

# Global Technology Leader Realigns Sales Compensation, Lowering Costs 3%

## Executive Overview

The test and measurement group for the world's premier measurement company had a new sales strategy that lacked alignment with its sales compensation and rewards program. The group needed a new compensation program that could deliver more predictable revenue and emphasize strategic products — without raising costs.

MarketBridge redesigned the group's worldwide sales organization and its sales compensation plan, differentiating high performers, developing new sales roles, clarifying processes, and lowering total program costs. The new sales compensation plan is expected to increase the group's annual revenue as much as 15% while generating 20% more new-customer acquisitions and reducing the cost of compensation by 3%.

## Challenge: Determine long-term value of SMB partner rewards program

The \$5 billion scientific and technical instrument manufacturer is a recognized leader in communications, electronics, life sciences, and chemical analysis. To support the company's recent strategic changes, the group required a new sales organization and sales compensation plan that could overcome several challenges:

- Misalignment between pay and performance as well as pay and revenue, resulting in an inefficient and expensive sales compensation model.
- Failure to differentiate high performers — whose achievements align with company objectives and drive growth — with greater compensation.
- Lack of philosophy to guide pay and incentive mix and ensure alignment with different types of sales roles.
- Inability to gain consistent returns from special performance incentive fund (SPIF) program, which was expensive and deployed inconsistently worldwide.
- Failure to motivate sales force to emphasize sale of high-profit consumables, resulting in loss of market share to competitors.

# Solutions

## ABOUT MARKETBRIDGE

At MarketBridge, we deliver results, not rhetoric. Our integrated solutions combine traditional sales and marketing channels with greater online, call center, and database resources. But we don't stop there. We put ourselves on the front lines, implementing and managing the channels we build. While other companies talk results, we deliver. For 15 years, we've helped global leaders achieve and maintain superior results. We can do the same for you.

### **Solution: Redesigned sales organization and sales compensation plan**

MarketBridge designed a new sales organization and sales compensation plan for the group that aligned with and responded to the group's recent overhaul of its sales strategy. The new incentive plan creates an efficient structure that translates to improvements in mix, metrics, mechanics, objectives, and program operations. As part of the solution, MarketBridge:

- Rebalanced the pay and incentive mix to align with the sales strategy and individual job roles.
- Adjusted performance measures to include strategic measures not previously included.
- Restructured the measurement and pay structure to a gated quota that motivated the sales force throughout the year, eliminating logjams and creating more consistent performances.
- Reformed the pay structure to reward higher performers more and lower performers less, making the overall sales compensation plan less expensive.

### **Benefits: 20% increase in new customer acquisitions and up to 15% increase in annual revenue growth**

MarketBridge won company-wide support for the new sales organization philosophy and strategy. By shifting priorities and creating a more performance-oriented plan, MarketBridge helped the test and measurement group target strategic products and increase performance without raising costs. The group's expected benefits include:

- Increasing annual revenue of 5-15% without concomitant increase in cost of sales.

- Reducing cost of compensation of 3% by eliminating low performers, shifting pay to higher performers, and increasing variable costs that shift risk to the sales force.
- Increasing new customer acquisitions 20% through shift in jobs and greater focus on acquisitions.
- Lowering planned SPIF expenditures by 50% with a more structured, better-managed program.

### **Summary**

MarketBridge designed a more efficient and profitable sales organization and sales compensation plan that supports the test and measurement group's new sales strategy. With full corporate support, MarketBridge combined a new philosophy with a structure that ties performance to pay, eliminates inefficiencies, and facilitates growth. Moving forward, the company will continue to rely on MarketBridge for marketing support and assistance in increasing new-customer acquisitions.