Compensate with Clarity

Create fair compensation plans for your GTM teams

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Consequences of a poorly thought-out compensation plan

We know this by now. Compensation plans can dangerously paralyze your revenue goals if not built consciously. Let's talk about commissions in SaaS. In an average SaaS business, standard sales commission rates are 8 to 12% of the ACV.

Customers are for a lifetime but reps don't get commissions post 1 year

Profit margins in SaaS are usually over 60%, subtracting the CAC. So, over a lifetime of a customer, what you pay the sales rep is relatively much lesser than what the business they bring to the firm.

Yet, companies especially old school finance and sales leaders are still wondering if they are over paying. Poor commission rates can lead to demotivated reps who will soon move on to better opportunities.

Design the compensation plan such that the best performers get lucrative rewards. This way, they continue to be the best at closing deals and everyone ends up coveting their position. Your best rep who is achieving 200% does the job of 2 people with a single base pay. You save a lot of money by not paying that base pay. So, you must work this into the plan in some way to ensure that you give back some of that savings in the form of lucrative bonuses.

The great resignation is no small movement

Reps choose to leave for 2 reasons. One, they are not able to sell your product and two, they can make so much more elsewhere while making the same effort.

You can retain reps with lower OTE as long as they see the potential to make a lot of money via commissions. But, if you mess up your comp plans, you might end up missing out on a lot of business today and for the future.

Not just that, you will also end up with high attrition and subpar reps while the top-performing reps don't find value in your proposition.

Lucrative commission plans are no longer 'good to have'. They are a must-have. If you choose to stay oblivious to this reality, say goodbye to revenue growth.

3 things that add complexity to a plan

No matter how hard you work to motivate the deal closures out of your sales reps, your compensation plans won't always hit it out of the park. Complexities might sprout up due to several reasons and it's important to address them at the earliest. Let's understand three major complexities in the comp plan.

01 Expectations letdown

When you conceptualized your compensation plans in a certain way but your reps aren't utilising it like you had envisioned. This is a classic example of bad quota planning, miscommunication of commission plans and poorly-understood components.

02 Poor motivation

Reps aren't motivated enough to hit 100% of their quota. This implies that meeting their targets is an exception rather than the norm. To avoid continued lack of motivation, you must adjust quotas and come up with plans to encourage reps to reach quota attainment and beyond.

03 Unsuitable behaviors

Your reps are selling with higher discounts, shorter contracts and high churn early on. Your compensation plans should drive the right behaviours and if you do not see it, it might be due to a lack of a clearcut clawback policy and incentives.

These complexities can cause a lot of mishaps in reaching your revenue goals as well as retaining good performers. In this guide, we cover all components and scenarios to ensure that these challenges are addressed and avoided.

How to use this guide to make your compensation plan?

Creating a compensation plan from scratch can look overwhelming at first but to make it as structured and simple as possible, our philosophy is distilled down to aligning 3 major parts to a plan:

- Choosing the right commission plan type for each role.
- Picking your primary revenue goals as the major metric for the plan.
- Choosing your secondary goals to incentivize behaviours and keep teams motivated.

Primary success metrics

Primary success metrics will only address the revenue goals that you have planned for. But, there are non-revenue behaviour-based goals that you want to address and reward to make the sales engine more efficient and to address more focused goals.

Secondary success metrics

Secondary success metrics are to be applied only if the reps hit their 100% quota. Avoid including too many additional metrics to their base plan as it might distract them. Instead, set a temporary SPIFF program to address short-term behavioural changes.

SaaS MODELS

We understand that no two businesses in SaaS are alike in their sales efforts. Find yourself in one of the 4 types of SaaS models based on deal flow velocity and annual contract value (ACV).

01 **High Velocity, High ACV:**

No business can keep up with high velocity deal flow and a high ACV. Therefore, it is extremely rare. Let's term this type as imaginary or rather... sasquatch.

02 **Low Velocity, High ACV:**

Your SMB products will fit the bill perfectly here wherein you can close more deals and afford to have lower ACV.

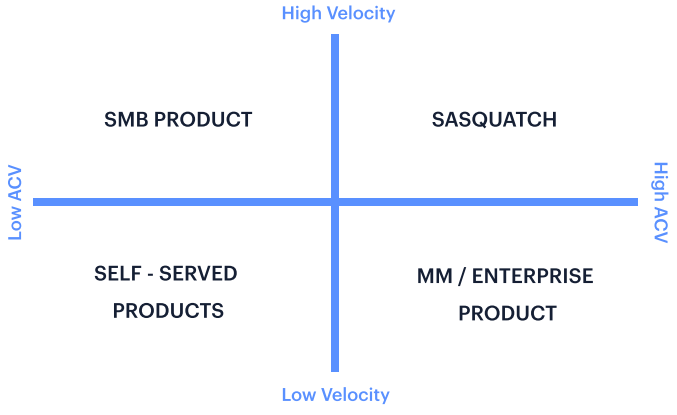
03 **Low Velocity, High ACV:**

MM and Enterprise products close lesser deals but the cheque that hits the bank is quite a lump sum.

04 **Low Velocity, Low ACV:**

Self-served products fall into this category and they don't require a lot of sales compensation optimization.

SaaS Models as per Deal Flow and ACV



In this guide, we will focus all our attention predominantly on **High Velocity, Low ACV and Low Velocity, High ACV SaaS models** as they are most common whilst the other two either don't require extensive compensation plans or are extremely unlikely to be in play in most businesses.

Compensation plans by role

1. Account Executives
2. Sales Development Representatives
3. Customer Success Executives
4. Presales Engineers

1 Account Executives

Success metrics for the role

Sales reps of junior or senior levels are at the firing line and need to stay razor-focused on their goals. Their compensation needs to be as simple as possible without many variables outside their control.

Narrow down their success metrics to two engines.

1

Deal closures

Revenue engine

2

Opportunity generation

Prospecting engine

Sales representatives completely own deal closures but depending on your business type, they could also be partially responsible for lead generation. Under both of these metrics, there are several sub-goals that you could include. This is an exhaustive list but that doesn't mean you should use all of them. Pick and choose what works for you based on your business model.

Deal Value Metrics

1. ACV
2. Contract tenure (1Y, 3Y)
3. Service revenue
4. Minimum deal value

Deal Velocity Metrics

1. # of deals closed
2. Conversion date (lead to deal closure)

Deal Generation Metrics

1. Pipeline generation targets (self-generated)
2. SQL to opportunity conversion rate

Choosing the right commission plan type

Pick from the two main types of commission plans for account executives.

- Commission percentage as part of deal value (most common)
- Commission percentage as part of their attainment (used only in special cases)

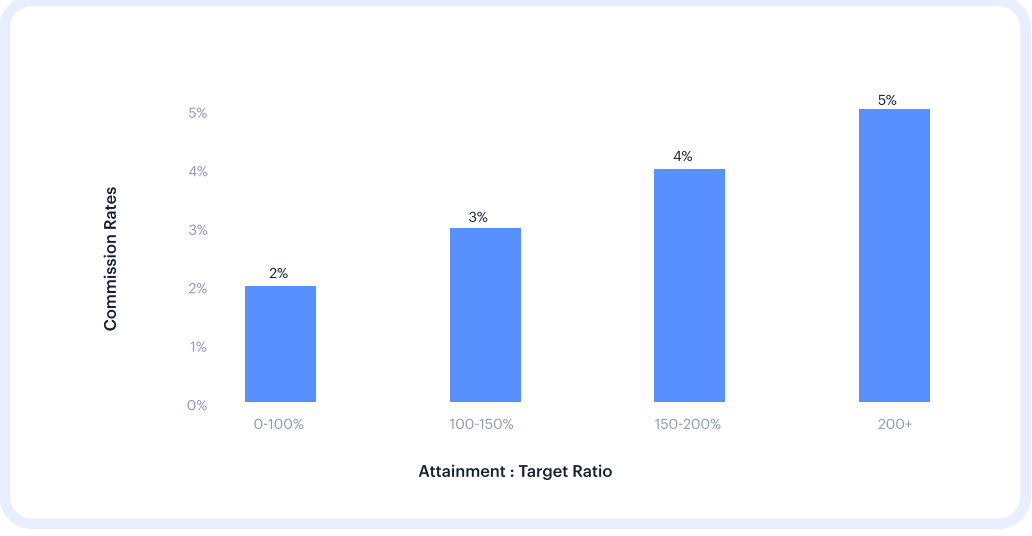
Type 1

Incentive pay on revenue closed with tiered commission rates

In this plan, reps are compensated with a flat commission percentage as part of their deal value. You'll find this type to be most common in SaaS. Say, you hire a representative with a fixed pay of $60k and an OTE of $100k at an annual rate. The incentive pay in this package is around $40k and the quota allotted for the rep is approximately $500k per year. The base commission rate for the rep would be 8% on OTE ($40k divided by $500k).

However, if you stick to the base rate for all revenue, the rep would receive no incentive for closing deals post their quota attainment. So, after hitting their targets, they sit back and simply push the upcoming deals to the next quarter, where they will be incentivized for closing them. This particular occurrence can be avoided via tiered commissions plans.

Here's a sample of a tiered commissions plan:



You see what happens? Reps get a shot at getting paid more if they overachieve on their targets.

Let's break it down:

- For every $1 ACV revenue brought in to the company, the representative is paid 8 cents till they meet their targets.
- Post their quota attainment, for every $1 till 150%, they get paid 12 cents. This goes on for as long as the sales star keeps bringing home the dough.

If tiered commissions are put in action, reps will put in more effort to surpass their targets and bag additional cents on the dollar, thus resolving the issue of them pushing deals to the next quarter. If they do, they will have to start at square one: the base rate.

But, will this plan negatively affect your overall profit rates? Not at all. If you model it right, it actually makes it more profitable for you. When you hire a rep, you would usually plan for a quota to OTE ratio ranging between 4:1 and 6:1. If a rep overachieves on their quota, this ratio doesn't change a lot.

Take a glance at the table below. At a base rate of 8% and 12% above 100% attainment, the better the rep does, the better your quota to OTE ratio. Even though you hired the representative here at a ratio of 5, when they perform better, the ratio increases.

How do tiered commissions affect your profit rates?

	Quota	Attainment	Quota Attainment	Base Pay	Comms	OTE	Quota to OTE Ratio
Base Scenario	500,000	500,000	100%	60,000	40,000	100,000	5.0
Scenario 1	500,000	400,000	80%	60,000	32,000	92,000	4.3
Scenario 2	500,000	600,000	120%	60,000	52,000	112,000	5.4
Scenario 3	500,000	1000,000	200%	60,000	1,20,000	180,000	5.6

Type 2

Relative commissions with tiered kickers

This plan comes into play in those scenarios where our type 1 plans don't fit in, like the ones we've mentioned below:

Scenario 1:

The AE has a non-revenue based component like number of deals or pipeline-generated deals which you want to reward if they do well. Here, a rate-based method doesn't make sense.

Scenario 2:

Your revenue is measured in dollars whereas your commissions are not paid out in dollars. This is common when your business has teams operating in a global sales model where revenue in dollars might be closed by reps from different regions. In these cases, it will be difficult for the teams to interpret the rates on the dollar value when they don't get paid in dollars.

You can set up your type 2 plans in the following split:

Choosing the primary success metrics

High Velocity and Low ACV - SMB products

This sales model can apply to your company in 2 ways:

- You have a fast-moving SMB product that SMB, MM and Enterprise customers will purchase. Example: Zoom, Slack.
- You have a fast-moving SMB product that your sales team sells to a specific segment of your base. Example: Inside sales teams.

Deal value metrics

ACV:

Annual Contract Value

Contract tenures:

What's the length of your contract? Yearly or half-yearly contracts work great for the company in two ways: predictability of revenue and cash upfront. Therefore, deals of such nature can be incentivized with a 20% to 40% markup when they are considered for incentive payouts. This will push reps to bag the longer term contracts.

Implementation fees:

If your team is selling to low velocity businesses, you might not come across this often. Most companies prefer a one-time payout of 1-3% of the implementation revenue.

Deal velocity metrics

Deal velocity goals are not for everyone. Unless you have a very strong baseline and a fast-growing business, it usually doesn't help. But, if you do find a place for it, it boosts sales efficiency.

When you add the deal velocity goals as part of your reps compensation, it should be for the following reasons:

01

It is more important for you to acquire a customer than the first deal value. When you have a suite of products, landing the customer and opening yourself up to potential expansion revenue in the future takes priority.

02

You have a well-established sales team with 25-50 reps and you want to ensure that they sell efficiently. Adding an efficiency metric such as conversion rate into the mix can provide better results.

There's also a possibility to apply pipeline generation or outbound deals in this sales model. However, in a high velocity business, it's uncommon because high velocity AEs don't have renewal or expansion goals. The account gets transferred to the customer success or account managers team in a very short span (less than 6 months). AEs will usually be compensated for the first deal value and any subsequent upgrades within the first 3-6 months.

Low Velocity and High ACV - MM/Enterprise

You can make use of this sales model in one of two ways:

- You have a sales team that focuses on big deals. The sales teams are usually one part of your company and these deals are your big customers. **Example:** Field sales.
- You are an MM/Enterprise-only product and, in general, your deal velocity is low with high ACV. **Example:** Planning and compensation tools.

Deal value metrics

The deal value metrics in type 2 are similar to that of type 1. Only, we also take into consideration the minimum deal value. And when it comes to implementation fees, as they are very common in high ACV businesses, you should clearly state it as part of the plan. Similar to type 1, companies follow a one-time payout of 1-3% of the implementation revenue.

Lead generation metrics

Unlike the high velocity reps, the high ACV reps are responsible for generating their own leads and working with SDR to find opportunities within their territories. Hence, they are also compensated based on their lead generation goals. However, lead generation compensation influences a lesser percentage (<30%) of their overall incentive pay.

The two important metrics to consider are as follows:

Pipeline generation targets:

For companies with longer cycles (6-9 months), it is imperative to generate a pipeline in advance to ensure a healthy revenue outlook. Reps usually carry a quarterly pipeline target.

SQL acceptance turnaround time:

In cases where a close collaboration between SDR and the reps is necessary, SQL acceptance turnaround time is used to ensure that the reps closely monitor and turn around on the SQLs generated by the SDR team. Reps prevent having early SQLs as part of their pipeline to avoid being accountable for them in their pipeline review meetings. A balance must be struck between SDRs and reps when it comes to SQL acceptance or else we risk creating a culture of bad pipeline hence resulting in inaccurate forecasting.

Choosing the secondary success metrics

Flat bonus:

A flat one-time bonus of a fixed amount is awarded for hitting their quarterly target. It can also be a percentage of a rep's incentive plan.

Contract tenure bonus:

If reps are bringing in multi-year contracts, then you would want to recognize those deals more than your yearly deals. Even though the customer might pay you yearly and not upfront for 3 years, a contract commitment will reduce future churn and give you a lot of expansion opportunities as well. These deals can be paid out at 40% to 60% markups based on the contract length.

Multi-product deals:

In companies where selling a suite of products is more strategically important, you can add a special markup where reps are closing multi-product deals. Selling two products is usually a lot harder especially if they are selling to multiple personas within the same company. So, if your products are organically evolving and catered to the same team, this one may be an overkill.

For example:

For example, if Rep A sells one product at $50000 ACV and Rep B sells two products at $50000 ACV, you can reward Rep B with a special markup of 10% of the deal value to be counted for their incentive rate plan. Hike the percentage with an increase in the number of products. If it's 3 products, you can increase it to 20% and so on.

2 Sales Development Representatives

Success metrics for the role

Like your AEs, compensation plans for SDRs must be simple so we narrowed their success metrics to two engines.

1

Activities and lead generation

Lead generation engine

2

Pipeline generation

Deal value engine

Activities metrics (SMB)

1. ACV
2. Contract Tenure (1Y,3Y)
3. Service revenue
4. Minimum deal value

Activity metrics (MM/ Enterprise)

1. Account-based engagement
2. Meetings scheduled

Pipeline metrics

1. Number of SQLs/SALs generated
2. Convertion rate (lead-to-deal closures)
3. Pipeline generation targets

Choosing the right commission plan type

There are only 2 main structures of commission plans for SDR and BDRs. The plans are aligned to one or a mix of the two.

- Payout per SQLs/SALs and associated activities (most common)
- Commission rate against pipeline generated or revenue closed

Type 1

Tiered kicker based model

Reps get a fixed dollar payout for every sales qualified lead, sales accepted lead or meetings scheduled. Let's say you hire a representative with a fixed pay of $40k and an OTE of $80k at an annual rate.

The incentive pay is around $40k and the quota allotted is 200 SALs per year. The base commission rate for the rep would be $200 per SAL ($40k divided by 200).

But, if you stick to the base rate for all SALs the rep would receive no incentive for generating any more post their quota attainment. So, after hitting their targets, they sit back and simply push the upcoming meetings to the next quarter, where they will be incentivized for them. This particular occurrence can be avoided via tiered commissions plans.

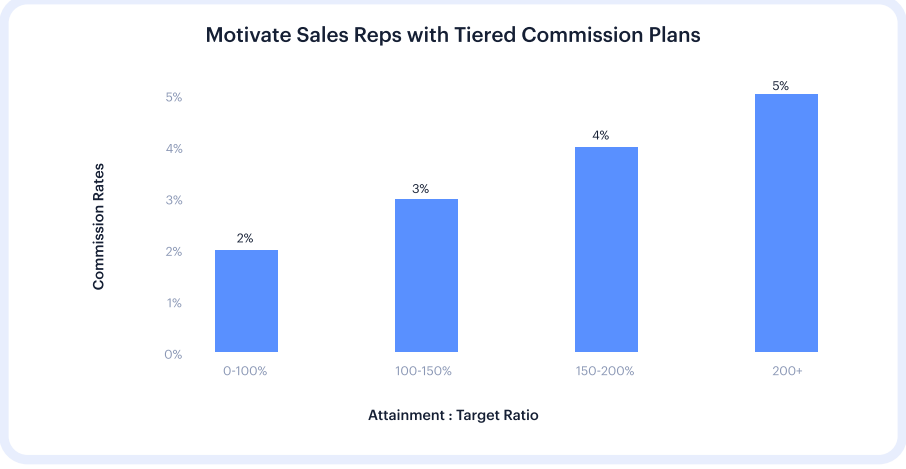
Type 2

Rate-based model against revenue or pipeline generated

Reps are paid a percentage share of the pipeline generated and in certain cases where SDRs are allowed to close low value deals, they can be paid similar to AEs with a percentage of the deal value. This component is less common but is picking up in popularity as it also helps identify SDRs who are capable of moving on to the AE roles.

For example:

If your win rate is 1 out of 3 (which is a common range for B2B SaaS) then an SDR looking to influence $600K of revenue annually would have to generate a pipeline of roughly $1.8M (600 times 3). Since the goal is based on pipeline and not on actual revenue the commission rate will be lesser compared to AE roles (typical range: 8%-12%) and will range between 2% and 4%.



Choosing the primary success metrics

High Velocity and Low ACV - SMB

This model may apply to your organisation in 2 ways:

- Your product is designed to be DIY and is very easy for customers to self evaluate.
- Your product has a low ACV and sales cycles are less than a month.

Activity metrics

- **Contacts made:** Number of mails sent out to the assigned list of contacts and companies within the SDRs territory.
- Calls made/chats taken
- **Meetings scheduled:** They are discovery calls and a leading indicator of opportunity generation that should be tracked regularly.

Pipeline metrics

While activities are leading indicators, opportunity generation is the final outcome for the SDR role. These criterias should drive focus on how to turn interested parties to prospective customers.

- **Number of SQLs generated:** This should be the primary criteria for the SDR teams. Qualified leads are what feed the sales engine to keep moving forward. A robust qualification framework is also necessary to keep both sales and SDR teams on the same page.
- **Conversion rate:** This component can be a bit tricky as there are multiple reasons why opportunities are lost. Many of the reasons are not related to the effectiveness of the SDR. Hence this may be a minor component on the plan but is useful in keeping the sales and SDR teams working together as a pod.

Low Velocity and High ACV - MM/Enterprise

This sales model apply to your company in 2 ways,

- The product requires extensive configuration and a guided onboarding/ implementation for customers.
- You are an MM/Enterprise only product and in general, your deal velocity is low and is high ACV in nature. Example: Planning tools, compensation tools.

Activity metrics

- **Account based engagement:** When dealing with MM/ Enterprise customers, there may be many stakeholders involved in deal closure. Hence activities must be aggregated at an account level and then evaluated
- **Meetings scheduled:** This is the same as with the high velocity section.

Pipeline generation metrics

For high ACV businesses measuring the only the number of opportunities is not enough

- **Pipeline generation targets:** For companies with longer cycles (6-9 months), it is imperative to generate pipeline in advance to ensure that you have a healthy revenue outlook. Hence, reps usually carry a quarterly pipeline target.
- **Revenue goal for smaller ACV deals:** In the case of high ACV businesses, SDRs have the authority to close smaller ACV opportunities themselves. It is usually a small portion of their compensation. The benefit of having this criteria is that it builds a path for growth for the SDRs and can act as the pipeline for AE headcount.

Choosing the secondary success metrics

The following are some of the bonus components,

- **Flat bonus:** A flat one-time bonus of a fixed $ amount for hitting their quarterly target. This can also be a % of a rep's incentive plan.
- **Consistency bonus:** Reps are rewarded for consistently performing over a threshold for multiple periods.
- **Multi-product deals:** In companies where selling a suite of products is more strategically important, you can add a special markup where reps are able to generate opportunities which are multi-product.

3 Customer Success Executives

Success metrics for the role

We narrow their success metrics to two engines:

1

Customer/revenue retention

Revenue engine

2

Customer advocacy

Success engine

Customer Retention

1. Customer retention
2. Customer onboarding

Revenue Retention

1. % churn goals (dollar churn rate)
2. Upsell opportunities identified

Customer Advocacy

1. QBRs conducted
2. Case studies/referenceable customers

Choosing the right commission plan type

There are 2 main structures of commission plans for CSMs:

- **Renewals and customer retention:** A percentage of overall ARR/ customer base (most commonly seen).
- Payout against generated case studies, reference customers and upgrade opportunities.

Choosing the primary success metrics

Low Velocity and High ACV - MM/Enterprise

This model may apply to your organisation in 2 ways:

- Your product is designed to be DIY and is very easy for customers to self evaluate.
- Your product has a low ACV and sales cycles are less than a month

Customer retention metrics

- **Customer retention:** This metric can be a percentage goal of the number of customers remaining at the end of a period to the total number of customers at the start of the period. For example, for a business with a monthly churn rate(number of customers) of 2%, the retention goal can be 98% or more (as aligned for the churn goals for the business). You might wonder why we haven't mentioned the revenue retention goal for high velocity businesses.

  As much as we want revenue accountability for everyone, the CSM role is poorly suited to manage low ACV customers at scale due to costs involved and the fickle nature of low ACV high velocity products. It is better for them to focus on automated scalable initiatives to customer retention through emails and campaigns than to take accountability for revenue.

- **Customer onboarding:** In a high velocity SaaS business, it is likely that customers self-evaluate the product without much guidance and as such do not get a view of its full capabilities. To ensure a lack of understanding does not lead to churn later down the line, it's important to onboard the customer by walking them through a checklist of all capabilities available and pointing them to the resources where they can get a better understanding.

Customer engagement metrics

While customer retention activities play an important part in post sales engagement, customer success teams can also aid in customer acquisition efforts by helping create the right marketing collaterals in the form of case studies and referenceable customers.

- **Case studies and referenceable customers:** It takes time and effort to convince customers to endorse products publicly but relevant case studies help build trust with interested prospects immediately. Hence, it is a must-have for all businesses. Customer success teams are best-suited to identify the right customers and foster the relationship to get a favorable response from them.

Low Velocity and High ACV - MM/Enterprise

This sales model applies to your company in 2 ways:

- The product requires extensive configuration and a guided onboarding/ implementation for customers.
- You are an MM/Enterprise-only product and in general, your deal velocity is low and ACV is high. Example: Planning and compensation tools.

Customer retention metrics

- **% churn goal (dollar-based):** This is typically the churn rate for the organization but can vary a bit based on the portfolio of customers assigned to a CSM. This will typically be the percentage of the portfolio value lost to churn to the portfolio value at the start of the period. Given the high ACV nature of the business, the approach to reduce churn must be proactive and not reactive. CSMs must reach out to customers before the customer satisfaction levels fall below a threshold.
- **Upsell opportunities identified:** While CSM should not indulge in selling to customers as it may undermine their relationship, they can identify areas of business for a customer that can be aided by other offerings from your organization. This can help with customer stickiness and create a bigger barrier for exit. Identified leads can be passed on to the appropriate teams for action.

Customer engagement metrics

For high ACV businesses, measuring only the number of opportunities is not enough. You also need the following metrics:

- **QBRs conducted (quarterly business reviews):** As mentioned above, for high ACV businesses, the goal is to be proactive when it comes to churn. Having QBRs as a goal can ensure that the correct engagement is taking place. The CSMs should provide customers a view of how the product has helped them(with respect to time saving, cost saving , business development and more). Address what actions have been taken on any outstanding queries/requests they may have had. Also, highlight any new or upcoming features released that can aid them in their current workflow.

- Case studies/ referenceable customers

Choosing the secondary success metrics

- **Flat bonus:** A flat one-time bonus of a fixed $ amount for hitting their quarterly target. This can also be a % of an executive's incentive plan.

- **Consistency bonus:** A bonus offered when CS executives consistently perform over a threshold for multiple periods.

- **Exceptional work effort:** In the case where a CS executive is able to turn around a lost customer and bring them back, their efforts ought to be rewarded. This is very difficult to do and must be acknowledged to motivate and showcase the same to other executives.

4 Presales Engineers

Success metrics for the role

Presales consultants are responsible for the value sell and technical win of a deal. They work over numerous deals with multiple sales reps at any given point of time. However, not every organization has well-defined variable pay for presales consultants and in many cases, they simply don't have variable pay at all. Why? Their nature of work is difficult to quantify. They sometimes put in a lot of work for a low-value deal because of technical complexity, making it hard to put a number on their efforts.

But ideally, they should be put on variable pay for multiple reasons such as:

- Sales leaders want them to have some skin in the game.
- Having sales reps on variable pay and not presales consultants might lead to friction. Both work together on the same set of deals where one is rewarded for deal closure and the other is not.
- Presales consultants themselves might want an opportunity to make more money.

To remedy the issue of quantifying the work of presales consultants, their fixed pay to variable pay ratio is usually low, somewhere between 80:20 or 85:15. As for sales reps, it can go as high as 50:50 or 60:40.

Now that we know why presales consultants need to be put on variable pay, let’s choose the plan type and metrics. Here, it is important to understand that each role has a specific set of goals critical to the overall business objectives. Their compensation has to be as simple as possible without many variables outside their control like your leaders. Hence, we narrow their success metrics to two engines.

Deal Value Metrics

1. ACV
2. Number of high-value deals

Deal Velocity Metrics

1. # of deals closed
2. Conversion rate (demo given to deal closure)

Betterment Engine Metrics

1. Product comparison documents created
2. Vertical/use case based demo instances created
3. General org-wide initiatives

Choosing the right commission plan type

Before choosing the type of commission plan for a presales consultant, decide how it would be applied. Would it be for the individual deals that they have been tagged against or for the pod/regional attainment that they are a part of?

This is determined on the basis of how the presales team is structured. If a presales consultant is tagged to a few sales reps (where all their deals are handled by them), only attainment can be calculated for all deals. Alternatively, if opportunities from the sales team are assigned to a bunch of presales consultants on a round-robin basis then the pod's attainment should be used for calculation.

Ideally, you would want to have your sales reps and presale reps on the same plan for the sake of uniformity.

There are 2 plans you can choose from:

- Commission rate as part of deal value: x% of deal value, usually reserved for sales reps
- Commission rate as part of their attainment: 120% quota attainment indicating 120% of incentive pay.

Choosing the primary success metrics

High Velocity and Low ACV - SMB

This model would apply to cases where you are selling an easy setup software with minimal or no customization. Not a lot of technical handholding is required. It can also be applied when an inside sales model is used with high velocity.

As suggested earlier, attainment can be rewarded like sales reps. In addition to that, high conversion ratios can also be rewarded.

For example:
If a presales consultant started working on 20 new opportunities in a given month and closed 10 deals, he has a 50% conversion rate. For different conversion rates, different kickers can be applied.

Low Velocity and High ACV - MM/Enterprise

This model comes in handy when you are selling to large organizations or selling a technically-complex product where closing the deal takes a fairly long time. The prospect needs to be convinced through a proof of concept or a guided trail.

Here, deal conversion ratios aren't taken into consideration as the velocity is going to be low. So, it can be based on attainment with additional weightage to betterment engine factors.

Betterment engine

Besides working on the technical aspects of deals, presales consultants also have to work on other initiatives such as comparing with competitors' products, creating battle cards and creating demo setups for specific industry verticals or use cases.

And most importantly, they serve as the eyes and ears of the product team. They pass on valuable customer feedback to the product team that then analyzes and uses it as input for the product roadmap.

The actions listed above are difficult to quantify because they are all quality-driven. So, managers can oversee them and influence a part of the variable pay based on these initiatives.

Choosing the secondary success metrics

- **Number of deals closed:** Targets can be set for the number of deals to be closed in a month. If a presales engineer exceeds those numbers, then a fixed amount can be paid for every additional deal for scaling and streamlining the presales process. To be able to handle more than the monthly expected deals is a lot more difficult for a presales person when compared to a salesperson. This task can only be achieved if they have streamlined their systems and processes.

- **Deal value kicker:** We all know the importance of technical wins when the deal size becomes larger. In scenarios where deal size is 50% greater than the ARPA of the product, it makes sense to add a bonus to the presales engineer and motivate the effort that goes into such complex large deals.

Compensation plans, in a glance

Account Executives

Commission Types

Commission rate as part of deal value

Commission rate as part of their attainment

Success Metrics

Deal closures

Opportunity generation

Primary Metrics for SMB products

Deal value metrics: ACV, contract tenures, implementation fees

Deal velocity metrics: # of deals closed, conversion rate

Primary Metrics for MM and Enterprise products

Deal value metrics: ACV, contract tenures, implementation fees, minimum deal value

Lead generation metrics: Pipeline generation targets, SQL acceptance turnaround time

Secondary Metrics

Flat bonus, contract tenure bonus, Multi-product deals

SDRs

Commission Types

Payout per SQLs/SALs and associated activities

Commission rate against pipeline generated or revenue closed

Success Metrics

Activities and lead generation

Pipeline generation

Primary Metrics for SMB products

Activity metrics: Contacts responded, calls made/ chats taken meetings scheduled

Pipeline metrics: # of SQLs generated, conversion rate

Primary Metrics for MM and Enterprise products

Activity metrics: Account-based engagement, meetings scheduled

Pipeline generation metrics: Pipeline generation targets, revenue goal for smaller ACV deals

Secondary Metrics

Flat bonus, contract tenure bonus, multi-product deals

Customer Success Executives

Commission Types

Renewals/customer retention

Payout against generated sase studies, upgrade opportunities etc.

Success Metrics

Customer/revenue retention

Customer advocacy

Primary Metrics for SMB products

Customer retention metrics: retention, onboarding

Customer engagement metrics: case studies, referenceable customers

Primary Metrics for MM and Enterprise products

Customer retention metrics: % churn goals, upsell opportunities identified

Customer engagement metrics: QBRs conducted, case studies/ referenceable customers

Secondary Metrics

Flat bonus, contract tenure bonus, exceptional work effort

Presales Engineers

Commission Types

Commission % as part of deal value

Commission % as part of their attainment

Success Metrics

Deal closures

Betterment engine

Primary Metrics for SMB products

Deal value metrics: ACV, contract tenures, implementation fees

Deal velocity metrics: # of deals closed, conversion rate (lead to deal closure)

Primary Metrics for MM and Enterprise products

Betterment engine: compare with competitors' products, create battle cards and demo setups. Communicate customer feedback to product team.

Secondary Metrics

Number of deals closed

Deal value kicker

Dealing with complex commission plans with Everstage

As a bunch of RevOps professionals ourselves who've had our fair share of complex commission plans giving us nightmares, we've designed an almost-invincible commission plan builder that is so powerful that even the most complicated of plans would seem like 1 + 1 = 2.

Hit us with your most complex commission plan! Everstage's no-code plan designer can handle it!

Here's how:

- **Self configurable designer:** Set up your custom plan seamlessly and play around with the components to choose the right plan for your teams and business with no platform limitations.
- **Readily available templates:** Find pre-built templates made based on our extensive experience to help you quickly configure your plans.
- **Team and manager relationships:** Based on reporting relationships configured, deal credits automatically roll-up, create custom team-based incentive criterias with ease.
- **Powerful overrides:** Need to split deals? Run clawbacks? Double-comp reps? Make any adjustments on top of the incentive calculation to reflect your business needs.
- **Simulate and backtest:** Get powerful modelling insights even before publishing new plans and effectively optimize your incentive structure.

To banish complexity from your commission plans, schedule a demo with Everstage TODAY.

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