

Manufacturer boosts sales team motivation and focuses on new business and sales execution with Performio

Client:

Manufacturing Company

Headquarters:

Illinois, United States

Size:

880 employees



i About

A specialty manufacturer offering high-quality, compact hydraulic-control solutions that enhance the performance, value, and durability of mobile equipment. This Performios' Customer focuses on mechanical and electrical cartridge valves and hydraulic integrated circuits, and controllers that are rugged, reliable, and optimized for electro-hydraulic system integration.

? The Challenge

Initially, this manufacturer took a distinct approach by opting not to offer variable, incentive-based compensation to its 60 global salespeople. Instead, the company chose to provide a competitive fixed salary to its sales team, accompanied by a profit-sharing plan in which all employees participated. Eventually, however, that strategy created barriers to growth. Company revenues plateaued as motivation waned. Salespeople – who always keep a watchful eye on their compensation upside – began to pursue opportunities with other companies. Recruitment of new reps was difficult for similar reasons.

What's more, the company's sales cycle was exceptionally long – sometimes spanning three to five years from prospect identification to a closed sale for a high volume of product. That meant it was difficult to pay commissions for activities that, in some cases, were completed years prior to a closed sale.



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President of DJC
Sales Consulting, Inc.

The Solution

The manufacturer engaged with Deena Chomko, President of DJC Sales Consulting, Inc. to spearhead the design and implementation of the company’s first sales variable incentive compensation plans. Deena conducted a 6-week assessment of company's needs, goals, and program scope, interviewing various stakeholders such as HR, Finance, sales executives, managers, reps, and engineers.

It was important to understand the design of the compensation plan is unique to every company. The created plan was customized for the company's needs from performance metrics aligned to individual job roles and pay philosophies to global guidelines, monitoring, governing and administering the plans.

Chomko’s new plan recognized that a multi-year sales cycle is challenging to measure and pay on quarterly metrics. Sellers didn’t like waiting an entire year for a payout. In other plans, a commission received today might reflect sales actions undertaken years earlier – not an effective way to motivate the team for their recent efforts. *“By diagramming the sales cycle and using data from within their Salesforce CRM platform, we identified key milestones – such as design evaluation, price quote, and prototype shipment,”* Deena Chomko said. *“The company has found that roughly 75% of prototype orders eventually convert into sales wins, but we need to compensate for the activities that lead up to that – that’s what our plan does. In the unlikely event that a customer goes all the way through to prototyping – over a multi-year period – and then walks away, we feel the rep still deserves to be rewarded.”*

The Results

Deena Chomko and manufacturer selected Performio to automate and manage its ICM initiatives. *“We love the product – and the outstanding support we’ve received,”* she said. *“One of the key benefits is that Performio is using real-time data. We can pull in opportunity data from Salesforce through the API, apply logic and crediting rules, and display that to sellers and their management in a meaningful way.”*

“

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It's very straightforward to access graphs and reports. Reps can quickly see what they need to do to earn their maximum payout potential: “Am I meeting my goal or not?” “How can I exceed my goal?”

The second important benefit is that Performio helps this manufacturer drive new revenue through channel sales. “Some of our revenue comes through distributors,” she said. “Now that reps are paid on these opportunities, they're more involved and working closer with our partners to win more deals with new customers. Now we have more visibility into who the end-customer is and what they're buying from us. Pipeline growth is essential for us, so this expanded revenue stream has been a real plus.”

“Our sellers and managers now have better, more productive conversations about moving deals through the pipeline. Managers can review opportunities with reps and help them work through bottlenecks at various stages. And from a higher level, they can see which reps are engaged and getting paid, who's struggling, and who needs more intensive coaching.”

According to Deena Chomko, the move to a variable incentive component as part of the total sales compensation package is a success— and Performio is a key reason. “Performio isn't some calculator – it's a platform that helps us analyze data to optimize the performance of our sales team. And it's backed by a team of people who are committed to our success.”

✔ What's Next?

Deena continues to oversee the Performio platform and provide consulting services for this customer. After a recently conducted post-implementation audit of the compensation system and processes, the manufacturer plans to connect even more relevant data between Salesforce.com and Performio, to bring more actionable data at the sales reps fingertips and improve the data integrity within the eligibility rules, metric criteria, and sales process.

