

# Alexander Group Sales Compensation Practice Overview

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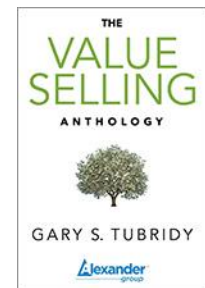
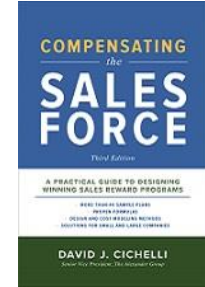
# Sales Compensation Expertise and Thought Leadership

## Fast Facts

- >1500** Sales compensation client engagements (*more than any other firm*)
- 35+** Years of AGI experience focused on sales issues
- 75+** WorldatWork CSCP certified consultants (*more than 4x any other firm*)
- 40%** Sales compensation project focus

## Publications

- 12** Sales compensation books and almanacs published by AGI consultants
- 42** Whitepapers
- 16** Consecutive Bi-Annual Compensation Trends Market Surveys
- 30+** AGI or client sponsored Sales Compensation Practice Studies



# AGI Community



## CSE FORUM SERIES

Focused on strategy, operations and implementation, the annual Chief Sales Executive series of events provides participants with strategic and tactical insights from highly regarded speakers, executive panelists and the revenue growth experts at Alexander Group.



## SUMMITS

Exclusive, invitation-only sessions designed for 12-15 senior revenue leaders to discuss specific, contemporary issues and key imperatives.



## ROUNDTABLES

Executive Roundtables are a series of interactive discussions for senior sales and sales operations leaders held via conference call.



## WEBINARS

Industry- or topic area-specific sessions lead by experts from the Alexander Group. Webinar attendees benefit from insights and best practices and take away valuable approaches for immediate use.



## SYMPOSIUMS

Vertically focused one-day events that combine Alexander Group research with insights from leading practitioners. Built around critical sales management issues, these events offer content and networking opportunities for participants.



## SURVEYS & RESEARCH STUDIES

Alexander Group sponsors multiple industry-specific research studies each year, along with targeted client-sponsored surveys. AGI sales compensation and sales pulse surveys are conducted annually.



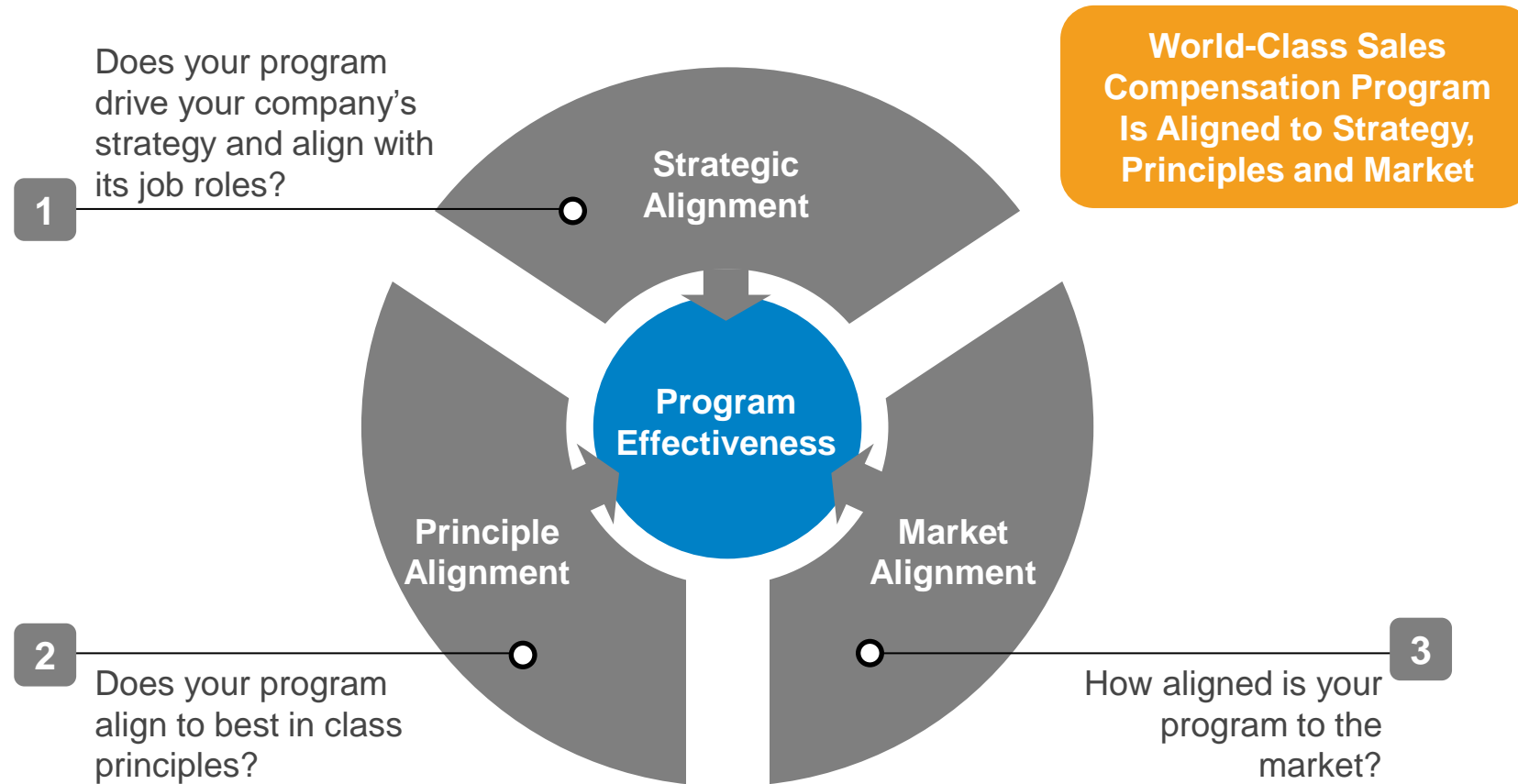
## SALES BENCHMARKING

The value of sales analytics rests in having quality data, client context and expert interpretation. Alexander Group-cultivated benchmarks provide quantitative insights to event and study participants.

**LEARN MORE:**  
[alexandergroup.com](https://alexandergroup.com)

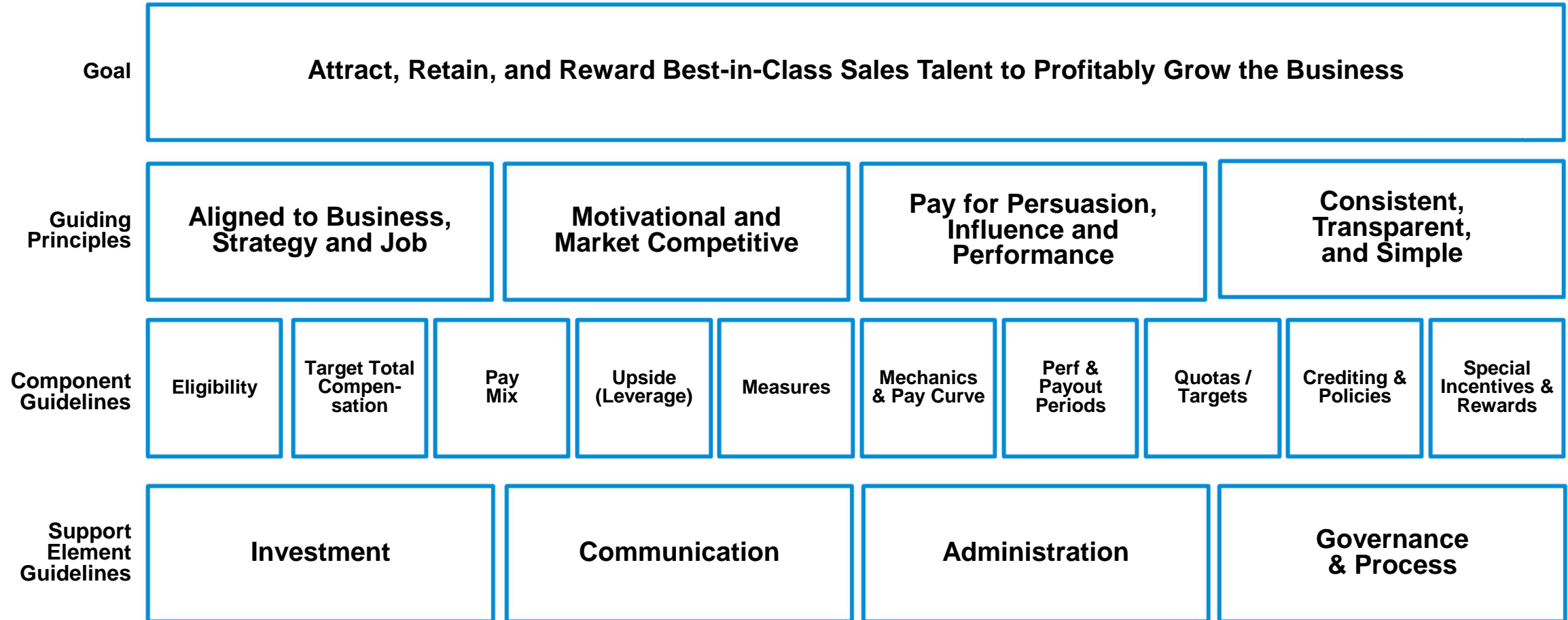
# Sales Compensation is an Alignment Program

Sales compensation is an alignment program. It connects the company's growth strategy with its management philosophy through design principles that leverage market center practices.



# Principles & Component Guideline Structure

Principles are a set of governing rules and best practices for the sales compensation program to steer all compensation design decisions in a consistent manner.



# Common Sales Compensation Challenges

## Strategic Initiatives



1. Align to ILAER
2. Multiyear
3. Solution Focus
4. Migrate to XaaS
5. Consumption Models
6. Profitability
7. Partner Neutrality
8. New Partnership Models

## Evolving Jobs & Behaviors



1. xDR (Lead Gen Rep)
2. Core Rep
3. Product Specialist
4. Solution Engineer
5. Renewal Rep
6. CSM
7. Partner Manager
8. SI Manager

## Practices & Policies



1. Governance
2. Global Pay Mix
3. Pay Curve Design
4. Quarterly vs Annual
5. Widely Deployed Jobs
6. Cross Geo Credits
7. New Hire Practices
8. Leave of Absence

See following slides

# Consumption Sales Compensation Principles

Consumption contract models present unusual sales compensation plan design and crediting challenges. Leverage the following key sales compensation design principles to structure the right plan measures.

## Principles

### Pay for Persuasion

- ✓ Pay incentives as close as possible to the persuasion event(s).
- ✓ There may be multiple persuasion events depending on the pricing model (e.g., sing-ups and revenue).

### Pay for Sign-Ups

- ✓ Pay for closing a new customer or solution if part of job focus and significant part of deal value.
- ✓ Metric will depend on contract model and desired behaviors:
  1. Use contract value (e.g., ACV, TCV) if committed contract (pool of funds).
  2. Use estimated contract value if no commit but can estimate value<sup>1</sup>
  3. Pay for contract signing if can't estimate value of contract.
  4. Pay for activation if no contract at all.

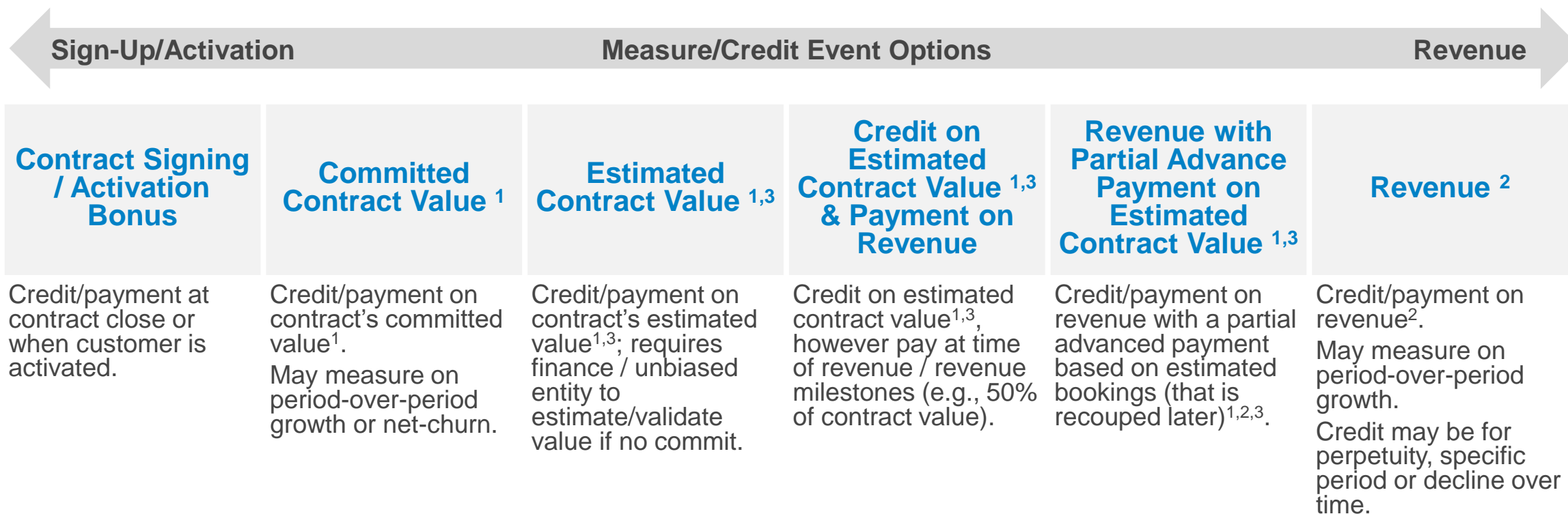
### Pay For Consumption

- ✓ Pay for consumption revenue if the seller is responsible for and can influence usage.
- ✓ Use consumption revenue if unable to pay on sign-ups (e.g., transaction business)
- ✓ Avoid “annuity” payments if the seller does not influence the consumption.
- ✓ Limit duration if the account is reassigned to another job/person.

<sup>1</sup> May calculate / true up estimates after monitoring initial run rate business (e.g., 3 months of revenue), or credit after customer achieves “set-up” milestones (e.g., implemented, activated, and communicated)

# Six Predominant Measure / Credit Event Options

Contract type, job role, tracking and quota setting capabilities will dictate the right measure to use.



**May Use Multiple Metrics (e.g., ACV and Revenue)**

<sup>1</sup> Contract value can be ACV, TCV or Booked ARR/MRR

<sup>2</sup> Revenue can be billed, consumed, delivered, or recognized; paying on revenue assumes seller influences ongoing consumption

<sup>3</sup> May calculate / true up estimates after monitoring initial run rate business (e.g., 3 months of revenue), or credit after customer achieves "set-up" milestones (e.g., implemented, activated, and communicated)



# Customer Success Manager Compensation Options

- Appropriate plan depends on the job's sales vs. service focus.
- Many companies have moved their CSMs to a variable plan (add-on bonus as opposed to high risk/high reward plan) to reward them for adoption persuasion activities.

Service Focus		Sales Focus	
Corporate Plan	Professional Service Plan	Add-On Bonus or Sales Compensation Plan	
Service and Adoption Only	Paid for Delivery Success Resource	Adoption with Expand/Renew Support	Adoption and Renewal with Expand Support
<ul style="list-style-type: none"> <li>▪ 10 - 20% of base salary based on level</li> <li>▪ Metric Options:                             <ul style="list-style-type: none"> <li>• Corp Funding</li> <li>• MBO to Allocate Funding (if used)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ 10 - 20% of base salary based on level</li> <li>▪ Metric Options:                             <ul style="list-style-type: none"> <li>• Utilization/Billings</li> <li>• May include Usage/Adoption</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Pay Mix: 70/30 - 80/20</li> <li>▪ Metric Options:                             <ul style="list-style-type: none"> <li>• Primary: Usage/Adoption</li> <li>• Secondary: Team Renewal/Expansion Sales</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Pay Mix: 70/30 - 80/20</li> <li>▪ Metric Options:                             <ul style="list-style-type: none"> <li>• Primary: Usage/Adoption</li> <li>• Secondary: Individual Renewal Sales</li> </ul> </li> </ul>



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