

White Paper

Why pay-for-performance for appointment-setting is a mistake

Mike Mezzanotte, Specialty Channel Development

Does this scenario sound familiar?

Your prospect pipeline is nearly empty, management is relentless in their demand that you reach (*or exceed*) your department's sales quota, and your sales team is full of farmers who are great at cultivating leads, but reluctant to hunt for prospects.

In short, your system isn't working.

You need to make a change and the obvious choice is to hire an appointment-setting firm to get your sales team in front of prospects. Now comes a tough choice – *do you select an outbound pay-by-the-appointment pricing model or pick a firm who charges on an hourly basis?*

A thorough review of both models, and the consensus among leading sales managers, suggests that ***the hourly model is by far the recommended approach.***





A closer look...

On the surface, selecting the hourly model might seem counterintuitive.

After all, with the pay-for-performance option you only pay when you get results.

Financial risk is minimized, and one would think you only have upside.

However, a closer look at four key points to consider (quality of leads, protecting your brand, what is included, and experienced professional callers) reveals quite a different



Quality of the leads.

The famous psychologist B.F. Skinner scientifically proved you get the behavior you reward. In the case of pay-for-performance, the majority of appointment setters are working on a commission.

In other words, *no appointments held, no commissions*. As a result, as appointment setters become increasingly frustrated when they don't set appointments, they tend to compromise on quality and push through leads that aren't qualified.

In other words, pay-for-performance appointment setters are taught that if they want to be paid (*a.k.a. rewarded*), they have to set appointments that are attended by the prospect and a sales rep. The quality of the appointment doesn't trigger the reward – *the fact that a meeting was held is all that matters*.

With the validity of some of these appointments questionable, at best, the result will be **your sales team is wasting time, money, and energy on prospects who have no interest in your product or service**. This situation happens so regularly under a pay-for-performance payment plan that it's not unusual for a sales rep to call a prospect, at what was thought to be a predetermined time, and the prospect has no idea who the sales rep is or why they are calling.

Under an hourly payment model, the appointment setter isn't under pressure to get "appointments on the board." Instead, he or she can focus on creating meaningful interactions that allow the caller to do a deeper dive into the prospect's needs, to fully qualify the lead, and to schedule an appointment with confidence that it will meet both the sales rep's and the prospect's expectations.

In short, under the hourly plan, the focus is less on call volume and more on the quality of the interactions with prospects and the qualification of the lead.



Protecting your brand.

Every interaction that involves your company and a potential client has a direct impact on your brand. As it relates to appointment setting, when I state “your brand,” I am specifically referring to the impression that is left with a prospect after they receive a call from an appointment setter calling on your behalf.

The reality is, whether or not the prospect on the other end of the line is aware that the call is from an outsourced company, whoever is speaking on your behalf is representing your company directly. If you have low-level, inexperienced callers on the phone, there is a risk that they may denigrate your brand.

When a call is placed to schedule an appointment and the prospect (*or their gatekeeper*) says they’re not interested, the pay-for-performance caller has no incentive to chit-chat and leave a positive impression about the firm for whom they are calling. Instead, that caller is more likely than not to simply hang up and get on to the next call where their next commission opportunity awaits.

In the caller’s haste to start dialing the next prospect on their list, they not only left the impression the firm they were placing calls for is rude and disrespectful, but you can be sure the prospect and/or gatekeeper will remember this interaction the next time a representative from the company tries to make inroads. *It’s not likely to go well.*

With one of the goals being quality interactions, the hourly callers have no incentive to get off the phone as soon as possible. Instead, they’re often praised based on the length of a call, even if an appointment isn’t the end result. *Why?* Because while scheduling appointments may be the ultimate goal, it isn’t the only goal. Hourly callers have the time to create rapport, leave a thoughtful voicemail, build goodwill, and set the stage for future calls to schedule appointments.

When you consider future lost opportunities, damage to your brand, and churning through your valuable database, the money saved by using a pay-for-performance model will actually cost you significantly more than you thought you’d save.



What's included?

There are many factors that go into the success of an appointment-setting campaign – from creating and optimizing the script, to campaign supervision and reviewing call recordings.

The question you need to ask your appointment-setting partner is what's included in their service. For pay-for-performance callers you are likely to find crafting and fine-tuning your script, as well as reviewing recorded calls are going to incur additional charges.

With an hourly program, all of the aforementioned charges are built into the program so there are no surprises, no extra fees, and cost is transparent from beginning to end.

The takeaway is with an hourly plan, you not only get a pipeline full of appointments, but you also complete the project with a proven script that will make future campaigns that much easier, efficient, and cost-effective.



Experienced professional callers.

Here's a fact that is indisputable: *Whether the prospect is interested or not, an experienced, professional, senior-level caller will do a better job representing your company.*

With many pay-for-performance firms paying their callers a commission only if they schedule an appointment, these firms in effect minimize their compensation risk. Unfortunately, they tend to start their least experienced callers on these campaigns since these employees only get paid when they get results.

With an hourly payment structure, concerns over minimizing compensation are not a factor. Instead, the focus is on getting the best, most professional, callers on the phone.



You get what you pay for.

While you may think you're getting a great deal under a performance model, consider this – *when forecasting results, no agency can be certain how they will perform on any campaign before they engage.* Therefore, most pay-for-appointment firms will build in a hefty margin to their charges to cover the risk they assume.

The fact is, attracting the level of call talent required to have a successful appointment-setting program – and rewarding them for executive interactions that produce sales-ready leads – requires a compensation program that cannot be supported by the economics of a pay-for-appointment-only model.

Another factor worth mentioning is that it's easy to forget that poor quality appointments can generate enormous expense and lead to complete disengagement of your sales team.

However inexpensive these pay-for-performance leads may appear to be, the hidden costs will greatly outweigh the benefits – specifically, poor quality meetings, ineffective pipeline, damage the brand, and burning through precious prospect data.



When your company needs appointments and you can't afford to make a mistake selecting which appointment-setting model is right for you, take comfort in knowing the

To learn how Appointment Setting Pros can help you achieve your sales goals, contact **Mike Mezzanotte**, a veteran of appointment-setting campaigns with more than 20 years' experience and a thought leader in the space.

He can be reached at:

mike.mezzanotte@answernet.com

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