



## Getting Salespeople to Think Strategically

**Q:** Our situation probably isn't unusual, but I'm stumped for answers. I need to redesign commissions for our sales force. Presently they receive substantial rewards for retaining current business. As such, they have little motivation to generate new sales. How do I revamp our compensation so salespeople begin thinking in strategic terms, particularly drumming up new business to fuel our company's growth?

--- Paying More but Getting Less, director of human resources, manufacturing, Howell, Michigan.

**A:** Revamping the compensation system, while crucial to your efforts, is only one of several issues you need to address.

It appears that your sales force fails to view its role strategically. Every employee needs to understand his role and the contribution he makes to long-term company success. No part of your organization is better placed than human resources to facilitate this understanding. Add to this that sales are the lifeblood of business strategy and you have an opportunity to improve your company's performance. Here are the issues you should address, in order of importance:

1. Meet with the sales force as a group to discuss strategic and operational goals. The CEO should participate and explain why new customers are crucial.
2. Start regularly communicating goals (in writing and face to face) and the progress made on those goals.
3. Send several HR staff members into the sales organization to examine and understand sales processes from beginning to end.
4. Analyze your sales incentive plan of the past few years to isolate good results from poor results.
5. Form a "design team" to review sales compensation. Allow certain key sales personnel to participate to increase acceptance of any changes.

By communicating business goals, you keep salespeople informed and help them feel part of a larger team. Understanding their role in the organization should motivate them to think strategically about drumming up new business.

Salespeople, perhaps more so than most employees, focus on maximizing their earning potential. Your existing plan sounds as if it is based on a standard commission rate for all sales, including repeat business. Although repeat sales are important, they can be "easy sales" that don't inspire salespeople to aggressively pursue new customers. Pay particular attention to several interlocking factors: the efforts of salespeople to retain existing customers, their efforts to generate new business, and their pay levels. Hiring an outside expert may provide broader perspective as you work through these issues.

Again, you are dealing with more than a compensation problem. You are struggling with a fundamental business process that exerts tremendous impact on your company's success. It is critical to approach this from a strategic, not a programmatic, viewpoint. If you are able to raise the level of commitment of your sales team, you will achieve what many companies have yet to understand.

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