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# 2021 Sales Comp Planner

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## 1. What changes may be needed for your business for 2021?

These questions could be used to stimulate your own thinking, or to structure an interview with business and sales leaders, collecting their views and good ideas.

### Market strategy

- Will your product or service offering be different from before the crisis?
- Are you offering special pandemic pricing or deal terms?

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### Sales coverage

- Will you be shifting Field Sales people to Inside Sales or Customer Success roles?
- Do you have specialists who focus on specific market segments that are not buying right now, and could they focus on other segments, general sales, or even product development support?

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### Sales staffing

- Will your sales organization structure need to change? And will that be short-term or longer-term?
- Will you be reducing staff (or addition staff) in parts of the organization?
- Are your sales jobs changing enough that your job descriptions and requirements need to be updated? And are these changes expected to be short-term or lasting?
- What changes will you need to your onboarding process for those new to sales?
- How is the role of the first line sales manager changing? Would they be more effective with from some training in remote management?

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# 2021 Sales Comp Planner

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## Sales pay structure

- Do you have reason to believe the market value of your sales jobs is changing? [Note that salary surveys will take a while to catch up with current market conditions.]
- How will you maintain your market pay levels in the absence of up-to-date market data? Consider recruiters & recruiting experience, internal comparisons.
- In the coming few years many sale roles may see a shift in pay mix to more base and less risk/upside. Are you seeing a need to make that sort of change, or would a more temporary solution (e.g. KPIs for some of the variable pay) make more sense?

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## Plan mechanics

- If you currently have annual sales goals, might quarterly goals make more sense given the difficulty in predicting market demand over the next year?
- If you currently have monthly sales goals, might quarterly goals make more sense given the possible volatility of sales month to month?
- Would KPIs be a good way to focus sales effort at a time when financial sales quotas are likely to be too high or too low?
- What steps can be taken to simplify your sales compensation plans? Consider reducing or eliminating thresholds, removing linkages, reducing the number of measures, reducing the number of tiers in payout curves. All that precision was made for a more predictable time.

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## 2. How can your business do well on the essentials?

These questions could be used to stimulate your own thinking, or to structure an interview with business and sales leaders, collecting their views and good ideas.

### Leading with integrity – being honest about what we do and do not know

- What has leadership communicated about what they do know, and what they do not know? How could this communication be maintained or improved?

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### Motivating during ambiguity

- Beyond the near-term uncertainty, what is the long-term view of where the business is going?
- And how can near-term innovation and creativity be fostered and rewarded to solve the problems of the current month and quarter?

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### Plan for uncertainty

- What is the reasonable range of future conditions for which there should be some initial planning?
- What plans are prepared for these contingencies?

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## Support resilience

- What can you keep the same to help your employees with the stress of these times? Examples might be more social like weekly “huddles” that go virtual, or more structural like the look and feel of their sales compensation plan document.
- What can you do to encourage your sales employees to take care of themselves and their families so they will be better able to be at their best with your customers when they interact with them?
- Are there ways to work with your sales leaders to encourage them to shift from pressing for performance to a more supportive and understanding stance in their interactions?

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## Balance consistency vs. customization

- As programs and processes are adjusted for the evolving environment, consistency will make managing the programs easier. But if certain countries, market segments, or business units are experiencing the current climate very differently it will make sense to accommodate those real differences.
- Where should the business insist on consistency, and where should local customization be allowed or encouraged?

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## Focus on fairness

- Have Sales (or other) employees felt that policies and changes have not been applied fairly? Has sales compensation taken more of a hit than that of other functional areas? Or have sales people had their pay levels maintained while others will forego bonuses this year or in the future?
- Where are the sensitivities regarding fairness? And what can be done to improve both the reality and the perception of fairness?

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### 3. Assemble the Sales Compensation Team

#### The commitment

What will you expect these team members to do? What is the time commitment? What are the duties?

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#### The team

Who are the candidates that might make the most sense?

Sales leaders (not individual contributor sales people)

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Finance

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HR Compensation

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Sales Operations

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## 4. Establish initial business objectives

Work with the Sales Compensation Team to develop objectives. Be sure to include the perspectives of the business leaders gathered in steps 1 and 2.

### Business objectives

A few are listed below as a starting place but add any that are important for your business and not already on the list. Ideally, you're picking a small number as top priorities, three or fewer. But you can note some others that are also important. Mark the few most important ones with a star and place a check mark by others that are important.

- Incentivize continued aggressive focus on selling
- Manage the cost of the sales team down
- Focus sales efforts on the most important sales
- Retain key talent
- Elevate the focus on existing customers and their challenges
- Use sales resources well while they spend less time selling
- Maintain a reasonable income level for salespeople
- Manage run-away compensation costs due to market-based demand surge
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- \_\_\_\_\_
- \_\_\_\_\_

Once there is agreement about these, distribute copies of the top objectives to team members and reference them in communications with the sales people about the plans for the upcoming year. If they do not stand the test of time and need to be revised, that's fine too.

### 5. Agree on the right assumptions

Work with the Sales Compensation Team to develop assumptions. These are going to be less firm than in recent years due to the uncertainty ahead. But without “working assumptions,” discussion will be difficult, and decisions may come undone.

#### Do we need to rebalance headcount across sales roles?

This may mean reductions in force, or redeploying some people into other areas (e.g., field sales people working in inside sales). And the changes may be short-term or more permanent.

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#### Are some sales more important than others right now?

This is always an important question for incentive design since incentives are a great way to focus effort. If a shift in focus is needed, that is an important thing to identify before designing the incentives.

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#### How will our sales change as the recovery unfolds?

Are we expecting a slow trickle of sales that builds gradually, a shift in which of our offerings are being sold, sales volume back to “normal” levels, or even a surge in pent-up demand? And what ideas do we have about timing for this?

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## 2021 Sales Comp Planner

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### How far ahead can we reasonably set sales goals?

Do we have a clear enough picture of what “expected,” “unacceptable,” and “excellent” sales performance look like to base meaningful variable pay on it? And if so, for what horizon (the coming month, quarter, or longer)?

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### Is it important to foster collaboration and mutual support across the sales team?

Even if we haven’t had teamed goals and incentives for collaboration in the past, is now a time when this would be a smart approach? Team incentives can foster collaboration, and also smooth out highs and lows that may not be directly attributable to individual performance.

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### Do we need to take action to retain key talent?

Are our competitors likely to take this opportunity to poach our top talent? If so, what do we need to do to keep our best sellers in the fold until we are through this uncertainty?

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### Do we have spending constraints to meet?

Is there an expectation that the business will see some savings out of the cost of the sales team? If so, what is the best way to meet those expectations... short term reduction in pay levels for most/all sellers, furloughs, or reduction in force?

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### 6. The initial plan

This is the plan for the coming quarter or two.

#### Summarize the business goals and “working assumptions”

This summary is the foundation that explains the changes to the sales people. Refer to section 4.

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#### Summarize the key changes as the sales people will experience them

This may include changes in sales responsibilities, the organization, compensation plan measures and mechanics, the sales goal setting process.

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#### “Sell” the changes to the sales people

What is the benefit to the sales people of the changes above? How do these changes protect the business, the customers, and/or the sales people to ensure a bright future? How long are they expected to last?

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# 2021 Sales Comp Planner

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Describe the ongoing process to manage and update the plans

Who will be involved?

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How often will sales goals be reviewed:

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What will be the criteria for making changes to sales goals and/or compensation plans?

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How will fairness and transparency be ensured?

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How can sales people get their questions answered (e.g., salescomp.questions@ourco.com)?

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What is the exceptions management process? (Is there a form, are there criteria for considering exceptions? How often are exceptions going to be considered, by whom?)

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