

# The changing role of sales in banking

 By [Peter Gilbert](#)

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It makes good headlines when it is reported that Standard Bank CEO Jacko Maree was paid R14 million in 2008 and Investec CEO Stephen Koseff R22.5 million. However, if you ask the directors of banks whether the CEO is the most highly paid employee, the answer is invariably "no".

Within the banks are deal makers and traders who can earn huge bonuses. Landing a R1 billion deal for a bank means a sizable pay cheque. Similarly, trading a bank a R1 billion profit is likely to get a fair slice - and 10% is not unheard of.

## Something of an afterthought

Given the importance of these "rainmakers" to the financial wellbeing of a bank, you could be excused for assuming that banks would be highly focused on recruiting and retaining the best sales talent available. But, you would be wrong!

For some inexplicable reason, sales is treated as something of an afterthought and the acquisition of genuinely talented salespeople is simply a random event. This is evidenced by the skewed performance distribution where a small percentage (say 20%) of salespeople delivers a high (say 80%) percentage of revenues and profits.

## Why is sales so neglected?

- Negative sales stereotypes, harking back to the peddlers and drummers of yesteryear, still persist. Career guidance counsellors, academics and parents seldom advise young people to build a career in sales. This, in spite of the fact that 62% of university graduates in the US enter sales as a career!
- The next reason is that senior company leadership is not focused on developing the sales function as a source of strategic competitive advantage. By and large, senior leaders of B2B sellers tend to be more focused on sales numbers than on the capabilities of their sales forces. Many do not even think of the process of getting products into customers' hands as a sales process, seeing it, rather, as a "distribution".

One reason for this lack of focus is that most CEOs have themselves, not spent significant time as salespeople or sales managers, nor do they have any academic training in the science of selling. The nett result is that banks do not typically have a sales culture.

- Perhaps it is not well understood that the shaping of the sales function has become a strategic business issue. For a

function largely responsible for a company's top line and its margins, the sales force has received remarkably little executive attention or investment. Winning and keeping profitable customers is mission-critical.

But many sales forces have changed little in decades. Good enough is no longer good enough. Professionalising the sales function and identifying and hiring top sales talent will be required to drive shareholder value.

### **Industry best practice in recruiting sales talent**

- First, identify the type of salespeople required by the customer. For example, a relationship buyer will usually not respond positively to the hard driving sales tactics of a "closer".
- There are four broad categories of salespeople:
  1. Closers (hunters)
  2. Consultants
  3. Relationship (farmers)
  4. Display (friendly order takers)

### **Matching types**

Matching the right type of salespeople with the right type of buyers is crucial.

- Search for candidates in the right places. For example, good closers (hunters) all have jobs. They need to be head-hunted. Consultants are more clinical, patient academic and status-conscious. Advertise in top end business publications and so on.
- Use a methodology that is proven to be effective in predicting future on-the-job behaviours and performance.

### **Any process should include:**

- Structured, scorable, role specific interview: 30%
- Background checks (academics and track record): 30%
- Criterion validated, predictive assessment: 30%
- Gut feel, personal chemistry, cultural fit: 10%

Industry research reveals that most sales recruitment is, at best, marginally better than the toss of a coin. This process can deliver >90% hiring accuracy.

Thus, prudent and well-directed investment in sales recruitment and sales effectiveness will yield handsome returns and can develop sales as a significant source of competitive advantage.

## **ABOUT PETER GILBERT**

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