When Sales Compensation Meets Customer Service

By Greg Blysniuk, TopLine Sales Compensation Solutions Inc.

New perspectives that will transform the administration of sales compensation from a disparaged backroom chore into a sales productivity booster.

Offering better customer service is often what differentiates successful companies from those that aren't. When successfully executed this strategy increases customer loyalty, generates repeat purchases and contributes volumes of referral business.

So, the question is: *"If it works for external customers, why not apply it to internal customers such as Sales Representatives?"* Unfortunately, very few companies adopt this practice when it comes to the administration of their sales compensation program.

In fact, the most common administrative model for sales compensation can best be described as adversarial. Salespeople are perceived by those involved in administration as opportunistic, greedy and impossible to satisfy. Meanwhile, the individuals responsible for administering the sales compensation program are usually buried deep in the Finance/Accounting department, and are perceived by Sales as unresponsive, indifferent and miserly. "I wonder if they get a bonus for paying out commissions below budget?" is a question that has been contemplated by more than one frustrated salesperson.

What is the source of this conflict? Without question, the biggest source is the process around resolving payment errors. This is because the responsibility to substantiate a claim and to guide the matter through to resolution – via multiple submissions of information and follow-up calls – is invariably assigned to the salesperson.

The issue here is not necessarily the error, though these should be minimized. Rather, it is the cumulative impact of these errors on productivity – if salespeople are repeatedly calling someone in Administration to resolve payment errors, they are not calling potential customers. Is this a big issue? Research suggests that salespeople spend up to 20% of their time immersed in these types of avoidable administrative activities. That's one day per week in lost selling time!

Adopting a strong customer service orientation makes sense because it minimizes avoidable administrative activities. More specifically, the key is to establish a salesperson-friendly approach to administration in general and to error resolution in particular. To move in this direction, consider the following initiatives:

1. Set up Service Level Agreements (SLA):

The error resolution process should be backed by an SLA which includes both a confirmation of receipt of the error notice, and a standard time for resolution. Resolution within one payment cycle is recommended. The SLA should also specify what information salespeople need to submit when reporting an alleged payment error. Finally, statistics on SLA compliance should be regularly reported by the Administration group to salespeople and management.

2. Establish a Dispute Resolution Process (DRP):

Despite everyone's best efforts, resolution of some payment errors may be beyond the discretion of front-line staff or their managers. These cases usually involve disputes over policy interpretation or events not directly addressed in the sales compensation plan documentation. A standing DRP committee with senior representation from key stakeholder groups such as Sales, HR, Finance and Marketing can quickly resolve these disputes and ensure the resolution reflects a broader range of organizational perspectives.

3. Document the Processes:

Providing good service is impossible without a frame of reference. Clear documentation must be made available that describes the sales compensation program, administrative policies, payment error submission guidelines, SLA and DRP. Writing these policies will take some effort and may require input from Legal and HR, but the effort ensures that everyone is aware of the rules and processes.

4. Change Hiring Practices:

Managers usually recruit from Finance or Accounting for sales compensation roles because of the need for a strong analytical skill set. Instead, consider hiring individuals with a customer service background. For some companies this is easy as their call centres are full of suitable candidates. This can be an attractive career move for an individual who is looking to leverage under-appreciated analytical skills to transition into a corporate role. If you do not have a call centre, re-focus your recruiting efforts accordingly.

Adopting a strong customer service orientation for the administration of sales compensation has real benefits. Salespeople will become more productive – by knowing how they will be treated and by what date, they will have the confidence to focus their energies on selling, not administrative arm wrestling. Meanwhile, armed with an objective resolution framework, Sales Compensation Administrators will work more collaboratively with salespeople and will better understand how effective administration contributes to a successful sales effort.

About the Author

Greg Blysniuk, founder of TopLine Sales Compensation Solutions, offers deep insights into the operational and strategic issues that are integral to effective sales compensation. With experience dating back to 1991, he has used his hands-on, practical approach to solve sales compensation challenges in a broad range of industries including telecommunications, software, retail insurance, e-commerce, manufacturing, distribution, retail, professional services and broadcasting.

About TopLine

TopLine Sales Compensation Solutions is a consulting firm dedicated to helping clients improve sales results by harnessing the full potential of their sales compensation plans.

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