

Incentivisation: A perfect partner for commission?



Opinion piece by John Archibald, Director of Operations at Incentivise.

Introduction

Successfully managing sales teams has many challenges. You need to keep your teams enthusiastic and motivated, you have to introduce new products into your offering and ensure that sales staff are knowledgeable and confident. You also need to ensure that the staff of your partners and resellers understand your products well enough to sell them effectively. The answer to all of these challenges is Incentivisation.

Incentivisation differs from commission in a number of important respects. Commission is the hard cash earned for sales success but, for the average sales person, commission earned goes straight into their bank account unseen and frequently straight out again to pay the mortgage and other living costs. The point is that, except for the lucky few, commission is routine, unremarkable...just another part of earning a wage. Incentivisation offers the opportunity to break that cycle, to reward in a way that is both special and memorable.

So how does it work?

Incentivisation sits alongside commission but it is quite separate and, whereas commission rewards for day-to-day sales success, incentivisation rewards for other types of achievement, as well as sales. And the key word is Reward. Rewards are special, tangible, non-cash items that are given outside of the normal sales environment. And it works because they are memorable. Who remembers the £1,000 commission cheque that went to pay off the credit card bill? But everyone remembers the one-off incentives reward that gave them a very special treat.

Rewarding achievement is the goal of incentivisation and to do this an organisation needs to create incentive campaigns to target specific areas of performance and behaviour that require improvement. Incentive campaigns target particular teams or groups of staff, and different roles or grades can be given different challenges and different rewards.

A successful Incentive campaign should follow these three stages:

- Creating opportunities for staff to achieve
- Monitoring staff performance and awarding reward points for achievement
- Providing staff with the ability to spend their reward points on something exciting

In our organisation, we call this process Realise, Recognise, Reward.

Here are three case scenarios:

Marketing

The marketing division wants to introduce a new product into the mix and needs to familiarise the sales team with it for selling alongside the current offerings. Commissioning for sales of a new product on top of an existing mix can create all sorts of challenges, so creating an incentive campaign to reward staff for learning about the new product and how to sell it motivates the sales team to embrace the new product. This gives sales staff the knowledge and confidence to sell the new product, and reinforcing the new product with incentives keeps it fresh in their minds.

Customer services

The outbound customer services team is not confident when dealing with objections. An incentive campaign can be created to: educate the team about the correct handling of objections; reward staff for undertaking learning; test staff to measure improvement; reward staff for getting the correct answers; and finally, monitor ongoing performance and reward staff as their results improve.



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INCENTIVE MANAGEMENT SYSTEM

realise • recognise • reward

Partners and resellers

Your partners and resellers are not giving your products priority when dealing with customers, even though commission plans are in place to remunerate partners for sales performance. An incentive campaign can be set up specifically for the staff of resellers and partners to raise product awareness and to encourage them to sell more by rewarding directly for sales achievement.

So what makes incentivisation schemes effective?

From the perspective of senior management, you need a robust and auditable framework for incentivisation that makes the return on investment cycle very clear, demonstrating budget going in at one end to run the scheme and supply the rewards, followed by improved performance and increased sales coming out at the other end. A good incentivisation framework will be transparent, making the performance of each campaign visible.

Operational management needs to be able to reward staff in a clear and tangible way and to see who is earning and, equally importantly, who is not earning. Giving staff the opportunity to earn rewards needs to be simple and straightforward. It shouldn't interfere with the day-to-day work, and it should be easy to create and implement campaigns, as well as monitor and report on them.

From the perspective of staff, they need to have clear goals, understand how to achieve these goals and know what they can earn. For staff, the incentive system needs to have two key elements: a points bank in the style of a normal bank account, where they can see what points they have earned and how to redeem their points; and an integral online shop where they can spend the points they have earned. An effective incentive system should provide both of these essential features.

Central to the whole concept are the rewards. Most organisations will create reward catalogues made up of a specific mix of rewards that reflect the culture and style of the organisation. They will often create multiple reward catalogues so that specific rewards can be made available to specific groups. If reward delivery is high profile, then staff can see who is receiving them and this further motivates others to join in.

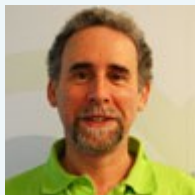
Rewards can take many forms.

Here are a few examples:

- Actual goods and items
- Vouchers for supermarkets and high-street shops
- Vouchers for experience related outings
- Additional annual leave, flexi-time credits or other organisational benefits
- Vouchers for further education, training, childcare etc.

Conclusion

Targeted incentivisation can be used in addition to regular commission to help Sales Managers raise the game of their sales staff in fun and engaging ways. Incentive campaigns can address specific challenges that would be intractable through standard methods, and they have the flexibility to be tailored to appeal to specific groups or teams. Above all, incentivisation is a highly cost-effective and enjoyable way of improving sales performance, from which everyone in the organisation can benefit.



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