

Guide to Sales Selection

Rates how well 10 popular screening methods predict sales candidate success



No sales hiring decision should be based upon a single evaluation method alone. After all, a careless decision can cost you big time in terms of lost business and management heartache.

But analysis paralysis isn't a good thing either. Because the longer a sales territory remains unfilled, the more likely customers are to grow disaffected and vulnerable to competitor advances.

So it's important to understand which evaluation methods most rapidly and accurately identify superior sales talent and how best to stage them.

How Candidate Evaluation Methods Are Measured

Most sales candidate evaluation methods are of some value. And, thanks to the management sciences community, there's an accepted way of measuring this value termed a "composite, criterion-related validity coefficient." The higher the validity coefficient the more accurate a given evaluation measure is in predicting post-hire performance.

The U.S. Department of Labor has cooperated by providing guidelines for using validity coefficients in making sound candidate evaluation decisions. (Note, for context, that the likelihood a habitual smoker will come down with lung cancer is .18.)

Validity Coefficient	Value Interpretation
Above .35	Very beneficial
.21 - .35	Likely to be useful
.11 - .20	Depends on the circumstances
Below .11	Unlikely to be useful

Source: U.S. Department of Labor, Employment and Training Administration (2000)

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How Candidate Evaluation Methods Compare

Dozens of studies measuring the impact of popular candidate evaluation methods have been conducted involving thousands of applicants. While opinions differ somewhat we offer the following validity findings determined by acknowledged experts in the field.

Selection Measure	Validity Coefficient	Source	Our Comments
Unstructured Interviews	.18	<i>McDaniel, Whetzel, Schmidt & Maurer (1994)</i>	Unstructured interviews afford marginal candidates the perfect opportunity to obfuscate faults - and shortchange outstanding candidates from showcasing their strengths. They may also wander into areas that can raise adverse impact concerns. Some authorities feel unstructured interviews are worse than no interviews at all.
Integrity Tests	.23	<i>Ones, Viswesvaran & Schmitt (1993)</i>	Typically web based and self-administered, integrity tests encourage applicants to reveal how much they are drawn to undesirable activities like stealing, lying, and gaming the system. You may want to consider going this route if even small transgressions have the potential to bring your entire company down. However the worst offenders may be sly enough not to incriminate themselves and honest folks sometimes confess to temptations they would never, ever act upon. There's also the problem of protecting potentially incriminating test results from becoming widely known.
Reference Checks	.23	<i>Hunter & Hunter (1984)</i>	Social network sites like LinkedIn are rife with quid pro quo reference statements. However, they are also useful in suggesting credible work contacts that candidates may not have thought to cultivate - including both work colleagues and customers. That said, even rehearsed references can add value when queried about topics the applicant hasn't prepared them for and required to back up glowing words with concrete examples. It's always a good practice to seek independent verification of a candidate's credentials and cultural fit. Just be sure not to settle for generalities.
Personality Tests	.23	<i>Morgeson et al. (2007)</i>	Personality tests typically type people according to a given psychological theory, and may measure 16-30 broad personality traits. They provide a useful shorthand for describing what people are about as well as insights that can help individuals with different styles team better together. Unfortunately while the publishers of many personality tests claim to have associated specific personality profiles with sales job roles there is little evidence that they are able to predict whether a sales candidate will be successful on the job. So they are of limited value in making selection decisions. Also, because of the tenuous connection to role-specific sales performance, personality tests can be susceptible to adverse impact challenges.
Structured Interviews	.24	<i>McDaniel, Whetzel, Schmidt & Maurer (1994)</i>	When interview questions are skillfully pre-staged there's a better chance of rapidly surfacing job-relevant candidate insights. Also, multiple interviewers working from the same topic guide are a powerful force-multiplier in understanding whether a candidate has the skill set and cultural makeup to succeed in your environment. Comparing notes is also an excellent check and balance against unwarranted interviewer biases.
Situational Judgment Tests	.26	<i>McDaniel et al (2001)</i>	Situational judgment tests present hypothetical work situations and ask candidates to choose from 4-5 courses of action. Developing a superior situational judgment test requires a deep understanding of the job to be performed and an ability to draft nuanced decision options that can presage the likelihood a candidate will prove successful. Less successful efforts result in simplistic scenarios with transparent choices, revealing little of value.

Selection Measure	Validity Coefficient	Source	Our Comments
Biodata	.30	<i>Hunter & Hunter (1984)</i>	Biodata is biographical information about a candidate that is known to correlate with success, and can be a reliable section measure. For instance if it turns out your top producers all delivered newspapers as a child, you might ask about this on job applications or during interviews. However, you will want to be wary of any questions that could tilt the scale toward adverse impact. For instance, it would be problematic if girls do not have the same opportunity as boys to deliver papers.
General Mental Ability	.31	<i>Schmidt Hunter & Outerbridge (1986)</i>	While reasonably predictive, think twice about employing Intelligence and reasoning tests as a sales selection method. Without convincing statistical validation there is a high risk of adverse impact. For the same reason be wary of sorting out candidates on the basis of which college they attended. A well-structured interview will generally reveal whether a candidate has the smarts to perform your sales job. Also, while helpful, raw mental ability is frequently overestimated as a sales selection measure.
Assessment Centers	.36	<i>Arthur et al. (2003)</i>	With a validity score of .36, assessment centers have the potential to be highly revealing as a sales selection measure. Customer interactions, negotiation scenarios, account and territory planning, sales presentations, prospecting techniques, proposal writing, fluency in using sales force automation and CRM tools - all have the potential to be simulated in an assessment center environment. What's more, today's web conferencing techniques may allow assessment center efforts without the traditional travel and facilities requirements. That said, superior assessment center exercises are challenging to develop and organizations may be wary of assigning seasoned sales executives to assessment center duty when they could be closing business in the field.

SalesGenomix: A Superior Solution for Predicting Sales Candidate Success

Selection Measure	Validity Coefficient	Source	Our Comments
SalesGenomix	.44	<p><i>More than 350 validation studies among high performing and low performing sales professionals in 14 discrete sales roles.</i></p> <p><i>400,000 and growing research database.</i></p> <p><i>Independent verification from Aberdeen Group and CSO Insights.</i></p>	<p>SalesGenomix is a pre-employment assessment that ranks job applicants against the demands of your sales position based on 140 job-related competencies.</p> <p>Because most salespeople share common traits, we focus our research on what the top 20% of sales performers exhibit that the bottom 20% don't. Then we apply the same actuarial sciences approach that insurance firms use to predict accident likelihoods and life spans. As a result, SalesGenomix has earned a high validity score in predicting success on the job.</p> <p>Since what makes someone successful in one sales job may actually cause them to struggle in another, our hiring recommendations distinguish among 14 sales roles ranging from account management to business development to outbound telesales.</p> <p>SalesGenomix findings have been evaluated against protected subgroups (race, sex, age) and shown to have minimal adverse impact</p>

SalesGenomix Accuracy by Industry and Job Title

Because SalesGenomix draws upon a 400,000 and growing research database, we have been able to measure its validity as a sales selection measure across a wide variety of industries and sales job roles. Below is a representative sample.

Industry	Position Validated	Validity Coefficient
Auto Parts	Metro District Manager	.50
Banking	Sales and Service Rep	.42
Building Materials	Sales Rep	.30
Business Services	Sales Rep	.33
Computer Hardware	Account Executive	.49
Computer Software	Sales Rep	.50
Consulting Services	Account Executive	.32
Distribution	Account Executive	.41
Fine Paper	Sales Rep	.52
Insurance	Agent	.38
Manufacturing (Chemicals)	Sales Rep	.41
Manufacturing (Packaging)	Account Executive	.50
Manufacturing (Tools)	Distributor	.41
Media (TV)	Account Executive	.46
Office Furniture	Business Development Mgr.	.47
Office Copiers	Sales Rep	.33
Office Supplies	Account Executive	.48
Pharmaceuticals	CBM/SOM	.55
Real Estate	Sales Rep	.32
Retail	Sales Associate	.45
Security Services	Business Development Mgr.	.58
Telecommunications	Account Executive	.52
Composite Selection Validity of All Industries and All Positions		.44



With SalesGenomix You Check the DNA Before the Resume

Unlike most pre-employment assessments SalesGenomix is introduced prior to other screening measures. A link you attach to your job postings takes candidates immediately to our revealing sales talent discovery questionnaire.

If you're accustomed to reserving the use of a talent assessment to finalists who have already been screened every which way, this may seem a bit strange. But not once you've considered these benefits.

1. Time-to-hire

Because SalesGenomix passes through only the candidates most likely to succeed in your sales role, you are able to focus valuable recruiting time on viable candidates rather than wade through piles upon piles of resumes. A recent case study documented a reduction in time-to-hire of 46%.

2. Reputation Management

When SalesGenomix automatically removes candidates that don't fit your talent requirements, we treat them in a way that both honors their career aspirations and reflects well on you. Unpromising candidates receive a Success Profile Report providing valuable career guidance as well as an opportunity to candidate for sales jobs with other employers where they are a better fit.

3. Decision Quality

With an average selection validity coefficient of .44, SalesGenomix ensures that the front end of your selection funnel is populated with candidates with a high likelihood of success. Quality in means quality out. In fact, according to an Aberdeen Group study of 531 sales organizations, sales forces selected with the help of SalesGenomix were 46.5% more likely to achieve quota.

4. Cost Effectiveness

Dealing with mountains of under-qualified applicants can tax even the most highly staffed recruiting departments and needlessly distract hiring managers already consumed with landing business. SalesGenomix lets you skillfully evaluate more candidates with fewer resources - and for as little as \$2 per applicant.

Want to Learn More About Sales Genomix?

Vist us at www.salesgenomix.com or jot us a line at info@salesgenomix.com to arrange a no-obligation web conference demo — and find out if you qualify for a free 30-day field test with a current sales recruiting effort.

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