



Sales Compensation Trends and Issues for 2018

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Presenter



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Joseph DiMisa runs the sales effectiveness practice for Korn Ferry, where his areas of expertise include working with companies to develop and implement direct and indirect compensation plans, sales strategies, and sales effectiveness programs. He has more than 20 years of experience working with telecommunications service providers, computer and communications equipment providers, software, and manufacturing companies.

- Author of Best Selling business Book – *The Fisherman's Guide to Selling*
- Author of *Opening The Best Practices Closet – Sales Compensation Made Simple – Fall 2009*
- Certified WorldatWork C5 – Elements of Sales Compensation and C7 Strategic Sales Market Pricing





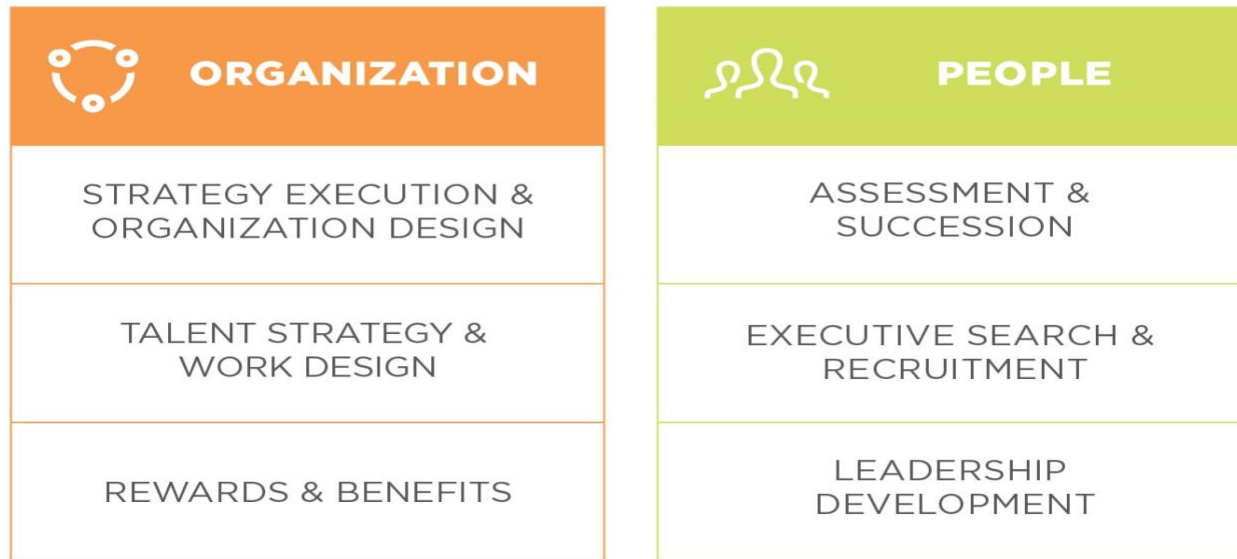
Korn Ferry Executive Search helps you attract the best executive talent with the right fit.



Korn Ferry Hay Group helps you align your people and your organization to your strategy – developing, engaging and rewarding your employees to reach new heights.



Korn Ferry Futurestep delivers professional talent with impact through RPO, professional search, talent advisory and employer branding.



We help operationalize a client's complete strategy or address any combination of these six broad solution categories



Shift of focus – Selling Strategies

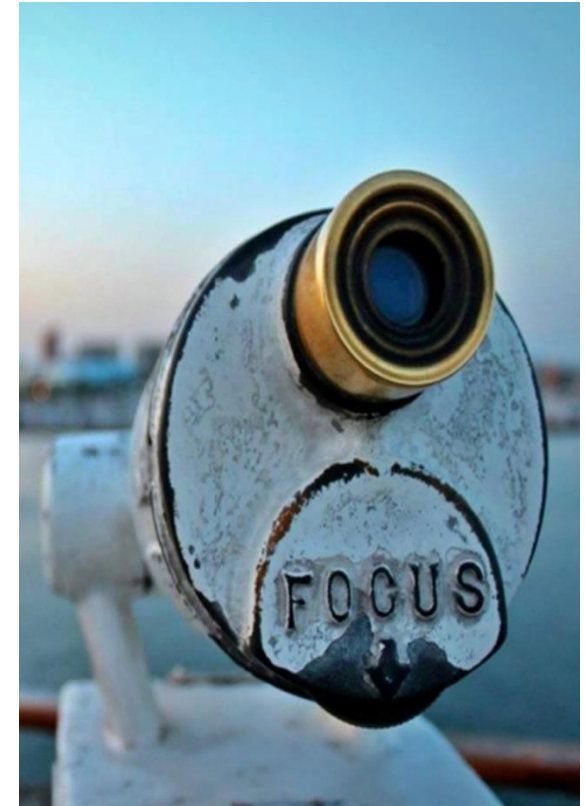
Have the changes in the economy impacted companies' compensation and growth strategies, and if so how?

Cautious Strategy

- **2009-2015** To meet revenue goals in a down or neutral economy, cost cutting was seen as critical
- **Today** 95% of responding organizations still view cost cutting as a means of increasing margins, BUT...

New More Aggressive Strategy

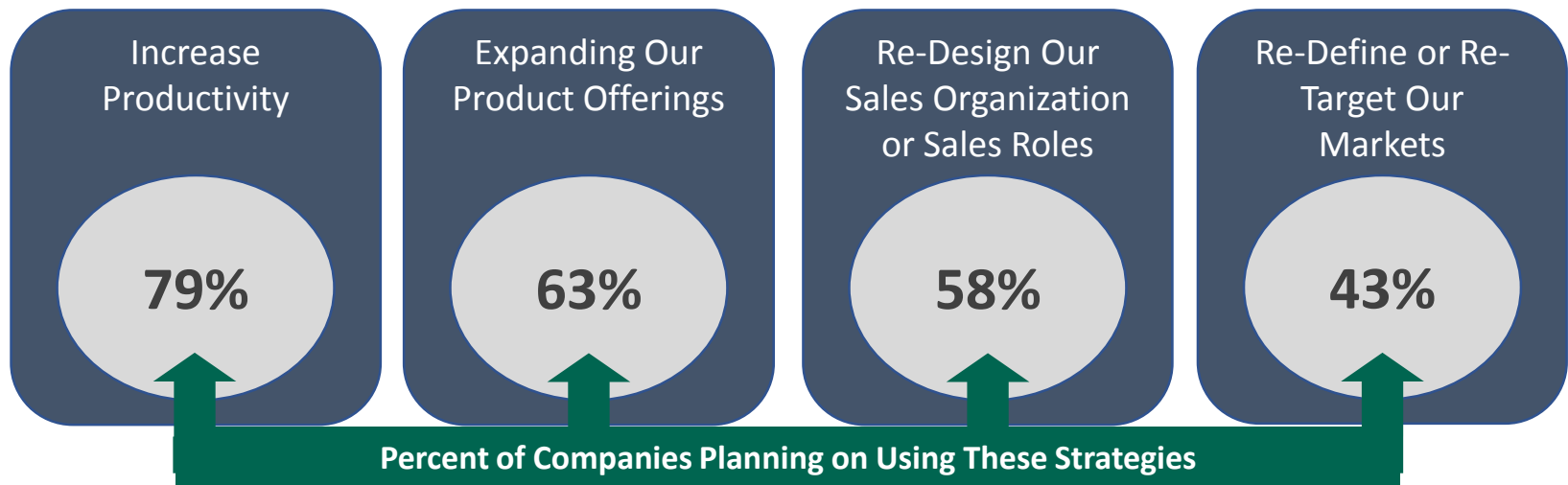
- Only 5% of organizations feel they can continue achieving their goals through cost cutting
- For 86% of organizations, the focus has shifted to good ol' revenue generation



So how are they doing it?

Top Strategies for Growth in 2018/19

What is your company planning to do to maximize its revenue growth?

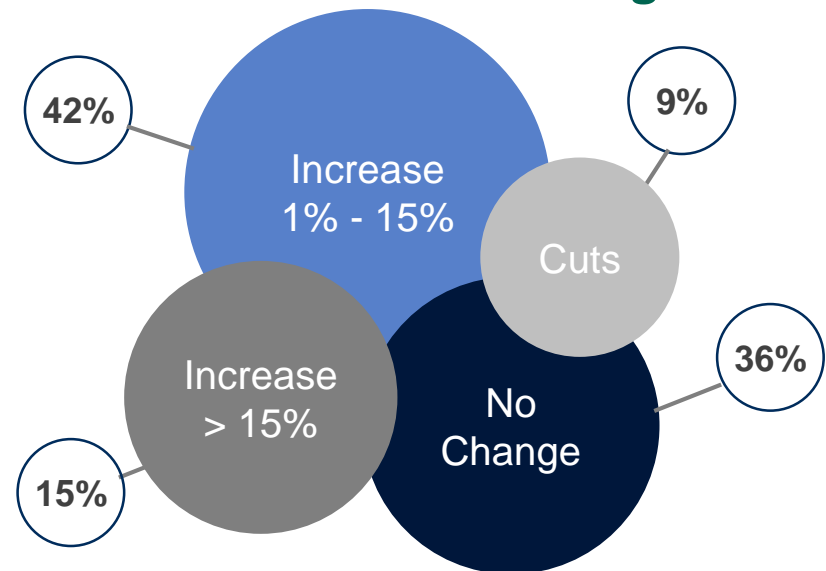


These strategies are creating new pressures on sales compensation plans

Increasing headcount – What is happening?

What is your company planning to do to maximize its revenue growth?

Overall, companies plan to **increase sales force headcount during the next year by an average of 7%.** Approximately 15% of companies plan to increase headcount by over 15%.



Among industry groups, High-Tech (services) are ahead of the average with a planned increase of almost 14%.

Sales Effectiveness: The Sales Performance Model

World-class sales organizations look to align their business strategy and market focus to execute revenue growth. Sales organizations will group their sales functions in an organized and efficient structure to maximize results. Our Sales Performance Model (SPM) identifies the key sales practices needed to maximize objectives.

The Sales Performance Model

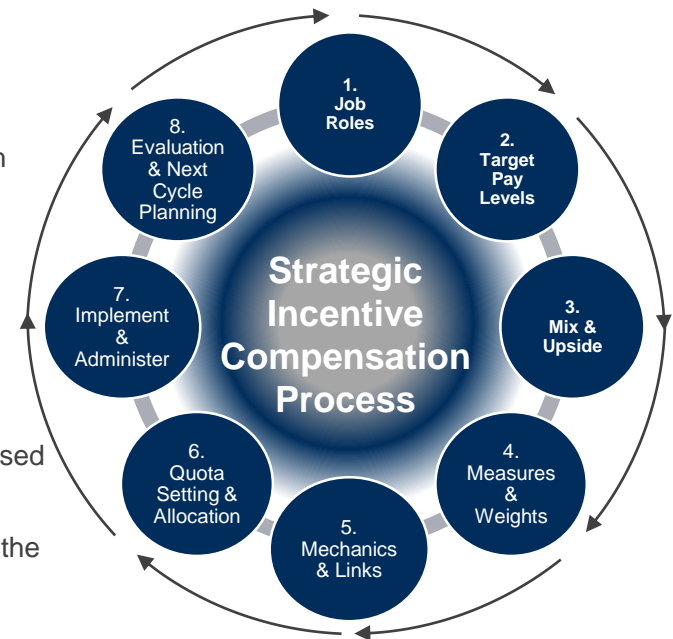


The most successful organizations support these sales disciplines are with *benchmarking data, technology and operational support.*

Building a strategy-based plan

Effective compensation design is driven by the organization's decisions on strategy, market coverage, and job roles.

1. Detail critical success factors and priorities for each sales job. Identify relationships between marketing, sales, and service.
2. Determine market pay levels, pay strategy, and target compensation levels for each job.
3. Establish salary and incentive mix based on job roles, sales cycle, and sales process factors. Set upside potential for top performers.
4. Select key performance measures and relative weights to link to incentive compensation.
5. Determine payout formulas and mechanics that clearly communicate objectives and provide proper line-of-sight.
6. Set quotas for each performance measure and allocate to organization and jobs based on market-potential and performance-based factors.
7. Develop communication materials, plan documents, and plan policies. Introduce to the organization. Implement administration processes.
8. Conduct "30, 60, 90" audits. Evaluate compensation metrics dashboard. Determine performance-based or strategy-based changes for coming year.



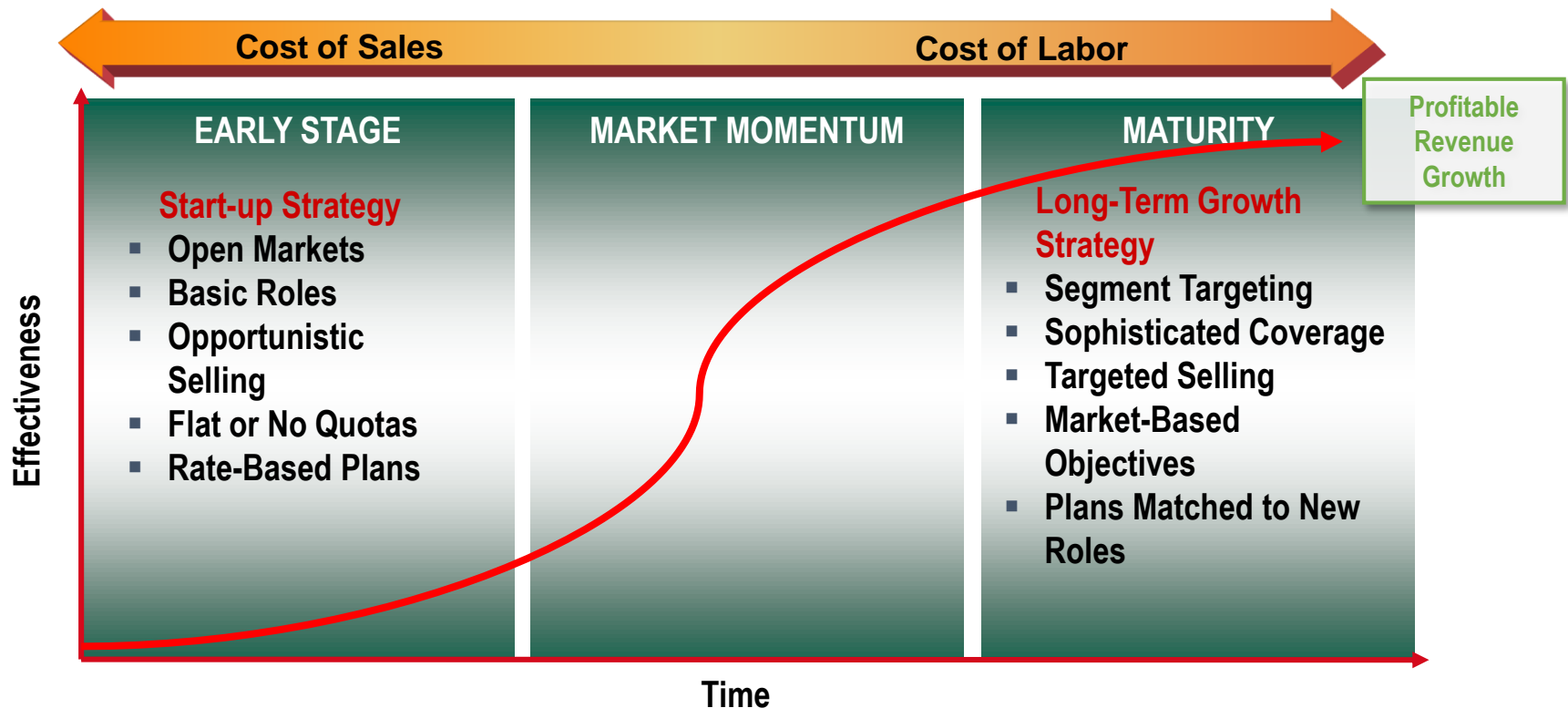
Current incentive design challenges

What are the typical compensation design issues?

Rewarding Performance Differentiating peak performers from the average.	Creating Clarity Simplifying the plans to improve line-of-sight.	Contests/ SPIFs Striking the balance between the pay program and supplemental incentives.	Managing Costs Controlling cost of sales under various performance scenarios. Managing the costs of overlay jobs.
Alignment Ensuring that compensation plan meets business objectives.	Quotas Implementing a market-based approach to setting and allocating quotas.	Measuring Profit Why is the sales organization making money when the company isn't? Controlling deals and cost.	Systems and Admin Tracking and managing a plan that will work.



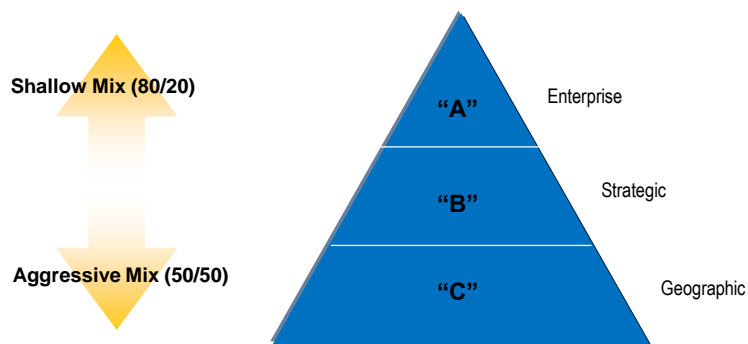
Over time, the growth strategy and sales compensation philosophy should change



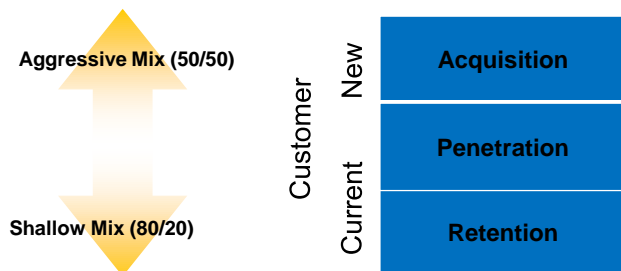
Best practice job role development recognizes five factors

When designing a job, you can use these five basic filters to help define the roles, responsibilities, and focus of each position:

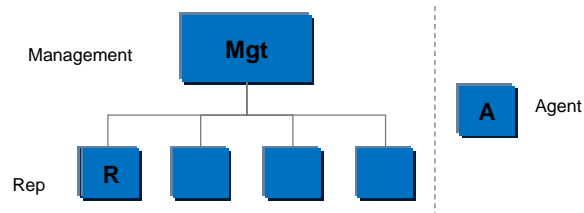
1 Coverage



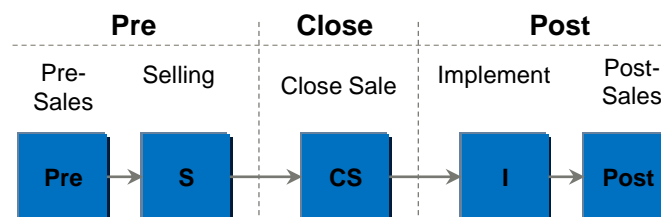
2 Sales Strategy



3 Organization Hierarchy



4 Process



5 Product



Compensation payouts – Pay Levels at Targets

How do organizations set targets?

The market match point (percentile) can vary based on a number of factors.

1. Degree of Industry of Company Stability	Rock Solid	High	Moderate	Low (Shake Out)
2. Desired Business Results	Very Likely	Probable	Difficult	Unlikely
3. Expected Employee Performance (at Target)	Low	Average	Stretch	Exceptionally High
4. Productivity Level	Low	Average	Above Average	Very High
5. Supply of Talent	Abundant	Adequate	Limited	Scarce
6. Mobility of Employees	Low	Modest	Some Hiring Away By Competitors	Frequent Hiring Away by Competitors
7. Staffing	Excessive	Adequate	Light	Extremely Lean

40th
Percentile

50th
Percentile

60th
Percentile

70th
Percentile

15% of companies set targets at 40th percentile or lower, 59% at or around the 50th percentile, 21% at 60th percentile, 5% at 75th percentile or higher.

Increasing TTC levels for sales?

Do you plan to change target compensation levels within the sales organization?

Increases in base salary: fewer companies gave merit increases in 2017

- The average merit increase to base salary in 2017 was **approximately 2.9%**
- In 2018/19, overall, salaries are **expected to rise about 3%**...but only 14% of companies were planning to increase base salaries
- Organizations are putting more emphasis on incentive compensation. **52% plan on increasing payouts** based on performance (e.g., the more a sales rep performs the more incentive he or she can earn)

INCREASE IN 2017 BASE SALARIES

Who Got it?



Compensation payouts

Base salary and use of pay differentials

What is happening with pay levels?

Use pay differentials:

- **31% of organizations differentiate pay levels** by geographic region
 - 20% differentiate in terms of total target compensation (i.e., both base salary and target incentive are adjusted)
 - 80% differentiate through base salary only
- **69% of organizations use pay ranges to differentiate sellers** within given regions
- “Our organization prefers not to pay differentials as it creates issues within our sales organization. We will do it where we need to though”...

Recently, we have been asked to do surveys or provide guidance on specific areas where retention or acquisition of sales reps has been difficult. It appears that differential pay may be making a comeback. Stay tuned...



Compensation payouts – SPIFs – *Mixed Thoughts...*

Are companies using SPIF and Award Programs?

- Companies are spending more money on SPIFS and awards today than they have in years past
- **72% of surveyed companies reward sales people with SPIFs**
- For 80% of respondents, these programs make up **3% – 10%** of total incentive dollars paid:
 - 3% – 5%: 40% of companies
 - 5% – 10%: 40% of companies
 - 10% – 20%: 20% of companies
- Typical awards are paid on the following items:
 - Renewal of contracts or customer satisfaction
 - Percentage over a target
 - Net sales
 - Strategic products (services)
 - Contract length
 - New “logo”



Compensation payouts – other examples

Award and Recognition Programs

Six-Month First Class Upgrades
Removal of “Bad Accounts”
Bottle of Wine
Plaque with Top Reps Names
Parking Spot for Top Performer
Upgrade of Company Cars
Team Outings
Six Month Yard Service
Dinner with the CEO

Lunch Paid for All in Top Sellers Name by Company
Event Tickets
Recognition Meals
Sales Contests
Round of Golf
Article in Company Newsletter
Top Assignment
Club Memberships

Airline Club Memberships
Award Perks
Gift Certificates
Home Computer
Company Spokesman
Weekend Trip for Family
Larger Territory

Conference Attendance
Sales Employee of the Month
More Senior/Prestigious Title
Flowers to the Spouse
Training Award
Company Stock
Corner Office
Dinner with Spouse



What is a President's (Top Performers') Club?

Typically for the top 10% of sales

“President's Club”

“Chairman's Club”

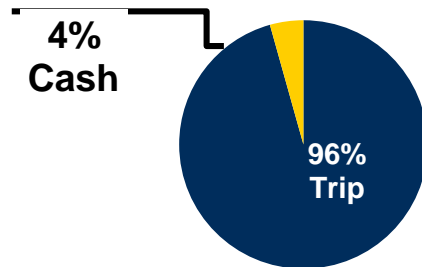
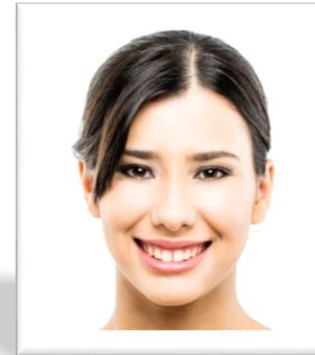
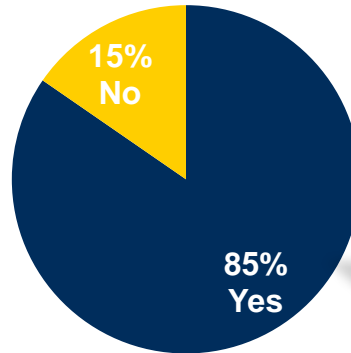
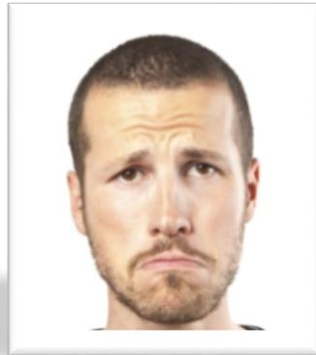
“Winners Circle”

Common names for recognizing top performers. This award, typically given annually to the top performing individual sales performers and sales leaders in an organization, can be a strong motivator, especially if it includes an exotic trip, tangible awards, company recognition or cash.



Do you have a President's Club?

DOES YOUR COMPANY OFFER A PRESIDENT'S CLUB?



- 78% of companies gross up for tax purposes
- 100% of companies say “yes,” spouses can attend

The majority of companies that offer President's Clubs budget between \$5,000 and \$10,000 per employee. Average \$8,500 per rep.



What about signing bonuses for sales people?

How are organizations attracting the best talent?

- **Use of sign-on bonuses:** Of the organizations that plan to hire new personnel, *45% plan to use or are using sign-on bonuses in 2018* (increase of 20% from 2016 and 2017):

“We really need them today. Top sales people are hard to find and pull away.”

- Companies who regularly use sign-on bonuses state that the bonus range is usually **5% to 20% of the salary**
 - 15% bonus was the most selected sign-on bonus percentage
 - **Average dollar amount is \$10K – \$15K for 7– 10 year sales rep**
- Of the companies that are not using sign-on bonuses, 34% stated that they will use longer non-recoverable draws



Other issues: What happened to stock?

- Use of stock grants or restricted stock(RSUs): Overall, the amount of stock grants/RSUs has **decreased for sales people** (...but appears to be increasing 2018)
 - Most new hires prefer cash or a greater incentive percentage (2017 definitely the case)
 - Most sales organizations are restricting stock grants to director level and above
 - **15% of companies plan to increase stock or options for sales in 2018 (Up over 10% from 2017)**
- Fewer than 20% of companies see their stock or stock option programs as a competitive advantage in attracting and retaining sales talent.
- 45% of high tech companies see stock as a competitive advantage.
- 57% of non-tech see their stock programs as a challenge to attracting and retaining sales talent.



Mix

- Relationship of fixed and variable cash
- Split between base salary and incentive opportunity
- Percentage must total 100

MIX EXAMPLES:

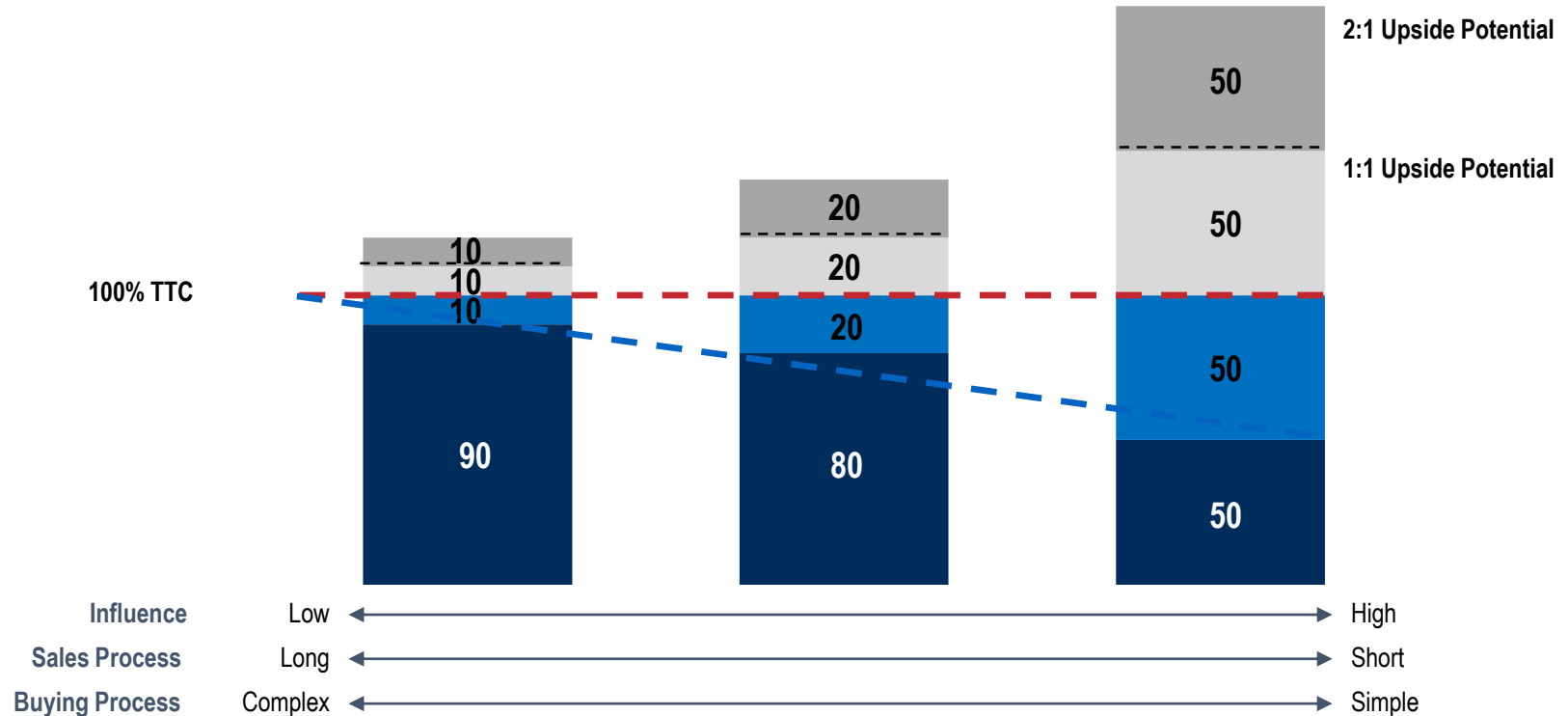
TCC = \$70,000

A: Mix 90/10	
\$63,000	90%
\$7,000	10%
\$70,000	100%

B: Mix 75/25	
\$52,000	75%
\$17,500	25%
\$70,000	100%

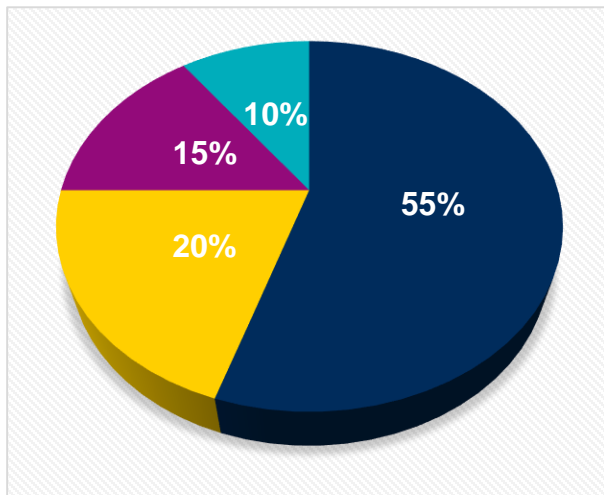
Pay mix and upside – How it Works....

Pay mix matches the desired job behaviors as well as characteristics of the buying and sales processes

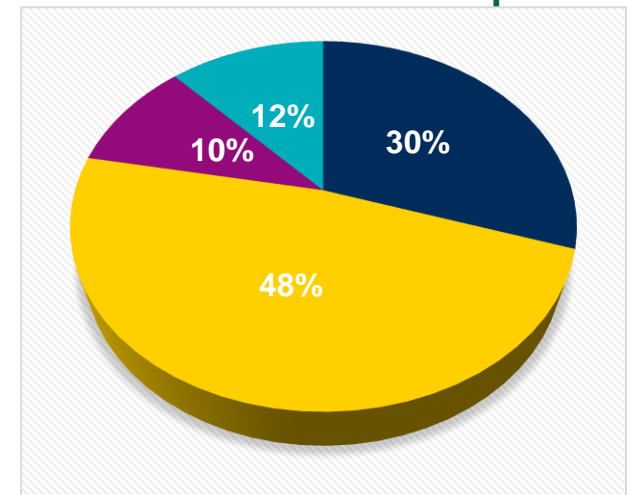


Mix of base pay to incentive

Account Executive



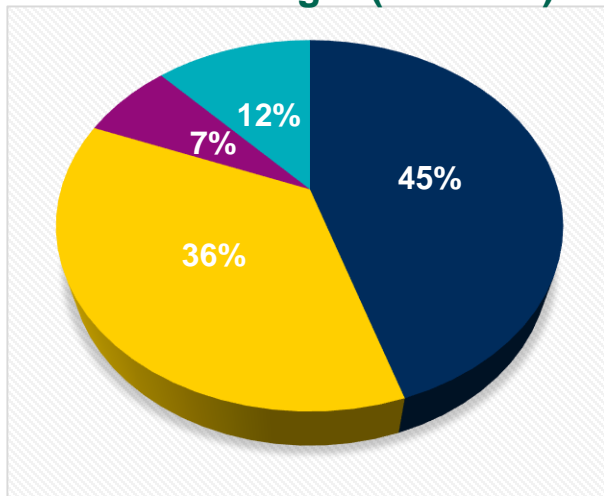
New Business Rep



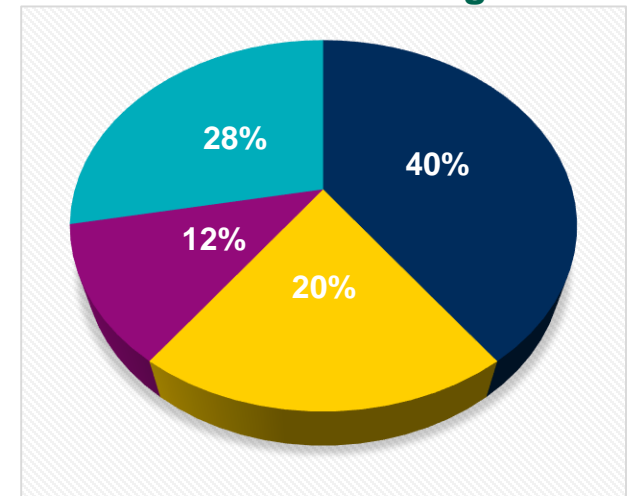
- 55% of Account Executives (penetration, acquisition, retention selling) have 60/40 mix
- 58% of New Business Reps (Pure Hunters) have a mix of 50/50

Mix of base pay to incentive

Sales Manager (1st Level)



Account Manager



- **45% of Sales Managers are on a 70/30 mix**
- **40% of the Account Manager jobs (penetration and retention selling) use a 70/30 mix**

Incentive measures and weights

Appropriate performance measures meet three criteria:

1. Controllable

Ability to impact measure(s)

In “line-of-sight” – link to behaviour clear

2. Measurable

Quantifiable

Frequent reporting

3. Strategic

Supports business strategy

Matches customer needs



Hierarchy of performance measures

Financial Results

- Total Net Revenue
- Gross Profit (\$ or Margins)
- Operating Profit (\$ or Margins)
- Net Income (\$ or Margins)
- Units

Directional Results:

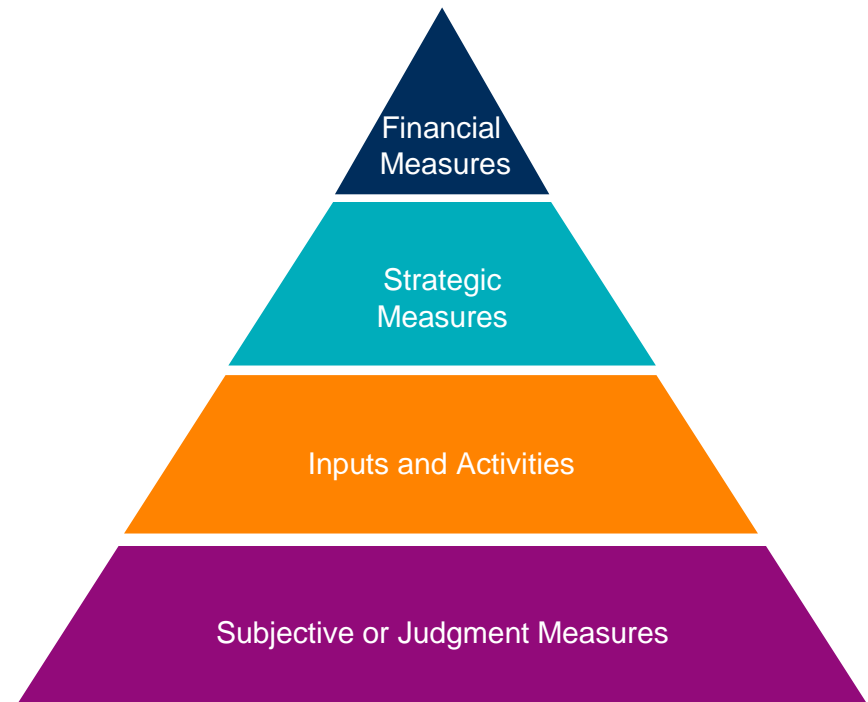
- Product Mix
- Customer Mix
- Contract Length
- Retention
- Returns and Collections

Performance Indicators

- Activities (No. of Accts Handled)
- Events (Contracts Signed)
- Customer Recognized Milestones

Observations and Assessments of Performance

- MBOs
- Professional Development



Incentive measures and weights – Two types of Revenue



Revenue Crediting

Companies are putting more emphasis on Billed Revenue (actual revenue that bills), yet they still want to keep some emphasis Sales (total contract or lifetime value). The challenge they face is how much to put on each component.

Industry Practices

Measure	Pros	Cons
Billed Revenue (Recurring)	<ul style="list-style-type: none">• Fiscally responsible (requires revenue to bill prior to crediting rep)• Any revenue is considered good revenue and equally valued• Pays on what company actually earns• Aligns senior management and rep	<ul style="list-style-type: none">• May not create enough focus on “growth” elements• No immediate gratification for rep; may diminish motivation• Less ability to drive “hunter” behavior• Requires careful rep auditing• Difficult to administer (timing of sales, hierarchies)• Requires hard or soft threshold due to recurring business
Sales Revenue (Contract)	<ul style="list-style-type: none">• Focuses rep on aggressively acquiring new business• Immediate gratification for sale; may enhance motivation• Clear line of sight• Easy to administer	<ul style="list-style-type: none">• No incentive to retain business• Payments made to reps before all revenue is booked• Requires true-up• May encourage bad sales and/or unwanted orders• May discourage customer care as reps move on• Difficult to align with corporate financial goals

Incentive measures and weights

Typical Sales Incentive Measures



Sales Volume

- Sales Revenue
- Billed Revenue
- Recognized
- Revenue
- Items
 - Units
 - Contracts
 - Specifications

Non-Sales Event

- Sales Referrals
- RFP Qualifications
- CRM Activities
- Customer Commitment
- Subordinates
 - Participation (# Achieving Sales Targets)
 - New Hire Ramp-Up Time
 - Turnover

Profitability

- Gross Profit Dollars
- Gross Profit %
- Gross Profit Dollar Growth
- % of Gross Profit Rate

Customer Base

- Sales Satisfaction
 - Customer Survey Ratings
 - # Changes
- Customer Loyalty
 - Churn Rate
 - Customer Satisfaction
- Share of Wallet

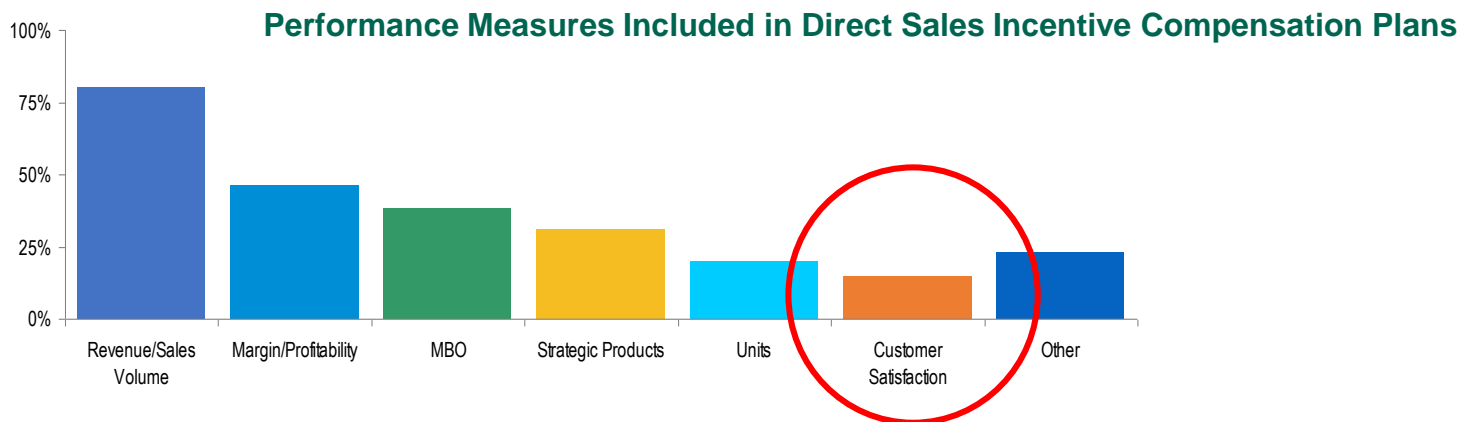
Productivity/Effectiveness

- Accounts
 - # New Accounts
 - Close Rate
 - Receivables
- Product and Service Mix
- New Product Launch
- Price Management
 - Discounts
 - Realization
- Average Revenue per Product or Service
- Sales Expense
- Cost per Order
- Pipeline Management

Performance Measures

- **80% of participants use revenue** as a performance measure in compensation plans
 - More companies are putting emphasis on reported billed/booked revenue versus contract or sales revenue (big trend in all industries)
- **Profit or margin is the second most commonly used** performance measure, utilized by 46% of participants—*It was only 20% four years ago!*

“Other” performance measures used include product mix, quarterly consistency, discount, budget, and individual challenges



Potential Pay Formula Approaches

De-Linked Plans

- *Separate payouts*—different formula mechanics and individual incentive payouts for each performance measure or plan component included in the compensation plan
- *Flat bonus*—flat dollar amount earned for achieving quota or other goal

Linked Plans

- *Bonus multiplier*—multiplier effect applied to target incentive for overachievement on an assigned goal
- *Bonus matrix*—matrix containing variable target incentive payout rates based on the combined achievement levels of two performance measures

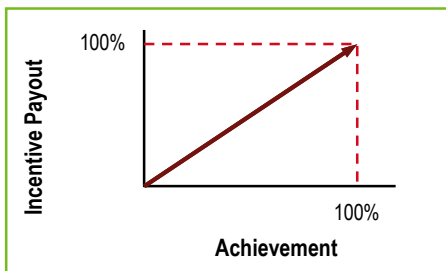
Capped Plans

- Earnings may be capped in several ways: overall earnings, per deal or per component. After a specified level of achievement, the payouts stop irrespective of the level of achievement above the cap



Potential Pay Formula Approaches

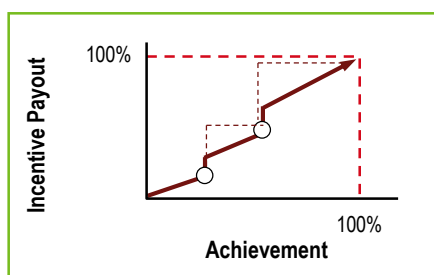
Flat-Rate Formula



The company pays a % on every sale (no minimum performance level required for payouts under the compensation plan).

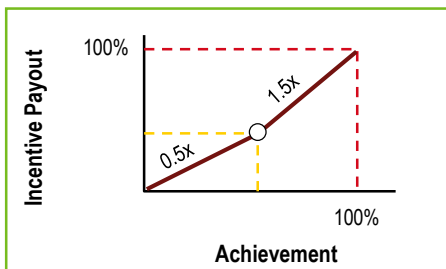
Variable commission rates may be used based on type of product sold, type of account sold to, or percent of margin achieved.

Step-Rate or Step Formula



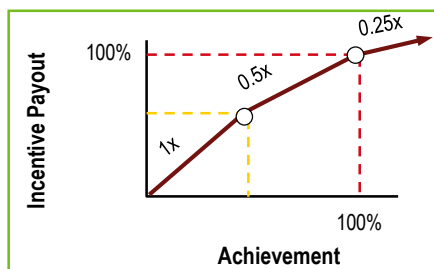
The company pays an increasing percentage (solid line) or flat dollar amount (dotted line) in step based on predetermined levels of achievement.

Progressive Rate Formula



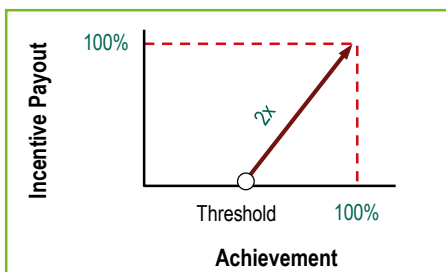
The company pays higher rates as achievement increases. (AKA Soft Threshold Formula)

Decaying Rate Formula



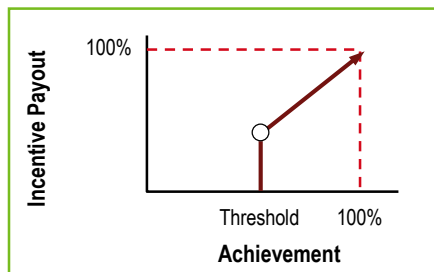
The company pays declining rates as achievement increases.

Hard Threshold Formula



The company pays incentives on achievement above assigned minimum performance level once achieved.

Step Threshold Formula



The company pays on all sales after a required minimum performance level has been achieved. (AKA Step-Up Formula)

Plan mechanics – Incentive Caps

The use of incentive caps

- **Five of 35 companies (14%)** had an incentive earnings cap for their sellers (fixed incentive budget)
- 10 companies use specific caps on tertiary measures (MBOs) to ensure reps stay focused on their key job—sales and revenue generation
- Companies typically want their sales people to earn as much as possible as long as they are selling the proper products to the proper accounts
- **Typically caps are set at 200% to 300%** of target incentive (may be on specific measure)
- Although most companies agree that caps should be limited, typically there is added pressure being placed to reduce the cost of sale by limiting the compensation budget

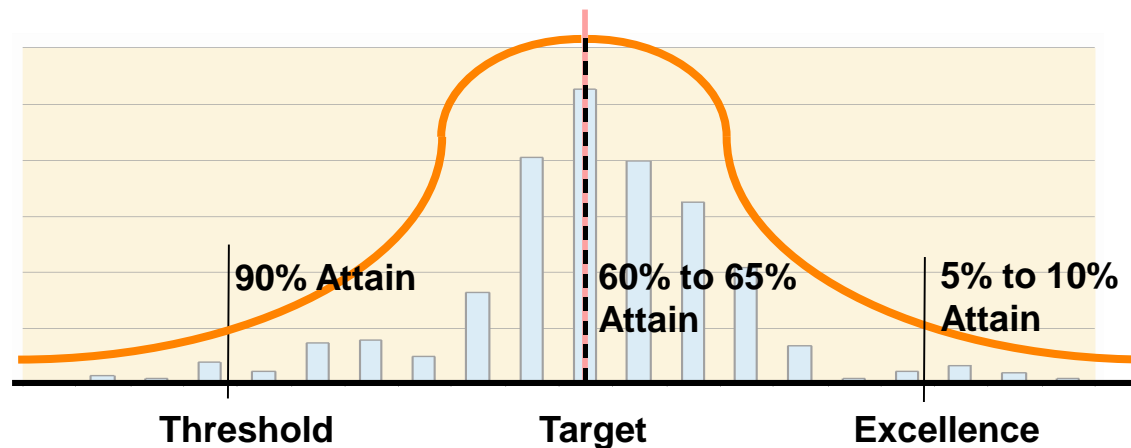
Types of Caps

- ❖ Cap of Deal Size or Deal Pay-out
- ❖ Cap on Incentive Pay-out
- ❖ Cap on Individual Measure Pay-out
- ❖ Cap on Quota Attainment Level
- ❖ Cap on Percentage of Salary (e.g., Sales rep cannot earn more than 200% of their salary)

Quota-Based or Commissions

Attainment of Targets

- 85% of participants have (either formally or informally) an expected performance curve for quota attainment in their sales organizations
 - Typically, 60% – 65% of sales representatives are expected to reach quota
- 73% of participants responded that actual performance does differ from their expected performance curve
 - Deviation depends primarily on business conditions
- Last year's performance was more positive than 2015 (Average distribution was 55% at or above target)



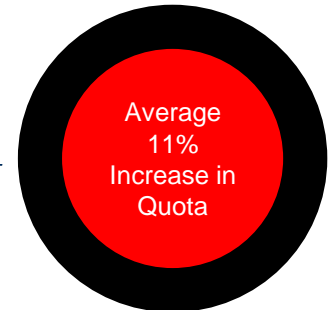
Quota Setting

How much are quotas going to increase in 2018

Expectation of increased productivity is reflected through the anticipated rise in quota targets

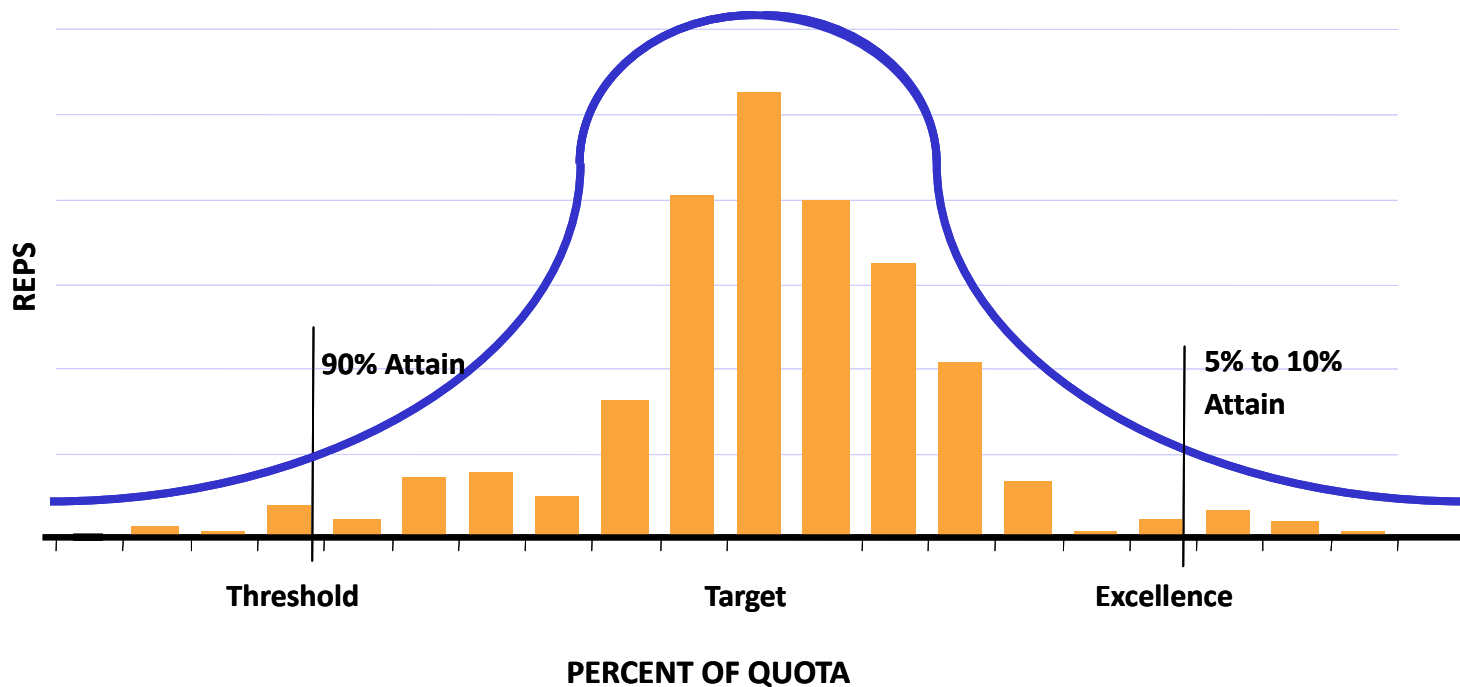


Adjustment to Annual Quota	Percentage of Organizations
Increase > 15%	25%
Increase 1% - 15%	54%
No Change	18%
Decrease	3%

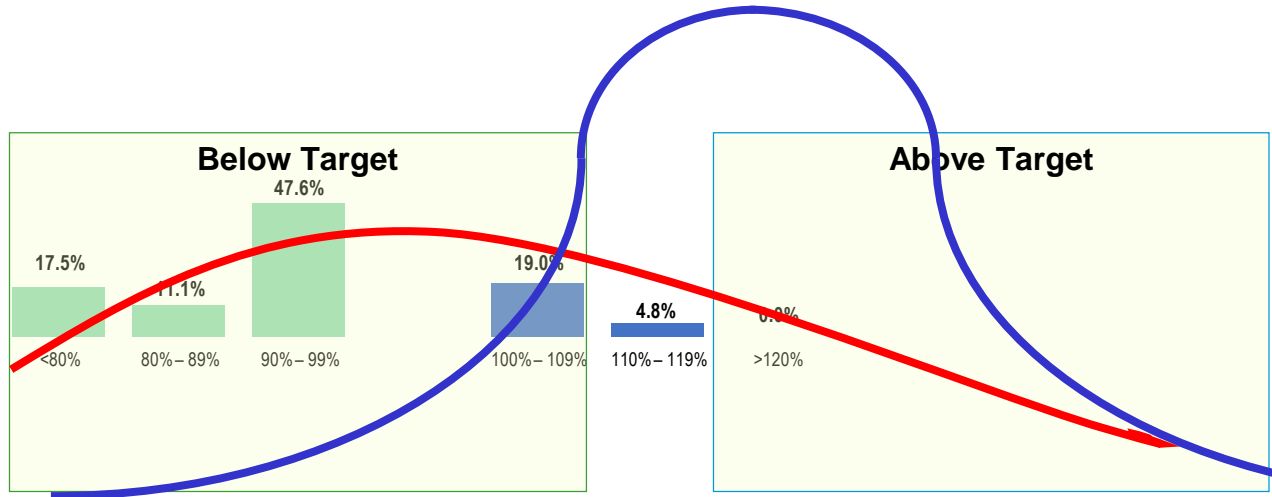


The average seven to ten year sales rep has a quota of about \$2M to \$2.5M of Annual Revenue

Best practice is for 60% to 65% of reps should at or above quota or target



A slight glitch in the logic...there is not 60 to 65% above quota



Only **24%** of companies think their average rep will achieve quota...

Hmm...now
that can't be
good...

Questions?

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Sales compensation report card

Grade your company's sales compensation effectiveness. Identify your sales compensation strengths and improvement opportunities.

Step 1. Evaluate each job's sales orientation using the Sales Orientation Rating. This tool identifies the jobs in your organization that have the greatest impact over sales results.

Step 2. Grade your sales compensation plan for each job using the Sales Compensation Report Card.

Step 3. Plot each job by its sales orientation score and its sales compensation grade.

Step 4. Starting with the highest sales orientation jobs, explore the sales compensation issue areas for each job. Pay particular attention to jobs that fall within the Danger or Caution Zones.

Step 5. Begin your comprehensive evaluation and design with a focus on the areas with the lowest scores. To improve the effectiveness of your review, have several managers evaluate individually and then combine and determine results and implications in a team setting.

Sales Characteristics Job: _____	Sales Orientation Rating (Select Appropriate Rating)					Score
	50 (Low Sales Orientation)	60	75 (Moderate Sales Orientation)	90	100 (High Sales Orientation)	
1. Individual versus team Influence on outcome of the sale	Team (of at least 3) holds >80% of the influence over the outcome		Team and this job's efforts hold equal weight		Individual holds >80% of the influence over the outcome	
2. Percentage of current annual revenue that would repeat without the existence of this job role	>80%		50%		<20%	
3. Direct contact with the customer (in-person or by phone)	Rarely		Occasionally		Often	
4. Influence of the company or the job incumbent on the sale	Customer makes purchase due to company's reputation, relationship, and actions		Company and incumbent play a balanced role in the customer's decision		Customer makes purchase because of the incumbent's reputation, relationship, and actions	
5. Role in the customer's buying process	Respond with information, service, or technical support		Manage customer activities and identify opportunities that arise		Proactively identify issues, potential solutions, and drive to closure	
Average Grade (Divide Total Points by 5):						



Sales compensation report card (cont.)

Grade your sales compensation plan for each job. Select the numerical point grade that most closely represents your performance within the grade range, for example from A- (90) to A (95) to A+ (100)

	Sales Compensation Report Card (Select Appropriate Point Grade)					
	F (50-59)	D- to D+ (60 to 69)	C- to C+ (70 to 79)	B- to B+ (80 to 89)	A- to A+ (90 to 100)	Numerical Point Grade
1. Alignment of Compensation Plan to Job Roles and Sales Strategy	Our compensation plans conflict with our intended sales job roles and do not align with this year's sales strategy.		Sales people perform their roles although the plan does not necessarily drive performance or align with each job or this year's sales strategy.		Our sales compensation plans accurately reflect our sales jobs, drive performance, and align with this year's sales strategy.	
2. Motivation and Recognition for Top Performance	Our plans do not motivate the sales organization. Our highest paid people may not be our top performers.		Our reps do not view the compensation plan as motivational. Our top performers earn marginally more than average performers.		Our plans are highly motivational and significantly reward high performers (e.g., the top 10%) at a multiple of at least two times target or average incentive.	
3. Market Competitiveness	Our plans are not competitive with the market. Our pay program may be a significant factor that causes us to lose people or not attract top talent.		We are not sure how our pay plan compares to the market. We do not believe it provides us with a competitive advantage for recruiting and retaining top talent.		We understand how our pay levels and plans match to the market and have positioned ourselves so that our plan provides us with a competitive advantage for recruiting and retaining top talent.	



Sales compensation report card (cont.)

	Sales Compensation Report Card (Select Appropriate Point Grade)					
	F (50-59)	D- to D+ (60 to 69)	C- to C+ (70 to 79)	B- to B+ (80 to 89)	A- to A+ (90 to 100)	Numerical Point Grade
4. Pay Mix	Our pay mix is not aligned with the sales cycle length, buying process complexity, and sales strategy for each job. We may have some jobs with short cycle plans who are working on long complex sales processes.		Our pay mix may match the sales cycle length, buying process complexity, and sales strategy for some jobs.		Our pay mix matches the sales cycle length, buying process complexity, and sales strategy for each job.	
5. Measurement Clarity	We may have multiple or confusing performance measures. Reps do not have good control over their performance measures.		Our compensation plan may have measures that are difficult to understand or are controllable by the rep only in an indirect way.		Our performance measures are easy to understand and controllable by the sales person.	
6. Teaming & Cross-Selling	Our sales organization does not team well and is negatively affected by sales crediting rules, acting toward personal gain to the detriment of other sellers and the company. If reps should refer cross-sell opportunities, they either ignore them or attempt to close them independently for their own credit.		Our sales organization works in teams when necessary out of “good citizenship” or because it’s the “right thing to do” even though crediting rules don’t motivate them to do this. If reps should cross-sell opportunities, they may selectively ignore those opportunities because their plan does not motivate them to do otherwise.		Our sales organization works effectively in teams when necessary and is not negatively affected by sales crediting rules. If reps should cross-sell opportunities, they effectively refer or cross-sell to or from other product groups or business units.	



Sales compensation report card (cont.)

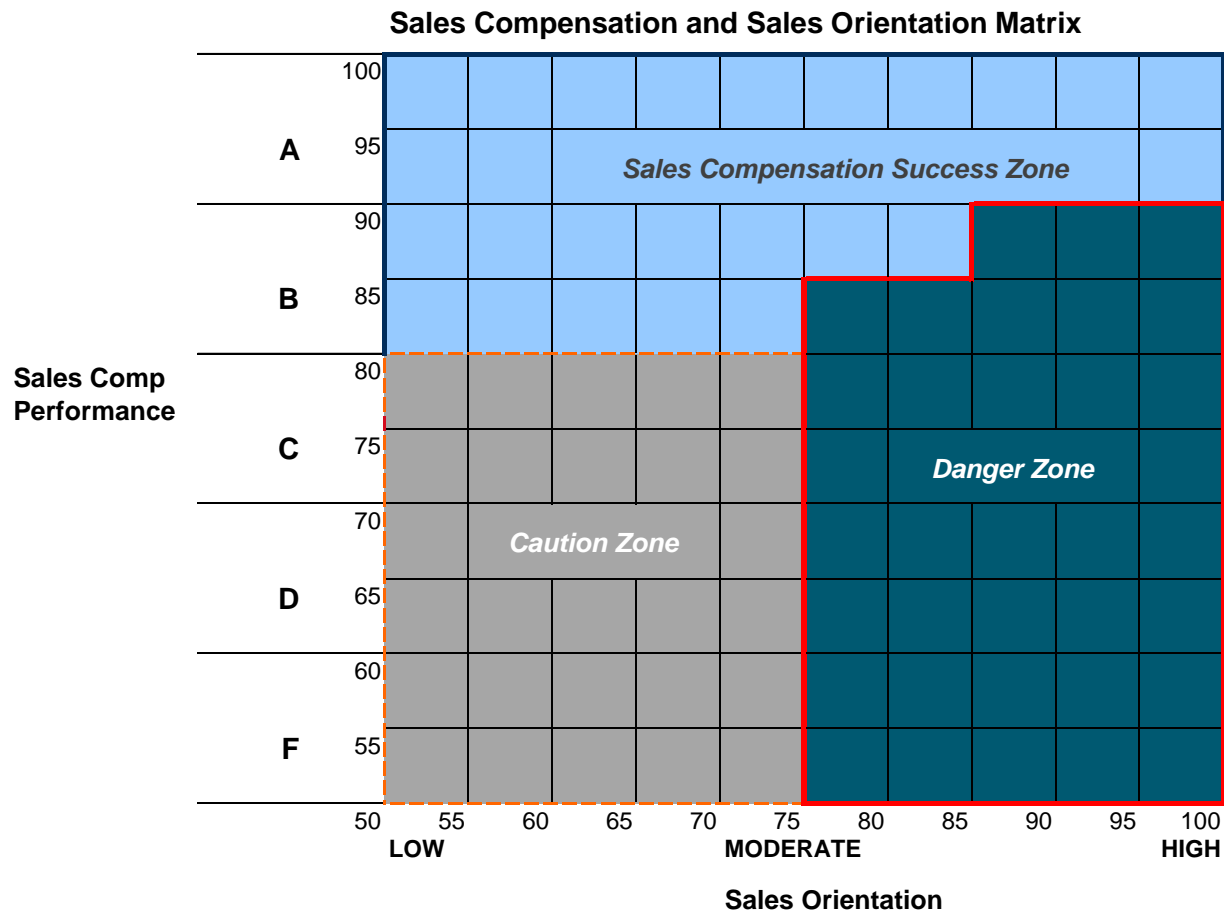
	Sales Compensation Report Card (Select Appropriate Point Grade)					
	F (50-59)	D- to D+ (60 to 69)	C- to C+ (70 to 79)	B- to B+ (80 to 89)	A- to A+ (90 to 100)	Numerical Point Grade
7. Mechanics & Payment Cycles	We may have plan mechanics that are confusing or ineffective (e.g., commission structures that no longer work) Mechanics and payment timing don't match the sales cycle (e.g., short measurement periods for long, complex sales cycles).		Our compensation plan may have some mechanics that are not clear. Reps may not know where they stand or what they'll be paid at any given time. The timing of payment may not match the length of the typical sales cycle.		Our mechanics are easy to understand and provide clear line-of-sight from achievement to payment. Reps always know what they'll be paid. The timing of payment matches the sales cycle.	
8. Compensation Cost of Sales	Our compensation cost of sales may be high or out of control. We may cap our plans due to cost concerns. Our plan does not give us good financial leverage.		Our compensation cost of sales is unclear and we do not have good control over how the sales compensation plan pays out under various performance scenarios.		Our compensation cost of sales is in line with our financial objectives and industry norms. As our performance increases, our cost of sales decreases, giving us attractive financial leverage.	

Sales compensation report card (cont.)

Sales Compensation Report Card (Select Appropriate Point Grade)						
	F (50-59)	D- to D+ (60 to 69)	C- to C+ (70 to 79)	B- to B+ (80 to 89)	A- to A+ (90 to 100)	Numerical Point Grade
9. Goal Equity & Achievability	Our goals or quotas may not be clear and are historically difficult to achieve. Reps may consider goals unattainable and may “write-off” their sales compensation plans as a result.		Our goals or quotas are not set based on market potential and can be attained usually by a small percentage of the sales organization. We have a culture of few, rather than many winners.		Our goals or quotas are set based on a reliable estimate of market potential and are achievable by approximately 60%-70% of the sales organization on average.	
10. Plan Management & Administration	Plan administration is loose and we respond to chronic issues, sometimes too late. We do not have the tools or processes in place to use an effective sales compensation dashboard. Our plan policies are informal or non-existent and may be created as needed.		We administer our plan and respond to issues on an as-needed basis. We do not have the tools or processes in place to use an effective sales compensation dashboard. We obtain input from the sales organization if issues arise. We have plan policies but may not consistently or effectively manage to them to the satisfaction of management and the sales organization.		We actively administer our plan and use a sales compensation dashboard to evaluate key metrics on a regular basis. We obtain periodic input from the sales organization on plan performance. We have effective plan policies and manage those to the satisfaction of management and the sales organization.	
Average Grade (Divide Total Points by 10):						

[illegible]

Plot each job on the Sales Compensation and Sales Orientation Matrix below. Plot each job by its sales orientation score and its sales compensation grade. Starting with the highest sales orientation jobs, explore the sales compensation issue areas for each job. Pay particular attention to jobs that fall within the Danger or Caution Zones. Begin your comprehensive evaluation and design with a focus on the areas with the lowest scores.



Thank you