

The Key to Sales Growth: Empowering Our Sales Team

Salespeople Performance Analysis and Action Plan



Online Sales Drive Significant Growth

There is a **steady growth trend** in company's sales year-over-year.

01'/'02' to **present**
sales increase

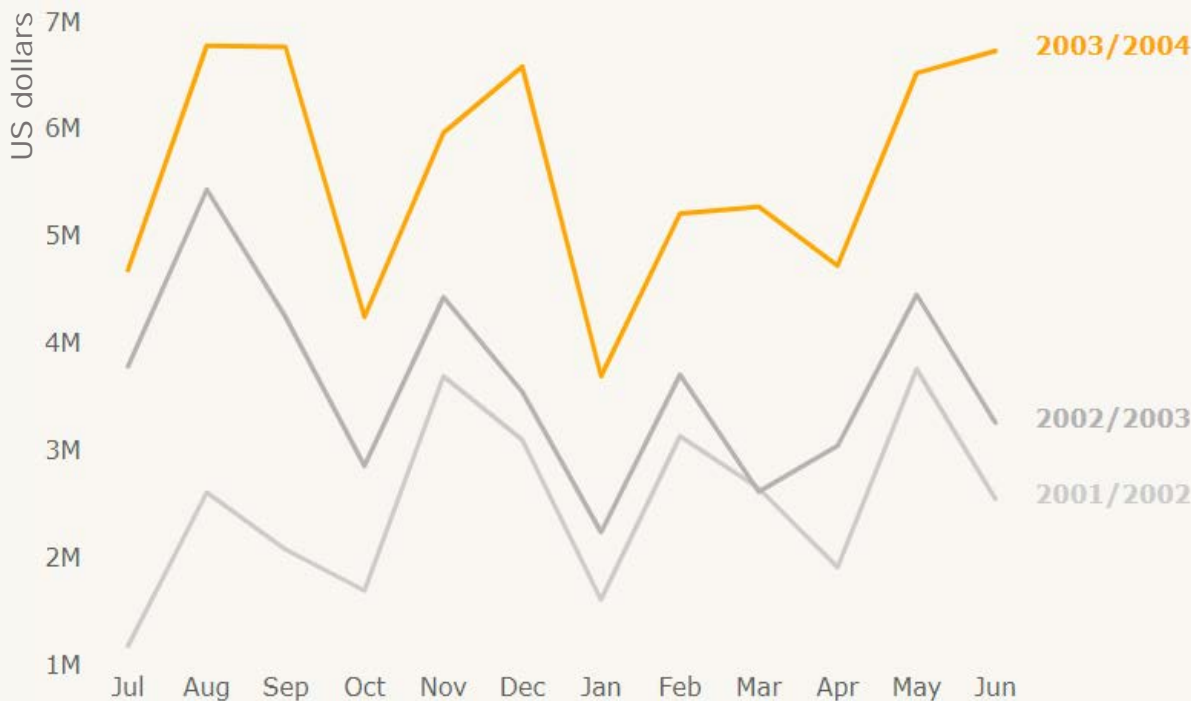
124%

02'/'03' to **present**
sales increase

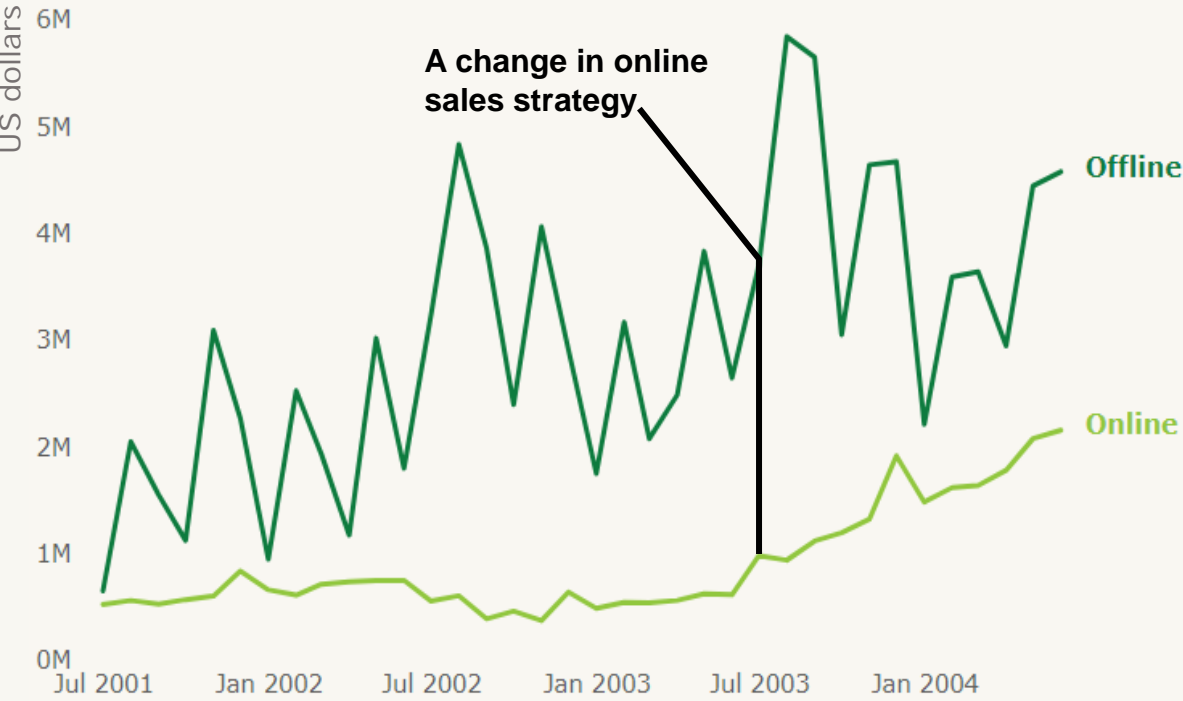
54%

Reason: **186%** increase in **online sales** from '02'/'03 fiscal year compared to **32%** in **offline sales**.
There was a change in online sales strategy in the **beginning of the fiscal year**.

Year-Over-Year Sales Performance



Sales Trends: Offline vs. Online

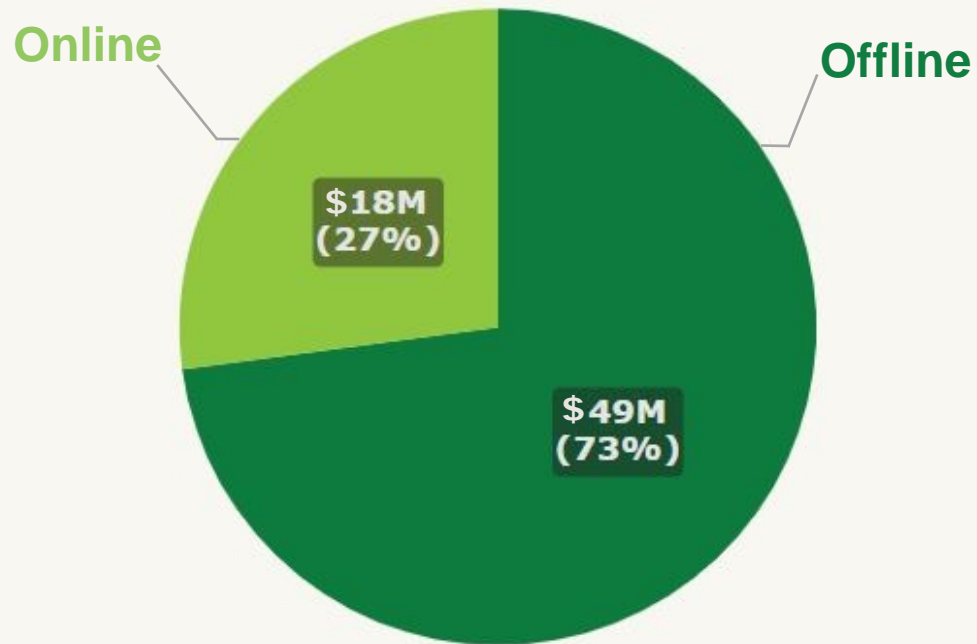


Offline Sales: The Backbone of Our Profit

Offline Sales Remain the Main Source of Profit

Despite the rise in online sales, **offline sales** still made **73%** of our company's gains in the last fiscal year.

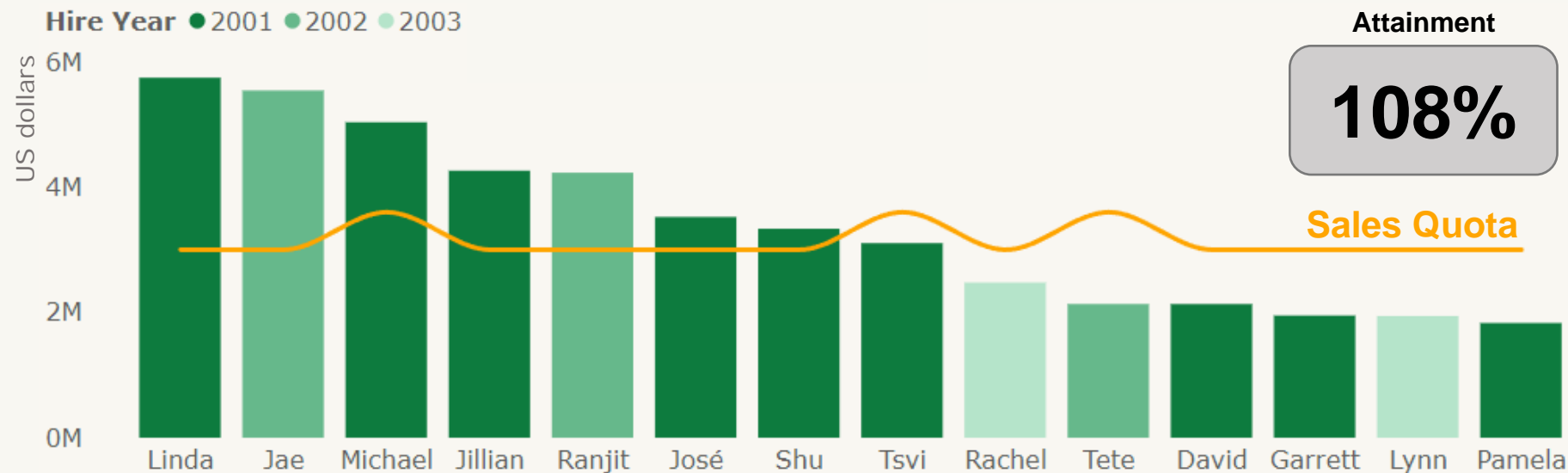
Sales Distribution by Type, 2003/2004



! Offline sales **contribute significantly** to our overall **revenue**, highlighting the importance of maintaining strong offline sales channels despite the rise in online sales. To **continue this momentum**, it is crucial to **invest in our sales team**, ensuring they have the resources and incentives needed to **drive further growth**.

Challenges in Boosting Offline Sales Further

Annual Sales Amounts vs. Quotas: Performance by Employee

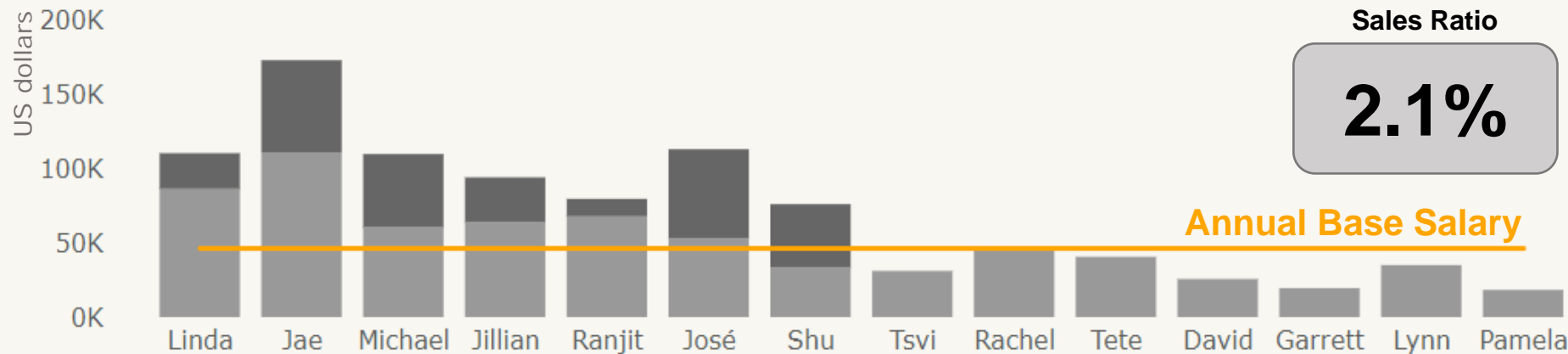


Only 50% of our salespeople **meet their quotas**, showing performance disparities.

The current quota system **lacks flexibility**, applying the same targets to both overachievers and underperformers.

Additionally, **8 out of 14** salespeople **work in the US**, our largest market, yet their quotas **don't reflect regional differences**.

Sales Team Incentive Earnings: **Commission** and **Bonus**



Bonuses **vary significantly**, with some reps receiving up to **6 times higher** bonuses than others.

Our **incentives to sales ratio** is only **2.1%**, whereas industry **standards** start at **5%**.

These disparities **hinder** our employees' **potential performance**.

Tailored Motivation Strategies for Maximizing Team's Performance

Different Strokes for Different Folks

A typical sales team consists of **three groups**: **core performers**, a small elite group of **stars**, and a group of **laggards**.

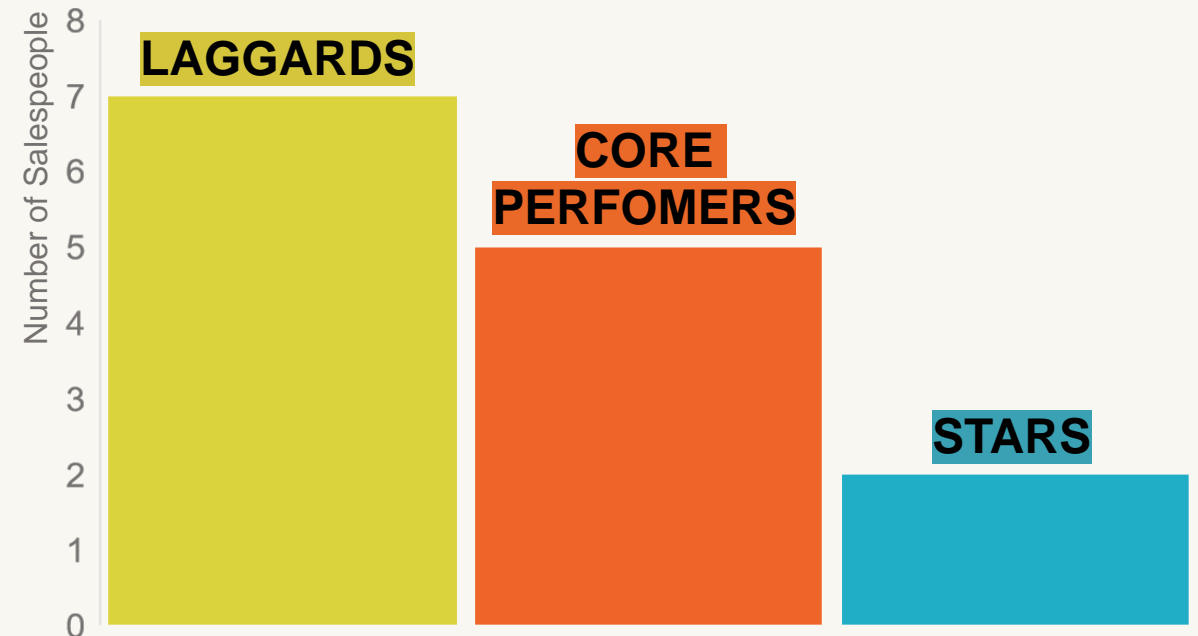
Boosting performance at all levels requires using **different strategies for each group**.



Our sales team distribution **differs from the typical model**. In our company, a **larger proportion** of salespeople fall into the **laggards** group.

It's essential to **focus on** improving the performance of **laggards** while **continuing to support** and develop our **core performers** and **stars** to boost offline sales further.

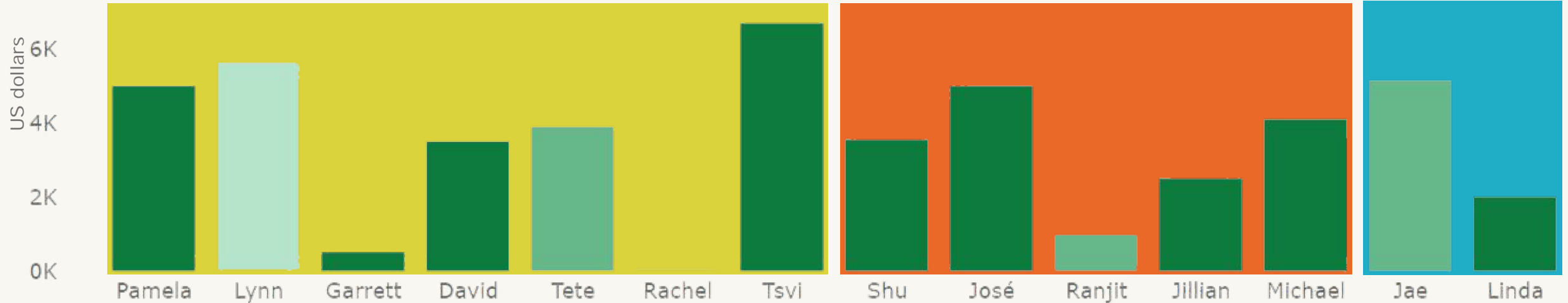
Performance Segmentation of Our Sales Team



Implement a Fair and Consistent Bonus System

Monthly Bonus Discrepancies Across Sales Team

Hire Year ● 2001 ● 2002 ● 2003



1. Monthly Bonuses

Standardize bonuses to **average around \$1.5K** per month, compared to the current average of \$3.5K. This provides a **more predictable and fair incentive** for all employees.

2. Quarterly Bonuses

Implement **larger bonuses on a quarterly basis** to better align with long-term performance goals. This approach can ensure bonuses are **more substantial** and **reflect consistent sales efforts** over time.

Boost Core Performers with Multi-Tier Commissions

Multi-tier targets

Projected Sales	\$3,375,000
Total Compensation	\$207,500
Incentives to Sales Ratio	6.1%

Tier #1	
Commission %	5%
Caps at	\$2,000,000
Earned Commission	\$100,000

Tier #2	
Commission %	7%
Caps at	\$3,000,000
Earned Commission	\$70,000

Tier #3	
Commission %	10%
Caps at	\$4,000,000
Earned Commission	\$37,500

Tier #4	
Commission %	15%
Caps at	\$5,000,000
Earned Commission	\$0

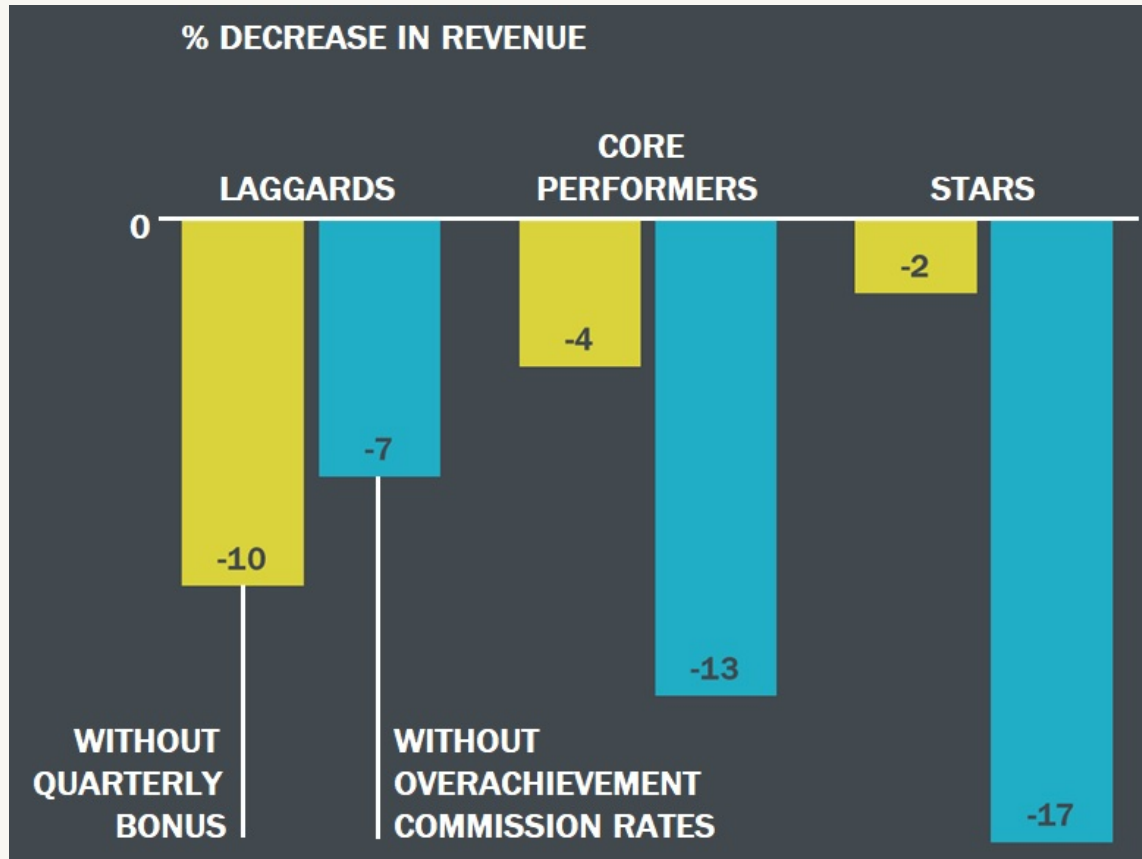
Tier #5	
Commission %	20%
Caps at	\$7,000,000
Earned Commission	\$0

Implementing a **multi-tier commission structure** can **effectively motivate core performers** by setting progressively challenging targets.

This system, **inspired by successful practices** in other companies, acts as a series of stepping stones, encouraging core performers to **aim higher and achieve more**.

Last year's data shows that setting such targets can **significantly boost sales performance** among core performers, who exert more effort when given additional tiers to reach.

The Importance of Group-Specific Incentives



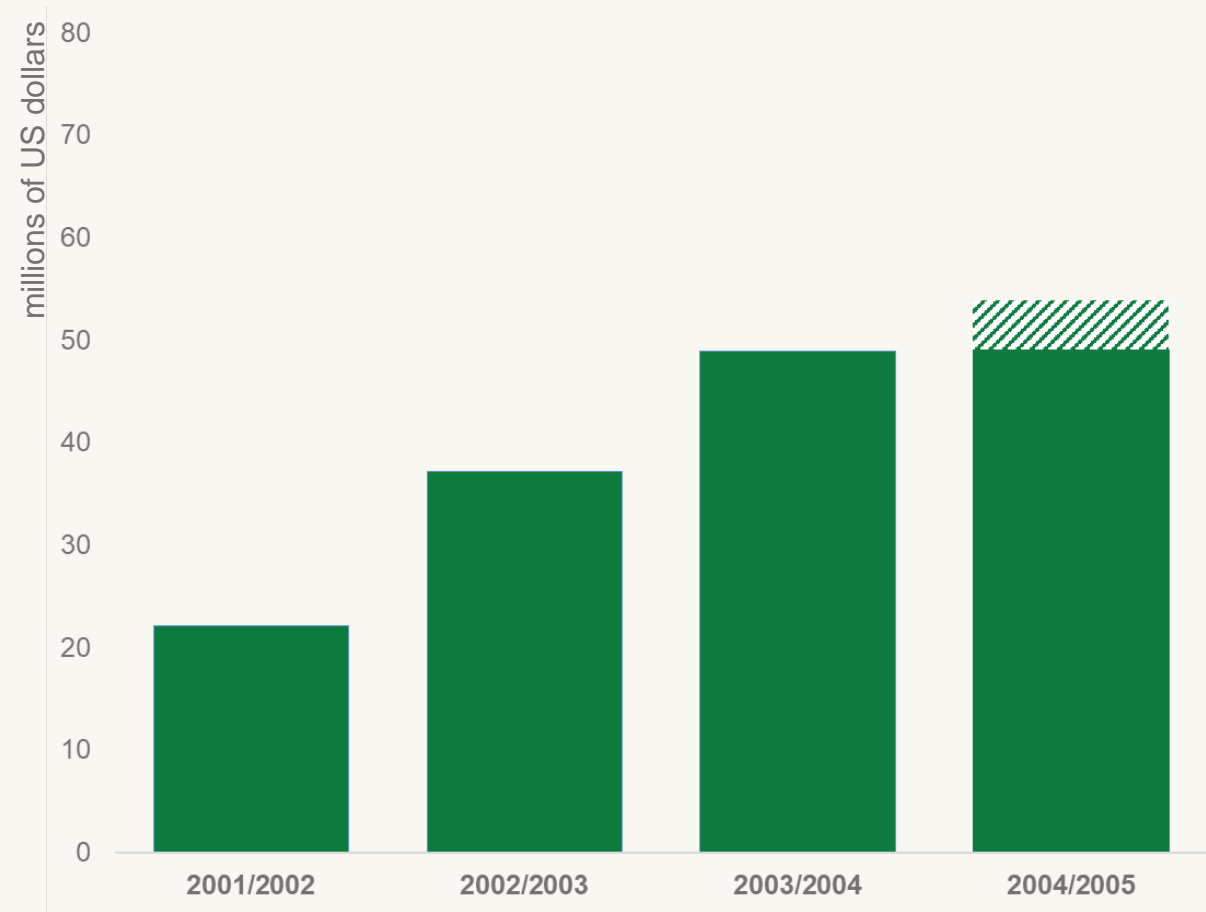
The chart shows that **different incentives affect** each group of **salespeople in distinct ways**, with the most significant impact seen in the absence of overachievement commission rates for stars.

This highlights the **necessity for customized motivation strategies** tailored to each group to maximize performance.

Expected Benefits of Proposed Changes

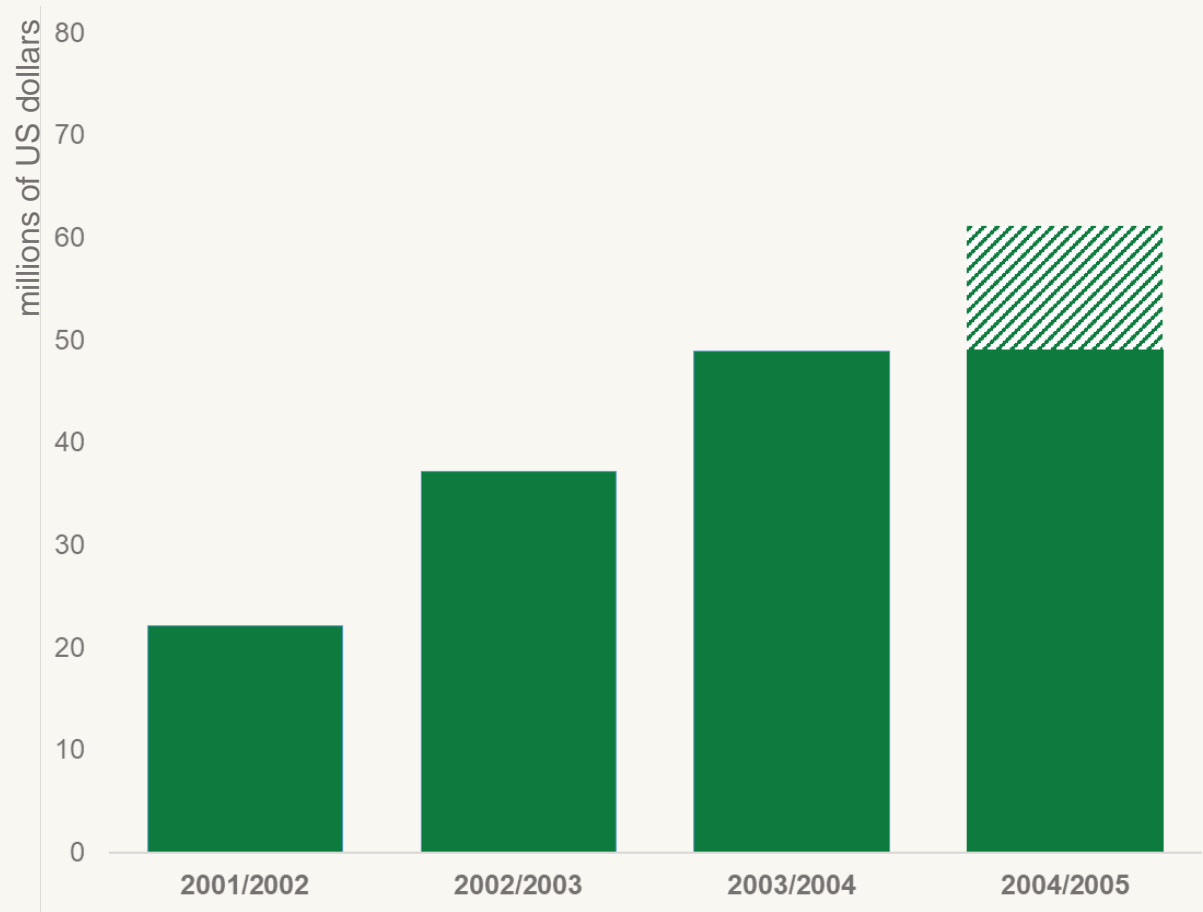
Realistic Scenario

Reflecting the impact of our **improved incentive programs**, we anticipate a **10% increase in sales (\$5M)** in the next fiscal year.



Optimistic Scenario

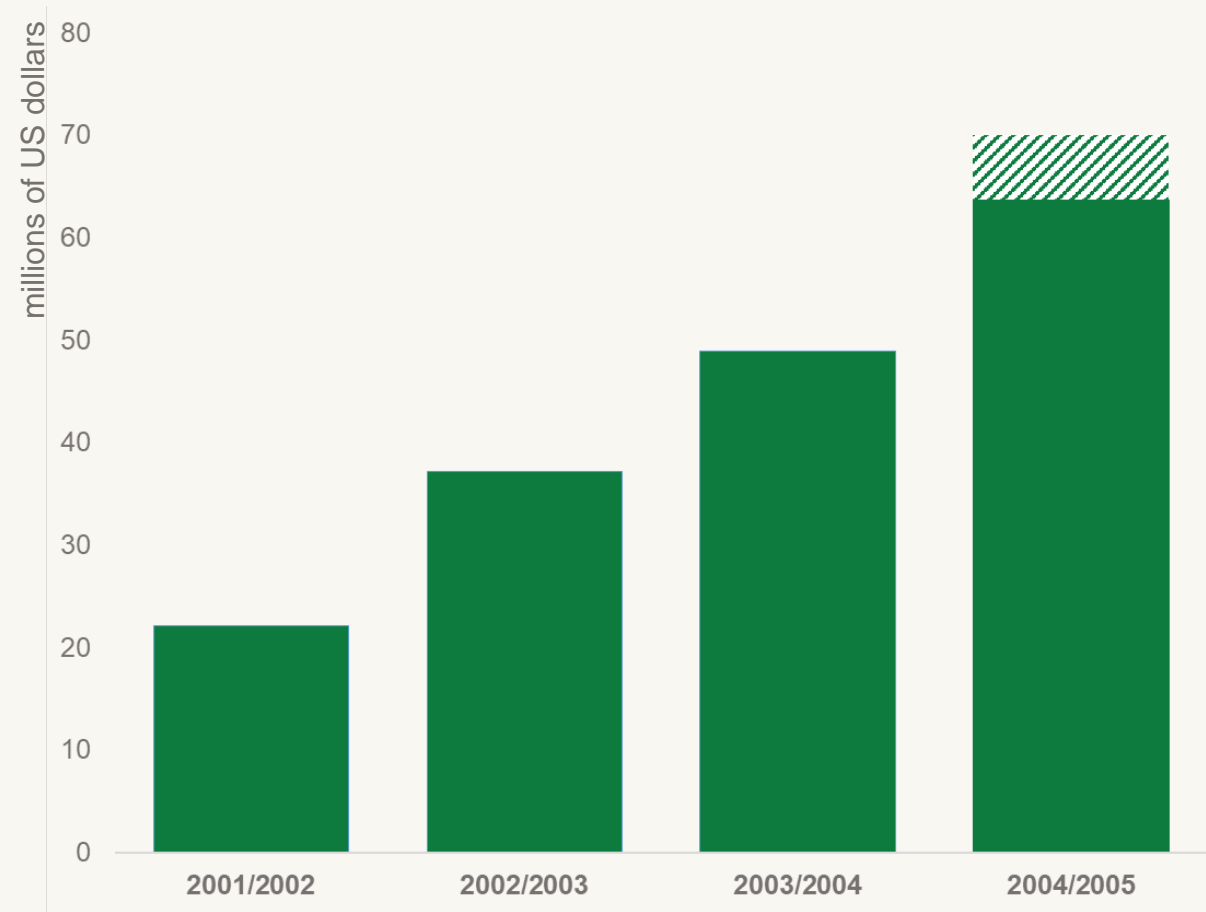
Reflecting the impact of our **improved incentive programs**, we anticipate a **25% increase in sales (\$12M)** in the next fiscal year.



Expected Benefits of Proposed Changes

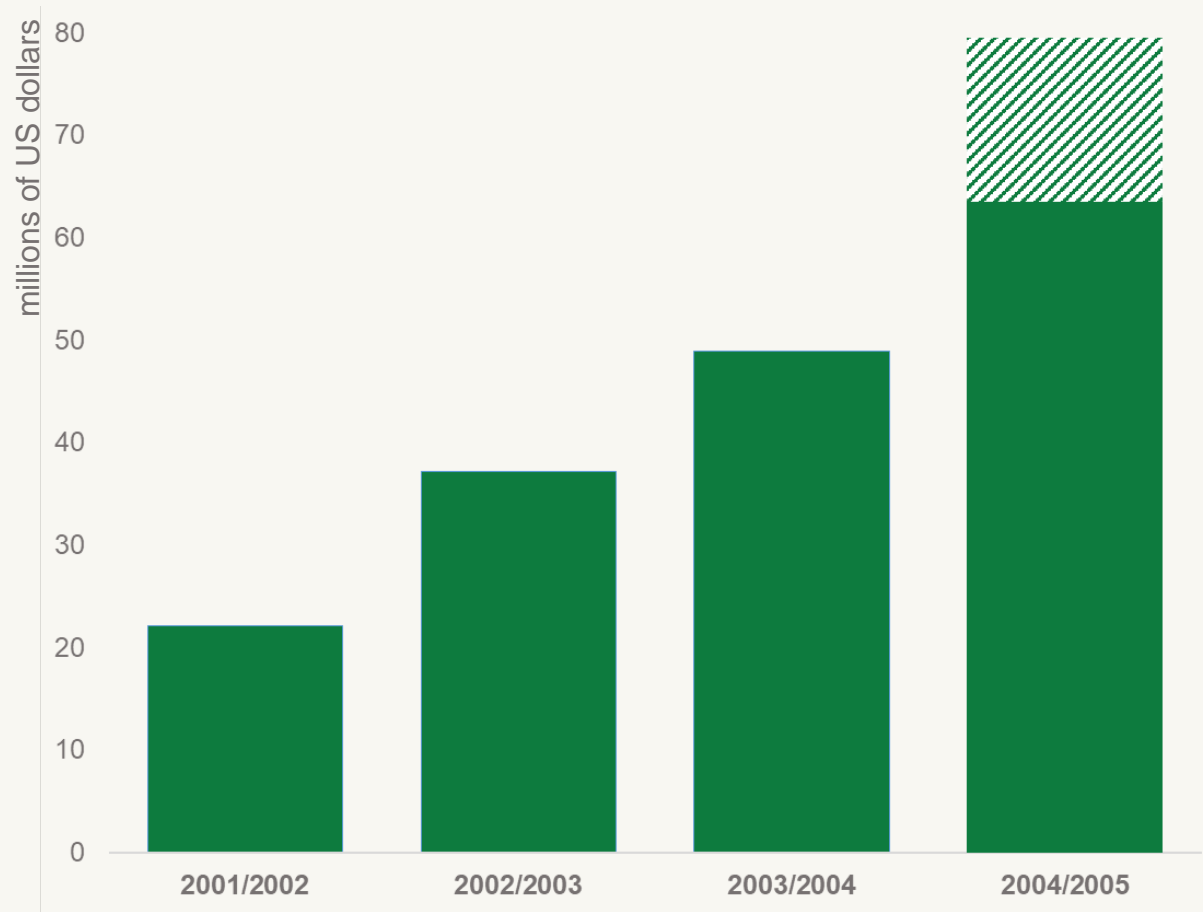
Realistic Scenario

Accounting for **both company growth (↑30%)** and **improved incentives (↑10%)**, we project an overall **growth of \$21M** in the next fiscal year, whereof **\$6M result from suggested changes**.



Optimistic Scenario

Accounting for **both company growth (↑30%)** and **improved incentives (↑25%)**, we project an overall **growth of \$30M** in the next fiscal year, whereof **\$16M result from suggested changes**.



Key Takeaways and Strategic Recommendations

Current Issues with Sales Performance

- **Only 50%** of salespeople **meet their quotas**, with significant disparities in performance and incentives.
- Current **incentives to sales ratio** is only **2.1%**, compared to **industry minimum of 5%**.

Sales Team Development

- The sales team has a **larger proportion of laggards** compared to industry norms.
- It is advised to implement **targeted and flexible incentives** to better motivate and support all performance levels.

Customized Incentives Suggestions

- It is recommended to introduce a more **fair and consistent bonus system** to boost laggards' performance.
- For core performers, a **multi-tier targets approach** would be very beneficial.

Expected Benefits

- **Realistic Scenario:** a projected **increase of \$6M** for the next fiscal year.
- **Optimistic Scenario:** a projected **increase of \$16M** for the next fiscal year.