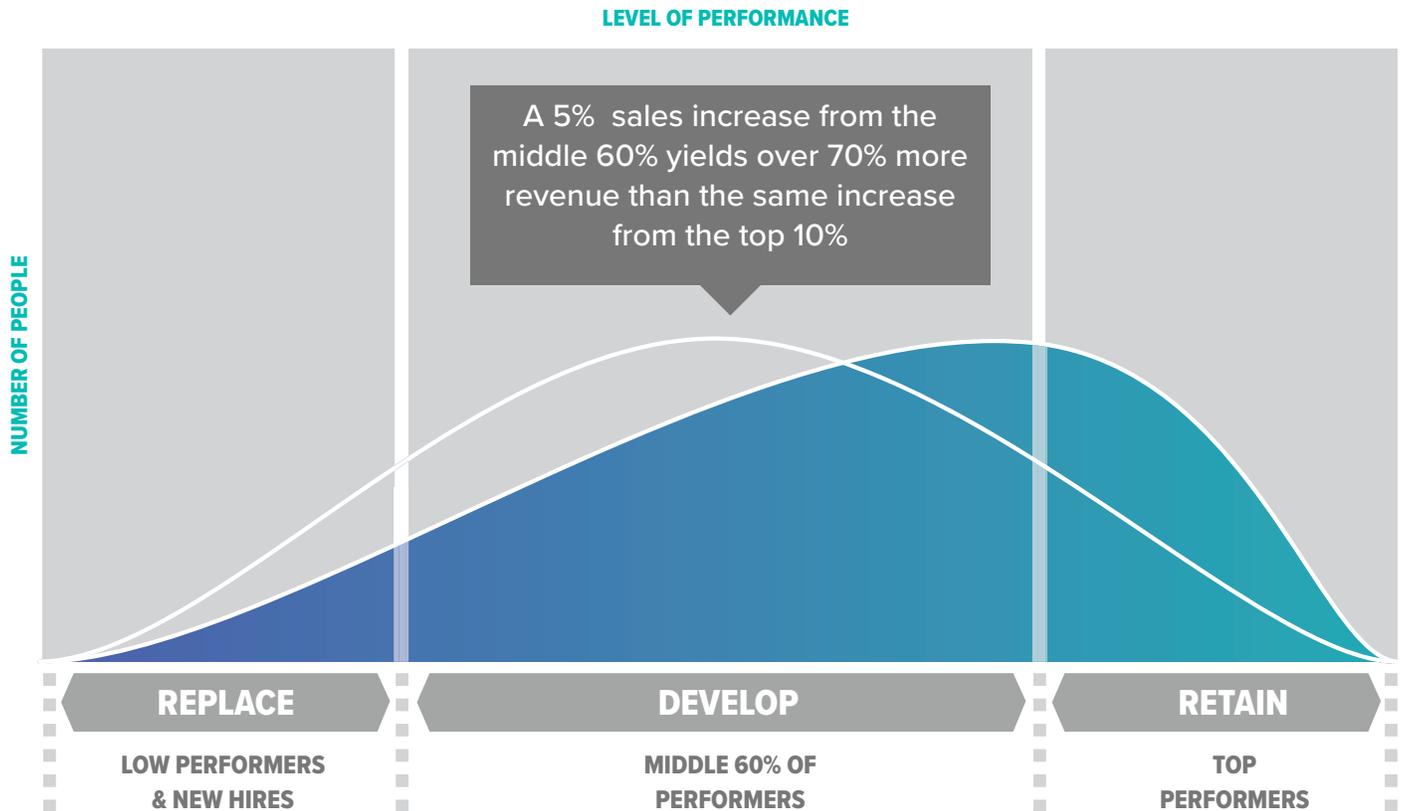


TO MOVE FORWARD, MOVE THE MIDDLE



STILL FOCUSING YOUR SALES INCENTIVES ON TOP PERFORMERS? MOVE THE MIDDLE FOR IMPROVED ROI

Often in initial conversations with potential clients, we'll hear "Oh, we have a sales incentive program. We take our top salespeople on a trip every year." While a nice trip can be very appealing it's not really an incentive because not everyone can earn. Rather, it's a way of recognizing top performance. And this recognition is something we recommend to our clients.

With direct salesforces, we often see a normative distribution of performance. The top 10%-20% of Reps are self-motivated and will perform to their capabilities regardless of the incentive provided. At the other end of the curve are the lowest performers, most of whom are, hopefully, new to the firm.

RECOGNIZE THE BEST, ENGAGE THE REST. AND DO IT RIGHT.

Recognizing the contribution of top performers is critical, and should be treated as an investment in retention. If you don't recognize them, your competitors will. And share theft is the easiest way to grow a business.

Sales incentive programs are aimed at the middle 60%-70% of the population. Some might say "why do I need to incent them, it's what I pay them for!" And there is some truth there. If there is no gap between your objectives and the performance of the sales force you may well not need an incentive. However, if there is a gap, a well-designed sales incentive program is likely the best way to close it. And there is a reason for that.

A program that calls for the top 10% of salespeople to qualify for a travel award may engage 30% or so of the population. The remaining 70% feel they have no real chance to earn the award. A sales incentive program is often designed to drive increased unit sales, accomplishment of individual objectives or delivery of incremental volume. In any event, a well-designed sales incentive program will engage all participants because, unlike with a top performer program, the Rep need only compete with him or herself, not with the entire group. The ability to be reinforced for individual increment is what differentiates the incentive from recognition. And because top performers are just that, the increment they can generate is often limited.

Just the opposite is true for the middle 70%. Design the program with these folks in mind and the sales incentive will often generate more than enough incremental profitability to fund both the recognition and incentive programs.

WHY IT WORKS

Studies show the most effective way to drive additional sales is to engage those in the middle of your performance curve.

- Most top-tier performers are already operating at or near capacity
- To gain additional sales, you must engage the middle of your performance curve
- Identify shared behaviors among your top salespeople
- Inspire those desired behaviors among middle performers
- Use the right mix of culturally-relevant rewards, incentives and recognition
- Concurrently help sellers maintain focus and sales leaders prove program success