

Staffing Industry Executive Forum

Perspectives in Sales Compensation Best Practices

Valitus Group, Inc.
March 16, 2006

For additional information, please contact:

J. Mark Davis
(714) 505-9122
j.mark.davis@valitusgroup.com
www.valitusgroup.com

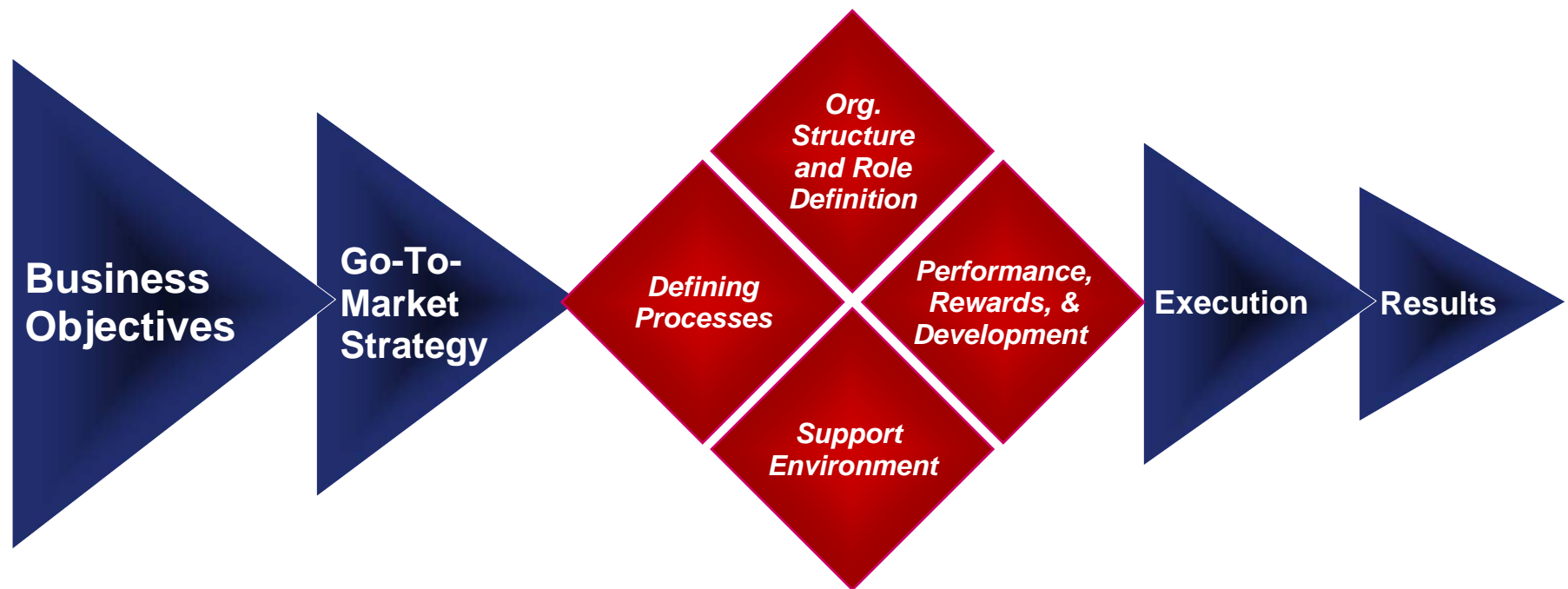


This document contains proprietary material and should not be reproduced, either in total or in part, circulated, or quoted from without the expressed permission of our firm.

Summary of contents

- Drivers of sales performance
- Sales compensation – what is it and what's its role?
- A broader context for considering sales compensation design decisions

Drivers of sales performance — thinking about measurement and rewards in a broader context



What is sales incentive compensation and why use it at all?

SALES INCENTIVE COMPENSATION IS:

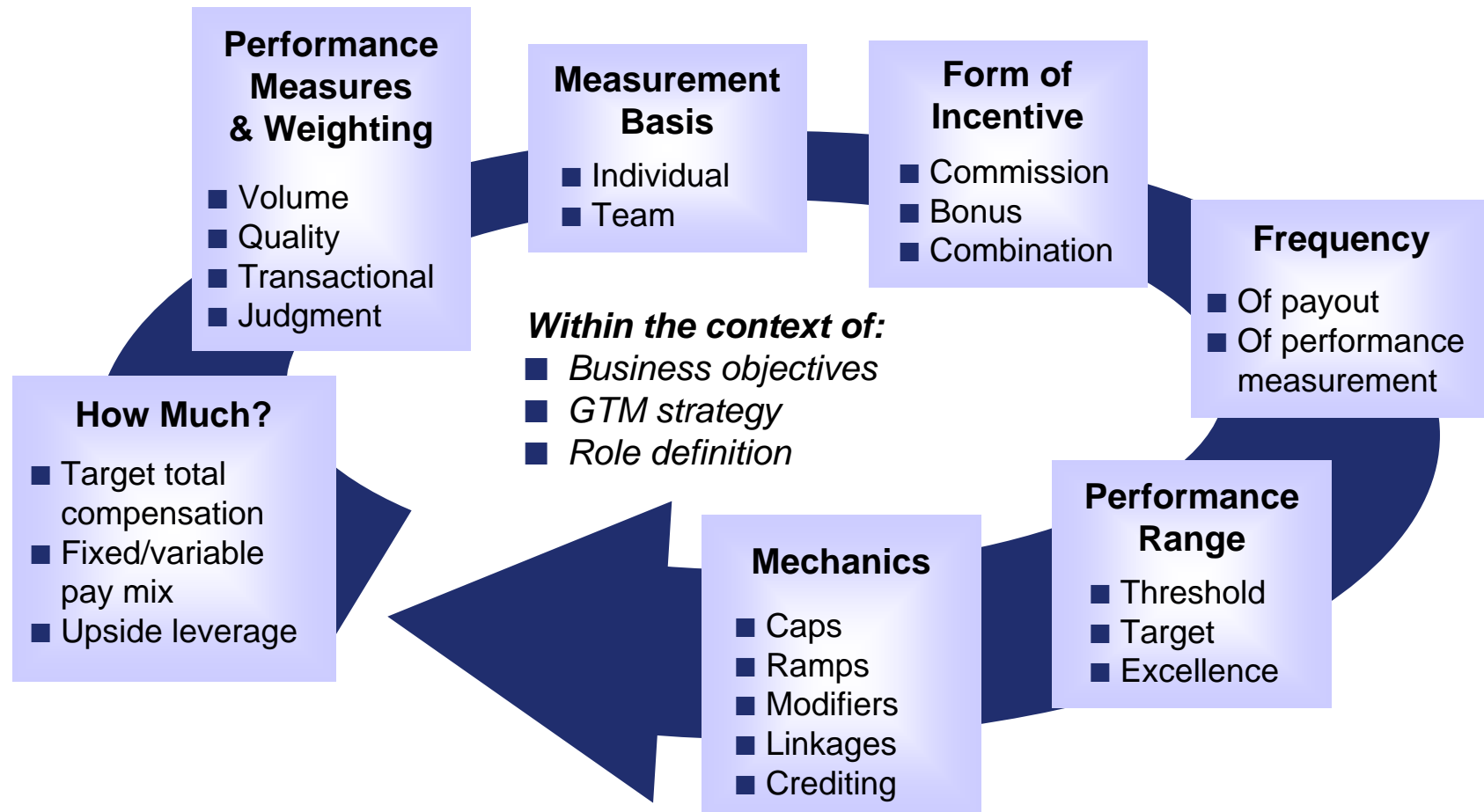
- A medium of organizational communication designed to influence behavior
- Any form of variable payment tied to sales performance

Appropriate goals for the use of sales incentive compensation include:

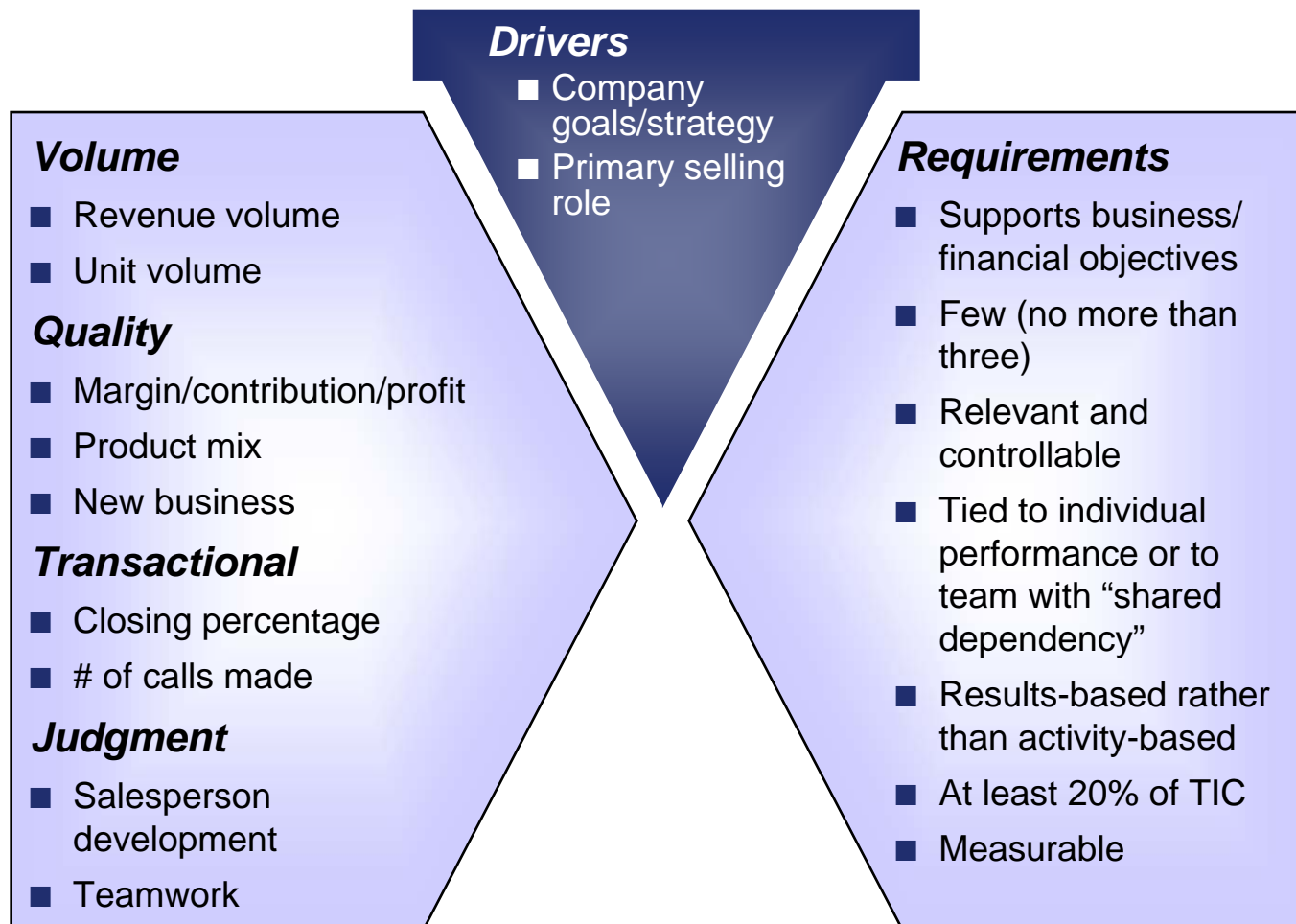
- Communicating key business and financial objectives
- Directing behavior toward achievement of the desired goals
- Redirecting behavior in response to evolving business needs and market conditions
- Providing competitive pay for expected performance and providing value for the company's investment
- Attracting and retaining high-quality sales talent

Separating the winners from those who should leave is generally not a good use of performance-based incentive pay

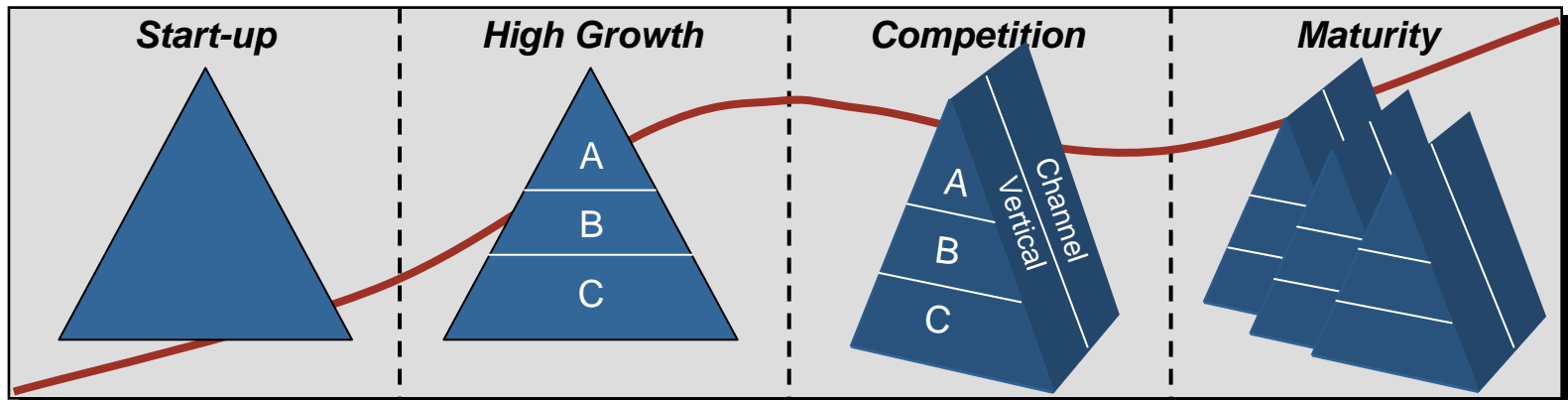
There are a lot of moving parts to juggle — sequentially, please!



Performance measures come in many variations, but have a few common requirements



An organization's life cycle stage also has important implications – how many stages are you in at the same time?



Deployment

- Geographic territories

- Geo/named account by account size
- Introduce market verticals

- Market verticals
- Overlay sales specialists
- Alternative channels

- New sales forces (SBU)
- Channel-specific sales forces

Roles

- Hunters

- Geographic reps
- Named account reps
- Industry reps

- Pre/post sales specialists
- Hunters and farmers
- Channel managers

- Account managers
- Segment specialists
- Cross-functional selling teams

Sales Compensation

- Commission
- Volume-driven
- Cost of sales focus
- Uniform plan

- Commission and bonus
- Introduce quality measures
- Introduce quotas
- Differ by role

- Quota-driven
- Cost of labor focus
- Volume plus quality measures

- Quota-driven
- Linked measures
- Differentiation by sales force and role

Remember, compensation is only one driver of sales force effectiveness

