



Luck

**The word that no
one dare mention
in sales**

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The headlines

Our subconscious biases are not helping us at all in sales concerning luck!

54%

of respondents feel they are in the top 20% of performers.



81%

believe that luck never or only a little plays a role in the success of top performers.

Respondents cite 'external factors' as causing 78% of examples of bad luck, but only 11% causing good luck: When we meet targets it's due to our skill, when we don't, it's due to the environment!



The top 20% of performers are 29% more likely than their colleagues to attribute their success to their own skill and effort than luck. In other words, the luckier we are, the less we admit it.

Research shows that for the very top performers, the role of luck becomes more important (1). Despite this, 74% of respondents feel luck should not be taken into account in compensation discussions.

Why study luck?



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Luck is never spoken about in sales performance, and yet examples of it abound



Performance is very visible in sales. We are all concerned with performance as it affects our promotion, pay and myriad other prospects.

But what if performance was not based solely upon our hard work and talent? What if luck played a role?

We have all heard stories of sales people who got lucky by being allocated an account or a lead which then turned into a huge customer.

Isn't it often the case that they are then worshipped, admired and used as examples to the rest of us?

That's why Selling Interactions teamed up with **Chengwei Liu, Associate Professor of Strategy and Behavioural Science at Warwick Business School**, to research luck.

The role of luck in business is now a serious study topic, and Chengwei is probably the world's leading thinker in this area.

The link between luck and performance

We already know how luck plays out in other fields



To give a very pragmatic example of how luck plays a role in performance, the economist Robert H. Frank cites the role of wind in athletics world records. In the 100m, 110m hurdles, long jump and triple jump, world records are not eligible if there is a following wind of more than 2 metres per second.

This factor is a clearly recognised external factor that helps athletes. **Of the current 8 world records for these distances, (men & women) 7 had a tailwind, and none had a headwind.**

Who would dare to claim that these athletes didn't put in a huge amount of hard work and possess extraordinary talents? **However, it's also clear that exceptional performances emerge in exceptional circumstances.**

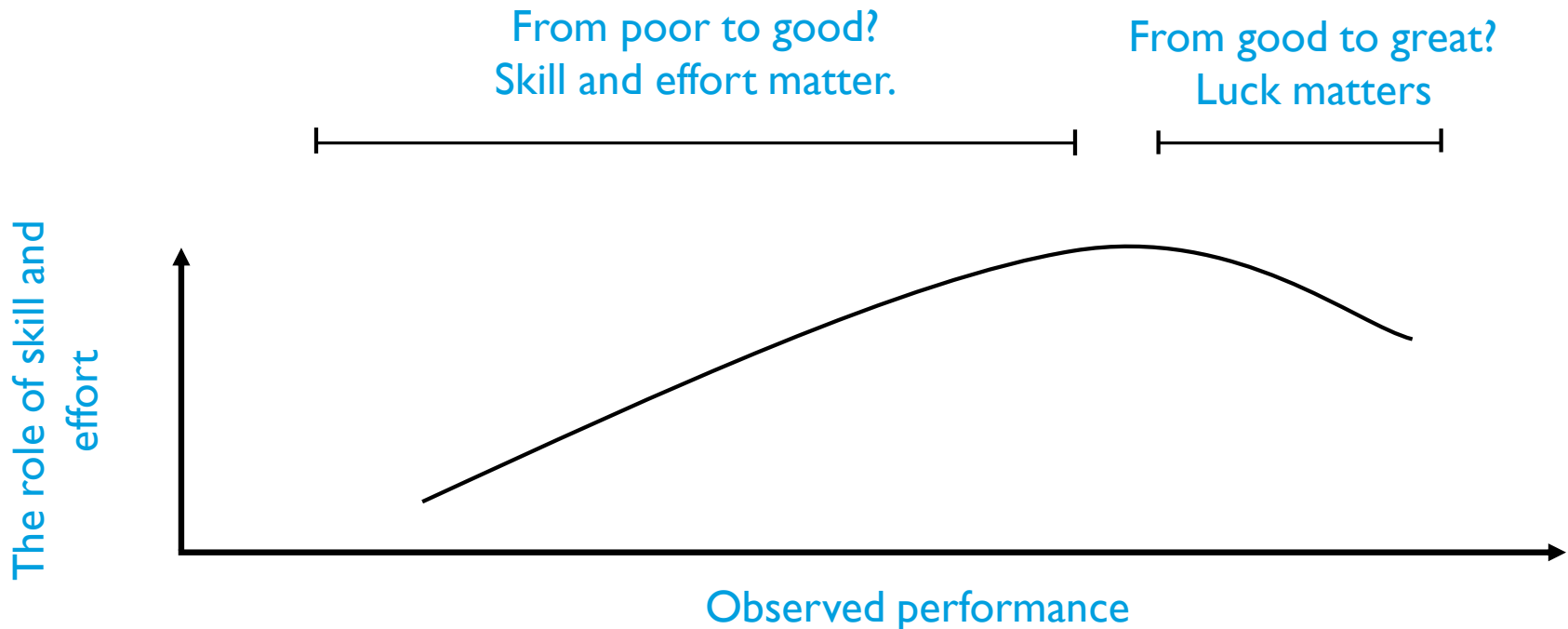
What role does luck play in sales?

The science behind luck and performance

The emerging field of behavioural economics gives us new insights



Chengwei Liu's research into luck found that “*exceptional performances tend to occur in exceptional circumstances*”, meaning that being at the right time and right place plays a more important role than skill and effort in producing outlier performances. **Essentially, we can make our own luck for high performance, but not exceptionally high performances** (Think wind assistance in sprinting world records.) The graph below shows this visually.



Denrell, J., & Liu, C. (2012). Top performers are not the most impressive when extreme performance indicates unreliability. *Proceedings of the National Academy of Sciences*, 109(24), 9331-9336.

Where does luck play a role in sales?

survey respondents gave clear examples of how luck works in sales



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We define luck in this research as any events or circumstances which are outside of our control. In our survey, we asked participants what examples of good and bad luck they have seen: we received 100 examples as free text responses. The examples below show actually how common and uncontroversial luck actually is in sales:

“Went to meeting, and realized the stake holder's assistant was my ex-assistant.”

“When you are there and ready to pick up the phone at the exact moment a client is calling the office.”

“To meet a good friend from a childhood / former schoolmate (not seen for a long time) in a position of a decision maker.”

“I was on my way for a commercial pitch of 2.5 hours where we had to present and defend our proposal. On our way we got stuck in a huge traffic jam due to a fatal accident and arrived two hours too late... no chance of getting extra time... and to present our proposal in 30 mins instead of 180 mins was not possible and we lost the deal.”

“Still being in the role when the billions of construction work finishes and there is nothing of that scale in your area to replace the revenue.”

“You are going to close a deal when the whole company is purchased by another big company out of the blue (and so there is a huge reorganization and you lose your contacts.) ”

Types of luck in sales

6 types of luck emerged from survey respondents' answers



From the free text responses, **102 examples of good and bad luck were given**. 18 of these effectively stated that luck does not play a role. 6 main categories emerged as shown in the table below.

	Chance encounter with valuable contact	External factors (economy, restructures, takeovers etc)	We receive an unexpected lead	There is a perfect fit with customer needs & our offering	Timing factors. (We are in the right place at the right time)	Parental influence, education or family circumstance
Good luck	27	7	4	2	6	3
Bad luck	0	29	1	0	2	0

The data is revealing in that it highlights one of our classical biases in sales “Attribution error” i.e. we consider “external factors” are the biggest cause of our bad luck. In other words, **if we are successful it is due to our skill and effort. If not, it is the environment’s fault!**

Analysis of results

Our denial of luck's role has unexpected and unhealthy consequences

The survey results suggest that indeed we do not like to consider the role of luck in our performance: **81% of respondents said less than 40% of our success is related to luck and 84% said luck is never or only a little bit involved in the success of top performers.**



Furthermore, deeper analysis of the survey results show that the salespeople who perceive themselves as the **top performing ones in their organisations are 29% more likely to attribute their successes to their own skill and effort than being at the right place and right time.**

This suggests two potential issues. Firstly **54% of the participants think they are the top 20% performers in their own organisations**, a potential illustration of two of the most classically damaging decision biases in sales, i.e., overconfidence and competitor neglect. Secondly, according to Chengwei Liu's theory, the "top sales" performers are likely to be skilled but also the luckiest. However, they believe that sales performances tend to be influenced the least by luck, and that the compensation should not be adjusted by luck at all. **This implies another famous bias of the "illusion of control".**

What are the implications?

A more objective view of performance can help all of us in sales



Our desire to attribute our success mostly to our hard work and talents rather than luck serves a positive role. After all, why would we be motivated to do the heavy lifting of sales, if it turned out luck was all that mattered?

At the same time, it is clear that we sometimes delude ourselves because of our subconscious biases concerning luck.

These biases can distort our view of our own reasons for success, and can create false pictures of what success really looks like in our sales organisations.

Wouldn't a more objective view of ourselves and others help us to be more effective in decoding what we can control and what we can't?



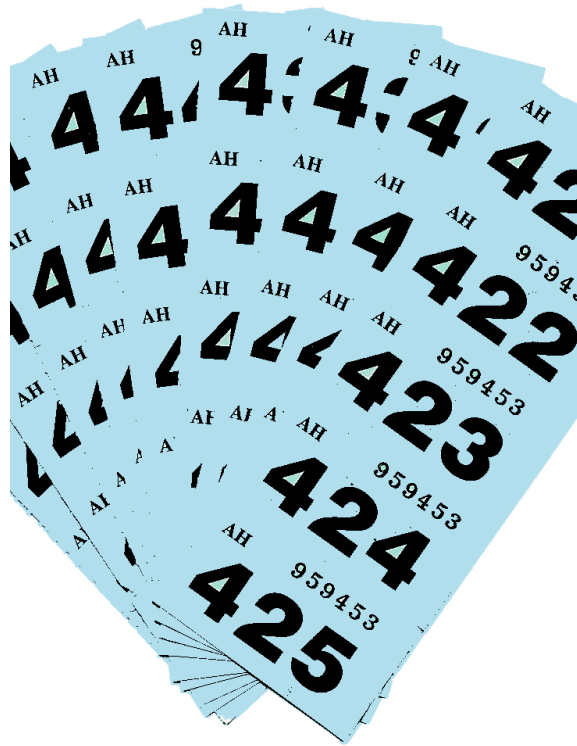
What can sales people do differently?

Don't be blindsided by luck



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1. The more successful you are, the more skilled you are, but also the more luckier you are. **Appreciate the enabling factors such as your family, colleagues and reciprocate them whenever you can.**

2. Compare to your past self – you knew how lucky you were – **have you truly improved or have you mainly continued by trading on your luck?**

3. **Avoid comparing yourself negatively** to the “top” performers in your organisation: Remember, the higher the performance, the more luck probably played a role.

4. Don't believe in the cult of the “top performer”, **focus on consistent application of effective routines everyday: High performance can be achieved without luck!**

“
*There is nothing noble in being superior to your fellow man;
true nobility is being superior to your former self.*”

Ernest Hemingway

What can sales managers do differently?

look beyond the apparent superstars



1. **Stop encouraging people to become “top” sales performers.** This encourages cheating and excessive risk taking when top performances cannot be achieved without the best luck.

2. **Consider hiring and developing the “second best”,** particularly when they are not the stereotype of a “good” salesperson. The fact that they are performing well despite this stereotype disadvantage probably shows they have superior skill and grit. They are the hidden gems you should go for instead of the top ones, who are most likely overconfident and expensive too.

3. **Reward excellent failure and punish mediocre success.** The latter are likely the ones hiding in their comfort zone and never try anything new. They are probably enjoying the advantages of their early luck. Do not reward them. Instead reward excellent failures – these sales people are likely the ones who could rejuvenate your organisation.

4. **Don't perpetuate the cult of the top performer** by subconsciously asking all the sales team to behave like the one at the top of the leader board. They could well be a role model for luck rather than good sales behaviours!



About the survey

70 respondents took part in the survey



70 respondents answered the survey which was open in March & April 2017. Respondents were from a broad range of business development and were recruited via Selling Interaction's own client database, which covers a broad range of sectors and roles.

Linked-in groups were also used to find survey participants. Respondents were based in multiple countries, with the majority from UK & Europe.

The results were analysed by Associate Professor Chengwei Liu during May 2017. Whilst the overall sample size allows for some statistically significant results, some analysis work done on smaller categories, (e.g. top performers,) means our analysis represents a good estimate of the true picture, rather than a fully defensible statistical result.

About the authors

The research was created by a behavioural economist & sales excellence consultant



Chengwei Liu is an Associate Professor of Strategy and Behavioural Science at Warwick Business School, UK. He is a Cambridge trained PhD who held fellowship position in Jesus College, Oxford and visiting positions at the Stern and the Wharton School. Chengwei's research on luck and behavioural strategy has won several awards and is featured in, for example, New York Times, Financial Times, and BBC. He also won multiple teaching awards and is listed as one of the next generation of business gurus by Thinkers 50.

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Anderson Hirst is the founder and a director of Selling Interactions, a consultancy dedicated to helping clients work towards sales excellence through the application of evidence based sales research. Anderson has nearly 20 years experience in designing and delivering sales improvement programmes internationally. He set up Selling Interactions based on a research project initiated at Warwick Business School looking into adoption of sales processes in the automotive sector. He is active in business development on a daily basis, and embraces the dual perspective of research and practical application in sales.

What next?

Our research has important implications for selection & performance management



For more information about Chengwei's fascinating research into luck and performance, you can read his research published in the proceedings of the national academy of science here:

<http://www.pnas.org/content/109/24/9331.full.pdf>

You can also see how the idea of luck is being talked about in wider society and economics in "*Success & Luck: Good Fortune & the myth of meritocracy*" by Robert H Frank.

Sales managers are critical to how perceptions of performance are propagated: **Contact us to help you design a robust sales performance management and talent coaching strategy** that acknowledges, but is not ruled by luck!

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