

# YOUR ULTIMATE GUIDE TO A KILLER SALES INCENTIVE PROGRAM

*A Step-by-Step Workbook to Drive Program Success*



One10<sup>x</sup>

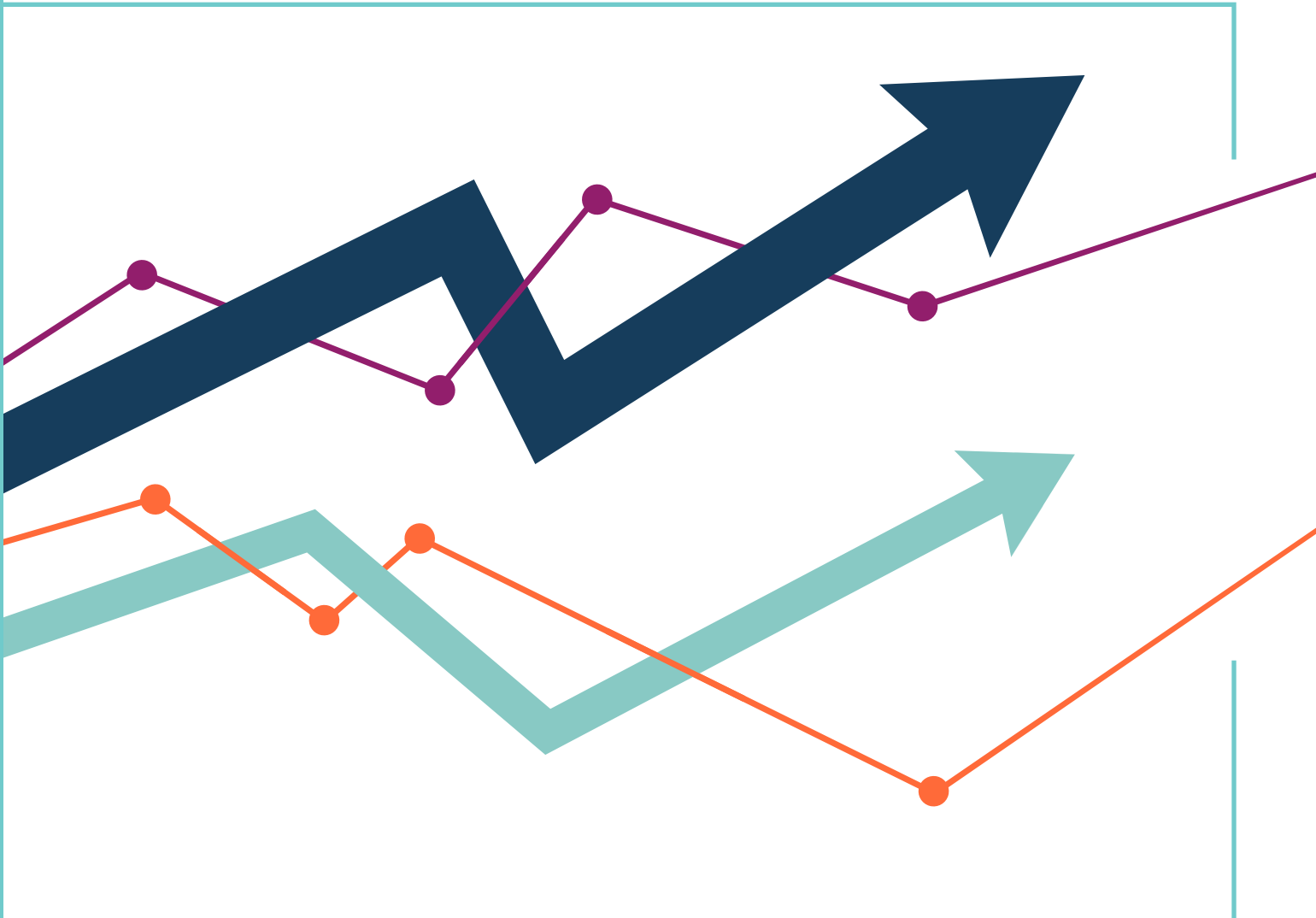
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**Old rules are meant to be broken**





## Old rules are meant to be broken

There's no doubt that it's harder than ever to motivate and engage your team to improve sales results.

Salespeople are naturally competitive. Their desire to achieve success is crucial for their sales role. Nothing boosts a sales team's excitement faster than a sales incentive program. It's been a tried-and-true method for increasing performance forever for good reason.

However, motivating your team isn't as simple as throwing a competition together or handing out cash bonuses. There is a science to the art of motivation. In fact, not strategically planning a sales incentive program and designing it properly is one of the most common mistakes companies make.

### *Taking a strategic approach*

Avoiding this misstep is easy if you structure a successful incentive that drives results and also ties to your overall business objectives. Poorly designed incentive programs can be more damaging than not having one at all. The purpose of a sales incentive program is to engage, motivate and increase sales for your employees and partners. You want a program that is easy to operate and maintain, user friendly for your team and gives you the measurement tools you need to show ROI. It sounds simple, but it's much harder to execute.

There's no better time than now to re-evaluate your sales incentive or variable compensation program and start breaking some of the rules you've been following for a long time. The world of work has changed. Employees want more – more work-life harmony, more flexibility, and more recognition from their leaders.



Develop your new rules



# Develop your new rules

So how do you design a strategic sales incentive program in today's environment? It starts by designing with the end in mind. It's easy to jump to the fun parts of the program like what rewards you will give your top performers. But first, you need to take a step back and start over.

To develop your new rules, you need to consider the following questions:

- *What are your objectives?*
- *Who can impact success?*
- *What are the rewards?*
- *What are the budget parameters?*
- *How will the program be communicated?*
- *How will success be measured?*

Use this guide to dig into each of these questions and start planning by breaking the old rules and beginning with the end!



**What are your objectives?**





# What are your objectives?

What objectives and goals do you want to impact? What specific behaviors do you need to modify?

Objectives can include increases in units, revenues, profit margin, steps to the sale, or other factors. To build a strong foundation for a successful incentive program, objectives should be:



*Measurable;  
performance can be  
tracked via existing  
systems/processes*



*Realistic and  
attainable;  
challenging yet  
achievable for at  
least 70% of the  
target audience*



*Based on activities  
participants can  
control*



*In alignment with  
corporate objectives  
and vision*



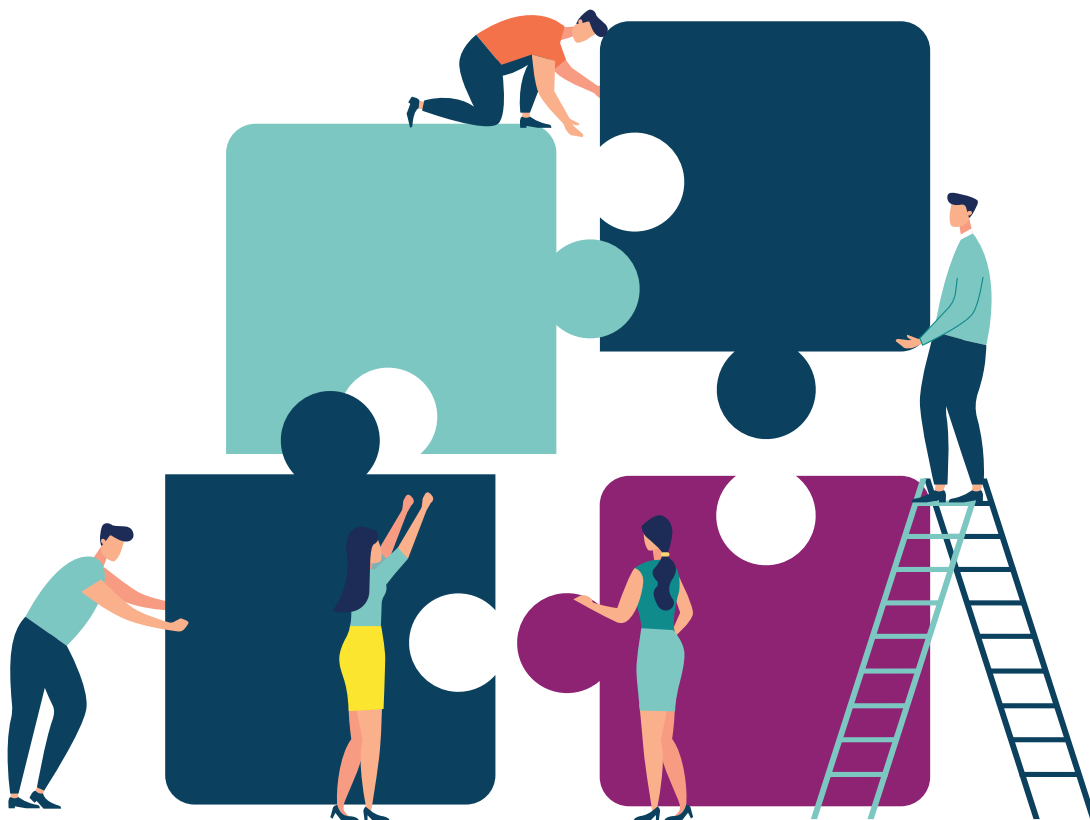
### *Less is more*

Effective sales team incentive programs limit the number of objectives featured. One to three objectives fall within the sweet spot. Too many may cause participants to lose focus and decrease the impact of the program.

A focus on sales incentive design translates company objectives into individual goals. Participants want to make a personal commitment to these goals and are, thereby, more likely to achieve them. This leads to increased employee motivation.

### **List your top 3 objectives.**

- 1.
- 2.
- 3.



**Who can impact success?**



# Who can impact success?

While everyone in your organization can impact your sales incentive program's success, you should identify the specific members of your team, or those of your channel partners or their employees, who can help achieve your high-level goals. They need to be your champions. Ideally, everyone who can influence objective achievement should be included in your sales incentive program's design. From managers to sales support and service teams, all roles should be represented. In many organizations, service teams can provide valuable leads that could result in a new sale or an upgrade in services.

Members of the sales support team often have direct customer contact and can affect sales. Channel partners and their sales teams also play a role in goal achievement for organizations with an indirect sales process. One key to successful channel incentives is to drive the program beyond the dealer/distributorship principle down to the actual sales reps.

Another key consideration in identifying the participant audience is determining whether the program is based on individual or team performance. Defined objectives typically determine this. Some goals cannot be traced to an individual level and, therefore, require a team reward. An example might be increasing customer service. This is an objective that is typically tracked and measured at the team level. These goals can and should be included in the program but ideally would be partnered with objectives that can be measured at the individual level.

**Identify your participants below:**



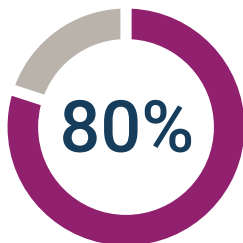
What are the rewards?



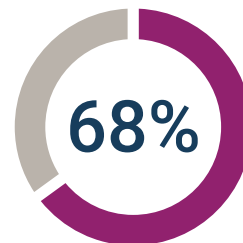


## What are the rewards?

Rewarding your team is crucial to motivating your people and encouraging them to buy in to your objectives. Motivation helps us feel satisfied at work, drives us to complete a quality job, and powers us to do more. Nevertheless, not all employees are motivated. According to a Gallup poll, 68 percent of the U.S. workforce reports feeling disengaged at work. Other studies show 80 percent of salespeople don't meet or exceed their sales quotas. Not only does this create a negative work culture, but this negatively impacts your bottom line. Finding the optimal rewards mix is not easy, but it makes all the difference in executing a successful sales incentive program.



80% of salespeople don't meet or exceed their sales quotas.



68% of the U.S. workforce feels disengaged at work.

### *Many people, many motivations*

Ultimately, your sales incentive program should inspire, motivate, and drive behavior change within your teams. Accomplishing this is a great feat because no two employees are the same and each is motivated differently. Rather than think about your team as a single entity, it would be best to look at the many individuals that make up your team.

Look around — you're part of a multigenerational workforce that includes a mix of employees at different stages in their lives. Some are excited to start their careers and hopeful for what lies ahead. Others are facing the end of their careers and optimistic about their upcoming retirement.

Additionally, some people are savers, while others are spenders. An incentive reward strategy built on choice allows people to earn and spend on their schedule. Creating a sales incentive program requires a delicate balance of art and science to offer the appropriate mix of rewards that speaks to everyone on your team.



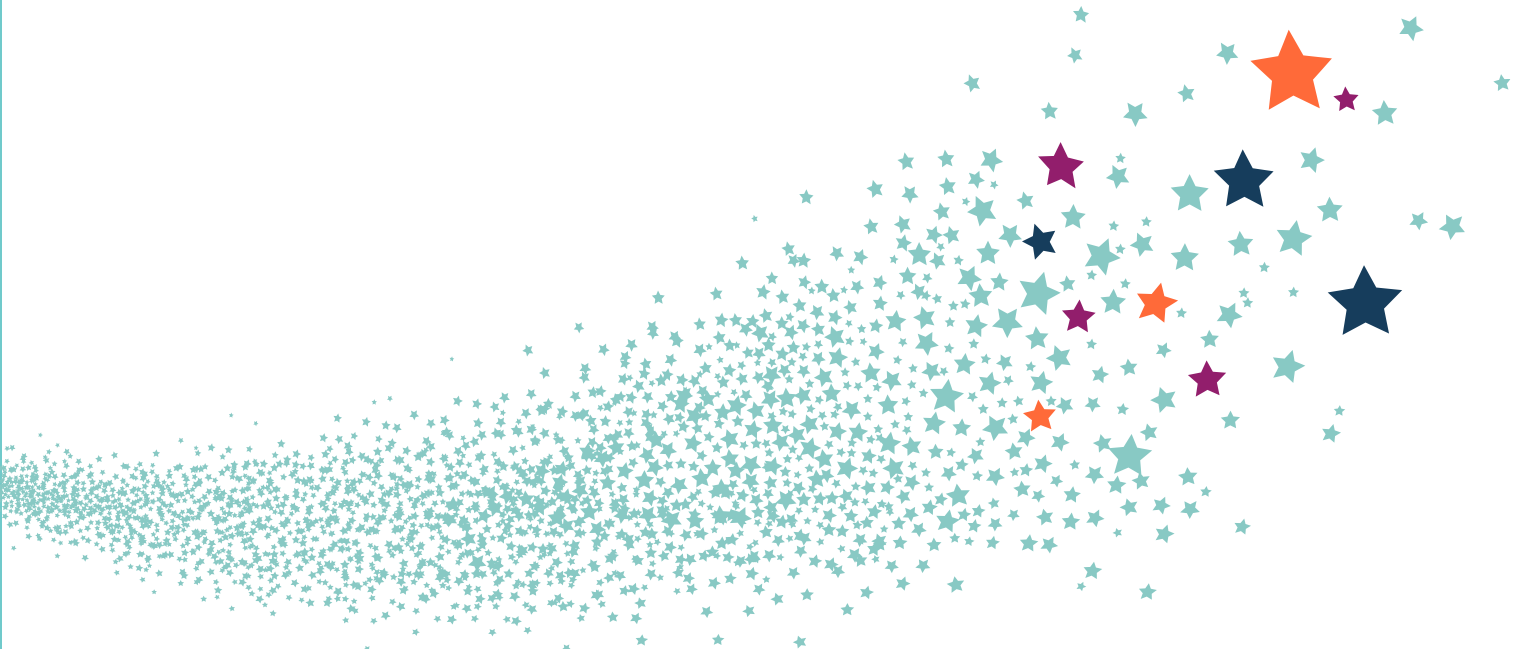
### *Flexible rewards mix*

Everyone loves cash for a sales incentive program, right? Wrong! A cash offer may seem enticing, but it isn't always the best solution for motivating your team. Multiple studies show that your team may place a higher value on non-cash gifts instead. Cash is transactional. Rewards are lasting and memorable. That's why it's important to offer options to give your team the power of choice. It's this breadth of incentives that will ensure you appeal to a variety of audiences and motivating factors of your team.

***Cash isn't king when motivating your team!***

In a successful strategic sales incentive program, the reward isn't an afterthought. Instead, it begins with a thoughtful discussion throughout the strategic planning process that encourages you to think differently about what will drive your team to act.

Document any and all demographics of your team to help determine potential reward selections. Use this information to create several reward personas that represent a healthy mix of your participants (consideration factors: salaries, home location, ages, hobbies, family structures, gender, and other known interests):





What is your budget?





## What is your budget?

You've made it to the fun part: budget considerations. While you may have multiple stakeholders involved in this conversation, you may have also been tasked with providing an initial program estimate to your finance team based on your own research. Either way, having numbers on paper tied to KPIs will help you drive conversations with leadership to ensure your sales incentive wish list items are fully funded.

In determining your budget, the following elements need to be considered:



*Type of budget*



*Projected results*



*Participants' earnings potential*



*Length of program*

### *A strategic approach to budgeting*

Program structures can be based on either open or closed budgets. Closed budget structures are designed not to exceed a specified amount. In comparison, open budget structures are variable. The program spend is based on the performance delivered. These structures are typically known as “pay-for-performance” programs. Generally, they are designed so that you pay only for incremental sales and/or over-objective performance. If designed correctly, these types of programs almost always pay for themselves.

Is your budget strategy open or closed?

Open

Closed

Once you have determined your budget strategy (open vs. closed), the next step is to determine the budget’s value. The two elements to consider are projected results and potential earnings. Determining the projected results for the program will help you uncover the overall value of your total budget spends. Understanding the value of the reward that will motivate your program audience will help you determine the potential earnings value.



### *Looking at the long- and short-term objectives*

The last piece of the budget puzzle is program duration. Studies show that longer-term programs tend to drive higher levels of motivation and performance. However, in this fast-paced world, organizations need to have the flexibility to address and adapt to marketplace changes. Ideally, a program would feature both long-term and short-term objectives.

**Longer-term components should address critical business objectives that are key to organizational success. Shorter-term programs could be used to address seasonal or immediate market needs or help keep participants motivated and engaged.**

**What is your program duration?**

**What is your estimated overall program budget?**

**What is your rewards budget?**



How will you communicate  
the program?





## How will you communicate the program?

Secret incentive programs are never successful ones! A robust communications plan is essential to introduce your program and continue to motivate your participants. But not all audiences are the same and shouldn't receive the same motivational messaging. Varying the copy, imagery, and format are ways to tailor your message to each audience.

To keep all of your audiences engaged, it's essential to communicate to each audience differently. There are a variety of ways you can segment your audiences, including:

**Job Roles** – Acknowledge their specific roles and responsibilities – what are the things that each audience can affect in helping you achieve your objectives?

**Internal vs. External** – What can your organization directly influence? What can you only suggest or recommend?

**Top Performers and Shifting the Curve** – Keep your best performers engaged while encouraging others to strive for new heights.

**Winners AND Participants** – Properly recognize winners in a way that reinforces what they did to achieve their reward AND reinforce that everyone's efforts matter.

Using a variety of tools is also important. A multi-pronged approach to communication could include mailing printed materials to homes, turning the print material into a digital form that can be emailed, driving participants to an online portal, and continuing to connect through text messages and SMS.

**List all of the ways and mediums in which you intend to communicate:**

- Printed Mail
- Email
- Texts
- Internal Social Tools (Yammer, Teams, etc.)
- Company Intranet
- Personal Phone Calls from Managers
- Company Meetings
- Office Posters
- Internal Ambassador Program
- Other



How will you measure success?





# How will you measure success?

Rinse, test and repeat. Measurement is ongoing for sales incentive program management. Successful programs embrace the analytics to understand performance drivers and influence behavior. The way you measure success should be established from the very beginning.

This program will be a success if...

- *We reach \_\_% of our overall sales goal*
- *We sell \_\_incremental units/market share*
- *\_\_% of our channel partners participate*
- *\_\_% of eligible participants actively participate and earn*
- *We understand what behaviors drive success*
- *We have a positive impact on customer service or loyalty*
- *We strengthen relationships with your best performers*



### *Establishing success parameters*

Establishing the success parameters up front will guide you to identify the tracking mechanisms needed to measure the program's greatness. In some cases, where reports and systems information are not available, additional tracking tools may be required. For example, if channel partners are involved, a claims process is often a part of the tracking/measurement tool.

It is also important to develop a measurement approach that captures data on KPIs throughout the program and make recommendations to improve campaign effectiveness. Any necessary changes – to the rules, communications, technology, or rewards – can be made to drive an even greater return on investment.



**What behaviors will drive success?**

**List the KPIs you want to measure.**

There you have it. An effective strategic incentive program begins with breaking the old rules and defining new rules with the end result in mind. It's easy to get excited about what rewards you'll offer your top performers and to "just get something out there," but it's essential to determine what you're trying to accomplish in the first place. Asking the critical questions in this guide will give you a solid foundation for a winning sales incentive program. Happy Planning!



# About One10

For companies who want to effectively increase productivity and profits, One10 offers the best travel and events, incentives and recognition and marketing services programs to leverage the exceptional impact even one engaged stakeholder can make. That's why, for decades, our people have powered excellence in execution and obsessive customer service, creating alignment between business objectives and employees, dealers, channel partners, and customers.

[info@one10marketing.com](mailto:info@one10marketing.com)  
[www.one10marketing.com](http://www.one10marketing.com)

