

## Motivating Top Sales Performers to Stay

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2009 has been a tough year for most sales forces. The percentage of sales reps achieving quota in 2009 has fallen sharply when compared to prior years.<sup>1</sup> This means that sales people will earn less in 2009 when compared to prior years. Of course, this is exactly the result that most sales incentive compensation plans are designed to achieve.

An engaged, enthusiastic and highly motivated sales force is – as all sales leaders recognize – critical to business success. Thus, for many companies, it may be a useful exercise to rethink the approach it is taking to motivating its top sales performance to stay with their company. The purpose of this Short is to provide CF's perspectives about what is important to consider and alternative actions that could be taken.

### WHY IS THIS IMPORTANT NOW?

Simply put, companies will need their top performing sales reps to achieve the type of growth they expect to attain in 2010. A recent McKinsey global survey<sup>2</sup> reports that organic growth is the top priority among companies actively seeking to grow. To achieve that type of growth, we believe that companies cannot afford to lose their top performing sales reps.

### FACTORS TO CONSIDER

Paying top performers more to stay (we'll come to that point later) is certainly one solution that immediately comes to mind. However, we believe that putting too much attention on pay (including salary, commissions and bonuses) could create a culture that is counter to business success (e.g., cost of sales compensation is disproportionately high relative to sales productivity). Thus, we believe it is important to strike a balance between total pay and other motivational factors that influence top performing sales reps to stay with a current employer.

Beyond pay, there are three characteristics of the work environment that we believe are strong motivators in the sales force retention equation, as follows:

- 1) **Compelling future.** How customers feel about the company – its image, reputation, dedication to innovation – is critically important to sales people because they are the “face” of the company to the customers. Top performing sales people are more motivated to stay when they have the opportunity to sell new products or services. Selling “more of the same” after some period of time may prove to be limiting and thus, a factor in looking for other opportunities
- 2) **Individual growth.** Generally speaking, most employees enjoy challenge and welcome the opportunity to grow professionally. Sales people – particularly high achievers – are no exception. Opportunities for career advancement, (e.g., rotational strategic sales assignments), and participation in professional training events (e.g., advanced selling skills) we believe are critical to keep sales people in place.
- 3) **Workplace quality.** Because attracting and retaining business with customers is more challenging today compared to prior years, top performing sales people appreciate having top management support for their efforts. This means top management ensures that processes and systems are in place to make it easy to do business with customers in a trusting and ethical manner.

### MOTIVATING RETENTION THROUGH PAY

To compliment (not replace) these factors, we believe that when a company is concerned about retaining its top producing sales reps, consistency performance incentives could be implemented. Across a variety of industries, we have seen both number of quarters and years (relative to quota achievement) used as the basis for calculating overachievement incentive pay. Such a technique, particularly, number of annual quotas attained, has powerful retention value.

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<sup>1</sup> Sales Compensation & Performance Management 2009 Survey Results, CSO Insights

<sup>2</sup> Economic Conditions Snapshot, August, 2009 McKinsey Global Survey Results