

# Sales Compensation

# Sales compensation

- **Sales compensation** is the combination of base salary, commission, and incentives that are used to drive the performance of a sales organization.
- **Sales compensation** management is the method of overseeing plans and ensuring components drive performance aligned with organizational goals.

# Sales Compensation Objectives

- Provide a living wage
- Adjust pay levels to performance
- Mechanism to achieve company and Individual goals

# Sales Compensation

- How to fix the wage

- Simple ranking
- Classification or grading
- Point system
- Factor comparison method (Factor comparison is to assign the relative parts of each job role a financial value i.e. the amount of compensation offered for that part of the role).

# Sales Compensation

- Compensation Patterns
  - Present compensation system in the industry
  - Average compensation for similar positions
  - How are the companies doing at this levels

# Sales Compensation

- Compensation elements

- Fixed element (Base salary)
- Variable component/s (up and down)
- Fringe benefits (an extra benefit supplementing an employee's money wage or salary, for example a company car, private health care, etc)
- Reimbursements (the action of repaying a person who has spent)

# Sales Compensation

- Types of compensation plans
  - Straight salary plan
  - Straight commission plan
  - Combination of salary and incentive plan

# Sales Compensation

- Minimum expectations

- Job Security
- Right leadership
- Professional environment
- Suitable pay
- Enhancement