

Echo Foxtrot Manufacturing Sales Compensation Design Project

Example Project Overview and Work Plan

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The Sales Management Association

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Sales Compensation Design Project

About This Document

This is an illustrative presentation for a sales compensation re-design project. Echo Foxtrot Manufacturing is a pseudonymous company name.

The audience for this presentation is an internal work team assembled to review issues and design solutions relevant to sales incentive compensation for its sales force.



Sales Compensation Design Project

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Why Change the Sales Incentive Compensation Plan?

- Echo Foxtrot's CEO mandates that we dramatically increase sales force productivity
- Echo Foxtrot's sales management believes the sales compensation program puts the company at a disadvantage in the marketplace for Sales Representatives
- Our current program has been in place for 5+ years, and must be re-aligned with changes in the sales role at Echo Foxtrot



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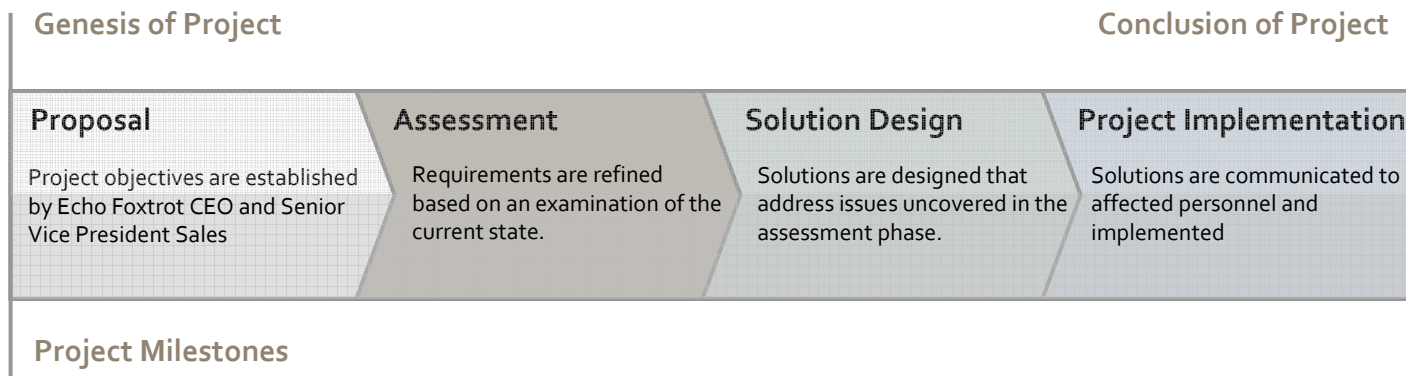
Project Objectives

- Identify the strengths, weaknesses, and improvement opportunities for Echo Foxtrot's current sales incentive compensation program
- Benchmark Echo Foxtrot's sales compensation program with the marketplace for comparable sales force talent
- Re-design Echo Foxtrot's sales compensation plans to better align incentive compensation with the right performance and desired behaviours
- Communicate sales incentive compensation program changes in a manner that ensures an effective implementation of the new program



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Work Plan and Milestones



- Project goals determined
- Project scope established
- Outside consultant hired

- Field input collected
- Technical analysis of pay and performance data
- External benchmarking completed

- Sales organization changes considered
- Performance management priorities and metrics are validated
- New pay plans chosen

- Change is communicated throughout company
- Implementation support tools chosen
- Transition from old approach is completed

Work Team Meetings and Key Dates

- Work Team Kickoff Meeting July 15

- Sales force surveys, interviews, and in-field observation by Work Team. Completed September 1.
- First assessment findings meeting August 20
- Final assessment findings meeting and presentation to Steering Committee September 10

- First solution alternatives meeting October 1
- Second solution alternatives meeting and presentation to Steering Committee October 15
- Steering Committee approval for proposed changes, projected November 1

- Preliminary field communication: project objectives, timeline, and executive endorsement, July 1
- Field conference call with summary assessment findings and initial solution designs November 30
- Communication tools distributed (plan documents, earnings planning tools), December 15
- Filed rollout meetings, to be completed January 15
- Formal national rollout at National Sales Meeting February 20.



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Role of the Work Team and Steering Team



ROLE

- Collect in-field observation and interview data
- Prioritize assessment findings
- Work with consulting firm
- Present findings to Steering Committee
- Develop and validate solutions with help from consultants
- Lead implementation and communication effort

TEAM MEMBERS

- | | |
|--------------------------------------|--|
| • Two Regional Sales Managers | • Accounting Director (Commissions Accounting) |
| • Two Sales Representatives | • IS (Sales Reporting Specialist) |
| • One Sales Engineer | • Marketing Director |
| • One Account Service Representative | • Consulting Project Manager |
| • Director of Compensation (HR) | |



ROLE

- Endorse change to the field organization at all project stages
- Provide strategic direction and ensure organizational alignment
- Validate, approve, and/or revise findings from Work Team
- Review and approve cost analyses for proposed changes

TEAM MEMBERS

- | | |
|-------------|-----------------------------|
| • President | • VP Sales Operations |
| • SVP Sales | • SVP Marketing |
| • VP HR | • Consulting Project Leader |



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Work Team Ground Rules

- Work collaboratively
- Treat project information confidentially
- Consider company and strategic objectives, and work to establish alignment between these and recommended sales compensation plan changes
- Raise concerns quickly
- Represent the field, and make sure their voice is thoroughly heard during the assessment phase



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Assessment Phase: What Areas Will Be Assessed?

Benchmark to Market

Compare Echo Foxtrot Manufacturing's sales incentive compensation program with prevailing market pay levels and sales compensation practices. Consulting firm will conduct the benchmarking assessment.

Current Plan's Assets, Liabilities

Identify the current sales incentive compensation program's strengths, weaknesses, and improvement opportunities, from the perspective of field sales and key Echo Foxtrot Manufacturing internal stakeholders. Work Team will conduct fact-finding interviews and in-field observation with assistance from consultants.

Technical Analysis of Pay and Performance

Echo Foxtrot Manufacturing's sales compensation and sales performance data will be analyzed for the purpose of quantifying plan alignment with current performance expectations, and current sales compensation program ROI. This analysis will be conducted by consulting firm with data provided by Echo Foxtrot.

Current Plan's Alignment to Sales Roles

With data collected from interviews and in-field observation, the Work Team will clarify Echo Foxtrot Manufacturing's current sales roles, and assess the current pay plan's degree of alignment with observed roles. Factors to be taken into account are expected performance, activities, assignments, and management priorities impacting key sales positions.

Sales Performance Expectations, Measures

The Work Team will establish a prioritized list of sales performance expectations and will validate the specific measurement criteria used to gauge performance.



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Assessment Phase: Sales Force Interviews

- Interviews will be conducted with approximately 20% of Echo Foxtrot Manufacturing's 325 sales and field customer support force
- Each of the following core job roles will be interviewed (in proportion to their makeup to the total Echo Foxtrot employee base): Account Manager, Major Account Executive, Sales Engineer, and Field Service Representative
- Consulting firm and Echo Foxtrot employees on the Work Team will conduct interviews and in-field observation
- Interviews and in-field observation will collect opinions on sales incentive compensation program effectiveness, establish key stakeholder priorities and concerns, and clarify sales job roles and key performance measures



About The Sales Management Association

The Sales Management Association is a global professional association focused on sales management's unique business and career issues. The Sales Management Association fosters a community of interest among sales force effectiveness thought leaders, consultants, academics, and sales management practitioners across many industries.

Through training workshops, online resources, and research materials, The Sales Management Association addresses the management issues of greatest concern to practicing sales managers. The Sales Management Association's focus areas include management leadership, sales force performance coaching, sales planning, sales process management, enabling technologies, incentive compensation, and sales force support.

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