Sales Compensation in a COVID-19 World

April 2020
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WorldatWork, in partnership with SalesGlobe, conducted a rapid response survey about sales compensation in a COVID-19 world. We invited members and clients to participate in the survey via email and LinkedIn, resulting in a final sample of 372 respondents.

Results are generally representative of mid-sized and enterprise organizations, and the overall study has a 5% margin of error. Sample sizes vary by question and by respondent group. Please note that statistical reliability will fluctuate based on sample sizes.

Differences by company size and industry have been notated throughout the report.
Key Findings

Customers

Over half of organizations have defined to the sales team how to engage with customers.

Organizations have shifted from selling to helping and refocusing on less-impacted segments.

Most expect lower performance this year and nearly half plan to minimize compensation impact.

Communication

Most organizations are communicating proactively but only 15% have communicated compensation actions.

While almost half have assured the sales team of compensation action.

To back up these assurances, leadership has moderate to high trust, strongest in smaller companies.

Compensation

Only 36% of organizations have a plan to address sales compensation.

The top considerations are quotas, performance measures, and thresholds.

Of which, the most implemented so far are performance measure changes and quota adjustments.

COVID-19 has put sales organizations in fast response mode, looking at compensation and beyond for answers.
Most organizations communicate proactively, though smaller orgs are more proactive

What best describes how your sales leadership team is managing communications to the sales team relative to the COVID-19 crisis?

- Acting proactively and clearly communicating direction and actions: 55%
- Providing satisfactory communications in response to sales organization needs: 27%
- Largely reactive as the organization demands: 11%
- Communicating minimally with the sales organization: 3%
- No communications to the sales organization: 4%

Proactive Communication by Company Size:
- Under 1k Employees: 58%
- Over 1k Employees: 52%

n = 372
The majority of organizations have provided defined plans with customer messaging

How has your sales leadership team provided a plan to the sales organization about how the sales team should navigate as sellers in the current environment?

<table>
<thead>
<tr>
<th>Plan Description</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>An updated plan that defines how to engage with customers and which messages to communicate</td>
<td>55%</td>
</tr>
<tr>
<td>An updated plan that defines how sales people should work and sell day-to-day</td>
<td>25%</td>
</tr>
<tr>
<td>An updated specific plan with clear actions</td>
<td>24%</td>
</tr>
<tr>
<td>An updated general plan that must be interpreted by the sales organization</td>
<td>14%</td>
</tr>
<tr>
<td>An updated plan that defines what to sell in terms of updated offers, services, pricing or terms</td>
<td>11%</td>
</tr>
<tr>
<td>No update to plan or direction</td>
<td>15%</td>
</tr>
</tbody>
</table>

n = 261
Only 15% have communicated immediate compensation action and 5% quota action

How has your sales leadership team communicated to the sales organization about how their incentive plan may be impacted in the current environment?

Leadership assured the sales team that compensation would be addressed, with an approach to be determined or announced later - 43%

Leadership did not communicate a plan or actions on the compensation program - 36%

Leadership communicated immediate actions that would be taken on the plan - 15%

Leadership communicated immediate actions that would be taken on quotas - 5%

Key Observations
- Financial services leadership are more likely to have already communicated actions (22%)
- Consulting is least likely to have communicated actions (50%)
- Almost half have addressed sales team concerns

n = 261
Most organizations are communicating once every few days or more frequently

**How frequently is your sales leadership team communicating to the sales organization regarding their COVID-19 actions and plan?**

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Under 1k Employees</th>
<th>Over 1k Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Daily</td>
<td>16%</td>
<td>27%</td>
</tr>
<tr>
<td>Every other day</td>
<td>7%</td>
<td>3%</td>
</tr>
<tr>
<td>Every few days</td>
<td>30%</td>
<td>27%</td>
</tr>
<tr>
<td>Once a week</td>
<td>22%</td>
<td>9%</td>
</tr>
<tr>
<td>Less than once per week</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>Sporadically</td>
<td>9%</td>
<td>3%</td>
</tr>
<tr>
<td>Not currently sending</td>
<td>3%</td>
<td>3%</td>
</tr>
</tbody>
</table>

n = 250
Email is still the most common method with online meetings close behind

What communication delivery methods is your sales leadership team using to communicate with the sales organization? Please select all that apply.

- Email: 88%
- Virtual online meetings: 66%
- Platform collaboration tools: 37%
- Intranet: 25%
- Electronic newsletter: 15%
- Text: 14%
- Sales system: 9%
- Other: 7%

Key Observations
- The majority of respondents are using 2-3 methods on average

n = 247
Leadership has a moderate to high degree of trust, which is highest in smaller organizations.

How would you rate the degree of trust the sales organization has that leadership will treat the organization fairly with sales compensation in light of the current conditions?

<table>
<thead>
<tr>
<th>High</th>
<th>Moderate</th>
<th>Low</th>
<th>None</th>
</tr>
</thead>
<tbody>
<tr>
<td>42%</td>
<td>54%</td>
<td>3%</td>
<td>1%</td>
</tr>
</tbody>
</table>

High Trust by Company Size

- Under 1k Employees: 52%
- Over 1k Employees: 38%

n = 245
Most organizations have not created a committee to focus on sales comp actions

Has your organization formed a committee focused on sales compensation actions?

- Yes: 33%
- No: 51%
- Not sure: 16%

Committee Formation by Company Size

- Under 1k Employees: 24%
- Over 1k Employees: 38%

n = 239
Only 36% of organizations have a plan to address sales compensation

At what stage of planning or implementing are you with sales compensation changes? Please select all that apply.

- We are developing a plan on how to address sales compensation: 49%
- We are triaging based on immediate sales compensation needs: 34%
- We have a plan on how to address sales compensation: 20%
- We are implementing a plan to address sales compensation: 16%

n = 226
The actions most considered are adjusting quotas, performance measures, and thresholds

**What sales compensation actions are being CONSIDERED in response to the COVID-19 crisis? Please select all that apply.**

<table>
<thead>
<tr>
<th>Action</th>
<th>Considered Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusting quotas</td>
<td>46%</td>
</tr>
<tr>
<td>Adjusting performance measures</td>
<td>44%</td>
</tr>
<tr>
<td>Lower plan thresholds</td>
<td>36%</td>
</tr>
<tr>
<td>Sales bonuses</td>
<td>22%</td>
</tr>
<tr>
<td>Using non-recoverable draws</td>
<td>18%</td>
</tr>
<tr>
<td>Shifting out quota seasonality to later in the year</td>
<td>14%</td>
</tr>
<tr>
<td>Using recoverable draws</td>
<td>11%</td>
</tr>
<tr>
<td>Increased compensation kickers</td>
<td>10%</td>
</tr>
<tr>
<td>Milestone bonuses</td>
<td>6%</td>
</tr>
</tbody>
</table>

**Key Observations**
- On average, organizations are considering 2-3 actions

n = 221
Organizations with actions implemented are focused on adjusting performance measures and quotas

What sales compensation actions are being IMPLEMENTED in response to the COVID-19 crisis? Please select all that apply.

- Adjusting performance measures: 27%
- Adjusting quotas: 24%
- Lower plan thresholds: 19%
- Using non-recoverable draws: 13%
- Sales bonuses: 11%
- Shifting out quota seasonality to later in the year: 9%
- Using recoverable draws: 7%
- Increased compensation kickers: 6%
- Milestone bonuses: 5%

Key Observations
• On average, organizations have only implemented one action so far

n = 180
Organizations have shifted from selling to helping and advising

What sales strategies are being considered or implemented in response to the COVID-19 crisis? Please select all that apply.

- Shifting from selling to helping and becoming a trusted advisor: 46%
- Refocusing on segments or industries less affected by the crisis: 35%
- Implementing changes in offers, services, pricing or terms: 31%
- Modifying our value proposition to customers: 31%
- Conducting rapid account planning for strategic accounts: 27%
- Realigning account assignments to better match sellers to opportunities: 24%
- Changing our sales process: 20%

Key Observations
- On average, organizations are considering 2-3 actions

n = 196
Most organizations are expecting to perform lower to plan this year

*What do you BELIEVE will be the impact to the sales compensation program as a result of the COVID-19 crisis? Please select all that apply.*

<table>
<thead>
<tr>
<th>Impact Description</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>The sales organization will perform lower to plan this year and the company will do its best to minimize the compensation impact to the team</td>
<td>43%</td>
</tr>
<tr>
<td>The sales organization will perform lower to plan this year and earn less</td>
<td>38%</td>
</tr>
<tr>
<td>The sales organization will recover in the second half of the year and regain a moderate amount of compensation</td>
<td>35%</td>
</tr>
<tr>
<td>We will likely rethink our sales compensation program for 2021</td>
<td>22%</td>
</tr>
<tr>
<td>We will likely return to our current compensation program later in the year</td>
<td>21%</td>
</tr>
<tr>
<td>We will likely retain the plan changes we've made for this crisis for the rest of this year</td>
<td>15%</td>
</tr>
<tr>
<td>We will likely continue our current compensation program for 2020</td>
<td>15%</td>
</tr>
<tr>
<td>We will likely retain the plan changes we've made for this crisis for 2021</td>
<td>3%</td>
</tr>
</tbody>
</table>

**Key Observations**
- About one third are optimistic on recovering sales and compensation
- Less than a quarter plan to rethink their comp plans for 2021
- Consulting expects to perform lower to plan and earning less this year (52%)
- Financial services expects to perform lower to plan and do their best to minimize the compensation impact (61%)
Nearly all employers are providing support to help associates adjust during lockdown

Is your organization providing support to employees on how to adjust to an environment of self-isolation and social distancing?

- Yes: 94%
- No: 3%
- Not sure: 3%

% Providing by Company Size

- Under 1k Employees: 88%
- Over 1k Employees: 97%

n = 208
Technology is being leveraged by nearly all organizations to maintain team effectiveness

How is your organization helping the sales team work effectively in this environment? Please select all that apply.

- Enabling employees with the necessary technology: 94%
- Coaching the sales team individually: 49%
- Training the sales team: 36%
- Providing updated sales playbooks: 21%
- Other: 5%

n = 203
Live forums and webinars are considered the most valuable sources of strategy information.

Please rank the most valuable way for you to learn about current practices other companies and the market are using to address the COVID-19 crisis from a sales and compensation perspective.

<table>
<thead>
<tr>
<th>Rank</th>
<th>Information Type</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Information from live forums that include peer companies and leaders</td>
<td>34%</td>
</tr>
<tr>
<td>2</td>
<td>Information from webinars</td>
<td>29%</td>
</tr>
<tr>
<td>3</td>
<td>Information from the business press</td>
<td>22%</td>
</tr>
<tr>
<td>4</td>
<td>Information from web communities, blogs, or chat boards</td>
<td>7%</td>
</tr>
<tr>
<td>5</td>
<td>Information from news media</td>
<td>7%</td>
</tr>
<tr>
<td>6</td>
<td>Information from internet searches</td>
<td>3%</td>
</tr>
</tbody>
</table>

n = 198
Company Sector

Your organization is:

- Private, publicly traded: 47%
- Private, privately-held: 45%
- Government/Public sector: 4%
- Nonprofit/Not-for-profit: 5%

n = 193
## Company Industry and Size

**Under which industry does your organization fall?**

<table>
<thead>
<tr>
<th>Industry</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>17%</td>
</tr>
<tr>
<td>Healthcare/pharma</td>
<td>16%</td>
</tr>
<tr>
<td>Financial services</td>
<td>12%</td>
</tr>
<tr>
<td>Consulting/professional services</td>
<td>11%</td>
</tr>
<tr>
<td>Information technology</td>
<td>10%</td>
</tr>
<tr>
<td>Communications/media</td>
<td>8%</td>
</tr>
<tr>
<td>Distribution/wholesale</td>
<td>5%</td>
</tr>
<tr>
<td>Other</td>
<td>14%</td>
</tr>
</tbody>
</table>

Only industries with at least 5% of responding organizations are listed here.

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

- Fewer than 100 employees: 15%
- 100 to 999: 15%
- 1,000 to 9,999: 43%
- 10,000 to 39,999: 19%
- 40,000 or more employees: 15%

*n = 193*
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