

**We recently launched a new product line and hired an expert to launch / market it to customers. The expert has long term relationships and has been able to sell it to many of our existing customers. Our salespersons are paid commissions on the sales to those same customers - but had nothing to do with the new sales. However, many of those customers are our customers because of their relationship with our salesperson. Under this kind of scenario, do companies still pay their salespeople commissions even though they may have had nothing to do with the new sales. ?**

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A happy salesperson makes for good moral----I think unless the policy is stated clearly and to the contrary, you may be treading in some difficult areas

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Yes but we set up a time table for the commission so it phased out over time. The length of time is dependent on many of the obvious questions. Additionally, it's dependent on where you want the focus of both the new expert & the reps.

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I would recommend some sort of commission to let them know you acknowledged their relationship. This will keep them open to others going into a selected # of their accounts in the future. But not more than 25 percent of their normal commission.

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We don't have that scenario, but at first glance I would establish a different (lower) rate to pay to the sales people for the new service being introduced.

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We only pay commissions to sales people who actually obtain the new account.

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From my seat in the house, why wouldn't you?

You don't give sales revenue to a technical who may sit in on a meeting to explain a new wide format printer, or a new press that is capable of printing things you never were able to print before.

Sounds like this person was simply just that, an expert who was better at introducing a new ability that was not there before.

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Yes, we would pay them.

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In the AD SPECIALTY business the commission is split between the salesperson and house. Difference of list price vs net to selling vendor. In this case the house agreed to a split of profit between the new expert and house. Now the house has to support the ongoing production & transactions. If the inside staff is TALKING and Explaining , Sending samples and Tracking proofs and Perusing late proofs, then I think the house has to split its portion with internal staff as well. Sounds like it was not thought out well and the house might be profiting at a level below expectation. Perhaps expert will donate back a %age of agreement for maintenance – depends on the contract signed originally. Another way is to pay on volume handled by internals thus ups/downs are not subjective to individuals.

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Depends upon how the new “Sales Specialists” is compensated? Is their function to go out and develop new business at existing accounts, then have existing sales rep handle future orders so Sales Specialist can go work with other Sales Reps. to develop new business at their accounts? We call these “warm” account calls vs. “cold” calls, since a selling relationship was already developed by a previous sales rep, they are responsible for introducing the Specialist to account. We would usually pay a salary + bonus based on new growth to this type of Sales Specialist. The Sales Specialist can also open new accounts that were never assigned to a previous Sales Rep. and get full commission on those accounts. But need to find a balance between Specialists helping others vs. Calling on their primary accounts.

Another option is to split commissions 50/50 or 75/25 mix with existing Sales Representative on the new products sold. We have found that if you do not provide some compensation to an existing Sales Representative in an account, the mutual cooperation can become a problem unless it's a very large company with multiple purchasing departments. IE: The legacy Sales Rep is in the customer's office and there's a problem with the new item sold by the Specialist. How does this get handled?

In the eyes of your customer they are dealing with a single company. In the eyes of commissioned sales reps. they are more likely to split service efforts based on compensation. ***“Hey I don't know about your problem, call the other guy who sold it to you”***

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We would pay the salesperson on that sale, it's still their customer.

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Yes, assuming it was a team sell, we would pay commissions to our new business development team sales people. We believe that the customer relationship is the most important aspect of a team sell approach. With the fast paced adoption in new technologies within our service and product offerings, experts must become part of the selling team. We do not expect our sales people to learn the intimate details of all our services however, we do expect them to understand at a deep enough level to create the selling opportunity.

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We generally subscribe to the theory that our customer/client's deserve a single point of contact within our organization – our Sales Account Executive (SAE). The executive is clearly backed up by Production Managers and a Customer Service Representative to handle all production/shipping activity for that customer/client. However, certain SAE's may develop strategic expertise that may be different than another SAE's so we encourage cross communication between our Sales Account executives with a clear understanding that the communication is limited to internal communication only. The understanding is that no poaching of another's customer/client is permitted unless Management pre agrees to it (such as customer/client dissatisfaction with the assignee). That understanding is part of the contractual agreement between the company and each SAE.

With the onset of "buying groups" that may have up to 100 to 200 buyers, the company recognized that one SAE could not adequately serve multiple buyers we migrated to the single buyer = single SAE. One reason is that a particular buyer may be involved with refrigerator manufactures while another could have an expertise in trucking ownership which have different marketing strategies.

The situation described is really a hybrid of both theories, but I need a little more information to give you a definitive answer as to "what would we do"? Let me try to explain:

1. The SAE had "nothing to do with the sale". The SAE has developed the account, established/re-established the relationship, and maintained the relationship. That relationship development the new line Manager to have an inroad to that purchasing decision – the lead was made available by the SAE's work. How can it be said that the SAE had nothing to do with the sale?
2. Did the SAE sign an agreement and what does it say about the possibility of a new product offering?
3. Who services the new Line Manager? Are they paid commission or partial commission?
4. What was the existing SAE told about the new line, was it in writing, and did the SAE sign a contract addendum as to their commissions?
5. How did the new line Manager contact the customer? Introduced by the SAE? Via phone/e-mail/web?
6. How is the new line Manager compensated – Salary, Commission, or mix?
7. What does the new line Manager's agreement say?
8. Prior to hiring – what internal discussion was held regarding the topics above?
9. Now the culture question – how will you SAE' react to NOT being compensated?

Having said all of that, our SAE's would probably be compensated in some fashion (perhaps on a declining scale) based upon our contractual obligation to them.

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So the expert is not a salesperson? But his customers are buying a lot of this new product? He sounds like a salesperson to me! I have recently had a similar situation here. I paid the salesperson a reduced commission on the new product sales (half commission).

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I would say it depends on how your new "expert" sales person is compensated. If it is mostly commission, then you should pay him for the "new" business brought in even from existing customers. The regular salesperson should understand that he/she is not going to get paid on jobs that were strictly this new item since they would not have sold it to the customer in the first place.

If your "expert" is being paid a Salary and no commission at this point since he is building a new line for you and you are going to have your normal salesperson manage the account going forward then I would say after the initial job they should get the commission.

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We would not pay commission on this.

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It would depend on how you set it up from the start. Did you tell the sales people they would or would not get commission on this new product? This should have been determined prior to the implementation.

However, if nothing was set up prior then a decision would have to be made within your own organization as to whether or not you'll pay out commissions on this new product and then let the sales people know ASAP.

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I think it totally depends on how much buy-in you want from your sales people. If you need them to follow up and work the new product line as well, after the initial launch, then you'll need to incentivize them accordingly.

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