



August 5, 2021

# How to Retain Top Sales Reps

## With Better Sales Comp Planning

*As we wait to begin, please take some time to answer the poll question:*

***What best describes your current role?***

# Today's Hosts



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CEO & Founder  
Forma.ai



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VP Professional Services  
Forma.ai

# What is Forma.ai

INTRODUCING

# SCaaS

Forma.ai was founded in 2016 to help enterprise sales organizations optimize and streamline sales compensation.

Today, Forma.ai handles over \$1 billion in annual managed commissions.

**We are AI-powered Sales Compensation-as-a-Service.**  
A hybrid of platform and external operations at limitless scale.

 INTEGRITY  
MARKETING GROUP

 OpenTable®

 Trustpilot

 AUTODESK.

 edmentum™

 stryker®

 KCI

 PINNACLE  
BENEFITS GROUP  
AN INTEGRITY COMPANY

 IntelePeer.

 Ritter  
COMMUNICATIONS

 Cornerstone  
Senior Marketing  
AN INTEGRITY COMPANY

# Agenda

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# Have you read the news?

**Forbes**

Jul 21, 2021, 02:26pm EDT | 12,621 views

**The Great Resignation:  
Microsoft Predicts 41%  
Attrition**

**The 'Great Resignation' is here,  
MILLIONS are quitting their jobs –  
what's going on!?**

07-01-21 | CAREER EVOLUTION

**Welcome to the 'Great Resignation.'  
Should you quit your job, too?**

HOW WE WORK

The Great Resignation: How employers drove  
workers to quit

**ARE WE ON THE CUSP OF 'THE GREAT  
RESIGNATION'?**



# The Great Resignation By the Numbers

# 4 Million

A record-breaking number  
of people quit voluntarily in  
April 2020

## 26% – 41%

The percentage of employees  
who are considering leaving  
their job in 2021



## 15%

Is considered a  
healthy turnover rate

# How much is this going to cost?

## Average Case

### Acquisition costs: \$29,000\* / rep

- Advertising, pre-employment tests, interviewer time

### Training costs: \$36,000\* / rep

- Training, on-boarding, ramp time

### Productivity costs: \$50,000+\* / rep

- Lost profit (underserved territories, book leaves with them), lower morale, lower production

### Total Cost: \$115,000+ / rep

*\*Based on average costs from a DePaul University report.*

## Worst Case

Acquisition costs: \$29,000 / rep

Training costs: \$36,000 / rep

**Productivity costs: \$200,000+\*\* / rep**

**Total Cost: \$265,000+ / rep**

*\*\*Total cost can rise to >250% of annual comp if a high performing rep in a high potential territory leaves.*

# The Total Cost

*Let's look at an example of mid-market SaaS organization.*

**Sales team:** 250 Reps

**Turnover:** 30%

**Lost reps:** 75

**Cost:** \$115,000 / rep

**Total Loss:** **\$8,625,000**



Poll:

**How much does it cost you when a high-performing rep leaves?**  
(in terms of % of annual comp)

**A.** <50%

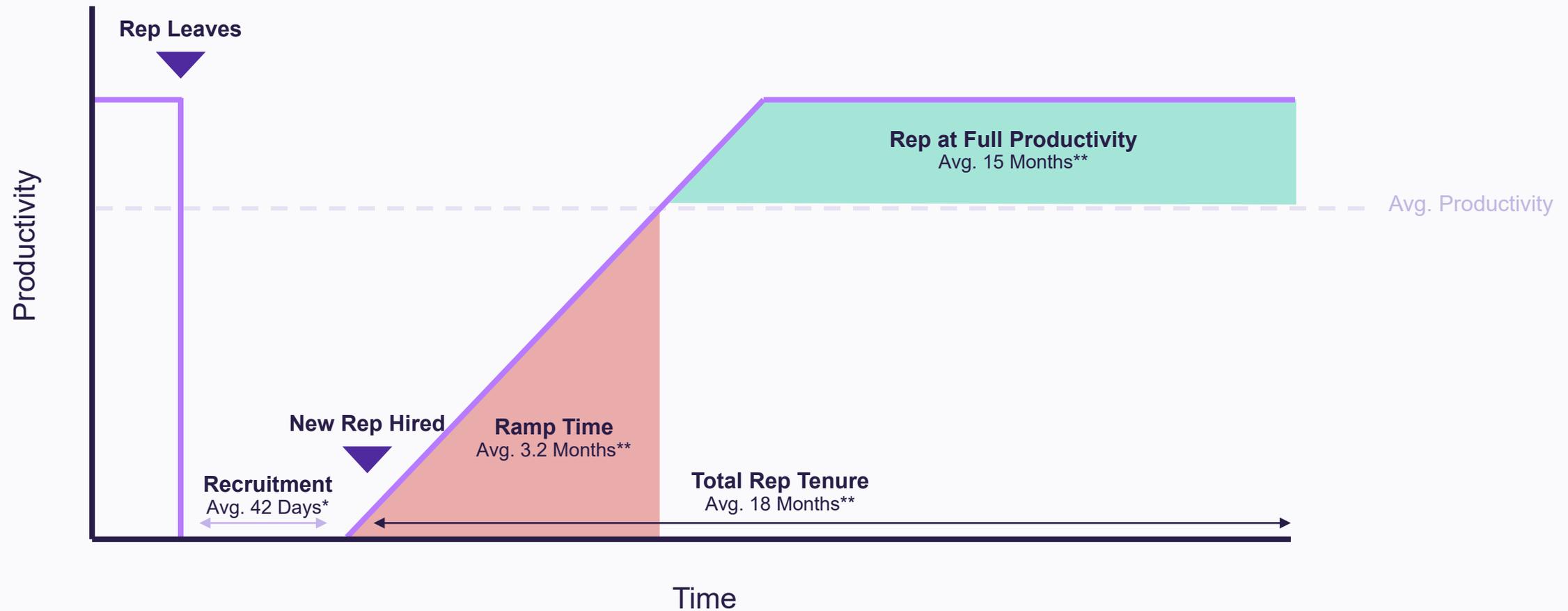
**B.** 50-100%

**C.** 100-200%

**D.** 200%+

**E.** I don't know

# The breakdown of sales rep turn-over...



\* Society of Human Resource Management (SHRM)

\*\* The Bridge Group

# Why People Leave in 2021

<b>New job opportunity</b>	←	<b>Too late</b>
<b>Poor culture fit</b>	←	<b>Personal reason</b>
<b>Inflexible work options</b>	←	<b>Company policy</b>
<b>Lack of career growth</b>	←	<b>Tied to company needs</b>
<b>Poor Compensation</b>	←	<b>Low hanging fruit</b>

# Why compensation?

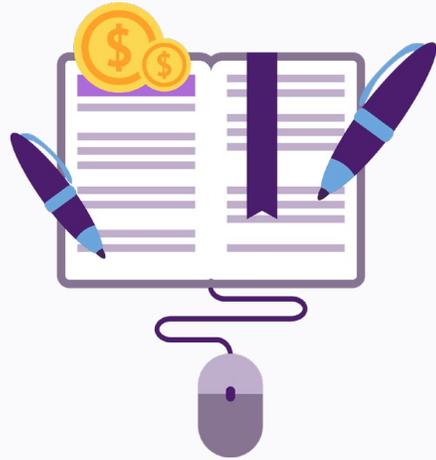
Compensation is one of the simplest ways you can improve retention.

It's *low hanging fruit* for any organization facing a turnover crisis.

**89%** *of high-performing reps leave due to insufficient compensation\**

*\*Benchmark Data from SiriusDecisions*

# What do we mean by “compensation”?



The Hard Part

## Comp Plan Design

- Base + Variable Pay
- Tiers & Accelerators
- Quotas & Territories
- Short-term Incentives



The Harder Part

## Comp Administration

- Calculation of Commissions
- Automation & Workflows
- Execution of Payroll
- Reporting & Analytics

# Where Compensation Goes Wrong

## Design Mistakes

- Pay below industry standards
- Unmotivating comp structure
- Unrealistic quotas & territories

## Administrative Challenges

- Inaccurate commissions
- Slow dispute resolution
- Lack of visibility (how am I getting paid?)



# Should I Stay or Should I Go?

## *The Balance Sheet*

*Salespeople balance what they like and dislike about their compensation to decide if they should quit.*

Debits (what they dislike)	Credits (what they like)
<b>Small Debits</b>	<b>Small Credits</b>
<ul style="list-style-type: none"><li>- Incorrect commission</li><li>- Slow dispute resolution</li><li>- Delayed payments</li><li>- Confusing variable pay</li><li>- Plan changes too often</li></ul>	<ul style="list-style-type: none"><li>+ Reasonable base pay</li><li>+ Attainable SPIFS / Bonuses</li><li>+ Exclusive incentives (President's Club)</li><li>+ Easy-to-understand comp plan</li><li>+ Pay accelerators</li></ul>
<b>Large Debits</b>	<b>Large Credits</b>
<ul style="list-style-type: none"><li>- Unrealistic quotas</li><li>- Unfair territories</li><li>- Unmotivating comp structure</li><li>- Pay below industry standard</li></ul>	<ul style="list-style-type: none"><li>+ Fair &amp; justifiable quota</li><li>+ High growth territory</li><li>+ Promotion / raise</li><li>+ High earning potential</li></ul>

# Design Mistakes



# The Cause of Design Mistakes

## 1. Plan Structure

- Not benchmarking often enough
- Misaligned variable and base pay split
- Best practices not considered

## 2. Quotas & Territories

- Quotas & territories set based on gutfeel
- Historical data does not reflect changes in market

## 3. Deployment

- Rushed implementation
- Confusing & poor communication
- Reps don't understand the plan



# How to solve design mistakes?

## Continuous planning

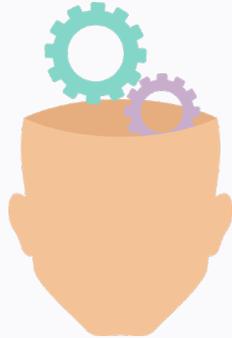
- Use data, not gut decision to optimize plans, quotas and territories
- Combine both historical and external data to calculate the potential of a territory
- Use technology to enable continuous planning

## Make them believe

- New comp plans can demotivate if reps don't know why changes have occurred
- Don't just give them a new quota, explain why.
- If a territory has more potential, help them realize it.



# Best Practices — Sales Comp Design



## Understand what motivates your reps

- Dial in your base and variable pay split
- Set stretch but achievable goals



## Make it make sense

- Don't overcomplicate the comp structure
- Clearly articulate or show reps how they will get paid



## Reward overachievement

- Tiers, accelerators, president's club
- No caps on commission
- Don't delay payment until cashflow



## Still, be fiscally responsible

- Align incentives with business goals
- Model potential outcomes before committing

# What is Pay Philosophy?

**Pay philosophy** is your approach to benchmarking, setting, and designing a fair, equitable and motivating sales compensation structure.

Differentiate your pay philosophy between average and top reps.

**Reward top reps** with variable pay and other incentives that are only achieved by overperformance.

When you create a culture and pay philosophy around performance, top reps are far more likely to stick around.



# Administrative Challenges



# The Cause of Administrative Challenges

Human error (common with spreadsheets)

Disjointed processes (across multiple tools)

Zero visibility of commission calculations

Poor or non-existent reporting

Bottlenecks in the approval process

Poor data / not real-time



Poll:

**Have any of your reps been paid incorrectly this year?**

**A. Yes B. No**



# How to solve administrative challenges?

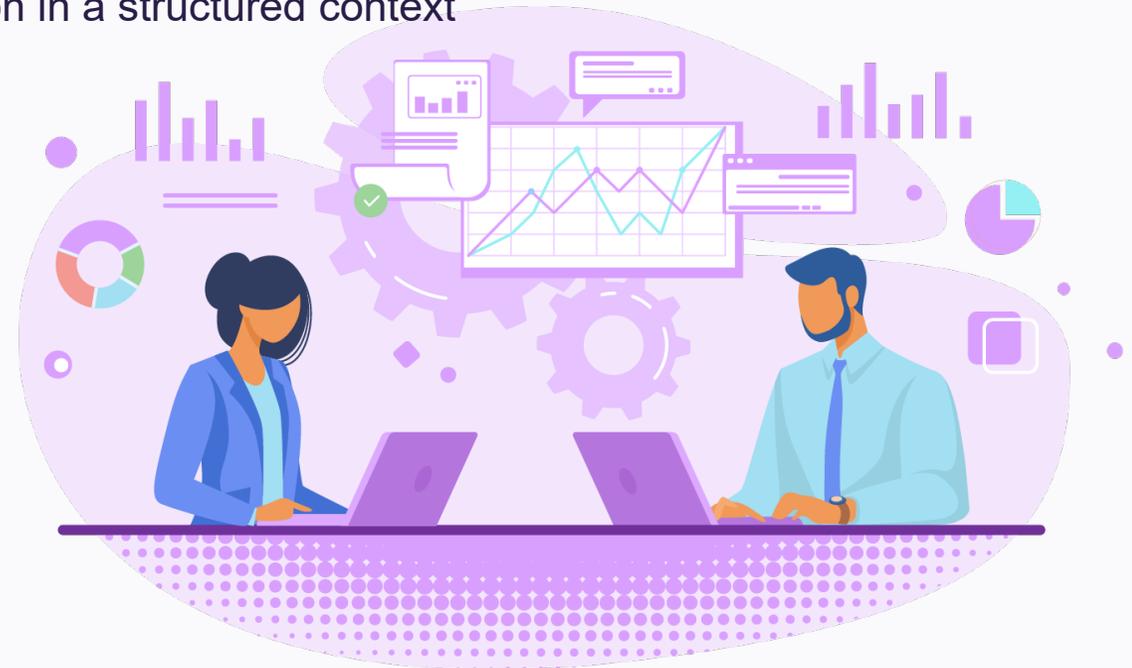
## Automate the process

### Benefits:

- Enhanced accuracy — automated calculations remove human error
- Cleaner data — automation requires automatic and real-time data feeds
- Structure — automation forces you to build compensation in a structured context

### What can be automated?

- Data ingestion & validation
- Commission calculations
- Payroll disputes & resolutions



# How to solve administrative challenges?

## Enhance reporting & transparency

### Benefits:

- Motivation —visibility motivates reps because they see attainment in real-time
- Less confusion — reporting shows reps how they are getting paid
- Avoid errors — reps can see payment error before it happens.

### What types of reports & visibility?

- Commission Earned to Date
- Quota Attainment
- Overall territory performance



# Key Takeaways



# What did we learn today?



## Design a Fair & Motivating Comp Plans

- Tailor incentives to performance to retain high performers
- Set equitable quotas & territories so reps feel there's a level playing field
- Enhance communication and visibility so everyone understands the plan



## Eliminate Friction in Administration

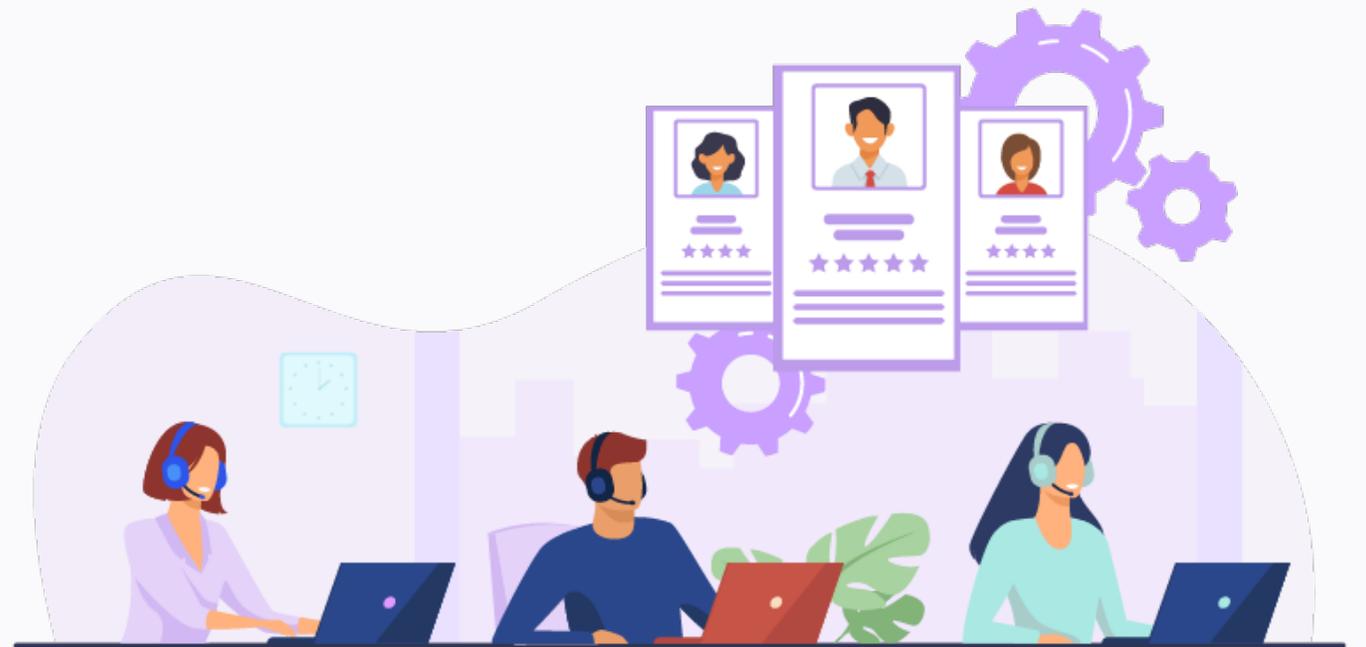
- Invest in automation to reduce errors and disputes
- Enhance reporting and transparency so all reps know where they stand
- Create structure so reps trust in the process feel they are heard & supported

**Save an avg. \$115,000+ for every rep retained!**

# Change Your Perspective

**Sales compensation is no longer an ad-hoc cost centre.**

It is a strategic centre that's uniquely positioned to optimize for growth, performance and employee retention.



# What makes Forma.ai different?

## Design Plans in Plain English

Plan, design and deploy new comp plans through Forma.ai with a simple, natural language request — no logic building required on your end.

## Automate Administration

Eliminate errors and streamline processes with true end-to-end automation of the sales compensation administration process

## Enhance Visibility

Populate dashboards, and allow reps & managers to track performance all through the Forma.ai platform.

**Say goodbye to spreadsheets  
and formula-building, forever.**



# Q&A

# Want to continue learning about compensation & retention?

Follow Forma.ai for more sales comp insights, content & webinars



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