

Software Company Grows Up, Invests in Sales

The Situation



This mid-market learning management software company

suffered from underinvesting in sales for several years. The current incentive plans paid below market up to quota and well below market upside pay, resulting in poor hiring and high turnover with 23% sales team churn in 2013-2014. Aside from low quotas, they didn't have a sales culture. The very product-driven culture was not attracting top sales talent.

The Challenge

This client needed to improve the market competitiveness of their base and incentive pay. Their sales force quota attainment was only 18% and 26%, well below the benchmark of 55%. Also, their accelerators above plan were only 1.25X compared to the industry benchmark of 2x. Their growth was mainly driven by a small number of highly tenured reps in their sales force. To increase this growth, the volume of turnover had to decrease. This company also required higher investment in sales enablement.

The Solution

The Alexander Group led this company through a design process resulting in market competitive plans and quota setting practices. Some recommendations included: simple commission rate structure (two rates on pay curve) makes the plan easy to understand, consider job-level quotas for sales roles to align to commission rate mechanic, bookings from leads for lead generation reps rewards for activities pre or early in sales process, and lower pay mix and leverage/upside for directors reflects level of sales influence and aligned to market practice. We also shared insights and benchmarks on sales enablement. After reviewing their needs, the Alexander Group helped the company align roles and create marketing plans to attract and retain talent.

The Benefit

The new plans helped the client to successfully hire and retain top sales talent to expand their Enterprise sales team. The restructured incentive plans were also more market competitive making them more attractive to new talent. In addition, the company implemented higher investments in their sales enablement. The company is now on target to achieve their aggressive, double-digit growth expectations.

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SALES EXEC: PAY CURVE COMPARISON

% TI Paid — FY14 pay curve
 — FY15 pay curve

