

Sales and Performance Management

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This is the second in a series of White Papers covering further topics including

- Marketing Automation
- Distribution Optimization
- Technology topics in the Insurance and Financial Services sector

CONTENTS

- 1** Introduction
- 2** You Don't Know What You Don't Know
 - Lack of Information
 - Drive Activities ► Drive Production
- 3** Motivation and Incentives
 - Complex Compensation Plans
 - Keeping your Staff Motivated
 - Understand the "What-ifs"
- 5** Day to Day Management
 - Work Smarter, Not Harder
 - Consistency and Quality
- 6** Employee Development and Growth
 - Goal Setting
 - Reviewing
 - Coaching
- 9** About Imprezzio
- 9** About RacingSnail
- 10** About the Authors

Sales and Performance Management

INTRODUCTION

Imagine a scenario where increasing production by 20% is within reach. Attaining this goal is possible with motivated salespeople.

There are many moving parts to your business, each having an effect on motivation and production. In an agency, breaking down incentives and activity management to a science can be done with a little help from technology.

This paper describes how powerful software can tame unruly spreadsheets and complex compensation plans. Let software enable you and your staff to join the top tier of incentivized and motivated sales teams.

20%

**AVERAGE INCREASE
IN SALES AN AGENT
SEES DURING THEIR
FIRST YEAR USING
RACINGSNAIL.**

Lack of Information

PROBLEM

Without the data, it's all just guesses.

Without the data, it's all just guesses. Companies must use data to form basic business intelligence. Without this, they cannot make intelligent business decisions. A lack of quality information from available data leaves managers making decisions based upon intuition. Intuition has its place, but not as the foundation for administering a business.

A good sales tracking & productivity management system should provide:

- Individual production and commission tracking.
- Average production trends outlined by product line, sales rep and source.
- Producer profitability
- Statistics based upon the value of activities and their relationship to results.
- Comprehensive staff attendance information.
- Efficiency ratings, reliability scores, commissions earned for all employees.
- Customizable sales and activity logs with tracking, analysis and reporting on any data point.
- Agency commission totals by office, line, source, and sales rep or any other metric.

Drive Activities ▶ Drive Production

PROBLEM

Tracking activities that produce the greatest return

Activities are the leading indicators of sales production but it is difficult to effectively track and analyze which activities actually produce the greatest return. Many managers focus entirely on sales results rather than the activities that produce the sales results.

Giving staff a sales goal is similar to telling a sports team to score a certain number of points. That's simply not how it works. The coach calls plays to score points. A good playbook identifies what plays score the most points for each game. A good sales activity plan is the equivalent of a team playbook.

An effective sales activity plan must:

- Allow the recording of activities at the push of a button.
- Analyze return of each individual team member's activities.
- Customize activities by priority order.
- Encourage efficient and appropriate reporting. Never measure monthly what should be done weekly. Never measure weekly what should be done daily.
- Show the effectiveness of the activities correlated to sales.
- Serve as a framework for success, not as a micro-management tool.

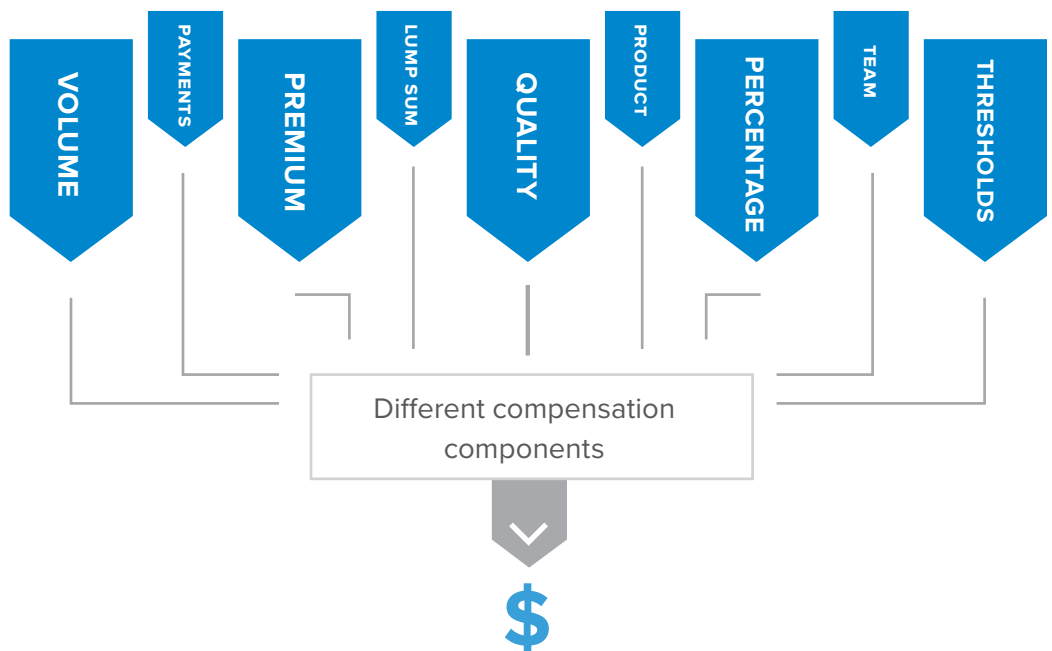
Complex Compensation Plans

PROBLEM

Managing custom compensation

Turn-over, promotions, growth, and market conditions make it extraordinarily difficult to have a one-size-fits-all compensation plan. As your team evolves, your compensation plan needs to evolve as well. While many organizations know that their compensation plan should be more refined, they often don't have the tools available to efficiently track and calculate the results. This means that many organizations have overly simplistic compensation plans that poorly align the sale team's efforts with the goals of the organization.

Plans must be able to handle multiple methods of computation.



Keeping your Staff Motivated

PROBLEM

Monotony and loss of enthusiasm

Sometimes the day-to-day grind can become monotonous and the team will slowly lose its enthusiasm. Compensation is only one part of maintaining a motivated team. **Competitiveness, teamwork, a shared sense of accomplishment,** and desire for recognition are large factors in maintaining motivation. An effective gamification strategy can unite the team, reignite enthusiasm, focus efforts, provide entertainment, and create a healthy competitive environment. **An effective gamification strategy should:**

- Focus competitive efforts outside of the office. A competition with another office is preferable to one within the office. Offices can challenge each other and pool resources to create the prizes.
- Enable competitions to be based upon sales and activities.

- Allow friendly, constructive banter between the competitors to stoke their competitive instincts and provide some fun.
- Display a leader board with the photos of leading competitors. Recognition remains a powerful way of both motivating and rewarding sales reps. Recognition among their peers is a particularly powerful motivator.
- Allow for either cash or non-cash rewards. Sometimes a paid day off is more motivating than a cash payment.

Understand the “What-ifs”

PROBLEM

Clarity of financial impact

It is very difficult to understand the financial impact of a compensation plan on the organization. Managers can be reluctant to make needed changes because it is unclear whether the changes will be detrimental to either the organization or the sales rep. Paying too much in compensation can cripple a business and prevent growth.

When designing or modifying a compensation plan a manager must see the current average production by a sales rep for any element that will be measured by the compensation plan. This gives the manager a “starting point” from which to make decisions regarding minimum production requirements.

A good manager will calculate and review the total costs for both the compensation plan and the employee’s base pay. Without making sure each piece is accounted for, the whole plan, and therefore the business, is at risk. Using tools created specifically for this purpose will mitigate that risk.

Taking things to the next level includes running “what if” scenarios that show the financial impact of the compensation plan.

What If scenarios

- How much will be earned in new commissions if the sales rep meets the minimum requirements?
- How much if they max out the compensation plan?
- How much will the sales rep earn? Is it enough? Too much?

It is important to calculate the predicted future revenues and estimated “break-even” for the compensation plan. The plan may be expensive in the short term, but worth it over the long term.

Above all, there must be a clearly communicated plan to the sales staff, encouraging the team to focus on the end goal.

Work Smarter, Not Harder

PROBLEM

Measuring employee efficiency

It is extremely difficult to measure the overall efficiency and effectiveness of an employee. Few organizations actually know the ROI of an employee, let alone the hour-by-hour revenue contribution.

To properly evaluate employee efficiency a tool must be able to:

- Monitor how many hours staff actually work, not just what they are scheduled.
- Compare the efficiency of one employee to another. One may accomplish in 32 hours what it takes another 40 to achieve yet they are paid the same rate. Wouldn't it make sense to pay the more efficient employee a higher hourly rate? In many organizations the 40 work week is a structural inefficiency that rewards poor performance and discourages greater efficiency.
- Provide a method of paying employees for greater efficiency. Encourage staff to work smarter, not harder.

Consistency and Quality

PROBLEM

Differences in employee reliability

Some employees are simply more reliable than others. Employees that are constantly late, absent (with or without approval), taking long lunches/breaks, or leaving early put a great deal of stress on a business. Whether the employee is salaried or hourly, all of these behaviors reflect upon an employee's reliability.

A good productivity management tool is able to:

- Identify late arrivals, early departures, and long lunches. Over the course of a year, these "nickels and dimes" can up to substantial lost dollars to the agency.
- Track and categorize absences, identifying the reliability of an employee with that of other employees.
- Calculate the relationship between reliability and production for both the individual and the office. Frequent absences impact production and client satisfaction as work must be shifted to other employees and the office slows down to accommodate the higher volume of work per employee.

Goal Setting

PROBLEM

Setting goals and compensation

Successful goal setting includes making SMART goals actually smart. Taking your business to the next level includes using technology to put the SMART goal model into action.



SPECIFIC

MEASURABLE

ATTAINABLE

RELEVANT

TIME BASED

Setting goals based upon real data and proven methodologies gives both the employer and the employee a greater chance of success. Without something realistically measurable, many managers set SMART goals that contain ineffective metrics.

It is often difficult to keep goals visible and at the forefront of everyone's mind. Additionally, continually measuring progress towards these goals is motivating and allows a constant dialogue to be formed. Having these goals front and center in your core software tool is invaluable.

Compensation should be directly tied to the goals set – with data such as commissions earned, projected future earnings, LOTT featuring in the compensation calculations. Using this data to define, drive and monitor income producing activities – the more sophisticated and successful cousin of the traditional KPI – is a surefire way to keep everyone informed and on the same page about goals and compensation.

Reviewing

PROBLEM

Inconsistent
review
processes

Managers wear many hats, but the one that many dislike the most is that of the dreaded “performance reviewer”. A good review process is essential to building strong, long-term performers, but many managers struggle with implementing an effective review program. Some of these problems are due to lack of prioritization and unorganized and inconsistent review processes.

When setting up a review process, take the opportunity to tailor it around developing your staff for higher performance. Without measurable, consistent best practices reviews are not meaningful, but a mere formality.

A formalized schedule for reviewing staff using customizable templates for your questions will create consistency and set clear expectations for the process. Using meaningful data for discussion during the review allows the entire process to focus on objective performance. Often the review is based upon subjective feelings. A likeable employee may get a good review whether or not they are actually a good performer; the review is based on subjective feeling.

Using performance data also allows for employee development, continuous improvement and confidence in hiring and retaining decisions. The data speaks for itself and can go as far as preventing potential future problems due to lack of documentation in cases of poor staff performance.

Having the data be easily displayed in your Sales and Performance Management solution makes the whole process smooth, consistent and reliable.

Coaching

PROBLEM

Not setting clear expectations

A good review process should be about much more than simply “reviewing”. It should become an opportunity to provide meaningful coaching to develop stronger and better performers. A good review program will set clear expectations as well as provide a permanent record for the employee’s file.

An effective coaching program should include candid discussion and positive reinforcement in the following areas:

- Attendance data: tardies, absences, early departures, reliability rating.
- Performance data including dashboards, graphs and charts that clearly illustrate goal attainment and performance totals.
- Template-based questions that can be customized for each staff role.
- Development action plan including a specific To-Do list tailored for performance improvement.
- Side-by-side Manager and Self evaluations with scores.

Continuous Improvement

Implementing these guidelines clears the way for an agency to run smoothly. They set a standard for a business to replicate success.

Transforming data to actionable business intelligence removes the guesswork from planning and analysis. Using this business intelligence effectively encourages income producing activities, driving production and increasing retention. Staff are motivated and excited about progress towards their goals and complex compensation plans are easily managed.

How do we replicate this and grow as an agency? The traditional hiring process is a haphazard mess of gut feelings, intuition, off-the-cuff interview questions and prayers.

An effective Sales and Performance Management tool can provide insight into the key characteristics of each staff role. It should have a consistent, customizable template-based platform for managers to easily and consistently evaluate new talent from the application to the offer.

The appropriate use of tailored software technology can direct an agency’s energy and talents in the right direction, bringing focus and consistency and creating a fully motivated and results-driven business.



IMPREZZIO

ABOUT IMPREZZIO

The Imprezzio group's broad range of capabilities provide our clients with a full spectrum of services including:

- Enterprise-grade insurance software platforms
- Customized software solutions
- Statistical Analysis and Business Intelligence Services
- Marketing, Media and Branding Agency Services
- Full service global IT solutions outsourcing and consultancy

Imprezzio designs and implements industry-specific software solutions that provide **sales and performance management, marketing automation and distribution optimization.**

Imprezzio has been providing products and solutions to the **insurance and financial services** industry for over a decade. Our clients include companies of all sizes looking to maximize ROI - from mom-and-pop businesses to Fortune 50 enterprises. We have developed a platform that automates sales and marketing activities, while connecting carriers and producers in ways that no other offering does. We have a proven track record, driving quality premium growth by linking powerful technology with strategies that set your products apart from the competition.

ABOUT RACINGSNAIL

A trusted partner of countless insurance professionals across the US, RacingSnail is the ultimate insurance productivity management system.

RacingSnail was developed by insurance agents needing a tool to measure, understand and manage their high performing business. RacingSnail enables insurance organizations to intelligently motivate their sales teams to sell the most profitable products in the most efficient manner possible. The company accomplishes this by offering intuitive, sophisticated, and completely customizable tools to design and manage commission programs, understand and influence leading indicators, track sales and marketing, and analyze return on investment for both marketing and sales personnel.

ABOUT THE AUTHORS

Neil Hargreaves is the Executive Vice President of Imprezzio Inc., responsible for their major operational functions and business interactions. Neil's technical background helps greatly in understanding the more challenging aspects of our large software endeavors.

Neil has 18 years' experience in the technology sector, having been previously involved in the automotive field. He worked for Torotrak, an advanced R&D company, designing and implementing control systems for advanced powertrains (including patented IVT and CVT transmission technologies). Neil went on to run the European operations for Accurate Technologies, Inc., an American software and electronics firm designing and manufacturing extremely high performance control system analysis tools. He was responsible for global business development with most of the major automotive manufacturers such as Ford Motor Company, Toyota, Volkswagen Audi Group, Scania, General Motors and many others. Neil moved to the USA to take over technical and operational direction for Accurate Technologies in Detroit, Michigan, managing the engineering division as Director of Product Design. It was from here that Neil moved to Imprezzio to take on the challenge of a new industry and the more rapid pace of technological change in the realm of web-based software and large server applications.

Neil completed his education in England, gaining degree level qualifications in Business and Computer Science, majoring in Artificial Intelligence.

Jerome Carlile is the president of Racing Snail. He was a Sergeant in the US Army for 5 years. After his service he graduated from the University of Arizona with a BSBA in Management Information Systems from the University of Arizona in 2002. His first 8 years in the insurance industry were spent as the Sales Manager for several State Farm agencies. Mr. Carlile is one of the original creators and owners of Racing Snail and is the acting President. For the past 12 years he has overseen the company's sales and marketing efforts, but is also intimately involved in assisting in the design of new functionality and future product enhancements. Jerome has the rare combination of both technical design skills and industry-specific business acumen. He has a keen understanding of the daily process flow of an insurance agency at the ground level and has been able to apply that expertise in the ongoing growth and development of Racing Snail.

Seth Preus has over twenty years of technology experience the last 13 of which were gained while simultaneously managing a successful insurance agency. This rare combination of technology and insurance sales expertise has made him one of the world's foremost experts on utilizing software to drive sales productivity improvements in insurance agencies.

Seth began his career at the age of 18 as a door-to-door vacuum salesman. There he learned the fundamental sales productivity concepts that he has employed throughout the rest of his career. At PaperExchange.com he was a Sr. Business Development Associate responsible for creating strategic relationships as well as designing and managing the sales team's lead management processes. He went on to Accenture as a Senior Consultant where he helped to design the sales commission software for a large technology company. In 2003 he took over an insurance agency and immediately began development of the hugely popular sales productivity software system now known as Racing Snail.

Seth graduated Summa Cum Laude from Xavier University with BSBA degree.

