



# Sales Comp Program Management:

## Common Governance Challenges & Functional Charters

# Common Governance & Process Challenges

1 No clearly defined governance process

2 No singular governance body/many decentralized teams

3 Go-to-market complexity

4 Lack of investment

## May Lead To:

- Unclear roles and responsibilities – and finger-pointing when things go wrong
- Duplicative effort/activities and technologies deployed (or lack thereof)
- Delayed plan and quota rollouts
- Inaccurate or untimely incentive payouts
- Increase number of disputes or exceptions – with no defined resolution pathway
- Erosion of trust in the program and negative impact on seller experience

# Charter by Function

The following functions typically own the below responsibilities.

<b>Sales Leadership</b>	Set GTM Strategy/Coverage Model/Jobs, Set Sales Comp Guiding Principles, Negotiate Top-Level Quota, “Own” Sales Comp Plan Design, Communicate High Level Changes
<b>Sales Management</b>	Provide Bottom-Up Quotas, Set Final Quotas, Communicate the Quotas and Plan Design to Incumbents
<b>Sales Operations</b>	Facilitate Design Process <sup>1</sup> , Evaluate Plan Performance (Pay/Performance Analysis), Track Data
<b>Finance</b>	Set Top Level Quota, Establish Budgets, Calculate Accruals, Facilitate Quota Allocation Process, Cost Model Plan, Administer Plan
<b>HR / Comp</b>	Define Job/Grade Structure, Conduct Market Pay Benchmarking, Facilitate Design Process <sup>1</sup>

# Charter by Function – With Sales Strategy Team

The following functions typically own the below responsibilities.

<b>Sales Leadership</b>	Set GTM Strategy/Coverage Model/Jobs, Set Sales Comp Guiding Principles, Negotiate Top-Level Quota, Ensure Plans Align to Strategic Goals and Desired Behaviors, Communicate High Level Changes
<b>Sales Management</b>	Provide Bottom-Up Quotas, Set Final Quotas, Communicate the Quotas and Plan Design to Incumbents, Design Recommendations
<b>Sales Strategy &amp; Operations</b> (Usually part of RevOps)	Facilitate Design Process, Design Recommendations, Cost Model Plan, Calculate Accruals, Evaluate Plan Performance (Pay/Performance Analysis), Track Performance Data, Administer Plan, Facilitate Quota Allocation Process
<b>Finance</b>	Set Top Level Quota, Establish Budgets, Validate Costing/Payout Calculation, Ensure Plan Aligns to Financial Goals
<b>HR / Comp</b>	Define Job/Grade Structure, Conduct Market Pay Benchmarking, Ensure Plan Aligns to Reward Philosophy

# Governance Teams

Define appropriate governance structure including groups, members, role, and time commitment.

Group	Members	Role	Time Commitment
<b>Steering Committee</b>	<ul style="list-style-type: none"> <li>Head of Sales</li> <li>Head of HR</li> <li>Head of Finance</li> </ul>	<ul style="list-style-type: none"> <li>Set the business, sales strategy and financial objectives</li> <li>Define sales compensation design principles and next fiscal year's sales compensation goals</li> <li>Approve plan design, costs and implementation plan</li> <li>Resolve escalated issues from Design Team, including issues and conflicts across organizations</li> </ul>	<ul style="list-style-type: none"> <li>2-4 meetings</li> <li>1 hour each</li> </ul>
<b>Design Team</b>	<ul style="list-style-type: none"> <li>Sales Management</li> <li>Sales Operations</li> <li>HR</li> <li>Finance</li> <li>COE Leader</li> </ul>	<ul style="list-style-type: none"> <li>Work within established principles and goals to assess, design, cost model and implement the incentive compensation plan</li> <li>Work together to test ideas and make plan design recommendations</li> <li>Represents both functional interests and company goals</li> <li>Includes a design leader to provide direction and act as tie breaker</li> <li>Run by COE (Center of Excellence) Leader to drive alignment</li> </ul>	<ul style="list-style-type: none"> <li>2-7 meetings depending on degree of change</li> <li>2-4 hours each</li> <li>Ad-hoc time to review materials and socialize ideas</li> </ul>
<b>Sales Comp Center of Excellence</b>	<ul style="list-style-type: none"> <li>Sales Ops</li> <li>Sales HR Comp</li> </ul>	<ul style="list-style-type: none"> <li>Work with Steering Committee to define the sales compensation design principles and next fiscal year's goals</li> <li>Manage the overall sales compensation design process and work plan</li> <li>Run sales compensation design meetings</li> <li>Escalate and resolve issues as they occur</li> </ul>	<ul style="list-style-type: none"> <li>Weekly meetings</li> <li>30 minutes each</li> <li>Ad-hoc to prepare for any team meetings</li> </ul>

# End-To-End Process Framework

Describe the internal process, roles/responsibilities and timing across the end-to-end management of sales compensation.

	1. PLAN	2. DESIGN	3. IMPLEMENT	4. ADMINISTER	5. ASSESS	6. MANAGE
L1						
	1.1 Detailed Work Plan	2.1 Sales Compensation Design	3.1 Workers' Council / Union Approval	4.1 Crediting and Payment Processing	5.1 Plan Effectiveness Assessment	6.1 SPIFFs
	1.2 Business Strategy and Objectives	2.2 Plan and Quota Feasibility	3.2 System Setup Direction	4.2 Quota or Pay Adjustments	5.2 Ongoing Performance Reporting	6.2 Mid-Period Plan Design Changes*
L2	1.3 Sales Strategy, Coverage Model and Roles	2.3 Financial Modeling and Analysis	3.3 System Setup	4.3 Issue and Dispute Management	5.3 Sales Comp. Operations Reporting	6.3 Sales Comp Program Initiatives
	1.4 Metric Library	2.4 Plan Approval	3.4 Role/Plan Setup		5.4 Market Pay Benchmarking	6.4 Sales Comp Program Management*
		2.5 Post-Plan Approval Change Request*	3.5 Territory / Quota Deployment		5.5 Market Practice Benchmarking	6.5 Learning & Training
			3.6 Communication and Training			

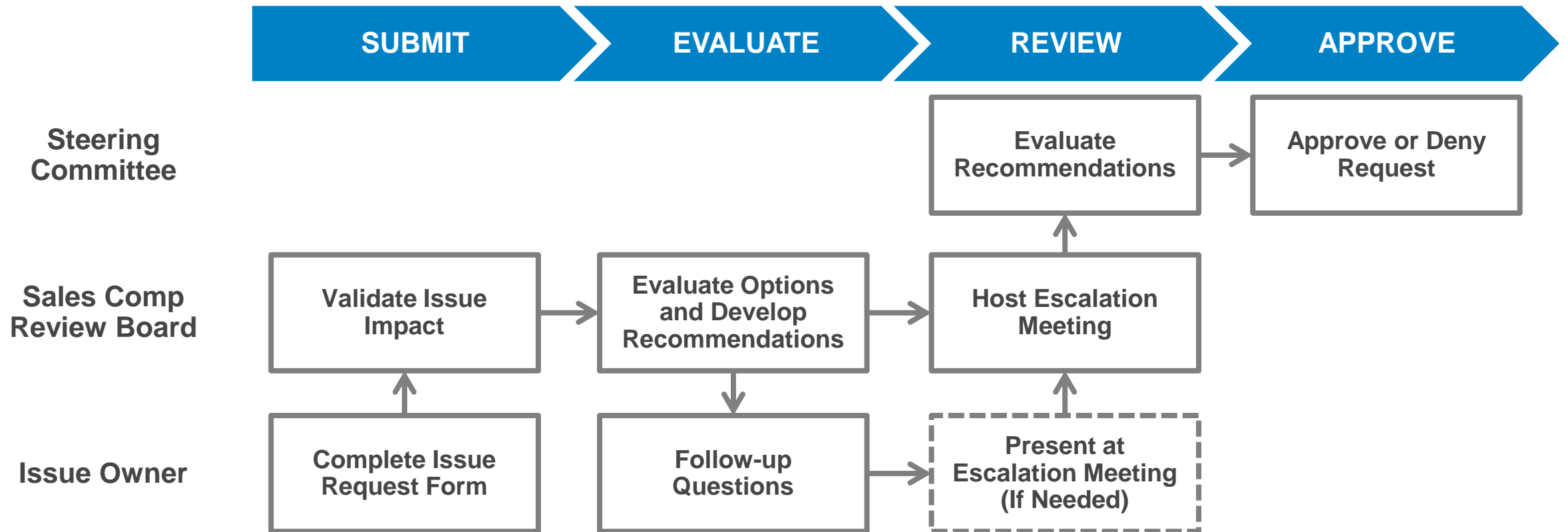
\*Exception only



# Sales Comp Program Management: Exception Management

# Sales Compensation Escalation Process Flow

Steering Committee meets on a monthly basis to review and approve process and practice issues such as late-stage design requests, dispute resolution, mid-year plan changes, credit / split adjustments, and windfall assessments.





# Appeals/Exceptions Process - Template

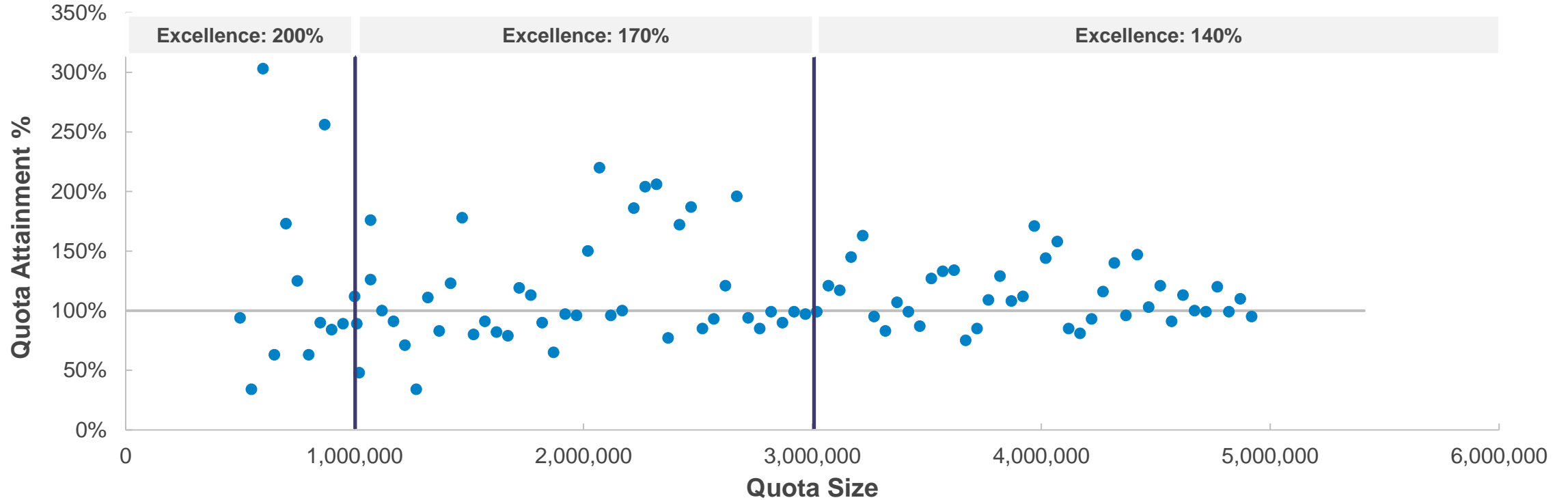
Treatment Options									
Option	Commission Treatment and Impact				Pros			Cons	
#1									
#2									
#3									
Recommendation									
Commission Analysis									
Before/After	Name	Position	Base Salary	Target Incentive	Measure	Quota	Performance	Payout	Payout as % of TI
Before									
After									
Other Similar Cases That Could be Impacted									



# Sales Comp Program Management: Common Analytics

# Quota Size vs. Attainment

20## Quota Vs Attainment – Role Name  
(n=X)

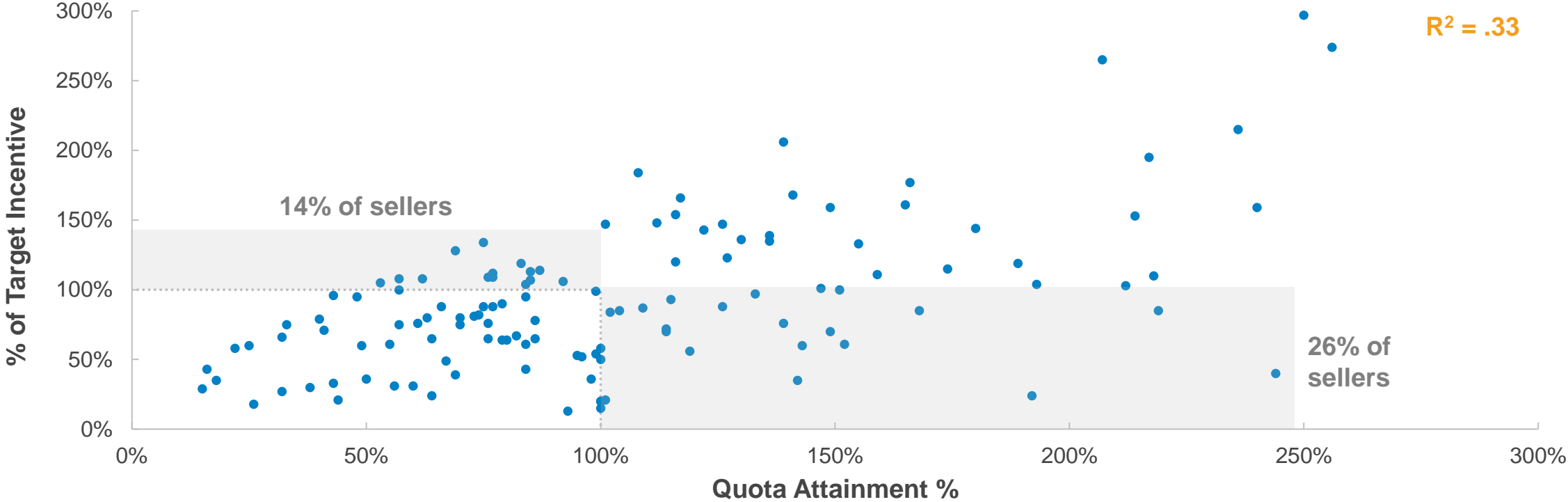


## Observations

- *Sample: Lower variability with larger quotas indicate need to equalize upside earning potential with richer accelerator rates for larger quotas (<1M, 1-3M, > \$3M)*

# Pay vs. Performance with Weak Correlation

20## Pay for Performance – Role Name  
(n=X)

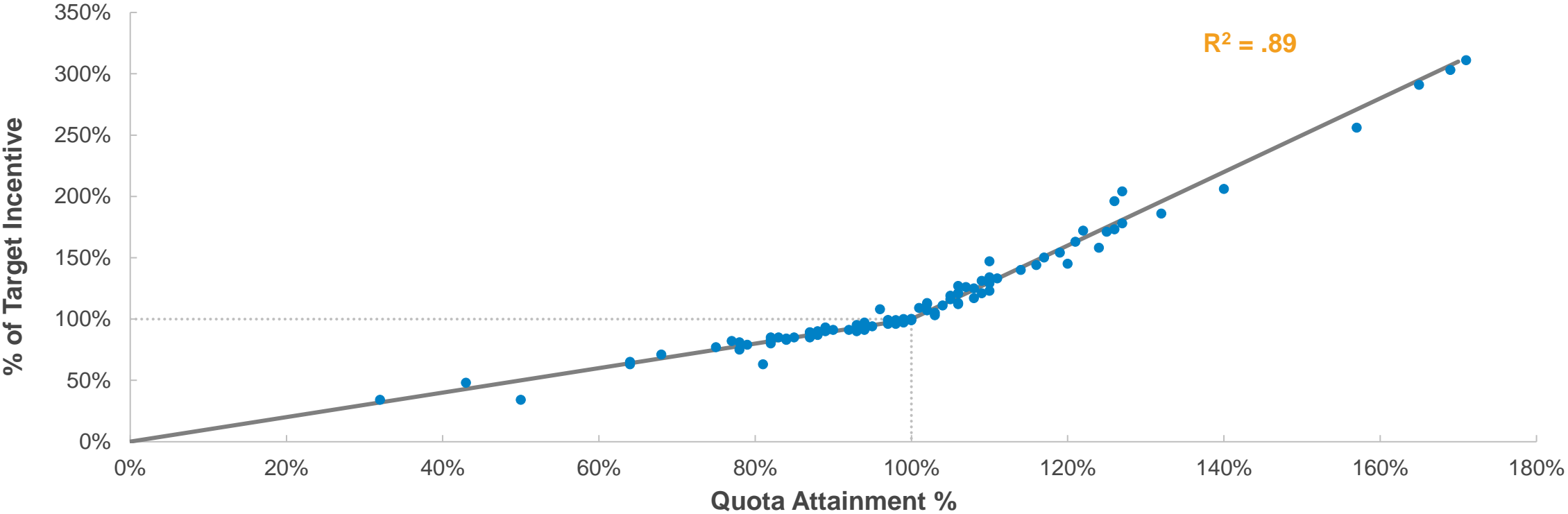


**Observation**

• Sample: Low correlation between pay and performance, due to lagging payments, claw-backs and SPIFF payouts

# Pay vs. Performance with Pay Curve Overlay

20## Pay for Performance – Measure 1  
(n=X)

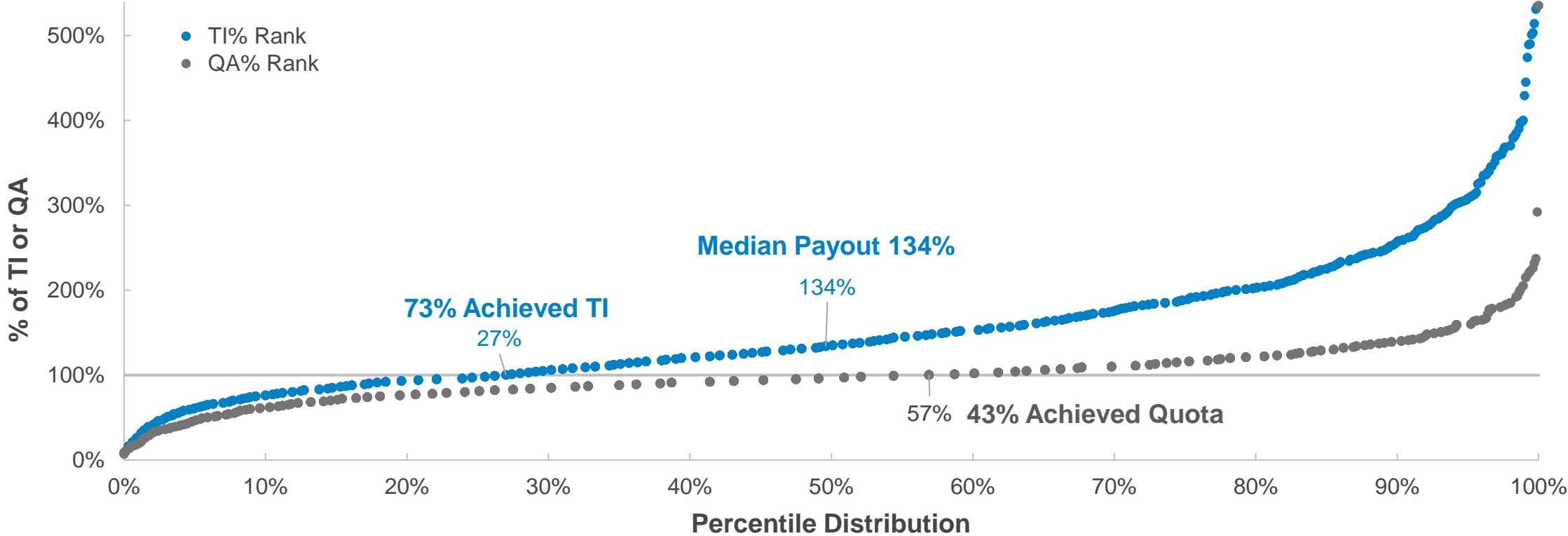


**Observations**

- *Sample: Single measure payouts generally align to single measure pay curve; small variations due to draws and SPIFFs*

# Quota Attainment + Payout Percentile Distribution

20## Quota Attainment & Target Percentile Distribution – Role Name  
(n=X)



**Observations**

- Sample: Plan is overpaying for “middle” performance, while providing slightly below market upside opportunity
- Sample: 78% of incumbents achieved their target incentive, while only 43% achieved primary quota; median payout was 134%



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