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How To: Manage Your Sales Force

A successful manager gives tips on creating a winning sales team.

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For Tom Golisano, the secret is control

Even before they're hired, B. Thomas Golisano demands full-suited splendor from everyone hoping to sell for him. "If they don't present themselves well in an interview," he worries, "How would they present themselves on the job?" It may have been while on the road himself that ex-salesman Golisano discovered the power of proper dress, but it's from the president's office of Paychex Inc., the payroll-processing company he founded in 1970, that he now dictates sartorial and other policy. And Paychex just piled up a record \$101 million in revenues for fiscal 1989 -- its ninth straight year of 20% to 25% sales growth. With a pattern of dependability like that, its public stockholders wouldn't complain if the chief executive draped all 310 reps in rags.

Golisano's formula for sustained growth is simple enough: to expand your sales by X%, expand your sales force by the same X%. Under less rigorous management, the hiring, training, and rewarding of said force would seem similarly uninspired. But the 47-year-old Golisano is nothing if not rigorous (see "How to Build an *Inc.* 500 Company," December 1988, [\[Article link\]](#)). And the product of rigor, he would say, is that you finally get it right. Here's a sampling of Golisano's sales-management tactics. If some seem extreme, remember: success is its own best salesperson.

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Paychex's turnover rate in sales employment is 20% to 25% -- too low, theoretically (conventional wisdom deems turnover of 30% to be healthier). But where the traditional sales-force upgrading procedure is to wash out lesser performers by showering them with pink slips, Golisano focuses on hiring high achievers in the first place and keeping them.

Initial screening is entrusted to middle sales managers, who have complete hiring authority. To find applicants outside their networks, Golisano encourages using newspapers, "even though going through all the replies demands so much time," and employment agencies, "who at least whittle them down, though you pay large fees."

The Perfect Recruit In general, Golisano wants what every manager wants: energy and motivation. But specifically, a Paychex salesperson must:

1. Have had a "successful selling experience" -- which means they were consistent quota achievers at another company. Documented success spares interviewers guesswork and lends maturity to the sales corps, whose average age is 30.

2. Demonstrate in the very first interview that they possess superior communications and presentation skills. No second chances; they wouldn't get any with prospects, either.

3. Pass the 16-minute quiz that Golisano has used since his first hire in 1971 to quantify comprehension of math and logic. Lacking an appreciation of number relationships, "they won't do very well in the technical side of our business."

TRAINING

Back to School

Since 1984, when Golisano devised a universal sales-skills course, full-time faculty has been teaching payroll service to Paychex recruits. The two-month education is so intense -- and successful -- that most graduates are up and selling at 75% of quota or better within four months, Golisano claims. The speedy ramp-up is critical because the company's most painful expense -- more than the \$18,000 or so in salary, travel, and accommodations that it lays out per student -- is the time a territory remains vacant.

Compared with the less formal days when Paychex left training wholly to middle sales managers, new salespeople start producing revenue from 30% to 40% faster and at higher levels. Not only can the return on the \$18,000 be thus quantified, says Golisano, but the centralized training "sends a message to the general public of consistency and gets all our people off on the right foot. It's a question of focus -- one of my favorite words." (He acknowledges liking "discipline" and "standardization" just as well.)

Paychex U., The Curriculum Here's Golisano's version of How to Create a Salesperson in Eight (Not So) Easy Weeks:

Weeks 1 and 2. So as not to culture-shock them, the trainees' first two weeks are spent orienting themselves to the atmosphere and routine in their home offices. "One of the things we love to have them do is stay at night and watch the computer work," beams Golisano.

Weeks 3 through 5. The recruits gather at the training center at corporate headquarters in Rochester, N.Y., where they're put up for three weeks and taught the technical intricacies of payroll accounting and reporting. If it were purely up to him, they'd keep at it even longer, but taskmaster Golisano has been willing to strike a compromise between holding them away from hearth and home and "cramming as much as we can into them." The session concludes with a comprehensive test.

Weeks 6 and 7. The survivors (about one in 15 fails the technical test) return to their branches for sales presentation coaching by their managers.

Week 8. Back to Rochester for another seven rigorous days, these to sharpen sales skills such as reading body language and dealing with clients' personality types. Videotaping is used extensively.

THE SALES MANAGER

Eight Is Enough

First, structure: eight-to-one is Paychex's magic management ratio, for no other reason than it works. Zone managers each supervise eight middle sales managers; each middle sales manager in turn manages eight working salespeople. When a district exceeds eight salespeople, it's time to add another middle sales manager; when there are more than eight middle sales managers under a zone manager, the next zone manager is added and territories are redistributed. Golisano doesn't always find his managers by promoting from within the sales ranks. ("Though we prefer to promote, we don't hold out vertical movement as a promise," he admits.) He'll hire both middle sales and zone managers from outside.

And what do Paychex sales managers do? "Ninety-five percent of the job," says Golisano hyperbolically, "is making sure he has the right eight people in his territories. If he hires the right eight, they'll take care of themselves." Despite the company's trickle in turnover, sales managers are expected to make recruiting a full-time job, "whether you have openings or not," Golisano says. "If you're a sales manager and *not* constantly recruiting, one day you'll find yourself with a resignation or termination and an empty territory for three months. A good sales manager networks, building a cadre so that when there's a turnover, there's a person waiting in the wings."

Apart from keeping the recruiting process in constant motion, Paychex sales managers are expected to spend a large part of every month on the road with their sales-people, observing how they make calls. When you come right down to it, Golisano concedes, their "primary responsibility is to achieve quotas, and one of the best ways to do that is to work with reps who need help."

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CONTESTS AND MOTIVATION

The Well-Chosen Few

Compared with many a sales operation, Paychex's paychecks may be a tad on the thin side. Even with achievement bonuses that account for two-thirds of the total, six figures a year is rare. But, Golisano reminds us, "salespeople are not motivated solely by compensation. Reps want to know how they're doing relative to their peers; the competitive element is part of a happy environment." Paychex spreads the cheer in three ways:

1.

Once a month the company publishes a list of leading producers among salespeople and middle sales managers. The results are eagerly anticipated, "because competitiveness is extremely high." But the recognition principle carries only so far, recognizes Golisano, a former disbeliever who acceded to such rankings only after his salespeople asked for them. If you have too many contests then the recognition, he notes, "loses its value. A couple of key competitions maintains their interest."

2.

Paychex sponsors a Diamond Club, in which the longer-term salespeople receive a ring cumulatively studded with small diamonds as they ascend the total-clients-sold ladder.

3.

Each year the company stages a conference in some semitropical clime, where salespeople confer half the day and play (sans spouses, to foster intracorp bonding) the other half. Attendance is limited to those who sold more than a certain number of payroll packages.

"They're in competition only with themselves," Golisano explains. "Every person has the same quota, so everyone has the opportunity to come. If the whole company got to come, it would make me happy."

The President's Council Meeting One Paychex competition, an adjunct to the annual sales conference, is so useful to Golisano that he'd likely perpetuate it even if it never motivated a soul -- it's the annual President's Council.

Only the year's top 10 sellers are invited, and they get to spend a day thrashing out organizational issues person-to-person with the CEO. "They can say what they want, and it never leaves me," Golisano promises. Because they know they'll be taken seriously, the quality of their input is enhanced. "They don't show up just to bitch about some supervisor."

On the last night of the sales conference, Golisano reviews the President's Council for the entire gathering, often unveiling key policy decisions that have resulted. At the 1986 President's Council in Boca Raton, Fla., for instance, the top 10 drafted compensation levels for everyone on the force. "You'd have to be crazy not to listen to them," Golisano confides. "When it's me against the world, I bet on the world."

QUOTAS

The 40-8-2 Rule

A disciplined, ironclad routine, with numerical expectations to ensure it's stuck to, lies at the heart of Golisano's manifesto for keeping each salesperson productive. Sales quotas -- "logical, practical numbers that are based on the company's history so no one can argue very much" -- are first determined for the entire company, then divided, in negotiations among zone and middle sales managers, territory by territory. Golisano grants that jealousies are apt to be inflamed in the process, but "it gets them to buy into it. If quotas are just dictated, they're less apt to go along."

It's at the individual level that Golisano's penchant for discipline really kicks in. The expectations of each rep are broken down not into quarters or months, but into weeks. Every Monday salespeople electronically relay an account of their previous week's work to headquarters in the form of a WAR report (for weekly activity report). For everybody, the weekly requirement is simple: make a minimum of 40 cold calls, make at least eight presentations, make no fewer than two new sales. Golisano himself reviews WARs.

"It's when you start comparing the reports that you really find out what your sales force is all about," he's discovered. "And the mere fact that they know we collect comparable information establishes its credibility."

'Number one is the quality of the hire. If you hire the right person with the right skills, he'll pick up the rest on his own. But if you don't, no amount of training or managing will help him make it.' -- Golisano

It's "absolutely wrong" to use a finger when pointing something out to a customer. "You don't want him focusing on dirty nails or cuticles that need to be trimmed." Use a pen to make your point.

It's a house rule that there are no house accounts. "I feel strongly that integrity of the sales territory is important. I don't want our salespeople continually looking over their shoulders, worrying about what may be taken away from them."

Unlike similar payroll services, Paychex refuses to discount price, because Golisano feels permission to negotiate would foster laziness in his sales force. "We want our people selling quality of service and level of confidence, not price."

'I don't like to hire [sales managers] from outside, but if you hire right, then resentment from inside ends quickly -- as soon as they see the new manager is a quality person.' -- Golisano

A middle sales manager should observe sales calls even with reps who are meeting quota handily. "A lot of times when they're doing well, it's the manager who gets an education."

Most businesses that Paychex pitches are run by what Golisano calls "driver" personalities. "They're entrepreneurs who don't want long-winded presentations or nitty-gritty details. They want a quick overview. How much does it cost? What are we going to do for each other? Yes, I'll take it, or no, I won't."

Would you hire a guy with a beard? Golisano wouldn't. To sell for Paychex, unless there's a physical condition underlying it (not merely a weak chin), an applicant sporting a beard (mustaches are allowed as long as they don't extend below the corners of the mouth) has to get rid of it as a condition of employment.

'I believe you don't motivate people. What you do is hire motivated people, then make sure you don't demotivate them.' -- Golisano

Discipline versus creativity. Doesn't Paychex's paternalism squelch individualism? Sure, and that's how Golisano likes it. "If you're selling an engineered product, you'd want a creative salesperson; when you're selling a product that is consistent, you give a lot less latitude. Standardization gets the job done better. There's a tendency in sales to keep reinventing the wheel, but you shouldn't do that until you've got one that runs well first. It's important that we give our people a path to run on."

'We don't tolerate bad ethics. We do not allow a salesperson to downgrade the competition. If they're caught, they're terminated.' -- Golisano

No accounting for expenses. Does there exist a traveling rep without an expense account? Yes, under Golisano. "We don't want our salespeople to be preparers of weekly expense reports. It takes too much work on their part and ours, and we don't want to set up a playing field of distrust." Instead, each rep receives a lump sum to help offset expenses. The stipend is treated as ordinary income on the recipient's tax return; he or she must account for it to the IRS, rather than to Paychex. Who wins? "I'd say we're slightly under-reimbursing them," Golisano admits. "But it's part of the compensation package."

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