SALES COMPENSATION
PLAN DESIGN

A strategic framework for Series B growth

ACV $50K **Sales Cycle** 3-6 months **Team** 7-10 AEs

OTE Target $150K-$180K **Annual Quota** $750K ARR per AE

YOUR BUSINESS PROFILE

$50K

Avg Contract Value

3-6 mo

Sales Cycle

80/20

Outbound / Inbound

$750K

Annual Quota per AE

PLAN DESIGN IMPLICATIONS

- 80% outbound mix means comp must reward pipeline creation. Consider a self-sourced deal kicker
- 3-6 month cycles create pay lag. Use quarterly payouts on bookings (not cash collected) to maintain motivation
- 7-10 AE team = meaningful total cost. Model worst/target/best case before committing to accelerators
- Series B: you need both stability and aggressive upside to attract 3-5yr experienced reps who have options

MODEL A · 50/50

BEST FOR: TOP-PERFORMER CULTURE

STRUCTURE

Component	Detail
Base Salary	$75K-$90K (50% of OTE)
Variable Target	$75K-$90K at 100% quota
Implied Commission Rate	~11% on closed ARR
0-75% of quota	0.75× rate (partial pay)
75-100% of quota	1.0× rate (standard)
100-125% of quota	1.35× accelerator
> 125% of quota	1.65× accelerator (uncapped)
Self-sourced outbound deals	+2% kicker on rep-originated ARR
Payout cadence	Monthly on bookings; quarterly true-up

CONSIDERATIONS

ADVANTAGES

· Attracts top performers - strong recruiting signal

· Natural stack ranking - top 20% earn disproportionately more

· Outbound kicker directly rewards your 80% pipeline-generation need

· Easy to model for board and investors

WATCH-OUTS

· High-variance cost model, budget carefully for 125%+ scenarios

· Reps below 75% may disengage without a floor protection clause

· Requires data driven quota-setting; unrealistic targets kill morale

MODEL B · 60/40

BEST FOR: STABILITY + PIPELINE DISCIPLINE

STRUCTURE

Component	Detail
Base Salary	$90K-$108K (60% of OTE)
Variable Target	$60K-$72K at 100% quota (40%)
Implied Commission Rate	~9% on closed ARR
0-75% of quota	0.75× rate (partial pay)
75-100% of quota	1.0× rate (standard)
100-125% of quota	1.25× accelerator
> 125% of quota	1.5× accelerator (uncapped)
Self-sourced outbound deals	+2% kicker on rep-originated ARR
Payout cadence	Monthly on bookings; quarterly true-up

CONSIDERATIONS

ADVANTAGES

· Higher base reduces rep anxiety in early stages

· More predictable cost model. Lower variable ceiling is budget-friendly

· Outbound kicker preserves the 80% prospecting incentive

· Easier to recruit reps transitioning from larger, stable orgs

WATCH-OUTS

· Lower variable ceiling may deter your most competitive candidates

· Top performers hit accelerator cap faster, creating diminishing returns on effort

· Higher fixed cost floor means more burn at low attainment scenarios

PLAN COMPARISON AT A GLANCE

DIMENSION	PLAN A — 50/50 ACCELERATOR	PLAN B — 60/40 BALANCED
Base / Variable Split	50 / 50	60 / 40
Base Salary Range	$75K-$90K base	$90K-$108K base
Variable Target Range	$75K-$90K variable	$60K-$72K variable
Commission Rate on ARR	~11% implied	~9% implied
Accelerator at 100-125%	1.35× rate	1.25× rate
Accelerator above 125%	1.65× uncapped	1.5× uncapped
Outbound Kicker	+2% on self-sourced deals	+2% on self-sourced deals
Rep Earnings at 75% Quota	$75K + ~$62K = $137K	$90K + ~$45K = $135K
Rep Earnings at 100% Quota	$75K + $82.5K = $157.5K	$90K + $67.5K = $157.5K
Rep Earnings at 125% Quota	$75K + $130K = $205K	$90K + $97K = $187K
Budget Predictability	Lower - high variance	Higher - lower variable ceiling
Best Fit For	Hunter culture, top performers	Stability-seekers, balanced culture