

2022 | sample

sales incentive plans

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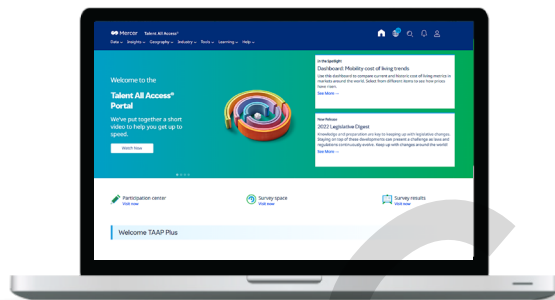
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Note: You may find this report easier to navigate by using bookmarks. Watch this [short video](#) to learn more.

Introduction

Mercer is pleased to present the results of our 2022 Sales Incentive Plans Global Survey. With data collected from May through August, 2022, this publication helps you understand how features such as eligibility, performance measures, timing and payout will help you design the best sales incentive plans for your organization.

Data across 200 plans from 50 organizations were received for this market. A list of survey participants can be found in the **About this report** section.

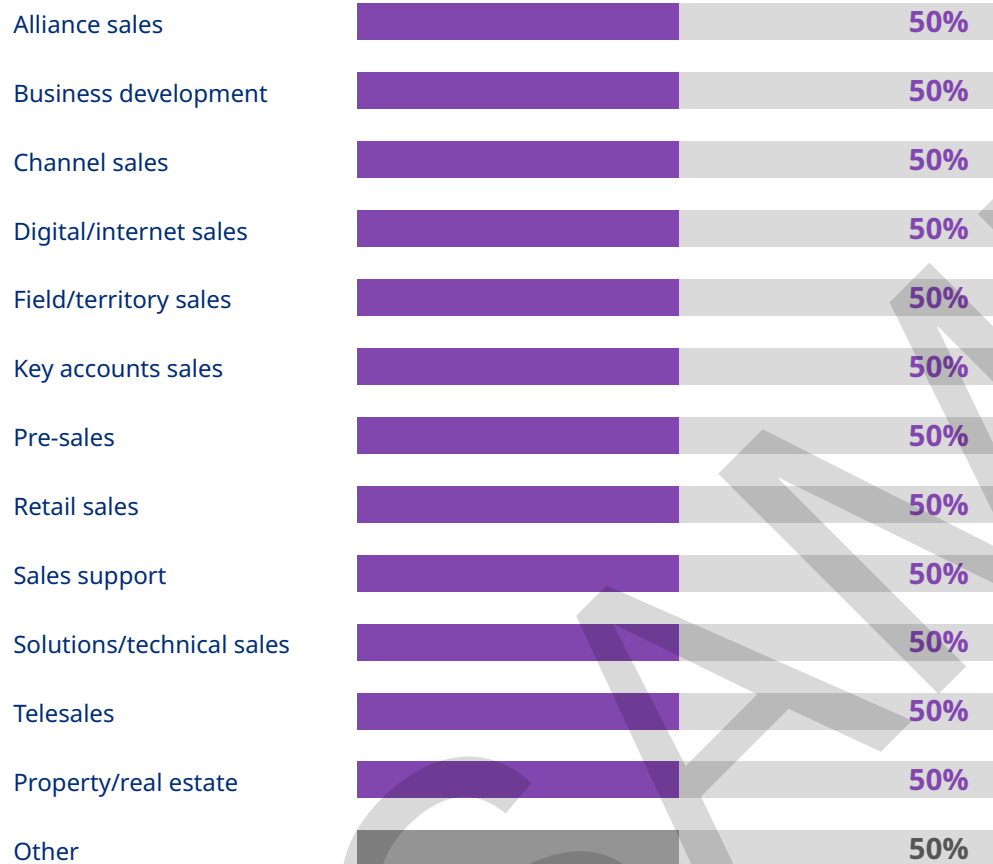
sales function

profile

SAMPLE

Sales function profile

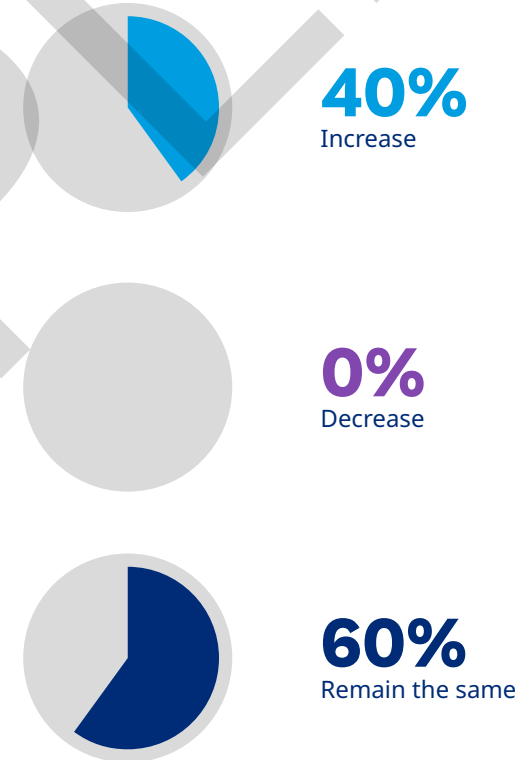
Which sales functions exist in organizations?



N=25

Note: More than one response was permitted; percentages may sum to more than 100%

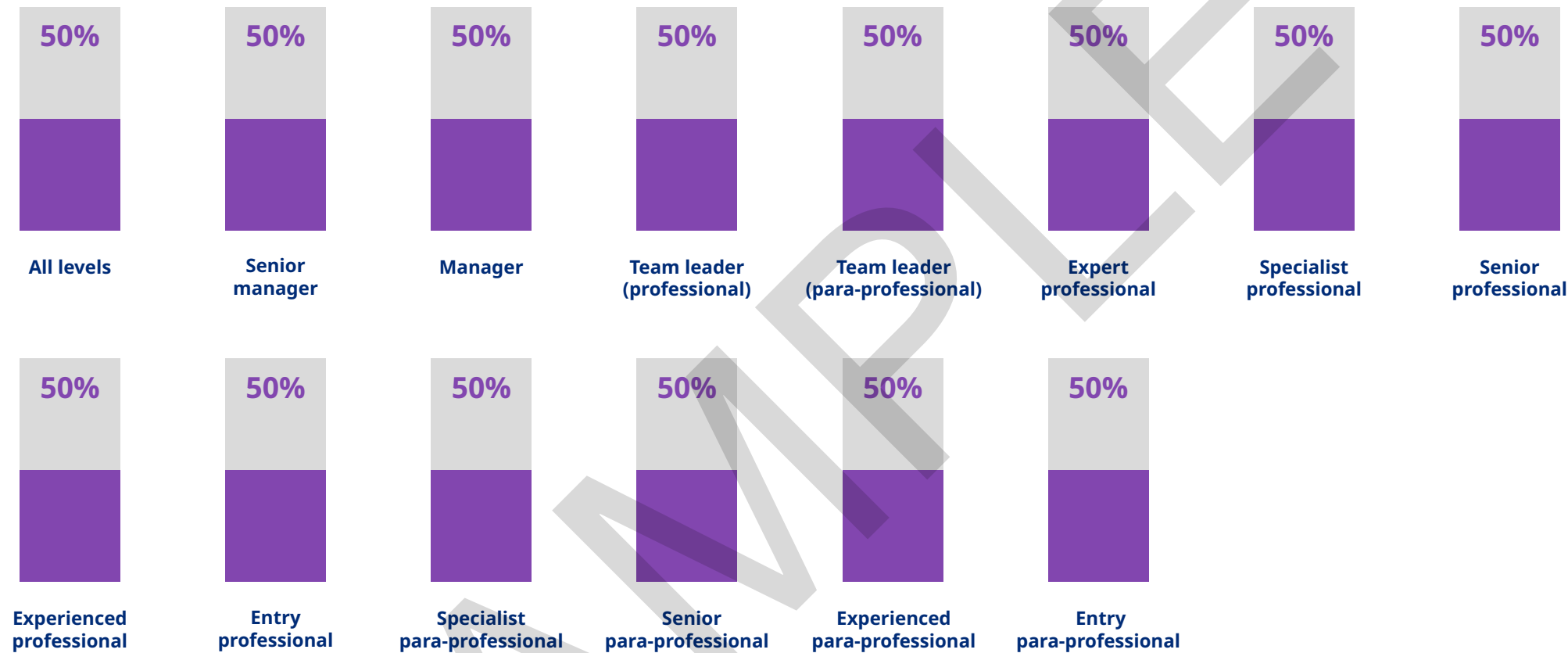
What is expected to happen to the size of the sales force in the next 12 months?



N=25

Sales function profile

Which career levels are covered under a sales incentive plan?



N=66 plans from 25 organizations

Note: More than one response was permitted; percentages may sum to more than 100%.

plan

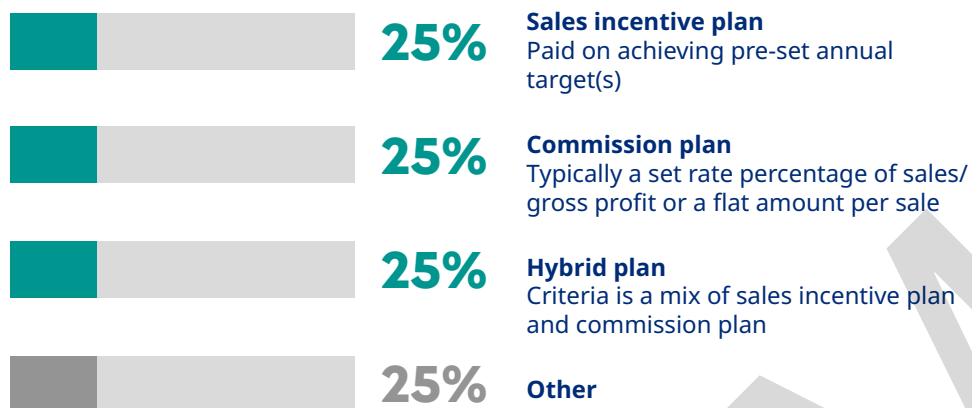
design

SAMPLE

Plan design

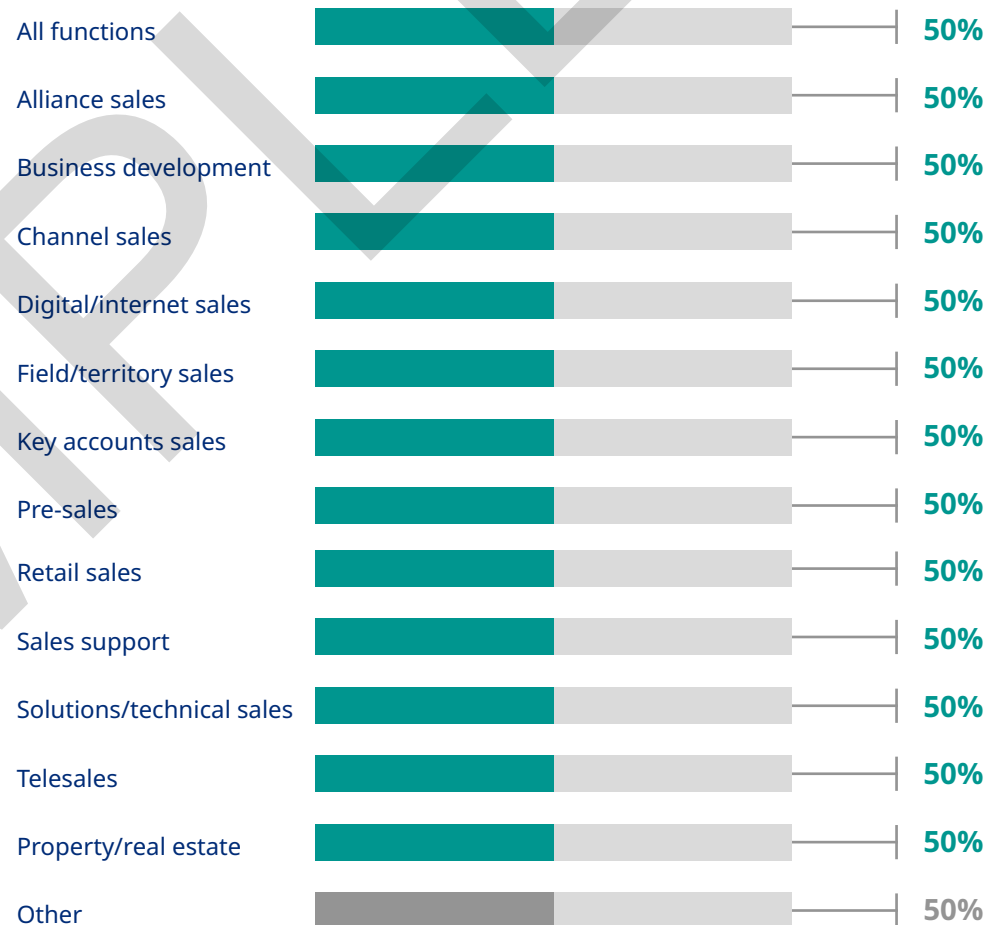
Plan type

Which category best describes the sales plan?



N=66 plans from 25 organizations

Which sales functions are covered under a sales incentive plan?



N=65 plans from 25 organizations

Note: More than one response was permitted; percentages may sum to more than 100%.

Plan design

Sales roles and focus

What is the proportion of effort spent on each sales role?



N=62 plans from 24 organizations

With what types of customer does the sales force engage?



N=62 plans from 24 organizations

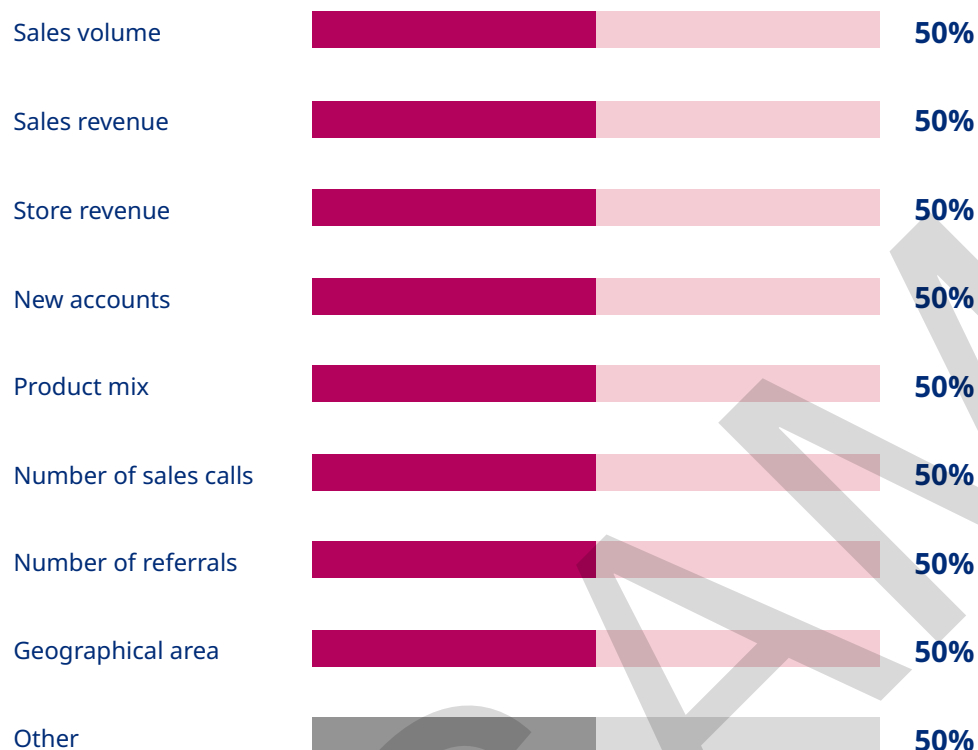
quotas and performance

measures

Quotas and performance measures

Quota mix and duration

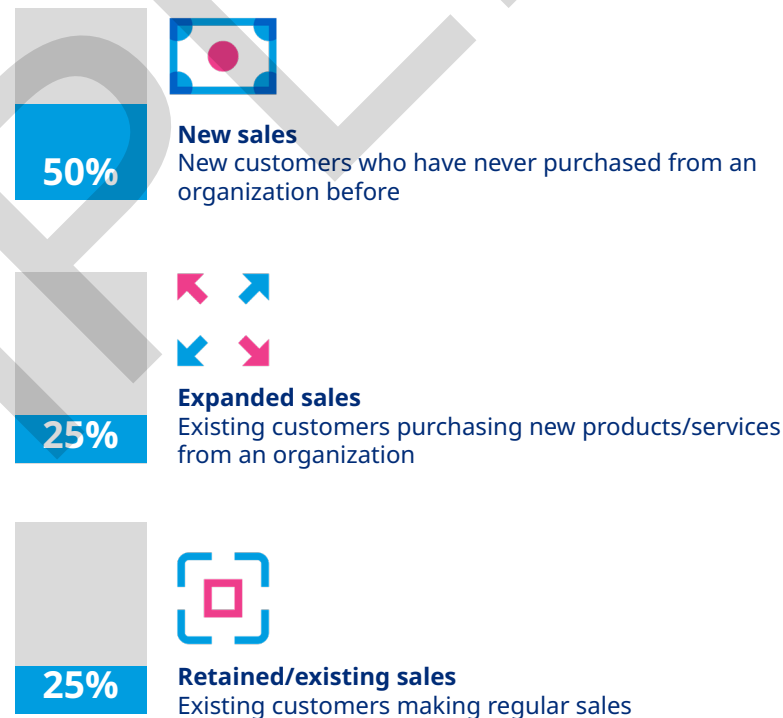
How are quotas defined?



N=46 plans from 21 organizations

Note: More than one response was permitted; percentages may sum to more than 100%.

What type of sales are quotas based on?

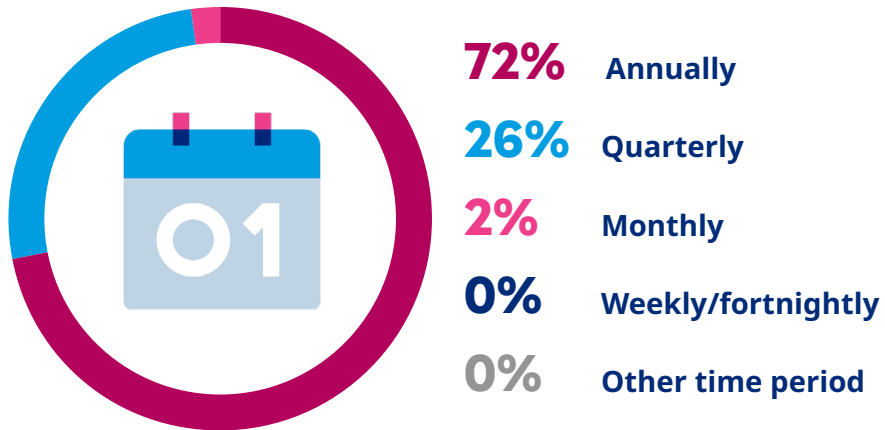


N=39 plans from 20 organizations

Note: More than one response was permitted; percentages may sum to more than 100%.

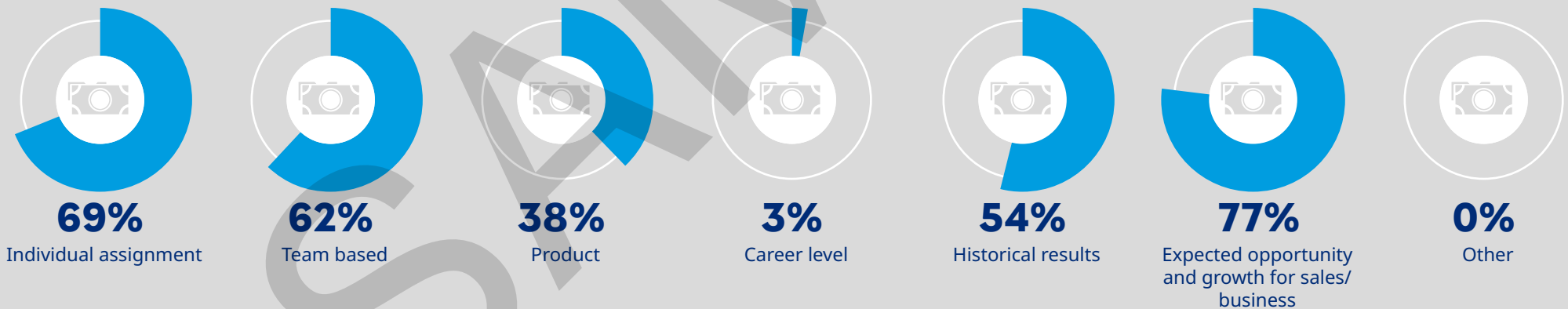
Quotas and performance measures

How frequently are quotas set?



N=43 plans from 21 organizations

What factors are used to determine quotas?



N=39 plans from 20 organizations

Note: More than one response was permitted; percentages may sum to more than 100%.

Quotas and performance measures

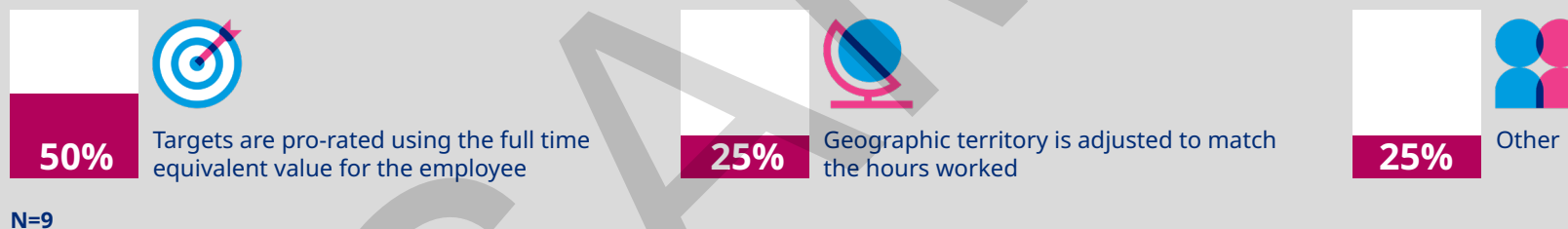
Are part-time employees eligible for a sales incentive plan?



Are annual quotas/performance targets for part-time employees the same as for individuals working full time?



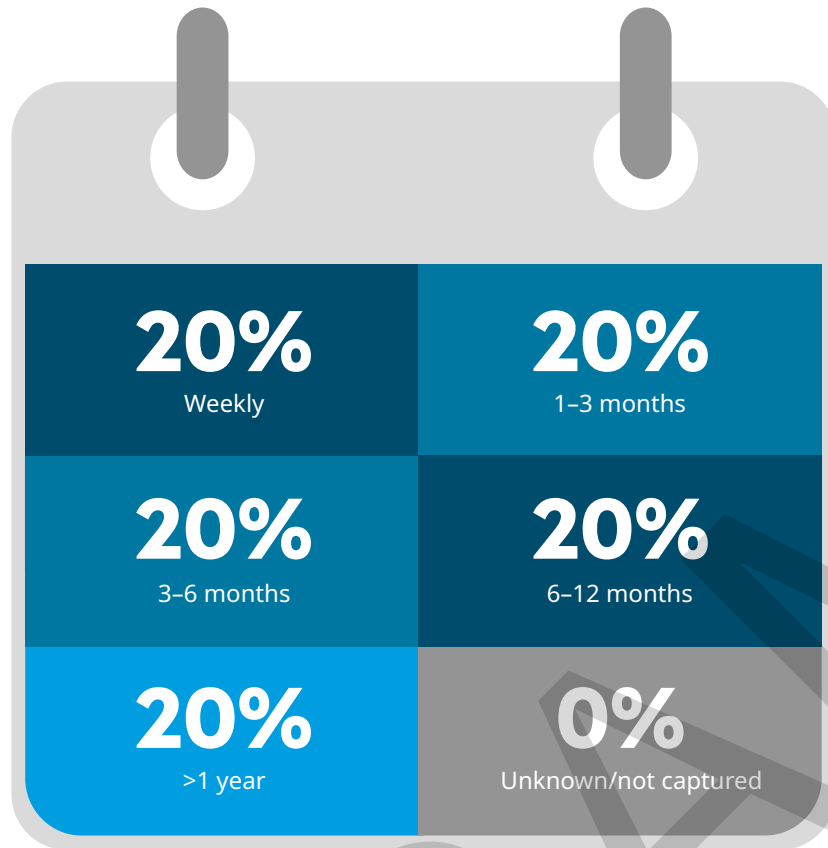
What method is used to adjust the quota/performance target for part-time employees?



Quotas and performance measures

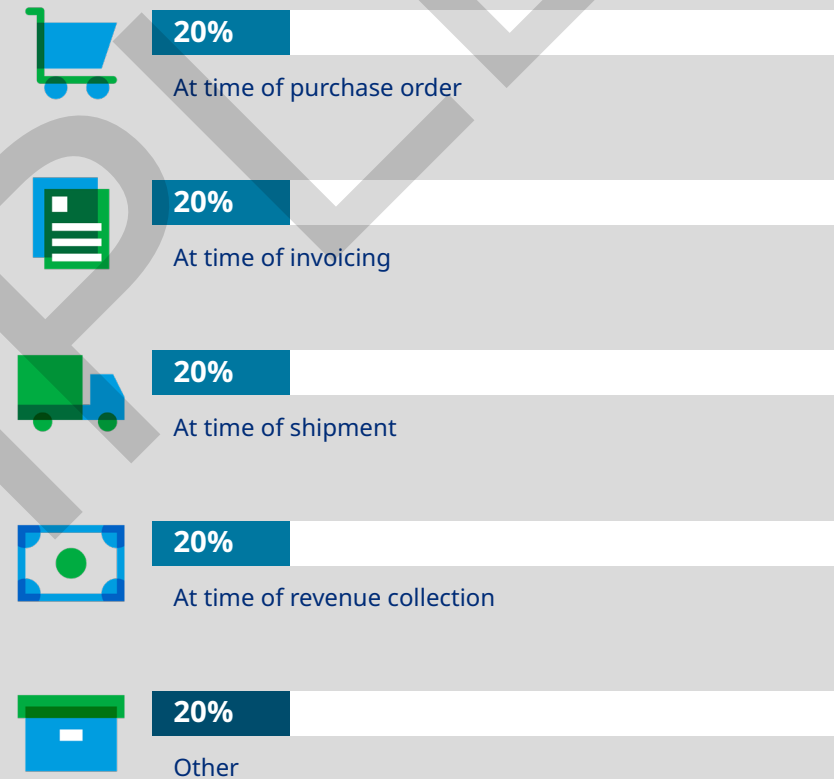
Performance measures

What is the average length of a sales cycle?



N=58 plans from 23 organizations

At what point are sales credited for the purposes of the sales incentive plan (i.e., recognized as a sale)?



N=51 plans from 22 organizations

Quotas and performance measures

Are incentives paid out incrementally based on the stage of the sale?



N=44 plans from 21 organizations

What is the percentage weighting for performance measures at various levels?



N=58 plans from 23 organizations

Quotas and performance measures

What is the weighted average for each performance measures used?



plan

mechanics

Plan mechanics

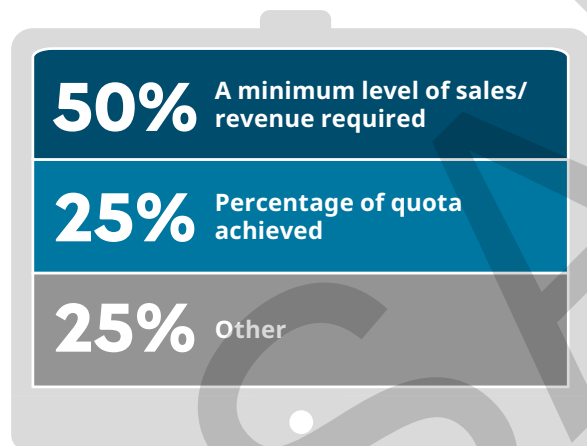
Performance thresholds and gateways

Is there a threshold level of performance that must be reached before incentives can be earned under the sales plan?



N=58 plans from 23 organizations

How is the threshold level of performance determined?



N=31 plans from 18 organizations

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In addition to performance thresholds, are there additional gateways that must be met for the sales plan?



N=51 plans from 22 organizations

What other metrics are required to be met as gateways for a sales incentive reward?



N=9 plans from 5 organizations

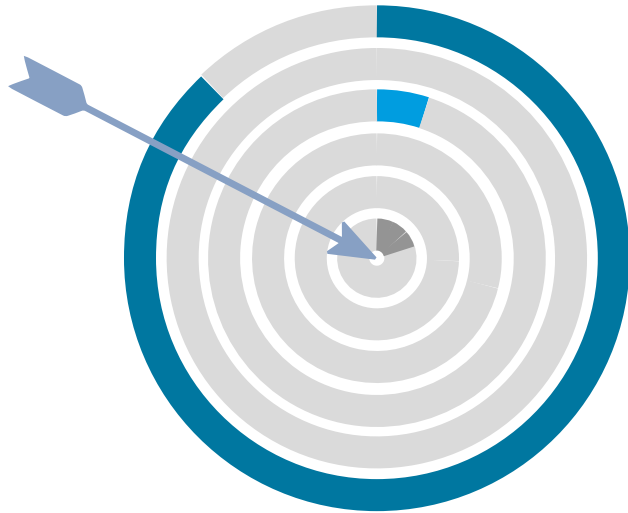
Note: More than one response was permitted; percentages may sum to more than 100%.

Sales Incentives Plans — Sample

Plan mechanics

Incentive calculation

How are target incentives calculated?



88%

As a percentage of base salary

0%

As a percentage of fixed remuneration

5%

As a percentage of sales revenue

N=58 plans from 23 organizations

0%

As a dollar value (per unit payout)

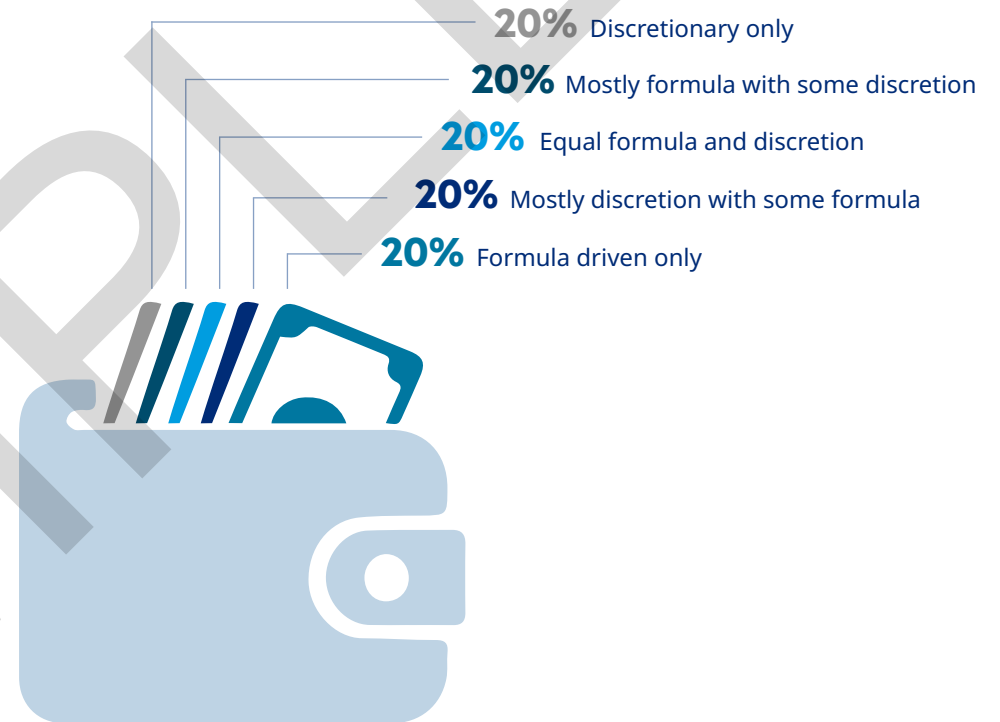
0%

As a percentage of gross profit

7%

Other

Is the sales incentive payout based on formula driven calculations or is there a discretionary component?

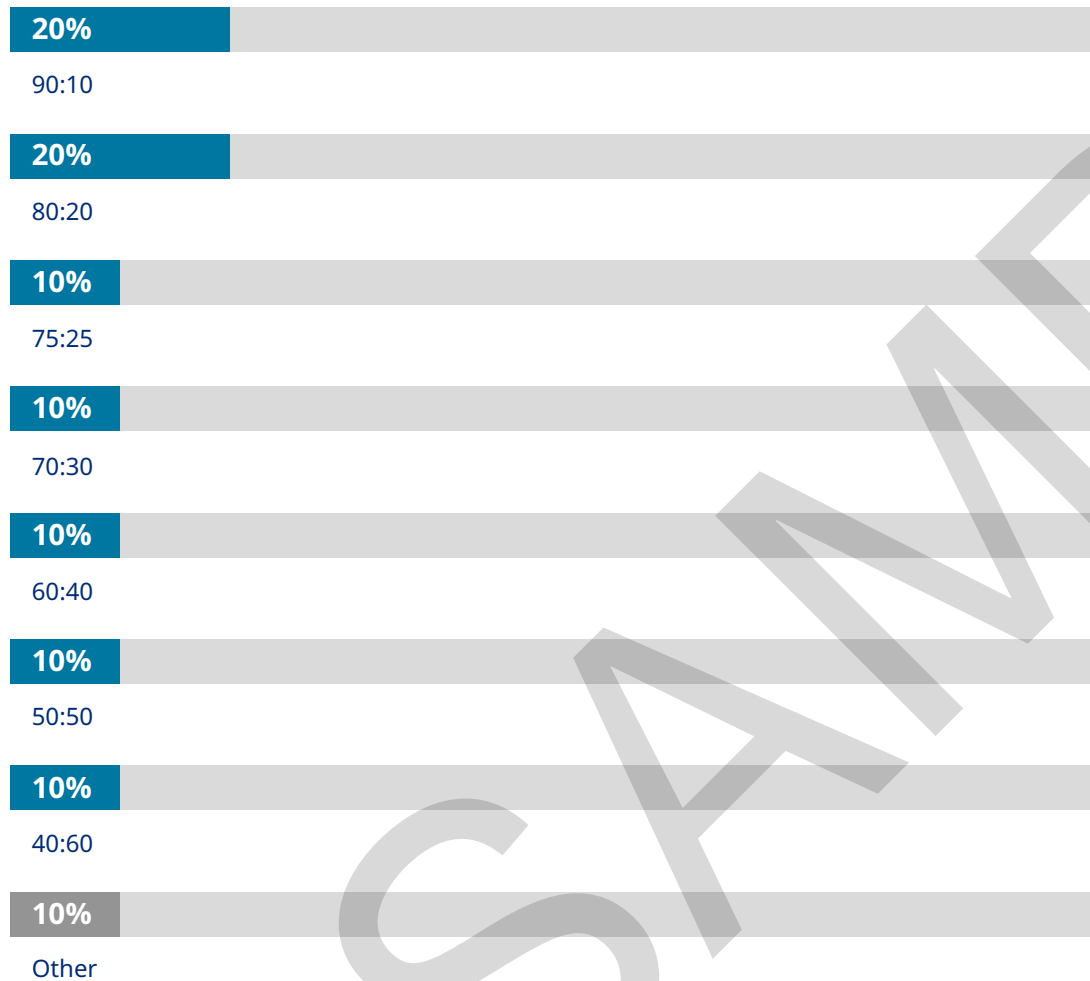


N=52 plans from 22 organizations

Plan mechanics

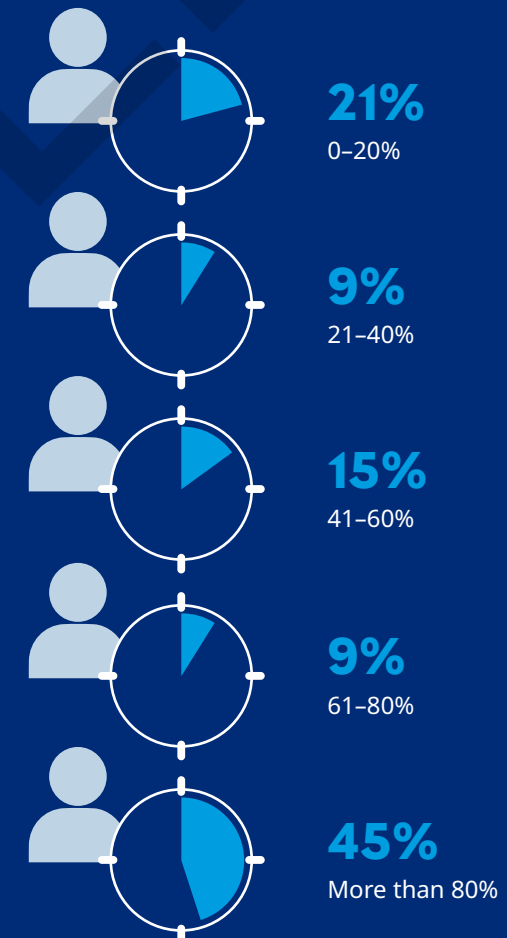
Attainment rates

What is the targeted pay mix of base salary and variable pay for a sales plan?



N=44 plans from 20 organizations

In the last year, what percentage of sales employees were within +/- 5% of the stated target compensation mix?

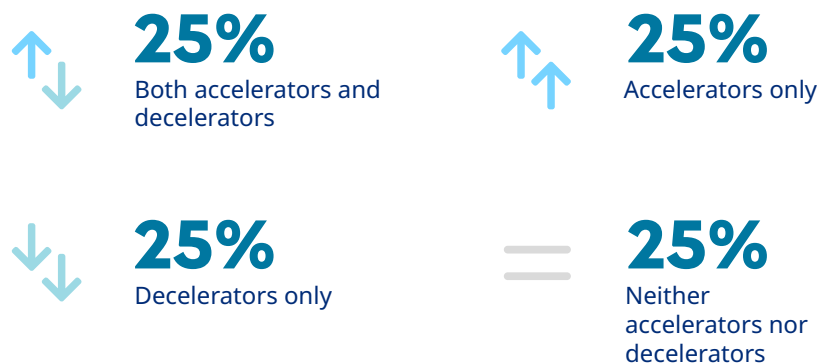


N=33 plans from 17 organizations

Plan mechanics

Differentiated reward

Do organizations have accelerators and decelerators built into their sales incentive plan?



Do the sales plans offer any uplifts to provide additional incentives for specific types of sales activities?



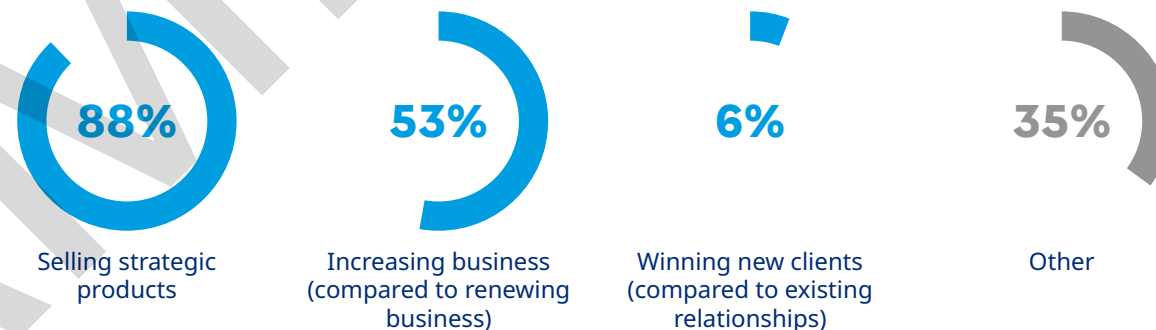
Is an uplift provided?

50% Average

N=13 plans from 5 organizations

50% Median

What specific types of sales activities are rewarded with an uplift?



N=17 plans from 6 organizations

Note: More than one response was permitted; percentages may sum to more than 100%.

Plan mechanics

Incentive caps

Do sales plans have a sales incentive payout cap (e.g., payout cannot exceed 200% of target)?



N=52 plans from 22 organizations



What is the payout cap for each of the following categories?

100%

As a percentage of target incentive

100%

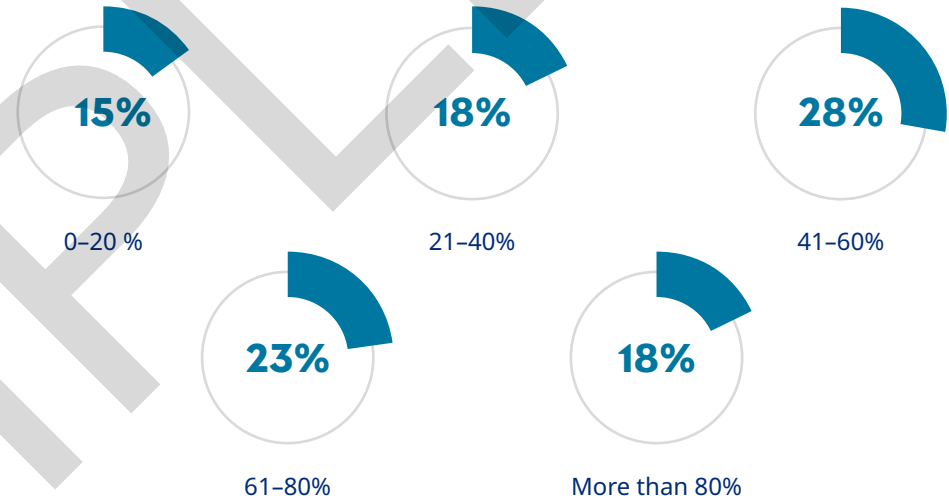
As a percentage of annual base salary

100%

As a percentage of fixed remuneration

N=65 plans from 25 organizations

In the last year, approximately what percentage of employees either achieved or exceeded their sales performance targets?

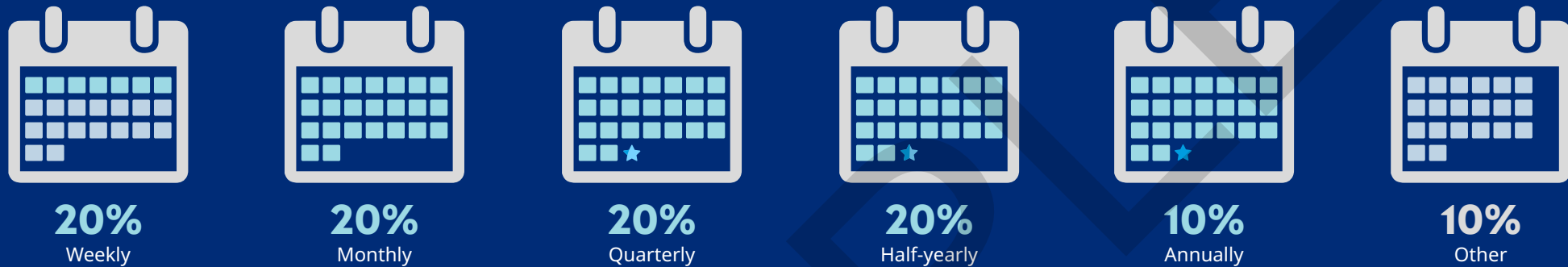


N=40 plans from 19 organizations

Plan mechanics

Plan administration and management

What is the frequency of the incentive payout?



N=52 plans from 22 organizations

New employees

When are new employees eligible to receive incentives?



N=52 plans from 22 organizations

Plan mechanics

Is there a ramp-up for new employees?



N=45 plans from 21 organizations

How is the ramp-up implemented?



Lower threshold



Phased targets



Customized targets



Other

N=11 plans from 7 organizations

Is there a guaranteed payout for new employees?



N=52 plans from 22 organizations

How is the guaranteed payout determined?



25%

Full target
payout

50%

Percentage of
target payout

25%

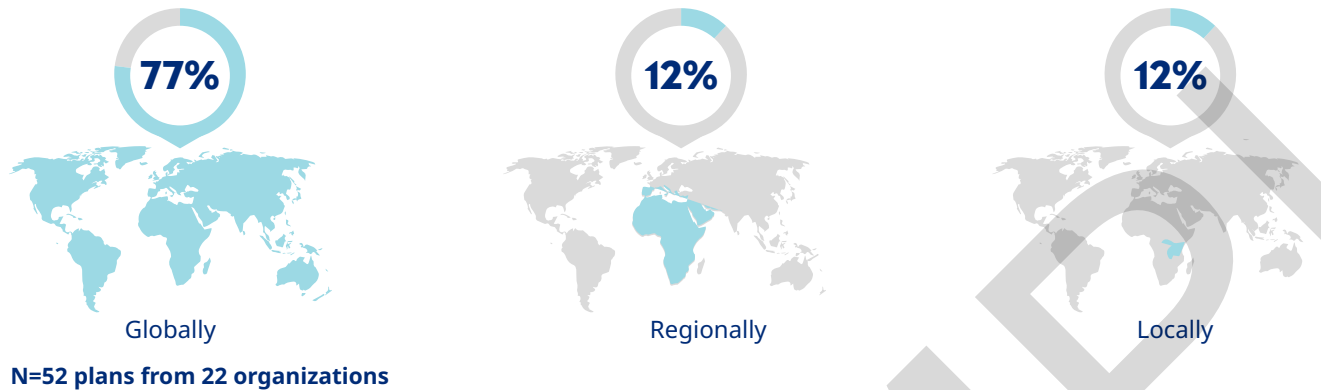
Other

N=16 plans from 8 organizations

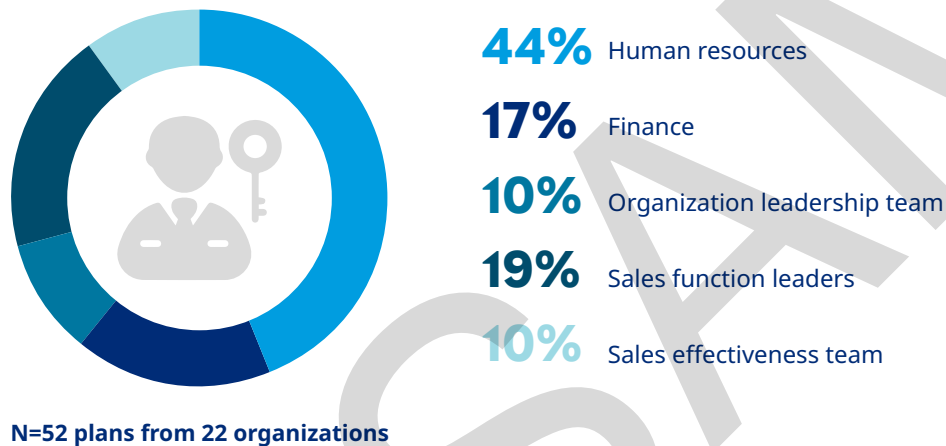
Plan mechanics

Plan governance

How do organizations mandate their sales incentive plan structures?



Who in the organization maintains ownership of the sales incentive plan?



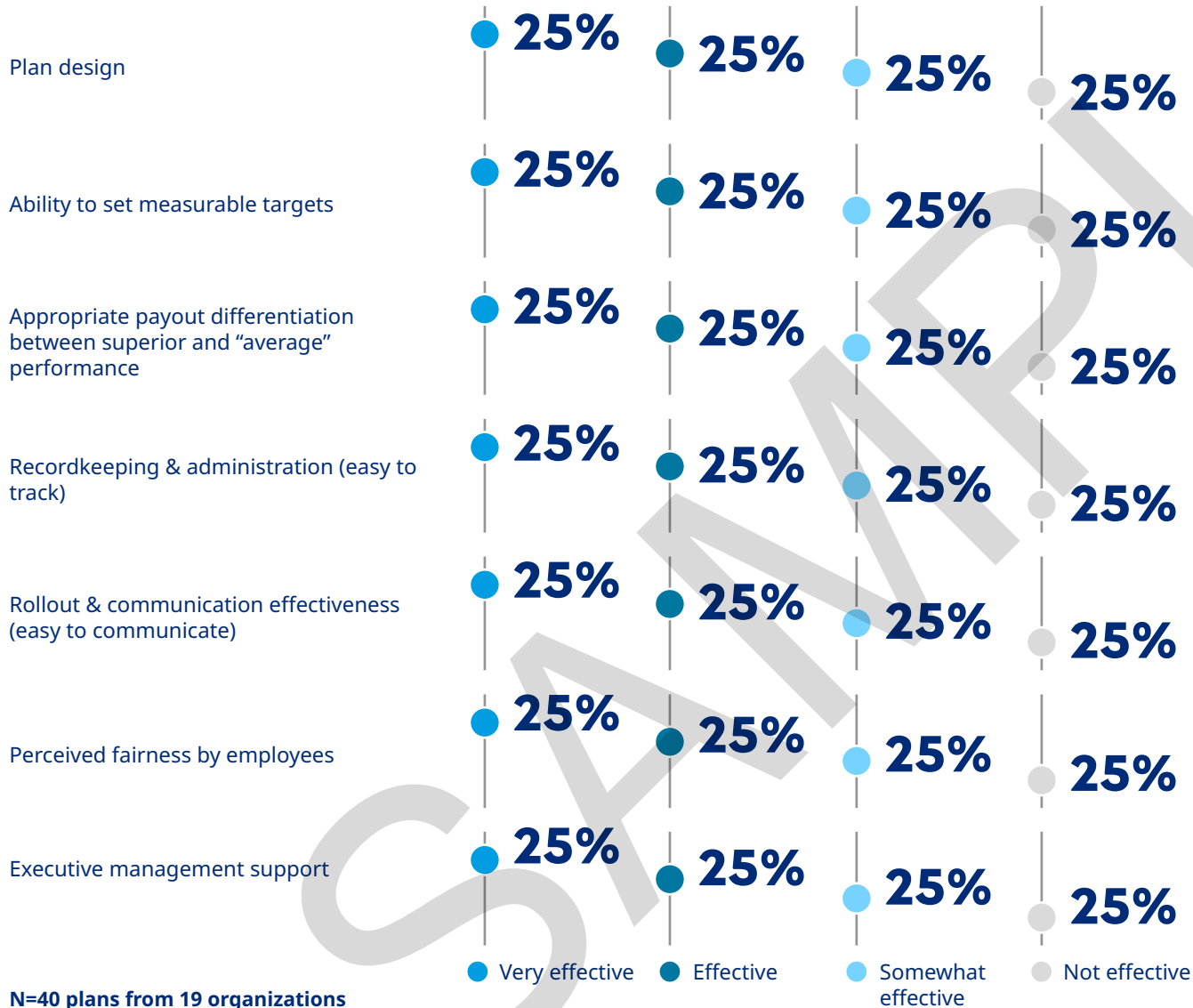
How do organizations manage their sales incentive plan?



Plan mechanics

Sales plan effectiveness

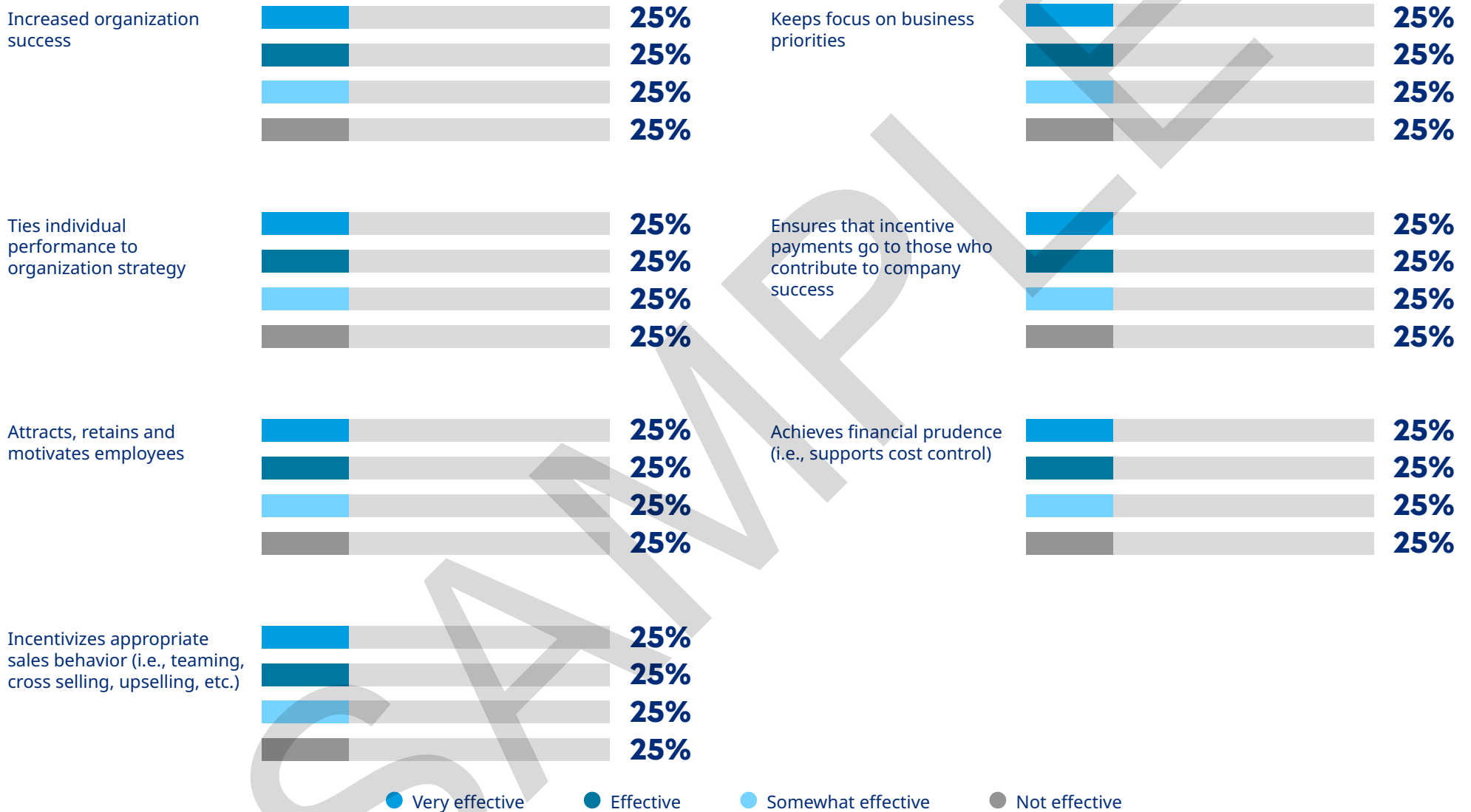
What is the effectiveness of various sales plan metrics?



N=40 plans from 19 organizations

Plan mechanics

What is the effectiveness of the sales plan in meeting business requirements?



N=40 plans from 19 organizations

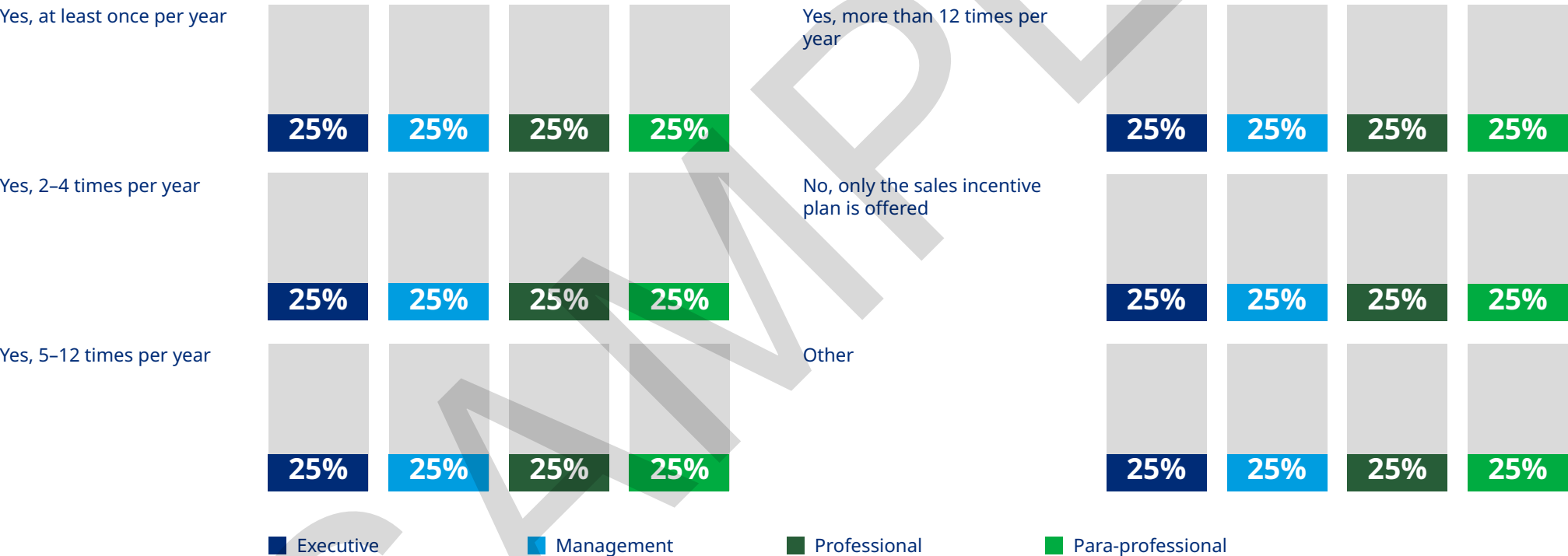
beyond the

sales plan

Beyond the sales plan

Sales recognition programs

























Are targeted sales competitions or sales recognition programs held in addition to sales incentive plans?



N=20

Beyond the sales plan

What are the primary objective of sales competitions or recognition programs?

Primary objectives	Executive	Management	Professional	Para-professional
To reinforce objectives identified in the regular incentive plan	 25%	 25%	 25%	 25%
Purely to push sales	 25%	 25%	 25%	 25%
To encourage achievement of objectives in addition to regular incentive plan (i.e., new product launched)	 25%	 25%	 25%	 25%
To recognize superior sales performance	 25%	 25%	 25%	 25%
To provide a reward where the incentive plan has not provided sufficient payout for an individual	 25%	 25%	 25%	 25%
Other	 25%	 25%	 25%	 25%

N=10

Beyond the sales plan

What rewards are typically used in sales competitions or sales recognition programs?

	Executive	Management	Professional	Para-professional
Cash	25%	25%	25%	25%
Merchandise/free company products	25%	25%	25%	25%
Vouchers (e.g., movie, dining)	25%	25%	25%	25%
Holiday packages for employees only	25%	25%	25%	25%
Holiday packages including employee's spouse and/or family	25%	25%	25%	25%
Trophy/plaque/certificate/letter of thanks	25%	25%	25%	25%
Public announcement of achievements	25%	25%	25%	25%
Employee of the month	25%	25%	25%	25%
Training & development opportunities — in house	25%	25%	25%	25%
Training & development opportunities — external courses	25%	25%	25%	25%
Industry conferences	25%	25%	25%	25%
Health benefits (e.g., personal trainers, executive gym membership)	25%	25%	25%	25%
Additional leave benefits	25%	25%	25%	25%
Other	25%	25%	25%	25%

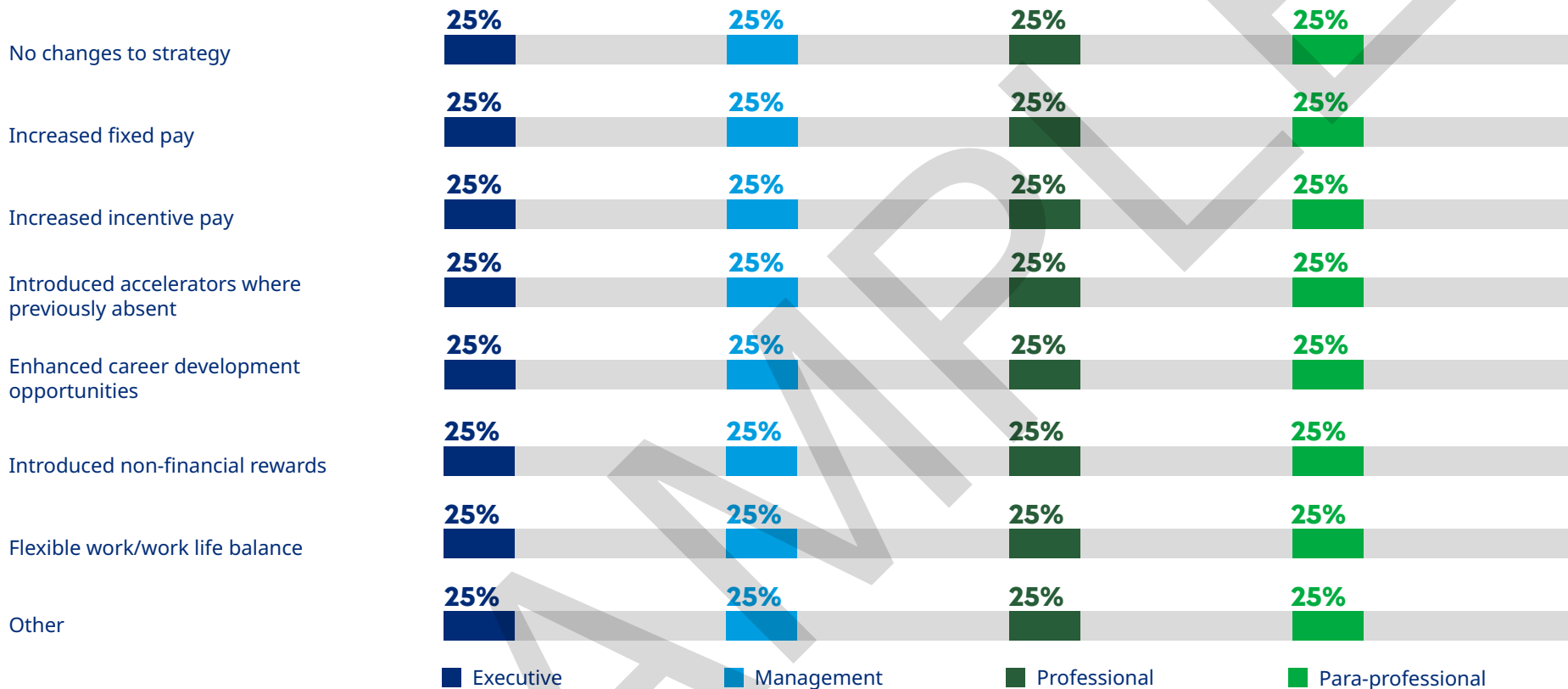
N=10

Note: More than one response was permitted; percentages may sum to more than 100%.

Beyond the sales plan

Attraction/retention of sales employees

What strategies have been adopted within the past two years to attract/retain sales employees

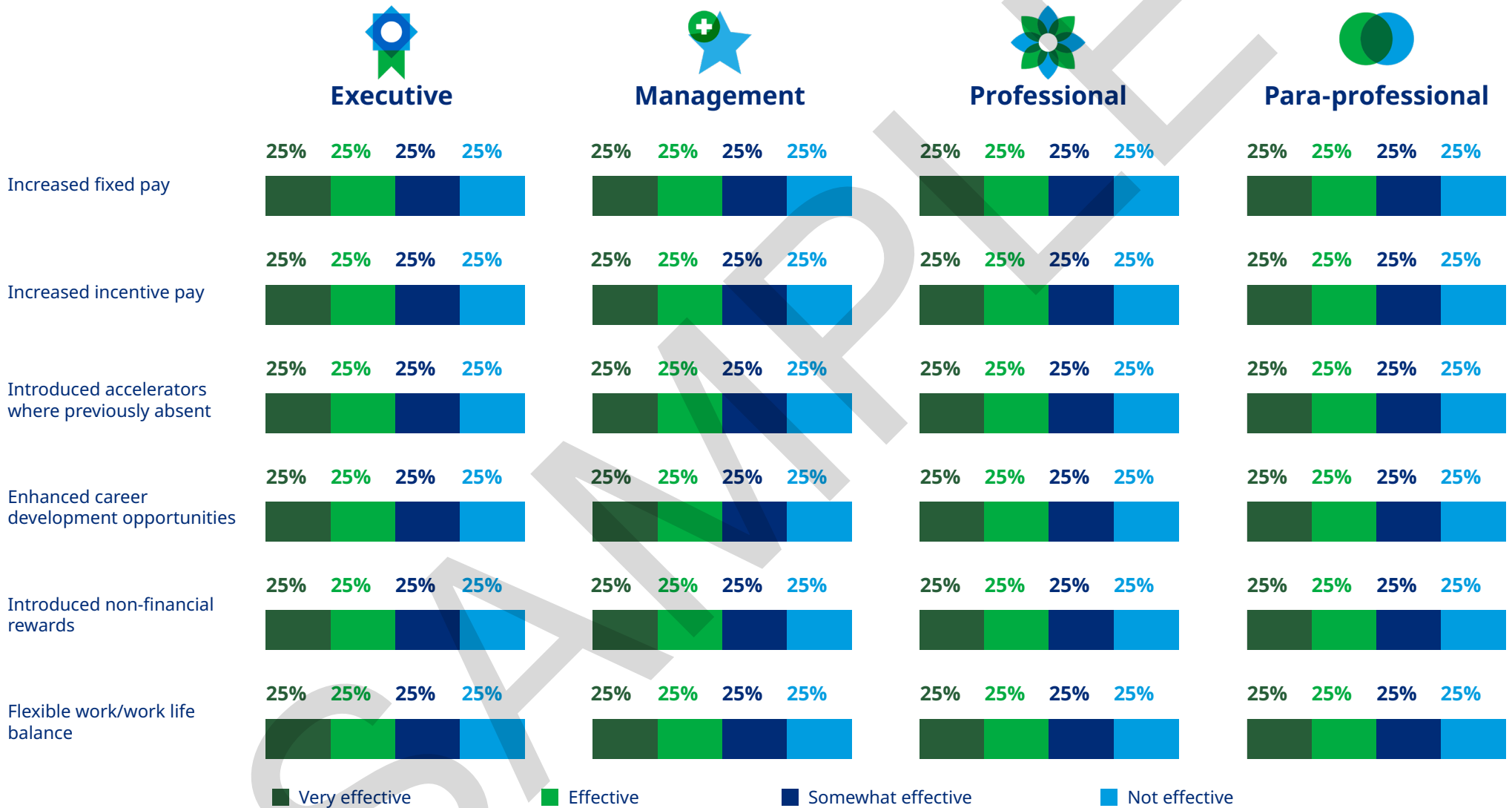


N=23

Note: More than one response was permitted; percentages may sum to more than 100%.

Beyond the sales plan

What is the effectiveness of the various attraction/retention strategies?



N=15

global pandemic and current economic

conditions

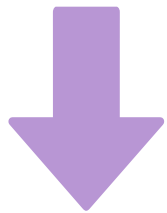
Global pandemic and current economic conditions

Has the size/composition of organizations' sales force changed due to the pandemic and/or current economic conditions?



10%

Yes, increased



10%

Yes, decreased



80%

No, remained the same

N=20

What actions did organizations take in response to the pandemic with specific regards to the sales function?

Sales performance targets were adjusted in response to current market conditions	10%
Targeted compensation mix (fixed pay : variable pay) was shifted	10%
Quota timeframes were adjusted (e.g., from annually to quarterly or vice versa)	10%
Frequency of the sales incentive plan payout changed	10%
Type of sales used to set quotas were changed (e.g., greater focus on retained sales compared to new sales, product/services mix)	10%
Weighting of different factors used to determine the quota of the sales incentive plan were shifted (i.e., individual, team based, historical)	10%
Cap on the total incentive amount an individual can earn under a plan was adjusted	10%
Payout curve was adjusted for underperformance (i.e., paying a better ratio for underperformance so employees were not penalized for external market forces)	10%
Payout curve was adjusted for over-performance (i.e., adjustments made to manage unexpected market windfalls outside of the employees' control)	10%
Our organization did not take any formal action	10%

N=21

Note: More than one response was permitted; percentages may sum to more than 100%.

Global pandemic and current economic conditions

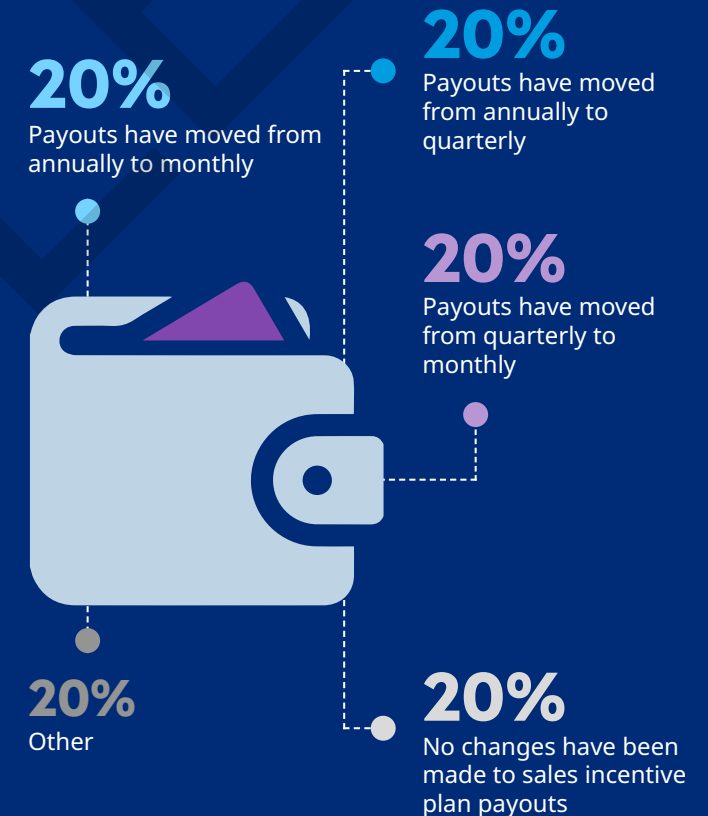
How have sales performance targets been adjusted in light of current economic conditions?



N=9

Note: More than one response was permitted; percentages may sum to more than 100%.

How have the frequency of sales incentive plan payouts been adjusted?



N=9

Global pandemic and current economic conditions

Due to current economic conditions, what change, if any, has been taken regarding the type of sales used to set quotas?

Increase



40%

the mix in percentage (%)
for new customers who
have never purchased
from an organization



40%

the mix in percentage (%)
for existing customers
making regular sales



40%

the mix in percentage (%)
for existing customers
purchasing new products/
services from an
organization

Decrease



40%

the mix in percentage (%)
for new customers who
have never purchased
from an organization



40%

the mix in percentage (%)
for existing customers
making regular sales



40%

the mix in percentage (%)
for existing customers
purchasing new products/
services from an
organization

None



40%

no changes
have been
made

N=9

Note: More than one response was permitted; percentages may sum to more than 100%.

Which factors have been weighted when considering quotas for sales incentive plans in light of current economic conditions?



100%

Individual assignments



100%

Team based



100%

Product



100%

Career level



100%

Historical results



100%

Expected opportunity and growth
for sales/business



100%

Other

N=9

Note: More than one response was permitted; percentages may sum to more than 100%.

Global pandemic and current economic conditions

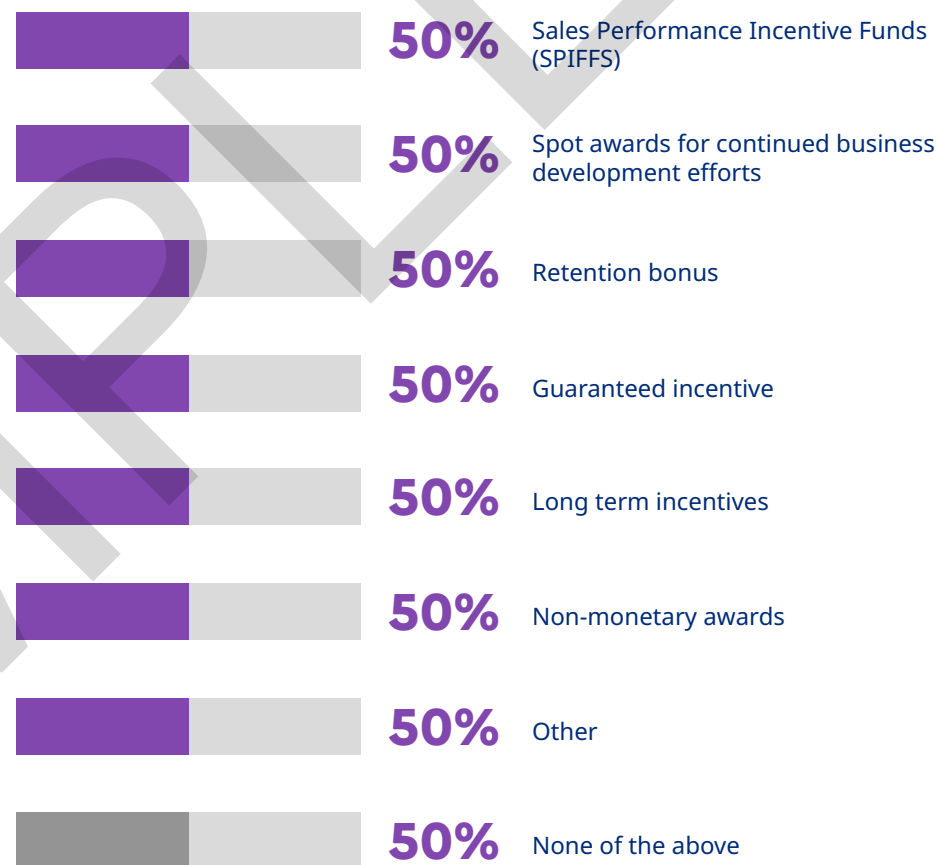
Which key performance indicators have organizations considered placing more weight on to reflect emerging business needs?



N=9

Note: More than one response was permitted; percentages may sum to more than 100%.

As a result of the pandemic and/or current economic conditions, what additional incentives have been introduced to sales staff?



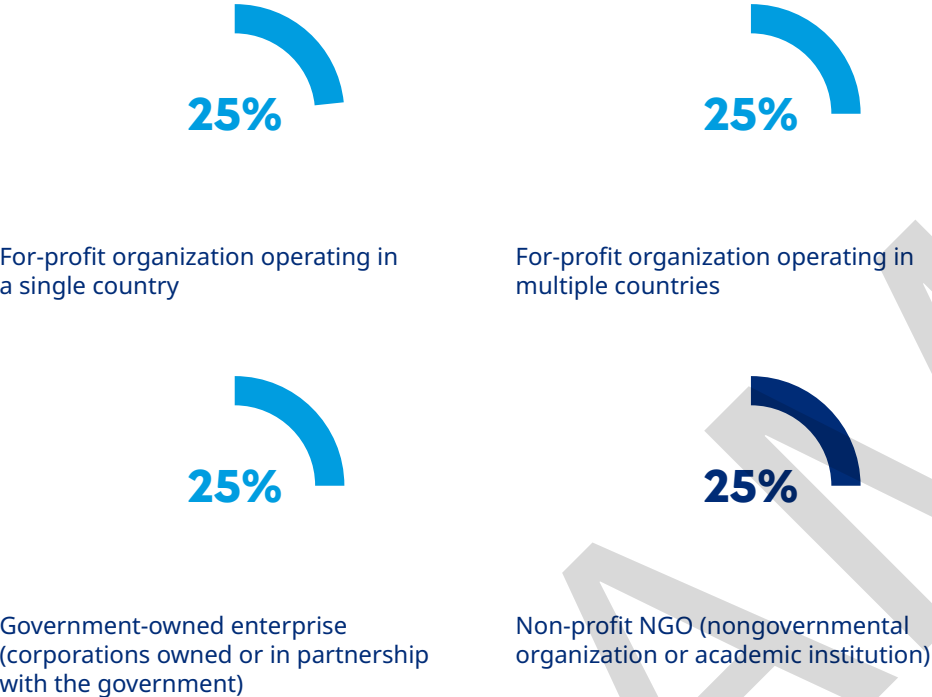
N=20

Note: More than one response was permitted; percentages may sum to more than 100%.

demographics

Demographics

Ownership type



Industry sector

Banking/financial services	50%
Chemicals	50%
Consumer goods	50%
Energy	50%
Insurance/reinsurance	50%
Life sciences	50%
Logistics	50%
Manufacturing	50%
Mining & metals	50%
Nonmanufacturing	50%
Retail & wholesale	50%
Services nonfinancial	50%
Technology	50%
Transportation equipment	50%

about this

report

SAMPLE

Methodology

This section provides information on the methods of collecting, collating and analyzing data for this publication. You will also find notes on data sources, relevant equations and a glossary of key terms.

Data collection

Data for this publication were collected from the following primary data sources:

Data were collected through a global survey on Sales Incentive Plans during May through August 2022. It was open to all companies that offer sales incentive plans and have operations in at least one of the markets included in the survey. More than 1,000 survey submissions were received.

Note: Participants completed questions that were applicable to their policies; therefore, sample sizes vary by question. Keep sample size in mind when making decisions; a small sample size may not be a true reflection of the market.

Data analysis

Statistics

The following statistics are presented in this report:

- Median or 50th percentile: The data point that is higher than 50% of all other data in the sample when ranked from low to high.

- Average: The sum of all data reported divided by the number of data observations in the sample. Also known as the mean.
- Prevalence: The percentage of companies that provided a response to a question with a defined number of options to choose from. For example, a single response question or a multiple response (select all that apply) style question.
- In single response questions, the sum of all responses may not equal 100% due to rounding.
- In multiple response questions, the sum of all responses will be greater than 100%.
- N or sample size: The number of companies that reported data for the statistic.
- En dash or “–”: The sample is too small to provide the statistic.
- A minimum of three data points are required to report the average and prevalence percentages.
- A minimum of four data points are required to report the 50th percentile or median.

Data masking

To ensure the confidentiality of all companies that provide data to Mercer's surveys, statistics have been masked by displaying an en dash or “–” when minimum sample sizes are not met.

Participant list

Click [here](#) to access the participant list.



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