



## The CEO Challenge for July 2009

# “Why can’t we hire a VP Sales who can deliver?”

Last month, Jane wrote “I’m lying awake worrying about sales,” which addressed three late-night revenue-related stresses many CEOs face, including “Is my sales manager doing a good job?” and “Is my star salesperson going to quit?” This month, I’m tackling a related issue – turnover in the VP Sales role.

A lot of CEOs share with me their frustration over this painful situation. “We need a sales leader who can build our team, lead us into the market and close business,” they say. “I’ve spent a million dollars hiring, firing, and starting over. How can I stop the churn and hire someone who will deliver?”

Here’s the problem: A great sales VP won’t accept a job where there is no revenue generation strategy, infrastructure or organizational alignment. Top people know that this chaos impedes their success, and they can spot issues a mile away.

Even if they do join a chaotic company, great sales leaders eventually find themselves in lose-lose situations at exactly the time you need their expertise most. They take the blame for organizational problems and leave you to start the vicious cycle again.

## WHAT SCARES A SALES STAR

1. **A company that tries to be all things to all customers and will desperately take any deal it can find.** Salespeople are scrambling, praying and offering all kinds of incentives.

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Customers see this panic, and it ruins the company's credibility, integrity, and value proposition. It's very hard to stage a comeback in this scenario.

2. **A job description that asks the VP Sales to wear every hat in the store** – sales leader, sales rep, team builder, process creator, strategist, mentor, marketer, closer. A great sales VP shouldn't be doing all of these things – they're all important, but it's virtually impossible to get all of this value from one person who also needs to lead a field team. When you ask a VP Sales to do everything, what suffers? Revenue. (More on this subject in our last post: <http://www.therevenuegame.com/ceochallenge/06/worrying-about-sales/>.)
3. **No clear understanding of the target market, haphazard messaging, or a value proposition that reads like a shopping list.** If an organization doesn't already understand these core principles, a new VP Sales cannot ride in and save the day.
4. **A lack of necessary structure in the organization.** A good VP candidate asks about resources, systems, processes, and alignment across the organization. If that structure is missing, the candidate will ask how much you're willing to invest, expected timeframe and roles. If you can't answer those questions, top candidates will run away – they want to lead sales, not haggle over basic necessities.

## AVOIDING THE PRETENDERS

When you scare the real sales stars, you're left with candidates we call "pretenders." Often, these candidates are successful reps looking for their first VP role. They want to be ready (frequently they're not), and they're going to try to learn how to run a sales organization on your dime. Or they're VPs who have enjoyed success because they were simply in the right job at the right time.

Pretenders tend to make everything sound easy as if the job is all art or magic – "I know how this should be done" – but they're vague about specific people, processes, and metrics. They may claim it's all about the rolodex or say "I have clients and sales reps who will automatically follow me." (I could write an entire post about this statement, but for now I'll just say that it's incredibly naïve.)

As we've already established, your organization isn't primed for success, so when you hire a pretender instead of a star, you've shackled both feet.

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## WHY EVEN GREAT SALES LEADERS ARE DOOMED

Even if you land a terrific VP without a pre-defined strategy and structure, that VP is often doomed from the start. Here's what happens.

When an industry and the economy are hot, almost every sales rep and VP – even the pretenders -- look pretty darn good. It's hard not to. But when new competitors arrive, or the economy sours, or the market is maturing, things get really competitive. That's when the lack of strategy and structure will kill you.

At this point, the VP Sales will sound the alarm:

1. "We need to restructure"
2. "We need a new marketing process"
3. "We need to change our offering, lower our prices, build this service, etc."

Since the company didn't have a defined strategy and structure to start with, the CEO doesn't really know whether the VP's recommendations are good strategy or a desperate, self-serving stay of execution because the VP just isn't that great at the job as it's currently defined.

This is an impossible, lose-lose, "shoot the messenger" situation. The VP recognizes the challenges and is recommending solutions, but the management team just blames the VP for being unable to continue the good times even though the market has changed and the solutions are necessary.

If you don't have a revenue strategy, structure or metrics in place when you recruit your sales VP, you're going to face this problem time and time again. Every time the weather changes, a good tactical person will say "I need help." And more often than not, that person will get blamed for the organization's strategy problems and will be shown the door.

## THE SOLUTION

If you're ready to end this dangerous churn and bring in a VP Sales who will be truly successful, here are four steps to eliminate the chaos before you begin recruiting.

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## Action Plan

### 1. Be very clear about where your offers (products / services) fall in the lifecycle bell curve for the niche you plan to dominate.

As you know, there are four stages in the lifecycle:

1. Introduction: You're introducing the product/service to the market. There is little direct competition and market awareness/understanding.
2. Growth: Awareness and sales are growing as the market begins to accept and embrace the solution. New competitors arrive on the scene.
3. Maturity: Sales are peaking as many companies compete for market share, squeezing profit margins and forcing out smaller competitors.
4. Decline: Sales and profits are dropping (often quickly) because the product has become obsolete or the market is saturated. Most competitors get out of the business.

Most companies are selling solutions that fall in the growth or maturity phase, but many companies write job descriptions that don't directly tie to the appropriate lifecycle strategies. The VP job description should look wildly different in each of those stages.

### 2. Develop a clear revenue generation strategy and support structure based on your offer's position on the bell curve.

Your revenue generation strategy defines how your entire organization – not just your sales and marketing functions – will work together to reach your revenue goals over the long term – preferably the next three years. You should manage and execute that strategy in rolling 90-120 day executable, measurable plans. (Learn more about revenue strategy and “CRO Thinking” here: <http://www.therevenuegame.com/ceochallenge/05/chief-revenue-officer/>)

You may think, “Shouldn't the new VP Sales develop and lead this planning?” No. First, if your company doesn't have a clear revenue strategy in place, “star” VPs won't talk with you. They can be much more successful with an organization that's ready to go. Thus, you'll be talking with less-experienced candidates.

Second, as the CEO, it's your responsibility to drive an organization-wide revenue strategy and involve your entire senior team. Without a revenue strategy, you don't have a business. The VP Sales will lead the implementation of that strategy, but he or she should not solely own its design; your whole organization needs to be aligned and prepared to support that strategy. If you leave revenue solely in the hands of your sales team, you're setting up the very situation we're trying to resolve right now.

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### 3. Recognize how your spot in the bell curve affects your hiring strategy.

Your buyers, their mindsets, your selling strategies, and the team's compensation plan will be completely different in each stage, requiring a very different skill set in your sales VP. For example, if you're in stage one (introduction), nobody has ever heard of your solution, and you need a very special team who can build close, proactive partnerships with highly targeted prospect companies to prove the solution, improve the product/service, and build credibility. At this point, you need a highly consultative business development team rather than a traditional sales force that can work a pipeline – the market isn't ready. And the compensation plan has to focus on successful strategic partnerships, as opposed to the comp plan for a solution that's in stage three (maturity), which has a highly defined market with margin pressures that require a full pipeline and more systemic sales process.

### 4. Develop a chaos-free job description that will entice the right candidates.

Now that you have a defined strategy that ties to the bell curve, you can very clearly define what this VP Sales will need to do. Remember that sales stars won't bother engaging with you if they sense that they can't be successful in the organization. A good VP candidate will quickly ask questions about expectations, resources and metrics, and s/he will have experience doing exactly what you need for your stage in the bell curve. Document your key assumptions as clearly as possible and great candidates will quickly see that your infrastructure is ready and eager to support the revenue generation process.

## CONCLUSION

When you're hiring a new VP Sales, it's very easy to be lulled into thinking that s/he will come in, figure out what needs to happen, define the strategy, develop the right messages, build the team/process/systems, and lead execution. That's what great sales leaders do, right?

Not really. Your organization needs these things, but not from one person. It's the CEO's responsibility to ensure that the company has a clear long-term revenue strategy before you begin the recruiting process. Most small/midsize companies need a VP Sales to close business, not sit in their office and develop strategies and systems.

Define the revenue strategy and align the organization. Get clear on the VP's job. Evaluate candidates based on their experience in the targeted part of the bell curve, and hire someone who has done it before and asks the detailed questions that show comfort and expertise. After all, revenue generation isn't magic. It's science.

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Do these things and you'll stop the revolving door, drive your organizational success and get a lot more sleep at night!

**\* Please share your thoughts and experiences with us at the URL below \***



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