

GAMIFICATION: THE KEY TO MOTIVATING AND ENGAGING YOUR SALES REPS



SALES COMPENSATION IS BIGGER THAN YOU THINK

When we talk about investing in incentive compensation, it's important to remember that 800 billion dollars is spent on sales compensation annually; that's three times as much as is spent on advertising. When you think about all the effort required to track the performance of marketing dollars, consider that there is not a comparable level of diligence given to tracking ROI from sales comp dollars, despite the fact that it is a much larger piece of the pie. This becomes especially problematic when you factor in the 75-80 percent of companies that are still using homegrown applications and spreadsheets to manage, pay, and report on incentive comp. According to Gartner, there is a 3-8 percent error rate when using spreadsheets. Now, think back to that 800 billion spend. That means there's a possible 64 billion dollars worth of errors from sales compensation managed by spreadsheets every year. So how can you ensure your compensation spend is accurate, while driving specific company goals and saving precious time? Couple an automated incentive compensation system with gamification.

INCENTIVES ARE FAILING TO ACHIEVE DESIRED AIMS

At an average company, 35 percent of reps are at or over quota, and 65 percent are below. This data tells us that most companies aren't optimally incenting their sales reps. In order to drive specific company goals, salespeople have to be incentivized properly. If reps aren't hitting quota, then companies aren't seeing returns on their compensation investments, and they're likely not hitting larger corporate goals either.

In a recent Globeforce study, 78 percent of workers asserted that they would work harder if they were better recognized, a whopping 52 percent said they were not satisfied with their recognition, and 50 percent felt disengaged. This is a recipe for disaster. The simple truth is that people are more distracted and less recognized than ever; mobile apps, emails, Salesforce, and social media sites have rendered most people distracted and disengaged. With so much white noise in the workplace, on top of their own personal worries, they are focused on too many other things besides selling. So how can you ensure that the sales team and other employees will stay on task?

If you want to guarantee that your investment is well spent, you need something compelling to keep employees feeling focused on progress and recognized & rewarded for their hard work. You need a system that shows reps and managers how they're doing, and you have to reward that achievement as soon as the goals are reached. A lot of companies pay a month after goals are completed, but in order to make sure that the reward is directly tied to the behavior, punctual payment is imperative.

BOOSTING MOTIVATION INTELLIGENTLY WITH GAMIFICATION

Gamification, in simple terms, is using game thinking and game mechanics to keep people engaged and help them solve problems. Psychologists refer to the concept of gamification as an affect-motivation tool. They believe that when people are able to make an impact on their environment, they will be happier in their day-to-day routines. Gamification can help you achieve these goals while improving sales and increasing quota performance.

For a gamification program to bring continued success, it is crucial that you keep your team interested by continually raising the bar. If you challenge your reps, they will be more likely to actively participate in the program.

FOUR ELEMENTS OF GAMIFICATION ACHIEVEMENT

It is crucial that reps see how they're doing against the specific goals set out for them. They need to have visibility into their performance comparative to both reps inside their own company and peers at other organizations. The goals which reps focus on achieving, namely revenue, product mix, and selling more services, should be directly tied to corporate objectives and built into the plan. When reps achieve these goals, they're motivated. Seeing that they're performing at a five-star level inspires continued and improved performance, because the visual feedback of success and achievement are intensely gratifying to people.

REWARD

Next, you need to connect compensation to that achievement. When your incentive compensation solution is integrated with Salesforce, reps can see how much they will make in commission and how much they'll make against quota in real time. This is a great motivator, as it lets your reps know exactly what their reward will be if they perform in a certain way.

COMPETITION

Reps are highly motivated and competitive with themselves and with others; they always want to be number one and to meet and surpass their goals.

With Xactly, reps can easily see how they stack up against others. For example, a sales rep in fourth place likely wouldn't be satisfied with their performance and would want to improve their ranking; this drive to be the best sales person would re-engage that sales rep. You can also add SPIF's to further engage the team; top reps tend to work harder when they know a weekend in wine country or a trip to New York with tickets to Broadway are on the line. Xactly recently had a SPIF where the rep that hit a certain number got to go to a World Series game. Reps were incredibly motivated to nail down more sales and score those tickets. You can add elements of competition in SPIF's to drive specific company goals.

STATUS

To salespeople, status matters; getting recognized as a clear high performer is a status symbol for competitive reps. If there is transparency in the system, and they can see how close they are to Presidents Club, you are optimally engaging and focusing your reps in a world where distractions are a big impediment. These performance levels matter, and Presidents Club is a big achievement for reps. Many companies have a policy that reps who achieve 125 percent of quota are invited to

attend. These trips to Hawaii, Cabo, and other destinations serve as both a reward and a status symbol, as the sales reps who make the cut are part of an exclusive group.

GAMIFICATION IN ACTION

Sometimes companies only focus on reward, and that is a mistake. It's like only using one weapon in your arsenal; focus reps on achieving objectives so that the investment you make in compensation is driving overall company goals. Xactly uses these gamification tactics to inspire better performance and help sales reps achieve through the right motivation. When you take manual processes and make them automated you give reps visibility into their ongoing performance, which motivates them to perform and achieve objectives that are aligned with company goals. A 2011 Aberdeen study showed that revenue growth is twice as fast in companies with an automated system as those without. In addition, such companies had more reps hit quota, experienced lower sales turnover, and had a shorter sales cycle.

When you motivate with technology and automation your company thrives. Companies that attempt to do this in spreadsheets find that it is nearly impossible to pay on time, gain performance visibility, and keep those top performers.

CONCLUSION

Gamification is an excellent tool to use when you are trying to encourage your sales team to work harder. Your reps will no longer feel like the work they do is going unnoticed, which will provide them with an improved sense of self-worth. Gamification is a great way to freshen up a stagnant or ineffective sales department, prevent reps from getting distracted, and keep them focused on the important goals.

FAQ

HOW DO YOU HANDLE COMP PLANS WITH MULTIPLE VARIABLES LIKE QUOTE DEALS AND MBOS?

You have specific goals like building product knowledge, or having more product mix. Incentive comp is not the only element you can use. Xactly manages these things.

HOW MANY VARIABLES SHOULD BE KEPT?

Quotas and goals shouldn't be too numerous. To motivate reps, don't go over four variables, as it is difficult to focus on more than that. Performance is best when focused on three or four specific goals.

HOW EARLY SHOULD I PAY?

It's very important to use an automated system; too many companies pay a month or more after goals are completed. To keep your best performing reps, make sure they can see the fruit of their labor. Bottom line; pay as soon as you can. If you put systems in place that make this simple, you will be better off. Leverage the tech at your fingertips.

