

2023 Sales Compensation Trends to Know



In August 2022, we surveyed more than 300 leaders and sales reps to get a pulse on today's [sales compensation](#) trends.

With 38 questions around sales commissions structure, ownership, and rep motivation, we uncover how most organizations are thinking about sales compensation and where they struggle the most.

Below, we share our biggest takeaways.

Survey says...

There's a lack of trust in sales compensation across Sales, Ops, and Finance



90% of Sales Leaders don't trust their sales comp structure



44% of Sales Reps aren't motivated by their comp plans



75% of Sales Reps don't trust they are paid fairly

The "average" comp plan



Business
SaaS



Base salary
50% of OTE



Quota period
Quarterly



Key components
Accelerators &
Decelerators



Quota based on
ARR & 4-7x OTE



Creation & Distribution

Sales Leadership creates comp plans at early stage organizations while RevOps leads the design at later stage companies. In both cases, they introduce new plans most often on a yearly basis.

About the survey

Who?

300+ people working on Sales, Revenue Operations, and Finance teams

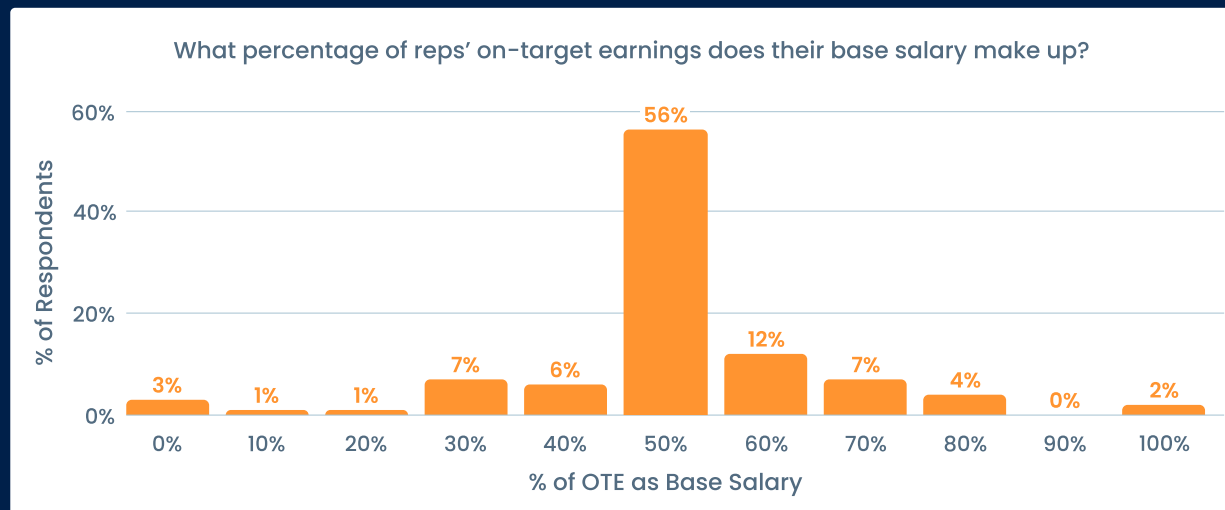
What?

38 questions about compensation plan structure, ownership, and rep motivation

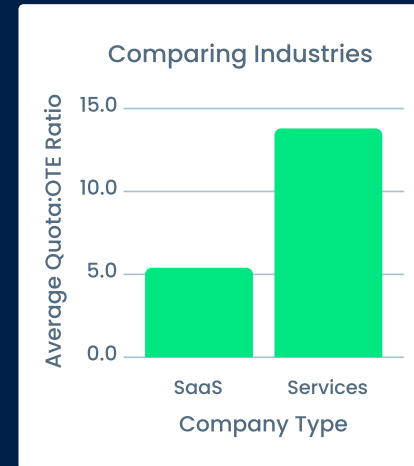
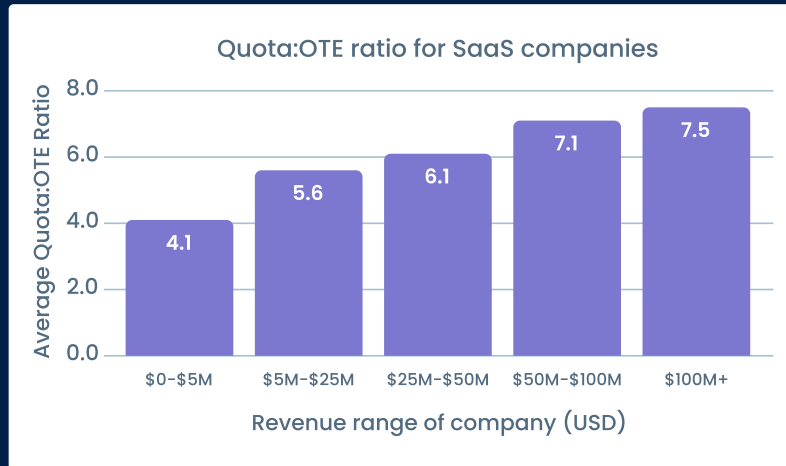
Why?

Sales compensation drives revenue and is pivotal for hiring and retaining top talent

50/50 is (still) the most common pay mix



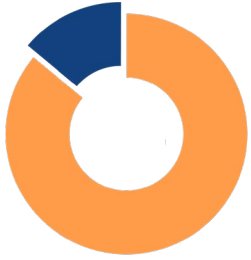
Quota:OTE increases as revenue grows



Now, if your compensation plans fall outside of these trends, that's okay.

Your plan should reflect your business, so if your sales cycles, revenue, and maturity curves don't follow suit with another organization's, then your comp plan shouldn't follow either.

[Design a Comp Plan](#)



86% of companies standardize their compensation plans

That's a 17% increase from 2020

We love that stat. The best way to build transparency, trust, and equality involves standardizing compensation plans.

When you standardize, everyone with the same quota has the same earning potential. You standardize your [sales commission structure](#), including the commission rates, bonuses, and OTEs.

"If you have different plans for each person on your sales team, you end up underpaying women and people of color," said Graham Collins, our Chief of Staff.

Our VP of Sales Caroline Tarpey agreed. "People crave transparency in our organizations. When we standardize these, we're giving that equitable opportunity to the team," said Caroline.



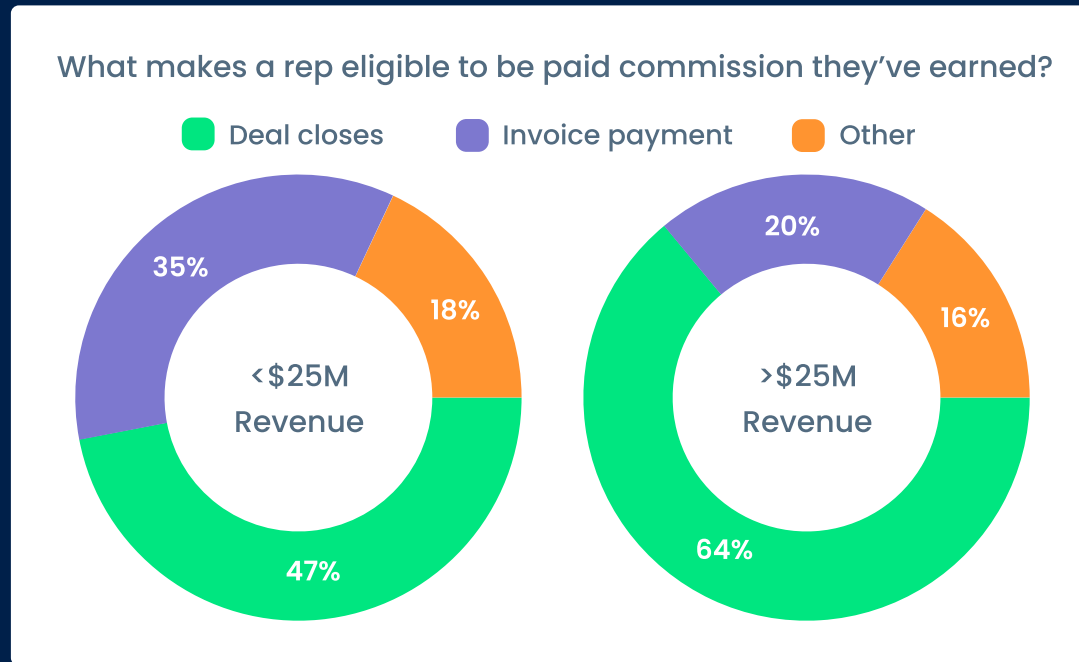
"You're solving for most of the time. You're not solving for every single time when you're designing compensation."

- Sam Jacobs
CEO @ Pavilion

What to know when you're building new compensation plans...

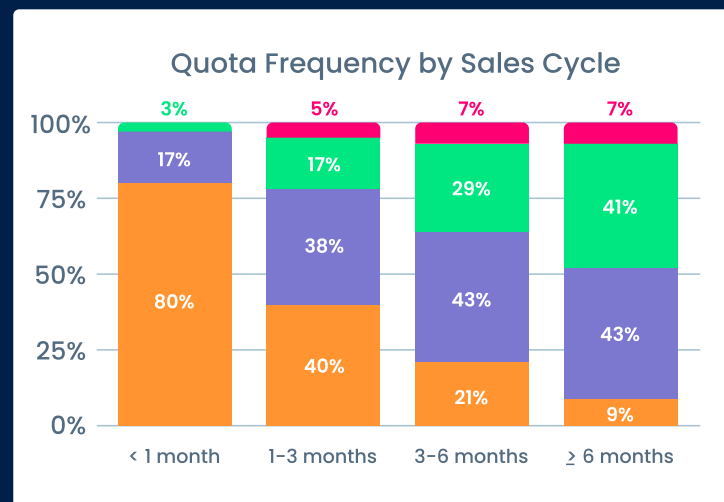
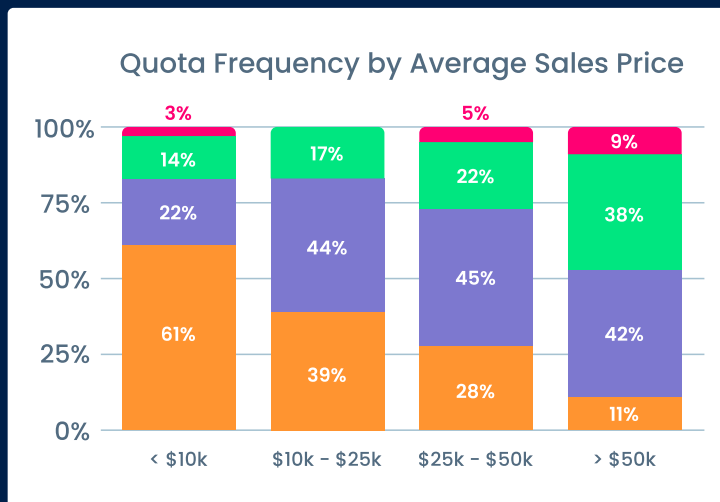
The majority of reps get paid their commissions when they close a deal

The more revenue a company makes, the quicker reps get paid.



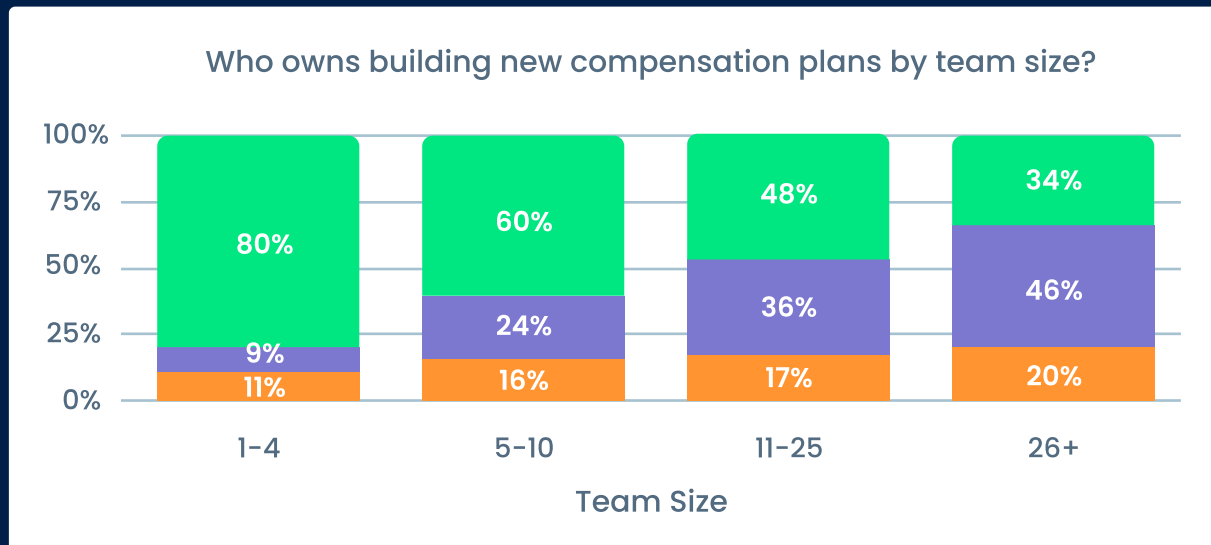
Average Sales Price (ASP) & Sales Cycle determine quota frequency

■ Monthly
 ■ Quarterly
 ■ Annually
 ■ Bi-Annually/Other

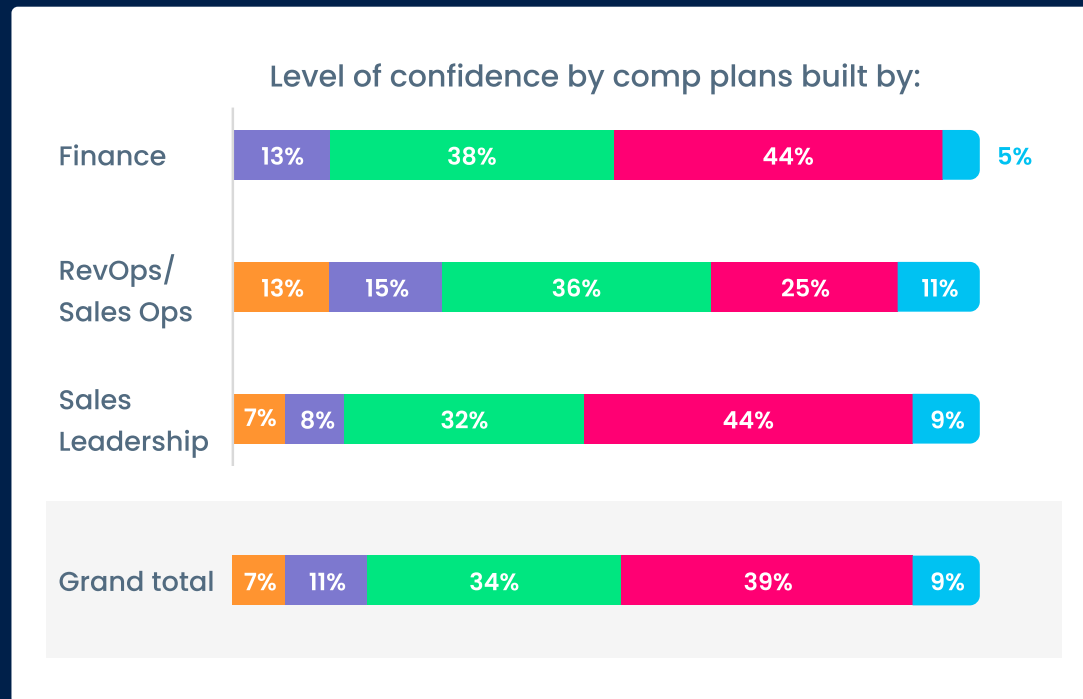
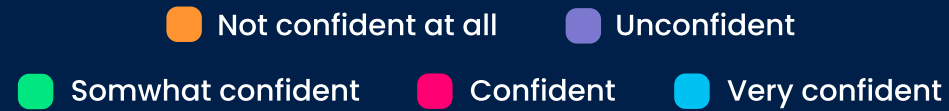


As companies scale, responsibility to build comp plans shifts from Sales to RevOps & Finance

Finance RevOps/Sales Ops Sales Leadership



Comp plans designed by Sales Leadership are the most trusted



Sales Leaders typically emphasize what's best for the rep compared to Finance, so it's no surprise reps trust those plans more.

What is surprising, however, is the downward trend of reps lacking trust in plans built by RevOps. For instance, in a survey we conducted in 2020, reps had the most confidence in the plans RevOps created.

This shift, albeit small, tells us that RevOps can do a better job gaining the trust of their reps by collecting feedback from their sales teams. Our Senior Director of RevOps Ryan Milligan, for example, hosts monthly one-on-ones with every member of the sales organization to check in.

No matter which department runs compensation planning, remember to keep your reps in the loop on future compensation plan changes.

Ask for feedback, and explain the math and the reasoning behind the different mechanics of the plan. Most importantly, share how the company will help them reach their targets.

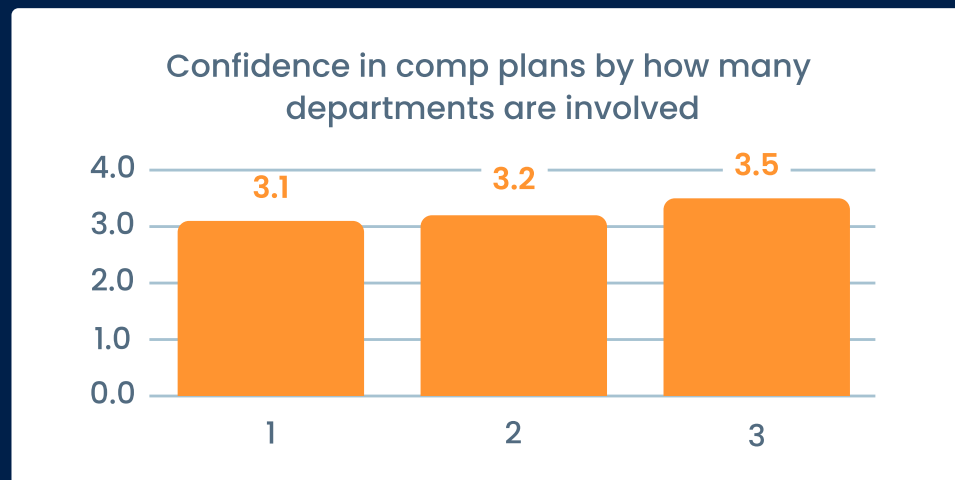


“The people who are most likely to tell you if the plan is something that they can understand and work with is your sales team.”

**– Liz Christo
Partner @ Stage 2 Capital**

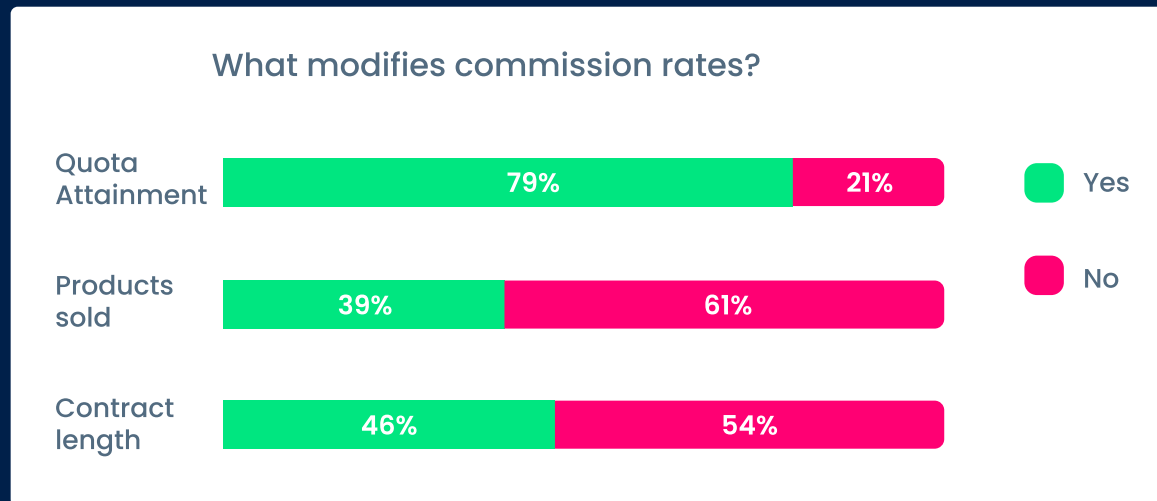
When more departments are involved in plan creation, confidence increases

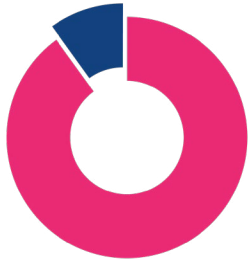
One of the surefire ways to increase trust in comp plans is to involve other departments with different perspectives. But make sure you don't have a "too many cooks" problem by limiting input to 5 stakeholders.



Most comp plans use accelerators

Quota attainment tiers are the most popular comp plan accelerator, followed by multi-year multipliers.





90% of leaders don't trust their compensation structure

What to do?!

Fewer changes equals more trust.

In our experience, we see leaders issue more comp plan changes during market volatilities, uncertainties or changes to sales cycles and pricing, and shifts in strategic business objectives.

One way to get ahead of those changes, and foster trust along the way, is to come up with the business goals first, then leverage the comp plan to drive those. That means if your company introduces a new product while sunsetting another, your [comp plan](#) should pay enough on the new product to motivate reps to sell that over the existing one.

Setting expectations from the onset will also establish trust. If you think you'll have to modify your plans throughout the year, be upfront with your reps to avoid blindsiding them later. For help rolling out changes, check out this [example compensation communication plan](#).



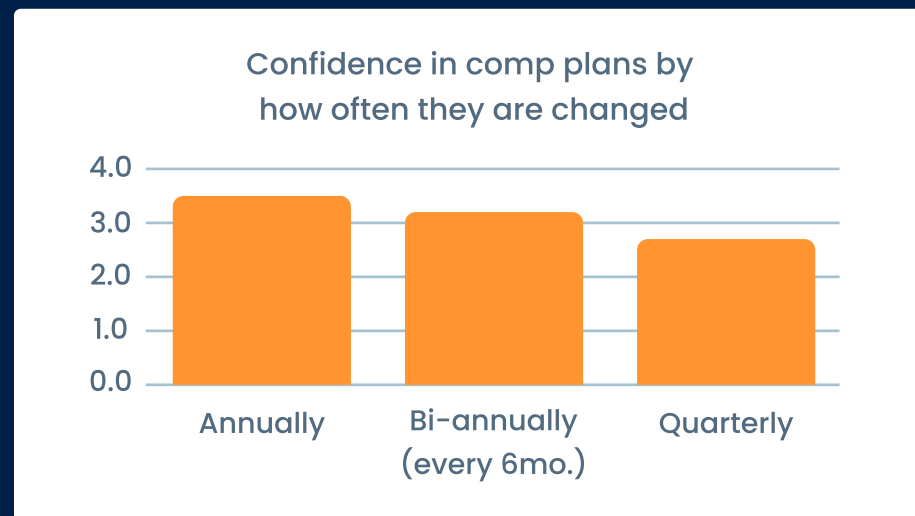
"The starting point for good compensation design is with the C-suite, is at the board level."

**- Mark Roberge,
Managing Director @ Stae 2 Capital**

What it takes to build confidence in compensation...

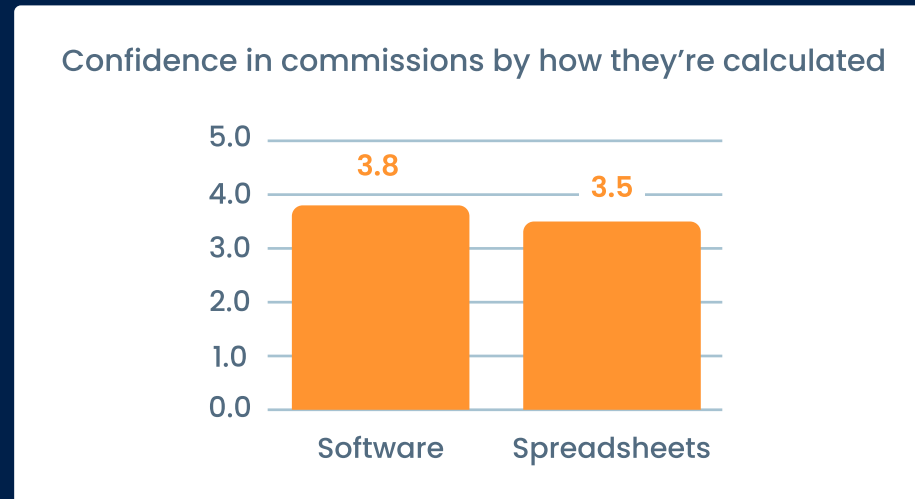
Confidence drops when comp plans are changed frequently

By constantly changing your compensation plans, you're communicating that you aren't confident in the plan. Build it right the first time and stick with it.



Reps trust their commissions being calculated in software

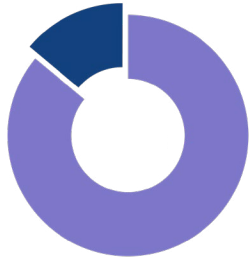
Reps are rightfully wary. 80% of companies pay sales reps wrong.



Confidence in commissions increases when reps understand their comp plan

Reps who aren't confident in their comp plans also don't trust the accuracy of their [commission check](#). Reps who trust their comp plans, trust their commission.





86% of reps rank compensation as their top priority when job hunting



Your recruits will ask about it, so it's on you to share transparently.

Show them their earnings potential ([Compensation Hub's Growth Curve](#) is a great visual aid). A good interviewer will ask how many of your reps actually hit their on-target earnings (OTE), so be prepared to speak to that percentage.

To ensure your base salaries and [variable pay](#) packages compete with market standards, invite your People Team to the table. They play a critical role in securing solid sales talent and will bring market data to the conversation.

Compensation is *key* to motivating sales reps & retaining top talent.

Market conditions could be better right now. Holding on to your top talent remains mission-critical. Don't let your comp plan be the reason they leave.

[Discover Compensation Plans](#)