

Rewards, incentives and reinforcements

Driving change for a more effective pharmaceutical sales force

Introduction

We have heard a lot recently about the struggle to make sales forces more effective, rather than simply increasing their size. The pharmaceutical industry has moved from Territory Management Systems (TMS) to Electronic TMS (ETMS), and is now taking the challenge of Customer Relationship Management (CRM) head on. Many companies have already implemented a CRM system, and the rest are thinking about it. But how do they ensure that the investment will be worth it?

The ROI on CRM is generally considered worthwhile (as evidenced by the number of companies investing in the systems). After all, who wouldn't subscribe to better rep-prescriber relationships and the creation of a more effective *and* efficient sales force. However, investment in a CRM system - even perfect installation of a CRM system - is not a guarantee that sales reps will be more effective in their use of the system. Companies cannot even guarantee they will use it all.

Rule 1: What motivates a person to try out a behaviour is not the same driver that will sustain that behaviour

There are a number of methods commonly considered to get sales forces to utilize a CRM system. First, you could just tell them "Do it!" and hope that your influence is sufficient. Second, you might say "Do it, or else!" and hope that the potential punishment (job loss, pay cut, demotion) for not doing it is a sufficient driver. As a third option, you could persuade them of its merits and indoctrinate them through extensive training. Or fourth, you could 'motivate' them through meetings and stirring speeches. Fifth, you might offer a monetary reward for using the system. Or sixth, you could assume that your system is so 'cool' they will naturally want to use it.

But is that enough, and will it last? In many people's experience, effective usage doesn't last at all.

So, how do you get beyond motivation and reach sustained repetition of a behaviour? To answer these questions you need an understanding of what 'reinforcements' are.

Reinforcements are different than rewards or incentives. Rewards come from what a manager thinks will encourage an outcome in a particular person. An incentive is a promise of a reward. However, what the manager thinks is a reward may not sustain a desired action at all. In fact, it may be an insult (too little money for me / I'm not interested in promotion or more responsibility / I'm only interested in promotion / too little recognition / too much recognition, don't want to be hauled in front of everyone). This is where 'reinforcements' come in.

Reinforcements are, quite simply, those "things that make someone repeat an action or behaviour". **Reinforcement = that which causes an action/behaviour to be repeated**

Rule 2: Certain managerial actions reinforce the opposite of what was intended

Using this definition of a reinforcement, a natural conclusion is that an 'incentive' or a 'reward' may be a reinforcement for some action. But they are not necessarily always a reinforcement. Alternatively, an 'incentive' or 'reward' might be a reinforcement for an action other than the one intended by the manager.

Let's take an example:

[Example 1: In every big company, you can find them somewhere - the department or group that just seems to spend all their time complaining. Every difficulty seems to be an insurmountable obstacle that is going to derail the latest project. When talking with John Smyth, the manager of department X, we learn that *“the staff in this department were like this when I got here, and I have tried everything, with no effect.”* John is obviously desperate to understand why they keep acting this way.

Unfortunately, we need to tell John that he is reinforcing this behaviour of complaint. His response is: *“But you were with me in the last meeting, you saw how angry I got, including pounding my fist on the table and telling them we have got to start coming up with solutions, not an endless list of problems.”* So, he wants to know how he could be reinforcing the problem.

In his email system, we find a number of emails that can be described as “complaint” emails. We take an example where Mary has listed off three problems in a new project that are going to delay the project, if not kill it. Then, we look at what John did with the email, which was to forward it to the full project team with a push that *“we need to have solutions to these issues by tomorrow latest!”*

John’s intention was understandable; to communicate to the team that they all need a sense of urgency for solving problems. Unfortunately, this action also sent a signal to Mary, and the rest of the team, that the complaint email was a good thing. John says, *“but I don’t want to punish the messenger, then maybe no one will tell me the problems until it is too late to find a solution.”*

True. *“Then what should I do?”* The answer, in this case, is the first response should have been a reply to Mary, saying “you seem to have been thinking about these problems, what do you think we should do?” Then, when you have some potential solutions from Mary you can forward them on and ask everyone for comments and other ideas on the solutions. I suggest after a few weeks of reacting to such mails this way, if you are still getting complaint mails: (1) first, just give a reply that says “I don’t see any potential solutions here?” (2) then, a few weeks later, just start ignoring them. Make sure, now and then, you publicly praise someone for some great ideas.

John says, *“Wow, that is easier than expected, and we will finally get rid of this problem.”* Well, actually John, we also need to look in the same way at how you react to “complaints” in group meeting, and in one-on-one encounters. We probably need to look at the supervisors and team leaders who report to you, as they now follow your current behaviours. It also would be beneficial to consider all the ways we might reinforce the behaviour of people who begin offering solution ideas, as soon as they point out problems.

In the end, we have mapped out a plan and a timeline that is not all that long, and John can see a light at the end of the tunnel. When managers look at their own actions and behaviours, they have to try to filter out intentions, and consider the true impact from the employees’ point of view. How might they interpret a particular action? Logically, this sounds simple, but in practice, for most of us, it is quite difficult to do.]

So, as you can see, certain managerial actions achieve the opposite of what was intended.

Rule 3: Reinforcements are not necessarily money/ promotion/ etc.-based

Another key point is that reinforcements are not necessarily money/ promotion/ etc.-based: they can be anything, e.g. avoidance of pain (meaning: to make your life easier, avoid complaints from other people, etc), ease of action, feedback, recognition, acknowledgement, etc., etc. So when you are looking at your sales forces and talking to them, you need to be looking beyond the usual approach of motivational talk to find out exactly what drives a particular behaviour.

Rule 4: If a behaviour is not being “reinforced,” then it WILL die out.

Rule 4 can be put another way: if a behaviour exists, that is because it is being reinforced by something. A result of this rule is that often a contradicting action may be being “reinforced” more effectively than the desired action you are trying to reward. That is to say, that if there is a reinforcement in place for an action that conflicts with your “preferred” action, then it may be that the “non-preferred” action will be sustained rather than the “preferred” action. It is just as important, therefore, to find and remove the reinforcements for conflicting behaviours, as it is to find and implement reinforcements for the new behaviours.

Let’s take another example:

[Example 2: In a large semiconductor manufacturing company, the sales staff made a majority of their income from their commission system. Five percent of the commission was tied to the accuracy of their sales forecast. For the company, the costs of excess inventory and the opportunity-cost of lost sales due to inadequate inventory were a major concern. So to drive the sales people to present better forecasts, a very noticeable portion of their income was tied to getting the company this information. They were to provide a rolling six-month forecast, and the commission would be given if the forecast one-month out was accurate to +/- 10% each time.

After running this programme for one year, less than 10% of the sales people had been able to meet the required accuracy on their forecast. The company had decided that the buying habits of the end users must be more variable than they expected. The VP of Sales, a very experienced man who had worked his way up the ranks, just couldn't accept this to be the case. He always had a good idea of his customers' needs at least one or two months ahead of time, and he wanted to know what the real problem here was.

It was discovered that this company had a strong group of product marketing people on their top 10 "latest and greatest" products. One of the factors in determining their budget was the forecast for their product. So when the sales people forecasted slower growth than they had hoped for, they spent considerable time lobbying the sales force for greater effort and larger forecasts for their products. The sales people found the constant negotiating with their own company staff over the forecast very painful, and were willing to provide the forecast these people were asking for, and lose 5% of their commission, rather than fight for what they knew to be the customers' real buying plans.

In our work on Behavioural Change Management, we often tell our clients that a "removal of pain" is one of the greatest reinforcements of behaviour. In the case of the sales staff at this semiconductor company, the removal of the pain of days of arguing and negotiating with the product marketing people was more valuable than a major portion of their potential income. So to get the company better forecasts for their manufacturing needs, a new system for product marketing budgets had to be created to change the behaviour of the product marketing people, which in turn took away the pain that was preventing the sales force from providing the accurate forecasts needed.]

Conclusion:

The only real sustainable change is a change in behaviours and habits. Everything else is temporary, and may collapse. By understanding and analysing behaviours, companies can speed up change and make it sustainable. Having understood behaviours, it is necessary to understand and apply reinforcements as drivers. It is by changing reinforcements that you can influence the way your company develops.

Key points from this article:

- 1) "Discover" and use reinforcements that are meaningful to users/employees, not rewards that managers think might work;
- 2) Actions/behaviours are started by different things than those that sustain them;
- 3) No action or behaviour will continue unless it is reinforced; and
- 4) You must remove ('extinguish') reinforcements of conflicting behaviours.

Next time, we will analyse the type of reinforcement needed at different stages of a behaviour's lifecycle (continuous vs. intermittent vs. variable) and how you define behaviours and determine which ones are necessary for your success. In a third article, we will look in more depth at the types and levels of motivation to trigger actions in the first place.

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About:

The Chalfont Project is an international consulting firm that applies the social sciences to business applications. The ideas mentioned above are used as part of our Behavioural Change Management programme. For more information please go to www.thechalfontproject.com and click on Behavioural Change Management

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