

The Role of District Sales Managers in Maximizing Incentive Program Spend



STAN STRIKER, VP, MANAGING CONSULTANT, OF MARITZ INCENTIVES DISCUSSES WHY SALESFORCE MEMBER RETENTION IS A PRESSING CONCERN FOR COMPANIES; THE COST OF TURNOVER MAY BE AS MUCH AS ONE AND A HALF TIMES AN EMPLOYEE'S FIRST YEAR SALARY.

Being on the front line of working with the salesforce, district managers have unique insights on their sales teams. They talk frequently with sales reps, know about their career goals, hear about their personal lives, and understand what elements of a company's incentive programs might be the most appealing.

Despite increasing overall compensation for sales representatives, pharmaceutical companies are still experiencing sales staff turnover in the double digits.

According to Stan Striker, VP and managing consultant of Maritz Incentives, this picture can be aggravated by a climate where morale is low because of upheavals caused by mergers and acquisitions, job cuts, territory realignments, or personnel and product changes.

To help combat the loss, pharmaceutical companies are turning to sales incentive programs to boost retention and productivity, he says.

"It's a smart strategy, but there are several challenges companies must overcome to ensure they get the best return on their incentive program spend," Mr. Striker says.

CHALLENGES TO OVERCOME

- Ensuring the sales staff understand how the sales incentive program works and what is expected of them to qualify for rewards.
- Determining what rewards are most effective at motivating their particular salesforce.
- Monitoring the program for those who aren't on track to meet their sales goals and coaching them to higher levels of performance.

"Pharma companies can address these challenges in a number of ways to maximize the return on incentive programs," Mr. Striker says. "A key solution is to look to the district sales managers. Being on the front line of working with the salesforce, district managers have unique insights on their sales teams. They talk frequently with sales reps, know

about their career goals, hear about their personal lives, and understand what elements of a company's incentive programs might be the most appealing."

Mr. Striker notes that according to studies done by the Gallup Organization, 80% of sales reps' perceptions of company leaders are influenced by their relationships with their direct supervisors, and the reason 70% of top producers leave companies is because of breakdowns in those relationships.

ENGAGE DISTRICT MANAGERS TO COMMUNICATE HOW THE SALES INCENTIVE PROGRAM WORKS

An incentive program represents a sizeable investment for an organization. Getting the

THERE ARE BOTH SHORT-TERM AND LONG-TERM BENEFITS to increasing the role district managers play in company sales incentive programs.

return on that investment requires the full and enthusiastic participation of the salesforce; nothing less will do.

To ensure maximum participation in the program, Mr. Striker recommends that companies need to communicate to program participants that the program exists; it's fun and exciting; and it can yield valuable rewards.

"But overlooking this step is one of the most common pitfalls companies make with sales incentive programs," he says. "During a recent Maritz poll, we found that 44% of respondents receive communications regarding program guidelines only at the start of the incentive program. Only 33% of those respondents said they were happy with their program versus 66% who received communications weekly."

District managers can play a helpful role in increasing the frequency of incentive program communications.

Mr. Striker recommends district managers should be prepared to answer the following questions for incentive program participants:

- What do you want me to do?
- Why is this behavior important?
- How do you want me to do it?
- How well am I doing?
- How can I do better?
- What's in it for me?

"Once armed with this information, district managers should communicate with their sales reps on a regular basis about their progress on the incentive program to keep sales goals top of mind and build enthusiasm for the program," he says. "This effort can be

further enhanced by companywide communication campaigns, such as sending out fun, quarterly flash e-mails with details on potential rewards to maintain interest in the program."

DRAW ON DISTRICT MANAGERS' INSIGHTS TO DETERMINE THE MOST EFFECTIVE REWARDS

To get the best return on sales incentive investment, companies must understand what kinds of rewards would best motivate their salesforce.

"One size does not fit all in today's diverse workplace," he says. "Sales reps have different lifestyles, attitudes, and interests, and therefore, are motivated by different things. For



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example, an incentive reward that motivates a single, male Gen-Xer may not have an impact on a married, female baby boomer in the same company.”

This difference in reward preferences has an obvious impact on today’s workforce, where, according to a recent poll on employee recognition, more than one out of four employees feel they are not recognized in ways that are important and meaningful to them.

“By drawing on district managers’ close relationships and rapport with their sales reps, companies can better understand what mix of rewards best motivates those employees and design a more effective sales incentive program,” Mr. Striker says. “Companies also can conduct employee surveys to obtain the same type of information to determine what types of rewards will have the most impact on the salesforce, but this doesn’t replace the personal touch of having the district manager understand what drives each person.”

ENLIST DISTRICT MANAGERS TO COACH REPS TO HIGHER PERFORMANCE

After sales reps know how the incentive program works and can earn rewards that are personally meaningful to them, there’s still another challenge to overcome. Even if sales reps know their required sales goal, they may not know how to actually go about reaching it, Mr. Striker says.

District managers can play a key role in monitoring sales reps’ progress on incentive programs. If some sales reps aren’t on track to meet sales goals, district managers are in the best position to drive and coach them to higher levels of performance by identifying problems, setting goals, and making a plan of action that is based on mutual buy-in with the sales rep. To do so, they must have more than traditional managing skills; they must learn how to coach their sales team.

“Managers tend to approach their sales reps by saying, in effect, ‘I need you to do this; go out and do it now,’” Mr. Striker says. “But that is not coaching, it’s managing. Managing is about the bottom line, about paychecks and pink slips. Coaching requires a different attitude; it’s about obtaining buy-in, figuring out the reality of the situation, and influencing sales rep behaviors.”

According to Mr. Striker, the key skill for a coach is asking questions. Questions should be used to build awareness, not evaluate or criti-

REAPING THE BENEFITS

THE RESULTS OF IMPROVING SALES INCENTIVE PROGRAMS THROUGH DISTRICT MANAGER INVOLVEMENT SHOULD YIELD A NUMBER OF IMMEDIATE BENEFITS, INCLUDING:

- Heightened sense of sales rep value
- Development of a positive link between performance and rewards
- Acceleration of the learning curve for sales reps
- Enhanced performance toward desired objectives
- Creation of an ongoing dialogue regarding performance and compensation

OVER THE LONG-TERM, CREATING A SUCCESSFUL INCENTIVE PROGRAM WILL YIELD EVEN BETTER BENEFITS, SUCH AS:

- Greater retention of employees
- Market differentiation for the company, which becomes an employer of choice
- Optimized incentive spend and improved bottom line

size. Coaches should solicit unbiased information by asking questions that begin with what, when, how much, or how many.

“They should not ask why questions that imply criticism, such as why did you think your approach would work or why didn’t you ask for more time,” Mr. Striker says. “The coach begins by asking questions to gain a broad understanding of what happened and then follows the sales rep’s lead to narrow the focus.”

He says the coach has to resist the temptation to control by offering solutions. The solutions must come from the sales rep as a product of the coaching environment. The coach listens to all the sales rep has to say and then responds thoughtfully, continuing to build awareness by asking more questions.

Mr. Striker believes it’s important that both parties understand the reality from the sales rep’s position. Sample questions to build awareness of reality and encourage self-assessment on the part of the sales rep may include:

- What was the physician’s response to your initial message?
- What direction did the conversation take?
- How did you respond to any issues?

- Did you ask the physician for any action as a next step?
- What worked?
- What didn’t work?

Once the district manager and the sales rep understand and agree on realities, it’s time to create a list of options that address the realities. Again, the coach asks questions and brainstorms potential opportunities, not barriers, with the rep. For example:

- What if you had more resources?
- What if that obstacle you mentioned was removed?
- What if you could have gotten past that physician’s question with a different message?
- What if you could get past that physician’s issue?

“The district manager continues to ask questions that will narrow the field of options and then, with the sales rep, decides on the solution that both agree may work best,” Mr. Striker says. “Together, they create an action plan. Again, the role of the coach is to ask questions aimed at a plan that is specific, actionable, measurable, and time-bound.”

For example:

- What are you going to do?
- What is your time frame?
- What resources do you need? How will you get them?
- How will taking this action move you to your goals?
- What support do you need?

“The benefits are not theoretical,” Mr. Striker says. “Our research found that 66% of employees somewhat to strongly believe that an incentive program affects their future and continued employment at a company. At the same time, 55% of employees are not happy with their current incentive programs. So, if pharmaceutical companies are not getting the most from their incentive program spends, it may be time to see what role and impact their district managers can have in the programs.”

Stan Striker is VP, managing consultant, Maritz Incentives, which helps companies — including 10 of the top 20 pharmaceutical companies — motivate their people to higher performance. For more information, visit maritzincentives.com. ♦

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