

SALES FORCE INCENTIVES by G. Holmes & N. Smith

- a Review , by F.E. Emery

- July, 1988

It is understood that this book is directed at Sales Managers. It is assumed that Sales Managers usually arrive at this position after a career in sales and hence we can expect a reasonable level of general education and verbal fluency. If this assumption is correct then tertiary education is not to be expected, but they probably manage easily with the level of exposition to be found in Time and The Bulletin and are familiar with the ideas about management are in good currency in those magazines.

With this in mind the review will concentrate on Part 1. This is the part that tries to convey some new ways of looking at sales force incentives.

The organizing principle for their presentation is given in the statement that the reason for introducing an incentive scheme for a sales force is,

"To offer representatives or salespeople a reasonable and attractive reward in exchange for achieving or exceeding some desired previously agreed objective."
(p 10).

It will be noted that there are two indeterminate, subjective elements in this statement:-

- a. "reasonable and attractive" reward,
- b. "desired previously agreed" objective.

The authors correctly point out what seems reasonable and attractive to the Sales Manager may not seem so to the salespeople. Part 1 of the book is entirely devoted to suggesting how a mutually 'reasonable and attractive' incentive scheme might be devised. For some reason they do not point to, nor make a similar analysis of the problems associated with achieving "desired previously agreed objective". Even Part 2, which deals with practical applications, does not discuss the problem. It is undeniably a serious problem. One has to ask 'who desires the objective?' and 'who has agreed to and accepted a commitment to the objective'?

Incidentally the authors stumble on the problem of agreed objectives in their ad hoc "Special Note on Morale" (pp. 24-25). They accept that group morale is a critical link between individual motivations (and incentives) and performance of the total salesforce, and hence the performance of the Sales Department. This is frustrating, not helpful. By treating this as an incidental aside in their discussion of the first problem of individual perceptions of what is 'reasonable and attractive' they lost an opportunity to spell out how high and positive morale might be achieved.

This single-minded concentration on the problem of individual perception of rewards has had another unfortunate consequence. The authors have been forced to rely far too heavily on psychological explanations - the sort of explanations that are to be found in psychology textbooks but seem a little out of place in a practical handbook. Whilst the author's definition of their task forced them to consider the

psychological explanations their good sense puts those explanations in practical perspective. I find their judgments in these matters sound and practical. It is the diversion into these matters that I am critical of. The diversions waste the reader's time and for some who are into the self-improvement literature and classes, it could be positively misleading.

I look forward to an edition which will also tackle, in the same clear and practical manner, the second problem of achieving mutually agreed goals. The answers to the two sets of problems are mutually dependent. There is little they would have to change in their argument in Part 1 but they would feel free to drop the window-dressing. In Part 2 they would need to give practical guide-lines for achieving mutually agreed objectives, but that is something of which George Holmes, at least, has wide experience.

Dear George,

7/7/88

I had no notion of how the review would go until I had read the book. Now we both know. The review says it as I see it. If you and Neville Smith (whom I cannot place) decide on a revised edition I would be happy to advise.

I am leaving it to you to forward the review to your publishers or throw it in the bin. I do not need to know, either way.

yours sincerely,