

# The value of sales incentive programs.

White Paper | 2014

# Sales are dropping. How do you pick them back up?

With a range of markets becoming increasingly open, it is inevitable that more and more businesses are joining the fray and driving increased competition.

In the midst of this intense competition and limited resources, many organisations are struggling to motivate their sales teams to consistently meet targets.

In fact, according to CSO Insights' 2013 Sales Performance Optimization Study, more than one third (38.6 per cent) of businesses in the USA said fewer than half of their sales representatives made quota the previous year.

It is no surprise, then, that many organisations are trying out a range of incentive and reward programs in a bid to motivate their sales staff to bring in revenue. As studies and practical applications over the years have shown, motivating employees with the right incentives is a proven way to drive performance.

This whitepaper will explore the crucial role sales incentive programs can play in maintaining sales performance, especially in light of the growing value of non-cash incentives. It will delve into just what makes a good sales incentive program and what to look out for when making this sort of investment.

# The role of sales incentive programs in driving performance.

No matter how they are structured, all sales incentive programs serve to motivate individuals in the sales team to improve their performance, ensuring they can meet wider organisational goals.

Studies have shown how much of an impact a well-developed incentive program can have on the salesforce, motivating staff to boost their individual results - which will in turn fuel overall business improvement and results. For instance, a study from the SITE Foundation revealed that a properly constructed incentive program can boost performance by anywhere between 25 and 44 per cent.

A sales incentive program isn't just about raising sales figures, either. A good program can enhance outcomes in a large range of areas within the salesforce, such as:

- Driving sales targets. A good sales incentive program can help refine targets and milestones, allowing your staff to focus their efforts and attain better results.
- Improving sales quality. No top salesperson should be content with the one-off sale - and should instead seek further development of the customer relationship. Incentive programs motivate and guide staff to seek out opportunities for better lead referrals and upselling and cross-selling opportunities, adding extra value to each sale.
- Retaining top performing sales people. Sales incentive programs have proven to be an effective way of engaging top employees, rewarding them and encouraging them to stay and help grow the business. It's not just the best individuals these programs look after though, with special tailored incentives to help motivate low and mid-level performers as well.
- Improving product knowledge and sales skills. Incentive programs can also get your sales staff more engaged with the product or service your organisation sells, increasing their knowledge of the offering. Armed with this greater knowledge, they can increase sales of high margin products.

Through driving improvements across these and other aspects of the sales department, it's easy to see that a well constructed incentive program is a vital business improvement tool. So what should you look out for in a good sales incentive program?

# What does an effective sales team incentive program look like?

A sales team incentive program serves a clear purpose: to improve the performance of an organisation's sales staff by rewarding both their outcomes and behaviours through following a best-practice model. Such a program ultimately forms a crucial component of the organisation's overall sales strategy, so investing the time and effort into it simply makes sense.

Understandably, not all programs are created equal, so what are some of the key features found in the best sales incentive schemes?

## 1. Clear objectives, goals and benchmarks.

As mentioned previously, the sales incentive program should be a part of your organisation's wider sales strategy. As such, it is essential you write a thorough business plan to outline several key metrics.

Good sales incentive programs have clear objectives and goals to work towards, which form a framework through which your sales staff can concentrate their efforts. These can include, for example, defining your audience, establishing KPIs and benchmarks to work towards and identifying the appropriate motivators for different individuals in your salesforce.

The program should also take into account any past incentive programs, identifying what did and didn't work and areas for improvement.

## 2. A program design that packs the 'wow' factor.

In designing the program itself, you should ensure that it is not only guided by clear goals and objectives, but that it is delivered in such a way that it immediately captures the attention and interest of its audience.

You should therefore consider factors such as the actual delivery channels to implement – with the range of mobile, social, online and offline technologies available today, there is a slew of avenues through which you can deliver the program to staff. Consider the makeup of your salesforce and whether the program offers the best ways to reach them.

Have a look also at whether the program design is diversified enough to sufficiently challenge and motivate your staff. For example, are there tiered levels that offer increased earning opportunities and stretch your staff to reach targets?

Engagement is the core focus of many programs nowadays, and it's essential to invest in a program that stands out from the multitudes of similar offerings in the market. It may therefore be worthwhile considering the gamification trend, which can turn the sales process into a fun challenge to boost participant enjoyment.

### 3. The right incentives to maximise motivation.

Today's employees are more sophisticated in their unique demands, requirements and motivations than ever before. While monetary compensation for positive performance worked in the past, financial reward is failing to cut it for many of today's workers, highlighting the need to consider other, non-cash forms of reward and recognition.

In a September 2012 study, for instance, Aberdeen Group surveyed over 300 companies and found that well over half of 'best in class' organisations (in terms of the effectiveness of their sales practices) recognised the value of non-cash rewards to sales performance management. All of them offered group travel and company-sponsored events to reward sales success.

Offering a diverse portfolio of non-cash rewards, such as travel incentives or reward catalogues to spoil employees for choice, is therefore a wise strategy to adopt.

### 4. Consistent, sustained communication.

Even if your company has the most well-planned and rewarding incentive program mapped out, it will be difficult to achieve any meaningful ROI if its staff aren't genuinely informed or excited about it.

An internal promotion strategy is thus essential to ensure all relevant staff are aware of the program, how it works and the prizes on offer. If plenty of buzz is generated when the program is announced, employees are more likely to be engaged and willing to participate.

It's therefore important to seek a solution that makes it easy to develop a distinct program brand, which can be maintained and communicated from start to finish. Does the program offer a multi-channel marketing and communications plan that covers everything from the launch to the final awards ceremony?

## 5. An effective measurement plan.

It's vital that employees can keep track of their performance throughout the duration of the program, as having an idea of how they are doing is key to maintaining motivation.

Sales incentive programs should have measures in place to allow participants to keep tabs on their progress, as having an idea of where they are currently standing can prove instrumental to making that extra push to hit targets. Look for a program that incorporates performance and reporting functionality, data tracking, streamlined reward redemption and fulfilment processing and user-friendly participant dashboards, all of which enhance the total experience.

## Conclusion.

There is no doubt that sales incentive programs are a vital tool for any business wishing to drive the performance and results of its sales team.

A good program motivates and pushes all members of the salesforce - regardless of their experience or performance - to improve their individual results and reach the next level, thus contributing to overall business improvement.

By knowing what makes a good sales incentive program and what to look out for, you can select the appropriate solution for your organisation and start seeing a healthy return on investment in no time.

# About cievents.

The cievents Incentives, Reward and Recognition team is a global leader in the provision of incentive programs, having won multiple 'best in class' marketing awards. Our incentive marketing team designs and implements incentive programs for customers, employees and channel resellers, specialising in business performance improvement.

Services include sales incentives and recognition, employee motivation and engagement, B2B loyalty, online learning programs, talent retention, reward and recognition and incentive travel.

The structured and bespoke programs are customised to strategically reward and encourage specific behaviours driving desired performance.

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