





Presentation Outline

- I. How To **HIRE** Sales Reps
- II. How to **MANAGE** Sales Reps
- III. How To **COMPENSATE** Sale Reps

Before we get started, the presumptions are:

- Top-performing employees are attracted to top-performing organizations.
- One has to have a compelling story to tell and sell to prospective employees.
- Vision, mission, values: Where is this company going?
- Employees don't leave companies, they leave Managers.
- WIIFM? Answer the question.
- Compensation...it is not the end all.



I. How to HIRE Sales Reps

"No matter how you total success in the coaching profession, it all comes down to a single factor – talent". - John Wooden

"Selecting for talent is the manager's first and most important responsibility. If he fails to find people with the talent he needs, then everything else he does to help them grow will be as wasted as sunshine on barren ground." - Marcus Buckingham



Process: Get One Down

- Have a job description
- Have a compelling posting
- Post the position
- Sort resumes based on a set of criteria
- Phone screen
- Face-to-face interview
- Test or survey
- Make a verbal offer
- Negotiate
- Make a written offer



Hiring Tips

- Have one person drive the process in your organization.
- The job description is more for you than the candidate.
- A short and sweet posting is better.
- Initial phone screen = very short.
- Face-to-face interview = do they have a power personality.
- Use a personality survey.
- Don't do team interviews.
- If they don't move to close you, don't make an offer.



And the Most Important Variable Is...

ATTRIBUTION



Mistakes You Can Avoid

- Avoid Candidates that Promise the Moon
- Side stepping the Hiring Process
- "I Like Them"
- Hiring based on desperation
- Ignoring psychological tests
- Looking for "team fit" vs. high performance
- Hiring against your "gut" feeling
- Letting them make their "Best Sale of the Year" to you!



II. How to MANAGE Sales Reps

"The top sales forces that I have been privileged to work with have all figured this out: they have found a way to stifle micromanagement. They set correct results and expectations, put the right people in place, create the right conditions, and then trust the logic of that system enough to let it run."

Derek Gatehouse



Three "Key Areas" of Sales Management

1. PERFORMANCE DEFINITION
2. PERFORMANCE FACILITATION
3. PERFORMANCE ENCOURAGEMENT



KEY AREA 1: PERFORMANCE DEFINITION

- Goals
- Measures
- Assessment



Goals

- 50 connects a week
- 5 to 10 face-to-face appointments a week
- 2 networking events a month
- Follow up on all Recruiter leads
- Job Orders???
- Starts???



Goals

- “Lead” Goals = Drivers
- “Lag” Goals = Results



Measuring

- Utilize your AST or CRM to track goals and measures
- The performance measures have to be realistic
- Think about posting the results in the office



Assessment

- The Sales Manager has to touch base with the rep daily
- A more formal weekly assessment has to happen
- How can we help you succeed?



KEY AREA 2: PERFORMANCE FACILITATION

- Removing Obstacles
- Providing Means
- Training Employees



Removing Obstacles

- Working on YOU
- Employees leave managers, not companies
- Ask your employees, "What is getting in your way to success?"



Providing Means

- A fulfillment / recruiting team
- Professional office environment
- Equipment: mobile phone, lap top, access to Internet
- Formal attractive marketing material
- "A" class web site
- White papers & presentation
- Real case studies



Training Employees

- Weekly training, brown bag or other
- Going out on sales calls with reps and processing the call
- Training on a "sales system"



KEY AREA 3: PERFORMANCE ENCOURAGEMENT

- Rewards
- Value
- Timing



Rewards

- Financial
- Non-financial
- Recognition



A note on RECOGNITION

"Of the people who report the highest morale at work, 94.4% agree that their managers are effective at recognition. In contrast, 56% of employees who report low morale give their manager a failing grade on recognition, and only 2.4% of people who have low morale say they have a boss who is great at recognition."

The Carrot Principle

A. Gostick & C. Elton



Value

- The reward has to be meaningful to the employee
- Financial reward, yes
- Ask employee(s) what they value



Timing

- The closer the reward is to the behavior, the stronger the reinforcement
- Weekly small sales contests
- Commission paid out twice a month
- Larger quarterly rewards
- Forget the annual rewards



III. How to COMPENSATE Sales Reps

"Most employees care about the same three things-- the nature of their "Role," their work "Environment," and their professional "Development."

Rajeev Pershawaria



General Financial Guidelines

- 20% of their personal total "gross profit" production is allocated toward their total package = base, commission, taxes and benefits.
- 5% of their personal total "revenue" production is allocated toward their total package.
- Gross Profit = revenues minus cost of sales (temporaries wages, taxes & insurances)



Building out a Sales Comp Plan

Step One: Build out the "Economic Model" based on your company's average gross margin percentages.



Building out a Sales Comp Plan

Step Two: Based on the economic model, determine:

- a) How much money you have to allocate toward the compensation plan
- b) What are average and peak performance levels



Building out a Sales Comp Plan

Step Three: Determine "what" specific results and performance drivers you want to reward

- Account management
- Account penetration
- New account acquisition
- Connects (phone or email)
- Face-to-face meetings
- Networking events
- Referral follow-ups



Building out a Sales Comp Plan

Step Four: Find out base ranges for your market place

- Our Staffing Industry Associations (ASA, SIA, TSA)
- ACA (American Compensation Association)
- SHRM (Society of Human Resources Management)
- BLS (Bureau of Labor Statistics)
- Local competitors



Building out a Sales Comp Plan

Step Five: Build out a commission matrix

- Percentage of gross profit achieved
- Percentage of gross profit paid out to the Sales Executive



Building out a Sales Comp Plan

Comp Matrix Example One

Gross Profit dollars billed for the month +	% of the Gross Profit paid out to the Sales Exec.	Dollars paid to the Sales Exec. monthly
1 st \$15,000	4%	\$600
2 nd \$15,000	6%	\$900
3 rd \$15,000	8%	\$1,200
4 th all gross profit greater than \$45,000	10%	\$\$\$



Building out a Sales Comp Plan

Comp Matrix Example Two

Gross Margin Achieved	Percentage of Gross Margin Paid Out
Under 20%	Zero
From 20% to 24%	4%
From 24.1% to 26%	6%
From 26.1% to 28%	8%
From 28.1% to 30%	10%
Above 30.1%	12%



Building out a Sales Comp Plan

Comp Matrix Example Three

GM%	% of GM paid out up to 10 temps billing	% of GM paid out on 11 to 20 temps billing	% of GM paid out on 21 to 30 temps billing	% of GM paid out on 31 to 40 temps billing	% of GM paid out on 50+ temps billing
0-14%	0%	0%	0%	0%	0%
15-19%	3%	4%	5%	6%	7%
20-24%	5%	6%	7%	8%	9%
25-29%	7%	8%	9%	10%	11%
30+%	10%	11%	12%	13%	14%



Building out a Sales Comp Plan

Step Six: Build commission dollars to reward performance-driving activity

- 50 connects a week
- 10 face-to-face appointments a week
- 10 referral follow-ups a week
- 1 networking event a month



Building out a Sales Comp Plan

Percentage Levels	Activity Bonus Percentage Allocation	Activity Bonus dollars paid out
59% and below	0%	\$0
60% to 69%	25%	\$250
70% to 79%	50%	\$500
80% to 89%	75%	\$750
90% to 100%	100%	\$1,000



Building out a Sales Comp Plan

Step Seven: Validate

- Run out the numbers at the various levels in which a Sales Exec can perform in gross margin billed, hours booked, or contractors billing *and* check these levels against the economic model to make sure you don't end up paying too much out at the top end.



Best Practices

- Shoot for 50/50 = 50% base & 50% commission.
- Keep it simple.
- Tweak the plan annually.



Best Practices

- Have your employees sign their compensation plan.
- Include a "definition of terms" in the document.
- Include a "confidentiality" statement in the document.



Best Practices

- Don't oversell the comp plan.
- Cash is not always king when it comes to compensation.
- The best form of recognition is listening, which happens to cost the company close to zero.



Questions? Call me!

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Coming Next:

Content Marketing – Real-World Examples
Thursday, February 14 at 2 p.m. EST

Reserve your seat: www.lunchwithhaley.com
