

Motivation to the Sales Force

❖ Motivation is the force within us that directs our behaviour.

Are you an Effective Motivator?

Keeping your sales force motivated is vital to execute ongoing sales. How effectively do you motivate your salespeople? Answer the following questions and you be the judge.

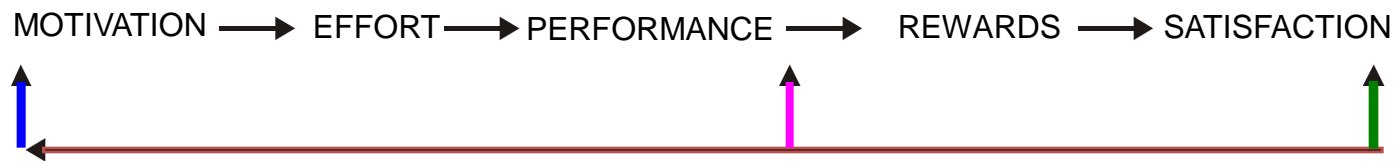
1. What are the three most effective techniques you use for motivating your entire sales force?
2. Do you know what motivates each person who reports to you?
3. Do you know what role compensation plays in the motivation of each salesperson?
4. Do you know what role recognition plays in the motivation of each salesperson?
5. Do you know what role “opportunity for growth” plays in the motivation of each salesperson?
6. Have you customised a motivational programme for each person who reports to you?

7. What have you done in the past week with the deliberate intention of motivating a salesperson?
8. Did you praise someone today?
9. Do you show your commitment to developing each salesperson by actively (at least once a month) coaching him on skills and techniques?
10. When a salesperson seems to be feeling stressed, do you ask questions and spend time listening to his concerns?
11. Do you ask your representatives, “What can I do personally to help your sales efforts?”
12. Do you review their monthly performance with them in a timely manner?
13. Have you done anything recently to “demotivate” your salespeople?
For example: failed to give recognition; embraced a salesperson in front of peers or clients; taken over a sales call?
14. Do you treat your salespeople with respect?
15. Do you show your salespeople trust?

Importance of Motivation for Sales Force

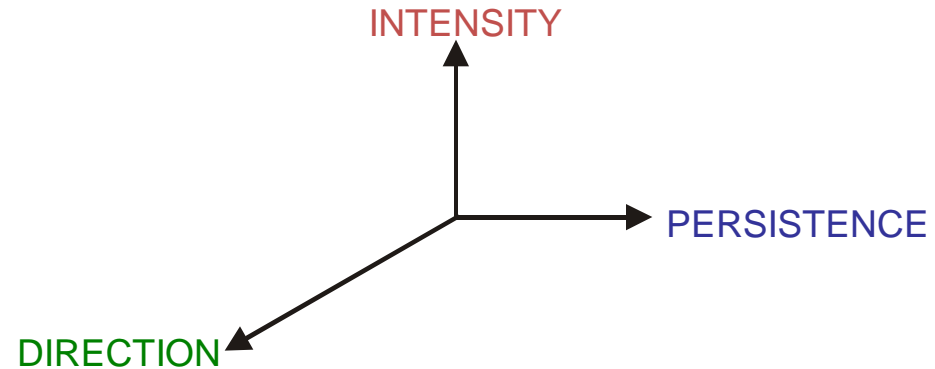
- *Nature of Job:*
- *Human Nature:*
- *Personal Problems:, etc.*

The problem of motivating sales representatives has been studied by Churchill, Ford & Walker. They propose the following way.



Dimensions of Motivation

Motivation has mainly three dimensions



1. *Intensity*: It is the magnitude of mental and physical effort put in by a salesperson for his or her activity or goal.
2. *Persistence*: It is the extension of effort over time.
3. *Direction*: It implies that the individual can choose how his or her efforts will be spent.

Cont....

Motivation Can Also be Intrinsic or Extrinsic

- ❖ Intrinsic motivation means that individuals are motivated internally by a desire to please themselves or merely by the satisfaction of performing a job.
- ❖ Extrinsic motivation means that someone else provides the motivation through methods such as pay, promotion or recognition.

Understanding motivation

Motivation should be understood at two levels:

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graph TD; A[Motivation should be understood at two levels:] --> B[What motivates salespeople  
(the reasons behind the intensity  
and persistence of mental and  
physical effort expended)]; A --> C[How salespeople choose their action  
(the direction or decision to engage in  
specific actions in specific  
circumstances)];
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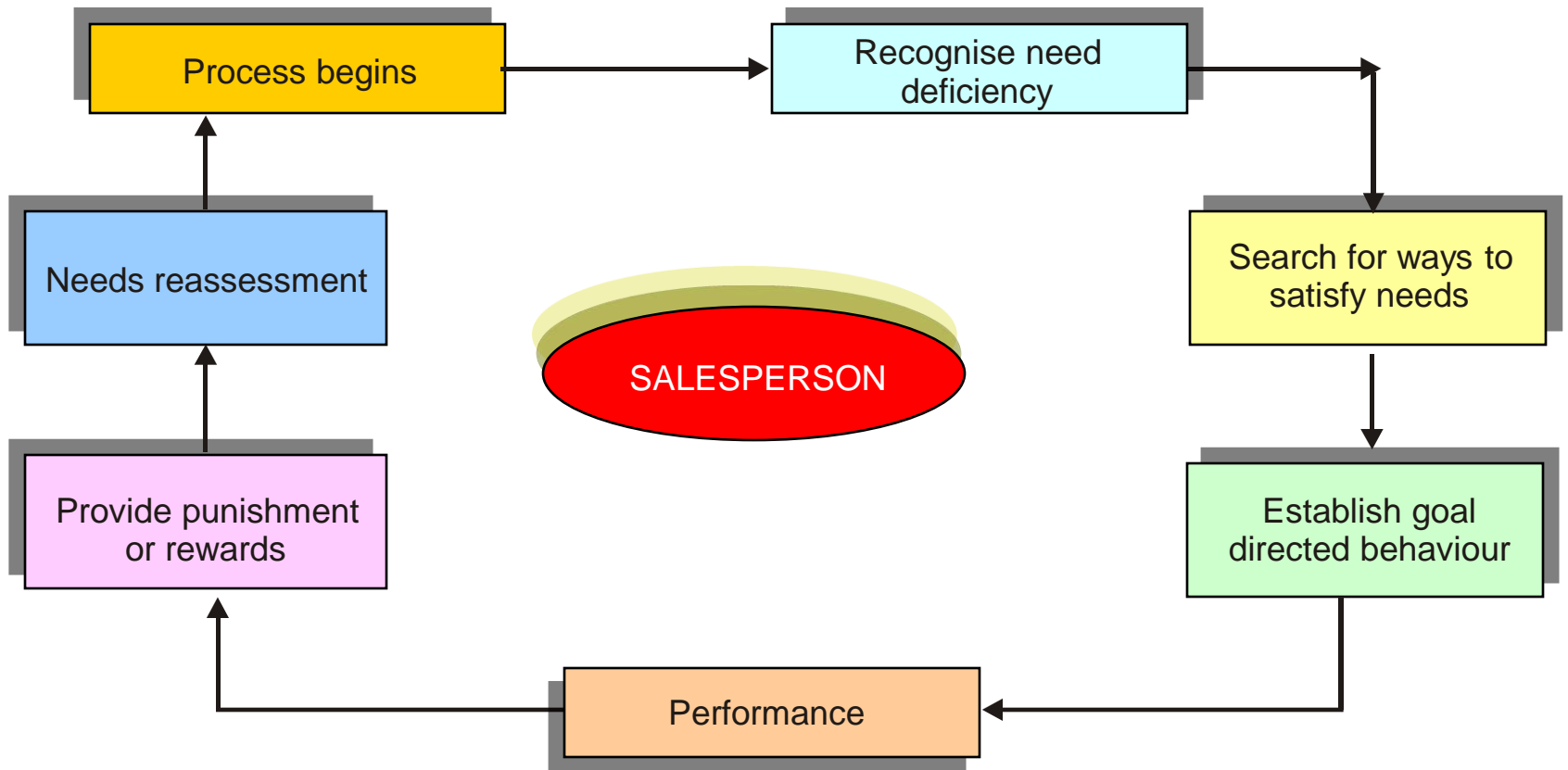
What motivates salespeople

(the reasons behind the *intensity* and *persistence* of mental and physical effort expended)

How salespeople choose their action

(the *direction* or decision to engage in specific actions in specific circumstances)

The Six Step Motivation Process



Factors of Motivation

Job Related Factors

❖ ***The Job Itself***

- Skill variety
- Task identity
- Task significance
- Job autonomy
- Job feedback

❖ **Leadership**

❖ **Job Organisational and Involvement Commitment**

- Job involvement
- Organisational commitment
- Institutional stars
- Corporate citizens
- Apathetics

Individual Related Factors

❖ *Career Stages*

- Exploration
- Establishment
- Maintenance
- Disengagement

❖ *Career Plateauing*

- Performing deficiencies
- Selection and training
- Redesigning job to increase intrinsic motivation
- Reducing stress and burnout
- Increasing growth opportunities
- Acceptance of growth opportunities

Non-financial Factors and their Impact on Sales Force Motivation

- ❖ Meetings between Manager and Sales Force
- ❖ Clarity of Job
- ❖ Sales Contests
- ❖ Sales Conferences and Conventions
- ❖ Positive Feedback
- ❖ Reward and Recognition
- ❖ Persuasion
- ❖ Observations and Future Directions

Low-Cost Ways to Motivate

- ❖ A pat on the back.
- ❖ A smile.
- ❖ A simple, sincere, thank you.
- ❖ A personal letter to the employee, with copies sent to your immediate supervisor and to the employee's supervisor.
- ❖ Public recognition in front of peers.
- ❖ Public recognition in front of one's boss.
- ❖ A letter of praise from a customer or vendor praising an employee, posted on the company's bulletin board.
- ❖ Listening to an employee who has an idea for improving efficiency and then acting affirmatively on that suggestion.
- ❖ Arranging employee discounts from your vendors or customers.
- ❖ Allowing the employee to work on an especially exciting project that he or she would not usually work on.
- ❖ Asking employees what non-monetary rewards they would like to have and, if possible, providing them.
- ❖ Issuing a "You Were Mentioned" certificate to employees whenever you hear something nice about them, whether from a customer, co-worker, or superior.

- ❖ Electing a high-achieving employee to a quality circle or to a company wide task force.
- ❖ Providing free lunch for employees caught in the act of victory by an appointed group of company wide “catchers”
- ❖ Rotating the “company flag” or other symbols of excellence from one deserving unit to another on a quarterly basis.

Compensation Plans

Compensation plans for the sales force are designed to achieve several objectives. Some of these are:

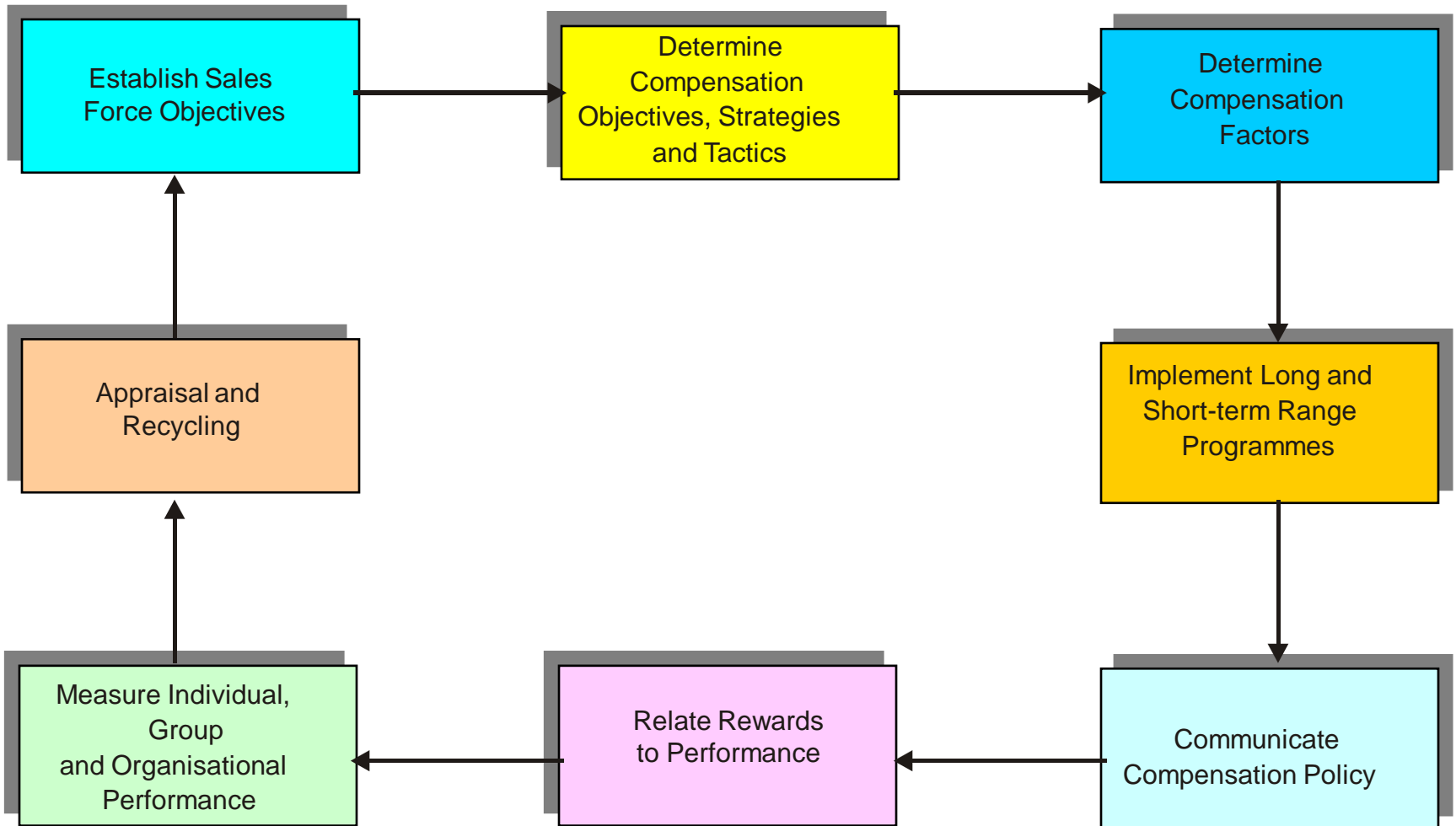
- i. To assist the company in meeting its sales projections,
- ii. To bring the earnings of the sales force to desired levels,
- iii. To reward individual salespersons in direct proportion to their efforts and performance.

Attitudes towards A Compensation Plan

Salespeople Look for	Company's Attitude
1. Adequate income for adequate performance.	1. No conflict, no argument on this point.
2. Superior income for superior performance.	2. None here either.
3. Incentives for special achievement.	3. All but a few reactionary companies agree.
4. A base of fixed-income for security purposes.	4. Many companies agree, but some cannot afford a fixed expense such as salary. In certain industries compensation ranges from 100 per cent salary to 100 per cent commission. Company attitude will depend on circumstances peculiar to it.
5. At least primary fringe benefits.	5. No argument here, but not all companies can afford full range.
6. Opportunity for advancement, promotion.	6. As much to the company's advantage as the salesperson's.

7. A yardstick to measure performance.	7. Equally important for the company to measure performance.
8. Equitable treatment to all sales people; pay based on performance — no free loaders, no favouritism or exploitation.	8. Equally important to the employer.
9. A sense of security because of the feeling that he is respected and regarded as a human being who is important to the company.	9. Just as important to the company which must rely on the morale of its sales force. The sense of security and well-being of sales force pay many bonuses to an employer.
10. Flexibility in a plan, sensitivity to changing conditions.	10. Equally important to a company.
11. Simplicity — easy to understand.	11. The company agrees — the simpler the plan, the easier and cheaper to administer it.

Formal Compensation Process



Various Modes of Compensating the Sales Force

Salary

A straight salary payroll is by far the easiest for employers to handle. Deductions for provident fund, income taxes and other fringe benefits are fixed and the work of accounting is reduced. In many industries, this method of compensation is generally used. There is always an overriding reason for choosing a salary plan. The following industries are using this method

- ❖ Highly seasonal industries
- ❖ High-tech industries
- ❖ Trade salespeople
- ❖ Route salespeople
- ❖ Missionary and educational salesmen
- ❖ Group selling

Strengths of the Salary Compensation Plan

1. For the sales force

- ❖ Simple to calculate
- ❖ Fixed income
- ❖ Job security

2. For the company

- ❖ Reduces turnover in sales force
- ❖ Increases authority of sales manager in controlling sales force
- ❖ An effective tool in case
 - Group efforts are required
 - Of business that is technical in nature
 - Hiring new staff
 - Of seasonal business

The following are the weaknesses of the Salary Compensation Plan

1. For the sales force

- ❖ Lack of incentive to excel
- ❖ Old sales force/under achievers tend to be overpaid

2. For the company

- ❖ Fixed expenses, difficult to cut down expenses
- ❖ Frequent adjustments in salary necessary, yet too many changes are as bad as too few
- ❖ Requires excellent supervision which is not always available.

Straight Commission

- Paying a commission is a variable expense rather than a fixed one. If sales are made, a commission is paid — no sales, no commission. This keeps sales expenses strictly in line.

- Advantages

- It is desirable for a company suffering from a severe cash shortage since the commission need not be paid until proceeds are received from a sale.

- Flexible commission rates can be a strong incentive and many organisations are successful because the sales force enjoys a liberal commission schedule.

Target Commission

A straight commission is paid on sales volume.

A progressive commission rate accomplishes a major objective of most companies: it provides a constant incentive to the sales force to do better. The following example explains this:

	Sales (Rs)	Commission Rate
Up to	40,000	2%
From	40,000 to 1,00,000	3%
Above	1,00,000	4%

Bonus, Profit Sharing, Fringe Benefits

Paying bonus: is a method that a company adopts to reward special contribution and as an incentive to superior performance.

Profit Sharing : Many experts in the field of sales management disapprove extending profit sharing to salespeople. For once, companies agree with them. There may be an argument in favour of such a payment if no bonus plan is established for excellence in sales performance.

Fringe Benefits :Fringe benefits have become a fascinating subject and an item of considerable expense to organisations. The costs of fringes can be as high as 30 per cent of direct compensation expense depending on what benefits are offered and whether a portion of the expense is shared with the employee.

Reimbursement of Expenses

- ❖ Travel — usually by car or scooter
- ❖ Meals
- ❖ Lodging
- ❖ Entertainment
- ❖ Miscellaneous

Proper Sales Compensation Plan

- ❖ Provide a living wage
- ❖ Have performance Based pay levels
- ❖ Be adjustable to meet companys' goals and individual aspirations.

Such a plan not only helps in normal times but also takes care of special needs of a company.