

Driving Profitable **Behavior Change** with Incentives



Vistex[®]

Now it all
adds up[®]



Outcomes are not the only measurement of success in a partner incentive program. Short-term wins don't necessarily equal long-term victory. You need programs that engage the partner in your sales process and reward them for behaviors that align with your business goals. Other approaches may work in the short run but have to be re-evaluated regularly. Wouldn't it be better if we had a long-term outlook that leads to more profitable programs for the long haul?

CONTENTS

Introduction: Short-term
is short-sighted **4**

Different strokes for different folks **5**

Play the long game **6**

Right sizing your rewards **7**

Check your ego at the door **8**

A rolling stone gathers no moss **9**

Walk the talk **10**

Conclusion: The
journey to success **11**

Short-term is short-sighted

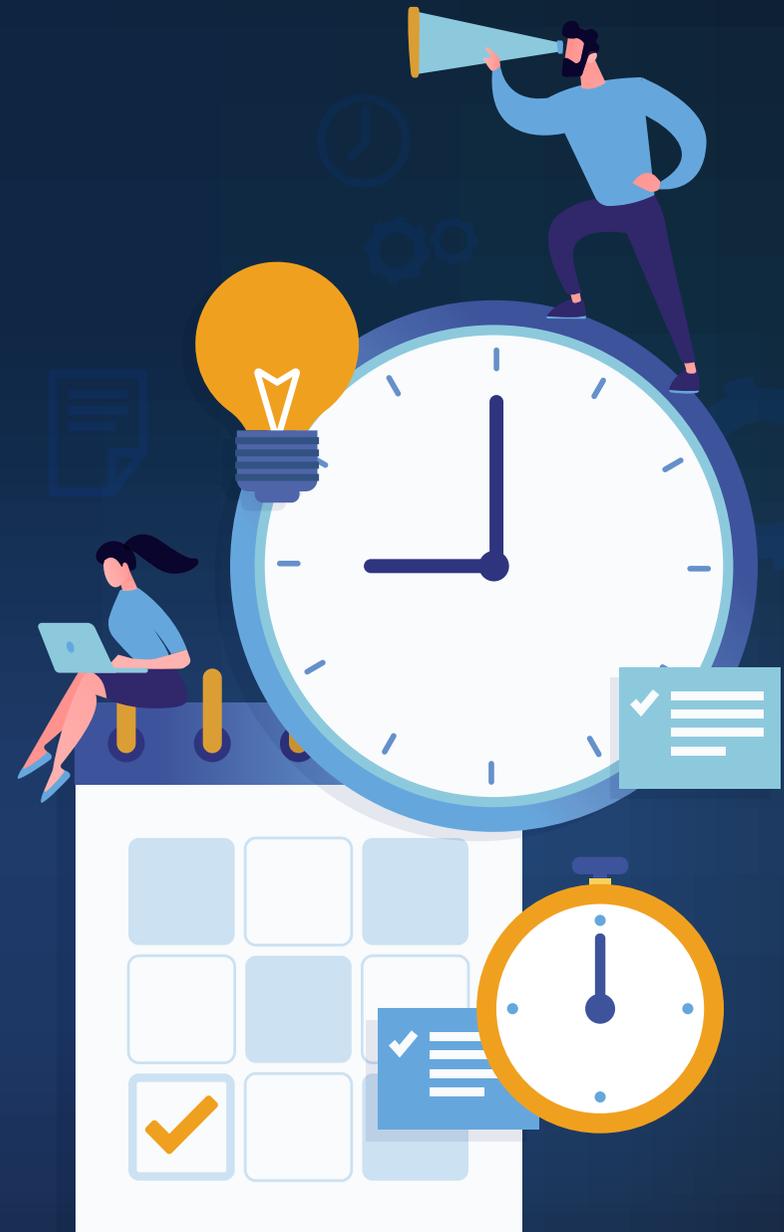
“ *We are what we repeatedly do. Excellence, then, is not an act, but a habit.* – Aristotle ”

Elite athletes and coaches understand this; they know that stellar performance is a behavior, not an outcome. It's the little things, done correctly, day after day, that lead to overall excellence. So how do we apply this principle to our partner incentive programs?

It's easy to focus just on outcomes. There's a short-term benefit of a one-time sale; this can easily be accomplished with a promotion. But it does little to modify longer-term behavior, and even less to create loyalty to your brand. So, what can you do?

Conventionally, we incentivize on outcomes, we train partners to sell based on the reward they get. But if we change the way we think, we change the way we behave, and when we incentivize behaviors that lead to sales, we engage them in the selling process.

That means incentivizing behaviors that complement the partner's sales process. You'll also want to reward early, as well as during and after the sale.





Different strokes for different folks

Once you've identified the behaviors that can have an influence, look at the personas of your partners. Not all partnerships are equal, so keep in mind that this may be different between your elite and your lower-tier partners. What works for one, may not work for another.

If you understand the people within the ecosystems that make everything happen, you can affect behaviors with your partners beyond just the sales team.

To achieve this, you'll need to mine your data to get an understanding of the individuals and their roles. For example, you have your sales reps and technical engineers, but don't forget the partner administrators, marketing managers and the executive team.

All this information can be gathered by your sales team, via the portal, at registration, the rewards website, the helpdesk, quizzes, events, etc. Don't worry if there are holes in your personas—many companies start small. Take the time to examine the data, improve your questions, and work with the tools you have available.

Play the long game

It's relatively easy to throw out a short-term goal that's designed to get quick results. But to play the long game you need to leverage your insights and put your data to work for you. Your goal with incentives shouldn't be solely to make more money right now; it also should be to change the behaviors of your partners.

Your initial goal might be a 10% increase in revenue. How do you make that happen? You could just walk into a meeting with

your sales team and chide them to "always be closing," but that probably isn't going to get you there. You need to understand what behaviors they're exhibiting, and how you can go about changing those.

As long as you remember that you're looking to modify behaviors rather than simply "getting to the end goal" (of more sales, more customers, or whatever it might be), you're well on your way to implementing incentives in the most effective way possible.



Right sizing your rewards

Assuming you don't put caps on your team, you're on the road to success when it comes to incentives. Before you reach your goals, though, there are other things to take into account.

“

Incentives are what drive human behavior. Understanding incentives is the key to understanding people. Conversely, failing to recognize the importance of incentives often leads us to make major errors.

– Charlie Munger

”

When determining the value of an incentive, it's important to consider the overall compensation package of the employee. For example, take the salesperson who regularly earns \$100,000 or more per year. Incentivizing a particular sale with a \$10 bonus will likely have a negligible effect on such a person. On the flip side, a small incentive for someone who's earning close to minimum wage could be a huge behavior modifier.





Check your ego at the door

Some companies are so convinced that their product is amazing—indispensable, even—that they laugh at the idea of incentivizing. Why do they need to incentivize their customers? People will buy because the product is just that good. Why should they incentivize their sales team to sell more? Their team's already getting a commission, plus the product sells itself.

Why do they need to worry about incentivizing HR, customer service, product development, or any other department? They know what they signed up for, they agreed to their salary, and besides, the product is going to fly off the shelves because people won't be able to live without it.

Successful sales leaders don't think like this, so don't let your ego get in your way. You'll find that you miss out on a ton of sales—and alienate customers as well.

A rolling stone gathers no moss

So, you know that you need to avoid caps. You're going to be sure that your incentives are appropriate for the given department, employee, customer, and/or behavior that you're looking to modify.

Simply put, you've got to stay up to date. Incentives are just like any other part of your business. They can't be implemented and then put on autopilot indefinitely. Sure, some incentive programs can drive themselves for a while. But, eventually, you'll need to step in and make tweaks and updates as appropriate.

Make sure you never get too comfortable. If something's working...congratulations! That's a good thing. But you can't assume it's going to continue to work forever. In fact, you should assume by default that it won't. Situations change in the blink of an eye, and your incentive program needs to be nimble enough to adapt.



Walk the talk

Incentives help organizations achieve several business goals:



Retain customer loyalty



Boost sales motivation



Train salesforces



Develop better relationships with channel sales partners

Before you settle on an incentive program goal and decide which rewards to offer, make sure the goals you want to achieve and the way you present them are aligned with your corporate objectives and overall organizational goals. An incentive program that isn't aligned with your other corporate messages could hinder your program before it even gets off the ground.





The journey to success

An incentive program is an investment that has many potential benefits for manufacturers, distributors, and wholesalers. Incentives are a behavioral modification tool that influence employees and partners to align their behaviors with overarching business goals. Knowing which behaviors you want to motivate across the partner journey is key in developing an effective portfolio. When you learn the value of rewarding productive behaviors, rather than just outcomes, you're well on your way to success.

Deployment Options | Run it your way

Whether you decide to run your systems on-premise, in the cloud or in a hybrid environment, with Vistex solutions your organization is empowered with unprecedented visibility into any program and performance. Gain deeper insight and enable fact-based decisions to drive revenue, control cost, minimize leakage, and streamline processes. With a range of deployment options for all your programs, you choose the way that works best for your business needs.

Add the right option for your business



On-Premise



In Cloud



Hybrid

How Vistex Adds Value

With the rising cost of customer acquisition, the rapid pace of innovation and intense competition for market share, high tech companies must monitor program performance, drive demand and protect margins for critical revenue growth. Vistex enables high tech companies through an integrated solution that manages the full breadth of direct and indirect channel management including CDM, contracts, pricing, ship & debit, rebates, Co-op & MDF, incentives and IP royalties. High tech companies can now improve profitability through automation of complex programs, insights into program performance, incentive calculation accuracy, overpayment avoidance, increased compliance, streamlined reimbursements, and better manage the entire revenue management lifecycle.

About Vistex®

Vistex solutions help businesses take control of their mission-critical processes. With a multitude of programs covering pricing, trade, royalties and incentives, it can be complicated to see where all the money is flowing, let alone how much difference it makes to the topline and the bottomline. With Vistex, business stakeholders can see the numbers, see what really works, and see what to do next – so they can make sure every dollar spent or earned is really driving growth, and not just additional costs. The world's leading enterprises across a spectrum of industries rely on Vistex every day to propel their businesses.

Vistex®, Go-to-Market Suite®, and other Vistex, inc. graphics, logos, and service names are trademarks, registered trademarks or trade dress of Vistex, Inc. In the United States and other countries. The information contained in these materials is only for use by the recipient. No part of this publication may be reproduced or transmitted in any form or for any purpose without the express written permission of Vistex, Inc. The information contained herein may be changed without prior notice.

info@vistex.com | www.vistex.com

All rights reserved. © Copyright 2021 Vistex, Inc.



Software



Services



On-Premise



In Cloud

Vistex®

Now it all
adds up®