

Sales Force Compensation Plan

MBA IV SEM
Department of Business Administration

Concept of Sales Compensation Plan

- It is the financial and non financial method of rewarding a salesperson for his/her efforts and performance .
- A duly motivated sales team is highly essential for good sales performance of a company
- A balanced and professionally structured compensation plan is a prerequisite to attract good talent as well as retain them .

Objectives & Characteristics of a Sales Compensation Plan

- It should be in tandem consistent with overall marketing objectives of company.
- It should correlate the efforts and performance of sales person with due rewards.
- It should be fair and simple.
- It should be economical in nature to the company .
- It should be flexible to changes.
- It should be competitive in reference to other organization's compensation structure .

Objectives & Characteristics of a Sales Compensation Plan

- It should motivate sales people.
- It should attract and retain sales people.
- It should give sales people a security sense.
- It should have two components, one should be a regular income and another component of incentives.

Parts/Methods of Sales Compensation

Sales Compensation has two broad methods :

- a) Financial Compensation
 - i) Direct Payment
 - ii) Indirect Payment
- b) Non Financial Compensation

Parts/Methods of Sales Compensation

- Direct Payment
 - Salary
 - Incentives
 - Bonus
- Indirect Payment
 - Paid Vacations
 - Various Perks
 - Company financed insurance plans

Parts/Methods of Sales Compensation

- Recognition and rewards
- Opportunity for growth
- Enrichment of profile of job
- Enjoyment while being in job