Examining Sales Team Commission Plans

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What a Comp Plan Should Do

- Incent Sales Reps to Bring in the Right Business
- Reward Desired Behavior
- Disproportionately Reward High Performers
- Attract and Retain Top Talent
What does Success look like?
10-Year Sales Rep Performance Comparison

- **Low Performer**
  - New GP$ Per Year: $150k
- **Average Performer**
  - New GP$ Per Year: $400k
- **Star Performer**
  - New GP$ Per Year: $800k

**Difference:**
- Year 1: $19 mm GP
- Year 2: $32 mm GP
Base Compensation
$60k Base Salary

New Business Commission
• First 12 months
• Tiered by Milestone
  • $1 – 150k = 5%
  • $150k - $400k = 10%
  • $400k + = 15%

Residual Commission
After 12 Months
2% GP Life of Account

GP% Kicker
• < 20% = No kicker
• 20% - 25% = 10% kicker
• > 25% = 25% kicker
### New Business Development

- **Flat Plan**: 7% All New and Existing Client GP
- **Tiered Plan**:
  - New Client GP: $< 150k = 5%
  - $150-400k = 10%
  - $> 400k = 15%
  - Existing: 2%

### The "Lifer"
- **Tenure**: 12 Years
- **New Client GP**: $150k
- **Existing Client GP**: $1.2m
- **Flat Plan**: $95k
- **Tiered Plan**: $32k

### The "Achiever"
- **Tenure**: 4 Years
- **New Client GP**: $400k
- **Existing Client GP**: $350k
- **Flat Plan**: $53k
- **Tiered Plan**: $40k

### The "Rainmaker"
- **Tenure**: 2 Years
- **New Client GP**: $800k
- **Existing Client GP**: $200k
- **Flat Plan**: $70k
- **Tiered Plan**: $97k

**Focused Purely on New Client Acquisition**

**No Client Service Responsibilities**

**New Business Development**

**$400k New Client GP Quota**

**Comparing Comp Plans**

**TALLANN RESOURCES**
What a Comp Plan Should Do

1. Reward Desired Behavior
2. Attract and Retain Top Talent
3. Incent Sales Reps to Bring in the Right Business
4. Disproportionately Reward High Performers
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