

RETENTION CASE STUDY:

How to Save \$8.1 Million Dollars

MediaWorks is a company in New Zealand that operates radio stations, free-to-air television, and digital properties across nearly every market, large and small, in the country. They became a client of The Center for Sales Strategy in early 2017. They have about 175 salespeople employed in their various properties.

Challenge:

MediaWorks was facing turnover especially among new salespeople.

Solution:

Totally revamping the company's recruitment and selection process and providing robust training for the new hires.

Results:

Turnover among the sales teams has been reduced from 35% to 15% today.

Challenge

A big challenge the company faced was turnover among the sales team, especially among new salespeople in that first year. In May of 2017, the company was experiencing a turnover rate of 35% among all the sales staff. A closer look at the numbers revealed that nearly 60% of the new salespeople did not remain in their jobs in the first year.



If you apply a bit of math to these numbers, the true cost of problem looks like this:

- 60 salespeople turning over per year at an average salary of \$50,000 = \$3,000,000
- This number is actually worse when you apply the standard "1 ½ times annual salary" to the turnover calculation: \$4,500,000
- None of this takes into account the potential revenue lost, on average about \$120,000 per salesperson in for those successful in the first year. $120,000 \times 60 = \$7,200,00$. But most sell something in their relatively short tenure so if you cut that number in half it is still \$3,600,000
- If you add \$4.5 and \$3.6 you get \$8,100,000. Now, that is real money.

By the way, high turnover among the sales team is not a problem unique to MediaWorks. We see this often, and it serves as a sort of "internal bleeding" for companies, causing them to miss their net operating income goals because these expenses are typically not on a budget line and neither is the projected lost revenue line accounted for in the revenue projections.



Solution

We worked with the executives and managers to attack the problem on multiple fronts:

Totally revamping the company's recruitment and selection process.

- The Online Sales Talent Interview is used to get an early read on the talent for every sales candidate considered for hire and only recommended candidates make it to the sales teams. According to Rhys Nimmo, Sales Capability Development Manager, "The tendency was to hire anybody whom they liked and had a background with some media experience." That has changed now.
- Managers and Executives from all markets went through the online Talent Focused Management courses and attended the live program. This allowed them to reshape their recruitment and selection approach as well as developmental plans for the new hires.
- The CSS Talent Analysts helped the company rewrite recruitment advertising and other processes to attract those who have the natural behaviors to be successful in a media sales role.

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- Rhys Nimmo

Sales Capability Development Manager

Providing robust training for the new hires.

- Rhys and his team provide enhanced training on the fundamentals of media for all new hires, enabling them to gain basic competence sooner.
- The entire company also went through the Sales Accelerator Series and its predecessor, How Selling, both online and the live programs to elevate sales skills for new hires and veterans alike.
- Sales Managers have also been making stronger investments in the new hires armed with the coaching recommendations from their Talent Dashboards and follow-up coaching. Changing the compensation.
- Like many companies, the old compensation plan did not provide the right transition from salary to commission, so that was evened out.

Results



1. Turnover among the sales teams has been reduced from 35% to 15% today. This turnaround was accomplished in a little over one year.
2. The number of new hires trained dropped from 45 to 22 because of the reduced turnover rate among new hires.
3. Most importantly, the company experienced a 15% increase in the number of new salespeople who are making it to an intermediate level where the survival rate is much higher. For the first time, the company was able to build a bench of mid-level sellers crucial to reducing turnover and building a population of salespeople who are not only talented, but experienced – the future veteran superstars for the company.

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By the way, Rhys also shared an observation which is amusing (at least it is amusing now).

In one of the company’s larger markets, a number of veteran sellers said, “They did not spend any time with the salespeople over there in that section of the office where the newer people typically sat because they jokingly referred the area as ‘ejection seats’”. Funny how our own people can see things so clearly sometimes.