

## **Sales Compensation Body of Knowledge**

### **I. STRATEGIC MANAGEMENT OF SALES COMPENSATION**

1. Demonstrate business acumen in strategic planning for sales compensation
2. Determine organizational readiness for sales compensation
3. Understand the purpose of sales compensation and the importance of sales compensation to the organization's business, products and services
4. Determine when sales compensation is an appropriate response to a business need
5. Understand the human resources strategy and total rewards strategy
6. Ensure alignment between sales compensation plans and the organization's compensation and business strategies
7. Understand the go-to-market strategy and its relationship to the channel strategy
8. Understand the financial metrics that measure the organization's success and the sales performance measures that affect them
9. Understand appropriate uses and general features of all forms of variable pay
10. Recognize changes in the business environment that affect sales compensation
11. Track industry trends and practices
12. Lead the decision-making process with Senior Leadership (Sales and other functions) in the sales planning process
13. Demonstrate effective influencing skills when interacting with senior management

### **II. DESIGN SALES COMPENSATION PLANS**

1. Identify the organization's desired competitive position for jobs covered by the sales compensation plan
2. Benchmark the organization's competitive position for jobs covered by the sales compensation plan
3. Understand key elements of the selling process
4. Understand sales compensation terms (e.g., target cash compensation, mix, leverage, commission, etc.)

5. Understand the types of sales compensation plans and payout mechanics
6. Assess the alignment between sales compensation and other total rewards programs
7. Identify appropriate members of the sales compensation design team
8. Partner with the sales compensation design team on plan design
9. Identify considerations for goal-setting
10. Identify the linkage between the content of specific jobs and the elements of sales compensation designs
11. Determine eligibility of job roles for sales compensation
12. Identify factors that should be included in various sales compensation plan designs
13. Identify the behaviors that drive sales productivity
14. Identify appropriate performance measures and weighting of measures
15. Understand common sales compensation formula types
16. Determine formulas for commission plans
17. Determine quotas for commission plans
18. Determine formulas for bonus plans
19. Determine quotas for bonus plans
20. Partner with Finance or the appropriate department on financial modeling of sales compensation formulas to determine earnings impact and affordability of various alternatives
21. Design a “draw” feature for a sales compensation plan
22. Utilize special plan designs to address specific selling situations
23. Identify appropriate performance periods and payout cycles for sales compensation plans
24. Determine the appropriate mix (salary-incentive ratio) for given jobs
25. Determine appropriate leverage (incentive upside opportunity)

26. Understand processes for developing coverage model, account structures/segmentation and territories for sales representatives
27. Identify and explain potential plan qualifiers
28. Incorporate clawback/payback features as appropriate
29. Develop or assist in the development of SPIFFs
30. Ensure that sales compensation plan designs comply with applicable legislation/regulation
31. Consult with outside experts on sales compensation plan design
32. Modify sales compensation plans for multiple countries of operation
33. Understand the impact of regional/cultural differences on the go-to-market strategy and channel strategy

### **III. ADMINISTER SALES COMPENSATION PLANS**

1. Develop appropriate timelines for programming, communication and training
2. Communicate business drivers for sales compensation plans to internal stakeholders
3. Communicate sales compensation plan details to plan participants
4. Train field sales staff on compensation-related processes and procedures
5. Collaborate with other internal departments on plan administration
6. Demonstrate a working knowledge of software/programs used to administer sales compensation plans
7. Work with the IT Department to set system requirements for tracking plan performance and payouts
8. Implement business system tools to support the sales compensation program
9. Work with service providers and/or consultants on sales compensation plan administration
10. Participate in the review and validation of sales revenue, plan payouts and program exceptions

11. Communicate effectively with sales staff regarding compensation-related and sales operation issues
12. Interact effectively with senior management and regional level executives on plan operation and performance

#### **IV. EVALUATE SALES COMPENSATION PLAN EFFECTIVENESS**

1. Use statistical tools and processes to evaluate plan performance
2. Survey the sales force and other stakeholders for qualitative feedback on plan performance
3. Develop/complete sales performance reports and ad hoc analysis
4. Communicate sales compensation plan results to senior management
5. Evaluate the performance of sales compensation service providers/consultants
6. Monitor the impact of changes in sales channels and sales coverage
7. Identify and document unintended outcomes of sales compensation plans
8. Identify and implement required enhancements to sales compensation plans