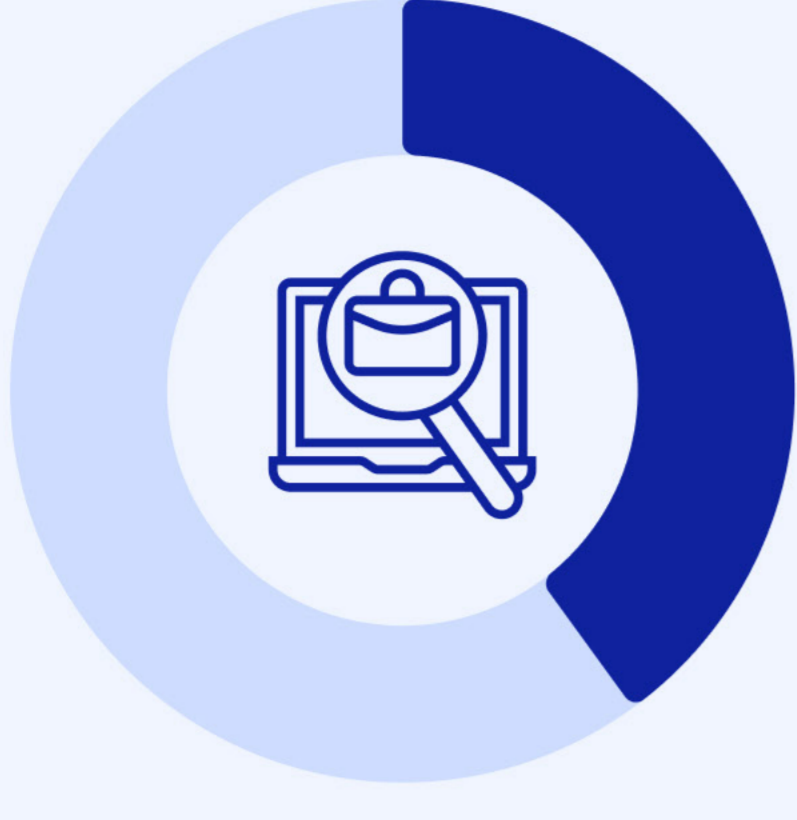


Building Blocks of Sales Commission Agreements

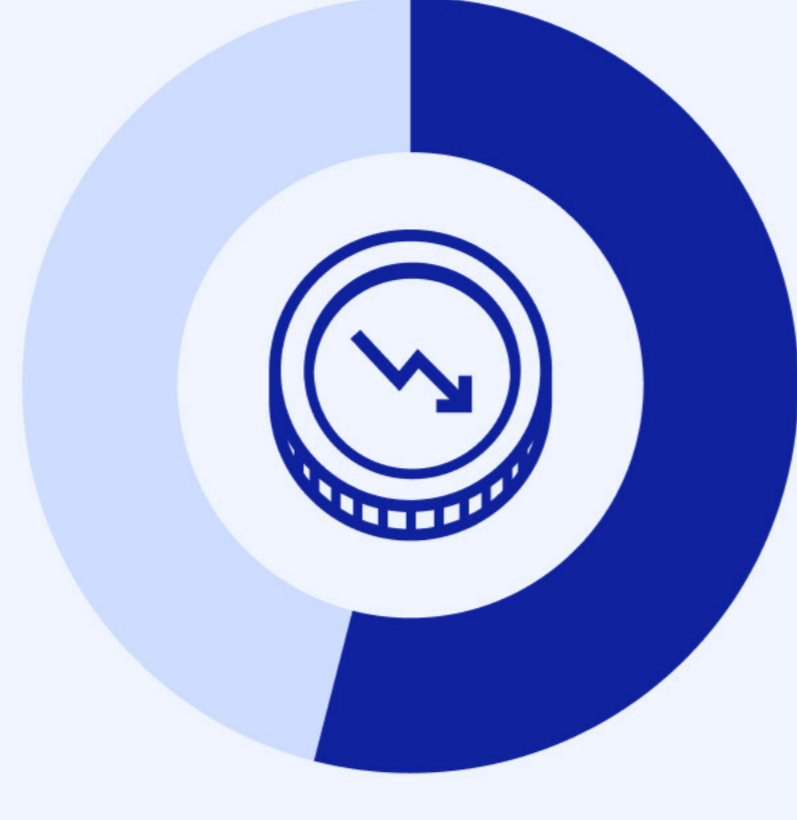
Businesses of all sizes across the globe are feeling the pain of the Great Resignation. To retain top sellers, sales leaders must establish effective sales commission agreements that motivate teams to hit their goals and, ultimately, stay with the company.

Did You Know?



40%

of workers are **seeking a new job** in the first half of 2022¹



54%

of workers **do not feel valued** by the company¹



35%

are seeking **better compensation and benefits**²



Seller attrition rates are

36% higher than expected

The average cost of a resignation is

\$19K per employee⁴



Every seller leaving costs

7.5 months of productivity⁴

Hidden costs of sales turnover:

Disengaged sellers, underserved buyers, and onboarding⁴

Sales commission agreements are often hastily put together and an extremely tedious part of administering sales comp plans. Here, we break down the key points that you need to know so that you have clear, fair, and legally enforceable comp plans.

Get it in Writing

The commission structure must first be outlined in a written agreement and then signed and copied by all parties. Additionally, a sales commission agreement needs to be distributed and signed *before* the plan goes into effect.

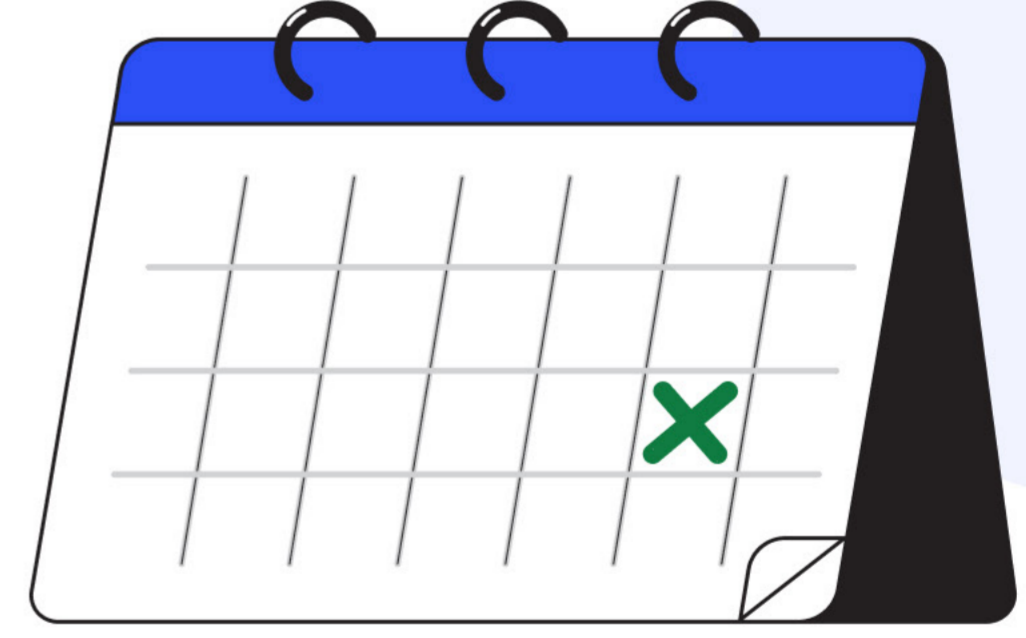


Spell Out On-Target **EARNINGS**

It's important that the agreement clearly spells out exactly how the sales rep will earn their commission. When you're making offers to your team, you're indicating the variable comp they will earn in their role. Your agreement needs to show what those outcomes are.

Explain **CALCULATIONS** and **PAYMENTS**

Provide clarity on metrics you're using to measure performance and include additional conditions that need to be met in order to get credit. **Legally, commission payouts are due no later than 30 days after the end of the measurement period.**



Add Terms and Conditions for **"Extraordinary"** Cases

Clawback

A legally required return of incentive compensation.

Split Sales Commission Payments

A percentage of compensation paid out for a single deal or transaction that is earned at various points in the customer journey.

Bluebirds

A high value sales opportunity that drops into your lap unexpectedly, and without much effort.

Family Leave

An excused absence from work for dealing with family matters, especially the birth or adoption of a child, or to care for a sick parent or spouse.

An effective sales commission plan keeps your sales team engaged and motivated. Along with relieving the pain points that come with building a sales commission agreement, Varient can help you build comp plans designed to boost productivity and increase engagement.

Check out our blog
All You Need to Know about Sales Commissions

[Read Now](#)



Disclaimer: The information presented does not constitute legal advice. Consult a real lawyer to know how these terms impact your company.

1 - "Great Attrition" or "Great Attraction"? The Choice is Yours, De Smet, Aaron, Dowling, Bonnie, Mugayar-Baldocchi, Marino, and Schaninger, Bill, McKinsey & Company, Sept. 8, 2021.
2 - Job Search Among U.S. Employees, Robert Half, December 14, 2021.
3 - Workforce Institute 2021 Engagement and Retention Report, March 10, 2021, Achievers.
4 - The Greatest Sales Risk is the Great Resignation, Egloff, Dave, Gartner, August 2021.
5 - Sales and The Great Resignation Part 2, Egloff, Dave, Gartner, October 21, 2021