

Silver Advantage **Consulting Alert**

Compensating Your Key Executives and Sales Force to Achieve Company Goals

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How often has your company established strategic goals that were not achieved due to a lack of commitment and accountability on the part of company executives? For example, in your own organization, have these key goals been documented and communicated, but never been achieved?

- Increasing high margin sales
- Minimizing sales returns
- Reducing older inventory
- Increasing quality control
- Improving recruiting and retention
- Implementing new training programs

In 1954, Peter Drucker, often referred to as the “Father of Modern Management,” created the term Management by Objectives (MBO). This approach and other valuable management techniques can be very effective tools to help your company achieve its goals. An MBO program tied to incentive compensation can be effective if designed and implemented properly. In particular, sales incentive and commission structures should be designed and implemented in order to help achieve an organization’s sales goals. The approach should be properly monitored and refined, or overhauled, as necessary. Circumstances often change, and the incentives should change accordingly.

In one such project, a company owner was constantly disappointed about their stagnant sales. In addition, their top salespeople were being recruited away by the competition. We analyzed the situation and determined that the company would achieve greater sales and attract/retain the top salespeople by providing a graduating scale incentive plan that offered fewer rewards to the lower performers against what felt like unlimited rewards for the super performers. An additional benefit was creating an energized working environment for the lower end of the sales force. In another case, branch managers focused on only sales and did not concern themselves with costs or profit margins. By developing the appropriate bottom line incentive programs, margins and branch profits were dramatically improved. Managers improved their attitude because they felt as if they were part of the company ownership.

Michael Silver & Company CPAs has the expertise needed to assist in evaluating your company’s strategic opportunities and to help foster conditions for positive change. Once these opportunities have been identified, we can assist in implementing and controlling incentive compensation plans designed to achieve your organization’s goals. We have developed and managed a wide range of creative compensation plans for organizations in a broad variety of industries. We can help you improve your bottom line results, as we have for numerous clients. If you would like to learn more, please contact me at 847.213.2107.