HOW TO HIRE A WINNING SALES TEAM

Six Steps to Building a Rock-Solid Selection System

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BUILD A WINNING SALES TEAM THAT'S ALIGNED WITH YOUR CORPORATE DNA

Personal DNA testing continues to be one of the most talked about gifts. With the United States still a relatively young country, Americans have an insatiable curiosity for clues into their ancestral past. No different, I couldn't resist the temptation.

Just like the 23andMe® commercial suggests, it turns out my lineage is not exactly as I anticipated. I thought it would show my ancestry was a bit more diverse.

In the end—like many—I found the experience to be an interesting discovery, but there's not much I can do with the information. Personal DNA testing is only a snapshot of what makes us—us. Nothing will ever change our DNA. It's literally our unique genetic code.

This eBook, however, refers to Corporate DNA—and this type of DNA isn't static. It can (and often does) change, because what it really references is organizational culture.

Culture starts as a top-down driven initiative set by the founder of the organization. It's a combination of the organization's vision, mission and values. Every policy, procedure and hiring decision made either strengthens an organization's DNA or it mutates it.

Let's dive into some ways you can identify your organization's corporate DNA, and how you can reliably hire sales people who will consistently support it.

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WHY HIRING SALES PEOPLE IS CHALLENGING

When building a high-performance, sales-driven culture, there's no doubt that every employee contributes to success. But your sales team is especially important as they drive top-line revenue. In this super-speed, transformational era, we can't afford to make many hiring mistakes on our sales teams, especially if we want to grow.

With such high stakes, wouldn't it be nice to have real insight into a candidate's ability to fit within the culture and have the right skills and behavioral traits to succeed in a sales role? Fortunately, we can.

Why is it that the most successful sales people sometimes make the worst hiring decisions?

It's not that they don't understand what skills and behaviors are required for the role, rather they struggle to objectively evaluate candidates. As it turns out, senior managers, recruiters and human resources staff struggle too.

Hiring right is often a challenge for everyone.

Let's review the three reasons why this very human process of selecting the right sales people is often riddled with risk.

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Great CEOs Have a Clear Vision For Their Organization, but Managers May Not.

As Simon Sinek taught us, the best CEOs start with why. These visionaries inspire partners and early hires to adopt their vision, mission and values.

As an organization grows, however, other managers take charge of hiring. Now, the very essence of the organization's existence is being filtered through multiple layers of management. When the mission moves further from its original source, the risk of distortion increases. Before long, what started as being just one degree off course has now become a major detour.

The Traditional Hiring Process Is Subjective.

Reviewing resumes, conducting phone screens, scheduling in-person interviews and completing reference checks is a totally subjective process that is prone to human error.

All of us see what we want to see. Visionaries and sales managers are often the most optimistic personalities of all. They tend to notice a positive trait and assume there's many more to follow. Too often, they hire by intuition instead of looking at all the facts.

According to the Corporate Executive Board Report, only 5% of companies feel they have best-in-class hiring practices. Decisions are made too often on impressions, not data. The study also found that one in five new hires were considered to be a bad fit and managers regretted hiring them.

We Don't Really Understand Why Our Best Sales People Are Successful.

Rather than objectively measuring common skillsets, behaviors and interests, we think our sales people are succeeding because we provided the right training, they had the right experience and earned the right degree, or they fit well with our culture.

The problem with this approach to hiring is you don't really know what skillsets, behaviors and interests made your existing sales team prime candidates.

You have no tried-and-true benchmark from which to compare candidates during the interview process. To further complicate matters, you have only a few hours to determine if what you're hearing from candidates is an accurate and comprehensive representation of their potential.

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SIX STEPS TO BUILDING A ROCK-SOLID SELECTION SYSTEM

1. Know Thyself
2. Know Your Top Performers
3. Conduct a Behavioral-based Interview
4. Screen for Job Fit with a Pre-hire Assessment
5. Use Reference and Background Checks
6. Transition Poor Performers Quickly

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Step One: Know Thyself

CEOs of sales-driven organizations are asking extremely tough questions in the conference room—the very kind that make the rest of the leadership team squirm a little in their seats.

Successful sales organizations no longer rely 100% on five-year strategic plans, because they're just not very effective in this super-speed market.

Predicting and adapting real-time is the new order of business, and how you recruit, manage and deploy your sales talent requires the same approach.

Hiring and empowering the right sales people means the organization will likely go further—faster. As a result, the most competitive and progressive CEOs are recognizing that to win in this new age, they must become talent-driven, while remaining laser-focused on their mission and understanding (and communicating) their corporate DNA.

Step Two: Know Your Top Performers

Smart hiring managers customize job descriptions and interview guides for each role, as well as assess the traits of top performers. They're incorporating job fit into the hiring process.

Harvard Business Review conducted a study of 360,000 individuals over a 20-year period and learned that job fit was the #1 predictor of success.

While job descriptions, interview guides and a list of ideal traits are great first steps to implementing a better candidate selection process, it's still riddled with subjectivity.

Organizations who want to minimize the real risks of humans hiring humans need to apply science to their candidate selection process. These assessments provide a validated and reliable tool for objectively defining job and culture fit, measuring the traits of top performers and, then, using the benchmark during the candidate screening process to accurately measure the likelihood of new hire success.

Step Three: Conduct a Behavioral-based Interview

The basic premise behind using behavioral questions is that past behavior is the best indicator of future behavior. In a behavioral-based interview, the questions encourage candidates to give specific examples from past experiences, which gives the interviewer a good sense of competence as it relates to the job.

In contrast to a behavioral-based interview, another more common interview is known as situational. The situational interview tends to use questions that are based only on work and education history. They sound like, "tell me about yourself" and "explain where you see yourself in three years."

These are good questions to break the ice at the top of an interview, but they're woefully ineffective in testing thinking and problem solving, among other traits needed in a great sales person.

While every hiring manager has used the situational interview model at one point, it's wise to master the behavioral-based interview. The questions are designed to elicit real-life examples from candidates.

You glean much better insight from candidates when they share details about the example, how they handled the challenge and how they achieved desirable results. The key to a good set of behavioral-based questions is to make sure they are designed to specifically go after the critical behaviors needed to succeed in a position. A good pre-hire assessment will help you define these traits.

Step Four: Screen for Job fit with a Pre-hire Assessment

As Jim Collins said in Good to Great, "People are not your most important asset; the right people are." Of all the decisions leaders make, hiring employees is the most important.

Hopefully, you've had the opportunity to try an assessment or two at some point in your career. The benefits of using a validated assessment tool to create benchmarks for each of your positions are not to be under-valued. It's the most accurate method to assess how candidates whom you don't know well are likely to perform in the role.

After reviewing a resume and conducting a 15-30 minute phone screen, you have enough information to know if the applicant is a viable candidate. This is when I recommend you offer an assessment. The PXT Select™ takes less than one hour and, in that time, you'll know if the candidate shows promise. It will show you how well the candidate will fit, plus the customized interview questions will help you understand the consequences of a poor fit.

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Step Five: Use Reference and Background Checks

A reference check is still important, even if all you can do is verify past employment. If an individual is dishonest about past employment, that could be a red flag for example.

Hopefully, you can glean more information during your reference checks. Similar to the behavioral-based interview, use questions that focus on the candidate's job duties.

Background checks may also be appropriate for the position. A common example is drug testing. In some cases, they may even be mandated, so make any job offers contingent on successful reference and background checks.

Special note: When it comes to interview questionnaires, reference checks, background checks and assessments, employment laws apply to all of them. Interview questionnaires are really another form of job applications. Therefore, your questions should be job-related and non-discriminatory.

Step Six: Transition Poor Performers Quickly

It is key to review your your hiring success rate on an annual basis to verify consistent improvement. If you see an undesirable trend in your selection accuracy, you'll want to adjust your benchmarks.

Unfortunately, no hiring system is perfect despite a meticulous screening process. While your hiring accuracy rate is bound to improve when you follow a clearly defined screening process backed by pre-hire assessments, you will still make the occasional mis-hire.

The key is recognizing a mis-hire early. When an organization's corporate DNA is well communicated and valued by all employees, there is no tolerance for poor performance.

As a result, when it becomes apparent that a new hire won't succeed in the role, swiftly and respectfully move the employee to a more suitable role or pursue separation quickly—within 90 days if possible.

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The Full Interview Process—Step-by-step

1

CONDUCT PHONE SCREEN
Rate the the interview on job-related criteria, attitude and job-specific screening questions.
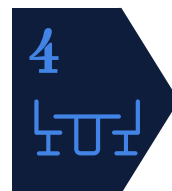
2

SET UP PXT SELECT™
For candidates who pass the phone screen, send instructions for the assessment.

3

MEASURE JOB MATCH
When candidates match at high job fit rates, proceed to Step 4.

4

SCHEDULE IN-PERSON INTERVIEW
Use the comprehensive selection report, which includes job fit concerns and interview questions. The coaching report offers further detail.

5

SCHEDULE SECOND INTERVIEW
Hiring manager conducts second interview and uses the alternate hiring guide, the comprehensive selection report and the coaching report.

6

REFERENCE CHECKING
The hiring manager completes reference checks prior making a job offer.

7

BACKGROUND CHECK
Conduct criminal, credit and driving checks as allowed or required by state and federal law.

8

After rating and evaluating all information, MAKE A JOB OFFER!

A Note About Turning Off Candidates
Remember to communicate with all candidates throughout each phase of the interview process. Candidates deserve to know if they won't progress to the next step.

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WHY
PXT SELECT™

When hiring new employees, it's the proverbial gap between the resume and the interview that has potential to derail success. Resumes show the facts, including education, past experience and, generally speaking, the best highlights of a candidate's track record. The interview gives you an opportunity to ask for more detail and get a general sense of the candidate's disposition.

It's in the gap where you can get a clear picture of a candidate's thinking style, behaviors and interests. And it's these factors that determine if a candidate can actually do the job, fit within your culture and have natural interests that are aligned with the role itself.

And that's what the PXT Select™ provides. A unique selection assessment, it takes candidates one hour to complete and offers hiring managers:

- Benchmarks that allow you to determine candidate fit—including a library of job functions with benchmarks that a company can customize as a starting point.
- Reports that show areas of fit, as well as areas where the candidate falls outside the desired range. It also suggests the challenges the candidate is likely to face in the role.
- Additional interview questions to probe for candidate strengths and tips on areas where the interviewer needs to "keep an open ear."
- Nine different reports that help you select, onboard, coach and develop employees to reach peak performance.
- A validated and adaptive tool, which means the assessment adjusts as the candidate answers the questions. This allows for more accurate results. For example, if the candidate answers medium difficulty questions correctly, it will adjust to ask more difficult questions until it can accurately rank the candidate's cognitive abilities.

Striving for Hiring Perfection Isn't Realistic, but Continuous Improvement Is Possible—We Can Help.

Realizing that you have made a mistake never feels good. Fortunately, that's where statistics can be your ally. We've known for years that employers who use pre-hire assessments outperform their peers with matching the right employees to the right job, thus improving retention and reducing costly turnover. *The Aberdeen Group reported that when employers use assessments, they were 36 percent more likely to be satisfied with their new hires.*

In addition to how it feels to hire the wrong people, the financial implications can be painful. *Renowned executive recruiter Jorgen Sundberg found the cost of onboarding is close to an average of $240K per person. Also, Zappos recently reported that the hard and soft cost of a turnover, exit planning and employee replacement comes in at a whopping $100 million annually.*

Worth noting, the PXT Select™ doesn't omit the necessity of an interview, even if the candidate scores lower than you'd like. The selection process is ideally weighted as 1/3 experience, 1/3 interview and 1/3 the insight gleaned from the assessment. When hiring managers effectively use all three of these components, the hiring process is more robust.

Choosing the Right Assessment for Your Company

There are dozens of assessment providers in the market today, and not all are created equal. While I'm partial to the PXT Select™, you may wish to use another. To help you choose, ask the questions below of any assessment provider you're considering.

- Does the assessment measure core behavioral traits plus thinking processes and capabilities?
- Can you customize benchmarks unique to your company and to job fit?
- What kind of research was conducted to create the assessment, and can the provider share recent validation studies?
- Does the test have a reliability measurement as recommended by the U.S. Department of Labor's published guide: Testing and Assessment: An Employer's Guide to Good Practices?
- What kind of reports are available for employees, managers and teams?
- Does the assessment provider offer a comprehensive training program to ensure proper administration of the tool, ensuring desirable results?

Next Up: Case Study

Have questions about the PXT Select™? Contact:
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05 CASE STUDY: HOW THE HIRING SYSTEM WORKS

The Challenge:

The CEO of a rapidly growing commercial insurance agency wanted to grow by hiring only "top twenty percenters." Intentional in building the organization's corporate DNA, he wanted to empower the sales team to achieve record growth goals. He needed a selection system that would improve his hiring accuracy, as he was making too many mis-hires and it was impeding growth.

The Solution:

To reduce turnover, elevate client service and reach aggressive revenue goals, the insurance agency adopted a behavioral-based interview process that included the PXT Select™ assessment tool. Every hiring manager within the organization was trained on the new interview and selection system to ensure early adoption and consistent use.

The Result:

As a result of the new selection system, *the agency grew from 20 employees to more than 140 and reached year-over-year revenue growth of more than 10 percent.* Just prior to selling the agency to a large, regional bank, the CEO surveyed his employees. Nearly every respondent commented on how the agency only hires "top twenty percenters" and that high performance was not only the norm, it was the key to success.

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Just before I became a certified partner for the PXT Select™, I joined a new and rapidly growing commercial insurance agency in Minnesota as an inside sales person. From the start, the founder's vision was to create a sales and marketing organization that led the industry in consistent revenue growth.

He aimed for long-term client relationships by offering innovative, value-added services that would help small and mid-sized businesses grow, while providing superior client service. He also wanted to provide employees with a unique opportunity for long-term, professional growth by encouraging continuing education. In addition to investing in leading technology, the founder knew his organization would succeed or fail by the people he hired.

As is often the case, the founder quickly found himself hiring several sales candidates who were successful at only selling themselves. While he chose a few top-performers, his candidate screening process didn't allow him to reliably measure a candidate's skillsets, behaviors and interests.

His selection process was too subjective, leaving him to hire candidates based on past experience and gut instinct. He needed a more reliable candidate screening and interview process that provided:

- An objective way of determining traits of his top performers and a way to create a benchmark by which potential candidates could be measured.
- Insight into a candidate's skillsets, behaviors and interests, and whether they were a good fit with the benchmark and culture.
- A roadmap for future hiring managers to follow.
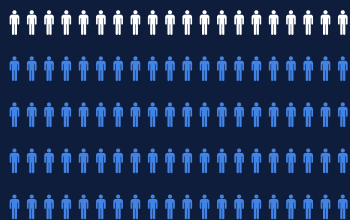
The CEO insisted on only hiring the top twenty percenters.

Experienced in developing benchmarks to predict job fit, I worked with the commercial insurance agency CEO to define the key characteristics that described his most successful sales people. Characteristics we would look for in candidates included:

- The ability to glean insight, adapt and implement external theories and models to the agency's culture and business model.
- A very well-developed sense of competitiveness and an unwavering commitment to new business development and client acquisition.
- A high degree of urgency, decisiveness with problem solving and a creative, out-of-the-box thinking style.
- Strong communication skills and the capacity to remain calm and effective when balancing multiple tasks.
- Relentless perseverance and an ability to handle repeated rejection, as well as being "very quick on their mental feet," so that they could advise clients on complicated insurance requirements and regulations.

"You win at the draft!"

—CEO, Commercial Insurance Agency

Assessments Help You to Look Under the Hood.

After thoroughly defining the key traits and behaviors required for the sales position, we asked his current top performers to complete an assessment that measured thinking abilities, in addition to personality and interests. This allowed us to not only "look under the hood," but it also told us about the innate abilities, behaviors and interests of our candidates so that only those well suited to the sales position were considered.

How does it work? The PXT SELECT™ is a multi-purpose assessment used for coaching, training and management, as well as hiring. It measures job-related qualities that make a person productive, including thinking and reasoning, behavior traits and occupational interests. It gives you customized job match fit patterns, provides you interview questions, details a specific percentage "match" when you compare a candidate to your top performers, as well as providing a detailed analysis of those you assess.

With the PXT Select™ you are able to develop a "performance model" or "benchmark," which scores the traits of your top performers on a one to 10 range. Below is a snapshot of the benchmark that we determined predicted job fit the best at the insurance agency, and it became the standard by which applicants were measured. As you can see, the agency's top sales people scored between a 6 and a 9 for Pace and Assertiveness, while scoring lower in Sociability.
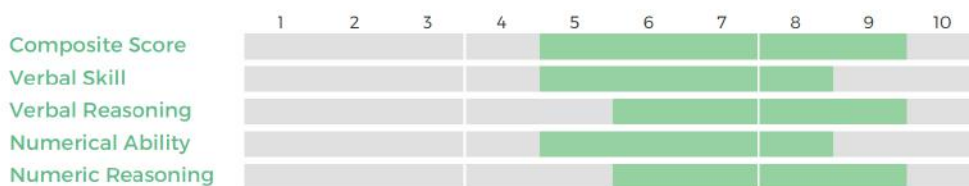
By having this type of data, we were able to identify sales people who had the right traits to succeed as a "top twenty percenter," which led to reduced turnover and consistent revenue growth. Specifically, the agency grew from 20 employees to more than 140 and reached year-over-year revenue growth of more than 10 percent.

Thanks for reading! If you need help designing a hiring system that works, please contact us. We'll help!

Performance Model
For Insurance Sales Representative

The highlighted ranges represent the Insurance Sales Representative Performance Model.

THINKING STYLE

	1	2	3	4	5	6	7	8	9	10
Composite Score					▓	▓	▓	▓	▓	
Verbal Skill					▓	▓	▓	▓		
Verbal Reasoning						▓	▓	▓	▓	
Numerical Ability					▓	▓	▓			
Numeric Reasoning						▓	▓	▓	▓	

BEHAVIORAL TRAITS

Pace — < STEADY ... URGENT >
Assertiveness — < UNASSUMING ... FORCEFUL >
Sociability — < RESERVED ... OUTGOING >

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