



sales

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The Future of Sales Compensation

Survey First Look: Pay Practices and Sales Roles in a Post-COVID World

A WorldatWork Partnership

Our Story: Data-Driven, Creative Problem-Solving for Sales

why?

We are rethinking sales.

SalesGlobe is a data-driven, creative problem-solving firm for sales that solves your most important sales challenges.

MARK DONNOLO
Managing Partner

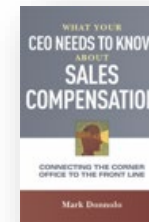


MICHELLE SEGER
Partner



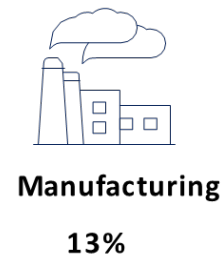
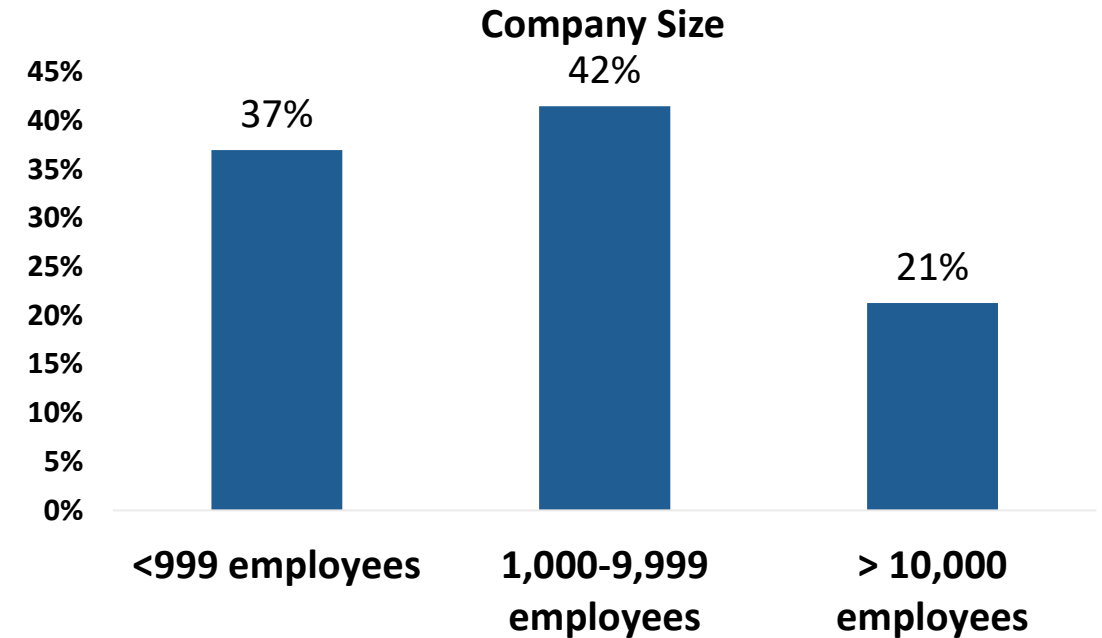
rethink

- Go-to-Market
- Sales Organization Design
- Sales Capacity and Goal Design
- Talent Assessment and Planning
- Strategic Account Programs
- Sales Compensation
- Quota Setting
- Technology Readiness



About the Survey

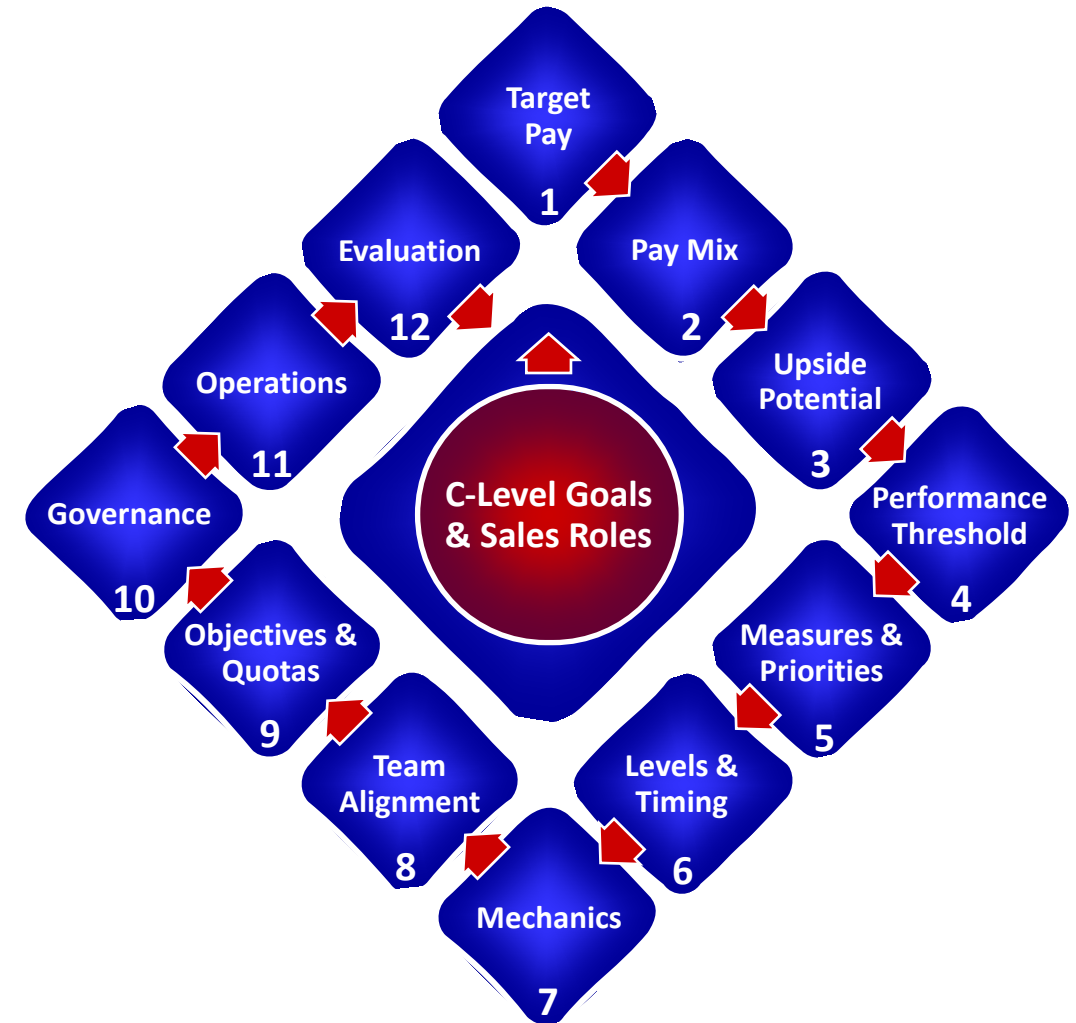
- 472 participants
- Approximately half of companies have been involved in a M&A
- Privately held (51%) vs. publicly held (41%)
- Multiple Industries represented below:



**75% of respondents answered this question*

Key Findings

- **Hybrid sales roles** are the fastest growing role in sales today.
 - Pre-pandemic Inside sales fastest growing role at 15:1 over field sales hires.
- **Voluntary turnover** is a greater challenge than ever before.
- **Financial and structural controls** are showing up to mitigate ongoing uncertainty.
- **Non-financial measures** are growing.
 - Customer Satisfaction
 - Number of new accounts won
 - Account retention
 - New deals signed or won



SALES ROLES... WHAT'S THE STORY? MORE HIRING AND NEW ROLES.

IS IT THE END
OF SALES AS
WE KNOW IT?

1

DURING THE PANDEMIC, 60% OF PEOPLE WORKED REMOTELY... AND FOUND WAYS TO WORK WITH CUSTOMERS VIRTUALLY



2

FIELD SALES IS ALIVE AND WELL...

37%

OF COMPANIES INCREASING FIELD SALES HEADCOUNT



3

AND INSIDE SALES IS GROWING.

44%

OF COMPANIES ARE INCREASING INSIDE SALES HEADCOUNT



4

HYBRID SALES ROLES HAVE EMERGED...

44%

OF SALES ORGANIZATIONS ADDING THESE ROLES



5

AND ARE LEADING PLANNED HEADCOUNT INCREASES.

67%

OF ORGANIZATIONS OVER THE NEXT YEAR



6

BUT HIGHER VOLUNTARY TURNOVER IS PUTTING PRESSURE ON HIRING...

39%

OF ORGANIZATIONS ANTICIPATE HIGHER VOLUNTARY TURNOVER



7

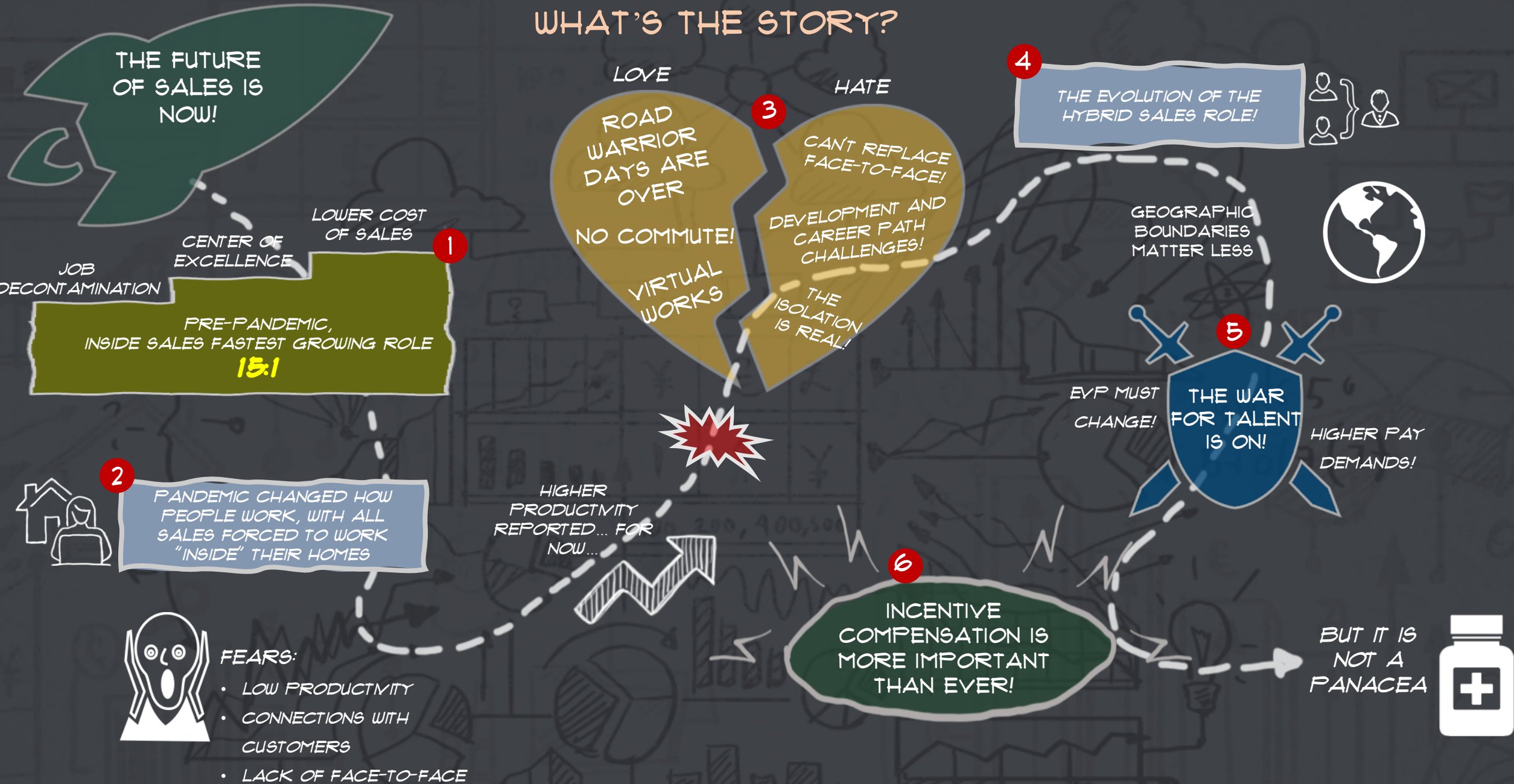
TALENT IS AT A PREMIUM VALUE PROP IS A PRIORITY!

- REMOTE WORK
- FLEXIBILITY
- CULTURE



THE IMPACT OF THE HYBRID ROLE

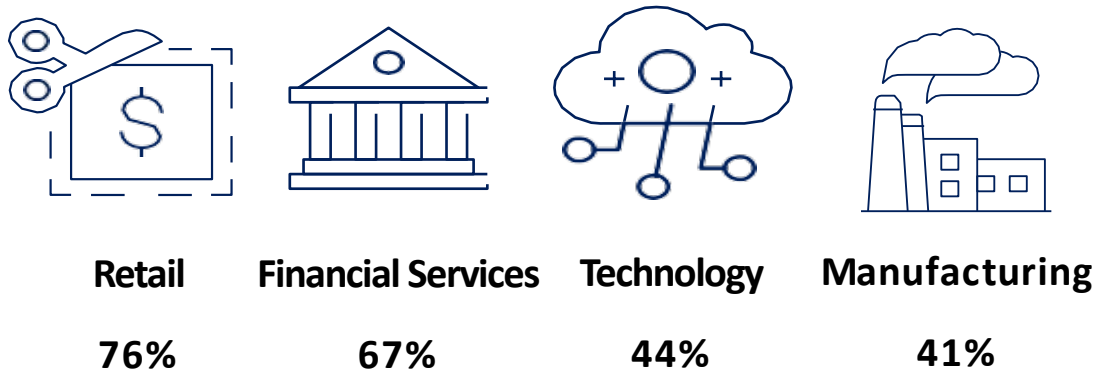
WHAT'S THE STORY?



Roles – the data behind the story

- Field and Inside sales roles are both growing.
- Hybrid sales roles have emerged.
 - 56% of companies with <10,000 employees
 - 28% of companies with >10,000 employees
- 44% of companies surveyed have implemented a hybrid sales role.

Top industries below:



Current sales roles	2021	YOY Difference
Inside Sales Outbound	33%	▲ 13%
Field New Account Seller	45%	▲ 11%
Field Current Customer Seller	43%	▲ 8%
Inside Sales Inbound	35%	▲ 8%
Field Blended New Account and Current Customer Seller	57%	▲ 7%
Inside Sales Inbound and Outbound	43%	▲ 7%
Field First-Line Sales Manager	49%	▲ 2%
Field Channel Seller	33%	▲ 1%
Inside First-Line Sales Manager	33%	▼ -2%

Hybrid roles added in the last 12 months

Hybrid New Account Seller	20%
Hybrid Current Customer Seller	18%
Hybrid Blended New Account and Current Customer Seller	28%
None of these	56%

n=472

Roles – what’s ahead?

- **Hybrid roles will become the *fastest growing role* across new company hires.**
 - Responsibilities most aligned with the traditional field sales role
 - Sales to be conducted with a balance between face-to-face and remote/virtual interaction
- **Inside sales as we know it is still in flux.**
 - Greater focus on lead generation and qualification for many companies
 - The center of excellence call center is losing ground to working from home
 - Issues with isolation, individual development and career pathing

Sales roles over the next 12 months	n=	Decreased	Increased
Field New Account Seller	187	7%	51%
Field Current Customer Seller	176	8%	45%
Field Blended New Account and Current Customer Seller	235	4%	52%
Inside Sales Inbound	150	7%	53%
Inside Sales Outbound	140	5%	57%
Inside Sales Inbound and Outbound	179	3%	50%
Field Channel Seller	135	5%	48%
Field First-Line Sales Manager	205	7%	32%
Inside First-Line Sales Manager	135	4%	39%
Hybrid New Account Seller	85	2%	68%
Hybrid Current Customer Seller	78	5%	64%
Hybrid Blended New Account and Current Customer Seller	125	3%	69%

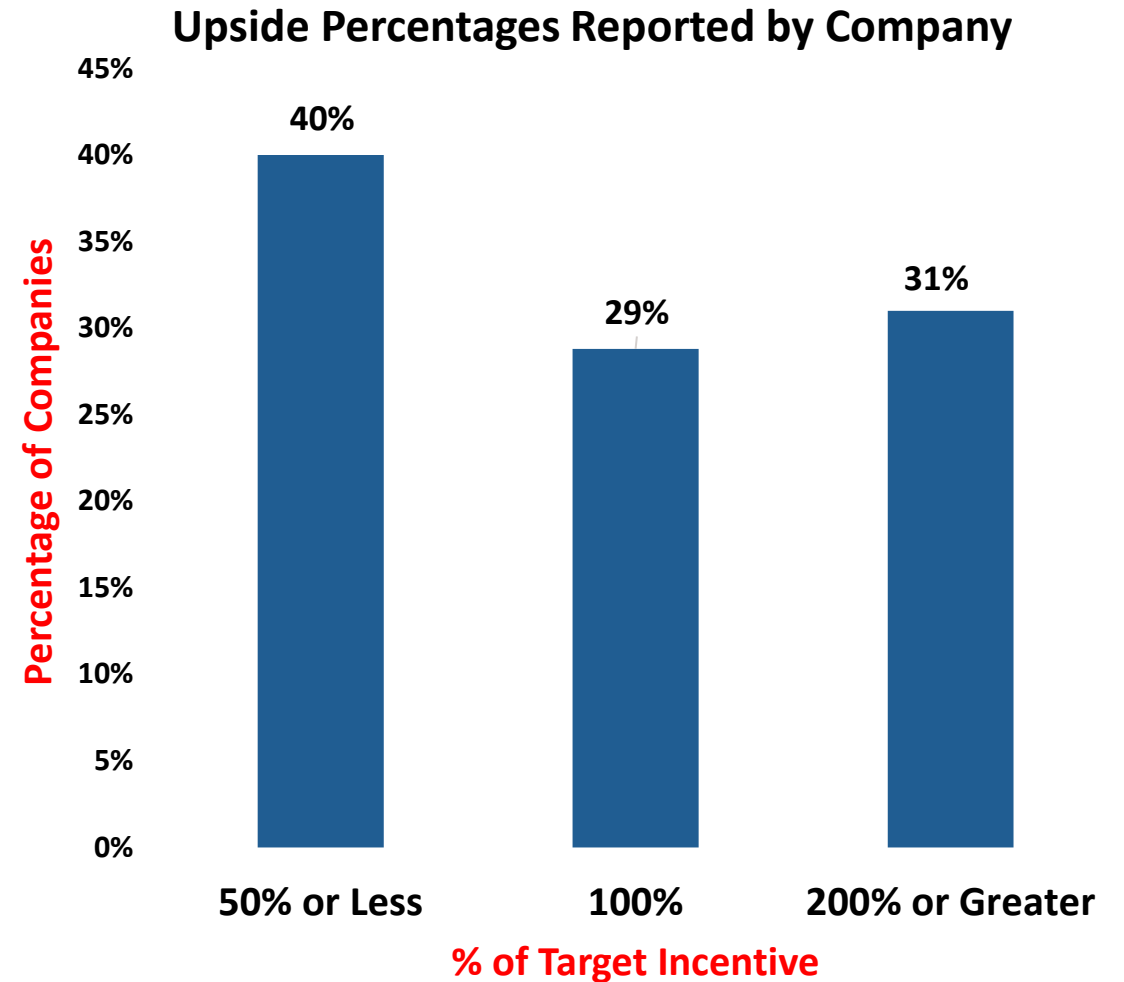
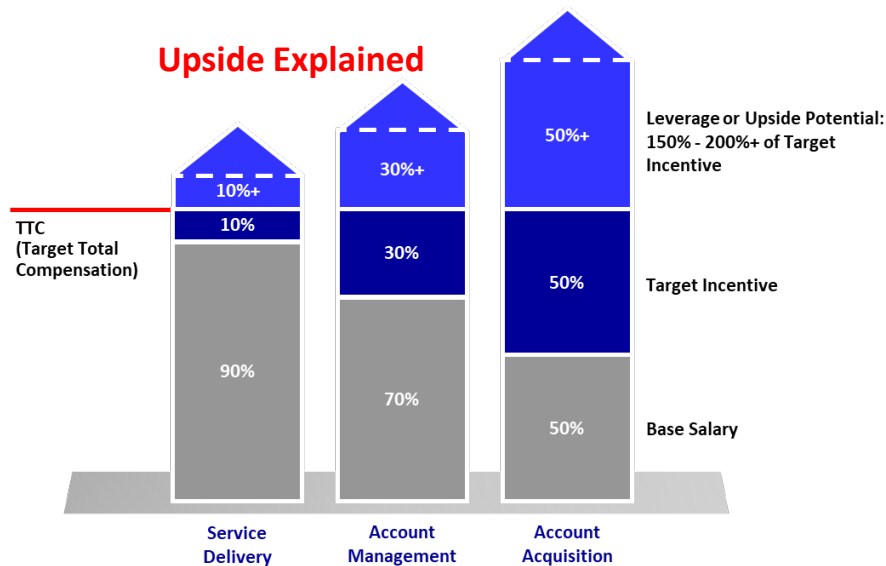
Pay Mix

- **Variable pay is increasing as a percentage of pay**, ranging anywhere from 3-10% across field and inside sales roles.
 - There is little difference between new acquisition and account management sales roles **1**
 - Inside sales roles are becoming more aggressive **2**
- **Hybrid roles have the highest pay mix.** **3**
 - This could be a **leading indicator** to the future since this role is NEW
 - New hires brought into the role with greater pay mix
 - Existing salespeople who are qualified may transition over to this role (from a traditional field or inside sales role)

Pay Mix	n=	2020		2021	
		Base	Variable	Base	Variable
Field New Account Seller	171	56%	46%	57%	43%
Field Current Customer Seller	161	67%	39%	60%	40%
Field Blended New Account and Current Customer Seller	218	63%	37%	60%	40%
Inside Sales Inbound	144	69%	30%	65%	35%
Inside Sales Outbound	129	70%	30%	59%	41%
Inside Sales Inbound and Outbound	164	71%	30%	64%	36%
Field Channel Seller	128	64%	36%	60%	40%
Field First-Line Sales Manager	188	66%	34%	63%	37%
Inside First-Line Sales Manager	119	67%	34%	66%	34%
Hybrid New Account Seller	81	*new in 2021		55%	45%
Hybrid Current Customer Seller	75			54%	46%
Hybrid Blended New Account and Current Customer Seller	118			54%	46%

The Story on Upside

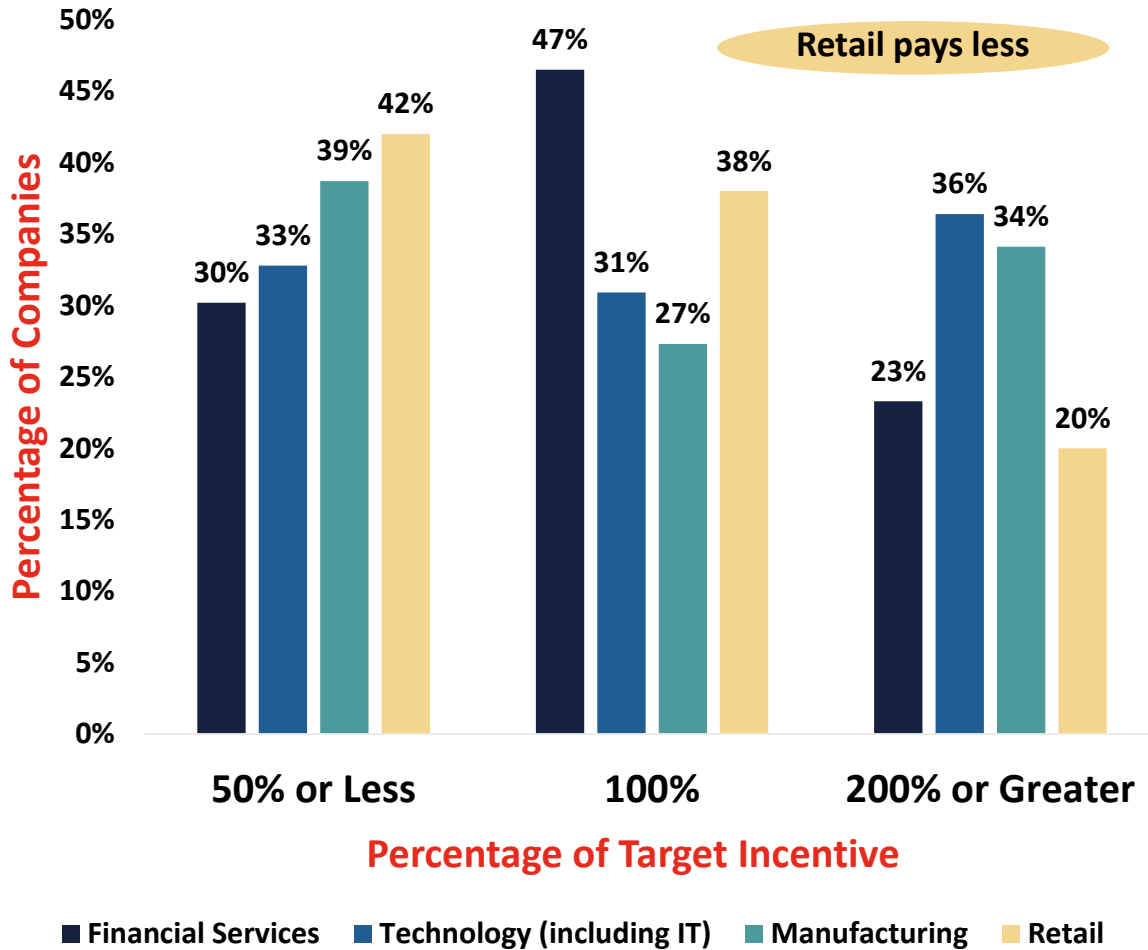
- **At first glance, it appears not much upside,** with 40% of companies less than 50% upside opportunity.
- **On closer inspection, we see that demographics tell the rest of the story.**
 - Best practice- the greater the pay at risk, the greater the upside* potential should be in the plan for the 90th percentile.



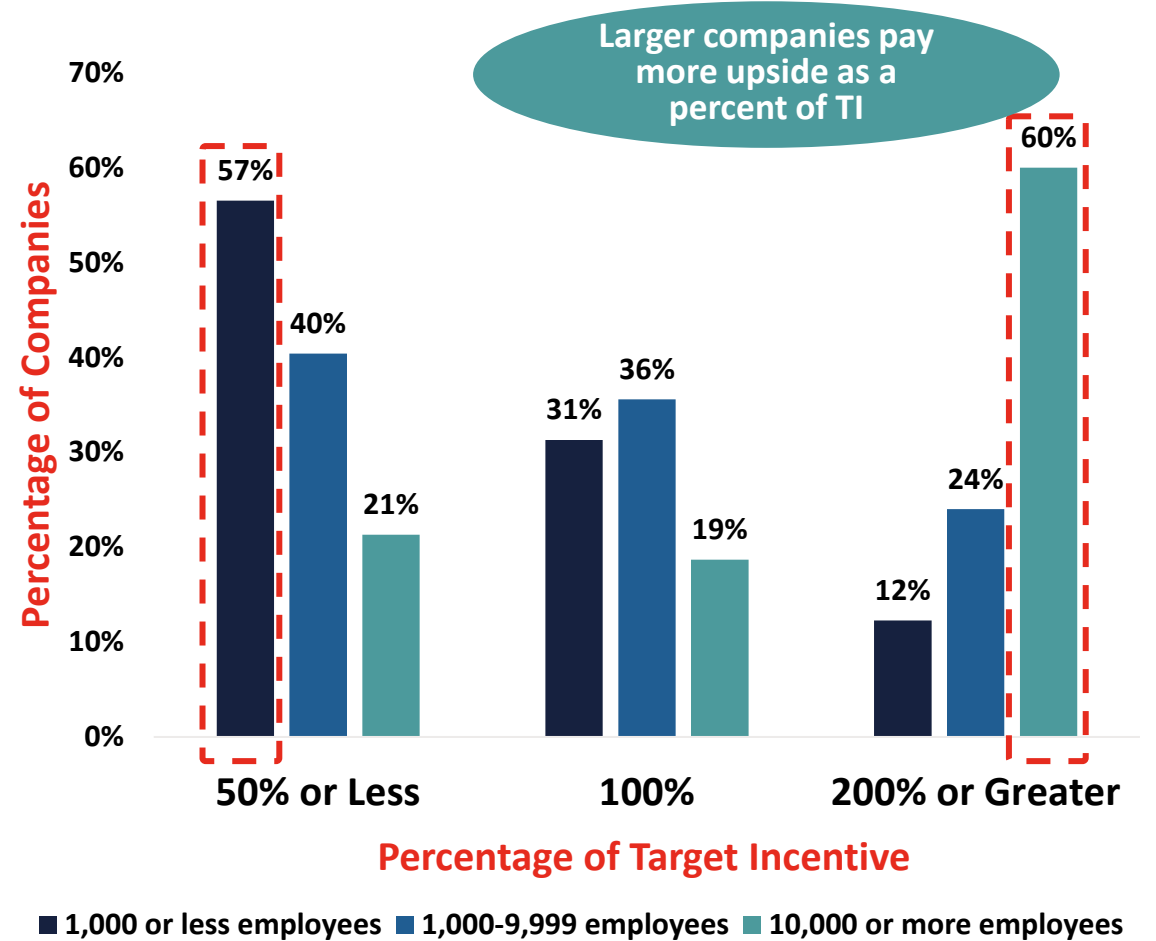
*Upside Defined as a percent of target incentive that is available as an addition to Total Target Compensation (TTC).

The Story on Upside

Upside Percentages Reported by Industry



Upside Percentages Reported by Company Size




INCENTIVE COMPENSATION MEASURES

WHAT'S THE STORY? INCREASING CONTROL.



1 DURING COVID, ORGANIZATIONS RELAXED PERFORMANCE THRESHOLDS, ADJUSTED QUOTAS, AND REMOVED EARNINGS CAPS



46% ADJUSTING QUOTAS FOR HIGHER EARNINGS
36% LOWERING PERFORMANCE THRESHOLDS TO DELIVER PAY EARLIER

2 AS THE ECONOMY HAS RECOVERED, ORGANIZATIONS HAVE INCREASED FINANCIAL CONTROLS, NEARLY DOUBLING THE USE OF PERFORMANCE THRESHOLDS...

61% OF COMPANIES USED PERFORMANCE THRESHOLDS AS AN ENTRY POINT TO INCENTIVE PAY



3 AND INCREASING THE USE OF INCENTIVE PAY CAPS AND BLUEBIRD POLICIES.

56% OF ORGANIZATIONS ARE USING INCENTIVE PAY CAPS
41% ARE USING BLUEBIRD POLICIES TO CAP LARGE DEALS

4 COMPANIES HAVE INCREASED THE NUMBER OF PERFORMANCE MEASURES IN 2021, GETTING MORE SPECIFIC ABOUT RESULTS.



57% OF COMPANIES ARE NOW USING THREE OR MORE MEASURES IN THEIR PLANS

5

TOP MEASURE - ALL ROLES
CUSTOMER SATISFACTION

OTHER TOP MEASURES
PRODUCT UNITS OR VOLUME
NEW DEALS SIGNED / WON
ACCOUNTS WON / RETAINED

The Story on Plan Governors

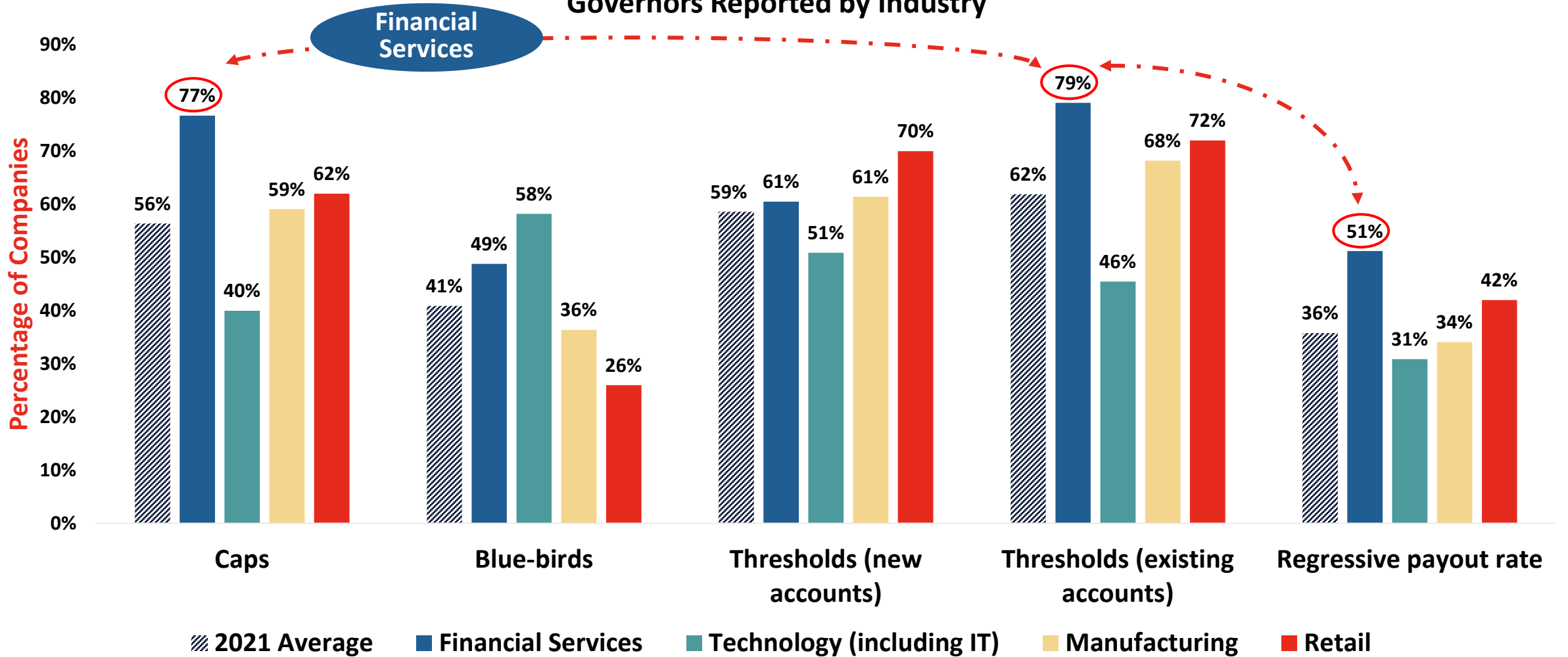
- **Plan cap increase could be related to cost of sales risk mitigation:**
 - Economic uncertainty
 - Inability to set accurate quotas and targets
- **Thresholds – the entry point to incentive pay is on the increase** supporting a “pay for performance” plan
- **Where are governors greatest?**
 - Financial Services and Retail companies have the tightest control
 - Technology relies more on Blue-birds as a governor

Governors in the Plans

	2020	2021
n=	288	399
Caps (a limitation to attainment and/or payout)	35%	56%
Blue-bird/mega-deal policy: special treatment for very large deals	28%	41%
Thresholds for new account sellers	36%	59%
Thresholds for existing account sellers	35%	62%
Regressive payout rate above a certain level of quota attainment (e.g. the rate of pay or effective commission rate decreases above that level)	30%	36%

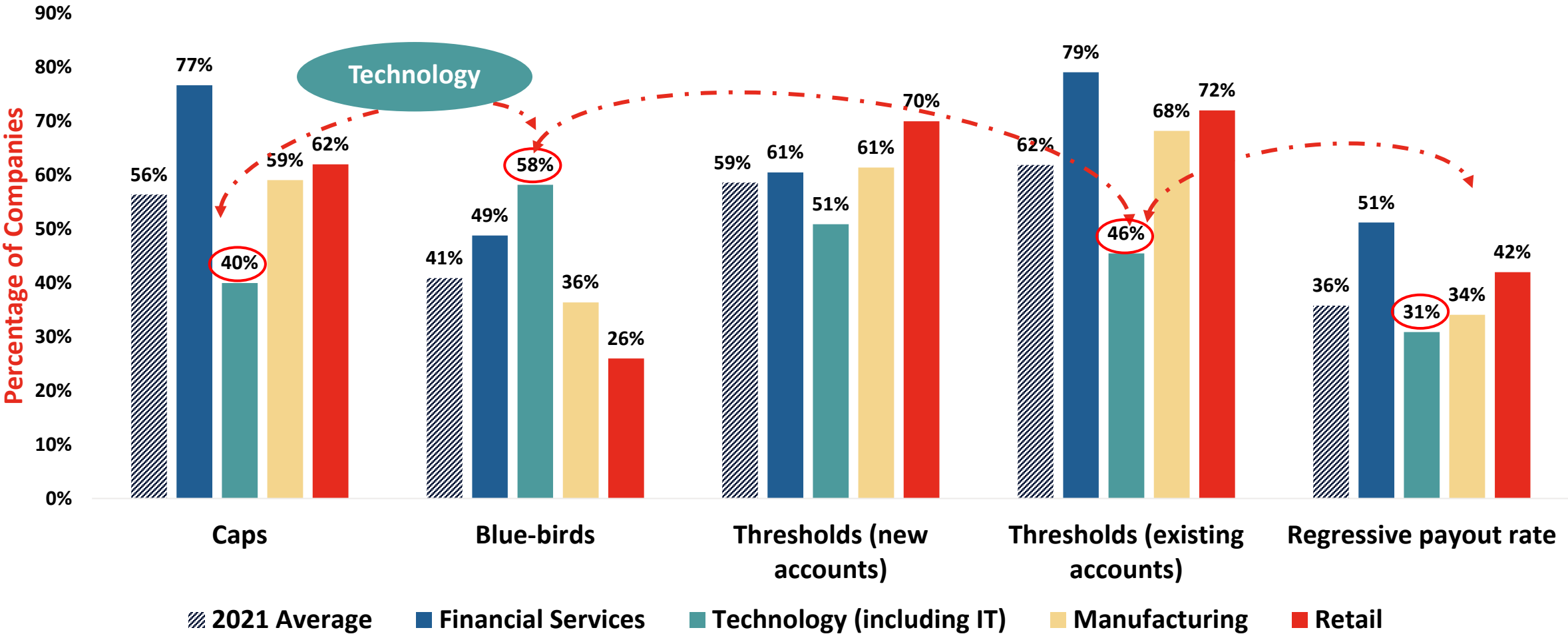
The Story on Plan Governors

Governors Reported by Industry



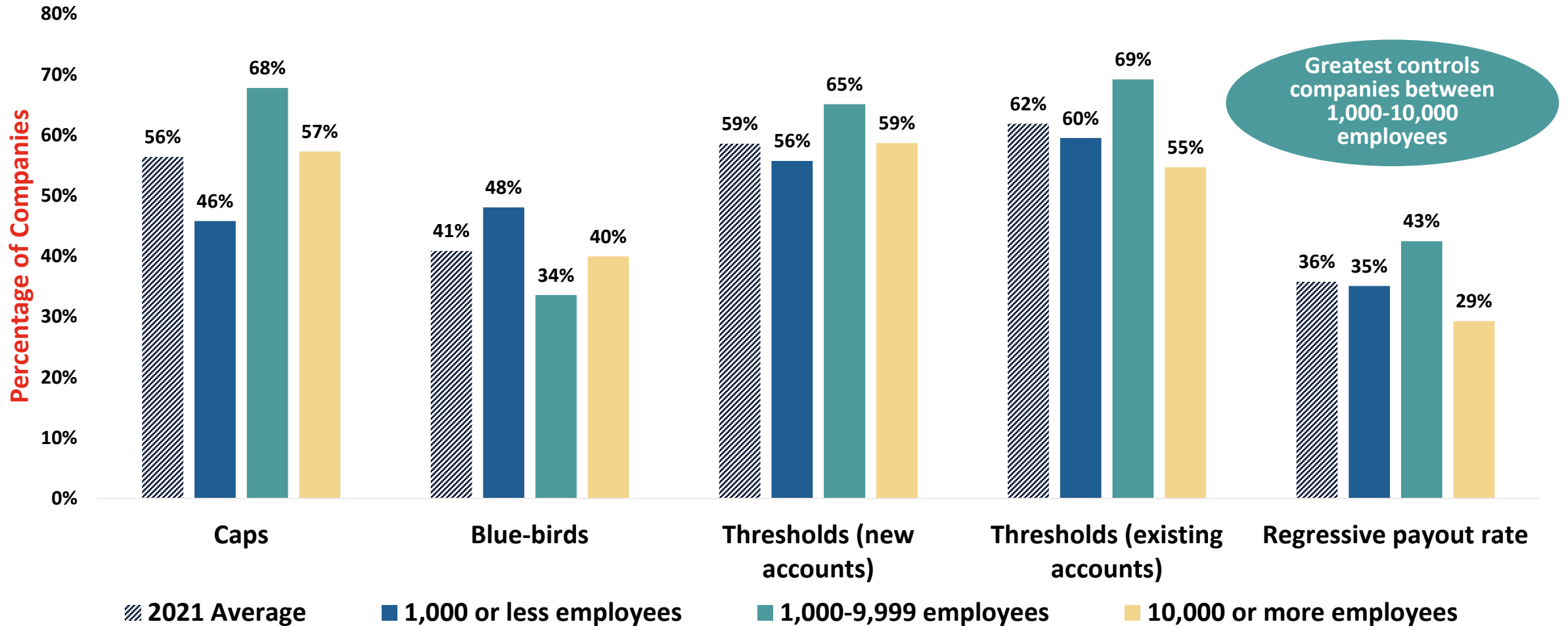
The Story on Plan Governors

Governors Reported by Industry



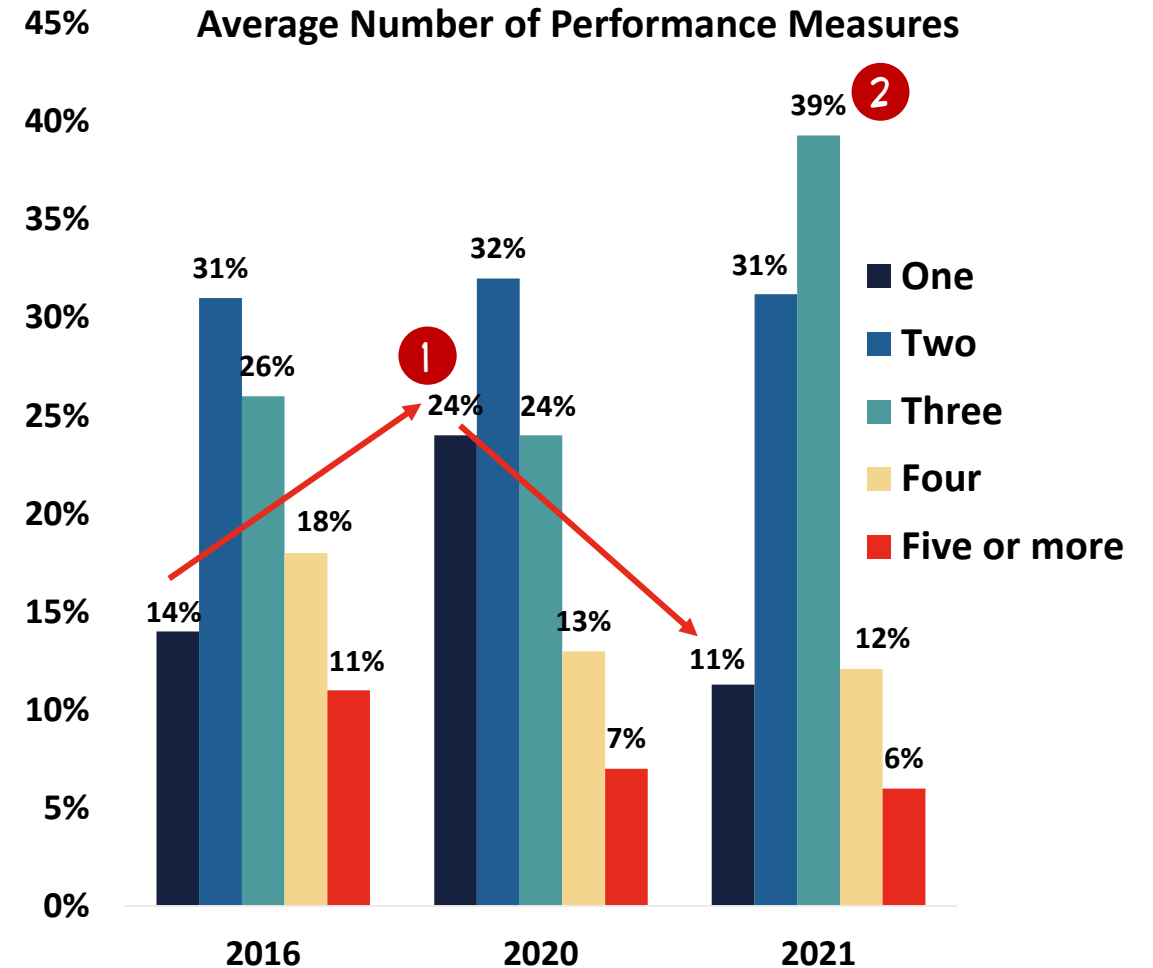
The Story on Plan Governors

Governors Reported by Company Size



The Story on Plan Measures

- **One performance measure isn't typical in plan designs.**
 - 2020 an anomaly and more than likely COVID mitigation plan **1**
- **Three performance measures are most common.** **2**
 - Best practice: no more than 3 measures
- **Two plan measures** most consistent over five - year period.
- **Companies using four or more performance measures has steadily decreased** over the past 5 years.



The Story Behind Performance Measures



Top measures in plans:

- Customer Satisfaction
- New Deals Signed or Won
- Product Units or Volume
- Acquiring and Retaining Accounts



Gross profit is becoming more important as companies look towards *deal quality*.

- More than 50% of companies report gross profit dollars as a plan measure



Acquiring new and retaining existing accounts is a priority.



Customer satisfaction is showing up more than we typically see in a sales plan.



Levels

- Individual measures still trump although we are seeing a slight shift to team measures.

Could this shift be correlated to difficulty setting targets and quotas... Or something else?

Top Performance Measures by Role – Field and Hybrid

<u>Field Sales Role Type</u>	<u>Top Performance Measure</u>	<u>2nd Highest Performance Measure</u>	<u>3rd Highest Performance Measure</u>
Account Acquisition	Number of new accounts (65%)	New deals signed or won (65%)	Customer satisfaction (58%)
Account Retention	Account retention (66%)	Customer satisfaction (60%)	New deals signed or won (59%)
Acquisition & Retention	Product units or volume (65%)	Total revenue (65%)	Account retention (62%)

<u>Hybrid Sales Role</u>	<u>Top Performance Measure</u>	<u>2nd Highest Performance Measure</u>	<u>3rd Highest Performance Measure</u>
Account Acquisition	Product units or volume (79%)	Customer satisfaction (79%)	Number of new accounts (63%)
Account Retention	New deals signed or won (73%)	Account retention (60%)	Customer satisfaction (60%)
Acquisition & Retention	New deals signed or won (76%)	Customer satisfaction (64%)	Customer revenue retention (57%)

Top Performance Measures by Role – Inside

<u>Inside Sales Role</u>	<u>Top Performance Measure</u>	<u>2nd Highest Performance Measure</u>	<u>3rd Highest Performance Measure</u>
Inbound	Product units or volume (70%)	Customer satisfaction (65%)	Number of new accounts (53%)
Outbound	Product units or volume (62%)	Account retention (60%)	MBOs (58%)
Inbound & Outbound	Product units or volume (66%)	Number of new accounts (63%)	Customer satisfaction (61%)

QUOTAS... WHAT'S THE STORY? INCREASING ATTAINMENT.



QUOTAS AND TARGET
SETTING ARE KING
FOR MOST
ORGANIZATIONS

72% OF ORGANIZATIONS USE
QUOTAS FOR FRONT-LINE
SELLERS



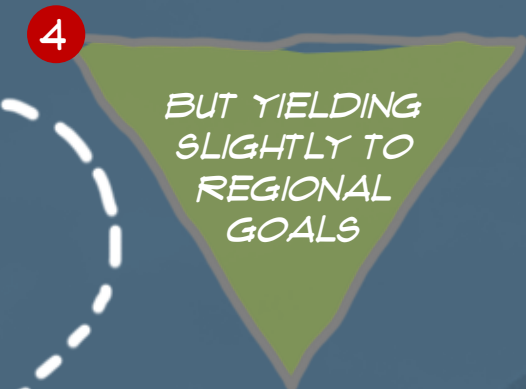
INDIVIDUAL GOALS ARE STILL AT THE TOP

68% OF COMPANIES USING INDIVIDUAL MEASURES.

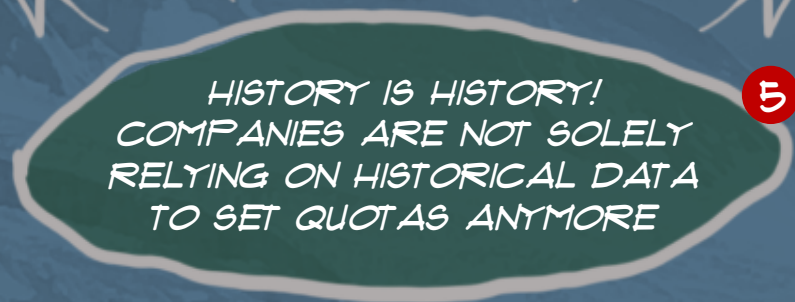


QUOTA PERFORMANCE IS REBOUNDING TO
PRE-PANDEMIC LEVELS... OR IS IT?

- IN 2019, 65% OF REPS FINISHED AT OR ABOVE QUOTA
- IN 2020, THIS DECLINED TO 50%
- FOR 2021, THEY ARE PROJECTING 65% OF REPS AT OR ABOVE QUOTA



BUT YIELDING
SLIGHTLY TO
REGIONAL
GOALS



HISTORY IS HISTORY!
COMPANIES ARE NOT SOLELY
RELYING ON HISTORICAL DATA
TO SET QUOTAS ANYMORE

25% OF COMPANIES USING
REGIONAL MEASURES FOR
FRONT-LINE SELLERS

The Story of Quotas and Targets

- Companies are not solely relying on historical data to set quotas.

QUOTA METHODS BY SEGMENTATION	n=	Consumer	Small/Mid Accounts	Major Accounts	Strategic/ Global Accounts	Current Customer Accounts	New Customer Accounts
Flat	164	21%	20%	24%	16%	10%	9%
Flat tiered	164	13%	24%	20%	13%	18%	12%
Historical	185	11%	16%	24%	18%	26%	5%
Market factors	173	12%	15%	24%	19%	17%	13%
Account potential	178	10%	16%	25%	17%	21%	12%
Opportunity forecast	184	8%	12%	26%	20%	17%	19%
Account planning	180	7%	11%	24%	21%	22%	16%

THE TWELVE-MONTH PLAN... WHAT'S THE STORY? TECHNOLOGY, SKILLS, COMPENSATION.

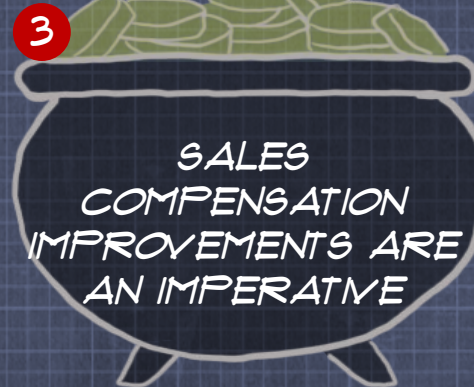
1
\$ \$
TECHNOLOGY TOPS THE LIST
OF PLANNED INVESTMENTS,
ACCELERATING FROM LAST
YEAR.
\$ \$

51% OF ORGANIZATIONS PLAN INVESTMENTS IN TECHNOLOGY OVER THE NEXT TWELVE MONTHS. CRM, SPM, AND VIRTUAL COMMUNICATIONS LEADING THE PACK.



2
SALES SKILLS TRAINING IS A
PRIORITY IN THE REOPENING

47% OF ORGANIZATIONS RATE SALES SKILLS TRAINING AS A TOP PRIORITY.



45% OF ORGANIZATIONS PLAN TO REVISE THEIR APPROACH TO SALES COMPENSATION.

Investment to Support the Future of Sales is a Priority

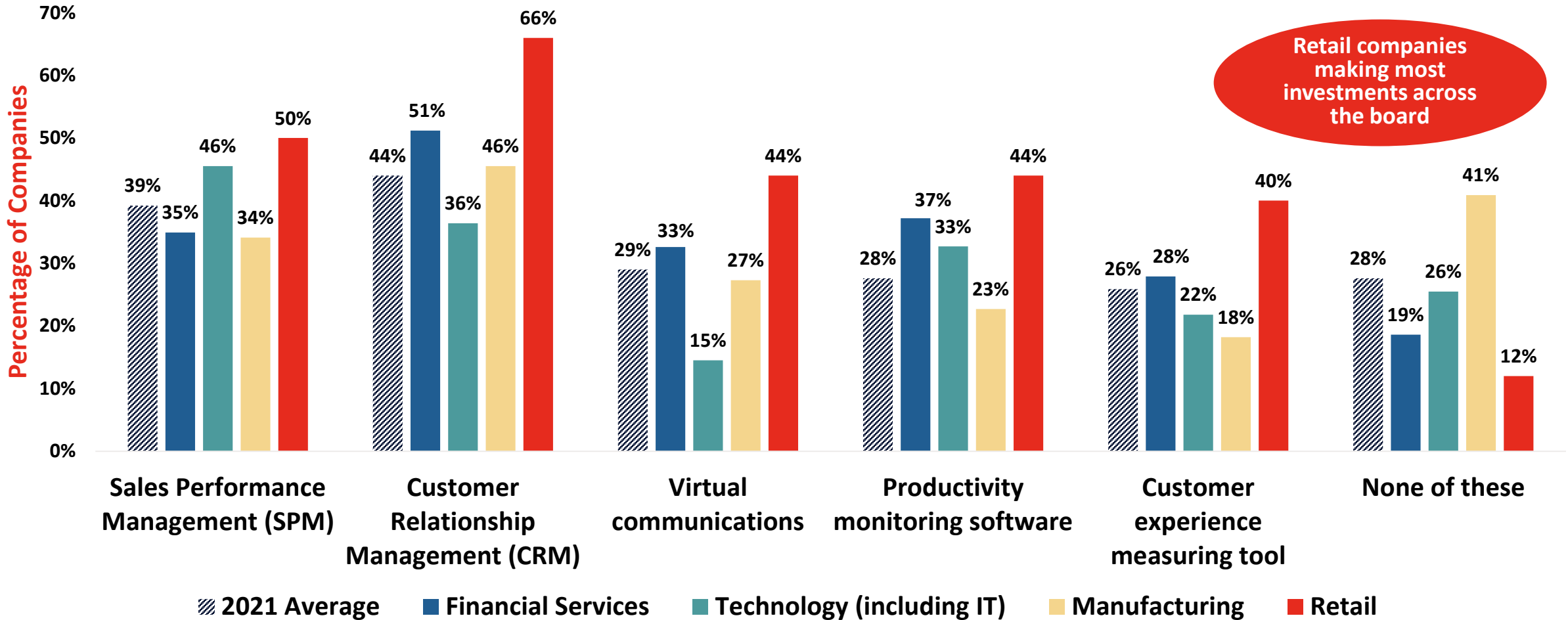
- **Technology provides..**
 - ✓ Visibility and accountability through dashboards and reporting
 - ✓ Enablement through insights
 - ✓ Collaboration and support for a virtual and remote hybrid workforce
- **Sales skills training provides...**
 - ✓ A playbook to support a modern sales coverage and go to market model
- **A fresh look at compensation provides...**
 - ✓ The ability to attract, retain and reward top talent while managing cost of sales and aligning roles to a new coverage model...

Investments – The Next 12 Months

Technology investment	51%
Sales skills training	47%
Revising approach to sales compensation	45%
Revising approach to sales coverage	39%
Task automation	34%
Recession-proofing the business	23%
Expand efforts/investment in experience management	22%
Altering sales strategy based upon election events	21%
None of these	8%

All Eyes on Technology

Technology Investments Reported by Industry

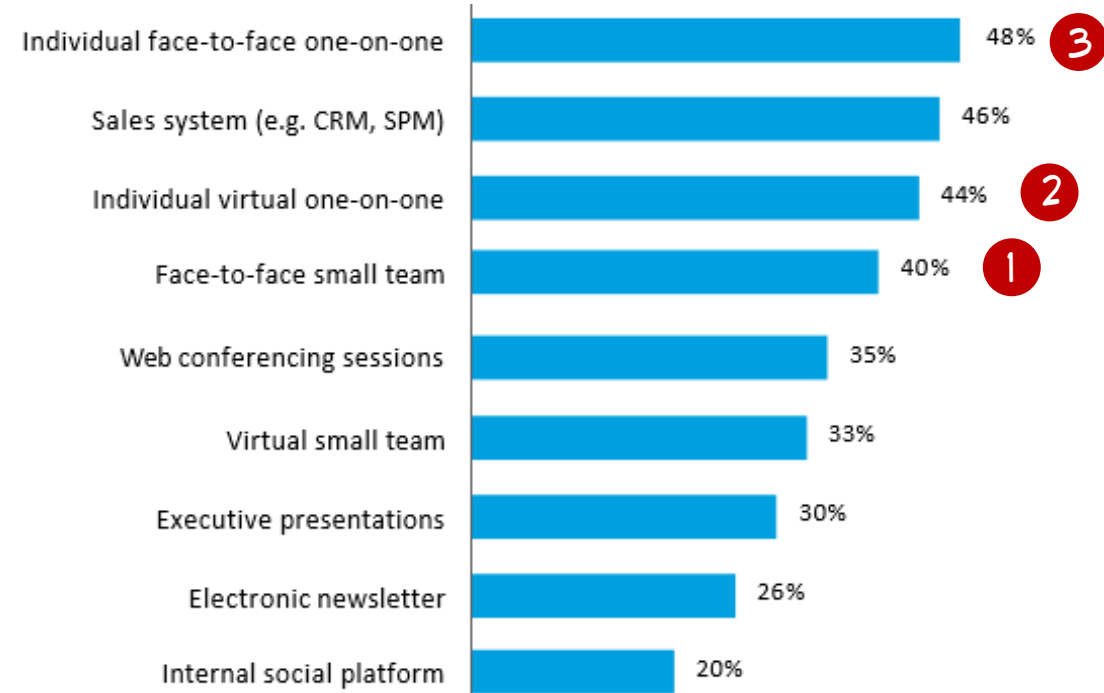


Communicating the Plan

COMMUNICATION METHODS RANKED BY EFFECTIVENESS:



Strategies Used:



Thank You!

SalesGlobe's Story: Data-Driven, Creative Problem-Solving for Sales

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why?

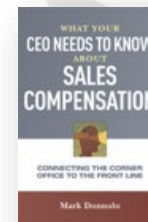
We've spent a long time in business. And during that time we've seen too many companies replicating competitive practices and repeating old approaches rather solving problems in a way that would produce innovative solutions. We asked,

Why do companies repeat the same old solutions?

Why do they use benchmarks and current practices as the answer and leave themselves vulnerable to competition?

How can we solve the right sales problem(s) analytically and creatively to give our clients a differentiated advantage in the market?

- Sales Strategy and Go-to-Market
- Account Segmentation and Targeting
- Voice of the Customer Insight
- Sales Process Optimization
- Sales Organization Design
- Channel Programs
- Sales Capacity and Goal Design
- Talent Assessment and Planning
- Strategic Account Programs
- Sales Compensation
- Quota Setting
- Technology Readiness



We are rethinking sales.

SalesGlobe is a data-driven, creative problem-solving firm for sales that solves the most challenging problems. We work with you to design and implement solutions that give you the results and ROI you need.

We started SalesGlobe to go beyond the benchmarking and common practices that many firms dispense to their clients as the answer.

We are committed to bringing new problem-solving approaches to sales effectiveness that make a difference and deliver results for our clients.

So, we approach each client assignment as a special creative problem-solving opportunity. We leverage left brain and right brain creative approaches to develop a solution that will give our client a differentiated advantage and a real return on their investment.

rethink

Sales Compensation and Sales Effectiveness Content

Here are a few links to some SalesGlobe content. For more, please visit SalesGlobe.com.

SalesGlobe Rethink Sales Round Table



SalesGlobe Rethink Sales Podcast

Strategic Sales Compensation Report Card

How to Grow Your Accounts in the New Economy- Salesman Podcast

The Four Phases of COVID-19 Recovery for Sales

How to Hit 300% Quota- Salesman Podcast

Accelerating into 2021: Quotas, Compensation, and Enablement- Evolvers Podcast

How to Build a Better Sales Compensation Plan

[On Amazon.com](#)

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