



NEWSLETTER

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July 2007

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Dear Friend of OneAccord,

This newsletter contains sales and marketing strategies and tactics that increase client revenues. We hope to aid and grow your business using experience of our partners in the following articles.

Sincerely,

The OneAccord Team



About

OneAccord is a partner owned company delivering significant operating executive experience to our clients. We bring customer-driven sales & marketing organization competencies that can multiply your revenues on a Project, Interim or Permanent basis.

Vision

- Build Relationships
- Empower People
- Multiply Revenue
- Drive Results

Principles

- Purpose
- Integrity
- Teamwork
- Excellence
- Emotional Competency
- Service

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Accelerating Your Sales Performance with a High Performing Sales Compensation Plan

By Deb Kennedy: Partner (Denver Office)

<http://www.oneaccordcorp.com/team/deb-kennedy>

Is your sales team delivering the results that you want?
Are they performing at the level that you think they are capable of?

If you answered no to either of these questions then you may want to evaluate the effectiveness of your sales compensation plan. In today's dynamic environments, it is critical for every company with a sales organization to regularly review the performance of their sales compensation program.

An effective sales compensation program will support the goals and objectives of your company by incorporating its business strategy, customer buying patterns and competitive environment. With focus and discipline, the right compensation plan will deliver your desired results ... whether those are profits, revenue, product mix or some combination of both.

Every sales compensation plan, if designed appropriately, will be as unique as your individual company is. Just as no two companies are alike, no two compensation plans will be alike.

The Top 10 things to Consider when designing a High Performing Sales Compensation Plan...

1. **Start with the end in mind** ... Designing an effective compensation plan must be consistent with your company's corporate strategy. Align your Sales compensation plan to your

company's goals and objectives top of mind (revenue, profit, product mix, growth segments, sales channels, competition, etc). As your company's goals change, so will your sales compensation plan. If you revisit your company's sales strategy every 2-3 years, you should also revisit your sales compensation plan in order to stay competitive

2. **Determine your sales goals** ... sometimes these are quota based but not always. Often the plan is a mix of quotas, sales outcomes and key objectives. When designing your sales goals, you need to refer to some basic statistical models. In general, you should design your goals to assume that 60-65% will achieve or exceed the goal and 35-40% will miss it. The most effective way to set realistic sales goals is to deploy a three-step model and triangulate the results...bottom up from the sales organization, top down from corporate planning (finance's revenue and profit goals), and last a third party forecast based on industry trends (normally led by marketing or sales operations using industry analysts' forecasts and competitive intelligence).

3. **Communication** ... must be clear, consistent and frequent. This is a team effort. Every time you review the performance of your compensation program and make changes, you need to include key members from your sales organization. This is a team effort and requires input from everyone affected. You should also consider having key representation from each related department (marketing, finance, HR, executive).

4. **Focus and direction** ... How do you get your sales team to sell what you want them to sell? If you are like most companies, you offer a mix of sales promotions, bonuses or "spiffs" that change based on your monthly/quarterly business goals. While these are effective tactical solutions, effective sales compensation plans cannot be rushed nor designed on the fly. Create a team to design a high performing plan that is aligned with your company's goals and objectives. The goals should be based on sales outcomes that your sales professionals can control. Timing should coincide with your corporate planning process and the team should include representation from finance, HR, marketing, sales and executive leadership. Ultimately, this is a sales management program and the sales department should lead the design effort and own the ongoing performance management.

5. **Data integrity & administration** ... you can design the best compensation plan in the world. However, if you can't administer it, it will never be effective. Along these lines, make sure that whatever criteria are established as the performance metrics, you have the means to track and measure these components. If you are like most companies, you have multiple systems that house

customer data. It is critical to agree on the master customer data source that will be used to measure performance. In addition, you will want to ensure timely payout. The shorter the sale cycle the more frequent you should pay on the variable component of the plan.

6. **What is the right mix** – base versus commission? **How much is enough** – should you cap your sales compensation plan? To answer these questions, you need to understand your sales model and the length of your sales cycle. For example, in a relationship based sales model with high customer portability, your pay should be uncapped and unlimited. The variable “at risk” component of the salary is in proportion to the level of risk and persuasion required in the sales process. The higher the persuasion (hunters), the lower the base and the higher the variable component. You also need to consider the upside earnings potential, an accelerated pay structure is appropriate for those that reach the 90th percentile (standard deviation curve) of their defined sales goals.

7. **Motivation** ... the right sales compensation will motivate your sales team to achieve high performance and deliver great results for your company. In contrast, an ineffective plan, will simply cost you a lot of money and your company will not make its defined goals. If designed properly, this is an ideal way to build loyalty and also acts as a strong retention tool for key sales professionals.

8. **Fair & Equitable.** Having a sales organization is an investment in your business. Are your compensation packages competitive? Are you paying a premium compared to your competition? Does each sales territory have equal opportunity to succeed or do you favor your star performers? These are questions to consider to ensure you have a fair plan that is also financially responsible.

9. **Keep it simple** ... use the rule of three ... people can remember three things. This is why phone numbers and social security numbers are grouped in units of three. Take the time to prioritize the most important factors. Successful sales plans will also have Key Success Factors (like MBOs) that a percent of their variable incentive is tied to.

10. **One size does not fit all** ... make sure you understand the specific positions required. Define their roles and responsibilities. Where do they fit into the sales process (pre-sale, point of sale & post-sale)? You need to understand the target compensation for each position and have a unique compensation plan for each unique position.

In summary, there is no magic solution since every company and every plan is unique ...Whatever plan you design, it is important to remember that a sales compensation plan alone cannot deliver your intended results without on-going performance management and related employee coaching and development. Sales Compensation is one of the four cornerstones of a High Performing Sales Organization (the other three are Sales Strategy, Performance Management, Sales Tools and Support.)

For a more comprehensive overview and a complimentary diagnosis of your current sales compensation plan, please see our website at www.oneaccordcorp.com or contact deb.kennedy@oneaccordcorp.com.

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Critical Elements of Organizational Success-Part 3

By Darin Leonard: Regional Managing Partner (Seattle Office)

<http://www.oneaccordcorp.com/team/darin-leonard>

In the first two parts of this series I have outlined the need to immerse your organization in your vision and strategies so they will not be pushed aside in turbulent times. I extended that into outlining the power of what made you great, especially when combined with high integrity modeled by leadership.

I will close this series with two remaining elements that are far too rare. Your inalienable responsibility as a leader to serve your employees. To create an environment where failure is rare because the people around you simply won't let it happen.

People as the Project

I had mentioned in the "One Corporate Commandment" that employees in organizations are very much like children. They both need boundaries, appropriate discipline and overwhelming affirmation. An unbalanced working environment creates either aggressive or passive cultures. The average American company is far too aggressive in nature because we tend to focus on commands or expectations to get things done without doling out an equal amount of appreciation and praise.

There is one principal that I live by in managing people. "Would I treat my children this way?" For example; do I want my salespeople deeply competitive with each other and vying for the next big win? Sounds great, right? Well, that is how almost all corporate sales teams are structured and on the surface, it seems logical. I ask you if that is how you would pit your kids against each other? What would be the net result if you did? In reality you would probably end

up with one dominant, athletic, high achiever and one passive, artistic and sensitive child. What you want is your child (employee) to be confident, successful and driven to whatever they are gifted in, not default to being passive because they can't compete.

If you set your sales team up to compete with each other, you will end up with the Jack Welch 20/70/10 model. Did you ever wonder why only 20% of GE's employees were high achievers? It is because the competition was internal, not external. Competing against your competitors in the market place is where the focus needs to lie, not inside your four walls. That is unless you have an affinity for gossip and passive employees that will only do what they think you want, not what is right: Highly critical employees that blame you, the company and the competition for their struggles. If that didn't convince you then look to the research has proven that a people-focused, balanced environment outperforms organizations that have an internal competitive focus more than 4 to 1 in revenue growth and over 700% in profits?* Simply put, if you have a servant's heart for your people, they will have a heart to make you and your organization successful.

An Emotionally Intelligent Organization

As I close this series, I save the best for last. I am a cheerleader for EQ! If you don't know what that means, hit your local bookstore right now and buy Emotional Intelligence by Daniel Goleman. To date, the only book with a business slant written by a Psychologist that I have ever read twice. In Goleman's research he simply wanted to know why a low IQ person could dramatically outperform a high IQ in the same job. EQ, as Goleman tabs it has many elements but I always find two traits of high EQ present when consulting highly successful companies. The first one is "Awareness." Both situational and self awareness are almost always present in highly successful environments. The reason why highly aware people are behind greatness is they clearly know where they are gifted and where they are not. In addition, they make appropriate and logical decisions quickly. Generally this is due to the fact that they have isolated their mind to areas of expertise and they don't try to impress others by having to know everything about everything.

The second trait is "Empathy." You are starting to notice the themes throughout this series. Serve others and they will serve you. Our organization clearly embraces this reality. Collaboration and service are at the core of our success because in Western culture, we operate in a conviction environment. That means we feel beholden to others when they serve us first. Now I don't recommend a strategy around building conviction, but I do highly recommend a strategy of "Empathy." We live in a free agent business world and we are continually looking out for ourselves. I

personally believe this selfishness is behind the average tenure of an American executive being just over 24 months. We tend to be highly entrepreneurial and not very empathetic. Combine the two and watch out!

Here is the really good news. Emotional Intelligence, unlike IQ, is a highly learned behavior set. You can study it, practice it and modify how you interact with people. I would highly recommend Goleman's book as a starter. It will serve you well as HR Directors nationwide are buying in. When I serve as an interim Executive for a client, every hire we make must take an EQ assessment during the process. If they don't pass, we don't hire them regardless of experience or education. You see, I may not be as smart as Jack Welch but I won't limit my thinking by saying only 20% can be high achievers.

If you missed parts I or II of the series, you can read all three in the series in our blog on the OneAccord website;
www.oneaccordcorp.com.

*Kotter & Heskett; Corporate Culture and Performance

*Daniel Goleman; Emotional Intelligence

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Client Success Story: Print Distributor Revenue Growth

By Greg Wilk: Regional Managing Partner (Dallas Office)

<http://www.oneaccordcorp.com/team/gregory-wilk>

Industry:	Print Distributor
Revenue:	\$8.3 M 2006
Location:	Plano, Texas

The Business Situation

Since 1985, this company has been providing comprehensive print and promotion management solutions. Over the past 22 years, it has evolved into a company focused on proving quality printing that carefully combines the newest innovations in print technology with the artistic intricacies of the printing craft. It has a comprehensive and customizable list of products and services that are founded on superior printing. This approach provides flexibility and allows customers to efficiently and cost-effectively procure, produce, manage, warehouse and fulfill all their print and promotions materials.

Although current industry dynamics afford print distributors significant opportunity for growth, the client appeared to hit a glass revenue ceiling since sales revenue remained flat during the 3 years prior to 2006. At this point in its history, the client realized that if they wanted to grow they needed to do things differently - including how they sell.

The OneAccord Solution

The first phase of the engagement focused on assessing the sales process then building a solid sales foundation which included building their sales manual, methodology, reporting and tools. The second phase included interim sales leadership and coaching focused on transforming the sales organization from transactional to consultative selling thereby creating a repeatable and predictable stream of sales revenue. Concurrently, OneAccord also provided ongoing change management leadership for both the sales organization and company.

Engagement Highlights

- Conducted assessment of the company's sales culture & environment including the sales force skills, capabilities and experience.
- Conducted a detailed sales pipeline, forecasting and gap analysis that uncovered several sales revenue risks
- Conducted a strategic session which included a SWOT analysis to define the company's ideal client profile and craft their corporate value proposition
- Built the organization's sales manual which included:
 - Introduction
 - Overview/History
 - Mission, Vision, Values
 - Business Strategy
 - Sales Strategy
 - Target Market
 - Ideal Client Profile
 - Competitive Differentiators
 - Solutions and Services
 - Value Proposition Creation
 - The Truisms of Sales
 - The Sales Process & Consultative Methodology
 - Selecting a Competitive Strategy
 - Selling at the Executive Level
 - Sales Acclimation Program
 - Sales Consultant Job Description
 - Sales Tools
 - Deal Qualification 1
 - Deal Qualification 2

My Sales Plan
Fast Track Opportunity Analysis
Weekly Activity Report
Suspect/Cold Call Report
Sales Pipeline Report

- Developed and deployed new Consultative Sales Methodology
- Developed and deployed sales pipeline reporting
- Transitioned the sales organization from transactional selling to consultative selling
- Provided ongoing change management
- Developed and deployed prospecting campaigns
- Provided interim sales leadership which included weekly sales meetings, and ongoing sales training & coaching

Results

During the first 6 months of the engagement, the client's 2006 sales revenue increased by 13% versus 2005 which includes overcoming a \$2M gap in revenue. Also, for the first time in 22 years, the client has a predictable and sustainable revenue stream as a result of signing 6, 3 year Print Services Agreements with key clients so far in 2007. Additionally, their sales revenue is on target to grow incrementally in 2007 by 15% versus 2006.

OneAccord continues to provide interim sales leadership for the company.

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Catalyst for Revenue Growth™

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