

Here's a smart idea:

Sales motivation through goal setting



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It has been said that a goal is a dream with a deadline.
Inspiring...yes. Poetic...possibly. Motivating...for sure.

Many studies have been conducted on the achievement of tasks when a goal is put in place (versus just trying your best and hoping you achieve).

In the 1960's, Edwin Locke, Ph.D. put forward the **goal-setting theory of motivation**. In simple words, goals indicate and give direction about what needs to be done and how much effort is required to put in.

If we take that theory and apply it to sales team motivation, we find some interesting themes that lead to more successful goal setting.

- **Increase motivation** by making sure sales goals are clear, particular and require some stretch in order to reach them. These characteristics are more motivating than goals that are easy, general and vague.
- **Specific and clear goals** lead to greater output and better performance. Straightforward, measurable goals with a deadline help avoid misunderstanding.
- **Sales goals should be realistic** yet also challenging. As humans, we have a desire to conquer and achieve. Achievement of a goal gives us a feeling of pride and triumph. Achievement of a goal also sets a new baseline and helps push us to aim higher the next time a challenge presents itself.
- **Greater awards for greater goals** increases our passion for achievement.
- **Showing progress towards a goal** also increases our engagement and motivation towards achieving that goal. Getting feedback along the way to reaching a goal also leads to greater job satisfaction.
- **Being involved in choosing a goal** weighs heavily in the future achievement of the goal.

One of the benefits of goal setting is to help make the goals seem more realistic to achieve. The more confidence a person has that they can achieve a goal, the higher the success rate of achievement. This leads to a goal commitment. Goal commitment is also dependent on the following factors:

- **Goals should be self-set** by the individual rather than designated. Goal choices can be given by an organization but the actual goal selected should be made by the employee or salesperson.
- **An individual's set goals** should be in alignment with the greater goals of the organization.



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Goal setting and sales incentives

Many companies traditionally run sales incentives with a flat payout, using the same rules and rewards for top salespeople all the way down to the newest reps. This makes the goals for newer salespeople seem impossible and they mentally check out of the program. The inevitable result is that only the top 10% or so of the sales team actually provides any incremental effort and productivity.

The right goal-setting and sales incentive structure can solve this problem. Here's how:

■ Set goals based on **personal baselines**.

Take a look at the different levels of sales performance you have in your organization. Your top salespeople are consistently hitting (or exceeding) their goals and have very little room to improve. Because they're already operating at capacity, they might only need a goal that stretches them to improve 1-2% over their past performance. On the other hand, your middle performers have a lot of room to grow. Setting a goal that's 10-15% higher is realistic for people who are operating at lower capacity.

■ Use an **all-or-nothing reward model**.

You need a little risk to go along with a reward. Without this risk, sales reps would be less likely to push themselves to perform at a higher level. If they earned a small award for every sale they made rather than earning a large award when they achieved their goal, they would begin to tire before the end of the program and many would become satisfied with the "earnings to date." When that happens, the incremental effort stops. By only offering a reward when they hit their goal, you're guaranteed to only pay for performance.

■ Make the **goals (and rewards) worth the effort**.

Goals should be set with realistic growth in mind. An attempt to solve a sales deficit by creating unrealistically high sales goals will result in frustrated reps and lack of motivation. When faced with the decision to increase performance to earn a reward or continue on with status quo, the goal must be achievable and the reward value must be worth the effort to change behavior.

Smart goal setting leads to better performance by increasing motivation and effort, but also improves line of sight between personal and larger organizational goals.

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