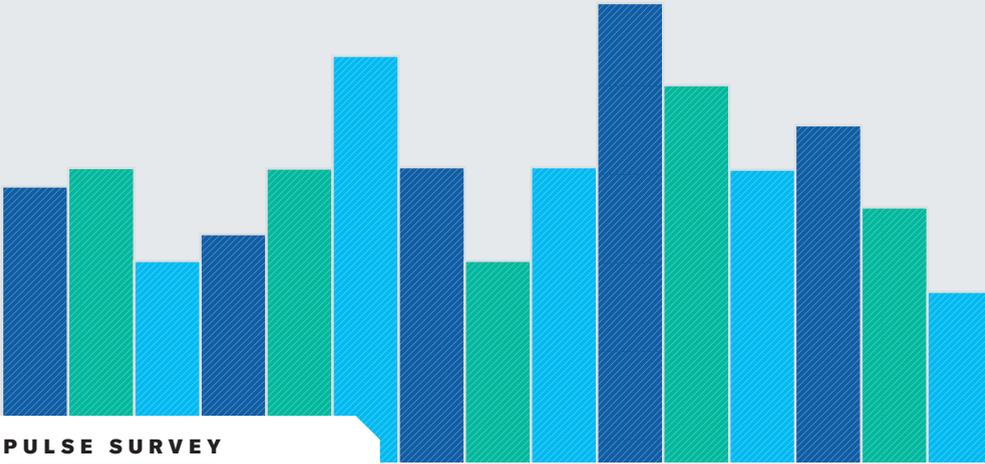




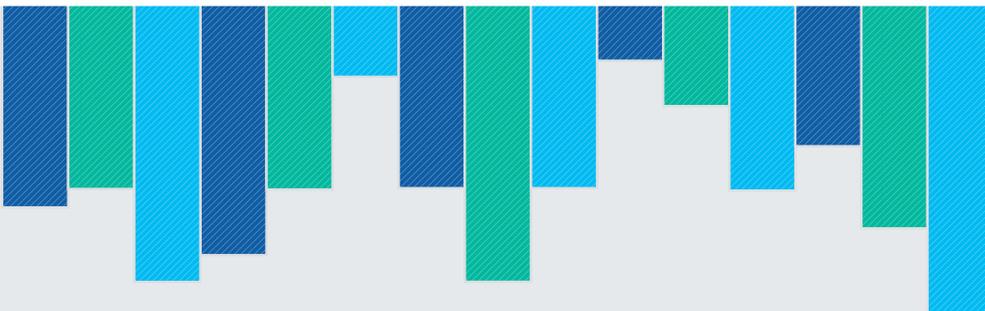
**Harvard  
Business  
Review**

ANALYTIC SERVICES



PULSE SURVEY

# Companies with Happy Sales Teams Experience Better Business Outcomes



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## SPONSOR PERSPECTIVE

For sales teams, who are under constant pressure, meeting targets is a way of life.

While sales leaders realize the importance of using motivation as an input to drive desired business outcomes such as opportunities, deals, win rates, and revenue from our sales teams, a happy sales culture has been a far less common goal for most organizations.

This highly recommended research from Harvard Business Review Analytic Services explores happiness as a leading indicator that can help predict sales team performance.

According to this research, the differentiating characteristics of happy sales teams when compared to less happy ones are a positive culture, the right technology, and a leadership team with happiness as a strategic priority.

Sales teams that are happy reported an increase in annual sales over the past two years despite the many variables impacting revenue that are beyond the sales team's control.

One of the most intriguing parts of this research is how changing the typical sales code words can help build a very happy sales culture. "Goal-driven" and "work hard, play hard" are some of the commonly used phrases among sales teams, but do they make for a happy sales culture? This research finds that they don't. Rather, code words such as "social," "transparent," and "supportive" make for a happy sales culture.

Sales technology is an integral part of how we operate today, but salespeople still do not view tech as an enabler. One stark reality is that sales tech, more often than not, is chosen for sales teams and not with them.

And of course, leadership has a key role to play here. The happiness of sales teams needs to be a strategic priority for sales leadership.

I hope this Freshworks-sponsored research encourages you to prioritize the happiness of your sales teams so you can deliver great performance and consistently hit your revenue goals.



**Sidharth Malik**  
**Chief Revenue Officer**  
**Freshworks**

# Companies with Happy Sales Teams Experience Better Business Outcomes

Many executives say they're dedicated to fostering a sales team that is high-performing and productive—comfortable, concrete qualities that are easy to measure. It's far less common to hear about companies striving for a squishier metric: a happy sales team.

But there is good reason for companies to put sales team happiness on the priority list. Eighty-one percent of the executives surveyed recently by Harvard Business Review Analytic Services that rated their organization's sales force as very happy (8, 9, or 10 on a 0–10 scale) reported increases in annual sales over the past two years—an impressive feat given the many variables impacting revenue that lie well outside the sales team's control. Only 59% of respondents who rated their sales force as 0 to 7 on the scale reported a similar result.

Making this finding particularly compelling is the fact that, when it comes to culture, many respondents feel the cards are stacked against sales teams: 66% of executives surveyed agree that the “typical” sales culture can tend to work against salesperson happiness. This sentiment is particularly strong among those who have managed to overcome challenges to sales team happiness: 37% of respondents at very happy sales organizations *strongly* agreed with this statement, compared to 24% of those at the less happy organizations.

If these cultural issues can be addressed so that sales force happiness is a goal and not an accident, the results are measurable. Organizations that foster a very happy sales force, and leaders who makes it a strategic aim, often see their efforts pay off in positive corporate results, such as hitting quotas, opening new business, customer satisfaction, productivity, and other measures.

“The happier the people are, the better they perform,” says David Mattson, CEO and president of Sandler Training, a professional training and coaching firm. “When the culture and the management style make it easy for people

## HIGHLIGHTS



81% of respondents who rated their organization's sales force as very happy reported **increases in annual sales** over the past two years.



66% agree that the “**typical**” sales culture can tend to work **against** salesperson happiness.



36% of respondents with not very happy sales teams say **sales technology is too focused on managing the sales force** versus enabling it.



“Managers will have greater success and will drive better happiness when they focus on people first, tasks and numbers second, and then strategy about numbers and people third,” says C. Lee Smith, founder and CEO of sales enablement firm SalesFuel.

to feel supported, cared for, part of the team, and all the things that go into that, you’ll have higher producing sales teams by far.”

Given the association between happiness and performance, it’s critical to understand what those organizations that achieve both do differently from those that don’t to establish and maintain a sales culture that cultivates happy salespeople. They do things as simple as carefully avoiding commonly used code words that hurt sales force happiness, along with taking more complicated measures such as individual coaching and using technology that is aimed at enabling the sales staff to achieve their goals rather than simply reporting on their activities.

“Culture is defined by leadership as far as what type of culture it believes it’s going to take to be successful to achieve its business goals,” says C. Lee Smith, founder and CEO of sales enablement firm SalesFuel. “Managers will have greater success and will drive better happiness when they focus on people first, tasks and numbers second, and then strategy about numbers and people third.”

### Probing Sales Force Culture

Organizations with cultures that have an emphasis on happy sales teams can track the effect that culture has on business results through various metrics. The survey shows that the very happy group was more likely than the less happy group to report increases in percent of sales team hitting quota (29 percentage points higher), opening new business (26 points higher), customer/client satisfaction (25 points higher), productivity (21 points higher), conversion rate (20 points higher), and technological advancement of processes (20 points higher), compared to the prior two years. And the percentage of the very happy group reporting *significantly* increased results was higher for every one of these metrics compared to the less happy folks. **FIGURE 1\***

The relationship between happiness and sales performance is compelling, and the survey findings reveal that the cultures very happy sales organizations cultivate are, indeed, distinct. Start with the sometimes positive-sounding code words associated with sales teams that can be anything but. The less happy group are more likely to describe their sales culture

as “goal-driven” (12 percentage points higher) and “work hard, play hard” (11 points higher) than the very happy group. Often, however, these terms describe a less nurturing, more competitive sales culture where salespeople may feel under constant pressure—the very hurdles preventing happier sales forces.

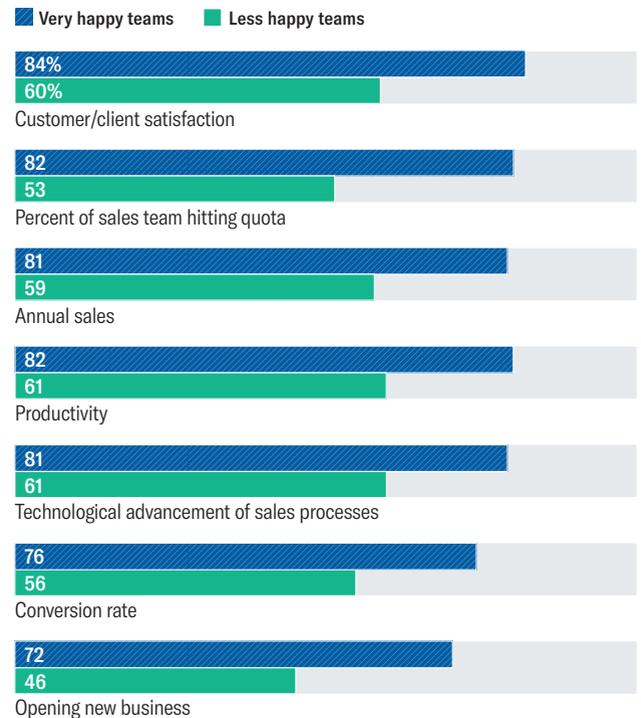
Tactics that create internal competition such as leader boards may work in the short term to meet a deadline, but

FIGURE 1

### Happiest Sales Teams Are the Most Successful

Sales success metrics more likely to increase for very happy teams

Compared to two years ago, to what extent has the performance of your organization’s sales force increased in each of the following areas?



Source: Harvard Business Review Analytic Services Survey, May 2020

\*The data represented in the figures throughout this report have been rounded to the nearest whole number.

they often cause unhappiness and turnover long term, negatively impacting sales numbers, says Rodd Wagner, an author who's made the *New York Times* best-sellers' list and is a *Forbes* columnist covering organizational performance. Wagner suggests that companies that have enough internal competition relieve their external competitors of a lot of work.

Conversely, the adjectives very happy sales organizations choose to use take a decidedly softer bent, suggesting a less cutthroat, more open, and positive environment. Respondents at very happy sales organizations were more likely than the less happy group to describe their culture as “social” (9 percentage points higher), “transparent” (6 points higher), and “supportive” (6 points higher). The largest differences come in the many nurturing factors they report as being present in their sales work environment, including enjoyment of the work (16 percentage points higher), feeling energized (14 points higher), strong compensation packages (13 points higher), a sense of trust (12 points higher), and support and encouragement (9 points higher). **FIGURE 2**

These factors align with other recent research on driving engagement at work—corporate-speak for what employees themselves call happiness, according to Wagner, who has established a correlation between responses to “engagement” questions and how employees rated their happiness related to that topic. As it turns out, he says, contrary to widely held beliefs, salespeople are not a “different breed”; they want pretty much what all employees want. Understanding and supporting each salesperson on an individual basis, being transparent, magnifying their successes, and helping them achieve work-life balance are among the factors Wagner’s research has found drive successful engagement. Other successful techniques include coaching, career/skill development, and making their work meaningful, such as believing the product they are selling is high quality and fits the customers’ needs.

Even compensation, regarded by many as the number one driver of sales motivation, actually has a much greater impact as a dissatisfier than as a driver of happiness, Wagner says. Compensation supports happiness when it is equitable and aligned with personal goals.

As it turns out, managing salespeople to foster happiness is the same as doing so with any other group of employees. It requires respectfully selecting, coaching, and developing them according to their individual abilities and desires. “It’s really simple to understand, but for some reason, people struggle to pull it off,” Wagner says. “Just stay in touch with your people.”

## Challenges That Restrain Happiness

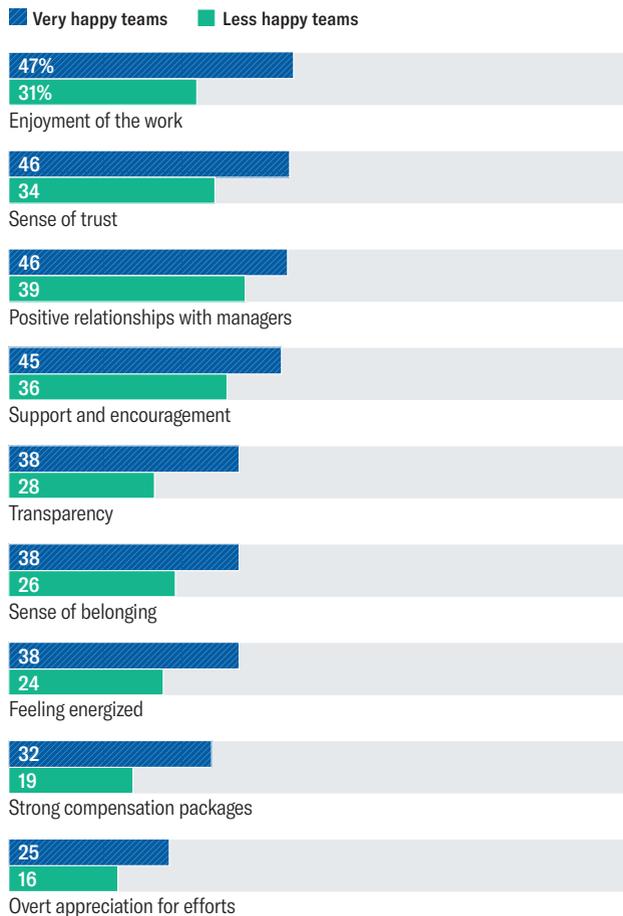
It’s no great secret how discouraging conventional sales cultures can be. While very happy sales teams seem to recognize the ills of the standard sales culture and delight

FIGURE 2

## Nurturing Sales Cultures Report Happier Salespeople

Positivity marks the biggest differences between very happy and less happy sales organizations

Which of the following factors are present in your sales force's work environment?



Source: Harvard Business Review Analytic Services Survey, May 2020

in the ways their environments deviate from them, less happy teams are more likely to report facing challenges in their sales culture. The differences are particularly distinct when it comes to technology; the less happy group was 17 percentage points more likely than their happier peers to report that their sales technology is too focused on *managing* the sales force as opposed to *enabling* it. This group was also more likely to report that its sales technology requires too much of its time to handle non-selling/administrative tasks (cited by 50% of the less happy group, compared to 30% of the very happy group).



**89% of the very happy group agree that sales team happiness is a strategic priority for their leadership.**

Indeed, too often sales technology is chosen *for* sales teams and not *with* them, Sandler Training’s Mattson says, and the technology chosen does not actually enable salespeople to do their jobs better. Instead, he says, it helps managers track sales activities. Just 30% of respondent organizations report that positive testing/evaluation of the technology from the sales team is one of their top criteria when choosing their sales technology. As one might suspect, the less happy group are 7 percentage points less likely than the happy group to report the testing of tech on the sales force—perhaps an opportunity organizations may want to leverage if they want to get more buy-in from their sales teams.

Technology isn’t the only mismatch when it comes to sales teams. The less happy group scores 10 percentage points higher when it comes to team dissatisfaction with the sales culture, and one reason for that may be a mismatch between the salesperson’s personality and the culture, such as a competitive person working in a collaborative sales culture, says SalesFuel’s Smith. Such workers often poison the environment for everyone else. His research found that nearly twice as many salespeople who had left a job voluntarily reported having worked with a toxic coworker or sales manager than those who had not had that experience. “I define toxicity very simply as someone who makes the rest of the sales team worse,” he says.

But often the fault lies with a sales manager who has mismanaged the job of fostering a positive culture that breeds happiness, Mattson says. They not only fail to create

the nurturing culture described in the very happy group’s attributes—building trust, transparency, support, and the like—but also neglect to share their vision for the culture with the team or model the behaviors they want to see in others. In fact, the sales manager often compounds the situation by making unfair allowances for a “star” salesperson.

### **Follow the Leader**

Those failed managers stand in stark contrast to the leadership of the very happy sales teams. One clear, perhaps unsurprising distinction that successful leaders of very happy sales forces share is the importance they place on sales team happiness; 89% of the very happy group agree that sales team happiness is a strategic priority for their leadership, compared with just 64% of the rest of the respondents. They are also more likely to strongly agree that the happiness of the sales force has a direct impact on the revenue the sales force brings in (21 percentage points higher.)

These executives are not just paying this concept lip service. They actively work to make it a reality: Fully 87% of the very happy sales organizations agree there is a lot sales leaders can do to increase the happiness of salespeople at work, and 85% of the group agree that their organizations are still actively working to modify aspects of the sales culture to improve sales force happiness.

“For leaders and managers, the thing that they can work on is people’s happiness and engagement,” says Wagner, the



Visibly assessing progress against sales goals itself can be a signal to the sales team about what leadership values. In other words, salespeople will work toward the metrics that get recognized and rewarded.

author. “They should work on the leading indicator. You can’t just demand of people, ‘I want more performance.’”

Leaders with very happy sales teams seem to be heeding this advice. Very happy sales organizations are more likely than the rest to have implemented several improvements for their organizations’ sales teams over the past two years, including putting expanded benefit offerings in place (18 percentage points higher), applying people analytics to talent management (16 points higher), and improving career development/training opportunities (12 points higher),

diversity and inclusion (11 points higher), and performance recognition (10 points higher). **FIGURE 3** It’s no surprise that many of the enhancements the happier sales force group is more likely to have implemented touch on a similar theme: a focus on the people. Culturally, their benefits and financial needs are recognized and their career aspirations are nurtured.

### Managing What They Measure

A key part of any culture shift, including one aimed at increasing happiness, is to measure progress and adjust based on the outcomes. Each organization chooses its own metrics to assess their sales teams, and very happy sales forces tend to score better regardless of which ones they choose. Among organizations assessing their sales forces using productivity metrics, for example, very happy sales teams were more likely to report *very strong* performance measurements in their most recent assessment than were respondents in the less happy camp by a full 29 percentage points. There are similar gulfs between the two groups in workforce turnover (27 points higher), success meeting sales targets (27 points higher), customer/client satisfaction (23 points higher), and engagement surveys (21 points higher). **FIGURE 4**

Visibly assessing progress against sales goals itself can be a signal to the sales team about what leadership values. In other words, salespeople will work toward the metrics that get recognized and rewarded. But it’s crucial to promptly act on any problems those assessments reveal. If not, the sales team will get frustrated with management’s inaction, Smith says, particularly when it comes to engagement surveys. “I believe it actually leads to a decline in happiness rather than an increase if you don’t follow through on it,” he adds.

If those assessments place too much focus on numbers and not enough on people, they can also engender less happy cultures that are cutthroat and lead to resentment and burnout. “Sales is a stressful job,” says Smith. “It’s a results-driven business. And so many times sales teams are being asked to accomplish what might seem as unrealistic expectations from corporate.” This is a persistent problem even in very happy sales organizations, with 58% in that group agreeing their sales organization is held to unrealistic sales goals.

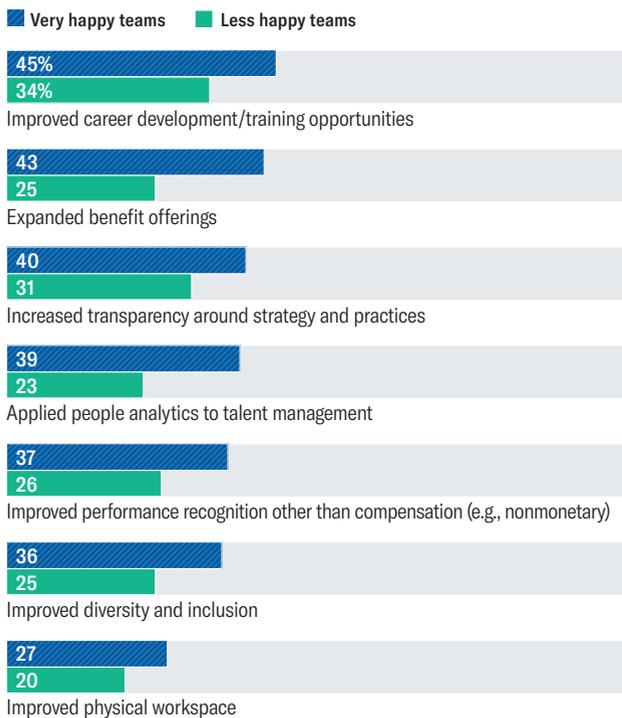
Most sales management experts would likely advise these companies to take a second look at their goal setting in the

FIGURE 3

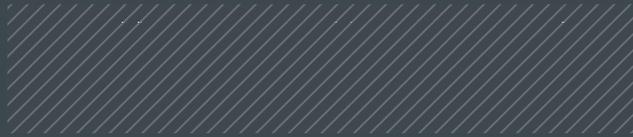
### Leaders Invest in Happier Sales Teams

Biggest differences in how those with very and less happy sales teams have put improvements in place

What improvements have been put in place for the sales teams at your organization over the past two years, if any?



Source: Harvard Business Review Analytic Services Survey, May 2020



**71%**

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**agree that a**

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**poor software/**

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**technology user**

---

**experience can**

---

**negatively impact**

---

**salesperson**

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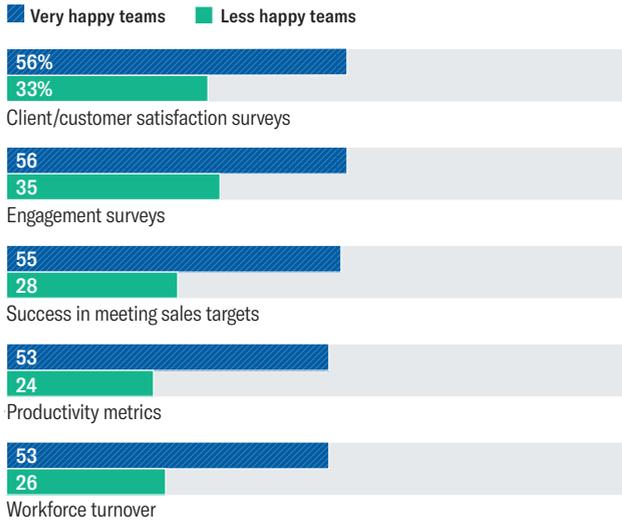
**happiness.**

FIGURE 4

## Happiness Wins by Any Measure

More very happy sales teams report very strong results on sales engagement self-assessments.

The last time your organization assessed sales force engagement, how strong or weak were the outcomes of each of the following measures?



Source: Harvard Business Review Analytic Services Survey, May 2020

spirit of continuous improvement. But the fact that these companies are still able to foster very happy sales teams is a testament to their ability to make other aspects of the culture more appealing. When leaders create nurturing environments that satisfy each salesperson’s need for transparency, trust, support, and encouragement, and provide opportunities to meet their personal goals for fair compensation and growth, it seems salespeople will tolerate something like a too-high sales goal and remain happy and engaged.

## The Controversial Role of Sales Technology

Another place where sales managers and the sales team often part company is sales technology. As noted, technology can prove to be a major dividing line between the very happy sales organizations and the less so, especially since salespeople are increasingly required to use technology as part of their jobs.

Many companies turn to customer relationship management (CRM) systems to track and manage their customers and sales activities, so it’s important that these core sales systems align well with their needs. In terms of ease of use, 39% of respondents called their CRM systems ideal; 41% chose this score for helpfulness, and 37% bestowed this ultimate rank for time required to accomplish tasks. For all three areas, the

very happy group was a lot more likely to give a high score—at least 25 percentage points above the less happy group in each area. **FIGURE 5**

These results suggest that even for basic CRM functions, such as completing tasks quickly and easily, and fulfilling companies’ goals for the software, less happy sales teams are far less likely to enjoy these benefits than are very happy sales teams. One reason could be that these teams are using CRMs with nonintuitive user interfaces and poor automation capabilities. But the bigger issue with CRMs is how interacting with these systems becomes a requirement for salespeople in their day-to-day jobs—entering data into systems is a lot less thrilling than leveraging an insight it produced to pursue and close a real-life, person-to-person sale.

As a result, 71% of respondents agree that a poor software/technology user experience can negatively impact salesperson happiness, with very happy sales teams more likely to agree (10 percentage points more). This seems to be acute when it comes to sales technology, which was cited by 38% as being something sales team members are most likely to report as requiring too much of their time when it comes to handling non-selling/administrative tasks. Another 35% believe sales software/technology impedes sales success/productivity.

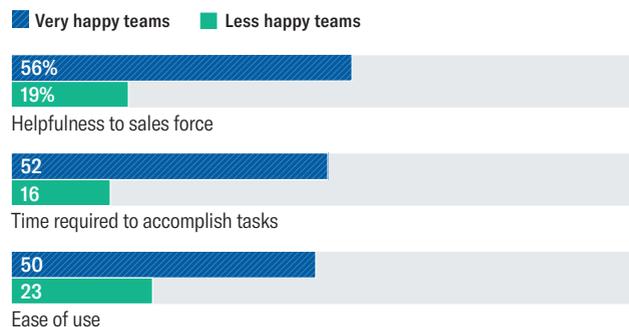
These complaints stem from the fact that many organizations don’t connect their CRMs to their sales processes, so using one just seems like busy work, says Mattson. Often, he asserts, “there is no correlation to what management tracks as far as technology and what really goes on. For instance, most organizations do not have a clearcut sales process. So how can you have a CRM that is

FIGURE 5

## Salesperson Unhappiness: Software Plays a Role

Happiest sales teams are more likely to report “ideal” CRM experiences.

How would you rate your CRM software’s performance in the following areas?



Source: Harvard Business Review Analytic Services Survey, May 2020



## Successfully managing a sales team comes down to addressing three essential elements, says Mattson: behavior, attitude, and technique.

mirroring your sales process? Therefore, it just becomes a management tool.”

Companies can work past this roadblock by clearly defining their sales processes, then configuring their CRMs to support them. Involving salespeople in the selection and adoption process is paramount, and getting a champion for the effort from among this group helps promote buy-in among the rest, Mattson says.

“If it’s connected to what I do day to day, if it gives me feedback and I can understand what I did right and what I did wrong, if it gives me opportunities to have good coaching conversations, that increases happiness,” he says. “If you tell me where to use it and why it is effective for me, then I’ll embrace it all day long.”

### **The Case for Happiness as a Sales Metric**

The fact is, happiness is a far less common goal for organizations to set for sales teams than high performance or increased productivity. But a change may be in order. The survey findings show very happy sales organizations significantly outperform their less happy peer organizations across every metric: customer/client satisfaction, productivity, conversion rate, technological advancement of processes, opening new business, percentage of the sales team hitting quota, and revenue. They also best the less happy sales cohort in workforce turnover, success meeting sales targets, and their own internal surveys.

Sales culture lies at the heart of the differences. The survey found very happy sales cultures have the following characteristics:

- Tend to be more social, transparent, and supportive, with salespeople who feel energized, supported, and encouraged. They have a sense of trust in the organization, feel properly compensated, and believe that they can truly enjoy the work.
- Are less likely to maintain work hard/play hard, high-pressure cultures.
- Prioritize sales force happiness and invest accordingly, leveraging sales tools that are intuitive to use and that save time while supporting their goals.

To replicate these successful cultures, experts make these recommendations:

- Avoid typical sales traditions such as pitting salespeople against one another.
- Focus on understanding and supporting each salesperson on an individual basis, being transparent, magnifying their successes, and helping them achieve work-life balance.
- Emphasize coaching, career/skill development, and striving to make salespeople’s work feel meaningful.
- Define successful sales processes that reflect their company values, then enlist sales teams to select the right tools that are easy to use and that enable, rather than just manage, salespeople.

Successfully managing a sales team comes down to addressing three essential elements, says Mattson: behavior, attitude, and technique. “I think if you’re working on happiness and creating a culture, you have to do all three,” he says.

## METHODOLOGY AND PARTICIPANT PROFILE

A total of 304 respondents drawn from the HBR audience of readers (magazine/ newsletter readers, customers, HBR.org users) completed the survey.

Size of Organization	Seniority	Key Industry Sectors	Job Function	Regions
<b>5%</b> 10,000 or more employees	<b>44%</b> Senior management	<b>22%</b> Technology	<b>100%</b> Sales	<b>51%</b> North America
<b>40%</b> 1,000 – 9,999 employees	<b>41%</b> Middle management	<b>18%</b> Financial services		<b>15%</b> Europe
<b>55%</b> 250 – 999 employees	<b>14%</b> Other	<b>10%</b> Manufacturing		<b>23%</b> Asia Pacific
		<b>10%</b> Business/ professional services		<b>3%</b> Middle East/Africa
		All other sectors less than 8% each		<b>5%</b> Latin America
				<b>3%</b> Other

Figures may not add up to 100% due to rounding.



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