



Motivating Your Sales Force

By Alice Winkler

If you've been wondering about the best way to motivate your sales force you are not alone. Deciding on the right incentives for your employees is a tricky business. That being said, be aware that there are two factors involved in motivating a quality work force.

Most basically, there is the compensation question which consists of three elements; base pay, financial incentives and indirect or long term monetary benefits that include medical insurance, stock options and 401k plans etc. On the other hand motivation may also be fostered with non monetary rewards that can have a powerful impact on employee motivation. These types of rewards recognize employee achievements and provide them with direction in furthering their professional goals.

Firstly, in using compensation as a performance motivator, you need to be clear about your goals and your long term vision of the types of accounts you want your employees to solicit and sell. Your base compensation should be competitive within industry standards; and your incentive program should be geared towards rewarding behavior that you have deemed to be optimal.

Be aware that financial incentive programs come in many shapes and sizes. They can be based on individual or team based achievements. While some companies institute overall "goalsharing" incentives where employees share in the company's successful attainment of specific goals, others have tiered incentive plans where department managers are rewarded for the success of the employees in their divisions. Timing is also critical. Bonuses can be annual quarterly or even monthly with different outcomes.

But before you decide on a particular type of incentive plan, you need to be clear about what you want your employees to achieve and focus on rewarding behavior that motivates them in this direction. The list of behaviors which you will consider in developing an incentive plan is obviously unique to your own business. Compensation plans that involve indirect long term financial rewards are geared towards encouraging employee retention, and satisfy a completely different need than strategies which encourage specific behaviors and reward performance levels with direct financial benefits.

At its most simplistic level a direct incentive plan that is based on gross account revenue, rewards gross sales. But what if your profit margins are different for sales of different products? To encourage your salespeople to maximize net

profit, you need to develop a plan that rewards sales of different products differently. Moreover, if you have a customer turnover problem, you could develop a financial incentive for an increase in customer retention and thereby motivate your sales people to provide better support. Other types of sales behavior to consider may involve the types of customers you want to develop and new sectors you want to enter. Are you content within your current market position or do you see growth potential in a different sector that provides a challenge for your sales force. If you want to encourage your salespeople to develop relationships in sectors outside their comfort level, develop an incentive that encourages them to do so, and reward the development of certain types of accounts differently than other types of accounts.

Another critical question you should consider is who will share in financial incentives. Do your salespeople work in teams with significant upper level direction and cooperation from administrative staff or do they operate independently. Should your administrative staff share in company profits by having an incentive plan of their own based on their particular department's performance? Alternatively, since every employee has a function, should goals be set for employees outside the direct sales force so they too can be rewarded for their own achievements. Designated goals can include anything from cutting expenses to developing promotional opportunities and even encouraging more efficient administrative processing. Simply put, any activity that can be measured may be the subject of a goal sharing program with designated rewards.

Also, remember that the timing of an incentive payout is very important. The conventional annual bonus, although a factor in employee retention, has a minimal impact on employee behavior for the simple reason that it is not an ever present factor in the salesperson's decision making process. At the other end of the spectrum is the "spot award" which recognizes a significant behavior immediately and acts not only as a financial benefit, but provides the employee with immediate recognition of a specific achievement. More likely than not, in developing your own plan, you'll set up a quarterly or monthly bonus payout based on day to day sales figures, with an opportunity for a spot bonus in the event something extraordinary is achieved. To maximize the impact of the reward, you should also always pay it separately from the base commission.

Finally, do not overlook the effect non monetary rewards such as employee recognition programs can have on employee motivation. Employees want feedback. Positive recognition in front of their colleagues with a tangible gift that will remain in their possession can have more of an effect than a monetary reward which will be forgotten after it has gone towards the day to day bill payments. In order to be successful, rewards programs should consist of regular progress reports so that salespeople know where they stand and are constantly reminded of the program.

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