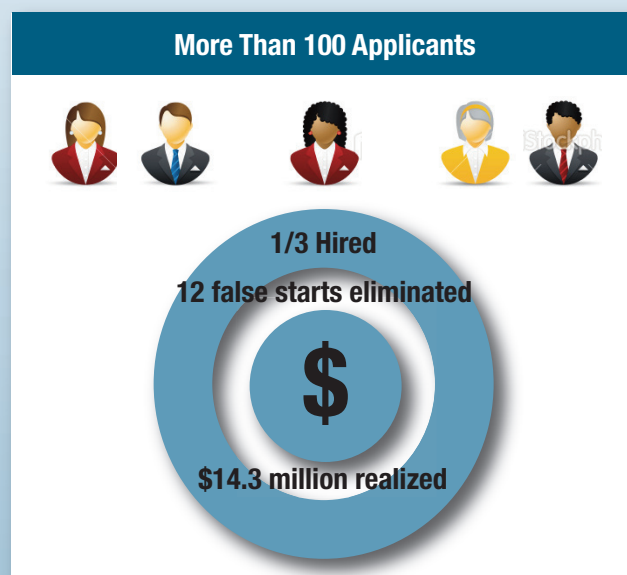
3. Problem Solving/Decision Making.
They exhibited a concrete, rapid decision-making style. Rather than generating innovative suggestions, they preferred solutions that had proven effectiveness. Therefore, they tended to come up with solutions based on knowledge gleaned from their personal networks and interactions with clients.

4. Personal Organization/Time Management.
They exhibited strong levels of self-discipline indicating that they are skilled at managing time and staying organized. They preferred to operate independently and with little supervision, and tended to make decisions quickly and move on to the next task without second-guessing past decisions.

Using a more detailed version of the above model, Acme has (as of this writing) assessed over one hundred applicants for sales positions. Based upon historical hiring patterns, Acme

More Than 100 Applicants

1/3 Hired

12 false starts eliminated

$

$14.3 million realized

would have hired approximately a third of these applicants. And of that third, approximately 33 percent were determined, through use of the character assessment, to lack the key personality traits that are suggestive of top sales performance at Acme. Caliper thus estimates that Acme was prevented from hiring 12 individuals who would have ended up being poor performers. Avoiding these candidates has

had a significant positive impact on Acme's revenues. Acme's top-performers produce an average of $410,00 more in direct sales per year, as well as $787,000 more in additional contracts and renewals. So by avoiding those 12 poor performers, and hiring, instead, applicants with same qualities as their other top performers, Acme was able to realize an additional $14.3 million in sales revenue.

Acme sells software and software services exclusively through direct sales, with no reliance upon indirect channels. There are two reasons for the direct sales deployment:

First, Acme's business model is highly dependent upon keeping existing customers happy. Almost 90 percent of Acme's revenue for the past three fiscal years was re-curring in nature. Because of this, Acme prefers to charge customers monthly subscription fees under multi-year contracts, which offer high levels of revenue stability and visibility. Acme's sales engagements thus seek to

establish long-term customer rela-tionships, fostered through multi-year contracts and continuing customer support, an approach that lends itself well to the long-term relationship building inherent in the direct sales model.

Second, Acme plans to expand its revenue base by replicating its current successes. Acme wants to expand its position as a leading provider of integrated software and processing solutions, and as the provider of choice for a wide range of availability services for IT-de-pendent companies. To do so, Acme is constantly enhancing its product and service offerings

across its portfolio of businesses and is constantly looking to ac-quire complementary businesses. Acme believes that a direct sales force can more easily manage this expansion by presenting a single point of contact to its customers.

CALIPER

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About Caliper

Caliper can help your company achieve its goals by aligning the talent and potential of your employees with the needs of your business. For nearly a half-century our expertise and accuracy, combined with the depth of our personalized approach, has enabled our consultants to provide the objective insights needed to help more than 25,000 companies succeed.

By helping you select the right people, manage individuals more effectively and develop productive teams, we are able to bridge the gap between where your company is and where you'd like it to be.