

Onboarding: What Does the Company Owe a New Employee vs. What Does the New Employee Owe the Company?

“Development can help great people be even better—but if I had a dollar to spend, I'd spend 70 cents getting the right person in the door.”—Paul Russell

When I started in the sales profession, fresh out of college, I was employed by MOCON (Modern Controls) selling test equipment that measured the permeability of oxygen, water vapor, and carbon dioxide through plastics. Sound exciting? My onboarding experience consisted of watching five days of VHS tape (yes, that long ago) on such topics as Faraday's law and other extremely interesting theories. Soaked with the proverbial firehose, I was no more ready to sell anything on day five as I was on day one. Then it was sink or swim as I was handed a territory and a quota to attain. Kicked out of the nest and not ready to fly, it was a real struggle. I also wish I could apologize to buyers in those early days for my lack of competency.

My actual onboarding took place when, extremely frustrated, I sought out the top salesperson, Craig Coleman, and asked for his help. I copied his approach even down to the Allen Edmonds shoes he wore. It eventually turned out well for me as I took it upon myself to read books on selling and focused on continuing to get better. By the ripe old age of 26, I was the national sales manager covering North America for MOCON's principle business.

Unfortunately, for too many organizations, not much has changed when onboarding new employees. However, in today's business environment, effectively onboarding new employees can be the key differentiator in a company's performance. In its recent white paper on sales optimization, CSO Insights claimed, based on its own study, that the top priorities for 2017 for companies are: onboarding, reducing new salesperson ramp-up time (as the average turnover rate is 16.3%), and hiring (67.3% of companies plan to add new salespeople).

If onboarding is such a high priority, why are so many companies doing such a poor job at onboarding new employees? The result of poor onboarding is extremely high attrition rates and delay in getting reps up to the challenge of filling revenue productivity. While experience may be the best teacher, when it comes to sales, it is not the most efficient. When I think of all the deals I lost due to a lack of competency, I cringe at the real cost to my company. Having your buyers train your reps is a ridiculously expensive way to onboard.

There appears to be a lot of blame to go around. Recruiting blames training, training blames the sales manager, and the sales manager blames both recruiting and training.

Let's start with the question: What is the proper ramp-up time? More than 60% of companies report that time to full productivity is at least seven months, according to CSO Insights. However, you must take into account numerous variables, including complexity of the sales cycle (product/service) and ancillary services opportunities, along with average deal size (higher deal size means more complexity, thus longer time to productivity). A rise in any of these variables will contribute to a rise in the length of onboarding.

Another indicator regarding poor onboarding and lack of overall sales effectiveness of selling organizations is the ultimate outcome of forecasted deals. The current ratio, according to CSO Insights, is: wins, 46.2%; losses, 28.3%; and no-decisions, 25.5%. These numbers speak to a salesperson's competence or, in this case, incompetence. That means the total loss rate is actually 53.8%—since a “no decision” is actually a loss to the status quo.

Here are two critical questions a company needs to ask itself regarding the size of investment in new team members:

1. What is the opportunity cost of an opportunity **not** created?
2. What is the opportunity cost of an opportunity created but **not** won?

This should help justify the financial expenditure to effectively onboard a new team member!

Opportunity cost is all about high return on investment in your team and ensuring accountability of the individual to do the job. When an airplane is trying to get off the ground, it uses a tremendous amount of energy initially during lift off. Only after the plane is in the air can it pull back on the engine and coast. This is the perfect analogy for both companies and new employees. If you put the time in early to get off the ground, you can eventually maintain and just do the job. However, too many companies don't put the time and energy in early when the employee is hired, and eventually when the individual is close to crashing and burning, they divest as if the fault lies squarely on the individual, versus the sales manager or the company itself taking any accountability.

In this series of blogs, my good friend Jim Ninivaggi of Brainshark and I are going to offer our unique approach to providing an effective road map for new hires to ensure a high level of success.

We will be answering these questions:

1. Can they do the job and what are some strategies to ensure mastery of critical competencies required in the job?
2. What is the missing link regarding developing your new hires; meaning what does the individual owe the company in terms of attitude, motivation, and accountability? And can the company provide this as part of the training? How do we make onboarding a two-way commitment—from both the sales organization and the rep?

We understand much has been written about onboarding and our hope is not to pile on everything that is known. We want to take a narrow approach and, we hope, provide some new insights regarding “what good looks like” for onboarding.

Questions:

- Provide an example of an onboarding experience that was best in class from your own personal experience.
- Provide an example of an onboarding experience that was less than best in class—in fact, it downright sucked - from a personal experience.

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