



## 7 SIGNS YOUR SALES COMPENSATION PLAN NEEDS A REFRESH

Building & maintaining an effective sales compensation plan is important. It's influenced by your team's performance, your company's financial & business goals, as well as external factors.

There are 7 signs that could mean your comp plan needs a refresh.

1



### Your highest sales performers aren't earning the most commission

Your plan should reward your highest performing salespeople most of all. If it doesn't, it's something you need to address.

Sales & revenue targets should also be aligned. If >50% of your team are regularly missing their targets, you need to review your payout curve.



2

### You have a high turnover in your sales team, especially amongst high performers

Not recognising & rewarding your top performers leads to higher turnover. You may also struggle to motivate your sales team if your plan's not right.



3



### Your sales team regularly query their commission payments

If your team don't understand their commission structure or aren't confident in the accuracy of their payment, they'll ask questions. This takes up a lot of your time, plus it's likely that they're shadow accounting (maintaining their own commission calculations), leading to lower productivity all round.



4

### You're paying commission, even if targets aren't being achieved

If targets aren't being hit, but incentives are still being paid out at target or above, you'll quickly find your team become inefficient.



5



### Your sales goals aren't aligned to your business goals

Having a commission structure that fits with your growth targets is crucial. If profits are down, it's another sign that your comp plan needs work.



6

### You're struggling to find room for new products & services in your plan

Margins, CapEx vs OpEx models & selling into new markets are all crucial when adding to your portfolio. If your plan doesn't encourage sales team buy-in, it needs to be looked at.

If you've recently been through a merger or acquisition, integrating two teams can be difficult without the right plan.

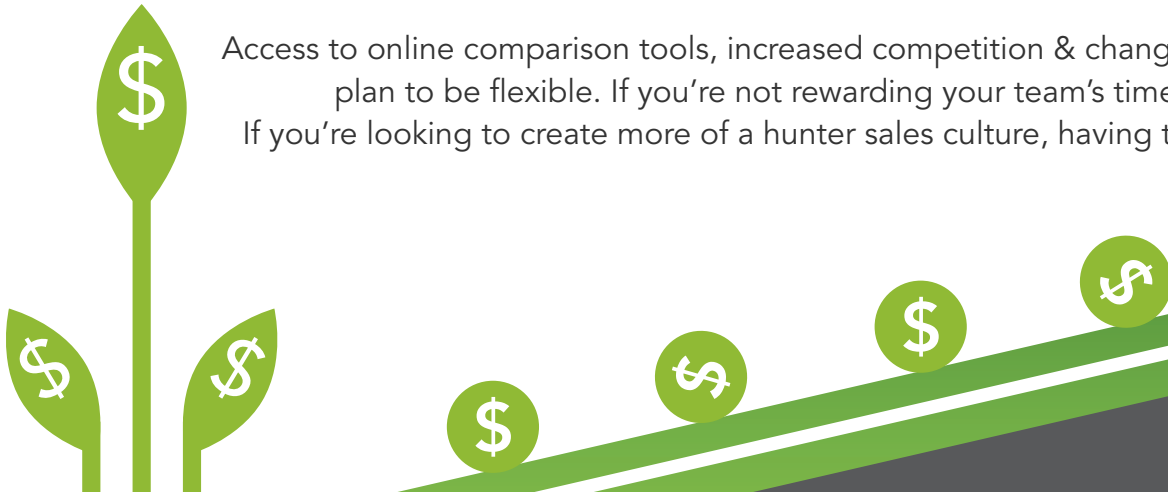


7



### Changes in buying behaviour aren't reflected in your commission structure

Access to online comparison tools, increased competition & changing buying cycles all require your plan to be flexible. If you're not rewarding your team's time & effort, it's time to change this. If you're looking to create more of a hunter sales culture, having the right comp plan is crucial too.



### Like to see if your sales comp plan needs a refresh? Take our assessment.

You can also download our **best practice guide** to compensation plan design.

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