

# Sales Compensation Cost Model Not Meeting Internet Company's Needs

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## The Situation



A Fortune 100 internet services company has five business

units, five regions, 86 sales compensation plan structures and 260 sales compensation plans with unique rates.

The company's sales compensation cost model only provided aggregate annual costs.

## The Challenge

The internet services company needed to update their cost model to accommodate all their new fiscal year sales compensation plan designs. However, finance wanted more accurate and detailed cost data for planning purposes. They wanted to view costs by many multiple lenses — business unit, region, amortized/non-amortized expenses, quarter and various scenarios.

## The Solution

The Alexander Group, Inc. (AGI) developed a macro-enabled excel model that included: sales compensation plan summary, 260 sales compensation plan abstracts with scenario modeling, incumbent/TBH data, and detailed cost summary. AGI categorized the cost summary outputs by business unit, region and amortized/non-amortized expenses by quarter/year for various scenarios.

## The Benefit

The internet services company reported an improved budget setting and financial predictability.

**Plan Summary and Scenario Inputs:** Analyzed 3 years of data to set quota breakpoints and excellence levels

PLAN SUMMARY

DISTRIBUTION SCENARIOS

