Harvard Business Review

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How to Prevent Turnover in Your Sales Team

"Why Do Salespeople Quit? An Empirical Examination of Own and Peer Effects on Salesperson Turnover Behavior," by Sarang Sunder, V. Kumar, Ashley Goreczny, and Todd Maurer (Journal of Marketing Research, 2016)

Companies worry about employee attrition in every department, but it's especially costly in one function: sales. Estimates of annual turnover among U.S. salespeople run as high as 27%—twice the rate in the overall labor force. In many industries, the average tenure is less than two years. While some attrition is desirable, such as when poor performers quit or are terminated, much of it isn't—and every time a solid performer leaves, his or her company faces a number of direct and indirect costs. U.S. firms spend $15 billion a year training salespeople and another $800 billion on incentives, and attrition reduces the return on those investments. Turnover also hurts sales: Positions may sit empty while companies recruit replacements, and the new employees must learn the ropes and rebuild client relationships. If managers could identify good salespeople who are at risk of quitting and take steps to retain them, their companies could realize substantial savings.

A new study by four marketing professors can help them do just that. The researchers examined more than two years' worth of data from a *Fortune* 500 telecommunications company that sells consumer electronics and software services, and created a quantitative model—the first of its kind—to predict which salespeople were likely to quit. This work builds on previous research by some of the same academics, who developed a method of estimating an individual salesperson's future profitability (see "Who's Your Most Valuable Salesperson?" HBR, April 2015). Knowing who is most likely to drive profits is useful, of course, but the new research could add greatly to that value: By learning who is at high risk of leaving and why, sales leaders can address problems *before* star performers give notice.

The researchers studied data on 6,727 salespeople working in 1,058 stores, dividing it into two batches. One set of metrics dealt with how well each salesperson was doing; those numbers measured past performance (on the basis of revenue generated), customer satisfaction, and how often monthly quotas were met. The second set measured "peer effects": the variation in performance among coworkers and the voluntary and involuntary attrition in each store. The study controlled for geography, store size, and demographics.

The researchers expected that salespeople with high ratings in historical performance and customer satisfaction would be less likely than average and low performers to quit, because the good marks would increase their sense of job security, their incentive payments, and their feeling that they controlled their ability to succeed—and that proved to be the case. When it came to quota attainment, however, the study showed an inverted-U-shaped distribution: Here, too, high-performing salespeople were less likely than average performers to quit (managers did a good job keeping their stars happy), but so were low performers (their poor showing limited their opportunities at other firms). "It is the 'middling' salespersons who [are] likely [to] turn over," the researchers

write. Though those employees aren't "A" players, the loss of them still hurts their firms, because they often constitute a large and profitable part of the sales force.

The biggest surprise concerned peer effects, which turned out to be the strongest predictor of quitting. The researchers theorize that in companies without much variation in performance, people are less likely to feel challenged and may have little incentive to work harder or smarter; they're apt to leave instead. In settings with high voluntary turnover, employees often lose faith in the company's strategic direction (because they see others jumping ship), and they tend to be more aware of outside job opportunities, partly because their networks include former colleagues who recently defected. And when there's lots of involuntary turnover, employees may lack trust in managers, feel little job security, and move on. "An individual's attitudes and intentions are heavily influenced by his or her environment," the researchers write; the strength of the peer effects in the model suggests that turnover can be contagious.

This research is part of a broad trend of efforts to understand what events cause employees to seek greener pastures and what behaviors indicate that they may be doing so—issues of increasing relevance in an era of tight labor markets and the growing use of analytics. For instance, research by the advisory firm CEB examined how events in employees' personal lives, such as milestone birthdays and college reunions, spur them to take stock and to compare their careers with others', often prompting them to job hunt (see "Why People Quit Their Jobs," HBR, September 2016). And a study by researchers at Utah State and Arizona State identified 13 "pre-quitting" behaviors, likening them to poker tells; these include leaving work early, showing less focus or effort, and being reluctant to commit to long-term assignments.

One implication of the new study is that managers should pay careful attention to peer effects and consider conducting interventions in settings with little performance variation among employees and ones with rising levels of turnover. But Kumar says the larger message *isn't* that firms should plug their data into the model predicting turnover at the telecom's stores. Rather, it's that big data can enable companies to identify variables that predict turnover in their own ranks. In the future, managers might routinely rely on data-driven dashboards labeling employees as being at high, moderate, or low risk of quitting. They could then decide which members of the high-risk group warrant interventions to help them stay put.

WASHINGTON Examiner

July 10, 2017
Obamacare Wounds Doctor-Owned Hospitals – *by Kimberly Leonard*

Sioux Falls Specialty Hospital in South Dakota is regularly full. Its doctors and nurses often have to work longer hours or perform elective surgeries such as hip or knee replacements on weekends.

"In many cases, patients have to wait forever," said Dr. R. Blake Curd, an orthopedic surgeon and the hospital's CEO. "We don't have the physical capacity to take care of them."

He would like to expand the hospital by adding beds or rooms, but he isn't allowed to do so because of the Affordable Care Act, or Obamacare. The law largely bans the expansion of hospitals such as Curd's, which are partly owned by doctors. New physician-owned hospitals also cannot be set up unless they forego government reimbursement from Medicare or Medicaid.

For many other types of hospitals, such as community and for-profit hospitals, the passage of Obamacare injected more money into the healthcare system by expanding health insurance to more than 20 million people. This meant hospitals did not have to provide as much uncompensated care as they used to, and many of them flourished.

But physician-owned hospitals, 250 facilities across 33 states, are dwarfed by the 5,000 public or for-profit hospitals. And Obamacare is crushing them.

Federal regulations can damage the healthcare industry's bottom line in many ways. They limit the use and nature of telemedicine. Small, rural hospitals have struggled to achieve the efficiencies Obamacare demanded from them. Because they must stick to specific federal guidelines for electronic health records, individual practices have been overwhelmed and bought up by larger healthcare systems. As with many regulations, compliance costs are too much for the smaller businesses. One of the most stark examples of how these regulations have affected a business's bottom line comes from Obamacare's effect on doctor-owned hospitals.

Because of Obamacare, 37 physician-owned hospitals were not built, 40 nearly finished construction projects were prevented and 20 major expansion projects have been halted, according to their trade group Physician Hospitals of America. It estimates the ban resulted in a loss of $200 million in tax revenue and 30,000 jobs that went uncreated.

Supporters of the ban, among them nonprofit community and for-profit hospitals, argued for years that doctors at these hospitals are improperly referring patients to facilities in which they have a financial interest. These doctors, they say, have cherry-picked healthier patients and those who need specialized, profitable medical treatment, and have ordered unnecessary medical procedures that result in higher costs to the government.

This leaves nonprofit community and for-profit hospitals with patients whose care is less profitable, such as those who need emergency care or burn treatment. As they saw physician-owned hospitals expand, lobbyists from the American Hospital Association and the Federation of American Hospitals successfully pushed for the ban in Obamacare.

The evidence is mixed about whether doctor-owned hospitals were engaged in troubling practices. But experts say there must have been a better way to curb abuse, if it existed, than by imposing an outright ban on new ones. The ban came as people gained more health insurance, opening the door to care for people who weren't previously able to afford it. Obamacare encouraged medical providers to improve healthcare outcomes, a goal that many doctor-owned hospitals, whose leaders understand how things work in a real, clinical setting, are able to meet.

Doctor-owned hospitals: A history of tension

The physician-owned hospital movement grew, particularly in the early 2000s, out of frustration that some doctors were being left out of administrative decisions in large facilities.

The doctor-owned model, Curd says, allowed him and others to have more control in the operation of a hospital, whether determining how it should be laid out, or what equipment would provide the best results or how long patients should stay in the hospital after surgery. This means doctors take some of the rewards and risks involved in the healthcare business. Proponents say these hospitals can reach the "triple aim" of improving care, improving population health and reducing costs.

But these hospitals posed a challenge to non-profit and for-profit hospitals. Congress had previously imposed a temporary ban on the construction of doctor-owned hospitals that specialized in cardiology, orthopedics and other areas, after the Hospital Corporation of America, the for-profit hospital group, accused them of dipping into for-profit hospitals' lucrative outpatient surgery business.

Obamacare took the restrictions further. The little-known ban, part of Section 6001, gives physician-owned hospitals the option to expand if they stop using Medicare, the federal program for people 65 and older. Cutting a hospital off from Medicare can kill it. For many hospitals, Medicare is half their revenue.

A study published in the journal Health Affairs, left little doubt about the effect of Obamacare on hospitals owned by doctors. The ban was effective at curbing growth from doctor-owned hospitals that existed before the ban, the authors concluded after examining 106 physician-owned hospitals in Texas, home to 40 percent of the country's facilities.

Researchers also examined 92 physician-owned hospitals built between 2004 and 2013. They noted that as the deadline approached, plans to build hospitals came together quickly, as did expansions. In 2010, 83.3 percent of newly formed for-profit hospitals in the study were physician-owned. In total, 20 physician-owned hospitals were formed in 2010, right before the construction ban took effect.

Physician-owned hospitals that formed after the ban were unviable enterprises, authors concluded, noting that those hospitals either went bankrupt or were sold because they didn't have help from Medicare or Medicaid, and therefore private insurers wouldn't include them in their networks.

One of the study's researchers, William Wempe, an accounting professor at Texas Christian University, also found no evidence that existing physician-owned hospitals stopped accepting Medicare beneficiaries as a way to expand their facilities.

Instead, they appeared to do more with less, Wempe says. The study revealed that staffed beds increased by 15.1 percent, revenue per square foot increased 21 percent and revenue per full-time employee increased 20.1 percent. This means doctors may have worked longer, conducted more procedures in less time, or ordered more tests to boost revenues.

Wempe says this could raise safety concerns. "They may try to get people to do more, but at some point they are working beyond their optimal pace," he said. "We can then begin to ask how healthcare is affected, quality and cost-wise."

The New York Times

July 18, 2017
Trump Seems Much Better at Branding Opponents Than Marketing Policies – *by Emily Badger and Kevin Quealy*

Donald J. Trump, the master brander, has never found quite the right selling point for his party's health care plan.

He has promised "great healthcare," "truly great healthcare," "a great plan" and health care that "will soon be great." But for a politician who has shown remarkable skill distilling his arguments into compact slogans — "fake news," "witch hunt," "Crooked Hillary" — those health care pitches have fallen far short of the kind of sharp, memorable refrain that can influence how millions of Americans interpret news in Washington.

Analyzing two years of his tweets highlights a pair of lessons about his messaging prowess that were equally on display as the Republican health care bill, weakly supported by even Republican voters, collapsed again in Congress on Monday. Mr. Trump is much better at branding enemies than policies. And he expends far more effort mocking targets than promoting items on his agenda.

Both patterns point to the limits of the president's branding powers when it comes to waging policy fights. He hasn't proved particularly adept at selling his party's ideas — or shown much inclination to turn his Twitter megaphone toward them. He seemed effective in branding his immigration policy during the primary campaign — #BuildTheWall — but even that subject has occupied less of Mr. Trump's attention on Twitter since he became president than, say, CNN.

By contrast, dating to the campaign, Mr. Trump has been deft at branding his opponents. There is no definitive canon of Mr. Trump's messaging, but his Twitter feed serves as a reasonable proxy: It's the social media account he's best known for, and his use of it helped propel his candidacy. We've kept our tabulation of his Twitter insults current throughout his presidency. Using them as a guide – beginning in June 2015, when he declared his candidacy – you'll notice patterns in how he refers to his political opponents.

Consider Hillary Clinton.

The word choice is memorable. But it's also the repetition that's important. In its simplicity and consistency, that message is textbook marketing, said William Cron, a professor of marketing at Texas Christian University. "This is what the product stands for," he said (Mrs. Clinton being the product in this case). Marketing research also suggests that the more we're exposed to a belief or a brand, the more likely we are to believe that others share or use it. And so by repeating the slogan, Mr. Trump also feeds the notion that Mrs. Clinton is widely believed to be crooked.

Psychologists have another term for what Mr. Trump does here that is so effective. He "essentializes" Mrs. Clinton and his other opponents, like Lyin' Ted Cruz.

His use of this phrase implies a subtle but important distinction: It's not merely that Mr. Cruz tells lies; rather, lying is essential to who Ted Cruz is.

Mrs. Clinton didn't just commit a crime (in Mr. Trump's telling); she's crooked to the core.

"Essentialism," write the psychologists Gregory Walton and Mahzarin Banaji, "implies that a characteristic is inherent in the person (self or other) rather than the product of circumstance; that it is biological rather than social in origin; stable rather than unstable; and capable of great explanatory power rather than little."

The tactic is also used against The New York Times, a favorite target of Mr. Trump's derision.

And the news media at large. Trump's brand evolved from describing the media as "dishonest" to labeling it "Fake News" after he became president. The latter label holds more power because it suggests that dishonesty is endemic to the news media's identity.

But even as Mr. Trump has been focused and disciplined over time in tailoring messages around his opponents, he has seldom done the same for policies and legislation, though these would seem like the larger prize.

Mr. Trump has used a number of slights to make the case against Obamacare, which he has frequently labeled as a "total disaster" or "disastrous," or with variations on the theme of death (it's dead, dying, in a death spiral).

But the affirmative case for the Republican alternative? None of his language has stuck. When Mr. Trump has tried to brand his party's health care reform efforts in a positive light, his messages have largely taken the form of unmemorable promises about "better" or "great" health care in the future.

If any word kept coming up — and this one's not from his Twitter feed — it was his reference to the House bill as "mean." The president repeatedly confused even Republican legislators over what form of health care law he favored (on Monday night, he came out, yet again, for the strategy he previously rebuffed of repealing the Affordable Care Act now and replacing it later).

In the past two years, he has tweeted about “tax reform,” the G.O.P.’s next major goal, only three times. “Big TAX REFORM AND TAX REDUCTION will be announced next Wednesday,” the president tweeted on April 22. When the following Wednesday rolled around — and the White House released a one-page outline of the plan — his Twitter account had nothing more to say about it.

Messages about his immigration restrictions, another defining policy effort, have been muddled by Twitter diatribes against the judges ruling on it and debates over whether the ban should be called a ban. Mr. Trump even undermined the case for his administration’s own proposal (with the courts and the public) by repeatedly calling it “watered down.”As with the “mean” House health care bill, it became unclear on Twitter whether Mr. Trump was advocating the policy at all.

The strategies that he has used against his foes — the repetition, the simplicity, the consistency, the essentializing — could just as easily be deployed to promote subjects as to deride them. That is, after all, what much of marketing does (and what a few positive Trump Twitter parody accounts have attempted to do).

July 21, 2017
Texas Dean Highlights Importance of Global Ethics

GITAM School of International Business (GSIB), GITAM University, organised a lecture on 'Globalisation and business ethics: The way ahead' here on Thursday on the campus.

Texas Christian University Neely School of Business Dean Prof O Homer Erekson delivered the lecture and highlighted the importance of new global ethic. He stressed about common values across all cultures, nations and religions. He said that all stakeholders of a business organisations should critically look at self and connect to others with trust to have a sustainable and competitive advantage over others.

GITAM University Chancellor Prof K Ramakrishna Rao highlighted on Mahatma Gandhi principles and ethics. Vice-Chancellor MS Prasad Rao briefed about the growth and international connectivity in education.

GITAM School of International Business Dean and Director VK Kumar welcomed the guests. The lecture was attended by distinguished delegates, invited guests, heads of institutions, faculty, staff and students.

July 24, 2017
A Guide to the Best Dallas Accelrat3ed MBA Programs – *by Kelly Vo*

To earn an MBA you have to be committed. That means spending your time, money and your energy to attending class, completing homework and participating at all levels of the program. For some, two or more years is too much time to give when their job and family is also taken into consideration. That’s where an accelerated MBA program can be incredibly helpful. It allows you to complete your MBA as quickly and

efficiently as possible—typically within one year—so you can get back on the job market and on with your career.

If you want to earn an MBA but you don't want to turn everything in your life upside down to make it possible, then an accelerated MBA might be for you. To help, here's our newest guide to the top Dallas accelerated MBA programs.

Neeley School of Business – Texas Christian University

Founded in 1884, the TCU Neeley School of Business first offered an MBA degree in 1938. Now, the program offers six MBA programs including two accelerated options: the Accelerated MBA and the Accelerated Professional MBA. The class sizes at Neeley are small, with a 13-1 student to faculty ratio.

The full-time Accelerated MBA at Neeley is a 12-month program that takes place over the summer, fall and spring. It is designed for professionals who require minimal absence from the workplace. To graduate, students complete 36-hours of curriculum including 13.5 hours of core classes and 22.5 hours of electives. The electives can be used to tailor the MBA in finance, supply chain, marketing, management, energy, health care, real estate, entrepreneurship or consulting.

The Professional Accelerated MBA is an even more flexible program. This program allows MBA students to graduate in just 21-33 months while only taking evening courses. It's an abbreviated 36-hour plan that is designed for professionals who already have a distinguished business career and do not wish to take any time off.