

Here is a comprehensive Sales Commission Structure toolkit. This is designed to serve two purposes: **defining the policy** (for contracts/HR) and **calculating the payouts** (for Finance/Ops).

Part 1: Commission Policy Definition Template

Use this section to define the 'Rules of the Game' in your employment agreements or sales policy documents.

1. Role & Compensation Overview

- **Role Title:** [e.g., Account Executive, SDR]
- **Base Salary:** \$[Amount] per year
- **On-Target Earnings (OTE):** \$[Amount] (Total of Base + Commission at 100% quota attainment)
- **Pay Mix:** [e.g., 50/50] (Percentage split between Base and Variable)

2. Quota & Targets

- **Performance Metric:** [e.g., Net New Revenue, Gross Margin, Units Sold]
- **Quota Period:** [e.g., Monthly, Quarterly, Annually]
- **Target Quota:** \$[Amount] per period

3. Commission Structure Model (Select one of the following models)

Option A: Flat Rate Commission

- **Commission Rate:** [X]% of all revenue generated.
- **Notes:** Applied from the first dollar earned.

Option B: Tiered / Accelerator Model

- **0% - 100% to Quota:** Pays at [Base Rate]%
- **100% - 125% to Quota:** Pays at [Accelerator Rate 1]%
- **125%+ to Quota:** Pays at [Accelerator Rate 2]%

4. Clawbacks & Conditions

- **Clawback Clause:** Commission paid on churned deals within [X] months must be repaid.
- **Payout Timing:** Commissions are paid [X] days after the close of the month/quarter.

Part 2: Calculation Template (Excel / Google Sheets)

Use this structure to build your calculator. Copy the table below into a spreadsheet.

Type of Commission Structure



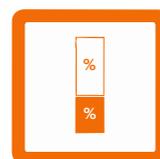
Base rate only commission



Base salary plus commission



Draw against commission



Gross margin commission



Residual commission



Revenue commission



Straight commission



Tiered commission



Territory volume commission

A. The Data Table setup

Columns you need to track to automate the calculation.

Column	Header Name	Description	Formula/Input
A	Sales Rep Name	Name of the employee	Input
B	Period Quota	The Rep's target for the month/quarter	Input (e.g. \$100,000)
C	Actual Revenue	Total closed-won deals for the period	Input (e.g. \$110,000)
D	Attainment %	Percentage of quota achieved	=C2/B2
E	Base Rate	Standard commission % (e.g., 10%)	Input (e.g., 0.10)

F	Base Payout	Commission earned up to 100% quota	(See Logic Below)
G	Accelerator Rate	Higher rate for over-performance (e.g., 15%)	Input (e.g., 0.15)
H	Kicker/Bonus	Commission earned on amount over quota	(See Logic Below)
I	Total Commission	Final paycheck amount	=F2+H2

B. The Formulas

Here are the specific formulas to put in the calculated columns (assuming Row 2).

1. Simple Flat Rate Model

If you pay the same % regardless of quota attainment:

- **Total Commission (Col I):** =C2 * E2

2. 'Cliff' Model (No commission until threshold)

If the rep earns \$0 until they hit 50% of their quota:

- **Total Commission (Col I):** =IF(D2 < 0.50, 0, C2 * E2)

3. Tiered Accelerator Model (Standard)

Logic: Pay the Base Rate on everything up to the Quota amount. Pay the Accelerator Rate only on the revenue ABOVE the Quota.

- **Base Payout (Col F):** =IF(C2 > B2, B2 * E2, C2 * E2) (Translation: If Revenue is higher than Quota, pay Base Rate on the full Quota. If not, pay Base Rate on actual Revenue.)
- **Accelerator Payout (Col H):** =IF(C2 > B2, (C2 - B2) * G2, 0) (Translation: If Revenue is higher than Quota, subtract Quota from Revenue to find the excess, and multiply that excess by the Accelerator Rate. Otherwise, 0.)

Part 3: Common Commission Models Explained

If you are unsure which structure to pick, here is a quick breakdown of the three most common types:

1. Revenue Commission (Most Common)

- **How it works:** Reps get a percentage of the contract value (ARR/MRR).
- **Best for:** SaaS, simple product sales, and prioritizing top-line growth.

2. Gross Margin Commission

- **How it works:** Reps get a percentage of the profit on the deal, not the total price.
- **Best for:** Manufacturing, Hardware, or Agency services where margins vary wildly. This prevents reps from discounting too heavily just to close a deal.

3. Tiered Commission (Accelerators)

- **How it works:** The commission rate increases as the rep hits specific milestones (e.g., 5% commission up to \$100k, 10% commission on everything after).

Best for: Motivating top performers to "smash" their number rather than just hitting it and stopping.

About Xactly

Xactly provides the only AI-powered platform that combines revenue intelligence and sales performance management so organizations can unlock their full revenue potential. Backed by two decades of pay and performance data, Xactly's Intelligent Revenue Platform is designed for finance, revenue, compensation, and sales leaders who want to drive quality, sustainable revenue. To learn more about Xactly and the latest issues and trends in revenue intelligence, visit us at XactlyCorp.com, follow our [blog](#), and connect with us on [LinkedIn](#).

