



The Official Sales Comp Manager's Toolkit

How to secure executive buy-in and get the resources you need to future-proof your compensation management process.



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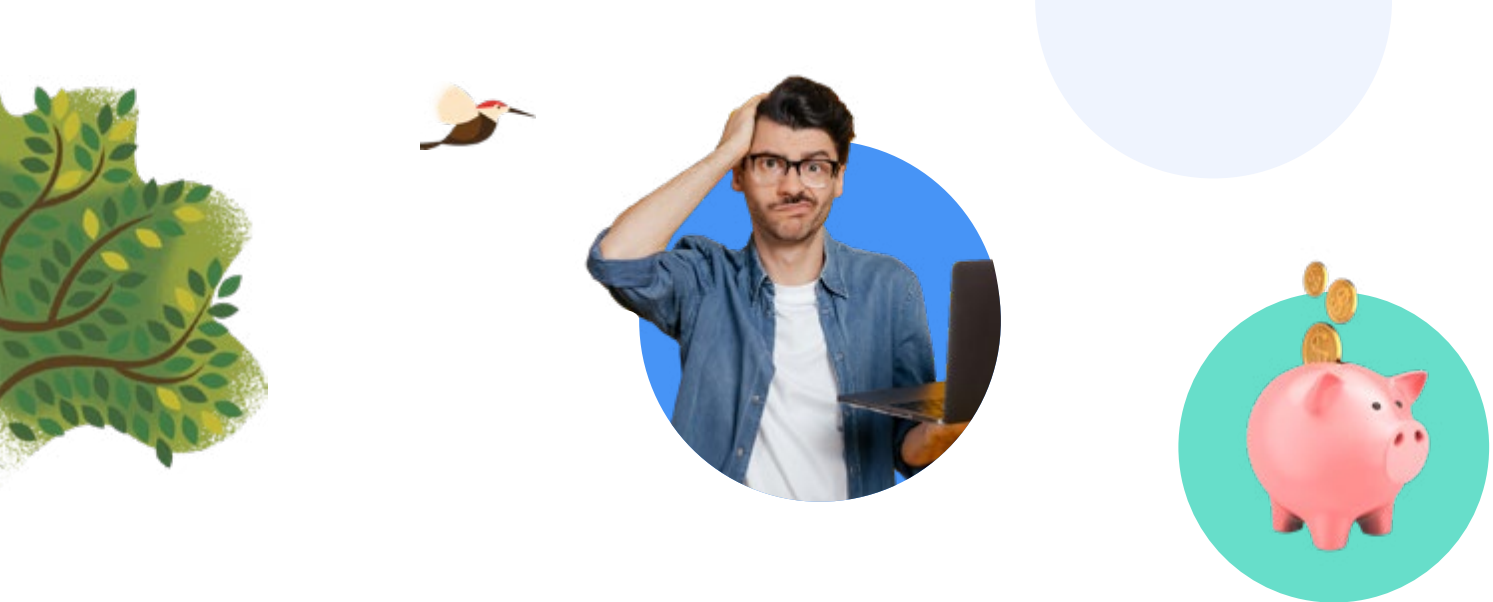
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Introduction

Traditional sales compensation processes are broken.

Managing sales compensation makes you responsible for the biggest line item at your organization, but you're still forced to rely on sprawling spreadsheets and a mountain of manual tasks to get the job done.

Why? Misunderstanding.

Leaders *may* appreciate how tough your job can be. But unless they've been in the weeds managing sales compensation themselves, they probably don't get it. Not really. For them, the whole thing is more of a nuisance than anything else. That's why they usually only pay attention after months of mistakes and inefficiencies, when things start to get ugly.

It shouldn't have to reach a boiling point for you to get the resources you need. The goal of this eBook is to help you better communicate what's at stake so your

leadership team can understand why streamlining and automating commission workflows isn't just a convenience, but an urgent necessity.

We'll help you make your case and look at the biggest process failings behind **three important compensation management functions**:

- 1 Building and implementing sales compensation plans
- 2 Accessing and organizing compensation data
- 3 Reporting on and auditing compensation programs

We'll also take a look at what you can do about it, with both temporary fixes and a bigger framework to get executive buy-in for a *real* solution. Ready? Let's jump in.

Function #1: Building and implementing compensation plans

Motivating reps with commission sounds pretty straightforward, but you know better than anyone that comp plans are... well, complicated.



“Without a proper commission system, plan document distribution is a huge pain— especially at an enterprise org. You have to create a 10-20 page document with quotas, rates, definitions for everything, then send it out to each person individually. At a previous company, we would literally mail the documents. Reps would print them, sign them, and then mail them back to us. It was a lot.”



Amy Plante
Lead Specialist Solutions Engineer at Salesforce

Why building and implementing sales compensation plans sucks

Comp plans require a lot of brain power.

For starters, they need to account for organizational and team goals, budget, resources, and structure, while *simultaneously* incentivizing multiple roles within the sales function. That's a dizzying combination of potential variables— like complexity of the sales cycle, types of revenue, length of contract, and product hierarchy.

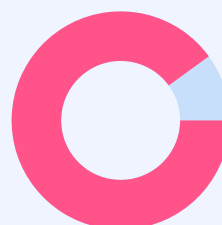
You also probably have to factor in different levels of experience, seniority, responsibilities, nature of engagement with prospects and customers, and the amount of support each role requires. It's then up to you to distill all this nuance into a clear, concise plan document, so everyone (theoretically) understands how and why they'll be paid.

However, a comp plan's success heavily depends on its formula. Your organization needs the right salary/commission ratio, and the most persuasive combination of incentives, accelerators/decelerators, and SPIFs. They need science and psychology. But what they *really* need is your expertise to pull it all together.

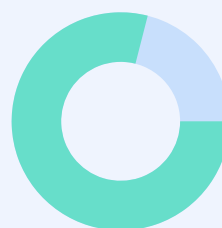
Sales commission is crucial to your organization's growth:



Properly structured incentive programs can increase performance by **44%**



90% of top-performing companies utilize incentive programs to reward their sales associates



Companies utilizing an incentive program reported a **79%** success rate in achieving their established goals when the correct reward was offered



Ideally, you could dedicate the bulk of your time to analyzing, modeling, designing, or recommending plan components to support every level of sales. That's your jam. In reality, however, you're constantly buried by an avalanche of low-value, menial tasks— like translating decks into legal documents, or distributing plans to one rep at a time (then chasing them down for signatures). Those hours add up.

At the same time, comp plans are never really finished. The market isn't set in stone, and commissions and incentives will inevitably evolve to meet the shifting demands of your sales team.

No matter how you slice it, your plans will need to be modified. It doesn't matter if your plan periods are an annual occurrence or happen a couple times a year. In either case, you're looking at manual adjustments, which can eat up as much of your time as writing the doc in the first place. But how are you supposed to focus on maximizing plan effectiveness when you're saddled with spreadsheets?

You might not always get it right— **62.2%** of sales organizations said correct goal and quota setting was the biggest challenge in 2021, while **90%** changed their compensation programs in 2020.



Quick fix



If you don't yet have the buy-in for a dedicated sales compensation tool, don't despair! In the meantime, try using your existing tools to:

- Write a single page summary for every comp plan variation, then link it back to the original. This enables you to quickly reference different plans without having to comb through a massive document, while the full version is still easy to access when you need to drill into the details.
- Create your own “comp plan library”. Organize all the components across multiple plans in a single document so it's easier to locate, re-use, and modify them for future plans. That way, you won't have to start from scratch every time.
- Build out a check list for plan updates, so you can systemize as much as the process as possible.



What leaders may not realize about building and implementing compensation plans



This isn't about you.

Sure, “tried and true” manual processes make it tough to book some well deserved PTO. But more importantly (to your boss), it's *also* impossible to scale, move quickly, and respond to shifting market dynamics– so you aren't outpaced by competitors. When critical functions like compensation run on spreadsheets, growth is essentially dictated by technical limitations and bottlenecks.

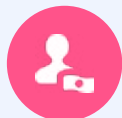
Stats to share with your boss:



Enterprise organizations spend an average of 8-12 weeks per year managing compensation using spreadsheets. These cumbersome, manual processes are needlessly devouring time and resources.



Employees waste an average of 50 days per year on menial tasks. Getting bogged down with low-value drudge work means less time for engineering effective comp plans.



Properly structured incentive programs can increase performance by 44%. When you don't have to worry about spreadsheets, you can direct way more attention to plans themselves. This is essential for maximizing ROI.



Function #2:

Accessing and organizing compensation data

Getting ahold of compensation data can feel like a wild goose chase for everyone involved. You're racing to collect accurate information every pay cycle, while confused reps keep flagging you down for answers.

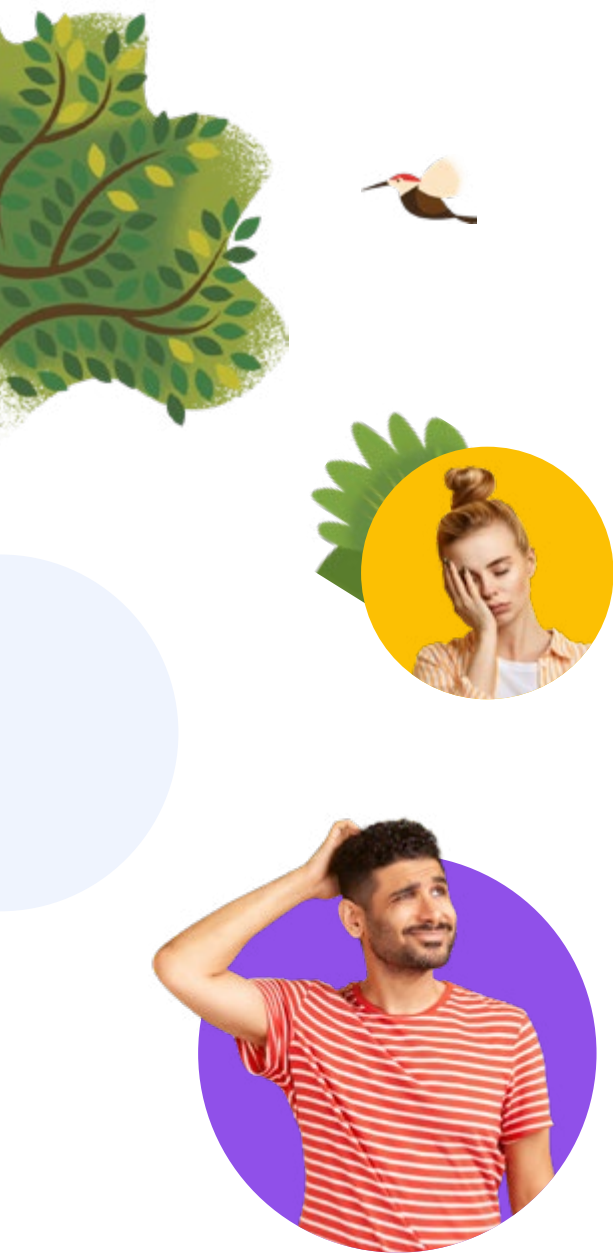


“It’s possible that Microsoft’s Excel is the most dangerous software on the planet... it’s all become so complex and it’s handled in such a slapdash manner that no one is really on top of it anymore.”



Tim Worstall
Forbes

Why accessing and organizing compensation data sucks



Every sales comp plan needs data to function.

That's like, Comp Planning 101. But squeaky clean, error-free data can seem like the Loch Ness Monster: alleged sightings, but probably a myth.

So why is good data so elusive? Spreadsheets and data silos are often the culprit.

It makes sense that the more involved humans are in a process, the greater the risk of *human* error. In fact: One study found that 88% of Excel spreadsheets have mistakes in them.

This is playing with fire. In 2012, JPMorgan learned this lesson first hand after it was hit with a \$6 billion trading loss due to a spreadsheet copy/paste error, prompting the quote you saw at the beginning of this section.

Of course, spreadsheet errors aren't *always* catastrophic. But even if a rogue formula or misplaced zero doesn't cost your organization gazillions of dollars, how many times can you tell your reps "We're only human" before they throw in the towel and hightail to a competitor?

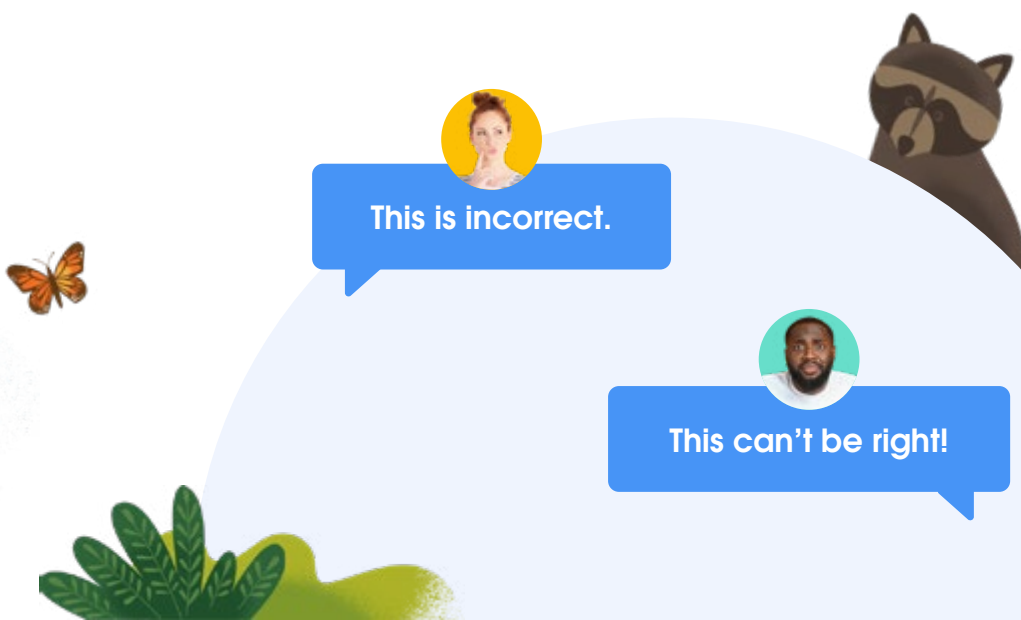
But what are ***you*** supposed to do about it?

With manual commission processes, ensuring data accuracy around compensation is a constant struggle. For starters, you have to stitch vast amounts of data together from disparate sources. We're not just talking commissionable events, quotas, and territories, but also potentially product hierarchy, contract terms, discount percentages, and more. That's *a lot* of data points you may need to keep tabs on, depending on the complexity of the plan.

Then there are the other teams you need to work with. Consolidating this mass of information likely requires inputs from SalesOps/RevOps, Finance, and HR. But how often do they respond to your requests with neat and tidy spreadsheets? If you've ever spent the better part of your afternoon sifting through a flurry of forwarded email chains, you're well aware that your co-workers aren't always concerned with wrapping up their data in a pretty box for you.

Siloes also make it tough to mitigate errors upstream, and manual quality control is often the best you can do. It doesn't matter if you're the Tom Brady or Beyoncé of spreadsheets. When you're reviewing masses of data one line at a time, it's not a question of *if*, but when something will break.

Errors are an unnecessary drain on your time and attention, but for your leaders, the consequences can be way more serious. If reps don't trust they'll be paid fairly or on-time, they won't feel motivated to close more deals.



Quick fix



If your boss isn't on board (yet) with a designated sales compensation tool, there are a few smaller changes you can make to improve your current processes. Use your existing tools to:

- **Establish firm SLA's with SalesOps/ RevOps, Finance and/or HR.** Depending on the tools you have available, you might also be able to reinforce these agreements with assigned tasks for data handovers or batch scheduled auto-reminders as you approach the end of the pay cycle.
- **Point reps to additional sources of information (besides yourself).** Reps probably didn't read their entire 20-page commission plan document from start to finish. To get ahead of potential questions, assemble a short, single-page summary for them to reference. Is it an extra step? Yes, but it will probably take you less time than fielding the same question from multiple reps each pay cycle.

You can also create an "FAQ" document, not only about the plans themselves, but also processes—i.e. *If an error has been identified and confirmed within the CRM, please connect with SalesOps to correct the opportunity.*

- **Use screenshots when explaining commission calculations.** If a befuddled rep still doesn't understand their commission statement, plug in the order on your spreadsheet, run the calculation, and take a screenshot. You can then show them how their pay was calculated, without having to worry about permission settings. This will hopefully help them gain a better understanding of their commission statements moving forward.



What leaders may not realize about accessing and organizing compensation data

Spreadsheets aren't just the bane of your existence. They're also a serious liability to your organization.

Manually patching data together makes errors inevitable, even if you're an experienced spreadsheet wrangler. If your previous gripes about wasted time and resources have gone unheard, leaders may only be considering the additional hours you'll have to spend correcting mistakes. If that's the case, the stakes are way higher than they realize.

A single blip can erode the confidence and trust your reps have in your organization. It doesn't matter if you've concocted the most brilliant plan of all time or if you have a hefty budget for incentive programs. Reps won't be motivated by inaccurate or inconsistent payouts—period. Compounded over time, even minor errors can tank a sales team, and we're not just talking about productivity.

Reps are always in-demand. As a candidate-driven profession, they can and will leave more readily than other employees if you give them a reason to. Clear, reliable compensation is crucial to retaining your sales talent— and that's impossible to provide without the right system to streamline, automate, and ensure data accuracy.

Stats to share with your boss:

35%

Annual sales turnover in the US is almost 35%, and 89% leave due to issues with compensation.

1.5-2x

When a rep resigns, it costs 1.5-2X their base salary to replace them. It also takes 6.2 months on average to backfill sales roles, and 3 months on average for new reps to get fully ramped.

34%

Incentive budgets are expected to increase by 34% in 2022. Organizations *know* that reps are in-demand, but increasing compensation isn't enough to entice and retain sales talent.





Transparency is key, not only for attracting but retaining talent—and not just your top talent, your mid-tier talent as well.

They need to have a comp plan that's simple to understand and read. They need to have the support system in place to make sure they're paid correctly and on time.

If you can make sure that your reps are clear on how they're getting paid, and that they're paid correctly and on time— that's a big part of the battle. They will deal with the nightmare of late product releases, or a leader that's a little too junior, or a team of lone wolves that's not as collaborative as they were told— as long as they're getting paid.

But when you start to compound these issues, and one of them is reps not knowing if they'll be paid correctly or on time— that's when people start to go sour, and the culture starts to erode. That's when you'll see reps start to take recruiter calls from me, or other opportunities.

If you can solve the comp plan and be transparent about it, then you're a step ahead of most companies, and you're already doing what's necessary to try to retain your sales talent.



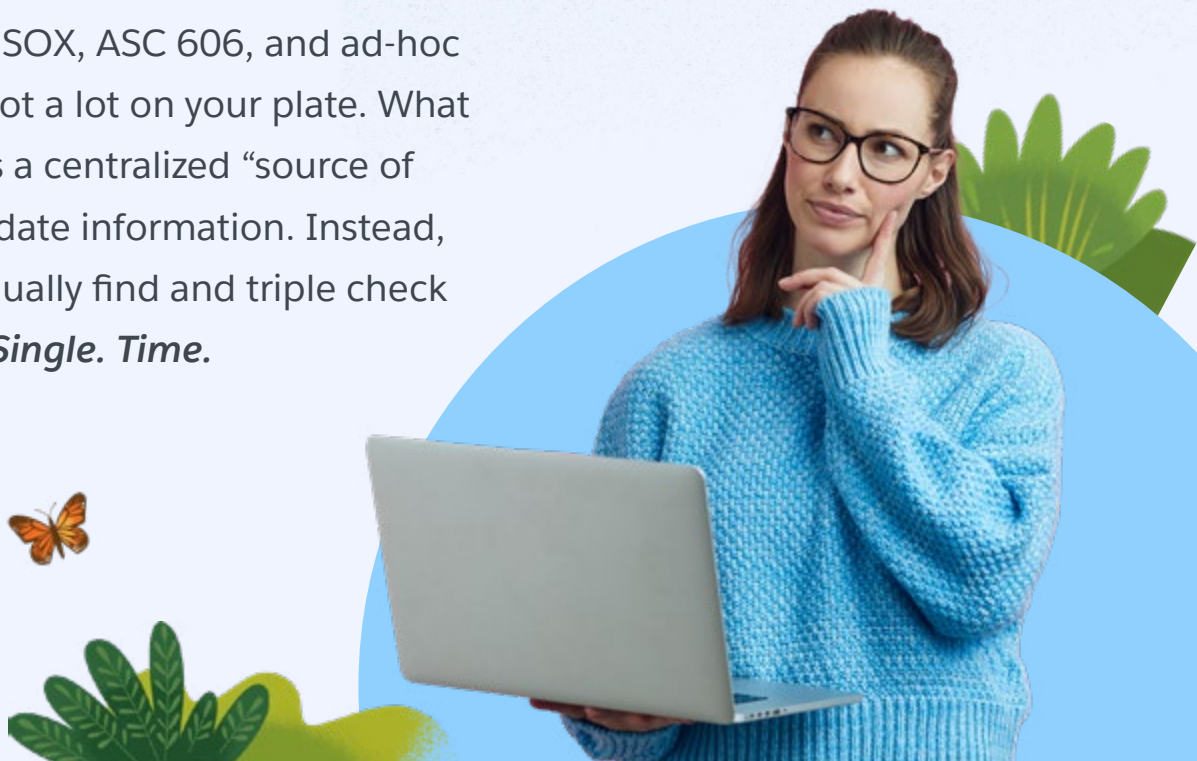
Matt Lewers

Director of Client Services, Blueprint Expansion



Function #3: Reporting & auditing compensation programs

Between audits, SOX, ASC 606, and ad-hoc reports, you've got a lot on your plate. What you don't have is a centralized "source of truth" to consolidate information. Instead, you have to manually find and triple check the data. *Every. Single. Time.*



"If your company continues to calculate commission in spreadsheets, ASC 606 (IFRS 15) is going to be a problem! Not only will your overtasked compensation manager (you know the "single point of failure" wizard who makes all the commission magic happen every month) need to continue to calculate commission every month, but that that person will also need to differentiate commission expense by contract term, individual contributor and manager. It seems like this should be simple, but once you add in channels, overlays and other roles, it will become unwieldy."



Dana Therrien
Forrester

Why reporting and auditing compensation programs sucks

As the biggest line item at your organization, compensation is always under the microscope.

Whether you're toiling over an ASC 606 audit or dealing with a surprise request from the C-suite, manual processes make the work unnecessarily painful across the board.

There's also the vast number of SOX controls you need to worry about. As PCAOB continues to refine compliance standards, the rules change and scrutiny intensifies.



To keep up with these demands, control frameworks have expanded– **54% of organizations now test between 101-500 controls annually.**

However, SOX programs are often poorly equipped to efficiently deliver the surgical precision that's required of them.



44% of organizations have less than 5 people on their SOX testing and validation team.

Being overextended with SOX audits is bad enough. But when you throw insufficient tools into the mix, that's a recipe for disaster. Without streamlined and automated reporting capabilities, things are only going to get worse. As your company scales, requirements will get increasingly complex, alongside compensation and incentive programs.

Quick fix



If leaders are on the fence about streamlining reporting, you can still improve on your current process.

Use your current tools to build out a DIY source of truth. This can expand on traditional project plans with a centralized report “dashboard” linking out to all relevant documents and spreadsheets. You can also include formalized file naming conventions for stakeholders. It’s easier to keep track of your data when everything is clearly labeled, categorized, and compiled in one place.



What leaders may not realize about reporting and auditing compensation programs



Manual processes are prone to mistakes by design.

In fact, 60% of organizations report human-error as the biggest cause of SOX control issues. That means there's a direct correlation between insufficient tools and audit failures— stringing data together with spreadsheets significantly increases the likelihood of redundancies and mistakes. This isn't (just) about preserving your sanity, it's also about protecting your organization from the serious repercussions of incorrect SOX documentation, like getting slapped with a million dollar fine from the SEC.



Stats to share with your boss:



One-third of organizations still rely on manual desktop tools like Excel for SOX compliance. Requirements and controls are frequently evolving, but the audits themselves are largely conducted with technology that's remained unchanged for decades.



58% of large organizations spend over \$1 million per year on SOX compliance.



Yet just **10% of organizations are leveraging automation for SOX audits.** Audits are a big expense. However, cutting corners on the underlying technology increases the risk of errors— and the potentially dire consequences that come with them.



Dear (boss name),

At [company name], we pride ourselves on running a successful business that is both profitable and enduring. Our employees are our greatest asset, and we value them as people but also for the contributions they make toward our overarching goals. And I know you, of all people, understand the importance of efficiency in the workplace- especially as we continue to grow and scale.

But, here are some things you might not realize:

- Our team loses **8 to 12 weeks** manually calculating sales compensation over the course of a single year.
- Sales turnover is at an all time high. And, for each rep we lose it can cost more than **2x their salary** to replace them.
- And, **88% of spreadsheets contain errors**- most of them introduced by humans.

I wouldn't be doing my job if I didn't point out what these stats mean for our business and specifically for our sales compensation programs.

Let's face it, our current commission process involves too many hours of manual work, too many complicated formulas, and too many spreadsheets. The process is causing tension between the sales and finance teams and it feels like we've reached our boiling point.

The solution? A commission platform! A commission platform would allow us to automate this process using software that calculates commission based on predetermined criteria and allows us to easily track progress toward goals, generate earnings reports at any given time, and provides much more visibility for our sales counterparts. Think about it, a commission automation tool would save us both time and money in the long run.

I believe that by making this investment now, we can save ourselves from significant trouble in the future while ensuring our employees are being fairly compensated for their efforts.

Sales compensation is one of our biggest expenses. The risks we're knowingly taking here don't seem in line with our efforts to conserve budget and retain top talent.

I know you're just as committed to excellence as I am and I know we're typically aligned on matters like this. I hope you see where I'm coming from, and I can't wait to get your feedback.

Best,

Your Forward-Thinking Sales Compensation Manager





Final thoughts

The main reason you're stuck with an inefficient, headache-inducing compensation process is because it's seen as an administrative nuisance, rather than a ticking time bomb.

We all have aspects of our job we don't like, right?

You've managed to make do with spreadsheets so far. Why should we add another tool to our tech stack?

As they say, if it ain't broke, don't fix it.



The thing is... traditional comp processes are broken. They slow you down, waste your time, and lead to avoidable errors that pose a serious threat to your organization. Connecting the dots between clunky, manual workflows with the gargantuan costs associated with both employee churn and audit penalties will be key to getting the resources you need.





Automate commissions and motivate sellers with Salesforce Spiff.

Salesforce Spiff is a new class of commission software, delivering seamless automation and real-time visibility that aligns and motivates teams to drive revenue.

As part of the powerful Salesforce SPM ecosystem, Salesforce Spiff's intuitive incentive compensation management platform automates every step of the commission process, while giving sales reps comprehensive, real-time visibility into their earnings potential – resulting in massive time savings, improved sales performance, and agile go-to-market plans optimized for revenue growth.

See Salesforce Spiff in action.

[Schedule Demo](#)





SPIFF
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