

CHALLENGER SALES INSTITUTE  
Sales Management Case Competition  
Inaugural Competition  
Oklahoma City, OK February 28 – March 2, 2019

- ❖ Case Competition Topic: The development or redesign of Paycom’s salesperson evaluation methodology.
  
- ❖ Company Overview: Paycom Software, Inc., widely known as Paycom, was founded in 1988 by Chad Richardson in Oklahoma City, Ok. Paycom started as an online Payroll processing software-as-a-service (SaaS) business. Paycom has evolved from simple payroll processing into a full-fledged human capital management single data base with full functionality. For more information on Paycom visit: <https://www.Paycom.com/about-Paycom/> .
  
- ❖ Competitors’ Profile: This case competition is a critical thinking challenge that requires a few assumptions just as the role play competition requires competitors to assume they are an actual sale professional for Paycom. For this competition, you should assume that you are a recent graduate from a prestigious sales program, and you have recently been hired by Paycom as a sales professional.

You had expected to jump right in and start selling. However, based on your academic transcript Paycom identified you and your partner as a select number of new sales hires given the opportunity to work on a special project. In exchange for your help, the company has agreed to defer your sales quota requirements and compensate you accordingly until the completion of the project. Your challenge for this special project is to provide input on the company’s redesign or complete overhaul of its sales person evaluation methodology. The rationale for this bold move is that Paycom founder Chad Richardson was young and full of ideas when he started Paycom, and he believes that this bold initiative may lead to the development of innovative “out of the box” type solutions since you have yet to be exposed to the difficulties of navigating corporate culture and affecting corporate change.

- ❖ The Problem: Evaluating employee performance is one of the most difficult tasks a company can undertake. The difficulty applies to all company employees. However, because the salesforce is the “life blood” of any company (given that its success or

failure will ultimately determine the viability of the firm) the challenge to get accurate and reliable data is imperative.

Although Paycom has developed sophisticated hiring criteria to minimize risk on the front end (i.e. salesforce recruitment) they are not immune to all of the law like generalization of business management. One such law like rule of business is the 80/20 rule. This is commonly known as the Pareto rule after the Italian economist Vinfredo Pareto who noticed that 80% of the land in Italy was owned by 20% of the population. The odd thing about this ratio is how often it accurately describes other business phenomenon. For example, many businesses have found that the top 20% of their salesforce generates 80% of their revenue. Because of Paycom's advanced analysis of candidates, the rule is not that extreme at Paycom. However, top management has noticed that there is some truth to the rule even after the implementation of sophisticated recruitment analytics.

Paycom currently requires its salesforce managers to conduct performance reviews of their sales people on a quarterly basis. The review is done on a form that is Appendix A.

In a bi-annual meeting of the sales managers, they discussed that it seemed that what set the top performing sales people apart from the rest was not just the hard data (i.e. quantifiable indicators) but the so called soft skills. The discussion then turned to how to objectively evaluate those soft skills, and implement a continuous improvement and training program for current sales people, student interns, and newly hired sales people. All managers agreed that they need to keep most if not all the hard data on each sales person's performance, but add some soft skills measures to the evaluation as well.

- ❖ Your Assignment: You and your partner are among a select group of salespeople that have been tasked with developing either a new or a significantly revised sales evaluation instrument. You must be able to discuss and justify how you developed the criteria you selected. You may use internet and text resources in your development plan. Also, you may suggest a training program to accompany the evaluation process that would include suggestions for training topics for both managers and sales people. Finally, consider the timing of the reviews. Is Paycom reviewing too often, adequately, or not often enough? You will present your proposal to two senior Paycom executives. Those executives will be chosen and randomly assigned by the Company, and you will not know their identity until you present. If they like your proposal, they will move this on to the next step.

Appendix A

Paycom Sales Performance Evaluation Form

(Note: This represents the data that is currently collected and reviewed. However, assume the review is conducted through Paycom's CRM system)

Employee Name	
Manager's Name	
Evaluation Period (Quarterly)	

Measure	Goal	% of Goal Achieved	Difference
# of Calls Per Day			
Batting Average: Orders/Calls			
# of New Accounts Opened			
# of Lost Accounts			
# of Cancelled Orders			
# of Sales for the Quarter			
Sales Volume			
Average Sale Size			

Goals for the Next Quarter	
# of Calls Per Day	
# of New Accounts Opened	
# of Sales for the Quarter	
Sales Volume	
Average Sale Size Goal	

Manager's Comments: \_\_\_\_\_

Appendix B  
Common Sales Performance Measures

- ❖ Sales volume
- ❖ Sales volume as a percentage of quota
- ❖ Gross Margin
- ❖ Number of Orders taken
- ❖ Average size of orders taken
- ❖ Batting average
- ❖ Number of Cancelled orders
- ❖ Percentage of accounts sold
- ❖ Number of new accounts
- ❖ Number of lost accounts
- ❖ Number of accounts overdue

Appendix C  
Soft Skills to Consider

- ❖ Sales person's email communication
- ❖ Sales person's presentation skills
- ❖ Sales person's ability to recognize social styles in customers
- ❖ Sales person's ability to tailor handling objections to customer's social style
- ❖ Sales person's ability to tailor types of closing to customer's social style
- ❖ Sales person's ability to recognize VAL types from Strategic Business Insights to current and potential clients.

Note: Can you develop an objective way to measure these skills? For example, can a Likert Scale be developed to measure these?