



LEADERSHIP GROUP
EXECUTIVE SEARCH

THE CEO'S GUIDE TO ATTRACTING AND HIRING HIGH-OCTANE SALES TALENT IN AN EXECUTIVE ROLE

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EXECUTIVE SUMMARY

The opening of the 21st century brought a tsunami of change to the industrialized world. The Y2K phantom turned out to be nothing more than a warm-up for the real-life phenomena of the dot-com implosion, terrorism and globalized economies. Beleaguered CEOs watched sales plummet as the IT markets dried up from the Y2K engorgement. Suddenly, the phrase “business as usual” became “business unusual”. Seasoned CEO Dave Peterschmidt, no stranger to business challenges, recalls the early, high-growth days at relational database contender, Sybase. “We wanted to go from a \$300M company to a \$1B company in three years. The only path to achieve that was to have a high powered sales executive at the helm. With time of the essence, we had to remove as much risk and ambiguity as possible from our business plan.”

From the CEO’s perspective, it is practically impossible to declare a certain company function as more important than all others. Certainly, Finance is important as it declares “the bottom line” on company performance to investors and the world-at-large, as well as collecting revenues, banking and governance. Development is also critical, mapping out and executing product strategies in a highly competitive environment. Services, Support, Marketing, you name it, are all vital to a company’s success. More and more technology companies are finding, however, that it is the function and discipline of Sales that defines a company’s momentum, which in turn fuels always-critical growth.

The task of Sales is, by its nature, both an art and a science. Certainly the influx of purchase orders and revenues are easily quantifiable, if not somewhat predictable. But certain companies are able to create an indefinable energy around Sales that results in an enviable trajectory of growth and reputation that is the “gold standard” in the technology business today.

WHERE IS YOUR COMPANY ON THE ENERGY CURVE?

Whether your company is delivering products, or services, or both, many CEOs grapple with the topic of underperformance in Sales. It is easiest, perhaps, to assume that the Vice President of Sales is at fault. In our experience at LGES, however, we often counsel CEOs to first perform an exercise in introspection to identify what is really occurring in Sales, generally factors both internal and external to the company. In fact, an honest and objective evaluation process serves both the company and CEO very well, in anticipation of both finding and fixing all roadblocks to sales momentum.

FACTORS THAT IMPEDE SALES SUCCESS

Internal Factors

Leadership—*does your sales executive have the respect and loyalty of the sales staff?*

- Diagnostics: Is the Vice President of Sales attracting and retaining top performers, is there low attrition, good sales performance in the rank and file, attentiveness at meetings, and mentoring taking place? Is the executive coaching, guiding and motivating? What is the sales exec learning during sales operation reviews and is he/she taking the right corrective action? *These kinds of benchmarks are positive indicators that your sales operation is functioning under strong leadership. Conversely, their absence may require a closer look at the sales executive's performance.*

Structure—*are you micromanaging the sales executive or allowing him/her to do the job? Does he/she have everything needed to do the job? Are the revenue expectations realistic and achievable? Is the sales “rank and file” the right caliber?*

- Diagnostics: do you have the suspicion that your VP of Sales is “looking at other opportunities”? Is morale low? Do sales people seem confused or dispirited? *Faulty sales structures or weak internal support indicate that the company as an organic whole is weak in supporting Sales. In such a case, it is up to the CEO to find the right support structure to reenergize Sales. Swapping out the sales executive is often not a cure for a weak sales support structure.*

External Factors

Right product/wrong market—*are Marketing and Product Development effective? Are Marketing and Product Development doing enough—and the right things—to properly support Sales?*

- Diagnostics: Are you happy with how your product performs, is packaged and presented, yet Sales is not making its number? Are your product or service offerings correctly formulated for the markets you serve? Are your product and/or service offerings competitive? *At least three times per quarter, high-functioning CEOs will accompany the sales staff on introductory product presentations with qualified prospects. This is key in order to experience, first-hand, both how the sales staff is communicating the product positioning AND to get personal feedback on how prospects are receiving product pitches. If Sales is doing a top-notch job in delivering the positioning and pitch, but the prospects are questioning too many aspects of what they are hearing, then the CEO will have an early warning that Marketing, not Sales, is falling short.*

The competition is out-gunning and out-thinking your company

- Diagnostics: Is your sales staff constantly involved in lengthy proof-of-concepts, RFPs and negotiations, which often fail to close? *The CEO's field experience, in conjunction with the analyst community and Board of Directors (and other company advisors), often yields critical competitive intelligence that needs to roll forward to both Sales and Marketing for inclusion in targeting and prospecting. When under intense competitive pressure, an ideal Vice President of Sales should be energized and nimble, having a competitive nature.*

REPLACING YOUR VICE PRESIDENT OF SALES

So you have run through the above diagnostics and you are certain that your Sales Executive is either under performing or hasn't the right skill set for your company's current situation. How do you attract and hire the high-octane individual who will take your organization to the next level?

Here are some additional points to consider:

- Timing - the timing of an executive change is always important to consider. Making such a staffing change at or near the end of a fiscal year is almost never a good idea (unless there are mitigating circumstances). It is also sometimes less than optimal if you have just experienced other major changes in the management structure of your company or are in the midst of a funding cycle.
- Wish List - you will want to make up a wish list of the desirable qualities in the replacement executive. On the next page is a sample Wish List for a Vice President of Sales.

WISH LIST

- | | |
|---|---|
| 1 Relevant background and experience | 5 Able to provide valuable feedback to the organization |
| 2 International experience | 6 Can bring in additional strong sales talent |
| 3 Consistent over-achiever | 7 Mature and inspirational leader |
| 4 Great with customers (attentive, responsive, collegial) | 8 Strong cultural fit |

- Executive Staff - test your Wish List with the other members of your executive staff and alter as needed. Test the list also with the Board of Directors, investors and advisors. Make sure that your Wish List is in line with your compensation plan and the labor market at large. Check the industry data on compensation packages in your area. Talk to other CEOs. Start involving HR to define the position description.

HOW TO IDENTIFY A HIGH-OCTANE SALES EXECUTIVE

If Sales is both an art and a science, here's where the artistry comes in. There are legions of books and essays around the discipline of Sales. LGES has identified a short list of characteristics that are particularly germane to the technology business, to save you time. LGES uses these, and many other benchmarks, in considering candidates for critically important executive roles. Consider these, in decreasing order of importance.

1. **Performance:** As Dr. Phil would say, "past performance is the best indicator of future performance". Top Sales Executives have a habit of outperforming expectations. There are many other factors which can affect a sales executive candidate's suitability for your company, but this one is the Gold Standard and cannot be overlooked or absent. Along with performance is its twin brother, Consistency. Consistent Performance is the single leading indicator of someone who can take your organization up the economic food chain.
2. **Leadership:** While often considered an intangible, the quality of leadership is essential in a good Sales Executive. Tangible elements of leadership include mentoring, earning the respect of colleagues (not just the sales staff), trustworthiness, integrity, stability, vision, communications, passion and energy.
3. **Process:** High-octane sales executives take their profession seriously. They should have a process that they follow, either a well-known, established process like Kappa, Solution Selling, Sandler, etc. or their own "home grown" version.
4. **Experience:** Nothing can take the place of a "battle-tested" individual. Generally this is someone who has figured out a way to marry strategy to tactics. Depending on the maturity of your company and/or marketplace, gauge how much experience you can afford and get the most that you can. Has the candidate succeeded in the face of adversity, i.e. poor product, less than desirable economic times, leadership in disarray, etc.?
5. **Management:** Great sales executives are comfortable in a management role. They are neither bullies nor pushovers, empowering and mentoring the sales staff while delivering to them what they need to succeed.
6. **Cultural Fit:** Every company has a unique culture and yours does too. Are you driven and intense or more casual and laid back? Are your other executive staff members open and collegial or are they political and competitive? Many a hiring mistake has been made with a candidate seemingly fulfilling the wish list but having a personality and/or demeanor that ended up totally at odds with a company's incumbency. Take the time to think about your culture and consider carefully how you will gauge a candidate's cultural fit.
7. **Charisma:** No doubt about it, great sales executives have a certain kind of charm that they can use, at will, where needed. Your ideal candidate will have a chameleon-like ability to map into you, your executive staff, your Board of Directors, the sales staff, clients and prospects. If your candidate seems like a soulless bureaucrat, that should be a red flag.
8. **Stability:** A high-octane Sales Executive balances his or her charisma with a good measure of stability. This is an important combination, because there is an archetypical charismatic Vice President of Sales with short stints on the resume, a wild reputation and a messy private life. Look for a candidate who has at least 3-5 years at one

company, ideally with several well-reputed firms. In LGES screening, we may give him/her a “mulligan” or two, but overall, he/she must display the ability to weather the difficult times along with the good.

9. **Knowledge:** The high-octane Sales Executive packs a lot of knowledge—not just people and process but business, technology, the marketplace, the competition and opportunity. Think about finding ways during the interview process to measure these.
10. **Personality:** Finally, there are a variety of less tangible characteristics in sales leaders. They operate with high integrity. They are warm, yet focused. They are effective holding people accountable for results. They are intense in terms of meeting their personal and professional goals. They work to a high standard of personal income and are money-savvy and aware. They are secure emotionally and are not threatened by people, even if others are smarter or better. They are viscerally opportunistic.

This is not, by any means, a definitive list, but it will serve as a galvanizing list for you to consider as you prepare to interview and locate the perfect candidate for your Vice President of Sales.

WHAT CAN YOU DO TO MAKE YOUR COMPANY ATTRACTIVE ENOUGH TO LAND A HIGH-OCTANE SALES EXECUTIVE?

Given the depth and breadth, as outlined above, of a top performing sales executive, landing the right candidate may not be as easy as making a few phone calls. Sales Executives build out their careers in opportunistic ways and you may need to prepare to make your company an attractive landing zone.

Company attractions:

1. **Senior and proven executive team.** Be prepared to review and communicate your executive staff strength (or to mitigate its weaknesses.)
2. **Track record as a business.** A top-performing sales executive will want to hear an honest but convincing assessment, from you, on past performance, new products in the pipeline, market positioning, challenges and opportunities.
3. **Funding.** Are you well-funded or seeking additional funding? What is your current financial situation? Companies with a risky financial profile will have a hard time attracting a top performer.
4. **Competition.** Who are your competitors and what is their positioning vis-à-vis your offering? If your sales operation is engaged in bloody street fighting on a daily basis and you haven't got a competitive product or plan in place, a top performer, even one who enjoys a challenge, may seek an easier opportunity elsewhere.
5. **Compensation.** Needless to say, this must be attractive, competitive, generous, and sufficiently liquid. You will also need to be able to convey an executable exit strategy, either an IPO or a sale of the company. In a nutshell, top performers will judge your offer and all others, in terms of MONEY and OPPORTUNITY. It is your job to ensure that you are offering both.
6. **Realistic Expectations.** Be prepared to discuss your current sales process, compensation plans, sales staff profile, expected quotas and your own management style. A top performer will need to envision himself or herself succeeding at the job in order to be comfortable enough to accept an offer.

“What we have saved, in time savings alone, makes Retained Search the most viable way for us to rapidly find the right talent, particularly in Sales, Marketing and Business Development.”

Yorgen Edholm
President & CEO
Accellion

7. **Tenure.** What happened to your prior sales executives? If you have a history of high turnover in the position—and in your broad executive staff in general, you will need to be able to explain why and what changes you have made to correct the issues.
8. **Management Style.** A top performer will need to have a strong comfort level with you as CEO. This includes communications, empathy, work style, goals and interactions. Make sure that you extend your most respectful and professional demeanor to land a top performer.

SEARCH OPTIONS

If you are facing the search for a best-fit top performer for your company, the task may feel a bit daunting, but it doesn't have to be. Here are a few choices to consider as you approach the process.

Your network

A natural first place to start is your company's own external network. Use your investors, your Board of Directors, other CEOs and your executive staff to get the word out and find candidates.

Pros: *Easy, inexpensive*

Cons: *Generally you only have access to local talent which limits finding the very best candidate. This can also be time-consuming as there is no built-in screening, and the process is not particularly confidential. Ask yourself —“Do I want ‘the best in my network or the best in the market?’”*

Your internal recruiter

If you have internal recruiters, this is another viable option. Work with HR to draw up the position description and use your internal recruiter(s) to screen for candidates.

Pros: *Easy, inexpensive*

Cons: *As with the company network option, you generally only find publicly available candidates [not always specifically the best candidate]. May lack access to private and proprietary resources to reach a broader pool of exceptional potential candidates. May also not have a fully developed personal and professional network of sales executives.*

Contingency Search

Most executive recruiters fall into the category of Contingency Search. What CEOs often don't realize is that their point-of-view is that of the candidate's, not the hiring firm's. Contingency is similar to real estate transactions —when you are dealing with the agent for the buyer, you need to know that your recruiter is representing your best interests, which is often not the case.

Pros: *Non-exclusive (you can hire any number of contingency recruiters, casting a wide net, but you only pay for the firm that produces the candidate you choose). Good for repetitive placements—usually line personnel where the position is a) considered to be easy to fill due to a large talent pool for the position and b) not a vital position which can impact the sales performance adversely for the company. Fees generally in the 20% range based upon base salary.*

Cons: *Contingency firms really represent the candidates, not the hiring company, therefore you only have access to whatever candidates they decide to present.*

Additionally, they will present the same candidates elsewhere. Contingency Recruiters generally will have limited or no knowledge of your company, needs and culture. You do most if not all of the screening and interviewing to determine qualified and eventually best candidates, you have to separate the wheat from the chaff, etc.

Other cons to consider...

Contingency's "limited knowledge" of your company—and virtually no knowledge of the management team and culture—will greatly inhibit the process of finding an excellent candidate for your opening. Also, there is no "in-person" screening of candidates. Due to the non-exclusive nature of Contingency Search, the tendency is to present many more candidates in order to lay claim to the placement. The result is a major loss of productivity for the client company due to time spent interviewing unqualified candidates. Contingency recruiters must focus on placements they can more easily fill to limit their risks in the amount of time spent.

Retained Search

For companies that are determined to bring in top-ranked sales executives, there exists a premium option—Retained Search. Unlike a Contingency firm—which is not contractually obligated to place a candidate—Retained Search contractually commits to working with you until your Wish List has been satisfied and the candidate agrees to take your position. Of even greater importance, however, is that a Retained Search firm, like LGES, is often staffed with former sales executives from the technology field, who have "talked the talk and walked the walk". For example, LGES partners are uniquely qualified to work with you to understand your company's current challenges and to identify not just a handful of top performers, but the right high-octane Sales Executive to take your organization to the next level. What makes LGES uniquely qualified is that we are all experienced sales performers ourselves, and we apply that knowledge to land you top-notch talent.

Pros: *Highly customized searches and screenings, confidential, consultative approach, extensive research and candidate development, saves time, greater success probability of identifying and recruiting best overall candidate.*

Cons: *May seem expensive, but to locate exactly the right sales leadership, this option produces the best results with the least amount of investment of time. This is akin to taking a rifle shot approach to getting the absolute "right" candidate versus a shot gun approach in "hope" of getting the right candidate. We have learned throughout the years that "hope" is not a strategy.*

We hope that you have enjoyed the perspective of this White Paper on engaging a truly talented Sales Executive for your company. If you agree that Retained Search will help you locate and engage a high-octane sales performer, please give us a call today. Our contact information is below. Thank you and good luck.

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