

# The sales force compensation business essay



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For most of the organizations, compensation plan is the main driving force for motivating the entire sales force as they are the key people interacting with the customers on regular basis. According to Skiera and Albers (2008), the total rewards approach comprises of all the tools available with the employer for attracting, motivating and rewarding the employees appropriately. The main aim of this approach is to accelerate desired behaviors in the entire workforce along with reinforcement of overall business strategy that will boost the firm's performance (Mia & Evans, 2007).

Unilever ensures that its total rewards program is supportive to achieve the desired targets of the company and the Human Resource (HR) professionals of the company have ensured that it possesses six features that are vital for the effectiveness of this program (WorldatWork, 2007). The main features of the total rewards approach are as follows:

Compensation – It is the most important part of the entire program as it is the basic pay structure that comprises of both fixed and variable pays along

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with long-term and short-term incentives. The fixed amount is the base salary which remains constant for every salesperson and the variable pay is dependent on the method used i. e. commission, pay-for-performance, piece-rate pay, time-rate pay and others. The other incentives comprise of bonuses, profit-sharing, ownership share and etc.

Enhanced flexibility - The employees are looking for flexible working hours that allow them to utilize their skills appropriately while working on the job.

Benefits - These are the factors that the employees are looking for in their jobs in addition to the monetary payment that they receive such as medical benefits, life insurance benefits, social security, unemployment and etc.

Rewards and Recognition - When employees achieve something highly desirable or challenging, they need to be shown the appreciation either by giving them rewards in the form of bonuses, profit sharing, share ownership or announcing the success within the organization to declare the person's valuable contribution in the company.

Work-life balance - The employees have to provided support in maintaining adequate balance between the work, personal life and community responsibilities. They can be provided financial support, paid and unpaid vacations, caring for dependents and community involvement opportunities.

Opportunities for development and career progression - In order to retain the employees for long-term, the program should outline the career progression path that is vital for the enhanced motivation level of the complete sales force.

## Question 2

Describe the behaviors of the sales force that are targeted with the compensation plan.

## Answer 2

With the help of an effective and well-integrated compensation plan, Unilever tries to boost the productivity of its sales force so that they can help it in meeting the long-term objectives. The key behaviors that are targeted in sales force with a highly effective compensation plan are bringing new ideas and concepts in the company, suggesting innovative products that are desired by the customers for enhancing their satisfaction level, creating competition among salespeople so that they strive to make increasing sales and promoting proper and ethical course of business activities for meeting the organizational objectives effectively (Zoltners, Sinha & Lorimer, 2006).

When employees will be satisfied with the compensation plan and will believe that they are being compensated for their efforts adequately, they will become loyal to the company and the employee turnover rate will reduce drastically. The entire employee cost will go down and the organization will be able to maintain a proper balance between the employee's value and organization's goals.

## Question 3

Assess how a value proposition is achieved for current and future employees in the plan you have outlined.

### **Answer 3**

According to Cichelli (2010), the compensation plan designed by Unilever comprises of the following factors:

Base Pay

Commission (Depending on the sales made by each salesperson)

Bonuses (10% of the base pay)

Benefits - Health care, Life insurance, Retirement, Social security, community support programs, paid holidays and financial support.

Rewards and recognition - Merit based increase at the year end after performance appraisal and profit sharing for exceeding the target level.

Career advancement opportunities - Each sales person will be given specific targets to provide chances for moving ahead in their careers and try to get promoted to more additional levels.

The basic philosophy underlying the total rewards approach is that the employees should be provided complete value from the entire compensation plan. The key elements required for creating the most effective value proposition for all current and potential employees are colleagues, work responsibilities, organization culture, values and total rewards. Most of the employees make their final decision on the basis of the rewards that are visible to them and they give less importance to the non-monetary rewards that are given during the job tenure (How, Sundram & Tack, 2011).

From the compensation plan outlined, it is evident that the company highly values its sales people and has taken every important measure to provide a conducive, encouraging and accommodating working environment to them that will elicit desired working behavior along with enhanced motivation level. In order to create the effective value proposition, the compensation plan of each employee is aligned with the organization's objectives and they are provided the right tools and opportunities that can help them in attaining their yearly goals successfully.

#### **Question 4**

Based upon the type of plan you have created, indicate how attracted you think future salespeople may be to this plan.

#### **Answer 4**

Since the compensation plan is one of the vital methods used by organizations to attract, retain and motivate the employees, it is important for them to keep on incorporating the changes within the plan so that it is up-to-date. Although the designed compensation plan is a general one but the most effective one is that which takes account of each employees' needs and develop the plan in accordance to their expectations. Sometimes the employers overlook the individual requirements of every sales person and design a plan that is beneficial for the organization.

In order to attract more sales people, there are various features that will have to be added in the compensation plan such as employee engagement activities, off-the-job training programs, promoting the concepts of vacations for boosting the productivity level and including attractive rewards that will

keep the sales person glued to the job and will find the work interesting and captivating.

Hence, it is important to upgrade the compensation plan on an ongoing basis so that there are no loopholes in them and the sales force is satisfied with the rewards strategy. However, the key to keeping the employees motivated and enhancing their retention desire is to offer them the compensation and rewards in accordance to their requirements so that they feel valued and are willing to go an extra mile to support the company in fulfillment of its mission and objectives.