Chapter 3: Sales Culture

Sales Ethics

Before reading this chapter, you should read Chapter 3, "Sales Ethics," of *Media Selling, 4th Edition*, because values and ethics are the foundation for a sales culture in a media sales organization.

What Is Culture?

Culture is a cohesion of values, myths, heroes, and symbols that guide the way people work and communicate in an organization or a unit of an organization. *Merriam Webster's Collegiate Dictionary, Tenth Edition* defines culture as "a set of shared attitudes, values, goals, and practices that characterizes a company or organization."

In Deal and Kennedy's book, *Corporate Cultures: The Rites and Rituals of Corporate Life*, the authors write: "Marvin Bowers, for years Managing Director of McKinsey & Company and the author of *The Will to Manage*, offered a more informal definition—he described informal cultural elements of a business as 'the way we do things around here.'"[i]

In *Corporate Cultures*, Deal and Kennedy, based on their research, indicate there are five elements of culture:

1. *Business Environment*. Because each company faces a different reality in the marketplace depending on its products, competition, technologies, and industry regulation, each company must carry out certain tasks very well to survive. The environment in which a company operates determines what it must do to survive and succeed, and business environment is the single most important influence on an organization's culture.
2. *Values*. Values are the basic beliefs and concepts of an organization. Values define success in concrete terms for people and establish standards of achievement in an organization. Values that are shared by a group, unit, or organization tend to persist over time, even if the membership in the group changes.[ii] Values can be soft (qualitative) or hard (quantitative). An example of qualitative values would be those of A.H. Belo, as shown in Table 3.1 in Chapter 3 of *Media Selling*. (Those values are: Integrity, excellence, fairness, sense of purpose, and inclusiveness.) Examples of quantitative values would be "to make quota," "to hit the numbers," or "get the stock price up."
3. *Heroes*. Heroes personify a culture's values and are role models for other people in an organization. Companies and units with strong cultures have many heroes whose stories and exploits are told repeatedly as examples of "how to act around here."
4. *The Rites and Rituals*. "These are systematic and programmed routines of day-to-day life in a company. In their mundane manifestations—which we call rituals—they show employees the kind of behavior expected of them. In their extravaganzas—which we call ceremonies—they provide visible and potent examples of what the company stands for."[iii]
5. *The Cultural Network*. This is the primary and informal means of communication in an organization and is the carrier of the values and hero myths. "Storytellers, spies, priests, cabals and whisperers form a hidden hierarchy within the company. Working the network effectively is the only way to get things done or to understand what is really going on."[iv]

Four Types of Culture

In *Corporate Cultures*, Deal and Kennedy identify four types of corporate culture, which they call "corporate tribes:"

1. *The tough-guy, macho culture.* "A world of individualists who regularly take high risks and get quick feedback on whether their actions were right or wrong."[v]
2. *The work hard/play hard culture*. "Fun and action are the rule here, and employees take few risks, all with quick feedback; to succeed, the culture encourages them to maintain a high level of relatively low-risk activity."[vi]
3. *The bet-your company culture.* "Cultures with big-stakes decisions, where years pass before employees know decisions have paid off. A high-risk, slow-feedback environment."[vii]
4. *The process culture.* "A world of little or no feedback where employees find it hard to measure what they do; instead they concentrate on how it's done. We have another name for this culture when the processes get out of control—bureaucracy!"[viii]

Work hard/play hard culture. Here is how Deal and Kennedy describe the work hard/play hard culture: "This business kingdom is the benign and hyperactive world of a sales organization: real estate, computer companies, automotive distributors, any door-to-door sales operation… The employees in these companies live in a world of small risks—no one sale will make or break a sales rep—and quick, often intensive feedback—a rep either gets the order or doesn't. Activity in this world is everything. As long as employees can keep it up, the work will get done. Success comes with persistence. Go back to the customer one more time. Make one more telephone call."[ix]

The authors go on to write that, "Of course, within any single corporate culture, the sales division fits this mold."[x] The primary values in this culture focus on customers and their needs, and providing excellent customer service is a priority. The heroes of the work hard/play hard culture are salespeople who measure their success in terms of activity and volume, not high stakes (which in the tough-guy, macho culture is the measure of success).

Deal and Kennedy write that "The best of the workers/players are friendly, carousing, hail-fellow-well-met kinds of people. They aren't worried or superstitious. While anyone who succeeds in a tough-guy culture becomes a star; here the team beats the world because no *individual* really makes a difference. The team produces the *volume*. That's why salesmen's clubs are so important—everyone wants to be part of the group that goes to Hawaii."

The authors give their assessment of the work hard/play hard culture: "Work/play cultures get a lot done. If the objective is to make or move some quality item fast, a work/play culture will do it. The environment is ideal for active people who thrive on quick, tangible feedback…Volume can displace quality in the culture's pell-mell rush to produce and sell more. The worst of the culture comes in lack of thoughtfulness or attention; the tendency toward the kind of back-of-the-envelope calculations that can backfire. Also, work/play-hard cultures often get fooled by success, forgetting that today's successes may become tomorrow's failures."[xi]

Furthermore, Deal and Kennedy write, work/play-hard sales cultures often go for quick fix solutions. Sales organizations that have a short-term outlook can suffer dramatic staff turnover when sales staffs become disillusioned or cynical. Action is what drives the salespeople, and when activity doesn't produce results, salespeople go elsewhere rather than look for the root of the problem. The salespeople often don't stick around long enough to weather the tough times because they are often more committed to the action than to the company. Also, the work/play-hard culture requires stamina that ebbs as salespeople age. The sales jobs in these cultures are often filled with young people looking to prove their worth. The action is appealing to people who are young chronologically, but unless the sales organization can retain older people, the culture loses some of its most lessons and history. These mature culture-keepers are invaluable in passing on stories about heroes, rites and rituals, and, most importantly, about values.

Deal and Kennedy write that, "Savvy companies spend a lot of time trying to counteract all of these tendencies. First of all, they aim to keep product quality on par with customer wants and encourage the workers/players to slow down and make more considered decisions…They are trying to find a good balance between quality and activity, identity and growth, a difficult trick."[xii]

Media Sales Organization's Culture

Deal and Kennedy's description of the work/play-hard culture is accurate for many sales organizations, especially online and mobile sales organizations. On the other hand, some media sales organizations are tough-guy, macho cultures, such as broadcast network television, network cable, large national magazines, corporate sales, and corporate cross-platform sales staffs.

Some media sales organizations make the mistake of trying to mix both types of sales cultures in a single organization. A good example of a company that had both types of sales cultures was AOL's Interactive Marketing division from 1997 through 2000. Interactive Marketing had a large regional sales force that worked hard on small- to mid-sized pieces of business by calling on assigned agencies and accounts. Interactive Marketing also had a smaller Business Development group that worked by category on larger deals. The sales force was a work/play hard culture that focused on activity, account coverage, account service, low-stakes, low-risk, and relatively standardized sales. The Business Development group, in contrast, was a tough-guy, macho culture that focused on large, high-stakes, high-risk, complicated deals. The two cultures clashed over who "owned" accounts and there was a great deal of ill will, competition, and confusion between the groups.

In 2004 AOL changed the name of Interactive Marketing to AOL Network Sales & Solutions Division. The name of the Business Development group had previously been changed to Category Sales and the culture became more cooperative and much less tough-guy, macho. By melding the cultures to a more cooperative one, the organization's cultures matched much better, which eliminated much of the competition, ill will, and confusion. Several years later, AOL bought Advertising.com, an online ad network and tried to combine the low-rate, commodity-selling approach of selling low-value remnant inventory with the AOL Network sales group that sold high-value display advertising with disastrous results.

It is best not to have a sales organization with two separate cultures. For one thing, the salespeople in the tough-guy, macho and work/play hard cultures require two totally different types of compensation structures to motivate them optimally. Different compensation systems can lead to serious problems within a single sales unit. (Sales compensation systems will be covered in detail in Chapter 7 of this book.) Also, the two cultures clash and are typically competitive with each other rather than competitive with their real competition, other media.

Types of Salespeople

In the early 1980s, I read an article in a management journal that reported on research that identified types of salespeople. The research indicated there were three types of salespeople: *spotlight seekers, gladiators,* and *comfort seekers.* I have had 50 years of experience as a salesperson, sales manager, general manager, sales consultant and trainer, sales researcher, and teacher of selling, and I believe these three types fairly accurately reflect the types of salespeople in the media.

Spotlight seekers. A spotlight seeker is a salesperson who craves attention and desperately wants to be a superstar. Spotlight seekers are obsessed with winning and with being the number-one salesperson on the staff. They are highly competitive with other salespeople and the terms "team" or "teamwork" are not in their vocabulary. They are driven to be the star, the top dog, of the sales staff. Typically, spotlight seekers have a narcissistic personality.[1] They are usually selfish and self-centered; it's all about them, not about the company, the sales staff, volume,

[1] For more information about narcissistic personalities, read Michael Maccoby's article in the January-February, 2000, issue of the *Harvard Business Review* titled "Narcissistic Leaders: The Incredible Pros, the Inevitable Cons."

budgets, or the team, but about them. They are usually gamblers who love high stakes and high risks, and they need instant feedback on their success, which making a big sale provides. They are also great salespeople who can sell refrigerators to Eskimos, so they have to be watched closely to make sure that they don't do deals that are just good for them and not good for a customer or the company.

Spotlight seekers are typically *hunters* who are good at developing new business.

Spotlight seekers are best suited for tough-guy, macho sales cultures, such as a business development group, a corporate sales group, or a television network sales staff. Spotlight seekers also see themselves as creative deal artists, and they are addicted to doing deals. Like any addict, it takes bigger and bigger and riskier and riskier fixes to satisfy their craving. Their deals have to be watched carefully so that the deals don't get too complicated and the deal makers too greedy. Spotlight seekers are high maintenance, but if you can stroke their egos sufficiently and keep the reins on them, they are worth the considerable effort because they will get results. Also, it's best not to mix a tough-guy, macho sales culture and its selfish deal makers with a work/play hard culture. If you have Type A, ego-driven spotlight seekers on a work/play hard sales staff, it's best to move them into a business development role or to a group where they can work on bigger, more complex deals and not be part of the regular sales team where they will cause dissention and envy. In other words, don't mix cultures—oil and water.

If you have to have spotlight seekers on a sales staff because you have inherited them or because they have long tenure on a sales staff and are locked into large, important accounts, then never have more than two spotlight seekers on a regular sales staff. Two spotlight seekers will compete desperately with each other to be the top revenue producer and will work very hard to be number one. So having two competing with each other can produce a lot of business, but be extremely careful that they don't get greedy and do inappropriate deals. Make sure you examine carefully and approve every sale they make before they close it.

Gladiators. Gladiators will fight hard every day. They will give their best day in and day out. They are turned on by the action, not high stakes or high risk. Gladiators are competitive and like to win, but they like to win not only for themselves, they also like to win for the team, too. They are solid professionals who don't like or work well with showboating spotlight seekers. They tend to be good team players. They like celebrations and recognition for doing well; they want to go on the Hawaiian trip. Gladiators are best suited for work/play hard sales cultures, such as sales forces in a radio station, a newspaper, a local television station, a local cable system, a medium-sized consumer magazine, a trade magazine, or many online sales organization.

Gladiators are often good hunters and sometimes good *farmers.*

Comfort seekers. Comfort seekers are the most frustrating for sales managers to deal with. They will do good, solid work, but they are not in sales jobs to make more money. Usually comfort seekers are salespeople who are in a two-income family and work in sales in order to maintain a predetermined income level so that they can maintain their lifestyle. Comfort seekers will work hard to get to their desired income level, but typically won't work any harder to go above their comfort level. They are excellent cooperators and team players. The are typically quite service oriented and not terribly competitive. They will do what is expected (if expectations are reasonable), but not more than is expected; they are comfortable with what they have and their level of effort.

Comfort seekers are not good hunters and typically should be placed in farmer, or servicing, assignments.

Managing Sales Types

Sales managers who are spotlight seekers have an impossible time understanding and dealing with comfort seekers; they are of two different tribes. Too often media companies make a big mistake of promoting salespeople who are spotlight seekers to sales managers. This is usually a huge mistake, because spotlight seekers are typically narcissistic competitors who find it impossible to listen—the top requirement for being an effective manager. Spotlight seekers will not patiently teach salespeople, but will, instead, go on a call with them and say, "Shut up and watch me. I'll show you how to close a sale."

Sales managers who are gladiators are often frustrated with comfort seekers, but what gladiator sales managers must do is to have realistic expectations for what comfort seekers will and won't do. The number of comfort seekers that can be tolerated on a sales staff depends on primary sales and sales management strategies and on the type of customers. If customers tend to renew on a regular basis and require a lot of service and hand-holding, such as in newspaper selling, a sales staff can afford to have nice, cooperative comfort seekers calling on them—it's a good match. If there is a competitive situation with a regular account that is called on by a comfort seeker, a sales manager might want to step in and work closely with the comfort seeker to fight for the order or to get an increase in investment from the account. In addition, a comfort seeker can be teamed with a gladiator during a competitive battle (and pay the gladiator for helping).

If a sales manager is in a highly competitive sales environment where salespeople have to fight for every order repeatedly, such as in local television and radio, it is best to have gladiators battling it out; there is little room for comfort seekers except on those few accounts that renew regularly and require lots of service.

Some larger media sales organizations are using a team approach to selling in which they will have a sales team made up of salespeople who sell and close deals and sales service people who service accounts after the sale. Comfort seekers make excellent service team members, especially when paired with spotlight seekers and gladiators.

Creating a Media Sales Culture

Let's review what the authors of *What Really Works* wrote about culture:

Culture: Develop and maintain a performance-oriented culture.

a. Inspire all to do their best.
b. Reward achievement with praise and pay-for-performance, but keep raising the performance bar.
c. Create a work environment that is challenging, satisfying, and fun.
d. Establish and abide by clear company values.

For a typical media sales organization, I would change the above list as follows:

Culture: Develop and maintain an ethical, performance-oriented culture.

a. Inspire all to do their best.
b. Reward achievement with praise and pay-for-performance, but keep raising the performance bar.
c. Create a work environment that is ethical, challenging, satisfying, and fun.
d. Establish and abide by clear company values and clearly communicated ethical standards.

As indicated above, values and ethics are the foundation of a media sales culture. As you read in Chapter 3 of *Media Selling, 4th Edition,* the Sales Executive Council's research indicated that the attributes the 2,500 sales executives that were surveyed felt were the most important for success in sales were *honesty* and *integrity* (Figure 3.1). Media sales managers must make sure that these two attributes are the top of their list for their salespeople.

Sales managers must inculcate their salespeople in ethical selling by continually reinforcing the Five Cs of Ethical Responsibilities, as detailed in Chapter 3 of *Media Selling, 4th Edition.* Ethical selling is not only important for all of the reasons mentioned in Chapter 3, including not gouging your important long-term clients, building trust with all clients, and building a reputation for trust and credibility. Ethical selling, selling with honesty and integrity, is also vitally important when selling news and information content. As Phil Frank points out in Chapter 22: Magazines, the notion of the separation of church (editorial) and state (advertising) is a vital for maintaining the credibility of a medium.

In the past, most magazines, newspapers, and some television stations and networks built a wall between church and state. However, in recent years there have been some breeches in the wall, especially in the current recession. Magazines, newspapers, and local television stations have been under increased profit pressure in recent years, and when the bottom line is the main focus, there is always a tendency for advertising sales departments to push the editorial or news departments hard to give favorable treatment to advertisers.

When I was in Russia in 1997, where I was sent by the University of Missouri School of Journalism to give lectures at Russian universities about advertising, after one of my lectures, several students came up to me and asked, "In American do they have advertising stories?"

"What are advertising stories?", I asked.

"They are stories that advertisers pay you to write favorably about their businesses," the students answered, "it is how you get paid at a newspaper."

"Do you have to share the money with your editor," I asked.

"Of course," was the reply, "that's how the editor gets paid."

"No, we don't have advertising stories in America," I said.

Also, I have heard stories from newspaper, magazine, and local television station news and editorial people about increased and often intense pressure from salespeople trying to break previously accepted rules about the clear, unmistakable separation between advertising and news content.

Most advertisers want to be associated with credible, believable, relevant content, because those ads placed near credible content get results—the ads sell goods and services. Therefore, because the number-one objective of a media sales department is to get results for customers, it is always in a sales department's best interests to have the content its sells have the highest possible credibility, and not try to compromise it. Sales management's job is to see that the church/state wall is strictly observed and that salespeople understand that there are clearly stated and communicated consequences for breaking the rules. For example, if a salesperson makes an inappropriate contact with an editor to ask for favorable treatment for an advertiser, take the account in question away from the salesperson as a consequence, and make sure everyone in the organization knows that the consequence was meted out swiftly. This type of action will communicate "the way things are done around here" and imbed ethical values into the culture of a sales department.

What Does "Performance" Mean?

The first rule of culture, from above was: "Culture: Develop and maintain an ethical, performance-oriented culture." I have covered the ethical part of a sales department culture, but what does "performance" mean? The definition of performance varies according to the culture of a sales department. In tough-guy, macho cultures performance is typically defined by the size of a sale and the number of big sales. The superstars are those who make the biggest deals and the most deals. Performance is making budget or making quota by making several very large sales. Typically in this culture, activity, or the number of sales calls, is not measured and is not important. What is important is bringing in big dollars, preferably taking share away from competitors.

Sales management in a big-deal, high-stakes, high-risk tough-guy, macho sales organization doesn't require much motivating because the superstars in these organizations are typically highly motivated to break records. The structure in these sales organizations is usually flat, with two levels being the norm. Sales managers don't have to make calls with, don't have to train a lot, and don't have to organize the spotlight-seekers (often called rainmakers), who are individual contributors, not team players. The most important task of sales management is to see that the deals are viable, implementable, not over-priced, and are replicable (renewable). The second most important task of sales management is be inside facilitators to make sure that deals can be done quickly. Keeping on top of and simplifying the deal process can reduce closing time considerably, so sales managers must keep track of the progress of deals and do everything possible to speed them along to closing.

In a work hard/play hard culture, performance is often defined in terms of activity, such as number of sales calls, and volume, such as the number of accounts that are active. Furthermore, more and more non-media companies, such as IBM and Hewlett-Packard, are including a sales performance dimension of customer satisfaction. In my view, all media sales organizations should include as a performance criteria customer satisfaction. Selling is not only getting customers, but also keeping them—getting customers to renew. You keep customers if they are satisfied customers, so you'd better know how satisfied they are. There is a sample Customer Satisfaction Survey in Appendix B of *Media Selling* and on the website, www.mediselling.us/downloads.html.

By regularly conducting Customer Satisfaction surveys (at least once a year), sales management communicates an important message about the culture of a sales organization—that the customer does come first. Some companies design a bonus plan that pays salespeople higher and higher bonuses as their rank position goes up in the Customer Satisfaction Survey results. I think this is an excellent idea. Remember the old adage, "You get the performance you pay for." I believe this to be a basic truism of sales management, so if you want to be the preferred supplier and have more satisfied, more loyal customers than your competitors do, put in a compensation or bonus system that rewards customer satisfaction and survey your customers regularly.

Don't Emphasize Revenue Budgets

In a work/play hard culture (most media sales organizations) activity (working hard) is the primary
performance dimension that should be emphasized to salespeople, not making the organization' s revenue budgets.

Sales managers should not place too much emphasis on revenue budgets when talking to salespeople. Sales managers probably care about meeting a revenue budget because the boss does. However, salespeople are generally not as interested in an organization's overall revenue budget as they are in their own income and personal goals—they tend to be more concerned about making their car and house payments than making the owners and stockholders of their company richer.

One of the reasons budgets are often stressed to salespeople is because presidents of companies, group vice presidents, publishers, general managers, and even sales managers are often given financial rewards based on making budgeted revenue or profit goals. What these executives often lose sight of when they talk to salespeople about meeting profit or revenue budgets is that the salespeople are usually not paid based on meeting these budgets, so these budgets are of marginal direct interest to them. Indirectly they might want the company to do well, but it is not of primary interest. The customers salespeople call on ask "What's in it for me?" when salespeople talk about their medium. So salespeople ask "What's in it for me?" when managers talk about budgets. It is not unusual for salespeople to take a casual attitude when exhorted to make their managers or owners richer by making budgets.

If sales managers make the assumption that salespeople are primarily motivated by external rewards (money), then they should ask themselves why in the world salespeople should care about the company's budgets and profits if they do not own stock in the company, do not have some type of overall company profit-sharing incentive, or do not get paid a substantial bonus based on making *realistic and attainable* revenue budgets. Here is what Jack Welsh, ex-CEO of General Electric, thought about budgets. His answer was in response to a question from *Fortune* columnist Marshall Loeb about what it takes to reach high goals.

> It takes an atmosphere where a goal doesn't become part of the old-fashioned budget. The budget is the bane of corporate America. It never should have existed. A budget is this: If you make it, you generally get a pat on the back and a few bucks. If you miss it, you get a stick in the eye-or worse.
>
> Making a budget is an exercise in minimalization. You're always trying to get the lowest out of people, because everyone is negotiating to get a lower number.
>
> If I worked for you, Marshall, you would come charging into the boardroom and say, "I need four!" We'd haggle all day, me making presentations, with 50 charts, saying the right number is two. In the end we'd settle on three. We'd go home and tell our families that we had a helluva day at the office. And what did we do? We ended up minimizing our activity. We weren't dreaming, reaching. I was trying to get the lowest budget number I could sell you. It's all backward. But if instead you ask people, Give us all you can; give us the best shot at what you can do," then you can't believe the numbers you'll get. You'll get more than you need. There's a trust built that people are going to give their best. [xiii]

One of the primary tasks of a sales manager is to translate goals of an organization (revenue budgets among them) into goals that will be meaningful to salespeople. Sales managers are in a boundary position between an organization and its goals and employees and their goals. Sales managers must communicate in terms that address salespeople's needs. Instead of primarily emphasizing revenue budgets, some of the other factors sales managers should focus on are the specific sales activities that lead to revenue: doing client problem-solving research, selling special sections and sponsorships, prospecting, creating presentations, developing target account strategies, using speculative ads, and developing direct and new business, for example.

Also, sales managers should emphasize the specific results these activities will lead to in terms other than merely billing: higher prices, higher sell-out or sell-thorugh levels, selling out profitable special offerings and sponsorships. In other words, to use a sports analogy, sales managers should stress fundamental blocking and tackling to their salespeople, not selling tickets to provide income to the team owners. Athletes and salespeople want to win, and they often get turned off when owners and managers only stress selling tickets—their bottom line—and lining their own pockets.

Sales managers must coach salespeople on how to execute the fundamentals of selling so that the managers will have a better chance of making their revenue and profit budgets.

Another problem with stressing budgets is that salespeople know headquarters usually dictates budget levels up to fifteen months in advance in order to meet interest payments or other corporate cash planning needs or for internal political reasons (someone at higher levels wants to get promoted). Salespeople have learned that budgets often have little bearing on the current reality of the marketplace. Companies that beat salespeople over the head with budgets are giving a very clear message that they do not care about the salespeople's individual, personal needs, but care only for their narrow, bottom-line needs.

Kotter and Heskett in their book *Corporate Culture and Performance* report on their research comparing strong performing companies with weak performing companies in each of several industries. In every case, the weak performing companies cared most about short-term, bottom-line results, and managers cared most about themselves; and these companies were not adaptive to change. In every case. the strong performing companies took a longer-term view and were much more adaptive to change:

> In the firms with more adaptive cultures, the cultural ideal is that managers throughout the hierarchy should provide leadership to initiate change in strategies and tactics whenever necessary to satisfy the legitimate interests of not just stockholders, or customers, or employees, but all three.[xiv]

In an article in *Fortune* titled "Rate Your Readiness to Change," the author, Thomas Stewart, quoted from a survey on an organization's readiness for changing: "If managers become heroes for making budget, they won't take risks even if you say you want them to."[xv]

Media sales managers that constantly emphasize the primary importance of making revenue budgets (the interest of stockholders) emphasize the notion that management cares only about short-term, bottom-line results and does not care much about risk taking, customers, or the interests of employees.

Furthermore, because revenue budgets are rarely accurate predictions of future business (especially in the current highly volatile media business), companies can easily be substantially under or over a budget in any given month. If a sales manager is under budget and lets salespeople know about it constantly, the sales manager is giving them the message that they are a bunch of losers, which discourages salespeople and leads to decreased efforts, beginning a cycle of depressing defeat after self-fulfilling defeat.

On the other hand, if a budget-stressing station exceeds its budget and sales management tells salespeople about the achievement, salespeople are apt to say to themselves, "Well, since all they care about is making budget and we've made it, they're happy now. Let's play golf." When a budget is met, salespeople stop working, they stop "giving it their best shot." Furthermore, salespeople know that in companies that stress budget achievement, it is very bad practice to go over a budget, for it will only mean that next year's budgets will be raised accordingly.

Some corporate headquarters and accounting people even complain that people who exceed budgets are poor forecasters. To bean counters, counting beans accurately is all that matters; they usually could care less about planting, growing, and harvesting beans.

Getting results for customers, developing new business, retaining and increasing current business, and *increasing customer loyalty* all the time, on every call are the proper standards of performance for salespeople and a sales department.

Thus, management should not place too much emphasis on billing alone as a measure of sales performance. There are other factors that indicate good sales performance: making lots of sales calls (activity), new business development, percent of direct business, high rates, broad inventory spread, effective written presentations, calling on clients direct and at high levels, billing in lean months and billing from a wide variety of accounts, for example. Management should stress that it is well-planned and well-executed sales strategies, activities, and behaviors that lead to revenue increases – blocking and tackling.

Another problem with overemphasizing billing and making budget as a measure of sales performance is that total revenue or making budget is something that salespeople have relatively little control over. Salespeople do not control a radio or television station's ratings , a publication's circulation, a website's traffic, content, customer advertising and promotion budgets (or its strategy or execution), the health of the economy, competitors' prices, clients' decisions to use the medium (for the most part), agency account shifts, sales management's pricing strategies, or the coaching ability of sales management. Salespeople can control how many calls they make, how many presentations they create and give, how they solve advertiser's problems, the kind of rates and the size of order they ask for, and how effective they are at listening, asking questions, adding value, negotiating, and getting commitment. These blocking and tackling fundamentals are what sales managers must emphasize.

Furthermore, sales managers should not place too much emphasis on individual sales projections. First, a relatively small percentage of salespeople can project accurately; most of them project either too high or too low. Therefore, it is virtually impossible for a sales manager to add up all the salespeople's projections and come up with anything close to an accurate forecast. An experienced sales manager can look at business-on-the-books reports, factor in information about market conditions, category spending information, and business pending, and then make an educated estimate based on history and experience that is usually pretty accurate for one and two months into the future. Beyond that, any guess is smoke and folly in today's volatile media business environment, especially in recessionary times.

Rather than wasting salespeople's time by making them do individual, weekly account-by-account sales projections, sales managers should coach salespeople how to plan calls, solve client's problems, create proposals and presentations, design effective packages, use spec ads, and ask questions intelligently. If sales managers stress selling strategy, tactics, and skills, they will give salespeople the message that they care about helping them improve their individual performance. Asking for monthly projections on key accounts is a good idea. I recommend keeping the number of key accounts any salesperson handles at seven or less.

Furthermore, many salespeople hate weekly projections and the mountains of paperwork that accompany them because they have learned through experience that many sales managers use projections to hammer salespeople, and that these sales managers invariably raise the projections in a feeble and misguided attempt at motivation. In such situations, salespeople resignedly submit low-ball projections and then give lip-service acceptance to whatever management subsequently throws at them. Under these conditions, when asked if they like projections, salespeople know the rules; they know the only acceptable answer is "yes," so they give it.

In addition, most salespeople look at having to do weekly projections as evidence that management does not trust them. I have heard salespeople say repeatedly:

"Why do we have to do those stupid projections; no one ever looks at them."

"They always change them."

"I do them, and then they use them to beat me up."

"It's fiction writing—I give them what I think they want just to keep them off my back."

"Why don't they let me go out and sell and trust me to do the best I can."

Moreover, it takes an inordinate amount of time and effort to keep track of individual salespeople's weekly sales projections. And for what? What information do account-by-account weekly projections give a sales manager that he or she cannot get from other sources (business-on-the-books, business-pending, and percent-sold-out reports)? Usually it is nervous owners who want weekly account-by-account projections to show to bankers, not experienced sales managers who know that weekly account-by-account projections have to be adjusted to meet management's expectations.

Sales managers should concentrate on taking action that affects the future. As Warren Buffett, the well-known financier, said, "Predicting rain doesn't count, building arks does." If sales managers feel compelled to make salespeople do weekly projections, have them project (or plan) new business calls, presentations, or rate increases, but not billing.

On the other hand, short-term weekly revenue forecasts done by sales management (one, two, and three months out) are important for maximizing revenue by controlling inventory, making effective pricing decisions, and instituting a meaningful sales strategy to react to market conditions. Sales management should get input from salespeople about the salespeople's knowledge of key account activity for various product categories. Salespeople should be expected to be close enough to their key accounts to know about account activity on two levels: 1) General, overall account plans and level of advertising activity, especially in heavy advertising categories (For example: "Verizon is planning a May heavy-up campaign with about 20 percent more weight than last year."), and 2) specific information about pending buys. The best way to handle this information is with Business Pending Reports that give details of an upcoming buy or with software programs such as SalesForce. These reports should be filled out with each call for avails or pending piece of business. Then these reports can be combined and business activity can be tracked from one year to the next. See Chapter 24 or *Media Selling* for copies of these reports and others that help salespeople and sales managers organize effectively. Blank copies of these reports can be downloaded from www.mediaselling.us/downloads.html.

Sales management can then combine the information on planned general account activity by category with Business Pending Reports that indicate pressure on inventory and combine this information with Business-On-the-Books information to forecast inventory demand and to make effective pricing and strategy decisions, which should be made weekly or even daily in periods of strong demand, if they are in a demand-pricing medium, such as television, radio, cable, and high-traffic online companies.

Finally, there is a strong body of opinion that reliance on budgets is "the fundamental flaw in American management." "Managers can do incredibly stupid things to make budget, especially if incentive pay is at stake." "The great budget game is the result of trying to control negative behavior, like spending too much, while largely ignoring positive behavior, like building the business." The worst failure of budgets is that they do not measure anything important. Budgets show what it costs to pay a salesperson, but not what value customers place on the relationship with that salesperson. Budgets count noses, not brains.[xvi]

Sales managers cannot set corporate policy about how much emphasis is placed on budgets, forecasting, or projections, but they can keep unnecessary pressure off salespeople. Sales managers must find ways to create and celebrate big and small wins, and eliminate anything that makes salespeople feel like they do not trust salespeople or that salespeople are losers. After all, if salespeople *are* a bunch of losers, eventually upper management is going to want to know why sales managers hired a bunch of losers. Better to make them winners.

Sales managers might ask, "What can I do? My boss talks about nothing but making budget. He even makes me set prices according to making budget" (a totally counterproductive and inadequate way to set prices). First, show him or her this section of this chapter, which will probably make him or her furious because you are challenging the way things have always been done. But keep the pressure on management to understand the point of view of this paper—that maximizing activity is the key. Everyone is going to have to come around sooner or later, because increased competition simply will not allow for continued unrealistic budgets. Sales managers and salespeople will quit companies that have budget-bashing top management and go to work for media companies that emphasize the needs not only of stockholders but of customers and employees as well.

Inspire, Reward Achievement, Create an Ethical, Challenging, and Fun Environment

Once more, here is the list of the elements in an effective media sales culture:

1. Develop and maintain an ethical, performance-oriented culture.
2. Inspire all to do their best.
3. Reward achievement with praise and pay-for-performance, but keep raising the performance bar.
4. Create a work environment that is ethical, challenging, satisfying, and fun; and establish and abide by clear company values and clearly communicated ethical standards.

I covered the elements of ethics and performance in the sections above. Now, let's look at inspire all to do their best; reward achievement with praise and pay-for-performance, but keep raising the performance bar; and create a work environment that is ethical, challenging, satisfying, and fun.

Inspire people to do their best.

The best way to inspire people to do their best is to: 1) trust them, 2) have high expectations, 3) be a facilitator, not a policeman, and 4) provide performance coaching and honest feedback.

Trust. Trust is like love, you tend to get back only as much as you give. But first, you have to give trust before you can expect to get it back. There are many ways for sales managers to communicate to salespeople that they are trusted. One way to communicate trust is *not* to emphasize budgets (in a work/play hard culture) that salespeople don't have control over, but *do* emphasize activity, knowledge, and skills, which they do have control over.

Another way to show salespeople you trust them is *not* to make them fill out daily or weekly call reports. Forcing salespeople to submit call reports creates a low-trust culture and a them-versus-us culture. Salespeople see call reports as a way to police them and it clearly gives them the message that they are not trusted to do their jobs. The more professional, experienced, and mature salespeople are, the more they hate call reports.

The alternative to call reports are Weekly Planners, as discussed in Chapter 28 of *Media Selling.* By using Weekly Planners, sales managers focus on future activity and not on policing past activity, and, thus, can coach salespeople on sales call strategy, structure, goals, and offers.

High-expectations. In a "Science Journal" column by Sharon Begley, titled "Expectations May Alter Outcomes Far More Than We Realize" in the *Wall Street Journal*, the author writes:

> British philosopher Bertrand Russell was only half joking when he described the powerful effect that the nationality of a scientist can have on lab rats. "Animals studied by Americans rush about frantically, with an incredible display of hustle and pep, and at last achieve the desired result by chance," he wrote in 1927. "Animals observed by Germans sit still and think, and at last evolve the solution out of their inner consciousness."
>
> Seventy-six years on, scientists have documented the power of expectations, not only of lab researchers but also of teachers, athletic coaches, judges and work supervisors.
>
> "Expectation becomes a self-fulfilling prophecy," says Robert Rosenthal, professor of psychology at the University of California, Riverside. "When teachers have been led to expect better intellectual performance from their students, they tend to get it. When coaches are led to expect better athletic performance from their athletes, they tend to get it. When behavioral researchers are led to expect a certain response from their research subjects, they tend to get it."[xvii]

Begley goes on to write that expectation effects, also known as the Pygmalion effect, have been documented in over 479 studies that have found that teachers' expectations affect how students perform. More alarming is how little-known the expectation effect is, which means that there is a good possibility that some of the effects we attribute to a particular cause, from the benefits of smaller class sizes to the health-improving effects of wealth, actually reflect the power of expectations. In a typical experiment, elementary-school teachers were told that one group of kids had done extraordinarily well on a test that predicts intellectual blooming, and so would make remarkable academic gains. After a few months, the "bloomers" it identified had achieved statistically significant gains over the other students.

There was no such test. The kids the teachers thought were bloomers included students from every ability level as measured by a nonverbal intelligence test. So did the supposed non-bloomers. "The only difference was in the mind, and expectations, of the teacher," says Prof. Rosenthal. Yet those expectations produced clear academic differences.

Expectation effects are not confined to humans. In one set of studies, 12 experimenters were each given five rats. Six experimenters were told that their rats were of a genetic strain that learned like long-tailed geniuses; the other six were told that their rats were dolts. The experimenters then spent five days training their rats to run a maze. From the first day, the rats identified as bright ran the maze better–and kept getting better. Guess what? All the rats belonged to the same strain. They differed only in the experimenters' expectations for them. In this case, the covert communication probably came from the way experimenters with "smart" rats acted: They felt more relaxed and enthusiastic as they worked with the rats, talked to them less (fewer outbursts of "you stupid rat!") and handled them more. "Humans may not be quite as impressionable as Russell's rats, but we're awfully close," Begley writes.

High expectations work for rats, young schoolchildren, and mature salespeople. If it is true that "You get the performance you pay for," and it is true, then it is equally as true that "You get the performance you expect." Thus, sales managers who believe that salespeople are dumb and lazy and have to be "whipped into shape" all the time, will inevitably get dumb, lazy performances from their salespeople. On the other hand, sales managers who believe that their salespeople are the smartest, hardest-working salespeople on the street, will inevitably get smart, hard-working performances from their salespeople.

Be a facilitator, not a policeman. If sales managers trust their salespeople, they don't police their salespeople and they help salespeople do their jobs better by being inside facilitators. Remember in the Sales Executive Council's "The Anatomy of a World-Class Sales Organization" in the Preface, the item in the Sales Process Design/Productivity section, " We have streamlined the sales process, such that it does not get in the way of the sale. Company is 'easy to buy from' and "easy to sell for?'" A sales manager must be on top of the sales process and make sure that their company is easy to buy from and easy to sell for.

When I was in the hospital for six months recovering from the effects of several operations and the ravages on my body caused by CLL (chronic lymphocytic leukemia), I learned that it is the nurses who get you well enough to leave the hospital. Their goal is to educate you and make sure you get better. Doctors are scientists who know what drugs work, but nurses are the ones who know how the mind and the body work and are the caregivers who see that you improve. Sales managers should see themselves as nurses who help people improve, not as policemen who try to catch people doing something wrong. Nurses facilitate your wellness; sales managers must do the same.

To goal of a sales manager is to help salespeople get better, to improve their performance. In order to accomplish this goal, sales managers must see that salespeople are not bogged down with paperwork, projections, reports, or research. Sales managers must see that salespeople are out on the street making calls and selling, that their tires are on the road from 9:00 am to 6:00 pm.

Sales managers must ask their salespeople every day, "What do you need?" and "What can I do to help you?"—that's what facilitating is. Helping salespeople fill out their paperwork, walking orders through the system, getting them help on research, coordinating their orders with a production department, arranging for merchandising and promotions, getting copy approved, and getting them help on creating presentations—all inside grunt work—is facilitating. If you are a good facilitator, you will motivate and inspire your salespeople.

Performance coaching and honest feedback. You will learn the techniques of performance coaching and using a performance coaching system based on Core Competencies, as detailed in Chapter 4 of *Media Selling*, in Chapter 7, "Execution" of this book. But, the point in this chapter is that in addition to being a facilitator, sales managers must be coaches. Too many sales managers are selling sales managers who go on calls with salespeople and make sales for them. Remember the Chinese proverb, "Give a man a fish; you have fed him for today. Teach a man to fish; and you have fed him for a lifetime." Coach salespeople how to sell for themselves, don't do it for them.

Good coaching requires that you give salespeople honest and immediate feedback. In *The One Minute Manager* Blanchard and Johnson write about catching people doing something right, then praising them immediately for the right behavior, that way they will know what is right.[2] Spotlight seekers and gladiators usually appreciate honest feedback if it is given in a positive, encouraging way, as they see it as helping them sell better—be more competitive and make more money. Comfort seekers often see honest feedback as criticism and become defensive, so be particularly careful with comfort seekers.

Good coaching motivates and inspires salespeople. Sales managers must create a coaching culture in their sales organizations, not a top-down, autocratic coaching culture, but an inclusive, understanding, coaching culture that is designed to take advantage of a salesperson's strengths.

Reward achievement with praise and pay-for-performance, but keep raising the performance bar.

Great coaches motivate by rewarding with praise. Everyone loves praise, and it is a more severe punishment is to withhold praise than to criticize or punish. Punishing or yelling at salespeople, doesn't change their behavior, it suppresses it. Criticize or yell at salespeople, and they will say to themselves, "I'll never do that again," but they won't change their behavior because they don't know what to change it to—what is the right thing to do. Praise reinforces proper, appropriate behavior.

The concept of pay-for-performance depends on the definition of performance, of course. There is a section in Chapter 7 of this book on compensation that will go into various pay-for-performance systems and how to administrate them. However, from a sales culture perspective, the important point to remember is that a pay-for-performance culture means that salespeople on a staff believe that performance (as defined by sales management) will be rewarded, not seniority, not politics, and not favoritism. Salespeople must believe that the compensation system is fair and that everyone has an equal opportunity to get the best list of accounts and to be the top salesperson.

"Raising the performance bar" is extremely difficult to do properly. "The performance bar" is synonym for goals. Raise the performance bar or goals too high and it discourages

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[2] *The One Minute Manager* by Kenneth Blanchard, Ph.D. and Spencer Johnson, M.D., published by Berkley Books in 1983, holds up today and is still one of the best books ever written on management. I urge you to read it.

salespeople to the point that they will stop working. Set the performance bar or goals too low and it has no motivating effect at all. As detailed in Chapter 5, “Attitude” in *Media Selling,4th Edition* in the “Goal Setting: Theory and Practice” section, goals to be challenging, and, thus, motivating must be moderately difficult. Read that section of *Media Selling* again carefully so you will understand how to manage goals to motivate, inspire, and challenge salespeople effectively.

Also read the “Take Full Responsibility for Your Cycle of Success” sub-section in the “Goal Setting: Theory and Practice” section of *Media Selling, 4th Edition*. One of a sales manager’s important tasks is to help salespeople manage their Cycle of Success (Figure 5.2), especially the Motivation element. A sales manager can maximize a salesperson’s motivation by raising the performance bar exactly the right amount for that salesperson. In addition, the performance bar (goals and objectives) must not be the sale for the entire sales staff, but tailored individually to the needs, strengths, and shortcomings of each salesperson.

Create a work environment that is ethical, challenging, satisfying, and fun; and establish and abide by clear company values and clearly communicated ethical standards.

I have covered the ethical and challenging elements of a good work environment. A satisfying and fun work environment in a media sales department depends on the management style of sales management. Sales managers that are trusting, encouraging, facilitating coaches and who are positive, optimistic, and who praise good performance are satisfying to work for—no yelling, no screaming, no criticizing, no negatives, and no pessimism. Treat everyone with caring, respect, fairness, and mutual understanding (see *Media Selling*, Chapter 7) and you will create a culture of caring, respect, fairness, and mutual understanding, as well as high performance.

In *Leading Change*, author John Kotter presents “The Eight-Stage Change Process” that is required for an organization to change. Here is Kotter’s list:

1. Establish a sense of urgency
    a. Examining the market and competitive realities
    b. Identifying and discussing crises, potential crises, or major opportunities
2. Creating a guiding coalition
    a. Putting together a group with enough power to lead the change
    b. Getting the group to work together as a team
3. Developing a vision and strategy
    a. Creating a vision to help direct the change effort
    b. Developing strategies for achieving that vision
4. Communicating the change vision
    a. Using every vehicle possible to constantly communicate the new vision and strategies
    b. Having the guiding coalition role model the behavior expected of employees
5. Empowering broad-based action
    a. Getting rid of obstacles
    b. Changing systems or structures that undermine the change vision
    c. Encouraging risk taking and nontraditional ideas, activities, and actions
6. Generating short-term wins
    a. Planning visible improvements in performance, or “wins”
    b. Creating those wins

    c. Visibly recognizing and rewarding people who made wins possible
7. Consolidating gains and producing more change
    a. Using increased credibility to change all systems, structures, and policies that don't fit together and don't fit the transformation vision
    b. Hiring, promoting, and developing people who can implement the change vision
    c. Reinvigorating the process with new projects, themes, and change agents
8. Anchoring new approaches into the culture
    a. Creating better performance through customer- and productivity-oriented behavior, more and better leadership, and more effective management
    b. Articulating the connection between behaviors and organizational success
    c. Developing means to ensure leadership development and succession[xviii]

This is an excellent list for sales managers to print out and paste over their desks, because it provides a superb outline for how to manage a media sales department. Pay particular attention to #6, “Generating short-term wins.” Generating short-term wins and *celebrating* them is one of the key elements in creating a work environment that is fun. Generating short-term wins requires good, solid planning, and celebrating them is vital. Winning is fun. Everyone loves to win and being a winner, so setting the performance bar appropriately so that wins come with reasonable extra effort, creates a winning atmosphere that is fun and easy to celebrate.

I know of several radio stations that have a ship's bell in the sales department, and ever time a salesperson closes a sale on the phone or comes back to the station after closing a sales, the sales manager rings the bell so that everyone in the station knows a sale was made. On days when the bill rings many times during the day, everyone in the station smiles—it's fun for everyone when you're winning. Some sales managers order in pizza Friday afternoon and celebrate all the wins for the week with the sales department. Some sales managers start their weekly sales meetings by reading off all the wins of the previous week and congratulating those who made the sales. There are many methods for celebrating wins, so find one that fits with the culture of your sales staff and celebrate them often in a fun, encouraging way.

Adaptability: Strategy, Structure, Culture Ecology

In *Corporate Culture and Performance,* Kotter and Heskett write that the most effective cultures are those that are adaptable. Because business environment changes, technology changes, competitors change, the economy changes, people change, and management changes, sales managers must continually adapt their department's culture. When external and internal changes occur, strategy, structure, and culture must change—they are all interdependent, like an ecosystem in our natural environment. For example, as the water level goes down in a pond, eel grass dies, marine life goes away, and the birds leave. All of the ecosystems are dependent on each other for survival, as the culture of an organization is inextricably bound to strategy, structure, leadership style, talent, innovation, and execution. Therefore, it is critical to the health of an organization's culture that it adapts regularly.

I recommend you do an audit of your sales culture and its adaptability at least yearly. Go to my website (www.charleswarner.us/articles/change.htm) and download the article "Rate Your Readiness to Change." Take the self-administered survey in the article and see if you need to change—to adapt your sales culture.

If you see you need to change, use Kotter's list above for the eight-stage process for creating change as a planning tool for adapting your sales culture. Changing a culture is difficult; it sometimes takes months, even years. However, in today's highly competitive, rapidly changing media industry, adapting to these changes is necessary for survival and growth, and it can't take years, change must be accomplished in months. Sales managers must be the agents for change in their sales departments and must drive it with uncommon persistence.

Starting a New Job

Although starting a new job as a sales manager is not directly related to sales culture, it is important to assess the culture of a new organization before you make changes. If you get a job as a sales manager, either becoming a first-time sales manager or moving to another company as a sales manager, I highly recommend that your read the article "How to Win Support From Colleagues At Your New Job" in the "Library" link on my website, www.charleswarner.us.

Test Yourself

1. What is culture?
2. What are the five elements of a culture?
3. What are the four types of corporate cultures?
4. What two types of corporate cultures are found in media sales organizations?
5. What are the three types of salespeople?
6. What are hunters and farmers?
7. What are the four elements for creating an ideal media sales culture?
8. What are at least four reasons for not emphasizing budgets to salespeople?
9. What are the four ways to inspire people to do their best?
10. What are Kotter's eight stages for creating change?

Case Studies

1. "Company Values" case in "Case Studies" link on www.charleswarner.us
2. "Friends" case in "Case Studies" link on www.charleswarner.us
3. "A Salesperson's Dilemma" case in "Case Studies" link on www.charleswarner.us.
4. "The Mileage Game" case in "Case Studies" link on www.charleswarner.us.

Project

Go to (www.charleswarner.us/articles/change.htm) and download the article "Rate Your Readiness to Change." Take the self-administered survey in the article, identify what needs to be changed in your organization, and then create an action plan for changing the culture of your organization.

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