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2019

Building Sales Compensation for the Team & Individual Roles

Presented by
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Core Topics of Discussion



- ConnectWise & Service Leadership Index benchmark
- IT Service Industry Averages associated with Sales
- Key Variables associated with Sales Compensation
- Different Roles & Associated Pay Variables
- IF TIME: Compensation Modeling Session with Interactive Q&A

During Our Sales and Marketing Session Today

- » ConnectWise is deeply vested in your business success, which is a key reason I'm here.
- » Many of you have in hand, the Service Leadership Index® benchmark that ConnectWise has sponsored for you.
- » What we're going to talk about today, will help you further accelerate your financial performance.
- » Delivering the right lead flow and pipeline of closed deals drives your stock value. Take a look at your FDR or SLI benchmark and keep in mind how you're performing today, as we talk.

According to Service Leadership Q2 2019 IT Industry Benchmarking... (Q3 data had a data error)

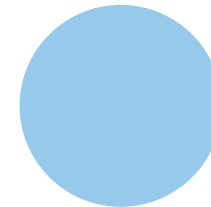
How many Sales Professional FTE's does our industry average?

- 2.6 (.6 Hunter, .7 Farmer, 1.2 Hybrid & .1 Tele-Sales)

How many Sales Management, Marketing & Sales Admin FTE's?

- 1.9 (1.0 Sales Admin, .4 Marketing, .5 Management)

IT Service Industry Averages associated with Sales



According to Service Leadership Q3 2019 IT Industry Benchmarking...

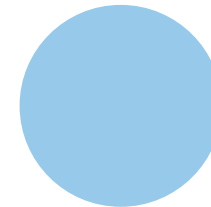
What is the industry average vs. Best-in-Class sales cost as a % of Revenue:

- **6% vs. 5.4%**
- **Mytech budgets 7% - 9%**

What is the industry average vs. Best-in-Class sales cost as a % of Gross Margin?

- **- 22.9% vs. 12.3%**

More IT Service Industry Averages...



Infrastructure Managed Services Primary Business Model

- Model #1: Revenue Split
- Product Revenue: 40%
- Services Revenue: 60%
 - 30% Project/T&M
 - 70% MRR
- Product Margin: 20%
- Project & MRR Margin: 50%
- Can Anyone Guess?
- What top Line Revenue will net
- ~ 950k of GM?
- **\$2,500,000**


Product Centric Primary Business Model

Model #2: Revenue Split

- Product Revenue: 65%
- Services Revenue: 35%
 - 14% Project/T&M
 - 21% MRR
- Product Margin: 16%
- Project & MRR Margin: 50%

- Can Anyone Guess?
- What top Line Revenue will net
- ~ 950k of GM?
- \$3,500,000

Key Variables associated with Sales Compensation



Salary
+ Commission
+ Bonus

- Compensation Plan Includes the Entire Team
- Set Expectation that Comp Plan MAY Adjust Annually
- Keep it Simple
- Track Monthly, Measure Quarterly
- Incent Product GM vs. Revenue
- Goal based on Won Opportunities
- Pay based on Invoiced \$\$
- Suggest Loading MRR & Project with Flat Cost for Commission Calculations (or pay lower commission % on Revenue)
- Calculate Commission more than one month ahead
- Signing Bonus for New Client attainment, MAYBE on Renewal

Different Sales Team Roles

Mytech has four different types of roles

- Business Technology Advisor – Hunter
- Business Technology Consultant – Hybrid Hunter/Farmer
- Business Technology Manager – Account Manager
- Account Coordinator – Sales Admin Support

We also have a Senior designation for
BTA/BTC/BTM

- Sr. Representatives are able to engage larger clients that have their own internal IT staff
- They have more experience to handle more complex relationships & technology
- They are responsible for coaching & mentoring the other members of the team

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Business Technology Advisor

Goal is to Sell 6+ New Clients & 30k in MRR Annually & Hand off accounts to Business Technology Manager within 12 months

- Base Salary \$40k – \$80k
- Signing Bonus ~1x MRR
- Project Services Commission: 2.5%
- Product Gross Margin Commission: 7%

BTA Managed Services Signing Bonus

Bonus will be paid by tier, and the agreement amount needs to exceed the respective tier to be eligible for the associated bonus. For example if an agreement is \$2999/month, that is eligible for the \$2000 bonus tier.

	Bonus Tier:	Bonus Payout:
» Monthly Contracts between	\$2000+ per month =	\$2000
» Monthly Contracts between	\$3000+ per month =	\$3000
» Monthly Contracts between	\$4000+ per month =	\$4000
» Monthly Contracts between	\$5000+ per month =	\$5000
» Monthly Contracts between	\$6000+ per month =	\$6000
» Monthly Contracts between	\$8000+ per month =	\$8000
» Monthly Contracts between	\$10000+ per month =	\$10000
» Monthly Contracts between	\$12000+ per month =	\$12000
» Monthly Contracts between	\$15000+ per month =	\$15000
» Monthly Contracts between	\$18000+ per month =	\$18000
» Monthly Contracts between	\$21000+ per month =	\$21000
» Monthly Contracts between	\$25000+ per month =	\$25000
» Monthly Contracts between	\$30000+ per month =	\$30000
» Monthly Contracts between	\$35000+ per month =	\$35000

You must attached a signed copy of the contract to this form and submit to sales management in order to receive the signing bonus. The bonus will be paid on the payroll after the first month of client billing, and approval has be received from both Sales Manager and Accounting Department.

Business Technology Consultant

Goal is to Sell 4+ New Clients & 20k in MRR Annually, Drive project services revenue at or above 20% of MRR for accounts they are managing & hand off other accounts to Business Technology Manager

- Base Salary: \$40k – \$80k
- Signing Bonus: ~.5x MRR
- MRR Commission: 2.5%
- Project Services Commission: 2.5%
- Product Gross Margin Commission: 7%

BTC Managed Services Signing Bonus

Bonus will be paid by tier, and the agreement amount needs to exceed the respective tier to be eligible for the associated bonus. For example if an agreement is \$2999/month, that is eligible for the \$2000 bonus tier.

	Bonus Tier:	Bonus Payout:
» Monthly Contracts between	\$2000+ per month =	\$1000
» Monthly Contracts between	\$3000+ per month =	\$1500
» Monthly Contracts between	\$4000+ per month =	\$2000
» Monthly Contracts between	\$5000+ per month =	\$2500
» Monthly Contracts between	\$6000+ per month =	\$3000
» Monthly Contracts between	\$8000+ per month =	\$4000
» Monthly Contracts between	\$10000+ per month =	\$5000
» Monthly Contracts between	\$12000+ per month =	\$6000
» Monthly Contracts between	\$15000+ per month =	\$7500
» Monthly Contracts between	\$18000+ per month =	\$9000
» Monthly Contracts between	\$21000+ per month =	\$10500
» Monthly Contracts between	\$25000+ per month =	\$12500
» Monthly Contracts between	\$30000+ per month =	\$15000
» Monthly Contracts between	\$35000+ per month =	\$17500

You must attached a signed copy of the contract to this form and submit to accounting in order to receive signing bonus. The bonus will be paid on the payroll after the first month of client billing, and approval has be received from both Sales Manager and Accounting Department.

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Business Technology Manager

Goal is to Account Manage assigned clients and to work with Sr. BTA or Sr. BTC when more complex situations arise

- Base Salary \$40k – \$80k
- Quarterly Bonus of up to 5k divided by the following:
 - QBR Completion 100%
 - Project Services Revenue (Won) at 20%+ of MRR
 - Product Gross Margin at or above 20%

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Account Coordinator

Goal is to support sales team members to assist with quote generation, transactional & administrative tasks

- Hourly Range: \$30k – 40k
- Annual Bonus of up to 2k IF they help the reps they support hit their annual goals.



IF We Have Time

Sales Compensation
Modeling

and

Q&A

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Supporting Documents & Templates

To help you 'Take Your Next Step' I have some supporting documents & templates that may be helpful in your Sales Onboarding Journey:

- Sample Sales Team Compensation Forecasting Tool
- Sample Role Expectations & Associated Compensation Models
- Documents from my other three sales sessions on Hiring New Sales Professionals, Onboarding New Sales Professionals, & Managing a Sales Team

If you would like to receive an email with a link to download one or all of these documents, just provide me your business card and I will follow up with a page link where you can download.

Don't Forget to
Fill Out Your

» **SESSION** «
SURVEY



Thanks for Attending!

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