
Perfect Sales Plan

NEW DIRECTION PARTNERS

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Is there a Perfect Sales Plan?

In a highly-fragmented industry which prides itself on providing unique solutions for its clients, there is no specific way to compensate sales representatives . . . but there are plan designs which can provide the right balance of incentives for the individual and maintain company profitability.

Is there a Perfect Sales Plan?

- REALITIES OF TODAY:
 - Profitability challenges
 - Sales exec / customer loyalty connections are less secure
 - Print outsourcing firms / print brokers are prospering
 - Competing digital channels

- Your sales plan must meet three objectives:
 1. Support strategic objectives of your firm
 2. Retain the sales execs you want to retain
 3. Attract new sales execs

Comp Methods – Industry Segment

Industry Segment	Commission	Blended	Salary
Sheetfed	58%	29%	13%
Digital	63%	28%	9%
Wide Format	66%	24%	10%
Web - Heatset	56%	26%	18%
Web - Coldset	34%	55%	11%

Source: 2016 PIA Sales Compensation Survey

Industry Sales Compensation Survey 2016

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Annual Compensation (By Years Experience and Segment)

Industry Segment	< 5 Years	>5 and < 10 Years	>10 and < 20 Years	> 20 Years
Sheetfed	51,200	60,050	80,000	92,900
Digital	53,700	62,700	83,040	109,500
Wide Format	56,430	84,000	86,750	120,000
Web - Heatset	52,790	93,750	72,800	92,030

Source: 2016 PIA Sales Compensation Survey

Industry Sales Compensation Survey 2016

Comp Methods – Performance

Industry Segment	< \$5 Million	>\$5 and <\$15 Million	>\$15 and < \$30 M	> \$30 Million
Sheetfed	490,000	613,000	697,500	1,400,000
Digital	100,039	113,603	155,232	725,900
Wide Format	23,934	43,763	69,000	---
Web	695,000	923,720	500,000	2,195,000

Source: 2016 PIA Sales Compensation Survey

Sales Compensation

MUST align with company goals

Profitability?

Sales Growth?

All of the above?

MUST reward meeting those goals

Most sales comp plans are inadequate in aligning goals

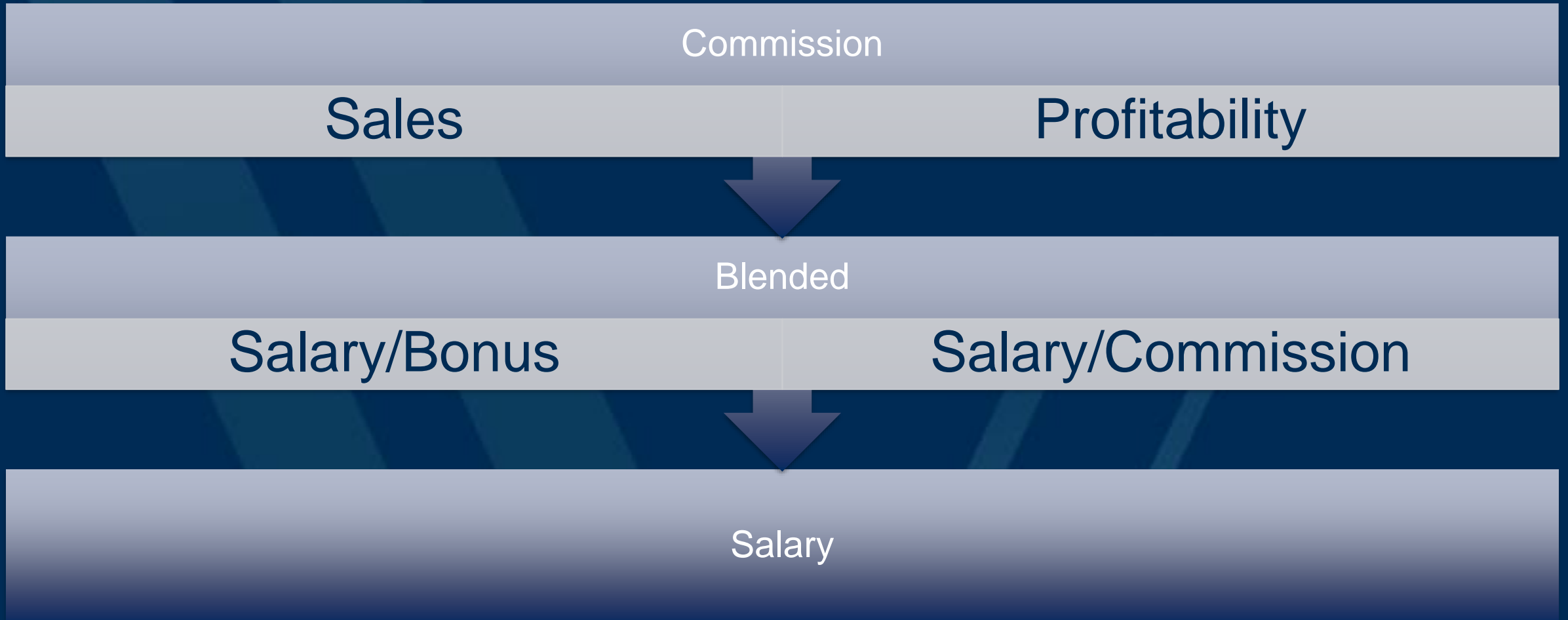
One size does not fit all

New Account Development

Project Engagement

Account Maintenance

Sales Compensation in Print



Commission - Pro

Easy to understand

Gross Sales Based
Value-added Based

Variable Expense (Sales are low; comp is low)

GREAT Incentive

Works well for self-motivated individuals

Commission - Con

Can be perceived as expensive

Depending on structure, may be detrimental to mix of work

May create “independent” reps

Broker mentality

At what point does rep “clip coupons”

Incentives may be not as effective

Generational Issue?

Blended Plans - Pro

Plans can “cap” expenses

Allows for projects which take time to develop

Variable data

Integrated Media Projects

Plans are better suited for “large” account selling

Blended Plans - Con

Complex plans can be difficult to measure

Trust Factor

Consume higher amounts of administration

Accounting

Sales Management

Commission Plan Design

Based on Percentage of Gross Sales

6-10 % of Gross Sales (8.5% Median)

Based on Value-Added Sales

6-12% of Value Added Sales (9.5% Median)

Based on Gross Margin (Contribution)

Not Common

Commission Plan Design

Some Firms Will Vary Commission Rate Based On Target Price/Mark-up

Draw Against Commission

A “salary” which is charged back against commissions earned

Median of \$4,300 per month per 2016 PIA Sales Comp Survey

Commissions Are Reconciled On A Monthly Basis

When are commissions earned?

43% Upon Invoice

33% Upon Payment

Approximately 40% of plans reduce commissions for slow/no payment

Blended Plan Design

Base Salary (60-80% of Target Compensation)

Incentives based upon target sales

Bonus upon achieving specific goal, 5% of salary bonus if sales rep exceeds target sales for a quarter.

Commission granted at specified levels, e.g. 3% commission on all sales above \$80,000 in a month.

Some plans will have incentives based on account or job profitability

Although not common in industry – new products (fulfillment, mailing, marketing services) are creating interest in these types of plans.

“Other” Elements of a Sales Compensation Plan

Expense reimbursement –

Travel & Entertainment

Full reimbursement vs. “targeted” reimbursement (% of sales)

Automobile (Mileage reimbursement preferred method)

Employee Benefits

Insurance, Profit Sharing, 401K, etc.

A Sales Comp Plan DOES NOT Manage a Sales Force

Selection of reps is still crucial

Hunters

Commission

Business Development

Blended Plans

Farmers

Salary & Blended Plans

WHERE do I find new reps?

Other Industries, especially targeted verticals

Colleges

Sales Teams

Role of Marketing

Requires a different individual/team

Business Development

Branding

Promotion

Social Media

Traditional Channels

Key Elements of Successful Sales Plan

Incentives for Success

Stability

Transparency

Viabilities

Put in Writing

One Size does not Fit All



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