Learn to Love Your Underperformers

How to find value in the bottom 20% of your sales force

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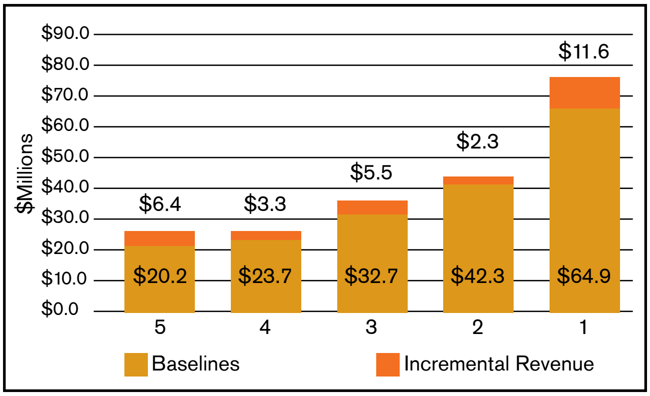
Poor performers. Losers. Bottom feeders.

Every company has a derogatory term to describe sales people who are in the bottom 20th percentile. Some sales managers openly deride and ridicule their team members who are not meeting expectations. The human condition responds to motivational "sticks" like ridicule and mockery but only in very short-term bursts. If what you're looking for is commitment and improvement, try carrots. If what you're doing isn't working, maybe you're focused on the wrong carrot.

What does a sales manager do with reps who are underperforming?

Goals Are Carrots

Sounds crazy, doesn't it? Why would management let someone in the lowest 20% of the sales organization (who isn't even close to approaching quota) pick their own goals?



As crazy at it sounds, this is what was practiced by the eight companies whose sales data is included in the chart to the left.

For these firms focused on increasing revenues from their outside sales reps, we split each sales organization into five equal segments, or quintiles. This allowed us to measure them separately and use relevant goals for each group. Our analysis included Fortune 1000 firms in telco, manufacturing, pharmaceutical and medical devices. Each ran a "select-your-own-goal" sales incentive for 90 days with payouts indexed to participants' salaries.

As expected, the top performers performed well. They had the highest incremental gain in real dollars. However, the rate of the lowest performers – Quintile 5 – was double (31.7%) that of the top performers (17.9%) and the gain in real dollars exceeded that of Quintiles 4, 3 and 2.

As you consider the numbers, it's clear the bottom 20% of sales people in these companies were able to make a substantial contribution to the net gain of the entire population. And although not every individual had a net gain in the 5th quintile, neither did every individual in the 1st quintile.

Setting Goals Within Boundaries

Sales reps in this analysis were not given carte blanche to set their own goals. Each individual rep was assigned a baseline (or run-rate) defined as the performance they were expected to achieve without any incentive during the period. Each of the reps was offered three goal levels that were higher than their baseline. Specific goals varied by quintile based on opportunity and capacity. Top quintiles are occupied by sales reps operating very near or at capacity so their goal levels were 1-3% above baseline. On the other hand, the Quintile 5 performers were given goals to select from that were 100%, 200% and 300% in excess of their baselines.

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These boundaries, known to behavioral economists as **choice architecture**, help frame the opportunity by offering a limited number of carefully selected options. The rewards were anchored at around 6% of period compensation for the middle goal level, reduced by two-thirds for the easiest level and doubled for the most aggressive goal achievement. And, to make the goal selection more meaningful, payouts were only given at the level of goal selected – no higher and no lower. And you could only earn if you selected a goal – no coasting in on an award that you didn't commit to.

Commitment was as much a carrot as was the relevance of the goal levels and the relative values of the rewards. Offering up the intangible act of personal commitment – even among those with low-performing records – inspired real motivation in participants and drove tremendous results.

In this analysis, sales reps of all performance levels demonstrated the capacity to improve, especially the bottom feeders. They just needed the right carrot.

What If No Carrots Work?

There are people who are hired into jobs that are simply not cut out for the work, the culture or the climate. They oversold their abilities or hiring managers mistook enthusiasm for skill and the result is that people need to be ushered out of badly matched situations. It's up to the manager to identify these cases and deal with them.

Regardless of the rule structure or the nature of the carrots you choose to implement, the art of managing still applies. Careful discernment by the front-line leadership team remains a critical tool in keeping the enterprise on track. However, before you give up on a future contributor, give them an opportunity to self-select a relevant goal and reward them for achieving it.

BI WORLDWIDE offers the industry's only patented sales incentive rules structure, GoalQuest®, which uses the power of self-selected goals, audience segmentation and all-or-nothing goal achievement to drive incremental results from your **entire** sales force.

To learn more about BI WORLDWIDE and GoalQuest, visit:
BI WORLDWIDE.com or email Latam@BI WORLDWIDE.com.