

**HaRe Group newsletter: 28 January 2004**

**Subject: Don't expect what you don't measure**

In our ever expanding marketplace, a successful business must keep increasing returns to its stakeholders. It's not enough to win new business and generate monthly sales volumes. Most employers know that long-term success also requires excellent customer relationships and enduring profitability.

So why do revenue-based bonus plans still persist? Why are some salespeople not rewarded for developing and maintaining long-term customer relationships?

In a newsletter last year, I quoted Jack Welsh: "[by \*not\* aligning measurements and rewards, you often get what you are \*not\* looking for.](#)" In the case of sales team performance, some employers don't measure (or reward) the activity and behaviour that may often contribute longer term value. In these cases, salespeople can often lose focus on the things that build success.

Market leading companies are now adopting more sophisticated measures for their sales force. While sales revenue is still in the mix, the other measures may include:

- pre-sale (proposal) activities - the preparatory steps in winning business;
- sustaining the customer relationship following the sale;
- identifying and promoting new business opportunities, including related sales for other team members.

Generally, the most common non-financial measure is customer satisfaction. This measure is critical when salespeople become account managers with accountability for the business relationship, including risk management. Of course, all sales employees should be selected for their potential to develop skills beyond their ability to sell.

In view of the increasing need for good customer relationships and strong profitability, every employer should find the time to align their reward programs with the interests of their stakeholders.

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