



Motivating / De-Motivating the Sales Force

By Scott Cardais (Serial Entrepreneur)

Over the years, I've met several business owners who struggle managing the sales function due to misconceptions (even disrespect) about the selling process. This is something the CEO / Owner of a company that relies on an outside sales force simply cannot afford.

If a company relies on an outside sales force, misunderstanding the sales function can easily result in mis-guided policies, high turnover, lower gross margins and missed revenue targets.

Mistreatment of the sales force has its roots in some basic cliches about sales people in general.

- Sales people are lazy.
- Sales people are over-paid. They don't earn their money.
- Sales people are more loyal to their customer than the company.
- Sales people are self-centered and greedy. They aren't team players. They don't care about anything but their commissions.
- Sales people stretch the truth.
- Sales people think they're special. Spending guidelines don't apply to them.

Yes, there are sales people who behave this way and this behavior shouldn't be tolerated but these are stereotypes and, by definition, stereotypes are wrong. All engineers aren't stubborn or socially inept. All lawyers aren't greedy and litigious. All accountants aren't "bean-counters" with no understanding of the significance of their numbers.

When senior managers harbor these beliefs about sales people, they telegraph it to everyone in the company. Eventually, these misconceptions lead to policies that hurt productivity and the company's ability to attract and retain sales professionals. This, in turn, threatens the existence of the company. In other words, it's an important issue.

So, where are some common problem areas?

Dealing with Compensation Issues in General

My #1 rule when it comes to compensation issues: Never give someone the impression that you have higher priorities than their compensation. Compensation is holy; especially in the mind of the affected person. When compensation issues come up, and they will, treating them as an annoyance is a big mistake.

Impossible Sales Goals

When it comes to developing sales quotas, "starting with the end in mind" generally isn't the right approach. It may be an interesting exercise to ask your sales executive what changes would be necessary to double your sales this year. That question may root out some interesting ideas but setting sales quotas unrealistically high isn't motivating if a significant portion of the sales person's compensation depends on meeting the quota.

Sales quotas should be set at a level that allows most of your sales people to earn total compensation that is competitive in your market. Whatever the going rate is for a sales professional in your market, individual sales quotas and compensation plans need to allow most of your sales people to earn that amount and --- it has to be realistic. There's no point in setting an unrealistic goal for a new sales person that he / she soon discovers was completely unrealistic.

If a company can't afford to do this, then it can't attract and retain the right kind of sales people. It needs to reexamine how it goes to market, its pricing or its product. It cannot expect to recruit and retain good sales people for significantly less than their market value.

Undocumented Compensation Plans and Agreements

Never make verbal commitments about how you will pay someone without following it up almost immediately with written confirmation including examples. After sending the written confirmation, follow up verbally with the other party to confirm the agreement. To be doubly safe, ask the person to confirm their understanding in an email.

Complicated Commission Structures.

It's tempting to try to develop compensation plans covering every possibility and incentivizing multiple behaviors but I think it should be avoided for several reasons. First, complicated structures are hard (and more expensive) to administer. Second, they lead to errors. Third, every sales person is going to verify their commission statement and complicated structures take up their time and yours if they generate questions every month. Finally, complicated structures don't breed trust. So, my experience says, keep commission structures simple.

Clear Commission Statements

Quite understandably, sales people use their commission statement to verify they are being paid properly. If they have questions because of ambiguous commission statements, you lose valuable sales time. If the commission statements contain errors, you lose even more valuable sales time and the administrative time to research and correct the error. It's avoidable. Make sure your commission statements are clear, on time and correct.

Timely Payment of Incentive Compensation

Incentive compensation is "payroll" and should be treated as such. If your plan calls for paying someone by a certain date, pay it. Don't treat incentive compensation as something that can be deferred like paying one of your vendors when you get in a cash bind.

People may forget your exact words but they never forget how you made them feel. Treating incentive compensation as a deferrable or discretionary expense insults sales people and they won't forget or forgive.

Reneging on Payment of Commissions.

There's no faster way to lose the heart and soul of a sales person than renege on paying their commissions. This seems obvious but it happens every day. Ask any salesperson with more than a few year's experience and you'll hear plenty of war stories. Whether they are true examples of the company renegeing or misunderstandings, the result is the same.

Misunderstandings can be avoided by documenting the plan carefully. Reneging can be avoided by deciding not to do it.

And companies renege over piddling amounts. I know of one example where the company lost the spirit of a manager responsible for more than \$300k of annual profit in order to save \$600 which they blamed on the company's bureaucracy and refused to correct. The employee didn't sympathize. What a waste!

Ignoring Real Obstacles to Sales / Not Listening to your Sales "Engineers"

If a mechanical or manufacturing engineer raises a technical problem, everyone listens. Sales "engineers", who behave like sales engineers, should be given the same courtesy and respect.

Sometimes there are legitimate reasons for quotas not being met that are out of the sales person's control. Knowing when the reason is legitimate requires some judgment but management needs to be willing to listen with an open mind and act quickly if possible.

Sometimes, as painful as it is to hear and accept, the product or service you offer just isn't that compelling. I had that situation at the mobile computer company and another software company. It was an emergency that couldn't be solved by whipping the sales force. There's no benefit to refusing to listen, shooting the messenger or pretending it's not true if it is.

Note, this doesn't mean folding up your tent and terminating your sales force until you develop a new product. A product may be wrong for one segment of the market and right for another. That's happened to me on several occasions. Listening to the issues with an open mind is the only way to begin to solve this problem.

There are also times when your price isn't competitive or your previous service record with a company is an obstacle. Refusing to listen or pretending real problems don't exist is a waste and it's irresponsible because it doesn't solve the real problem.

Make It Easy / Nip It, Nip It, Nip it.

Finally, my perspective with sales is that companies should make it as easy as possible to sell their products or services while maximizing profit. There are no negatives I can think of to this perspective. Making it easy to sell means identifying all the legitimate obstacles to winning sales; prioritizing them and nipping them one by one.