

# Software Company Creates a Globally Consistent Sales Compensation Program to Improve Productivity and Cut Costs

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## The Situation



With a high sales expense to revenue (E/R) ratio and missed

revenue targets, a Fortune 500 Software Company was looking for ways to improve productivity and cut costs. Each of the three business groups had their own sales and sales operations teams. Further complicating the situation, the main business group had three regional organizations (the other two business groups were structured globally). Although aligned with local business and market needs, this decentralized structure led to a proliferation of roles and sales compensation plans, which was costly and difficult to administer. Additionally, due to the misalignment of plans and inconsistency applying best practices, managers often “shopped the plans” instead of applying the right role to the right plan.

## The Challenge

Sales leadership sought to transform the sales organization by streamlining standardized, simplified and aligned global sales roles and respective sales compensation plans for approximately 4,000 employees. Since the businesses and regions were used to operating independently, gaining buy-in throughout the process was critical.

## The Solution

The Alexander Group, Inc. (AGI) worked with the client to build a new top-down governance structure that included an executive committee, steering committee, centralized design team, and six sales leadership (input and review) teams. AGI conducted working sessions and collaborated across all the teams to finalize a global set of job roles and build global sales compensation plan designs for each role. A customized set of sales compensation principles based on best-in-class practices and the client’s pay philosophy were applied to each role. To promote a culture of shared understanding and gain leadership buy-in, frameworks were developed to document the final solution and how the principles were applied.

## The Benefit

Leadership agreement on business outcomes – and a consistent go-to-market strategy across the regions – led to a standard set of predefined roles; the Company was able to successfully consolidate across the three business groups and regions into a single set of global roles and plan structures that aligned to its strategy and goals. The number of plans was significantly reduced from about 550 plans to 80 plans. A common set of pay for performance principles drove consistency across plan structures; for example, a simplified pay mix and pay curve structure was applied to all global roles. A shared vision, championed by regional leadership combined with clear and concise documentation, allowed the company to quickly gain buy-in, educate the sales team, and manage using the new practices.