

Sales Compensation Assessment and Design to Support Shift in Sales Force

IP Leader: Craig Ackerman | Project Leader: Tray Chamberlin

The Situation



A leading medical device company's sales compensation plan was driving

high-performers to exit the organization. Their sales compensation designs were complex and allowed incumbents to “shop the plan” due to multiple measures.

The Challenge

The client needed to ensure a strong pay-for-performance alignment and simple sales compensation plan designs. Ideally, the plans would naturally tier the sales organization and reward surgical sales.

The Solution

The Alexander Group (AGI) assessed the current sales compensation plans and identified misalignment between payout and performance and over-reliance on SPIFFs to drive performance. AGI worked with the client to design new sales compensation plans to align to the company's strategic goals, while driving consensus among sales leadership and other key stakeholders. Finally, AGI developed a dynamic cost model that determined the calculated projected sales compensation costs and determined individual seller impact.

The Benefit

The company implemented a tiered commission structure that introduced greater pay-for-performance and pay-a-premium for surgical sales. They also conducted detailed cost modeling and individual impact analysis. Since implementing an improved incentive sales compensation program (and clarifying role alignment and rules of engagement), the company has seen a 25 percent increase in surgical sales results year-over-year as well as above-market growth on core products.