

Hrm sales force compensation business essay

[Business](#)



**ASSIGN
BUSTER**

Name: Tutor: Course: Number: Date: Introduction Considering that businesses exist to maximize returns on investments among other objectives, increasing sales is one of the elements in strategic planning of any business organizations. To achieve increment of sales different organizations adopts different approaches in encouraging their sales and marketing personnel to commit more effort in their ventures. Compensation for the efforts dedicated is used to attract, motivate and retain talent in the sales force of a company. However the inclusion of the compensation package varies greatly and so does the effectiveness of the sales force (Blessington, 2009). The compensation may also be different depending on the type of industry the business is setup and the kind of products that are offered for sale. This article looks at the compensation plan for Javita Coffee Company, analyses features of an effective total rewards program and how a value proposition is achieved for current and future employees. Javita Coffee Company Javita is a company that markets and distributes gourmet coffee products which are often infused with other ingredients to enhance quality taste and health to consumers. It is headquartered in Boca Raton in Florida but has distribution centers in over 22 countries globally and currently expanding to new markets (Javita Coffee Company 2013). Despite the fact that the company has been in business for a short period of the time, its operations are spreading all and its brands selling in several parts of the world. The company operates a comprehensive compensation plan for its sales force. Instead of basic remuneration, the company allows the sales people to assume different roles for the good of the company as well as their own. The salesperson may act as a broker where he is allowed to pick the Javita brands at a lower price and sell directly to consumer earning profit for <https://assignbuster.com/hrm-sales-force-compensation-business-essay/>

himself. They are also allowed to sell products at a commission where a sales person operates a website through which he or she makes sales and is paid a commission based on the sales volume. The human resource management department operates a Team Development Infinity (TDI) bonus which is categorized into supervisor, manager and diamond depending on the sales made by the sales force, divided by regions. The Bonus may be used by the personnel to buy cars in BMW Company or mini cooper lines (Javita Coffee Company, 2013). In addition, there are team rewards which are based on the bonus categories. Looking at this compensation plan, it is evident that Javita Company pays more attention to remuneration for their sales force and project a picture of -the more sales you make the more you earn. The dominant motivating factor within the sales force is the income. However, categorization of bonuses and titles attributed to these bonuses present an element of recognition of effort by the company. The fact that there is not strict working schedule means that sales personnel have the freedom to make sales whenever and wherever they wish. Total rewards program Total rewards program is one that incorporates not only the benefits and compensation but is inclusive of opportunities in professional growth and considers motivating work environment (Lovewell, 2011). Such a program features the basic pay, merit pay, incentives, pay increases, proportions, health welfare, paid time off, training and even retiring consideration. It is a composite of compensation and worker's welfare consideration. To develop an effective total rewards strategy often requires adequate information and synthesis so as to make decisions that are sound and whose impacts can be evaluated. Heneman (2007) argues that it is unfortunate that most companies are unable to put in place total rewards program and cling to the <https://assignbuster.com/hrm-sales-force-compensation-business-essay/>

notions of best practices instead of quantitative look of their own businesses. The effectiveness of total reward is dependent on business' strategies and situations. Features of effective total rewards

Total rewards program creates sustainable and affordable costs. A total reward program enables the company to evaluate and better manage the overall costs of the rewards package. It also provides better decision as to where the reward money should be invested

Secondly, the effective total rewards program connects with the strategies of the business to build a high performance culture (Gross & Fredman, 2004). An effective total rewards programs is dynamic and is reviewed as the business strategies change. This is to align the program with the strategies of the business and, therefore, avoid inconsistencies in rewarding. The third feature is that Total reward program produces maximum return on the rewards program investment. Often, businesses make investment in human capital in terms of training, developing rewarding among others without considering the return of these investments. However, total reward facilitates measurement of return on such investment. Fourthly, the total reward program supports the employee brand. This is because the total reward package is a tool that influences the attitude and behavior of employees. Communication and administration ensure that the total reward program is effective in ensuring workers are seen a brand of the company because of their behavior and attitudes. In addition, the total reward program is inclusive of benefits, compensation and personal growth in the relevant profession (Heneman, 2007). The program goes beyond the traditional reward system to incorporate the welfare of the employee where ones professional growth is as well considered. Stretch incentives, employment stability and lateral career movement form part of the

<https://assignbuster.com/hrm-sales-force-compensation-business-essay/>

professional consideration in total reward program. Lastly, the program in its implementation allows for designing of individual plans. These plans are often put in line overall reward system, and this provides an opportunity to connect the plan designs with various aspects of the rewards system, as well as other objectives of the workforce. Behaviors of salespeople targeted by total reward program

Total reward compensation plan is an overhaul program that can address and become effective in varied behaviors of sales force. It applies to individuals that work on individual assignments because during the implementation of the program, the sales personnel would be involved by way of designing a plan. In such as situation, the plan will focus on the individual task and, therefore, the company can apply the program. The total reward program is also effective for sales force that works in teams. In such instances, the rewards package would be considered for the entire team since each team would be considered like an individual. However, the package should reflect the amount of effort and synergy that comes with people who work as a team. Due to the dynamic nature of the total reward program, the sales personnel who conduct all types of sales and promotional methods are also catered for. For instance with regard to Jovita Coffee Company sales personnel who rely on volume of sales for their income, the total reward package would be an effective motivation since it would expand the scope of reward from income only to career incentives for the sales force. Value proposition of the total reward program

The sales force stands to gain higher value out of total reward program. For one total reward program exists to increase the amount of advantages that the sales force will get from their performance. Apart from monetary incentives that have been the tradition, the career improvement of the sales person is considered and,

<https://assignbuster.com/hrm-sales-force-compensation-business-essay/>

therefore, capacitated to perform his or her work better. Secondly, evaluation of costs enables the company to make informed rewards investment whose returns are measurable (Gross & Friedman, 2004). This is an additional motivation to the staff that can trace and evaluate the amount of his or her contribution to the company. If one notices low contribution, he will improve for the better. The program also leads to higher performance, which improves the image of the company and attracts future employees to the company. How total reward program would attract future salespeople

A company appeals to employees on the basis of the working conditions, the compensation and growth prospects. Total reward program combine all the three through its comprehensive compensation and benefits plan which is connected to organizational strategies. It means the salesperson is perceived as an essential ingredient in achieving the objectives of the company and this recognition would definitely attract future salespeople. The professional growth prospects will also act as an incentive attracting future salespeople.

Conclusion

In conclusion, it is imperative to reiterate the importance of compensation plan to employees and more so to sales people. Total reward compensation program facilitates linking rewarding with the company strategies and also foster high performance culture within the company. These become advantageous to both the company and the salesperson leading to escalation of a company's competitiveness as well as its corporate image.