RETENTION THROUGH CULTURE

WHY SALES REPS LEAVE & WHAT TO DO ABOUT IT

"CULTURE EATS STRATEGY FOR BREAKFAST"

Retention Through Culture

There's a lot of movies and quotes that involve the word breakfast. Break-fast at Tiffany's, The Breakfast Club, "All happiness depends on a leisurely breakfast." But our favorite breakfast quote is from Iconic author, educator, and business success guru [Peter Drucker](#), who famously said, "Culture eats strategy for breakfast." This has been repeated many times, we've quoted it in content before and will continue to, because it's probably one of the best summations of how important culture is to business success in modern history.

The gist of what Peter Drucker's infamous statement means, is that great company culture happens when the majority of employees, leaders, and stakeholders can deal with pressure, respond creatively and positively to challenges, and treat each other and their clients with respect and integrity. Strong and healthy company cultures are a result of when people at every level of the organization feel true purpose in their work. They don't feel burdened by their work; they feel energized and engaged by it because it is purposeful and the purpose means something to them. When a challenge comes up, the team works together to overcome it and then celebrates those wins as a team. But a truly healthy company culture must be built on a foundation of purpose, trust, and transparency along with the confidence the company can achieve its goals.

High employee turnover is a pretty strong indicator that your culture is failing. And high employee turnover is a BIG problem in sales departments. After going through the effort and expense of hiring and training a new team member, no business wants them to walk out the door mere months later. But it happens more often than most sales leaders would like to admit. There is no cure-all for employee retention. But when you look at all the reasons people leave, a theme emerges: employees leave or stay because of your company culture. Those who appreciate the culture of the organization they work for tend to stick around. But if the culture doesn't align with their needs, they'll seek out another place of work that's a better fit. In this ebook, we'll start by taking a look at just how serious the problem of poor employee retention in sales really is. Next, we'll explain some of the key reasons why salespeople leave. And finally, we'll walk through what you can do to decrease turnover on your team.

THE EMPLOYEE RETENTION PROBLEM IN SALES

High turnover is a problem in many departments, but sales tends to have a harder time retaining employees than most.

According to a study by Compensation Resources Inc. (CRI), the voluntary turnover rate for salespeople is 15.9 percent, compared to only 14.3 percent among non-sales employees. And according to Hubspot, the average tenure of a sales rep is only 18 months.

That becomes more alarming when you consider that it takes an average 15 months of onboarding for a new sales rep to become a top performer. Even if they're already a decent salesperson when hired, they'll still need training to become acquainted with your industry, your customers, your sales strategy, and the processes that guide your company. By the time they're up to speed, they're on their way out the door.

And that's after the average 3.69 months to 5.42 months (depending on the type of sales role) to hire a replacement rep in the first place, according to a study from DePaul University. On average, you'll spend more time hiring a sales rep than they will spend performing at peak potential.

The math should make you uncomfortable: if your sales department aligns with the average figures, you'll spend up to 20 months finding and training a sales rep only to get 3 months of high-productivity work from them before you have to start all over again.

A high turnover rate can also negatively impact the employees who are left behind. Not only do the remaining sales reps lose friendships they've formed, but they're often left to pick up the slack from the missing members of their team. For the people who stay, workloads go up, and morale goes down.
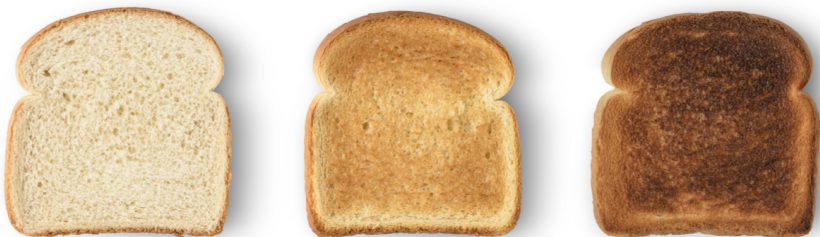
Additionally, when a favorite teammate leaves, it makes it easier for other teammates to leave too. It isn't uncommon for employees who enjoy working together to end up following each other from one opportunity to the next.

And if their new employer discovers that you've done a good job training quality sales reps, they may start looking to your company as a source of new sales reps, potentially trying to poach even more people from you.

All of this costs you money. Clearly, something needs to be addressed.

Why Salespeople Leave

Most people don't have an innate desire to change jobs. Doing so requires a lot of effort and hassle, and often means uprooting their entire lives to make the switch. So when your team members leave, it's important to understand why. In our research, the overarching explanation for why sales reps left a job was clear: **bad company culture.**

But there are many symptoms of "bad company culture" and paths that can lead someone to make that evaluation. Here are some of the most common underlying issues reps cite as the reasons they quit their jobs.

Insufficient Compensation

Like any employee, your sales reps do their jobs to get paid. While there may be other motivating factors—a sense of satisfaction, camaraderie with their team, etc.—those are rarely as compelling as their compensation. And if they don't believe what they're receiving is adequate, they're going toleave to find better compensation elsewhere.
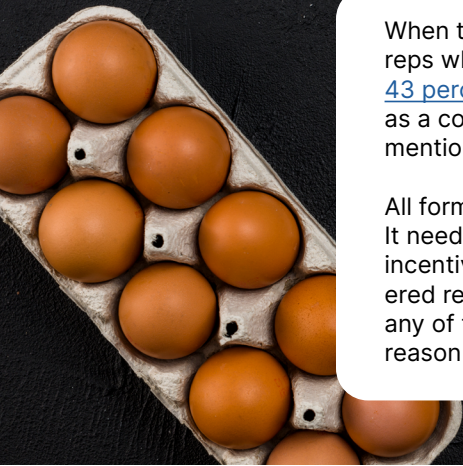
When the 2022 Sales Happiness Index surveyed reps who wanted to leave their current sales role, 43 percent of them mentioned a lack of benefits as a contributing factor, and 31 percent of them mentioned a lack of bonuses.

All forms of compensation need to be competitive. It needs to include both short-term and long-term incentives. And their pay also needs to be delivered regularly, on time, and without mistakes. If any of these aspects are lacking, it may be a reason for sales reps to start looking elsewhere.

Compensation has a real effect on how your team members experience your culture. Good compensation shows you care, and it makes people feel valued. But poor compensation invites comparison between your company and others, between different roles at your company (like management vs. front line), and between expectations and reality.

How your employees feel about their compensation is a major lens through which they interpret the rest of your culture. With every paycheck, commission, bonus, and benefit, you're communicating what your company believes and values, and how much you value it.

Additionally, without transparency into their compensation, your employees may feel like they're being insufficiently compensated even if they aren't. Performio helps sales reps know exactly what they're on track to be paid, preventing shadow accounting and ensuring your reps won't feel undercompensated for no reason.

Lack of Growth Opportunities

No matter how competitive your starting pay may be, most sales reps won't be content to stay where they are indefinitely. They need opportunities to grow, increase their skills, advance their professional development, and receive promotions.
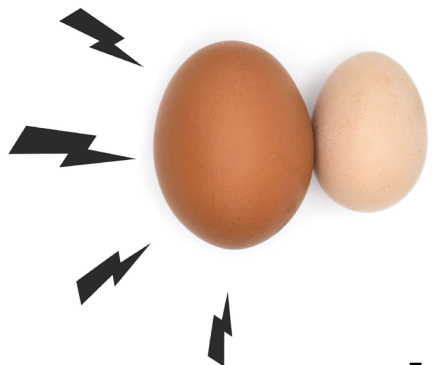
And it shouldn't feel like growth opportunities are left to chance (or worse: nepotism). Few things are more frustrating than seeing others get rewarded before you when you know you put in more effort and brought more value than they did. Sales reps need to know that there is a clearly defined path to promotion based on objective criteria they can set their sights on and achieve.

If it's too difficult to gain a promotion within your organization, your reps may feel they need to get that promotion by switching to another company.

Insufficient Tools

In the 2022 Sales Happiness Index, the second most mentioned reason for wanting to leave, coming in at 33 percent, was a lack of access to the tools and technology sales reps needed to be successful.

No one wants to waste their time fighting with outdated or lackluster products—or worse, performing homebrewed calculations in spreadsheets—when they could instead be focused on making sales. When a large portion of someone's job is just figuring out how to do their job, they miss out on opportunities (and thus compensation)—and it hurts your company's ability to generate revenue as well.

Equipping your sales reps with the right tools and information to do their jobs is essential if you want to keep them around.

Problems With the Company
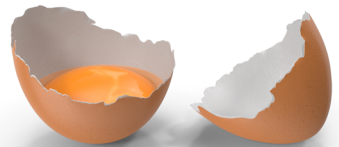
For a sales rep to be committed to their job, they need to really believe in their organization, believe in leadership, and believe in the products they're selling.

If sales reps are worried about the stability of the company, don't trust the direction being taken by leadership, or don't truly believe that the offerings they sell are worthwhile, then it becomes difficult to really invest themselves in their roles. And if they see an opportunity to work for another company that they do believe in, it will be incredibly tempting to jump ship.

How to Improve Retention Through Culture

The reasons sales reps leave may be many and varied, but they pretty much all come down to a matter of culture. Is your company culture one where reps feel trusted, supported, and provided for? Or is it a culture where reps are poorly compensated, given unclear direction, lack growth opportunities, and constantly have to advocate for tools and support so they can do their jobs?

Improving your company culture can be a long process—and you can't do it alone. But these four key areas have an outsized impact on your employees' perception of your culture. Start here.

Quality of Leadership

Your sales leadership sets the stage for everyone else. More than anyone, they're responsible for fostering a company culture that drives not only sales, but also loyalty, making sales reps want to stick around long term. Leadership can look different in every context, but the best sales leaders tend to share a few qualities in common. They are:

- **Empathetic:** Able to truly listen to the needs of customers, sales reps, and other leaders alike, understanding their pain points, making them feel heard, and working to resolve their issues as if they were their own.
- **Goal-oriented:** Setting their sights on achieving specific targets, making a detailed plan to get there, aligning incentives with meeting their goals, and working to empower their team for success.
- **Experienced:** Bringing with them the knowledge and sales intuition gained from years of work in sales. They know the ins and outs of what it takes to move customers through the sales funnel, and they're able to share their experience with their team.
- **Strategic:** Relying on market research, sales data, and analytics, in tandem with their own team's strengths and weaknesses, and bringing it all together to align with the goals of the company.
- **Adaptable:** Understanding that the best-laid plans sometimes fall prey to changing circumstances, able to pivot and adjust to the realities of the moment and the needs of their reps in order to keep the team on track no matter what.
- **Encouraging:** Seeing and fostering the best qualities in each member of their team, celebrating wins, being generous with their praise, and pushing each sales rep toward their fullest potential.

People want to work for leaders who inspire them to do their best. Who are actively involved, but not overbearing or micromanaging. Who provide structure with flexibility. And who they can always trust to have their backs.

Sales reps who have confidence in the quality of their leaders will be far more likely to stay than those who don't.

As a sales leader, you need to create meaningful opportunities for team members to provide feedback—and then you need to actually respond to feedback. Make yourself accessible enough for reps to ask questions, and look for ways you can learn from them too. Provide your reps with quality training and coaching, supporting their growth and equipping them for success.

[Clearly communicate your sales comp plan](#), as well as any updates, changes, or new information sales reps should know. Include thorough but accessible documentation that is easy to locate. Be sure sales reps have a window into their performance, progress toward goals, and commissions earned. Foster a culture of teamwork, encouraging your reps to work together toward common team goals. And recognize achievements—both small and large—to let reps know that their work is appreciated.

Work-Life Balance

Defining what makes for a good work-life balance can be tricky, as people have different temperaments, different needs, and are in different stages of life, meaning that a good balance for one person may be completely off for another. Some folks want to put their heads down, focus on their work, and generate as many commissions as possible, while others view their life outside of work as the first priority.

But the starting point for establishing a work-life balance in your culture is setting expectations.

Whether you run a high-pressure sales environment or set a more relaxed pace, you absolutely want sales reps to know what they're getting into. Keeping in mind how expensive it is to hire a new rep, the last thing you'd want is for them to show up to a job that places far more stress on them than was advertised—or one that doesn't give them as much of a challenge as they had hoped.

Make sure you have an accurate understanding of the day-to-day life of the position you're hiring for. This means regular check-ins with team members in order to gain an understanding of their workloads. Then communicate the reality during the hiring process. And be sure to continually evaluate working conditions to maintain a healthy work-life balance.

It's also important to keep long-term sustainability in mind. While there may be a season for grinding through as much work as possible—especially while young and without a family to support—such a pace isn't something that most people can or want to keep up indefinitely.

High-paced cultures tend to attract ambitious workers who want to rapidly climb the ladder. If your company doesn't provide the rungs for them to do so, then they'll find the next rung elsewhere, and you can expect to cycle through sales reps pretty quickly.

If you want reps who stay loyal for years, you'll have to structure your compensation plan such that those who want to hustle have plenty of opportunities to pursue, while those who want to focus on life outside of work won't be penalized for simply doing their work well while on the clock.

Beyond the basic pace your organization runs at, you can also improve work-life balance by offering plenty of paid time off—including sick days and vacation days. And in our current age of working from home, it's also worth considering whether remote work might be a good fit for your sales team.

Growth Opportunities

Most people want to advance their careers, both to earn more money and for the sense of personal accomplishment. And unfortunately, frequently changing jobs is an effective career growth tactic. In fact, many career advisors indicate that you should be changing jobs every two to three years or else hamper your career growth.

This is the advice many of your sales reps will have received. If you want to keep them around, you'll have to make a conscious effort to surpass the allure of external career advancement with in-house growth opportunities that are too good to pass up.

You do have one built-in advantage with the fact that people don't generally like changing jobs. So if you can provide a clear path to advancement within your own company, your sales reps will be able to advance their careers without having to look elsewhere.

To accomplish this, you need to communicate exactly what reps have to do to earn promotions and how long they can expect to wait before new opportunities are available. And you should check in with them frequently, letting them know how they're doing in the moment and what they should work on improving.

Then, most importantly, you need to follow through and actually advance your reps' careers in accordance with their performance. They should know that hard work and successful sales will always be rewarded, and that they won't get passed over for promotions because someone else played favorites.

Recognition and Rewards

People don't want to be treated like cogs in a machine. They want to know that they are seen and valued. If employees feel like they're just one face among many, they'll struggle to gain a sense of loyalty or belonging at your company. So it's crucial to offer individualized recognition and rewards for each of your sales reps to help them understand how much their contributions really matter.

Start by evaluating the current state of your standard recognition and rewards. What exactly is being prioritized? Most likely, you already have incentives in place based on sales performance—as you should—but what about rewards that specifically encourage employees to stick around?

Do your employees receive regular raises (other than the increase in pay that comes with promotions)? At the very least, they should get a yearly bump in pay to keep up with inflation. But if you want to really foster loyalty, they should be able to expect a little more than that.

You might also consider increasing their amount of paid time off each year an employee stays around. If they know they'll get a longer vacation next year than this year, it's a good incentive to not leave before then. And for employees who really stick it out for the long haul, a lengthy sabbatical could be a fantastic reward for their years of hard work.

You can also be generous with bonuses, rewarding their hard work with a little extra whenever possible. Frequent bonuses encourage reps to stick around and make them feel valued when the company does well.

Finally, you could even consider offering pension plans. These days, pensions are becoming fairly uncommon, which makes the companies that still offer them all the more appealing to work for. If a sales rep knows that they have a guaranteed fund available to them upon making it all the way to retirement with the same company, they'll think twice before giving that up to work somewhere else.

Create a Culture of Trust and Transparency With Performio

Building and retaining an effective, loyal sales team can be one of your biggest challenges—but it also represents one of your biggest opportunities. You have the chance to create a culture based on trust and transparency, where your sales reps feel heard, valued, and empowered to succeed.

Breakdowns in trust and transparency are often related to compensation. When compensation and performance data isn't clear and accessible, leaders have a difficult time building culture and supporting their teams, which leads to high turnover rates and performance losses.

Sales reps who don't have insights into their performance have to spend time performing homebrewed calculations to see how much they can expect to earn. This shadow accounting doesn't just harm morale and impact trust, but it can also cause major problems when a sales rep's calculations don't line up with what they've actually earned.

Performio's Incentive Compensation Management (ICM) software helps you create a compensation plan aligned with the culture you're trying to build, and it gives your reps real-time insights into their performance, how far along they are toward their goals, what they can expect, and much more. Equipping your sales reps with the best tools and trusting them with transparency are some of the best ways to create a culture they won't want to leave.

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