

# The Psychology of Sales Compensation

Using **Maslow's Hierarchy of Needs** to Help Sales Teams Reach Their Full Potential

If you've worked in sales or compensation for any amount of time, you already know that money alone can't fix most things.

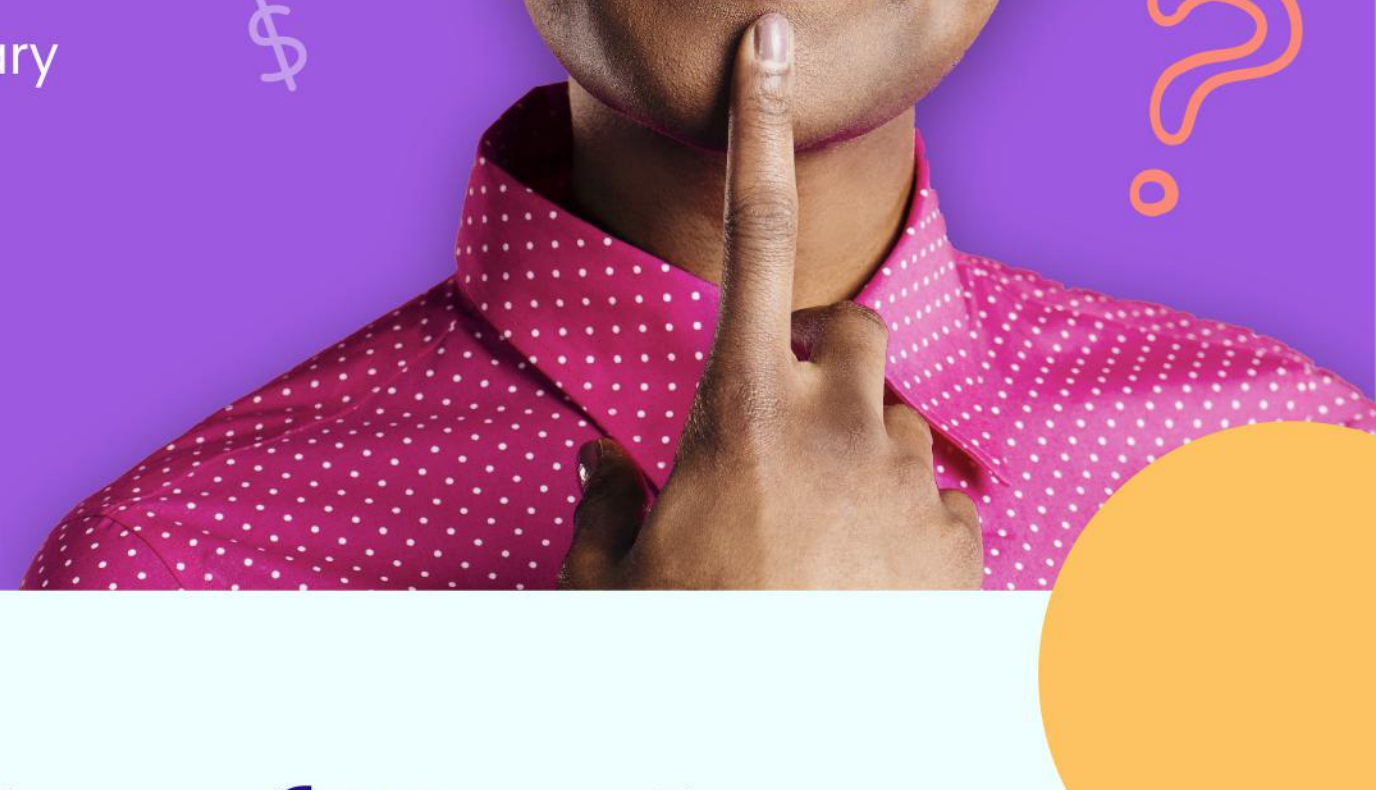
Don't just take our word for it, consider this research:



**THERE IS LESS THAN A 2% CORRELATION** between salary and job satisfaction—consistently, across countries, industries, and cultures.

Research also suggests that other factors, like personality and perception of leadership, for example, are **better indicators** of job satisfaction than salary.

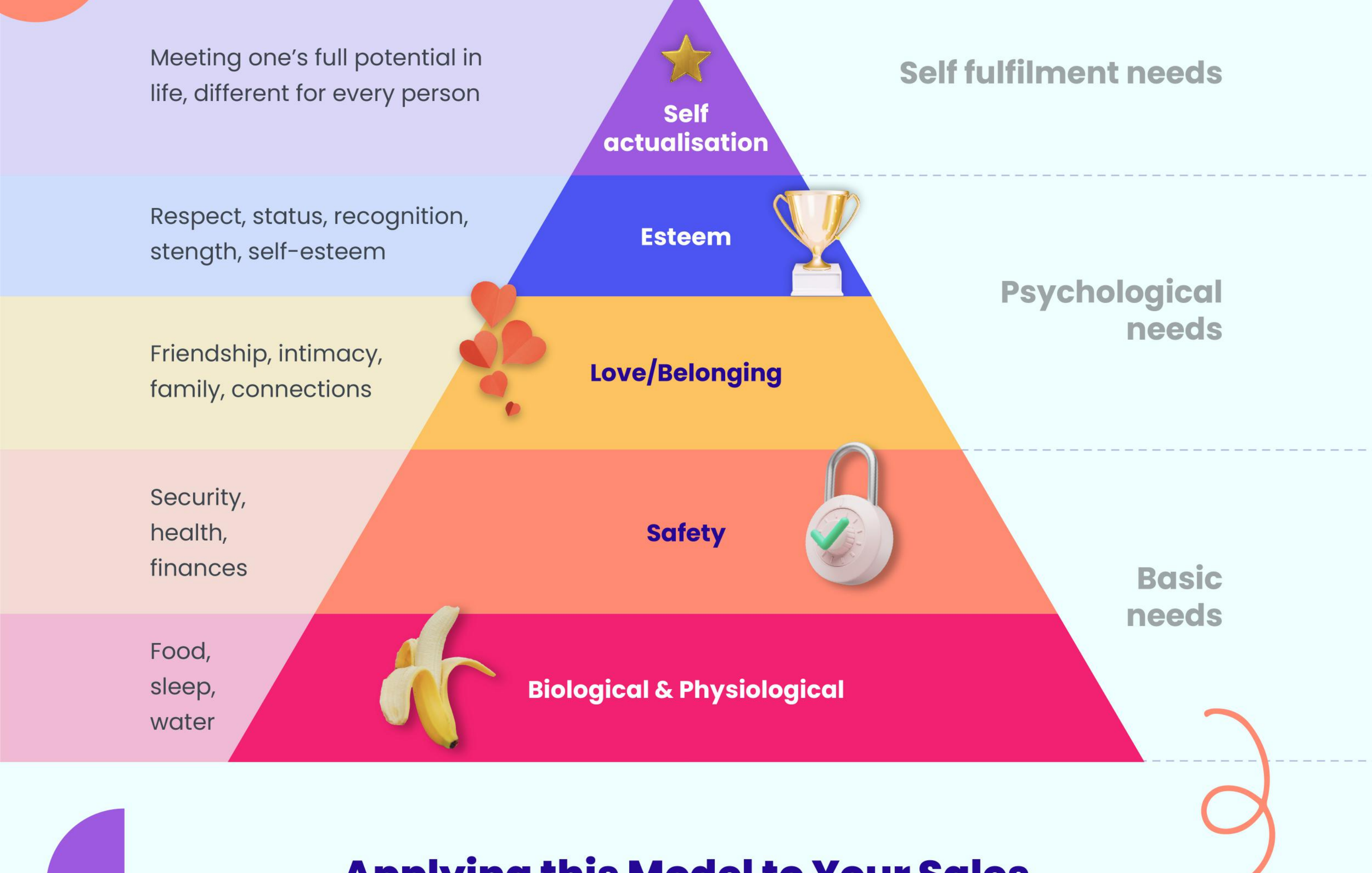
Employees earning salaries in the top half of the salary range reported **similar levels of job satisfaction** to those employees earning salaries in the bottom half of the salary range.



## Maslow's Hierarchy of Needs

Do you remember learning about Maslow's Hierarchy of Needs? You know, the pyramid we all studied in Psych 101? Yup, we're bringing that back—but this time, we're putting a little spin on it. **Or, should we say, we're putting a little Spiff on it.**

**See what we did there? No? Okay, moving on.**



## Applying this Model to Your Sales Compensation Strategy

With Team Actualization as the ultimate end goal, think of the rows building up to the top of the pyramid as the steps you must take to achieve that end goal—a team that's reached its full potential. **Each step is important in its own way and must be mastered and fulfilled before you can move onto the next level of the hierarchy.**

## Biological & Physiological Needs

When we consider the basic building blocks of a successful sales team, the bare minimum requirements needed to survive, four things come to mind.



### ONBOARDING



Sales reps that go through the best onboarding programs are productive **3.4 months** sooner than reps who go through weaker onboarding programs.

### TRAINING



Continuous training can result in up to **50%** higher net sales per employee.

### TECHNOLOGY



**76%** of salespeople cite sales technology as "Critical" or "Extremely Critical" to closing deals.

## Safety & Security Needs

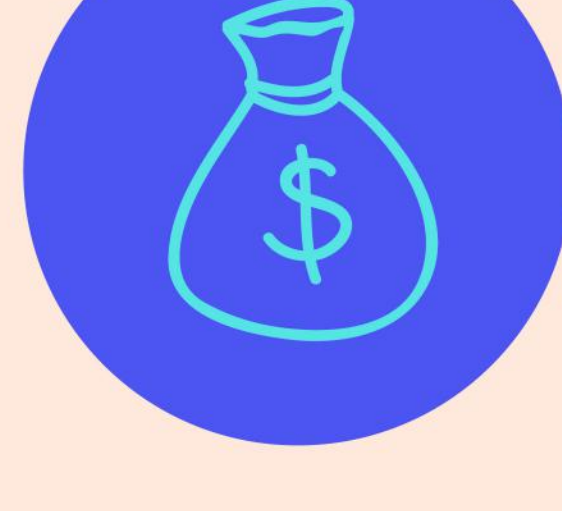
Consider the factors that make a team or individual rep feel safe and secure in their role— a lot of these things revolve around money, transparency, and the ability to know one's standing at all times. Let's take a deeper look:

### VISIBILITY INTO POTENTIAL EARNING



Only **37%** of employers reported sharing adequate compensation data with their employees in 2021.

### A COMPETITIVE BASE SALARY



The average base pay for a sales rep going into 2022 is **\$47,500** a year.

### OPEN COMMUNICATION + FEEDBACK



**71%** of employees don't know at any given time whether they're doing a good job or not.

## Love & Belonging Needs

When it comes to fostering a successful sales team, Love and Belong needs all revolve around connectedness.



### COMPANY CULTURE



**46%** of job seekers report that company culture is very important to them when choosing to apply at a company.

### SHARED PURPOSE



Only **four in 10** employees strongly agree that the mission or purpose of their organization makes them feel their job is important.

### TRUST



In the US, **20%** of working adults say they would participate more frequently and would be willing to work longer hours if they had more trust in their organization.

## Esteem Needs

Although confidence and self-assuredness occur more naturally in some people than it does in others, a lot of a rep's confidence can be credited to a leadership team who successfully meets their esteem needs.

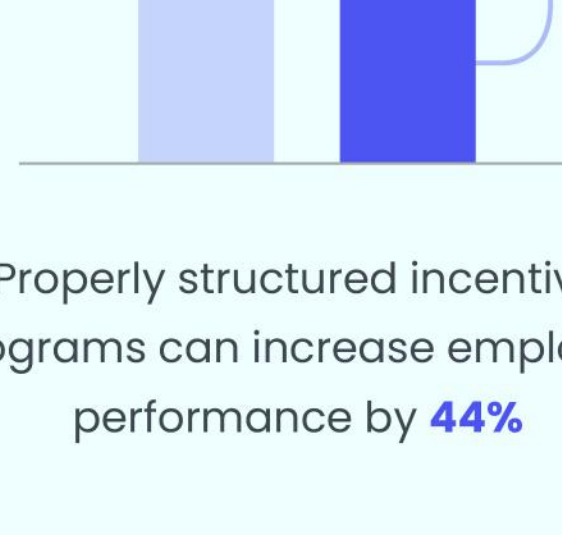


### RESPECT



**72%** of surveyed employees rated "Showing Respect to All Employees" as very important.

### FINANCIAL INCENTIVES



Properly structured incentive programs can increase employee performance by **44%**

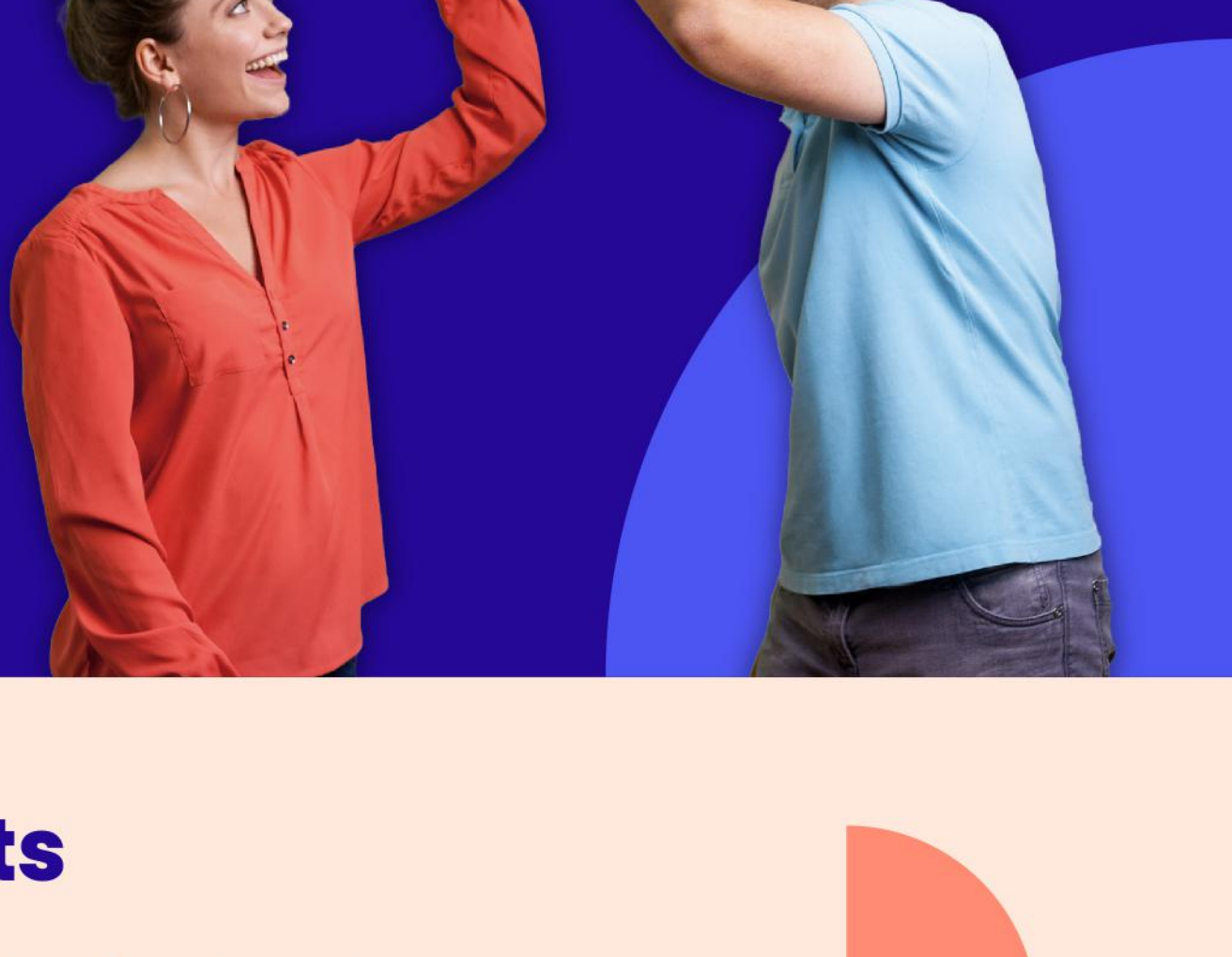
### GROWTH OPPORTUNITIES



**33%** of people changing jobs cite boredom and the need for new challenges as their main reason for leaving a role.

## Team Actualization

- ✓ Team Actualization refers to a sales team that has met its full potential.
- ✓ Team Actualization is the end goal for all sales and revenue leaders who manage teams.
- ✓ In order to achieve Team Actualization, a leader must ensure that their team's needs are met.
- ✓ Needs are organized in a pyramid. Starting at the bottom of the pyramid, you can only progress to the next level once you've mastered and maintained the previous level.



## Final Thoughts

Sales compensation has far-reaching implications that go beyond a monthly paycheck.

The right compensation structure can motivate more of the right behaviors, establish a sense of camaraderie, build confidence in sales reps, and so much more. The wrong compensation structure, however, can be the source of a sales team's major issues— think lack of motivation, performance problems, lack of trust, and more.



SPIFF

## Choose Spiff, the Leading Sales Compensation Platform

Spiff is a new class of software that creates trust across the organization by delivering real-time automation of commission calculations and motivates teams to drive top-line growth.

With a combination of an intuitive UI, real-time visibility, and seamless integrations into current systems, Spiff is the first choice among high-growth businesses. Spiff's **sales compensation platform** enables finance and sales operations teams to self-manage complex incentive compensation plans and provides transparency for sales teams.

**SEE SPIFF IN ACTION. SCHEDULE YOUR DEMO TODAY.**

Schedule demo

## Sources

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