The Future of Incentive Compensation:
Let's Get Motivational

Matt Haller
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SPOTLIGHT ON

SALES COMP
a *WorldatWork* Conference & Exhibition

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Introduction

Matt Haller

- Partnerships & Alliances Lead at CaptivateIQ
- Previously ICM Technology Founder
- Experienced Sales Strategy & Ops Management Consultant

Some of the commission programs I've worked on:

Hewlett Packard Enterprise

Microsoft

sage

poly

HITACHI Inspire the Next

EPSON

TENNANT

NOVARTIS

Symantec

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Founded 2017 by

Mark Schopmeyer
Co-CEO/Co-Founder

Conway Teng
Co-CEO/Co-Founder

Hubert Wong
CTO/Co-Founder

GONG hopin Lattice reddit

DataRobot INTERCOM classpass affirm

aptean ServiceTitan Udemy BIGCOMMERCE

Accel SEQUOIA Y Combinator S28

amity ventures

At the end of the day, comp is about moving the middle

Low performers
self-select out

Top performers stay just
ahead of the pack

The middle shifts and
team performance improves
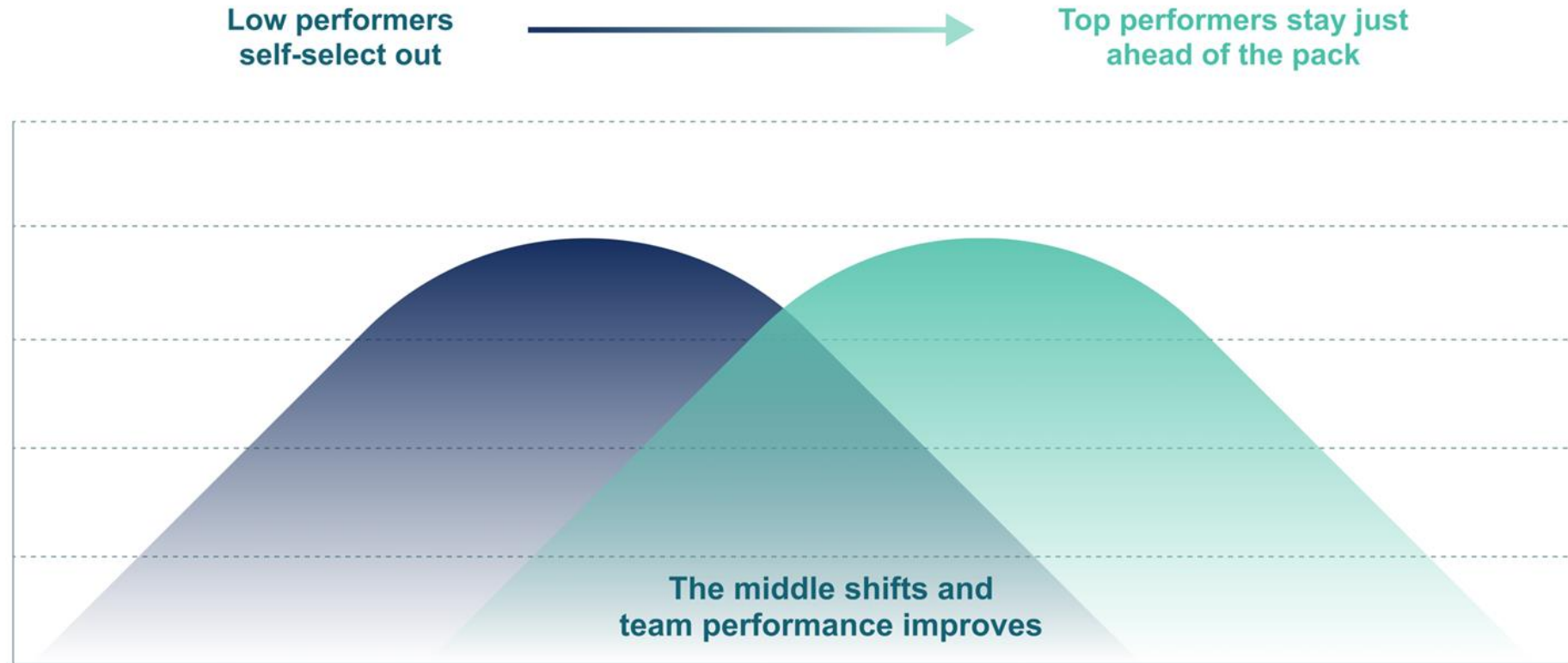
Many, maybe most, sales incentive plans aren't motivational.

And that means they aren't as effective as they can be.

How do we know sales plans aren't motivational?

15-20%
Of reps don't understand how they are paid

17%
Don't feel as though their comp strategy supports the overarching company goals

18%
Of reps have a question about their commission every month

Source: CaptivateIQ 2020 Sales Sentiment Study

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So how do we motivate?
Expectancy theory can tell us that

Expectancy
If the jobs is clear and I do it well, I will achieve the expected results

×

Instrumentality
If I achieve the results, I will receive a reward

×

Valence
I value the reward

=

Motivation
THEN I will work to over achieve my goals

Expectancy theory in action – scratch off tickets

Expectancy

If I buy a scratch ticket, then I have the chance at winning the lottery!

Instrumentality

If I win the lottery, I could win a big pile of cash!

Valence

I value cash

Motivation

I'm going to buy scratch tickets

Expectancy theory in action – video games

Expectancy
If I complete specific actions as defined by the game, I can win points

Instrumentality
If I win enough points, I can beat player 2

Valence
I really want to shove it in player 2's face

Motivation
I'm going to keep playing the game

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Expectancy theory in sales compensation

Expectancy
If I close the opportunities in my pipeline, I will achieve quota

Instrumentality
If I overachieve quota, I will earn accelerated commission

Valence
I like being recognized for overachievement and earning more money

Motivation
I'm going to close the open opps in my pipeline

How does expectancy theory change the rep experience?

Expectancy

Display the key asks to the rep - **what is being asked of them by the business** (quota, customer segment, etc)

Instrumentality

Give reps **line of sight** into deals - both existing closed won opportunities and pipeline

Valence

Allow reps to define what their desired performance looks like and help guide them to **overachievement**

Motivation

Reinforce these messages in performance reviews and in the commission statement - **leverage limited rep attention for business critical messaging**

#1 answer with 40%

Of all reps surveyed was the ability to forecast their earning potential.

40%

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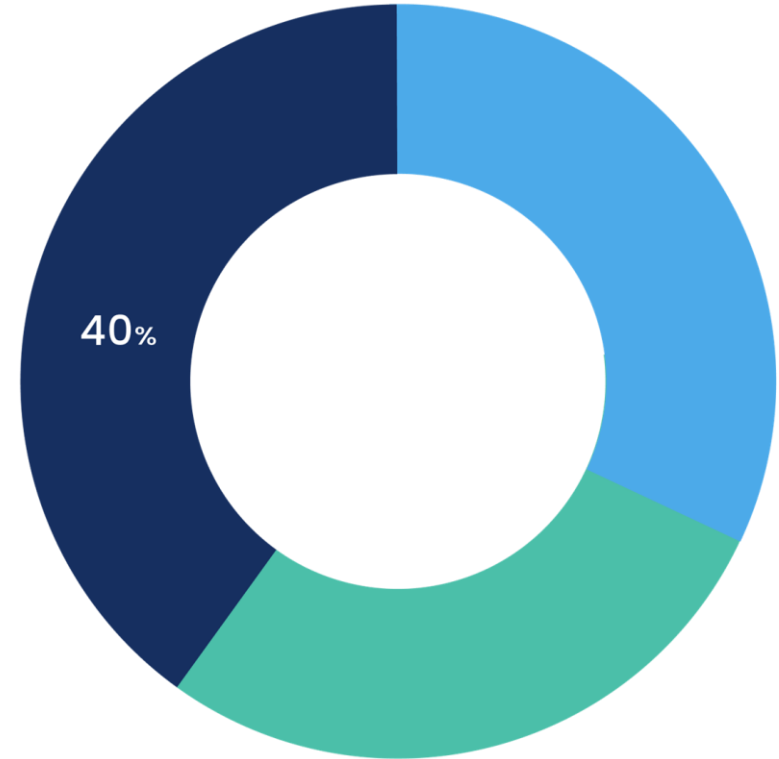
Today that is done in Excel calculators, manual calcs, and siloed data.

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We believe the future is in a forward looking statement

Rep-level pipeline statements give reps a path to success

Forward Looking Statement

Predict rep performance to help guide selling activities (e.g. Do I have enough pipeline to achieve quota?)

Rep achievement guidance acts as a virtual manager

Rep Achievement Guidance
Reps need to understand their comp plans in order to overperform, and with CaptivateIQ, you can ensure they always know just what is needed to succeed!

Hi Dwight,

Close another $331.020 to get the next inflection point

YTD Actuals: $1,468,980
Currently you are closing 18 deals per month with an average booking amount of $81,600
At this rate you need to close another; 4 deal(s) to reach the next inflection point of $1,800,000 and close 7 deal(s) to hit your quota of $2,000,000

Enable reps to understand their comp plans and determine how to overachieve quota

YTD Earning: $91,861

$$ Dream Number: Here is how to get your DREAM NUMBER of $250,000 $$
- Measure 1 (bookings): Close 31 deal(s) at an average of $81,000 to earn $126,000
- Measure 2 (Upsells): Close $1,206,000 in Upsells to earn 2% for every dollar for total earings of $24,000
- Measure 3 (Units): Close 28 units to earn $275 per unit for total earnings of $7,574

Help reps understand how to maximize their earnings and achieve their dream numbers.

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Managers benefit from forward looking data too

Manager Tools

Predict rep performance to help guide selling activities (e.g. Do I have enough pipeline to achieve quota?)
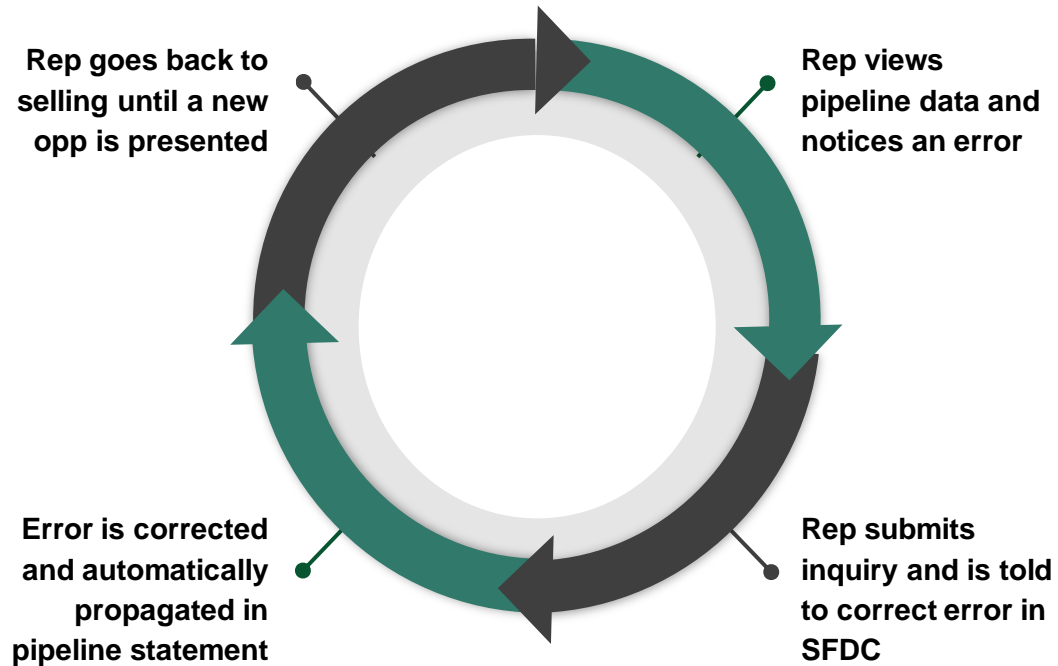
Team $s to Next Inflection Point

Rank	Sales Rep	Measure 1 Quota	Measure 1 Actuals	Measure 1 Attainment %	AVG Deal Size	# Deals to Next inflection point	$ to Next inflection point	Next inflection point
1	Pam Beesly - Enterprise AE	$2,000,000	$1,534,104	77%	$170,456	1.6	$265,896	$1,800,000
2	Dwight Schrute - Enterprise AE	$2,000,000	$1,468,980	73%	$81,610	4.1	$331,020	$1,800,000
6	Stanley Hudson - Growth AE	$1,500,000	$966,132	64%	$48,307	7.9	$383,868	$1,350,000
3	Ryan Howard - Enterprise AE	$2,000,000	$1,321,169	66%	$36,699	13.0	$478.831	$1,800,000
4	Jim Halpert - Enterprise AE	$2,000,000	$1,272,400	64%	$47,126	11.2	$527,600	$1,800,000
7	Kelly Kapoor - Growth AE	$1,500,000	$819,612	55%	$51,226	10.4	$530,388	$1,350,000
5	Lonny Collins - Enterprise AE	$2,000,000	$1,244,376	62%	$138,264	4.0	$555,624	$1,800,000
8	Angela Martin - Growth AE	$1,500,000	$634,880	42%	$52,907	13.5	$715,120	$1,350,000

Provide managers with a snapshot of performance to enhance visibility & enable coaching

Team $s to Next Inflection Point

Rank	Sales Rep	Measure 1 Quota	Meause 1 Actuals	Measure 1 Attainment %	AVG Deal Size	# Deals to Quota	$ to Quota	Risk Level
1	Pam Beesly - Enterprise AE	$2,000,000	$1,534,104	77%	$170,456	2.7	$465,896	Low Risk
5	Lonny Collins - Enterprise AE	$2,000,000	$1,244,376	62%	$138,264	5.5	$755,624	Medium Risk
2	Dwight Schrute - Enterprise AE	$2,000,000	$1,468,980	73%	$81,610	6.5	$531,020	High Risk
6	Stanley Hudson - Growth AE	$1,500,000	$966,132	64%	$48,307	11.1	$533,868	High Risk
7	Kelly Kapoor- Enterprise AE	$1,500,000	$819,612	55%	$51,226	13.3	$680,388	High Risk
4	Jim Halpert - Enterprise AE	$2,000,000	$1,272,400	64%	$47,126	15.4	$727,600	High Risk
8	Angela Martin - Growth AE	$1,500,000	$634,880	42%	$52,907	16.4	$865,120	High Risk
3	Ryan Howard - Enterprise AE	$2,000,000	$1,321,169	66%	$36,699	18.5	$678,831	High Risk

Identify the largest risks to quota achievement so managers can intervene and correct

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But reps aren't the only ones who benefit

Rep goes back to selling until a new opp is presented

Rep views pipeline data and notices an error

Error is corrected and automatically propagated in pipeline statement

Rep submits inquiry and is told to correct error in SFDC

Incentive Compensation Managers also benefit from this model because it proactively involves reps in the regular data audit process.

More accurate data means easier commissions processing.

And that means more time on your hands – what else could you do?

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