

The N-Effect: Let the Sales Competition Begin

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Chances are you've heard this adage before:

Two guys are walking through the woods. Suddenly, a bear starts chasing them. The first guy stops to put on tennis shoes. The second guy yells: "We're being chased by a bear. Why are you stopping to put on tennis shoes? You'll never out-run the bear!"

The first guy says, "I don't need to run faster than the bear. I just need to run faster than you."

Is Everyone Competitive?

Human beings are complex: we are both competitive and cooperative. We are programmed to work together to build community to keep us safe in hard times. On the other hand, our ancestors discovered that competing successfully enhanced survival. Competition is so deeply buried in our DNA that it's instinctual; it impacts the way we behave in meetings, how we make presentations and who we go to lunch with. We compete against each other, we compete against other groups and we even compete against ourselves.

However, our competitive natures vary by individual; some are more competitive than others. We recognize these people, in part, by the jobs they hold – and sales people rank highly on the competitive scale. One thing is universal about competition: **We compete to win. If we can't win at some level, we don't compete.**

Environment Influences Competition

In recent years, we've come to learn a thing or two about competition. First, it's not just men who are competitive – women are highly competitive too. However, the assumption that men were more competitive than women was so strong that the question itself wasn't even considered until late in the 20th century.

Recently, researchers discovered that men and women are equally competitive.¹ It turns out the social environment is what governs the competitiveness in each gender. In other words, if you are in an environment where men are expected to dominate, they do. If you are in an environment where women are expected to dominate, they do. Competition is a social construct.

The N-Effect

The second thing we've learned about competition is that fewer competitors lead to a higher drive to compete. Social scientists have recently discovered something they call the **N-Effect**.² In essence, it means **the more competitors we have, the less competition there is**. When you're just a face in a crowd of hundreds, there is little motivation to work hard to stand out. There are too many competitors. But when you look around and find only one or two others nearby, you see a level playing field and truly believe you can win. And you work harder than you normally would because your chance to win is within reach.

The N-Effect

Fewer
competitors =
More
motivation



The N-Effect: Let the Sales Competition Begin

Smaller N = Bigger Competition

As sales managers, you can take advantage of men's and women's competitive natures, by creating an environment where reps compete as individuals against individuals, rather than individuals against everyone. Since our social selves want to be seen as winners, rules can allow people to compete so there is a good chance of winning. The smaller the n, the higher the likelihood of a rep striving to win or achieve a goal.

When looking at ways to leverage competition, sales managers should zero in on one-to-one competition (or competition with oneself). Bringing equally-matched reps from disparate territories into head-to-head competition will bring out their drive to compete because their chance to win seems easily attainable.

The results of head-to-head competition are better than stack-ranking or top-down contests (where only the top 10 reps or top 20% win). **One-on-one competition is stronger across the entire sales force as seen in Figure 1.**

Motivate More People

The idea that stack ranking the entire sales force will encourage the people at the bottom to perform better is in one sense misguided and in one sense correct. It's correct because shame is a powerful motivator – but only for a short period. The bottom performers either work hard to get better or they give up and leave. The misguided part is that the bottom performers will likely improve or leave regardless, even without the shameful public stack ranking. The public stack ranking also misses because the person you're focused most on beating is the name directly ahead of your own. The rest are irrelevant.

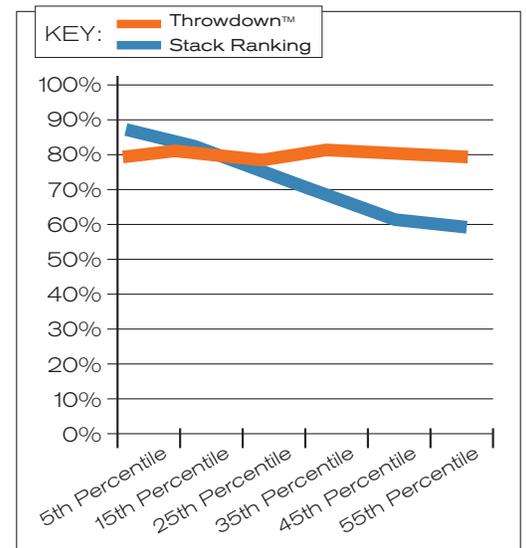


Figure 1

At BI WORLDWIDE, we've developed a sales incentive program based on the N-Effect and designed to capitalize on the human instinct of competition – **Throwdown™**.

To learn more about how Throwdown can help fuel performance within your sales force, visit: BIWORLDWIDE.com or email LATAM@BIWORLDWIDE.com.



- 1 Gneezy, U., Leonard, K., and List, J. (2009). Gender Differences from Competition: Evidence from a Matrilineal and Patriarchal Society. *Econometrica*, Volume 77 (Number 5).
- 2 Garcia, S. M. and Tor, A. (2009). The N-Effect: More Competitors, Less Competition. *Association for Psychological Science*, Volume 20 (Number 7).