

SALES COMPENSATION & TOTAL REWARD STRATEGY CASE STUDY

Introduction

FutureSense performed an evaluation of the competitiveness and effectiveness of sales compensation and total reward strategy in attracting, retaining, and motivating key personnel for a retail client with approximately 2,000 employees and \$750 million in total revenues. The client is described as a high-end retail business that offers luxury brands, exclusive merchandise, and a world class sales experience.

Needs of the Client

Compensation practices had not been updated for almost 20 years and there were increasing concerns about the level of compensation, the mix of variables versus fixed compensation, and the design of the incentive programs.

FutureSense was an attractive option for the client who was looking for a different type of consulting experience. They found FutureSense to be creatively thoughtful, highly responsive, and authentic in the approach. Since FutureSense is a smaller boutique firm, the client felt FutureSense would have the ability to offer a level of service that is unmatched in the industry.

The FutureSense Game Plan

There were three main phases:

1. Discovery, Data Analysis, & Philosophy –
 - a. Deep dive into client materials to understand current programs, interviews with key stakeholders, assessment of critical business challenges, and in-person onsite visits to observe and engage with sales personnel. This gave FutureSense the opportunity to observe and understand exactly what the client did on a day-to-day basis.
 - b. Market analysis of current programs to assess competitiveness
 - c. Create comprehensive compensation philosophy in tandem with organizational leadership's vision for the future
2. Design of Future Programs – pending the outcome of Phase 1, this phase includes a series of design ideations and in-depth modeling. Specific deliverables include a written final plan, financial impact modeling, and high level implementation timeline
3. Implementation and Test Piloting New Programs – this phase will involve the following: detailed financial analysis & forecasting, written program policies and procedures, communications and change management, and additional staffing support (as needed)

The Results

Overview of Recommendations leading into Phase 2:

1. Overarching theme – shifting culture from individual to team focused and design reward programs to encourage and support teamwork
2. Recreate job hierarchy based on value to sales efforts to recognize competencies and experiences
3. Increase base rates to remain competitive in the marketplace (can adjust base commissions to help fund increase)
4. Change performance management program to “on/off” for salary adjustment purposes
5. Create “gainsharing” opportunity above target level that is self-funding
6. Pool spiffs to have all participate and share based on level and role multipliers
7. Recognize and reward service and loyalty and revisit ancillary benefits

Check back in with us for an update upon completion of Phase 3