Salesforce Configuration: A Key Driver for Effective Compensation Planning

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Abstract
The salesforce is a critical component to the overall success of the sales organization. Salesforce configuration refers to the formation of an ideal design for the organization from the perspectives of the sales strategy, the salesforce structure and the salesforce size. This article shows that the successful operation of the salesforce in terms of efficiency and effectiveness is affected by salesforce configuration design. A sales organization that does not link evolving salesforce configuration as it passes through different stages of the business cycle is placing itself at considerable risk in implementing an effective compensation plan. All components of salesforce configuration are interrelated and directly influence the compensation cost of the organization. Salesforce configuration decisions strongly influence return on the salesforce investment and are directly linked to the profitability of the organization.

Keywords: Sales force, Compensation, Business life cycle, Sales force Structure, Sales force size
REFERENCES

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Pankaj M. Madhani received an MBA degree from Northern Illinois University and an MS in computer science from Illinois Institute of Technology, Chicago. He holds bachelor’s degrees in chemical engineering and law, both from Gujarat University. He has more than 26 years of corporate and academic experience in India and the United States. He is currently working as an associate professor at ICFAI Business School and is now working on his doctoral thesis on sales force compensation. He has received The Best Teacher Award from IBS Alumni Federation in 2012. He has published various management books and more than 170 book chapters and research articles in several academic as well as practitioner journals such as World at Work Journal and The European Business Review. He is frequent contributor to Compensation & Benefits Review. His research interests include sales force compensation, corporate governance and strategic management.