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Incentives Plus

Creating the perfect incentive plan for your sales team.

By Dana Ray

Salespeople respond to a variety of motivators. There's the pump 'em up rally. Everyone gets a lightning jolt of enthusiasm and goes home loaded for bear. There are trips to exotic locales that open salespeople to new eye pleasing sights and sounds. Everyone returns with a fresh outlook and new ideas. There are gifts galore that make salespeople feel proud for turning in a good performance. There's always cash.

What's not to like? Choose-your-own certificates for merchandise always work well and of course you can give plaques and awards that remind salespeople and anyone else walking by that here sits a real winner. All these incentives imply one sales necessity – enthusiasm. Without it, you might as well pack up and close up shop. With it, your sales team just might conquer the world.

If you think money can't buy enthusiasm, try fine tuning your incentive program and you may change your mind. Whether your team flips for exotic trips, craves gourmet food gifts or responds to a variety of other rewards, you can design an incentive program that's easy to implement and generates excitement, for real bottom-line impact.

To brainstorm the basics of motivating any sales force, Hans Kinder, president of KPlus Incentives, spoke with Selling Power about how to implement incentive programs with predetermined objectives that meet client goals. Kinder's years of expertise in the incentive field yield a wealth of answers to any sales manager's questions about choosing and implementing the right incentive program.

Perfect prizes

Your incentive program's success depends on how well you pick the rewards. If universal incentive popularity is any indication of your own team's preferences, Kinder says you can bet on cash to win most every time. He maintains that cash provides the instant gratification salespeople often savor but warns that even the green falls short in meeting such important incentive program objectives as mindshare (the association of the reward with the sales effort and the company) and relationship building or loyalty.

"If someone is participating in a program and cash is an option, it will generally fall into the top 10 percent of items chosen. People like cash. It's easy, it's simple, and they can use it for whatever they want. That doesn't necessarily mean that in every instance cash is king, but if you give somebody their choice between a crisp hundred-dollar bill and a toaster, they're going to take the money."

While money talks, merchandise provides mindshare, and as many incentive sponsors see it, mindshare turns up the sales volume more than cash. With such prizes as stereos or fine jewelry, mindshare lasts as long as the item does and reminds salespeople why they won the merchandise, who rewarded their performance and why they should keep up the good work. What's more, says Kinder, the right incentive company can get you great merchandise at generous discounts.

"Merchandise is a very commonly used reward for a lot of reasons," he says. "There's more mindshare involved, which means if you choose golf clubs as an award, every time you reach into your trunk for them, you remember that you got those babies from meeting some sales objective or whatever the case may be. And you'll remember who gave them to you. Also, if you work with the right incentive company, KPlus being one of them, you can get a \$100 retail item at 20 percent off retail. So program sponsors like merchandise because of its long-term mindshare and perceived value, which are important factors in the selection of an incentive program."

As for the toys people pick most often, Kinder says they're usually (a) things they use every day or (b) extravagancies they'd never spend their own money to buy. Kinder specifically cites children's toys, personal accessories and grooming aids as top choices.

In third place on the list of popular incentive categories, says Kinder, is group travel. Go on a trip with your top achievers, he says, and you're bound to strengthen your relationships with them, which can increase their loyalty and fuel their desire to impress you with new feats of selling brilliance. Also, Kinder says that lasting memories of a vacation can drive your team's continued success for quite some time to come.

"Group travel is such a wonderful tool in business today, because it enables program sponsors to build on existing relationships and create new ones. A program sponsor, if he's smart, will travel with these award winners and help celebrate their achievements."

Matching reps and rewards

Careful assessment of your salespeople's wants and needs helps make your team and your incentive program a perfect match. For starters, Kinder says, establish your program's objectives: the right program for you depends on whether you want to raise revenue, boost morale, increase teamwork or serve some other purpose.

"To evaluate the sales team, managers can do a number of different things," Kinder explains. "They can use objectives and historical information to see how incentive program offerings have influenced performance in the past. They can also use parallel industry comparisons. What are your competitors offering their salespeople? At KPlus we review all of these factors to determine if the audience, goals and budget exist to raise performance according to customer expectations."

Although Kinder also suggests that managers can question their team directly to reveal their incentive and reward preferences, he explains that when you give salespeople too much control over their own rewards, you run the risk of their expectations exceeding company budget. "You don't want to say, 'Let's go to Neiman-Marcus, but you can only buy from the last-call rack,'" says Kinder.

To sidestep questioning their own customers' incentive program participants, the experts at KPlus do their homework – thoroughly.

"Our knowledge of our customers' business generally preempts our questioning of their audience," Kinder says. "We know who the participants are; we know their demographics, age, sex, location, income, preferences in terms of sporting activities, vacationing, cash. We've got a pretty good industry average and an account-specific pulse as to what's going on out there – who the participants are."

Now that you know just what you want your incentive program to accomplish, you can choose the rewards that will make it happen. Kinder explains that some incentives are better suited to certain objectives than others – he recommends merchandise for managers who want to reduce inventory, for instance, but cash when your goal is to increase revenue. The reasons behind his recommendations illustrate why not all incentives are the right ones for your job.

"Let's say you want to reduce inventory," Kinder suggests. "You could run an incentive program that would target a specific model number. In that situation, I suggest merchandise rewards. The reason is that you've got a limited revenue source to work with, and traditionally, cash costs more to give than its own face value. On the other hand, if you choose to reward with a Mont Blanc writing instrument, that reward's perceived value is much higher than the price you'll actually pay for it."

"If you just want to increase sales, I definitely recommend cash. The incremental sales would also support incremental revenue you could use discretionarily. And there would be a perfect opportunity for somebody to put together an incentive program utilizing an award access card. If you want to increase sales, people want dollars."

Trends to track

As for what's new in incentives now, Kinder says the marvels of modern technology now extend to the incentive industry. Putting the Internet to good use, KPlus clients using the award access Visa card can now go online for their incentive account lowdown. Such incentive user-friendliness keeps a smile on the faces of recipients and sponsors alike.

"Right now, KPlus is the only incentive company to offer online incentive program Visa statement capabilities," Kinder says. "We interface daily with the bank to receive transaction files so participants in our programs are able to go online 24-7 and view their account status, which is a great convenience. They

can find out whether a credit for a claim has been added to an account or whether an out-of-town transaction has cleared on their Visa statement. It also allows them to go in real-time and review their account status.”

In the rewards realm, true incentive trendsetters use creativity to inspire extra effort. People are ready for something new and different on the incentive scene.

“Audiences today are looking for the company that can offer the most unique item, whether it’s travel, an award access card or merchandise,” Kinder emphasizes. “The incentive industry has been around for many, many years, and the person who comes up with the most unique product offering has what at the time is the best incentive product on the market. You have to be creative.”

With more and more Generation-Xers on the sales scene, incentive travel isn’t what it used to be, says Kinder. Instead of longing for peace and tranquility on Hawaiian beaches, younger achievers hunger for the more extreme experience of mountain biking in such wilderness hot spots as Sedona, Arizona. “The trend is for more active destination travel,” Kinder affirms.

Even among the most generously compensated salespeople, rewards have the power to make a serious difference in sales. Your original incentive intention may be to raise profits or move product, but a carefully chosen program does so much more. Incentives can help bring your team together, make them feel appreciated and remind them of the satisfaction selling can bring – and no one can put a price on that.

Hans Kinder is president of KPlus Incentives, which implements incentive programs with predetermined objectives aimed to meet client goals and continuously reviews program results to determine the success of measurable elements. For more information, write 201 East Park St., Mundelein, IL 60060-1957, call 847/949-9911, fax 847/949-9916 or email info@kplus.com.

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