

One-Size-Fits-All Doesn't Work for Sales Compensation Plans



The ultimate goal of any sales compensation plan should be to support and drive the business initiatives of an organization. And that will look different company by company.

Sales compensation plans should vary by organization—even in the same industry.

However, there are several key things to keep in mind as you develop your sales compensation plan no matter what industry you are in, what product or service you sell, or the size of your organization.

- Form a cross-functional team of key stakeholders to develop your sales plan. The team should include individuals from senior leadership, sales, operations, human resources, IT, payroll and finance.
- Gather input from departed and current sales employees to consider how aspects like territory and sales cycles could affect plan design.
- Do your homework to understand how you compare to the market from a total compensation perspective to make sure you are competitive.
- Understand what you expect for the base salary and what you expect for the incentive pay. Don't pay twice for the same thing.
- Focus on three to five elements/behaviors you want to drive. Anything more than this makes it hard to understand what is important and what you are truly incentivizing. Keep it simple.


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Organizations looking for a template to use to develop their sales incentive plans quickly realize there is no “one-size-fits-all” approach.

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