accountability moment

HOW SELF-GOVERNANCE CREATES A WINNING SALES CULTURE

You've learned that your biggest potential salespeople are your indirect sellers: the technicians, producers, project managers and the like – people who don't normally consider themselves as part of the "sales team." And now we know how to give them proper incentives – be present to what really makes them tick, and reward them accordingly.

Seen in: Washington smart CEO
Required Reading for Growing Companies

Reprinted Content from
Volume 3 Number 7 July 2007
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See, if they were motivated primarily by money, your indirect salespeople would probably have chosen a career in sales. But they aren't, and they didn't. This doesn't mean that they don't want your organization to thrive. Quite the contrary. They want to be part of a winning team, and just like anyone else, they work harder and perform better when they can see how their efforts lead toward success, both for the group and for themselves personally. They must have an incentive in front of them that is of value to them. So, giving them meaningful incentives like public recognition, the company's support of an organization that's important to them or time to play are great ways to get more out of your indirect salespeople.

In our last article, we described two popular incentive programs: the Balanced Scorecard method and Management by Objectives (MBOs). This month, we want to talk about how to get your employees to own the accountability for hitting the goals they've established for themselves and reaping the rewards.

MBOs and balanced scorecards identify, measure and compensate each individual based on leading and lagging indicators, performance that leads to achieving goals, as well as indirect indicators, such as how well the person upholds the company's values and exhibits behaviors that are consistent with those values.

The purpose of both the MBO and balanced scorecard methods is to incent behavior. But we want to make the behavior a part of the fabric of the way your team members conducts themselves. We want them to shift their mindset to thinking about what they are supposed to do to reach the established goals, as opposed to simply checking off boxes. Having the ability to align perform-

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ance with mindset is the best reason to implement one of these methods in your company.

From a mechanical standpoint, the first thing to do is determine what the bonus is. If it's a vacation or a donation or a dinner in their honor, spell it out clearly and in writing. If it's cash, figure out how much of each person's overall compensation can be designated as a performance-based bonus. This works optimally in the hiring process when you are starting with new employees and you can tell them, "Look your salary is $70K, so you are going to get paid $55,000 with the ability to make up the difference by hitting your objectives."

One caveat: When starting the process with existing employees, you never want to pull anything away. It would be a morale-killer to take away $15K from your employee's base compensation and tie it to the MBO or scorecard process. Instead, leave the salary alone and base all future raises and bonuses on their hitting performance goals.

Once everyone buys into the MBO or scorecard approach, work with each person to create goals and objectives that are S.M.A.R.T. (Specific, Measurable, Attainable, Recorded and within a Timeframe) and make sure those goals are inspiring to them. In other words, your people must be energized by the possibility of reaching them to approach them with the right mindset.

Once underway, the key to is to check in on their progress with their MBOs and scorecards throughout the quarter, to find out how everybody is doing. This can be done in person or on weekly or monthly conference calls.

To make this work, it is imperative that you use the "white flag rule," which is if it becomes clear, at any point during the quarter, that people are not going to meet their goals, they need to raise their hands and say, "I can't do this!" Let them know it is the responsibility of the individual to bring that to the attention of management. When you meet with the struggling person, you may find that they need to tweak or change their MBOs. Or you may decide not to change their goals but ask them to re-dedicate themselves to the goals in front of them.

Ask your team to prepare their MBOs or scorecards for the next quarter and the following quarter after that, and have them delivered to you a few days before the current quarter ends. By encouraging your team to think beyond the next 90 days, you are shifting your culture away from an operations focus (where people work exclusively in the present) to a sales focus (where everyone has the incentives to work with the future in sight).

It is best to base 75 percent of the MBO/balanced scorecard result on the activities that the employee has performed toward his or her objectives and 25 percent on how well the person has upheld the values and behaviors of your company. After all, salespeople can be posting record-breaking numbers, but if they're not adhering to the corporate culture, they're not providing sustainable value. This is also known as The Jerk Theory: If you're a jerk, you're out.

As you implement these performance-based review programs, you are likely to get some push-back at first. These people are not jerks – they just do not like to be held accountable. As outsourced consultants, we often hear comments such as, "You don't understand our business," or "We're getting micromanaged." The response to this is simple: "But you just told us what your goals are. We're simply holding you to those goals." This is how you can create accountability, as well. When your team is enrolled in the vision of a culture of excellence, the high level of accountability in your company soon becomes a matter of personal pride.

Except, of course, for the jerks. I'll give you an example. Something Special Company has a 20-person team, with four direct salespeople and 16 indirect salespeople. Of the 20, one man scores an "unacceptable" on his MBOs – even though he was the top performing indirect salesperson in terms of revenue generation. He hit all of his performance goals (75 percent of his performance rating) and none of his values and behaviors goals (2 percent). By reaching 75 percent of his goals, he did not reach the threshold for earning his reward (he wanted the cash). Even more meaningfully, his flaws were exposed, chiefly, his problem with flexibility, his unwillingness to change.

This report gives him insight on not only his shortfalls (missing all of his values and behaviors goals) but also what to do about it (be open to change). If he's not willing to change, he knows his job is at risk. If he can't handle being held accountable, he will leave.

Done correctly, the employees, not the management of the company, drive the performance reviews. But the "X Factor" is the management. There must be uniformity in the way you establish, track and review your team's performance for how well they reached their goals. Work with your employees to reconcile the differences. More often than not, you will find that employees are harder on themselves than you are. And when all of your employees – both direct and indirect salespeople – are driven to push themselves beyond their own high standards, you know that you have succeeded in transforming the mindset and culture of your organization. Ultimately, this is the catalyst for sales revenue growth.

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