

Manage Your Sales Force to Success



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By Michael S. Hammond, CRE, SIOR

As many of you know, it is virtually impossible to find good information on managing the sales staff of a commercial real estate brokerage company. When you recognize that commercial real estate brokers represent less than three percent of all real estate brokers in the United States, you can appreciate the very specialized niche in which we operate. In addition, the majority of commercial sales managers come up through the ranks of the sales force. However, good sales people do not necessarily make good sales managers!

Although there are some basic sales management tools that can be applied no matter what type of product one deals with, there are two issues specific to our business which require specialized knowledge. First, we are a service business and the product we sell is not real estate—it is ourselves. We deliver experience, good judgment, efficiency, prioritization, empathy, hard work, and other intangibles through our sales force. Unfortunately, when these individuals in the

sales force leave our company, they take their business with them. In fact, one can ask the question—Do real estate companies really exist or are they merely umbrella organizations providing an environment of success for individual businesses operating within the organization? If you subscribe to this belief, as I do, then some of the philosophy of managing a sales force that follows will make more sense to you.

Hiring a Winner

What is your philosophy when you hire? Do you hire people with the expectation they will be with you for 15, 20, or 30 years? Or, do you expect your superstars to leave? Do you hire mediocrity around your superstars? You need to be honest with yourself about what kind of sales force you have and what kind of sales force you want. You should expect everyone you hire to be a superstar or have the potential to be a superstar. It is your job to give them an environment conducive to success.

Mediocrity Is Unacceptable

It is an observable fact that many companies operate with the philosophy that good people come and go; that mediocrity is acceptable; and that a dysfunctional work environment is tolerated. The well-managed company is rare. Here are five key components a company should focus on to retain its superstars and dominate its market.

1. Provide a stress-free environment. It is critical that you create a work environment as warm and welcoming as possible so that all of your employees, but especially your sales force, enjoy being there. You can't control how their clients treat them. You can't control how their spouses, families, or friends treat them. However, you can and must set the tone for how the office treats them. You need to develop a sixth sense for internal stress within your organization and resolve it immediately. When top salespeople leave, it is rarely about a better commission split. It is almost always due to a stressful, dysfunctional work environment. As you will see later in this article, this does not mean that you acquiesce to every need or demand of your top salespeople.

2. Foster transparency at all levels. This means transparency in financial matters, lead distribution, and major decisions. Share your company financials with your key individuals. They are not opposed to you or the company making money. However, there is a natural tendency for them to think the bottom line is better than it really is. By sharing this information, you develop trust with your key people, and this trust will go a long way when there are tough decisions to make.

In regard to lead distribution: as the point person for your company, many leads come directly to you. How you distribute those leads needs to pass the "smell test." You need to expect your decision to be questioned and you must be able to defend it. This is not an exact science, but there is usually a rational, defensible path for the lead, and you must take that path. Salespersons have a natural suspicion that somebody is being favored and you must err on the side of over-communicating your rationale. At times, it may require some of your best sales skills to explain your actions. You should develop policies regard to under what circumstances someone should get a particular lead.

For example, any leads from an SIOR will go to an SIOR. Always ask the inbound referral how they found your company. Many times, this dictates where the lead should go. Ask if they know any of the brokers within the company. This can give you information on the correct path for the lead. There are many techniques, but the overall strategy is to begin with the premise of transparency and fairness. Probe the nature of the lead a little bit more and anticipate that your decision might be questioned.

You cannot overestimate the importance of involving your superstars in major decisions. Even if you own all of the stock, what do you really have if your top people leave? Not much! Once you realize this, it is a lot easier to involve your superstars in major decisions. You need to involve them in all major decisions. It amazes me that companies hire new people without engaging those in the division into which this new person will enter. Do those in the division feel more personnel are needed? Is the person a good fit? Is the timing right?

3. Keep an internal focus. This is the only thing you can control. You cannot control the market. You cannot control the actions of your competitors. You can control whom you hire, what your internal structure is, how you treat your sales force, and how you resolve conflict.

It starts with the decision of whom you hire. Expect every salesperson to be, or have the potential to be, a superstar. Do superstars really need to be managed? In fact, over-management of superstars sends them elsewhere. Expect and measure results. If the numbers aren't going in the right direction, don't tolerate mediocrity. It slows the ship. Do your best to hire individuals with ethics, honesty, good listening skills, intuitive skills, good judgment, and a strong work standard. Teach them the business and measure results.

Set the tone that your sales force is the internal customer of your support staff and that the support staff needs to treat each customer (salesperson) as if their job depends on it (which it does). Too many companies allow staff to sabotage the sales force in subtle ways with petty games that erode the flow of the salespersons day.

4. Develop and regularly communicate the company culture and direction. A company works best when the superstars produce and the company provides an appropriate working environment for production. Companies become great when there is a clear understanding of where the company is going and why the company is important to each salesperson. Call this vision. Call this direction. In either case, it must be developed in an organized and inclusive manner.

Although it requires meeting often, if done properly, it energizes your sales staff and causes them to send clear and consistent message to the market on who you are and what you are all about. It brings value to your sales staff and benefits them on a very personal level. The company culture and direction must start at the top. This cannot be delegated.

5. Know your bottom line. This is very important when dealing with superstars. You need to know when to say “no.” As much as we love superstars, they always tend to think they are underpaid. While this can be true in good times, it is very often the reverse in bad times. Incorporating the financial transparency mentioned earlier and having good financial data gives you the credibility to say “no.” Your commission structure must be generous in good times but needs to be structurally tight in bad times. Again, if you have been transparent in sharing your financial information up to this point, there will be little argument. Everyone recognizes that the company needs to survive, and they will support you when you need to make tough decisions affecting their income.

Other issues when managing a sales force are also important, but not necessarily critical.

Ownership - For example, do you need to share ownership? My firm made the decision to do so. However, the real question when deciding how to structure the company is, “Why are they asking?” Is it more ego than financial? Or is it the reverse? Our model of ownership has evolved based on the needs of our key people. We allow low-cost entry

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to attract the superstar and generous sharing of profits while here but also low-cost exit—i.e., no market valuation of the stock. Since offering ownership, our sales have risen from \$3 million to \$8 million annually, primarily because we have kept our best people. It has clearly been a win-win scenario. Although I would be glad to share details of our model with you, in the end, the evolution of ownership is primarily based on the personalities and needs of your key people.

Non-Competing Manager - Finally, it helps if you are a rainmaker and do not directly compete with your superstars. It is a value-added service that can add 10 to 15 percent to their bottom line. My major “rainmaking” activities are community service and active participation in several industry organizations, including SIOR. Over the years, I have personally seen numerous major transactions come to us through relationships initiated doing community service. Although marketing through SIOR and other organizations is important, you will find that your involvement within the community and the generosity of your corporation in supporting the community elevates the reputation and profile of your company to a level that will make it risky for a client or another company to arbitrarily cut you out of an earned commission. You send a clear message that you are part of the community, here to stay, and deserve to be treated fairly and with respect! This brings significant value to your sales force. It makes them want to stay under the umbrella of your corporate structure.

Ultimately, it is best to hire with the philosophy that your salespersons will be with you forever. Expect everyone you hire to become the best at what they do. Certainly, you should expect all of your sales staff to achieve superstardom. Have a low tolerance for mediocrity. Be transparent in all internal matters. And finally, manage your bottom line so you know when to say “no.” If you do this, you will set yourself apart from other companies, attract a better quality salesperson, and, most importantly, keep your superstars through good and bad times.