Navigating the Maze:

A Comprehensive Report on Sales Compensation Structures in Europe

Amalia.io figures ocobo

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01 Summary

This report provides an in-depth analysis of the current European market practices related to sales compensation.

The complexity of variable compensation for sales populations makes it challenging to get a global view of industry trends and best practices. To overcome this challenge, we have combined the expertise of three leading companies,: Amalia.io, Ocobo, and Figures, to collect insights from revenue operations and sales decision makers across Europe and the world.

Offering insights into the various factors that companies consider when designing their sales compensation plans, including industry trends, competitive landscape, and sales team performance, based on four different core sales jobs.

The report aims to provide decision makers with actionable recommendations to optimize their sales compensation strategies and achieve better sales performance.

Amalia

Amalia.io is driving growth with streamlined sales compensation. Our sales performance management solution brings the transparency that keeps sales teams motivated and the automation that allows finance and operations teams to spend more time on value-added initiatives.

A European leader, Amalia.io does more than manage commission. We act as the single source of truth for over 40 organisations that use our actionable sales performance data to inform their strategic business and people decisions.

Find out more at Amalia.io.

Ocobo

Ocobo is a French consulting agency specializing in Business Operations.

It was created by three experts in 2023 to help customers structure and optimize their revenue generating functions with an objective to "Do more with less".

Their objective is to connect marketing, sales, customer service and finance, so as to serve growth, generate predictable sales and aim for operational excellence.

Ocobo's main missions are to:

- optimize sales processes and collaboration between revenue teams;
- select, implement and streamline customer relationship management tools (CRM, billing, etc.);
- put data at the heart of revenue teams by making it reliable, accessible and actionable;
- manage the variable compensation plan as a strategic lever to drive more revenue;

For further information head over to Ocobo.

Figures

“Fair pay the simple way” is the motto of Figures. Created as its founders were frustrated by the lack of qualitative and reliable data on the compensation market in the startup/ scale-up ecosystem.

This real-time compensation management platform was built to help companies make fair and efficient salary decisions.

Figures is now the leading European compensation management platform present in 6 countries with over 1200 clients, and 90,000 data points.

Compensation made easy, with Figures.

02 Introduction

Methodology

The survey was conducted in April and May 2023. We received replies from 94 companies with nearly 5800 salespeople, from all over our shared networks in Europe, the US and Asia.

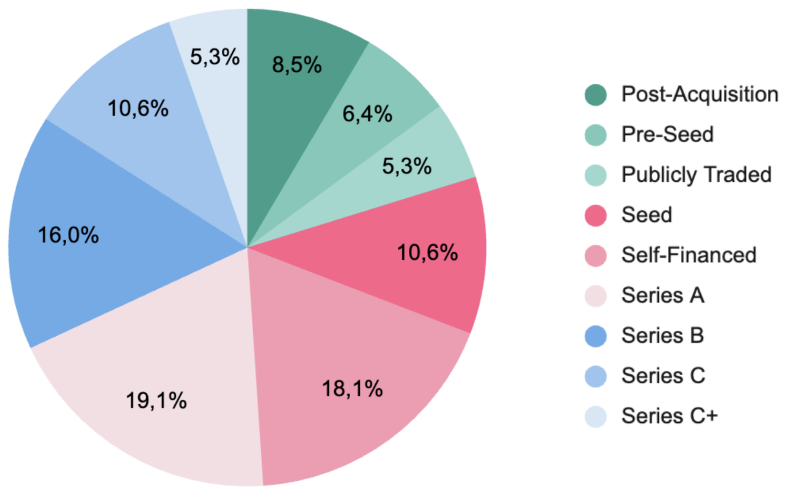
The reason we chose to source our data via a survey is quite simple: we want to provide a definitive report on how European companies are compensating their sales teams. We have data on compensation KPIs, and sales team performance with experts to analyze all this data.

It is important to note that the **survey's findings are based on verified answers obtained from revenue operations and sales decision makers.** This approach ensures that the information gathered is reliable and comes from individuals who hold key strategic roles within their respective organizations.

The participants

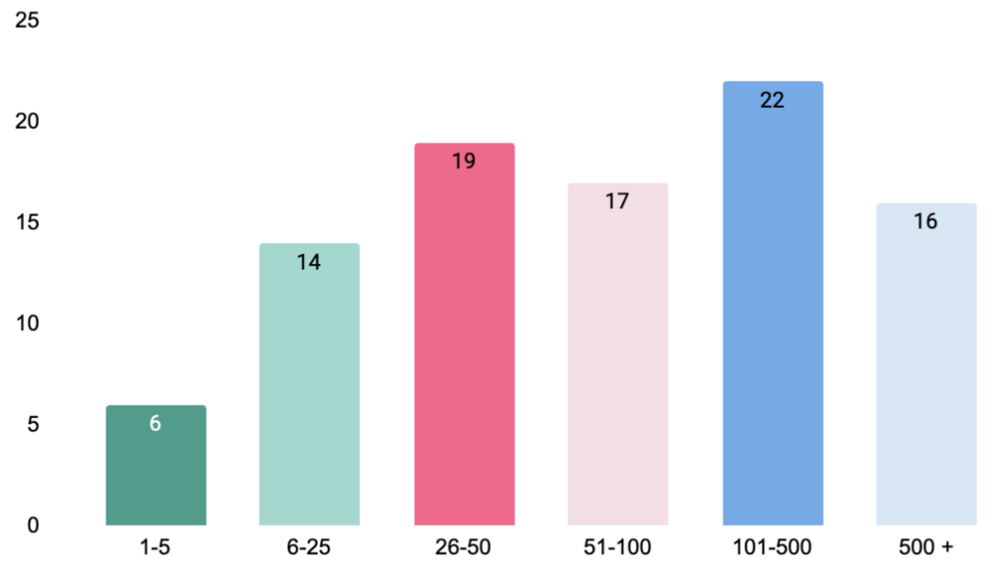
Revenue operations and sales leaders from 94 companies representing around 5800 salespeople participate. The most represented stages of funding are Self-financed, Series A and Series B.

Distribution by funding stage

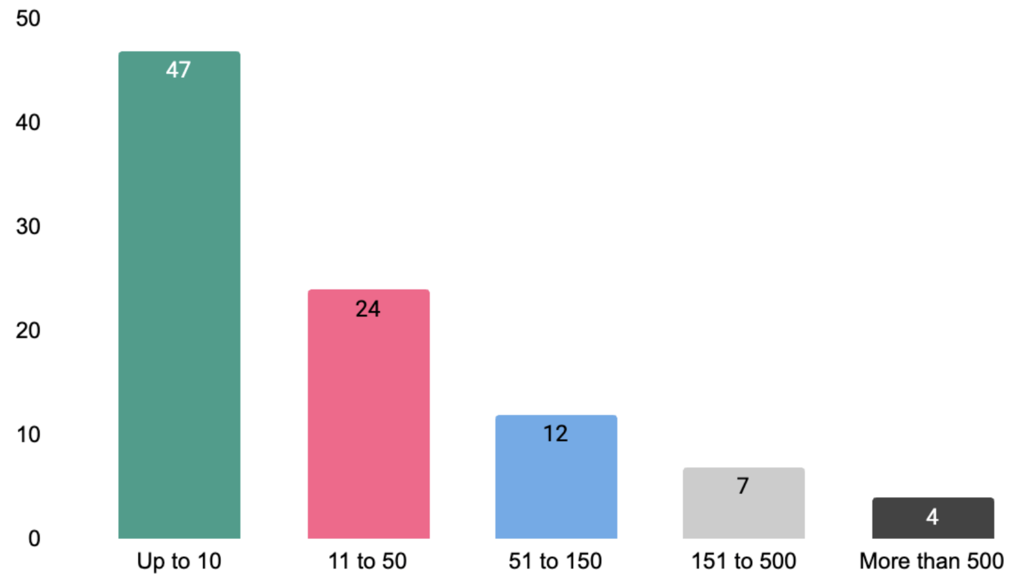


Distribution per global headcount

The majority of the participants are start-ups and scale ups (less than 500 employees), with rather small sales teams.



Sales team size

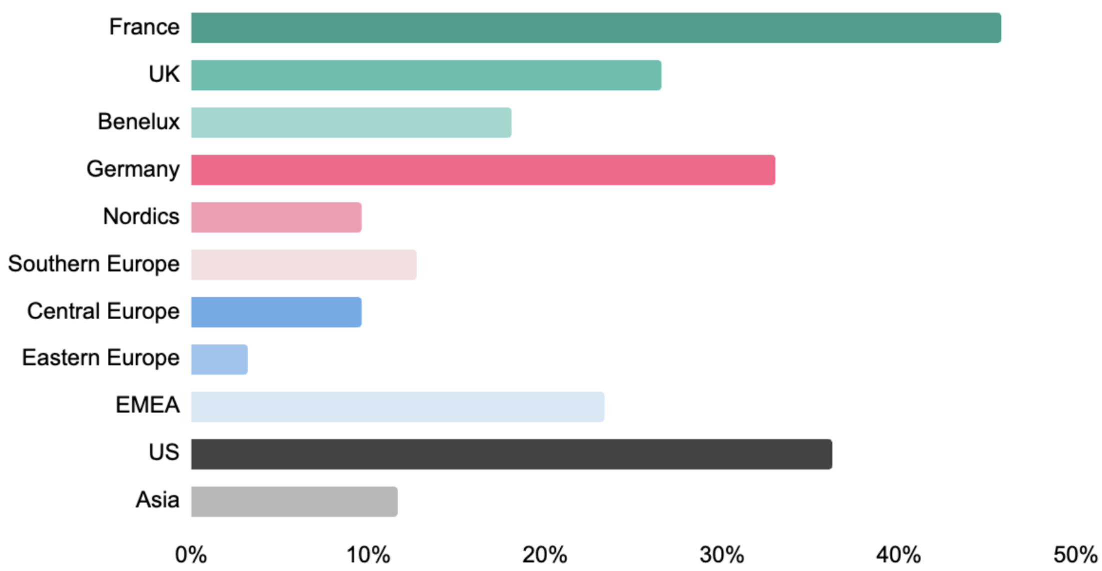


Primary market locations

Out of all of our participants, France, the US, Germany and the UK are the predominant market locations.

No matter the geographical location, the majority of companies who answered have a SaaS business model (60%), followed from afar by Services companies (20%); and they are predominantly addressing mid-market (73%) or large companies (62%).

Note: Results do not equal to 100% exactly as some companies have several primary markets



03 Terminology

Accelerator & accelerator thresholds

An accelerator increases the commission rate after a salesperson exceeds certain sales thresholds.

Cliff & cliff thresholds

A cliff is a minimum sales threshold that must be reached before a salesperson can earn any commission. Once the threshold is met, the salesperson will receive a commission on all sales, including those prior to reaching the threshold.

Ramp up mechanisms

The ramp up period is the time it takes for a salesperson to reach full productivity after joining a company. Ramp up mechanisms are temporary modifications to a compensation structure or targets that are designed to support a salesperson during the ramp up period.

Pay mix

The relative emphasis among a salespersons' compensation components including fixed or base pay and variable incentives.

SPIFs

"Special Program Incentive Funds" are short-term incentive programs that are used to drive and reward specific special efforts.

Team components

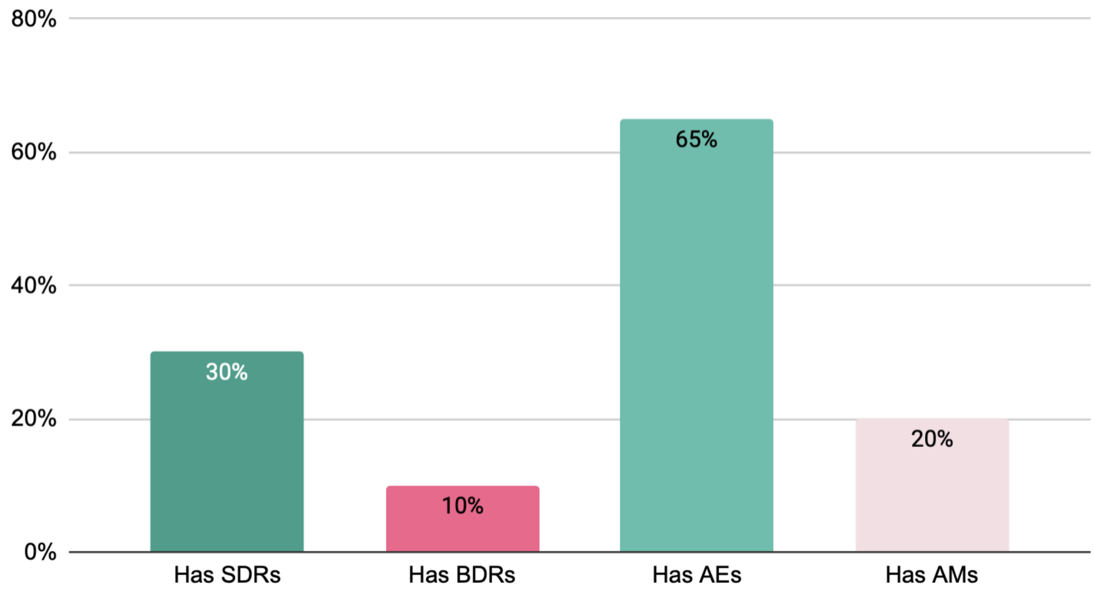
When salespeople earn a portion of their incentive from the team's overall success.

04 Sales Compensation By Role

Before analyzing each function to provide meaningful insights, let's take a step back and look at the overall structure of sales teams.

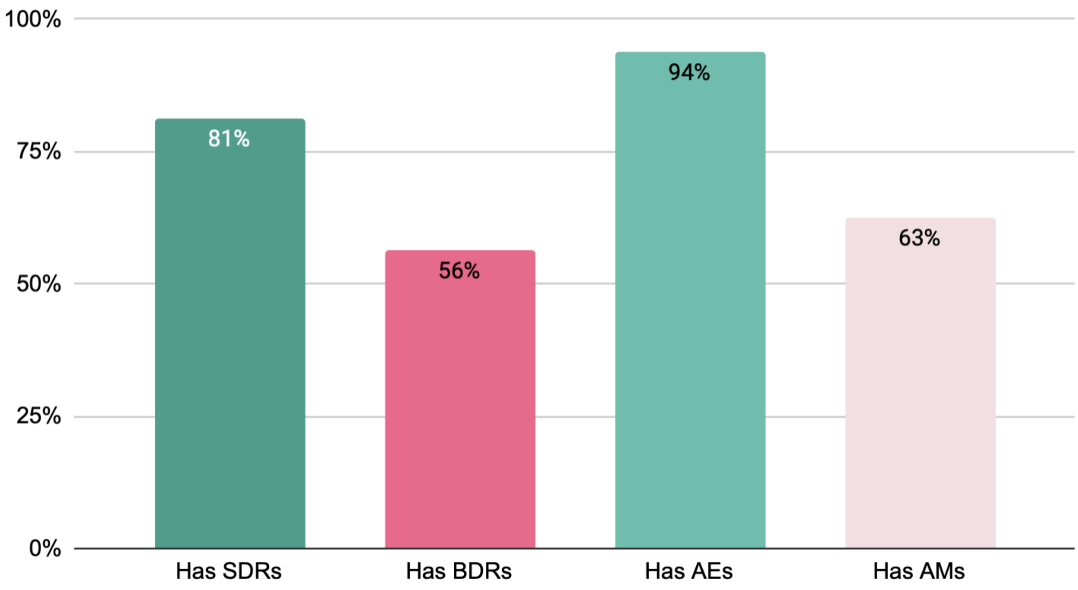
Broadly you will see from the various insights shared in this guide that the complexity of compensation plans in terms of accelerators, cliff implementation, ramp-up mechanisms and other elements **depends very much on the maturity of the company** and therefore often on its size, or its round of fundraising.

Sales team structure by company size: >25 employees



It is interesting to point out that the smallest companies (<50 employees) will initially focus on sales teams made up of Sales Development Representatives (SDR) and Account Executives (AE). Then, as they grow, they specialise their sales teams by adding two new roles: Business Development Representatives (BDR) and Account Managers (AM).

Sales team structure by company size: 500+ employees



We saw that role structuring started to occur when a company reached >50 employees or completed their Series B fundraising.

Ready to dive in?

The next part of the report will look at 4 main sales roles:

- Sales Development Representative
- Business Development Representative
- Account Executives
- Account Managers

Providing you with a global view as well as targeted insights:

- Introduction & summary of key findings
- Insight: based on market
- Overview of analysis by country
- Insights: By company size
- Insights: By Sales Cycle Length

Each factor listed above will then look into the following:

- Pay Mix and Compensation KPIs
- Accelerators and Cliffs
- Ramp ups
- Target Achievement

05 Sales Development Representatives

Introduction to the role

The sales development representative (SDR) is responsible for bringing qualified meetings to the account executive, who then closes the deal.

They don't directly generate revenue for the company, but they do bring in qualified opportunities.

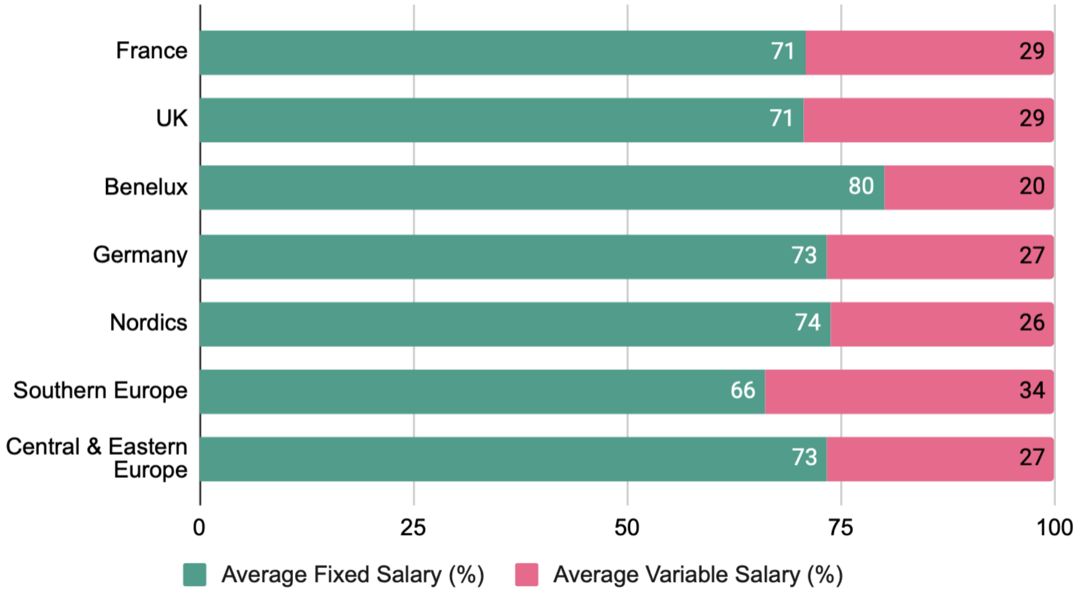
The focus for SDRs is on prospects who have already been in contact with the company - inbound leads. The SDR's role will be to collect these profiles and determine whether they can be converted into potential customers.

Sales Development Representative Overview

Average Fixed Salary (% of Global Package)	71%
Average Variable Salary (% of Global Package)	29%
Percentage with Team Component of Their Variable Salary	30%
Percentage with an Accelerator	45%
Average Accelerator Threshold	105%
Percentage with a Cliff	37%
Average Cliff Threshold (%)	64%
Top KPIs used to calculate/compute incentives	1. Revenue generated (31%) 2. Meeting booked (28%) 3. Demo booked (26%)
Percentage of Organisations Using a Ramp-Up Mechanism	55%
Percentage Who Reached or Exceeded Targets	47%

Insights: By market

- **Pay mix and compensation KPIs**



In terms of variable salary, Southern Europe attributes the largest proportion of the pay mix to variable salary (34%) while Benelux assigns the smallest (20%).

This breakdown is in line with the market standard, which is to propose a fixed portion of between 70% and 80% and a variable portion of between 20% and 30% of the remuneration package.

When calculating variable salary, a team component is sometimes used. You're most likely to see this in Southern Europe (43%), Germany (41%), France (33%) and Benelux (33%).

If you're in Central & Eastern Europe or in Nordics, it is very less common with only 17% and 20% of companies using team components as a variable salary KPI, respectively.

Regarding compensation KPIs, there is no clear difference across markets, we can clearly identify that the main focus for SDR in Europe is to generate qualified opportunities that will ultimately generate revenue, which is reflecting in the following KPIs:

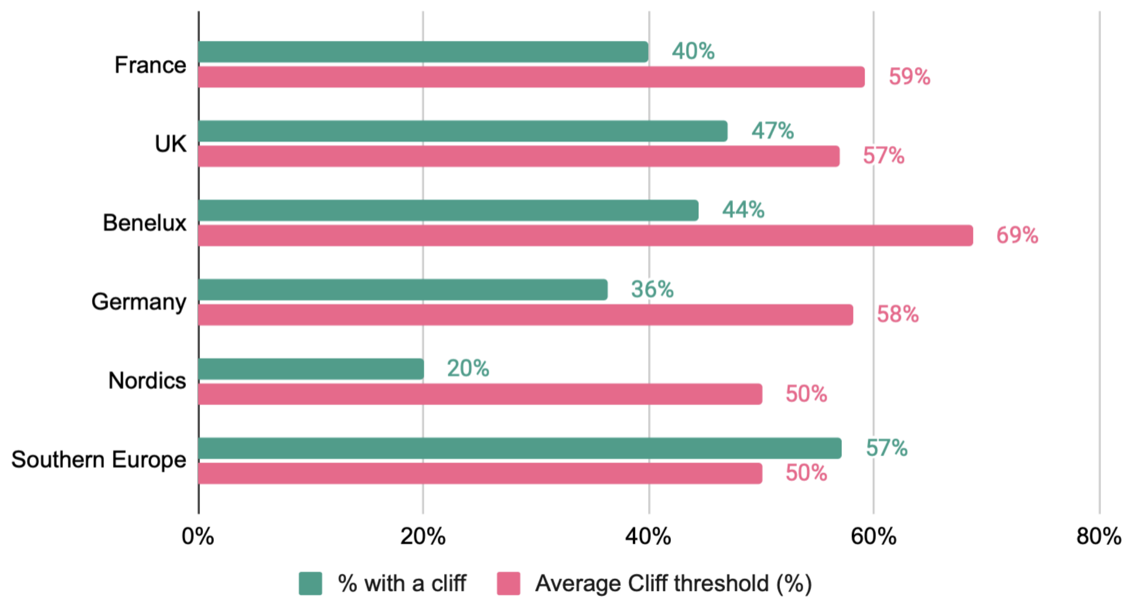
1. Revenue generated
2. Meeting booked
3. Demo booked

Which is very aligned with their missions and what we expect from SDRs.

- **Accelerators and cliffs**

When it comes to accelerators, you're least likely to see them in Benelux and Central and Eastern Europe where only 33% of companies use them. You will find them much more in Southern Europe (86%), the Nordics (60%) and the UK (53%).

Cliff usage by European market



Southern European companies are the most frequent users of cliff (used by 57% of companies) with an average cliff threshold of 50%. Close behind, the UK is also a frequent user of cliffs (used by 47% of companies) followed by Benelux (44%) and France (40%).

On the other side, Central and Eastern Europe and the Nordics use cliffs the least frequently (0% and 20% of companies, respectively).

- **Ramp ups**

Where are you most likely to find ramp up mechanisms? Southern Europe (71% of companies)! Every European market see more than 50% of their companies using ramp-up mechanisms for new SDR team members. Generally, they look to keep them on the same compensation plan as full-time SDR, but they reduce their quota during this period.

- **Target achievement**

Where are SDRs doing the best at hitting their targets? That's France and Germany, where 41% and 40% of SDRs are hitting or exceeding their targets.

And where are they struggling? SDRs in the Nordics and Benelux are having a tough time. Only 14% and 20% of SDRs have met or exceeded their targets in these regions.

SDR v. BDR?

In general, when a company reaches a certain size (starting 50+ employees based on our analysis), it starts to specialize its team with an SDR team dedicated to generating qualified opportunities from inbound leads and a BDR team dedicated to generating these opportunities from outbound leads.

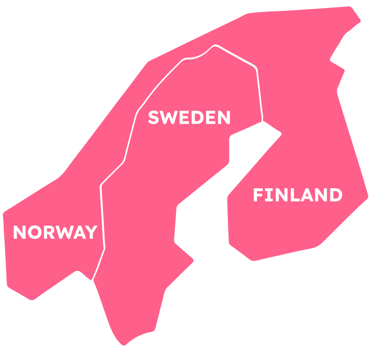
Depending on the audience, each representative will have a different approach to their pitch, but also to their sales arguments. The aim is the same: to qualify as many relevant profiles as possible to fuel the sales cycle.

Sales development representative breakdown by country

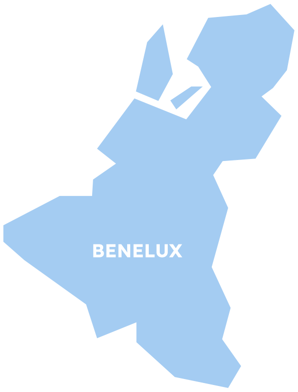
To fully give the most comprehensive European coverage, we broke down the results per country identifying 11 different variables in compensation to help you get a clear view of the differences from area to area.

Listed by order:

- Nordics (Norway, Sweden Finland)
- Benelux
- Germany
- United Kingdom
- France
- Southern Europe
- Central & Eastern Europe



- Average Fixed Salary (% of Global Package): 74%
- Average Variable Salary (% of Global Package): 26%
- Most Common KPI: Meetings Booked
- Percentage Who Reached or Exceeded Targets: 14%

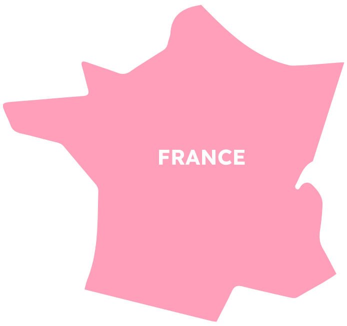


- Average Fixed Salary (% of Global Package): 80%
- Average Variable Salary (% of Global Package): 20%
- Most Common KPI: Revenue Generated
- Percentage Who Reached or Exceeded Targets: 20%

Sales Development Representatives

- Average Fixed Salary (% of Global Package): 71%
- Average Variable Salary (% of Global Package): 29%
- Most Common KPI: Revenue Generated
- Percentage Who Reached or Exceeded Targets: 27%

- Average Fixed Salary (% of Global Package): 73%
- Average Variable Salary (% of Global Package): 27%
- Most Common KPI: Revenue Generated
- Percentage Who Reached or Exceeded Targets: 27%



- Average Fixed Salary (% of Global Package): 71%
- Average Variable Salary % of Global Package): 29%
- Most Common KPI: Revenue Generated
- Percentage Who Reached or Exceeded Targets: 41%

- Average Fixed Salary (% of Global Package): 66%
- Average Variable Salary (% of Global Package): 34%
- Most Common KPI: Revenue Generated
- Percentage Who Reached or Exceeded Targets: 30%

- Average Fixed Salary (% of Global Package): 73%
- Average Variable Salary (% of Global Package): 27%
- Most Common KPI: Meetings Booked
- Percentage Who Reached or Exceeded Targets: 22%

Insights: By company size

The structure of an SDR's compensation plan will evolve as the company's structure changes.

A growing company will inevitably modify its plan structure in order to better align the compensation plan strategy with the commercial strategy and will potentially add more complexity and control over the financial KPIs.

- **Pay mix and compensation KPIs**

The most obvious difference in the SDR pay mix is between companies with <25 employees and companies with >25 employees.

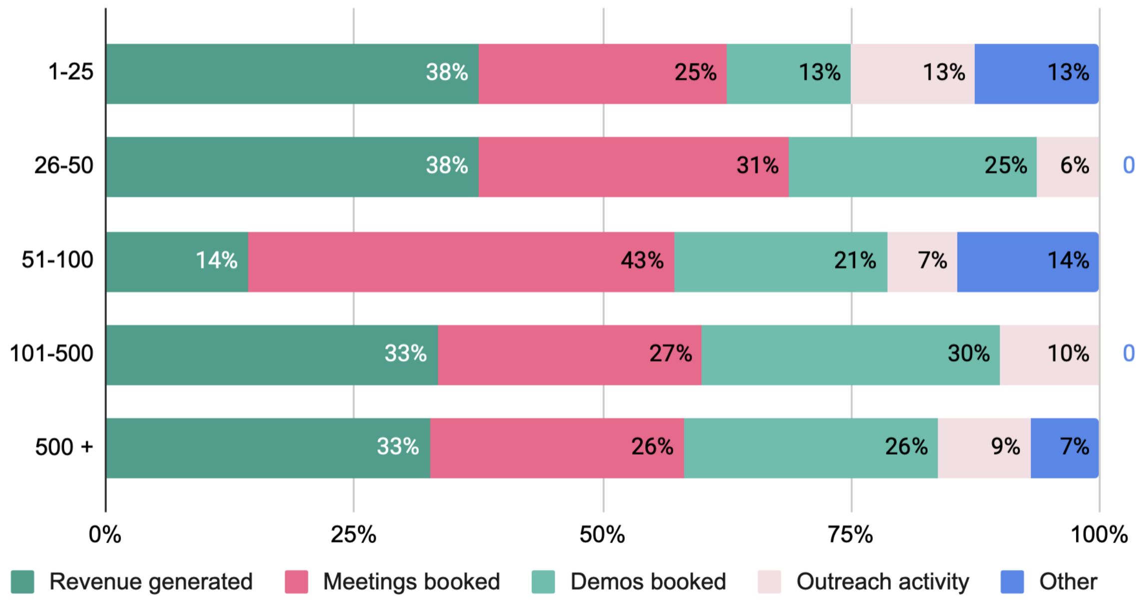
Companies with less than 25 employees allocate 20% of their pay mix to variable pay, so they remain very conservative. This can also be explained by the maturity of the company and the sales team, where they are more interested in validating product market fit.

From 50 employees upwards, the variable portion becomes more significant, between 27-35%.

There is a clear pattern on how organizations use team components in their SDR's compensation plans as they evolve. We can see this threshold at >50 employees (27%) and the proportion increases from 100 employees upwards (41%).

We can explain this need to apply a team component for organizations that are becoming more complex and have team alignment issues to meet their objectives.

SDR compensation KPIs by company size



In terms of SDR KPIs, the following three are the most commonly used:

1. Revenue Generated
2. Meetings Booked
3. Demo Booked

We can see that companies with less than 100 employees are generally more focused on these first two KPIs and that the share of the third increases with the size of the company.

- **Accelerators and cliffs**

The usage of accelerators and cliffs is highly dependent on company size. In general, the larger the company, the more likely they are to use accelerators and cliffs.

Small companies (<25 employees) are the least likely to use accelerators (used by 17%) or while those with 26-50 employees are least likely to use cliffs (used by 15%). On the other hand, 500+ employee companies are the most likely to use accelerators (used by 69%), and cliffs (used by 54%).

Once again, there is a real shift in plan structure is found when companies pass the 50 employees mark with more companies using accelerators or cliffs climbing to 55% and 36% when they hit the 51-100 employee range.

What is interesting to see is that when a company with fewer than 50 employees have implemented a cliff, the average threshold is much higher (starting 73%) than for larger companies (60%).

- **Ramp ups**

More than 50% of companies depending on their size have put in place a ramp up mechanism for their SDR team with the following mechanisms:

1. Reduced Quota
2. Draw Against Commission (especially for companies <50 employees)

51-100 person companies are the exception here. Only 36% using ramp up mechanisms, less than both 26-50 and 101-500 employee companies (both have more than 50% usage).

- **Target achievement**

Where are SDRs doing the best at hitting their targets? Companies with more than 500+ and those with less than 25 employees are the best in class with 65% and 55% of their SDRs meeting or exceeding their targets.

And where are they struggling? At companies with 26-50 and 101-500 employees, only with 38% and 36% of SDRs are hitting their goals.

Sales Development Representatives

6-25

- Average Fixed Salary (% of Global Package): 80%
- Average Variable Salary (% of Global Package): 20%
- Most Common KPIs: Revenue Generated
- Percentage Who Reached or Exceeded Targets: 55%

500+

- Average Fixed Salary (% of Global Package): 68%
- Average Variable Salary (% of Global Package): 32%
- Most Common KPIs: Revenue Generated
- Percentage Who Reached or Exceeded Targets: 65%

26-50

- Average Fixed Salary (% of Global Package): 65%
- Average Variable Salary (% of Global Package): 35%
- Most Common KPIs: Revenue Generated
- Percentage Who Reached or Exceeded Targets: 38%

51-100

- Average Fixed Salary (% of Global Package): 72%
- Average Variable Salary (% of Global Package): 28%
- Most Common KPI: Meetings Booked
- Percentage Who Reached or Exceeded Targets: 47%

101-500

- Average Fixed Salary (% of Global Package): 73%
- Average Variable Salary (% of Global Package): 27%
- Most Common KPI: Revenue Generated
- Percentage Who Reached or Exceeded Targets: 36%

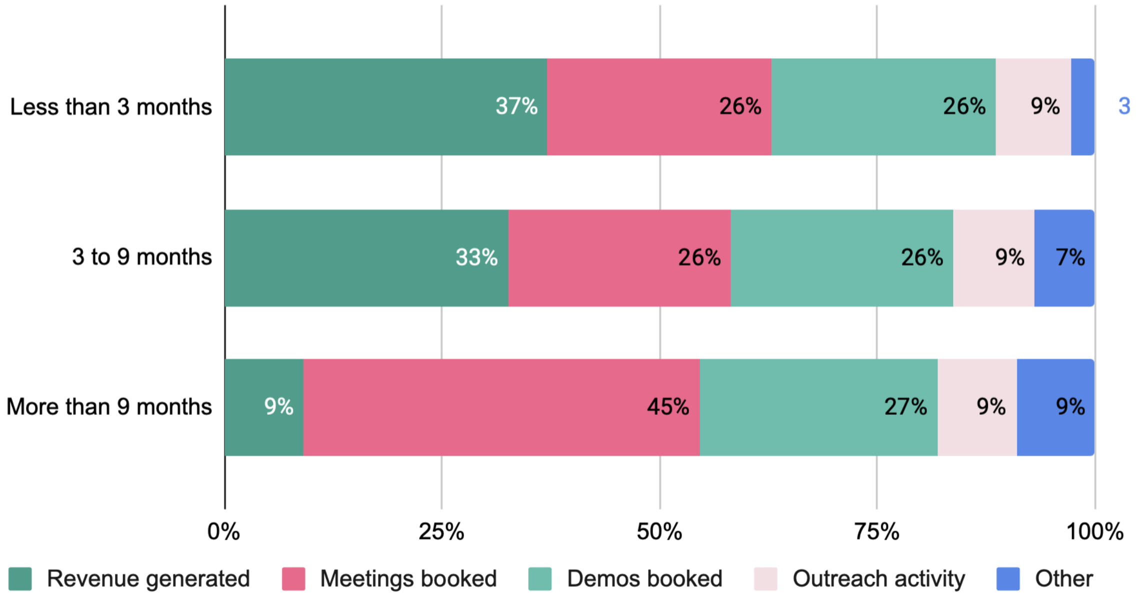
Insights: By sales cycle length

- **Pay mix and KPIs**

When we analyze companies by length of sales cycle, we don't see any major differences due to the length of the sales cycle. Market standards are respected, with the pay mix hovering close to the average of 70% fixed and 30% variable salary.

Companies with team components of variable salary are slightly most frequently those with sales cycles between 3 to 9 months (33% of these companies) in comparison to those with a less than 3 month sales cycle (27%) and others with one longer than 9 months (29%).

SDR compensation KPIs by sales cycle length



Regarding compensation KPIs, we can clearly see that sales cycle length makes a difference.

Companies with a shorter sales cycle (less than 3 months) will focus more on generating revenue (37%) than companies with a longer sales cycle (more than 9 months) that will focus more on booking meetings for Account Executives (45%).

This mechanism can be explained by the fact that shorter the sales cycles generate a high volume deals with smaller value. In this context, the organization wants and needs to keep bringing in and closing deals. Rewarding their SDRs on revenue generated will drive them to continue doing so.

On the other hand, in the case of a long sales cycle, it is unwise to put too much emphasis on revenue generated. Given the long sales cycle, it can take a long time for an SDR to see any variable pay, which doesn't help keep them motivated.

- **Accelerators and cliffs**

The shorter a company's sales cycle, the more likely they are to use accelerators and cliffs. 64% of companies who have less than a 3-month sales cycle are using accelerators and 32% are using cliffs.

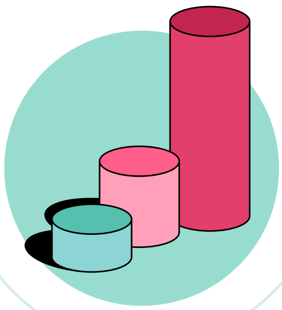
On the other hand, companies with longer sales cycles (3-9 months and over 9 months) use accelerators less (30% and 57%) but do use more cliff mechanisms more often (40% and 43%).

- **Ramp ups**

Usage of ramp ups is skewed towards shorter sales cycles. 68% of companies with less than a 3-month sales cycle use them while only 29% of companies with a sales cycle over 9 months employ ramp up mechanisms.

- **Target achievement**

In terms of target achievement, there is no clear differentiation between sales cycle length. On average, between 44% and 51% of companies with SDRs have reached or exceeded their targets.



Less than 3 months

- Average Fixed Salary (% of Global Package): 71%
- Average Variable Salary (% of Global Package): 29%
- Most Common KPI: Revenue Generated
- Percentage Who Reached or Exceeded Targets: 49%

3 to 9 months

- Average Fixed Salary (% of Global Package): 72%
- Average Variable Salary (% of Global Package): 28%
- Most Common KPIs: Revenue Generated
- Percentage Who Reached or Exceeded Targets: 44%

More than 9 months

- Average Fixed Salary (% of Global Package): 67%
- Average Variable Salary (% of Global Package): 33%
- Most Common KPIs: Meetings Booked
- Percentage Who Reached or Exceeded Targets: 51%

06 Business Development Representatives

Introduction to the role

The Business Development Representative (BDR) is responsible for identifying sales opportunities, qualifying them and passing them onto the Account Executives. Unlike SDRs, BDRs seek out their own prospects and contact them on their own initiative. These outgoing leads have never been in contact with the company.

The BDR is therefore versatile in his customer presentation and engagement strategy.

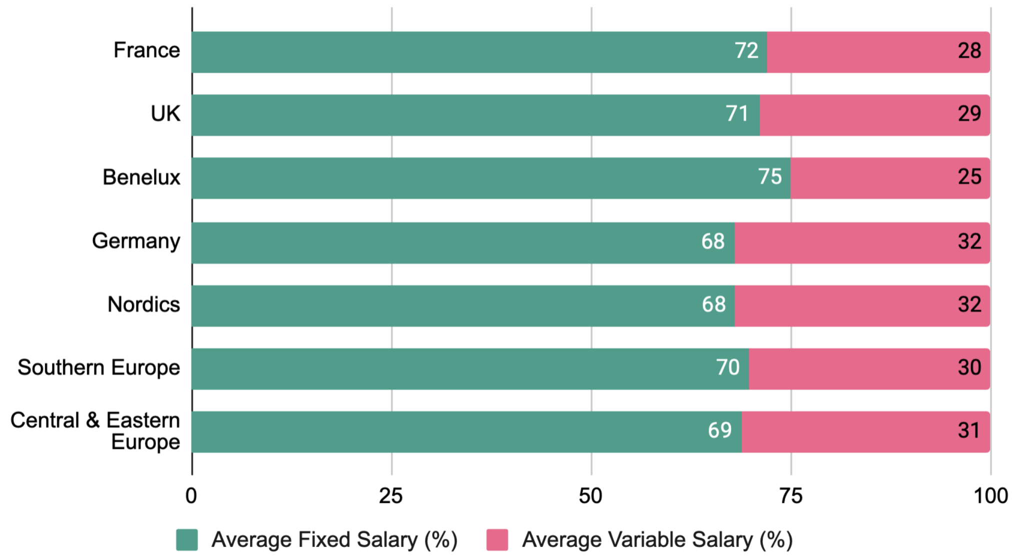
Business Development Representatives Overview

Average Fixed Salary (% of Global Package)	70%
Average Variable Salary (% of Global Package)	30%
Percentage with Team Component of Their Variable Salary	28%
Percentage with an Accelerator	64%
Average Accelerator Threshold (%)	107%
Percentage with a Cliff	52%
Average Cliff Threshold (%)	57%
Top KPIs used to calculate/compute incentives	1. Revenue Generated (54%) 2. Demo Booked (23%) 3. Other (20%) 4. Meeting booked (3%)
Percentage of Organisations Using a Ramp-Up Mechanism	44%
Percentage Who Reached or Exceeded Targets	54%

Insights: By market

- **Pay mix and compensation KPIs**

BDR pay mix by market



In terms of pay mix, the breakdown per market is in line with the global standard, a pay mix with a fixed portion of between 70% and 80% and a variable portion of between 20% and 30%.

When calculating variable salary, a team component is sometimes used. You're most likely to see this in Southern Europe, Benelux, the Nordics and Central & Eastern Europe (all with 50% usage).

If you're in Germany or France, it's less common for BDRs with only 20% and 22% of companies using team components as a variable salary KPI.

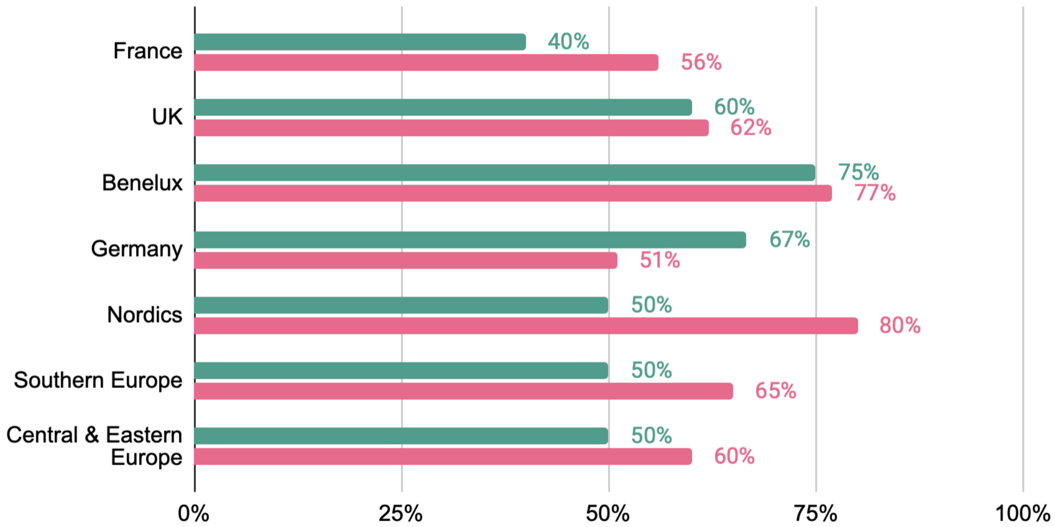
Regarding KPIs, there is no clear difference across markets. We can clearly see that the main focus for European BDRs is to generate demo meetings that will ultimately lead to revenue, which is reflected by the emphasis on the following KPIs:

1. Revenue Generated (54%)
2. Demos Booked (23%)

- **Accelerators and cliffs**

When it comes to accelerators, you're least likely to see them in Benelux, Nordics and France where only 50% of companies use them. You will find them much more in Southern Europe (100%), Central & Eastern Europe (75%), Germany (67%) and the UK (60%).

Cliff usage by European market



European companies with BDRs are frequent users of cliffs. 52% of companies use them with an average cliff threshold of 57%.

Benelux (75%), Germany (67%) and UK-based companies (60%) are the most frequent users of cliffs.

On the other side, France use them the least frequently (40%) and uses a less than average cliff threshold (56%).

- **Ramp ups**

Where are you most likely to find ramp up mechanisms?

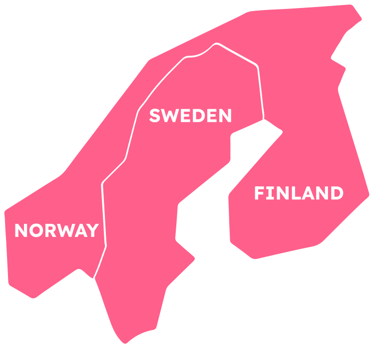
The Nordics!

All European markets see 50% or more of their companies using ramp-up mechanisms for new BDRs. Like SDRs, they use the same compensation plan as onboarded BDRs but they reduce the quota during this period.

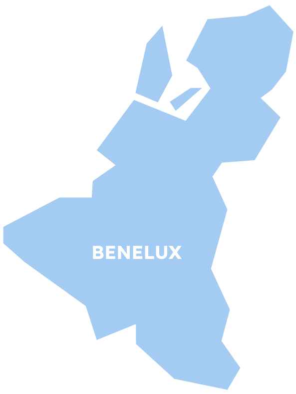
- **Target achievement**

Where are BDRs hitting their targets? The answer: France and Nordics. Both markets have more than 60% of their BDRs (75% in the Nordics, 61% in France) meeting or exceeding their targets.

And where are they struggling? BDRs in the UK are having a hard time. Only 36% of BDRs have met or exceeded their targets.



- Average Fixed Salary (% of Global Package): 68%
- Average Variable Salary (% of Global Package): 32%
- Most Common KPIs: Revenue Generated & Demo Booked
- Percentage Who Reached or Exceeded Targets: 75%

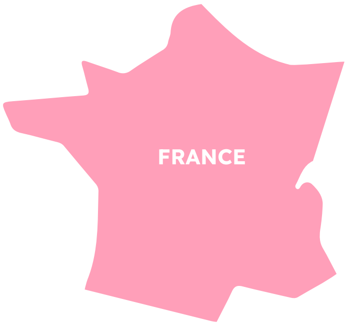


- Average Fixed Salary (% of Global Package): 75%
- Average Variable Salary (% of Global Package): 25%
- Most Common KPIs: Revenue Generated
- Percentage Who Reached or Exceeded Targets: 44%

- Average Fixed Salary (% of Global Package): 71%
- Average Variable Salary (% of Global Package): 29%
- Most Common KPIs: Other
- Percentage Who Reached or Exceeded Targets: 36%

Business Development Representatives

- Average Fixed Salary (% of Global Package): 68%
- Average Variable Salary (% of Global Package): 32%
- Most Common KPIs: Revenue Generated
- Percentage Who Reached or Exceeded Targets: 53%



- Average Fixed Salary (% of Global Package): 72%
- Average Variable Salary (% of Global Package): 28%
- Most Common KPIs: Revenue Generated
- Percentage Who Reached or Exceeded Targets: 61%

- Average Fixed Salary (% of Global Package): 70%
- Average Variable Salary (% of Global Package): 30%
- Most Common KPIs: Revenue Generated
- Percentage Who Reached or Exceeded Targets: 57%

- Average Fixed Salary (% of Global Package): 69%
- Average Variable Salary (% of Global Package): 31%
- Most Common KPIs: Other
- Percentage Who Reached or Exceeded Targets: 42%

Insights: By company size

As explained previously, creating specialization between SDRs and BDRs generally occurs once a company has more than 50 employees.

For this reason, we have limited data on BDRs from companies with fewer than 50 employees. With that in mind, we will exclude those companies in this section.

- **Pay mix and KPIs**

Companies with 500+ employees are more likely to use team components in their compensation structure (44%) than smaller companies (<500 employees).

Regarding their KPIs, the results are similar to those of SDRs. There is a strong focus on revenue generated and demos booked. It is worth noting that with companies between 101-500 employees start to expand their KPI mix, including the number of meetings booked (17%) as well.

- **Accelerators and cliffs**

Company size has a minimal effect on the usage of accelerators, it remains consistent at 67% of companies.

On the other hand, companies with more than 500+ employees use cliff mechanisms (67%) more frequently than those with fewer than 500 employees (50%).

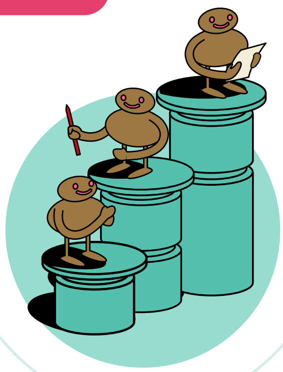
Overall, it's common to use acceleration and cliff mechanisms for BDR teams to drive the right sales behaviors.

- **Ramp ups**

Ramp ups are most commonly used by companies with 101-500 employees than those with more 500 employees (67% vs 44%).

- **Target achievement**

Between 48% and 56% of BDRs have met or exceeded their targets. Company size doesn't appear to be a major differentiator.



51-100

- Average Fixed Salary (% of Global Package): 65%
- Average Variable Salary (% of Global Package): 35%
- Most Common KPIs: Revenue Generated
- Percentage Who Reached or Exceeded Targets: 55%

101-500

- Average Fixed Salary (% of Global Package): 77%
- Average Variable Salary (% of Global Package): 33%
- Most Common KPI: Revenue Generated
- Percentage Who Reached or Exceeded Targets: 48%

500+

- Average Fixed Salary (% of Global Package): 70%
- Average Variable Salary (% of Global Package): 30%
- Most Common KPIs: Revenue Generated
- Percentage Who Reached or Exceeded Targets: 56%

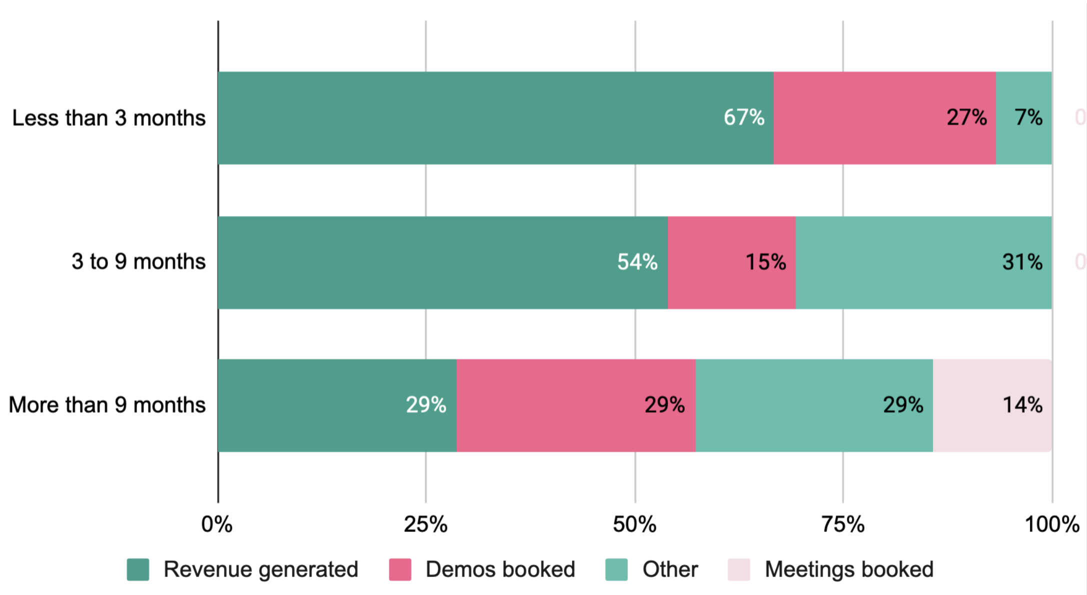
Insights: By sales cycle length

- **Pay mix and KPIs**

When looking at BDR compensation by sales cycle length, we don't see any major differences in terms of pay mix.

Companies with team components are most frequently found in companies with sales cycles longer than 9 months (60% of these companies). In comparison, only 20% of companies with sales cycles shorter than 9 months use them. This can be explained by the fact that the complexity associated with deals that have longer sales cycles requires coordination from multiple members of the sales team.

BDR compensation KPIs by sales cycle length



The KPIs defined in the BDR compensation plan are closely aligned with those of the SDRs. Companies are placing an emphasis on revenue generated and demos booked, particularly when the sales cycle lasts less than 9 months.

As the sales cycle lengthens, the proportion of revenue generated decreases and a third KPI comes into play: meetings booked.

- **Accelerators and cliffs**

The shorter a company's sales cycle, the more likely they are to use accelerators and cliffs. 80% of companies who have less than a 3-month sales cycle are using accelerators while 50% are using cliffs.

On the other hand, companies with longer sales cycles (3-9 months) use accelerators less frequently (50%) but do make more use of cliff mechanisms (60%).

- **Ramp ups**

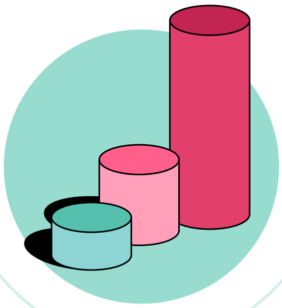
The usage of ramp ups is skewed towards shorter sales cycles. 70% of companies with 3-month or less sales cycle use them. In contrast, only 40% of companies with a sales cycle between 3 and 9 months employ ramp up mechanisms.

Surprisingly, none of the companies that responded to the survey with a sales cycle length of more than 9 months use a ramp up mechanism.

- **Target achievement**

In terms of target achievement, BDRs with a sales cycle length under 3 months are outperforming their peers. 65% of these BDRs have reached or exceeded their targets.

On the other hand, at companies with sales cycles between 3-9 months, 48% of BDRs are reaching expectations. It's even worse for those with over 9 month sales cycles, a mere 44% are reaching their goals!



Less than 3 months

- Average Fixed Salary (% of Global Package): 70%
- Average Variable Salary (% of Global Package): 30%
- Most Common KPI: Revenue Generated
- Percentage Who Reached or Exceeded Targets: 65%

3 to 9 months

- Average Fixed Salary (% of Global Package): 70%
- Average Variable Salary (% of Global Package): 30%
- Most Common KPIs: Revenue Generated
- Percentage Who Reached or Exceeded Targets: 48%

More than 9 months

- Average Fixed Salary (% of Global Package): 72%
- Average Variable Salary (% of Global Package): 28%
- Most Common KPIs: Revenue Generated & Demos Booked
- Percentage Who Reached or Exceeded Targets: 44%

07 Account Executives

Introduction to the role

Account Executives (AEs) build commercial relationships with new prospects and manage relationships with existing prospects. This role requires advanced sales and customer management skills as AEs may need to handle the entire sales cycle, from finding a potential prospect through to closing a deal. They are the most senior non-management sales level, positioned above BDRs and SDRs in the sales team hierarchy.

Account Executive Overview

Average Fixed Salary (% of Global Package)	63%
Average Variable Salary (% of Global Package)	37%
Percentage with Team Component of Their Variable Salary	28%
Percentage with an Accelerator	59%
Average Accelerator Threshold (%)	105%
Percentage with a Cliff	37%
Average Cliff Threshold (%)	58%
Top KPIs used to calculate/compute incentives	1. Revenue Generated 2. Meetings Booked 3. Contract Length
Most Common Variable Payout Triggers	1. On Booking (40%) 2. On Payment (35%) 3. Invoice Sent (18%) 4. Other (7%)
Percentage of Organisations Using a Ramp-Up Mechanism	45%
Percentage Who Reached or Exceeded Targets	51%

Insights: Europe

There are a number of diverse approaches to sales compensation for Account Executives across the continent. This study has highlighted just how unique sales compensation is to each region. If you're hiring an AE (or thinking about) in a new European market, it's something you should keep in mind.

Now, let's jump into the breakdown!

Pay mix, KPIs and payouts

In terms of variable salary, Southern Europe attributes the largest proportion of the pay mix to variable salary (41%) while Central & Eastern Europe assigns the smallest (30%). When calculating variable salary, some regions like to us a team component while others don't. You're most likely to see team components in France and Benelux (used by 40% and 38% of companies). If you're in Southern Europe, don't count on it. Only 17% of companies are using a team components as a variable salary KPI.

Account Executives' overall KPIs are fairly universal across Europe: it's all about generating revenue. That can take the form of monthly recurring revenue (MMR), annual recurring revenue (AAR), or closed deal value. Regardless of the form, that's the focus. Some common supporting KPIs include meetings booked, contract length, and win rate.

When should AEs expect to get their commissions in their bank accounts? In the UK and Southern Europe, they'll generally get it when the company receives payment from the customer. On the other hand, organisations in the Nordics, Germany, and France usually pay out commission when a deal is booked.

- **Accelerators and cliffs**

When it comes to accelerators, you're least likely to see them in Benelux where only 53% of companies use them. You will find them much more in the UK and Southern Europe. 77% of British companies and 83% of Southern European companies are using accelerators.

The UK is also a frequent user of cliffs (used by 50% of companies).

However, they're outpaced by their cross-channel rivals in France, where 53% of companies use cliffs. France also employs the second highest average cliff threshold at 60% of quota attainment.

On the other side of things, Central and Eastern Europe and the Nordics use cliffs the least frequently (13% and 22% of companies, respectively). However, when Central and Eastern European countries use cliffs, they really use them. Their average cliff threshold is 80% of quota attainment.

That's 33% more than second place, France!

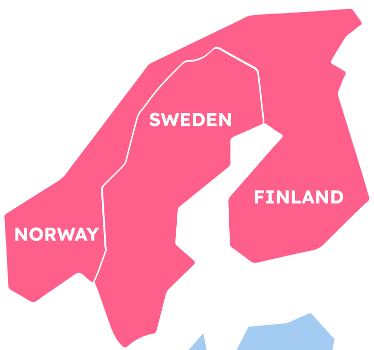
- **Ramp ups**

Where are you most likely to find ramp up mechanisms? The answer: Southern Europe (where 67% of companies use them). If you're an AE in the Nordics, don't count on a ramp up period, only 44% companies employ them.

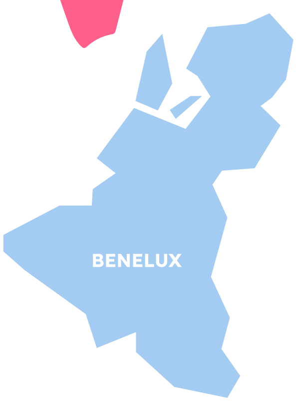
- **Target achievement**

Where are Account Executives getting the job done and hitting their targets? That's France and Germany, where 48% of AEs are reaching or exceeding their targets.

And where are they struggling? Account Executives in the Nordics and Central & Eastern Europe are having a tough time. Only 33% of AEs have met or exceeded their targets in these regions.



- Average Fixed Salary (% of Global Package): 62%
- Average Variable Salary (% of Global Package): 38%
- Most Common Variable Payout Trigger: On Booking
- Percentage Who Reached or Exceeded Targets: 33%

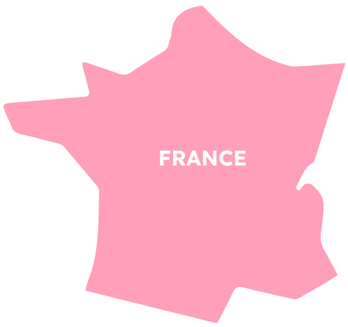


- Average Fixed Salary (% of Global Package): 69%
- Average Variable Salary (% of Global Package): 31%
- Most Common Variable Payout Trigger: On Booking & On Payment
- Percentage Who Reached or Exceeded Targets: 40%

Account Executives

- Average Fixed Salary (% of Global Package): 63%
- Average Variable Salary (% of Global Package): 37%
- Most Common Variable Payout Trigger: On Payment
- Percentage Who Reached or Exceeded Targets: 42%

- Average Fixed Salary (% of Global Package): 63%
- Average Variable Salary (% of Global Package): 37%
- Most Common Variable Payout Trigger: On Booking
- Percentage Who Reached or Exceeded Targets: 48%



- Average Fixed Salary (% of Global Package): 67%
- Average Variable Salary (% of Global Package): 33%
- Most Common Variable Payout Trigger: On Booking
- Percentage Who Reached or Exceeded Targets: 48%

- Average Fixed Salary (% of Global Package): 59%
- Average Variable Salary (% of Global Package): 41%
- Most Common Variable Payout Trigger: On Payment
- Percentage Who Reached or Exceeded Targets: 43%

- Average Fixed Salary (% of Global Package): 70%
- Average Variable Salary (% of Global Package): 30%
- Most Common Variable Payout Trigger: On Invoice Sent & On Payment
- Percentage Who Reached or Exceeded Targets: 33%

Insights: Europe vs the World

We've seen the diversity in Europe itself, but how the EMEA region measure up on the international scene.

Let's take a look at where Europe stands when compared the US and Asia.

- **Pay mix, KPIs and payouts**

When it comes to variable salary, Europe is the middle ground with 34% of the pay mix assigned to variable salary. The US, on the other hand, is more variable salary heavy with 38% of the pay mix allotted to variable pay. Asia has a larger emphasis on fixed salary, only 32% of the pay mix is designated to variable salary.

Account Executives' KPIs are not only similar across Europe, they're the same around the world. Companies want their AEs to generate revenue.

Much like KPIs, the global picture around commission payouts is fairly universal. Whether it's Europe, Asia, or America, most companies pay out commission when a deal is booked.

However, one area of difference is that Europe is the least likely region to use SPIFs. Only 37% of Europe-based companies use them. In contrast, 70% of Asian companies and 60% of American companies reported employing them.

- **Accelerators and cliffs**

European companies are the least likely to use accelerators (58%) for their AEs. Their usage is comparatively much higher in both the US (used by 67% of companies) and Asia (used by 64% of companies).

The prevalence of cliffs for AEs is relatively equal, but big differences can be seen in the thresholds. Asian companies' average cliff threshold is the highest at 75% of quota attainment. Europe finds itself in the middle at 70% of quota while the US has the lowest threshold, just 60% of quota attainment.

- **Ramp ups**

With ramp up mechanisms, Europe again finds itself in the middle with 47% of companies using them. While that's ahead of the US (where 40% of companies employ ramp ups), Asian companies are the most frequent users of ramp up mechanisms (used by 64% of companies).

- **Accelerators and cliffs**

European companies are the least likely to use accelerators (58%) for their AEs. Their usage is comparatively much higher in both the US (used by 67% of companies) and Asia (used by 64% of companies).

The prevalence of cliffs for AEs is relatively equal, but big differences can be seen in the thresholds. Asian companies' average cliff threshold is the highest at 75% of quota attainment. Europe finds itself in the middle at 70% of quota while the US has the lowest threshold, just 60% of quota attainment.

- **Target achievement**

One area where Europe is leading the way is target achievement. 48% of Europe-based Account Executives are hitting their targets, more than their American (43% hitting targets) and Asia-based (40% hitting targets) counterparts.

- Average Fixed Salary (% of Global Package): 66%
- Average Variable Salary (% of Global Package): 34%
- Most Common Variable Payout Trigger: On Booking
- Percentage Who Reached or Exceeded Targets: 48%

- Average Fixed Salary (% of Global Package): 62%
- Average Variable Salary (% of Global Package): 38%
- Most Common Variable Payout Trigger: On Booking
- Percentage Who Reached or Exceeded Targets: 43%

- Average Fixed Salary (% of Global Package): 68%
- Average Variable Salary (% of Global Package): 32%
- Most Common Variable Payout Trigger: On Booking
- Percentage Who Reached or Exceeded Targets: 40%

Insights: By company size

Understandably, different sized companies are going to prioritise different aspects of sales compensation. Objectives change the bigger a company gets.

Let's find out how.

- **Pay mix, KPIs, and payouts**

The first major takeaway we can see is that (on average) the larger a company gets, the more the pay mix will be assigned to variable salary. Small companies with 1-25 employees attribute 33% of their pay mix to variable compensation. Larger companies with over 500 employees allot 39% of the pay mix to variable salary.

There is an exception: 26-50 person companies tend to emphasize variable salary more (38% of pay mix). One explanation for this is that companies in this stage may be looking to fundraise, so immediate sales results are especially important for them.

In terms of including a team component in the variable salary calculation, it's mid-sized companies that do it the most frequently. Small companies (1-25 employees) and larger companies (500+ employees) put an emphasis on individual performance. Only 8% of small companies and 13% large companies integrate a team component.

Regardless of company size, Account Executives main KPI is to generate revenue. The common secondary KPIs, like meetings booked, contract length, and win rate, are also relatively equally distributed.

If they hit their targets, most AEs should expect to get their commissions paid out on booking. However, if they're at a small company (1-25 employee), they're likely to receive their commission after the customer has paid.

- **Accelerators and cliffs**

The usage of accelerators and cliffs is highly dependent on company size. In general, the larger the company, the more likely they are to use accelerators and cliffs.

Only 31% of small companies use accelerators while a mere 23% use cliffs. On the other side of the company size scale, 500+ employee companies are the most likely to use both accelerators (used by 80% of companies) and cliffs (used by 53% of companies).

The exception once again is 51-100 employee companies. They are less likely to use accelerators (used by 50%) and cliffs (used by only 14%) than their 26-50 and 101-500 employee counterparts.

- **Ramp ups**

Mirroring the trends we've seen in the previous sections, the larger companies are more likely to use ramp up mechanisms too. 60% of larger companies (500+ employees) use ramp up mechanisms while only 15% of 1-25 person companies do.

51-100 person companies are again the exception with only 43% using ramp up mechanisms, less than both 26-50 and 101-500 employee companies (both with 50% usage).

- **Target achievement**

Account Executives at smaller companies are faring better at hitting or exceeding their targets. 56% of AEs at 26-50 person companies and 55% of AEs at 1-25 person companies reaching their goals.

AEs at 51-100 person companies are faring much worse. Only 43% of them are meeting or exceeding targets.

Account Executives

1-25

- Average Fixed Salary (% of Global Package): 65%
- Average Variable Salary (% of Global Package): 33%
- Most Common Variable Trigger: On Payment
- Percentage Who Reached or Exceeded Targets: 55%

500+

- Average Fixed Salary (% of Global Package): 61%
- Average Variable Salary (% of Global Package): 39%
- Most Common Variable Trigger: On Booking
- Percentage Who Reached or Exceeded Targets: 53%

26-50

- Average Fixed Salary (% of Global Package): 62%
- Average Variable Salary (% of Global Package): 38%
- Most Common Variable Trigger: On Booking
- Percentage Who Reached or Exceeded Targets: 56%

51-100

- Average Fixed Salary (% of Global Package): 65%
- Average Variable Salary (% of Global Package): 35%
- Most Common Variable Trigger: On Booking
- Percentage Who Reached or Exceeded Targets: 43%

101-500

- Average Fixed Salary (% of Global Package): 63%
- Average Variable Salary (% of Global Package): 37%
- Most Common Variable Trigger: On Booking & On Payment
- Percentage Who Reached or Exceeded Targets: 49%

Insights: By sales cycle length

Sales cycles can be big influencers of how sales compensation is designed and paid out.

Let's see what impact it has.

- **Pay mix, KPIs, and payouts**

Surprisingly, companies with a 3-9 month sales cycle have the lowest proportion of variable salary in their pay mix (34% of the pay mix). Companies with longer sales cycles (over 9 months) still allot 37% of their pay mix to variable salary while those with the shortest sales cycles (less than 3 months) are the most variable salary heavy (40% of pay mix).

Companies with team components of variable salary are most frequently those with sales cycles over 9 months (40% of these companies). However, a sizeable minority of companies with short sales cycle (less than 3 months) use a team component as well (31% of these companies).

Keeping in trend, Account Executives are again primarily evaluated on their ability to generate revenue for the company regardless of the sales cycle length.

In terms of commission payouts, it's almost always on booking. The only exception is companies with less than a 3 month sales cycle. Their payout mechanism is equally split between booking a deal and receiving customer payment.

- **Accelerators and cliffs**

The shorter a company's sales cycle, the more likely they are to use accelerators and cliffs. 69% of companies who have less than a 3-month sales cycle are using accelerators and 41% are using cliffs.

In the middle, companies with a 3-9 month sales cycle use accelerators a bit less (used by 59%). However, they are most likely to include a cliff (44%) and, interestingly, they also employ the highest average cliff threshold (62% of quota attainment).

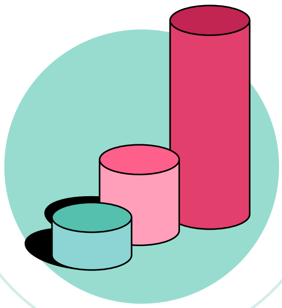
On the other end, only 30% of companies with long sales cycles (over 9 months) have accelerators in place while none (0%) are using cliffs.

- **Ramp ups**

Like accelerators and cliffs, usage of ramp ups is skewed towards shorter sales cycles. 59% of companies with less than a 3-month sales cycle use ramp up mechanisms while only 10% of companies with a sales cycle over 9 months employ them.

- **Target achievement**

In terms of target achievement, AEs with shorter sales cycles are doing the best. 54% of them are hitting or exceeding their targets. Unfortunately, Account Executives with sales cycles over 9 months are going through a challenging period, only 37% of them are reaching their goals.



Less than 3 months

- Average Fixed Salary (% of Global Package): 60%
- Average Variable Salary (% of Global Package): 40%
- Most Common Variable Payout Trigger: On Booking & On Payment
- Percentage Who Reached or Exceeded Targets: 54%

3 to 9 months

- Average Fixed Salary (% of Global Package): 66%
- Average Variable Salary (% of Global Package): 34%
- Most Common Variable Payout Trigger: On Booking
- Percentage Who Reached or Exceeded Targets: 53%

More than 9 months

- Average Fixed Salary (% of Global Package): 63%
- Average Variable Salary (% of Global Package): 37%
- Most Common Variable Payout Trigger: On Booking
- Percentage Who Reached or Exceeded Targets: 37%

08 Account Managers

Introduction to the role

An Account Manager's (AM) role is to act as the liaison between a company and their customers with the goal of retaining and upselling assigned accounts. Account Managers are the key point of contact who develop strong customer relationships by addressing their needs and concerns quickly and effectively.

Account Manager Overview

Average Fixed Salary (% of Global Package)	74%
Average Variable Salary (% of Global Package)	26%
Percentage with Team Component of Their Variable Salary	30%
Percentage with an Accelerator	45%
Average Accelerator Threshold (%)	106%
Percentage with a Cliff	38%
Average Cliff Threshold (%)	61%
Top KPIs used to calculate/compute incentives	1. Net Revenue Retention 2. Upsell Revenue 3. Churn Rate
Most Common Variable Payout Triggers	1. On Payment (37%) 2. On Booking (30%) 3. Invoice Sent (21%) 4. Other (12%)
Percentage of Organisations Using a Ramp-Up Mechanism	30%
Percentage Who Reached or Exceeded Targets	58%

Insights: Europe

Europe is home to many different cultures, it's no wonder those differences translate to different approaches to sales compensation. The way Account Managers are compensated across Europe reflects that.

- **Pay mix, KPIs, and payouts**

When it comes to variable salary, UK companies assign 28% of their Account Managers' pay mix to variable salary, the largest proportion in Europe. At the other end, Benelux-based companies allot the smallest proportion of the pay mix to variable salary, only 22%.

While UK-based companies place the biggest emphasis on variable salaries, they're very individually focused. Only 21% of UK companies use a team component in their variable salary calculations. Meanwhile, Central & Eastern Europe (60% of companies), Benelux (57% of companies), and the Nordics (50% of companies) are the most frequent users of team components in variable compensation.

Account Managers' key performance indicators (KPIs) are relatively universal throughout Europe. Net revenue retention is the most important KPI for European companies. Revenue from upsales is a prominent secondary KPI. In addition to that, other common secondary KPIs include churn rate and net promoter score (NPS).

Account Managers' commission is usually paid out when customer payment is received. This is the approach in many European countries, including the likes of Germany, Benelux, Southern Europe, France (though equally split with booked deals) and the UK (also equally split with booked deals).

- **Accelerators and cliffs**

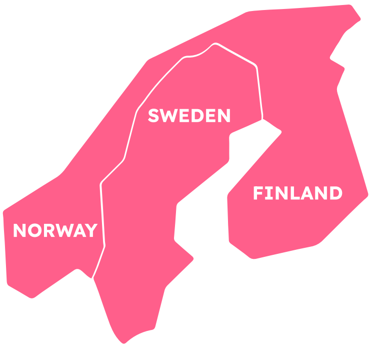
In terms of accelerators and cliffs, the Nordics are most the likely to use them. 75% of Nordic companies use both accelerators and cliffs. While the Nordics are most frequent users of these sales compensation devices, their thresholds are near the average. Benelux, on the other hand, has the highest average accelerator threshold at 110% of quota attainment and the highest average cliff threshold at 75% of quota attainment.

- **Ramp ups**

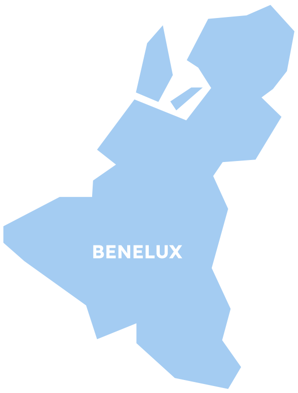
The British are the biggest users of ramp up mechanisms, where they're in use by 43% of companies. The Nordics are at the opposite end of the spectrum, none (0%) of them use ramp up mechanisms.

- **Target achievement**

Which Account Managers are doing the best? That honor goes to the Nordics where 75% of them are reaching or exceeding their targets. UK-based Account Managers are struggling though, only 50% are hitting their target quota.



- Average Fixed Salary (% of Global Package): 73%
- Average Variable Salary (% of Global Package): 27%
- Most Common Variable Payout Trigger: On Booking
- Percentage Who Reached or Exceeded Targets: 75%

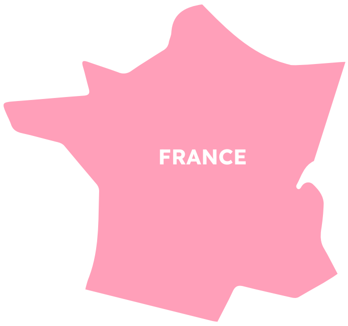


- Average Fixed Salary (% of Global Package): 78%
- Average Variable Salary (% of Global Package): 22%
- Most Common Variable Payout Trigger: On Payment
- Percentage Who Reached or Exceeded Targets: 56%

- Average Fixed Salary (% of Global Package): 72%
- Average Variable Salary (% of Global Package): 28%
- Most Common Variable Payout Trigger: On Booking & On Payment
- Percentage Who Reached or Exceeded Targets: 50%

Account Managers

- Average Fixed Salary (% of Global Package): 72.5%
- Average Variable Salary (% of Global Package): 27.5%
- Most Common Variable Payout Trigger: On Payment
- Percentage Who Reached or Exceeded Targets: 57%



- Average Fixed Salary (% of Global Package): 74%
- Average Variable Salary (% of Global Package): 26%
- Most Common Variable Payout Trigger: On Booking & On Payment
- Percentage Who Reached or Exceeded Targets: 60%

- Average Fixed Salary (% of Global Package): 72%
- Average Variable Salary (% of Global Package): 28%
- Most Common Variable Payout Trigger: On Payment
- Percentage Who Reached or Exceeded Targets: 63%

- Average Fixed Salary (% of Global Package): 73%
- Average Variable Salary (% of Global Package): 27%
- Most Common Variable Payout Trigger: Invoice Sent
- Percentage Who Reached or Exceeded Targets: 71%

Insights: Europe vs. The World

How does Europe measure up against American and Asian companies? Let's see the differences.

- **Pay mix, KPIs, and payouts**

Like with Account Executives, Europe takes the middle ground when it comes to pay mix distribution. The US has the highest proportion of the pay mix allotted to variable compensation (31% of pay mix) while Asia has the lowest (21% of the pay mix). And Europe? Right in the middle with 27% of the pay mix made up of variable salary.

When comes to the inclusion of a team component in variable salary, European companies are the least likely to use it (only 20% of companies do). This is in stark contrast to Asia, where 60% of companies have a team component.

On the KPI front, they are surprisingly consistent across geographies. Net revenue retention reigns supreme as the number one KPI across geographies.

- **Accelerators and cliffs**

Europe-based companies use accelerators (employed by 60% of companies) less often than their American counterparts, where 75% use an accelerator. While Europe uses accelerators less, when they do, they have a higher average threshold (109% of quota attainment) than US-based companies (101% of quota attainment).

Companies operating in Europe and Asia both see similar cliff usage (used by 40% of companies in both regions). However, Account Managers working in Asia have a much higher threshold (78% of quota attainment) vs those in Europe (66% of quota attainment).

- **Ramp ups**

Only 30% of European companies use ramp up mechanisms for Account Managers. In contrast, 50% of American companies and 40% of Asian companies employ them.

- **Target achievement**

So, who is hitting targets and who isn't? European Account Managers are the top performers with over 54% reaching their targets. US-based ones are having the hardest time with just 40% meeting quota expectations.

- Average Fixed Salary (% of Global Package): 71%
- Average Variable Salary (% of Global Package): 29%
- Most Common Variable Payout Trigger: On Booking
- Percentage Who Reached or Exceeded Targets: 54%

- Average Fixed Salary (% of Global Package): 69%
- Average Variable Salary (% of Global Package): 31%
- Most Common Variable Payout Trigger: On Booking
- Percentage Who Reached or Exceeded Targets: 40%

- Average Fixed Salary (% of Global Package): 79%
- Average Variable Salary (% of Global Package): 21%
- Most Common Variable Payout Trigger: On Booking
- Percentage Who Reached or Exceeded Targets: 45%

Insights: By company size

The larger the company is, the more likely they are to have Account Managers. Company size doesn't just play a role in how many Account Managers there are, it also affects how they are compensated.

Let's take a look.

- **Pay mix, KPIs, and payouts**

The proportion of variable salary in the pay mix generally expands as the company size increases. Account Managers at companies with 1-25 employees have 17% of their pay mix allotted to variable compensation while those at companies with over 500 employees have 33% of their pay mix assigned to variable pay.

When it comes to KPIs, net revenue retention is again the top KPI across all company sizes.

For commission pay outs, Account Managers in small companies (1-25 employees) will see their commission when the customer pays. At larger companies (500+ employees), they'll get it when the deal is booked.

- **Accelerators and cliffs**

Companies with over 500 employees are the most likely to use both accelerators (used by 80% of these companies) and cliffs (used by 60% of these companies). Interestingly, the companies that are the least likely to use cliffs are those with 51-100 employees. Only 11% of these companies employ them.

- **Ramp ups**

The usage of ramp up mechanisms generally follows the same trend as accelerators: the larger the company, the more likely it'll be used. 50% of companies with over 500 employees use ramp up mechanisms for their Account Managers.

The exception to this trend is 51-100 person companies. None of them (0%) use ramp up mechanisms.

- **Target achievement**

Which Account Managers are hitting their quotas? That honour goes to those working in 51-100 persons companies, where 66% of them are achieving or exceeding their goals. Their counterparts at small companies (1-25 employees) are having the hardest time. Only 44% of them are meeting expectations.

1-25

- Average Fixed Salary (% of Global Package): 83%
- Average Variable Salary (% of Global Package): 17%
- Most Common Variable Payout Trigger: On Payment
- Percentage Who Reached or Exceeded Targets: 44%

500+

- Average Fixed Salary (% of Global Package): 67%
- Average Variable Salary (% of Global Package): 33%
- Most Common Variable Payout Trigger: On Booking
- Percentage Who Reached or Exceeded Targets: 54%

26-50

- Average Fixed Salary (% of Global Package): 81%
- Average Variable Salary (% of Global Package): 19%
- Most Common Variable Payout Trigger: On Invoice Sent
- Percentage Who Reached or Exceeded Targets: 63%

51-100

- Average Fixed Salary (% of Global Package): 73%
- Average Variable Salary (% of Global Package): 27%
- Most Common Variable Payout Trigger: On Payment
- Percentage Who Reached or Exceeded Targets: 66%

101-500

- Average Fixed Salary (% of Global Package): 74%
- Average Variable Salary (% of Global Package): 26%
- Most Common Variable Payout Trigger: On Booking, On Invoice Sent & On Payment
- Percentage Who Reached or Exceeded Targets: 58%

Insights: By sales cycle length

Much like with other roles, the length of the sales cycle plays a role in how Account Managers are compensated.

Let's explore how.

- **Pay mix, KPIs, and payouts**

Unsurpisingly, companies with short sales cycles (less than 3 months) have the largest share of variable salary in their pay mix, where it makes up an average of 30%. In addition, these companies' variable salary KPIs are more focused on the individual with only 23% including a team component.

On the other hand, companies with a sales cycles over 9 months use team components the most frequently. 40% of them report integrating some type of team KPI when calculating variable salary.

Jumping to overall KPIs, we again have net revenue retention taking priority. However, we do see that many companies with 3-9 month sales cycles also place significant importance on upselling.

On commission pay out, Account Managers with short sales cycles (less than 3 months) should expect it when the deal is booked while those with sales cycles longer than 3 months usually need to wait until the company receives payment before they get their commission.

- **Accelerators and cliffs**

Companies with a 3-9 month sales cycle are most likely to use cliffs (used by 45% of these companies) while those with a shorter sales cycle (less than 3 months) are most likely to use accelerators (employed by 62% of these companies).

On the other end, companies with long sales cycles (over 9 months) are the least likely to use accelerators or cliffs, both which are used by 20% of these companies.

Not only are companies with a sales cycles over 9 months the least likely to use accelerators and cliffs, their thresholds for both is the highest.

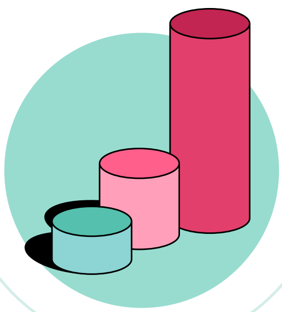
On average, accelerators require 125% of quota attainment while Account Manager need to hit 75% of quota attainment for their cliff. This is significantly higher than both companies with less than 3 month sales cycles (105% of quota attainment for accelerators, 48% of quota attainment for cliffs) and 3-9 month cycles (106% of quota attainment for accelerators, 65% of quota attainment for cliffs).

- **Ramp ups**

In general, the prevalence of ramp up mechanisms declines as the sales cycle length increases. 46% of companies with a short sales cycle (under 3 months) use ramp up mechanisms. In contrast, no (0%) companies with a sales cycle over 9 months employ a ramp up mechanism.

- **Target achievement**

In terms of hitting targets, Account Managers with 3-9 month sales cycles are leading the way. 65% of them are achieving or exceeding their goals. Those working in companies with short sales cycles (less than 3 months) are having the toughest time, only 47% are meeting their targets.



Less than 3 months

- Average Fixed Salary (% of Global Package): 70%
- Average Variable Salary (% of Global Package): 30%
- Most Common Variable Payout Trigger: On Booking & On Invoice Sent
- Percentage Who Reached or Exceeded Targets: 54%

3 to 9 months

- Average Fixed Salary (% of Global Package): 76%
- Average Variable Salary (% of Global Package): 24%
- Most Common Variable Payout Trigger: On Payment
- Percentage Who Reached or Exceeded Targets: 65%

More than 9 months

- Average Fixed Salary (% of Global Package): 73%
- Average Variable Salary (% of Global Package): 27%
- Most Common Variable Payout Trigger: On Payment
- Percentage Who Reached or Exceeded Targets: 51%

09 General Insights and Compensation Tools

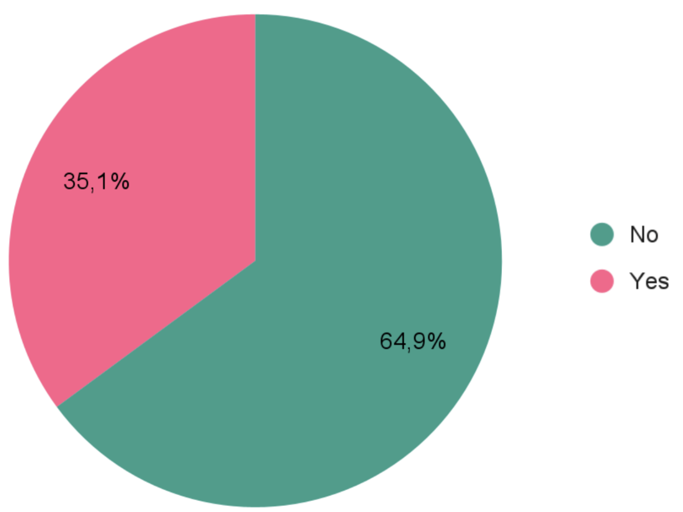
SPIFs

Majority of respondents are not using SPIFs. Those who are are doing it for various reasons, among which:

- Launching new channels, product, market, or vertical
- Emphasize upselling or cross-selling
- Boosting revenue on a short period of time (slow end of quarter for instance)
- Reaching a symbolic milestone for the company (1000 clients or €1 million ARR)
- Addressing leads from an event
- Team engagement and motivation

One criteria that factors into a company using SPIFs is its size. Companies with more than 500 employees are the ones who predominantly use them. The size of the sales team also matters. 70% of companies with more than 50 salespeople are use SPIFs while only 25% of companies with less than 50 salespeople do.

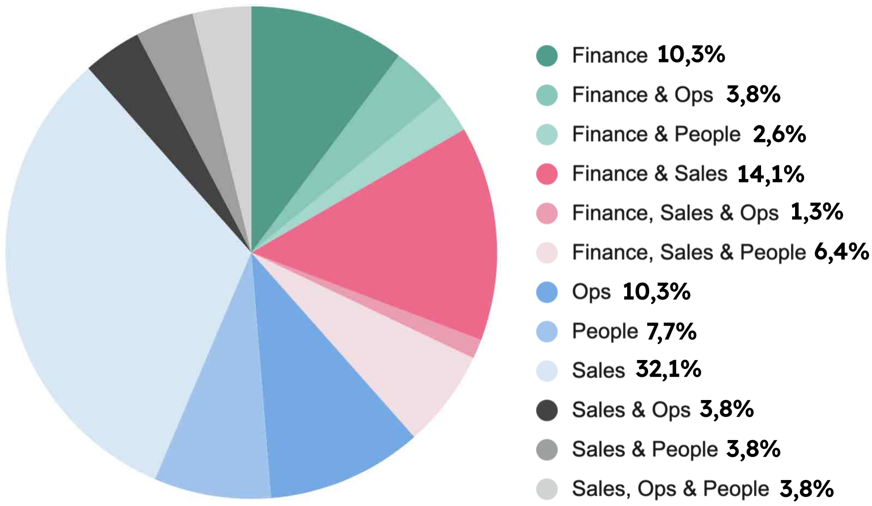
Do you ever use SPIFs?



Sales compensation ownership

One insight from this survey is that there is no clear ownership of sales compensation. While sales is involved in 50% of cases, they are often supported by Finance, People, or Ops teams, bringing numerous points of view which can lead to inconsistency.

Sales compensation ownership

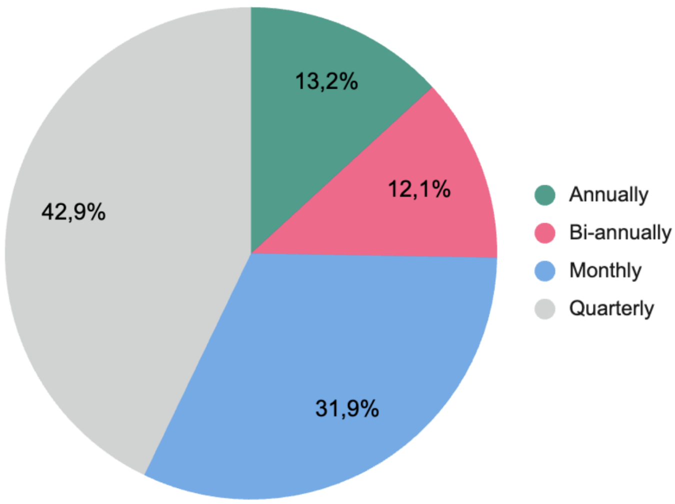


Forecast and payout frequencies

There is no link between headcount or funding stage and payout frequencies.

Companies with SaaS or subscription models tend to lean more towards monthly or quarterly reviews than other companies.

Forecast frequency

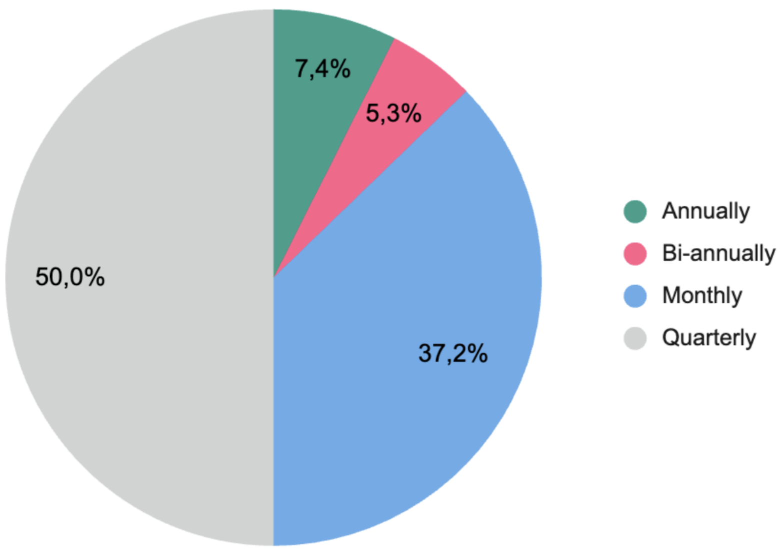


Correlated with forecast frequency, most companies payout variable compensation at least every quarter, if not monthly.

The few paying out less frequently are either in late funding stages (Series B and C) or self-financed.

A best practice is to pay your sales team members as regularly as possible (on a monthly or quarterly basis) to keep your them motivated to spur further growth.

Variable pay frequency



Tools

36% of respondents are using a tool to communicate sales targets to their teams while only 30% use one to calculate variable pay.

68% of companies that implemented a sales compensation management and/or communication tool have sales teams with 10 or more full-time employees.

This is understandable given the natural evolution of sales compensation complexity. Smaller companies may only have BDRs and Account Executives on relatively simple compensation plans. However, as teams expand and new roles, products, and geographies are added, compensation plans become more and more complicated. It's at this point that many organisations wisely opt for a sales compensation solution to help them manage and automate the calculation and communication processes.

We don't see any impact on tool usage from company size or funding stage.

Of the 34 companies using a communication tool, lots of tools are used. However, the most common ones include the following (with their satisfaction scores):

- 30% are using a CRM and their satisfaction is of 7/10 on average
- 24% are using a Sales compensation tool and their satisfaction if of 7/10 on average

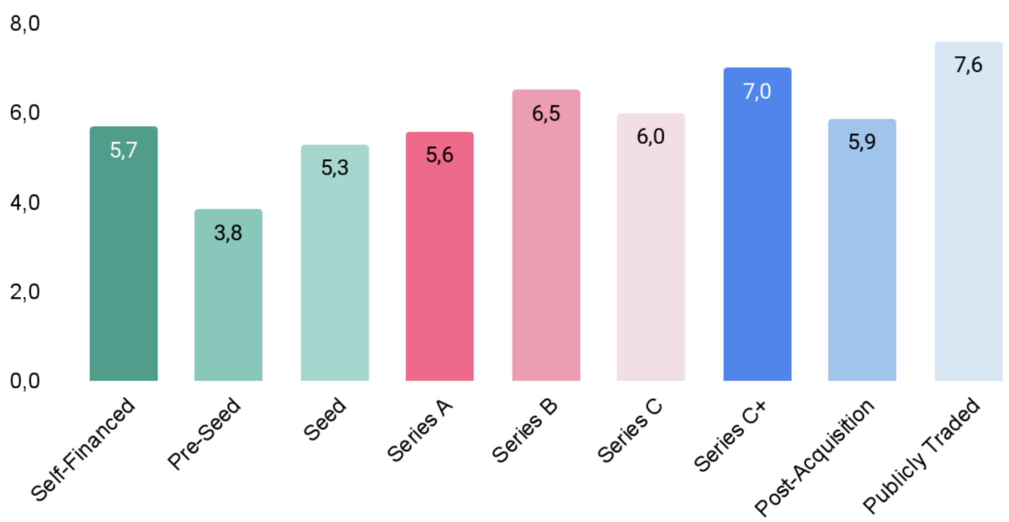
On the sales compensation management front, the most frequent tools used are:

- 46% of tool users are relying on a Sales compensation tool, with an average satisfaction of 6.5/10
- 46% of tool users are relying on Excel or Google Sheets, with an average satisfaction of 7.25/10

Expertise on sales compensation

As companies progress through different funding rounds, their maturity regarding variable compensation tends to increase. Publicly traded companies and those in later funding stages (Series C+) show higher levels of maturity, indicating a more developed understanding and implementation of these mechanisms. On the other hand, companies in the pre-seed stage have the lowest maturity, suggesting a need for them to further develop in this area.

Self-declared sales compensation maturity by funding stage (average out of 10)



10 Conclusion

One takeaway that has become crystal clear is that there's no magic "one-size-fits-all" solution for sales compensation.

There is a ton of diversity in organizations' approaches to sales compensation. Regions, team sizes, and sales cycles all factor into how companies manage their sales compensation. From pay mix through to ramp-ups and SPIF usage, companies in different segments leverage the various compensation devices at their disposal in unique ways to keep their teams engaged.

But that's not to say there aren't trends found in each region and segment.

- We can see that France and Germany use cliffs the least, Benelux offers the highest proportion of fixed salary, larger companies put more of an emphasis on variable compensation, and ramp-up mechanisms are most commonly found in organizations with sales cycles under three months.

- We also see the increasing complexity of compensation plans as companies become larger and more mature. With specialized roles, larger sales teams, and more resources available, these organizations are using tailored compensation plans for each role that use cliffs, accelerators, and ramp-ups far more liberally than their smaller, younger counterparts. This makes sense given that larger companies have the resources to allocate for in-house experts focused on designing and optimizing compensation plans that drive the sales efforts.

Given there's no single solution to a "great" sales compensation plan, to get the most out of this survey you should look at what your peers in your region that are a similar size with a similar sales cycle are doing.

You may be doing something outside the norm that's working well for you, but it also may not. Understanding the sales compensation context around you will help you evaluate what is working in your compensation plan and what can be optimized. In the end, this white paper aims to give you the information you need to make those changes, whether big or small, to improve your sales organization and grow your business.

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