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Motivate top sellers and optimize outcomes with a holistic Pay for Performance program

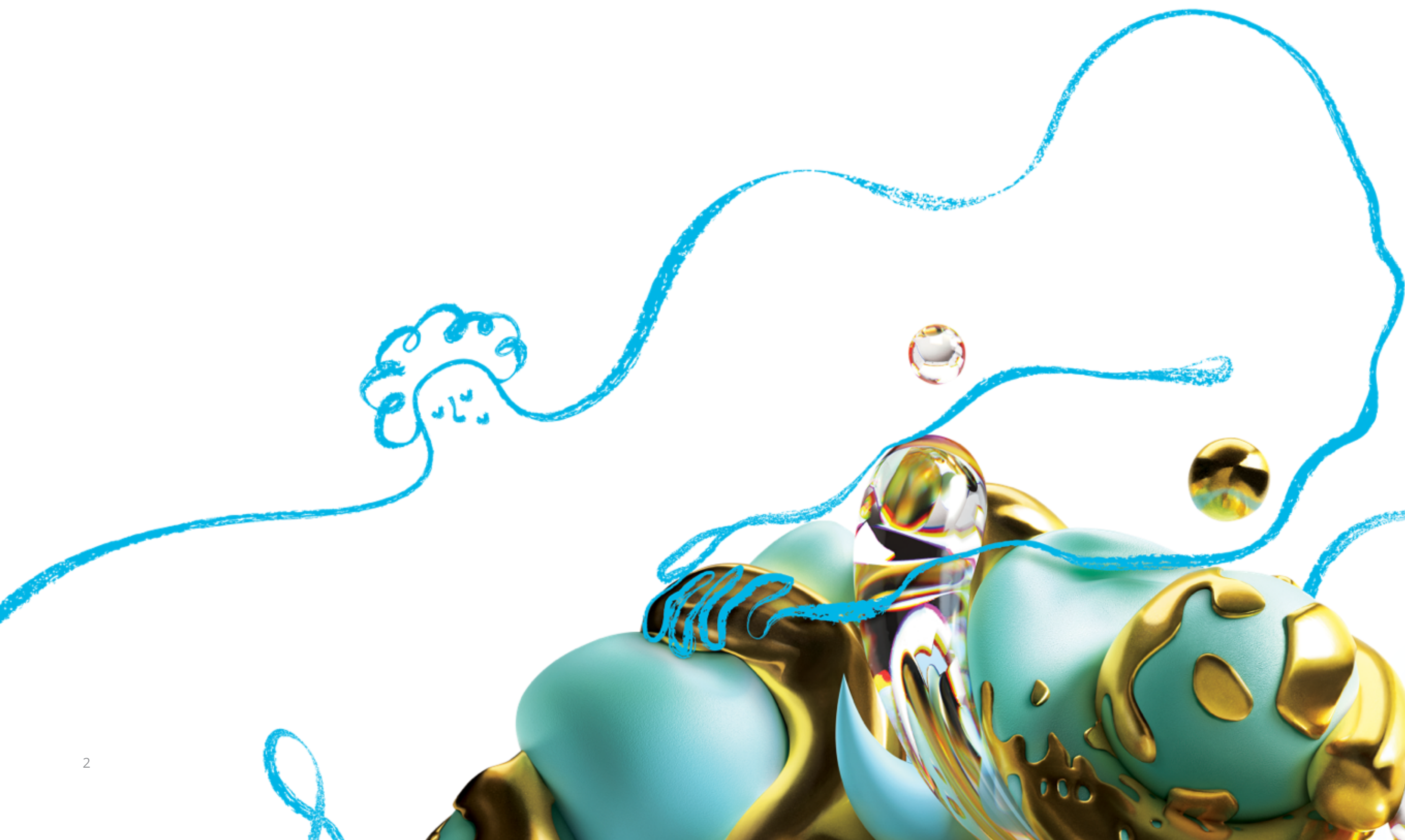
APRIL 2022

Position your sellers to thrive

Large B2B sales organizations face more challenges than ever while trying to thrive in a grow-or-die world. As digital transformation gains momentum, the competitive landscape is changing quickly.

Legacy products are now table stakes, as value migrates to the data generated from these products and the resulting insights. Evolving consumer expectations, coupled with digital technology and social shifts, are *changing how customers buy*. No longer simply seeking products and solutions, they expect memorable buying experiences. To thrive in this environment, we often see companies increasing their focus on launching new, customer-centric offerings and transforming their existing business model to be more agile and customer-centric.

For companies undergoing these transformations, getting the execution right is critical. Success relies on reimagining the sales function and go-to-market capabilities to identify and connect with potential customers in a relevant way, highlighting the value of the product or service, and ultimately closing the sale. A thoughtful Pay for Performance (P4P) program can enable an organization to 1) drive profitable growth, 2) improve the seller experience, and 3) enhance customer outcomes. It sets up your organization to make your sellers successful.



Too often, companies equate P4P with compensation. However, P4P is a holistic approach that considers the entire sales organization and the transformation journey necessary to compete in this new environment.

Our Pay for Performance framework lays out the building blocks for a successful program. In this article, we will explore four keys to getting a P4P program right:

1. Lay the foundation with vision, strategy, and governance
2. Design the program to achieve your growth ambitions
3. Ensure systems and technology support the program design
4. Invest in reporting and analytics

Figure 1: Pay for Performance (P4P) Framework

1. Vision and Governance

Vision and Strategy		**Governance**	
P4P Goals	P4P Guiding Principles	Program Ownership	Accountability

2. Program Design

Roles / Organization		**Territories**	**Quotas**		**Compensation / Rewards**	
Role Clarity	Responsibilities	Coverage Model	Planning	Formulas	Eligibility, TTC & Mix	Measures, Mechanics & Pay Curve
Communications		Assignment Model(s)	Adjustments & Changes		Crediting Policies	SPIFFs

3. Technology

P4P Technology						
Data Layer / Integration	Territories	Quota	Comp, Allocation & Crediting	Inquiries / Disputes	Exceptions / Adjustments	Administration

4. Reporting & Analytics

Reporting & Analytics						
Plans and Policies	Statements	Performance / Pace Tracking	P4P Modeling (Quota, Territory, Comp)	P4P Analysis (Quota, Territory, Comp)	Disputes, Exceptions / Adjustments	Errors

1. Lay the foundation with vision, strategy, and governance

The first step in crafting a P4P program is establishing a proper foundation. A successful program should be anchored to an ambitious vision, a set of guiding principles, and a governance charter informed by inputs from key stakeholders. Here, let's examine the building blocks of a robust program.

P4P vision and strategy

A successful P4P program starts with a clear vision that ties an organization's ambition to sales outcomes. *Companies getting this right set a vision*, then articulate P4P objectives aligned with corporate goals and leadership direction. Once the P4P objectives are defined, the next step is to determine the strategy and guiding principles in consultation with supporting functions (for example, see Table 1: Sales Compensation Design Principles). The resulting vision, strategy, and principles guide downstream activities to drive desired sales behavior and customer outcomes.

Organizations should focus on these critical success factors:

Align to corporate goals.
Too often, organizations fall short in clearly articulating the P4P vision, resulting in different understandings of the objectives by the sales leader, sales operations leader, and the broader sales organization. To drive alignment on vision, they need to ask questions that get to the heart of linking their corporate goals to performance in their sales organization, such as:

- What do we want to accomplish this year and in the next five years?
- What unique levers can be pulled to accomplish this?

Gain stakeholder buy-in.
Take the extra effort to involve supporting functions in shaping the principles and guidelines of the P4P program. Clear communication with stakeholders allows the teams to understand, contribute to, and support the direction of the program, then execute activities that make it a reality.

Communicate to the broader organization.
Clearly communicating a transparent vision and strategy–one that is socialized and accepted across all levels from the seller to senior management–dramatically improves the chance of success. Recognize that salespeople who are comfortable selling traditional offerings may have concerns about shifting to a new product or business model. Communicate the vision in context to relevant functions, including the entire sales organization; help employees understand why the change is relevant by discussing the short- and long-term implications of corporate strategy and growth objectives.

For example, Schneider Electric ensured stakeholder buy-in to its vision for positioning as-a-service transformation for its field services as an additive to its traditional business. In rolling out the offering, Schneider communicated the vision, its pitch for the offering, and how to engage with the potential new buyer. This process helped ensure the sales organization was well-equipped to promote new offerings while safeguarding the traditional business.[3]

Sales operations leaders take note: companies can *modernize sales operations* to play a more significant role in sales strategy by going beyond operations to become the strategic, operational, and analytics enabler for sales.

Governance

Establishing clarity on ownership and decision rights for P4P capabilities is key to achieving the expected results. This clarity is essential because P4P has multiple cross-functional stakeholders who need to work together to achieve the organization's goals and optimize its investments. Every stakeholder should understand their role and how their capabilities fit into the process or stage of the lifecycle. Most importantly, all stakeholders need to know which function is the decision-maker for that capability.

Our approach is to define the discrete P4P capabilities, then look at the question of governance for each one, asking these questions:

- Where should the capability sit within the organization?
- Which stakeholders should have input and influence on the capability?

Any choice offers pros and cons, and the decision depends on organizational priorities (see Figure 2). No matter where the P4P capability sits, other relevant functions need a seat at the table. For example, stakeholders in the design of the sales compensation plan should include sales ops, HR, and finance. The plan design should establish a primary accountable function and the roles of other supporting functions.

Figure 2: Example Choice Points on Functional Ownership of a P4P Capability

Plan design responsibilities

Description: Compensation plan design capabilities include pay curve and performance measure design, and crediting and incentive rules.

	Sales operations is responsible for compensation plan design	**Human resources is responsible for compensation plan design**
PROS	• Sales Ops is closer to the sales force and sales leadership, and can serve as the voice of Sales • Closely involved with territory and coverage model deployment • Maintain a strong pulse on level of effort required for the different selling motions as well as effective seller incentives • Closely aligned with sales leadership on GTM and product strategy	• Closely aligned with seller's total compensation • Compensation plans will be designed in close alignment with "role clarity" • Independent voice that is reviewing compensation design
CONS	• As they are closely involved with sales, variable compensation design can be unjustly geared toward seller's benefit	• Is not closely aligned with the sales deployment and coverage models • Limited view on territory and quota alignment that are critical to Total Target Incentive across measures • Minimal access to sales force and understanding of daily selling motions and their respective level of effort

2. Design the program to achieve your growth ambitions

The next step is designing the P4P program by assigning sales roles, defining the territories, setting the right quota, and designing a compensation plan that motivates the sales team to achieve established growth goals.

Role design

With a new growth ambition, organizations need to ask how this goal will be translated for the people who execute it. Review the ability of existing sales roles to execute the growth strategy. Is the market adequately covered to capture the opportunities in the market? Do the employees in these roles have the technical knowledge of the product or service? New support or sales roles may be required when introducing a new product or a new plan to implement a business model change. Without the right coverage for the sales opportunities resulting from new growth objectives, sub-par growth or limited expansion of existing revenue streams may result. Consider defining sales roles based upon the selling motion and how this motion may differ based on the customer and the offering. Good role design considers the end-to-end customer journey and requires continuous evaluation and updates, especially as buying behaviors continue their shift to digital or virtual environments.

For new products or offerings, consider these key themes while evaluating existing sales roles:

- Does the new product cater to existing customers or a new customer segment?
- Is the selling process for the new product different from the existing products?
- Do existing sales representatives have adequate technical knowledge and skills to close deals for the new product successfully?

Organizations introducing a new product with higher complexity or consultative requirements often need specialist overlay roles to complement traditional sales roles. Additionally, societal and business changes due to COVID-19 have impacted the sales process. According to a Deloitte study, 28% of B2B organizations surveyed expressed the extension of the pre-sales stage due to the involvement of more client stakeholders as one of their top two challenges.[4] These respondents are adding subject matter experts (SMEs) to support the sales teams and help guide client decision-making. Microsoft created Technical Sales Teams to increase the technical expertise of its salesforce while retaining a separate customer-facing sales team to identify new opportunities.[5]

As business models shift, especially while transitioning to as-a-service models, traditional sales roles need to be re-evaluated. This review becomes imperative as the traditional objective of identifying and acquiring new accounts shares importance with a new focus on building loyalty and cultivating long-term subscription customers. As captured in Deloitte's report *Thrive in the Future of Sales*, this new way of consuming product—as a service—also extends an opportunity to enhance the current offerings, hence justifying the creation of dedicated sales roles to capture these up-sell and cross-sell opportunities. SaaS companies have successfully split the sales organization into 'hunters,' who chase new accounts, and 'farmers' who focus on expanding current revenue streams. Microsoft created Customer Success Teams to focus on consultative selling post-customer acquisition for its cloud offerings. Introducing these roles ensures the sales team is engaged in building ongoing relationships with customers.[7]

Role design: What to watch out for

Setting the correct metrics for sales roles
Correct performance evaluation or compensation metrics for different roles help drive correct sales behavior. While traditional sellers can be evaluated based on closed deals, customer success roles' performance should be linked to customer consumption metrics. Not assigning role appropriate metrics can negatively impact sales and customer outcomes.

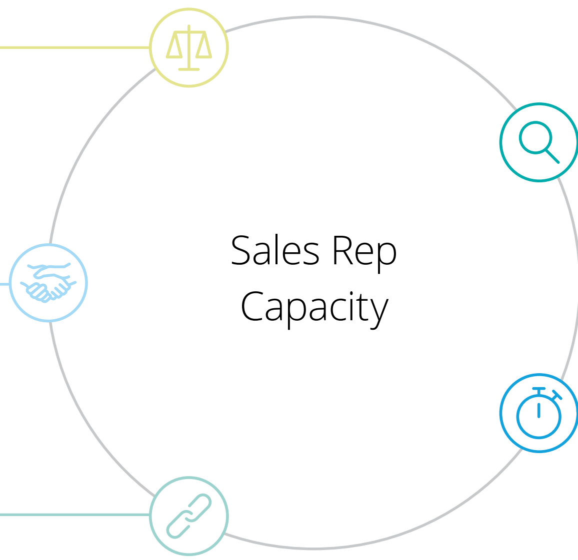
Territories

With defined roles in place, organizations can consider how to align specific customers to sales representatives through territories. Territory design helps optimize customer coverage, allowing an organization to serve its customers with the right frequency and resources to increase customer satisfaction and retention and capture revenue opportunities.

Good territory design can maximize its return on investment, enabling leaders to determine the appropriate field force investment level and pursue high-growth opportunities based on ROI targets. It also allows businesses to optimize their salesforce, ensuring each sales rep has a balanced and manageable workload based on their book of business and market potential (see Figure 3).

The first critical step is defining a territory based on how sales territories align with the go-to-market strategy and offerings based on organizational constraints. Ask: how will we prioritize different customer profiles when allocating accounts into territories? Territory selection criteria may differ by business unit or regions as customer preferences, geographic needs, priority customer segments, and buying behavior vary.

Figure 3: Territory Design Methodology Leading Practice



Balanced
By role, territories consist of similarly proportionate account mix by product, industry, etc.

Collaborative
Overlay reps are mapped directly to primary quota carriers' territories to facilitate team selling

Minimal Disruptions
The territory takes into account existing sales relationships

Focused
Territory or list of accounts is sized to drive appropriate degree of focus and enable at least some degree of subject matter expertise in the rep

Efficient
Territories are designed to minimize "windshield" time

Standard criteria include product, geography, and industry focus. How the business prioritizes these parameters impacts how accounts will be clustered and assigned to representatives.

The other key element is the size of the territory. Here are three categories of questions to consider:

- What is the ideal allocation of sales rep time between sales cycle, internal, travel, and other activities?
- What is the typical workload and sales cycle time for each account?
- Given the sales cycle process and time available, how many full-time equivalents (FTE) are needed to serve customers?

These factors help define the optimal size of a territory and inform expectations that feed into quotas.

Consider territory design for a company with a new, highly complex offering that plans to introduce a product specialist as an overlay role to consult with customers and business development reps. The organization should define the specialist's territory within the context of the business strategy and coverage model.

Multiple factors determine the need and definition of overlay roles and how they support the various growth objectives of an organization. For example, how many product specialists are required, which customers or reps do they work with, and when should these specialized reps be involved? A thoughtful approach to territory design, informed through analytics, can help lead to optimized coverage and ROI.

Territories: What to watch out for

Inform through analytics

Use analytics to drive decision-making. Advanced analytics provides a bottom-up view of the sales organization's needs and helps inform top-down organization constraints. When designing territories and balancing them for efficient coverage, analytics in each of these four areas contributes to a robust territory design methodology:

- Determine opportunity value of customers
- Determine level of work effort by account
- Determine a sales rep's capacity and required FTEs
- Distribute accounts / geographic territory assignments

Once territories are created and assigned, a leading practice is the ongoing use of analytics in measuring territory health—benchmarking territories to measure performance against KPIs. Companies with a mature territory analytics capability can leverage sales enablement technology to take a territory-index weighted approach to score territories against each other. This approach combines multiple variables and indexes them to rank territories and identify outliers where redistribution may be needed.

Quotas

Setting appropriate targets for sellers is a key part of the P4P program, directly related to the other building blocks of roles design, territories, and compensation. Moreover, the notion of how productive a salesperson will be should have a feedback loop into the organization's growth goals. How an organization determines quotas–their quota philosophy–can have an outsized effect on pay plans. In our experience, these key principles should be followed when establishing an effective quota methodology: align with the business strategy; account for sales models and roles; be consistent, simple, fair; link pay and performance, and fully allocate quota.

When aligning with the business strategy, especially in the context of a growth objective, quotas should be calculated to support the growth category. For example, in 2020, HPE introduced separate quotas for its GreenLake offerings for HPE Sales representatives.[8] As an interconnect with role design, the quota methodology should account for different routes to market to prevent channel conflict. Quotas should be consistent, simple, and fair. A transparent and regular methodology helps ensure that stakeholders are comfortable with the outputs, while simpler methodologies are easier to communicate and govern.

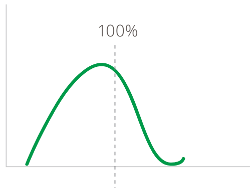
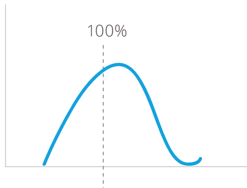
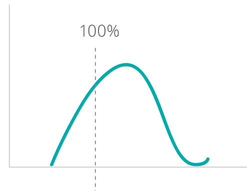
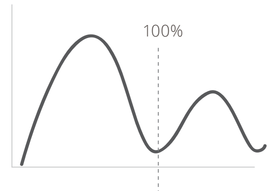
The assigned quota should represent an achievable 'stretch target' to maintain the seller's morale and confidence in management. Pay and performance should be linked while fully allocating quota to add up to the sales plan. The allocated quotas should help leaders differentiate between low and high performers while rewarding those that outperform. Fully allocating quota drives accountability across the entire sales organization to the growth objectives. In some cases, the quota may be a little more (over-assigned) or less (under-assigned) than the sales plan to account for ever-shifting headcounts. Significant divergence can breed distrust and challenge a pay-for-performance philosophy.

Let's look again at our example of HPE's GreenLake offering. Since this product is part of a critical growth objective yet is starting out as a small portion of revenue relative to the legacy business, adding a new quota component for the new product can make sense. The separate quota drives accountability to sales results for this product, clarifying performance in this critical new area and making it difficult for sellers to remain completely in the 'old world' of selling just the legacy product.

Quotas: What to watch out for

Align to a quota philosophy
Company leadership should pro-actively agree on the desired quota philosophy as it directly impacts sales culture and performance management practices. We encounter four primary quota philosophies (see Figure 4), and while three are viable, our view is that a Performance Culture is the leading practice. A Performance Culture balances motivation and morale, rewards for top performers, and compensation cost of sales.

Figure 4: Primary Quota Philosophies

	Culture of Losers*	Performance Culture*	Culture of Winners*	Haves & Have Nots**
	<40% of Reps Meet / Exceed Quota	**~60% of Reps** Meet / Exceed Quota	**> 70% of Reps** Meet / Exceed Quota	**<20% of Reps** Meet / Exceed Quota
				
PHILOSOPHY IMPLICATIONS	• Reduces confidence in management • Lowers sales rep morale • Causes high turnover • Achieves sales plan only through over deployment	• Promotes trust in management • Fosters healthy competitive culture • Rewards performance to meet company goals • Attracts top talent	• Leads to culture of entitlement • Increases compensation cost of sales • Lacks motivational element	• Relies on "winners" to achieve sales plan • Creates sense of entitlement amongst experienced reps • Causes high turnover amongst the "losers"
WHERE TYPICALLY FOUND	• Fast growth; highly transactional; low barriers to entry; low sales experience • Ex. MLM; entry level financial advisory	• Leading practice	• Stable / slow growth • Ex. Healthcare; Manufacturing; Commodities; Retail, High Net Worth Investor Management	• Fast growth; early stage / less mature org; complex sales with long cycle and big deals; highly experienced reps • Ex. Enterprise software

*Viable Philosophies

** "Haves & Have Nots" is an undesirable philosophy and results from quotas not being properly managed

Compensation

Sales compensation is often used as a tool to solve many sales problems. We feel this is akin to the analogy of someone with a hammer seeing every problem as a nail. Compensation plans easily become muddied as competing priorities wedge their way into the design. A few guiding principles, if followed, can go a long way to retaining effectiveness (see Table 1).

Table 1: Sales Compensation Design Principles

	Sales compensation guiding principles	Why is this important, and what to do about it?
1	Align the plan to the P4P strategy and the seller role	• People respond to incentives, so the compensation plan can encourage good behavior and bad. Close alignment to your strategy enables the compensation plan to be a force multiplier in getting the organization to your goals.
2	Measure components where the salesperson has a high degree of control	• Depending on the role, sellers have differing levels of influence over the customer journey. • Ask what is the most precise measure of sales that the seller achieves? Do they have a high degree of influence on margin? Is revenue recurring so that the first year's revenue is what their effort really brings in? • For example, in businesses with a significant lag between bookings and revenue, measuring them on bookings will allow the sales org to move on to the next sale once the booking is signed, rather than distract them from pulling through revenue from past bookings.
3	Ideally consists of 2-3 and no more than 4 components	• Compensation plans are all about clarifying what is most important for the rep to achieve. More components mean dilution and competing priorities. • Determine the #1 priority on what the seller is to achieve and set this as your highest weighting, at least 1/3 of plan. • Then ask, is there a strategic priority to be reinforced through compensation?
4	Can be measured accurately and timely in comparison to the sales cycle	• Pay is most meaningful when tied closely to the efforts that produce a sale. • For short, transactional sales, create brief measurement periods, allowing the seller to be rewarded quickly. • For longer cycle sales, an extended measurement period will reduce lumpiness and resulting spikes/drops in pay due to accelerators or other pay curve mechanics.
5	Generously reward high productivity	• A culture of rewards for high productivity fosters healthy competitiveness and attracts high performers to your organization. • Use mechanics such as thresholds and accelerators to establish minimum expectations and motivate going well beyond quota. • Avoid caps, which can be very discouraging and counterproductive to a pay-for-performance culture.

Recognize that pay is only one of the moments that matter for sellers. Some individuals respond to and are driven to high achievement based on the metrics associated with compensation. Careful decision-making on the pay mix, measures and weights, mechanics, and pay frequency in the context of your growth objectives will leverage compensation's prominence.

Compensation: What to watch out for

Design complexity

As alluded to earlier, design complexity is a common pitfall. Increasing demand for change, combined with weak governance mechanisms, often leads to premature rollouts of poorly supported incentives. The complexity comes in the form of too many measures and mechanics that are difficult to follow. We see that guidelines on the number of components to be included are often broken, even occasionally circumvented by using sub-components. There will always be tension on priorities; a clear P4P vision and strategy are crucial for distilling the priorities to incentivize.

Data quality

Data quality can be another problem; payment accuracy, timing, and access to reports or data for sellers are pillars of a successful and acceptable compensation program. The efficiency of compensation plans is directly proportional to the quality of data used for compensation. Timing can bring a particular challenge: a significant lag between deal close and resulting economics can misalign incentives or distract sellers from the next sale.

Close integration across teams

The sales, operations, finance, HR, marketing, and IT functions may all have a role to play in compensating sellers. Defining the role of each stakeholder (e.g., via a responsibility assignment or RACI matrix) as it relates to designing and operationalizing sales compensation will help gain buy-in. Clear rules of engagement, defining crediting rules around HR events, and tracking sales transaction events need to be agreed upon across this multi-functional group to make the plan successful.

3. Ensure systems and technology support the program design

After the program is designed, sales operations and sales compensation leaders need to think about how to operationalize it.

The P4P technology landscape includes various processes and systems to support territory, quotas, compensation crediting, processing, addressing inquiries, administration, reporting, and analytics. These tools and technologies are supplemented by Data Integration and Master Data Management tools.

It should come as no surprise that buying purpose-built business technology yields an array of benefits such as access to the latest features, reducing tech capacity needs, and increasing focus on core competencies. Yet it can also have a more far-reaching impact—for the sales organization, putting P4P technology in place will supercharge business outcomes.

It is critical to align the organization's growth objectives with these technologies.

What are some key decision points for assessing if existing technology architecture will support the growth objectives? See the evaluation categories in Table 2.

Table 2: P4P Technology Evaluation

P4P Technology Evaluation Category	Decision Point
Alignment to strategy	Current technologies support the immediate growth objectives, and will be sustainable in upcoming years
Application maturity	The breadth and depth of functionality to support the growth objectives, expansion, new compensation rules, and addressing pain-points in existing architecture
Integration with existing systems	The extent to which the solutions fit within the overall architecture
Performance	Ability to scale to the expected business data volumes
Maintainability	The degree of effort required to make application updates, dependence on various teams to enhance the solution to adjust to the objectives
User experience	Quality of interaction with the application and seamless ability to perform related business processes via a common interface
Ease of making changes	The degree to which the business must adapt its core processes to utilize the current or new technology solution(s)

We believe that improving sales technology and tools helps reps to deliver frictionless seller experiences because happy, confident sales reps deliver better customer experiences. Having the right P4P technology in place can help reps increase their trust in your organization and free up time to focus on customer interactions.

How does this look? For sales compensation, it means a platform that can not only process transactions against crediting rules. It also includes reporting that integrates with how your sellers consume information, allows easy inquiries or disputes, and offers modeling for reps to understand how they will get paid for their next sale.

To underscore the importance of supporting technology, a Deloitte study found that market leaders doubled down on sales enablement tools because they were digitizing more sales processes and putting the right tool in for each capability.[1]

4. Invest in reporting and analytics

To make any P4P program successful, sales organizations need to move from simply gathering information to learning from insights.

In our experience, this area frequently lags, with organizations under-investing in and under-leveraging analytics and reporting. There are many consequences to inadequate and incorrect reporting: lost time on data accuracy impacting speed to market, missed opportunities, misalignment between sellers and business performance, missed deadlines, and challenges in driving and retaining the top sellers.

Reporting and analytics should not be an afterthought. Given the wide array of stakeholder groups interacting with the P4P program, identifying the most critical and impactful areas can help inform the reporting and analytics needed for an organization. All stakeholders need to be identified early in the process, the insights they would benefit from, and how and which tools can support the tasks and provide the best user experience.

A few common needs are:

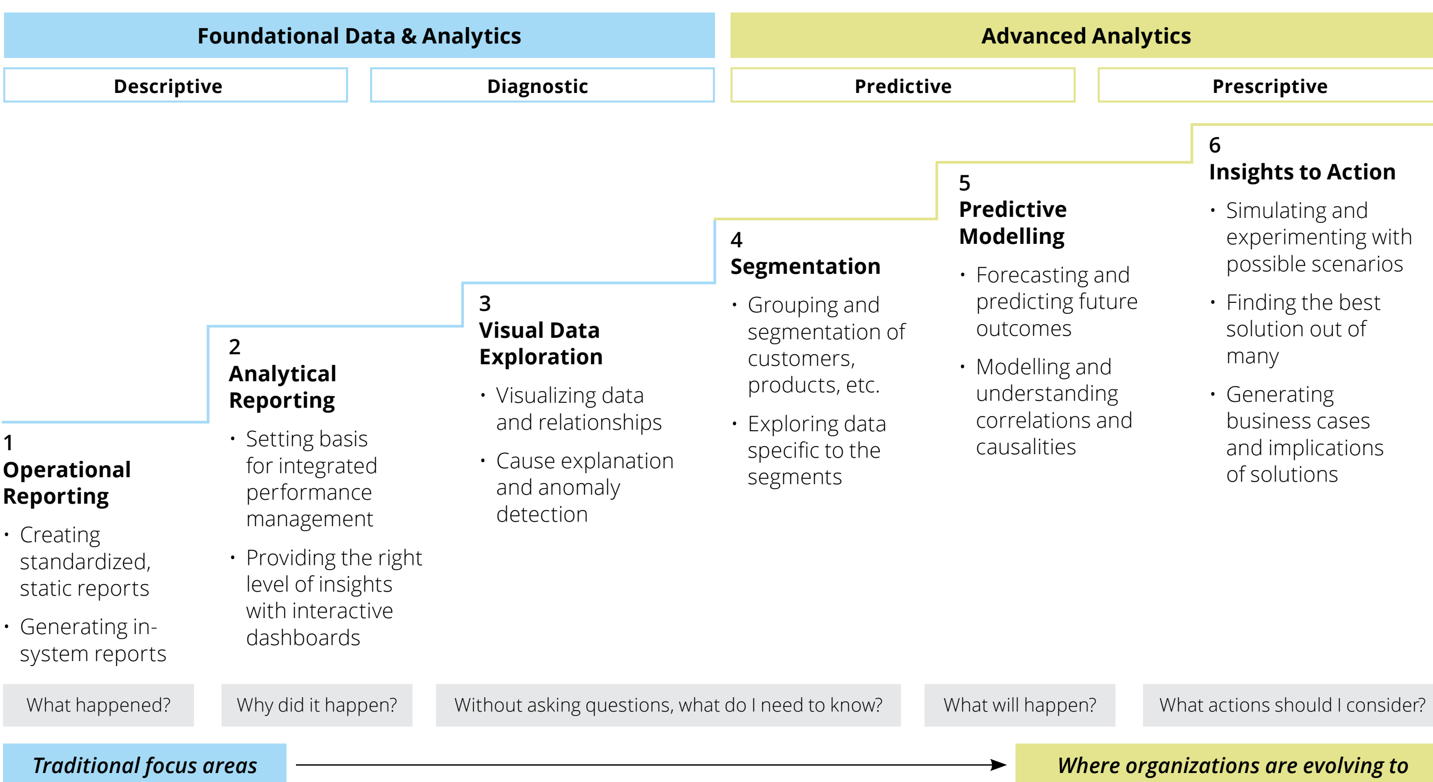
Operational reporting.
Effective reporting empowers compensation administrative/sales operations teams to support rapidly changing business needs and provide ease of plan administration.

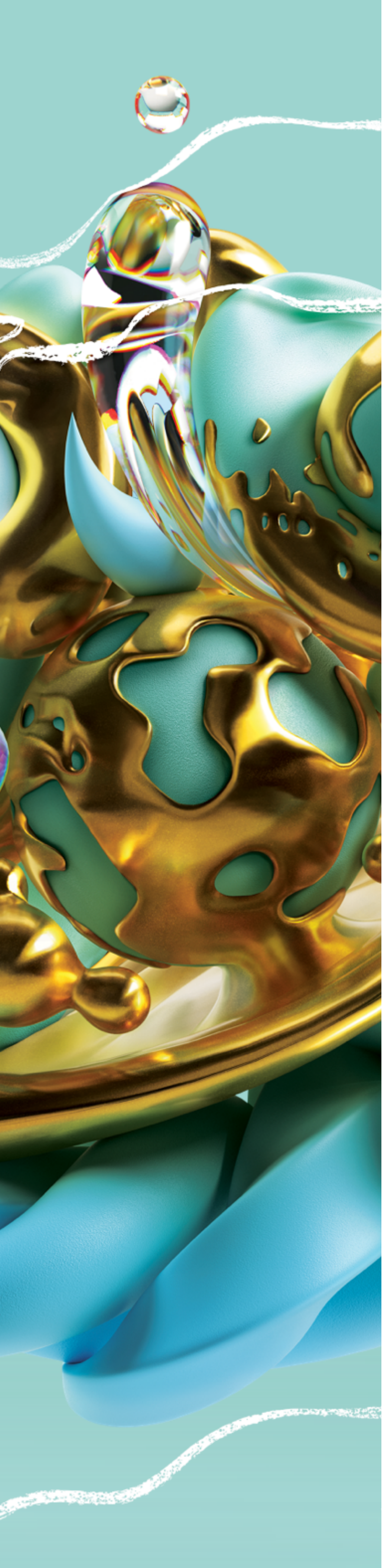
Seller reporting and dashboards.
Timely and impactful insights on performance and delivering on key moments that matter helps improve seller experience and drive motivation. Typical reporting challenges include the inability to connect payout to plan components, track performance and build scenarios for planning activities. Deloitte's recognition engine asset includes several successful examples of using data in a real-time way to communicate better and motivate sellers.

Management and analytical reporting.
Analytics is typically done with a broader data set integrating with downstream systems/platforms to help examine expected vs. desired seller behavior. These real-time insights help improve coaching, seller experience, and plan alignment while helping to drive overall business and growth strategy.

Organizations satisfying the descriptive and diagnostic use cases above should expand to advanced analytics capabilities (see Figure 5). Predictive and prescriptive use cases, such as sales forecasting, plan effectiveness, and examining expected vs. desired seller behavior, helps an organization better predict future outcomes and take proactive steps. While evolving into an analytics-driven organization may be a multi-year journey, the resulting insights are key to improving seller productivity by freeing up more time for sellers and helping improve their success with customers.

Figure 5: Analytics Maturity





In our report, *Thrive in the Future of Sales*, integrating analytics into the sales process is one of the four key initiatives for future-facing organizations to achieve differentiated sales performance. This paper discusses overcoming challenges to improving sales analytics capabilities. One way to get there is to build digital engagement into all sales channels and selling motions, rather than limiting digital engagement to the lowest touch and transactional offerings. Prompting customers and partners to volunteer sharing valuable information and capturing interaction data helps create a rich, unified database to serve as the foundation for analysis. When customer interactions and data collection are digitized, sales organizations can embed analytics and data-driven insights across the buyer journey.

Optimize your P4P program and transform your business

A robust Pay for Performance (P4P) program is one of the key levers available to sales organizations to drive a successful transformation of their business model or offerings. But to realize action, the pieces must be knit together by elevating the seller experience so that salespeople are supported and energized to sell. Organizations can make sellers' lives easier through P4P technology and process design and investing in sellers through compensation and training. In addition, sales leaders must reinforce the P4P program and seller experience through transparency and understandability.

Transparency first. Transparency empowers sellers to see the motivations and decisions of the P4P program and understand the organization's desired outcomes. By knowing how and why the program was designed, sellers can focus on goals and spend less time defending the status quo or disputing redistributed outcomes. Empower sellers by letting them know why territories are defined the way they are and how accounts may be redistributed within a team. Communicate how quotas are determined and why this is fair; let them know how compensation is calculated and why you incent in this way.

Backed by understandability. Even with transparency, if a compensation plan or crediting rules are too complex to understand, sellers become frustrated and consider it a black box. If the quota has too many inputs, iterations, and cascades, the number may seem "made up." Enable sellers to spend more time selling by simplifying the P4P design as much as possible and providing intuitive tools. For example, in compensation design, aim for fewer moving pieces tied to core drivers that a salesperson can control, coupled with a tool such as a compensation calculator that builds understanding and trust in the plan.

Companies should consider moving from reactive, piecemeal changes of Pay for Performance components to developing the program holistically–laying the foundations to align the organization, designing the program to meet the goals, and supporting it with technology and analytics capabilities. This framework provides the building blocks for designing and executing a successful P4P program.

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