

# Sales Contestology

## 7 Step Guide

to Sales  
Contests

DESIGN  
EXECUTION  
ROI

Mark Repkin & Marci Reynolds

# Sales Contestology

We hope you enjoy this eBook on sales contests. It is complete with time-tested methodologies for designing powerful contests that work.

We have built a **"turn-key"** sales contest package that is easy to start and risk-free. Yes, risk-free because you only pay for the rewards when your sales objectives are achieved or exceeded. And, at the heart of it all, our sales contests have proven to provide a higher return on investment over other motivational techniques.

If you are looking to increase sales, focus the attention of your sales team, or want to avoid the competition getting to potential prospects first, then you should consider our **"in-a-box"** sales contest solution. It is based upon the principles described in this book, so we have done all the work for you!

## CONTACT US TODAY!

We can show you a quick demo and tell you how it has worked successfully for others.

One last note, regardless of the size of your sales force or sales channel, your contest can be up and running in just a few days!



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# Sales Contestology

"Mark and Marci succinctly capture the essential principles of a sales contest which supports both sales force motivation and marketing ingenuity."

**John Fox**, author of *Marketing-Playbook: The Definitive Guide to B2B Marketing*



"Over the years I have seen too many sales leaders attempt, in a rogue fashion, to design a sales contest with little or no guidance. This eBook is concisely packed with solid advice for designing effective sales contests that work!"

**Joseph S. Laipple**, author of *Precision Selling: A Guide for Coaching Sales Professionals*



"If you're a sales leader looking to provide focus and sales force motivation, Sales Contestology is a must read."

**Tom Searcy**, Author of *Whale Hunting: How to Land Big Deals and Transform Your Company*

"Sales contests are a great way to motivate sales people, if done properly. Mark Repkin and Marci Reynolds provide a practical and detailed guide for designing and getting the most out of your sales contests"

**Joe Cullinane**, author of *Surfing the Rift and 21st Century Selling*



"For more than 20 years, I have been researching, writing, training, and speaking on sales and reward systems. I have never come across a book that spells out how to run sales contest. This eBook not only gives the roadmap, it is pragmatic, easy-to-read, and consistent with every best technique I have seen work."

**Tom Schaff**, author of *Common Sense Selling and The Monday Morning Sales Coach*





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# Introduction To Sales Contests



A sales manager's primary responsibility is to drive sales revenue and profitability performance to achieve organizational objectives. Bottom-line—you need to “hit the numbers.”

Of the many tools and techniques at your disposal for achieving sales results, the sales contest is a popular and effective option.

Running a sales contest not only energizes your sales force—it boosts sales and profits over a specific, usually short, period of time.

*This eBook provides practical advice on designing and implementing a sales contest to drive results and meet your organization's goals.*

# What do we mean by a contest?

## *definition*

*For our purposes, we'll define a sales contest as a skills-based, motivational program that rewards sales performers based upon their sales activities and/or accomplishments over an established threshold or performance goal.*

*In other words, there are no winners and losers, only earners and non-earners.*

Most people define “contest” as a competition, usually but not always based on skill, awarding prizes to a limited number of winners and offering nothing to the vast majority of participants.

That type of contest is the most common, but it's NOT the most effective way to motivate behavior within a sales force or sales channel.

Winning and losing suggests an element of chance. In order to be effectively motivating, a contest must reduce or eliminate chance or luck from the equation. Attaining rewards must be based on the performer's own ability to exceed a predetermined goal.

A contest boils down to this:

*If YOU do this, YOU'LL get that;  
if YOU don't, YOU won't.*

# A Sales Contest is NOT a Sales Compensation Plan:

That's obvious, right? Then why do so many sales managers try to apply the same rules to both?

Contests serve a different purpose than incentive compensation or commission plans. Contests are short-term tactics. Unlike compensation plans, which can anticipate a limited number of top performers based on typical bell curve results, sales contests should set absolute targets that anyone on the sales force can achieve.

To illustrate the differences between compensation plans and sales contests, consider a golf analogy. Compensation plans are the entire round; contests are more like a single hole. Assume we are playing 12 holes of golf, each representing a month. We'll designate a few special holes as "contests." Just like a closest-to-the-pin or a longest-drive contest.





*If you want to add a true competition element, reward all players who hit within the circle and then the player who hits closest wins a bigger or separate reward.*

But as we've redefined contests, we have to make one change; you won't pick one winner for the closest to the hole; instead, you'll draw a circle around the hole and reward everyone who puts the ball within the circle. In other words, everyone can achieve the award regardless of how others perform. Sales people are competing for their personal best, not competing against the field.

A successful contest will incentivize everyone to improve their performance and productivity—and help your organization meet and exceed its revenue targets. A contest will fail if it rewards only one or a few of the top people (perceived by the rest of the sales force as predetermined winners). Such a contest only motivates the people who feel they have a realistic chance to win.

Perhaps the legendary golfer Sam Snead said it best, *"Forget your opponents; always play against par."* In other words, to extend our golf metaphor, keep everyone focused on the shot they're playing. A good contest will give each participant a feeling of control and assurance that if they "make the shot" they'll reap the reward.

# Sales Contests in a Challenging Economy:



SAVVY COMPANIES TURN TO SALES CONTESTS FOR A VARIETY OF REASONS DURING TIMES OF ECONOMIC UNCERTAINTY.

- **SALES CONTESTS PROVIDE MEASURABLE RESULTS**

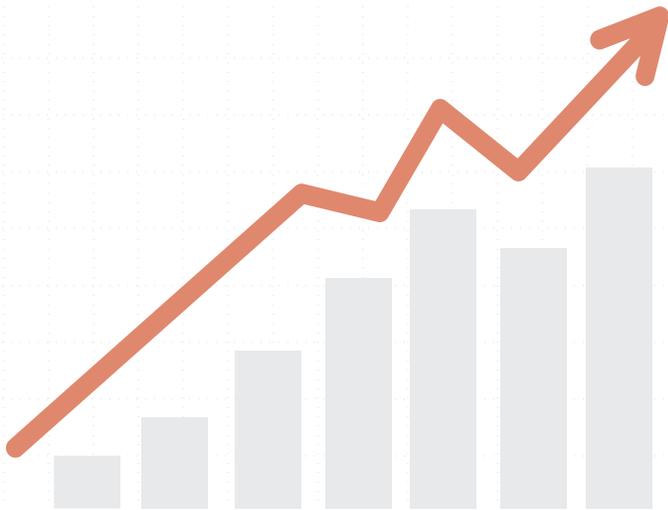
The ROI is very easy to determine. And the fixed up-front costs usually average around 20% of the budget. The remaining 80% is paid only when the goals are reached. This “deferred budgeting” aspect of sales contests is consistent with the “pay for performance” approach preferred by many sales organizations.

- **SALES CONTESTS IMPROVE MORALE**

In challenging economic times, sales people face rejection and difficult sales calls every day. They need more support and reinforcement than in times of economic growth. A sales contest can act as that lever to break up their day-to-day routine and infuse the environment with something new, positive and motivating.

- **SALES CONTESTS ARE VERY TARGETED**

They tell the sales people exactly what you want them to do and what their reward will be when they do it. That is the perfect combination to drive performance. The salesperson gets reinforced for his efforts, which in turn makes a repeat performance more likely in the future. And in turn, the company gets data indicating which sales people are performing and which goals are being accomplished. This helps them manage their business better and leads to more educated decisions in the future.



# Contestology's Seven Steps to Success

THE REMAINDER OF THIS EBOOK WILL PROVIDE PRACTICAL ADVICE ON DESIGNING AND IMPLEMENTING A SUCCESSFUL SALES CONTEST. WE WILL TEACH YOU A PROVEN SEVEN-STEP PROCESS:

- ① Set your sales contest **OBJECTIVE**
- ② Decide how to **MEASURE** your sales contest
- ③ Define **CRITERIA** for choosing contest earners
- ④ Select contest **PRIZES** to award
- ⑤ Create a plan to **COMMUNICATE** and roll out your contest
- ⑥ Announce Winners/Earners and Determine **ROI**
- ⑦ Maintain **CONTROL**  
—Using our step-by-step Sales Contestology Checklist

# 1 Set Your Sales Contest Objective

STEP



The first step in contest design is defining the high-level objective or goal that you want to accomplish by running the contest.

For example, do you want to drive top-line sales revenue or improve bottom-line profitability? Do you want to increase sales dollars in a specific product line or is the overall revenue number more important?

You should also consider what part of the sales funnel you want to influence. Do you want to generate more leads and build pipeline (i.e., the top of the funnel) or get sales dollars booked and orders shipped (i.e., the bottom of the funnel)?

## CONTESTOLOGY TIP:

Your contest objective should fulfill the following five criteria:

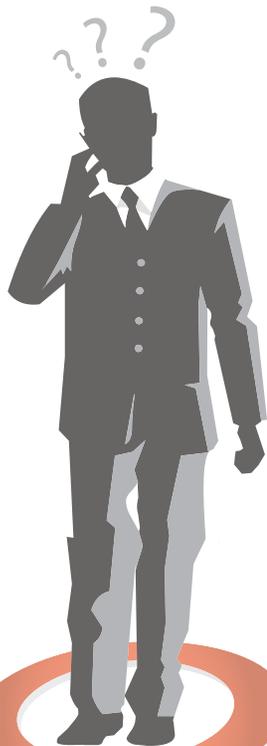
- **SUPPORTIVE** of your team, division and company goals and objectives
- **SPECIFIC** versus vague; for example, "increase sales by 10%" versus "increase sales"
- **CLEAR** and easy to understand
- **MOTIVATING** of the desired behaviors and actions of your sales
- **MEASURABLE**

Take the time to discuss the contest objective with your management team, key stakeholders and internal departments that influence or can be influenced by an increase in sales.

Collaborate on determining your overall contest objectives. This will secure their buy-in and support for everything necessary to accomplish the desired results.

## 2 Decide How to Measure Your Sales Contest

STEP



The second step in contest design is determining the measurements of success—the key performance indicators (KPIs) and the behaviors or actions that will help you achieve your contest objectives.

Your sales organization most likely has some form of reporting in place to measure different aspects of team performance. Some of the most common sales metrics are:

- Telephone Calls - Phone Time
- New Business
- Attainment of Quota
- Face-to-Face Visits
- Renewal Business
- Sales Growth Year-over-Year
- Decision Maker Contacts
- Win-Back Business
- Average Order Size
- Pipeline Built
- Sales Dollars
- Gross Profit Dollars
- Quotes/Proposals Sent
- Revenue Dollars
- Quote/Proposal Close Rate
- Sales/Revenue - Target Products

### CONTESTOLOGY TIP:

Choose the one or two metrics or behaviors that you know will have the biggest and most direct influence on achieving your contest objective.

Sales organizations also expect certain sales behaviors from their team members. For example, you may require that your field sales people design and document sales approach strategies for each customer. Or you may ask that your telesales people use approved sales scripting or voicemail messages when making outbound calls.

### Here are some additional contest measurement considerations:

#### OUT WITH THE NEW:

When you were in school, did your teacher ever put something on a test that had not been discussed in class? In this respect, sales contests are like tests—NOT the time to introduce something new. Use well-known metrics that sales people have access to all the time and feel confident they can influence. Also, in order to set accurate and appropriate contest goals and to determine how successful the contest actually was, you need **baseline reporting**. You need to know what the performance trends were **before** the contest and how they changed after the contest.

*“Dream small dreams.  
If you make them too big,  
you will get overwhelmed  
and you don’t do anything.  
If you make small goals and  
accomplish them, it gives  
you the confidence to  
go to higher goals.”*

*John H. Johnson*

### DREAM SMALL DREAMS:

One of the factors that makes a sales contest effective is the salesperson’s ability to predict the attainability of the goal. Envisioning a positive outcome and seeing a clear way to make it happen, along with a high probability of accomplishing the goal, significantly increases participation.

To help make sure the contest is structured correctly we use the acronym RAM (Reasonable, Attainable and Measurable). The salesperson should feel confident that what’s being asked is reasonable (she has the know-how, the proper tools and resources, etc.), the goal is attainable (not too excessive or too extreme) and the performance is measurable (typically a metric they are already familiar with).

Sales people do not like to lose, so set them up to succeed in your sales contest. Help them visualize that they can win. Set mini goals or goals that require effort but are realistically within reach. Make progress visible by posting performance attainment and standings. And again, plan ahead and watch for what you want to reinforce.

## ARE WE HAVING FUN YET?

One of the best ingredients of a sales contest is FUN. Yes, the point of running a sales contest is to increase a sales result. But it should be fun, too. Sales contests are motivating because of the rewards; however, they are also motivating because they break up the routine.

They are special events that effectively tap into our inner child and bring out our competitive spirit. Therefore, we need to promote it, hype it and make it fun to participate in.

That doesn't mean "rah rah." It just means we approach it as if we were throwing a party. We theme it, we make it entertaining and we celebrate. We look back on it and have fond memories. (We'll talk about contest themes later in this eBook.)



**CONTESTOLOGY TIP:**

Choose contest measurements that are resistant to unethical manipulation.

**ROBBING PETER TO PAY PAUL:**

When setting your contest goals and measuring results, consider the overall sales performance in addition to specific components. Contests tied to specific products or services may lift those sales at the expense of other product lines. This is often called product cannibalization or “Robbing Peter to Pay Paul.” Not only could this result in flat sales performance, but your sales people may be pushing inappropriate products on their customers.

You may notice a similar phenomenon if you organize a sales contest around a certain type of transaction. For example, if you run a contest just tied to new business, you may see a drop in renewal business. You can help prevent these issues by setting contest goals that require minimum baselines of performance or a combination of total sales and specific types of sales.

**CREATIVE SELLING OF THE BAD KIND:**

Choose contest measurements that are resistant to unethical manipulation. When big money or big prizes are on the line, you sometimes see less than scrupulous behavior from a few

sales people. Your contest measurement should not inspire sand-bagging (pushing out sales to a later date). You also want to prevent pulling in sales or renewals early, unless the customer specifically requests the date change.

The majority of sales professionals will not take part in these questionable activities. But as a sales manager, you should be aware they can happen and set guidelines accordingly.

#### **A SALE IS NOT ALWAYS A SALE:**

Most organizations track different types or categories of sales. You may have something called a “booked sale,” which occurs after the customer agrees to purchase, but before you ship the product and before they pay. There’s the “shipped sale,” where the customer has agreed to the sale, has the product in hand, but has not yet paid. There’s also the “invoiced sale,” sometimes referred to as “sales revenue,” where the customer purchased, received and has already paid your company for the product.

No matter what you call a sale, define it up front and make it clear to your sales team what you will consider a sale to be during the contest.

*If your contest is tied to a sales metric, you must clearly define the type of sale you want to reward. It’s helpful if the type of sale in your contest, matches the type of sale in your official sales incentive/commission plan.*

### CAN YOU TRACK IT?

Earlier we mentioned that your sales contest should include metrics that your sales people know and can track on a regular basis. However, your contest may have a unique spin on the metrics, such as most improved or biggest change year over year. Before finalizing your contest metrics, talk with your sales operations or finance team members. Get their input on data availability and data quality. Ultimately, they are probably the ones who will track the contest results and you want their input and buy-in.

### SO, WHAT SALES METRIC SHOULD YOU CHOOSE? HERE ARE SOME EXAMPLES:

IF YOU WANT TO:	CONSIDER:
Drive improvements in short-term, top-line sales results	<ul style="list-style-type: none"> <li>- Improvements in sales achievement versus sales quota</li> <li>- Improvements in proposal closure rate</li> <li>- <i>Look at month over month and same sale period, year over year</i></li> </ul>
Build more pipeline	<ul style="list-style-type: none"> <li>- Improvements in number of proposals sent per sales person or proposal dollars per sales person</li> <li>- Improvements in phone time per sales person</li> </ul>
Drive more new business	<ul style="list-style-type: none"> <li>- Improvements in new business dollars per sales person, while maintaining current levels of renewal dollars per sales person</li> </ul>

## KEY CONCEPTS

When choosing your contest driver or measurement of success:

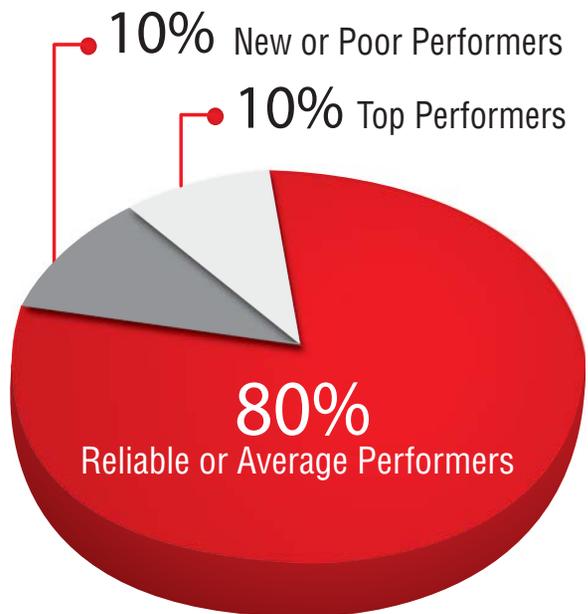
- ✓ Choose only one or two that will have the greatest influence on achieving your contest results.
- ✓ Use metrics that your sales employees are familiar with, have easy access to and know they can influence.
- ✓ Choose metrics that cannot be unscrupulously manipulated—prevent “gaming.”
- ✓ Choose metrics that will drive incremental results, not move sales from one bucket to another.
- ✓ Ensure that you can track the chosen success metrics and report on them.

## 3

## STEP

## Define Criteria for Choosing Contest Winners

Once you've chosen your contest measurements, you'll need to define detailed participation and award criteria. The contest criteria should answer the most common question sales people ask before participating: **"What's in it for me?"**



### MOVING THE MIDDLE:

Before examining some of the factors for establishing contest criteria, we think it's important to keep in mind the role sales contests can play in "moving the middle" of your sales force. This expression comes from a term used in the incentive industry called the 10-80-10 rule:

- 10% of your sales employees are top performers. These people generally find their own motivation.
- 80% of your sales employees are reliable or average performers. They respond well to external motivation.
- 10% are either too new to evaluate or are just poor performers. Regardless of motivation tactics, they probably won't perform.

### “PAR-BEATING” PRIZE CRITERIA

- New Business—number of new accounts
- Attainment of Quota—absolute dollar or unit-sales for contest period
- Renewal Business—sales to existing accounts
- Sales Growth Year-Over-Year—a percentage growth vs. same period last year
- Win-Back Business—number of re-captured lost accounts
- Average Order Size—in absolute dollars or units
- Sales Dollars—can be qualified against product or other category targets
- Booked Orders—number of orders or other absolute measure (dollars, units)

Unfortunately, managers spend too much time on the bottom group, often with poor results. Likewise, they use recognition money to pay top performers, who will achieve their goals without extra compensation. In these cases, award money has no ROI.

Pay attention to the middle 80%. This group represents the majority of your sales team. If your sales contest is structured to reward the top performers, you may neglect the middle group. Don't make this mistake! Incremental gains from this group can dramatically impact the overall sales performance.

### “PLAYING AGAINST PAR”:

As we noted in the Introduction, sales contests properly reward those whose results exceed defined thresholds of success. A sales person should know that if she surpasses an absolute target, she will earn an award.

Criteria will vary, depending on your company's product mix, clientele and sales objectives, but in our experience, “par-beating” prize criteria such as the following have provided meaningful direction and incentive for sales people.

## CONTESTOLOGY TIP:

### Adding an element of competition

If your contest requires a traditional, win/lose element of competition to spark excitement, use it to create a competition within the contest. As long as the overarching rules let sales people earn based on their own performance, adding an element of chance can be both effective and fun. It also can provide an extra incentive to help optimize each participant's potential.

## COMPETITIVE OPTIONS FOR EARNING PRIZES:

If you feel it necessary to introduce a competitive element into the contest, you can choose from among several options to determine how your sales people can earn rewards/prizes. In these examples X stands for your contest measurement.

In addition to rewarding the individual salesperson, if your department is large enough and your budget allows, you may want to have team-oriented contests that also reward your sales managers.

### INDIVIDUAL COMPETITIVE EXAMPLE

- The first salespeople to achieve X
- The most improved in X (day over day, week over week, year over year)
- The biggest gains in X
- The best or highest in X

### TEAM COMPETITIVE EXAMPLE

- The first team to achieve X
- The team with the biggest gain or largest improvement in X
- The team with the most members achieving X
- Most team members achieving drivers (ex. 70% of team, versus 30% of team)

**CONTEST PARTICIPATION ELIGIBILITY:**

When designing your sales contest, decide which sales employees will be eligible to participate. You may think everyone is eligible. But think again.

What about sales people who have less than three months' seniority? What about sales people who are on probation or performance warnings? What happens if a sales person leaves your company mid-month? Consider the different criteria that make someone eligible or not, then include these details as part of your contest communication and rules structure.

Finally, don't forget the support staff. Do you have sales supervisors, a sales operations team, field support or dedicated customer service people who can influence the attainment of contest objectives? Try incorporating them into the program, too. Tie their prize opportunities to the accomplishments of the salesperson's results.

*Make this a collaborative effort between sales and support. This team approach is a very effective motivational strategy. "One-For-All...!"*

### DETERMINING THE CONTEST TIMEFRAME:

To effectively track results, assign an exact start and end date to every contest. For example: January 1, 8 a.m. to January 31, at 11:59 p.m. Setting a specific timeframe also helps sales performers perceive the contest as fair.

The contest timeframe should align with your contest objective and overall sales department objectives:

- If the contest timeframe is too short, you may not achieve your contest objective(s). Give your sales people enough time to achieve the contest goals.
- Any successful contest requires daily and ongoing communication and reinforcement to maintain momentum. Consider the resources available to manage the contest. The longer the contest timeframe, the more resources will be required to maintain your contest momentum.
- Many contests adhere to a calendar period, such as Monday through Sunday, calendar month or fiscal quarter.

While longer contest periods may be required to meet your objectives, we have observed that the most successful sales contests are run over a 90-day or shorter time frame. In contests of longer duration, it is more difficult to maintain the momentum and truly drive incremental lifts in performance.

## KEY CONCEPTS

When determining the earning criteria for a contest:

- ✓ Focus on “moving the middle” performers—the largest portion of your sales team can have the greatest impact on your results.
- ✓ Choose earning criteria that will help achieve your sales objectives.
- ✓ Clearly define who is and is not eligible to participate in the contest.
- ✓ Specify exact start and end dates for your contest.
- ✓ Short-term (30, 60 or 90-day) contests are most effective.

## 4 Select Contest Prizes to Award

STEP



You've documented the contest objectives. You've decided on two contest measurements that will drive sales through the roof. You want the contest to start next month.

**Now what?** You get to focus on the fun stuff—the contest prizes.

When choosing contest prizes consider:

- The budget and contest return on investment (ROI).
- The size or value of the prizes in comparison to your sales team's incentive or commission plan.
- Whether to use cash or non-cash prizes.

### ROI CALCULATION EXAMPLE

Here is a simplified look at a contest ROI calculation example:

Baseline sales performance expected during contest period	\$1,000,000
Incremental lift expected due to sales contest	10%
Incremental sales dollars due to sales contest	\$100,000
Minus Cost of Sales (36%)	<u>(\$36,000)</u>
Net Incremental Lift	\$64,000
Cost of Contest Prizes and administration	<u>(\$10,000)</u>
Net Company Return	\$54,000

In this case, assuming your contest does bring in the 10% lift, your contest will be self-funding.

### THE BUDGET AND CONTEST ROI:

As a general rule, the incremental sales that you plan to generate from a sales contest should help offset the cost of the contest itself; that is, the cost of prizes and any incremental administrative fees associated with running the contest. If it does not, you should ask yourself what purpose the sales contest serves.

Some sales organizations have a finite budget for sales contests, and the sales managers simply purchase and distribute prizes that fall within the budgeted amount. Other sales organizations look to run what's known as "self-funding" or "self-liquidating" sales contests. In these cases, the incremental lift in sales is expected to cover the incremental costs for any contest prizes.

In either case, consider the expected sales contest ROI before finalizing the contest details. Your company's sales operations or finance team may have standard processes for calculating ROI. If not, build a simple model that demonstrates the lift you expect from the contest minus the costs to determine the net proceeds.

One benefit of sales contests from a budget perspective is that you get the results first, before you incur the cost; in other words, costs are deferred. A marketing program, by comparison, requires investment up front and results come in at a later time.

**PRIZES COMPARED TO EXISTING INCENTIVE PLANS:**

Before deciding on contest prizes, make sure you understand the existing commission or incentive plan and what it will take to motivate a salesperson to focus on the contest.

Calculate your sales person’s median monthly compensation, including incentive commissions. For example, if the annual salary and commission is \$100,000, then the monthly rate is \$8,333.33. Next, multiply the monthly rate by the number of months in the contest period. Contest allocations tend to average around 3% of that amount in incentive prize payout. Depending on your gross profit, you may need to adjust that percentage up or down. Do some quick math and apply it with some common sense. No need to pay out too much. On the other hand, make sure you’re not paying too little.

PER REP (BASED ON \$100,000 TOTAL COMPENSATION)	1 MONTH CONTEST	2 MONTH CONTEST	3 MONTH CONTEST
Compensation/Commission	\$8,333.33	\$16,666.67	\$25,000.00
3% Prize Value	\$ 250.00	\$ 500.00	\$ 750.00

## CONTESTOLOGY TIP:

### Don't Overlook Awarding Certificates of Achievement, Plaques and Trophies

Trophies, plaques and achievement certificates memorialize sales peoples' accomplishments and give them something they can share with friends and family. Sales people often retain copies of these certificates for many years and proudly display them in their work space.

## CASH OR NON-CASH PRIZES

Methods of rewarding the winners of your sales contests tend to fall into two categories: cash and non-cash.

**Cash/Cash Substitutes:** Dollar prizes are the most common form of sales contest prizes as they are easy to understand and administer.

Most companies distribute the contest prize dollars within the employees' regular paychecks to make the tax process easier. Other companies still hand out "cold, hard cash," then deal with tax paperwork manually. And some provide debit cards or gift certificates which employees can use just like cash.

**Non-Cash:** Non-cash prizes include merchandise and individual travel, often administered via a sales-incentive vendor and chosen via a prize catalog or web site.

## IN CHOOSING CASH OR NON-CASH PRIZES, CONSIDER THESE FIVE FACTORS:

**1) Entitlement:** Once you offer cash as a reward, it is very difficult to take it away. People believe, “if you can pay it to me then, you can pay it to me now.” That works out OK if you always plan to run sales contests, but if budgets are ever cut or new management changes the direction, you are setting up the company to hear negative feedback from the sales people when the cash is taken away. It is almost like taking away their salary or commission. You can imagine how people react to that.

Merchandise and travel have the opposite impact. Those awards are clearly perceived as a “perk” of sorts. There is a clear linkage between the performance you want and the reward they get. The participant may infer that the rewards are performance based and there is no confusion with compensation or commission. In addition to eliminating the entitlement burden, merchandise and travel programs get people into the habit of doing what you want them to do. Once habits are established, the incentive can be phased out or, better yet, focused on other business objectives.

With cash or cash equivalents you are stuck with always paying for performance, and any new business goals will carry an additional cost.

**2) Escalation:** Once you offer cash as a reward, it's not only difficult to take it away, but people want more. Over a period of time, people expect you to increase or escalate the amount of the award payout for the same task. Any type of incentive reward—including merchandise and travel—is subject to the escalation issue. But merchandise and travel rewards are strategically positioned as time-defined perks. So before an escalation need arises, the incentive allocation could shift to new objectives. Cash doesn't give you this flexibility.

**3) Branding and Memory Value:** One of the longest-lasting benefits of an incentive program is the association of your company with the reward. When someone asks your performer, "Where did you get that great new flat screen TV?", she will reply, "From my company's incentive contest."

**4) Disguised Value:** With cash, \$1 = \$1. You are unable to increase the perceived value. Merchandise and travel rewards disguise the real value. Participants are unlikely to calculate the exact dollar value of a merchandise or travel reward. This is crucial when you are trying to promote a program and focus on the business objectives, not just the rewards.

**5) Demonstrate Your Seriousness:** Handing out cash simplifies contest administration, but your salespeople may interpret a cash prize as a tactical “quick fix” that doesn’t advance any higher-level business strategy. Merchandise programs, however, require planning, which helps convey to your salespeople the appropriate sense of seriousness and strategic importance.

#### CAREER LEVEL & SALARY CONSIDERATIONS:

The Cash and Non-Cash guidelines have some exceptions... Consider the career and salary level of your participating sales team members. Different participant demographics react differently. For example, if you are leading a call center sales team with average annual salaries in the \$40,000 to \$50,000 range, a contest prize with a value of

\$100 can mean a lot to an individual employee. Compare this to a senior field salesperson who is making \$150,000 or more per year. A more entry-level sales employee may prefer to receive a “cash” prize he can apply to basic living expenses versus a non-cash prize. In many cases, a mix of both is appropriate and preferred.

## KEY CONCEPTS

When choosing awards and contest prizes:

- ✓ Review your budget and determine an expected contest ROI.
- ✓ Consider prize value compared to your sales incentive plans.
- ✓ Consider the benefits of non-cash prizes.
- ✓ Add in “Certificates of Achievement,” plaques and trophies.

# 5

## STEP

# Create a Plan to Communicate and Roll-out Your Contest

BEFORE ROLLING OUT YOUR CONTEST, CREATE A CONTEST THEME, GATHER SOME FEEDBACK FROM PARTICIPANTS AND KEY STAKEHOLDERS, AND CREATE A CONTEST COMMUNICATION PLAN.

### THE CONTEST THEME:

To make a contest more fun and memorable, create a contest theme. You may recall participating yourself in a sales contest with a seasonal, company specific or sporting theme. The options are practically endless.

The contest theme should incorporate a fun name, pictures or images and a color scheme that will be used in your contest communication. Pick a theme that will resonate best with your sales team.

You will know you picked an impactful theme when your sales team uses the contest name in water-cooler discussions. If participants can refer to the contest by name, they are more likely to remember it.

### GATHER FEEDBACK:

Before you finalize a sales contest, gather input and feedback from some of the participants and key stakeholders. They can help validate your assumptions and ensure the contest is clear and easy to understand. They may even have some suggestions for tweaks or changes that can help make the contest even more successful.

If you run a large sales organization with multiple levels of management, seek input from the next level down, perhaps from the regional managers or team managers.

In many sales organizations, sales people serve on an advisory board and regularly get involved in sales contest design and rollout. If you run frequent sales contests, you may want to consider this option. Often the sales people who participate have some of the best ideas for sales contest design. And they can help with the rollout as well as encourage your team members to actively participate.

A powerful communication tactic often overlooked is getting “external influencers” involved in promoting the campaign. “External influencers” include spouses, roommates, significant others, children and friends. They are people outside of the organization who have influence over the salesperson. An example of successful external influencing is when the spouse sees the contest rewards on the program website and says, “You should aim for winning the TV for our family room.”

### CONTEST COMMUNICATION PLAN:

Among the most crucial factors in a sales contest’s success are its rollout and communication plans. Consider the following five sales contest communication best practices in creating your contest’s plan:

**1) The Audience:** Determine which company employees need to be notified of the contest details. This includes all eligible sales employees, but should also include internal business partners such as marketing, finance and customer service. Create buzz about your contest that goes beyond your immediate department.

Consider the impact of your contest on other departments. For example, if you run a contest at the end of the month to drive order volume, your customer service order-entry team may experience an increase in volume and will need to anticipate the proper staffing levels.

Engaging external influencers in the contest can have a big impact on participation and results.

A great way to promote the program is to tie the contest theme into promotional product items used to launch and sustain awareness during the contest period.

**2) The Message:** Decide how you will describe the contest. You will likely need different versions such as a sales person, manager and business partner version. Each group may need slightly different and more or less information. Your message should include an overview of all the contest design components: the sales contest objectives, the measurements of success and the earning criteria, including timing and prizes. Involve your human resource professionals at this point to help ensure the wording supports company policies, values and accepted business practices.

**3) The Media:** Determine the media you will use to share your message. Depending on the contest, you may want to use more or fewer options (and keep it simple). The most common media are paper/memos, email, intranet and face-to-face meetings. For larger contests, you may want to consider having professional signage created and posted around the sales office environment.

Because the contest includes specific eligibility requirements, do not rely on verbal communication alone. An official written document should describe the contest rules clearly and completely.

**CONTESTOLOGY TIP:****Leverage the Value of a Timely Results Announcement**

The sales people who earn a reward and exceed objectives should be announced as close as possible to the contest end date. If you announce their excellent performance in a timely manner, you reinforce the contest importance and even set the stage for future contests.

**4) The Timing:** As you determine the timing of various elements of your communication plan, keep in mind the timing of the contest's beginning and end, as well as the timing for announcing the contest's results.

Announce the contest very close to its start time. For example, if the contest starts on Monday, July 1, plan the rollout to sales management on Thursday, June 27, and to the sales people Friday, June 28.

Make sure other internal communications don't overshadow the contest communication. It's probably not a good idea to roll out a sales contest the same day you are announcing that sales quotas will be going up. Pick a time when the sales contest message will have your team's full attention.

Ensure the participants have time to ask questions and gain a full understanding of the criteria before the contest begins.

Throughout the contest, sales managers should be prepared to reinforce positive sales behaviors as well as promote and share contest standings in one-on-one and group meetings. Keep everyone engaged in doing more each day.

**5) Status Updates:** As the contest progresses, keep your sales team up to date on the contest standings. This is an overview of how every eligible salesperson is progressing against the contest criteria and is meant to build momentum as well as motivate your team members.

The contest standings or leaderboard can be physical or virtual depending on the makeup of your sales force. For telephone-based sales people, create a posted progress or leader board within your sales office environment. For field-based sales people, you may rely on an email or Internet-based version of the contest standings.

Joe Laipple, in his book *Precision Selling, A Guide for Coaching Sales Professionals*, writes about the importance of the “one thing.” Select the “one thing” a salesperson can do today to make a difference and get closer to a sale. As a sales manager, your role is beyond just dangling the reward. It starts with pinpointing the goal, defining it, communicating it, looking for small improvements along the way and reinforcing it.

If the salesperson can realize some improvement the very next day, you are on target. The sales manager's role in a sales contest is to coach, correct and reinforce great sales performance and improvements.

## KEY CONCEPTS

When rolling out your sales contest:

- ✓ Incorporate a fun theme to make the contest more engaging and memorable.
- ✓ Gather feedback from key stakeholders before the contest is finalized and communicated.
- ✓ Effectively communicating the contest details to your participants is crucial to achieving success—take the time to do it right.
- ✓ Provide contest participants with frequent status updates and positive reinforcement.

# 6 Announce Winners/Earners and Determine ROI

STEP

YOUR SALES CONTEST HAS ENDED. IT WAS A HUGE SUCCESS. NOW WHAT?



**Announce all the contest earners as soon as possible.**

The longer it takes to announce the winners, the more you dilute the contest's positive impact.

**Make an event of announcing the performance results.**

Reserve a conference room or auditorium to make announcements in front of a large group. Invite and involve senior management. Ask your CEO to announce the top performers. Whatever you plan, make it special and memorable.

**Take the time to compare the contest results with your expected ROI calculations.**

- Did the contest meet or exceed projections?
- If you were to run the contest again, what might you change?

Taking 30 minutes to complete this post-program review will make your next contest easier to plan and implement. In any case, you'll need to address these questions in reporting the contest results to your management.

**Ask some of the contest participants to provide feedback.**

Asking those who won to describe what they did is a way to keep individuals engaged.

**Spend some extra time motivating all your sales team members**—those who earned awards and those who didn't.

Talking about the contest after the fact may serve to help continue its positive impact.

# 7

STEP

## Maintain Control —Using Our Step-by-Step Sales Contestology Checklist

To help ensure that you are following all of the best practices, here's our Sales Contest Checklist. While far from exhaustive, this checklist will help you stay on top of all the subtle (and not so subtle) aspects of running a contest.

We hope that our checklist will provide a foundation for you to build upon as you incorporate sales contests into your business.

### 1 SALES CONTEST PREREQUISITES AND RESOURCE ALLOCATION

- Contest budget has been set aside or contest will be self-funding
- Administrative resources in place
- Time has been allocated to provide short-term burst of extra communication elements

### 2 OBJECTIVES AND GOALS

- Sales contest OBJECTIVE defined. Is it clear? Is it achievable? Is it concise?
- Consensus support/buy-in from key departments and individuals. *Management team, Other departments impacted by sales (e.g., finance), Key members of the sales team*

### 3 MEASUREMENTS

- List of key performance indicators or metrics relevant to contest objectives
- List of behaviors and actions that will help sales people drive results for contest
- Selection of one or two metrics that will have the biggest impact in achieving success (the RAM acronym). *Are they Reasonable? Are they Attainable? Are they Measurable?*
- Baseline data for use in comparing contest period results with previous results
- FUN has been baked into the contest
- The contest rules will make it tamper-proof (no gaming the results!)
- Sales people will be able to track their progress

#### 4 CRITERIA FOR CHOOSING CONTEST EARNERS

- Written criteria for winning award prizes
- Policy for frequency of prizes (for example, every week during the contest)
- Number of levels or tiers of awards determined
- Prize guidelines stipulate team awards, individual awards or both
- An element of competition (win/lose) to the contest will/will not be a part of the contest
- Contest eligibility rules have been documented
- A contest timeframe has been chosen and provides a reasonable amount of time for sales people to achieve the objective

#### 5 CONTEST PRIZES

- Prize budget has been allocated (or justified in the case of self-funding contests)
- Prize values have been assigned to each level of achievement
- Cash vs. non-cash prizes (or a combination)

*If non-cash, determine how to administer the process of awarding prizes*

*Outsource or in-house? Select prizes from which earners will choose (merchandise, travel, etc.) Decide on format of recognition awards (certificates, plaques, trophies, etc.)*

*Produce recognition awards*

## 6 COMMUNICATION PLAN AND CONTEST ROLLOUT

- Contest theme chosen
- Feedback received from key members of the team to fine-tune contest details
- Determination made of who needs to be informed and kept informed of the contest  
*Internal audiences, External audiences*
- Contest messaging. *Descriptions of all contest components, including objectives, timing, criteria, prizes. Custom versions of communications appropriate for each audience segment. HR approval of messaging (to ensure compliance with company standards)*
- Selection of appropriate media for contest communications  
*Intranet site for contest? Line up resources to create, manage, update site*
- Creation of timetable for contest communications. *Launch announcement. Weekly (other time-interval) updates. Double checked against corporate and sales dept. calendars to avoid conflicts*

## 7 ANNOUNCEMENT OF WINNERS/EARNERS AND CALCULATION OF ROI

- Method for announcing winners/earners chosen (e.g., meeting, teleconference, webcast, email, intranet, etc.)
- If announcing winners at a meeting: *Meeting venue secured. Any and all production variables budgeted and planned. Participation of key management team members secured. Arrangements for recording the meeting (video, audio, photos) have been arranged*

- Personalized recognition awards (winners' names on certificates, trophies, etc.) ordered
- Contest evaluation: *Comparison of actual results with expected results. Determine contest ROI. Evaluate: What went right, what went wrong, changes you'd make next time*  
*Feedback from participants captured*
- Contest results reported to management

# You're a Sales Contestologist!



In the preceding chapters, we've examined all the crucial steps in the process of creating and managing sales contests—setting objectives, defining contest metrics, determining criteria for selecting winners, deciding on prizes to award, creating plans to communicate and roll out the contest, announcing winners, celebrating success and evaluating ROI.

The concept for the book was to share what we've learned in developing and implementing hundreds of sales contests, and present our prescriptions for and perspectives on sales contest success. Before this eBook no other "cookbook" type resource was available on the topic of sales contests. We hope you have gained some knowledge from our successes, and have learned to avoid the pitfalls that we've experienced.

**NOW IT'S TIME TO DEMONSTRATE YOUR SALES CONTESTOLOGY SKILLS BY APPLYING EACH OF THIS EBOOK'S "BEST PRACTICES" IN YOUR OWN SALES CONTESTS.**

ALTHOUGH EVERY CONTEST IS UNIQUE IN SOME RESPECT, WE HAVE LEARNED THAT SUCCESSFUL CONTESTS SHARE A SURPRISING DEGREE OF SIMILARITIES. HERE'S A QUICK RECAP OF SOME OF THE COMMON ELEMENTS:

- A contest needs a clear, challenging, motivating and measurable objective.
- You'll improve the likelihood of success by rewarding the one or two behaviors that will lead to achieving your contest objective.
- Motivating the largest portion of your sales team can have the greatest impact on your results.
- Using non-cash prizes adds a variety of important intangible benefits, including positive associations for the participants, perceived value higher than cash, and evidence of the contest's strategic significance.
- A fun and memorable theme helps generate excitement and keeps participants engaged throughout the contest.
- Frequent, effective communication of contest details and progress helps keep salespeople focused on success and committed to achieving the objective.
- Celebrating success and gathering feedback from the winners helps generate positive momentum that can bridge the time periods between sales contests.

We are confident the guidelines presented in this eBook will help you energize your sales force, grow revenue, boost profits and enhance your abilities as a Sales Contestologist.

# Free Prize

Before you begin the seven-step Sales Contestology process, we invite you to a free, no-obligation self-assessment of your company's sales contest readiness.

The assessment will take less than ten minutes to complete and will help you align organizational, near-term revenue goals with the capabilities of your sales team and company resources.



# Case Study

## REGIONAL BANK APPLIES CONTESTOLOGY PRINCIPLES TO BOOST SALES 12.6%

To achieve its quarterly revenue goals, a large regional bank with more than 550 full-service locations conducted a 90-day sales contest using the principles and processes described in *Sales Contestology*. The results were a 12.6% boost in quarterly revenues and a motivated sales force.

A large regional bank & trust serves individuals, corporations and not-for-profit organizations throughout the Midwest and Southeast. With a mandate to aggressively grow the revenues of its Wealth Management Division, the division's VP of sales determined that a 90-day sales contest would provide the needed motivation and incentive to its sales teams, while at the same time fostering team spirit. Several managers formed an ad hoc sales contest committee to formulate the contest objective, metrics, rules, prizes and communication plan.

### SETTING THE CONTEST OBJECTIVE

The contest's objective was to increase Wealth Management Division sales by 10% over sales recorded during the same quarter of the previous year.

### THEME/TAGLINE

*Mission: Success... The Mission is increasing Wealth Management Division sales. Your personal mission is to get rewarded for your accomplishments!* The rewards vendor set up a teaser website branded with the bank's name program graphics. The website displayed the rules criteria and the three tiers of rewards.

### MEASURING THE SALES CONTEST

The sole metric (or key performance indicator) to be measured during the contest was revenue per sales person. "Our sales team has been well trained and they know their jobs," said Bradfield Baxter, the bank's director of sales operations. "We really just needed a way to motivate them and keep them focused on achieving a realistic short term sales goal."

**LEVEL 1 AWARDS**

10% increase in quarterly sales

**LEVEL 2 AWARDS**

12% increase in quarterly sales

**LEVEL 3 AWARDS**

15% or higher increase in quarterly sales

**DEFINING CRITERIA TO CHOOSE WINNERS**

The contest management committee decided to reward any sales person who achieved at least 10% sales growth over the same quarter of the previous year.

**AD HOC, ON-THE-SPOT AWARDS**

Sales management also wanted to reinforce the right sales behaviors, even before there was measurable evidence (i.e., a sale). For this purpose, 15% of the award budget was set aside for on-the-spot recognition. When sales managers observed a sales person exhibiting a particular behavior, the individual received instant praise and a prize. Sales managers awarded these prizes (all of which were less than \$100) to sales people when they accomplished any of the following:

1. Made 20% more outbound calls than their personal best.
2. Provided leadership or mentoring for younger, less experienced sales people.
3. Made a point of sharing written best practices with other team members.

### COMMUNICATIONS AND OPERATIONAL DETAILS

Each week, sales management set aside time in the Monday morning staff meeting to publicly acknowledge team members' progress toward achieving their goals. The division president sent a congratulatory letter to each participant who achieved a 10%, 12% or 15% increase in sales.

### REWARDS AND CELEBRATION

"It was super easy. Once I knew the number of winners at each tier all I had to do was to order the gift cards. I handed out the cards to the team, and their selection was sent directly to them. The team loved it", said Baxter.

At the end of the 90 days, each of the performers received a plastic gift card that was branded with the bank's logo and program graphics. "I sent a congratulatory note along with each card," said Baxter.





On the back of card was a redemption number that was redeemable at Certif-A-Gift’s website. The redemption code determined the tier-level of their reward displayed. In other words, the performer could only redeem from the selection of rewards that they earned.

**OUTCOME**

As a result of this contest, sales increased by 12.6%, surpassing the goal of 10%.

A high-level analysis of the contest’s cost versus lift demonstrates a solid ROI of more than 8%. About half of the 550-member sales force qualified for an award during the contest.

Incremental lift attributable to sales contest	12.6%
Minus cost of sales	<u>(35%)</u>
Net incremental lift	8.9%
Minus cost of contest prizes and administration	<u>(3%)</u>
Net company return	8.6%

*“Here’s what we learned,”  
the bank’s VP of sales said.  
“If you follow these ‘best  
practices’ in sales-contest  
management, you can  
achieve predictable results—  
not only in terms of sales  
dollars, but also in sales force  
motivation and performance.  
We have confidence that we  
can achieve these results—  
or do even better—  
in future sales contests.”*

Although the financial outcome was cause for real celebration, the biggest positive was the consensus feedback about how successfully the contest rallied the troops for greater cooperation across geographic boundaries and departments.

## About The Authors

MARK REPKIN

Mark Repkin is an incentive and recognition industry leader and consummate mentor. Since the early 1990s, Mark has helped a broad range of companies in the methodology, design and implementation of incentive and recognition programs. Mark also teaches best practices for human performance management and strategic program execution.

Mark serves on the board of trustees for the Incentive Research Foundation. He has been recognized by his peers with the distinguished "Rising Star" Award, and is among an exclusive group of incentive professionals who have earned their Incentive Marketing Association's Certified Professional of Incentive Management credentials.



MARCI REYNOLDS

Marci Reynolds is a dynamic B2B leader and consultant with an impressive track record of creating go-to-market strategies, building brand awareness, generating high quality leads and stimulating sales revenue. She has applied her sales, marketing and operations leadership skills in management positions with such prestigious companies as Monster.com, Staples and Deluxe Corporation. Marci holds an MBA degree from Bentley University and a B.S. degree in business from Northeastern University. Marci also is a Six Sigma Greenbelt.

Marci has a passion for writing and enjoys creating sales and marketing content on behalf of individuals and businesses; from blogs to business plans to social media copy.



We encourage you to share with us your own experiences. You never know; perhaps your sales contest best practice or technique may be incorporated into future versions of this eBook.



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# Sales Contestology

## 7 Step Guide

to Sales  
Contests

DESIGN  
EXECUTION  
ROI

Mark Repkin & Marci Reynolds

