

# Sales Compensation Programs & Practices Survey

August 2020



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# Content Directory

Methodology.....	2
The Big Story on Sales Compensation.....	4
Sales Roles.....	6
Pay Mix/Upside Potential.....	8
Governors/Thresholds.....	12
Performance Measures.....	15
Quotas.....	24
Communication, Technology, Future Planning.....	28
Role Snapshots.....	34
Respondent Profile/Contact Info.....	44



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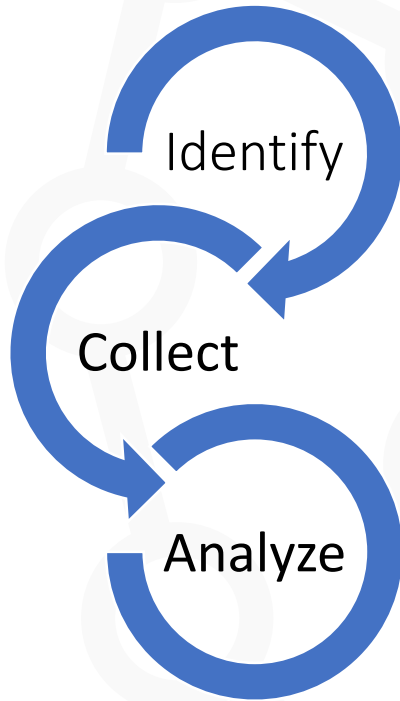
# Methodology



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# Methodology



WorldatWork, in partnership with SalesGlobe, invited its broader membership and customer base to participate in an electronic survey. Email invitations were sent directly to participants on 05/13/2020 and results were collected over a 30-day period.

A total of 317 responses were received, representing organizations of different sizes and across multiple industries. Results have not been weighted, but respondent profiles have been included to assist with interpretation of results. Results are skewed to be more representative of mid-large employers, but statistical differences have been highlighted when present.

The survey has a 5% overall margin of error at a confidence level of 95%. The error rate was based on how representative the results are for medium-large organizations.

Sample sizes vary by question. Please note that statistical reliability will fluctuate based on sample sizes.



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# The Big Story on Sales Compensation



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# The Big Story on Sales Compensation

*We're excited at SalesGlobe to partner with WorldatWork and to share the results from our Sales Compensation Programs & Practices survey.*

*2020 has been an unprecedented year with COVID and its impact on our world. The survey reflects company practices and concerns around sales compensation in this environment.*

*Here's the big story on sales compensation in 2020.*

*Mark Donnolo, Managing Partner  
Michelle Seger, Partner  
<https://www.salesglobe.com/>*

## **Quota Difficulty**

Since 2019, twice the number of companies (39% vs. 19%) say that less than 25% of their sales team will reach quota.

## **Simplifying Comp.**

On average, organizations use one to three performance measures, with about a quarter of organizations using only one measure, up 71% since 2016.

## **Revenue Leads**

With 60% to 79% of organizations, followed by Key Sales Objectives, and Product Unit Volume.

## **Upside is Strong**

Over 60% of organizations have plans with at least 200% upside potential for 90<sup>th</sup> percentile performers, with 40% over 200%.

## **There Are Limits**

56% of organizations use at least one form of cap, regressive rate, or mega-deal policy to govern upside pay.

## **Face-to-Face is Key**

90% of organizations say face-to-face small team communications is effective followed by 82% with individual one-on-one, a challenge in a virtual environment.

## **Tech Adoption**

Only 32% of organizations use third party SPM and 47% use CRM. These may become more critical in a COVID world.

## **Future Impact**

Organizations feel macroeconomic changes will have the greatest impact on their business (61%), technology and natural occurrences are also top of mind.

## **Some Shifting Strategy**

22% of organizations anticipate revising their approach to sales coverage and 20% anticipate revising their approach to sales compensation.



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# Sales Roles

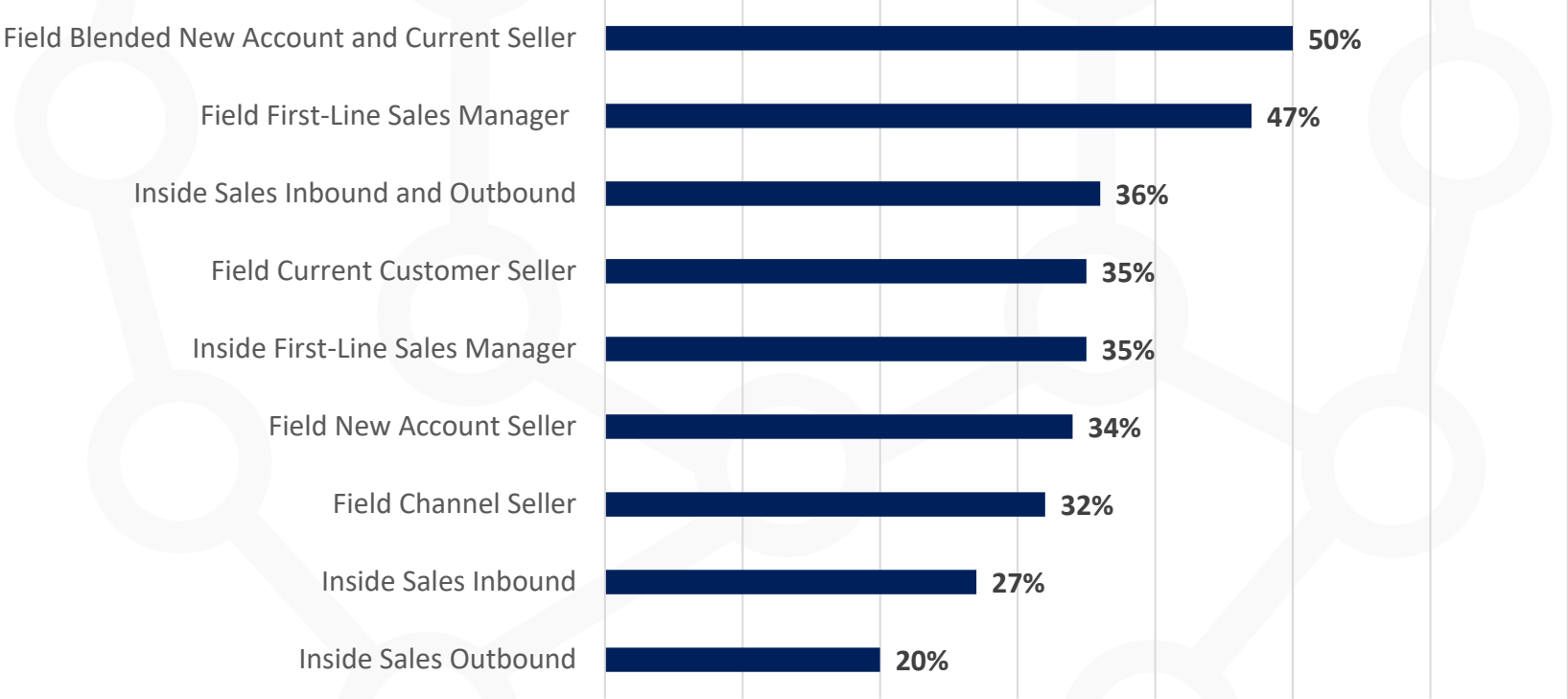


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# Primary Sales Role

*Please indicate which sales roles currently are used in your organization. Please select all that apply.*



n = 317



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# Pay Mix/Upside Potential



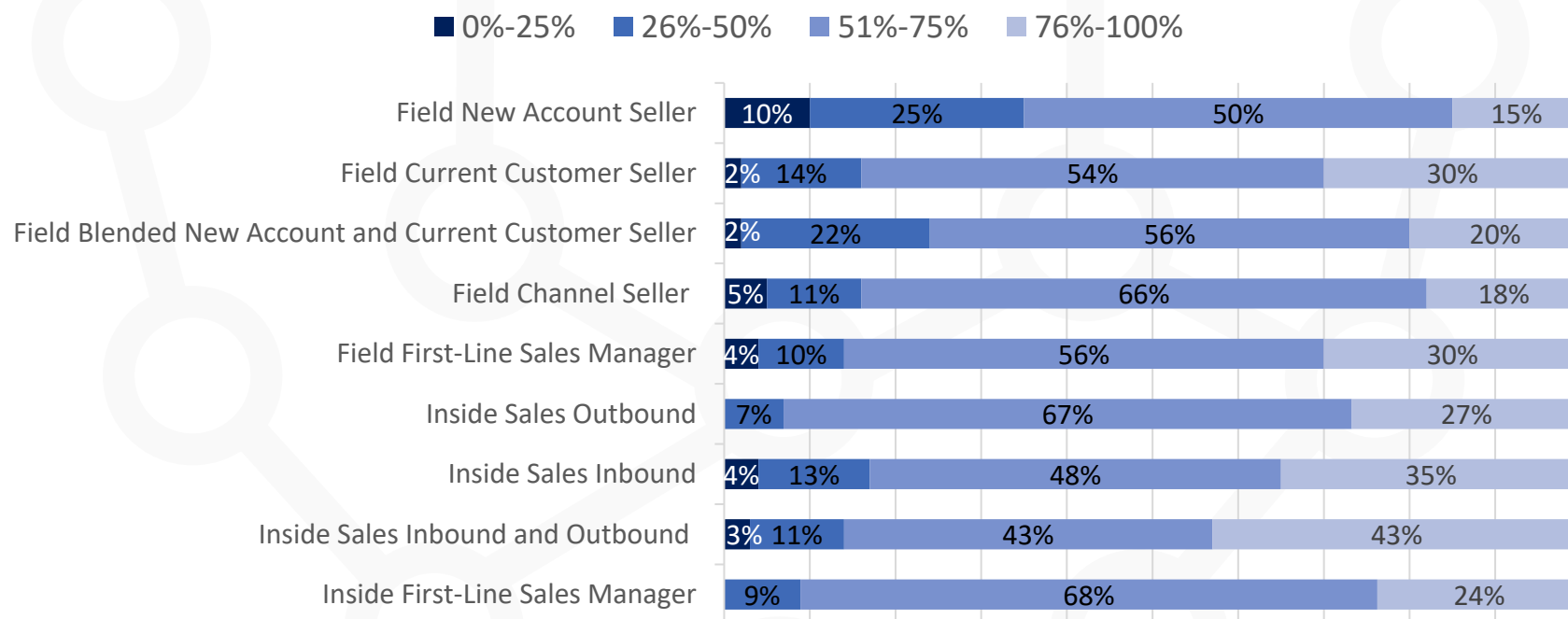
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# Pay Mix – Base Pay

*For the following two questions, please indicate the target pay mix for the sales positions in your organization based on their primary role. Please be sure the figures for target base pay and target variable pay sum to 100%.*

## Base Pay (0%-100%)



n = 91



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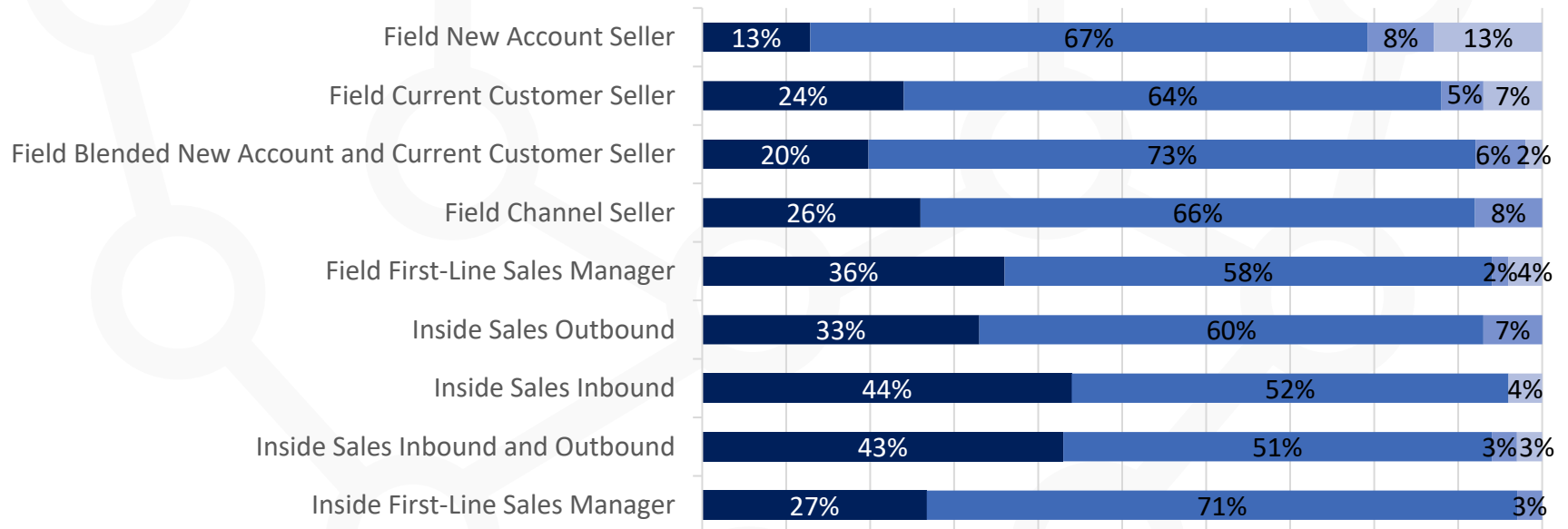


# Pay Mix – Variable Pay

For the following two questions, please indicate the target pay mix for the sales positions in your organization based on their primary role. Please be sure the figures for target base pay and target variable pay sum to 100%.

## Variable Pay (0%-100%)

■ 0%-25% ■ 26%-50% ■ 51%-75% ■ 76%-100%



n = 91

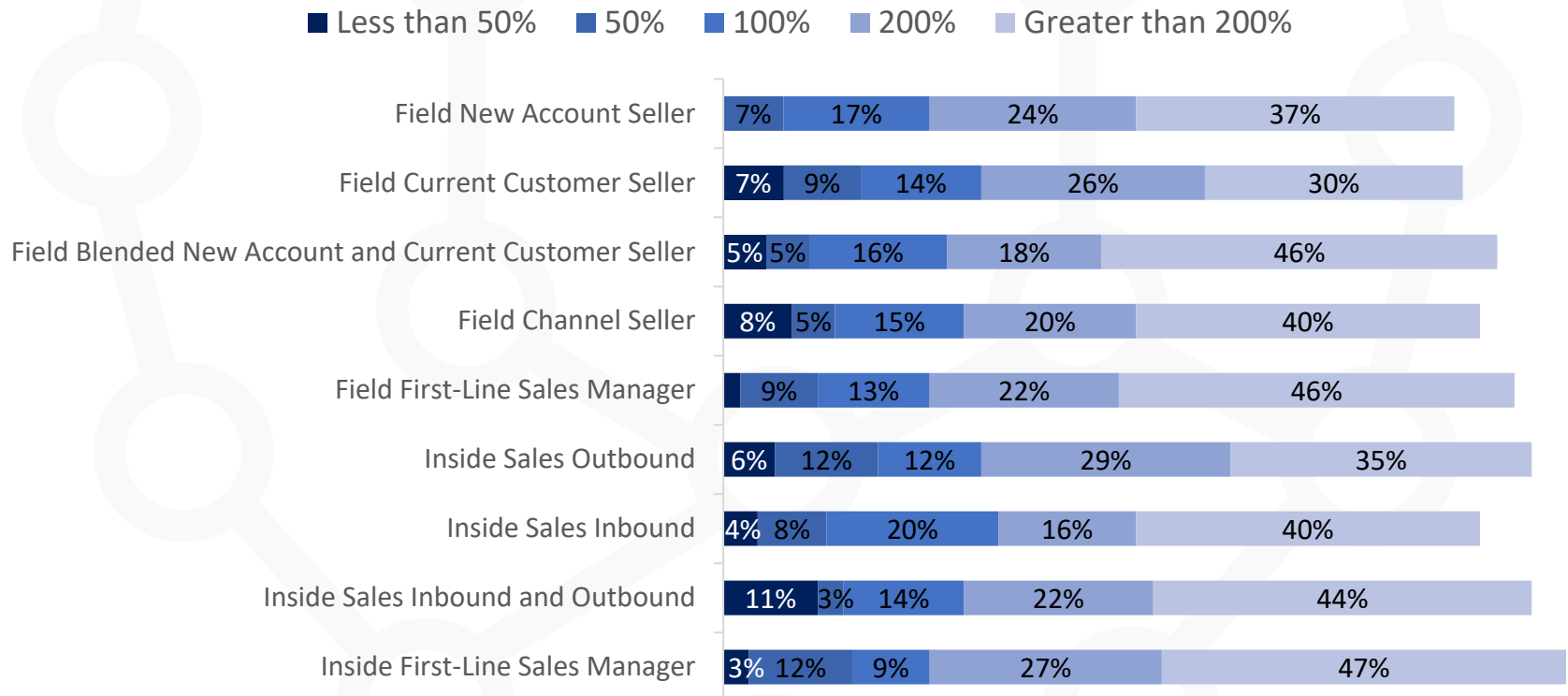


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# Upside Potential

*What is the upside potential as a percent of target incentive (in addition to target incentive) for a 90<sup>th</sup> percentile performer?*



n = 86



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# Governors/Thresholds



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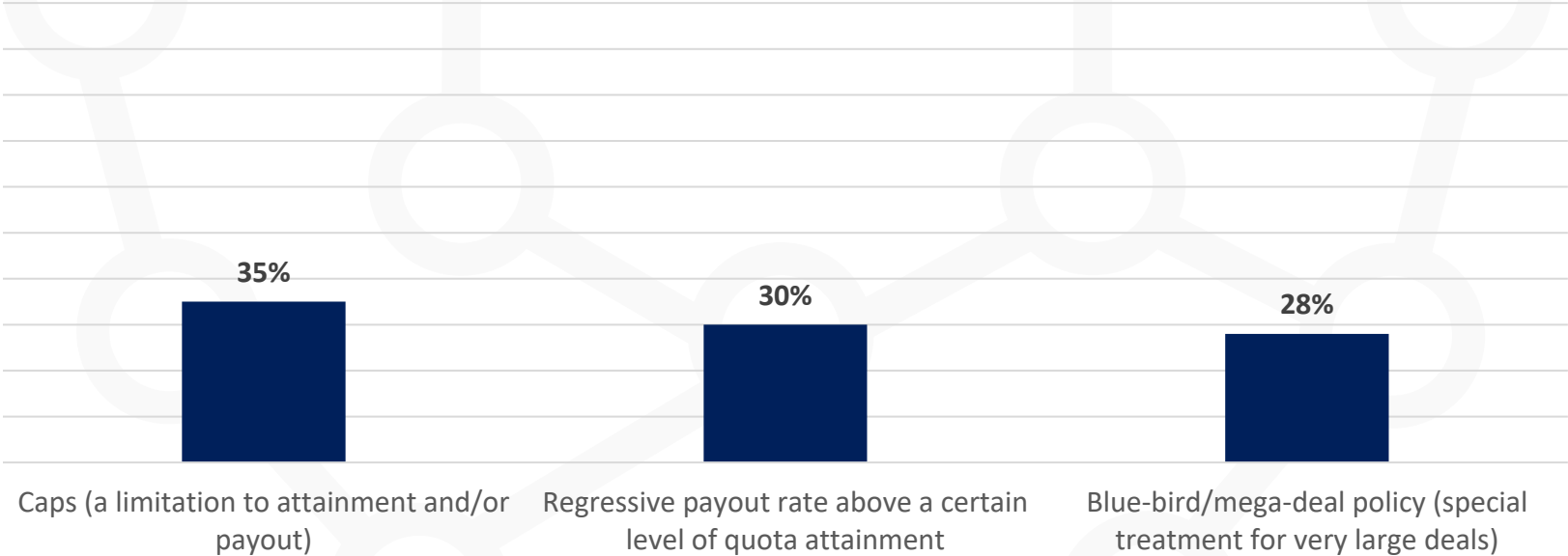


# Utilization of Governors

- 56% of respondents communicated their organization uses at least one of the following approaches
- In general, larger organizations are more likely to utilize Caps

*Does your organization utilize the following?*

% That Answered Yes



n = 288



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# Thresholds

- 43% of respondents communicated their organization uses at least one of the following approaches

*Does your organization utilize the following?*

% That Answered Yes



n = 288



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# Performance Measures



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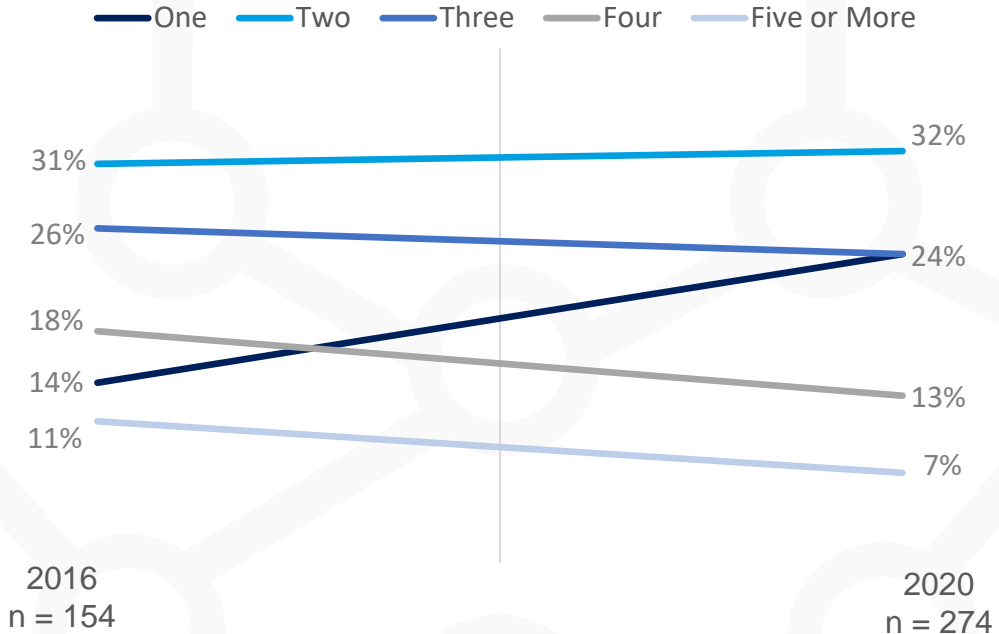




# Performance Measures - # Utilized

- On average, organizations have 1-3 performance measures
- Organizations that report a single performance measure have increased by 71% (a 10 percentage-point increase) since 2016, evidence that organizations are simplifying their compensation plans

*On average, how many performance measures are included in the sales compensation plan for your organization's primary sales roles?*



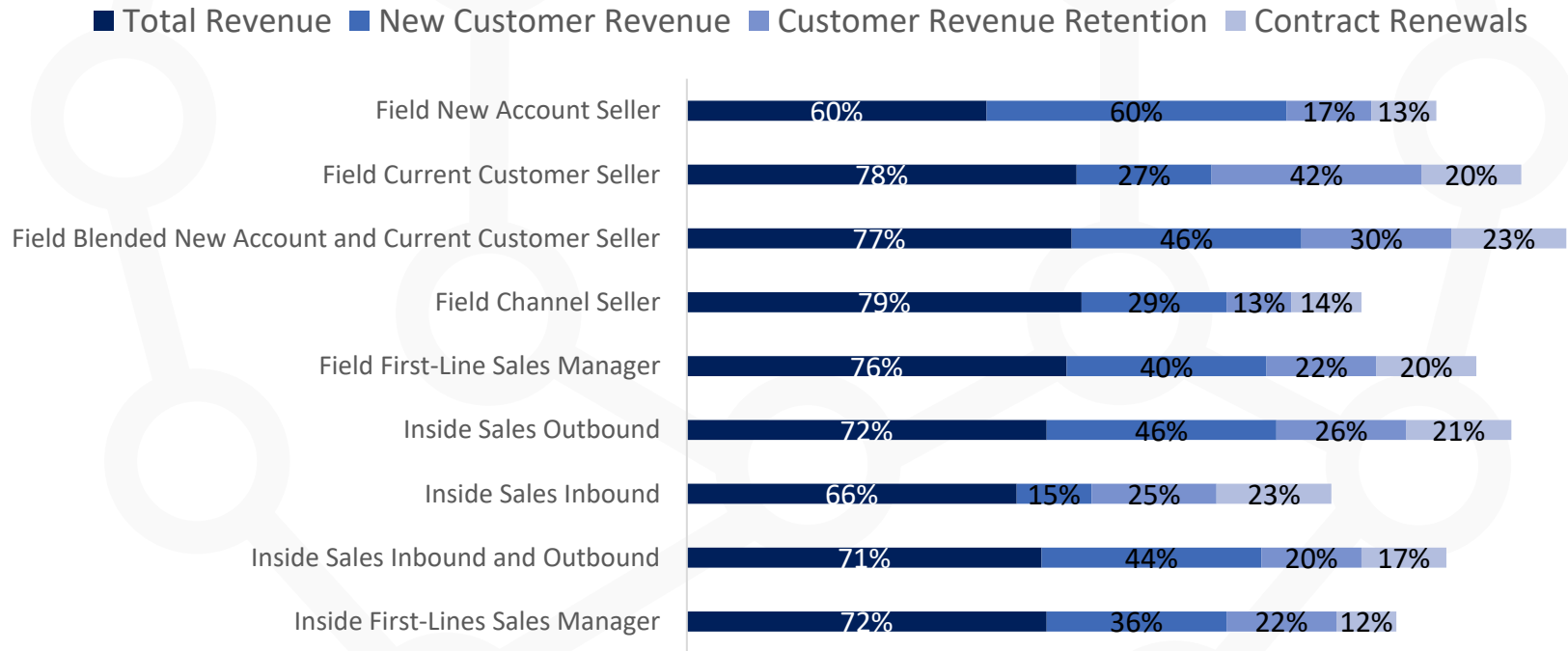
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# Performance Measures – Revenue

Please indicate the performance measures used in your plan for primary sales roles. Please select all that apply.

## Revenue



n = 225



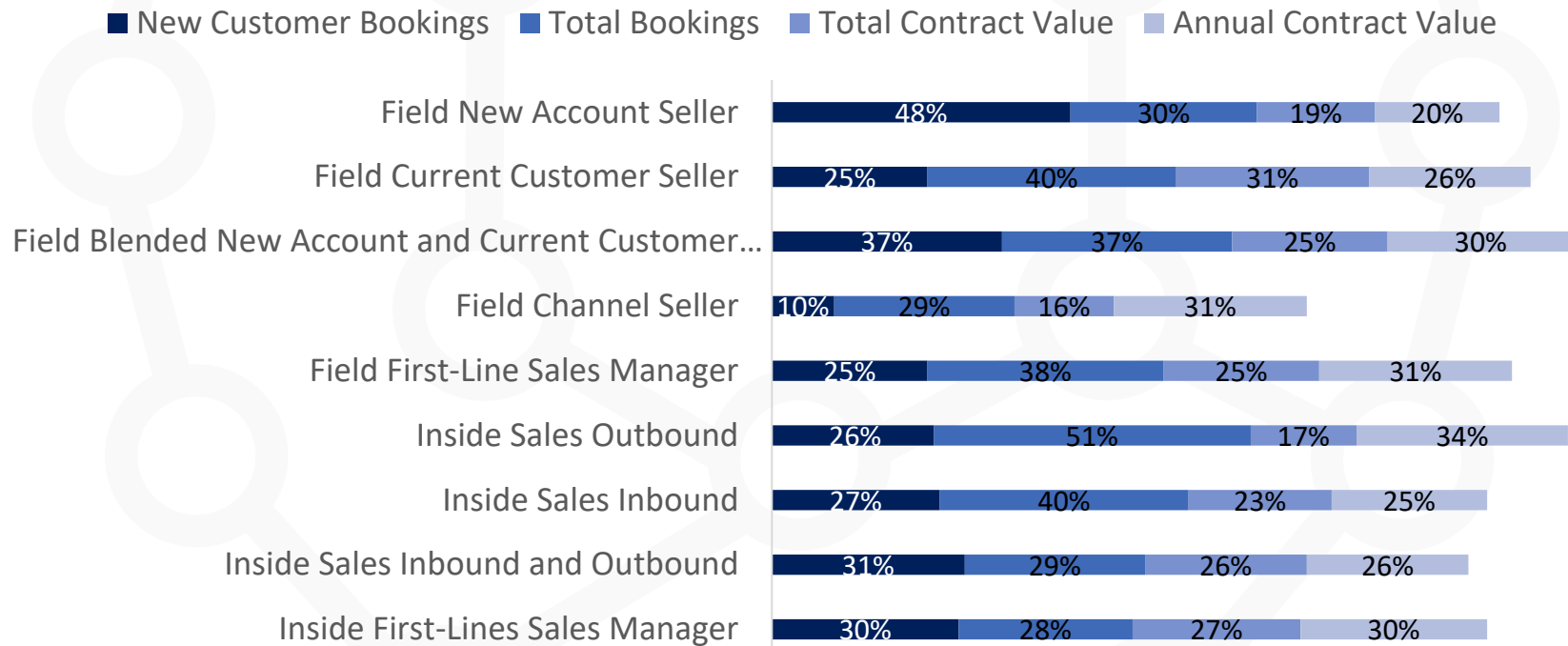
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# Performance Measures – Bookings

Please indicate the performance measures used in your plan for primary sales roles. Please select all that apply.

## Bookings



n = 213



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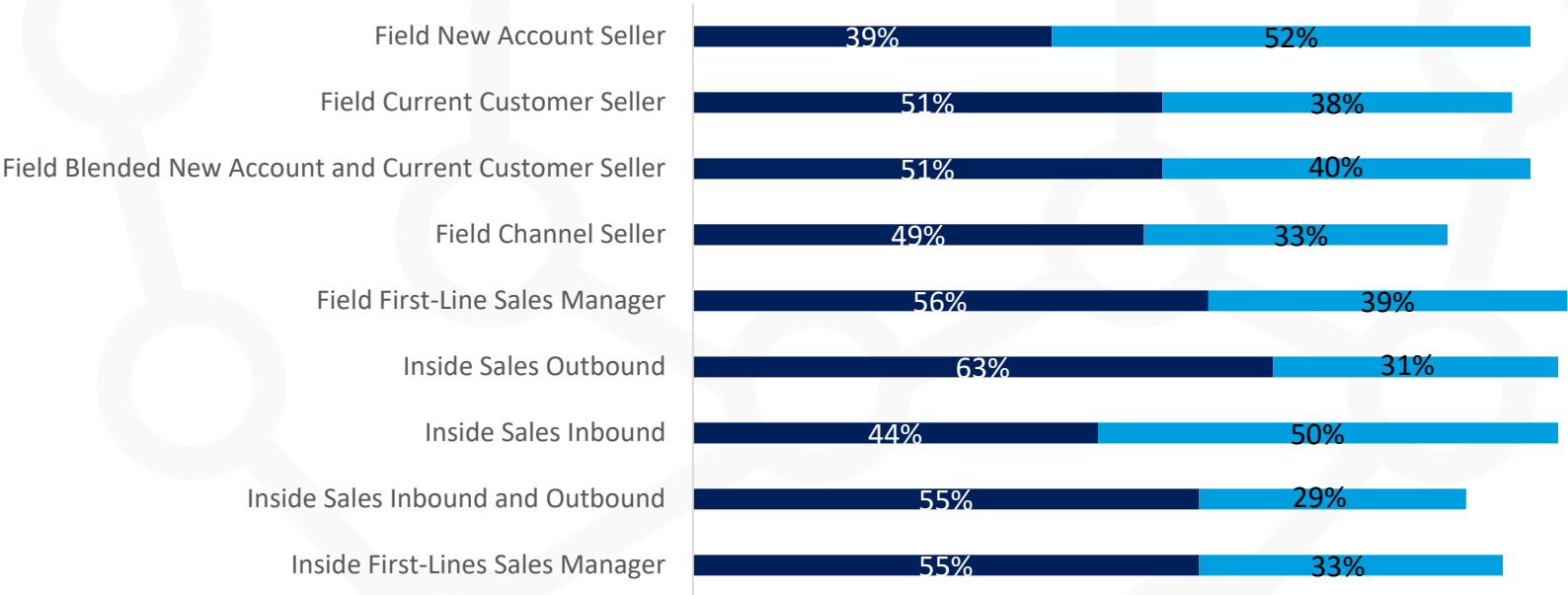


# Performance Measures – Volume

Please indicate the performance measures used in your plan for primary sales roles. Please select all that apply.

## Volume

■ Product Units or Volume    ■ New Deals Signed or Won



n = 214



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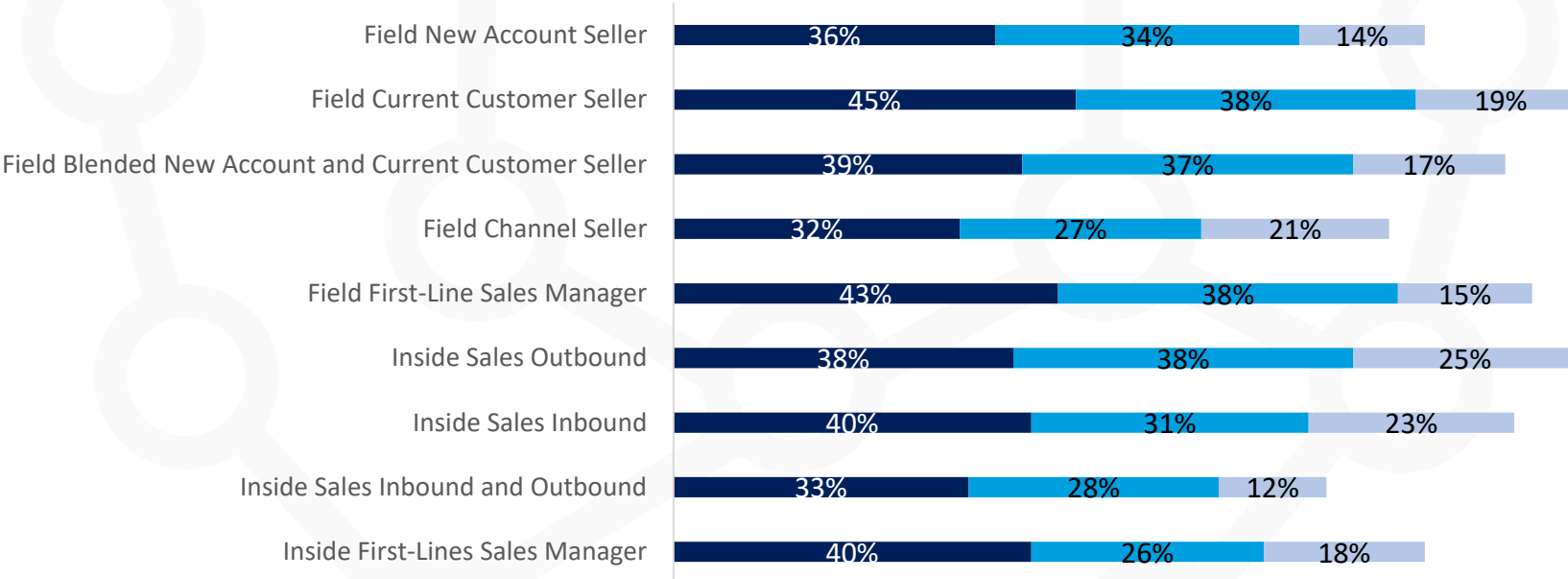


# Performance Measures – Profit

Please indicate the performance measures used in your plan for primary sales roles. Please select all that apply.

## Profit

Gross Profit Dollars
  Gross Profit Percentage
  Price Realization



n = 208



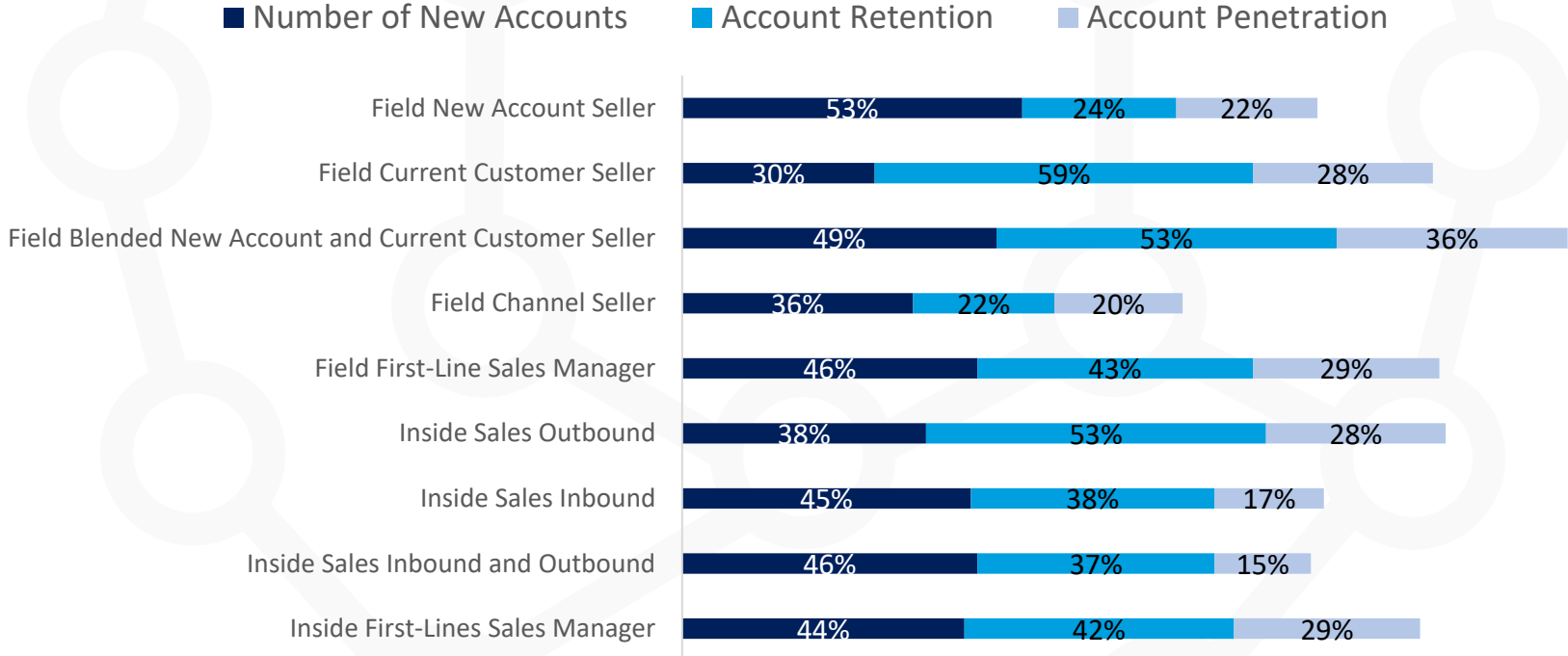
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# Performance Measures – Accounts

Please indicate the performance measures used in your plan for primary sales roles. Please select all that apply.

## Accounts



n = 207



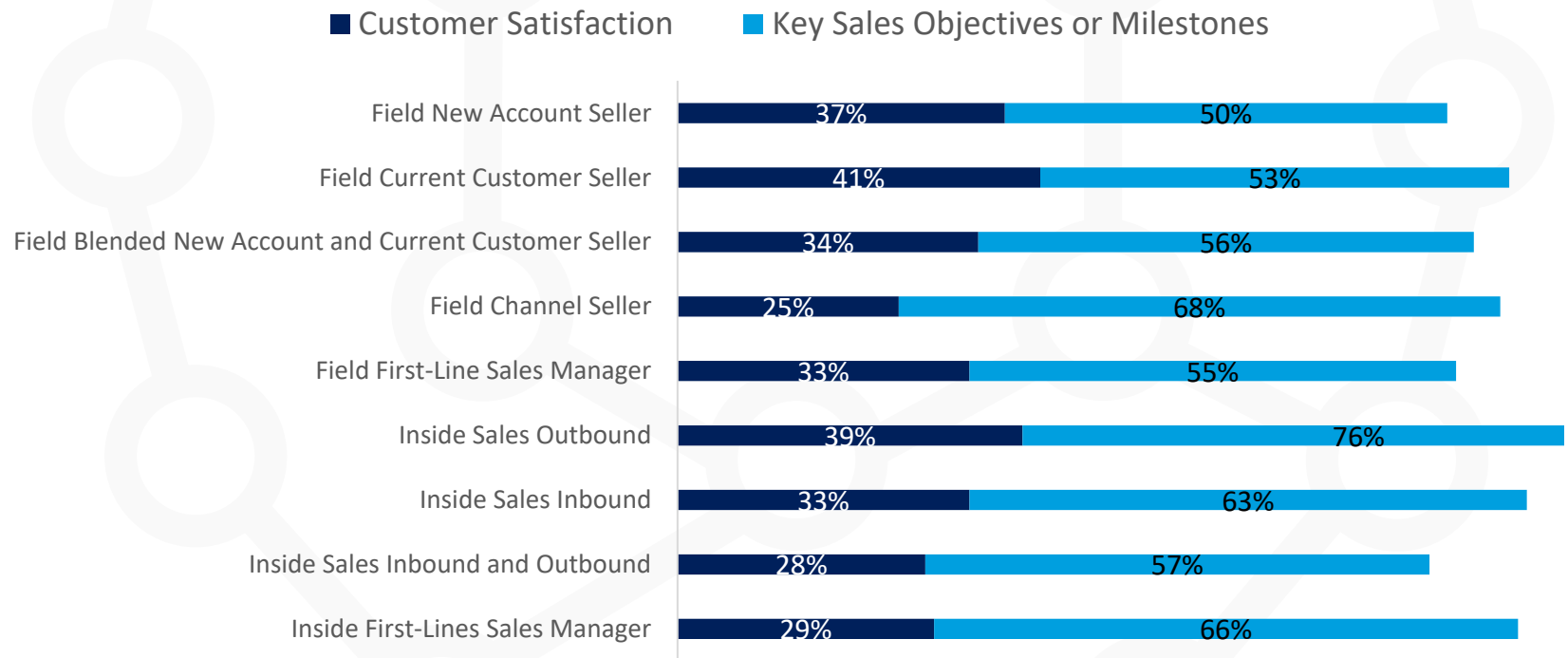
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# Performance Measures – Other

Please indicate the performance measures used in your plan for primary sales roles. Please select all that apply.

Other



n = 204



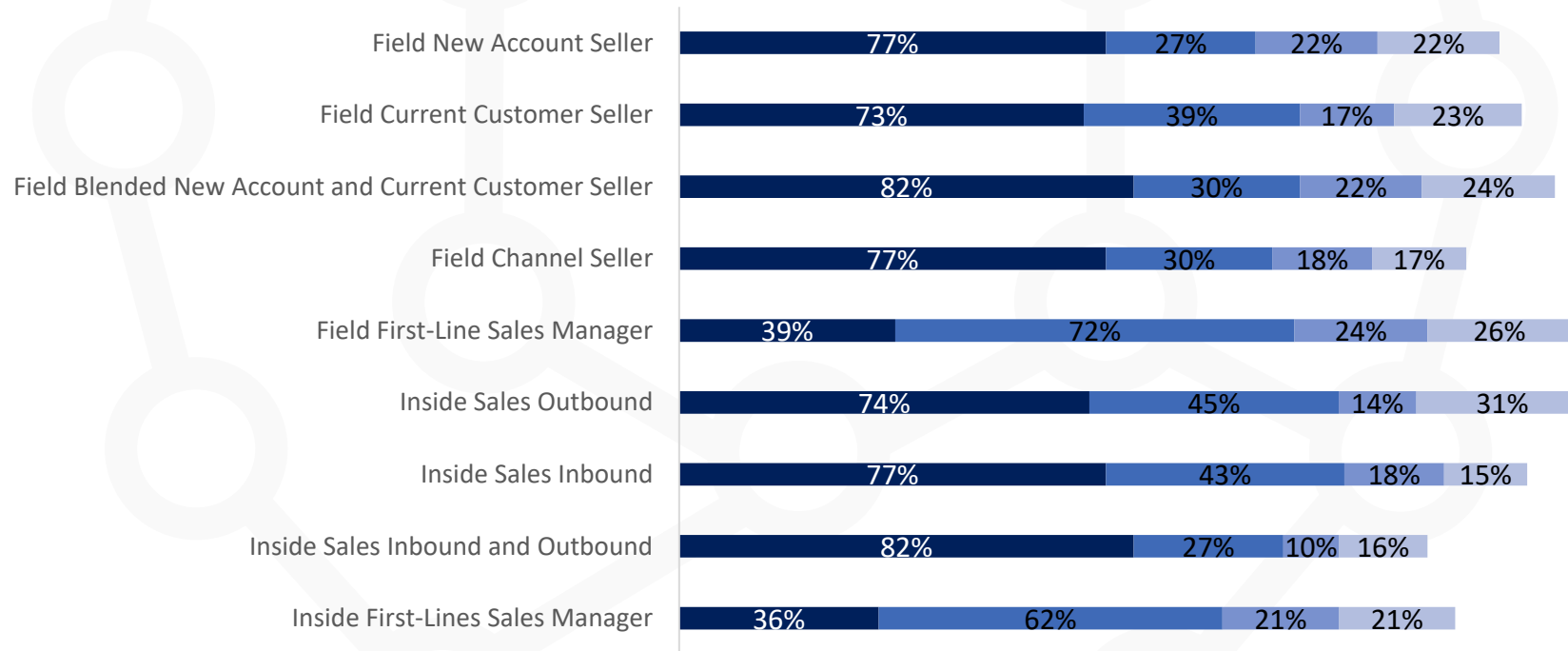
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# Performance Measures

Please indicate how performance is measured for your primary sales roles – on an individual or team basis, or both. Please select all that apply.

■ Individual
 ■ Team
 ■ Regional
 ■ Business Unit/Company Level



n = 231



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# Quotas

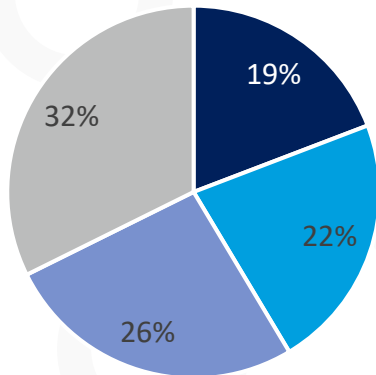


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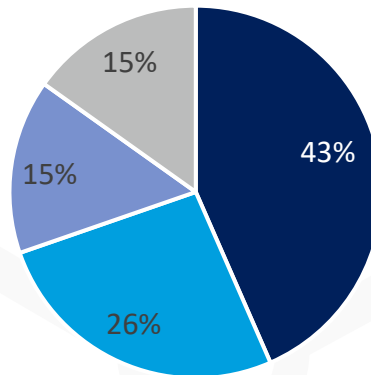


# Quotas

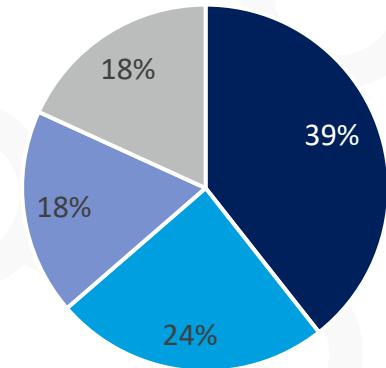
*Thinking of 2019, what percentage of the sales team finished at or above quota?*



*Thinking of the first two quarters of 2020, what percentage of the sales team finished at or above quota?*



*What percentage of the sales organization do you believe will finish at or above quota by the end of 2020?*



■ 0-25% ■ 26-50% ■ 51-75% ■ 76-100%

n = 223

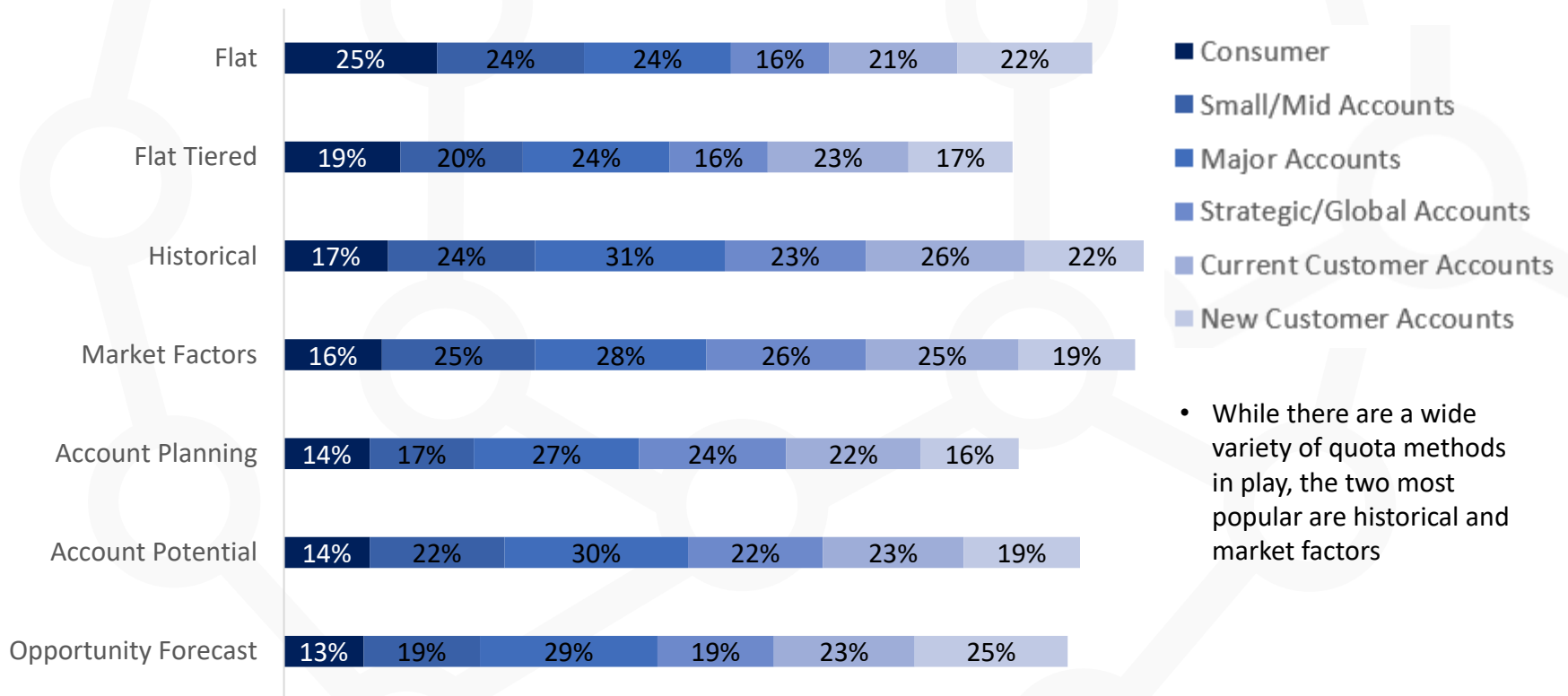


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# Quotas

What methods does your organization use by account type? Please select all that apply.



n = 246

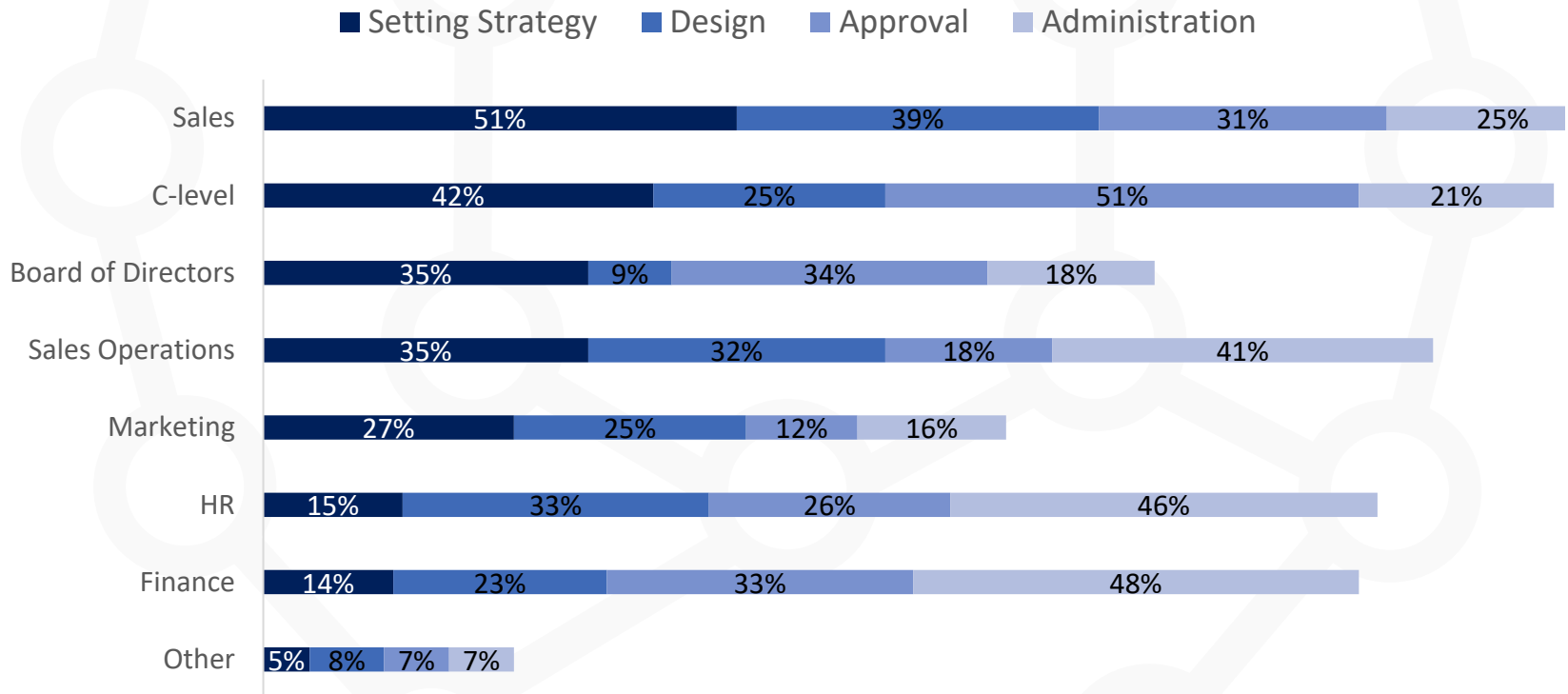


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# Stakeholder Roles

*In your organization, what is the role of the following stakeholders to the sales compensation plans?*



n = 255



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# Communication, Technology, Future Planning

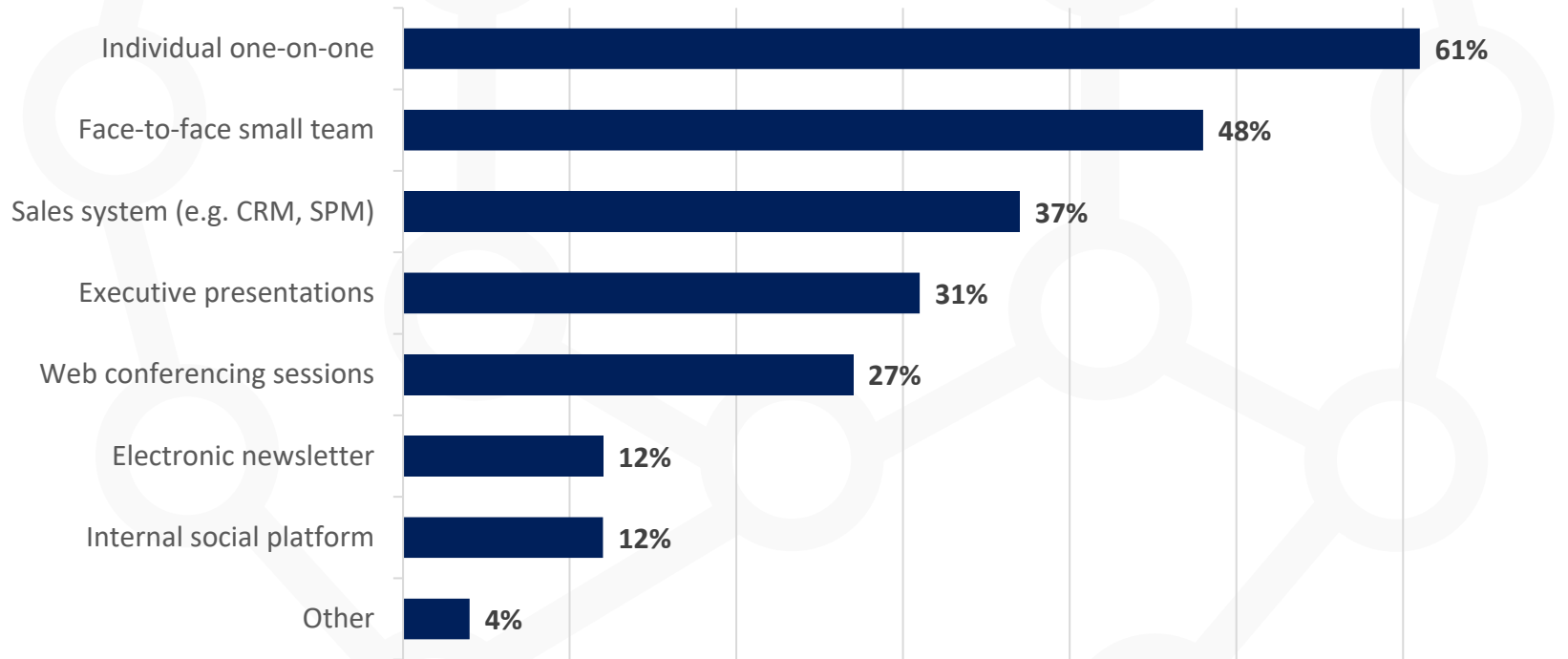


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# Communication – Methods Utilized

*What methods does your organization use to communicate the sales compensation plan?  
Please select all that apply.*



n = 254

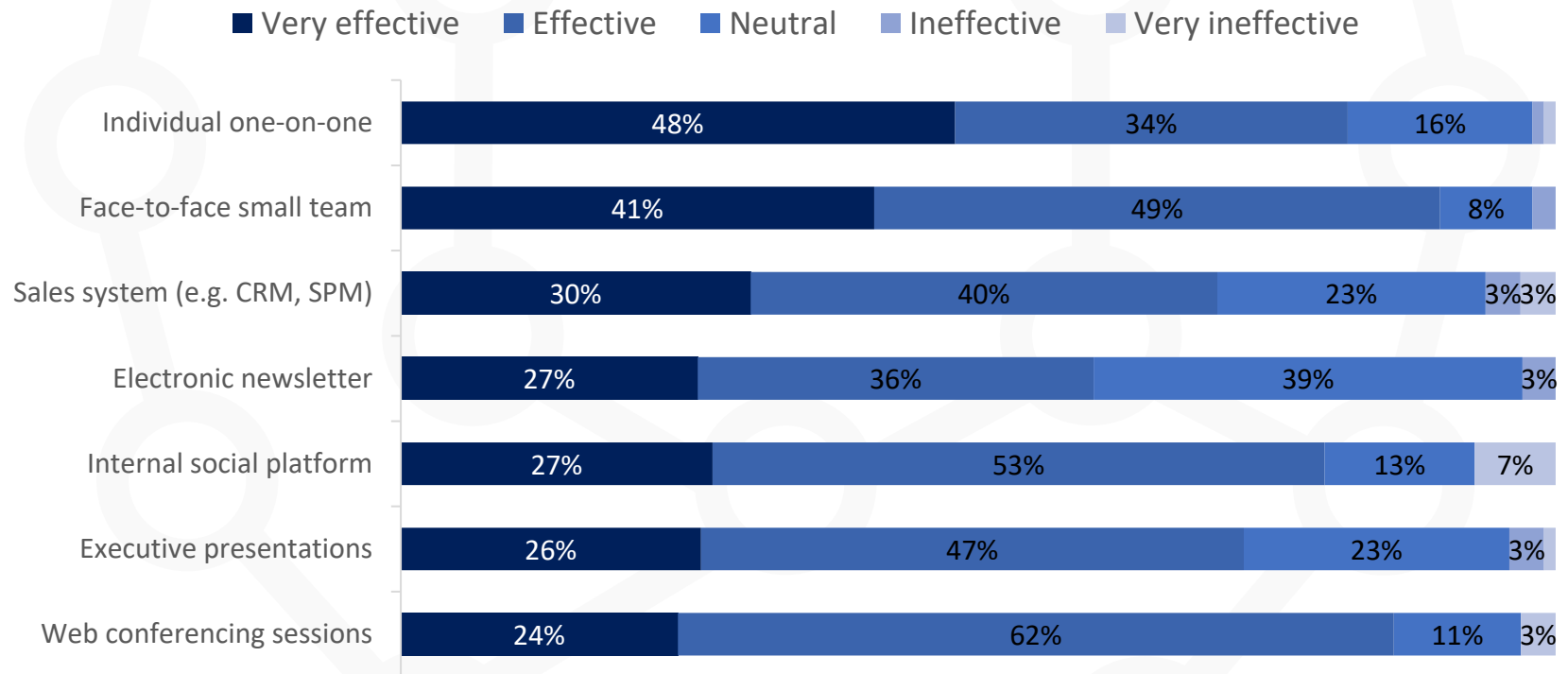


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# Communication – Effectiveness

*How would you rate the effectiveness of the communications method you use?*



n = 252



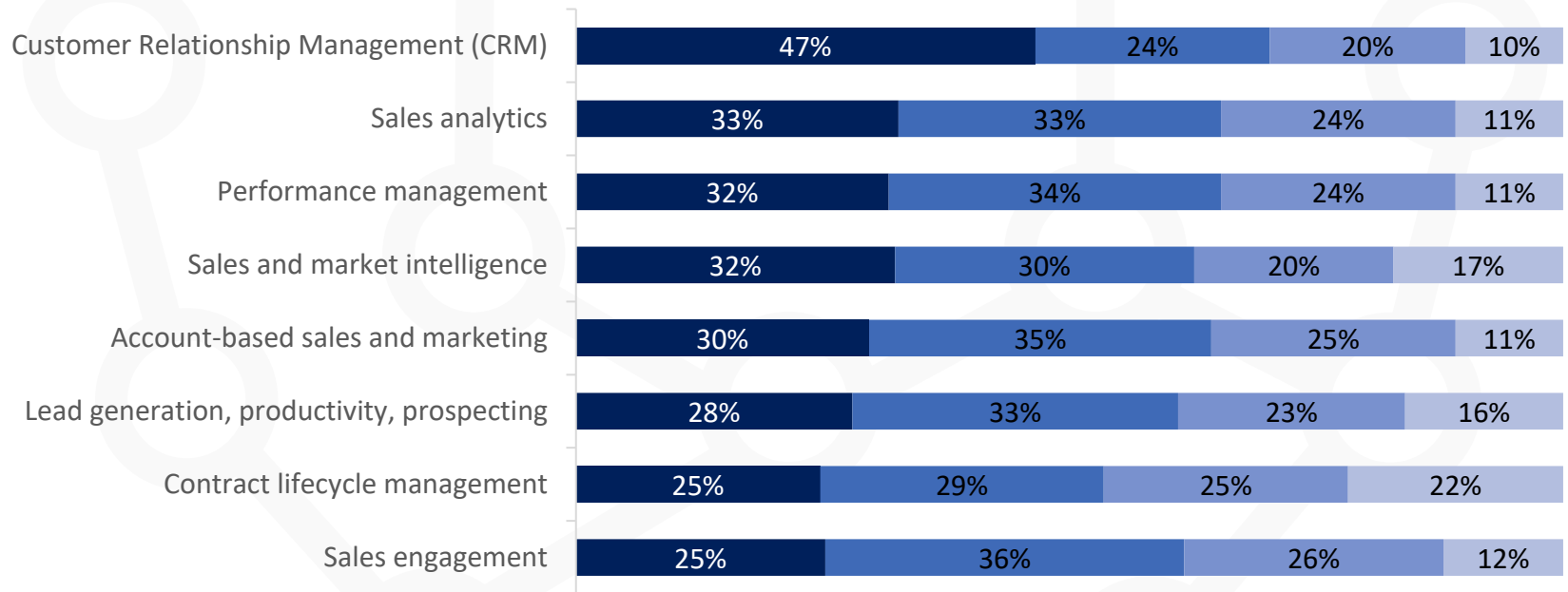
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# Technology Usage

*For each of the following sales-related tasks, how do you facilitate them?*

- Third-party solution
- Home-grown solution
- Manually conduct by hand in Excel, Word
- Currently not doing anything



n = 248



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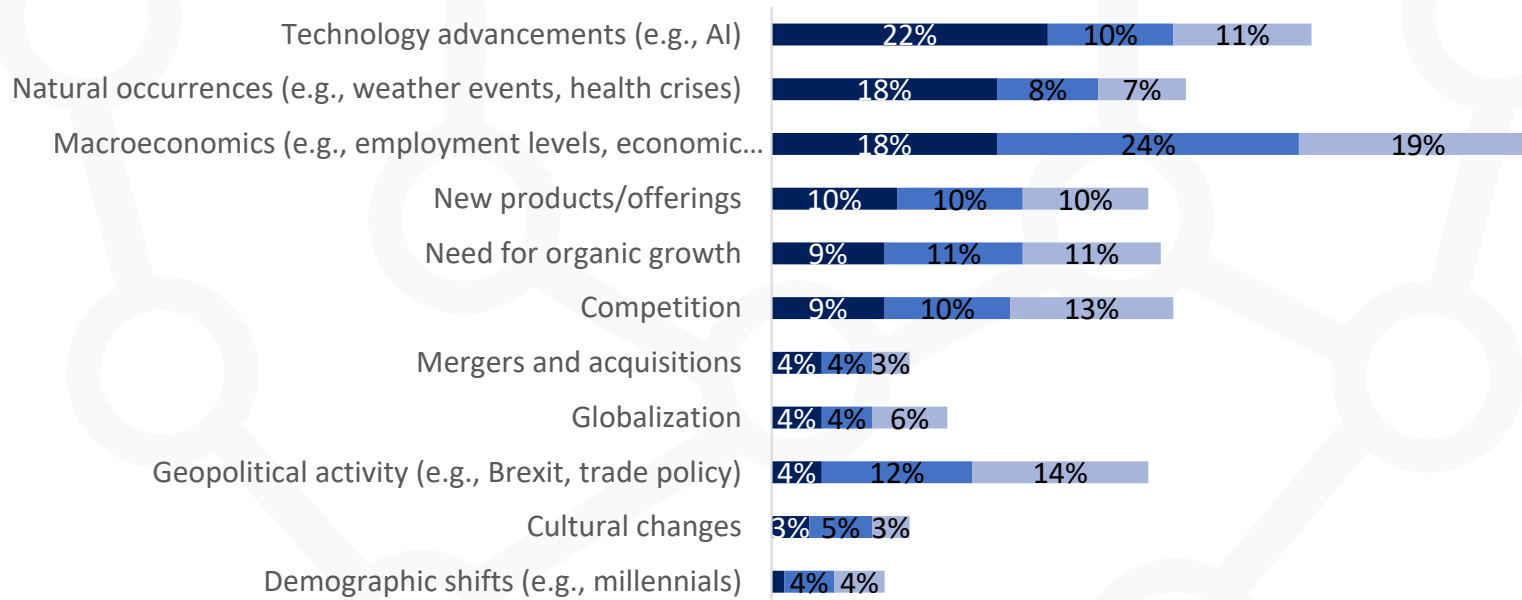


# Future – Areas of Anticipated Impact

Rank in order the amount of impact you expect the following events to have on your sales strategy and organization in the next 12 months. (1=most impactful)

## % Time Ranked

■ Rank 1 ■ Rank 2 ■ Rank 3



n = 236

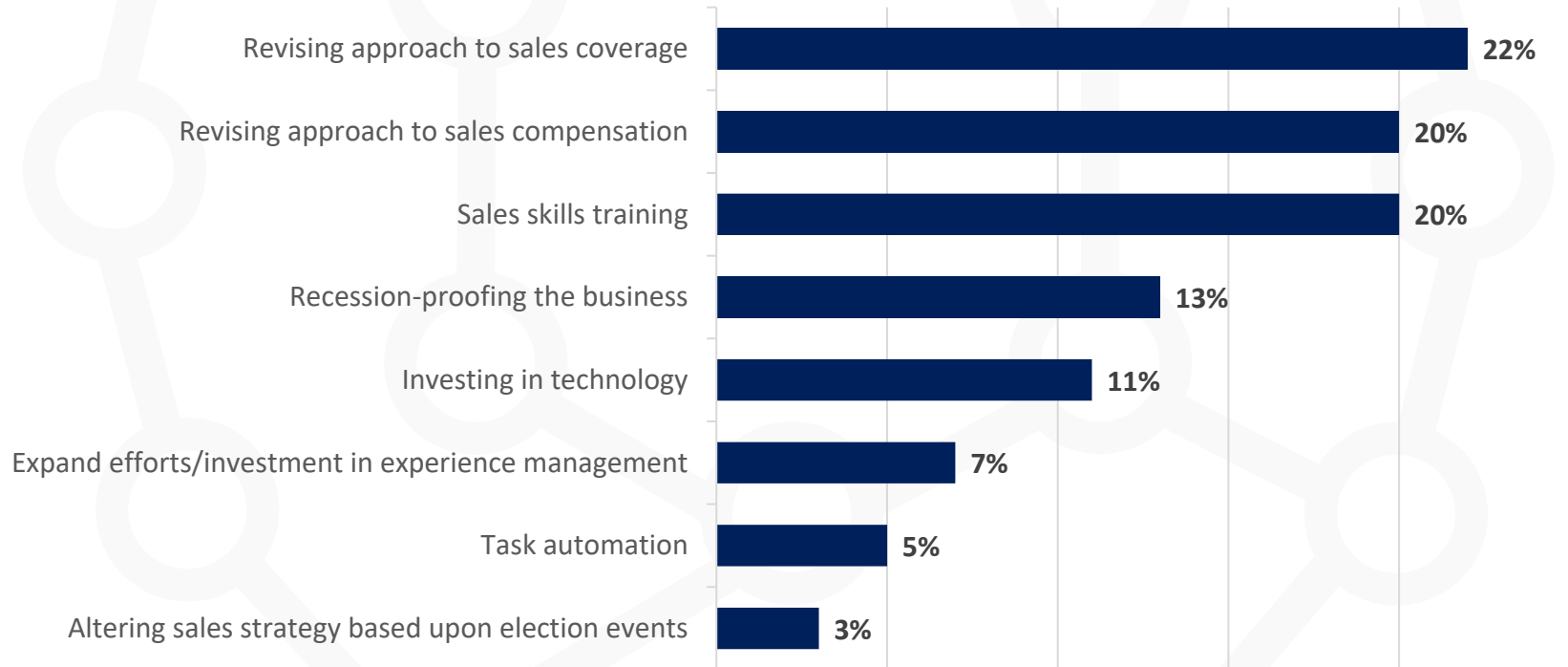


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# Future – Planning

*Which of the following is your sales organization planning for the next 12 months?*



n = 234



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# Role Snapshots



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# Field New Account Seller

## Performance Measures

- More likely to utilize total revenue and most likely to utilize new customer revenue
- More likely than other roles to utilize new customer bookings
- Least likely to utilize product units or volume and most likely to utilize new deals signed or won
- Most likely to utilize number of new accounts and unlikely to utilize account retention
- Least likely to utilize key sales objectives or milestones

## Upside Potential

- Least likely to have upside potential less than 50% for a 90<sup>th</sup> percentile performer

## Pay Mix

- Most likely to leverage variable compensation as part of pay mix and least likely to utilize base compensation



# Field Current Customer Seller

## Performance Measures

- More likely vs. other roles to utilize total revenue
- More likely vs. other roles to utilize total bookings
- Most likely to utilize gross profit dollars
- Most likely to utilize account retention
- Likely to utilize key sales objectives or milestones
- Likely to be measured on an individual basis

## Upside Potential

- Least likely to have upside potential of 200% or more for a 90<sup>th</sup> percentile performer

## Pay Mix

- Highly likely to utilize base compensation as part of pay mix



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# Field Blended New Account and Current Customer Seller

## Performance Measures

- Likely to utilize total revenue
- More likely vs. other roles to use bookings as a performance measure
- More likely vs. other roles to use accounts as a performance measure
- Very likely to be measured on an individual basis

## Upside Potential

- Likely to have upside potential of 200% or more for a 90<sup>th</sup> percentile performer

## Pay Mix

- Less likely to have extreme base/variable pay composition



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# Field Channel Seller

## Performance Measures

- Most likely to utilize total revenue
- Least likely to utilize bookings as a performance measure
- Least likely to utilize accounts as a performance measure
- Least likely to utilize customer satisfaction and highly likely to utilize key sales objectives or milestones
- Highly likely to be measured on an individual basis

## Upside Potential

- Likely to have upside potential of 200% or more for a 90<sup>th</sup> percentile performer

## Pay Mix

- Less likely to have extreme base/variable pay composition



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# Field First-Line Sales Manager

## Performance Measures

- Highly likely to utilize total revenue
- More likely vs. other roles to utilize product units or volume
- More likely vs. other roles to utilize gross profit dollars
- More likely vs. other roles to utilize number of new accounts
- Most likely to be measured on a team basis
- Likely to be measured on a team basis

## Upside Potential

- Highly likely to have upside potential of 200% or more for a 90<sup>th</sup> percentile performer

## Pay Mix

- More likely than other roles to utilize base compensation as part of pay mix



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# Inside Sales Outbound

## Performance Measures

- More likely vs. other roles to utilize revenue as a performance measure
- Most likely to utilize total bookings
- Most likely to utilize product units or volume
- More likely vs. other roles to utilize profit
- Likely to utilize account retention
- Most likely to utilize key sales objectives or milestones
- Likely to be measured on an individual basis

## Upside Potential

- Likely to have upside potential of 200% or more for a 90<sup>th</sup> percentile performer

## Pay Mix

- More likely than other roles to utilize base compensation as part of pay mix



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# Inside Sales Inbound

## Performance Measures

- Least likely to utilize revenue as a performance measure
- More likely vs. other roles to utilize total bookings
- More likely vs. other roles to utilize new deals signed or won
- Likely to utilize key sales objectives or milestones
- Likely to be measured on an individual basis

## Upside Potential

- Not as likely as other roles to have upside potential of 200% or more for a 90<sup>th</sup> percentile performer

## Pay Mix

- More likely than other roles to utilize base compensation as part of pay mix



# Inside Sales Inbound and Outbound

## Performance Measures

- More likely vs. other roles to utilize product units or volume
- Least likely to utilize price realization
- Likely vs. other roles to utilize number of new accounts
- Likely to utilize key sales objectives or milestones
- Most likely to be measured on an individual basis

## Upside Potential

- Likely to have upside potential of 200% or more for a 90<sup>th</sup> percentile performer

## Pay Mix

- Most likely to utilize base compensation as part of pay mix



# Inside First-Line Sales Manager

## Performance Measures

- Likely to utilize total revenue
- More likely vs. other roles to utilize product units or volume
- More likely vs. other roles to utilize gross profit dollars
- Highly likely to utilize key sales objectives or milestones
- Least likely to be measured on an individual basis; likely to be measured on a team basis

## Upside Potential

- Most likely vs. other roles to have upside potential greater 200% for a 90<sup>th</sup> percentile performer

## Pay Mix

- Highly likely to utilize base compensation as part of pay mix



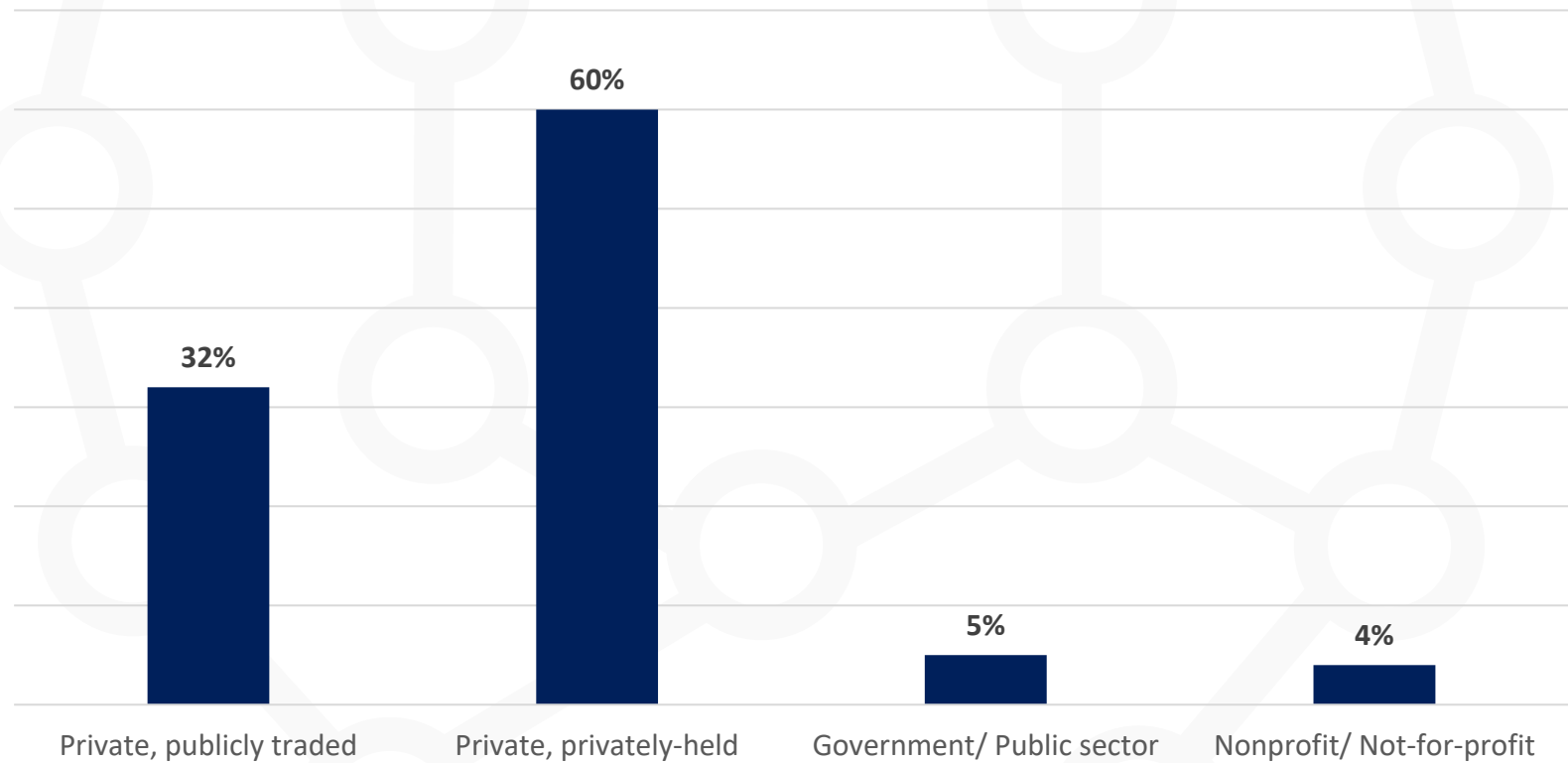
# Respondent Profile



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# Company Sector

*Your organization is:*



n = 236

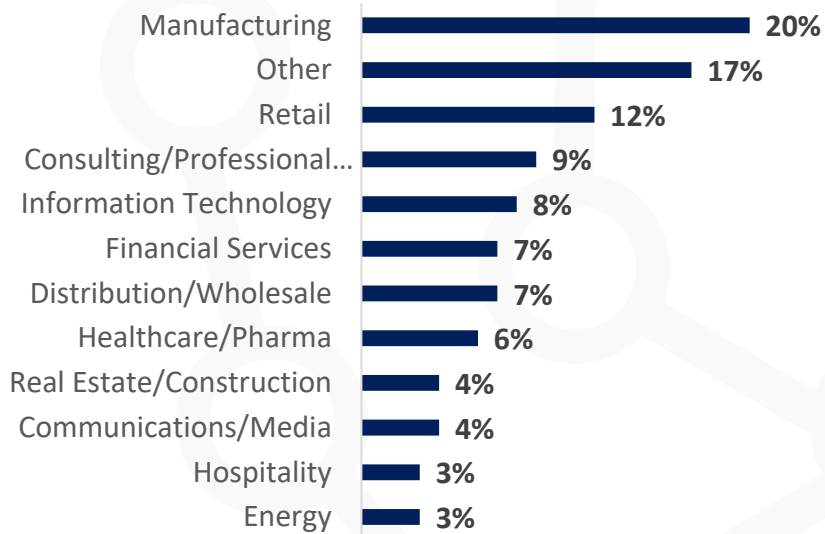


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# Company Industry and Size

*Under which industry does your organization fall?*



n = 237

*How many full-time equivalent (FTE) employees does your organization have?*



n = 237



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