

Enough Is Enough: How to Solve Lackluster Sales Performances Once and For All

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Here is a scenario that is all too common for many companies ... a sales manager sits down with the team to talk about the company's flat sales performance. After an initial discussion that doesn't go anywhere in finding a solution, the sales manager falls back on a familiar litany of exhortations including the need to focus and work harder to start hitting the numbers. Then the meeting is dismissed and members of the sales team trudge dutifully, if somewhat quizzically, out the door not really sure of what to do next except to repeat their same efforts with greater intensity.

The situation brings to mind the old saying from Will Rogers, "If you find yourself in a hole, stop digging." When it comes to turning around sales, it's time to stop digging!

The key to turning around flagging sales performances is not to use the desired number (the sales or revenue objective) as the end all and be all but to use it as a starting point. In their book, *Cracking the Sales Management Code*, authors Jason Jordan and Michelle Vazzana tell us that the path to a solution is to work backwards—to "reverse engineer"

from the desired number to find the performance metrics—the specific actions or activities—that are behind the numbers and that can ultimately help deliver them.

While this solution at first glance sounds simple enough, Jordan and Vazzana maintain that it is not happening partly because sales managers are inundated with more data than they can handle. They rely on customer management systems that provide plenty of information on where and by how much sales are off but do not offer any insights on the activities that need to be implemented or changed to help achieve the desired numbers. The authors believe that what is missing from the data are the instructions—the specific activities to engage in—to solve the problem.

Activity-driven sales: the first step toward a sustainable performance solution

Repeated client experiences show, as do research studies and plenty of anecdotal evidence, that the activities that can help a company reverse persistently flat sales performances can be found with its best sales people. These individuals are top

Hint: The key to finding the solution may literally be right in front of you!

performers because one way or another they have figured out the activities or best practices that get results. By identifying and breaking down these activities into replicable steps and communicating these to others to adopt and implement, a company can take the crucial first step toward reinvigorating its sales efforts.

An example of this can be seen with a Fortune 500 client that came to us seeking a solution to improve its sales performance. Despite extensive training efforts, it was clear that its sales representatives were deficient in two critically important areas: 1) asking open-ended questions that could identify hidden needs and other information crucial to developing winning customer solutions and 2) making product offers to secure sales agreements.

To help accomplish its sales goals, the firm identified three critical objectives:

- Reinforcing learning and collaboration among its sales representatives; specifically, focusing on identifying, replicating and sharing key

activities practiced by its top performers and then enabling reps to translate this knowledge into concrete customer service and sales results.

- Gaining supervisor buy-in for implementing new sales processes.
- Improving supervisor-sales rep relationships.

In developing and rolling out its new sales training program, this client included an additional critical element: a 90-day incentive program (“Go 4 It”). The incentive program was notable in that it consisted of a number of specific, non-cash rewards that included an engaging communications campaign as well as motivating ePoint rewards that were redeemable for top-brand merchandise. In addition, individual reps’ performances were posted online to encourage competition.

The program rewarded sales reps, supervisors and teams for a variety of activities that included:

- Taking online quizzes on product features.
- Taking online quizzes that reinforced effective selling skills with a focus on making offers.
- Excellent call observations (reps).
- Excellent coaching (supervisors).
- Collaboration and teamwork.
- Improved customer perception surveys.
- Increased offers and closed sales.

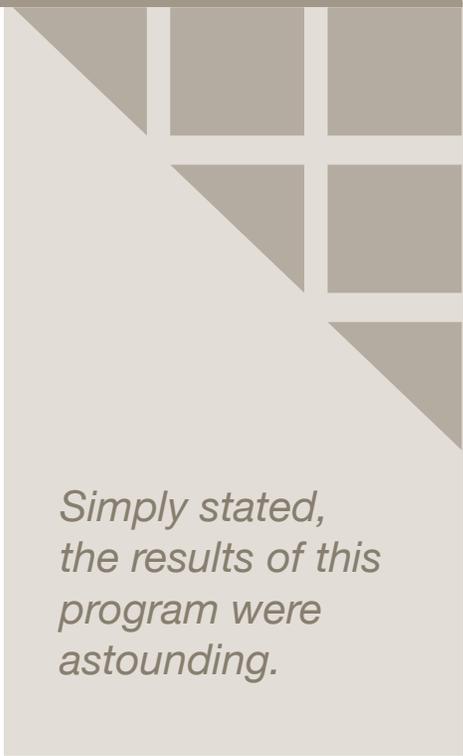
Simply stated, the results of this program were astounding. Soon after implementation, this client achieved a *sales increase of 32%* and was able to sustain this increase *over an entire year*. What was also impressive were the improvements in the activities that

supported this increase. For example, more than 70% of sales reps passed the quizzes and customer service improved measurably as indicated by customer perception survey scores. This client also succeeded in strengthening teamwork as well as its culture overall as a result of various factors that included supervisors continuing their focus on observing and coaching reps.

Recognition and rewards – “the X factor” in pushing sales results over the top

In the example with this Fortune 500 client, identifying key difference-making sales activities was crucial to the results that it obtained. What was also crucial was planning and introducing a flexible incentive program that reinforced these efforts—a program that included peer recognition for sales results along with more tangible rewards. What was especially critical with this client’s success was that it recognized and rewarded both the results that its employees achieved as well as the *mastery of the activities* that drove the results. Properly designed and implemented, these non-cash recognition and rewards programs can be the “X factor” in helping a company catapult its sales performance to unprecedented levels.

It’s also significant to note that non-cash recognition and reward programs have, in recent years, increasingly found favor with best-in-class companies across a number of industry sectors. A February 2013 research study by the Aberdeen Group reported that sales organizations in best-in-class companies are more likely to use recognition in the form of non-cash rewards. According to the study, 55% of respondents indicated that non-cash incentives and rewards are “a vital component of sales performance management,” and 57%



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said that “internal recognition for positive performance” is a key non-financial motivator.

In addition, a 2011 study by the Aberdeen Group showed that best-in-class companies are more than twice as likely as all other firms to provide non-cash rewards. And, in a 2011 analysis of published studies on incentives and recognition, the Incentive Research Foundation and the Incentive Federation found across a range of industries that non-cash awards are more effective in motivating employees to improve their performances than cash awards.

Why are companies increasingly turning to non-cash recognition and rewards programs? To some degree, their emergence has paralleled the evolving nature of sales itself over the last several decades. In the past, sales has been a frequently transaction-driven function with an overt focus on pushing particular products. In contrast, today’s sales professionals are often asked to interact with customers in more sophisticated ways in which the product is part of a broader sales

approach where an attempt is made to better understand customer behavior by taking into account such factors as customer needs, pricing, competitive aspects, and various market and economic influences.

In our current business environment, sales professionals must be comfortable working with complex and sometimes lengthy sales cycles, and they must be well versed in product and market knowledge (often at a deep technical level). They must also be able to work as fully functioning team members with individuals from such areas as product development, engineering, quality assurance, marketing, sales support and customer service. In light of the increasing complexity of sales roles today, many companies are continuing to move to non-cash recognition and reward programs. For these organizations, traditional compensation plans with dominant commission components are simply not as effective as they once were in driving results.

In his article, “A Radical Prescription for Sales,” which appeared in the July-August 2012 issue of the *Harvard Business Review*, Daniel Pink cites the example of Microchip Technology that decided to replace its 60% base salary, 40% commission structure with one where sales staff received 90% of their compensation in salary with the remaining 10% based on corporate rather than individual performance criteria. The results were positive across all indicators—total sales increased, cost of sales remained the same, and sales force attrition dropped while retention rose. Furthermore, as a result of this success the company decided to extend this compensation plan to nearly every employee who was not an hourly worker.

Non-cash recognition and rewards – a flexible approach for today’s diverse business organizations

Another advantage that non-cash recognition and reward programs offer is that they can be adapted to assist organizations where customer “touches” and sales interactions involve a wide range of employees, including many who do not hold formal sales responsibilities. In these scenarios, non-cash recognition and reward programs can play a key role in helping to galvanize and transform an entire workforce, as individual employees learn to adopt critical sales-generating activities and are rewarded for both successfully implementing them as well as for delivering results.

This situation was recently demonstrated by a financial services client with more than 3,000 employees that had invested heavily in automated banking services. Research showed that the bank’s customers were not aware of the automated services available to them. The company’s leadership decided that it needed to more actively inform—and sell—its customers on the advantages of automated banking.

The key to initiating this change was to deliver the message in a positive, affirming way. The bank adopted an approach in which it would emphasize that existing and potential customers would continue to be welcome and that it had their best interests at heart and was not pressuring them to buy.

To reach its goal within the targeted three-month timeline, the bank launched a 90-day, multifaceted incentive program (“Win Time”), which leveraged its customer advertising theme. Following an initial training period, employees began conducting automated service demonstrations for customers, who were shown in relaxed, informal learning sessions how to use the automated services



This program was so successful that the bank ran it for three consecutive years...

and how these services could benefit them.

Each month, the employee team in each branch that conducted the most demos was rewarded via E-points. Managers were rewarded as well. In addition, both employees and customers earned sweepstakes entries for a \$10,000 travel award and other prizes.

This client’s incentive program also contained a strong communications component. These simple but effective communications included program launch materials and manager guides, large door cards for bank entrances, break room posters, and weekly progress reports with success stories.

The results that this client achieved in just 90 days were significant. Most notably, by using a broad organizational model that involved employees across a range of functions, this client succeeded in conducting 37,000 demonstrations, a stellar achievement that resulted in doubling the number of automated-service users. Also, through the efforts of employees who volunteered

to conduct demos at community events, the bank estimated that 17,000 potential new customers were contacted.

Finally, in addition to providing immeasurable customer satisfaction and strengthening customer retention, the bank reported cost savings of more than \$1.2M (annualized) because of teller reduction and increased use of direct deposit. This program was so successful that the bank ran it for three consecutive years, further demonstrating its success and sustainability.

A proven strategy for transforming sales cultures and supercharging results

As seen in the two client situations cited earlier, non-cash recognition and reward programs can have a profound impact on an organization seeking to turn around declining or stagnant sales. While identifying difference-making activities is essential to reversing weak sales performances, it is only part of the solution. With a strategic, flexible and well-executed non-cash recognition and rewards program, organizations can address the nuances of incentivizing performance that matches the sophistication and complexities of their unique business environments. In this process, they can also boost employee engagement levels, transform their sales cultures, and consequently put themselves in a better position to hit the numbers that they are seeking ... which is why the two companies noted earlier achieved the stunning results that they did—a 32% increase in sales for the Fortune 500 client and 37,000 customer demonstrations for the banking client.

So now let's go back to where we started ... let's say for the moment that sales at your company are way below par and you've been given the job of turning things around. Your next

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sales meeting is coming soon. Are you going to keep looking at the stressed faces of your staff and continue to engage in more hand wringing and head scratching? Are you going to keep delivering more exhortations “to get out there and hit the numbers”? Or, is it time to really get at *the source of the problem*? Based on the experiences of a whole lot of companies, you very likely have sales stars right now who have proven, replicable activities or best practices to share. Combine these with a well designed non-cash recognition and rewards program and then watch out (and maybe look for a chair). You might be shocked by the numbers you get!

The Performance Improvement Council (PIC), a professional organization of performance marketing executives is a special industry group of the Incentive Marketing Association (www.incentivemarketing.org), is collectively focused on helping companies optimize their investment in human capital through proven and innovative reward and recognition solutions. To learn more about the Performance Improvement Council, please visit <http://www.thepicnow.org>