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Compensation

Sales Compensation: The Overlooked Lever in Your 2027 Growth Strategy

As Q4 approaches, leadership teams have a narrow window to ensure their 2027 sales strategy translates into the right daily behaviours. Product, marketing and positioning matter, but the sales incentive plan is the mechanism that turns commercial priorities into action. If your sales incentives reward the wrong outcomes, the strategy will struggle to land.

For CEOs, CFOs, Sales Directors and HR Directors, sales incentive design is not an administrative exercise. It is a commercial lever that aligns business goals with sales motivation and helps create predictable, profitable growth.

Below are the strategic and operational factors leadership teams should focus on now to ensure 2027 sales incentives deliver a strong return on investment.

The Strategic Imperatives: Aligning Design with Corporate Value

Strategic sales incentive design ensures you are paying for the exact commercial outcomes that drive enterprise value. When evaluating your 2027 strategy, focus on three core areas:

1. **Balancing Revenue and Margin Preservation.** Revenue growth without margin discipline is risky. If plans reward top-line sales alone, teams will naturally discount to close deals. Build in gross margin or profitability thresholds so higher payout tiers are only unlocked when deals meet target margin profiles.

2. **Supporting Strategic Product and Market Focus.** Your incentive plan should mirror your 2027 growth priorities, whether that means a new product line, a geographic expansion or recurring revenue. Use plan weighting, SPIFFs or modifiers to direct sales energy toward the outcomes that matter most.

3. **Incentivizing Long-Term Customer Lifetime Value (LTV).** Customer acquisition is expensive; retention and expansion are where long-term profitability builds. Reward Account Executives for high-quality new business, but align Account Managers and Customer Success teams with net revenue retention, upsells and cross-sells.

The Operational Pillars: Ensuring Plan Execution and Clarity

Even a strategically sound sales incentive plan will fail if it is too complex to understand or too difficult to govern. For 2027, focus on three operational disciplines: simplicity, fair targets and clear ownership.

1. Simplicity and the "Cockpit Test". Apply the cockpit test: if a salesperson cannot estimate their payout for a deal in under 60 seconds, the plan is too complex. Limit the design to three core performance measures and make the link between metric and reward direct, transparent and unambiguous.

2. Fair Target Setting and Goal Realisation. Targets that are too high break trust and increase employee turnover risk; targets that are too low create a financial liability. Use historical data to set quotas, aim for around 60% to 70% of the team achieving target, and communicate quotas early to avoid a slow start to the year.

3. Effective Governance and C-Suite Alignment. Sales compensation sits across Finance, HR and Sales, so governance must be explicit. Create a cross-functional Sales Compensation Committee: Finance owns budget and modelling, Sales owns targets and strategy, and HR owns talent governance, benchmarking and behavioural alignment.

The Irish Context: Navigating Market Realities

In Ireland, sales incentive design also needs to reflect local market and regulatory realities.

* **The Pay Transparency Imperative:** The EU Pay Transparency Directive will increase scrutiny of pay structures, including sales incentives. Opaque or discretionary schemes will be harder to defend, so plans should be structured, objective and easy to explain.

* **A Highly Competitive Talent Landscape:** Ireland's multinational and tech ecosystems keep demand for strong sales talent high. If thresholds are unrealistic or payout mechanics lag the market, top performers will look elsewhere. Clear, uncapped upside for exceptional performance remains critical.

* **Cost-of-Living and Base-to-Variable Ratios:** Cost-of-living pressures also make the base-to-variable balance more important. Compensation plans need enough fixed pay to support retention, while preserving a meaningful variable element to drive commercial focus.

The Q4 Roadmap: Preparing for 2027

Do not leave 2027 sales incentive design until late December. Use Q4 to audit performance, model scenarios, align stakeholders and communicate the plan before the new year begins.

1. Conduct a plan audit: Analyse current-year performance data and identify where the business is overpaying for underperformance or capping top performers unnecessarily.

2. Model the scenarios: Run historical sales data through proposed 2027 structures and test low, target and exceptional growth outcomes to protect cost of sale.

3. Align stakeholders: Secure CEO, CFO, Sales and HR sign-off on the strategic metrics and financial boundaries of the new plan.

4. Communicate early: Roll out the 2027 plans in December, explaining why the changes matter and how they reward high performance while supporting corporate growth.

By taking a structured, collaborative approach in Q4, you will enter the new financial year with a motivated sales team, protected margins, and a clear path toward your 2027 growth targets.

Build a Winning 2027 Sales Strategy

Is your sales compensation plan aligned with your 2027 growth and margin objectives? At Gurren Compensation, we help organisations audit, redesign and implement practical reward strategies that connect commercial priorities with sales behaviour, pay transparency and talent retention. If you are reviewing your 2027 plan, Q4 is the time to start.