

Commission vs. Incentive

Understanding What Really Motivates Sales Reps

Commission

Commission is an income payment based on a percentage of a product or service sold — usually paid in cash.



Incentives

Incentives are the use of rewards, recognition, or discounts to motivate someone to achieve a specific outcome.



Practical

Commission is viewed more of a salary than a “bonus,” and becomes associated with bills baseline pay.



Exciting

Incentives are fun and go beyond the “expected,” producing a greater emotional impact.



Short-Term

Commission is predictable — most sales reps will do just enough to close enough deals to meet their needs.



Long-Term

Incentives create a stronger emotional impact, resulting in longer, more permanent changes in behavior.



Pressures



Sales reps need commission. Commission can drive sales, but can also drive the following:

- Focusing on prospects instead of clients.
- Chasing only the hottest leads.
- Cutting corners.
- Getting a little too pushy.
- Prioritizing self-interest.
- Jumping ship for better offers.

Inspires



Sales reps want the recognition, rewards, and social value that comes with incentives. Incentives can inspire:

- Upholding company values.
- Providing client follow-up.
- Improving response times.
- Investing in product knowledge.
- Collaborating with coworkers.
- Feeling a sense of belonging.