

Are you Paying Your Sales Person Too Much Money?

By Terri Robinson

Remember when you last hired a sales person for your company?

Maybe your sales were not where you wanted them to be. You reviewed a ton of resumes and maybe got discouraged, thinking you were never going to find exactly what you were looking for.

And then you got the perfect resume; you interviewed the person and found out they had the golden touch. They had an awesome work history, no job hopping; and they had made money hand over fist for every company they ever worked for. So you made them an offer and they accepted.

Have you been doing all that you can since you hired them - to make sure that Rainmaker wants to stay with your company? Or are you starting to feel like you're paying them too much money?

It may sound crazy, but I know of several Rainmakers that have had the following experience happen to them.

When the Rainmaker was hired, they were offered a modest base salary and a commission plan that was based on performance. After a few months, their commission checks were pretty significant. \$20,000 commission checks were nothing unusual. Of course, the company was seeing sales that were astronomical, thanks to that Rainmaker's efforts. Then the Rainmaker closed a Monster deal - Multi-million dollar sale - and his commission check was going to be over \$100,000.

The company did a double take - They thought that was too much money to pay to a sales person for a single deal. So they sat down with the Rainmaker and said they wanted him to take a reduced commission for that sale. They wanted to limit him to a maximum amount he could earn on that kind of sale. About one-half the amount he should have received according to the terms of his employment.

The Rainmaker was angry. He felt betrayed by the company he had worked so hard for. And he left the company to go work for one of their competitors. The customer that he had worked with for nearly a year to close that multi-million dollar deal was also angry. The new sales person that was assigned to their account didn't know all the minutiae that the original Rainmaker had known about them, was not as responsive to their calls and needs; in short, the new sales person didn't do as good a job overall. The sale fell through. The company lost the money.

But, more importantly, the company lost their Rainmaker and any future sales he would have made for them. Everyone lost.

How would you have handled that if you were the employer?

Ask yourself this question:

"What would you expect a new sales person to accomplish in the first 90 days of

employment? If you were to work with them to put together a 90-day success plan what things would you put in it?"

If you ask that question AFTER you hire them, you've waited too late and may have some issues pretty quickly.

Let's face it, when you are interviewing a potential candidate that looks like a perfect fit for your job opening, there may be some rose-colored glasses in place - on both your parts. You might really not believe this person can earn over six figures within the first year.

But before the cold hard facts come up after they are hired, do some calculations that include these considerations: How much is your average sale? Don't just guess - take a look at the past performance of other sales people on your team. Put all those together and find an average amount of each sale. The rainmaker may in fact blow the average sale out of the water, but you need to have a realistic benchmark for them to compare to.

If your average sale is \$100, the person is going to have to sell a lot of your product to get to six figures. (Unless you're offering that amount as a base salary, which isn't often the case!)

If your average sale is \$250,000, how long is the sales cycle? From the time they make the first contact, until the deal is closed and delivered, how long before they will see a commission on it? If it takes 6 months to a year before they start seeing commissions, they may get disillusioned about their earnings potential with your company. On the other hand, if they blow your benchmark out of the water, are you prepared to reward them accordingly? Don't change the rules mid stream.

These are just a couple of things that you, and potential candidates, should consider before deciding whether they will be a rainmaker for your company.

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