

Is Your Company Ready for Its First Salesperson?

By Laurie Breitner and Karen Utgoff

Most businesses start out with the owner as salesperson. Who is better positioned to communicate the vision that inspired the enterprise, its capabilities and offerings with authenticity, passion and tenacity? Although this practical approach works well at first, following through on sales opportunities combined with other responsibilities can overtake the capacity of an owner/salesperson and hinder company growth. An early key hire can have a tremendously positive impact on company performance; but, is your company ready to take this big step? Consider these questions.

Is your marketing and sales infrastructure ready? Successful salespeople don't work in a vacuum. To be effective, a salesperson, especially a newcomer, will need the following:

- Clearly articulated value proposition (Why should a customer buy from you?)
- Identified target market(s) and lead generation mechanisms (Who is most likely to buy from you?)
- Tools for the 4Ps—Product, Price, Physical distribution and Promotion/marketing communications (brochures and other printed material, business cards, a Web site, and tools for outreach)
- Means (ideally automated) to track contacts and sales and marketing efforts
- Defined sales process and forms (proposal, sales, contract)
- Product and services descriptions (spec sheets)
- Revenue goals (gross sales by when) for the company or product line and, if appropriate, detailed revenue and/or other measurable expectations for each salesperson

Decide to what degree the salesperson will help build your marketing and sales infrastructure. This will inform your preparation as well as the qualifications and responsibilities you build into the job description.

Do you have the right workplace tools and infrastructure? Regardless of your industry or business model, you will need to make provisions for the following when bringing in a salesperson or any new hire:

- Job description/performance evaluation for new role
- Training materials to orient the new hire including information about the business plan, company mission, vision, values and history
- A well-designed compensation package that encourages the performance you need

In addition, depending on your sales model, some or all of these will be needed:

- Workspace (with furniture or other equipment)
- Computer/laptop and software
- Telecomm tools, e.g., network/Internet access, telephone, cell phone/PDA
- Vehicle, unless having personal transportation is a requirement of job
- Travel reimbursement forms and process
- Driver's license in good standing, if customers calls are part of sales

What benefits do you expect from the new position? Compelling reasons to hire a salesperson are to increase sales, free owner's time for other activities and add missing sales expertise. Savvy owners also seek individuals who bring contacts and knowledge of customers and the marketplace. Many anticipate that the owner, working together with the salesperson, can be more effective than the owner working alone. Certainly a salesperson should increase the company's presence in the marketplace simply by adding more "feet on the street." Depending on which of these is important to you, define measurable, time-bound expectations for the role taking into account the learning curve and your sales cycle. Knowing both *what* you want to achieve and *when* will help you to evaluate applicants and assess actual performance.

What will it cost? One simple approach to estimating the total cost is to multiply planned compensation (salary, benefits and commission) by a factor to account for other costs, such as infrastructure, on-going training, and supervision.

Commonly companies use a multiplier of 2.2. Adjust that up or down depending on your sales model; for example, adjust up if significant travel and/or samples will be needed.

Can this company afford to hire a salesperson?

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Checking area job postings and asking colleagues, ABC, Inc.'s owner learns that compensation (salary, benefits and commission) of \$50K is typical for sales reps in her industry. Using a multiplier of 2.2, she estimates that a new salesperson will cost \$110K per year (2.2 x \$50K).

Taking into account the six months it will take for the new

Are there better alternatives? Consider whether other approaches - manufacturer's reps, sales services, online tools or co-sales – are right for your company.

All business owners wrestle with balancing capacity building and revenue generation, especially with sales. Make your decision based on a systematic analysis that weighs the costs and potential benefits. You can't be certain of the outcome, but you will be better prepared to meet challenges when they arise.