Compensation and Incentives

In the sixth survey of an ongoing series, BCG partnered with the American Association of Inside Sales Professionals to assess compensation, bonuses, and other incentives. The results show that companies still set targets primarily on the basis of historical performance, which means that they are missing an opportunity to use compensation and rewards more strategically to reinforce and reward the right behaviors in sales teams.

Despite the emergence of analytical tools that can better predict customers’ buying behavior, sales executives report that they continue to rely heavily on traditional approaches in determining seller targets—although they also express a desire to improve.

86% use sales quotas and targets by looking at historical performance.

23% use advanced analytics to estimate potential sales in order to inform targets.

90% want to improve their quota-setting process.

Companies have aligned their compensation plans with near-term strategic objectives, but sales executives are divided about how effectively these plans reinforce the company’s core values and sustainability.

Companies that include metric in seller targets:

- 62% Annual recurring revenue for new and existing accounts
- 30% Revenue growth
- 5% Margin improvement
- 5% Customer satisfaction

“Our compensation plan... boosts customer satisfaction and relationship-building efforts.”

Companies that say COVID-19 has triggered a review of compensation for inside sales versus field sales:

- 47%

Share of companies that say COVID-19 has triggered a review of compensation for inside sales versus field sales:

- 47%