

Incentivise without selling out

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Vendors offer incentives to the channel to motivate product sales. However, resellers have to be careful what and how they provide these incentives to staff members. The wrong incentive can move the focus of an organisation, change a strategy, or motivate only one section of the staff.

Simon Turner, sales director at Echo Communications, says that as his business partners are core to the objectives of his company, he expects the incentives they offer to echo the strategy of his business. "I need incentives to reflect what I'm trying to achieve in the market, the direction I want to go in and the market I want to be in."

However, Turner adds that this is not always the case: "The interest of the vendor is to sell as much product as possible. That doesn't necessarily mean an incentive is going to fit into the market we're trying to sell in."

Tony Parish, managing director at G3, agrees: "If you let vendors do what they want with incentives, they can run away with it. Your company can go all out of shape if you let them run ragged over your strategic game plan."

In offering his sales staff certain product moving incentives, Turner is aware that he may be allowing them to exercise a bias that is not necessarily in the best interests of his customers: "Our advice should really be a very vendor-independent process. The idea that a vendor can influence our staff to sell a product because it can win them a holiday, rather than selling the product the customer needs, concerns me."

Yet Ty Gardner, sales and marketing director at Universal Telecom, is an advocate of giving sales staff incentives, even though they will be biased. He explains: "We tell vendors every time, if a sales person has something in their basket that means £200 of vouchers, and another with nothing, which one is going to be sold? There's nothing on IP Office at the moment, but there is on Mitel's 33100. I know which one will sell." However, he adds: "For £200 a salesman is not going to sell a customer the wrong product because he'll lose the sale and his commission."

To get around that product bias, Turner has introduced incentives at the Group level within Echo Communications. This also enables his company

to incentivise beyond the sales team, Turner says: "Incentives are aimed predominantly at sales people, but in our knowledge there are many people that go into supporting and maintaining customers. For some reason vendors don't appreciate that."

To control the incentives that come into his company, Parish asks his vendors for the monetary value of the incentives they offer. This way, he is able to take his team away for a few days as a reward, including those staff that have contributed significantly to a deal yet are not in the sales team. He says most vendors are happy to do that for him.

Bonus based incentives at the Group level are also the preference of Dave Corgat, managing director at Rainbow Telecom. "Bonus based incentives allow the dealer principle to award back office staff who are never rewarded, from engineering guys to those that sort out all the shit for the sales people. Bonus bonds can be much more fairly distributed by the dealer principle to the muck and bullets staff, which also helps loyalty to a product if staff are told where the incentive comes from, by enthusing people."

Gardner is an advocate of bonus bonds. "The best incentive that works is bonus bonds. For X amount sold, the sales person receives X amount from companies running these schemes, like Mitel with its Smart Rewards. They can be spent at maybe 300 different shops, and used for holidays and at off licenses."

However, Gardner adds that big incentives, which are always tied to big objectives, are prone to failure. "Some vendors put big incentives up, like Mitel put up a Porsche for its biggest reseller of three years, or vendors running schemes over three to six months. But if a salesman realises that he's not going to get anywhere near the top on that incentive, he's going to stop trying."

Corgat agrees that the best incentives are those that staff feel they can win. "Incentives should be clearly achievable. Some offered are never going to be reached in a thousand years. They're just headline grabbers."

Crane and Intertel both offer good, achievable incentives, Corgat says, that are aimed at all dealers, not just the top few working with the vendor. "These companies take your last six months spend with them, average it and set your targets based on that plus 10 per cent. This means all dealers, not just the elite, get to go on trips, like Crane's recent one to Las Vegas. That helps smaller dealers, as they're not having ridiculous targets imposed on them, like some suppliers say anyone that sells one thousand

headsets can go to Vegas; that's not achievable for a small company so all they get to do is read about it."

Corgat also points to bundled packages as sales incentives that do not necessarily help resellers out. "I'm much more interested in incentives based on all products, rather than bundled special offers for sales people. Bundled special offers tend to damage our bottom line."

Corgat adds that some vendors' method of conveying information about special offers can be particularly frustrating. Emailed information direct to his team can lead to a lack of control over his sales force's direction in relation to his company's strategy. "If we've already got orders in sold at a premium price, sales people then expect to pass the saving they've been told about by the manufacturer onto those deals, which affects our margin."

Vendors need to work closer with their resellers to incentivise staff, Parish states. "Manufacturers have to work with resellers on the most effective way to motivate staff. These things depend on your business goals, and also the preferences of your staff; if they're married and middle aged, they might want to go out on a piss up, but they might not be allowed to. Vendors have to allow reseller's incentives to be more bespoke."