



## Compensation Models with Jessica Harling

### Episode #263

#### **Gross Sale Flat Percentage**

- Commission is based on a percentage of the total sales amount.
- Typically ranges from 5-10% of the gross sale
- Requires a separate chargeback plan for errors and mistakes
- Can be paid out at the time of sale or after installation

#### **Gross Profit Flat Percentage**

- Commission is based on a percentage of the gross profit (after cost of goods)
- Typically ranges from 20-30% of the gross profit
- Factors in cost of goods and errors, ensuring profitability for the company
- Usually paid out after installation when all costs are accounted for

#### **Base Plus Commission**

- Combines an hourly rate or salary with a commission percentage
- Base pay can cover administrative time, travel, or a full 40-hour work week
- Commission percentages vary based on the base pay structure (higher base, lower commission)
- Offers stability and incentivizes performance

#### **Sliding Scale Based on Profitability**

- Commission percentage varies based on the profitability of each sale
- Encourages salespeople to prioritize high-margin sales
- Can be structured with tiers (e.g., 45-50% profit = 5% commission, 50-60% profit = 8% commission)
- Aligns salesperson's incentives with company's profitability goals

Remember, the key to any successful compensation plan is clear communication, transparency, and alignment with your business goals. Be sure to put your compensation structure in writing and regularly review it with your team to ensure everyone is on the same page.