

No Bailout Money for Sales Reps in 2009

By: Jerry Colletti and Mary S. Fiss

With the prospect of the current economic recession continuing through 2009, many sales reps are likely to experience a tough year in meeting or exceeding their target compensation earnings. While the effects of the recession vary by industry and by company, our experience (from prior recessions) shows that there probably won't be extensive "bailout money" in the form of salary increases or non-recoverable draws for sales reps! However, sales leaders would be wise to consider actions they should take that will give the sales force a realistic shot at earning their sales incentive pay. The purpose of this Short is to offer our thoughts about how to do that.

Ultimately, sales success is about knowing where to place bets – where to invest time with customers to help them be successful in their business. With that in mind, sales executives should coach and counsel sales reps on how to win – achieve target compensation or more – in 2009, by emphasizing the following five themes:

- **Focus.** "Good luck and good selling" isn't going to cut it in 2009 (or, in any year for that matter). Sales reps need to understand where to invest time to optimize business opportunities and what to emphasize – i.e., the competitive advantage – in working with prospects and customers. Sales leaders need when "messaging" about where growth is expected to come from and, how that growth can be attained through effective selling.
- **Pipeline.** It is obvious that the business plan and in turn quotas must be realistically achievable. Our research shows that even in "bad" economic times, 40% - 50% of the sales force attains quota (vs. 65% in a good business year). That said, tracking quota attainment on a monthly or quarterly basis is almost too late to be of help to reps who are falling short of their goals. Pipeline is where the focus should be – number of opportunities and where each stands within the sales process is what sales leaders should be looking at and

coaching sales reps relative to where to invest time.

- **Fast Start.** Several years ago, we wrote a Short that drew upon sports team research to make the point that sales people who get off to a fast start are more likely to attain or exceed quota.¹ Encouragement and reward should go hand in hand – while leadership can coach to getting off to a fast start in Q1, the compensation plan must make it financially worthwhile to do so. If it does, that is an important point to emphasize.
- **Customer retention (and, business expansion).** In 2009, retaining customers will be more challenge than ever. This is because bankruptcies and mergers/ acquisitions will continue at record rates. Also, because most companies will be focused on cost reduction, customers who might not normally consider other alternatives are more likely to do so. A significant proportion of sales time will be spent retaining and, ideally, growing business with current customers. Performance expectations – namely, where performance thresholds are set to gain entry into the incentive plan, should reflect that reality.
- **Consistency.** Some economists forecast that business may improve in the second half of 2009. That is largely dependent on consumers' willingness to open up their wallets to spend again – although probably not at same levels as pre-Q4, 2008. Assuming the compensation plan is an annual plan (with provision for monthly or quarterly payment), there is the opportunity for sales people to "catch-up" on missed earnings in later quarters (Q3, Q4). Thus, the important coaching message is this: Strive to deliver consistent performance – don't be "streaky"!

¹ Jerry Colletti and Mary S. Fiss, Leadership Lessons from Sports, July 2003, CF e-Newsletter