The Sales Productivity Crisis

Arion Research LLC
Digital Insights and Innovation

Michael Fauscette, CEO & Chief Analyst

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Selling business technology has never been "easy", and the changes in buyer behavior along with the challenges of virtual and hybrid selling have only made selling more difficult. In a recent Sales Insights Lab study 61% of salespeople consider selling harder or much harder than just five years ago. The fallout from these changes, and from the so called "Great Resignation" of 2021-2022 is creating a sales team environment of low job satisfaction, lower performance and expensive employee turnover. In the same Sales Insights Lab study only 17.6% of respondents rated their job satisfaction as outstanding and according to a recent Forbes article "Why Sales Reps Spend so Little of their Time Selling" only 53% make their quota.

In a Glassdoor sponsored Harris Poll of 1058 employed adults in August 2021 44% of employees plan to search for a new job in the next 12 months; and for millennials it jumps nearly 10 pts to 53%. The number 1 reason Millennials give for changing jobs is that they feel as though they do not have access to the level of mentoring and the support structure they need to become successful. In a post on his site forentrepreneurs.com, serial entrepreneur turned venture capitalist David Skok reported that 25-33% of new sales hires don't work out, making the retention problems even more challenging. In a recent Bridge Group report based on a survey of 350 software companies, the average sales turnover rate is 34%, but 1 in 10 companies see attrition as high as 55%. In the same study sales reps who hit performance targets is 67%, down from 74% in 2012.

- **61%** of salespeople consider selling harder that it was 5 years ago; only **67%** hit annual quota
- **25-33%** of new sales hires don't work out
- Average sales turnover is **34%** but 1 in 10 software companies see **55%** attrition
- The average tenure of a sales rep is **18 months**
- Hiring a new rep averages **6.2 months**, then **9 months** before they are fully competent
- Cost to hire a new sales rep averages **$97,690 +** lost revenue of about **$516,700** (quota<$1M)
- Using a **sales acceleration platform** makes a rep ~**52% more productive** in year one

What is the costs of high attrition? In a 2016 DePaul University study the average cost to replace a salesperson was approximately $97,690 in addition to the lost revenue of about $516,700 for reps with quotas of less than $1M with a 5-6 month replacement time.

How long does it take to ramp up a new rep? According to a study by Rain Group of 423 sales leaders, it takes an average of 3 months for a new seller to be ready to interact with buyers, 9 months for them to be competent to perform. The average sales rep tenure is 18 months, according to a study of over 2000 sales leaders by Xactly.

The "new normal" for sales: a dangerous combination of long ramp times, decreasing performance, low job satisfaction and reduced tenure from rapidly rising turnover. Sales teams need a new approach that meets the challenges of the current environment.
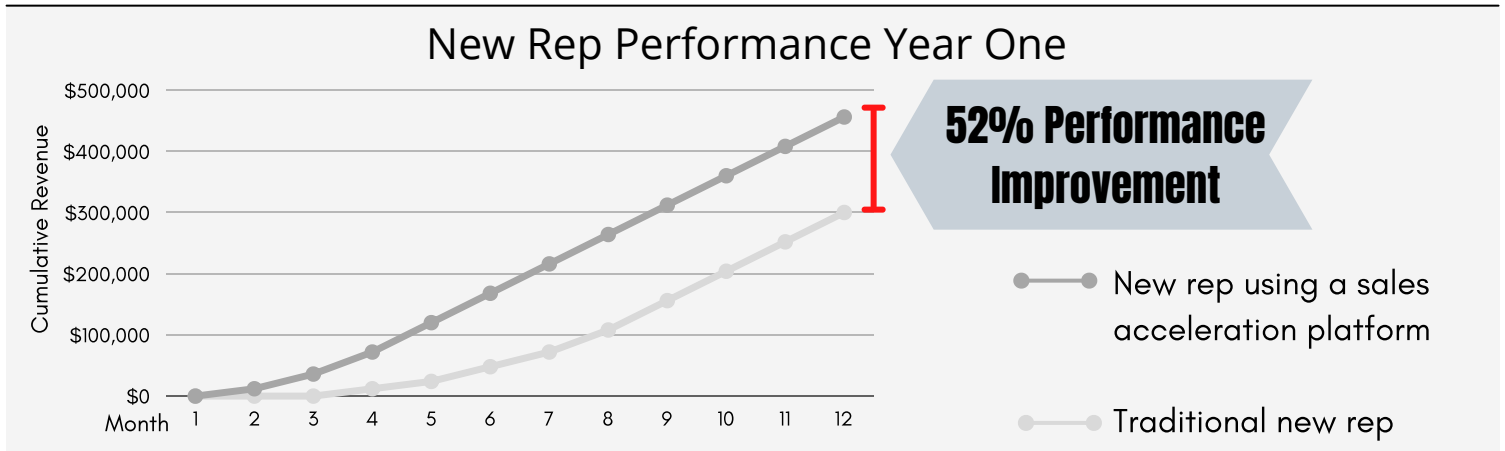
In a recent Forbes magazine article it was reported that 55% of salespeople lack basic sales skills. Many sales managers complain of the "long tail," which refers to the significant percentage of salespeople who underperform in many sales organizations. Clearly these two data points are related. And training isn't necessarily the answer to the skills gap. In a recent survey Spotio found that 84% of all sales training is lost after 90 days. If training isn't the answer to new sales rep onboarding and the ongoing skills development of the long tail of existing reps, what is? The sales technology stack is for the most part, a confusing assortment of point solutions that don't easily interoperate. An emerging category of solutions though, called sales acceleration platforms, can create a digital support structure that combines AI, on-demand content and crowd sourced intelligence to improve each customer interaction. Using a sales acceleration platform ensures new reps onboard quickly, come up to speed and meet performance targets sooner and existing reps increase productivity while reducing the "friction" that is creating the low job satisfaction and turnover.

The use of artificial intelligence (AI) enabled software has exploded over the last 3-5 years. According to Statista, global corporate AI investment in 2021 topped $68B USD. The most effective uses of AI in software have coalesced around two use cases, automating routine tasks and providing role based insights and assistance. From a sales rep perspective the concept of providing an AI assistant that provides insight on prospects and specific guidance to maximize productivity and effectiveness can be a powerful way to ramp new reps faster and make them more productive. Rather than training that isn't retained, the platform can provide just-in-time, contextual help that improves its effectiveness and learns as more reps use it. Let's take a look at an example of using a sales acceleration platform with embedded AI to illustrate this use case:

New Rep Performance Year One

52% Performance Improvement

— New rep using a sales acceleration platform

— Traditional new rep

Note: The base data on sales year 2021 from a division of a well-known cloud software provider. This example illustrates the value of a Sales Acceleration Platform across a spectrum of new hire scenarios. On target annual quota for the division profiled: $576,000. Average order value: $12,000.

Financial Impact: Sales Acceleration Platform
- For 9 new hires, incremental revenue generated = $1.4M in year one.
- 52% improvement in overall performance for year one.

Productivity Impact: Sales Acceleration Platform
- Time to first deal: 2 months instead of 4 months.
- Time to on target productivity: 5 months instead of 9 months.

So What...

Managing the complete sales process by using a sales acceleration platform enables reps to ramp faster and get to full productivity sooner, increasing revenue for your company while increasing job satisfaction that lowers turnover and maximizes the investment in getting the rep productive. The biggest impact is moving to "just in time" insights over ineffective training. Finding the "right" insights at the "right" time using an intelligent AI enabled sales acceleration platform dramatically increases productivity, job satisfaction and retention.