

# MEDICAL SOFTWARE COMPANY SALES INCENTIVE STUDY

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**Abstract:** Software companies have focused on effective incentive for outstanding salespeople. Research and make scientific incentives policies to evoke salespeople's aggressiveness, significance to dig out salespeople's potential which is also main method of attracting salespeople, stabilizing salespeople and developing salespeople. This research paper explores the factors of effective incentive based on MedEx Company, and hope to discover the key factors of effective incentive for salespeople in the software company. The relativity between effective incentive factors and individual characteristics so that help with exploring effective incentive scheme, whereby software companies can improve the existing incentives, improve overall performance, and improve the competitiveness of software company. Accordingly, this paper is divided into two levels to investigate for the incentives to salespeople. One is to realize incentive demand characteristics of high-tech company salespeople; the other is gaining variety of incentives and exploring the elements/relationship of the incentive by gender, age, length of service, education, job level and other individual characteristics through the analysis of survey data. This paper combines with business phenomena and problems which are preliminary analyzed and summarized. Next, explore various related theories which includes motivation theory (Maslow's hierarchy of needs theory, Herzberg's two-factor theory and McClelland's need for achievement theory), the process theory of motivation (expectancy theory, equity theory and goal setting theory), comprehensive theory of motivation (Potter - Lawler motivation model) based on them. Then, based on various theoretical research combines with the thesis focuses assays on incentive theory and process theory of motivation, and compared comprehensive motivation theory with incentives effectiveness. Meantime, investigate some scholars' conclusions from all over the world and provide the different opinion or evaluation for abstract Western theories and Chinese scholars' research. Finally, get the inspiration, ideas and framework to this investigation by analyzing and summarizing to the problems of incentives for the case of the company, and then explore the case company by empirical investigation.

**Keywords:** Software Company, salespeople and incentive.

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## 1. INTRODUCTION

### 1.1 Significance:

All organizations must regard global competitiveness as a strategic goal in 21 century. That is a company or country is no longer replying on the cheap labor to develop the economy, and most valuable assets are the knowledge workers and their productivity for companies. The competition in the future is on the labor productivity and knowledge workers' biggest challenge is productivity. Increasingly competitive domestic software companies, they especially focus on how to mobilize the salespeople's initiative the performance, self-worth and dedication.

The main goal of this paper is to investigate MedEX by empirical research. Explore an effective incentive scheme to find the key factor of effective incentive through the study of incentive problems for salespeople in the software company, and then investigate on them to enhance the existing incentives, overall performance, and the competitiveness of the software company. This study provides systematic solutions to the current problems of MadEx Company so that they establish a

reasonable mechanism to select, train and maintain the salespeople to improve their competitiveness, mobilize the enthusiasm, and promote the sales.

As the main character of sales, salespeople's behavior is directly related to business success in the competition.

To launch competitive in the market more effectively, Enterprises need not only a high-quality sales team, but also a perfect effective incentive system for salespeople. However, there are a plenty of problems for sales incentive both on theory and implement currently, and leads inefficient incentives and job-hopping phenomenon for outstanding salespeople that cannot be effectively improved.

To explore these problems deeply, sales incentive is not a simple operation level issues. Due to solve the sales incentive problem effectively, people need to think about it systematically. The requirement of establishing a scientific and effective strategy from incentives factors to encourage the implementation, and then combines various sales incentives theories and actual situation of companies effectively, and then for different industries and areas of the salespeople's characteristics to modify in detail and specifically step by step. To this viewpoint, it is meaningful to complete and improve the sales staff incentive system and guide the salespeople to practice it.

### **1.2 Research Purpose:**

MedEx is a digitalized medical equipment manufacturers and information technology solutions provider. The company provides software series to customers and also develops independently parts of hardware products which offer customers as completed technology solutions. Furthermore, the company gains *Medical Instrument Production Enterprise License II*, ISO13485 and CE Marking. MedEx has devoted to the medical services in the information technology industry, developed the software application and integrated information systems projects since 1996.

With the requirement of developing strategy, MedEx faces the pressure of business environment, technology and customers, etc. which shows the increasing importance of position and roles of salespeople in the company. MedEx aims its goal as solution-oriented company, the salespeople's performance is imperative to fulfill its development and strategy. Hence, it is crucial to explore and research the key elements of incentive for salespeople and execution that play a vital role for developing.

The salespeople's performance in MedEx is high turnover rate; sales performance is not sustained, not active in sales, unsatisfaction and increasing cost etc. In terms of business turnover, market share, competition project failure rate, the annual corporate profit growth, and the company's accounts receivable recovery also represent the inconsistent execution between salespersons' goals, business objectives and sales team fails to achieve the strategic objectives as the company expectation. On the other hand, business sales performance and revenue, comparing with industrial competitors, in terms of annual turnover and profit growth, market share growth, and behind the growth performance comparison in the industry. Enterprises establish internal goals and achievement results, based on the developing level of the industry viewpoint and the sales performance are not advantage; all of these indexes are related to the competitive sales team directly in MedEx.

This research is based on empirical case studies for MedEx through analysis the circumstance and problems of incentive for sales team, and practice interview and questionnaires. Next, combine scientific theory and research methods; explore effective factors impact on salespersons' incentives, and how to implement the incentives effectively. Then, practice these factors on actual work and search for the best reference and incentive to stimulate salespeople for the software company.

## **2. LITERATURE REVIEW**

Incentive is an "old" and "new" problem which is along with appearance of organizations and development of society; there are profoundly researches in the disciplines of economics, management, and psychology and reach great achievements. Briefly review relevant incentive theories here and frame the research structure. This chapter reviews the Maslow's hierarchy of needs theory, Herzberg's two-factor theory and various theoretical explanations and theories.

In the practice, incentive theories have some limitations as well. First, the need and information between the individual and organization are imbalanced. Incentive theories count on if the individual realize what he/she needs, if the organization reimburses the need of the individual actively, or if the need of the individual can be reimbursed efficiently. With the development of human and society, job categories become more abundant and the research targets change widely so that the previous research results are sometimes unable to explain or resolve the existing problems in management practice. Especially on the new problems for salespeople of software company which did not get expectation from the scientific integrity of the incentives. Therefore, the research on domestic incentives for salespeople in software companies and

related issues need to be deepened.

While various incentive theories on different content, angle, system and level provides a lot of value for the human resources management, we cannot use them in isolation or rigidly due to the limitations of the theory for practical application. Although the theories do not help us directly solve the diverse reality facing many changes in the incentive problems, they provide adequate theoretical guidance. Furthermore, many management practices also provide empirical evidence for these theories over the years, and make them constantly deepen. Hopefully, this research also provides a useful reference to improve relevant theories.

### **3. RESEARCH METHOD**

The purpose of this chapter is to explore the research design of the incentives for salespeople in the medical software company. Preliminary deep interview, followed by hypotheses, and then adopt the open-ended questionnaire to collect impacts on incentive for salespeople in medical software company. Next, exploratory analyze on the literature of prior scholars and relevant studies. Finally, evaluate the data collection through questionnaires from medical software companies for different genders, ages, job levels, and work experience of salespeople about work itself, the surrounding environment and personal data.

The research processes preliminary analysis and summary by combining business phenomena and problems, based on various theoretical research mixed with the focus of research in this chapter, and get a variety of incentives and explore the relationship with the incentive of gender, age, length of service, education, job level and other individual characteristics through the analysis of survey data

### **4. EMPIRICAL ANALYSIS**

The incentive analysis of this case illustrates that different position levels concern differences (arrange for staff positions carefully), self-value and career development concerns differences (set high performance standards), development and implementation of policy, managing different incentive (providing employee self-control information and providing employees the opportunity to participate in order to cultivate being the future manager). These multi-elements affect the incentive for salespeople.

The data also demonstrates the utility and effectiveness of software company sales incentives and these incentives in specific environments with different combinations and implementation process stimulate incentives. The case study explores further for different ages, work experience, job levels, and the basic characteristics of different educational groups. Based on real situation of the company, analysis the factors of these incentives, and explore further effectiveness on the salespeople of this software company.

Refer to international researches concerning about the encouragement and incentive, they don't have significant correlation between length of service, ages, genders, and incentive mechanisms. However, this proposed research has more significant correlation with these factors. The author combines yearly working experience and analysis of the business environment of the company get results: Chinese business environment mainly based on "relational marketing," which especially is outstanding on the software market services. In this relational marketing, salespeople's length of service, ages, job levels, and genders impact directly on the influence and adoption of salespeople to business environment, and the ability to integrate resources and create the value. Also, there are differences between international business market and domestic business market.

### **5. CONCLUSION & SUGGESTION**

#### **5.1 Conclusion:**

This article is based on the case study of MedEx, combines a various theories as reference and innovation correspondingly, and always pays attention to the effective problem-solving angle to expand the discussion. Next, it gains various incentives by data studying and analysis, and explores the relationship with the incentive of gender, age, length of service, education, job level and other individual characteristics. Then, form the ideas and framework of the case study. By the empirical research, based on analysis of data from the medical software company salespersons' incentive problem, concludes following:

1. The incentives of salespeople is mainly relevant to work-related, the work itself, the surrounding environment, personal

growth, and different individual characteristics of salespeople concern about different incentives. Also, different basic characteristics of salespeople concern about incentive programs are significant differences on age, work experience and job level etc.

2. The existing incentive effect and utility for the salespeople cannot meet the target level of excitement which needs to develop targeted incentives and simulative implementation. When developing these incentives and strategy, it should fully take into account of sales basic features and targeted incentives programs are the validity of the premise and guarantee.

3. Execution and implementation of incentive policies also have an impact on the salespeople. An efficient incentive scheme in the company must be considered in the execution and implementation which impact on the incentive effects directly.

### **5.2 Incentive strategies and recommendations:**

1. Incentive programs should fully take into account on the needs of business philosophy and competitive environment in the market; but on the other hand, it also needs to consider the impact on the elements of sales incentives. Specific principles for the developing incentive programs as: sales- prioritized flat management, performance-oriented cost center, resource-balanced process support and result assessment, allocated performance and supported collaboration, flexible policy and win-win cooperation, and combined performance and career development. The company should be customer-focused, sales-prioritized and effective customer-service and creative-value for the target; the company is performance-oriented of cost-profit center through sales system vertically. Companies will evaluate and analyze effectively and comprehensively on sales vertically or conduct feasibility and success rate of events. The implementation of performance should focus more on the combination of development of implementation, individuals and the teams.

2. Incentive programs should refine the salespeople's characteristics as the incentives combination which establishes a perfect incentive system based on career-planned and pay-cored to meet the material and spiritual needs. The incentives are different on various ages, working experiences, job levels and education, so the company should provides different combinations of individual characteristics as effective combination. Meanwhile, the company should focus on age, work experience, job level changes, personal growth of salespeople, the surrounding and the work to build a perfect incentive system for external competition and internal compensation which is imperative to the material incentives. Then, form a completed and scientific system of material incentives by other substances.

3. Incentive systems should be institutionalized, systematic and improve enforceability. Providing guarantees for the implementation of the incentives, it is necessary to combine efficiently with management style and behavior. Strengthening and perfecting systematic systems, adhere to the scientific, reasonable and effective performance evaluation, so that obtain an effective incentive effect. From establishing a strong management team, formatting a qualified executive team, building simple and transparent policy, and other aspects of enforceability.

4. In the process of the implementation of specific incentives, it is necessary to combined milestones regularly, the change of market and competition, and the goals of development and action plans to examine on the salespeople. According to changes in a variety of related factors, to strengthen the salespersons' incentives for timely feedback and correction makes the incentive projects keep effectiveness, continuity and integrity.

### **5.3 The limitation:**

Due to incentive is an eternal topic for Human Resource Management and incentives for salespeople are more complicated management topics. Furthermore, in the context of the actual management of the company, it increases the difficulty for the effectiveness of the sales incentives. This study still has some limitations, in incentive aspects, provides some qualitative methods and principles only for a specific enterprise. Hopefully, some researchers are able to do further research on sales incentive problem in the near future; and hence, they can offer more modules and reference for business managers.

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