

 **Varicent**
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ORGANIZATIONAL PHYSICS

The System Revenue Leaders Feel But Can't Name

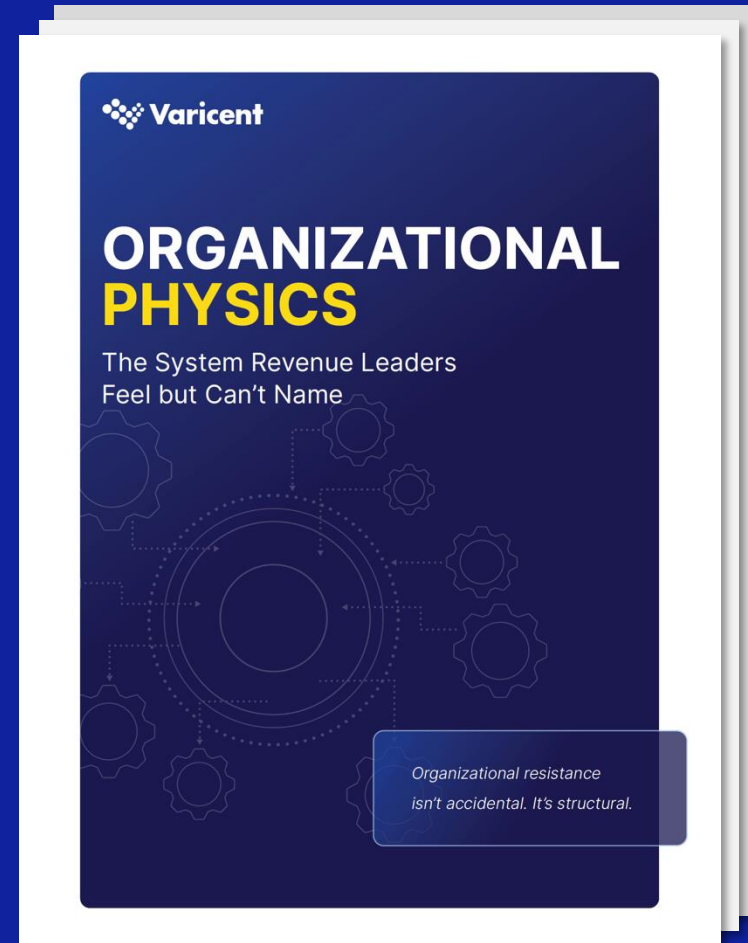
*“Organizational resistance isn't accidental.
It's structural.”*

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The System Revenue Leaders Feel But Can't Name



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ORGANIZATIONAL PHYSICS

*The System Revenue Leaders Feel
But Can't Name*



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01

The Problem

Why the system resists

Adapt Sales Comp to Go-to-Market and Market Dynamics

Sales Compensation Plans

97%

of companies made changes to their 2026 sales compensation plans. Sales strategy shifts, ineffective plans and sales organization changes were the top three reasons for change. At the same time, 66% are leaning further into pay-for-performance.

External Market Conditions

70%

of companies adjusted practices due to external market conditions, and the data suggests that pressure may be shifting inward—toward sharpening the design, execution fundamentals and governance.

Source: Six Hard Truths About Sales Compensation in 2026 – Alexander Group



Is your GTM strategy accelerating revenue, or just adding weight?

Bridging the gap between 2026 growth targets and the reality of seller capacity.

Sales Strategy and Transformation

72%

"70% of sellers reported being overwhelmed by the number of technologies required to do their work, and 72% of sellers were overwhelmed by the number of skills required for their roles."

Market Dynamics and AI Reality






75%

"The real story, however, lies in collapsing headcount growth expectations, from 6.0% in 2025 to just 2.0% in 2026.....Similar to last year, 75% of CFOs expect technology budgets to rise by 4% or more, while only 38% anticipate an increase in staff headcount budgets."

*Source: Gartner Press Release, Gartner Sales Survey Reveals Sellers Who Partner With AI Are 3.7 Times More Likely to Meet Quota, 16 September 2024.
Gartner, 2026 CFO Budget Priorities: Growth Functions, Tech and AI Consume Higher Budget Share, 15 December 2025*



You already know something is wrong.

-  *Quotas that arrive late — if they arrive at all.*
-  *Territories that change three times before anyone believes them.*
-  *A comp plan nobody fully understands when the quarter begins.*
-  *A new CRO with a new strategy that feels strangely familiar.*
-  *SPIFs deployed in Q1 to manufacture urgency that structure should have created.*

“Changing one element of a go-to-market system breaks others.”

The name for what you've been feeling is Organizational Physics.



The Numbers Confirm What Leaders Already Know

92%

of revenue leaders say misalignment is costing them revenue

21%

are actively doing anything about it

58%

over-assign quotas 20–30% just to make the math work

43%

Average quota attainment in 2024

39%

of sellers cite misalignment as top reason GTM plans fail

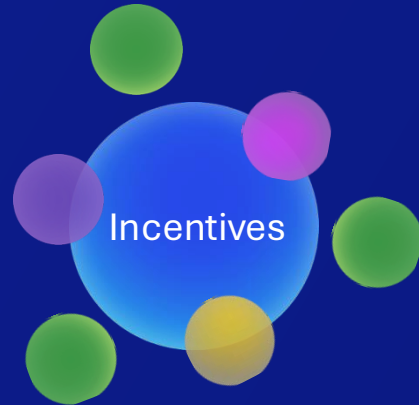
37%

Year-over-year increase in quota targets in 2024

Sources: Varicent 2025 Market Spotlight (1,400+ revenue leaders) · RepVue Cloud Sales Index



Targets & budgets get set. Then every function kicks into gear.



Leading to unintended consequences.



The system seeks equilibrium.



The failure isn't effort.
The failure is structure.

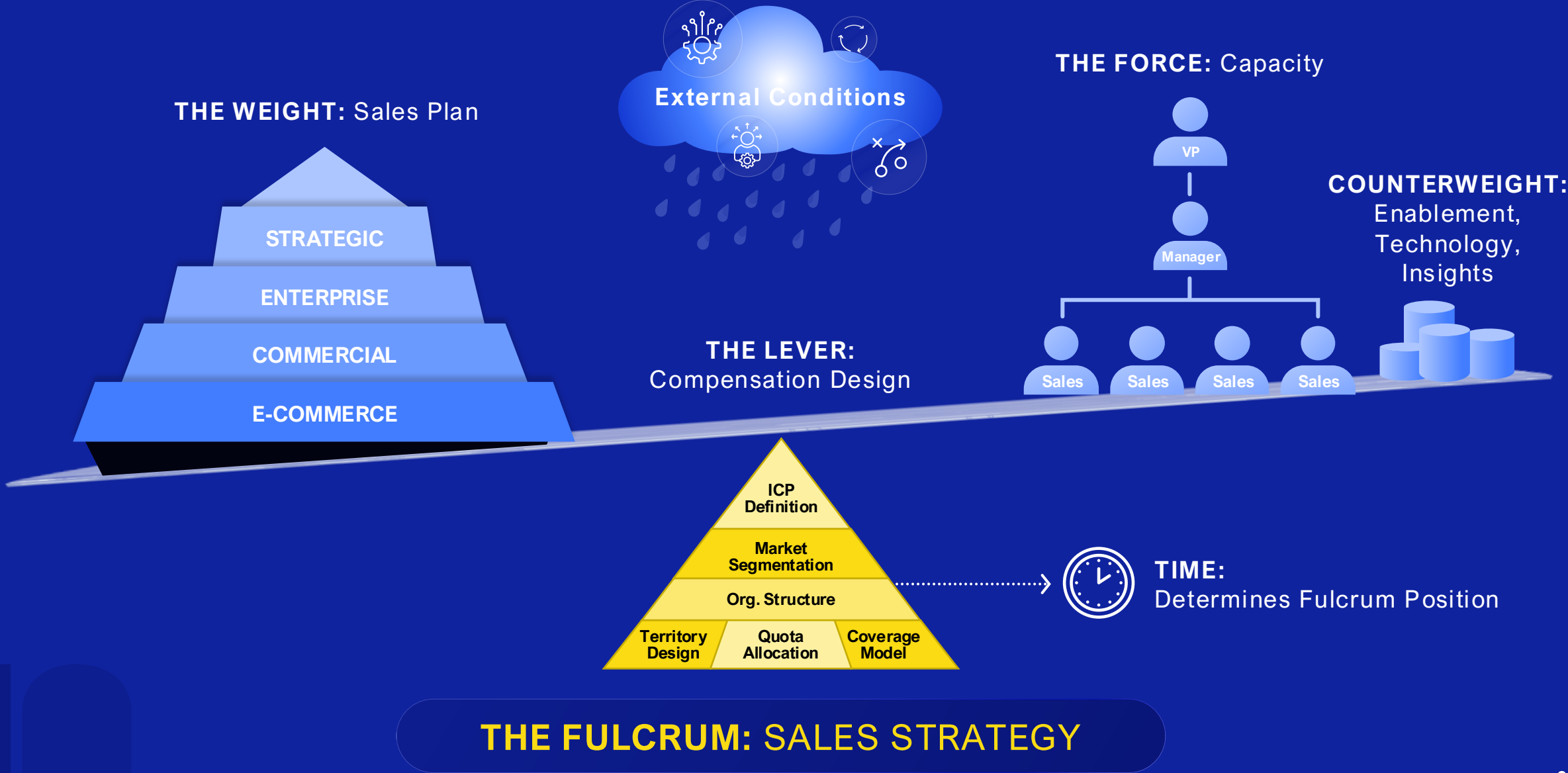
And structure has a physics.

02

The Model

The mechanical system made visible

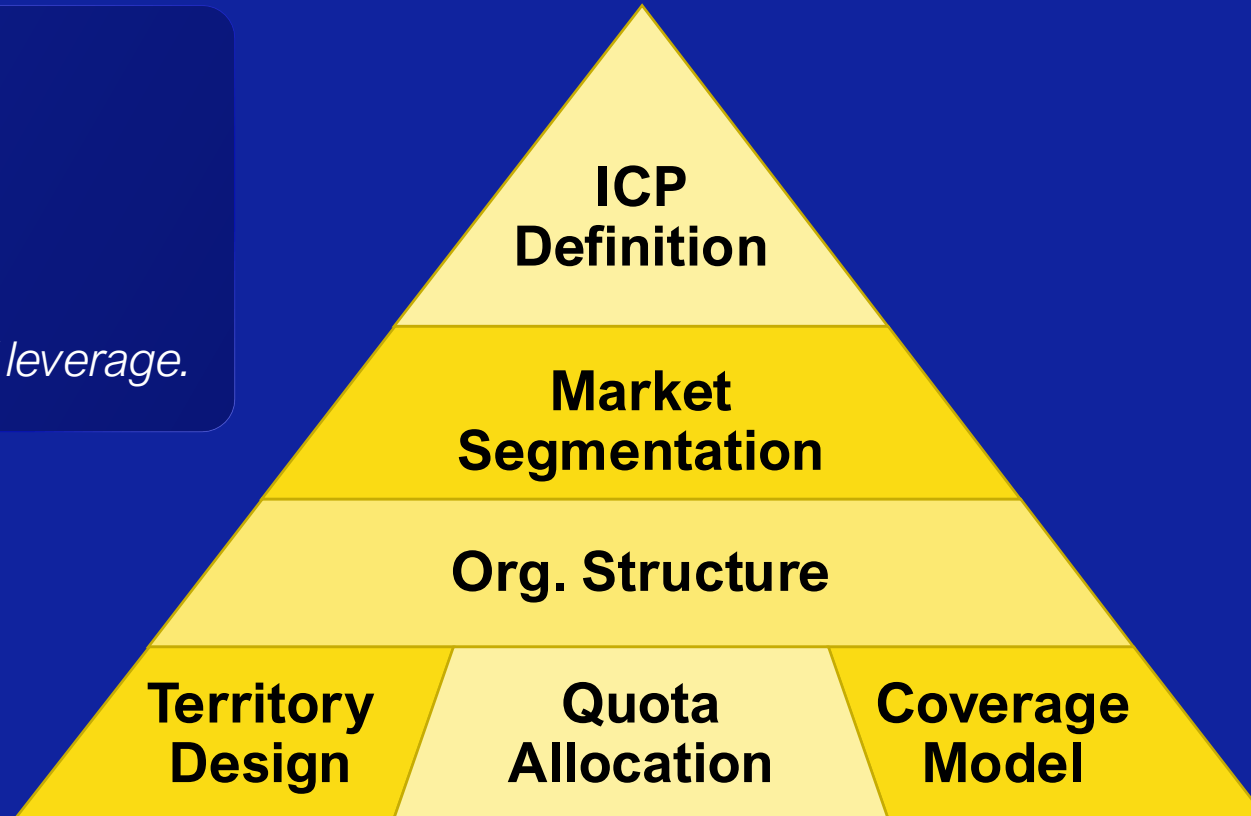
The Organizational Physics Model



The Fulcrum Is Multidimensional

THE FULCRUM: Sales Strategy

*Six strategic decisions.
Every one a dimension of leverage.*



A change to any one dimension ripples through all the others. Strategy misaligned with market reality places the fulcrum in the wrong position. No amount of effort can compensate.



The Anatomy of a Fast Start

Speed is the Ultimate Strategic Dimension

A plan that isn't in the field is a plan that doesn't exist.

The Zero-Friction Objective

A Fast Start is the elimination of "planning drag." It means the Fulcrum (Territory, ICP, and Quota) is locked and the Lever (Comp) is active the moment the clock starts on Day 1.

Force Without a Point of Application

Every day your Force (Sales Capacity) spends waiting for a plan is a day of wasted mechanical advantage. You are paying for the engine to idle while the race has already begun.

The Q1 Gravity Well

In Organizational Physics, momentum is difficult to build but easy to lose. Starting behind the curve doesn't just cost you six weeks; it changes the trajectory of the entire fiscal year.

Proof: "The percentage of tech CEOs aggressively pursuing revenue growth has risen significantly, from 21% in 2024 to 37% in 2025, while those balancing growth and profitability remain nearly the same at 39%." But only 4% express high confidence that deal velocity is accelerating. — Gartner, Sales Team Velocity Flywheel: Gain Pipeline Confidence as a Tech CEO, Feb 2025



Time: The Variable That Moves Everything

SCENARIO A: Ready at Kick-Off

12 MONTHS OF EXECUTION



SCENARIO B: Delayed 6 Weeks

PLANNING

10.5 MONTHS OF EXECUTION

6 WEEKS LOST



Q1 Q2 Q3 Q4

*Same plan. Same talent. Same strategy.
Where the fulcrum sits at fiscal year kick-off determines what the year can become.*

SBI RESEARCH 600+ COMPANIES

6x

higher annual growth for fast starters

65%

of orgs — full year determined by Q1

18%

avg growth fast starters vs. 3% slow starters

4 in 10

slow starters recover. None fully close the gap.

“Where the fulcrum sits at fiscal year kick-off determines what the year can become.”

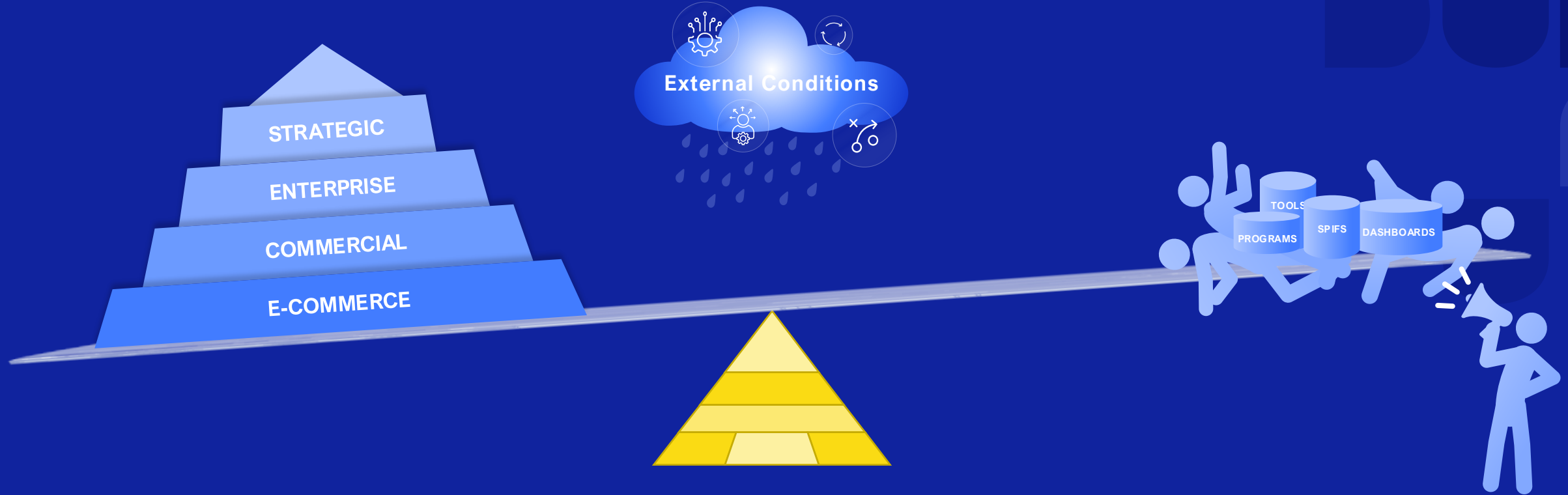


03

The Three Laws

The governing principles of revenue systems

The Three Laws Of Organizational Physics



1: THE EXECUTION-FULCRUM LAW

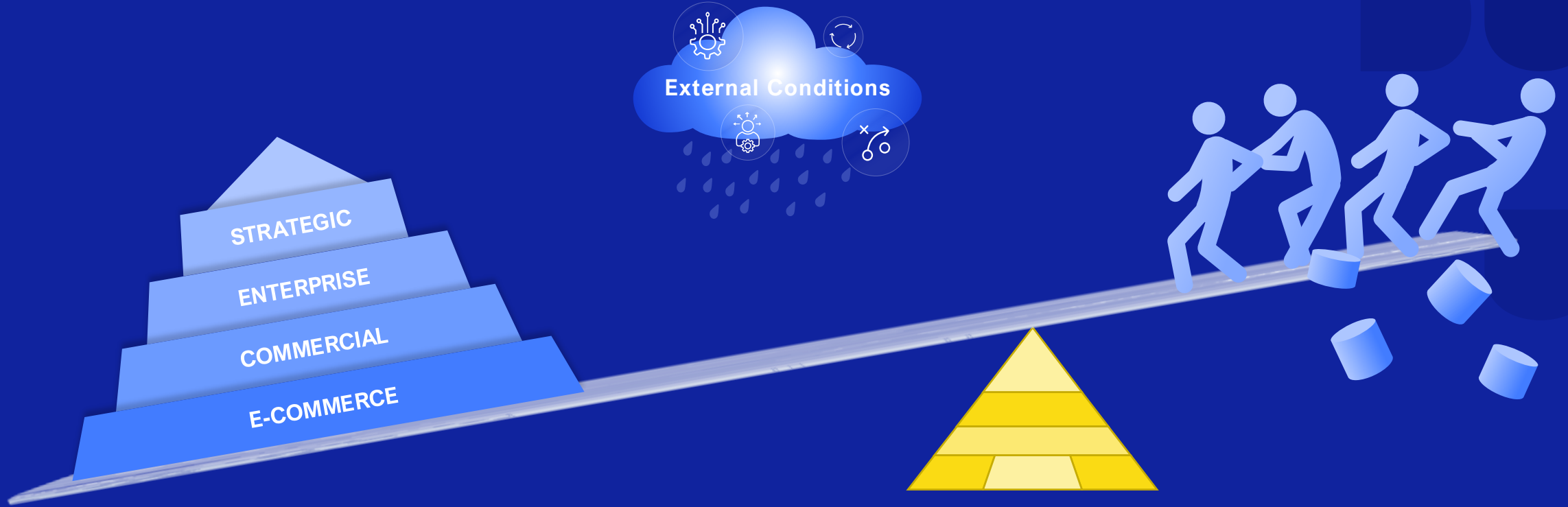
When results lag, organizations add tools, SPIFs, dashboards, and programs. These add weight to the seller. They do not add leverage to the system.

68%*

remain paralyzed by plan inertia and unable to pivot mid-year because the operational weight exceeds their ability to execute.



The Three Laws Of Organizational Physics



2: THE LAW OF INCIDENTAL INPUTS

Execution cannot begin until the revenue system is structurally complete. Every delay moves the fulcrum right. Poor design shortens the lever. Misadministration snaps it.

74%*

*of organizations that miss a day 1 plan launch never recover the lost momentum, resulting in a **15% average revenue deficit**.*



The Three Laws Of Organizational Physics



3: THE LAW OF ORGANISM AND CONSTRAINT

Sales is a living system — adaptive, emotional, human. The optimal state is a well-designed structure that enables the organism to thrive.

70%+

*see the greatest AI potential
at the team or enterprise level*

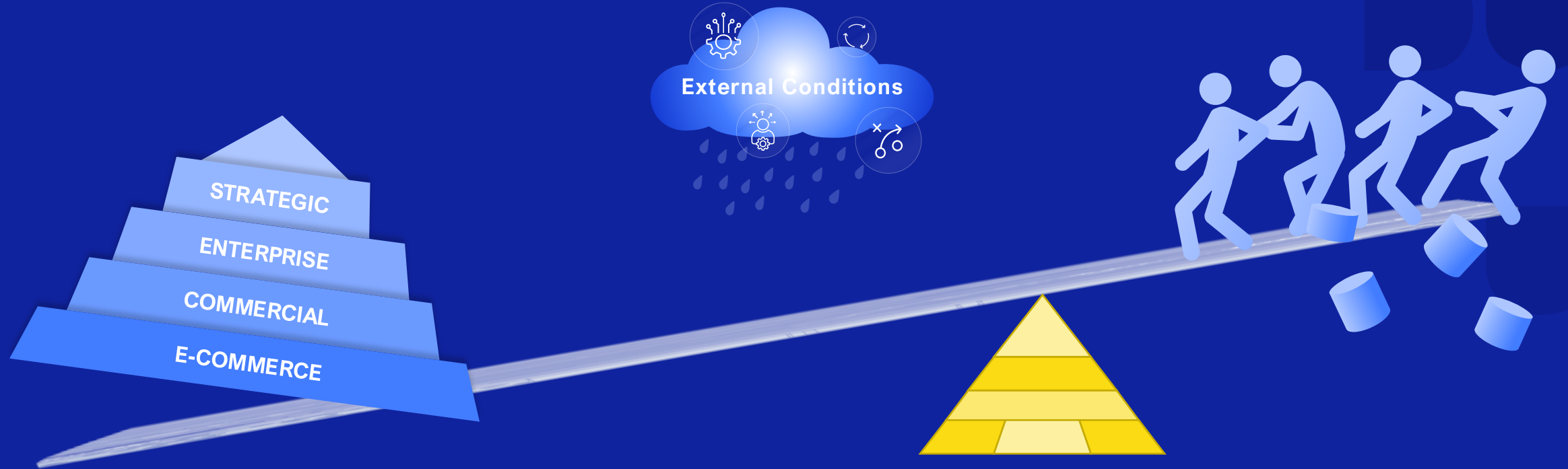


04

The Three Failure Modes

Where does your organization live right now?

Three Predictable Failure Modes



1: Readiness Lags | Fulcrum Shifts Right

SYMPTOMS:

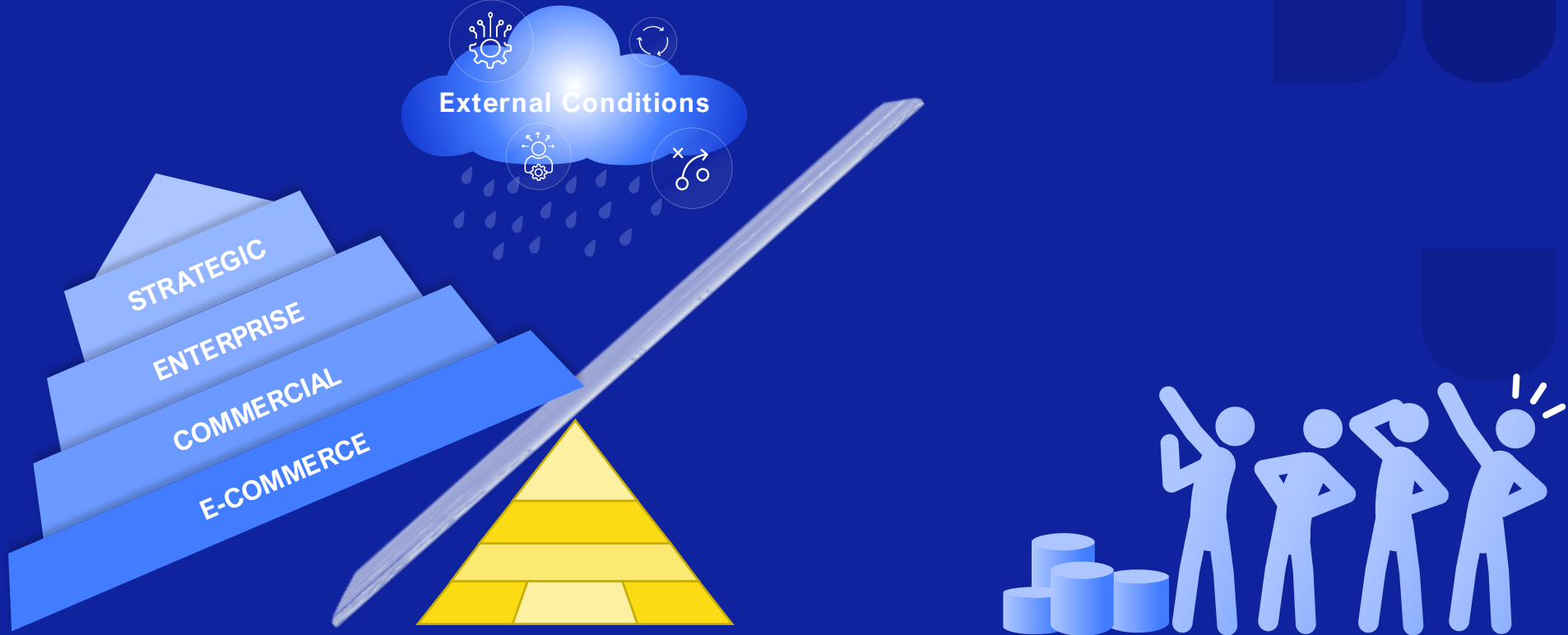
Quota letters arrive months late. Territory assignments change three times. Comp plans arrive in Q1. SPIFs deployed to manufacture urgency.

65%

*of organizations:
full year determined by Q1*



Three Predictable Failure Modes



2: Compensation Design Fails | Lever Shortens

SYMPTOMS:

69% of sellers say quota isn't equitable. 60% say it doesn't reflect territory potential. 75% don't understand how their number was set.

35%

*annual turnover
1.5-2x base salary to replace*



Three Predictable Failure Modes



3: Weak Process & Tools | Lever Too Thin

SYMPTOMS:

Spreadsheets, opaque ICM tools, calculation errors, delayed payments. Trust collapses quietly. Top performers exit first.

91%

of organizations missed quota expectations in 2024



*Each failure mode has
predictable symptoms and
requires different interventions*

05

The Structural Advantage

Engineering the system rather than patching it

The SPM Market Optimizes Components. Not Systems.

Compensation Design

Comp Administration

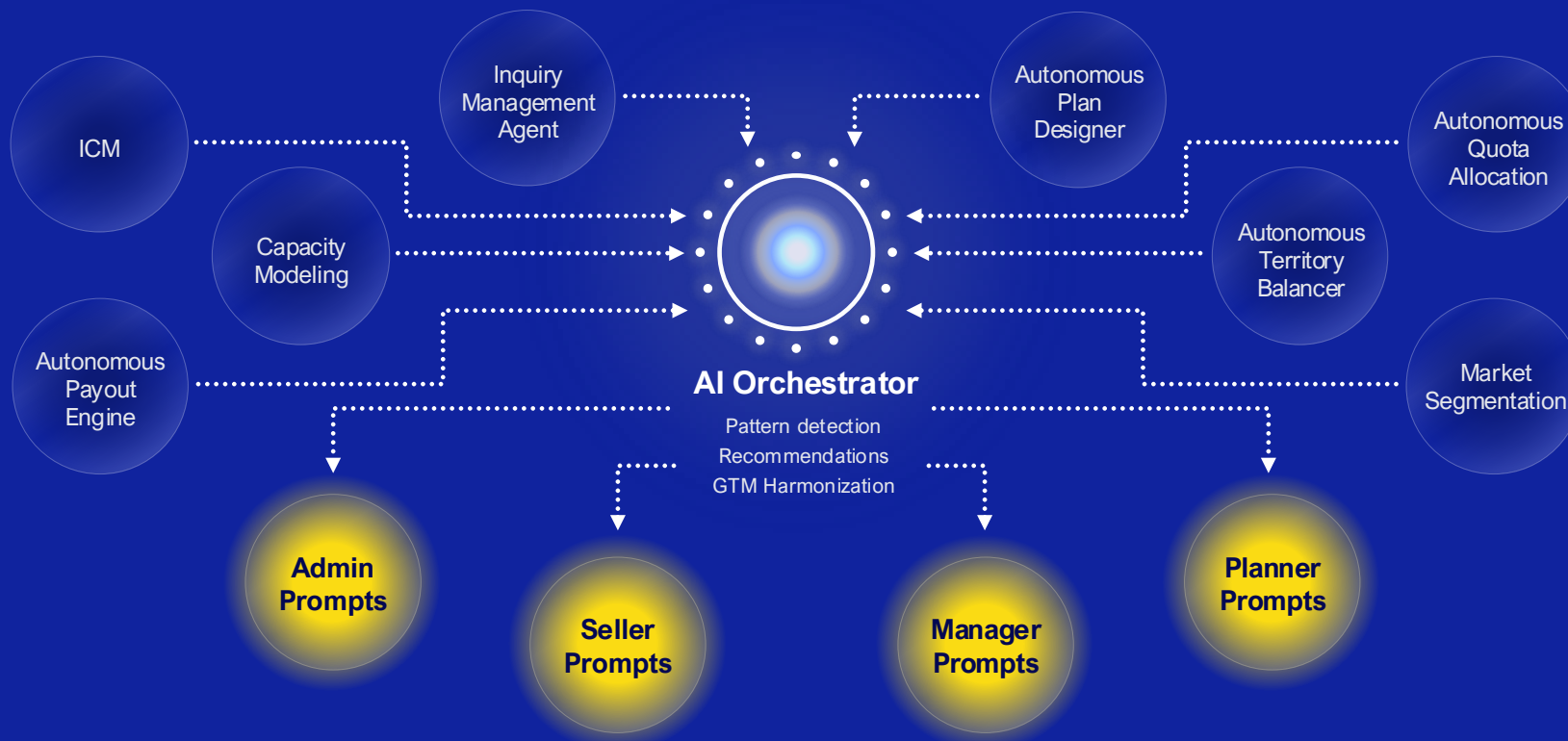
Territory Management

Quota Planning

Capacity Modeling

Market Segmentation

Each optimized in isolation. No system-wide view. No cascade. No connection.



The SPM Market Optimizes Components. Not Systems.

Compensation
Design

Comp
Administration

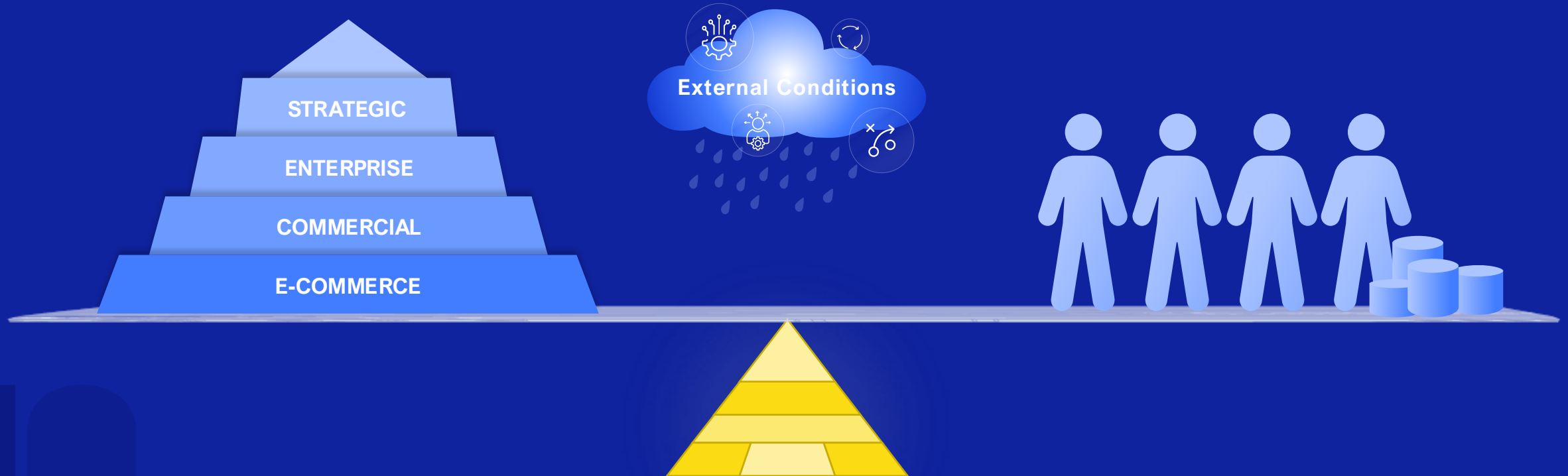
Territory
Management

Quota
Planning

Capacity
Modeling

Market
Segmentation

Each optimized in isolation. No system-wide view. No cascade. No connection.



The Connection Is Measurable

1.8x

*more likely to hit or exceed
revenue targets*

*For organizations with joint ownership
at 2+ critical GTM process intersections*

THE INTERSECTIONS THAT MATTER

Territory Design >> Quota Planning

Capacity Planning >> Seller Assignment

Seller Assignment >> Compensation Design

Territory Structure >> Comp Crediting

Quota Allocation >> Compensation Design

Source: Varicent 2025 Market Spotlight



AI Designed For Organizational Physics

The distinction between system-level and component-level AI is the defining investment decision of the next three years.

82%

*of realized
AI ROI comes from
system-level
investments*

4.6%

*credited seller-level
tools with highest
actual returns*

5x

*High-growth companies
more likely to prioritize
system-level AI*

GARTNER AI TIMELINE FOR SALES ORGANIZATIONS

Gartner Leadership Vision for 2026: Chief Sales Officers, 10 November 2025

2026: Build the structural foundation · 2027: Enable · 2028: Optimize across the full revenue engine

The organizations that have already started will be running compounding systems while their competitors are still resolving handoff delays.



Where is your organization today?

1

The Fragmented State (Most Organizations)

- *Characteristics:*
Planning and execution are disconnected.
- *Symptoms:*
Quotas arrive late (Q1 "Gravity Well"), and territories are unbalanced.

2

The Tool-Heavy State (The "AI Paradox")

- *Characteristics:*
Heavy investment in seller-level AI and point solutions.
- *Symptoms:*
Complexity is rising, but ROI is stagnant because the "structural foundation" is missing.

3

The Harmonized State (The Structural Advantage)

- *Characteristics:*
Joint ownership of GTM process intersections.
- *Symptoms:*
The "Fulcrum" is locked on Day 1. System-level AI is driving 82% of realized ROI.
- *Expected:*
Business Outcome: 1.8x more likely to hit or exceed targets.



**Organizations that understand these mechanics
can design systems that work.**

Organizations that ignore them work harder and achieve less.

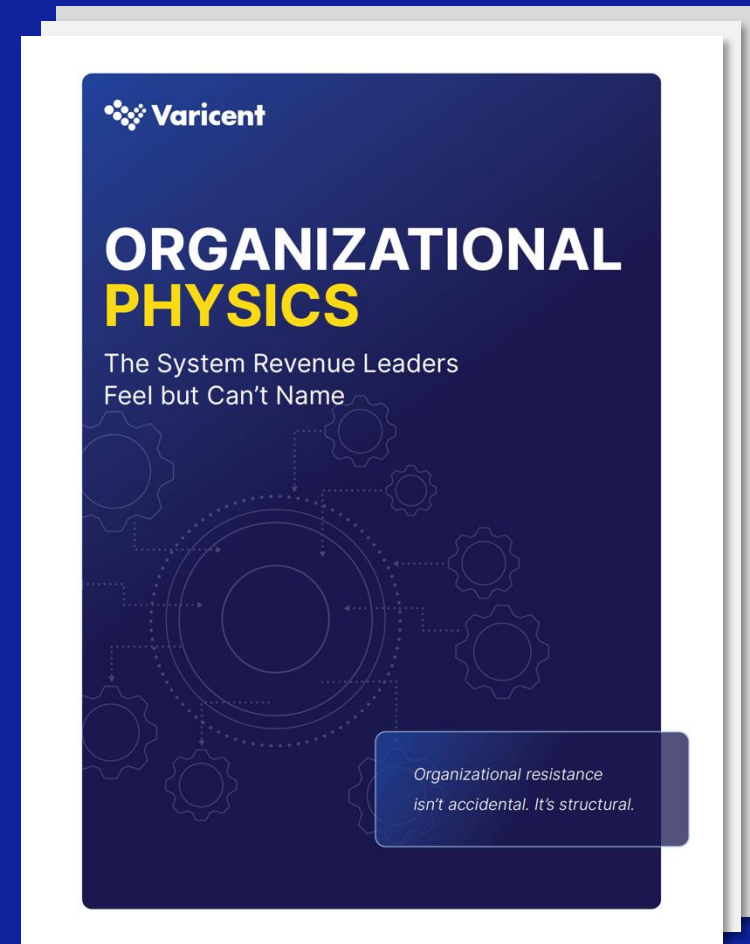


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