

Predicting top sales performers at localsearch



The challenge: identifying and selecting individuals who have the potential to become top sales people

Swiss company localsearch, the leading marketing and sales partner for Swiss SMEs and the most popular Swiss information and directory service, is recruiting candidates with the highest sales potential, after identifying which personality traits are critical to sales success. localsearch knows which applicants are likely to be the top sales performers and which will be low sales performers. This has a significant financial impact on the business: a top performer will sell 10 times more than a low performer. localsearch is now improving its recruitment process so it will enable it to quickly identify, engage and recruit individuals with the highest sales potential.

At a glance: www.localsearch.ch is the leading marketing and sales partner for Swiss SMEs and, with local.ch and search.ch, capitalises on the most popular Swiss information and directory service for finding addresses, telephone numbers and extensive company information with ease – on the web, the mobile app and in the printed telephone book. local.ch and search.ch together record over 7.3 million hits per month from various devices (unique clients) on their online service and more than 42 million visits (number of contacts). The apps from local.ch and search.ch are some of Switzerland's most popular apps. localsearch connects thousands of customers and advertisers every day, providing advertisers with potential customers across all market segments and all advertising budgets. To maintain its current advertiser relationships and grow its advertising revenue, the company needs high performing sales representatives.

Reducing time-to-hire and make selection decisions based on valid criteria

The process of recruiting a new sales representative is complex and challenging. Gaining speed and quality would mean staff could contribute to the business much faster. A study was undertaken to understand why employees were leaving the business and whether their expectations of the role were being met. The aim was to speed up the process, focus on what really mattered for success within the localsearch, and to enable the recruiting line managers and sales directors. Gabriela Länger, Head HR says: "Working with a standard process and using psychometric assessment with proven predictive value, means that we, as HR, are able to support our line managers much much better."

Knowing what is important – even with no sales track record

localsearch attracts and provides opportunities to people from diverse backgrounds. Many applicants have little or no sales experience or track record to inform selection. The company wanted to discover what, if any, personality characteristics indicate strong sales performance within its business. And, whether these could then be identified during the initial recruitment stage.

The solution: understanding and recruiting for the personality traits that predict sales success at localsearch

To understand which personality characteristics or competencies contribute to sales success at localsearch, *cut-e* worked with the team at localsearch to undertake a validity study looking at existing sales representatives. The approach involved:

- Reviewing the dimensions of the *cut-e* personality questionnaire *shapes (sales)* to see if there was a link with the commission earned by employees.
- Comparing high and low performers. High performers are those with the 25% highest commission whereas low performers are those with the 25% lowest commission.

Which personality traits influence success? The data analysed came from *cut-e's* online personality questionnaire *shapes (sales)* used during the recruitment of 103 employees. Each employee's personality results were then compared to their performance scores, in this case the commission earned.

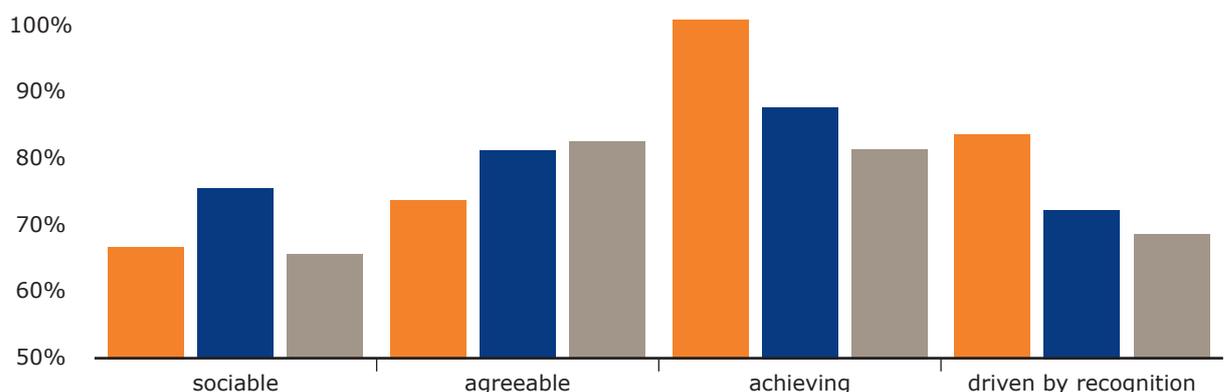
This analysis highlighted seven key characteristics that indicate sales success. In other words, people with the following characteristics will make better sales people at localsearch – and earn higher commission for themselves.

A successful sales representative at localsearch is:

- **Less sociable** than those who are rated as lower performers based on commission earned, but similar to the international norm. This means that they are less likely to focus on networking and keeping in touch with people.
- **Higher achieving** than the low performers but much more achieving than the international norm. Successful sales reps at localsearch are likely to set themselves ambitious goals and will strive to accomplish and exceed sales targets.
- **Less agreeable** than both comparison groups, so preferring to work alone and focus on their own projects than low sales performers.
- **Less imaginative** imaginative than low performers, but similar to the international norm, and likely to stick with conventional, tried and tested solutions rather than look at ways to change.
- **Less autonomous** than lower performers but similar to the international norm, and likely to adopt a consensus approach before implementing new projects.
- **More driven** by recognition than their lower performing colleagues and the international norm and more motivated by the acknowledgement of their achievements.
- **Less open** than the low performers as well as less open than the international norm, and more likely to promise more than is possible in a sales meeting in order to win the client.

Comparison of top vs. low performers (commission)

■ top performers ■ low performers ■ international sales representative norm



Compared to the low performers and based on the correlations, the high performers at localsearch tend to be much less sociable. Compared to the international norm, one can see that high performers score almost identically on this dimension whereas low performers score much higher on the sociable dimension. It seems that low performers are too sociable and too much focused on networking and getting in touch with people to close the deals.

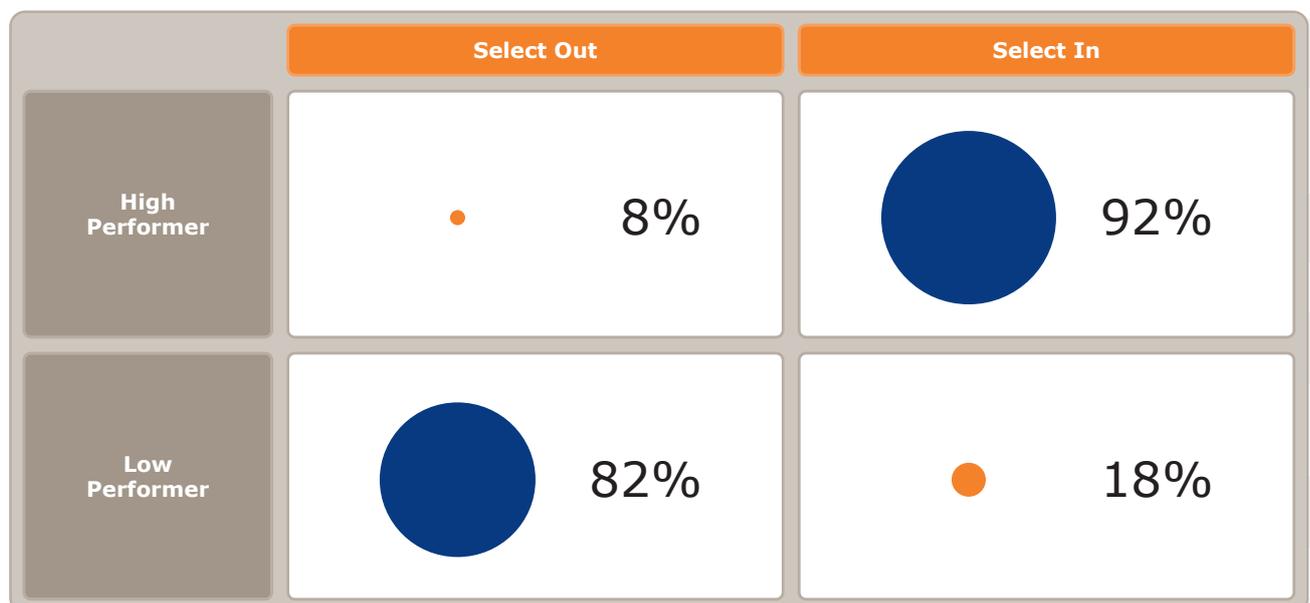
With these personality scales in mind, localsearch wanted to know if it could select candidates with these attributes. The analysis showed that only 35% of the commission can be related to the measured personality traits. This means that using the entire questionnaire, rather than only specific scales would yield the greatest predictive power.

The impact of this analysis

localsearch was keen to find out how much difference could be made by recruiting against the new profile. A comparison between the high and low performers during a set period was carried out. The difference between the high performers and the low performers in terms of commission earned was dramatic with the lowest 25% earning €2,024 and the highest earning up to 10 times more.

Based on the results profile generated in the validity study, a *shapes* Match Score was developed where a score of 1 meant that a person was unlikely to be a top performer and a score of 9 meant that an individual was highly likely to be a top performer. localsearch is now introducing this scoring process, to decide which candidates should be invited for interview after the initial assessment. Richard Justenhoven, the Research Consultant at *cut-e* who conducted the validity study, explains: "The benefit of a match score is that the company can then set a cut-off level. The aim is to set the cut-off so that it filters out the biggest number of potential low performers whilst losing the smallest number of high performers."

cut-e recommended that the cut-off was set at 3. So any applicant with a match score of 4 meets the minimum requirements to be a top performer. This means that 82% of low performers are filtered out. This is a huge benefit in terms of the time and money saved by not recruiting and training people who are likely to be low performers. localsearch estimates that the cost of recruiting each new sales rep (not including their training) was €10,600 in 2015.



Match score: cut-off set at 3

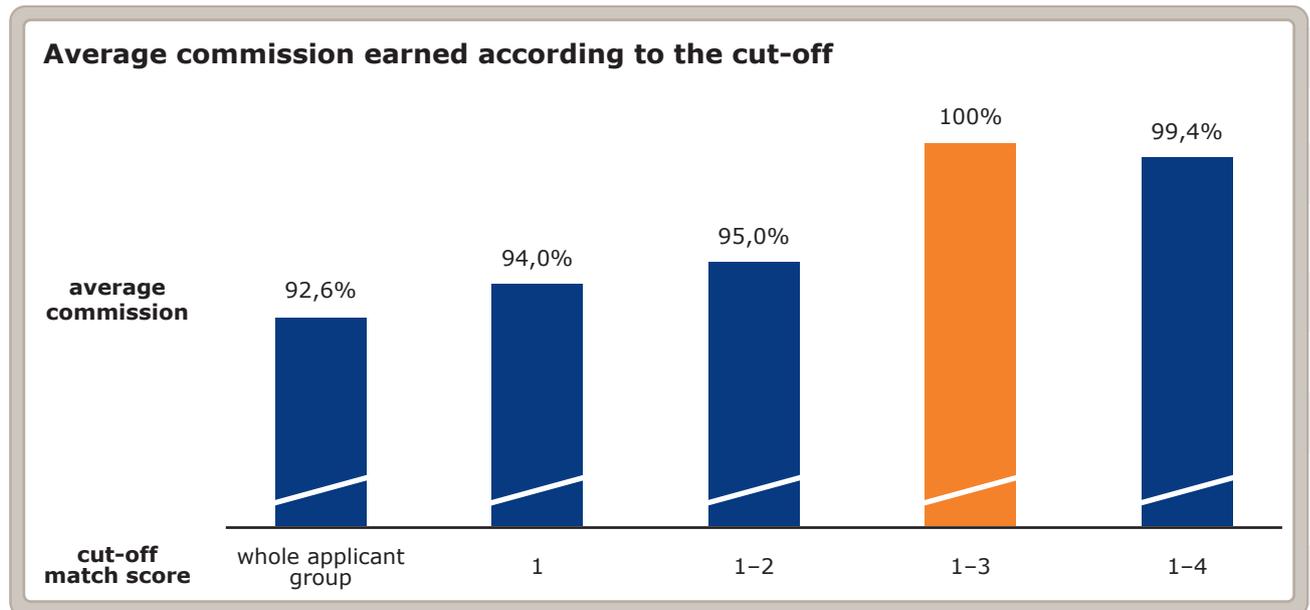
With this information, the company is now able to focus on the most relevant personality scales for sales success during recruitment and it can offer positions to those who are most likely to succeed and most likely to earn the higher levels of commission. Gabriela Länger says: "We are now providing the line managers with the results to help to grow the business, speed up recruitment and get the right people in place."

The outcome: Increasing revenue by recruiting high performing sales staff

The projected results from this study mean that an increase of top performers, even by just 5%, will mean, with 100 new hires, an additional commission earned of €198,135. Nicole Jeney, Senior Consultant with *cut-e* Switzerland and Partner at Papilio AG said: "*cut-e* has helped localsearch to understand which personality factors really make a difference for a successful salesperson in their business – while saving costs through an optimised process. We will continue to monitor the results and measure the financial impact we are predicting to achieve."

By applying the cut-off based on the match scores, localsearch can expect savings in recruitment time and effort and at the same time increase the number of high value hires.

Setting a cut-off at 3 and above increases the estimated average commission earned by 8% whilst reducing the applicant pool by 23%.



"We are very excited to introduce the new personality match score. Only candidates above the cut-off will proceed to the interview stage. *cut-e*'s personality questionnaire automatically generates an interview guide which helps our line managers to probe for the relevant competencies. This is a further step that helps to identify whether the applicant is likely to be a top or middle performer. One of the other KPIs in our industry is retention. We will be looking at what predicts retention and which factors in our business influence it. Working with *cut-e* has been excellent. The support and advice offered, as well as their statistical data analysis, has been very much appreciated. Their knowledge and recommendations have been extremely valuable."

Juerg Gabathuler, Head of Management Development & Diagnostics for localsearch

Founded in 2002, *cut-e* is a world leader in the design and implementation of innovative online tests, questionnaires and gamified assessments for attraction, recruitment, selection and development. We help employers to identify which candidates have the right capabilities, potential and cultural fit to benefit their business. We undertake 12 million assessments each year in over 70 countries and 40 languages.

