

Compensation Issues- Questionnaire

Background Information

- Type of selling:
 - Inbound
 - Outbound
 - Both inbound and outbound (proportions)
 - Retail
 - B2C
 - B2B

- Type of marketplace or selling environment:
 - Established market, repeat business
 - Established market, little or no repeat business
 - New market or product. Requires missionary selling efforts.
 - New product into a mature market.

- Type of remuneration plan:
 - Straight salary
 - Salary & commission (ratio?)
 - Straight commission (Commission rate?)
 - One of the above plus a bonus?

- Is there a bonus component to the plan:
 - If yes, when is it paid?
 - How is it calculated or determined?

- What constitutes a 'sale'?

- When is the salesperson credited with a sale:
 - Upon receipt of the purchase order or contract,
 - Upon delivery,
 - Upon invoicing,
 - Upon payment?

- When are commissions due?
 - When credited with the sale,
 - Weekly, monthly, quarterly, annually?
 - Other,

- When are commissions paid?
 - Weekly, monthly, quarterly, annually?
 - Other,

- Will you provide a draw for salespeople on straight commission? If so, how much and under what conditions and terms?
- What type of draw, if any, will be offered:
 - Recoverable
 - Non-recoverable.
- What happens if a salesperson doesn't make their quarterly minimum sales target?
- Should quarterly minimum sales targets be seasonally adjusted?
- How are bad debts, refunds, or returns to be handled?
- What happens in the event of a canceled sale, contract, or returned product?
- What happens in the event of a canceled multi-year sale, project or contract?
- Are there to be assigned territories and/or accounts?
- What happens when a salesperson leaves the company? When do commissions stop being owed?
- Do you need arrangements for split commissions? If so, how will they be split?
- In the case where an account is turned over to a new salesperson, how is the former salesperson compensated for residual business that might occur and for how long.

Additional Issues

Additional questions and concerns that need to be addressed when developing or reviewing compensation plans.

- Is the plan to be tied to gross sales or gross margin?
- What is the desired annual income for a typical salesperson and what sales volume is required to make that income?
- What is the preferred type of remuneration plan:
 - Straight salary
 - Salary & commission
 - Straight commission
 - One of the above plus a bonus?
- How does your compensation plan compare with your competition or similar organizations?