

## 8 Steps to navigating sales commission year end

- 1) Plan on finishing the current year properly. Make sure year end bonuses are projected and calculated. If there are draw balances, decide on recovery and forgiveness.
- 2) Assess current year performance. Summarize sales and compensation costs for the year. Analyze and identify findings that indicate what worked and what didn't. Document unusual events that modified performance or cost projections.
- 3) Analyze the economy and industry and create a point of view as to business performance in the next year and possible opportunities and risks. Design sales strategy for the firm for the next year. Size the marketplace and revenue growth by distinct elements of the business such as customers, products, territories, etc.
- 4) Design compensation strategy for the next year. Determine sales performance expectations/quotas by different sales reps for the next year. Determine sales commission cost as a percentage of sales.
- 5) Model commission plans for various roles and assess commission costs for various performance levels.
- 6) Have executive management agree and approve the plans.
- 7) Create communication material for plans and expected effects and frequently asked questions. Train first line sales managers on the plan rationale, scenarios and performance expectations. Have first line sales managers explain to sales people their sales plans for the next year and get commitments.
- 8) Establish commission plans in the sales commission compensation software. Load all quotas and other opening balance information. Make sure sales data is integrated with the commission solution. Test commission calculations to make sure results are according to expectations.