



The Five Sales Compensation Game Changers You Need to Know in 2025

Manufacturing & Distribution

2025

Tim Meuschke
Principal, Alexander Group
tmeuschke@alexandergroup.com

Zack Houghton
Director, Alexander Group
zhoughton@alexandergroup.com



Agenda

1. Alexander Group Introduction
2. Manufacturing & Distribution Sales Compensation Challenges & Solutions
3. Next Steps
4. Appendix: Alexander Group Sales Compensation Practice Details

Alexander Group Introduction

Alexander Group Overview

CLIENT SERVICES



MANAGEMENT CONSULTING

Marketing • Sales • Service



RESEARCH

Benchmarks • Trends • Insights



COMMUNITY

Learn • Share • Network

KEY INDUSTRIES



Business Services &
Financial Services



Distribution



Healthcare



Life Sciences Tools &
Services



Manufacturing



Media & Consumer
Technology



Technology



Private Equity

40+ years of revenue
growth experience

3000+ clients across industries
(incl. 50%+ of global 2000)

6500+ research and community
participants every year

Alexander Group Capabilities and Solutions

Our solutions address revenue growth challenges across Marketing, Sales and Service.



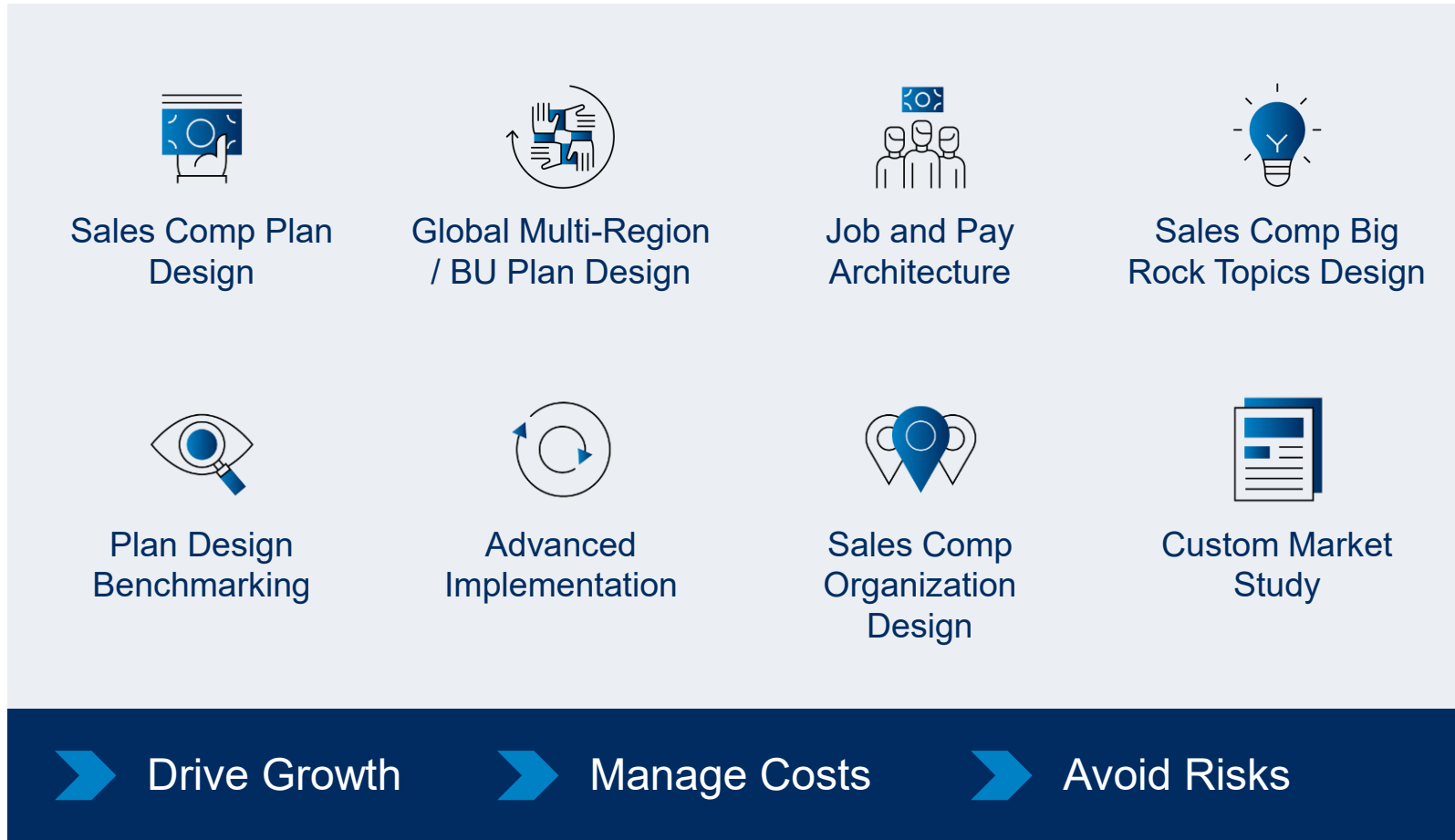
Alexander Group – Revenue Growth Model™

Sales compensation is the engine that drives your go-to-market model.



Alexander Group Sales Compensation Solutions

Leaders leverage Alexander Group's sales compensation expertise to assess, design and implement best-in-class sales compensation programs that deliver results.



“ Our new [sales comp] plan was the #1 factor to drive our transformation.

“ The AGI team was amazing... they helped us drive globally consistent principles across our regions and operating units.

“ Their industry insights and benchmarks are spot-on! It enabled them to hit the ground running and recommend relevant solutions.

“ Our CEO wanted to implement a plan that would have caused morale issues and flight risk. AGI was able to get him onboard with the right solution.

Manufacturing & Distribution Sales Compensation Challenges & Solutions

General Cross Industry Sales Compensation Trends...

Significant Market Uncertainty

#1 sales compensation program challenge—Managing uncontrollable external factors (**47%** of companies)

Continued Focus on Growth

Companies anticipate **14%** revenue growth, consistent with last year's figures
Some companies curtailing growth expectations due to tariffs and other uncertainties

Ongoing Increase in Sales Comp Costs

Total sales expenses are projected to rise by **6%**, consistent with last year
Salary increase budgets remain elevated at **3.9%** (**4.1%** last year)¹

Improve Productivity to Maximize ROI

Top sales comp plan challenge is productivity (**52%** of companies)
However, **69%** of firms are increasing their sales comp COS!

Need to Hire Talent Amidst Relatively Low Unemployment

4.2%² U.S. unemployment as of March 2025
68% of firms expect to increase sales headcount in 2025, highest rate since 2019

Enhance Sales Comp Org Efficiency / Use of Tools / AI

41% of companies using AI and **38%** are planning to use it (only **20%** of companies using last August)

Suffer Many Quota Challenges

44% cite setting accurate quotas as 2nd plan challenge
38% cite allocating quota on time as the 4th program challenge

...Drive 2025 Sales Compensation Game Changers

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Suffer Many Quota Challenges



Drive Strategy and Solve Business Challenges

Boost Pay-for-Performance

Manage Sales Comp Cost of Sales

Attract & Retain Top Talent

Restructure People, Process and Tools (AI) to Scale

Optimize Quota Practices

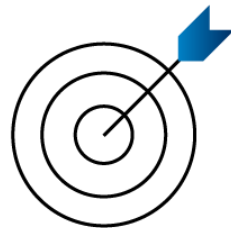
FY25 Game Changers

Sales compensation is more than just a reward mechanism. It is...

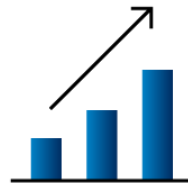
The Alexander Group Believes



a lever to solve
business challenges



a spotlight
on what's important



a catalyst for
change and growth

Manufacturing

Manufacturing GTM Challenges and Emerging Practices

COMMON CHALLENGES



Digitizing the Marketing Ecosystem

Traditional marketing capabilities (e.g., MarCom) and lead generation pathways (e.g., tradeshows) limits return on marketing investment (ROMI) in an increasing non-linear digital buyer journey.



Product Management Evolution

Product management born out of engineering roles often lack the capabilities and coordination points to drive effective marketing roadmap strategy and optimize commercialization efforts



Commercial Job Architecture Framework Increasingly Critical

Lack of job architecture tied to talent management framework and pay leveling diminishes talent development accountability, limits employee engagement, perpetuates pay inequities and drives turnover.



Generalist Model Giving Way to Specialization

Generalist field seller drives high cost to serve among the “long tail” and yields limited effectiveness among high-opportunity strategic accounts. Expansive remit results varied execution as sellers default to their “comfort zone”



Selling Industry 4.0 and IIoT Requires Near-Term Investments

Organizations not meeting software and services growth objectives are failing to pull forward the necessary investments to drive recurring revenue in the “land and expand” model.



Driving Pay for Performance Differentiation

Sales compensation program offers muted differentiation among low, moderate and top performers. Legacy commission structures under-allocate compensation dollars towards growth and creates pay-for-performance inequities.

EMERGING PRACTICES



Industry leaders are increasing ROMI via new digital marketing roles and multi-channel approaches to drive demand and MQL to SQL conversion yield.



Organizations are redefining the talent management program and developing marketing and commercialization skillsets to drive differentiation, higher lifetime value drive and successful NPL efforts.



Commercial job architecture framework increasingly critical to drive employee engagement and ensure commercial capabilities aligned to differentiated service levels.



Organization are increasing investments in inside sales, strategic account management, software overlay specialists, and digital marketing roles. Leading organization are driving lower E/R and higher growth.



Organizations pulling forward investments into Customer Success are accelerating aaS revenue and building a profitable and predictable revenue stream

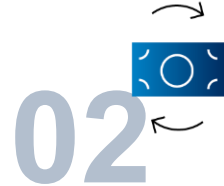


Leaders are driving increased pay-for-performance differentiation via market competitive pay mix, leverage (upside) and appropriate use of thresholds tied to market competitive pay levels.

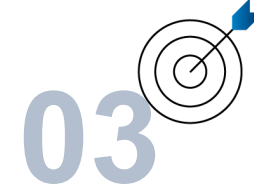
Manufacturing Sales Compensation Challenges



**Integrate Sales
Comp Post Merger &
Acquisition**



**Migrate from
Commission to
Quota Mechanic**



**Drive New Service
and Recurring
Revenue Solutions**



**Align Crediting
Event to Solution
and Seller Role**



**Manage Global Sales
Comp Programs and
Plans**

Integrate Sales Comp Post Merger & Acquisition

WHY IT MATTERS

- ▶ Only 36% of companies have a sales compensation M&A framework to quickly execute an optimal transition strategy and maximize the M&A value
- ▶ Sellers want to know how the M&A will affect their take home pay; providing a process will help ease the transition and concerns of the field

KEY CLIENT QUESTIONS

- ▶ Should acquired sellers stay on their current plans, migrate to company's plan, or move to a new plan?
- ▶ How to encourage existing sellers to sell the acquired solutions?
- ▶ What activities do companies follow to execute their M&A strategy?

KEY CONSIDERATIONS AND SOLUTION OPTIONS

- ▶ **M&A Sales Compensation Solutions:** Sales compensation solutions for acquired and existing sellers depend on integration type, degree of alignment with existing jobs/plan practices, and degree of desired product focus.

Integration Options

- Standalone Sales Teams
- Separate Collaborative Sales Teams
- Integrated with Overlay Specialist
- One Integrated Sales Team

Sales Compensation Plan Options

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<ul style="list-style-type: none"> • Keep on Current Plan • Cross-BU Referral Bonus • Create New Plan 	N/A
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- **54%-56%** of companies move sellers to one organization's sales compensation plan

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 1. Build/update M&A playbook with guidelines, activities, owners for each M&A type
 2. Realize each M&A is different and may require unique processes/activities
 3. Align jobs and assess plan variations; look for best practices within each company
 4. For full integrations, develop "new company" plan leveraging best practices
 5. Complete impact analysis to understand turnover risks
 6. Leverage effective change management practices

Migrate from Commission to Quota Mechanic

WHY IT MATTERS

- ▶ Companies need to increase productivity/ growth rates, improve forecasting/ COS, and offer market competitive/ equitable pay
- ▶ Target pay, quota-based plans are appropriate for 'sales representative' and not 'income producer' jobs – companies can offer differentiated services to turn 'income producers' to 'sales reps' (aka shift power from seller to company)
- ▶ Top commission rate challenges:
 - Overpaid tenured top performers (51%)
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KEY CLIENT QUESTIONS

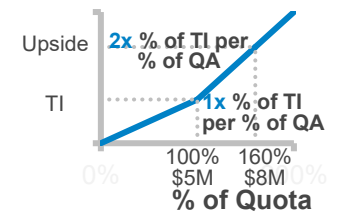
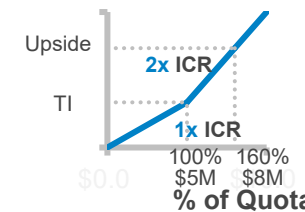
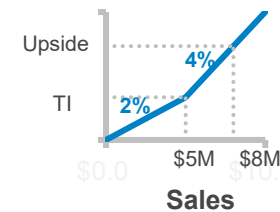
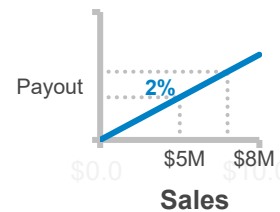
- ▶ What is the right mechanic to use?
- ▶ How to transition for top performers to avoid unwanted attrition?

KEY CONSIDERATIONS AND SOLUTION OPTIONS

- ▶ **Mechanic:** Job type, cost of sales vs. cost of labor philosophy, quota & target pay setting capabilities, and communication choice (per deal vs. QA%) dictates mechanic.

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2% of sales	< Quota: 2% of sales > Quota: 4% of sales	\$100K TI ÷ \$5M quota = 2% < Quota: 2% > Quota: 4% (2% x 2x Accel.)	< Quota: 1% of TI per 1% of QA > Quota: 2% of TI per 1% of QA

Illustrations



Hybrid Options: A) Bonus Formula Flip to Com Rate, B) ICR Flip to Com Rate

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 - 80% Permanent incentive (more lucrative pay curve, higher TTC, and/or equity)
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Drive New Service and Recurring Revenue Solutions 03

WHY IT MATTERS

- ▶ Industrial organizations are increasing the share of software, services and solutions to drive customer lifetime value, stickiness and higher profitability
- ▶ Recurring revenue services are a fundamentally different construct than legacy solutions and products
- ▶ Selling new solutions and/or portfolio is more challenging than selling the legacy product – it requires sellers to expand their knowledge set, leverage specialists, and/or learn how to sell to new buyers

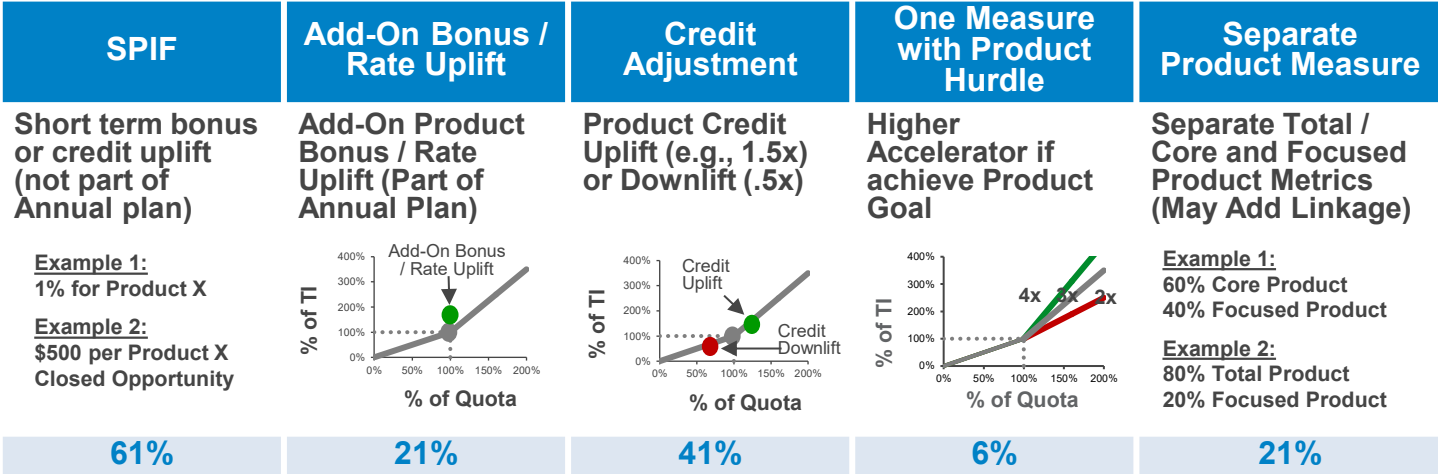
KEY CLIENT QUESTIONS

- ▶ How do we drive strategic sales without overcomplicating the plan?
- ▶ How to obtain seller mindshare to sell the new product and/or full portfolio?
- ▶ How to set quotas for new products?

KEY CONSIDERATIONS AND SOLUTION OPTIONS

- ▶ **Product Measures/Mechanics:** The right compensation solution depends on strategic priority, ability to set quotas, and product focus vis-à-vis other initiatives.

Many Companies Leverage Multiple Solutions



- ▶ **New Product Launch Quota:** The right solution depends on forecast accuracy

	New Product Launch Forecast Accuracy		
	Uncertain		Certain
Option	SPIF / Not in Plan	Partially In Plan	In Plan
Quota	No	No	Yes
Credit	No	Yes (Partial to 100%)	Yes
SPIF	Yes	If Needed	If Needed

Align Crediting Event to Solution and Seller Role

04

WHY IT MATTERS

- ▶ Industrial organizations have historically credited sellers on invoice, shipment or payment to align sellers pay with revenue recognition
- ▶ Emerging factors such as supply chain disruptions and the emergence of aaS contracting models have increased the prevalence of bookings to appropriately drive strategy and ensure pay for performance alignment

KEY CLIENT QUESTIONS

- ▶ Should sales compensation crediting rules align to revenue recognition rules?
- ▶ How do different crediting events impact sales culture and behaviors?
- ▶ What are the risks associated with crediting sellers at bookings?

KEY CONSIDERATIONS AND SOLUTION OPTIONS

- ▶ **GAAP Alignment:** Sales compensation crediting can be flexible and does not have to align to GAAP revenue recognition rules.
- ▶ **Sales Crediting Decision:** Solution type, degree of bookings commitments (vs. change orders), sales cycle length, sales role post-booking, and sales culture dictate the right crediting event.

	Bookings (Commits, Purchase Order)	Revenue (Shipment, Invoice/Billings, Payment)
Use Case	<ul style="list-style-type: none"> • Longer and more complex sales cycles • Long implementation cycles • Drive a “ring-the-bell” sales culture • Software / as-a-service solutions 	<ul style="list-style-type: none"> • Too many change orders and de-bookings that cause financial risk • Need sellers to remain engaged with implementation
Industry Prevalence	<ul style="list-style-type: none"> • 39% of Manufacturing companies 	<ul style="list-style-type: none"> • 48% of Manufacturing companies
Pros	<ul style="list-style-type: none"> + Increases engaged selling time by limited focus on post-sale activities + Increases seller motivation—provides earlier payouts aligned to what the seller can influence 	<ul style="list-style-type: none"> + Focuses sellers on customer satisfaction + Aligns sellers’ metrics with financial metrics + Minimizes financial impact of change orders and cancellations + Does not require clawbacks
Cons	<ul style="list-style-type: none"> × May encourage sellers to focus on closing orders that customer really does not need leading to customer satisfaction issue × Exposes financial impact from change orders and cancellations × Requires clawback policies 	<ul style="list-style-type: none"> × High-cost sales resources involved in administrative tasks × Decreases seller motivation—delays payouts based on shipment, invoice etc., which the seller has less control over

Manage Global Sales Comp Programs and Plans

05

WHY IT MATTERS

- ▶ Heavy M&A activity often leads to multiple sales compensation plan constructs disconnected from holistic company strategy
- ▶ Organizations are moving to a more centrally consistent approach to addresses challenges with multi-region/BU structures
- ▶ Challenges include: inconsistent application of corporate strategies, plan proliferation, higher costs to manage, inequities across sales teams

KEY CLIENT QUESTIONS

- ▶ Which sales compensation workflows should be accountable locally, globally-led with local collaboration, or globally defined?
- ▶ How much global consistency vs. region/BU autonomy should be allowed for each plan element?

KEY CONSIDERATIONS AND SOLUTION OPTIONS

- ▶ **Common Global/Local Design Philosophies:**
 1. **Locally Defined** = Local design process to create a set of local sales comp plans
 2. **Globally-Led with Local Collaboration** = Globally-led and locally-involved design process to create a set of local sales comp plans that adhere to a globally defined framework
 3. **Globally Defined** = Global design process to create global sales compensation plans
- ▶ **Plan Component Accountability:** The level of global vs. local accountability depends on revenue model and GTM strategy similarities across regions and business units.

Plan Component	Globally/ Consistently Defined	Region/BU Flexibility within Framework	Region/BU Autonomy within Guidelines
Eligibility	▼		
Pay Levels			▼
Pay Mix		▼	
Leverage (Upside)	▼		
Measures & Weights		▼	
Mechanics	▼		
Pay Curve		▼	
Performance Periods	▼		
Pay Frequency	▼		
Quotas & Targets		▼	
Crediting	▼		
Policies	▼		
Special Incentives			▼

Best Practice Plan Component Accountability

Simplifying Global Comp Program to Spur Growth

Create a Path to Success and Simplify to Grow Revenue

Client Situation

Industry: Manufacturing

Segment: F500

Geography: Global

- ▶ A global leader in industrial products, organized by multiple lines of business, and who employs worldwide sales teams with over 5,000+ sellers required assistance analyzing over 2,500 sales job titles with more than 200 different compensation plans across regional and global selling teams.

Recommendations & Outcomes

- ▶ The project results were impressive and assisted the client in achieving their stated goals including fewer platform jobs, fewer SIP plans, new quota-based bonus, improved plan design, plugged sales comp leaks and created a standardized global quota allocation program.
- ▶ Alexander Group's proven management framework and sales compensation expertise supported this global leader in efficiently aligning its sales resources and investments with its strategic growth strategy.

Project Approach & Findings

- ▶ Given the scope and complexity of the issue, Alexander Group created two projects and four phases that included strategy confirmation diagnostics, global framework design, in-region plan designs, and implementation and change management.
- ▶ We also completed a current state assessment, identified quick wins, created a global framework, identified administration and governance enablement, crafted regional plan designs, developed efficient plan rollout materials and designed repeatable processes within the strategy and structure changes.
- ▶ The projects and phases revealed multiple insights from the current state that set the foundation for solutions and alignment with their business objectives.



Distribution

Distribution GTM Challenges and Emerging Practices

COMMON CHALLENGES

Region, Branch, or Factory-Based Sales Teams Impede Executing a Centralized GTM Strategy

Outdated Job Descriptions and Talent That Are Not Meeting New GTM Strategy Needs

Heavy Field Sales Organizations Do Not Take Advantage of Lower Cost Inside Sales Models

Commission-Based Sales Compensation Plans Inhibit Growth, Cross-Sell Focus and Team Selling

Rudimentary Sales Management Practices, Processes and Tools Exacerbated by High Use of Player/Coaches

Shadow or Non-Existent Revenue Operations Teams Inhibit Strategy & Operations Excellence



EMMERGING PRACTICES

Create coverage blueprints for each market size (large, medium, small) that accommodates required coverage model nuances

Build an updated job architecture and descriptions that include role responsibilities, competencies, and KPIs (behaviors, results); provide enablement and manage out sellers unable to make change

Rebalance sales headcount over time to include more lower cost sales inside and digital resources

Update sales compensation plan measures and mechanics to drive strategic goals; create an appropriate transition plan that addresses highly paid tenured sellers to mitigate unwanted turnover

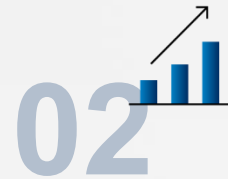
Codify a set of management practices / tools (e.g., pipeline review) and train managers; update sales manager job definitions and performance management program

Build a revenue sales operations function, organization structure, and operating processes

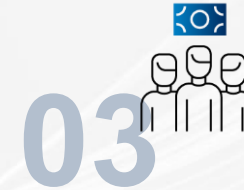
Distribution Sales Comp Challenges



**Integrate Sales Comp
After Merger and
Acquisition**



**Scale Commission-
Based Plans**



**Create Market
Competitive Target
Pay Levels & Mix**



**Balance Both Profit
Dollars & Margin
Percent**



**Compensate Sellers
Working With
Overlays**

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01

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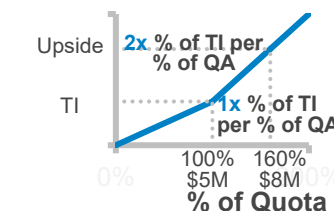
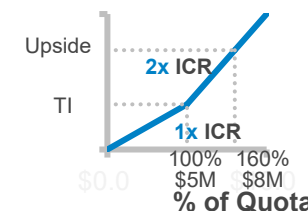
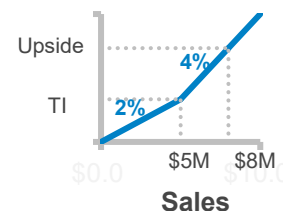
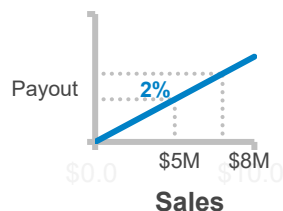
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Create Market Competitive Target Pay Levels & Mix

03

WHY IT MATTERS

- ▶ Companies use competitive pay structures with the right pay-at-risk to attract, motivate and retain the best talent for its business needs and pay-for-performance strategy
- ▶ 71% of companies are driving more pay-for-performance in their plans to maximize their program's return on investment

KEY CLIENT QUESTIONS

- ▶ How do we set the right job-based pay levels and pay mix?
- ▶ How do we transition sellers to the new pay structure when there is a significant variation of earnings among existing sellers?
- ▶ How far in advance should pay and pay mix changes be communicated to sellers?

KEY CONSIDERATIONS AND SOLUTION OPTIONS

- ▶ **Job and Grade Level Confirmation:** Outline grade levels and associated competencies requires for each job.

Grade	Sales Development Rep	Inside Sales Rep	Territory Manager	Key Account Manager
5				Sr. Key AM
4			Sr. TM	Key AM
3		Sr. ISR	TM	
2	SD	ISR		

- ▶ **Pay Structure Design:** Gather market data and set total target compensation levels and pay mix and calculate the base salary and target incentive.



- ▶ **Migration Methodology:** Develop a transition plan based on pay level competitiveness, degree of change and whether the change increases / decreases base salary; options include cold cut, apply merit to base or variable, apply market pay adjustment to base or variable, and/or migrate a % each year.
- ▶ **Transition Planning:** Communicate 3 months in advance for any pay/pay mix change.

Balance Both Profit \$ & Margin %

WHY IT MATTERS

- ▶ Sales jobs with cost-plus pricing control have high degree of impact on company profitability
- ▶ Margin percents can be very volatile especially in commodity businesses
- ▶ Profit \$ and margin % are competing metrics (i.e., sellers can focus on high volume at low margin % or low volume at high margin %)

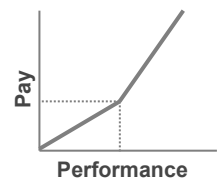
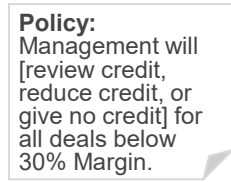
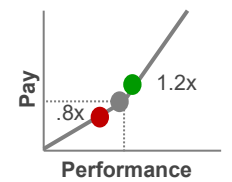
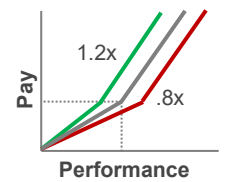
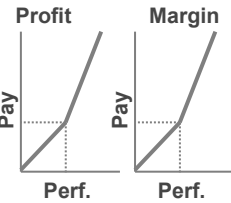
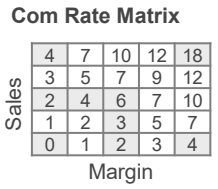
KEY CLIENT QUESTIONS

- ▶ What are the options to incent sellers to focus on both profit \$ and margin %?

KEY CONSIDERATIONS AND SOLUTION OPTIONS

- ▶ **Profit \$ and Margin % Measure Options:** The right solution depends on the amount of margin % focus and degree of accepted plan complexity.



Profit Only	Profit with Margin Policy	Profit with Margin Credit Adjustment	Profit with Margin Multiplier	Separate Profit & Margin Metrics	Profit and Margin Matrix																														
Only use Profit metric; no Margin measure	Only use Profit; include Margin policy to reduce credit/pay when Margin below certain level	Modify Profit credit based on Margin performance	Increase or decrease sales rates or payouts based on Margin performance	Calculate payouts on Profit and Margin separately	Provide richer incentives for achieving both Profit and Margin goals																														
	 <div data-bbox="1223 813 1452 992" style="border: 1px solid gray; padding: 5px; font-size: small;"> Policy: Management will [review credit, reduce credit, or give no credit] for all deals below 30% Margin. </div>				 <table border="1" style="font-size: x-small; margin-top: 5px;"> <caption>Com Rate Matrix</caption> <tr><td>4</td><td>7</td><td>10</td><td>12</td><td>18</td></tr> <tr><td>3</td><td>5</td><td>7</td><td>9</td><td>12</td></tr> <tr><td>2</td><td>4</td><td>6</td><td>7</td><td>10</td></tr> <tr><td>1</td><td>2</td><td>3</td><td>5</td><td>7</td></tr> <tr><td>0</td><td>1</td><td>2</td><td>3</td><td>4</td></tr> <tr><td colspan="5" style="text-align: center;">Margin</td></tr> </table>	4	7	10	12	18	3	5	7	9	12	2	4	6	7	10	1	2	3	5	7	0	1	2	3	4	Margin				
4	7	10	12	18																															
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2	4	6	7	10																															
1	2	3	5	7																															
0	1	2	3	4																															
Margin																																			
+ When sellers have no Margin control × Sellers do not focus on Margin	+ Simple solution to address outliers × May not focus enough on Margin; only impacts poor performance	+ Drives Margin focus × Must manage both real and compensation credits	+ Drives Margin focus; does not impact credits × Does not impact quota achievement	+ Drives focus on both Profit and Margin × Seller can focus on Profit over Margin or vice versa	+ Balances competing metrics × Complex solution																														

Compensate Sellers Working With Overlays

WHY IT MATTERS

- ▶ As Distribution companies mature they add more overlay specialist to help core sellers sell new products / services and global / national account manager jobs to manage headquarter relationships
- ▶ Common commission plan split credits lead to seller frustration and lack of focus on new product sales and/or global / national accounts, which reduce overall revenue growth

KEY CLIENT QUESTIONS

- ▶ How to compensate a seller that is required to team with specialists that does not lead to increased cost of sales?

KEY CONSIDERATIONS AND SOLUTION OPTIONS

- ▶ **Crediting:** The right solution depends on commission vs. quota mechanic and rates used.

Example: 8% Com. rate and \$1.5M average GM\$ productivity

	Legacy Seller	Seller With Product Specialists (Drives 10% Increase In Productivity)		
	N/A	100% Credit	Split Credit	100% Credit / < Rate
Avg. GM\$ Productivity	\$1,500,000	\$1,650,000	\$1,575,000	\$1,650,000
Commission Rate	8%	8%	8%	7.27%
Avg. Incentive Pay	\$120,000	\$132,000	\$126,000	\$120,000
New Product GM\$	n/a	\$150,000	\$150,000	\$150,000
Split Credit %	n/a	100%	50%	100%
GM\$ Credit	n/a	\$150,000	\$75,000	\$150,000
Payment	n/a	\$12,000	\$6,000	\$10,909
Comments	-	<ul style="list-style-type: none"> • Seller will focus on, however it increases seller expense (and cost of overlay job) 	<ul style="list-style-type: none"> • Sellers may not focus on, as they receive less credit / payment • Although seller receives split credit, they still earn more overall 	<ul style="list-style-type: none"> • Seller will focus on; however difficult to reduce rate • Easier to implement if use quota-based plan and use “double quota/credit” methodology

Supplemental Insights

Sales Compensation Options to Address Tariff Impacts

Situation:

- ▶ Tariffs are/will impact company prices and product demand/supply
- ▶ Unknown impact and changes are causing significant market uncertainty and sales compensation challenges
 - “Managing Uncontrollable External Factors” is the most prevalent 2025 sales comp program management challenge (45% of companies)
 - 65% of manufacturing and distribution companies are considering/implementation a plan change due to tariffs

Guiding Principles:

- ▶ Pay for persuasion, not uncontrollable market dynamics
- ▶ Enable agility to adapt as market conditions shift
- ▶ Provide transparent communication to commercial team
 - Be honest about challenges and share guiding principles “desired to provide fair and equitable incentives”

Sales Comp Options

Tariff Impact (More Complicated When Multiple Scenarios Occur)			Manage Uncertainty
Increase Prices (Primary Concern)	Increase Demand	Decrease Demand/Supply	
<p><i>Companies increase pricing to reflect higher COGs, new market rates, higher demand, and/or lower supply</i></p> <ul style="list-style-type: none"> • Set Higher Quotas • Reset Quotas • Sales Credit Adjustment • Reduce Commission Rates • Units/Standard Pricing • Windfall Policy 	<p><i>Demand increases due to pre-tariff stocking and/or improvements in competitive positioning</i></p> <ul style="list-style-type: none"> • Set Higher Quotas • Reset Quotas • Adjust Attainment Down • Reduce Commission Rates • Windfall Policy 	<p><i>Demand decreases due to preference / investments OR supply decreases due to supply-chain / production challenges</i></p> <ul style="list-style-type: none"> • Set Lower Quotas • Reset Quotas • Adjust Attainment Up • Increase Commission Rates • Pay on Orders Vs. Shipment • Use SPIFs 	<p><i>Company is unable to accurately predict tariff’s impact to pricing, demand, and/or supply</i></p> <ul style="list-style-type: none"> • Use Shorter Performance Periods • Use Team Measures • Use Pay Guarantees and/or Caps • Use Compensation Committee to Make Mid-Year Updates or Year-End Adjustments

Full List of Distribution Sales Comp Big Rock Topics

Strategic Initiatives



1. Gross Margin \$ Vs. Gross Margin %
2. Volume Vs. Growth (Cost of Sales vs. Cost of Labor)
3. National Vs. Local
4. Corporate Vs. Segment
5. Cross-Sell / Portfolio Focus
6. Integration / M&A

Evolving Jobs & Behaviors



1. Lead Generation Rep
2. Key Account Manager
3. Territory Manager
4. Inside Sales Rep
5. Paired Inside Rep
6. Counter Rep
7. Application Engineer
8. Overlay Specialist

Practices & Policies



1. Governance Model
2. Job Architecture
3. Pay & Pay Mix Structure
4. Rate / Pay Curve Design
5. Overlay Policies
6. Quota Setting
7. New Hire Practices
8. LOA & Open Territory

Are You Using Sales Comp as a Strategic Advantage?

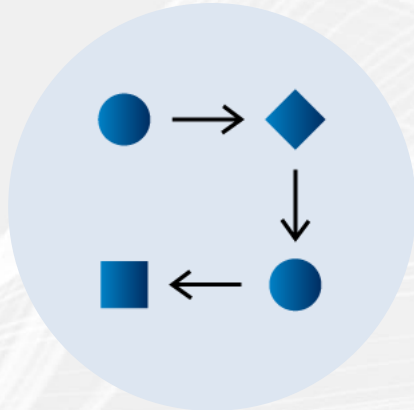
Alexander Group's Five Tenets of an Effective Sales Compensation Program

1



**Philosophy &
Principles**

2



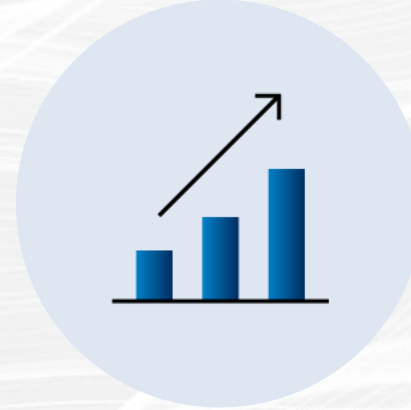
**Growth Plays
& Jobs**

3



**Sales Comp
Expertise**

4



**Success
Measurement**

5

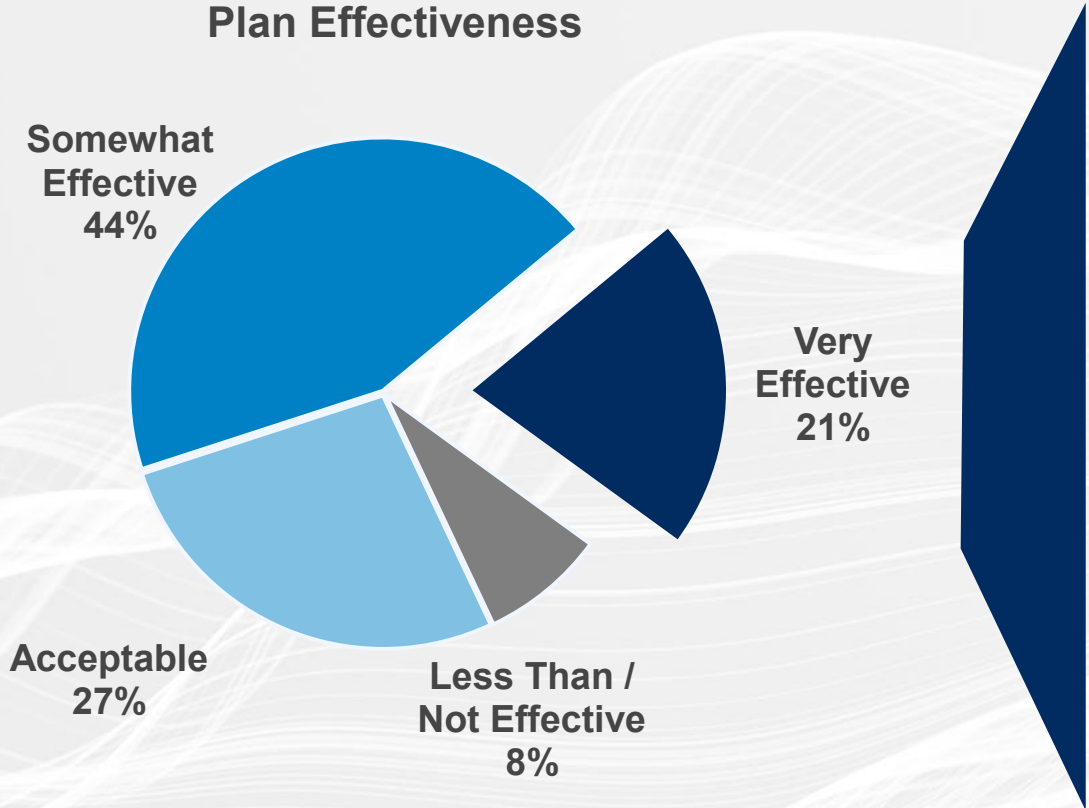


**Change
Management**

- Process
- Stakeholder Management
- Company's Business / GTM
- Sales Comp Practices

Effective Plans Have Significant Impact on Results

21% of companies that rate their sales compensation plans as “very effective” have higher revenue growth, lower seller turnover, better quota attainment and maintain equivalent cost increases compared to the rest.



- 
Higher Corporate Goal Attainment
+7 points Revenue Results Compared to Company Goal*
- 
Higher Average Quota Attainment
+9 points Core Seller Average Quota Achievement
- 
More Sellers At/Above Quota
+19 points Percent of Core Sellers Achieving/Exceeding Quota
- 
Lower Seller Turnover
-2 points Employee Turnover
- 
Equivalent Comp Cost Increase
+0 points Projected Total Compensation Cost Change

Join the Sales Compensation Community

INSIGHTS



Stay informed about the latest trends in sales compensation through real-world company examples, cutting-edge research, benchmarking data, and industry best practices. Explore a variety of engaging formats including articles, videos, podcasts, whitepapers and case studies.

SYMPOSIUMS



Topic-focused, one-day events that combine Alexander Group research with deep insights from leading industry practitioners. Built around today's most important sales management issues and a unique opportunity to collaborate with peers.

MASTERCLASS



Customized, 1-2 hour sessions designed for 10-12 senior executives to discuss specific, contemporary issues and key topics in an intimate roundtable setting. Invitation only.



ASK THE EXPERT

Submit your hot question via "Ask the Expert" link on our community website and an Alexander Group industry leader will respond.



SURVEYS & RESEARCH STUDIES

Alexander Group sponsors multiple industry-specific research studies each year, along with targeted client-sponsored surveys. Alexander Group sales compensation and sales pulse surveys are conducted annually.



SALES BENCHMARKING

The value of sales analytics rests in having quality data, client context and expert interpretation. Alexander Group-cultivated benchmarks provide quantitative insights to event and study participants.



AlexanderGroup.com



Atlanta

404.249.1338

Chicago

312.357.0500

London

+4420 3455 9603

New York

646.891.4445

San Francisco

415.391.3900

Scottsdale

480.998.9644

AlexanderGroup.com