

## Summary

Salespeople want to succeed. Well intentioned business owners, managers, or financial employees sometimes create obstacles to sales success. This document describes some of the things that businesses do that demotivates the sales team and sets up the business for failure in achieving their goals. Avoid these items...



## ACTIVTips

Summary information or practical advice for business leaders, ACTIVTips represents best practices for businesses seeking new opportunity, predictable growth, and leadership excellence. Integrating ACTIVTips into your business can help you consistently **“Lead Like Never Before.”**



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## Getting the Worst From Your Sales Team

Salespeople are the lifeblood, the first line of offense in the marketplace. Sales teams put forward the hard work needed to identify new opportunity, qualify prospects, sell, and close deals that, ultimately, pay the bills within an organization. Why is it, then, that businesses seem to often ignore the basics in how to motivate and incite their salespeople to the greatest potential? Probably because organizations do the following:

**The Hiring Letter = Compensation Plan:** Many companies haven't formalized their sales compensation plan so they tend to 'make it up' at the time a position is offered to a candidate. The hiring letter becomes the compensation plan. Unfortunately, the hiring letter can't often contain all the elements of a comprehensive sales compensation plan, so using a 'letter format' creates ambiguity and confusion. Instead, use the letter to welcome them to the team. Have a formal compensation plan that is clear and easy to understand.

**Not Paying Regularly:** Salespeople are reward driven. They view rewards as an indicator of their performance and your confidence in them. Not paying salespeople what is owed them quickly demotivates the salesperson and slows down their effort on your behalf. Pay commissions regularly and on-time. Make sure that the sales team knows that they are valued by how you take care of your end of things.

**Not Providing Supporting Information:** Information answers questions before they get asked. Information provides background for shared understanding. How come businesses find it so hard to give the detail behind paid compensation? Details on revenue, quota attainment, commission schedules, and the like reduce anxiety and grow confidence in the organization.

**Reluctantly Paying Salespeople:** Business owners will sometimes avoid paying out generous sums to salespeople. They rationalize it by saying things like, "Nobody should be earning more than me in this company." Salespeople are often the hardest working people in the organization. If they have 'hit it out of the park' the business should gladly pay what is owed and encourage them to do it again!

**Capping Salesforce Compensation:** A similar issue to the one immediately above, capping salesperson compensation creates a cap on your business growth. Salespeople are motivated by the money and will continue to build the business, harder and faster, when they know the compensation is there to justify such dedication. Instead, have a well thought out compensation plan that rewards at every step of the way for the right behavior and right results.

**Compensation Plans that Conflict With Business Objectives:** As absurd as this may sound, this happens more often than one might think. Business plans and objectives often change from year to year, with sales compensation plans remaining fairly static. For example, a business wants high growth but the compensation plan drives customer relationship depth. Both are good goals, but they are out of sync with each other.

**Keeping Salespeople Out of the Loop:** It seems that in almost every area, from manufacturing to product development, to engineering, we invite everyone into the process. Sales, though, is often left out of the process. Not asking the salespeople what they think of the current sales compensation plan puts your business at a disadvantage. Salespeople know what motivates them to greater action and results. Finance or management employee, or business owner often do not.

**Frequently Change the Sales/Compensation Plan:** Salespeople live in a world where clear identification of the goal(s) and working to achieve them is important. They want to know what is expected so they can get to work. Frequently changing the targets/goals and compensation plan creates an environment of 'shifting sand' - making it difficult for the salesperson to get a foothold and turn their energy into action and achievement. Get it right the first time. Don't continually experiment trying to find the 'right' plan.

**Overcomplicate Goals/Targets/Plans:** Make it as hard as possible for your salespeople to understand what they need to accomplish and how they are to be paid. Keep them guessing...

**Equal Compensation for New and Existing Business:** New business is harder to obtain and provides the fuel for business growth. Existing business is simpler to achieve but delivers greater profitability. Having a compensation plan that rewards both equally will demotivate those going after the new business and will swing activity to existing business. Compensate generously for new business.