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What to Look for in Your Next Sales Hire

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The sales profession is one of the fastest-growing occupations in the United States.¹ Therefore, the importance of hiring the right salesperson for your organization is going to become even more crucial. Not only does a salesperson help to bring in additional revenue for your firm, but the cost of hiring new personnel can also be extremely high. The average estimated cost to hire a new salesperson is between \$54,000 and \$200,000.² Thus, as sales organizations look toward the future, managers need to get hiring decisions right the first time to alleviate unnecessary costs and propel their organization's success.



As a manager tasked with hiring your organization's next salesperson, your job is to filter through countless resumes to find the best candidate. But what qualifications do you look for? Further, what decision making heuristics (i.e., decision rules that are thought to communicate information about a number of candidate characteristics in a single metric) can be applied to hiring salespeople, and to what end?

Historically, the most popular heuristic used for sales hiring has been how much prior selling experience a candidate possesses. This can be demonstrated by a review of any job posting site where nearly every sales-related post includes a statement similar to “5 years of sales experience required.” More recently, however, another hiring heuristic has been growing in popularity: whether or not that candidate participated in formal collegiate sales education. Our research looks at the effects of previous sales experience and formal sales education on newly hired salespeople's performance trajectories over time, along with the impact of the manager's coaching behaviors. Our results provide insights into the benefits, as well as the drawbacks, of each hiring heuristic along with recommendations for how to adaptively coach new salespeople depending on which heuristic led to their hire.

Hiring Heuristic 1: Prior Sales Experience

Organizations often regard prior sales experience as one of the most important factors when hiring a new salesperson. The hiring firm perceives that the salesperson with previous sales experience will minimize their firm's training investment while producing advantageous gains for the firm.³ While prior sales experience is an important hiring heuristic, firms must be

cautious when hiring an individual solely based on sales experience. Salespeople with prior experience could be limited in their selling techniques based on their training. Training in corporate sales often involves on-the-job training^{4,5} where a salesperson focuses on tactics specific to a given organization rather than a holistic selling process.⁶ When addressing whether to hire a salesperson with prior sales experience, the hiring manager should weigh the initial benefit of decreased training costs with the possible repercussions of limited growth potential if the candidate's selling behaviors, as a result of habitual use, are rigid and difficult to adapt to a new industry or organization.

Hiring Heuristic 2: Formal Sales Education

As another principal hiring heuristic for managers, formal collegiate sales education programs are gaining in popularity. These programs emphasize the importance of understanding and applying selling techniques regardless of product or industry. In comparison to prior sales experience, these programs are far more standardized, and place more emphasis on teaching the selling *process* rather than specific products or service knowledge. Individuals trained through formal sales educational programs are allowed to focus on building their techniques while not being faced with extraneous performance pressures, such as selling a home for their client. Furthermore, sales education programs provide their students with the ability to apply new information across various scenarios⁷ without the threat of immediate performance consequences. When determining whether to hire an individual with a formal sales education, their education's benefits must be weighed against the increase in on-the-job training that your organization will need to provide.

Impact of Hiring Heuristics on Performance Over Time

Our research assessed the initial performance levels and performance growth of newly hired salespeople according to their level of prior sales experiences and whether they received formal sales education. We found that one's level of prior sales experience enhances initial performance while inhibiting potential further growth. This finding reveals that while previous sales experience will help organizations by saving them time and money in the short run, there should be some concern with their ability to sustain long-term growth for themselves and the firm.

On the other hand, we found that sales education does not amplify initial performance but instead has a positive long-term effect on performance growth. An individual with formal sales education may be costly for your organization up front but will enhance your growth opportunities over time. Overall, there is no clear answer regarding whom to hire—the individual with prior experience or the individual with sales education. Still, firms can significantly benefit from analyzing the benefits and costs of each hiring heuristic. If a firm were to choose an individual with prior sales experience, it would likely see short-term gain coupled with limitations in the long run. If a firm were to select a recent graduate of a formal sales educational

program, it would likely have increased upfront costs and reap the initial investment benefits over time.

How to Coach Them

In addition to assessing key hiring heuristics, organizations must also consider the effect of sales manager interactions on salesperson performance. Specifically, our research examines the extent to which sales managers serve as role models—a subtle, non-confrontational approach—or provide corrective feedback—a direct, confrontational approach—when trying to coach a new sales hire. Our research finds that managers should use corrective feedback with sales-educated new hires as their egos are not threatened by such direct coaching and role modeling with experienced salespeople as being too direct can damage their egos and actually reduce their performance growth further.

In real estate, sales managers must make favorable hiring decisions. With an increase in the number of sales positions, it will become increasingly difficult to determine who to hire. Our research shows that the hiring heuristics of prior sales experience and formal sales education have both short- and long-term benefits and costs for the organization. Therefore, as a sales manager, it is up to your ability to coach these new hires in a manner that mitigates the costs while aggregating the benefits.

Recommended Reading

Bolander, Willy, Cinthia B. Saturnino, Alexis M. Allen, Bryan Hochstein, and Riley Dugan (2020), “Whom to Hire and How to Coach Them: A Longitudinal Analysis of Newly Hired Salesperson Performance,” *Journal of Personal Selling & Sales Management*, 40(2), 78-94.

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About the Authors

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Dr. Willy Bolander (PhD – University of Houston) studies influence, persuasion, and leadership in business. He has published in the *Journal of Marketing*, the *Journal of the Academy of Marketing Science*, and the *Journal of Business Ethics*, among others. Willy also hosts The Sales Lab Podcast (www.thesaleslab.org), featuring discussions where the world’s top sales leaders share their secrets.

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Dr. Cinthia B. Satornino’s (PhD – Florida State University) research focuses on marketing strategy and sales management. She has published in the *Journal of Marketing*, *Psychometrika*, *Journal of Personal Selling and Sales Management*, *Journal of Consumer Marketing*, *Research in Personnel and Human Resource Management*, *TD Magazine*, *LSE Business Review*, and *Journal of Marketing Education*. Cinthia has received several awards including the 2015 Roland Copeland Best Paper Award and the 2016 SalesSIG Excellence in Research Award.

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Dr. Bryan Hochstein’s (PhD – Florida State University) research has been published in the *Journal of Marketing*, *Journal of the Academy of Marketing Science*, *Industrial Marketing Management*, *Journal of Personal Selling and Sales Management*, *Journal of Business Research*, *Marketing Letters*, and the *Journal of Marketing Theory and Practice*. His industry experience includes a twenty-year career in the service/sales industry. Bryan’s *research experience* is within the broad topic of sales. Bryan is a thought leader of research and education on Customer Success Management (CSM), and his research and teaching on CSM are among the first on the subject. Recent research topics include the CSM and the sales-service interface, CSM ambidexterity & role, and the customer’s view of CSM.

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Dr. Riley Dugan (PhD – The University of Cincinnati) studies personality and sales performance, marketing and sales education social influence, digital and social media. He has published in the *Journal of Business Research*, *Journal of Personal Selling & Sales Management*, *Marketing Education Review*, and the *Journal of Experimental Social Psychology*. Riley has also presented at conferences across the U.S. including the American Marketing Association Winter Educator’s Conference, the American Marketing Association International Collegiate Conference where he was the winner of the Best Faculty Paper Award, and the Academy of Marketing Science Conference.



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