



Designing Incentives That Drive Results, Even at Scale

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Impact where it matters.



What we will cover today:

Designing Incentives

Plan Type, Metric, Pay Mechanism

That Drive Results

Reward Desired Behaviors

Even at Scale

Regardless of Company Size

Today's Agenda



Why do we have incentives?



The Exception Trap: How "clean" plans get messy



Design principles that hold: Building resilient architecture



Secret Weapons: Handle new asks without changing the comp plan



Q&A



Benefits of Incentives... Amplified at Scale

Signal priorities

Align sellers to company performance



Measure Performance

Objectively assess performance across a large organization

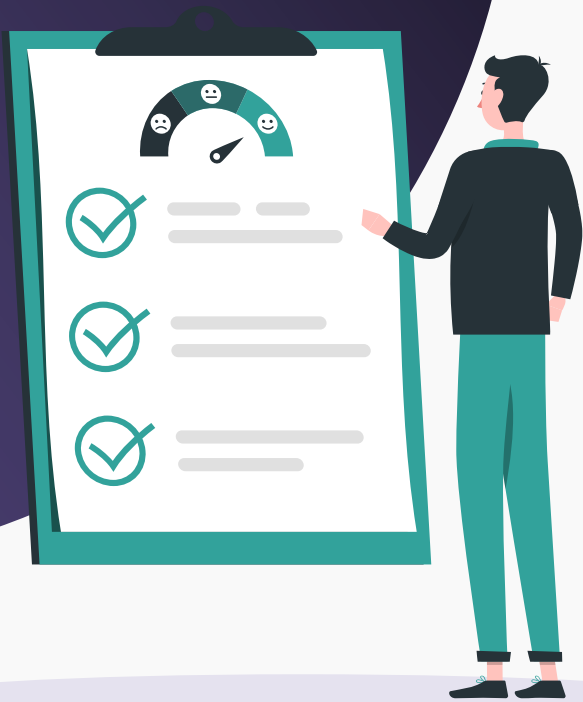


Career management

Retain top performers, encourage bottom performers to move on



Quick Poll: How many distinct incentive plan variants does your organization manage today?



Fewer than 5



5–15

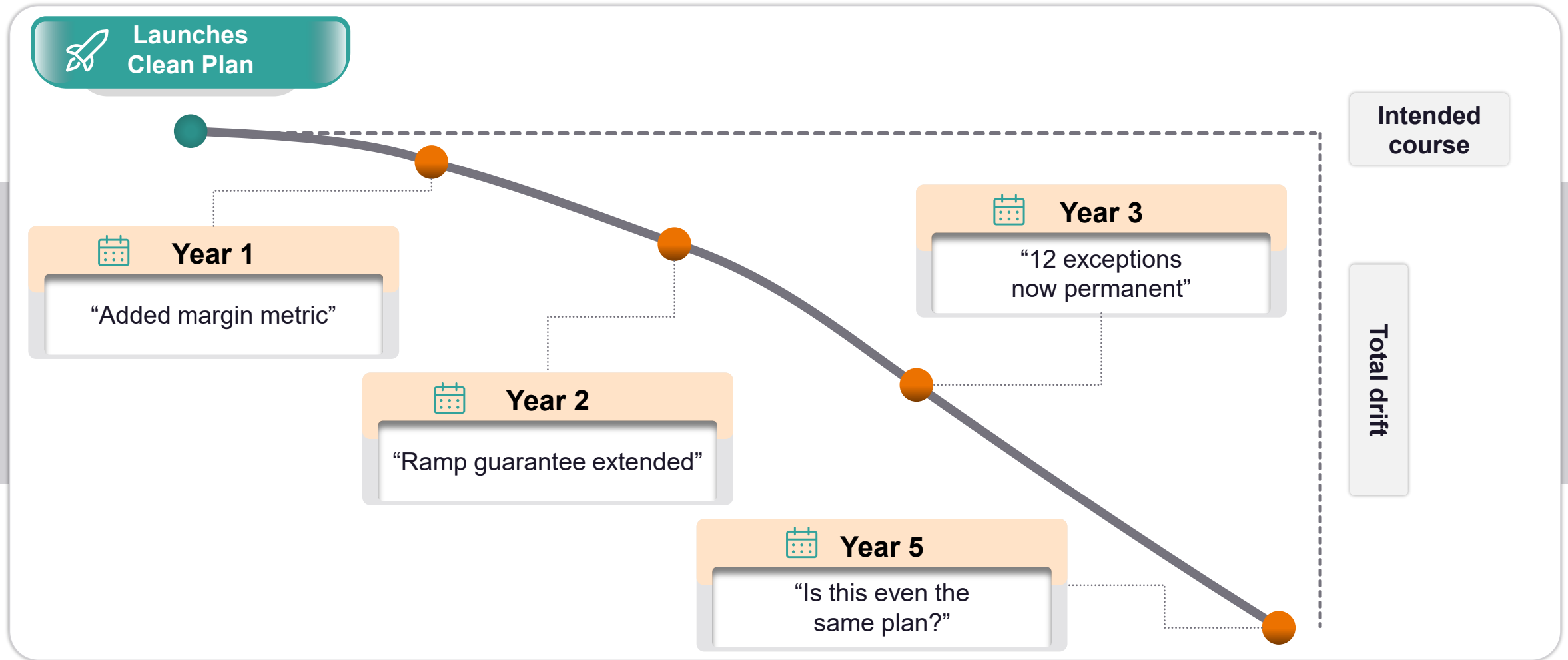


16–30



More than 30






The Exception Trap: How Clean Plans Get Messy



What Good Looks Like: Design Benchmarks



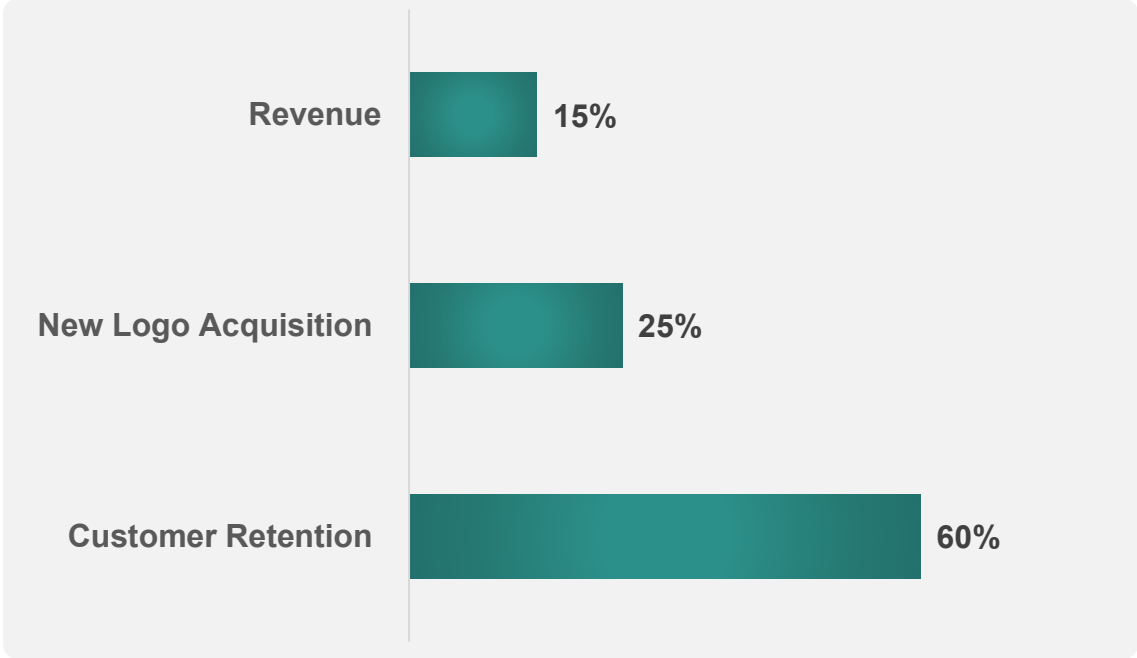
Where Most Companies Are vs. Where They Should Be

Design Element	Best Practice	Typical Reality
 Measures per plan	2–3	4–7
 Minimum weight per metric	20%	Can be <10%
 Reps with exceptions	<5%	10–20%+
 Distinct plan variants (1,000+ reps)	8–12 archetypes	30–50 "unique" plans
 Rep plan comprehension	Near-universal	~40% fully understand

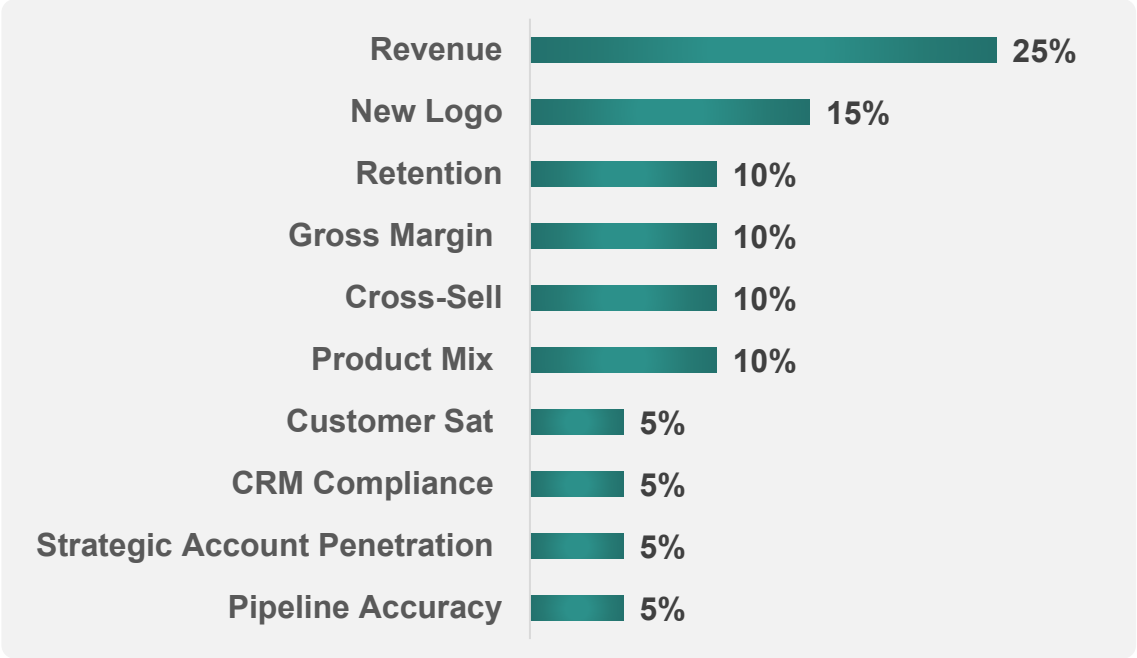
How Metrics Accumulate: The "Christmas Tree" Effect



Year 1: Intentional Plan Design

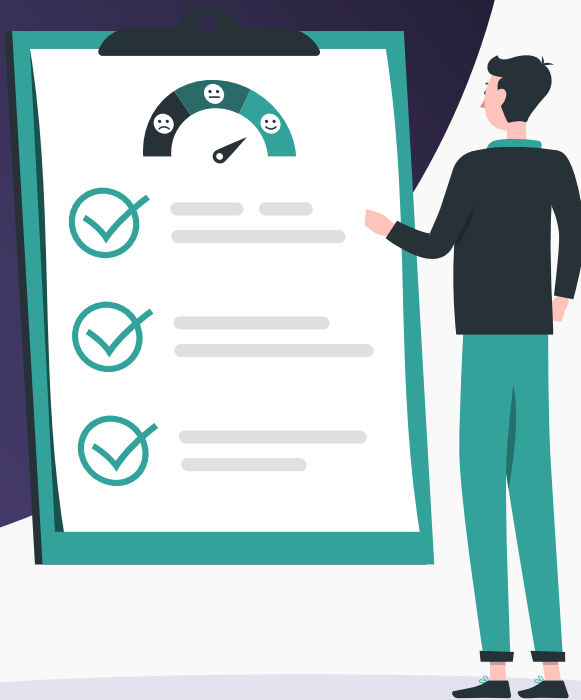


Year 3: After Stakeholder Requests



ZS benchmark: Any metric weighted below 15% of variable pay has effectively zero impact on behavior.

Quick Poll: What's the biggest behavioral problem you see in your sales force today?



Sandbagging: Reps hold deals to manage quota timing



Giving up: Reps below threshold stop trying



Metric gaming: Reps optimize the metric, not the intent



Ignoring metrics: Reps don't know or don't care about low-weighted components

When Incentives Create the Opposite of What You Intended

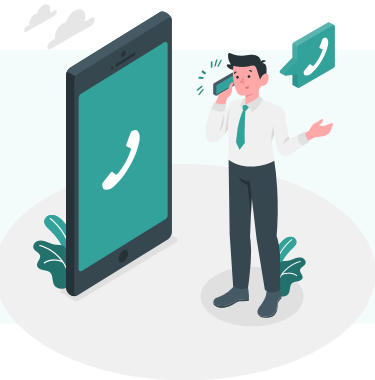
Case Study 1

The New-Logo-Only Plan Paid for acquisition, not retention → reps neglected existing accounts → churn increased → net growth stalled



Case Study 2

The Activity Qualifier Paid for call plan attainment → 100% call attainment reported → actually paid for logging calls, not making them








Case Study 3

“Quit doing my job” Sales only count after product is activated → salesperson chases customer success rep on “missing” activations



Most Organizations Need Only 4–7 Plan Archetypes



Archetype	Typical Pay Mix	Primary Method	Key Metric Focus
 Hunter/New Business	50/50 – 60/40	Commission	Revenue, new logos
 Account Manager	60/40 – 70/30	Quota-Bonus	Retention + growth
 Overlay/Specialist	70/30 – 80/20	Influenced-revenue bonus	Solution attach, cross-sell
 Inside Sales/SDR	70/30 – 75/25	Activity + deal kicker	Pipeline, qualified meetings
 Channel/Partner Mgr	70/30 – 80/20	Quota-Bonus	Partner-sourced revenue
 Sales Leadership	60/40 – 70/30	Team-based bonus	Team attainment, margin

Building Block Architecture: Standardize Components, Customize Combinations



Payout Mechanism

Linear, accelerated, tiered, capped

Pay Mix

3-4 standard options (e.g., 50/50, 60/40, 70/30, 80/20)

Crediting Rules

Direct, influenced, split, overlay

Metric Selection

From an approved menu of 8–10 metrics

Measurement Period

Monthly, quarterly, semi-annual, annual

Payout Method

Commission, quota-bonus, MBO, matrix



6 building blocks × 3-4 options each = dozens of plan configurations from a manageable, auditable component set

Case Study: Learnings from PepsiCo's comp transformation at scale



Background

- Large salesforce (10,000+) is paid weekly (base + variable + OT)
- Transitioned from high-leveraged commission plans to lower leveraged quota-based plans
- Employee motivation took a dip with the change: quota achievement felt less in their control than commissions (quota accuracy & administration complexity)



Solution

- Rebalanced pay mix to increase stability while preserving upside
- Eliminated bonus advance to remove complex payout/reconciliation mechanics
- Removed true-downs and claw-backs to reduce negative pay surprises and simplify administration



Impact

- Employee experience: clearer, more predictable pay with fewer surprises
- Operational efficiency: fewer escalations and reduced servicing complexity
- Design integrity: simpler architecture reduced reliance on exceptions and improved scalability

Five Principles for Incentives That Hold at Scale

Simplicity is strategic



2–3 metrics, each
≥15% weight,
explainable in 60
seconds

Architecture beats exceptions



If >5% of reps need
accommodations,
redesign the
architecture

Pay for what reps control



Separate
"affectable" from
"carryover" when
setting mix and
quotas

Design for the distribution, not the average



Build payout curves
for the tails, not just
the middle

Build in expiration dates



Every exception,
SPIF, and special
rule should
auto-expire



Secret weapons to scaling comp plans, outside of design



SPIFs/Contests as a Pressure Release Valve: not everything needs to be in the base comp plan. Use SPIFs/contests to address short-term priorities that arise mid-plan: a product launch, a competitive response, a push into a new segment.



Plan Governance: Having a clear governance structure in place (approvers, design guardrails, exception process, etc.) allows you to centralize plan-related decisions and control for drift



Quota Refinement: Compliment your data-driven quota setting process with “on the ground” knowledge (while building buy-in at the same time)

QUESTIONS?

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