



Sales incentives challenges

How to motivate top sellers –
Deloitte's point of view

Sales incentive plans are often a source of frustration rather than motivation. Many organizations grapple with plans that are not clearly aligned with their overarching business strategy, leading to misdirected efforts and suboptimal results. Without a robust and transparent framework, sales teams can feel demotivated, unsure of how their efforts truly contribute to their rewards or the company's success.

However, when designed effectively, sales compensation is an integral part of salesforce effectiveness. It involves aligning all aspects of plan design, from pay mix to target setting, directly with the product and market strategy. A well-structured incentive programme provides clarity, fosters consistent high performance, and ensures that individual and team efforts are directly rewarded, driving both employee engagement and strategic objectives.

In today's dynamic market, the ability to attract, retain, and motivate top sales talent is paramount. A thoughtfully constructed sales incentive architecture not only drives desired behaviors and outcomes but also builds trust and promotes fairness within the sales organization. It empowers businesses to adapt to evolving market conditions, ensuring their sales force remains agile, focused, and highly effective in achieving sustainable growth.



7 building blocks as basis for the design

To ensure a truly effective sales incentive plan, the design must be based on seven foundational building blocks, which must be considered collectively rather than in isolation. Crucially, decisions regarding these building blocks are made before any concrete formula is established, fostering a cohesive approach where each element works in harmony to drive performance and achieve strategic goals.

By thoughtfully integrating all these components, you can create a powerful and motivating sales incentive plan that genuinely drives business success.



Eligibility

The determination of the roles that should participate in the sales incentive plan



Form of Incentive

The choice between variable pay vs. commissions and Short-Term vs. Long-Term



Pay Level

The total salary package (at target) granted to the employee



Pay mix

The division between fixed and variable compensation



Pay-out curves (Quota distribution / Upside leverage)

The desired challenge to achieve certain quotas, sales incentives granted



Performance metrics & weight

KPI's used to define participant success in the sales incentive plan



Pay-out Frequency

The frequency in which incentives will be calculated and paid to participants

A good sales incentives framework unlocks some main benefits

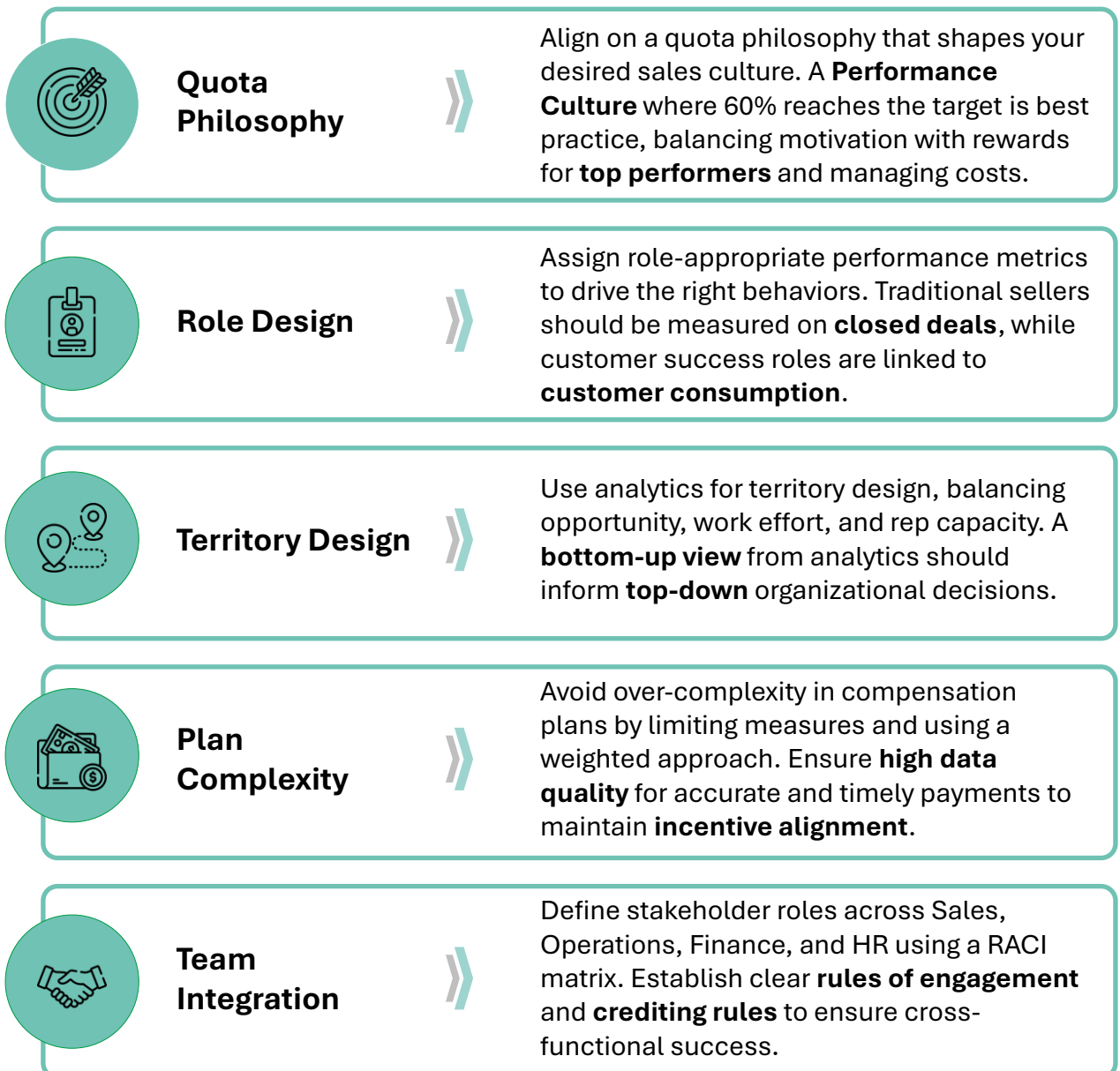
A well-designed sales incentives framework acts as a foundational pillar, unlocking a multitude of benefits for both employees and the organization.

- 1. Optimized Financial Performance and Risk Management:** A robust framework ensures that sales incentive payouts are directly tied to overall company performance and profitability, safeguarding organizational financial health. By preventing excessive costs during downturns while maintaining motivation for high performance, the framework creates a sustainable balance between rewarding success and protecting the bottom line.
- 2. Strategic Alignment with Business Outcomes:** A clear incentive structure ensures sales efforts are precisely aligned with strategic objectives, driving the right behaviors and focusing energy on critical business goals and market priorities. By establishing direct linkages between corporate ambitions and sales performance—answering key questions such as "What do we want to accomplish this year and over the next five years?" and "What unique levers can we pull to achieve this?"—the framework prevents misaligned objectives across sales leadership and the broader organization.
- 3. Agility and Adaptability:** A robust framework is inherently agile, enabling the organization to quickly adapt to changing market conditions, evolving product strategies, and shifting business priorities without destabilizing the core incentive structure. This flexibility ensures the framework remains relevant and effective as the business landscape evolves.
- 4. Fairness and EU Pay Transparency Compliance:** A clear, well-designed framework builds trust across the sales force by ensuring fairness and transparency in how incentives are earned and distributed. It also ensures compliance with evolving regulatory requirements—such as the EU Pay Transparency Directive—positioning the organization as a responsible employer committed to transparent pay practices.
- 5. Maximized Sales Team Engagement and Motivation:** A clearly communicated incentive framework creates psychological ownership by helping sales professionals understand exactly how their efforts translate to rewards, naturally increasing motivation and discretionary effort. This clarity and fairness enable teams to focus energy on performance, leading to better customer interactions, stronger results, and a more energized sales culture.



What to watch out for?

Designing an effective sales incentive framework requires careful consideration of several critical risk areas. Missteps in any of these domains can lead to demotivated teams, misaligned behaviors, and ultimately, poor business outcomes. This overview highlights the five key areas you must address to build a robust and successful incentive program: Quotas, Role Design, Territories, Complexity, and Team Integration. Proactively managing these risks is essential for driving a high-performance sales culture.



How can Deloitte help?

Let's transform your sales incentive strategy together. Below you can find examples how Deloitte can be your partner towards an effective Sales Incentive Plan and beyond. Regardless of your current maturity level or whatever your needs, we've got you covered.

Sales Incentives Audit

We conduct a comprehensive diagnostic assessment of your incentive programs, benchmarking your current approach against the strategic business objectives, (industry) best practices and market standards.

We conduct a rigorous **performance assessment** of your incentive plan, analyzing historical data against business KPIs to identify improvement opportunities. Through detailed cost-benefit analysis, we examine total employer cost, performance trends, and ROI. By consolidation all insights, we identify critical gaps between incentive design and outcomes, and develop data-driven recommendations with initial financial simulations. We deliver a strategic roadmap of actionable recommendations aligned with your business objectives and organizational context.

Plan Design

Building on diagnostic insights, we co-create an integrated incentive plan tailored to your strategic goals. Through collaborative design, we develop a sales incentive plan that motivates the right behaviors and drives performance, ensuring the framework is fiscally sound, highly effective, and ready for successful large-scale implementation. Through strategic workshops, we develop a comprehensive blueprint covering all SIP building blocks, design guiding principles, and alignment with your compensation and sales strategy.

Financial Modelling

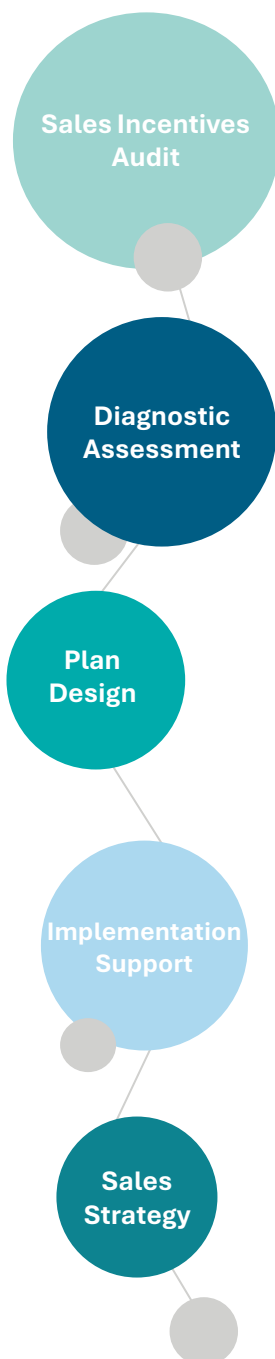
We develop financial models to analyze and forecast Sales Incentive Plan structures against budget constraints and business goals. Through scenario modeling, we test multiple incentive designs, payout thresholds, and performance metrics. We assess performance sensitivity, map total cost impact including tax implications, and identify cost-effective alternatives. Models and cost projections are refined iteratively based on stakeholder feedback and presented for approval.

Implementation Support

A great plan requires great execution. We provide dedicated support for the rollout of the new plan, focusing on clear communication and robust change management strategies. Our approach ensures your sales team understands, embraces, and is energized by the new incentives, minimizing disruption and maximizing adoption for a successful and sustainable transformation.

Sales Strategy Definition or Optimization

If your Sales Strategy needs refinement or a complete makeover, our strategy team has got you covered. Define strategic priorities by identifying key product-market combinations through rigorous market segmentation. Align these priorities with organizational objectives such as profit maximization, market expansion, or revenue growth to provide sales teams with clear guidance on target customer segments. By collaborating with key stakeholders, we ensure the strategic direction is aligned with the organization’s goals and vision.



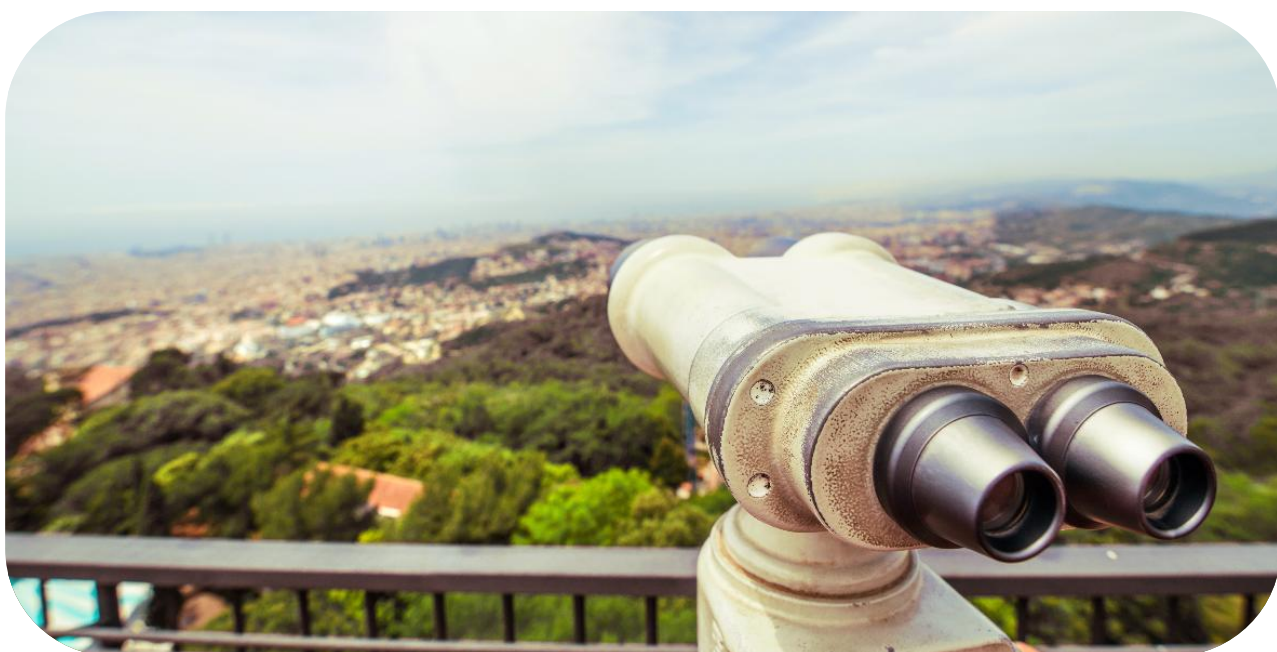
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