Sales Commission Plan Worksheet

A structured way to design a commission plan that actually incentivizes the right behavior.

Step 1: Define What You're Actually Incentivizing

1. New business only, or renewals/upsells too?
2. Revenue, margin, or a specific product mix you want to push?
3. Individual performance, team performance, or a blend?

Step 2: Structure Options

STRUCTURE	HOW IT WORKS	BEST FOR
Straight commission	% of every sale	Simple, transactional sales
Base + commission	Salary plus a %	Longer sales cycles
Tiered commission	% increases at thresholds	Motivating past "good enough"
Accelerators	Bonus rate after quota	Rewarding top performers

Step 3: Run The Numbers

1. At target performance, what does this rep actually earn?
2. At below-target performance, is the base enough to retain them?
3. At over-target performance, does the company still make money on the deal?

Step 4: Watch For These Traps

- [ ] Incentivizing volume in a way that hurts margin
- [ ] A plan so complex reps can't calculate their own commission
- [ ] Clawback terms that feel punitive rather than fair

Before Rolling Out

- [ ] Plan tested against last year's actual deals to see what it would have paid out
- [ ] Plan explained clearly enough a rep could calculate it on a napkin
- [ ] Legal/compliance review if commission plans are new to the business