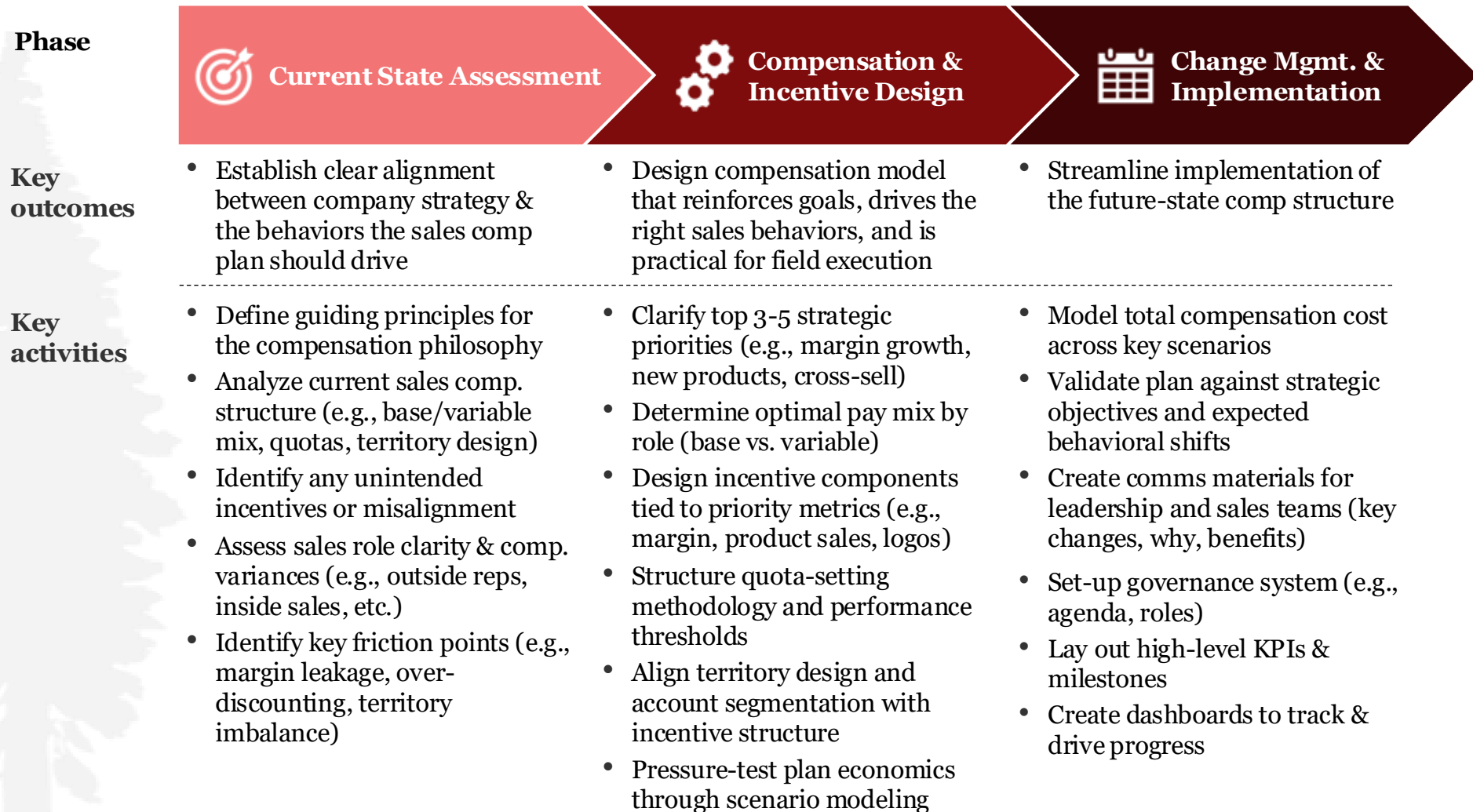




Redwood Advisors
Sample Materials
Sales Compensation Design

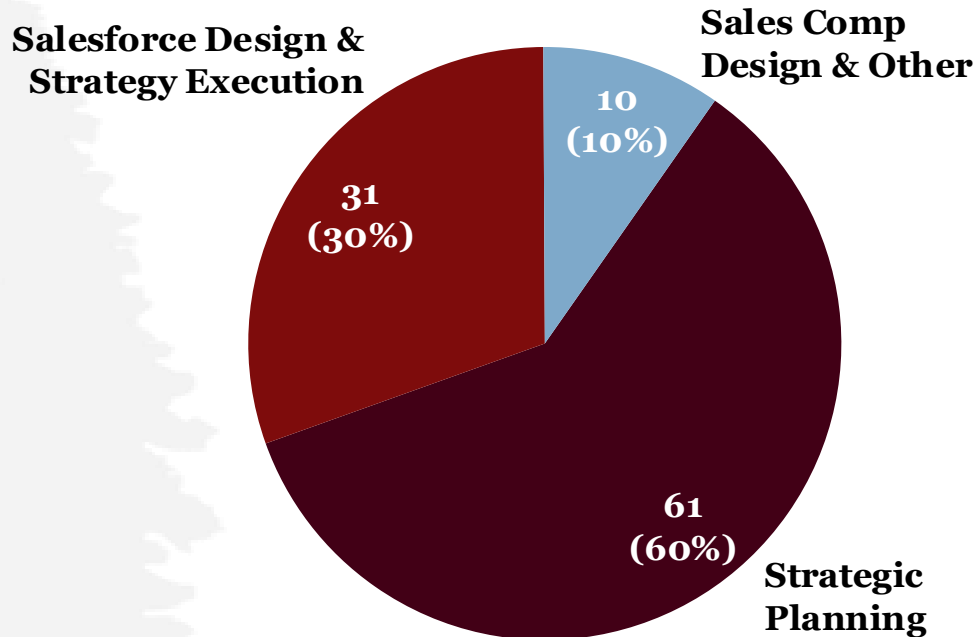
Sales Compensation Design: Process Overview



Projects can improve **sales productivity** by ~5-15% & **increase strategic product penetration** by ~10%+

Redwood Advisors helps distributors unlock untapped growth with best-in-class sales & marketing (GTM) design and transformation

No. of projects (% of projects)
(N=102)



Sales Compensation Design overview

A strong strategy falls flat when compensation does not reinforce it. We **build sales comp plans that translate your growth priorities into daily sales behaviors** — ensuring your team is focused on the **right customers, products, and opportunities.**

Previous clients – *Illustrative sample*



Guiding principles are set for the future-state compensation model

- 1 Compensation should **reinforce the org's top revenue and growth objectives**
- 2 Incentive structures should **reward behaviors aligned with strategic initiatives** and **go-to-market priorities**
- 3 Compensation plans should be **simple, transparent, and easily understood** to drive consistent seller behavior
- 4 Performance measures and quotas should be **realistic, data-driven, and calibrated to motivate** without discouraging



Key sales roles are defined and prioritized for redesigned compensation packages

Illustrative positions

Outside Sales Rep

Job description

- Manages entirety of relationship with customer including order entry, order management, and some customer service

Key activities

- Customer route planning
- Customer visits
- Order taking via multiple methods
- Order entry process
- Store partnership (visit/talk to store)
- Taking paper-based notes

Mobile Sales Rep

- Uses the store as a “home base” to sell to customers and to load up van and make “milk runs” to customer sites

- Customer route planning
- Van inventory management
- Customer visits
- Order entry process
- Order management
- Store partnership (visit/talk to store)

Inside Sales Rep

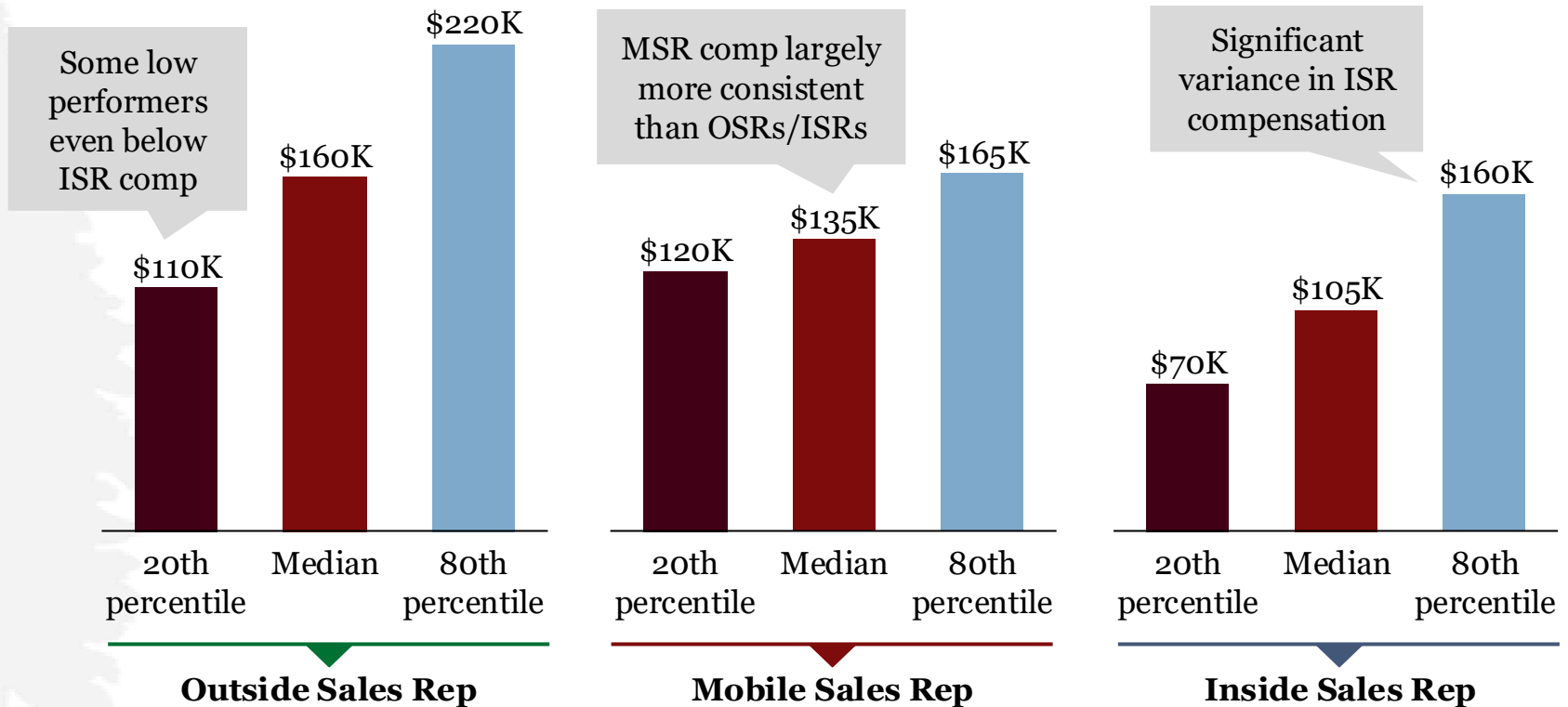
- Manages sales reps. within their region including reviewing sales performance
- Manages relationships with accounts as an OSR (if applicable)

- Customer visits
- Team/one-on-one meetings
- Report building
- Managing T&E expense
- Customer service assistance
- Activity management



Current-state compensation is summarized by role

Current-state compensation breakdown (\$Ks)



Team compares compensation across roles and variance by role

Top incentives are defined based on key strategic priorities

Strategic priorities

- **Accelerate growth of new / strategic product lines** within existing accounts
- **Increase average deal size** through cross-sell and bundled solutions
- **Expand share of wallet** in top-tier accounts
- **Improve new logo acquisition** in targeted verticals
- **Drive adoption of subscription / recurring revenue offerings**
- **Strengthen retention and reduce churn** in key accounts

Top potential incentives

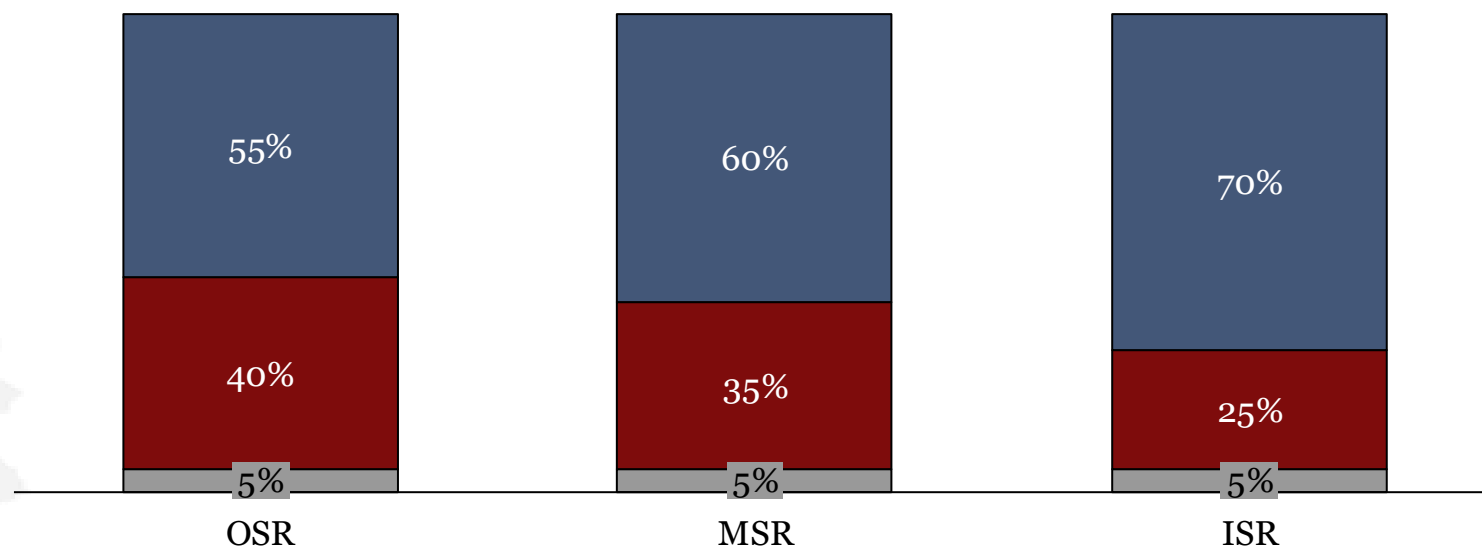
- Incremental commission (e.g., +2-3%) on **strategic product sales**
- Tiered bonus for **multi-product deals** exceeding defined thresholds
- Higher commission rates on **growth within existing accounts** vs. base renewals
- One-time payout for **landing net-new customers** in priority segments
- Incentive tied to maintaining **≥90-95% customer retention**



Future-state target pay mix is set across key role as a reference point for scenario modeling

Target pay mix by role (%)

■ Base Salary ■ Commission ■ Bonus / Other



Incentivized behavior:

Maximize size and structure of complex, high-touch deals

Win additional ad-hoc sales with current & potential accounts

Consistently close deals at a healthy margin

Rationale:

High ownership of complex deals and revenue outcomes

Hybrid role balancing field engagement and transactional sales

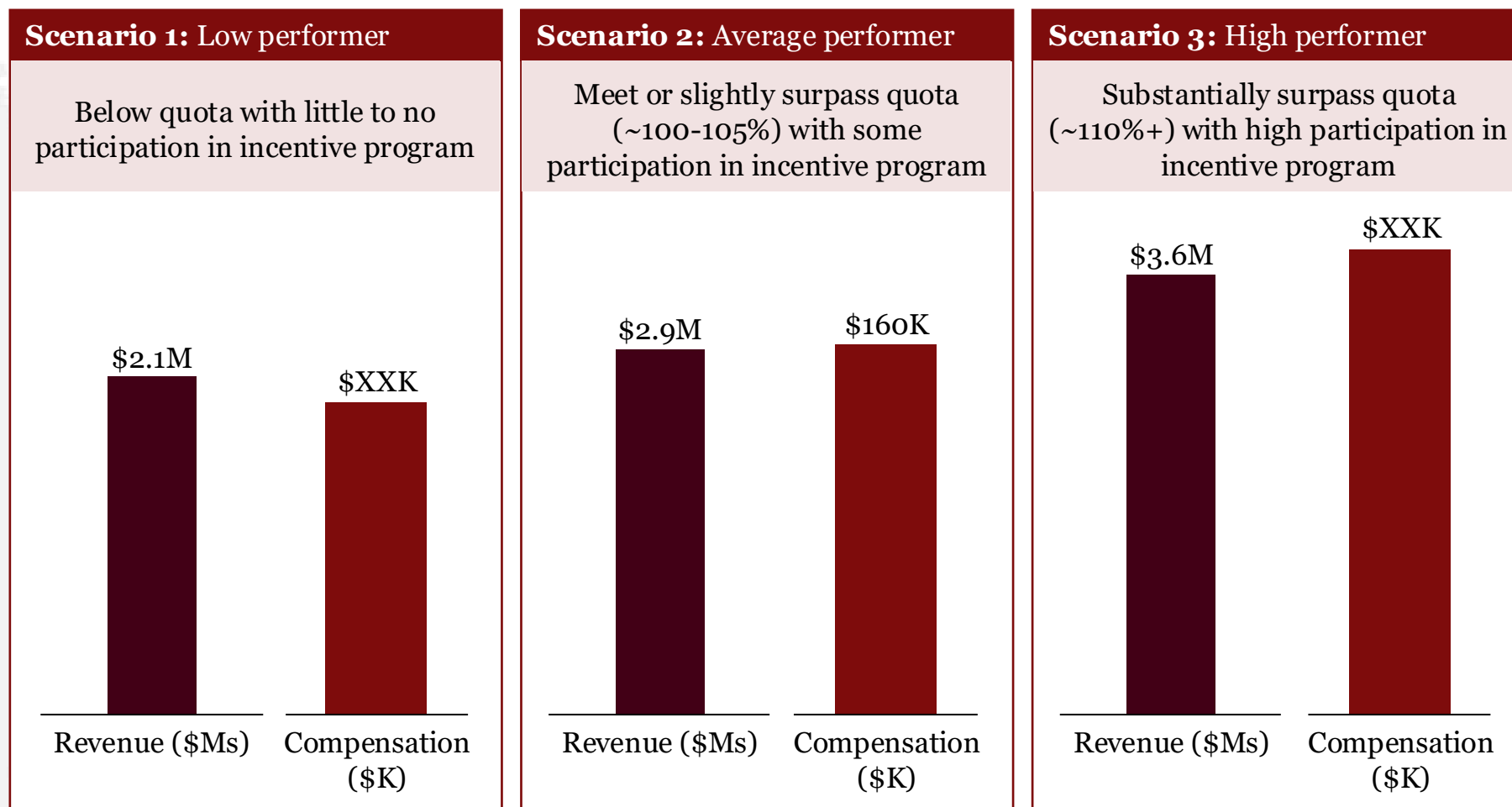
Lower deal control, higher volume, and shorter sales cycles

Variance in core pay mix is driven primarily by projected deal count and size by role

Key performance thresholds & quotas are drafted for the future-state compensation model

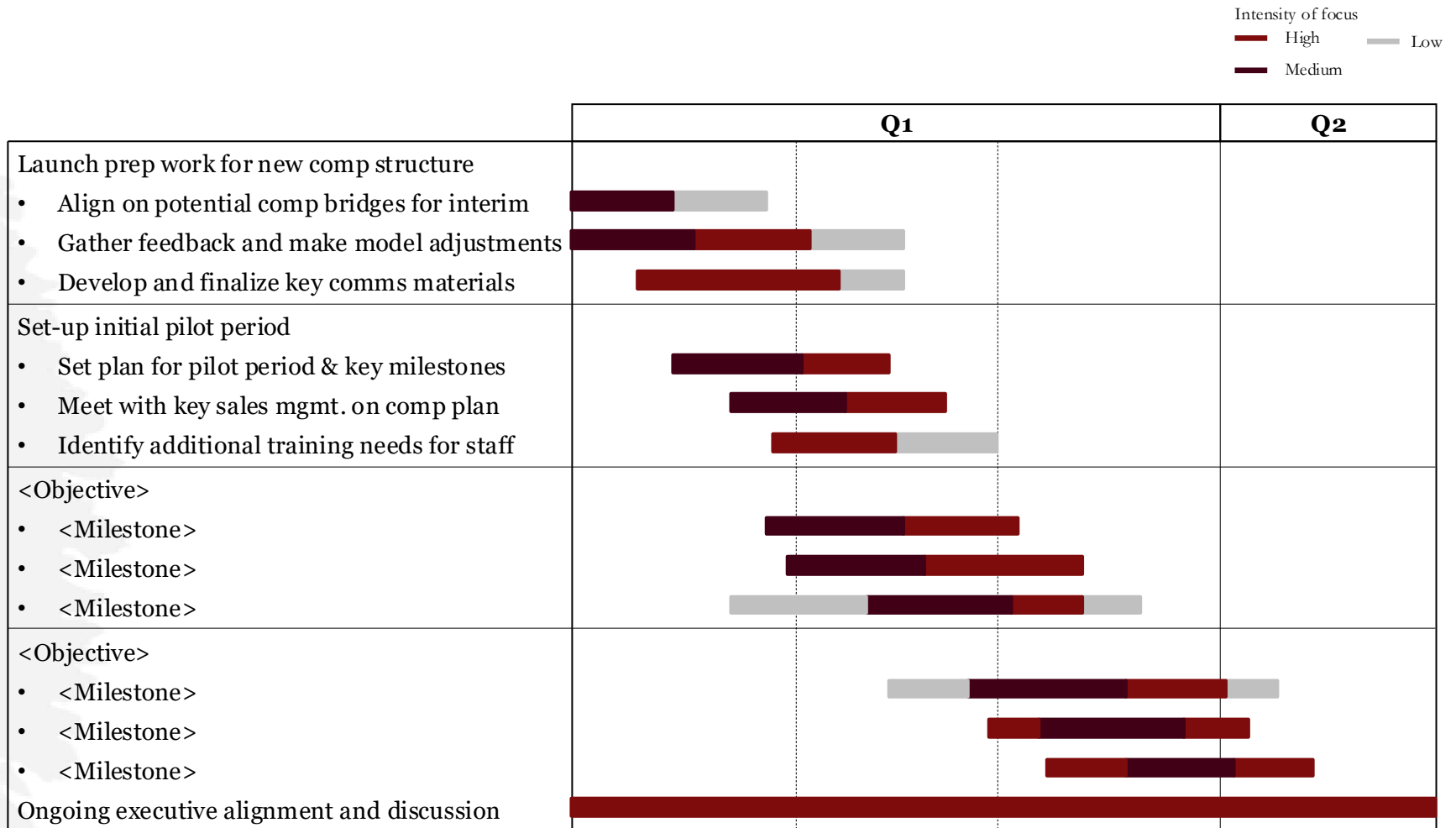
Key role	Outside sales rep	Mobile sales rep	Inside sales rep
Annual quota	\$2.5M – \$3.5M revenue	\$1.5M – \$2.2M revenue	\$800K – \$1.2M revenue
Threshold for payout	~50% of quota	~55% of quota	~60% of quota
Projected comp at quota	~\$160K total comp	~\$120K total comp	~\$95K total comp
Accelerators	If relevant for the client, team helps define accelerators that provide additional incentives for top performers		

Team conducts scenario testing to illustrate implications of the new compensation model for each role: Outside sales rep example



Team develops detailed Excel model to test various commission rates and thresholds in key scenarios defined with client stakeholders

Key milestones to transition to the future state are laid out in a roadmap





Questions, follow-ups, or want to connect?
Reach **John Nantz** at
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