

Introduction

- A number of high-profile cases of mis-selling have focused public and regulator attention on the sales process, and behaviours that underlie them. As a result, we have seen the traditional sales model being re-shaped, leading to a significant change in how sales people are paid.
- We recently conducted a survey in collaboration with Silent Edge, with organisations across a range of sectors to understand their approach to sales incentives and how they are continuing to evolve.
- Throughout these findings we have split the participants into Financial Services (FS) companies, and non-Financial Services (non-FS) companies.

Key findings from our survey, covered in more detail in this report:

1. Incentive structures: Time for change

Evidence of a shifts in the structure of incentives, such as frequency of payment, with respondents making various changes to their incentives

2. Measures: FS companies are replacing individual sales targets

Team-based measures and behavioural objectives play a bigger role

3. Behaviour & capability: Subject to the subjective

Managerial assessment is the key measure of capability, but customer satisfaction is another approach

4. Sales managers: What role should they play?

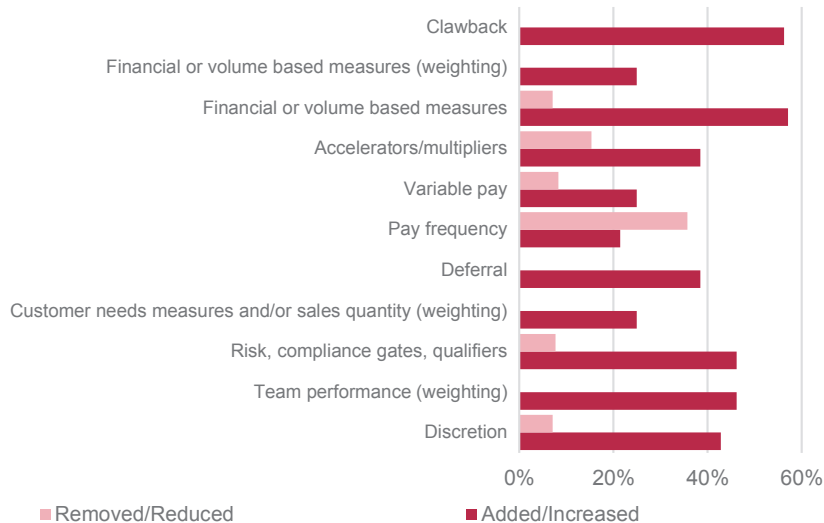
Managers need to be equipped with the right skills and information to do what is required of them

5. Effectiveness: Customer is king in FS, but how do they do it?

The primary objective of FS sales incentives is increasing customer satisfaction

1. Incentive structure: Time for change

What changes have you made to your sales incentives in the past 12 months or are planning to make in the next 12 months?

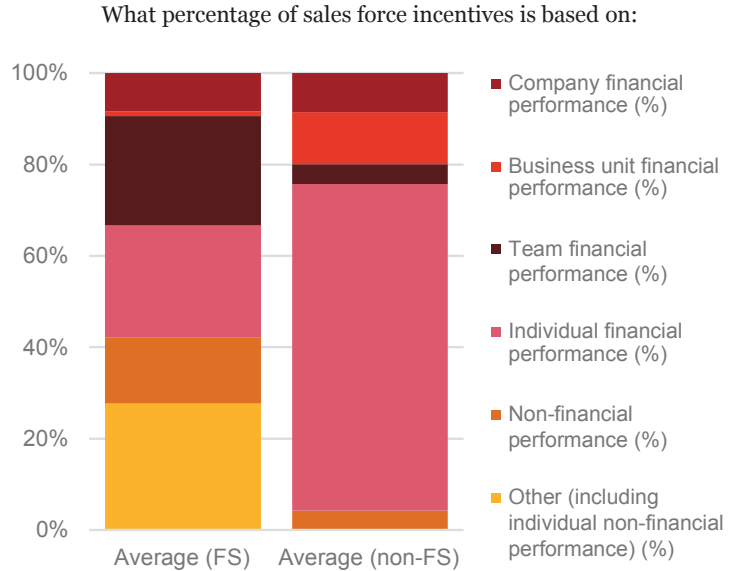


- Sales incentives are becoming more varied and complex.
 - 40% of survey respondents confirmed that had recently added or were planning to add one or more features to their sales incentives.
- Pay frequency is one area where practice appears to be shifting, with 39% paying all incentives annually and a further 23% of respondents paying at least part of incentives annually.

“Achieving fair reward for performance”

2. Measures: FS companies are replacing individual sales targets

- The primary measure in incentives remains individual financial performance, but a marked difference between the FS and non-FS sectors has emerged – shown to the right.
- Revenue and profit continue to be most dominant financial measures.
- 20% of non-financial metrics used in FS companies are based on customer satisfaction, but this measure is not used by the non-FS respondents.



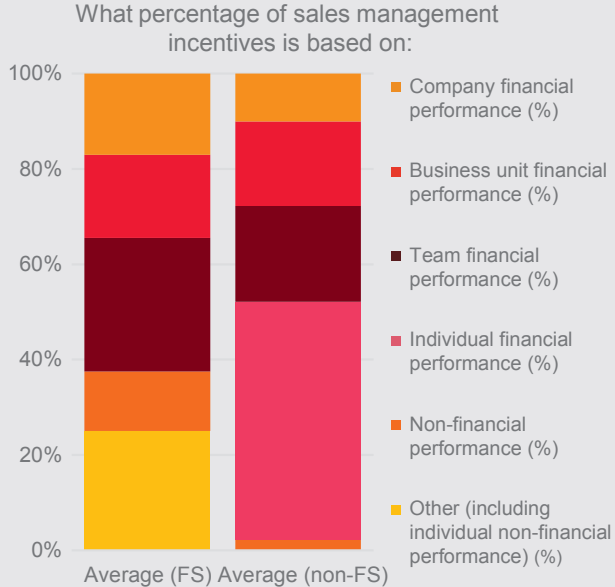
3. Behaviour and capability: Subject to the subjective

- Despite the shift towards use of behavioural metrics in incentives, there is a philosophical question as to how much these metrics actually impact behaviour.
- It was however generally agreed by respondents that there was an opportunity for incentives to be more effective at improving behaviour - but the way “doing the right thing” is measured, impacted, and recorded continues to be subjective.

*What are the biggest challenges?
“Making it simple enough to
have a direct impact
on behaviour”*

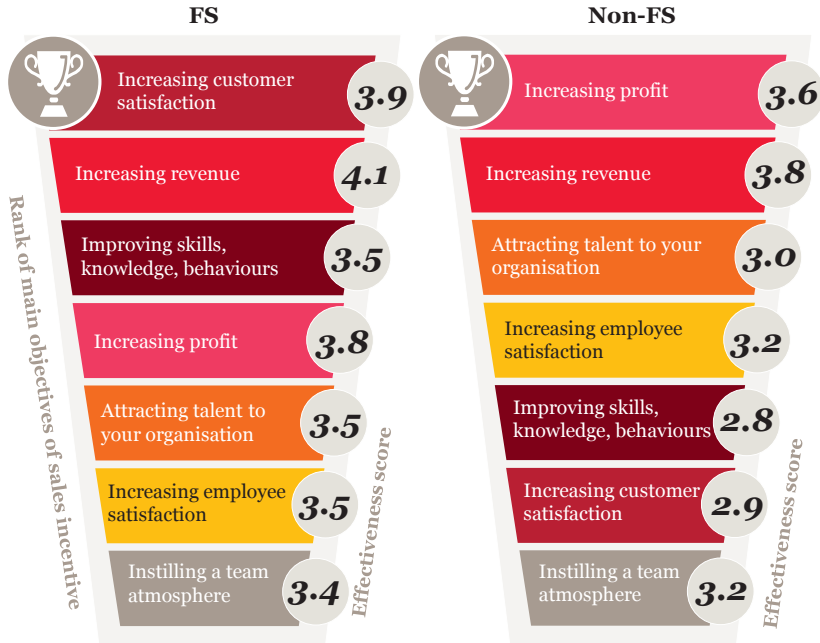
How effective are your sales training and development programs at...?		
1st	Changing behaviours	FS
=2nd	Increasing revenue	
=2nd	Improving motivation	
4th	Transforming capability	
1st	Increasing revenue	Non-FS
=2nd	Changing behaviours	
=2nd	Improving motivation	
4th	Transforming capability	

4. Sales managers: What role should they play?



- The definition of a sales manager can vary significantly – for some they are team leaders and people coaches, for others they are the best sales people promoted to the next level.
- In non-FS companies, although there is a bigger proportion of incentive based on one or more of company, business unit or team performance than that of the wider salesforce, the biggest proportion remains on individual sales targets (50%).
- However, the FS sector seems to have moved away from this “player-coach” model – with (70%) FS sales managers within respondent companies having their own sales targets.

5. Effectiveness: Customer is king in FS, but how do they do it?



- Sales incentives are increasingly being asked to play multiple roles beyond that asked of the traditional commission structure.
- Non-FS companies rated the top objective as increasing profit - a clear standpoint that the sales incentive is there to drive sales performance and reward the most effective sales team.
- FS companies rated the top objective of their sales incentives is customer satisfaction – an indication that regulation has shifted the purpose of sales incentives in RFS companies.
 - But FS also rated the actual effectiveness of schemes at improving customer satisfaction as high – implying they think there are benefits to their approach

What this means for you

Has the structure of your sales force changed recently?

Are you finding that your commissions spend is getting value for money across your offerings?

Are your sales incentives encouraging and driving the behaviours you want to see in your sales force?

Are you at risk of a sales force mis-selling scandal?

If you are considering a restructure of your sales force, or a review of your sales process, your sales incentives can, and should, play a significant part of any change. Sales incentives represent a major cost and it is important that organisations challenge themselves to ensure that they are delivering the right value and behaviours.

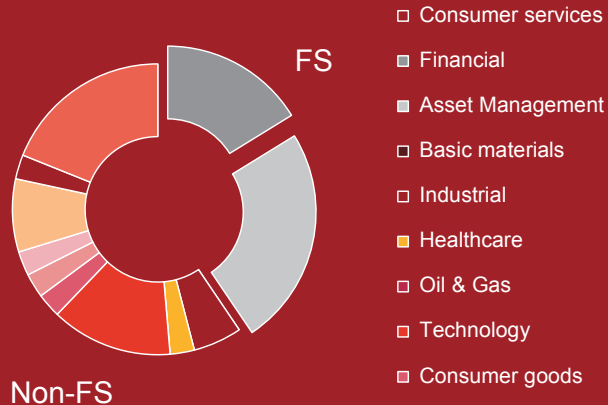
You may want to consider whether it is the right time to review the structure and effectiveness of your sales incentives.

We believe that the businesses that get this right will be poised to outperform their peers with greater returns in the years ahead.

About our survey

- Responses were collected through an online survey. Respondents came from a variety of sectors and countries and cover a breadth of different sales processes.
- Throughout this report we have split the participants into Financial Services (FS) companies, and non-Financial Services (non-FS) companies.
- We followed up with seminars to understand the views and concerns expressed by participants.

Respondent Sector



Respondent Job Role

