

## Example C – Setting Proper Goals

Typical commission structure practices reward higher performing sales reps with tiered incentives. In this example, a higher attachment rate delivers a higher commission.

Month One			
Commission Tier	Commission	Attachment Rate	Sales Reps Reached
Low	\$10	10%	90%
Medium	\$25	25%	70%
High	\$40	40%	25%

With such a high percentage of reps already achieving the ‘Medium’ tier, and a decent number already hitting the ‘High’ tier, it’s time for this sales organization to up their tiers.



Month Six			
Commission Tier	Commission	Attachment Rate	Sales Reps Reached
Low	\$25	25%	85%
Medium	\$40	40%	40%
High	\$75	60%	15%

If you’ll notice, we did see a slight drop in sales reps reaching the ‘Low’ tier. But the increase of 15% more reps moving into the 40% attachment tier means more sales for your stores. We even added a \$15 bonus for reps that reach the newly established ‘High’ tier. With the percentages in good balance, management can leave the tiers where they are for awhile.

‘Raise the bar and let them charge into the opportunity again.’

Month 18			
Commission Tier	Commission	Attachment Rate	Sales Reps Reached
Low	\$25	25%	90%
Medium	\$40	40%	70%
High	\$75	60%	25%
Peak	\$100	75%	3%

Eighteen months in and we’ve already had to add a ‘Peak’ tier into the structure. Although few have reached it at this point, it’s provided the 25% of the staff that’s moved into the ‘High’ category something to really strive for. Also, over the 18 months we had an additional 45% of the sales staff reach a 40% attachment rate, helping them earn some serious cash and giving you a huge boost in overall revenue.