



The Rapid Arrival of The Under Prepared: Sales Leadership Forecast 2005–2006

A WHITE PAPER BY

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ARE YOU DOING A GOOD JOB IDENTIFYING AND DEVELOPING YOUR SALES LEADERS? HOW IS THAT WORKING FOR YOU?

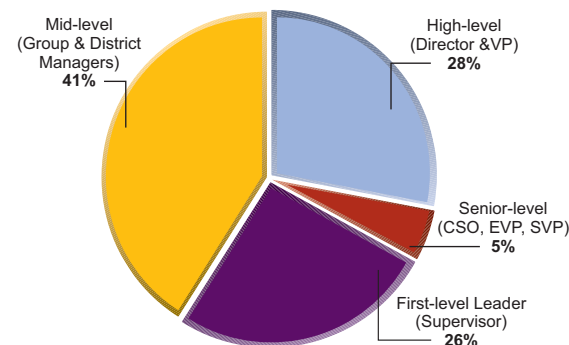
Despite the time and money that organizations have put into leadership development, under-prepared sales leaders are moving into key positions without the necessary skills, tools, and training they need to succeed.

The results are less than rewarding for both them and their organizations. We're going to tell you why.

Late last year, DDI published the fourth edition of its *Leadership Forecast 2005-2006*—an extensive research study reporting on practices related to effective leadership. Study participants included 4,559 leaders and 944 HR representatives from 42 countries.

This report draws upon the responses of the 425 sales leaders who participated in the study, with Figure 1 illustrating the leadership level of the participating sales leaders.

FIGURE 1:
LEADERSHIP LEVEL OF RESPONDENTS



What did we learn? Not surprisingly, many of those leaders said they weren't sufficiently primed for their promotions. In fact, the study's four main conclusions show that these sales leaders:

- ∴ Feel unprepared for the challenges and demands of their new positions.
- ∴ Say their organizations aren't providing relevant training and development offerings to help them succeed in their current positions, or didn't groom them to advance to the next level.
- ∴ Prefer development methods that include a combination of hands-on projects and experienced mentors.
- ∴ Lack confidence in the ability of their organizations' leaders to ensure the future success of their companies.

While strong self-motivation drives them forward, sales leaders are more likely to succeed in their positions and beyond when they receive a well-planned program of development. But don't expect to find a one-size-fits-all solution for this group of over-achievers.

The Rapid Arrival of the Under-Prepared

Just 37 percent of sales leaders say they possessed sufficient leadership skills upon assuming their first leadership position. These results are similar to a *2005 Coaching Effectiveness Study* of sales managers, conducted by DDI with the Strategic Account Management Association. The study revealed that only 29 percent of sales leaders who had been in their roles for less than a year

were satisfied with the outcomes of their coaching sessions. This is significantly lower than the 56 percent reported by sales leaders in their position for over a year. It goes without saying that neither of these percents is acceptable, given the demands organizations place on their sales leaders.

Despite feelings of inadequacy among first-year leaders, organizations rely heavily upon them to serve as the bridge between sales strategies outlined by senior management and the people in the field who must execute them. It has to adversely impact an organization's ability to execute business strategy when nearly two-thirds of first-year sales leaders struggle with their responsibilities.

So, while new leaders are learning, organizations have to live with the growing pains—in the form of higher costs of sales, lower-than-expected sales numbers and a longer return on assets.

An Uncharted Leadership Course

Only 15 percent of the leaders in the DDI survey said they were groomed for their positions in a planned development program. Which brings up an interesting, if rarely asked, question:

If sales leaders aren't being groomed by their organizations, why are they earning those positions?

Considering the degree of self-motivation needed to be a successful sales person, the answers should not surprise you:

- ∴ 74 percent said they graduated from the “School of Hard Knocks,” that is they “worked their way up the ranks, building leadership skills along the way.”
- ∴ 40 percent said, “I have always seen myself as a leader (i.e., leadership came naturally to me).”
- ∴ 39 percent said, “Others usually see me as a leader and nominate me to leadership positions.”

FIGURE 2:
LEADERS' LEARNING SOURCE

Which of the following have been most influential in achieving your current leadership skills?	
Trial and error on the job	77%
My current manager/supervisor	68%
Observing others	61%
Other managers/supervisors at my company	60%
Co-workers & peers at my company	56%
Formal on-the-job training	54%
Reading	52%
Formal training experiences	47%
Managers/supervisors in previous companies	38%
Professional colleagues at other organizations	35%
Formal one-on-one coaches or mentors	31%
Formal education experience (e.g., university)	30%
Family and friends	27%
Co-workers & peers at a previous company	20%
Participating in professional organizations or associations	17%
Internet or online resources	8%

Figure 2 shows that sales leaders typically travel an uncharted course in developing their leadership skills. Over three-fourths of sales leaders say that trial and error has played a critical role in helping them get to where they are as a leader. Sales leaders have also drawn upon coaching and observation—from their managers and peers—to hone their leadership skills.

What’s interesting to note are glaring differences between sales leaders and the non-sales leaders who completed the survey. Sales leaders are 20 percent more likely to rely upon their managers, and 10 percent more likely to rely upon trial and error than non-sales leaders. Sales leaders are 43 percent less likely to use the Internet or online resources, and 33 percent less likely to rely upon formal education to develop their leadership skills. This last statistic may help explain why you really don’t see MBA programs in Sales Management.

While their strong determination to excel often drives the success of sales leaders, they and their organizations would be well served by a program that includes early identification of talented individuals and succession planning to groom them for increasingly more responsible roles. In the long run, such a program would lead to better-prepared leaders who are more likely to remain with the organization longer because they see and understand their roles in the bigger picture—a payoff that delivers benefits to all.

Tell Us What’s On Your Mind

We’re talking about a bright, hard-working, self-motivated bunch of people when it comes to sales leaders. But what’s on their minds concerning leadership development, their jobs, and the leaders they work for?

Figure 3 explores sales leaders’ level of satisfaction with their jobs and the degree of guidance they receive. Talk about a great divide. While leaders said that their jobs

FIGURE 3:
ATTITUDES ABOUT YOUR JOB

Please rate your agreement or disagreement with each of the following statements			
	Disagree	Neither	Agree
I feel a sense of loyalty to this company	3%	11%	87%
I am proud to be a leader	4%	9%	87%
I gain personal satisfaction from being a leader	3%	11%	85%
I am satisfied with my job	9%	15%	75%
I have participated in some sort of formal assessment to identify my strengths or development needs	23%	15%	63%
My manager meets with me more than once a year to formally review my development progress	19%	19%	63%
I am satisfied with my organization's current leadership offerings	23%	29%	48%
My manager and I have agreed to a specific plan for my development needs	33%	28%	39%
My organization provides me with everything I need to develop my leadership skills	25%	35%	39%



were highly rewarding, they gave a definite thumbs-down to the leadership development programs within their organizations.

Despite the lack of focused development they seemingly receive, sales leaders feel a great deal of loyalty to their jobs and organizations. While they may point out the shortage of ongoing, effective development programs, it is ironic that 46 percent of surveyed leaders don't believe that formal leadership and management training are important to their future success.

Reach Out and Touch A Sales Leader

So just what is the best way to develop the leadership skills of sales leaders? Well, it depends on the person. Figure 4 shows how sales leaders rated the effectiveness of certain activities designed to develop their leadership skills.

Again, the results don't surprise, considering this is a group of hands-on self-starters. Sales leaders overwhelmingly state that they learn best by sinking their teeth into assignments that stretch their abilities. More than 90 per-

cent say that working on special projects or assignments both within and outside of their job responsibilities were either moderately or very effective learning development activities.

While active learning earned high marks, high-tech and classroom approaches fared worse. Only 13 percent ranked computer-based learning as very effective, with 25 percent giving a "very effective" rating to reading articles, books or other reference materials. Taken together, the high and low scores indicate that sales leaders see tangible learning experience paying bigger dividends than poring over lifeless case studies or listening to best practices sermons from high-priced development gurus.

Great sales leaders are active people who want to get into the game as soon as possible instead of studying the playbook—a mindset well suited for a coaching experience. Let's face it. What better way to learn the ropes than from someone who's a proven winner? As apparent as that approach seems, just 54 percent of the leaders DDI surveyed ever

FIGURE 4:
EFFECTIVENESS OF LEADERSHIP DEVELOPMENT ACTIVITIES

Rate the effectiveness of each activity for developing your leadership skills			
	Moderately Effective	Very Effective	Moderately & Very
Special projects or assignments within my job responsibilities	29%	64%	93%
Special projects or assignments outside my job responsibilities	36%	53%	89%
Formal workshops	42%	46%	88%
Coaching with internal coaches or mentors	40%	45%	85%
Expatriate assignments	29%	55%	84%
Coaching with external coaches or mentors	39%	45%	84%
Tests, assessments or other measures of skill (simulations, role role plays, etc)	47%	30%	77%
Reading articles, books or other reference materials	50%	25%	75%
Computer-based learning	45%	13%	58%

worked with a mentor or coach. Still, 92 percent of those who did say that mentors created a significant impact in terms of developing their career success.

The moral of this story is crystal clear: Organizations must create development and training programs that are nearly custom-tailored to the learning preferences of their sales leaders. To help ensure leaders' success, the options should include a combination of special projects that allow leaders to expand their skills and knowledge, balanced with the experience, guidance, and confidence of a solid coach or mentor.

They're Moving On Up

One final thought. The leadership development "vacuum" will inevitably turn into a vicious cycle. And the reason is that most sales leaders aspire to, and put in the effort to earn senior-level leadership positions, as these findings point out:

- :: 49 percent of sales leaders said they "very much" aspired to be promoted versus 38 percent of non-sales leaders.
- :: Over 70 percent are willing to give up personal time in order to reach higher levels of leadership, including seven percent who said they would do whatever it takes to be promoted.

"Greater compensation" is one of the big motivators to get ahead, as 58 percent of sales leaders responded compared to 50 percent of non-sales leaders. But self-fulfillment plays an even greater role with 80 percent of sales leaders who stated a "desire to broaden their skills or improve themselves," versus 71 percent of non-sales leaders.

As the saying goes, "If you're not moving ahead, you better get out of the way." Sales leaders, even those who are under-prepared for their jobs, want to be the top dog. In many cases, their leaders earned their jobs with the same go-get-'em attitude and expect their charges to do the same.

But trial-and-error becomes more costly as leaders move along the career path. And the learning curve grows shorter and steeper. In the end, even the best under-prepared leaders will come up short—and so will their organizations.

Your under-prepared sales leaders are out there now. No organization willingly throws a roadblock across the career path of its sales leaders. But isn't it time to clear the path with a proven development route to success?

Do They Trust You?

We asked sales leaders to gaze into the crystal ball to evaluate their organizations' strategies and goals over the next five years. We also asked them to rate their confidence in their leaders' ability to ensure the future success of their organizations. As you can see in Figure 5, only 43 percent express a high degree of confidence in current leadership to guarantee future success. More telling, slightly more than a third possess a high degree of confidence in their frontline and mid-level leaders. Although they express a higher degree of trust in senior-level leaders, only half of the respondents showed a high degree of confidence in their leadership ability.

Likewise, sales leaders say that their organizations effectively implement just 70 percent of their business plans—a major shortfall since this group of leaders provides the vital link between senior management strategy and the people who execute those plans in the field. And if they're not confident in their leaders' direction or guidance, lack of trust will filter down to their subordinates. When leaders doubt the wisdom of those above them, chances are they'll find it difficult to be strong advocates of new policies and approaches.

DDI's *Building a Winning Sales Force* research study found that 33 percent of sales VPs are planning to shift to a new sales strategy that is more complex, and highly consultative. Combined, the lack of confidence in sales leadership and the perception that 30 percent of business strategies aren't properly executed can be deadly to a sales organization making this type of shift in sales strategy.

FIGURE 5:
SALES CONFIDENCE IN LEADERSHIP

Rate your confidence in your organization's leadership to ensure your company's future success			
	Low Confidence	Moderate Confidence	High Confidence
Overall confidence in your organization's current leadership	7%	50%	43%
Confidence in your front-line or first-level leadership	11%	54%	35%
Confidence in your mid-level leadership	11%	60%	30%
Confidence in your senior-level leadership	11%	39%	50%

About the Authors

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About DDI's Sales Talent Capabilities

For more than 35 years DDI has helped hundreds of clients build high-performing sales forces. Our proven expertise and tools help you identify and select successful sales professionals and executives, transform your good sales performers into great ones, and groom those with high potential to become your next generation of sales leaders.

Our areas of expertise include:

- ❖ Defining success profiles (skills, knowledge, abilities) required for extraordinary sales forces.
- ❖ Tailored selection and assessment systems designed to help you make better hiring, promotion, and development decisions.
- ❖ A wide range of courses, activities, and programs to produce more effective sales leaders.

DDI gives you the means to put the right sales reps, managers, and executives in place: Sales professionals who will execute your sales strategy, and deliver the numbers; Sales leaders who will create an organization with a sustainable competitive advantage.

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ABOUT DDI. Since 1970 Development Dimensions International has worked with some of the world's most successful organizations to achieve superior business results by building engaged, high-performing workforces.

We excel in two major areas. Designing and implementing selection systems that enable you to hire better people faster. And identifying and developing exceptional leadership talent crucial to creating a workforce that drives sustained success.

What sets DDI apart is realization. We focus on the needs of our clients and have a passion for their success.

The outcome? You bring the best people on board, who get up to speed faster, contribute more, and stay longer—giving you the ultimate competitive advantage.

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