



# HOW TO PLAY IT TIGHT AND LOOSE IN YOUR SALES CULTURE:

## LESSONS FROM THE PANDEMIC FOR TECHNOLOGY COMPANIES

BY ALISTAIR BUTLER & ROBERT RIGBY-HALL

**Talent – War, Resignations & Trust.** For several decades we've been engaged in the "War for Talent" (Steven Hankin of McKinsey & Company, 1997) – recruiting talent from others, building our own, and developing new compensation and retention strategies.

Now we're all talking about "The Great Resignation" (Professor Anthony Klotz of Texas A&M University, 2021) – underscored by a record four million U.S. workers who resigned in July 2021<sup>(1)</sup> alone. Why? Pandemic burnout, a collective reassessment of personal priorities, a labor shortage, and more companies calling workers back to the office.

For SaaS companies and other recurring revenue businesses, this development has posed obvious challenges. It takes an average of 11 months to break even on a new sales hire<sup>(2)</sup>, making retention a top priority.

For technology sales organizations in particular, the pandemic became "The Great Loosening." Stay-at-home work and the end of in-person customer meetings forced many sales organizations to change. An account managers effectiveness could no longer be measured by the number of in person meetings they were having. Sales engineers needed to shift their technical, proof of concept, and lab demonstration work to be completely virtual. Informal coffee meetings to bridge challenging contract disputes and closing issues ceased to be an invaluable sales tool. And yet all this change created an

opportunity to build trust – in two directions. The loosening has forced us, as senior leaders, to trust our employees more to get the job done without the same level of metrics and reporting being required of them. Our employees, in turn, have trusted us to do what was right for them and the organization not only for business results, but also for their well-being.

Adam Bryant (2017) of the NY Times wrote that:

"If you were to force me to rank the most important qualities of effective leadership, I would put trustworthiness at the top."

<sup>(1)</sup> [https://www.bls.gov/news.release/jolts.t04.htm#jolts\\_table4.f1](https://www.bls.gov/news.release/jolts.t04.htm#jolts_table4.f1)

<sup>(2)</sup> <https://www.forentrepreneurs.com/saas-economics-1/>

Bryant's statement is significant because it came after 525 interviews with CEOs spanning the preceding decade. While no known research has identified trustworthiness as the single most effective leadership trait, it is consistently highly coveted.

C-Suite executives typically think about company culture at a macro level, often driven by an overarching mission or purpose. Rarely, though, is enough attention paid to creating the right sales culture. Doing so requires considered intent; salespeople have unique perspectives and are an extension of your customers.

As a result of the pandemic, customer needs have changed, markets have changed, and therefore, by extension, sales cultures should change. It's time to put the employee trust you have established to work by placing greater cultural emphasis on sales.

By reaching out to their CRO colleagues where the interaction with customers is the greatest, what can CHROs learn from these recent cultural shifts, and how can the positive lessons be translated more broadly within the company?

## Applying theory to real life sales challenges

The importance of a sales operating platform, authentic leadership, and the tools to motivate the organization whilst growing the business, are not new insights.

Sales is tough. It is the one area where the dynamism of the global economy intersects with the technology company. This, added

to competitive pressures, the wants and needs within the sales team – including DEI, stakeholder management, and the constant requirement for predictable results – makes for a challenging role for any leader. How best then to build an effective sales culture that delivers for the company, whilst remaining customer focused, becomes a monumental science versus art analogy of your choosing.

One way to approach such a challenge is to look at sales culture through an Open Systems lens. Open Systems theory is defined by the American Psychological Association as:

“a theoretical perspective that views the organization as open to influence from the environment. The organization is viewed as transforming human and physical resources from the environment into goods and services, which are then returned to the environment”.

Through this lens, you can view your salespeople as the frontline data gatherers, key to understanding the company's external environment and coding that information. In other words, your salespeople are the “enactors” of the feedback loop in Open Systems theory and are therefore invaluable to many groups, such as HR, R&D or marketing.

Within open systems theory we can then think about the spectrum of the sales culture system as “tight” and “loose.” Apple, for instance, is a very product-centric company driving a tight sales

culture. In contrast, Google's sales culture in its enterprise Google Cloud business is open to all market, customers, and sales team inputs and is therefore loose. Further, a KPI on call volume per time-period to a specific set of customers would be a tight approach. In contrast, a loose approach would be to work on that same set of customers, focusing on what pipeline can be generated and in what timeframe.

Examples of technology companies with tight and loose sales cultures are shown below.



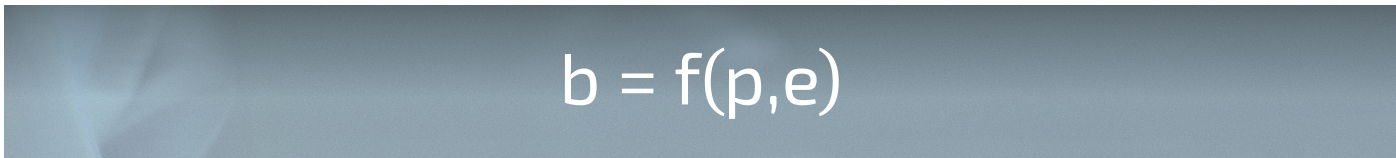


Observing these great companies, you can't or shouldn't, distinguish their tight or loose cultures as either good or bad, better or inferior. If only it were that simple.

The founding principle of Organization Psychology offers some additional insights. The father of the science, Kurt Lewin,

published the formula in 1936 to better predict the outcomes of human behavior in groups. Its beauty lies in its simplicity:

**Behavior (b) is a Function (f) of an individual's Personality (p) and the Environment (e) they are in, OR**


$$b = f(p,e)$$

Any sales leader will tell you that to try and change the personality (p) of someone in their group has significant diminishing returns, let alone the HR and legal issues that

would ensue. Basically, it's pointless and unethical. To drive the desired behaviors (b), the sales leader's single lever is to focus on the environment (e).

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## Achieving a "tight" and "loose" balance in the Open System of a sales culture

In sales, cultures can run the spectrum from complete chaos with no repeatability to regimented processes where everything is measured.

Across the technology industry, COVID-19 initially sank major parts of revenue streams, with no known precedent to inform leadership's corrective action playbooks.

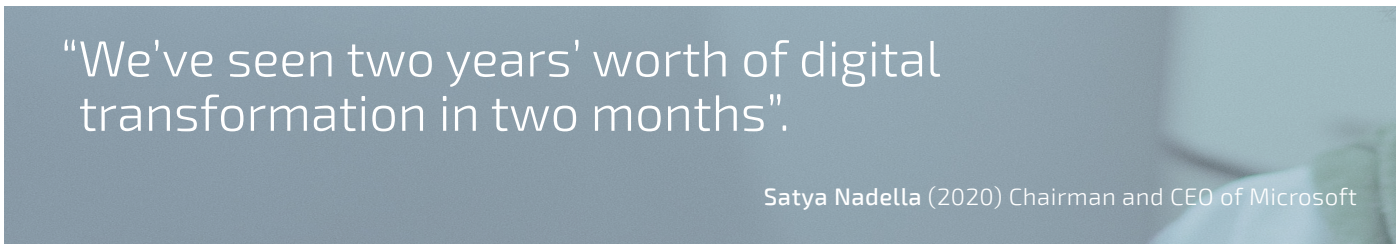
All salespeople and their customers moved to remote work overnight. That transition suddenly made irrelevant many of the in-place sales metrics within the sales operating platform, such as the number of in-person customer meetings, and a work effort that was virtually impossible to monitor. That abrupt change represented a lot of loosening.

Yet after a brief settling period of weeks not quarters, the results across the sector were stunning. Technology companies like Zoom and Netflix thrived from a forced societal transition to a stay-at-home work model. More broadly, the tech sector prospered from a transformative market-wide acceleration in digitization, and at a pace not thought previously realistic. As Satya Nadella, Chairman and CEO of Microsoft, said in April 2020:

Through a dramatic recessionary period, technology valuations in the US jumped 60% in six quarters starting January 1<sup>st</sup> 2020, through June 30<sup>th</sup> 2021, based on the NASDAQ index, and have gone on to strengthen since.

At the same time, sales team cultures inevitably loosened. It may be a jump too far to say that those results came solely from the loosening of the sales environment. Digitization acceleration as a result of the pandemic has of course been the main driver. Balancing that, CEOs of publicly traded companies praised their customer-facing teams for their adaptability and resourcefulness in the most difficult of circumstances. The world tightened with lockdowns to an unprecedented degree, yet sales cultures were forced to loosen, and strong results were achieved.

Every technology company will always require processes, checks, and balances. But how many of these will you need, and how many are required before that tightness in your company culture damages your sales culture, customer feedback loop, and results?



"We've seen two years' worth of digital transformation in two months".

Satya Nadella (2020) Chairman and CEO of Microsoft

# Taking action

Of great importance is recognizing the quality of a leader's daily contact with their employees. The behaviors (b) the leader seeks to influence with their sales team, is determined by striking the best possible balance between their sales operating platform and the culture they create to enable the right environment (e).

That same leader should continually ask the question, "have I got the balance right?" With an Open Systems lens, the question becomes, "am I tight where I need to be and am I loose where I need to be?"

Key indicators of that balance will show up in:

- a) your employee engagement scores, and
- b) whether leaders are trying to convince all concerned of the great work environment (e) everyone experiences through, for instance, multiple all-hands calls, or
- c) how an ongoing, two-way dialog engaging multiple people across multiple channels is improving the work environment (e)

As leaders we need insight and humility to recognize that no system can sustainably have all the benefits of full tightness and full looseness concurrently.

Here are 5 things to help you take action:

**1** *COVID-19 pandemic experience*  
Survey your sales team on how becoming looser during COVID affected their productivity, results, and engagement. What did they like about their new work environment that should be retained and built on? Similarly, what were the downsides and how would they address them?

**2** *Metrics that are straightforward and clear*  
Whatever the metrics are in your sales operating platform and culture, whether tight or loose, do the team members have:

- a) an ability to affect the metric, and
- b) are they compensated on them?

A simple yet important sales operating principle removes any metric within your salespeople's responsibility that do not meet these two criteria.

Focus drives Performance drives Energy drives Growth. If your metrics are straightforward and clear, you'll see engagement improve and you and your team will have more room to operate. If you are struggling to get traction with line of business stakeholders to make the change, bring them together in a single meeting and show them the combined requests you are getting for lines in the compensation plans - they will quickly understand what you are doing and why.

**3** *Consistency of performance*  
With #2 firmly in place, how consistently is the team performing against the metrics? With data, you can now

start to explore when and where to tighten or loosen. You may even uncover root cause issues that have long lingered and gone unaddressed. For instance, adding more metrics might accentuate a problem, yet so often that it is the default playbook action. Whilst more metrics might look good internally for reporting purposes, few in your sales team will share the same viewpoint whilst their engagement suffers. They need room, or some looseness, to interact effectively with their customers.

**4** *Scaling with balance*  
You are in a growth market, yet every 5% of growth was just as hard, or harder, to achieve as the previous 5%. Likely, there is no alternative here but to get serious about:

- a) investing in experienced sales operations people to improve the tight-loose operating balance and forecastable company revenue growth, and
- b) working with your marketing teams on balancing your direct and indirect sales motion.

Neither of these approaches is a lay-up; quite the contrary. But both, in time, will have a material effect on your growth potential by optimizing your tight-loose balance.

Without alignment, scaling becomes harder and at a lower margin profile. Most of the actions here will be tightening ones. Therefore, focus on the quality of the tightening and who is accountable for the metric, versus the actual number of different sales metrics. Said another way, finance as an example may want to have a metrics party, so take them through the diminishing returns of quantity versus quality.



## 5 Inclusiveness

If you have gotten this far in the paper, you'll know that it really does take considered effort to keep an Open System as complex as sales culture healthy, growing, and thriving. You'll have to decide how much tightening is needed to improve your own unique culture's inclusiveness. Senior leaders who are focused on inclusiveness talk about the environment (**e**) and what

they are doing about it, versus people variables (**p**). As a senior leader, you own the environment (**e**). Communicate why you are championing inclusiveness as it relates to your group's environment (**e**), regularly share positive progress and where you can do better, and make sure you and your leadership team are walking the talk. When others follow you, it'll feel good for everyone.

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## In Conclusion

Over the last 18 months we've witnessed the greatest forced loosening of sales culture on record as a direct result of the COVID-19 pandemic. This is a once-in-a-lifetime change event that enlightened leaders can choose to learn from.

Of critical importance is to understand why you are taking any action within the system before investing time and resources. Deciding what to stop doing is equally important, if not more so, than continually adding new activities.

Without thinking about your decisions in this way, you are not in control of your sales culture. It really cannot be better characterized than by Einstein when he said:

In the most complex of Open Systems, achieving the optimal balance of tightness and looseness, whilst focusing on creating a positive work environment (**e**), will yield the behaviors (**b**) that you and your sales team need to be successful.

At the same time those tricky but wonderful things called personalities (**p**), well they can truly be themselves, and perform their best work in doing so.

In the context of the war for talent, the great resignation, and the degree of change facing all technology companies' external environment, it's time to become serious about your sales culture by achieving the right balance between tightness and looseness.

"Everything should be made as simple as possible, but no simpler".

Albert Einstein

## About the Authors



**Robert Rigby-Hall** has over 30 years of global experience specializing in human resources and general management. He is unique in his field in that he has run businesses and lived and worked in the United States, UK, Europe, and Asia.

Robert was Chief Human Resources Officer of NXP Semiconductors, (NASDAQ: NXP) backed by KKR, Bain Capital, Silver Lake, Apax & AlInvest pre-IPO; with 28,000 employees in more than 25 countries and revenues in excess of \$5.6 billion. Prior to that he was SVP, Human Resources of LexisNexis; he also served as CEO of their businesses in Asia Pacific. Robert's early career was in compensation and benefits consulting followed by the FMCG and Media sectors. Most recently he founded and ran two businesses to serve the investment needs of Americans living outside the US; and a resilience building and e-coaching business.

He holds a Certificate in Corporate Governance from Kellogg Northwestern University and was the recipient of the Business Leadership Award by United Nations Global Compact. He has written multiple articles, including a chapter for Aspatore's series "Inside the Minds" on the topic of "Best Practices for Driving Employee Engagement", and an article on "Resilience Building as a Protector & Accelerator" for companies.



**Alistair Butler** is a Global Technology Leader with 25 years of experience specializing in Sales, Services, P&L and General Management. His expertise lies in leading teams to where the marketplace is moving to, with a special emphasis on cloud technologies.

He has experience in large public and smaller private PE companies, and M&A.

Having the deep knowledge and understanding necessary for building high-performing, open, diverse, and multi-generational organizations and guiding them through the massive changes in today's marketplace, Alistair's leadership focuses on both his customers' and teams' success.

His broad experience has come from roles most recently as SVP & Chief of Sales at Telestream, and as Head of Americas Services at Cisco Systems running a \$1.6B P&L as General Manager. He began his career at Motorola in the UK, and moved to the US in 2007.

Alistair holds a Masters in Organizational Leadership at Columbia University in New York, and a Bachelor of Science from the University of Leicester, UK. He is a dual citizen of the UK & USA, and lives in Westfield, New Jersey with his wife and two children.