



**ASSOCIATION OF EUROPEAN BUSINESSES  
IN THE RUSSIAN FEDERATION**

**AEB HR Conference  
“Sharpening your Sales Focus”  
Session 3**

**MOTIVATION OF SALES STAFF**

**November 10<sup>th</sup>, 2009  
Ararat Park Hyatt, Moscow**



# Motivating the Sales Force

Managing Monetary Matters

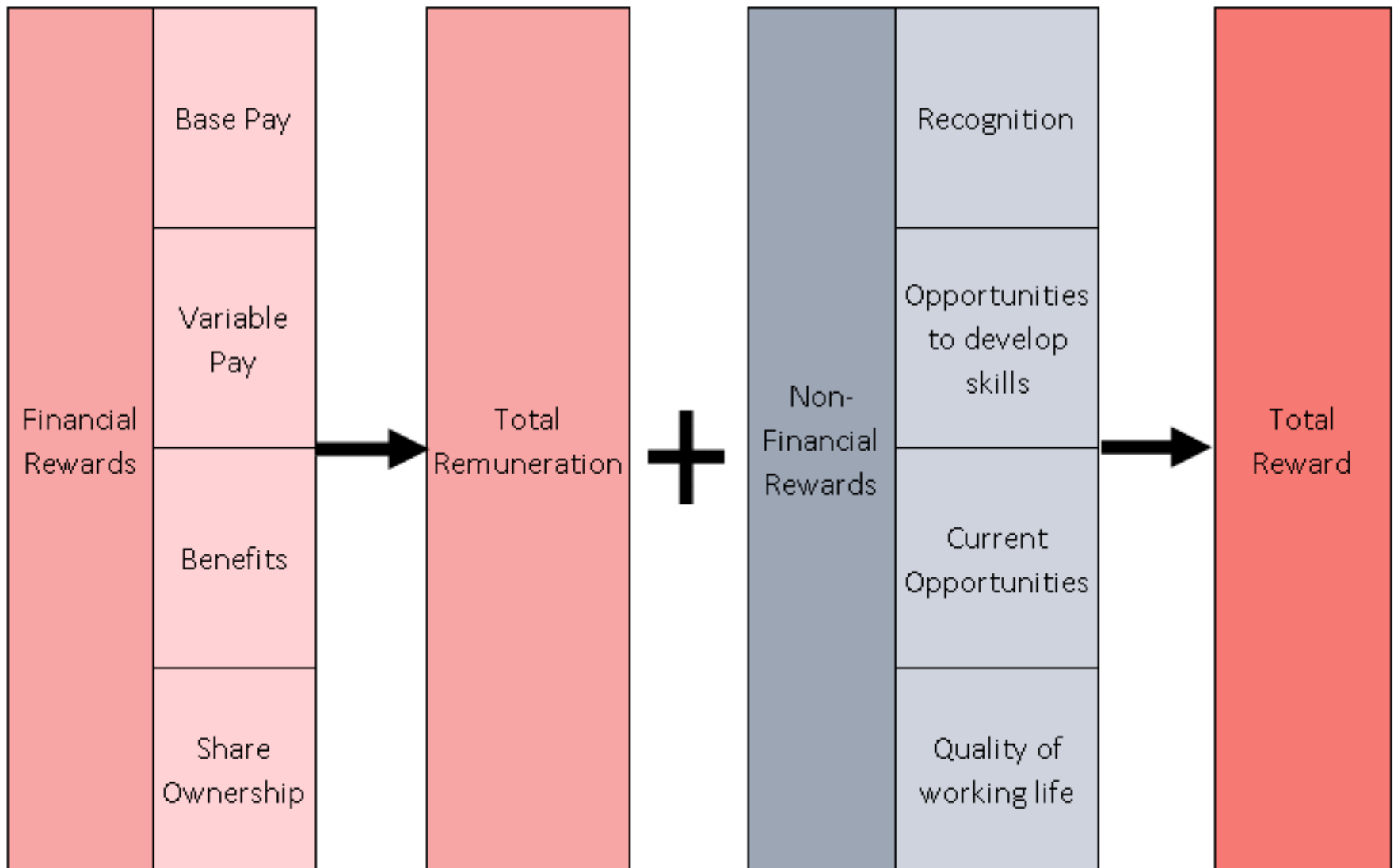
# The Motivation Discussion

## What you need to do to get people selling...

- The purpose of a reward system is to support the achievement of corporate objectives by motivating people to join the organisation, stay with it and deliver sustained high levels of performance.
- But what balance between monetary and non-monetary reward??? And between guaranteed and non-guaranteed?



# Total Reward





# Reward Options

- Salary Only
- Commission Only
- Salary plus Commission

# Reality of Crunching the Numbers

## Balancing company and individual interests



- Pre-downturn - 20% commission on fees received by company – no thresholds
- Downturn - Introduce thresholds
  - cover salary and overhead – thereafter 10% up to second threshold (based on grade)
  - 20% commission on amounts over and above individual thresholds
  - Holdback of commission – 50/50 – second tranche dependent on department meeting group targets
- But how does this sit with theory about individualism of commission?!?!?
- And how does this sit with other departments and/or the competition?

# Contingent pay as a motivator

Key requirement of any contingent pay scheme, especially one related to performance - is that individuals and teams should have a clear line of sight between what they do and what they will get for doing it.

Effort → Performance → Results → Measures  
→ Payout

# Parting thoughts.....







# Non monetary motivation programs

Presented by Maria Kotova,  
Executive Director

**Knight Frank**



# Content

- ◆ Myths about motivation
- ◆ It used to be MONEY
- ◆ Crisis time : we simply feel their needs
- ◆ Time to change your mind:
  - Employee Performance Improvement Programs
  - Employee Recognition Programs
- ◆ If the situation changes

**Knight Frank**

# Myths



*"The No. 1 answer is always, "Feeling like I make a difference."*

Myths	Better to say
"I can motivate people"	Motivating employees starts with motivating yourself / Motivation by example
"Money is a good motivator"	Individual approach / understanding what motivates each of employee
"I know what motivates me, so I know what motivates my employees"	
"Fear is a damn good motivator"	for a very short time only - supporting employee motivation is a process, not a task
"I can't comprehend employee motivation – it's a science"	Act as if you are motivating yourself but remember about individual approach







# It used to be MONEY



Before the crisis

**We simply gave them money, fee, %**

Or we used standard “thank you” method

**And bonus**



# Crisis and then it happened...



**No money** to increase salaries or afford any financial rewards or anything that requires money

...yet workload has not decreased  
**intensity & pressures** of the job - **on the rise**



Maybe “Thank you” is enough?

Xm...no?





# We simply fill their needs

- ◆ Training / Certification
- ◆ Life insurance
- ◆ Pension funds
- ◆ Motor expenses
- ◆ Client Entertainment
- ◆ Mobile telephony



- ✓ Simply fill the needs of your staff and they will remain with you until someone who can do it better comes along.
- ✓ But if you deeply connect with them on a human level , they just might remain with you for life."





# Time to change your mind

"Mother Teresa said, 'I love the light for it shows me the way, yet I endure the darkness because it shows me the stars.'"

**What can we give our employees without money?**

**Information;**  
Increased visibility

**Independence**



**Involvement**

**Interest**







# How it works: INVOLVEMENT



Agenda Quotidienne  
Tegebuch  
Piano Giorhaliero  
Agenda Diaria

Task  
for today

*Involvement*

*See next  
page*



## Diary Planner

Agenda Quotidienne  
Tegebuch  
Piano Giorhaliero  
Agenda Diaria

- |     |                           |
|-----|---------------------------|
| 8:  | ✓ Strategy development    |
| 9:  | ✓ Internal communications |
| 10: | ✓ Internal Journalists    |
| 11: | ✓ Client Care Program     |
| 12: | ✓ Breakfast Briefings     |
| 1:  | ✓ Social Activities       |







# How it works: INFORMATION

- ◆ Intranet
- ◆ Global News
- ◆ Internal newsletter
- ◆ Management letters
- ◆ Competition Performance
- ◆ KF RE School



Knight  
**Frankly Speaking**



работой недели для многих было пер-  
была зверь – ничего не сказать.  
ходили слухи, что она питается детс-  
епеляющий взгляд мог выдержать не  
з если тебе не повезло (ты отвлекся, п





## How it works: INDEPENDENCE



- ◆ Power of authority (Associate directors, team leaders)
- ◆ Delegation
- ◆ Power of attorney for top management

✓ *That will encourage employees to solve problems they face and come up with some solutions.*

✓ *Workers respond better as managers have shown trust in the fact that they possess the ability to handle the increasing complexity of the work.*





# How it works: INTEREST

- ◆ New positions
- ◆ Job Description
- ◆ Refferals

## Appraisal procedure changed

- ◆ Before



- ◆ Now



*“Your employees are the key to business success”*





# We recognize the best!

- ◆ Anniversary / Length-of Service
- ◆ Awards:
  - KF about people
  - Top Fee earners
- ◆ Bill – **we are the champions!**
- ◆ Reinforce Company Culture: teambuilding



“If you treat your employees fairly and with respect, they will enjoy coming into work, take pride in working for your company and be far more likely to provide good customer service”







# So if tomorrow the situation is different?

If the economics is improving? If we have money again?

What should we do?

- ♦ People care program
  - New office
  - Health care improvement
  - Property tours
  - Education

***And WE WILL GIVE THEM MONEY!***





THANK YOU!

Maria Kotova

Executive Director

**Knight Frank**

# We need to be motivated to motivate

Katerina Mouravieva  
Director of Sales

Swissotel Krasnye Holmy Moscow



# Swissotel Krasnye Holmy Moscow





A question to a famous sales person  
How did you become successful in Sales?

- ^ 10% Product Knowledge
- ^ 10% Sales Skills
- ^ 80% Motivation

**Successful People always know what  
they want to achieve!!!**

The only way to get people to like working hard is to motivate them. Every individual in an organization is motivated by something different.

-Rick Pitino  
NCAA basketball coach

# MAIN REQUISITES TO MOTIVATE

- ^ We have to be Motivated to Motivate
- ^ Motivation requires a goal
- ^ Motivation once established, does not last if not repeated
- ^ Motivation requires Recognition
- ^ Participation has motivating effect
- ^ Seeing ourselves progressing motivates us
- ^ Challenge only motivates if you can win
- ^ Everybody has a motivational fuse i.e. everybody can be motivated
- ^ Group belonging motivates

# RULE # 1 for our Organization

Hire the right people – those who fit your organization, who want to work with you, and who are motivated to do a good job!

People are not your most important asset. The right people are.

- Jim Collins

Motivation is the art of getting people to do what you want them to do because they want to do it

Dwight D. Eisenhower  
U.S. general and president

What makes it possible for people who might seem ordinary to achieve great things?

The answer is **passion**. Nothing can take the place of passion in our life.

**Passion for Perfection!**



# Motivating with Passion

- ^ Is passion a characteristic of our life?
- ^ Do we wake up feeling enthusiastic about our day?
- ^ Is the first day of the week our favorite, or do we live from weekend to weekend?
- ^ How long has it been since we couldn't sleep because we were too excited by an idea?
- ^ How passionate are we about our life and work?
- ^ Does it show?

# Passion

- ^ **Passion Is the First step to Achievement:** Our desire determines your destiny. The stronger our fire, the greater the desire – and the greater the potential.
- ^ **Passion Increase Your Willpower:** There is no substitute for passion. It is fuel for the will. If we want anything badly enough, we can find the willpower to achieve it. The only way to have that kind of desire is to develop passion.
- ^ **Passion Changes Us:** If we follow our passion – instead of others' perceptions – we can't help becoming a more dedicated, productive person. And that increases our ability to impact others.
- ^ **Passion Makes the Impossible Possible:** Human beings are so made that whenever anything fires the soul, impossibilities vanish. That's why passionate people are so effective. The leaders with great passion and few skills always outperform a leader with great skills and no passion.

When you are around people who share a collective passion around a common purpose, there is no telling what you can do.

Howard Schultz  
Founder of Starbucks  
“Pour your heart into it”

# Successful motivation

^ Communication

^ Care

^ Courtesy

^ Attention

^ Get to know  
your people

^ Goals setting

^ "We"statement

^ Passion

^ Drive

^ Fun

^ Enthusiasm

^ Encouragement

^ Praise

^ Trust

^ Confidence

^ Respect

^ Assistance

^ Support

^ Help

^ Openness

^ Humanity

^ Comfort

^ Politeness

^ Kindness

^ Coaching

^ Training

^ Development

^ Team work

# What do you think is this?



- ^ Care
- ^ Courtesy
- ^ Attention



- ^ Comfort
- ^ Warm
- ^ Yummy



- ^ Comfort
- ^ Politeness
- ^ Kindness



- ^ Cozy
- ^ Easy
- ^ Creating good weather
- ^ Like home ...



**YOU GET AS MUCH AS YOU GIVE!**

Thank you !!!







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Mercedes-Benz



# Mercedes-Benz Russland Sales Force Management

AEB Sales Conference

10<sup>th</sup> November, 2009

## **1 Structure & Responsibilities**

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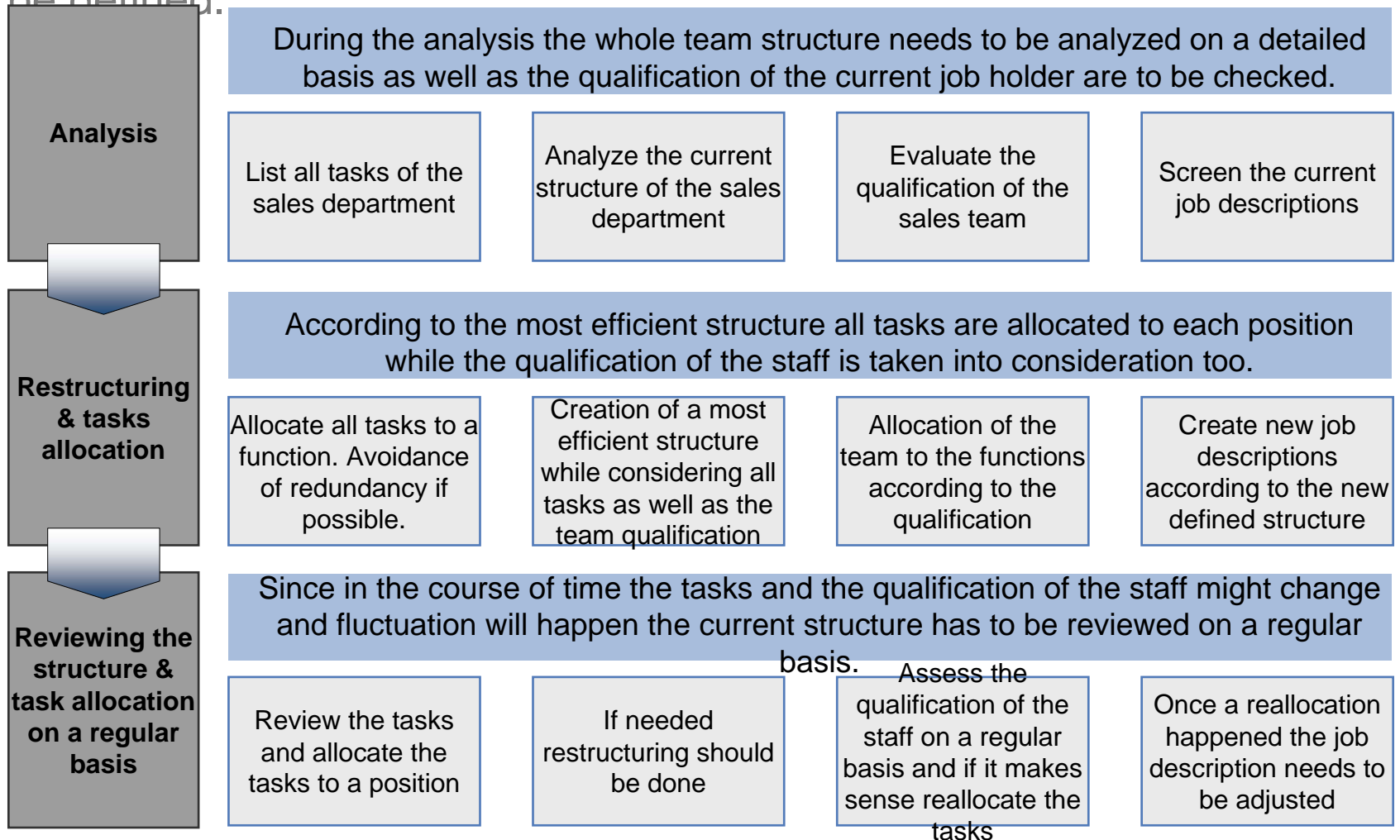
### **2 Sales Team Qualification**

### **3 Sales Team Steering**

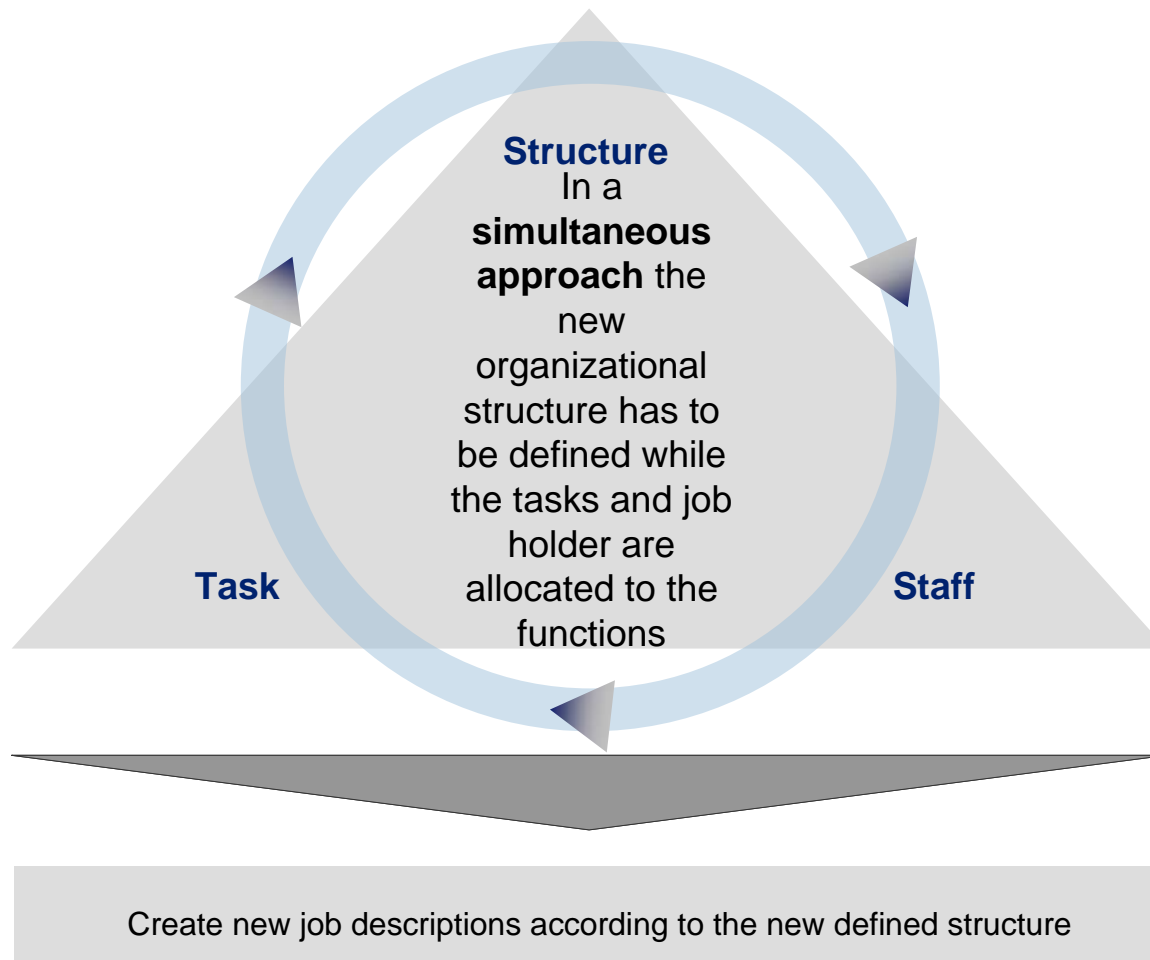
### **4 Performance Evaluation**

### **5 Sales Commission**

Based on an analysis of the structure, tasks and responsibilities in the sales department the appropriate structure and job description have to be defined.



Based on the analysis the new structure can be defined in a simultaneous approach.



### General remarks

The new structure should support a efficient work flow  
The definition of the tasks should be selective  
The reporting structure should be well organized (no conflicts)  
In order to reach commitment and to allocate the tasks in a proper way the employees should be involved  
Clear communication of the new structure (incl. face to face discussion about job assignments)  
Dealership structure needs to be reflected  
Possible fluctuation should be considered

**1 Structure & Responsibilities**

**2 Sales Team Qualification**

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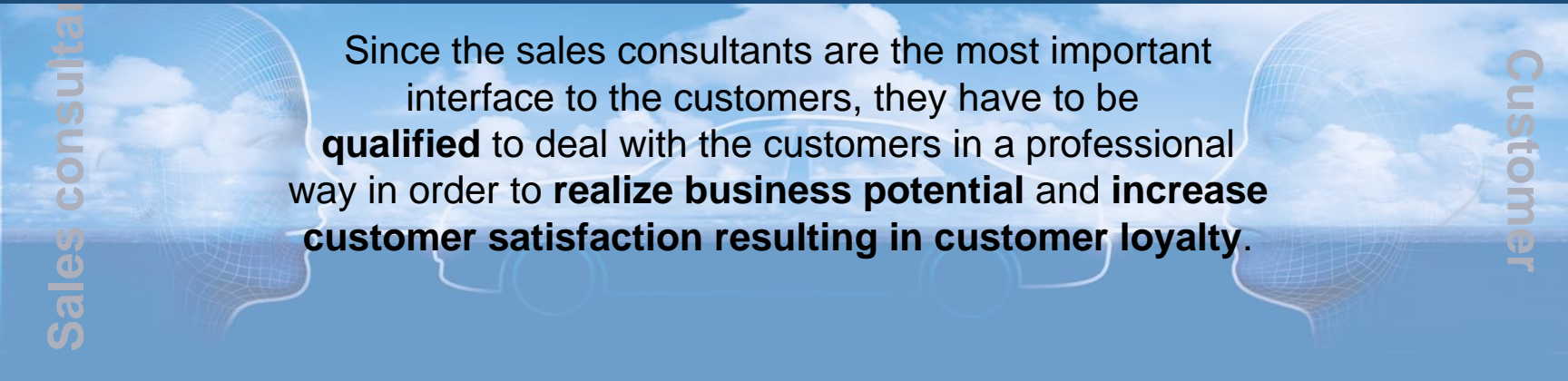
**3 Sales Team Steering**

**4 Performance Evaluation**

**5 Sales Commission**

In order to improve sales team skills & product knowledge a well organized qualification program should be implemented.

### Basic idea of Sales Team Qualification



Since the sales consultants are the most important interface to the customers, they have to be **qualified** to deal with the customers in a professional way in order to **realize business potential** and **increase customer satisfaction resulting in customer loyalty**.

### Purpose of Sales Team Qualification

- Assess skills of sales consultants
- Measure product knowledge
- Set improvement targets for qualification program & develop improvement plan
- Organize internal knowledge exchange and utilize external training
- Observe improvement during daily work and give day to day feedback as well as a official feedback on a regular basis (written form)



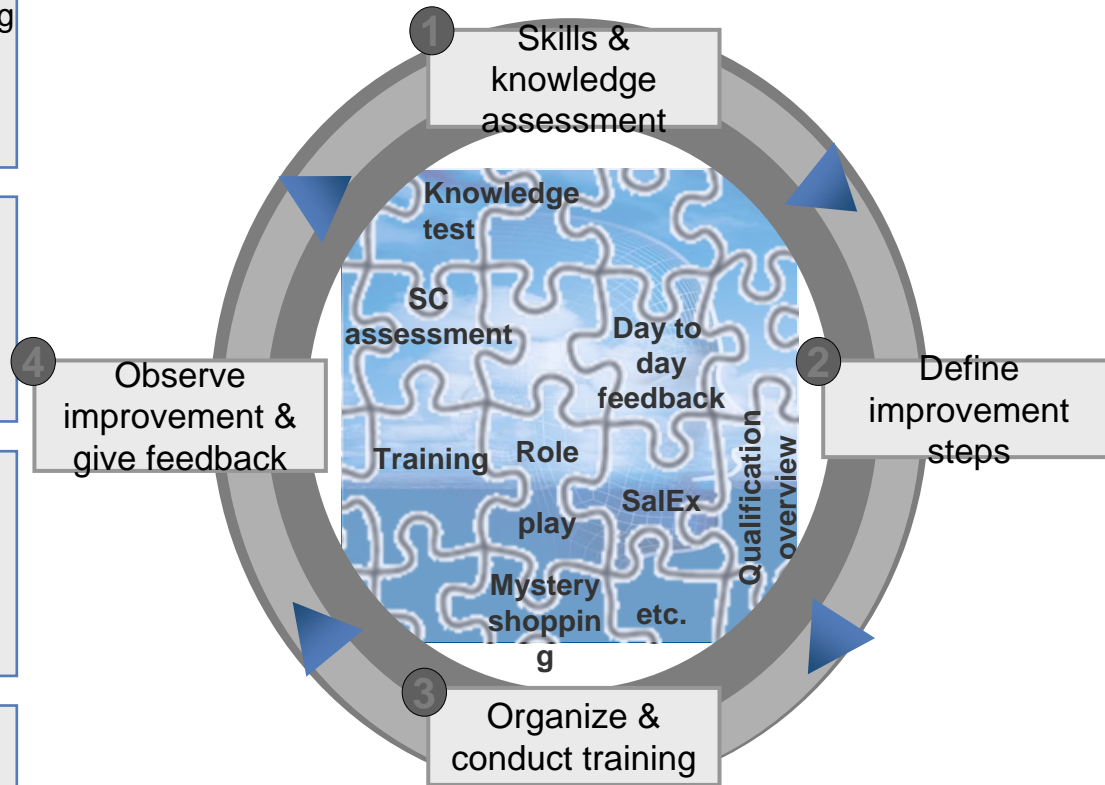
Based on an assessment an individual qualification program should be implemented for all sales consultants.

- 1 - Role Play to be done
  - Sales consultant's skills are assessed while using an assessment card
  - Assessment is the basis for further improvement

- 2 - After role play feedback is given by retail consultant
  - By using the assessment card sales manager and sales consultant should jointly define improvement steps

- 3 - Training has to be organized
  - Responsibilities to be defined (e.g. Salex)
  - Knowledge test to be conducted
  - Mystery shopping to be conducted

- 4 - Sales manager needs to observe improvement
  - Individual feedback should be given on a regular basis (using the assessment card)
  - Day to day feedback should be given



**1 Structure & Responsibilities**

**2 Sales Team Qualification**

**3 Sales Team Steering**

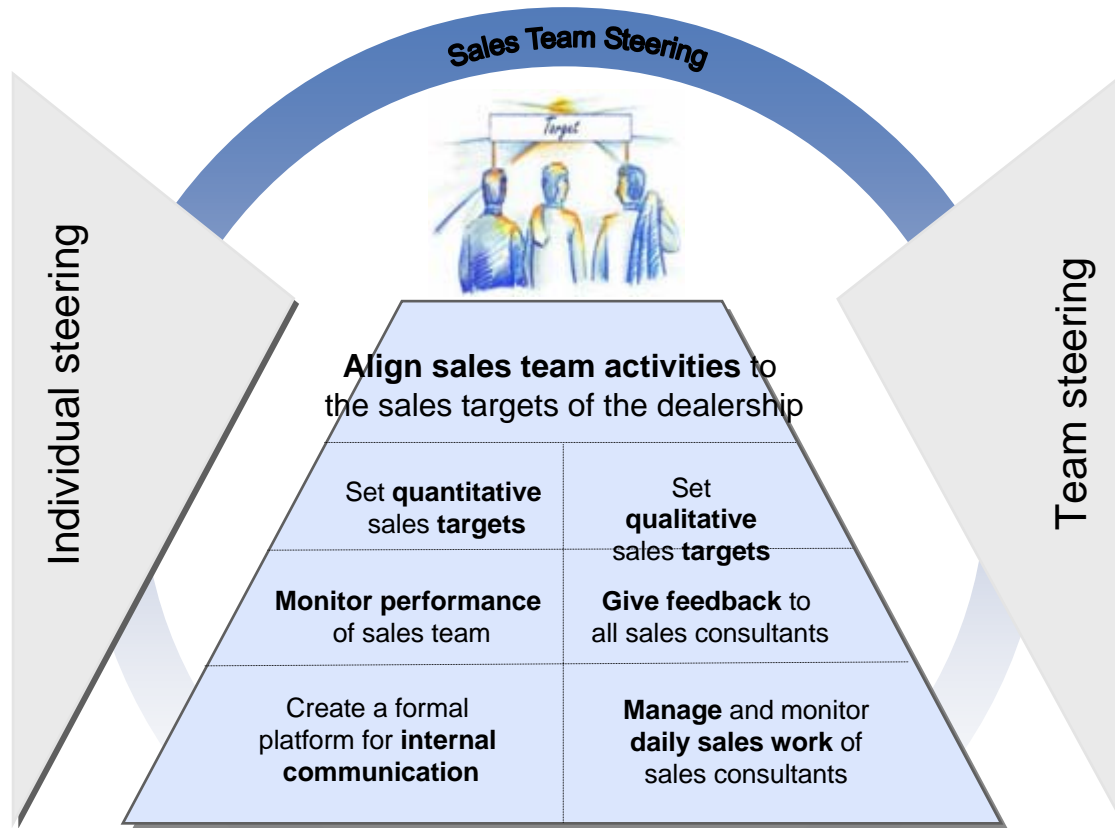
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**4 Performance Evaluation**

**5 Sales Commission**



In order to align sales team activities to the sales target of the dealership, the “Sales Team Steering” is crucial for success.



In order to align sales consultants activities to the target, the sales manager has to review the target achievement regularly and should define measures in case of underperformance.

### Key questions of individual steering

- How are individual targets allocated to the sales consultant?
  - Quantitative sales targets
  - Qualitative targets
- How to capture information about: sold cars, customer contacts, acquisitions, showroom frequency, customer visits outside of the showroom, hot-, warm- and cold-leads (and how are these information utilized to steer activities)
- How to give and become feedback to/from the sales consultant

#### Target agreement\*

Objectives:

- Set quantitative sales targets per year and on a monthly basis (incl. Model-Mix)
- Set qualitative targets
- Assign additional tasks

#### Feedback discussion

Objectives:

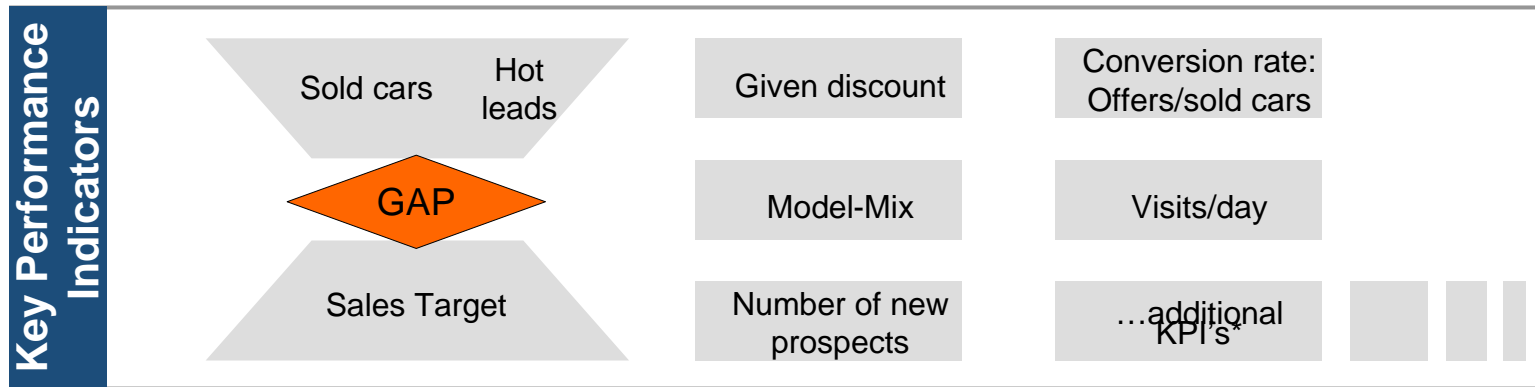
- Review target achievement (monthly/yearly)
- Assess sales consultants skills/performance
- Get and give a general feedback from/to the sales consultant

#### Documentation

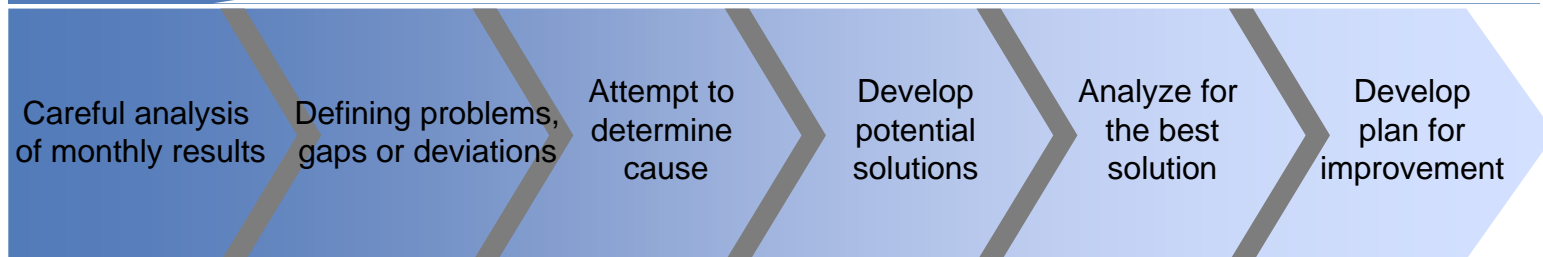
Objectives:

- Sales consultant has to document all activities in pre-defined systems as the basis for assessment
- Sales manager should provide all relevant information on a written basis to the sales consultant

Based on an analysis of KPI's the sales manager and sales consultant jointly have to develop a plan for improvement in case of underperformance.



Documented information (KPI's) are used as the basis for the feedback to the sales consultant



**1 Structure & Responsibilities**

**2 Sales Team Qualification**

**3 Sales Team Steering**

**4 Performance Evaluation**

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**5 Sales Commission**

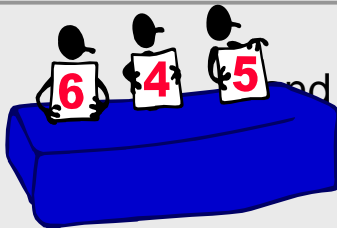
In order to assess sales consultants performance an evaluation should be done on a regular basis.

### Purpose and Targets

Announced and unexpected performance evaluation leads to information about:

- Target achievement
- Product knowledge of MB and competitors products
- Communications skills
- Execution of vehicle presentation
- Customer orientation / handling skills
- Price negotiation skills, etc.

### Performance Evaluation

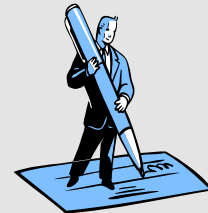


In addition to obvious performance criteria like sales figures and number of contacts, the soft skills of sales consultants should be evaluated regularly.

## Performance Evaluation of each individual sales consultant

### Performance Evaluation

To evaluate performance, sales manager and sales consultant have to agree on targets (quantitative and qualitative).



Break down these targets to quarterly or monthly targets (especially the quantitative ones) to get a basis for regularly evaluation.

Explain the reasons of performance evaluation to your sales consultant to have them on your side. **Do not** give the feeling of “big brother is watching you” to your employees.



## Targeted Performance Evaluation

### How to evaluate performance?

#### **Mystery shopping**

Mystery shopping organized by management of dealership including evaluation of areas like:

- Welcome & greeting
- Needs analysis
- Vehicle presentation
- Vehicle offer
- Price negotiation
- Customer orientation
- Optical appearance
- Communication skills
- Show room environment, etc.

#### **Audit discussion**

Audit discussion with each sales consultant about personal strengths and weaknesses.





## Targeted Performance Evaluation

### How to evaluate performance?

#### Customer satisfaction surveys

Customer satisfaction surveys during sales meeting to analyze the customer's perception of sales performance and services of the dealership to identify areas to be improved.



#### Complaint management

A professional complaint management gives you a perfect overview about your developing areas.

## Targeted Performance Evaluation

### How to evaluate performance?

#### Product knowledge\*

Regular product knowledge tests on MB and competitors products.



Mercedes-Benz



LEXUS



#### Role play\*

Role play with sales consultant to learn from each other and exchange ideas.

#### Sales figure check

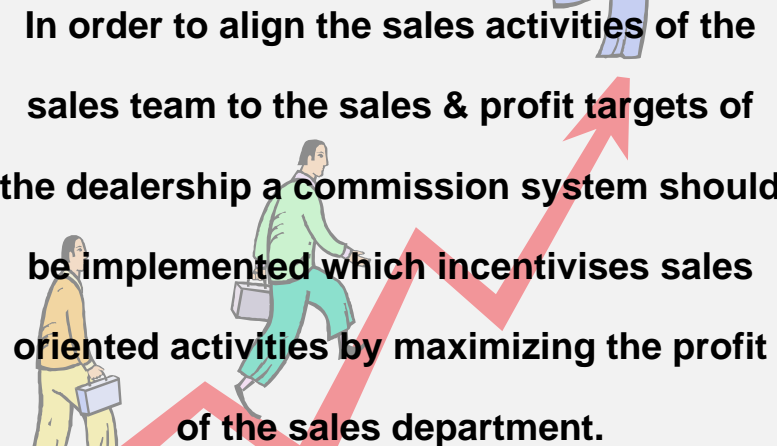
To evaluate the hard facts, you can use a monthly check list about sales figures (tool description), contacts, etc.

\* Also part of Sales Team Qualification

- 1 Structure & Responsibilities**
  - 2 Sales Team Qualification**
  - 3 Sales Team Steering**
  - 4 Performance Evaluation**
  - 5 Sales Commission**
-

The commission system should align the sales activities of the team with the sales and profit targets of the dealership.

### Basic idea of commission system



**In order to align the sales activities of the sales team to the sales & profit targets of the dealership a commission system should be implemented which incentivises sales oriented activities by maximizing the profit of the sales department.**

### Purpose of commission system

**Implement a commission system which:**

- Considers the appropriate living costs/ income level ( also income of competitor sales consultants)
- Avoids disputes if several sales persons are in contact with customer
- Provides high motivation for selling and staff retention
- Considers the profit situation of each deal
- Rewards different steps in the sales process
- Is understandable and clear
- Motivate sales team to fulfill dealer targets

The commission system may include some or all components shown below.

### Fixed Monthly Salary

The fixed monthly salary should ensure minimum standard of living and amount approximately 30% of total targeted monthly income of sales consultant

Bonus based achievement of quantitative and qualitative targets e. g.

- Passing of C-Sales
- Number of newly acquired customers
- Sales volume
- Model mix
- CSI score

### Bonus

### Fixed Sales Commission

For each sold and delivered vehicle Sales Consultant gets a predefined sales commission:

- Fixed commission
- Model-specific commission

Performance-based commission reward Sales Consultant depending on each particular deal which may include:

- Gross-profit-based commission
- Turn over based commission
- Share of sales process done

### Performance based Commission





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**Closing Remarks and Q&A Session**  
**Derk Jan Koole, Hay Group**

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