

7. *Salary and Commission on Sales* over a fixed quota or task (sometimes called salary and bonus): Making quota is an exciting game and if the rules are fair and the quota not unreasonable, it is entered into with great enthusiasm by salesmen.

8. *Salary, Commission and Bonus*: This combination introduces the bonus in recognition of excellent or superior service. The introduction of an extra allowance for excellent or superior service has created many forms of bonuses. These include:

a. *Bonus on special features*: An amount paid for special accomplishments, such as selling package goods more than bulk goods, or any accomplishment of special profit.

b. *Bonus on net profits*: A percentage on different classes of sales according to profits; for instance, a certain per cent on strictly city business, a little more on suburban, and the maximum on country business.

c. *Bonus on total sales*: This encourages volume building, sometimes at the expense of profit.

d. *Bonus on quota excess*: A quota or task is assigned to each man which represents what he ought to sell normally, and then a bonus is paid for all sales in excess.

e. *Bonus on low sales costs*: A reasonable cost of selling is established, and a bonus paid to salesmen if his cost is less.

f. *Bonus on service to house*: Paid on estimate of constructive value of salesmen's work.

g. *Bonus on increased efficiency*: To correct weaknesses and develop sales ability.

h. *Bonus on promotional work*: Paid for dressing windows, opening up new dealers, selling "hard nuts," etc.

i. *Bonus on branch office sales*: Bonus paid to branch on total sales over quota, and pro-rated among salesmen. This promotes co-operative work.

#### 9. Task and Bonus Systems

Since the salesman spends a greater portion of his time before the sale in preparation and after the sale in follow up, than he does in the actual sale, this plan of paying for the tasks performed and giving bonuses as incentives for excellent performance is of great present-day interest. Salary and expenses must be provided for.

The Dictaphone sales organization is paid a salary for specific tasks to be performed under direction, such as:

a. Daily calls on owners.

b. New prospects and follow ups.  
c. Demonstrations and the supervision of installations according to unit sales as a bonus.

Another concern in our industry pays for tasks as follows:

Each canvassing call .....	\$ .10
Each solicitation call .....	.05
Each demonstration call .....	.25

A drawing account is allowed. These task payments help reduce the amount drawn. A commission is paid in addition on the sales of equipment. This latter is considered a bonus.

#### 10. The Point System

Quoting a fellow sales manager: "We measure the value of a salesman's time by the volume of goods sold during a certain period or at a certain percentage of cost. Of course the final objective and purpose of the field organization is to sell goods, but much of the work of selling goods is accomplished by doing other things than writing up actual orders. The field sales organization has other duties to perform which are as important to the sales work as taking orders for goods. In fact, much of this work is at times more important than the actual booking of volume. To properly measure the results or value of a salesman's work, it is necessary that we fix a value on each of the duties to be performed and credit that salesman when he has performed those duties."

The point system involves the use of a common denominator. The sale of the product requiring the least resistance is usually that denominator. A point is given for every dollar of that one product sold, and upon that standard all other values are determined.

Penalties are fixed for not doing the things the company wants done.

The value of a point having been determined, the salesman's salary, figured in points, will indicate what he had to do in tasks to justify his pay. If \$.004 is the value of a point, 5,000 points would be necessary to get \$20.00 a week. The following factors are used in giving points:

#### 1. Credit for selling desirable product:

	Points	Debit	Credit
Basis of reward one point per dollar sale.			
(a) Easy selling advertised product .....	1		
(b) Products offering double net profit .....	2		
(c) Products offering triple net profit .....	3		
(d) Products especially hard to sell .....	2		
(e) Products that have very high repeat qualities ..	2		
(f) Products that are being closed out .....	2		

#### 2. Credit for securing particularly desirable business:

(a) New customer who discounts bills .....	200
(b) New customer who pays within thirty days .....	150
(c) New customer who takes sixty days or over .....	100
Half credit when order is received by mail.	
One-quarter credit when order is closed by office.	
Penalty for loss of customer—"six months without buying" .....	150

#### 3. Credit for co-operating with Credit Department:

(a) Information which results in saving account .....	100
(b) Local investigation of new account .....	50
(c) Valuable information regarding old account .....	50
Penalty for bad debt through failure to report .....	100
Penalty for bad debt not due to salesmen .....	50

#### 4. Credit for co-operating with Advertising Department:

(a) Report on dealer advertising activities .....	2
(b) Getting dealer to use store advertising matter ..	10
(c) Getting dealer to use dealer electrotype .....	10
(d) Securing mailing list from dealer .....	10

#### 5. Credit for co-operating with Sales Department:

(a) For every report turned in .....	1
(b) For calls made without sales .....	2
(c) Information of interest to other departments ..	1

#### 6. Penalties and Rewards for Quality of Salesmanship:

(a) Misrepresenting facts .....	1000
(b) Complaints from customers .....	500
(c) Goods returned "in addition to credit" .....	100
(d) Falling off in sales over last year .....	100

One large national concern in describing the point system says:

"We need a measuring stick by means of which we can measure all territories and all men alike under varying conditions in varying territories, and still show the good salesman in proper comparison, whether he is in good or bad territory.

"We take the three largest considerations in the salesman's work, viz., calls, orders and volume, and after determining the approximate number of calls, orders and volume in units of retail sales, which we expect to accomplish during the year, we fix on each of them a value of points to be credited to the salesman accomplishing one of the tasks.

"This valuation will be as follows:

For each call .....	5 points
For each retail order taken .....	15 "
For each unit sold retailers .....	1 "

"Therefore for each call a salesman makes he will be credited with 5 points, for each retail order taken regardless of size he will receive credit for 15 points; and in addition, he will receive 1 point for each unit of sales.

"We find by actual comparison with the range of calls, orders and units of sale, based upon the average experience in all territories over several years, that this valuation keeps the day's work balanced up about in accordance with the importance of the work done.

"In territories where a large number of calls per day is possible the orders run small; in sparse territory, where few calls per day are possible, the orders run larger.

"A man, working for distribution among the small trade, should make a lot of calls and take a large number of orders, but the volume would be small. Another salesman in a country territory would be able to make only a small number of calls and take a few orders, but the country orders run larger and his volume would, therefore, average up his day's work."

The use of the point system has produced:

#### 11. The Rating Plan

This plan aims to pay salesmen a bonus over and above the salary and commission on the basis that if a salesman can be made to overcome his weaknesses he will be a greater producer. Men are rated according to the quality of their work each month. The following gradings were used by one company.

Integrity (indicated by letters of complaint)  
Aggressiveness (shown by new accounts opened, etc.)

Industry (shown by number of calls made, etc.)  
Economy (indicated by expense account)

Salesmanship (determined by large profits sales)  
For each month according to fixed standards for performance, a one hundred per cent record might be worth \$50.00; accomplishment up to one hundred per cent would be paid for accordingly.

#### 12. Sales and Service Quota Plan

This consists of:

1. A sales quota and a service quota. This plan establishes a quota based upon previous year's sales. Other methods are known for establishing quotas. The service quota is the number of tasks that should be performed in relation to total calls.

2. A point system by which actual sales and service are translated into credit points.

3. A method by which the credit points (the work done) are translated into earnings.

4. Salary and expense allowance must be arrived at, based on average amount paid for some period.

5. A plan for paying to the salesman the difference between his total credit points (actual sales and service performed) and the total debit points (money in salary and expense allowance advanced).