

Hunters and Farmers

By Roger Bostdorff

What the heck is Bostdorff doing writing a column regarding Hunters and Farmers? I know he lives in the sticks and has both of these folks surrounding him but I don't get it. (By the way, he likes the Pemberville/Luckey area!)

In sales you have two different types of responsibilities; Hunting and Farming. Hunting is the act of finding and selling new accounts and creating a financial relationship with a company with whom we previously had not done business. While Farming is taking established accounts where the company already has a relationship and building on that relationship to harvest additional opportunities.

Many companies ask their sales representatives to do both. This can be quite challenging. Here is the challenge - A salesman will be able to grow the revenue with an account where there already exists trust and confidence quicker and with less effort than it takes to find a new account. Think about the quite lengthy new account process; find a suspect, move him to prospect via the sales process, then to qualified opportunity to finally getting the order. The new account process is not only quite lengthy but frankly is a numbers game. For example, early in my sales career I needed to have 10 suspects before I found 1 qualified opportunity. For every 10 qualified opportunities I would close one deal. Therefore, I needed to call on or interact with 100 companies to get one order. As I became more experienced the numbers improved. If a company is asking their sales representatives to do both hunting and farming, the sales representative is being stretched in two diametrically opposed directions and something will suffer. Typically that something is dependent upon the pay plan and the personality of the sales representative.

If the pay plan is telling the sales representative that new accounts are the ticket, then what will suffer is customer satisfaction and eventually the revenue from the established customers. It is much easier to sell to an established customer than to find new ones by a factor of at least 10 fold. Therefore, this is a very bad outcome. Once you have a relationship with a customer, that relationship needs to be protected and nurtured like they were a friendly family member.

On the other hand, if the pay plan is telling the sales representative that revenue is the ticket and not relationships with new customers, your market share growth, as defined by new accounts, will suffer. You will grow market share as measured by revenue growth with the established customers. However, eventually you get to a point where you will be challenged to grow revenue by not expanding your customer base. You need to do both to provide balance.

I also mentioned personality earlier. A hunter (new account) representative has a different outlook on life. Let me refer you back to our High School dating days. The hunter "student" is the one that could ask 4 girls out, be rejected by all 4 and feel that the 5th will see the light. The hunter needs to be able handle rejection.

So, what does all of this mean? The best situation is to have two different people handling the two different responsibilities, hunting and farming. This would allow the employer to insure the personalities of the individuals are right for the role. However, at the same time the employer would need two very different pay plans to induce the appropriate behavior. If a company does not have the luxury to have two different people handling the separate roles, then it is essential to have the pay plan communicate the real priorities of management.

Look at your sales force. Do you have Hunters farming? How about Farmers hunting? Are you happy with your results?

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