

Compensating Millennials in sales roles requires clearly defining and communicating the plan.

BY SARAH STONE WUNDER

# More at EXPECTATIONS



With 76 million in the United States today, Millennials are making their mark on businesses. This age group, which has values and expectations quite different from the generations that preceded them, assumes the business world and the old rules of rewards and compensation will change to suit them. And in many cases, they have.

## WHAT MAKES A MILLENNIAL?

Learning how to compensate Millennials requires understanding their upbringing, values, and expectations. The Millennials—also called Generation Y, the Echo Boomers, and the Trophy Generation—were born after 1978.

According to Joe DiMisa, senior vice president and Sales Force Effectiveness Practice Leader for Sibson Consulting in Atlanta, Georgia, “Trophy Generation” reflects how this age group was raised. Growing up, these kids were part of a

trend in competitive sports—among other group activities—where no one loses, and everyone gets a trophy at the end of the season just for showing up.

This trend has translated into a generation of employees who have high expectations and a lot of self-esteem, he says. “They’re high achievers,” DiMisa says. “They believe they can do anything.”

In the working world, Millennials expect offices to be fun, collaborative, and rewarding environments. “They want their jobs to fit in with their lives, not the other way around,” DiMisa says. They also enjoy teamwork, as well as competition, and they require constant praise and reinforcement, he says.

Although these characteristics might seem like hindrances in the workplace, Millennials are actually very successful in the business world, DiMisa says. “They like to work hard, and they like to multitask,” he says. “They grew up being shuttled between music lessons, baseball practice, and dance rehearsals.”

Above all else, this generation values clear career paths and well-defined expectations.

“They’re very goal oriented,” DiMisa says. “It’s not uncommon for them to show up on the first day of work and have their goals for their first five years on a piece of paper that they give their managers.”

## SETTLING INTO SALES

Although Millennial employees have high expectations, managing them in sales roles and designing their compensation plans is not necessarily difficult. It requires developing a formal compensation structure. “Simple plans that are clear and specific work better with this group,” DiMisa says. “They want to know what the goals are before starting the task, and they want it in writing. Failure isn’t an option for them because they’ve never failed.”

In addition, organizations should reconsider traditional thresholds because members of this generation tend to want and expect rewards at all levels.

“You have to constantly reward them,” DiMisa says. “The days of high thresholds won’t work with them. They want little pieces and little rewards as they progress up through their targets. That might mean paying more earlier on but less reward at the top. So, you’re spreading the money out.”

DiMisa says other considerations to keep in mind when designing compensation plans for Millennials include:

- Establishing higher base salaries while lowering bonus amounts (mix of pay adjustment)
- Creating team-based mechanics with individual performance accelerators
- Including quality or customer service metrics
- Incentivizing with reward-based mechanisms that motivate versus punitive controls in plans
- Implementing well-aligned performance management programs that tie to your compensation plans
- Defining role and position competencies clearly, which are linked to base pay merit programs

- Placing an emphasis on total rewards, such as work-life balance, advancement opportunities, and personal development

## BLENDING ACROSS THE AGE SPECTRUM

Incorporating this group’s values and expectations into an existing compensation plan can be tricky. For starters, Millennials don’t conceptually believe that someone who has 15 years experience should earn a lot more money than them based upon seniority alone. They feel newer skills and limitless potential closes the gap and have value. Additionally, they feel their education is worth more.

To keep potential conflicts at bay, organizations should be flexible, DiMisa says. “We’re seeing a lot of new titles being created,” he says. “Organizations are customizing jobs and customizing roles.”

In addition, companies should help older employees ramp up their skills to

compete with these younger workers. In general, Millennials have very good skill sets, are able to reinvent themselves, can easily multitask, and quickly develop their competencies, DiMisa says. If older employees want to stay a step ahead, they should try to improve their skill sets, especially technical skills.

Although companies should make training programs available, actually taking advantage of these opportunities should fall on the individual, DiMisa says.

“Individuals have to be responsible for their own careers,” he says. “More and more corporations provide the tools and the programs to learn new skills. But the individual has to find the time to do them and make them a priority.”

If an organization has not yet felt the effects of the Millennial generation, it will soon. It is critical to adapt sales compensation plans to the way that will best motivate this new generation, while still addressing the needs of older employees. ■