

SALES FORCE ENGAGEMENT

A LESSON IN SALES FORCE ENGAGEMENT

Mark Hirschfeld, Vice President, Sales Engagement Strategy,
BI WORLDWIDE

Are we more motivated and inspired by a gift that gives us pleasure than we are by cold hard cash and, if so, can we use this insight to engage our sales force?

There's a great Seinfeld episode where Kramer bests Jerry by giving Elaine a birthday gift she **really** wanted – an antique wooden bench. Jerry gives her a wad of cash. Elaine had been dreaming of having this wooden bench in her apartment for some time, so when she compared the bench to Jerry's gift – the wad of cash – the bench won by a landslide.

Are we more motivated and inspired by a gift that gives us pleasure than we are by cold hard cash and, if so, can we use this insight to engage our sales force?

In 2009, Victoria Shaffer, Ph. D, and Hal Arkes, Ph. D, published an impressive academic study¹ on employee motivation and rewards. Their research proved this: although employees **say they want cash incentives, they are actually motivated more effectively by non-cash incentives**. Their study showed that employees would work harder to earn a reward such as concert tickets or a new computer than cash.

We decided to put their study to the test, in this case with a focus on sales associates in a distribution channel during a two-month sales incentive.

In the first part of the study, we asked one group to rate cash and non-cash incentives in terms of what they would prefer.

By a two-to-one margin, study participants told us they would, if given the option, choose cash over a non-cash reward.

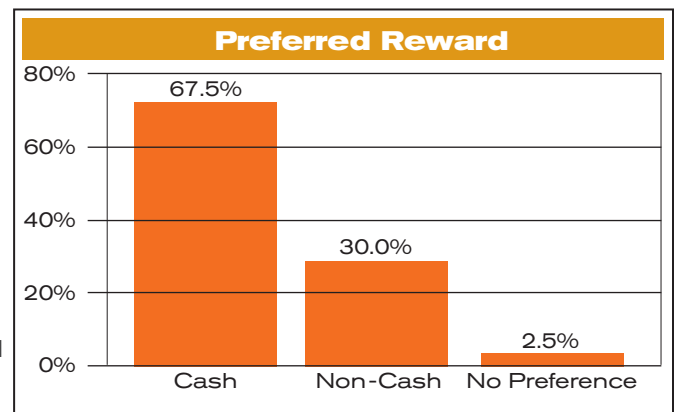
But here's where our research gets interesting. In the second part of the study (with a different group of participants), cash and non-cash reward options were looked at separately rather than

comparatively. Participants were given one reward option and were asked to rate it in terms of their engagement level, or how hard they would work to achieve it.

The three reward options were:

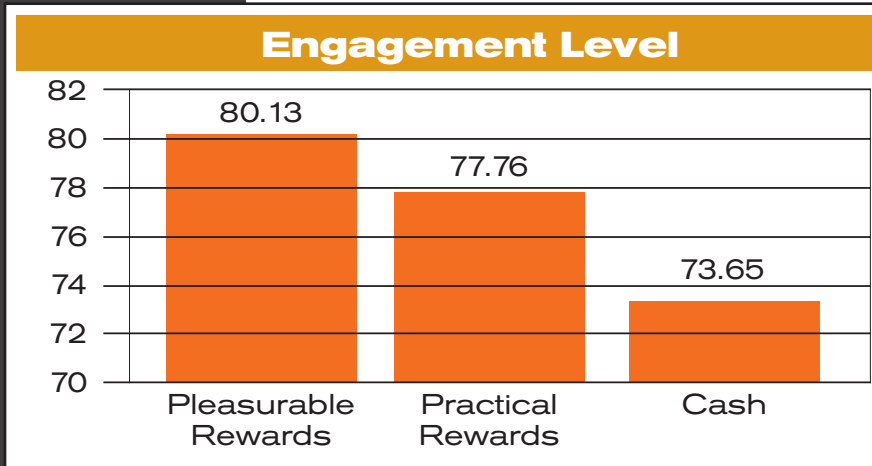
- **Cash**, in the form of a debit card;
- **Practical Rewards**, such as a dishwasher or lawn mower;
- **Pleasurable Rewards**, such as Broadway show tickets or a home theater.

Each of the reward options offered was the same in terms of their economic value. This was to ensure that if there were a difference in results, it would be solely because of the reward itself and not the price or value of it.



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The results of what actually drove emotional engagementⁱⁱ are below:



What's happening here?
Like Shaffer and Arkes, we too found that participants told us they wanted cash but non-cash rewards actually elicited higher engagement levels. In their academic study, Shaffer and Arkes explain this as an example of “preference reversal”, where our brain is telling us we prefer one thing (cash) but we are actually

motivated by something else (non-cash). We'll gladly take the cash but we prefer and are more motivated by the wooden bench.

Cash can and does motivate sales reps in your distribution channel, but the research clearly shows non-cash rewards are more effective. And offering more practical rewards, such as a lawn mower or dishwasher, doesn't drive engagement as much as offering those that capture the hearts of your sales audience, such as cool stuff or fun experiences. It's those hedonic rewards (highly emotional and pleasurable experiences) that provide the greatest lift.

Yes, you will likely still use cash incentives – but as part of your incentive program you must consider the role of non-cash rewards to achieve the full engagement of your sales force in your distribution channel.

Give them the opportunity to earn their wooden bench.

To learn more about BIWORLDWIDE, visit:
BIWORLDWIDE.com or email us at Latam@BIWORLDWIDE.com.

ⁱShaffer, V. A., & Arkes, H. R. (2009). Preference reversals in evaluations of cash versus non-cash incentives. *Journal of Economic Psychology*, 30, 859-872.

ⁱⁱThere were over 400 participants in the study. The measure is a proprietary index of questions related to emotional engagement and discretionary effort.