

Keep Talking Your Way to Better Plan Effectiveness:

Top 3 Communication Opportunities



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You have probably heard that communication is critical during plan rollout. This is true, but not the be-all, end-all communication point for plan effectiveness. Even the simplest, adeptly aligned plans need to be rigorously sold to **and “backed up”** in order to drive plan effectiveness and, more importantly, top and bottom line results. Companies must capitalize on three communication opportunities in order to elevate the effectiveness and productivity of their sales force.

Opportunity #1—Plan Rollout

Getting the field energized and aligned is paramount for an effective compensation program. That said, investing in comprehensive, complete communication within the first 30 days of the new plan period is absolutely critical. In addition, posting, emailing or snail mail delivery of the compensation plan does not qualify as comprehensive or complete. Instead, it is a disciplined process that produces a multi-faceted dialog – see table 1 for a process roadmap.

TABLE 1: DIVIDING CONTENT DEVELOPMENT FROM ROLLOUT AND DEFINING CLEAR ROLES AND ACCOUNTABILITIES.

Phase 1: Material Development



Phase 2: Communications



Engaged, vested 1st line managers are critical to effective communication; “someone who carries a bag” is a trusted source of information.

Keys to drive high impact results during plan rollout include:

- Vehemently adhering to keeping it simple (KISS = Keep It Simple and you can inset the best “S” term) – transparent, uncomplicated compensation plans must be rolled out with straightforward, easy to understand, concise messages. Not only is this a key tenant for effective communication, but it is a great litmus test for compensation plan simplicity – if the dialogue for compensation plan rollout is not easy, then chances are the plan is not as simple as thought.
- Complete, timely communication. Everyone in the field should have completely digested the plan within 30 days of the start of the plan period. And yes, complete means quotas/goals for relative/bonus plans.
- Engage and heavily leverage sales management in the field, especially first line managers as they are the lynch pin for true plan acceptance at the grass roots level. If the first line sales managers adopt and make the plans their own, then the field will not only follow, but be energized. There is no substitute for someone “who has carried a bag” communicating to someone carrying a bag. Also, strong, visible support from top sales leadership is extremely important.
- Communicate in multiple ways. People learn in different ways, thus communicate in multiple ways including: one-on-one plan review meetings with your manager, on-line FAQs/tutorials, Q&A sessions and, of course, plan documents. Two of the most effective communication vehicles are executive webinars/memos and sales rally presentations - time carved out for plan communication in the schedules of the executives and sales rally puts significant “wood behind the arrow” given the utmost importance of these events.

Opportunity #2—In Period

So how am I doing? Answering this simple question consistently and frequently is a huge opportunity often lost. Letting the field know where they stand against their plan, as well as their peers, is one of the best ways to motivate the field and “give the plans teeth.” Not only does it provide the proverbial “oomph” for the plans, this communication opportunity gives feedback **in time for corrective action** before the period ends, thus providing a double-edged sword of benefit.

That said, in period, performance to date (PTD) communication should be neither complex nor verbose. Here are some tips for success in this area:

- Provide simple, easy to digest PTD reports – do not “boil the ocean.” Simplicity is demonstrated by the rep seeing where he/she stands to date against their performance measures. More specifically, this entails having access to their sales credits, and knowing where their performance ranks relative to their peers. A key benchmark for PTD report effectiveness is that it should require no more than 5 – 15 minutes to completely review and internalize.

- Publish PTD reports frequently. Daily is best practice for highly transactional performance periods of less than 30 days. Weekly would be appropriate for low transaction performance periods longer than 90 days.
- Distribute the PTD reports via a sales portal - a self-service, low-effort method. Making certain the reports are available at convenient times during the day is also very important. If the reports are even somewhat of a pain to access, then they will not be used by the majority of the field.
- Institutionalize the use of the PTD reports by making them standard operating procedure/part of the performance management process. For example, encourage sales managers to ask questions based upon the information in the reports.

Opportunity #3—End of Period

Backing up accurate, timely payments with clear: "line of sight" at the end of the performance period enhances a pay-for-performance culture. They are the cornerstone for solidifying trust and confidence in the field. It is also another occasion where sales management can have a dramatic positive influence by being the first point of contact for questions and reinforcement of key plan design intentions/objectives.

- EOP reports should provide clear performance to pay information at the measure level. They should also provide an easy link to the sales credit details for each measure. Access to prior period reports should also be at the rep's fingertips – to serve as the "first line of defense" and aid in payment validation. Effective EOP reports should reduce question/dispute volume by 20% - 30%.
- As with PTD reports, end of period (EOP) must be clear, concise, as well as easy to understand and access. No more than 15 - 20 minutes should be required for the review of EOP reports.
- Align EOP reports with the compensation plans. Make certain the reports display the most important information first and with the same terminology and context as in the compensation plans.
- EOP reports should also be integrated into the performance management framework and be an important leverage point for sales management. Proficient sales managers employ EOP reports to identify coaching points for their reps - both positive and opportunities for improvement.

Next Step: Communication Effectiveness Assessment




The guiding principle, and ultimate adjudicator of communication priorities, is the impact on the field's performance. That said, communication gap identification and closure needs to lead with the following objective: maximizing the motivational impact of the compensation program. What's more, it is a sound practice to first look at the level of compensation plan understanding,

one of the most critical key performance indicators of adept plan communication, before making plan design changes in response to lack luster plan impact.




So what is the next step towards better compensation communication? How can one diagnose and prioritize weak links in communication? There is good news as tell tale signs quickly emerge in all areas of the compensation plan communication framework - see Figure 1: the Key Communication Diagnostics for some symptoms to look for in your communication program.

FIGURE 1: KEY COMMUNICATION DIAGNOSTICS

Plan Roll-out

-  Lack of engagement from first line managers
-  Plans communicated more than 30 days after new fiscal year
 - Not all people have their plans communicated
 - Plan communication is not comprehensive; does not include key components such as quotas
 - Less than 95% of plan approvals received within 30 days of plan roll-out
-  Communication driven by posted plan documents

On-going Communication

-  Absence of/extremely tardy PTD and/or EOP reports
-  Low adoption of PTD and/or EOP reports
 - Effective reports have an access rate (unique users) of >70% throughout the fiscal year
 - Reports, and key data within them (e.g., transaction number), are not referenced when questions/disputes are initiated
-  High question/dispute volume that is not valid or is due to lack of plan understanding

Companies with High Impact Communication Exhibit:

- Minimal “shadow accounting” in the field (rep time spent double checking and questioning incentive pay) – a key benchmark is less than 20 minutes for a sales rep per pay period.
- A low percentage of sales reps whose questions are due to a lack of understanding the compensation plan – less than 15% of questions should be rooted in lack of plan understanding.
- Sales managers who defend the compensation plans and are the first line of defense for the plans. They successfully answer a significant number of compensation questions before they are escalated – they should be able to answer 50% to 60% of the questions.
- A clear communication strategy supported by a formal, consistent communication process. Effective communication is seen as an important priority for the business, thus it warrants time and investment.

- Strong adoption of PTD and EOP reports in the field – both classes of reports are consistently viewed and accessed by two thirds of the sales people. A great indicator for report adoption is a flood of calls from the field when the PTD and/or EOP reports are late in being posted.
- Adept and attentive listening skills – plan administrators and designers actively seek and socialize feedback regarding the effectiveness of the compensation plans from the reps and first line managers. Informal discussions with sales people about the plan or conducting a formal survey or focus group are both effective ways to gather insight from the field.
- Attentiveness to passive feedback from the field during the incentive compensation administration process. - tracking incentive pay questions and the reasons behind them will produce valuable input for follow-up communication and serve as lessons learned for subsequent plan rollouts.

You have probably also heard the adage, “talk is cheap.” Well if that is the case, then talking to the field should be a “no brainer” as it will yield better sales productivity! Keep it frequent, simple and focused on high impact information and you will unleash the full motivational potential of your sales compensation plans.

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