

Sales Cookie

How To Stop Losing Good Reps Over Commissions

“The simplest way to stop your employees from leaving is to develop a plan to make them stay.”

- Tony Robbins -



The True Cost Of Losing Reps

Studies show that it takes **three years** on average for the average sales rep to reach peak performance. Three years is a considerable amount of time, so good reps should be seen as the result of a major investment. Unfortunately, this investment is entirely lost when a good rep leaves over sales commission issues – the **#1 reason** why sales reps leave.

But what's the cost? According to a study by Maestro, the average cost to replace a rep is **\$115,000**. And it takes 6.2 months on average to replace a rep. With an average turnover rate of 28%, this is your biggest cost. But why is losing reps so costly?

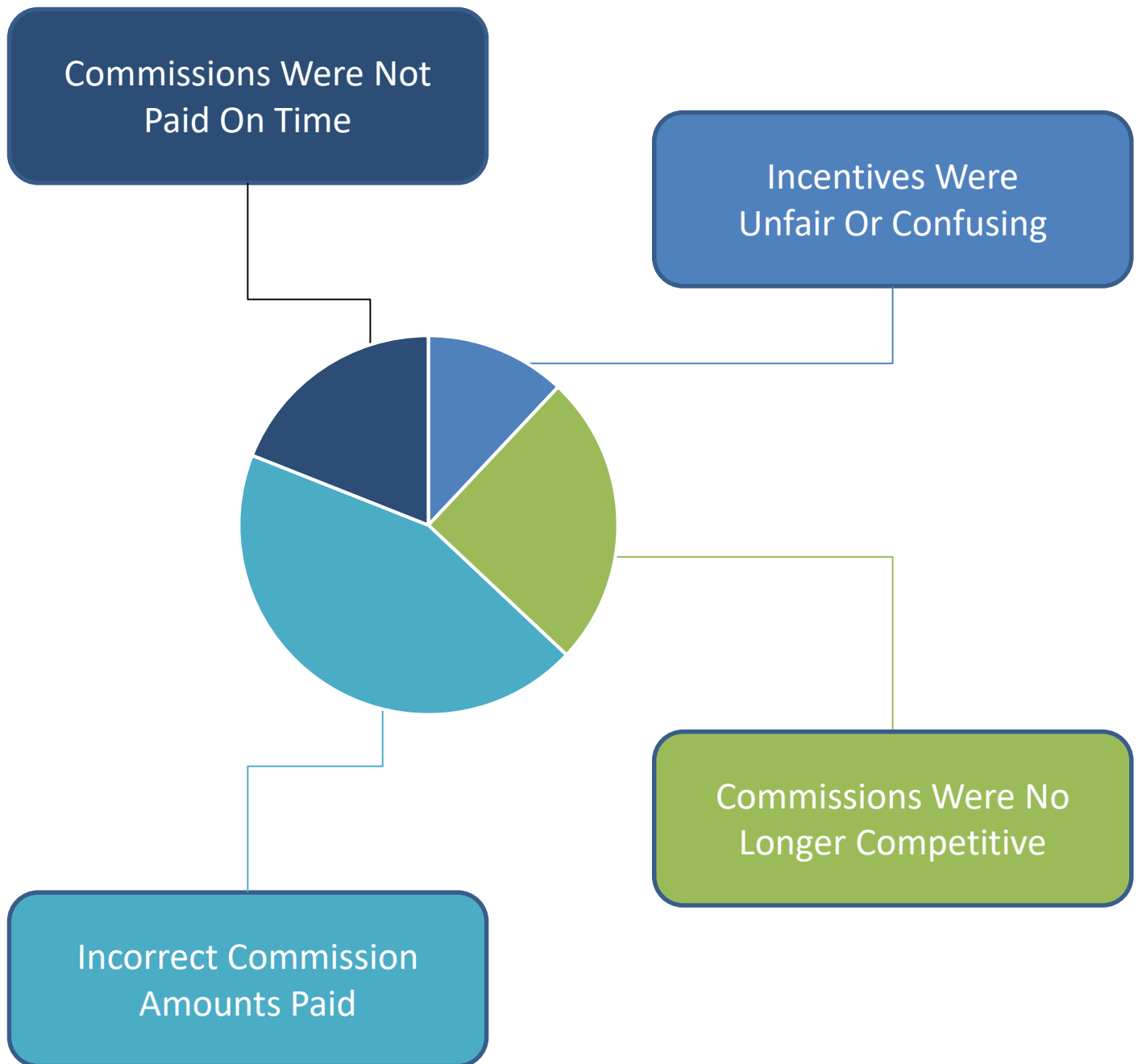


Because the following represent the true cost of losing a good rep:

- Costs associated with **hiring** replacements (ex: recruiting, relocation)
- Costs associated with **training** new reps
- Costs associated with **on-boarding** new reps
- Costs associated with **lost business** opportunities
- Costs associated with **lower performance** while in training

Why Do Reps Leave Over Commissions?

To understand why sales reps leave over sales commissions, we must start with a good understanding of root causes. Ideal interviewed 500 sales reps and identified the 4 root causes as the most significant reasons behind 83% of negative attrition.



2 Easy Ways to Motivate Your Sales Reps



Increasing sales motivation is one of the very best investment you can make.

There is a very high degree of correlation between sales motivation and improved financial results. The good news is that motivating your team doesn't need to be expensive.

Well designed incentive programs can be several times more motivating than boring ones (for the same cost).

Avoid Under-Quota Punishment

Some organizations pay no commissions unless **a quota is met**. This is essentially a “binary gamble”. Should you miscalculate quotas, many sales reps may be discouraged and give up. This can cause productivity to drop, or even some churn. As a result, it may lead you to artificially lower quotas, making your incentive plan boring when it should be challenging and exciting. You're better off including some rewards (even if small) while under quota (say 2% of revenue under quota vs. 8% above quota). This will ensure your sales team remains motivated while remaining in the under-quota zone. It will also make reps feel that they have **a stake in every sale** – an essential ingredient of sales motivation.

Each Rep Gets a Dashboard

One of the best way to motivate your reps is to provide them with an online incentive dashboard where they can **review goals**, crediting, rewards, and plan terms & conditions. If you're still using spreadsheets to track sales commissions, you know those aren't live and hard to understand. Make sure you choose a commission management solution which allows sales reps to access their incentive dashboard while on the go (ex: using their cell phone). Also make sure that your **incentive dashboard** clearly explains the terms & conditions of your plan. If your incentive program is perceived as being transparent, your team will be more likely to believe that they will reap the rewards of their efforts.

3 More Ways to Motivate Your Sales Reps

Friendly Sales Contests

Sales contests are probably one of most cost-effective way to motivate your sales reps. If you choose prizes well, many sales reps will contribute additional efforts to win them, but you only get to compensate those few top performing individuals. While sales contests should not be your primary way to compensate reps, they are a fantastic way to generate additional sales motivation at a very low cost. Make sure your sales commission management solution supports sales contests. Also, keep your sales contests friendly, for example by giving your contests humorous names. More creativity means a lower cost!

Aggressive Accelerators

To generate additional sales motivation, include aggressive accelerators at higher levels of attainment. You'll need to do the math in terms of return on investment, but in most cases, aggressive accelerators will more than pay for themselves. This is especially true if your sales do not rely on repeat business, but rather on winning large deals – especially if every deal is a fight because of competition. Accelerators can push sales reps to go above and beyond, and be motivated to close large deals in a time-sensitive manner. Finally, if possible, make sure your plan does not cap rewards. This will help your reps feel like they can win the lottery.

Non-Cash Rewards

Non-cash rewards have two main advantages. They can be personalized, and variations are limitless so you can keep them fresh. Options include fine dining, sport events, electronic gadgets, club memberships, travel, etc. You can make those non-cash rewards individual, or you can make them collective. And they can be fun! For example, the VP of Sales could announce that he will shave his beard if the team meets some ambitious sales goal. You can even create a point-based system which reps can redeem in your company's private store.



Are My Commissions Transparent?

How much time do your reps spend in “shadow accounting” (reviewing their commissions / crediting) every week? How many inquiries regarding sales commissions do you receive (and how many adjustments do you need to make)?

*By making your sales commission program **truly transparent**, you can re-focus your sales team on the right priorities. You may even be able to create a Zen-like sales environment where there are no distractions, and the focus is 100% on sales goals and rewards.*

Transparent Decisions & Calculations

Most organizations are transparent about the *structure* of their incentive program. Fewer are transparent about the underlying **decision-making** process – or the actual delivery of payouts. A good example is a sales team who understands every aspect of their incentive program but has no idea **how quotas were set**. Were quotas set by Finance, by Sales, or by investors? Were rewards set based on an expected ROI, some fixed costs, or something else? Who can override rewards, who approves commissions, who owns effecting payouts, etc. To make your incentive program truly transparent, you must help your sales team understand all of those aspects.

By giving each rep access to a personalized sales commission dashboard, you can focus them on goals, streamline disputes, ensure enrollment, and eliminate shadow accounting.

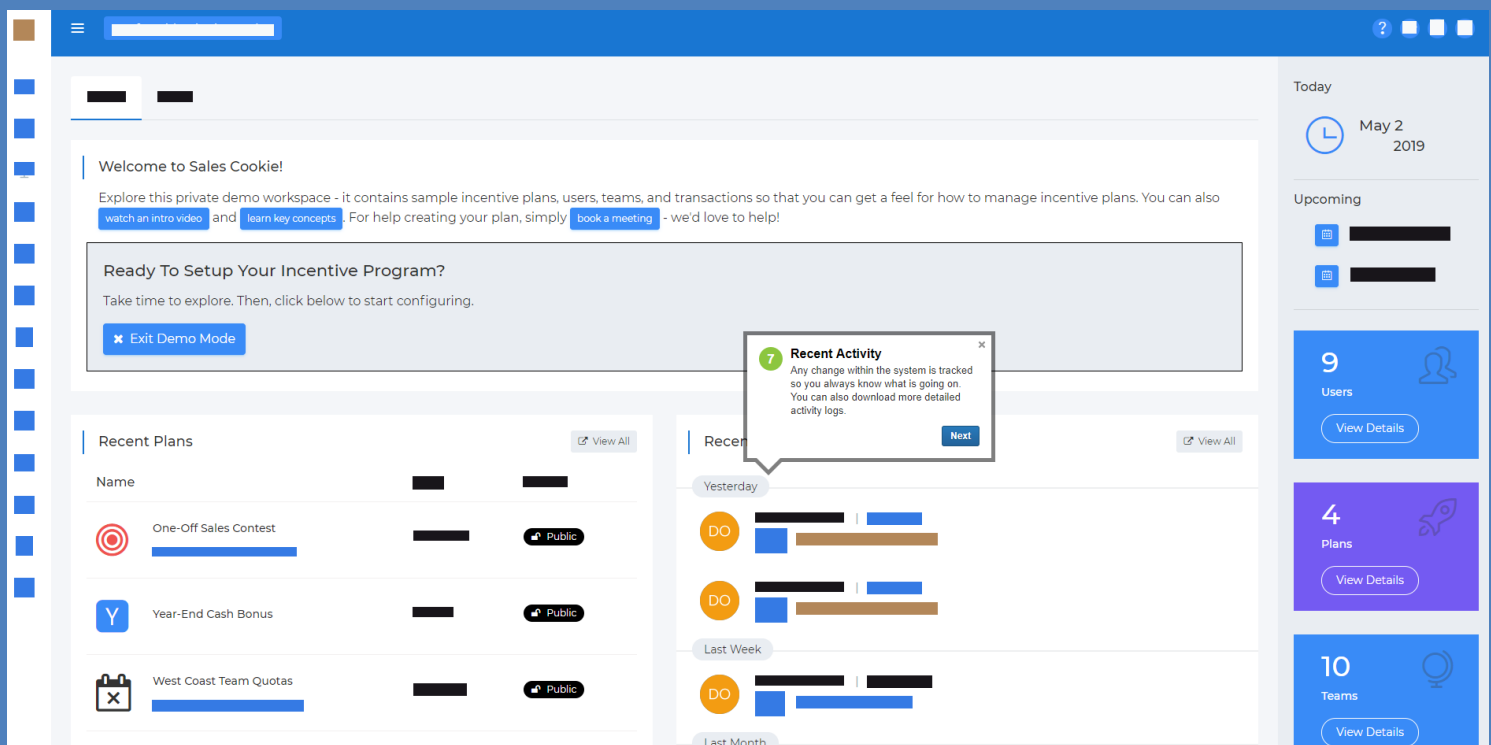
No Preferential Treatment

If some of your reps believe that others could be receiving preferential treatment, they will start spending time on office politics – at the minimum, to remain aware of what’s going on. Most sales environments are reasonable enough to avoid blatant favoritism. However, many also routinely fail to disclose all incentive plans within the organization - or fail to properly announce changes made to plans.

It may seem counter-intuitive to share all this information (“*Why should BDMs know about SDR incentives?*”). However, keeping this information confidential can lead reps to believe this isn’t a fair playing field. After all, if an incentive plan must be kept confidential, it could mean that it protects some dark secret. You’re better off making your entire incentive program transparent by sharing it.

Using Sales Commission Automation You Can

1. Deliver a **transparent** incentive program
2. Eliminate sales commission spreadsheets
3. Ensure on-time and **accurate** payment
4. Better measure the cost of incentives
5. Deliver **innovation** (contests, prizes, etc.)



*Automating sales commissions is the best way to **motivate** your sales team, reduce churn, and re-focus on goals. Visit Sales Cookie to learn more and go live in 3 days or less.*