

How to Motivate Without Bonuses

A client had recently changed their compensation plan from a salary plus bonus structure to a fixed salary environment due to political pressures.

Opportunity

The client was forced to change its compensation structure due to outside funding sources and had recently hired a new sales manager who was concerned that he would not be able to effectively motivate his team to perform, since their financial incentives had been eliminated. There was widespread concern regarding their ability to meet their budgeted annual sales goal which was a 14% increase over the prior year. The CEO had also expressed concern over the team members' sales skills and ability to effectively grow the business.

Approach

We began the engagement with a thorough, objective and data-driven process to evaluate the potential of the individual salespeople as well as the sales manager in order for him to truly become a leader and coach. We identified the challenges that each of the individuals might have faced in his efforts to improve. Further, we identified each person's motivation level and what factors motivated each, to gain an understanding of how important the now absent financial incentives were to their motivation levels.

Recommendation

We learned through the diagnosis process that, with the exception of the sales manager, the sales team members were not money motivated, which indicated that the lack of financial incentives would not negatively impact their performance. We recommended the implementation of a specific selling process to improve the entire team's effectiveness and efficiency in selling. Additionally, we recommended instituting a process of accountability, and provided tools and templates to make it easy for the sales manager to hold his salespeople accountable to a certain activity standard, which incorporated using leading indicators (appointments) as opposed to just lagging indicators (closed sales). We also coached the sales manager to understand the significant difference between his team members' motivations and his own, so as to understand that they would still perform if he individually motivated them, as opposed to expecting them to fail due to the lack of bonuses.

Results

There were four major results from these efforts:

1. The sales team met their annual sales goal, which represented a 14% increase over the prior year.
2. One individual sales team member met her annual goal for the first time, having failed in prior years.
3. The sales manager has grown into a leader and coach, and can now focus on strategic initiatives creating a more lasting impact.
4. Partner relationships, upon which the sales team depends to close business, improved dramatically due to the communication skills the team learned.