



Control Zone

Alexander Miller, Huron at Western

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INTRODUCTION

After a stroll with friends through Prince's Island Park in downtown Calgary, Alberta, William Lobay was frustrated with his sales team. In this time, he received five messages about tensions amongst them. Lobay created a team incentive program to motivate his team and encourage them to bond, but instead, this night was only one in a long line of conflicts that resulted from the new program. He worried that this incentive plan was not worth all of the trouble it was creating.

THE PEST CONTROL INDUSTRY

Pests are destructive insects or animals that tend to damage human property and health. Canadians spent \$136 million in 2019 on insect killers and repellents.¹ Including residential pest control services and industrial applications, the total value of the industry was worth over \$2 billion in Canada.²

The residential pest control industry had two main distribution channels: over the counter (OTC) products and professional service providers. OTC's had restricted strengths and effectiveness of repellents. Professional service providers offered services to the public in two forms: preventative and reactive. Preventative specialists use sprays and other techniques to prevent infestations, whereas reactive exterminators provided service after an infestation had occurred. These on-call professionals had fluctuating demand, and clients often reported regretting not taking preventative measures, as the damage caused was more expensive than prevention.

[1] "Insect Killers & Repellents in Canada," *Mintel Market Sizes* (2020), accessed September 27, 2022, <https://marketsizes.mintel.com/snapshots/CAN/792/segmentations/single>.

[2] "Pest Control in Canada," *IBISWorld*, accessed September 27, 2022, <https://my.ibisworld.com/ca/en/industry/56171ca/industry-outlook>.

Control Zone (CZ) provides services to prevent pest infestation. They sprayed repellents regularly to prevent issues and save the cost of damage caused by infestations before they occurred. This business model was more stable than on-call exterminators, and it was easier to schedule.

DOOR-TO-DOOR SALES

The main challenge with proactive pest control was that customers often did not want to think about planning for pests. This made traditional advertising and marketing less effective than traditional sales techniques, like cold calls and door-to-door sales.³

With door-to-door sales, commissioned sales representatives were given an area to canvass. They knocked on people's front doors with the aim to have a conversation with them about the product or service they are selling. Representatives often carried support materials with them, including copies to leave behind with potential customers as a reminder of their products or services, and their conversation. This traditional sales technique typically led to conversations about pest prevention, with property owners realizing its value. This technique, however, is often difficult since most homeowners refused to interact with door-to-door salespersons, and representatives faced continual rejection.

CALGARY, ALBERTA

Adjacent to the Rocky Mountains in Western Canada, Calgary was home to more than 1.4 million people. The average age of Calgarians was only 37.2 years, and it was the third most diverse major city in Canada with more than 120 languages spoken in the city. Calgary had 467,000 private dwellings in 2016 with a median household income of \$117,000 per year. It had the highest percentage of privately owned homes in the country, making it an ideal market for door-to-door sales with its high concentration of owner-occupied dwellings with large disposable income.⁴

CONTROL ZONE

Control Zone was located in Calgary, and was a prevention specialist business that sold subscriptions for regular pest control. Each summer it employed commissioned salespeople to use the door-to-door technique within residential neighborhoods. Given the weather conditions of the prairie provinces, the selling season was limited to a few summer months. Therefore, each year CZ recruited a team of temporary summer employees made up of students to form their summer sales team.

[3] The term cold call refers to an unsolicited reach out to a potential customer, often by phone.

[4] "2016 Calgary Profile: Chapter 7" (working paper, City of Calgary, 2018).

WILLIAM LOBAY & THE COMMISSION SYSTEM

William Lobay was the owner of CZ and the leader of the summer sales team. With an extensive history of sales through past self-employment and sales-oriented positions, he was highly experienced in traditional sales. And Lobay also enjoyed creating environments where hard work could be rewarded.

Lobay set up a 100% commission-based system for his summer employees. They could earn thousands of dollars in one summer if they were top performers, though they would not earn anything if they failed to secure a sale. Employees were expected to go through CZ's training process to familiarize themselves with the products and pricing, and training to learn which sales techniques worked best based on Lobay's experience. Ultimately, it was up to individuals to increase their efforts and gain sales. Lobay created a summer sales target for each team member, and if they reached it, they would get an additional prize: a trip to a resort in Mexico. This vacation worked well to motivate salespeople in the past.

THE SUMMER TEAM

Tyler Muratov

Tyler Muratov was a first-year student at the University of British Columbia in Vancouver, and he was home for the summer with his parents. He wanted the job to gain experience and help build his resume. Muratov was comfortable with the potential fluctuations in summer earnings, as his parents had covered his university tuition.

Lobay found that Muratov was good at openly communicating with customers and explaining the benefits of prevention in a simple and reasonable way. Lobay saw promise in Muratov, shadowing his canvassing on a day when he had significantly successful sales conversions. Though Muratov's sales numbers consistently dipped as the summer went on.

Ardem Imbens

Ardem Imbens was always the first to arrive and the last to leave. Imbens's parents immigrated to Ontario when he was three years old, and they instilled a heavy work ethic in him from a young age. He moved out of his parent's home to study at the University of Calgary and worked a part-time job during his first-year to offset the cost of his shared apartment. Imbens wanted to earn enough money to cover his tuition, and he liked the idea of being rewarded for hard work.

Imbens often started as early as people would be willing to open the door and would work into the early evening. He also worked with Lobay to improve his technique. Yet, he found that he needed to work all day to make slightly more sales than Muratov, who tended to end his days early. In Imbens's second week, he earned many sales and saw the potential to earn more with this job, though he failed to gain significant sales in the next two weeks, which Lobay noticed was starting to impact his spirits.

Liz Ferrara

Liz Ferrara was born to be in sales. A third-year student at Keyano College in Fort McMurray, Alberta, Ferrara thrived being rewarded for her hard work. In her first month, she had made her year's tuition working door to door. She felt that sales came naturally to her, and she thought that any time socializing or attending workshops was a lost chance for a sale.

Nathan Chan

Nathan Chan was a Calgary native and student at the University of Alberta. He was saving money by living at home over the summer, though he wanted to his summer job to pay for his tuition. Chan canvassed the most houses each day, yet he barely gained sales. Lobay worked with him on additional sales training and hoped that contact with the successful team members would help Chan develop in his role.

Melissa Bates

Melissa Bates was a French major studying on a full scholarship at the Université du Québec à Trois-Rivières, who returned to Alberta over the summer at her parent's request. She was not accepted into the Alberta government's summer work like she hoped, so she accepted the position with CZ to be closer to home, and to gain sales experience, since she was curious about moving into sales and marketing in the francophone demographic for large multinational firms.

Bates did not like door-to-door sales and felt uncomfortable canvassing the neighbourhood. Though she believed it was important to honour her commitments, she thought that the job was "a scam" to get free labour, since "no one ever really buys from door-to-door people." Bates often visited half the number of houses as some of her colleagues.

Ziyuan Liu

Ziyuan Liu moved to Calgary two years ago to attend Bow Valley College, and to live in a shared apartment with two friends in hopes of working and studying in a bigger city than Dawson City, Yukon. Liu felt a mix of excitement and overwhelm, as moving to a big city was intimidating. Liu was active in all of the training and team meetings in the beginning, however, they struggled with sales. As time went on, Lobay noticed a sharp decline in Liu's engagement during meetings, and he noticed that Liu visited few houses when out canvassing.

THE SITUATION

The New Team-Based Price

Lobay believed that some of his team had lost motivation due to their individual performances being too far beyond the possibility of going on the end-of-summer trip. He was also frustrated that the best performers were not helping to foster a team environment. Lobay thought that the best solution to was to create an additional bonus competition based on team performance. If they could hit their sales target as a group, Lobay would take the team to Mexico for a week before school started. Lobay was excited to announce the new bonus competition at their morning meeting.

Early Issues

Ferrara stayed after the morning meeting to ask if there would be individual consideration if some people hit their part of the goal, even if the group missed their target. Lobay was surprised; he assumed Ferrara would mentor the team into easily hitting this relatively low objective. He suggested that she try to help the others improve or sell enough to lift the team altogether.

A few days later, Imbens sent a brief email asking how efforts would be measured towards the group goal and what would happen if some people did not "pull their weight." Lobay again suggested they work as a team and achieve their goal together. Imbens began showing Bates and Liu tips each day, and Lobay thought it worked. Liu was not motivated before the contest, but began knocking on more doors than when she first started.

At the start of the next week's meeting, however, Muratov brought up the issue again with the group.

“This group target doesn't sound fair. I'm making my sales but won't get a reward because of nothing I can control—some people just can't hit their numbers. What am I supposed to do?,” said Muratov, while occasionally looking at Chan.

“Exactly!,” exclaimed Ferrara. “Efforts get rewarded; it is why I love this job. But I can't make people good at sales or make them care enough to sell.”

“Whoa, calm down,” Lobay exclaimed. “This is an extra contest, on top of all your other commissions and rewards; it's purely a bonus. I just want to see us work as a team and give everyone a clean slate with a goal that is within reach.”

“I can reach my share, but I can't control the others,” said Muratov as Imbens nodded.

“Of course, you can; it is easy for you,” snaps Chan. “Some of us work all day and deserve to be recognized for something.”

“I am fine with people who go out all day being included,” Imbens said, trying to be the voice of reason. “But I know some people don't canvas all day and don't try as hard. If they miss their part of this, I don't want to help make up the difference.”

“I get it, some weeks you're on top of the world, others it can seem like you're the bottom of the barrel,” Lobay said, as he was interrupted.

“Look, Will, I get it. If people are honestly trying, I'm okay with all of this. But if I need to keep wasting time when I could be selling just because others aren't doing their jobs, then I don't think it is fair for the target to include their portion,” Imbens responded.

“Okay, I hear you. I wouldn't want to do someone else's work either. I just want to see a bit more effort from my strong sellers to show others the ropes. If people are not trying, then obviously, they shouldn't be coming to Mexico either. How about a strike system? Three strikes and you're out of the trip,” Lobay suggested, feeling the group agreement with this compromise.

“But if someone is out, we'd all have to sell more; that is not fair!,” said Liu, showing their frustration.

“I would move the target proportionally if it comes to removing someone. But honestly, it won't come to that. I have faith in this team, and we've been selling and working hard all summer. Let's finish strong and then celebrate on the beach!,” Lobay said, hoping everything was resolved.

Issues Continue

Lobay was confident that this addendum to the system would give people the sense of fairness needed to get back to work and focus as a team. By the end of the day, however, he had received a discouraging email. Imbens emailed to complain that Bates had not been working until the end of the day, that he and did not feel it was fair to include her, and that she should at least get a strike. Lobay explained that strikes would only be from today's announcement going forward, but that he would watch her carefully to ensure things were fair.

Two days later, Lobay received a complaint from Liu, who had been reinvigorated by the competition. She did not think that Bates was trying hard enough. Lobay expressed empathy for Liu's frustration, but Liu continued stating that Bates often finished early, around 2:00 pm, and was certain it happened after the competition started. Lobay offered to investigate and promised a strike would be applied if this was true. When he called Bates about it that afternoon, he could hear a television in the background and suspected she might be at home. Bates eventually admitted to ending early that day, but since she was commissioned, she thought she controlled her hours just like everyone else. Lobay asked what she meant, and she explained that Muratov also often took the afternoons off, and that he had done so yesterday. Lobay explained to Bates that he would need to investigate the claim, but he would need to apply a strike to her regardless. He reminded her that it took three strikes for her to be debarred from the trip, so this misunderstanding was not a big deal, but that she should work the full day and put in her best efforts for everyone.

The conversation with Muratov was even more challenging. He initially denied taking afternoons off, but when Lobay asked for details about which houses he had visited or why he had not made any sales calls past 1:00 pm all summer, Muratov confessed.

“Does it matter? I hit my sales figures—you make yours and I make mine. Do I really need to sell extra to make up for saps like Chan who couldn't sell water in the desert?”

Lobay said that it was clear the expectation was full effort from everyone, or a strike, and therefore a strike would be applied. He stressed the need to work with the team to help them improve sales, rather than ignoring them and setting them up for failure.

After the week's challenges, Lobay was looking forward to a Stampeders game, though he checked his emails at halftime and learned that Ferrara was lobbying for a strike against both Chan and Bates.⁵ Ferrara argued that no one who canvased properly could have such low numbers, and that the evidence spoke for itself. She commented that Liu proved what effort can do, as someone with low sales numbers before the sales contest now had a record week. She claimed that they were dragging down the team and not doing their part.

Lobay responded to inform them that strikes were for behavioral issues, and that it was not fair to attribute dry spells to a lack of effort. Though he checked his phone for a response during the rest of the game, none came, and he believed this thread to have ended with Ferrara being satisfied. At Monday's team meeting, however, Ferrara spoke her mind:

[5] The Calgary Stampeders are a team in the Canadian Football league.

“Arden, Ziyuan, and I had a chat over the weekend, and we are really disappointed that some people are skipping work for summer fun while the rest of us work towards Mexico. We feel like we need to carry those individual’s loads on our backs. If you can’t hit a basic level of sales for the week, you’re not trying hard enough, and you should be struck out of the contest to keep things fair.”

“This contest is really important to me, guys,” said Liu. “It has given me a second chance for my summer, and I’m taking it. My sales are up, but ultimately I’m going to be punished for something I can’t control.”

Muratov laughed. “It is nice that you’re finally making sales. I agree—anyone who doesn’t sell shouldn’t be in the contest. I’m not here to carry Nathan or Mel.”

“They said people not doing the work, Tyler, and based on your PSN logins, I’d say the only work you’ve been doing is on Verdansk,” a furious Nathan fired back.⁶

Lobay took charge of the situation. “Guys, this was supposed to be fun. I want us all to go and party together and enjoy the hard work of the summer. Stop focusing on each other’s lack of sales and focus on your own. You can make more money, and then it won’t matter because we will blow past the competition goal. I’m not going to hand out strikes just because no one answered the door that day. But when I see proof of people not trying, I will award a strike. It’s only a couple more weeks, and we are doing well. Let’s just sell.”

Espionage

Lobay had a sinking feeling that things were not going to get better, and by 3:00 pm, he had his first hard piece of evidence that would force him to hand out more strikes. Chan had sent screenshots of PSN logins that showed Muratov had been at home playing most afternoons that month.⁷ Strike two was issued to Muratov with a stern warning of what was at stake.

Three days later, Imbens emailed time-stamped pictures of Bates and Chan’s vehicles in their parent’s driveways. Bates had seemingly taken a two-and-a-half-hour lunch, while Chan had taken an hour and a half lunch. Bates begrudgingly admitted to the long lunch, and Lobay gave the same speech that he had given to Muratov about the risks of having two strikes. Chan explained, however, that he had taken a prolonged lunch that day because his cat had escaped when he stopped in to grab water bottles. Lobay empathized and did not apply a strike.

In response, the next day Lobay got an email from Bates explaining that she did not believe it was fair that her long lunch was a strike, but Chan’s was not. She pointed out that she outsold him that day, and that special treatment seemed unfair. Lobay explained the special circumstances, but Bates protested that Lobay did not ask her why she had stayed for a long lunch, and that he had just persecuted her without all of the facts, but Nathan would be able to go to Mexico without selling anything.

The next Monday, Chan was 10-minutes late for the team meeting. He claimed that his car would not start and he needed a boost from his parents, which made him late.

[6] A popular map in the video game *Call of Duty*.

[7] PSN stands for PlayStation Service Network, which is a network to support a console gaming system.

“You should plan for the unexpected and leave a buffer. If this was any other job, you’d get a strike, and you already get special treatment,” Imbens complained.

“You shouldn’t be following people around like a little creep,” barked Bates. “I have proof Ardi-boy wasn’t out selling. If you have time to drive by my parent’s house for three hours, you sure as S@#\$ were not knocking on doors.”

“You all make good points, but it is really just about working as a team to sell. I think both are strike-worthy offenses. But look, you only have one strike each with two weeks left, so honestly, I’m sure it is fine, and let’s move on,” Lobay said, trying to keep the peace.

The Final Email

With only five days left, the competition numbers were tight, but Lobay knew from experience that with one last push from the six of them, they would all be flying to the beach together. He was in the middle of typing a brief email memo about how close they were to hype them up when the email displayed in Exhibit 1 arrived in his inbox.

EXHIBIT #1

**CONTROL ZONE
THE FINAL EMAIL**

From: Ardem Imbens <aimben@uc.ca>
Sent: Thursday, July 18, 2022, 12:01 PM
To: William Lobay <WLOBay@CZ.ca>
Subject: RE: Fairness in Team Competition

Mr. Lobay,

We are writing because we are very concerned that this competition for the trip to Mexico is simply unfair. Ziyuan, Liz, and I have been selling tirelessly and lead the team in sales, which, if adjusted to a three-person team, surpassed the month-long goal by just week three. However, now, even though we've done everything right, we might not get the vacation we earned because of people who have a history of strikes against them.

You might not realize this, but several members of the team skipped work to go to the Calgary Stampede last week. Liu has screenshots that can be shared with you, showing both Tyler and Melissa there, clearly at daytime events having fun while we are out doing their work. This is strike three for both of them, and we expect they will be removed, and targets adjusted.

However, we also feel Nathan Chan should not qualify. His sales indicate a major lack of effort. He has been seen at home and late for work during working hours. We can't make it our job to follow him just to prove he is not working, but we don't have to follow him; the numbers speak for themselves.

We are asking that the competition be condensed down to the real team that actually does the work for this company.

Signed,

Ardem Imbens, Liz Ferrara, and Ziyuan Liu