

WHERE ARE ALL THE SALESPEOPLE?

EDITORIAL | PAUL PEASE

Sales, as an occupation, is attracting fewer people and the supply is declining.

The following quote from the *Harvard Business Review* may have a familiar ring to it:

“More than 35 years ago, the insurance industry embarked on an intensive program to solve the problem of costly, wasteful turnover among its agents. After spending millions of dollars and 35 years of research, the turnover in the insurance industry remains just as high. And what accounts for this expensive inefficiency? Basically this: **Companies have simply not known what makes one person sell and another not.**”

This quote is from an article entitled “What Makes a Good Salesman,” by David Mayer and Herbert M. Greenberg, and was published in the *Harvard Business Review*, July-August 1964 — more than 40 years ago! What’s even more astounding is the beginning of the quote talking about the insurance industry failing to “fix” sales 35 years before the article was published. *Apparently, the issue has not been resolved.*



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The sales profession continues to mystify management. What is the benchmark of a "good" salesperson? Where do they come from? How do you integrate the sales function more tightly with the corporate strategy? How should they be incented, and what is fair? How do you get them to tell management what is going on in the field? How is performance measured and compensated?

But, in today's world, there is another factor non-existent in 1964 that is cause for concern: the supply of salespeople is declining. Since 2000, membership in independent sales representative associations has been declining at an annual rate of 5%-25%, with some sales associations disappearing entirely. Sales, as an occupation, is attracting fewer people as a career choice. The Bureau of Labor and Statistics estimates that the percentage of people entering sales will decline from 10.6% of the overall workforce in 2002 to 10.4% in 2012 — a net decline of about 2%.

What is the Internet Impact?


Transactions conducted via technology — mostly the Internet — are *not* contributing to this decline of salespeople any more than the *Sears Catalog* (no longer published) did as a direct-to-consumer buying channel. In fact, the advent of technology is increasing the need for salespeople, not decreasing it. Shoes still need to fit — and it is significantly more efficient and cost-effective to have a knowledgeable salesperson guide the customer through the selection process.

Several forces are contributing to the diminishing numbers of salespeople. There is no sales "feeder system" — nobody is graduating from college with a degree in sales — except at Akron. But one in 2,000 institutions is not going to help fill the pipeline. This makes it difficult for sales recruiters to compete with other more defined (and lucrative) career choices available to graduates. The Bureau of Labor and Statistics definition of the 41-4011 Classification of Sales Representative states this occupation "sells goods for wholesalers or manufacturers where technical or scientific knowledge is required in such areas as biology, engineering, chemistry and electronics, normally obtained from at least two years of post-secondary education." Even in this narrow definition of a technical sales representative there is no mention of a degree in sales, let alone a four-year college curriculum requirement.

There isn't any profession that is closer to the real world than sales — which might be a reason sales is nowhere to be found in formal education curricula. Salespeople fail more often than they succeed, and there is absolutely no connection to pre-conceived predictable outcomes taught in school to what really happens in the course of soliciting, pursuing, and closing a sale. Academia is concerned more about the self-esteem of the students and graduating them on time. Therefore, an academic curriculum in sales whose core is based on failing more often than not is just not going to work into the philosophical approach of the institution. Not only that, but given the choice of professions for a college graduate to enter, sales is not at the top of the list, except those who naïvely jump into it "for the money". And if the graduate does go into sales because of the pay, there is an equally naïve employer who has decided to solve a problem by throwing money at it.

Value of the Sales Function

Another contributing factor to declining sales professionals is the perceived lack of value of the sales function. More and more career salespeople that have seen their compensation packages get continuously squeezed are discouraging others from "jumping" in, further eroding the pool of prospective salespeople. The bottom line is there is less and less glamour (pay-off) in sales, and it is diminishing the demand to enter the profession — and hence the available supply of salespeople. Quite a dilemma we have, considering nothing happens until a sale is made.

What's the solution? Waiting for academia to kick things into gear is not a solution, nor is hoping some large corporation gets back into the sales academy mode like Xerox and IBM. In the short term, companies are going to have to budget money, time, and personnel for the development of a sales force. This not only primes the pump for the sales profession, it raises the bar for performance of the profession. Most people today learn the sales trade by rote and then companies spend countless hours and dollars trying to "fix" sales behaviors through sticks and carrots. It seems only prudent to invest resources on the front end of the sales development process — and it will net a much higher return than trying to fix things after the fact. 

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