

# Not all Sales Plans are Created Equal. Effective Employee Communication Is.

---

*Rolling out a new sales compensation plan requires buy-in from your sales team. Communication should start from the bottom and include opportunities for candid feedback.*

Most organizations are in the middle of rolling out changes to their sales compensation plan. While each plan may be unique in its own right, proper employee communication is as important as the plan itself. If employees don't understand the changes and how their performance will be judged, the best laid plan is doomed to fail. The most common reason for your sales team being unsatisfied with their compensation plan is that they just don't understand it. Effective communication is the first step in drumming up support.

There are two important messages that should come across in your sales plan communications: Why changes are being made to the plan and how the changes will materially impact their paycheck, which can be based in modeling past performance against the new plan.

Beyond those two core messages, here are some questions to ask when considering your communication strategy:

- How big of a departure is this year's sales compensation plan from the prior year? What are the biggest changes from the perspective of the sales team (i.e., how do performance expectations differ and what impact do they have on pay?)
- Has management communicated similar changes to pay plans in the past? If so, can those protocols and material be used to assist with the current plan communication?
- What are the most commonly cited concerns about plan changes among your sales team? How can you address these concerns head on?
- Involve the stakeholders that had a part in influencing and developing plan changes in the communication process. Consider whether they should develop talking points, other verbal or written material, face-to-face meetings, etc.
- In the process of communicating the technical aspects of the changes, don't neglect to convey a tone of excitement and enthusiasm about the plan. Inspire your team to achieve extraordinary results! Sometimes this can be done during an annual sales planning meeting, particularly if this is held at the beginning of the year when the new sales plan goes into effect.

For companies based in California, a change in the California Labor Code in 2013 placed even more importance on the documentation and effectiveness of proper communication. The change to the law allows employees to contest retroactive plan changes if the company does not secure for each salesperson a mutually authorized (employer and employee) plan change document on or before the plan effective date. In other words, employees

can rightfully demand payment under the old plan without the mutual authorization of changes. Of course, if the employees view the change as positive, they are not likely to contest their new plan.

## Methods for Effective Communication

Effective sales plan communication needs to start from the bottom up. Frontline sales managers have an important role to play as they need to buy into the plan first in order to train their team members on the changes. Additionally, buy-in from employees will likely be easier if some of your sales reps are involved or consulted on proposed changes before they are finalized. These individuals should also be part of the communication team.

Some of the clients we work with require a certification in the new plan, which will depend on the complexity and depth of new plan changes. They may require certain levels of management to be certified before they are able to become ambassadors for educating the rest of the sales team.

Materials related to the new plan (e.g., presentations, modeling calculations, eligibility terms, etc.) will each have a different target audience and need to be tailored to that group. Lower-level sales reps that aren't eligible for certain types of awards, for example, shouldn't be sent material with those details. Portals or online social sites—which can often be leveraged from existing technology infrastructure—is helpful in allowing sales reps to crowdsource their questions and answers and provide an opportunity for managers to see what some of the common pain points with the new plan are.

## Measuring Success

In June 2015, Radford and Aon Hewitt polled 180 compensation heads across all industries that are enrolled in our PeerTracker service. PeerTracker enables companies to track the performance of their long-term incentive plan and projected payouts as well as benchmark those against a self-selected peer group. Our survey found a strong connection between plan performance and employee communication—broadly suggesting that employee communication makes a difference in achieving performance targets. While this study looked at the general employee population without specifically polling the sales population, any employee eligible for the company's long-term plan is included in the results.

### Impact of Communication Investment on Performance

---

Responses	High Investment in Communication	Low Investment in Communication	N=Total
Companies	28	27	55
Average Percentile Rank	71%	47%	
Average Payout	119%	81%	

Source: Aon Hewitt 2015 PeerTracker Client Survey

After the new sales plan is in place, the stakeholders involved in the plan communication should debrief to discuss which aspects worked better than others. This discussion should be documented for the next time there are major changes to the sales plan. In order to determine the success of the plan communication and make adjustments along the way it's important to have methods for soliciting candid feedback. These can include

polling sales reps and sales managers following training exercises, providing Q&A forums, quizzing managers to determine their understanding of the plan, include questions about the communication of the sales plan in your annual sales employee engagement survey.

Armed with this information, management can establish benchmarks, address problem areas and determine progress made toward overall communication effectiveness.

To learn more about participating in a Radford survey, please [contact our team](#). To speak with a member of our compensation consulting group, please write to [consulting@radford.com](mailto:consulting@radford.com).

## Author Contact Information

### Scott Barton

Associate Partner, Radford  
Aon Hewitt | Talent, Rewards & Performance  
+1.415.279.6494  
[scott.barton@radford.com](mailto:scott.barton@radford.com)

## About Radford

Radford delivers compensation data and advice to technology and life sciences companies. We empower the world's most innovative organizations, at every stage of development, to hire, engage and retain the top talent they need to do amazing things. Today, our surveys provide in-depth compensation insights in more than 80 countries to 3,000 participating organizations and our consultants work with hundreds of firms annually to design rewards programs for boards of directors, executives, employees and sales professionals. Radford is part of Aon Hewitt, a business unit of Aon plc (NYSE: AON). For more information on Radford, please visit [radford.com](http://radford.com).

## About Aon Hewitt

Aon Hewitt empowers organizations and individuals to secure a better future through innovative talent, retirement and health solutions. We advise, design and execute a wide range of solutions that enable clients to cultivate talent to drive organizational and personal performance and growth, navigate retirement risk while providing new levels of financial security, and redefine health solutions for greater choice, affordability and wellness. Aon Hewitt is the global leader in human resource solutions, with over 35,000 professionals in 90 countries serving more than 20,000 clients worldwide across 100+ solutions. For more information on Aon Hewitt, please visit [aonhewitt.com](http://aonhewitt.com).

This article provides general information for reference purposes only. Readers should not use this article as a replacement for legal, tax, accounting or consulting advice that is specific to the facts and circumstances of their business. We encourage readers to consult with appropriate advisors before acting on any of the information contained in this article.

The contents of this article may not be reused, reprinted or redistributed without the expressed written consent of Radford. To use information in this article, please [write to our team](#).

© 2016 Aon plc. All rights reserved