

What if you were to offer an incentive gift for various levels of sales performance?

This worksheet is the companion to the Sales Awards Program page. (See tab below.)

As a sales rep for your company, they can earn a valuable prize for achieving various levels of sales.

Note: This does not create unhealthy competition between your salespeople -- everyone can win!

This worksheet enables you to plan and evaluate the costs associated with instituting such a program.

Choose the incentive prizes you think will motivate your salespeople.

Set the number of units each salesperson must sell to qualify for each prize (analyze the effects on profitability.)

Estimate the probability for the number of salespeople who will reach each level of sales to qualify for the incentive.

Consider the increase in Gross Profit if you can improve the % of salespeople reaching each level.

Sales Incentive Program Analysis

Assumptions									
Average Revenue per Unit	\$60.00								
Total Salespeople	300								
Number of Stores	100	Number of Units Salespeople Must Sell to Qualify for Prize							
Months in Program	6	1	25	100	500	1000			
Probability of Salesperson Achieving this Level:	100%	80%	30%	10%	5%				
Number of Salespeople Reaching Each Level:	300	240	90	30	15				
Prize	Prize Cost Each	Revenue Generated to Pay for Prizes				Prize Units Needed	Total Cost of Prizes	Prize Cost as a % of Revenue	Total Net Revenue Generated
Sports Bottle	\$2.00	\$18,000							
Inline Skates	\$95.00		\$360,000						
Stereo	\$350.00			\$540,000					
60" TV	\$1,500.00				\$900,000				
Trip to Hawaii	\$3,500.00					\$900,000			
Cumulative Revenue Generated by Program		\$18,000	\$378,000	\$918,000	\$1,818,000	\$2,718,000	\$152,400	6%	\$2,565,600

- Average Revenue per Unit x Units to Qualify x Participants x Probability they'll do it.

Analysis

Total Units Sold	45,300
Average Units Sold per Month	7,550
Average Sales Revenue per Month	\$453,000
Average Units Sold per Store per Month	76
Average Units Sold per Salesperson	151
Average Cost of Prizes per Salesperson	\$508

- Total Units Sold / Total Salespeople

- Total Investment in Prizes / Total Number of Sales Participants

Best Case Scenario

	Total Revenue			
All salespeople qualify for all prizes!	\$18,000,000	\$ 1,634,100	10%	\$16,365,900