

## **Sales Compensation Plan Changes — Effective Communication is the Key to Success**

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Sibson’s collaborative and efficient consulting approach, combined with their objectivity, enables them to guide clients through workforce challenges and prepare them for the future. Thank you all for joining us today.

My name is JC Kovac, Compensation Practice Leader for WorldatWork, and I will be your moderator for today’s program. In this session, *Sales Compensation Plan Changes — Effective Communication is the Key to Success*, Sales Compensation expert Jim Stoeckmann will discuss how to best communicate your plan in order to optimize successful adoption, achieve your plan goals, and gain buy-in from your sales force. He will discuss the five keys to successful sales plan communication, explore the current trends affecting sales plan communication and rollout, explain common sales plan communication pitfalls, and describe the role of the sales compensation practitioner in plan communication and rollout optimization

Complimentary resources are provided to extend your learning beyond the audio portion of this course. To access these resources, as well as a transcript of this course, click on its link in the “Complimentary Resources” section of the Education-on-the-Go product Web page.

**JC:** Jim, thank you for coming, and welcome.

**Jim:** Thanks JC, glad to be here.

**JC:** Well, let's jump right in then! Is it true that most organization's make changes to their sales compensation plans every year?

**Jim:** That's right, most organizations makes changes every year – our recent Sales Compensation Practice Survey, which is provided as a downloadable complimentary resource on the product page, indicated that 88% of respondents had made plan changes in the last two years, where as 76% reporting that they make changes annually. The investment in the process of evaluating, modeling, and designing plan changes is significant. Even more important is the achievement of the business objectives associated with sales compensation plan changes. This is the ultimate goal -- bringing the business strategy to life through a sales force that understands what results are expected, how these results are connected with business success, and then knows how they will be rewarded for achieving them and is fully motivated to get the job done. You see that I mentioned really two key concepts here. The connection between these two concepts is important. First of all, organizations invest much time often every year in designing and rolling out a new plan. So, it's really important to get something from the investment. And, second, organizations do this for the important reasons that they think they could, should, and must get more from their sales force in order for their business to succeed and thrive. Thus the amount and frequency of change is important as a reason why sales compensation communication is important. But additionally, the importance attached to doing the change affectively is an even more important reason to get the communications aspect around the new sales compensation plan right.

Yet, we find that many organizations fail to invest the same degree of energy and commitment in introducing a new sales plan to the sales force. For whatever reason, lack of time, lack of leadership, other priorities that get in the way, sales compensation plans can often be launched in a haphazard, "throw it over the wall" fashion.

**JC:** Would it be safe to say then, that you can optimize your new sales compensation plan through an effective and well-planned sales compensation implementation and communication plan?

**Jim:** Yes, I think it would be safe to say that JC. Like so many other important initiatives and great ideas, it all comes down in the end to effectively communicating what the initiative or great idea is all about, and for sales compensation, that is extremely important.

**JC:** Jim, I agree. That is so true! What do you think is driving the frequency of plan changes? And, what is it that companies are trying to achieve?

**Jim:** Well, JC. It seems that over the past several years, we have seen the drivers behind sales compensation plan changes remaining essentially unchanged. Companies revise

their plans for five main reasons in our research: first, to improve alignment between pay and strategy, second, to decrease the plan complexity, third to remain competitive, fourth, to improve the upside for top performers, and finally to make pay mix more aggressive.

**JC:** Those are all important business drivers. Maybe we should focus in a bit on these.

**Jim:** Sure! Let's start with improve alignment between pay and strategy -- in other words, companies want to ensure that sales people are rewarded for results that are consistent with the business success. Sounds simple, but often it is deceptively challenging.

**JC:** Yeah- you're right, that does seem fundamental, but I know many companies struggle sometimes with that strategic alignment. Now, what did you mean by a company wanting to decrease complexity?

**Jim:** Well, by decreased complexity, I am referring to the actual plan design itself. Often times plan designs are too good- they are too complex. In other words, the best laid plans by a design committee simply are not understood by the sales force, or the plan is too complex so that the sales force ends up really scheming the system by finding the easiest and simplest way to optimize their earnings. And that may not necessarily be aligned with the full intent of the plan. One of the reasons companies redesign their plans, is that they often times find they may have too many measures, the measures may be too difficult to measure, the measures may sound nice to have when they are in the design process, such as including things like team success, customer relationship management, software tracking goals, training goals, that sort of thing. But, that many numbers of measures and that diffusive set of numbers often times can detract from the key areas you want the sales force to focus on.

**JC:** Jim, if I remember correctly you mentioned another business driver, the third business driver was to "remain competitive", that's always important. How does the sales force affect this driver?

**Jim:** Often times businesses need to raise the bar in terms of defining what success means for the business, they need to emphasize -- metrics like margin, revenue growth, new products, and market share rather than just overall sales volume. And, so you need to re-evaluate the metrics that are important and prioritize them accordingly. This is how you get the sales force focused on what's important to overall business success.

**JC:** So, I imagine a way to do this would be to improve upside for top performers?

**Jim:** You are correct. As with talent management in general, attracting and retaining top performers is even more critical and challenging for the sales force, so this is often a

prime objective behind changes in a sales compensation plan -- to give the organization the focus it needs to provide rewards for top talent, to strike the right differentiation between top talent and those that are not making plan.

**JC:** And, I am assuming one way they might do this is by making the pay mix more aggressive?

**Jim:** Yes, sometimes organizations change their philosophy regarding how much pay should be at risk for the sales force -- this is often accompanied by changes in the upside potential for top performers.

**JC:** Yeah, I notice that each of the drivers mentioned, really focuses on revising the sales compensation plan to reflect and communicate what the business sees as important to the sales force. Would you agree with that Jim?

**Jim:** You hit the nail on the head JC. This is what a sales compensation plan is fundamentally about -- translating business strategy into sales force behaviors and performance. That is why it is so critical to understand that a new sales compensation plan is less about the design, in my opinion, and all about the communication of the plan to the sales force.

**JC:** It does seem that many organization's struggle when it comes to communicating the plan. Jim, do you have any advice when it comes to how to best communicate a sales compensation plan?

**Jim:** I really see five main keys to successfully communication a sales compensation plan change. Let's start with the first one, which is, you need to make a case for the change in the first place. This is really the foundation for a successful communication message. You can't assume that the sales force is on board with respect to why you need to make a change. Change is always difficult. Making a compelling case for the need to change is a must first step.

**JC:** How might an organization do this?

**Jim:** Well, I think it begins with articulating why the change is in both the company's and the sales force's best interest. Explaining what the consequences of no change might be -- and this is often catastrophic, impact to the business, especially if extrapolated over a period of time. Don't shy away from emphasizing how compelling the need to change is. I can't emphasize this point enough as without the case for change, there is no "hook" for you to capture the attention of the sales force, let alone persuade them of the rationale behind the need for the change.

**JC:** Jim, can you provide us an example of how communicating the case for change might make or break, a new sales compensation plan rollout?

**Jim:** Sure, JC. I once worked for a global organization where one of our key regions had experienced nearly flat sales over a two-year period, yet the cost of sales had increased each year, largely due to the ways sales were credited, but also due to weak sales of key new products. We made important revisions to the plan clarifying how sales would be credited and giving much greater emphasis on new product as compared to standard product. However, as we were planning our communication rollout, concern was expressed that we downplay the mismatch between the lack of sales growth and the increase in cost of sales. Fortunately we were able to talk it through and we discovered that neither the regional sales manager nor the regional HR manager had really “bought in” to the case for change in the first place. By starting the education process with them and when they realized how serious the mismatch was and what the implications to the business was longer term or if the trend continued, it was easy to get agreement from not only these two individuals but the sales force in general by including this information front and center all agreed to include this information front and center in our rollout to the sales force.

**JC:** I can see how that made a big impact on the communication rollout. So, once you make the case for change, what’s next?

**Jim:** Next, you need to prove you truly know your audience and then sell the change accordingly– these are sales people after all.

**JC:** I can see how this could make for a tough crowd?

**Jim:** So true JC, but the sales people are experts in the selling process, and they’ll appreciate the efforts make to “sell them” on the plan. They are more likely than other employee groups to recognize the process of selling as it appears in your communication and rollout of a new plan.

**JC:** Jim, how might an organization do this?

**Jim:** One place to begin is by making sure the sales force is involved and has a voice early in the design process and throughout the design process. There are numerous ways to engage the sales force, including one-on-one interviews, involving the field sales personnel in design team participation as well as some representatives from sales management staff, doing update communications throughout the design process, including them in pre-implementation focus groups, and then post-implementation surveys are also a good way to gauge the buy-in of the sales force to the new plan. The

point is, listen to your audience at every step along the way of the process; understand and anticipate their concerns, and involve them throughout the design process.

**JC:** So, Jim, what I hear you saying is- communication is the key and communication needs to begin early on in the design process. Is that correct?

**Jim:** Absolutely! Don't wait until the ink is dry on the new design to think about the communication. Sell the change from the initial phase of design.

**JC:** Now, I've noticed that sometimes it just seems like standard procedure, to revise the plan every year, even if the changes to plan aren't that significant. Do you see this also?

**Jim:** I do, JC. And this really leads to my next point, in order to make an impact a company really should focus the change efforts and make sure the proposed change represents a battle worth fighting. You need to preserve leadership capital, so that you'll have it for the really important changes you might need to make down the road. Sometimes the smartest thing you can do is to not make the change in the first place. If you view the change only as a "nice to have," consider waiting until a greater magnitude of change is appropriate or necessary. This will ensure greater acceptance of more significant changes the organization may need to make at another time down the road.

**JC:** You know, I think that makes sense, but do you have an example of when this might apply?

**Jim:** I do, JC! I once completed an analysis of an organization's compensation plan for a sales director and made a few recommendations to improve "line-of-site" to one of the sales teams responsible for a key area. The change would have required a change in revenue recognition policy for certain types of public sector revenue based on the high confidence of payment but the long payment cycle. The sales director agreed completely, but declined to pursue my recommendation. When I asked why? She said simply – "I have a finite amount of leadership capital and I want to reserve it for other battles." I learned a lot from this simple exchange. She went on to achieve great career success.

**JC:** You know Jim, you really make a good point. I imagine line-managers play a really important role in process too, since they are really on the front-lines explaining and defending the revised plan?

**Jim:** You are so right JC. It is vital to plan communication success to partner with your line-managers. You really need to invest in the time and resources necessary to provide the training and supporting materials needed to educate and prepare the sales management staff for the rollout. You need to ensure the line-managers feel prepared to manage and communicate the rollout. In addition, you need make sure you have

anticipated and evaluated all the scenarios that might be encountered under the new plan. This will help give your front line sales leaders the confidence they need to be comfortable explaining, and responding to sales force questions and potential pushback.

**JC:** In addition to training, what other resources might be useful for the line-managers?

**Jim:** Any additional supporting communication materials that might help the line-managers be successful in understanding and communicating the plan will ultimately help make the rollout successful. Some of the resources that you might use could include prepared training presentations, detailed plan documentation, earnings calculators, and Frequently Asked Questions.

**JC:** Jim, those all sound like great resources! So, we've discussed four main keys to success, I think you said there were five, so what is the final key to communication success?

**Jim:** Well last, but certainly not least, is obtaining leadership buy-in and sponsorship by leveraging your sales leadership. Once the sales leadership team has endorsed the new plan; they represent the best agents to really get in front of and lead the change management process with the sales organization. Leveraging their credibility with the field to present the new plan to the sales force is vital. This is certainly not the role of HR and probably not the role for an outside consultant either. Your top-line sales management is really a critical resource to help with communicating, selling, and ultimately leading under the new plan. Make sure that this critical stakeholder feels fully involved and is fully on-board and fully engaged with the new plan change.

**JC:** Jim, you make a really important point. I have learned about the importance of leadership sponsorship the hard way and more than once.

**Jim:** I know JC. If you find yourself alone in front of an audience presenting a new compensation plan, it is not a good omen for the success of the plan! A consultant friend of mine summarized this advice with the guidance: "Never work harder than your client!" and I think that is really good advice to follow in this case too.

**JC:** Jim, now that we have discussed the five keys to communication success, what are you seeing in terms of current trends affecting sales compensation plan rollout?

**Jim:** Well, WorldatWork has conducted a Sales Compensation Practices survey for the last several years and there are some interesting trends, especially regarding how organization's approach managing the communication, training and support for the front line sales manager in the rollout of a sales compensation plan.

**JC:** I bet you have that aligns very closely with the five keys to success we've already discussed?

**Jim:** Exactly, JC. The problems with sales compensation rollouts and the trends to try to solve for these issues, present great opportunities to consider in improving your own success as your organization is rolling out its sales comp plan. The biggest finding from our research suggests that too often, the majority of a company's time and resources are devoted to designing the plan, without sufficiently considering how they are going to implement the new plan. Then, that same dedication to planning, resources and effort are not made towards the effective communication and implementation of a new or revised sales compensation plan.

**JC:** You mentioned trends, so what are some of those trends?

**Jim:** Well, the good news comes in two "flavors" really. First we find that there is a clear trend in favor of formal, face-to-face training, with over 58% of respondents answering that this is the approach they take. This represents an upward trend over the last six years with an ever-increasing number of respondents favoring direct communications of plan changes. I would add though that 58% of respondents indicating that direct communications, is still not a very high percentage when you consider how important it is to communicate directly with the sales force about a new plan change.

**JC:** Indeed! You mentioned two "flavors" of good news- what was the other highlight?

**Jim:** Well, the second nugget of good news is in the area of alignment between what training is viewed as important and what training is actually provided. Here our research found that four topics were viewed as critical to the successful rollout of a plan AND most respondents reported including these topics in training. The topics referenced in the survey included: explaining business strategy, explaining the link between sales compensation and the business strategy, what the company's sales comp philosophy is, and the rationale for making plan changes. These topics also track very well with the keys to success we just described.

**JC:** That's an interesting point, so what about the other organizations?

**Jim:** Well, unfortunately our research found that a surprisingly high number of respondents indicated doing no training to help sales managers in the launch of a new plan! Also, there was a sizable misalignment between training topics that were identified as being important and then whether or not these topics were actually included in plan communications.

**JC:** You know that's interesting Jim. Could you expand that a little further?

**Jim:** Sure. The two topics so identified were on helping managers communicate to sales employees how the new plan payout mechanics work and the second topic was related to assisting managers with performance planning and goal setting with their employees. Clearly both topics will help an organization launch a successful sales compensation plan rollout; both topics are perfectly aligned with the keys to success we just discussed and yet they aren't covered by many organizations resulting often times in a lack of buy-in from the sales force. Effectively preparing front-line sales managers to help "sell" the new plan and then to lead their staff with it is a must to help ensure plan success; there is a great opportunity here for HR and compensation professionals to add real value in the process of developing an effective sales compensation plan by drawing attention to these training needs of the front-line sales management team.

**JC:** Well, so far we have identified the five keys to success and current trends influencing the communication and rollout of sales compensation plans. Jim, should we maybe discuss some of the common pitfalls in the rollout of a new sales compensation plan?

**Jim:** Sure, JC. The pitfalls encountered in successfully rolling out a new sales compensation plan start with a clear understanding that for sales people we are talking about their income – a sales compensation incentive, whether it's a commission or bonus is not a "nice to have" commission opportunity, nor is it an "at-risk" compensation "bonus". It is about income they are depending on to pay the mortgage. It is entirely different than the way variable pay plans are viewed -- where it may often times be a "nice to have" opportunity on top of base salary.

**JC:** Well Jim, do you find that this is often the mindset of management and HR in the consideration of sales compensation?

**Jim:** Unfortunately, that is often the case. It is really important for management and HR to understand that for the sales force, the sales comp plan is how they make their living. Not understanding this, and treating the issue with the appropriate respect and perspective is pitfall number one.

**JC:** Pitfall number one? Does that mean there is a pitfall number two?

**Jim:** Well, another pitfall is the reminder that you can't assume that the plan will sell itself. Often times, given the amount of time that has gone into the design and development of a new plan, the plan design team has the mistaken impression that everyone else in the sales force, will just "get it". Change doesn't work that way, and understanding and buying in to a new sales compensation scheme especially doesn't

work this way. Investing the time and resources to really sell the plan is really important, not doing so, is pitfall number two.

**JC:** It seems like a great learning opportunity. By listening to questions and objections of the sales force, it would provide opportunities to further educate and inform as well as better understand the audience.

**Jim:** You remind me of a great example of this JC. I once had the opportunity to participate in the introduction of a new plan that transitioned a sales force from a primarily been a volume-based commission plan to a plan that improved the balance between volume and margin. The plan used a matrix to calculate potential payouts. The plan really was critical to the business success to improve the quality of their plans, and yet their initial response was not all that positive and we heard much grumbling from the sales force about the complexity of the new plan. We spent considerable time in discussing and doing focus groups with the sales force and realized that indeed we were not getting our message across as well as we would've liked. By continuing to work with the sales force to understand their concerns, to listen to their objections, and to ultimately overcome them, we saw the light bulbs begin to go off and the sales force themselves helped us get past the "tipping point" if you will as the new plan gained their support, across the organization.

**JC:** Jim. I bet you learned a lot from that experience.

**Jim:** Well, definitely JC! It's difficult to try to launch a sales compensation plan successfully when the implementation plan is only started at the end of the sales compensation design process. By this time the resources and energy of the design team is of times spent, the schedule might be shot, and the push for year-end results eats up share of mind of the sales force in general an across the whole organization and there is nothing left for the implementation and communication of next year's plan. Don't let this be you.

**JC:** Well, what should be done instead?

**Jim:** Well I would advocate beginning with the end in mind; the sales compensation design process must be structured with the potential implementation challenges in mind beginning with a project plan that concludes not at the final approval of the design, but with the conclusion of the first payout under the new plan. That's where the project plan ought to begin. This would naturally include a well-resourced project plan for communication and rollout – that's the way to avoid this pitfall. Like most changes, more sales compensation plans fail as a result of a poorly conceived or a poorly executed implementation plan than for any other single reason.

**JC:** Now when do you usually start this process?

**Jim:** Well, I begin the project plan for a new sales compensation plan by circling the week of the plan rollout, some 4 – 6 months down the road. We vision the process and rollout methodology first. Then we work from “right to left” to begin developing a project plan overall that’s got the correct orientation around the importance of the communication and plan rollout. Beginning with the task statement in the project plan associated with communication and rollout gives you the right perspective in order to ensure success.

**JC:** Now, I would think that with our current technology and completely wired environment, communication would be easy? I mean, we have email, texts, intranets, websites, blogs.

**Jim:** Well, we do have many technological resources at our disposal and by rights communication should be more affective but communication will never be easy. What I would caution not to confuse technology with communication. Too often times today, web-based communications are mistakenly substituted for real, quality communications between sales leadership and the sales force. It isn’t that web-based communication is bad, or that it shouldn’t be used. It definitely has role to play as a communication tool, but it should aid communications, not replace communication.

**JC:** Well, so what I hear then is that the personal touch in messaging from the sales manager could really be lost if you rely on technology for communication?

**Jim:** That’s absolutely right JC! Web-based communication runs the risk sometimes of bypasses the important role of the sales manager. The sales manager, as we described in the keys to success is critical to the success of a new sales compensation plan rollout. If the sales manager is hearing about the new plan at the same time as their people, then how can the sales manager do anything more than “react” to the reactions of their people. Leverage the role of the sales manager. Prepare and enable them to sell the plan, and give them a running start -- don’t bypass them with the web.

**JC:** Now, do you think some of these issues with sales comp plan rollout arise from the linkage between the company success and sales person success being lost somewhere along the line?

**Jim:** Yes, I’d say that’s correct JC. The sales compensation plan is one of the more powerful tools that organizations have to direct, motivate and reward the sales force for its contribution to business success. Most companies rely on their sales force to be the primary engine for top-line growth; it is always important to remember the link between a sales person’s behaviors, actions, and performance and how they translate directly into achieving company success – the sales force succeeds and the company succeeds; the

sales force fails and the company will fail –whatever the organization’s goals are – new product sales, margin, new accounts, whatever they might be, your sales plan focuses, through pay, the energy of the sales force on achieving these goals. Way too much is at stake to leave the rollout of your next sales compensation plan change to chance!

**JC:** So then, what is the role of the sales comp practitioner in plan success?

**Jim:** The sales compensation practitioner needs to help to facilitate the design process. Establish a project plan and define the role of the project team and its members.

**JC:** What do you see as the main key members and roles of the project team?

**Jim:** Key roles include: Sales management- their role is to establish the key objectives, to define deployment, to identify measure, and represent the field perspectives, and ultimately to “build ownership” for the new plan. Marketing is another very important role. They’re necessary to bring the insights to the table around product, pricing, and market objectives. Finance obviously needs to be at the table. Their role is important to really set expense targets for the new plan, they’ve got great modeling expertise, and they can anticipate the challenges to administering the new plan. Sales operations should be there. They provide pay and performance data for the existing plan and they will ensure that you can track and evaluate plan performance for the new plan. The HR or Compensation professional should be at the table as well. They can gather external pay data, and ultimately play the important role of facilitating the design process itself.

**JC:** Now when you say facilitate the design process, are you saying HR should lead or own the process?

**Jim:** On the contrary JC, I am not suggesting they lead the process but instead, they can play an invaluable role in facilitating the process. HR has the natural role in most organizations for organizational effectiveness, and they appreciate and value the different experiences, roles and responsibilities of each of the other line and staff functions. By taking the lead in facilitating the process of the design of a new sales comp plan, HR can keep everyone on track -- from the start!

**JC:** Now, how can HR help with this process?

**Jim:** Well, in addition to facilitating the process itself, they play an important role in being the data resource. No other function than HR has better access to competitive survey information, objective subject matter experts, and knowledge communities that exist in the area of sales compensation. HR can play an invaluable role by ensuring that the data being used in the design of a new sales compensation plan is the best data

available, and reflects appropriate comparisons on which decisions will be made. HR adds integrity to the process.

**JC:** You know Jim, it seems then that HR would also play an important role in getting everyone on the same page?

**Jim:** That's a great point. Often times, given the different and varied roles and backgrounds of team members, it's a good starting point to begin the design process by educating everyone on the team so that everybody is clear on the terminology and the fundamentals of sales compensation as well as the objectives of the business. HR can play an important role in getting everyone on the same page, before the process is too far down the road.

**JC:** So, it would seem that level setting like this, really is the key to a successful team, and ultimately of a successful sales compensation plan?

**Jim:** Yes, that's the case. I once experienced an organization where leaders in each sales territory were essentially making their own pay decisions for their sales staff. Initially I was somewhat frustrated at the lack of process and the disorganization, but I began to see it as a chance to educate. You can't really hold people responsible when they don't know the rules. The worst thing you can do is tell people they pay too much and then not explain why. If you begin by educating and sharing with them what the fundamentals are around sales compensation and what the business objectives are, you'll find that they'll be the ones that come back to you and they'll be the ones taking ownership for telling you that it may be too much.

**JC:** Jim, I know earlier in this program you mentioned the WorldatWork survey on sales compensation, did that survey reveal more of a presence of HR in the sales compensation design process?

**Jim:** Yes, we are finding that HR is increasingly "at the table" in the sales compensation plan design processes. The best organizations recognize that it takes multiple views and skill sets to achieve high performance. Sales compensation plan design is challenging and there are no easy or "right" answers. Getting engaged, modeling the way for change, and ensuring that the right data, the right people and the right questions are a part of the decision process is an important role for HR.

**JC:** You know Jim, that is good to hear. Now we have discussed the five keys to successful sales plan communication, we have explored the current trends affecting sales plan communication and rollout, explained common sales plan communication pitfalls, and described the role of the sales compensation practitioner in plan communication and rollout optimization. Do you have any additional closing thoughts?

**Jim:** Well, I think we've talked about three main audiences JC, and I think the key point is that each of them needs to be addressed appropriately in order to ensure success in communicating and implementing a new sales compensation plan.

First of all, we've talked about the sales employee and we've recognized their payout under a new sales compensation plan is at the heart of gaining the attention of a sales force in understanding how they need to behave and perform appropriately in order to earn under the new plan and for the business to succeed. And that often times require different behaviors than the status quo. To the sales person, remember the sales compensation plan is how they make their living, so it is incredibly important to them to see an opportunity to be rewarded well based on their performance. And the performance must be achievable in their eyes and the reward must be compelling.

Secondly, we've talked about the organization itself. Most organizations rely on their sales force to be the primary engine for top-line growth. And there is really too much at stake to leave the roll-out of your next sales compensation plan change to chance, you really have to think about it and focus on it. The sales compensation plan is one of the most powerful tools that organizations have to direct, motivate, and reward the sales force for its contribution to business success. Most organizations recognize that it's important to remember the link between a sales person's behaviors, actions, and performance and then how they will translate directly into achieving company success. If the sales force succeeds, the company succeeds. And of course if the sales force does not succeed, the company is going to fail, whatever the organizations goals are.

And the final stakeholder group is really the sales employees' immediate supervisor. The sales employee will look to their immediate supervisor to gain an understanding of what they have to do differently under the new plan compared to what they may have been doing under the previous plan.

The role of HR, is vital to ensure that the front-line sales manager is equipped with a strong foundation about the case for change, the plan mechanics and payout implications, and confidence in the process behind the new plan design. Ultimately, the successful introduction of a new sales compensation plan will depend on how well the message is communicated and reinforced by front-line sales management. HR plays an invaluable role in ensuring that this audience is on-board, prepared, and effective in delivering the message.

**JC:** Well, I think we've provided quite a bit of information for our audience today. Jim, I'd really like to thank you for coming in and sharing your experience with us.

**Jim:** Thanks. It was a pleasure!

**Moderator:** Well, everyone, this concludes the audio portion of “*Sales Compensation Plan Changes — Effective Communication is the Key to Success*”. We encourage you to use the “Complimentary Resources” that accompany this product on the Education-on-the-Go Web page to assist you in applying the material we’ve discussed in today’s course.

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