

LET DATA BE YOUR GUIDE

How Leaders can use Xactly
Insights™ to up Their Game

Executive Summary

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INTRO

Being a sales leader today is no easy feat, between ensuring you're paying competitively, and keeping your team on track to make their numbers it's easy to get overwhelmed and fall behind your peers. After delving into our own empirical compensation data, we know the critical business questions that are top of mind for sales and finance leaders, and we understand the root causes of those issues. This data is not reported, but it can be found in the actual compensation data that we have gathered from similar companies over the last decade, and we'd like to share it with you. By the time you finish this guide, you'll know how to figure out how your biggest competitors are paying their sales people, what the average quota attainment for your peer group is, and the way to build a compensation plan as dynamic as your company.

CHAPTER 1: LET DATA BE YOUR GUIDE

The role of a Sales Manager or Sales VP is not an easy one – if your team isn't able to make its numbers, then all eyes are on you, and the closer you get to the end of the quarter, the more pressure you feel to make numbers or face the repercussions. This is why it's so important that you are able to quickly identify whether you've hired the right reps, and that you are able to retain your rock stars.

Xactly Insights™ uses real, empirical industry data to reveal best practices around incentive compensation to drive your sales reps to new levels of achievement. Leading companies are now thinking about incentive compensation as a powerful way to change the behavior of sales people, not just as another calculation tool. Xactly Insights empowers you to make this switch in your mind-set, allowing you to make the most impactful decisions possible around this investment.

Hiring sales people is tricky; they may have a great track record at their previous company, they might interview well, but once they're actually a part of the team it can be challenging to discern if you've put the right people in the correct roles, and if they are performing as well as they could be. What if you could have complete visibility into how your team is performing as compared to peers in your industry? What if you could discover if your reps are hitting quota as often as your competitors? Xactly Insights can answer all these questions and reveal if your sales people are at, above, or below average for your space.

Our data showed that 74% of quota carrying reps in the Communications space do not reach their goals. Without this data, a Communications sales leader might assume that their team is the only one consistently missing numbers, and would be in the dark about how to improve. But with ten years of empirical data as your guide, you now have visibility into your team's performance that was previously impossible, allowing you to know whether you've hired people that are meeting or exceeding industry standards.

Now, you may be thinking, I've already put together my A-team and I'm happy with their performance – all I need to do is retain them. Xactly Insights can help you hold on to those top performers by building intelligent plans that drive the specific behavior you're after. For example, you need to consider the following:

- Do you know how your biggest competitors are paying their sales people?
- Are they achieving more because they haven't capped commissions?
- Is their pay mix more or less variable than yours?
- Is it moving the needle in the ways you wish you could at your company?

With the data-backed benchmarking that Insights provides, you can ensure that your plans are competitive for both your industry and your peer group, and enact changes that will make your organization's compensation as competitive as possible.

The Sales Department is the heart of any company, and to keep it healthy and happy you must hire and keep the right people.

CHAPTER 2: THE QUESTION OF THE HOUR

Sales is a numbers game – you can look at it from any angle you want, but no matter how much a rep loves their company or how fervently they believe in the product they are selling, at the end of the day they still want to be working for the organization that is giving them the best compensation for their hard work. This means that in order for you, as a sales leader, to retain the reps that hit their numbers time and again, you must be able to answer, without a doubt in your mind, 'yes' to the question is my compensation competitive?

If you aren't the one asking this question, you can bet that your reps will be. We spoke to a rep that told us she'd hit or exceeded her numbers quarter after quarter, yet management still refused to raise her base or variable pay. So, she began to look for other options, and quickly found a company that was willing to pay her roughly 12% more than her current organization. This first company lost a top performer whose raise likely would have paid for itself many times over with the revenue she brought in. Unfortunately, the company didn't have enough data to be familiar with what its peers in the industry were willing to pay for top talent.

You don't want to come in at the end of the quarter and discover that one of your leading reps is moving on to greener pastures. One effective way you can combat this happening is by using empirical data to give you a comprehensive picture of what other companies in your space are paying reps with the same amount of experience, productivity, and value as your own. For example, our data has shown that Medical Device companies most frequently have three components in its pay mix, with one main component making up 85% of variable pay[1].

Our Insights system uses sales data that can help you ensure that your sales incentive compensation plans are competitive for both your industry and your peer group. You'll finally be able to answer all the questions you've had around payment, including:

- What is the average spend per employee?
- What is the average quota attainment for my peer group?
- Are the components of my pay mix ideal and competitive?

This data is not reported, but it can be found in the actual compensation data that we have gathered from similar companies over the last decade. If you want to be sure that your company is following best practices when it comes to compensating your sales reps, Xactly Insights has the answers you've been looking for. With our technology, your team will be equipped with the solution and data you need to clearly compare your incentives to your peers so that you can stay ahead of the competition.

CHAPTER 3: DON'T COUNT SHEEP

Sales managers have a lot on their plate, but our technology can lighten the burden. Data backed-insights equip you with the tools and understanding you need to clearly analyze and compare the performance of your reps to sales people at other companies in your space. For example, an Xactly Insights study showed that a shocking 79% of sales reps in the SaaS industry missed their quota in 2013. This kind of data gives you a way to understand how far ahead or behind your reps are as compared to industry standards, so that you can make appropriate changes to increase performance. You need granular and specific data to understand if your reps are performing at the level you need them to be.

Seamless integration with either our Xactly Incent Enterprise™ or Xactly Incent Views™ solutions, you can interact with your own live incentive compensation data and benchmark against others in your peer group so that you compare the performance of your sales team to others to see if you need to implement further coaching and development.

From past sales rep performance within your own company, to historical progress taken from our data, you can compare and contrast your incentive compensation investments and practices to comparable companies to see if they are getting better results from their reps than you are. This allows you to create plans that use specific metrics and rules to ensure peak performance from your sales team. Motivating reps more strategically with your plans will drive an increased return on your incentive compensation investment.

The Sales Department is the lifeblood of any organization, and to keep it functioning smoothly, you must ensure that your reps are performing as you expect and need them to in order to meet all of your company's goals.

CHAPTER 4: ARE YOU PAYING WHAT YOU EXPECTED?

Have you ever gone out to dinner with a large group of people, only to be shocked by the amount when the bill shows up at the table? It's an all too common experience – you get caught up in the great conversation, you splurge on a few appetizers, then someone requests a couple more bottles of wine. Before you know it, three hours of eating and drinking have transpired without a second thought as to the cost. Cut to the moment the bill arrives, and all of a sudden that dinner just cost you double what you had budgeted for.

While this may be a temporary annoyance in your personal life, a similar budgeting slip could be completely detrimental to a business. If a sales manager has unrealistic expectations for how reps are going to perform, or if the sales compensation plans weren't built strategically, then a company might end up paying quite a bit more than they were counting on. In a sales department, this usually comes down to how accurate your means of forecasting is. Imagine if you had the ability to see how precise your forecasts are as compared to others in your peer group, and learn how different organizations might be setting their expectations more accurately.

But let's stick with our restaurant analogy for the time being, to understand the rep perspective more clearly. Say there are two restaurants a few blocks from each other. One is paying above minimum wage in addition to tips, and the other is paying below and matching to tips. These two owners have no means of observing which payment plan is more successful. For one, the generous compensation makes them a desirable employer, but the wage also takes the pressure off of making tips, and the staff might become complacent. For the other, tips matter more, and the customer experience might be better, but the staff is fighting to eke out a living, and will probably flee to the high paying employer when word gets around the kitchen. What if both restaurants had visibility into the effects of their compensation plans on both their waiters and their restaurants as a whole? Maybe they would compare plans and decide that a plan that paid for performance and compensated employees fairly for their effort and engagement would ultimately serve the restaurant better – for the customer and the employee.

The idea is the same for sales departments at various companies. Without benchmarking data, it's incredibly difficult to know if you are paying in the same range as your competition, or if your payment methods are as effective as theirs. It's even harder to tell if other plans achieved better results than yours. This is the benefit of having a bird's eye view into ten years of empirical sales data, data that reveals what your peers are paying and whether or not they are paying more or less than they expected to.

Wouldn't it be great to be able to compare your practices to others in your peer group? You could know definitively if you were paying way less than everyone else, or way more than anyone in your vertical. According to Xactly Insights, smaller companies paid 46% more in incentive compensation than larger companies with comparable quotas. This means that those smaller companies paid an average of 54,787 in variable compensation, while those larger companies ended up paying just 33,777. If you're one of those smaller companies, and your variable compensation is far below industry averages, you might have just figured out why you're losing some of your top performers.

CHAPTER 5: THE ALL YEAR SOLUTION

Each fall, companies begin to think about sales planning and the impact that these plans can have for your entire organization. A well-designed compensation plan can make or break your sales department's performance. But after all the effort you put into the design process, it's still incredibly challenging to analyze the effects they have on your team, or to have visibility all year long into these impacts. According to Mark Smith, CEO & Chief Research Officer, Ventana Research, "The importance of a fully engaged sales organization is essential to gain the best progress towards quota from every account and territory, which makes gaining the highest level of performance with effective compensation plans the foundation for sales performance management." He added that Xactly Insights™ "Is a breakthrough in providing critical guidance to sales and business management to have competitive and fair sales compensation and incentives across the entire sales organization."

Now is the time to ahead of the curve, and ensure that your sales compensation plans are already set up to win for the New Year. Xactly Insights can help you track and compare your sales rep's performance to peers in your industry so that you can make sure you have the most current information and best practices at your fingertips – not just for the new plan year, but all year long.

CONCLUSION

Business is dynamic, and holding on to old strategies is the surest way to fall behind the times. In order to remain competitive, your incentive compensation needs to be as dynamic as your offering and your organization. That is why we built Xactly Insights as the first-ever big data platform to provide you with live incentive compensation insights, and not solely information accessed through surveys. With over seven terabytes of consistently updated, aggregated, and easily accessible data, you can make important decisions with clarity, and become a leader in incentive compensation best practices. No matter what facet of your sales performance management you'd like to analyze, Xactly Insights can help you gain greater visibility into and understanding of the data of your peers and your own organization. Now, you'll be able to answer the most imperative business questions, at any time of year.

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