



What to Buy *for Sales Productivity*

Start at the beginning with incentives

Introduction

There's a great new crop of CRM functionality aimed at sales organizations including sales enablement tools for mobile phones sporting good analytics, CPQ technologies for generating quotations, and incentive compensation tools that have gotten a significant upgrade since they were introduced more than a decade ago. Faced with this cornucopia of products and vendors that promise faster sales cycles and immediate payback, how should any sales manager prioritize an acquisition?

As always, the answer depends on your situation including the products you sell, your target customers, and the markets you serve. This also brings up the difference between efficiency and effectiveness or tactics vs. strategy. So if boosting the number of sales calls and other contacts by each rep is necessary, then tools aimed at reducing the time they spend on rote activities might do the trick. If you need to ensure that your people take fast but also accurate shots on goal then CPQ can play a role. These would be efficiency approaches.

More fundamentally though, a lot of selling comes down to motivation and effective management. Sales managers spend a lot of time keeping reps focused on the goal and educating them in best practices when they need it. This Beagle Research executive white paper suggests that by helping sales managers to improve their effectiveness, it is possible to improve sales rep performance over all. Tools aimed at helping reps improve how they work are a good idea and we've seen a raft of them hit the market over the years though rep productivity is still a leading issue for most companies. But when was the last time we saw a tool primarily aimed at managers?

The answer is that one very good tool has been hiding in plain sight for several years. It was hiding because it comes from the back office but in the transition from back to front offices, it has evolved to support a larger process in sales called incentive compensation management or ICM. If you thought that ICM was something that only the CFO worried about at the end of the quarter, read on. This might surprise you.

The incentive compensation process

Whether it's ICM, CPQ, or some approach to time management, sales tools are evolving well passed traditional SFA that simply records transactions, and for good reasons. We now have the processing power in our hands to do a lot more than record one data item about a transaction. Our systems and software are now powerful enough to support whole processes suggesting next best options and alerting us when exception parameters are exceeded—if we let them. When we transition from transaction approaches to examining whole processes, a world of possibilities opens as in the case of ICM.

The CFO's domain

Incentive compensation management was once the exclusive province of the CFO and the finance group. ICM was a tool (often just a spreadsheet) and a process invoked quarterly for paying commissions to sales reps. There was a fair amount of pressure exerted on finance at the end of the quarter because checks had to be cut, they had to be accurate and fair to all parties, and the process had to be done quickly to emphasize the reward. Often finance groups were inadvertently torn between choosing two out of three and few people were happy.

Incentive Compensation Management was first introduced to eliminate the end of quarter chaos that sales and finance organizations had to endure and it was very successful. Reporting errors went down, accuracy went up, and payouts became routine. Moreover, no one in the finance group had to work through a weekend to get the sales comp right.

The sales manager's domain

With accuracy and payment issues clarified, some innovative sales managers discovered that they could use ICM not only for retrospective payments processing but also for developing future compensation plans and this began the back to front office migration. Consider the ways ICM began helping the sales manager to do a more effective job of managing sales teams.

1. Rather than goaling reps strictly on revenue, now managers could easily define other goals and incentives such as for specific products and services. When compensation had been managed in spreadsheets this was nearly impossible because each goal required its own spreadsheet and rules and they all had to be brought back together at quarter's end. Managing all those spreadsheets for a sales team became a daunting task. But with ICM it was all built in and taken care of in one system.
2. Sales managers began using incentive compensation systems for proactive planning and it gave them better visibility into how each rep was progressing through the quarter. Managers could set separate goals for multiple products as well as for revenue,

and each rep could more easily play out what-if scenarios to help determine how to most productively spend time.

3. Importantly managers could get reports that showed how their teams were performing against goals and they could more easily see which reps needed help in which areas. This enabled the managers to better manage the exceptions rather than constantly trying to get their arms around the big picture.
4. An important side benefit, sales reps no longer needed to keep their own spreadsheets of what they'd sold and how much they'd earned freeing up some of their time.

Conclusion

Of course to do all this, businesses first had to trade in their spreadsheets for modern systems. For many people this was a hard decision because they understood how spreadsheets worked—including their shortcomings—and while most people are familiar with the advantages of using data-driven processes and systems, making a change is always challenging.

At some point the overhead of running spreadsheet based sales incentives can overwhelm any sales organization—after all sales organizations are supposed to sell, not maintain spreadsheets. The fact that ICM can benefit front and back offices simply made the need for conversion more obvious.

Credit the CFO with bringing ICM into the organization in many cases but also credit the thought leaders in sales management for their foresight in adapting a back office product and process to front office realities.

Today the utility of ICM is not in doubt and businesses that rely on ICM for planning as well as compensation are discovering that these solutions make it easier to manage their sales people and boost sales productivity. ICM is still often considered a back office system or it is regarded as something used to get sales reps back to work and away from shadow accounting using their own spreadsheets to calculate compensation. But its real power comes from enabling sales managers to better do their jobs of motivating and instructing their teams.

There are many tools on the market that purport to improve the sales rep's job, but very few that help sales managers do theirs. Incentive compensation management can do both and for that reason, it should be on every business's short list of must have technology.

Denis Pombriant is the founder and managing principal of Beagle Research Group, LLC and the author of several books on CRM, most recently, *Solve for the customer: Using Customer Science to Build Stronger Relationships and Improve Business Results*.