



CASE STUDY

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Global Internet Company

Sales Compensation Assessment, Design, and Implementation

Situation

- Extremely steep growth curve over the last five years strained the organization and its key management practices
- Increased threat of turnover and difficulties with attraction
- Recent slowdown in sales growth lagged expectations
- Several concerns with the current sales compensation plans

Challenges

- Sales force has not had a “culture of winning”, and it impacted retention of sales talent
- Account Executive (AE) role has changed and support roles have been added ... unfortunately, many of the support roles may be sub-optimized
- Goals are overly aggressive, and all believe that the sales compensation plan is overly complex ... it is fostering sales force behaviors that are counter-productive to company’s goals
- Existing pay plans inappropriate for future needs

Actions

- Interviewed Executives and conducted focus groups with sales managers, sales reps and sales support
- Collected pay and performance data by role and analyzed variability in goals, productivity, performance and cost of sales results across roles
- Conducted gap analysis comparing the alignment of current sales compensation plans to sales roles and sales strategy and segmentation and to best practice design principles
- Facilitated Design Team review of alternatives and selection of final plan designs for recommendation to Steering Committee
- Developed detailed sales compensation plan designs and implementation plan

Results

- Simplified plans by reducing the number of measures
- Emphasized direct relationship to revenue generation
- Appropriately balanced revenue and price to optimize market share
- Removed decelerators to improve motivational aspect of plan designs
- Increased payout at higher levels of over-achievement; ability to “hit it out of the park”
- Maintained equality between reps with different books of business resulting in separate commission rate scales
- Developed implementation plan and assisted with execution of implementation activities