



MEASURING, DRIVING, AND REWARDING EFFECTIVE SALES BEHAVIORS IS CHALLENGING—PARTICULARLY WHEN YOU'RE SELLING TO INTERMEDIARIES INSTEAD OF END USERS. **ARMING YOUR SALES REPS WITH STRATEGIC OBJECTIVES AND MOTIVATIONAL METRICS CAN HELP.**

INDIRECT

BY MATT ALDERTON

T N E M E N T A L I G N M E N T

Like athletes playing their favorite sports, salespeople are often just as motivated by the game as they are by the final score. They like to win, but they also like the workout. They enjoy moving their muscles, and they're thrilled at the sight of their target when it finally comes into view. In other words, they live not only for the points, but also for the play.

For that reason, indirect sales reps can be especially difficult to manage, motivate, and compensate. Because they're tasked with selling to intermediaries rather than customers, they can often feel like they're engaged in an infinite scrimmage, with no idea whether they're gaining ground or losing it.

"The biggest challenge with indirect sales roles is the lack of immediate feedback," says Jeff Kahan, director of sales incentives for Madison, New Jersey-based Wyeth Pharmaceuticals. "When you're dealing with a middle person, you're not walking away with a contract signed and a purchase order in your hands. From a sales perspective, I think that's really difficult because that's what most salespeople hang on to—that feeling of, 'I made a sales call, and when I walked out of that sales call, I knew immediately whether it was a success or a failure.'"

Just because your indirect salespeople lack the benefit of instant reactions and immediate results, however, doesn't mean that they're impossible to evaluate or incentivize. In fact, measuring and motivating them is easy, Kahan says, as long as you're able to give them clear sales goals, strong behavioral models, and meaningful rewards.

UNDERSTANDING INDIRECT SALES

Solving the compensation challenges posed by indirect sales roles begins with understanding them, suggests Erich Sachse, a managing consultant with Synegy. “Indirect sales roles exist across a number of industries, generally where salespeople don’t have direct contact with the end customer,” he explains. “One great example is in financial services. The mutual fund salesperson isn’t selling directly to the person buying the mutual fund; they’re selling the benefits of the mutual fund to brokers, who are then put into an expert role as a financial manager for their customers, who are choosing from all of the mutual funds out there based on the merits of the funds.”

Another example, according to Synegy regional vice president Ken Bjorkelo, exists in the pharmaceutical industry, where sales reps interact not with patients, but rather with their doctors.

“Pharmaceutical sales reps are calling on physicians, but the end consumer, the user, is the physician’s patient,” he says. “Pharmaceutical sales reps never have direct contact with—and generally are restricted from having direct contact with—an end consumer. So their job is one of both trying to influence behaviors and educate the prescriber on the value of the product that they’re selling.”

Kahan says that the problem with such scenarios isn’t just that it makes selling more difficult for sales reps, it’s that it makes evaluating sales reps—and therefore compensating them—more difficult for their managers.

“In a case where you’re not directly selling to the end user, you don’t have a direct feedback mechanism,” he says. “Instead, you’re walking away with a sort of promissory note. It’s not until later down the road that you begin to recognize or see if your skills or delivery as a sales rep are actually being effective.”

MANAGING WHAT YOU CAN’T MEASURE

Because indirect sales trickle down from sales channel partners to consumers, accurate sales figures take time to collect. Unfortunately, companies can’t press pause on business while they wait for the results. They’ve got to keep their sales force active and engaged.

Although many sales organizations use numbers to assess employees on an ongoing basis, indirect sales organizations must use behaviors as early indicators, Kahan suggests.

“One of the key action steps from a solutions perspective is finding ways to reward directional behaviors that you think will give you the outcome you’re looking for,” he says. “I use the term ‘early indicators of success.’ Although the big payout is based on sales results, there are interim behaviors that you can recognize that are consistent with the deployment of your organization’s tactics.”

According to Kahan, the behaviors that organizations might use to judge the efficacy of indirect sales reps include call activity, use of sales collateral, redemption of sales materials, and even customer service, assessed post-interaction by a survey of sales channel partners.

Of course, behavior can be especially difficult to assess in the context of indirect sales, Sachse points out. “Because it’s indirect, it can be very difficult to measure what your salespeople are doing and how effective they are,” he says. “You have to identify the behaviors that you need from your salespeople and then measure whether they’re exhibiting those behaviors. In an indirect sales model, it’s very difficult to measure whether they truly are exhibiting them, because there are other factors in play; there’s somebody else—a doctor or a broker for example—that can influence these sales.”

REWARDS REWARD

Although it can be difficult to accurately assess the behaviors for which you compensate indirect salespeople, there are many levers that an organization can pull to fine-tune behaviors.

**“WE WANT THE
SUCCESS OF THE
COMPANY—AND BY
THE SAME TOKEN, THE
FAILURE OF THE
COMPANY—TO BE FELT
BY THE SALES FORCE.
YOU WANT TO CREATE
AN ENVIRONMENT
WHERE EVERYBODY’S
SINGING THE
SAME SONG.”**

Jeff Kahan, Director of Sales Incentives,
Wyeth Pharmaceuticals

According to Kahan, the lever most worth pulling is one that opens the door to rewards. “I think there are really three rewards that most people can associate with: cash, tangible rewards, and recognition,” he says. “You need to try to leverage all three of those—because not everybody responds to the same reward—and you need to recognize and reward as often as data allows you to. And if you don’t have data available, find tertiary metrics with which to reward people—even if they’re short-term, call activity-based metrics. Some people are hesitant to reward based on those, but you’ve got to get people to stay motivated and stay in the game.”

Although it uses behavioral measures to assess indirect salespeople, Wyeth uses transactional targets to motivate them—even in the absence of solid sales data.

“We currently report actual sales results about six to eight weeks post-event,” Kahan continues. “To deal with that information lag, we do provide some weekly data; it’s not 100 percent accurate, but it provides direction and hopefully some motivation.”

In addition to weekly sales reports, Wyeth is developing a tool called “The Estimator” to help salespeople project their performance based on several indirect sales variables.

The goal, Kahan says, is to motivate behavioral changes that will help sales reps reach their individual sales goals. “The way I describe it is it’s kind of like a mortgage calculator,” Kahan explains. “You can change parameters—whether it’s the interest rate, the down payment, or the terms of the loan—and each time you change one, it changes what your monthly payment is going to be. It’s the same thing here; if I want to reach this outcome, which business am I going to have to develop?”

STRATEGIC ALIGNMENT

No matter what motivates their indirect sales reps, Kahan says, it’s critical that organizations predicate individual success on strategic alignment with organizational objectives.

“You have to let brand strategies drive your incentive plan,” he says. “Meaning that from an incentives perspective, planning should begin with a discovery phase from your sales and marketing teams in order to fully understand strategy and tactic deployment for the coming sales period.”



For instance, if your brand strategy involves taking business away from your competition in an established market, indirect sales incentives might revolve around market share. On the other hand, if your strategy involves expanding into new territories, incentives might be volume-based. Either way, there should be deliberate dialogue between your brand team and your sales force.

Because individual accomplishments can be difficult to evaluate in the context of indirect sales, there should also be an effort to measure and compensate sales reps based on overall organizational performance. “At Wyeth, we create alignment through goal-based planning, with the goal being an allocation of national expectations,” Kahan continues. “We want the success of the company—and by the same token, the failure of the company—to be felt by the sales force. You want to create an environment where everybody’s singing the same song.”

Indeed, when upper management and frontline salespeople harmonize, it no longer matters that they’re lacking the benefit of immediate end-user feedback. They enjoy immediate *organizational* feedback, instead, which can be equally powerful and just as motivational. ■