

Subscription Software Company Exceeds Revenue Goal by 112%

Management Attributes Success to Better Subscription Sales Comp Plans

Incentive Compensation Challenge

A payment management software company saw a great opportunity in a rapidly growing market.

However, many of the company's sales reps were living off the recurring revenue that came from the recurring revenue model and not demonstrating the aggressive sales behavior required to establish the important early market leadership in a fast growing subscription market. Additionally, they wanted to expand the team and start these new team members off with the right behavior. Senior management had set out some very aggressive sales goals in order to seize the market opportunity, they included:

- Gaining market share
- Increasing Revenues
- Maintaining profitability
- Retaining reputation as a quality provider of services

In order to achieve these goals, the new sales manager recognized that the incentive compensation plans would have to motivate sales results.

The VP of Sales knew that the existing incentive plans would not motivate the new hunter behavior needed to attain the goals. The new plans needed to be aggressive to truly take advantage of their unique position within the market. He needed something better.

Incentive Compensation Solution

While researching options he found Makana. He wanted to make sure he was doing all the right things with his subscription compensation plans to drive the necessary behavior.

He began a consulting engagement with a Makana sales compensation expert to help with the plan design challenges he faced, which included:

- How to pay commission on subscription sales
- Aligning responsibilities with motivational quotas
- Determining the quota period: Monthly/Quarterly or Annualized Quotas

Most of the focus fell on developing and re-defining the existing sales roles. Together they were able to re-design plans that would motivate the intended growth while supporting the overall corporate goals.

After the one-day consulting engagement he decided to use Makana Motivator, sales compensation software, to ease the development of the new plans. Using the Alignment View in Motivator facilitated a strategic discussion among the executive team about what the plans should do and how they should work.



The executive team, including the CEO, CFO and VP of Sales, using the Alignment View, were able to develop and approve the new incentive plans. The CEO was reassured that the corporate goals would be met, the CFO understood the costs associated with the incentive plans and the VP of Sales knew that he had developed plans that would motivate his team. The entire team could see how their revenue goals played out as well as the compensation that was attached to those goals. Being able to graphically represent the implications of the incentive plans assured the executive team that they were motivating the correct sales behaviors.

Results of Brilliant Incentive Compensation

By focusing the incentive plans on the strategic goals of gaining market share, the organization not only met their revenue goals but exceeded them. In their first year with the new plans in place, the company beat its original stretch goals by 112%. The management team attributes that directly to the plans developed in Makana Motivator.

With Makana Motivator, the company beat its stretch goal of 112% the first year.

The company doubled the goals for the second year of engagement and is on track to beat those as well.

By developing compelling compensation plans the software company drove profitable behavior. The company not only met, but exceeded stretch goals, and today is a market leader.