

Rapidly Growing Social Media Company Realigns Compensation Plan

Situation:

With significant growth over the last few years, a social media company continuously evolved its business strategy but lagged in making changes to its sales compensation plans resulting in plans that were misaligned with the company's current business objectives. Additionally, the company struggled to attract and retain the right level of talent because pay levels were not competitive.

Challenge:

The executive team wanted to align pay levels with the company's post-IPO pay philosophy and to design compensation plans that reflect business strategy. Developing a market competitive sales compensation plan to attract and retain top talent was one of their key objectives.

The market competitive plans were designed to drive growth and meet leadership's sales objectives, as well as support the development — and retention — of a world class sales team.

Solution:

The cornerstone of this engagement was a philosophy discussion facilitated by the Alexander Group that set the foundation for the sales compensation plan design. We collaborated with key stakeholders at the company to design market competitive plans which reflected the business strategy. To illustrate the recommended changes, we compared the prior fiscal year with

the new fiscal year's plan design. In order to retain top sales talent, we created a strategy to bring incumbents in line with the revised pay ranges.

Benefit:

Implementing the new sales compensation plans was cost neutral with the incentive budget redistributed to reward top performers while discouraging underperformance. The market competitive plans were designed to drive growth and meet leadership's sales objectives, as well as support the development — and retention — of a world class sales team.