



## It's Not The Comp

Thinking about modifying your sales compensation plan?  
Think again

By Jim Peduto

I am frequently asked about sales compensation. In most cases, company leaders are considering changing their company's sales compensation plan after sales performance fails to meet expectations. Management is hoping that modifying the sales compensation plan will motivate their sales force to find new business. It rarely works.

Most sales leaders operate on the outdated assumption that salespeople are motivated by money and thus rely on carrots — read commissions — to motivate their salespeople. Financial incentives work when the salesperson is extrinsically motivated (motivated by money and material items). Since only 8 percent of salespeople are extrinsically motivated, changing compensation rarely has the intended effect.

Most salespeople are intrinsically motivated. They want to master their craft, love what they do, and be part of something bigger than themselves. Changes in compensation won't motivate them. They respond to coaching, not carrots.

The root cause of lagging sales performance usually centers on one or more of the following:

- 1. Talent:** Poor hiring and onboarding has resulted in salespeople that don't have the commitment and/or sales DNA to succeed in the current selling environment.
- 2. Selling capabilities:** The sales team's skills have not kept pace with the market. Often

there is an inability to hunt, sell consultatively, qualify and close.

- 3. Performance conditions:** Sales processes, CRM, marketing support and territory management are not in place or executed consistently.

Smart leaders understand that they need to answer the following questions before taking action.

- Who will actually sell and who is trainable?
- Who are your "hunters," "farmers" and "account managers"?
- Have you identified all leading indicators that drive sales?
- Do you conduct a weekly personal review with each of your salespeople?
- Do you improve/remove "C" players that have been with you for more than a year?
  - Which of your salespeople have difficulty discussing money?
  - Do you have a formal sales process that everyone follows?
  - Is your sales management selling or managing?
  - What is the skill set of your top performers and how are they different from the underperformers?
  - Have you identified specific training needs analysis along with a return on investment for the training?
- What are the learning and coaching priorities that will have the largest performance impact?

A comprehensive sales force evaluation is the best strategy to uncover the problem behind the problem. It is the single most important collection of information about your company's sales organization and provides leadership with the insight to make intelligent decisions about what will truly move the sales needle. **SMI**



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