

The Sales Compensation Planning Checklist for Beer Distributors

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BeerBusinessFinance.com is dedicated to helping you improve the profit, cash flow and value of your business. This Planning Checklist will take you one step closer to achieving these goals.

- Remember the first rule of compensation**
 - People want security, to be paid a market wage, and want an opportunity to earn more if they go above and beyond. This is the foundation of a good comp plan.
- Avoid these mistakes when designing your plan**
 - Pay that Confuses. Keep your plan as simple as possible. Confusion costs money. If your employees don't understand how they are paid they won't achieve the goals.
 - Pay that Infuriates. Avoid a comp plan that pisses off your sales force. Design the plan, share it with key sales people in advance, get their input, and iron out any irritation.
 - Pay that Surprises. Don't play hide and seek with the reward. If there's a bonus or incentive at stake, tell the sales person what it is and how to win it.
- Be intentional with your model – Are you paying for process, outcome or both?**
 - Process: paying people to do things in a certain way, follow the script or checklist.
 - McDonald's wants employees to follow the script - don't ad lib with the fries.
 - Outcome: paying people to achieve things, such as increased sales or placements.
 - Think of Alec Baldwin in Glengarry Glen Ross: "Put. That. Coffee. Down! Coffee is for closers." No sale, no commission. No coffee.
 - Many companies have a blend of both. Bottom line: be intentional with your plan and determine whether you want to pay for following a process or achieving an outcome.
- Use Incentives wisely, they are Super Powers**
 - With great power comes great responsibility. Incentives work, but design them properly.
 - Use the SMART method: specific, measurable, agreed-upon, realistic, and time-based.
- Make the sales person keep score**
 - Everyone has an iPad to connect to the sales data. Invest in training the sales person to run their own reports and see where they stand related to their goals. You don't want to come up short because they didn't know the score.
- Align the compensation plan with your company goals first**
 - In a perfect world, the goals of your company and the goals of your suppliers will be the same. But in this imperfect world that's not always the case.
 - Review, acknowledge and incorporate supplier goals into your comp planning. But if push comes to shove, put a priority on your company goals first.
- Don't forget coaching, managing and leading**
 - Your comp model can't do it alone – you need to be there to cheer on the team. Coaching, managing and leading your employees are vital to a successful comp plan.
- Communicate and educate about how the plan works – then do it again**
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Only you can create the perfect sales compensation plan for your people. Follow the checklist above, and build a great plan today.

For more details, and step-by-step instructions on how to use the Checklist and implement its teachings in your company, visit www.BeerBusinessFinance.com. We could talk comp all day.