

Do Your Company priorities and your Company's pay plan line up?

By Roger Bostdorff

When I deal with a client and they ask me to review or provide an assessment of their sales process I ask a significant amount of questions. There are several questions I always ask and this is one of them, "What are you telling your sales force?" The executives of the company typically starts telling me about the good relationship they have with their sales force, the great guys that they have employed or to the contrary they will tell me they think much of the problems or issues are due to the people they have on the team. However, none of this is really answering the question, "What are you telling your sales force?"

Sales people are very interesting specimens. Successful sales people need to be very good communicators, thus good listeners. Thus, they hear the management team say to do this or that, to sell more of this product line or focus more on services. They undoubtedly understand that happier customers buy more than unhappy or less happy customers. However, the thing that gets through to them every time, the thing that communicates very clearly what the company wants the sales force to do is the sales/pay plan. I have had numerous conversations with company executives where they are wondering why something that is obviously a priority for the company, is not getting done or not getting done with a sense of urgency. This is, in spite of the fact that management has explained to the sales force that this item or service has a high priority.

A good pay or commission plan needs to have three critical ingredients...

1. It needs to have a clear line of sight-the sales person needs to be able to easily calculate how many \$\$ they will make if they make this sale or achieve this goal. I have seen and been paid by some of the most complex commission plans in the history of business. The pay plan was so complex that the sales force did not bother to attempt to figure out how they were going to be paid. By the way, it obviously did not accomplish #2.

2. Motivational-The sales force needs to be excited about making the right things happen. If the sales force sees how they will be compensated for accomplishing these objectives and feel the harder they work the more successful they will become, it becomes a win/win for the sales force and the company. However, if the sales plan does not accomplish #1 it will never accomplish #2.

3. It needs to be in line with what the company objectives-The easy example here is that the company wants to drive more profit. However, they are paying the sales force on revenue. Therefore, the sales force is going to sell the items with the least resistance to accomplish their sales goals. These items or services undoubtedly are typically not the same ones that drive the highest profit. Thus the company is not achieving their goals but the sales force is doing exactly what the sales plan is telling them to do. There are many more examples as well where the messages may be misconstrued. It could be a new product line, a new offering, a new geography, etc.

If you think about it, a company can have a very talented sales team and still not be successful relative to achieving the goals and objectives that they set forth. Besides having a talented team, this sales team needs to be on the same map and in concert with the goals and objectives of the Executives of the organization.

The way to do this is to not necessarily utilize the same sales plan year in and year out. The objectives of the company may change. If they do then the sales/pay plan needs to be reviewed to insure that it is sending the correct message. When was the last time your company compared, what the sales plan was saying, to the objectives of the company? Are the two on the same page?

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