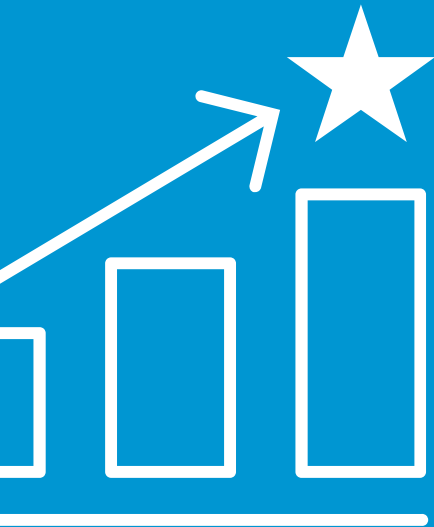


UNDERSTANDING YOUR SALES COMPENSATION PLAN

BY CANADIAN PROFESSIONAL SALES ASSOCIATION

INTRODUCTION

When it comes to incentives and motivation, the sales department is unique. To be at full throttle, you deserve compensation which rewards your sales efforts.



Sales compensation is an established strategy used in companies to propel the performance of their salespeople. It is a composite of base salary, commission, and incentives that are used to grow the performance of a sales team. Different front line sales roles need compensation plans unique to job duties and professional KPIs.

Sales compensation programs have been shown to improve behaviours and performance of sales and customer-facing employees. When done correctly, a sales compensation plan is developed with specific concepts and components in mind:

- a) Front line duties and responsibilities within the sales cycle
- b) Types of sales engagements
- c) Seniority
- d) Motivations

In this whitepaper from CPSA, we consider key components of a compensation program and how effective sales compensation strategies can keep front line sales pros like you focused, motivated, and engaged. Read on to get a solid understanding of the types of sales compensation available and what's the best fit for you.

THE INFLUENCE OF COMPENSATION ON FRONT LINE BEHAVIOUR

Today's Canadian organizations are better than ever at aligning the needs of the front line sales professional and business objectives.

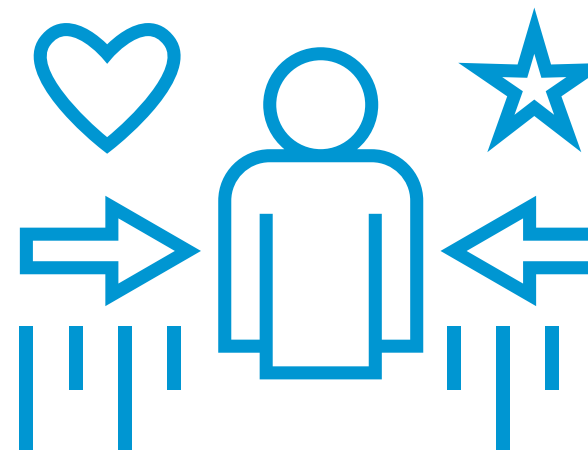
The best ways to motivate and measure sales pros varies from organization to organization. What keeps you engaged and pushing for that next sale in your company or in one sector, might be entirely different in others.

Before we delve into possible components and types of sales compensation geared at front line executives, we need to recognise *why* sales organizations build sales compensation plans and the **general correlation with motivating higher performance.**

Leveraging targeted incentives within a sales compensation solution creates a new level of value within the system, allowing you to achieve better results. Sales compensation initiatives can encourage productive, high-performing behaviours tailored to your particular front line role. Sales compensation influences the behaviour of everyone in your organization, from sales reps to senior level executives.

The Power of the Sales Compensation Plan

When properly designed and implemented, the sales compensation plan can be a powerful resource to help influence sales behaviour and results. The right plan can make the difference between delivering on expectations or failure.



PRO TIP: Listen to [Why Sales Compensation Strategies Matter with David Johnston and Roy Zavorsky.](#)

In this CPSA Sales Compensation podcast, host Dave Johnston and guest Roy Zavorsky talk about why sales compensation strategies matter.

KEY COMPONENTS FOR SALES COMPENSATION PLANS

Before entering conversations about the sales compensation offered by your prospective or existing employer, it is essential that you be aware of some of the considerations which go into developing a sales compensation program and how each can impact your job.

- **Research** – For those with compensation programs already in place, it is important that your employer does analysis of events since the implementation of the current plan(s). Without the data, your employer is simply estimating performance versus personal quotas, sales by product/service, incentive earnings YTD, overall performance distribution of salespeople versus targets, the turnover by role, and tenure.
- **Business Plans** – During the planning stage, it is **essential that the compensation plans be developed in concert with the business plan** for the next year rather than as an afterthought. The budgets, market targets, and new product introductions must be incorporated into the proposed plans. If your boss can't explain how your incentives connect with the overall sales strategy, there's something wrong!
- **Changes in Strategy & Structure** – Changes in sales strategy must be evaluated against the existing sales compensation programs to ensure that the compensation model will continue to work over the coming months and years. If not, the compensation program may be rewarding an outdated sales process that will reduce the effectiveness and efficiency of your sales efforts.
- **Market Compensation** – If your employer has good benchmark market data, there's a better chance that solid sales performers are earning commensurate with their performance and industry peers. This is vital so that those on the front lines don't feel undervalued and are not tempted to jump ship.

For a more in-depth understanding of the influence sales compensation plans can have in Canada, **start your trial membership today** and get access to the latest full version of the CPSA Sales Compensation Report.

UNDERSTANDING YOUR SALES COMPENSATION

Your company's sales compensation plan is the key to hiring and retaining top sales talent. If you don't feel incentivised by your sales compensation plan, you'll be tempted to seek other opportunities or simply become complacent and stop growing your revenue.

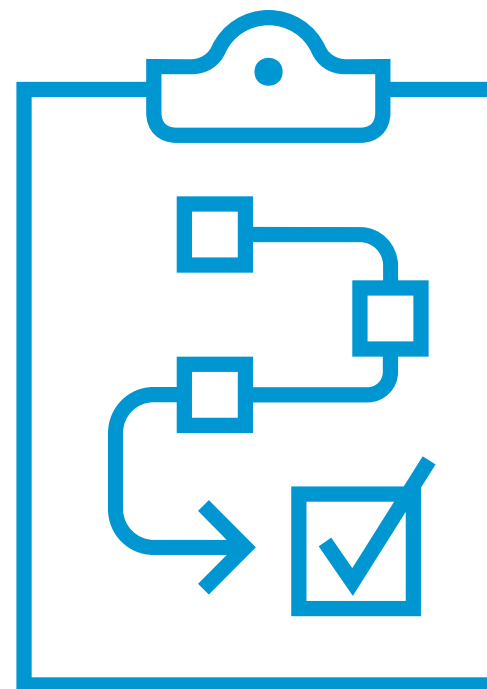
Any sales compensation plan should be a two-way dialogue between you and your sales leadership team.

Discussing Your Sales Compensation Requirements

Here are some practical suggestions for productive conversations with your sales leaders when the time comes to discussing compensation and incentives:

- **Transparency:** It is vital that you feel that your managers are being upfront and transparent. You deserve a sales leader who will discuss the ups and downs of each plan with you, and listen to your particular motivators and goals.
- **Base-Commission Split** - A good rule of thumb for choosing the right commission rate is: The **total commission for top-performing** salespeople should equal the salesperson's base salary. Come armed with this information when discussing your potential worth to the company over the coming months and years.
- **One Size DOESN'T Fit All** - To be truly effective, sales compensation needs to be flexible so that it doesn't fall into the trap of one size fits all. For example, your boss may need to take product line and territory into account when creating your compensation plan. A new territory or product, for instance, might need higher commissions during the early months.
- **Get Creative** - Shared commissions and bonuses can work well in team selling environments, and when salespeople might not have total control over the outcome of a deal. These could be useful options for junior and first-time salespeople.
- **Expect to be Paid on Time** - Paying commissions quickly and consistently increases the likelihood rewarded behaviours will be repeated. If you're meeting your part of the agreement and hitting targets, it is reasonable to expect that you get paid on time, every time. We all have bills to pay and good employers put processes in place to ensure commissions and incentives are delivered as promised.

See how your peers are compensated across the country. Using market data, we've assembled the 2019 CPSA Compensation Report, and you can access it right now [starting your trial membership today.](#)



SUMMARY

With the right kind of sales compensation plans, companies can reward desired behaviours to create better and more consistent performance – not just on a one-time basis, but monthly, quarterly, and yearly. Targeted, benchmarked incentives can set your company up to succeed from the start, enable tactical adjustments throughout the year to adjust to changing market conditions and keep you happy and motivated.

By arming yourself with the key facts and understanding which data-points influence the decisions that go into building your compensation program, you will be best placed to enter the discussion with your sales leader and agree a sales compensation plan that works for you.

For more in-depth analysis of sales compensation in Canada, visit [CPSA.com](https://www.cpsa.com) and access the latest annual sales compensation report. Not yet a member of CPSA? **Start your free trial.**



REFERENCES

- [How Do You Develop Top Sales Performers? w/ David Johnston](#)
- [5 Best Practices For Sales Compensation Management with Donya Rose](#)
- [Connecting Payments with Performance with Colin Jarvis](#)
- [Preparing Your Sales Compensation Plans for 2018 w/ David Johnston](#)
- [How to Develop an Effective Sales Compensation Program with Matt Tyre](#)
- [Designing a Sales Comp Plan](#)
- [Why Sales Compensation Strategies Matter with Roy Zavorsky](#)
- [Making Better Decisions about How to Reward Sales Comp](#)
- [What is Sales Compensation?](#)

This white paper was produced by the [CPSA](#).

ABOUT THE CPSA

For sales professionals, team leaders and organizations across the country, Canadian Professional Sales Association (CPSA) is your partner in building knowledge and skills to improve sales performance.

As the advocate for excellence in sales, we invest resources in programming, curriculum development and professional designations to help individuals and companies become more successful through more effective sales.

Our 20,000+ members benefit from learning resources, community building events and exclusive benefits. Professional sales training and Canada's standards-based designation program provide the development and recognition opportunities employees desire and employers demand at every career stage.

We connect employers with employees, business with academia and the private sector with government to advance the sales profession and improve Canadian competitiveness.

CPSA: *Advancing Sales. Accelerating Performance.*

www.cpsa.com

Are you interested in learning more about membership with CPSA?

[Sign up for a 30-day free trial membership today!](#)

As the industry leader, we've got our finger on the pulse of what it takes to succeed in sales now and what sets the best salespeople apart. Our exclusive, on-demand sales tools, resources, and networking opportunities will empower you to take your results to the next level.

With a CPSA trial membership, you can:

- Access all our research, including our exclusive sales compensation reports
- Browse our Learning Hub, including over 3,000 articles, webinars, and podcasts about a variety of sales topics
- Save on your next trip, your gym membership, and more with our member benefit program

START YOUR TRIAL TODAY

If you'd prefer to sample some more content before signing up for your free trial, [take a look at a limited selection of unlocked content here.](#)

