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Group, Inc.[®]
SALES GROWTH CONSULTANTS

Sales Compensation Communications Sales Operations Forum

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Sales Compensation Communication Goofs

- 💣 HR communicates the plans to the sales organization
- 💣 Finance communicates the plans to the sales organization
- 💣 Plans are not communicated until late in the year... Q4!
- 💣 No one formally presents the plans to the sales organization
- 💣 Plans are emailed to the sales organization with a focus on the mechanics
- 💣 Management communicates the plans without "authority" – "What do you all think?"
- 💣 Sr. mgmt communicates to the first line managers at the same time as the reps.
- 💣 Plan calculators or documentation is wrong – payouts are different than what was communicated!
- 💣 No one communicates how the plan aligns with the organization's strategy
- 💣 No one follows up with the sales organization to ensure that they understand the plan

Panel Questions

1. What are the common challenges associated with affectively communicating the new compensation program?
2. What percent of the programs success depends on communication?
3. Who should handle communication of the sales comp plans?
4. How do you handle communicating plans that are “less rich” than the current plans?
5. What medium works best for communicating the plans? (in person, phone, web, email, etc.)
6. What documentation to you provide for the reps to keep?
7. When is the best time to communicate the new compensation plans... before the start of the year, or after (if after, how much after)?

Panel Questions (Continued)

8. Do you require a signed acceptance form from reps? If so how successful are you at obtaining this?
9. How do you determine if the plan roll out was effective?
10. What metrics do you track to evaluate the success of the program during the year?
11. How do you manage mid-plan issues? How do you handle comp plan governance?
12. What role does your EIM solution play in the communication and metrics of the plan? What could it play that it's not today?
13. How often do you have exceptions to the general plans? Who approves the exceptions?
14. How has the economy affected your 2009 plan designs? Are you planning on increasing, decreasing, or maintaining your TTC/OTE?

Concluding Remarks

Management: What Drives Sales?

Factor	Description	Methods
I. Leadership	<ul style="list-style-type: none">• Corporate Vision• Communication	<ul style="list-style-type: none">• Speeches• Learning• Orientation• Leadership Conferences
II. Accountability	<ul style="list-style-type: none">• Measurement• Engaged Management	<ul style="list-style-type: none">• Appraisal Process• Program Execution• Reporting
III. Skills and Self-Accomplishment	<ul style="list-style-type: none">• Individual Goals and Needs• Personal Achievement Programs• Affiliation/Team	<ul style="list-style-type: none">• Career Progression• Recognition Programs• Training
IV. Remuneration	<ul style="list-style-type: none">• Cash• Security Programs• Incentives	<ul style="list-style-type: none">• Base Pay• Benefits Stock• Incentive Compensation

Sales Compensation Plan Design Effectiveness

**Step 1:
Confirm**

**Step 2:
Design**

**Step 3:
Execute**

- Business Objectives
- Sales Strategy and Structure
- Job Design
- Corporate Compensation Philosophy

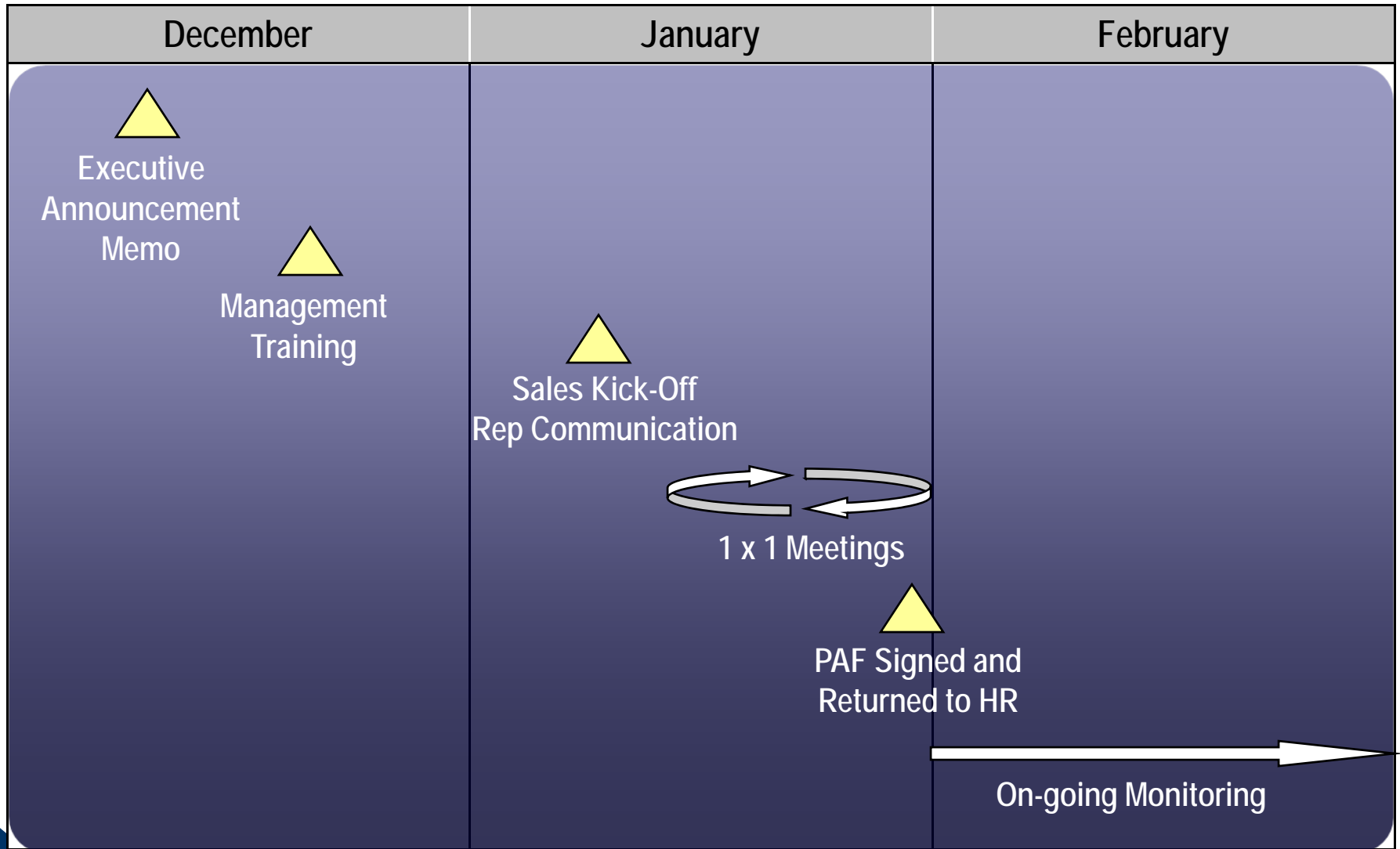
	Eligibility	Target Total Comp.	Pay Mix	Leverage	Measures	Weightings	Mechanics	Performance Period	Payout Frequency	Quota	Crediting
Account Executive											
Inside Sales											
Partner Manager											
Business Development											

- Cost Modeling
- Administration
- Documentation, Communication, and Rollout
- Ongoing Evaluation

Effective **CHANGE MANAGEMENT** principles are required to successfully implement and communicate even the best-designed sales compensation programs.

- ✓ Absolute buy-in from the executive team
- ✓ A compelling reason (business case) for change
- ✓ Support from relevant stakeholders and influencers in the organization
- ✓ Cascading communication approach; no one is left out of the loop
- ✓ Appropriate level of training and communication collateral for all affected employees
- ✓ A smooth transition strategy for all individuals to the new plan
- ✓ Administrative systems and reporting must be developed and functioning when the new program goes live

Example Communication Time Line



Example Project Success Metrics

Success Criteria	Metric	Frequency
Timely communication to field	Plan documents sent to all incumbents by x	1 time a year
Timely receipt of all Plan Acknowledgement Forms	HR receives all PAFs by x	1 time a year
Involuntary attrition rate	Average monthly involuntary attrition rate equal to or better than average rates	Monthly
Compensation expense to revenue ratio	Quarterly compensation (base + incentive) over revenue at expected level	Quarterly
Quota attainment distribution	65% quarterly YTD quota achievement	Quarterly
Pay discrimination based on performance	Quarterly performance: 10% achieving Threshold and 10% achieving Excellence	Quarterly
Excellent payment forecasts	Top 10% achieve 3x target incentive	Quarterly/ Annually
Payment calculation timing	Time between reported financials and files sent to payroll for processing is 4 weeks or less	Quarterly
Payment accuracy rates	Quarterly number of disputes at or above current standards	Quarterly
Field feedback	Field feedback survey indicates that incumbents understand their plan and feel that it is effective	Semiannual

Establish Sales Compensation Governance Charter

Establish a charter for each of the key stakeholders:

Sales Management

Establish Objectives, Define Deployment, Identify Measures, Represent Field Perspectives and "Own" the Sales Comp Plan

Marketing

Confirm Product and Price Objectives

Finance

Establish Expense to Revenue Ratio, Cost the Plan, Provide Administration

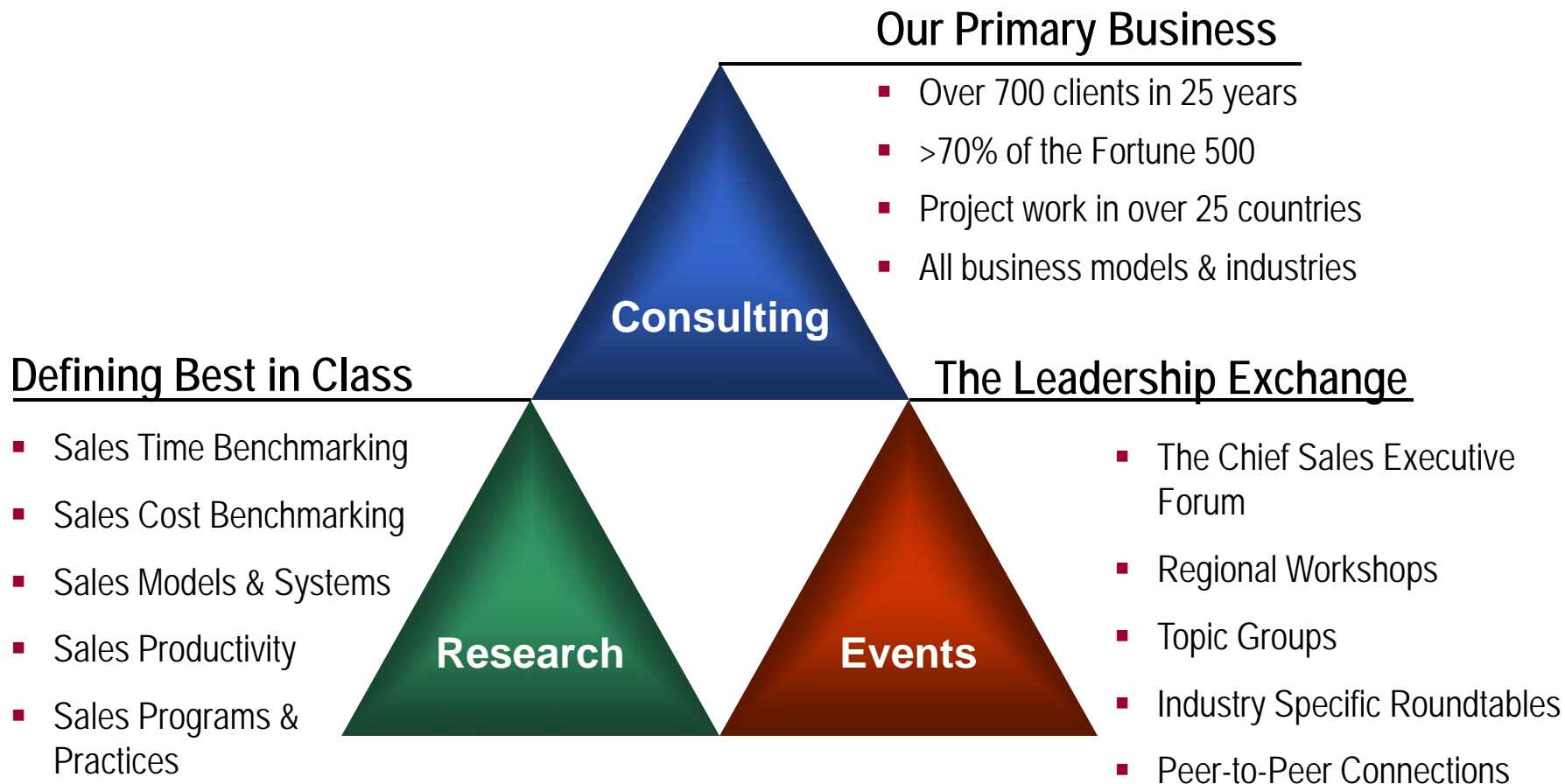
Sales Operations

Provide Pay/Performance Data, Ensure Tracking and Evaluate Plan Performance

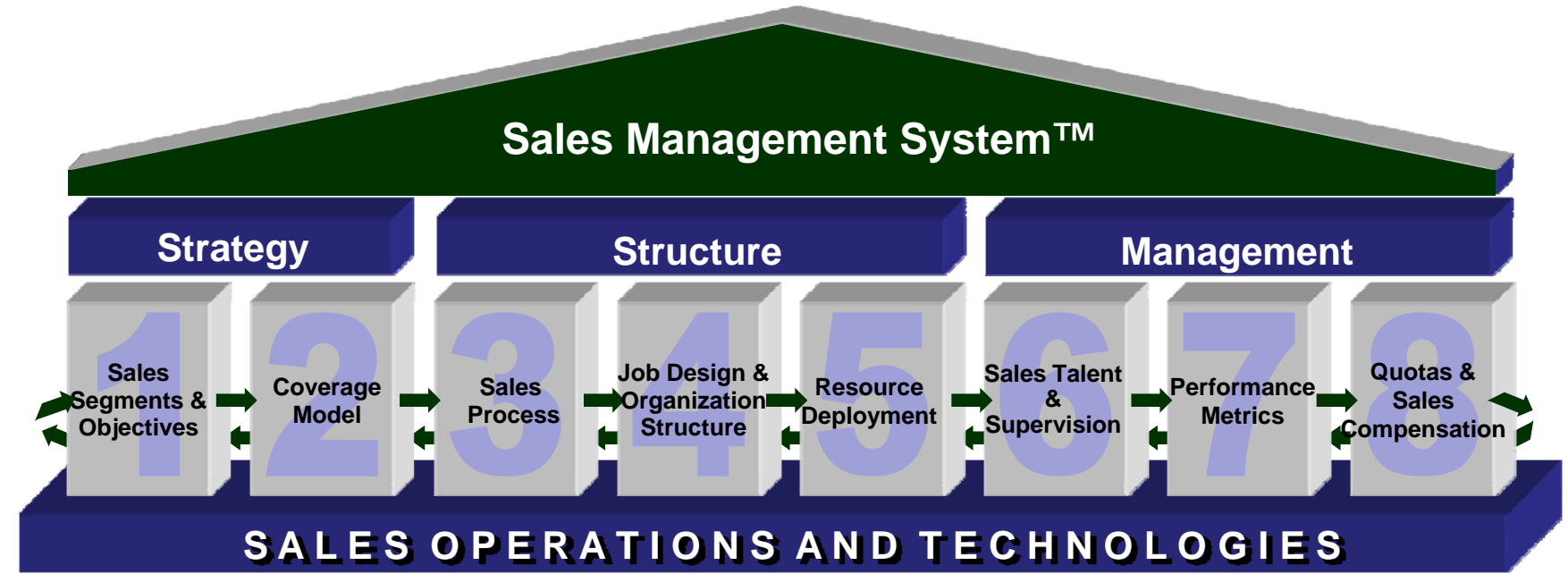
HR/Comp

Gather External Pay Data and Facilitate the Design Process

The Alexander Group's Services



Sales Management Consulting Services



- Market Opportunity Analysis
- Customer Segmentation
- Segment Sizing / Targeting
- Customer Needs and Buying Process Assessment
- Value Proposition Development
- Retention Selling Strategy
- New Product Selling Strategy
- New Customer Selling Strategy
- Solution Selling Strategy
- Sales Budgeting and Planning

- Sales Process Development
- Sales Process Optimization
- Sales Coverage Gap Analysis
- Sales Collaboration Best Practices Rules of Engagement Development
- Organization Structure, Span of Control and Job Reporting Design
- Job Role and Responsibility Design
- Territory Design
- Sales Force Sizing and Allocation
- Inside Sales Program Design
- Channel Partner Program Design

- Sales Metrics Dashboard Development
- Sales Process Benchmarking
- Revenue Results Analysis
- Sales Channel Productivity Analysis
- Sales Time Optimization
- Cost of Sales Analysis
- Quota Management Program Design
- Sales Compensation Design
- Sales Compensation Administration
- Sales Automation
- Recruitment and Retention Strategy
- Sales Management Coaching