ICONIX

Increasing Performance With Data-Driven Insight

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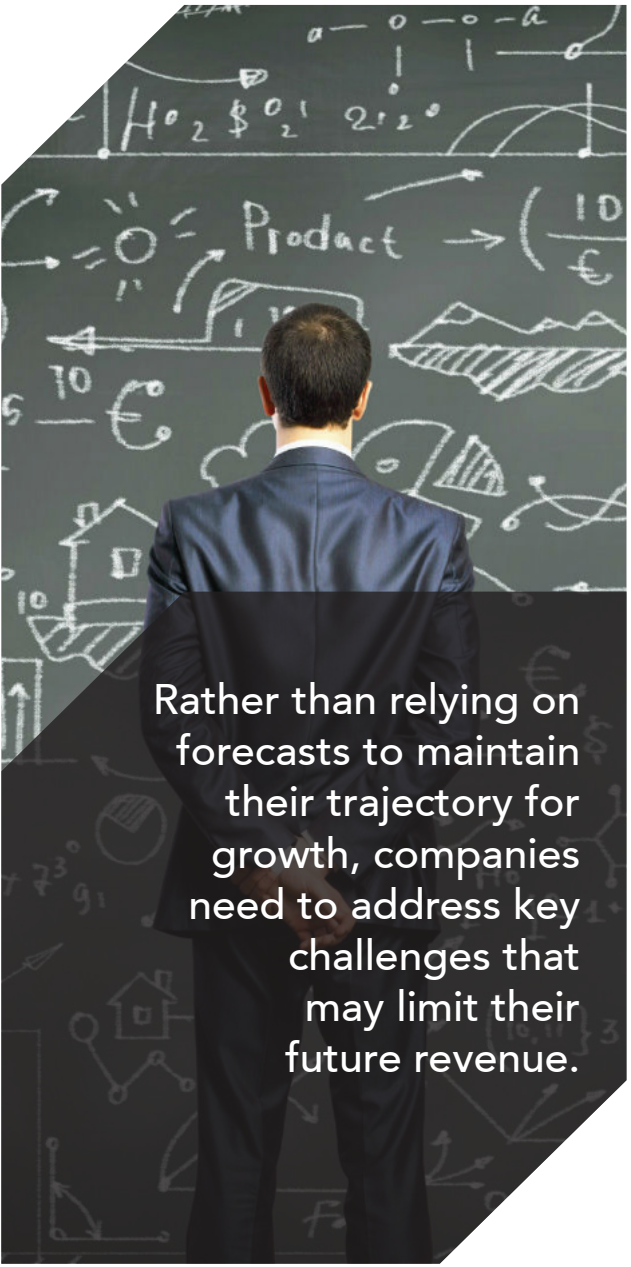
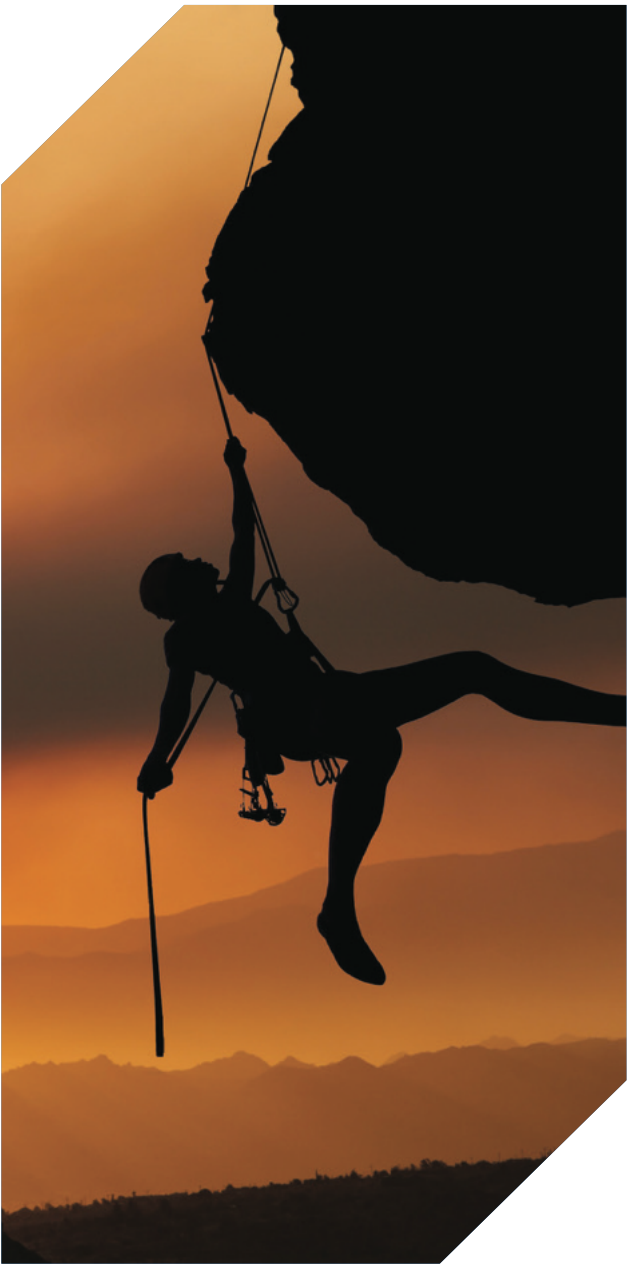


INCREASING PERFORMANCE WITH DATA-DRIVEN INSIGHT, NOT SPENDING

Are you losing money through your incentive compensation program? Companies that believe revenue forecasts are what drive operational profit may be missing out on golden opportunities to grow their business if they fail to connect the impact of rewards and recognition on employee productivity. When organizations focus more on numbers than the people behind them, employers may see lower levels of retention and higher costs to replace star workers.

Rather than relying on forecasts to maintain their trajectory for growth, companies need to address key challenges that may limit their future revenue. These include being able to increase transparency concerning their sales pipeline and strategies and accurately paying employees incentives based on performance.

By focusing on improving their approach toward rewards and recognitions, companies can get closer to generating the positive outcomes they aim for in their forecasts. To help shape the sales strategies needed to meet these goals, employers should consider using sales performance management software to measure, analyze and maximize employee productivity. However, companies often face the challenge of knowing the right balance between using technology and depending too much on it to make decisions.



CHALLENGES OF SALES PERFORMANCE MANAGEMENT

In order to stay on track with their sales forecasts, companies need to give their employees a map for success starting with a detailed sales pipeline that is clear and easy to follow, helping guide sales representatives in uncharted territories and get closer to closing deals. However, some salespeople may get lost if they are unsure of what to do next, either because they have a lack of adequate training or work with outdated sales technologies.

While restructuring the sales pipeline could boost sales, it might not be enough if existing resources and support systems within the firm cannot handle the challenges of shaping sales performance management, crafting incentive compensation and keeping up with the changing sales environment.

WHY THE RIGHT TECHNOLOGICAL SUPPORT IS CRUCIAL FOR SALES

Although companies may rely on software solutions for sales performance management, it's a mistake to depend on data points alone.

Employers should be able to strengthen their managers' abilities with important insights into employee behavior to improve sales management. Managers should not lose sight of the purpose of their incentive programs, which is to reward employees for the right behavior.

According to a Deloitte study, a little less than half of the executives surveyed were either satisfied or very satisfied with their sales compensation program. Ineffective sales compensation programs often do not have the results higherups are looking for because they do not have the right tools to not only increase productivity but change employee behaviors.

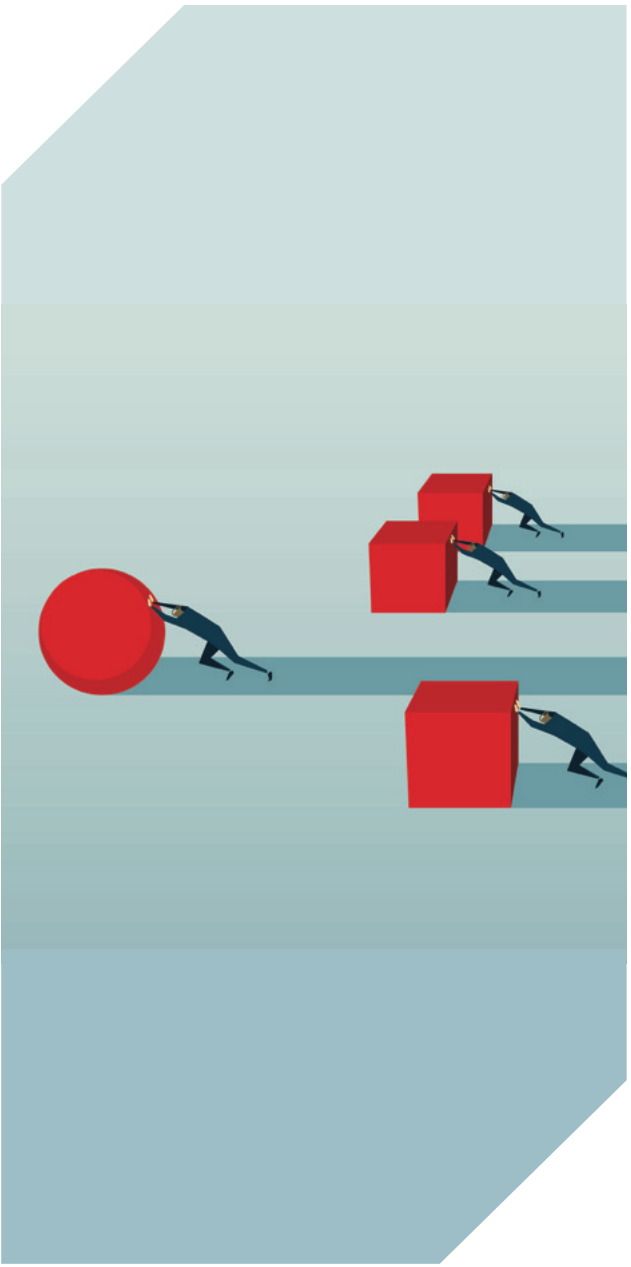
STRUCTURING BUSINESS MODELS FOR SUCCESS

As companies look into expanding within new markets, they often find themselves lacking in business intelligence - from the products that perform well in these markets to what techniques work best. Not having this crucial information could make them ill-prepared to develop a well thought out sales process.

Employers should use their sales performance management solutions to gather information about customers and their employees - how they are handling current sales strategies and processes and whether they are hitting their quotas.

Not only do employers not have the full grasp of the overall performance of the sales workforce without the right solutions, managers may also not have the knowledge needed to accurately give workers rewards. Some managers may provide bonuses and other incentives to employees who do not bring as much to the table as other workers, which is an inefficient way to spend the company's money.

The study by Deloitte found that executives wanted compensation programs that were more accurate in handing out payments, having incentives paid out on time and reducing the manual processes involved.



Software solutions for incentive compensation management can reduce the effort and resources, such as time spent by IT/ administrative staff, devoted to tracking payroll and whether employees are paid accurately.

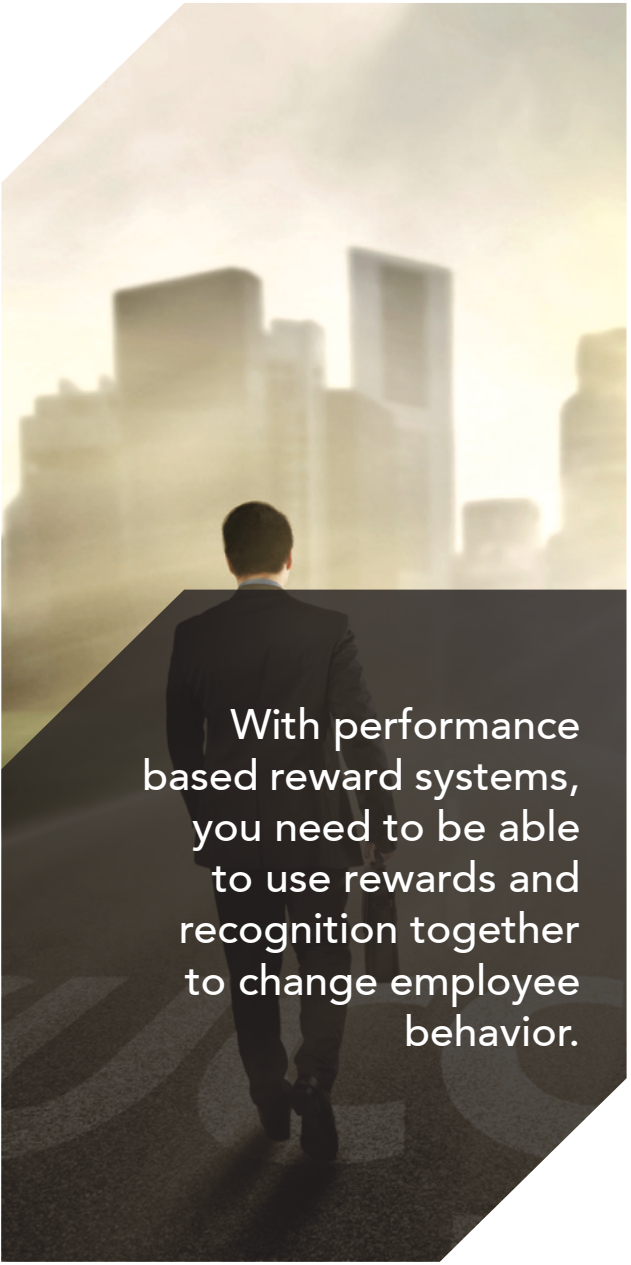
When companies seek out what is wrong with their current incentive compensation model, they need to start with assessing their corporate organizational design and structure. Some companies need to reinforce their sales training about the pipeline and improve transparency in the business.

To strengthen their employees' knowledge of the sales pipeline, companies should consider re-evaluating their sales compensation. Rewarding employees based on their success at meeting targets and quotas encourages the workforce to connect the company's objectives with their personal goals. However, some workers may feel as though rewards are out of reach.

To bridge this gap between the employer and worker, restructure the company's coverage model and ensure the most skilled workers are where they need to be in terms of:

- geographic territory
- particular products and services
- customers belonging to various demographics or profiles

Better organization of the sales workforce, greater sales transparency and an introduction of incentives could help speed up lead conversion for companies.

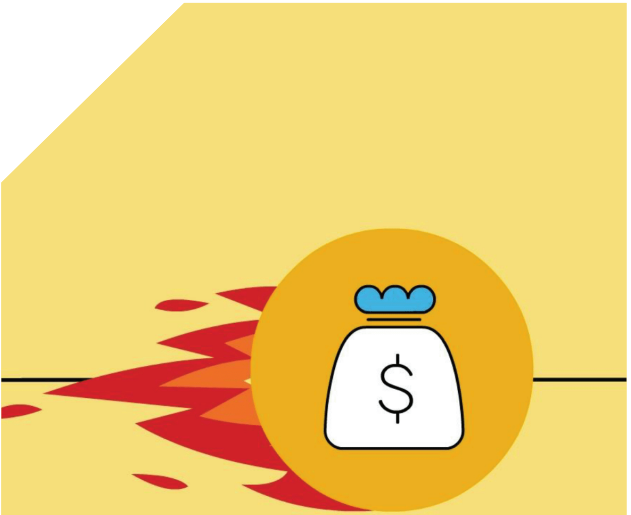


STRUCTURING BUSINESS MODELS FOR SUCCESS

It's not enough to have rewards, however, as employers should also combine their rewards strategies with recognition programs that will ensure salespeople are highlighted as valued figures not only in their company, but also in the industry.

As reward and recognition are inherently connected, companies need to meld these two approaches to maximize productivity. Creating a custom-built incentive compensation plan could be the solution firms are looking for to optimize productivity across the entire workforce. With performancebased reward systems, you need to be able to use rewards and recognition together to change employee behavior.

But as people are motivated by different factors, employers should adjust their incentive programs based on the types of workers they have at the company and which rewards are the most effective in boosting productivity. The Deloitte study found that 32 percent of executives were also planning on restructuring incentive opportunities, which could provide sales staff with more opportunities to earn rewards.



Depending on the personality of the salesperson, managers will have to tailor their incentive compensation to what drives them the most.

Since compensation plays a key role behind the motivations of salespeople, companies should first ensure to offer their top workers a great base salary combined with highly competitive incentive pay based on performance.

In order to personalize compensation based on individual motivations to grow the business and better manage compensation metrics, analyze the KPIs of the sales staff. Depending on the personality of the salesperson, managers will have to tailor their incentive compensation to what drives them the most.

For example, hunters are often motivated by commissions because they have a strong ability to turn leads into clients and excel at one-time sales. Other salespeople are motivated by the rewards gained from spending time with clients and building a long-term relationship. These farmers are more likely to be rewarded by the revenue each client brings.

CONCLUSION

With companies not seeing desired results from their rewards and recognition programs, they need to leverage new and advanced sales performance management solutions to improve productivity and motivation among their sales workforce. However, they also need to take into the differences of their workers and create personalized incentives to tap into their highest work potential. The right incentive compensation plays a key role in changing employee behavior to meet quotas and achieve sales forecasts.