



SAP® Sales Cloud

Changing Sales Behavior with **Noncash Rewards**

The Power of Good Experiences



Motivating Your Sales Force

Hundreds of billions of dollars.

Sounds nice, right?

That's what U.S. companies waste, on average, every year, in failed sales compensation strategies.

Shockingly – or not – only 25% of U.S. companies believe their sales compensation plan consistently drives precise selling behavior.¹

Turns out there's some wrong thinking behind this. And by that we don't mean that the statistic is wrong; we mean that the statistic is the result of very

common false assertions on the part of companies, one of them being, "Money is the only motivator."

Don't get us wrong: Money counts. And motivates. A lot. But far too many companies focus only on money – at the expense of an effective sales compensation strategy.



In the end, you need to **reward your sales reps with more than just money** if you want to keep them motivated and if you want your sales compensation plan to deliver on its promises.

1. "Sales Compensation & Performance Management Study – 2015 Key Trends Analysis." CSO Insights 2015.



What We Spend on Sales Compensation

Some sobering stats:

- U.S. companies spend **more than \$800 billion a year** (combined) on sales compensation²
- Sales is the biggest and most expensive part of strategy implementation at most companies, and compensation is the biggest part of sales expenditure at most companies

If we're spending this much on making sales effective, we need to use **every tool and technique** in our playbooks to make it work.

The end result of all sales compensation strategies should be to drive better behavior for better bottom-line results. Period.



But the element most enterprises overlook in this process is the human and motivational part – the **noncash** rewards.



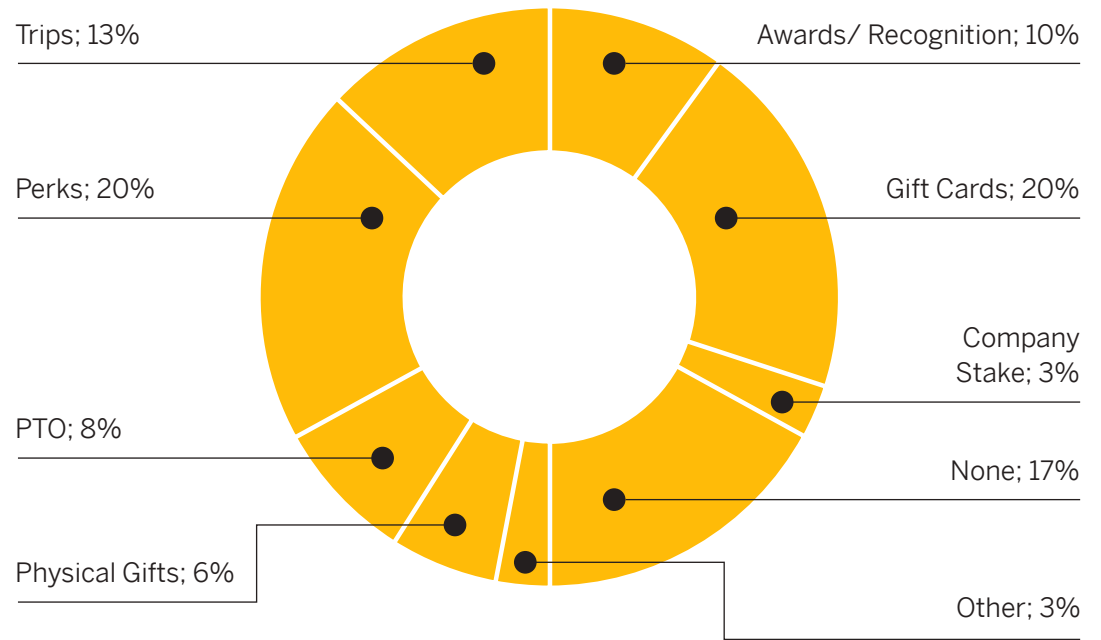
2. Thomas Steenburgh and Michael Ahearne. "Motivating Salespeople: What Really Works." Harvard Business Review, July-August 2012.



Which Noncash Rewards are Companies Using?

Noncash rewards are being used, but probably not enough.

A sales compensation survey³ showed that perks and gift cards were the most commonly used noncash incentives, followed closely – way too closely – by no noncash incentives at all.



This should be a wake-up call:
Noncash rewards should be a part of
every sales incentive program.



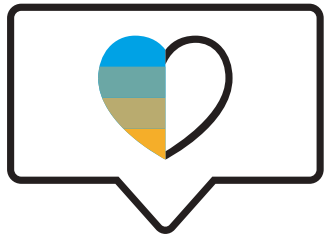
The Power of Noncash

Study after study has found that **intrinsic rewards motivate employees** as much as if not more than extrinsic rewards.

What does this mean for sales incentives?

You need to find a way to motivate your sales reps with something besides just cash. You need to tap into what really motivates them on an internal and emotional level.

True – many types of noncash rewards can still be considered “extrinsic,” but the right noncash incentives really do far more than just reward employees with nice material things.



They provide memories and experiences, things that won't be forgotten as soon as it's taken out of the wallet. But first you need to **know where to start** with developing your noncash rewards program – and that's with your company's values.



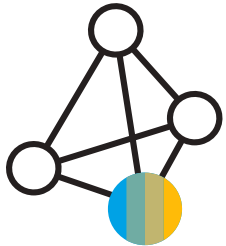


Tying Noncash Incentives to Company Values

A Society for Human Resource Management survey⁴ shows that tying your rewards program to your organization's values leads to more effective outcomes.

It also finds that:

- 80% of respondents have some form of noncash employee recognition or rewards program
- Of the 58% that link these programs to the organization's values, 78% rated the program as good or excellent
- Of organizations with no clear tie between the recognition program and the organization's values, only 41% rate the program as good or excellent



This is all great, but it also begs the question: What exactly does it mean to tie noncash incentives to values – **and how do you do it?**

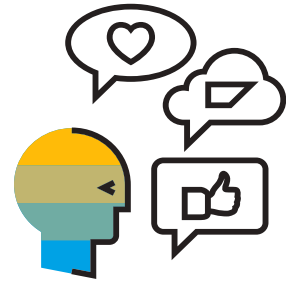
4. "[SHRM Survey Findings: Employee Recognition Programs–2015](#)," Society for Human Resource Management, in collaboration with and commissioned by Globoforce, 2015.



Linking Incentives with Values (and Motivation)

Tying incentives to company values means aligning your specific noncash rewards to specific and explicitly stated company values, which you would hope means you're also linking them to your sales reps' intrinsic motivations.

For example, if your company values philanthropy, then one type of noncash reward you could give would be a \$1,000 donation from the company to the charity of the employee's choice and on the employee's behalf. Another example would be if the company values getting outdoors and work– life balance, giving the top sales rep a two-person kayaking trip on the Colorado River or a weekend at a nature retreat.



The important thing is that you map, as closely as possible, the noncash reward to your particular company's values.

In doing so, you're not only building morale and creating a happier team – you're also **promoting company values**.





Implementing an Effective Noncash Rewards Program

You need to decide how often you will give the rewards, how you will give them (through e-mail, or in person, or announced at the sales kickoff?), and of course, what the rewards will be.

To maximize your noncash reward program's effectiveness, you need to:

1. Set goals for the program according to the goals of the company.

These goals can range from increasing sales to hitting a certain company growth milestone to increasing employee retention. It all depends on the company and where it's at in its evolution.

2. Get upper management buy-in and participation

Getting your most visible senior executives to participate in the rewards process is key to its success. You can get them directly involved by having them present the awards themselves (as in, at a sales kickoff or field summit) or even by being a part of the award (as in, a lunch with a senior executive).

3. Involve the potential reward recipients themselves

Noncash rewards, and rewards programs in general, work better when the reward is an acknowledgement of peer recognition. Get everyone involved by making it a group-vote process or by showing in some way that the reward is coming from the rest of the team as a whole, instead of an anonymous committee or single-person judging panel.



Simply having a noncash rewards program isn't enough. You need to **effectively implement the program** or it will be totally useless.



Know What Motivates People

Remember: when it comes to noncash rewards programs, one size does not fit all. Map the rewards themselves and the way you implement the program to your particular team and your particular company's values, and be sure to set goals and involve everyone, including upper management.

Success should never be used as a reason to stop evaluating the program. What worked one year may not work the next, depending on how fast your team and company are evolving. You need make sure the rewards stay fresh.



Noncash rewards are a powerful motivator and perfect supplement to cash rewards. Done correctly, they can tap into your employees' intrinsic motivators and in doing so tap into strengths and skills you probably didn't even know they had – a win for everyone.



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