

Advisory Brief

Never Ignore What Sales Representatives Say Motivates Them... Except When the Data Shows Otherwise

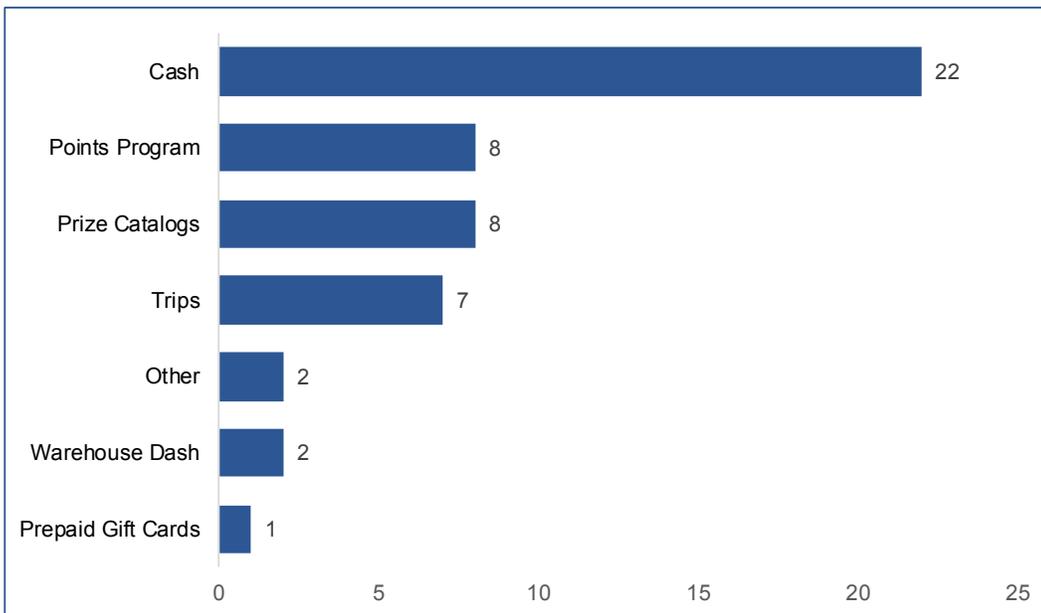
James Castello, Executive Director, Incentive Compensation Excellence, TGaS[®] Advisors

Ask pharma sales representatives what type of reward they prefer and the universal answer will be “CASH.” Survey after survey replicates this result.

Pharma Incentive Compensation (IC) leaders are responding in kind. A recent survey of TGaS clients indicated that 22 of 24 responding companies use cash as their primary method of rewarding contest winners. In fact, nine of those companies use cash exclusively as a contest prize.



What awards are given to contest winners?



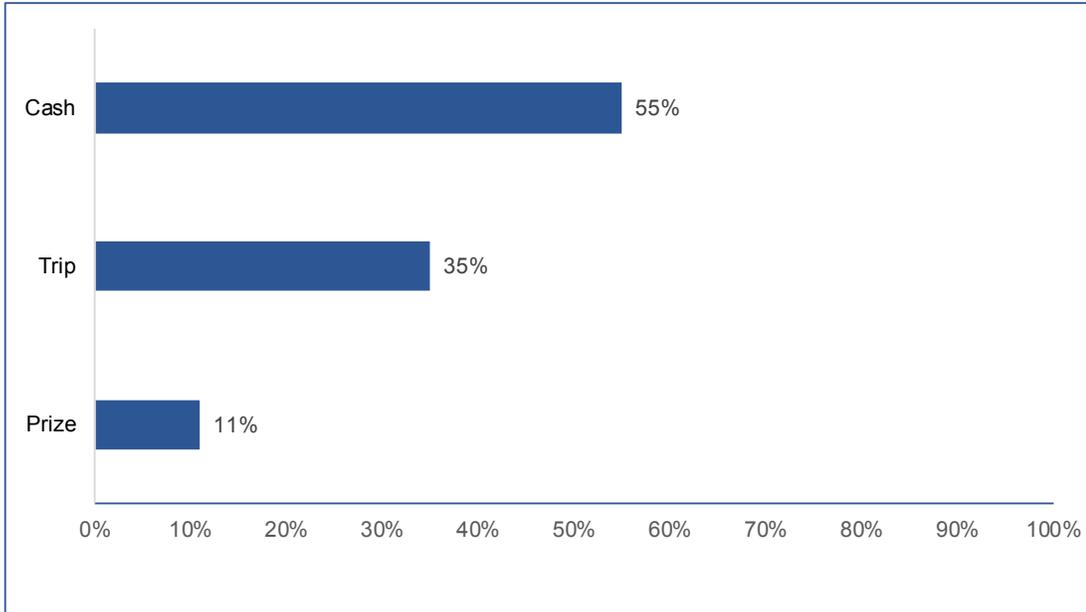
Source: TGaS 2017 IC Landscape

Our industry practices, then, appear to be in line with the feedback that reps share when asked.

So why should pharma companies do something else?

Consider a *different* question for representatives: “Describe the best contest you were ever part of.” A recent TGaS survey of representatives showed the following:

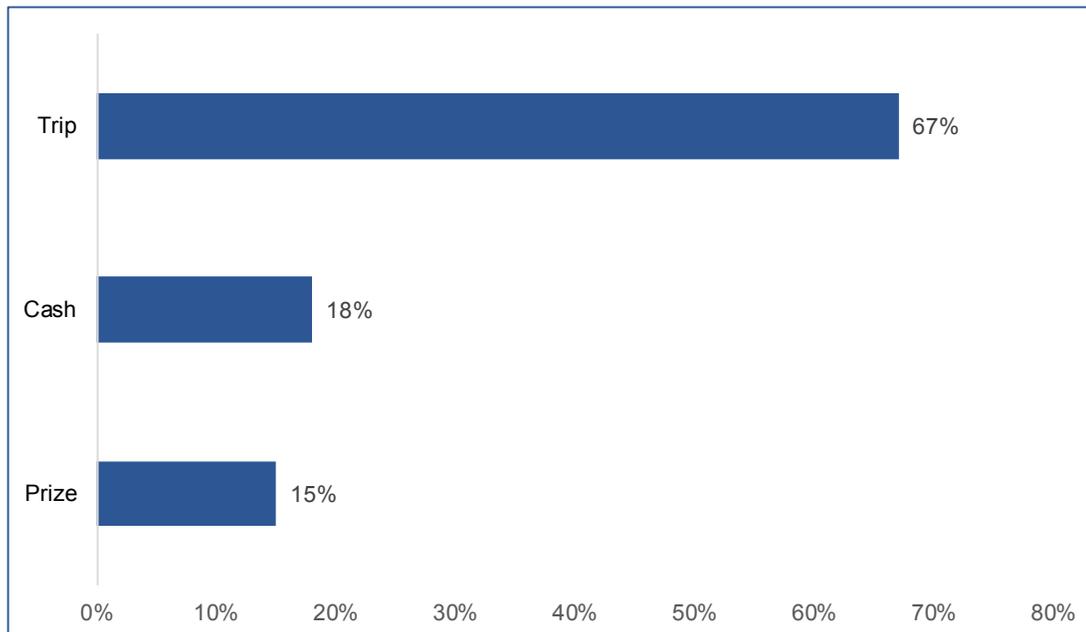
What rewards are the most motivational?



Source: TGaS IC Benchmark Database

When those same reps were asked to describe the contest award with the greatest impact, the answers were surprising.

What was the most motivational contest you were ever part of?



Source: TGaS IC Benchmark Database

So what's causing this disconnect?

Several behavioral science principles are behind what makes people say one thing and do another.

- **The need to justify luxury purchases.** Numerous studies have shown that the purchase of luxury items often involves feelings of guilt. This explains the preference for cash. Choosing an item over cash is similar to purchasing that item, so people tend to state their preference for cash as a way of alleviating guilt associated with the purchase of luxury items.
- **The “want” self vs. the “should” self.** People often behave as if they possess multiple selves with different and competing interests. The “want” self demands instant gratification while the “should” self looks to longer-term interest. This manifests itself in the disconnect between what individuals say will motivate them—cash for long-term stability—versus what really motivates them—prizes that satisfy short-term desires.

Source: “Understanding the ‘Want’ vs. ‘Should’ Decision,” Sarah Jane Gilbert, Working Knowledge: Business Research for Business Leaders: Harvard Business School. <https://hbswk.hbs.edu/item/understanding-the-want-vs-should-decision>

What's the takeaway?

Using non-cash rewards to drive motivation is something that all pharma IC professionals should consider as they design their plans.

About the Author



James Castello is an Executive Director, Management Advisor in TGaS Advisors Incentive Compensation Excellence Solution.

In his position, James is instrumental in providing innovative benchmark services to the company's pharmaceutical clients.

He joined TGaS® Advisors in February 2008. James has a background in a broad range of business settings. He came to TGaS Advisors from Syngy Inc., a market leader in enterprise incentive management applications software and services. Prior to his departure from Syngy, James held the position of Managing Director in the client operations group with sales, operations and customer responsibility for 20% of the company's U.S. operations. Prior to his years at Syngy, he held senior posts in companies in other sectors.

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