

**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		Number of Units Salespeople Must Sell to Qualify for Prize								
Average Revenue per Unit	\$60.00									
Total Salespeople	300									
Number of Stores	100									
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				300	\$600	3%	\$17,400	
Inline Skates	\$95.00		\$360,000			240	\$22,800	7%	\$337,200	
Stereo	\$350.00			\$540,000		90	\$31,500	6%	\$508,500	
60" TV	\$1,500.00				\$900,000	30	\$45,000	5%	\$855,000	
Trip to Hawaii	\$3,500.00					15	\$52,500	6%	\$847,500	
Cumulative Revenue Generated by Program		\$18,000	\$378,000	\$918,000	\$1,818,000		\$900,000			
							\$2,718,000	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	- Total Units Sold / Total Salespeople							
Average Cost of Prizes per Salesperson		\$508	- Total Investment in Prizes / Total Number of Sales Participants							
Best Case Scenario										
All salespeople qualify for all prizes!					Total Revenue					
					\$18,000,000	\$	1,634,100	10%	\$16,365,900	