

Why sales contests fail

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Sales leaders have more ways than ever to motivate performance: compensation plans, SPIFFs, accelerators, recognition programs, contests, and more.

Yet many organizations still struggle with a familiar problem: **performance plateaus.**

Sellers hit their number, slow down, and wait for the next quarter. Activity spikes briefly around a promotion, then fades. Incremental growth remains elusive.

The issue usually isn't effort.

It's how the sales contest is designed.

When sales contests are treated as short-term payouts instead of behavior-change tools, they can reinforce a phenomenon known as **income targeting**: the tendency for sellers to work just hard enough to reach a perceived earnings goal, then disengage. To drive real performance lift, contests need to move the middle of the performance curve, where the majority of sellers, and much of the untapped revenue, reside.¹

Why compensation alone isn't enough

Compensation plans are essential. They establish expectations, signal priorities, and define success. But even the best-designed comp plan can't perfectly account for every strategic shift, product focus, or short-term business need.

Behavioral economics explains why. When incentives are predictable and long-term, people often adapt their behavior to optimize for comfort, not growth. A classic taxi-driver study found that drivers worked fewer hours on high-demand rainy days because they had already "made enough" for the day. Supply dropped precisely when demand increased: income targeting at work.²

Sales organizations experience a similar effect. Sellers reach quota, earnings feel "good enough," and discretionary effort declines. No amount of commission-rate tweaking solves that on its own.

A strong sales contest gives sellers a **timely reason to stretch beyond baseline performance.**

The real opportunity: Move the Middle

Most sales teams follow a familiar distribution:

- **The top 20%** are already motivated and will often perform regardless of contests.
- **The bottom 20%** may need capability, onboarding, or role-fit support.
- **The middle 60%** produces a significant share of revenue and holds the greatest opportunity for incremental growth.

This middle segment is where sales contests work best. When designed correctly, contests give these sellers a reason



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to stretch beyond baseline performance instead of stopping once earnings feel sufficient.

The goal isn't to replace compensation. It's to interrupt income targeting with short-term, achievable goals that feel worth the effort.

Sales contests need a distinct role

High-performing organizations treat compensation, recognition, and contests as separate but complementary "accounts" in a seller's mind.

- Compensation satisfies needs and establishes standards.
- Recognition reinforces desired behaviors over time.
- Contests satisfy wants, driving focused effort against a specific performance opportunity.

Unlike compensation, contests are flexible and immediate. They can be launched at any time to address a specific business or performance issue, such as new product adoption, competitive displacement, portfolio mix, or quarter-close urgency.

That flexibility is what makes contest design so important. A contest should not simply add more payout to the same behaviors already covered in the compensation plan. It should focus seller effort where the business needs movement now.

How to design sales contests that drive incremental results

Effective sales contests share four characteristics.

1. Start with the performance problem

Behind every business challenge is a performance issue.

"Revenue is behind" is not actionable.

"Sellers are avoiding **Product A** because it's harder to sell" is.

A strong contest starts with who needs to do what differently.

From there, leaders can decide the right audience, rules, timing, communication, and reward structure.

2. Use personal baselines to reduce income targeting

The most powerful contests are often built around personal improvement, not stack ranking. When sellers compete against their own baseline, more participants have a believable path to success.

Objective-based designs and step-it-up structures can outperform "top X wins" models because they create idiosyncratic fit: sellers believe the goal is attainable and worth their time. That belief is what unlocks discretionary effort beyond income targets.

3. Make goals emotional, not just rational

Behavior change requires more than math. Effective contests use goal setting, emotional commitment, and clear progress visibility to keep sellers engaged.



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When sellers commit to a goal publicly or see progress visually, effort increases because disengaging feels like a loss, not a neutral choice. The contest becomes something they are trying to achieve, not just something the company is running.

4. Reward with what people remember

Cash is useful, but it is rarely memorable. Non-cash awards, including travel, experiences, and aspirational merchandise, create stories and social visibility. They motivate effort without anchoring a fixed “price” on a seller’s time or creating escalating payout expectations over time.

The reward does not need to be extravagant. It needs to feel meaningful enough to make the stretch worthwhile.

Common sales contest mistakes to avoid

Even well-intended contests fail when they:

- Become predictable and easy to game
- Reward only top performers who would have won anyway
- Double-pay for behaviors already compensated in the plan
- Set goals that feel out of reach for most sellers
- Reward activity that does not connect to a business outcome

These designs do not create incremental growth. They redistribute existing performance and reinforce income targeting. Worse, when they are removed, they can feel like pay cuts instead of tactical changes.

Turn “good enough” into “what’s next?”

Sales contests are not about excitement for excitement’s sake.

When designed intentionally, they are one of the most effective tools sales leaders have to interrupt income targeting, refocus effort, and unlock growth that compensation alone cannot reach.

The biggest gains do not come from pushing the top or penalizing the bottom. **They come from moving the middle 60%**, where clear goals, achievable progress, and meaningful rewards can turn “good enough” into “what’s next?”

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Sources

1. BI WORLDWIDE. Contests and Incentives.
2. Camerer, C., Babcock, L., Loewenstein, G., & Thaler, R. “Labor Supply of New York City Cabdrivers: One Day at a Time.” The Quarterly Journal of Economics, 1997.