

Sales Incentive Audit Delivers Greater Program Equity

How Revamping Rules Lessened Program Disparities



About the Client

Our client is a global provider of healthcare solutions – developing, manufacturing, and selling a diverse range of innovative diagnostic and therapeutic products and services to healthcare providers around the world.

The Challenge

Over time, our client's long-running legacy incentive program had been stretched to accommodate the company's growth by acquisition. The acquired companies each had their own incentive structures, adding complexity and an equity gap as participants were rewarded differently in each subset. This caused perceived unfairness across (newer) business units. There were now countless products being sold at varying price points and the program wasn't aligning with the differing needs of multiple business units. Our client felt the program wasn't represented as one cohesive North American program. The program spend also needed examination. The budget had remained steady over the years; however, it became difficult to recognize the growing population of their sales force.

With only two earning levels, the people who hit the initial benchmark – in many cases achieving 100% of their goal, received limited recognition (essentially, an honorable mention). The top winners significantly "overperformed" because the threshold for achieving the group reward trip was too simple, with some winners achieving nearly 200% of their goal. There was a wide gap between the initial threshold and top winners, with nothing to reward those that came close. No tiers were in place to reward good/better/best achievements. This created dynamic tension in the audience, especially because participants didn't know how they were performing against others until the final calculation period.

Overall, our client wanted to increase buy-in across business units, improve the program's overall impact, reduce perceived unfairness, and lower the growing number of executive overrides to the group travel reward.

The Solution

Collaboratively with our client, Creative Group conducted an incentive audit that examined their program's structure and performance, using a best practices approach. The process included discovery, data review, financial analysis, and insights gathering. The formal review provided a set of recommendations and a strategic framework to improve the program.

Creative Group's data science team performed an analysis of top award winners. Twenty interviews with executive leadership and individual contributors gave insights into the program's effectiveness. Questions focused on the motivational impact of current programs; perception of program criteria, structure, and rewards; and overall business challenges faced by selling teams. From the data, the team identified major themes and rolled those into digestible results.

This work was followed by a Creative Group-led Design Sprint, which brought together 10 individual contributors to dive deeper into themes related to reward and recognition. This workshop revealed a variety of insights including:

- Approximately 80% of the eligible sales audience felt that the top group travel reward was unattainable. Some said it felt like "background noise".
- Competitive groups were too large and placed individual contributors with large quotas in direct competition with those having smaller quotas.
- The criteria for the program were adjusted annually and felt complex to the audience. Additionally, it was often announced late in the year to the organization, making individual contributors feel unsure about what was expected of them.
- While many of the sellers hit their quota, there was little to no recognition of that achievement. And some winners had achieved extremely high numbers above quota, but no incentive was available between *quota achievement and top trip winners*.

The Outcome

At the end of the consultative engagement, Creative Group provided detailed, digestible, recommendations that focused on creating more equity in the program, boosting brand loyalty within the sales ranks, and communicating the program more effectively. Our client was pleased with the overall results and had this to say:

About the Consulting Engagement: "The program audit was very helpful, especially for businesses that don't have the resources to dive into an analysis on their own."

About the Process: "I was particularly impressed with the focus group work. The facilitator was exceptional, and those sessions helped boil down the main recommendations into key takeaways for our leaders to hear. It was also a great way to understand what employees value/seek the most."