

CEO Roundtable: *5 Essential Elements for Successful Sales Plans*

April 10, 2014



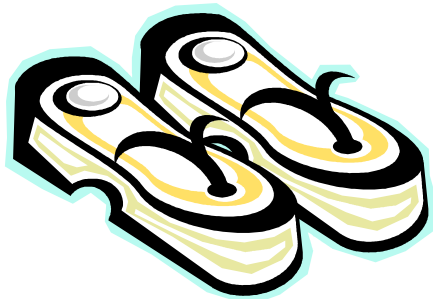
Wilson
GroupTM
Concord, MA

Background and Context

Two shoe salespeople were sent to a developing country to open up new markets.

Three days after arriving, one salesperson called the office and said, "I'm returning on the next flight. Can't sell shoes here. Everybody goes barefoot."

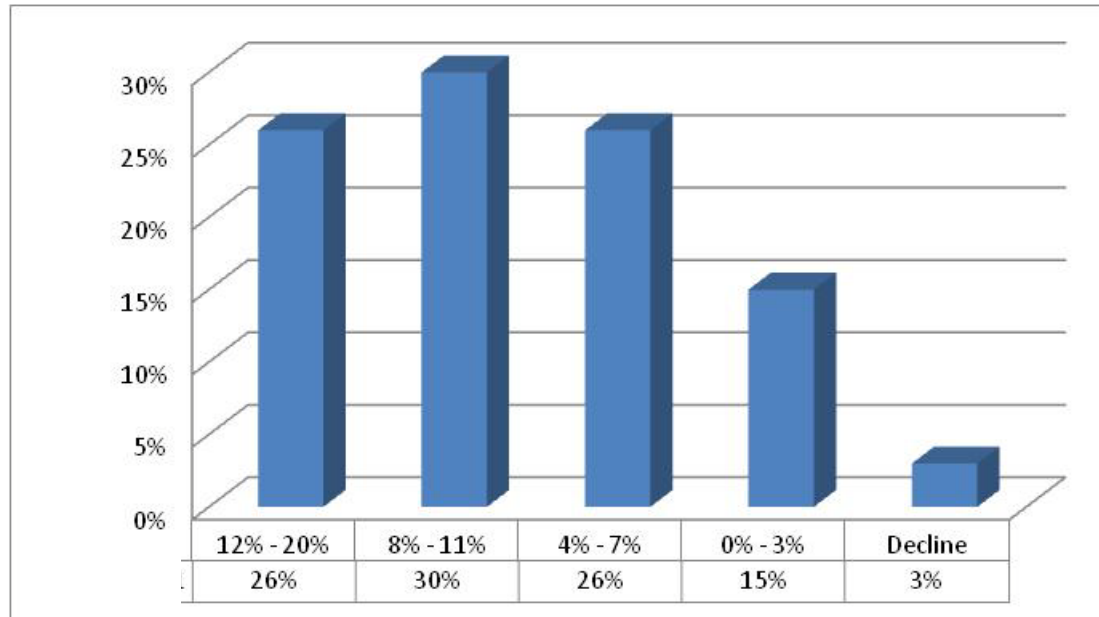
At the same time the other salesperson sent an email to the factory, telling "The prospects are unlimited. Get ready for some big orders. Nobody wears shoes here!"



#1: The sales strategy fits your company's business plans.

1. Sales Strategy Fits Your Business Plans

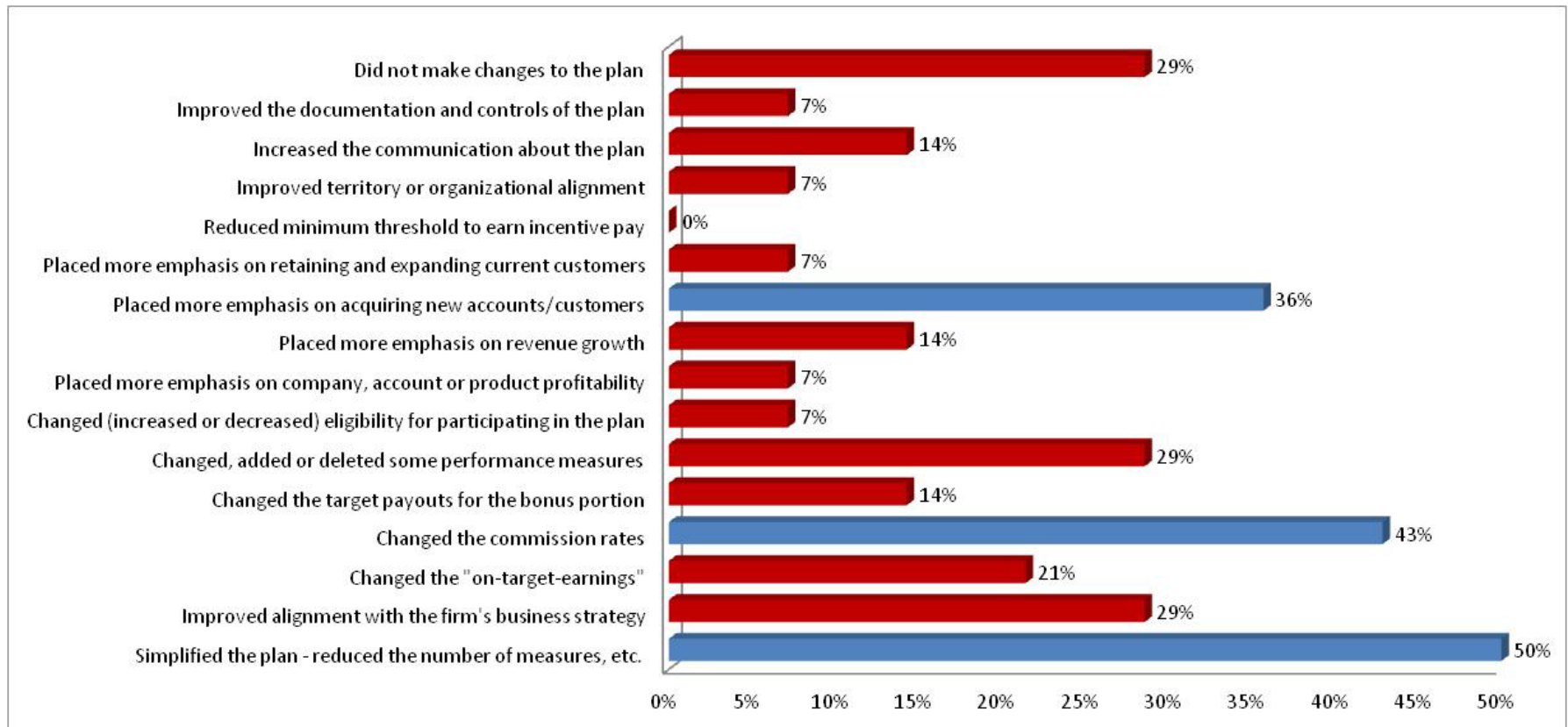
Revenue growth for 2013: What are your forecasts for 2014?



- 86% of organizations are shifting the focus to revenue generation.
- 41% of these companies are increasing sales staff in 2014.
- 52% are planning no change.
- Average projection increase in revenues 10% - 15% with same staff.

1. Sales Strategy Fits Your Business Plans

Changes planned for sales compensation plans:



Source: Wilson Group 2013-2014 Survey Report on Sales Compensation Practices

1. Sales Strategy Fits Your Business Plans

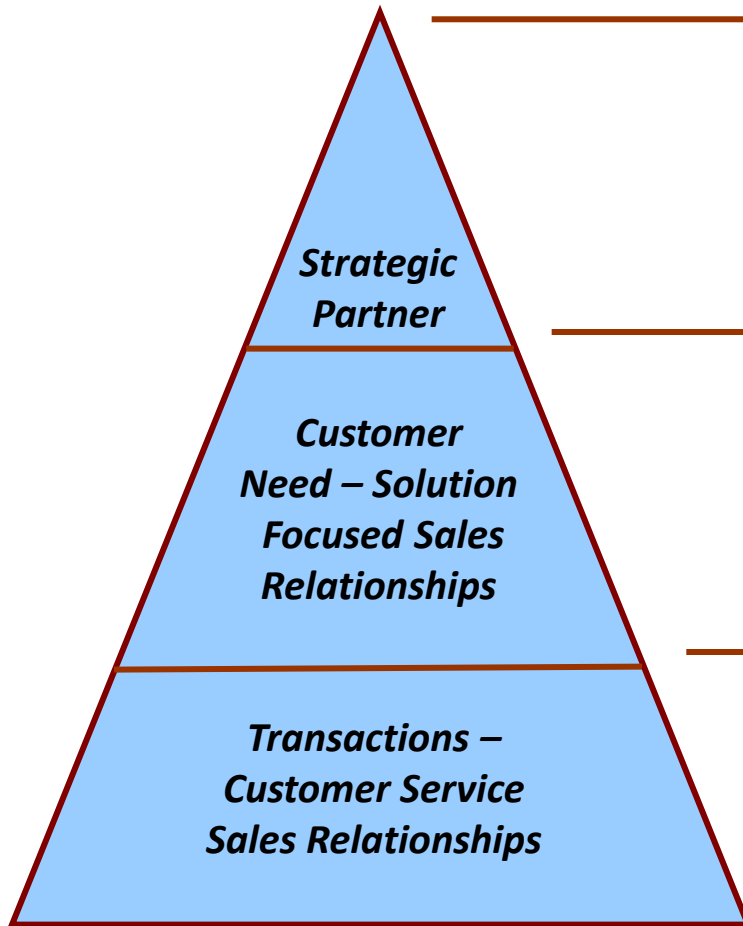
What are the type of customer relationships do you seek to acquire/develop?

Characteristics of the relationship:

- Well established, long-term relationships
- Easy access at all levels – customer wants relationship
- Provides sustained competitive advantages
- Understands customer's strategy and challenges
- Focuses on strategic decisions

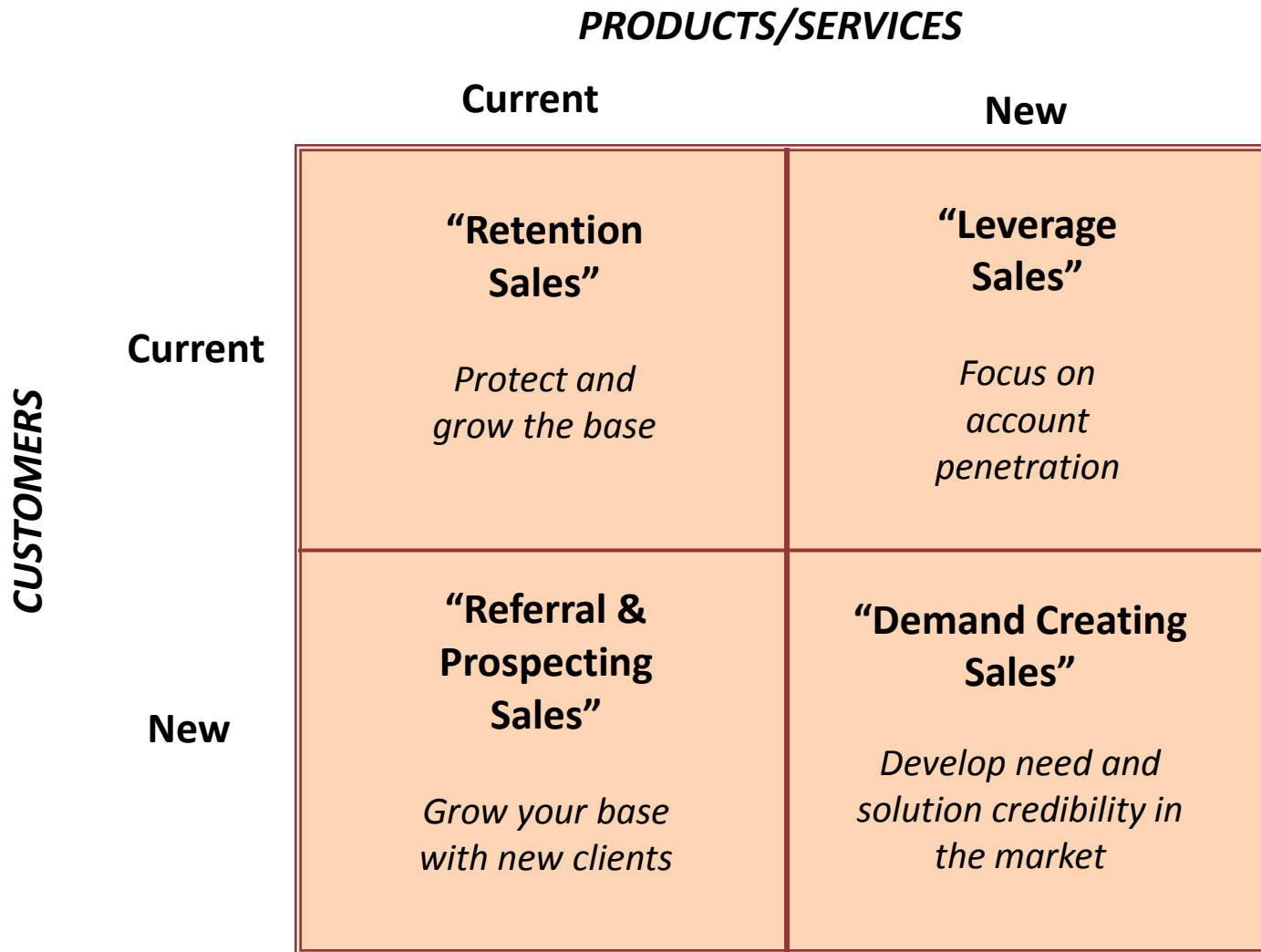
- Understands needs and context of customer
- Seeks to fulfill needs and provide solutions
- Defines products/services in terms of value created
- May customize products for specific applications
- Focuses on problem solution decisions

- Essentially a commodity type sale
- Knows wants, promotes benefits
- Negotiates on price and specific features
- Assures delivery is fast and on-time
- Short-term decision focused



1. Sales Strategy Fits Your Business Plans

What is the primary focus of your sales process?



#2: The sales process and roles leverage the sales person's unique abilities.

2. Sales Process and Roles Leverages Their Abilities

Define the key steps of the sales process – It isn't magic!

I. Generate Desired Leads

- Define target prospects and current customer opportunities (expansion or recapture)
- Develop new leads at networking meetings and conferences
- Respond and qualify internal new business inquiries
- Prepare and conduct exploratory meetings to qualify prospect
- Track and report on prospects and leads status - forecasts
- Determine budgeted \$, key decision makers and decision process

II. Build the Value Proposition

- Summarize prospect's needs, opportunities, and timing with others
- Assess fit between technical requirements and our capabilities
- Establish, conduct visits by experts, demonstration and site visits, and deliver reference papers and other credibility building actions
- Oversee proposal preparation consistent with short and long-term needs
- Present proposal of the business proposition and services
- Resolve questions, concerns and objections

III. Achieve the Commitment

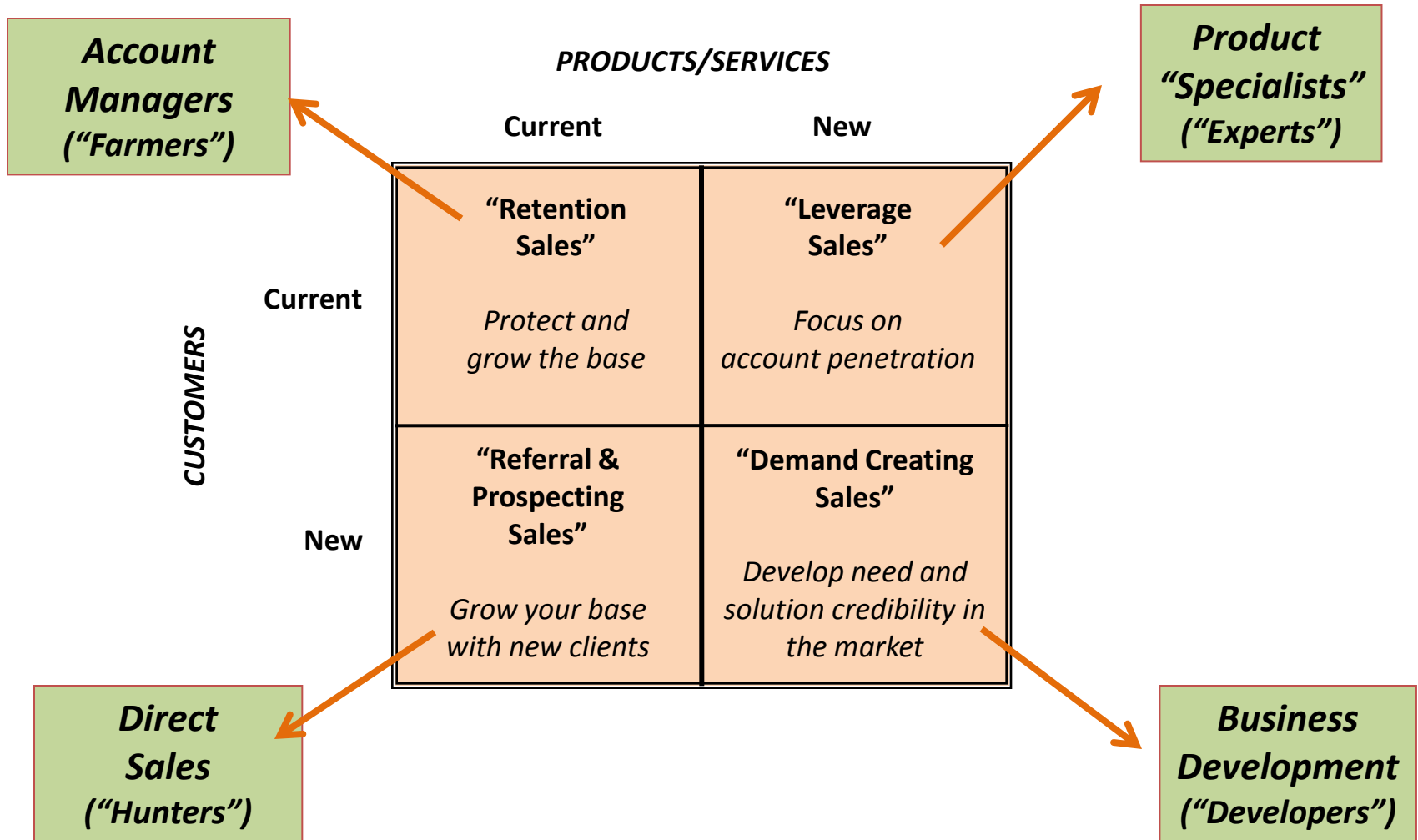
- Follow up, negotiate and finalize contract pricing, timing and resources
- Obtain agreement (decision) to the proposal or contract
- Secure contract signature and assure all agreements are finalized and the payment process is clarified
- Transition work to project delivery team – establish their relationship with client
- Identify milestones, resource commitments, payment schedule and timetable
- Identify potential additional opportunities and/or support required to expand revenue opportunity

IV. Reinforce the Relationship

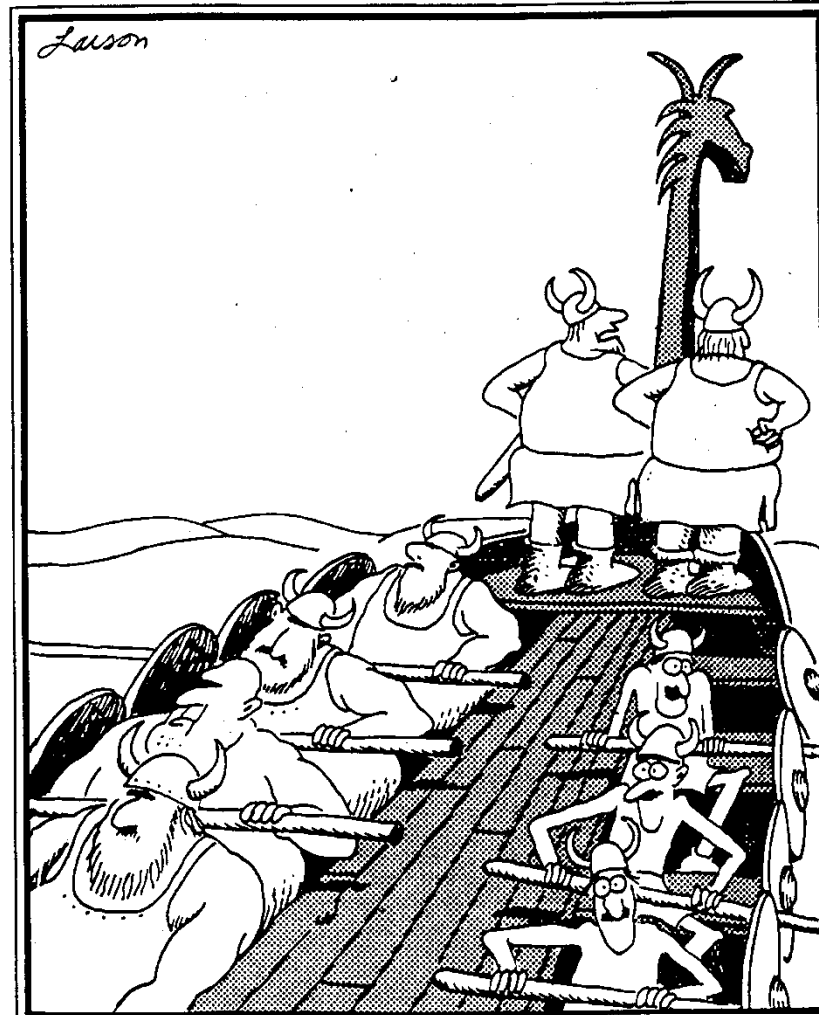
- Monitor milestones and performance of contract with client
- Assure all communication, commitments and services are delivered to client satisfaction; resolve issues
- Develop account plan with background, key opportunities and plan
- Identify engagement expansion or new opportunities within client
- Lead internal reviews of client potential and risks
- Assure timely collection of invoices
- Be the "Advocate" for the client/customer

2. Sales Process and Roles Leverages Their Abilities

What are the primary roles in your sales process?



2. Sales Process and Roles Leverages Their Abilities



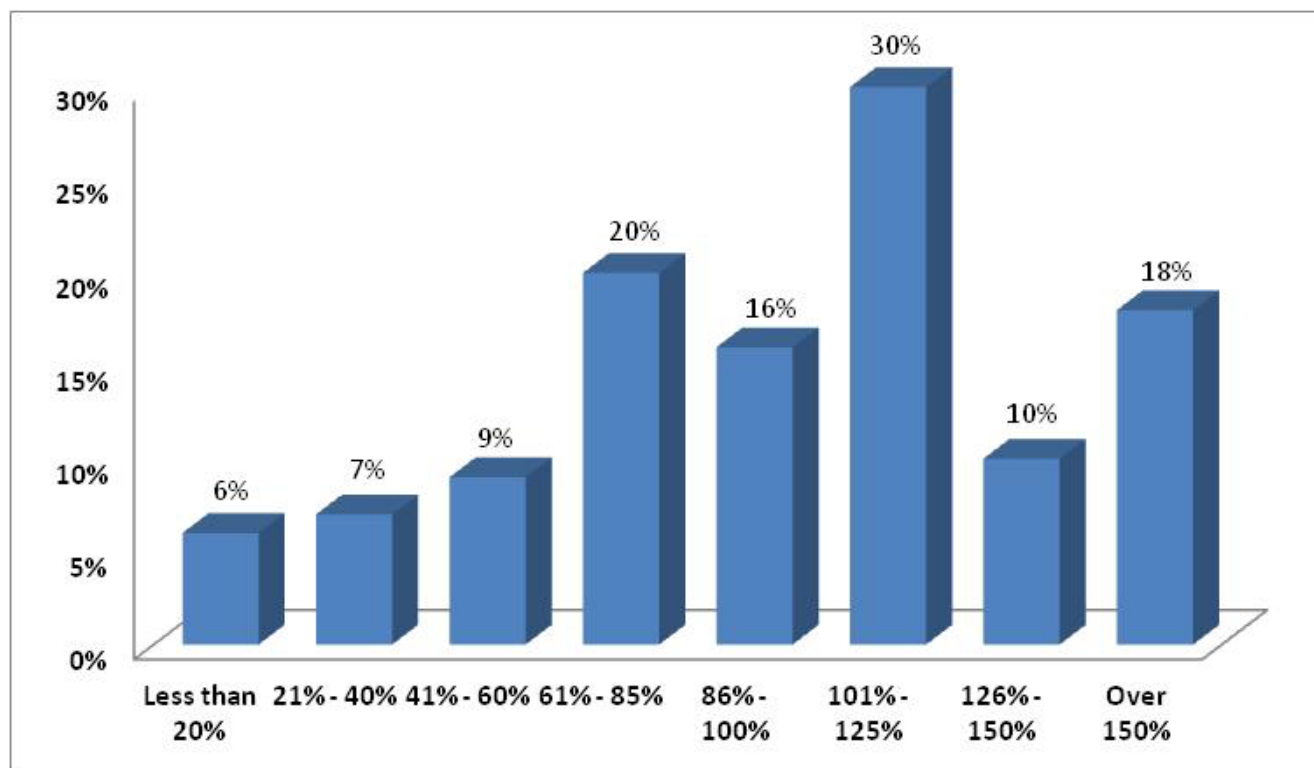
"I've got it, too, Omar . . . a strange feeling like we've just been going in circles."

**#3: The sales goals are challenging
AND achievable.**

3. Sales Goals are Challenging AND Achievable

Performance Distribution:

How people perform against their sales targets (or quotas)



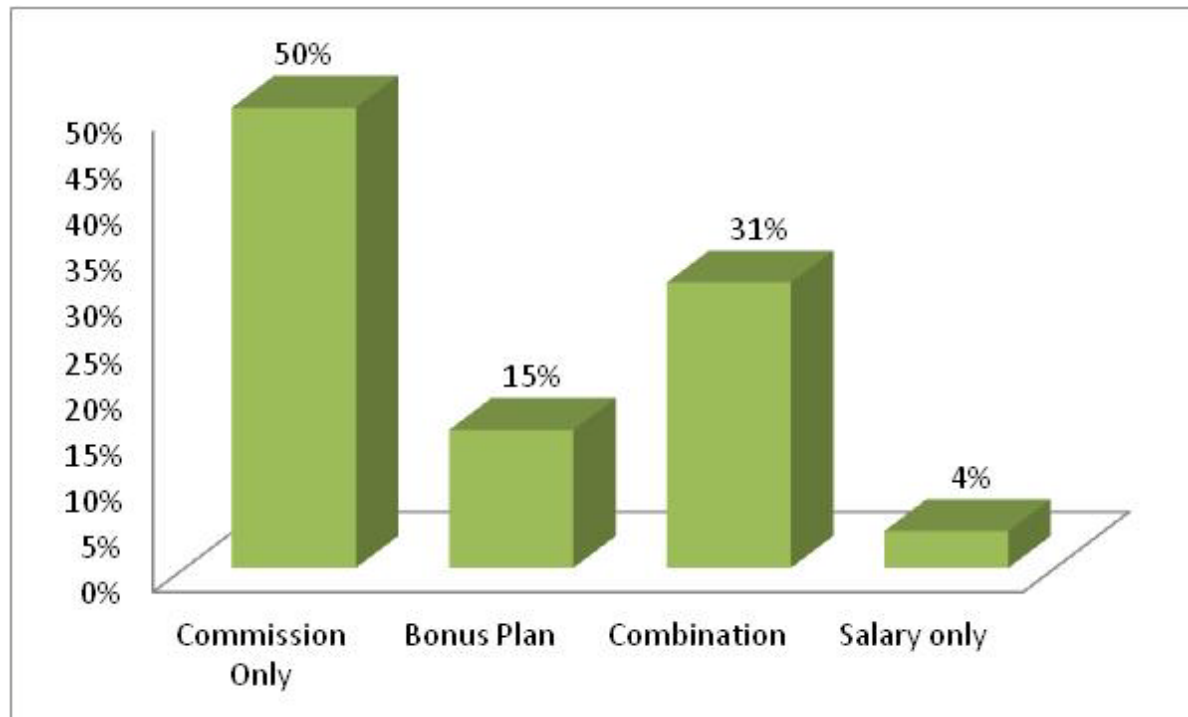
- 60% achieve quotas
- 22% fall way short (less than 60% of quota)

Source: Wilson Group 2013-2014 Survey Report on Sales Compensation Practices

#4: The sales compensation plan should be simple (not simplistic) and well understood.

4. Compensation Plan is Simple and Well Understood

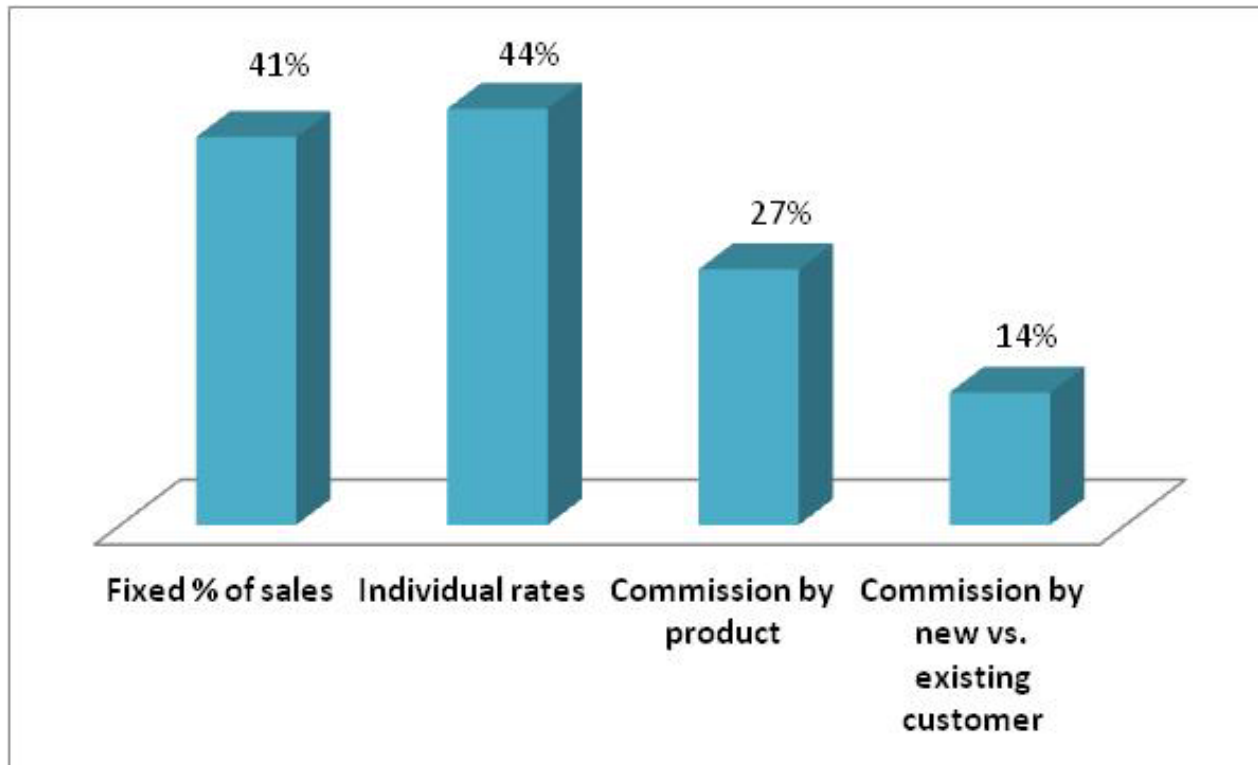
The Core Elements of the Plan Design: Types of plans used



Source: Wilson Group 2013-2014 Survey Report on Sales Compensation Practices

4. Compensation Plan is Simple and Well Understood

Core Elements of the Plan Design: How Commission Rates are determined



Source: Wilson Group 2013-2014 Survey Report on Sales Compensation Practices

4. Compensation Plan is Simple and Well Understood

Core Elements of the Plan Design: Performance Measures

Key Performance Measures:	Account Manager (Farmer)	Market Manager (Hunter)	Product Specialists (Expert)
<input type="checkbox"/> Grow revenues	HIGH	HIGH	MODERATE
<input type="checkbox"/> Grow profit margins	HIGH	MODERATE	HIGH
<input type="checkbox"/> Acquire new accounts	LOW	HIGH	MODERATE
<input type="checkbox"/> Retain existing accounts	HIGH	MODERATE	LOW
<input type="checkbox"/> Expand existing accounts	HIGH	LOW	MODERATE
<input type="checkbox"/> Collect market intelligence	MODERATE	HIGH	HIGH
<input type="checkbox"/> Collect customer experience	HIGH	MODERATE	HIGH
<input type="checkbox"/> Implement marketing initiatives	MODERATE	HIGH	MODERATE

4. Compensation Plan is Simple and Well Understood

Core Elements of the Plan Design: The Right Mix of Compensation

Align the degree of “at risk pay” with the type of sale.

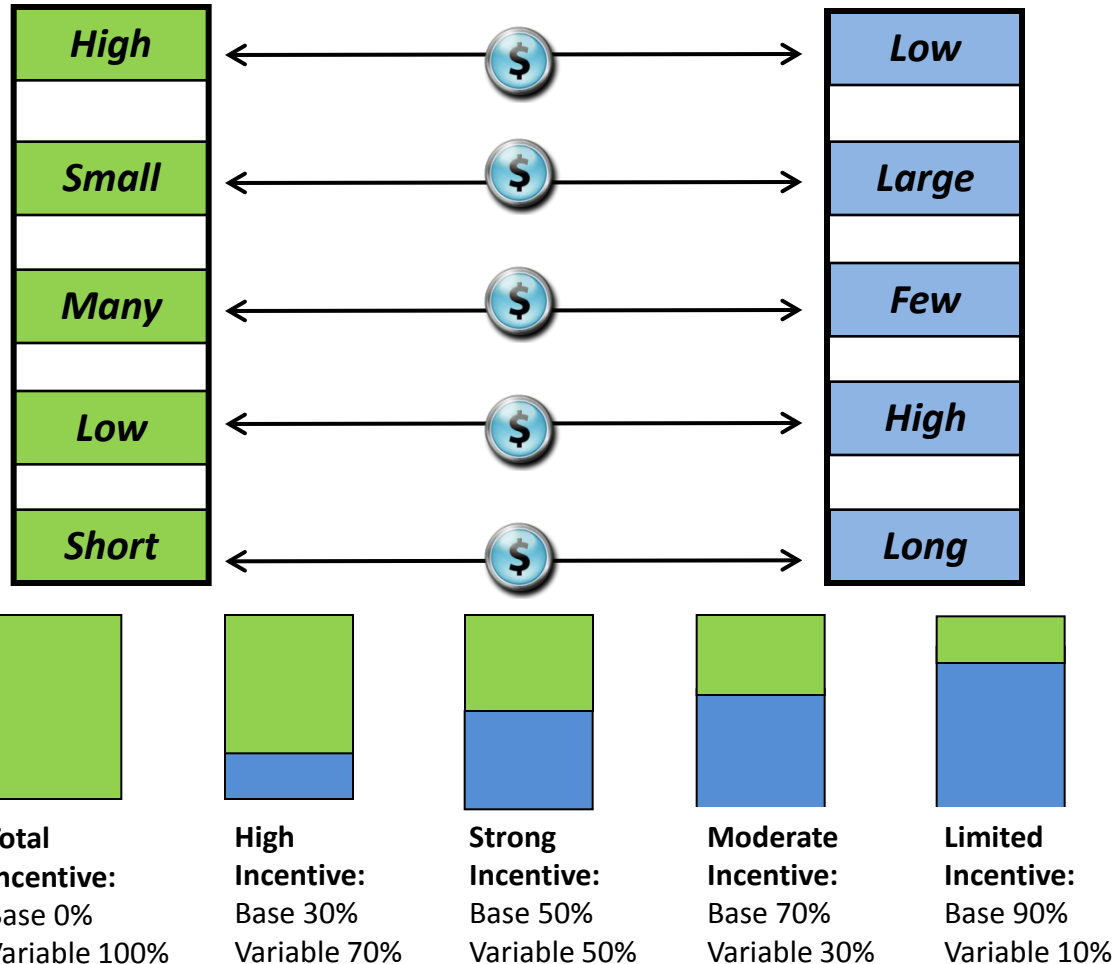
1. *Level of influence on Sale*

2. *Size of opportunity*

3. *Number of customers*

4. *Complexity of sale*

5. *Time to complete sale*

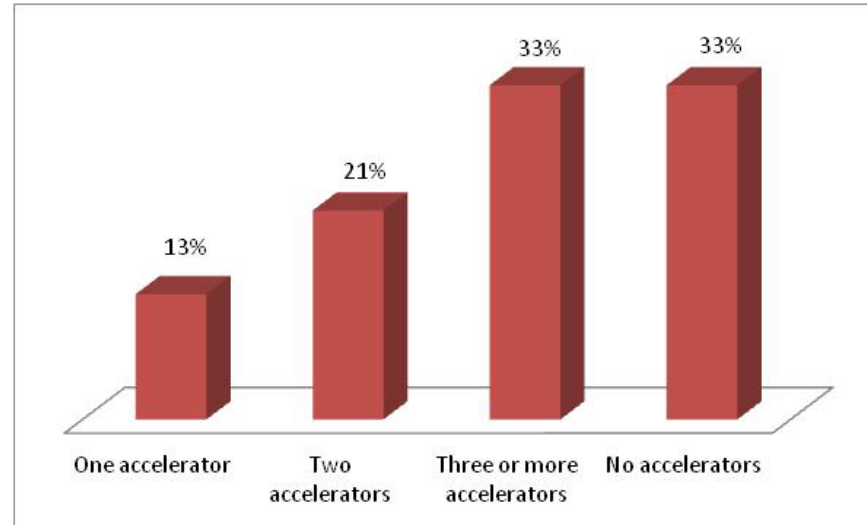


#5: Accelerators and bonuses reward achievements.

5. Accelerators and Bonuses Reward Achievements

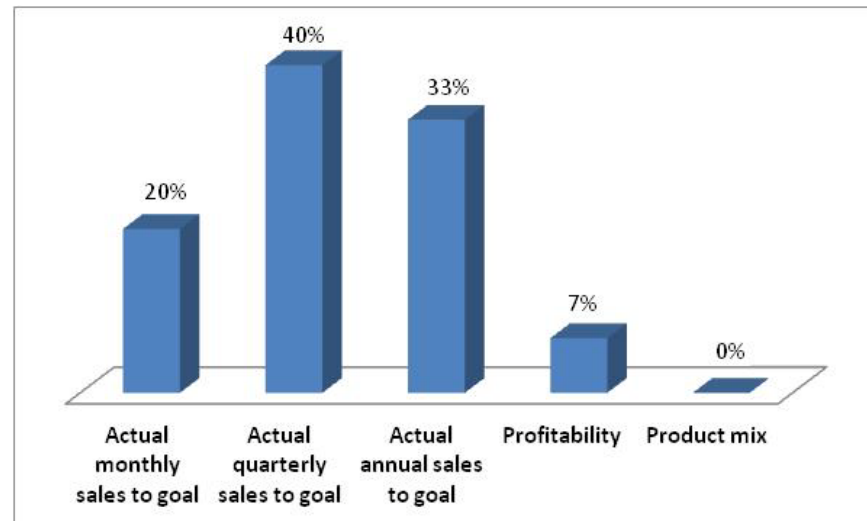
The use of accelerators

Number of Accelerators



➤ 66% use 2 - 3 Accelerators

Trigger for Accelerators



➤ Usually based on Quarterly or Annual sales to quota (goal)

5. Accelerators and Bonuses Reward Achievements

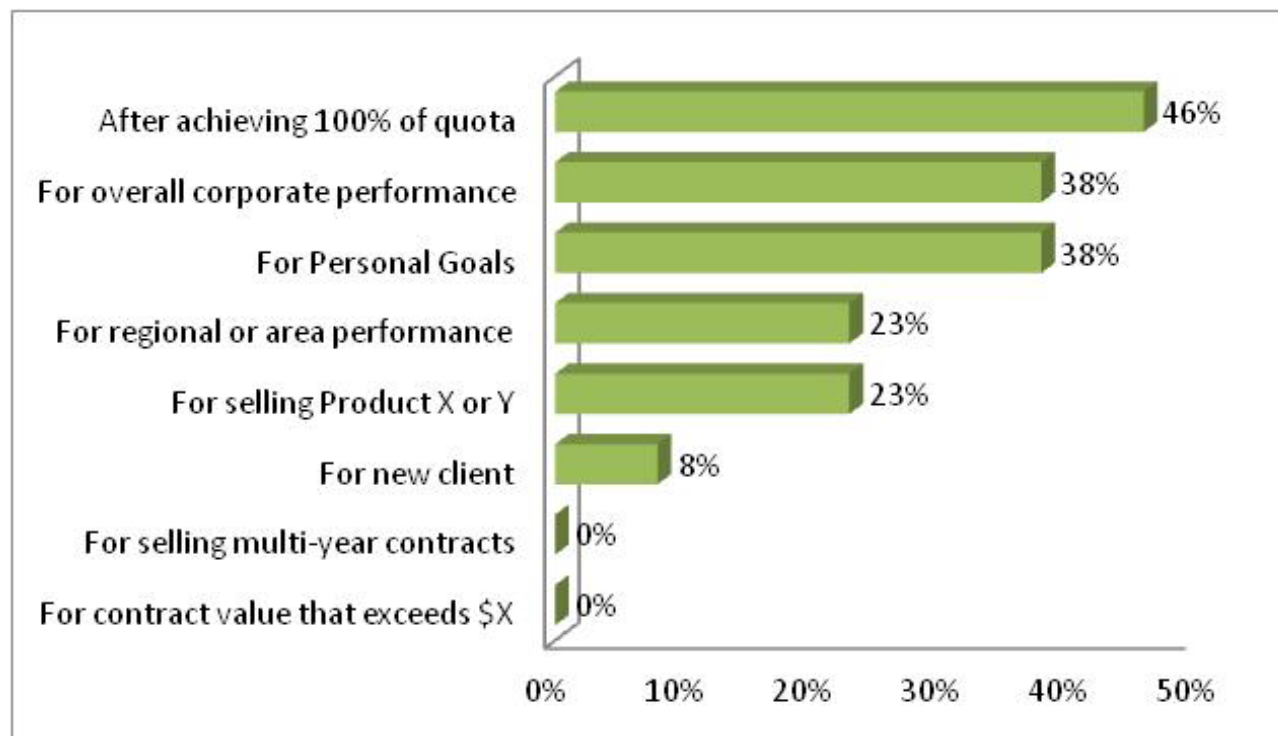
The “Optimal” Pay to Performance Ratio:

Actual performance to goals:	50%	75%	100%	125%	150%	200%
Actual payout to target:	50%	75%	100%	150%	200%	300%

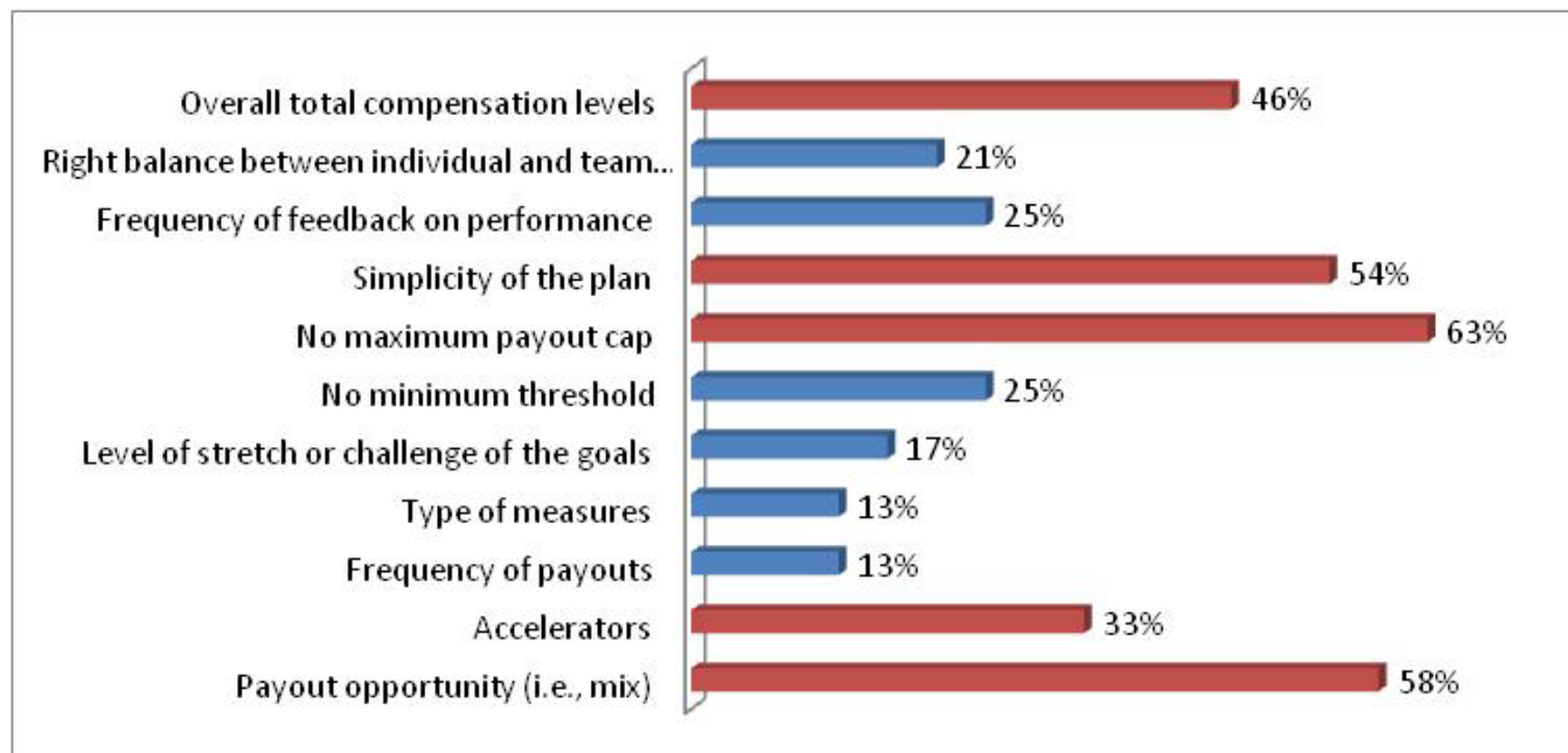


5. Accelerators and Bonuses Reward Achievements

How bonus plans are used to supplement commission plans

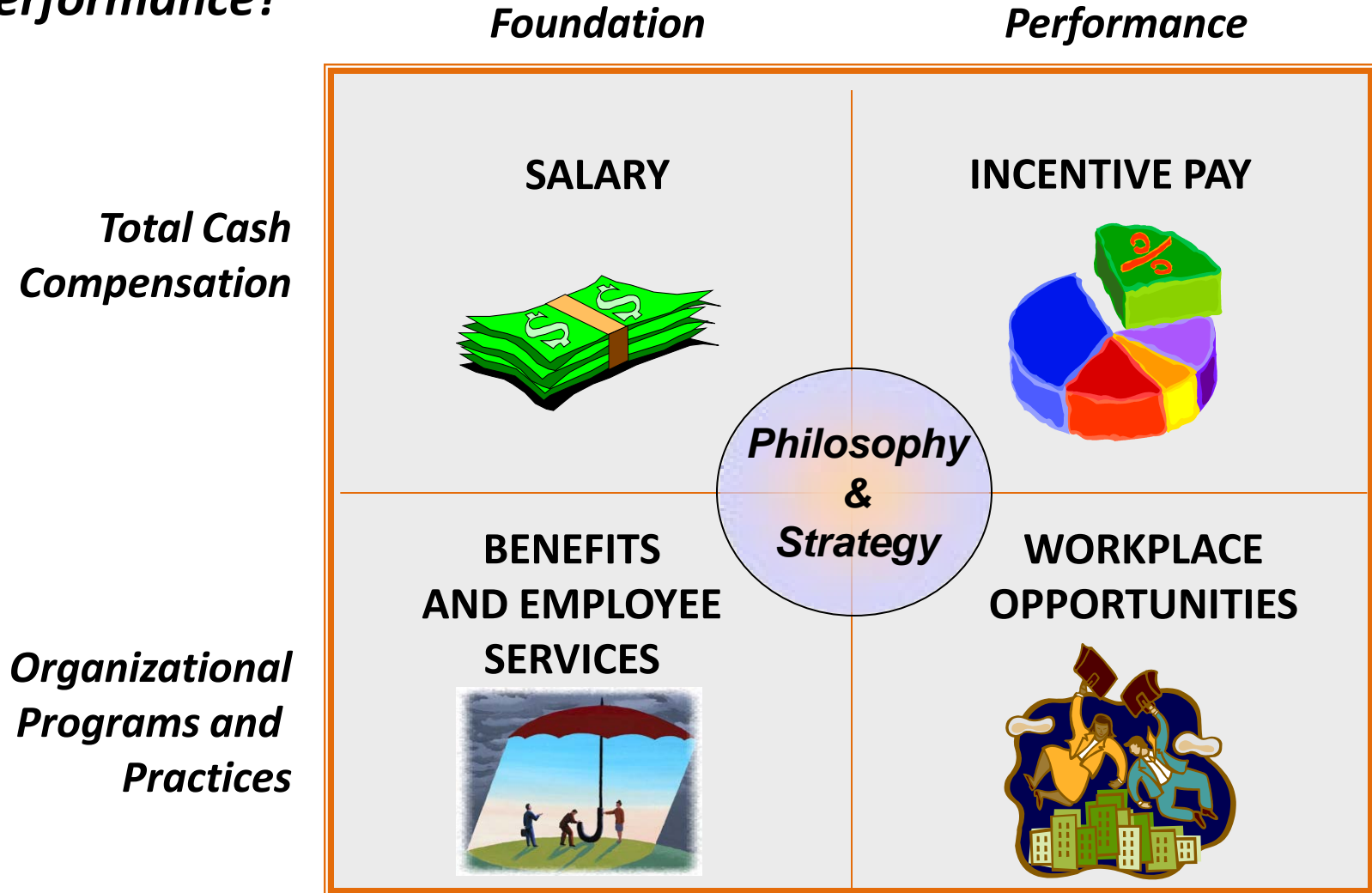


The most important elements of the sales compensation plan



Summary

Other elements of total rewards need to link with sales performance?



5 Essential Elements to Successful Sales Plans

- 1. The sales strategy fits your company's business plans.**
- 2. The sales process and roles leverage the sales person's unique abilities.**
- 3. The sales goals are challenging AND achievable.**
- 4. The sales compensation plan should be simple (not simplistic) and well understood.**
- 5. Accelerators and bonuses reward achievements.**



THANK YOU!!!

twilson@wilsongroup.com

A Thought to Remember:

*"A person's mind, stretched by a new idea,
can never go back to its original dimensions."*

---- Oliver Wendell Holmes, Jr.

Overview of the Wilson Group

Our Mission:

“To help our clients assess, develop and implement performance systems and total compensation plans that translate strategy and values into action.”

Our Primary Services:

- Executive total compensation
- Board of directors governance structure and compensation
- Sales effectiveness and total rewards
- Employee total compensation and rewards
- Special studies in market trends and practices

Key Differentiators:

- **Our expertise --** Work with highly seasoned, experienced professionals
- **Our collaborative approach --** We engage our clients in a collaborative, open communication fashion
- **More cost effective --** Highly customized, value added to address just what the client needs
- **Innovative insights --** Simplifies complex data into easy to understand information and actions plans

Founded: 1994, Concord, MA

Clients and Markets:

We have worked with over 150 clients. They include:

- Information Technology – Stratus Technologies, iRobot,, Constant Contact, Acme Packet/Oracle
- Bio-technology – Cytyc, AgaMatrix, CRF Healthcare
- Light manufacturing – Nypro, A.W. Chesterton, Lightcontrol, Circor
- Professional services – Copyright Clearance Center, Morgan Samuels, Ariel Group
- Financial services –Boston Mutual, DentaQuest, Commonwealth Financial Network

Overview of the Wilson Group

Leadership Team:

- Thomas B. Wilson, President
- Susan Malanowski, Principal
- Rhonda Farrington, Principal
- Plus a team of 5 other experienced professionals
- Our Network of additional specialized resources:
 - Bostonian Group (A Marsh McLennan Agency LLC) – Executive Benefits
 - ISP Advisors -- Global Equity Compensation
 - Independent Compensation Advisors – A National Network of Boutique Compensation Consulting Firms

Thought Leadership:

- Survey of Sales Compensation Practices – 2013/2014
- Compensation Planning Survey Report – 2013/2014
- “Goal Setting: What Has Gone Wrong and What Can Be Done” – published WorldatWork Journal, Fall, 2012
- “Changes for Challenging Times – Survey Report on Economic Challenges and Company Responses” (2009)
- Survey Report on Changes in Variable Cash Compensation Plans (2007)
- Survey Report on Changes in Equity Based Compensation (2006)
- Innovative Reward Systems for the Changing Workplace (McGraw-Hill, revised 2003)
- Published over 30 articles and book chapters
- Presented at over 100 leading regional and national conferences

Contact us at:

www.wilsongroup.com

978-371-0476
801 Main Street, Suite 2
Concord, MA 01742

twilson@wilsongroup.com
smalanowski@wilsongroup.com
rfarrington@wilsongroup.com