

Redesigning Revenue Compensation for the Consumption Era

Aligning Sales, Success, and Growth
Across the Customer Journey.

Revolutionizing Sales Compensation

Drive Growth by Tying Pay to Customer Success and Adoption

In the fast-paced world of technology sales—whether hardware, software, or SaaS—companies continue to compensate sales teams based on outdated models that incentivize closing deals without ensuring long-term customer satisfaction. As a result, organizations face high churn, low renewal rates, limited expansion, and internal finger-pointing.

But what if sales compensation was reimagined to align sales teams with customer outcomes? A future where sales reps and SEs are incentivized not just to sell but to ensure customers receive the value promised—leading to higher retention, faster implementations, and greater revenue growth.





This paper introduces a new methodology for compensating sales teams that ties the majority of their pay to customer consumption and usage milestones, driving real customer success and long-term business growth.

1. The Flaws in Current Sales Compensation Models

1.1 How Traditional Sales Compensation Works Today

- Sales reps and SEs receive an annual quota with quarterly targets.
- Compensation is typically a mix of base salary and commission based on annual contract value (ACV) or total contract value (TCV).
- Once a sale is completed, the sales team is off to the next deal, leaving implementation and customer success to another team.

1.2 The Resulting Challenges

 <p>Lack of Accountability</p> <p>Sales teams are not incentivized to ensure smooth implementation or long-term success.</p>	 <p>Customer Dissatisfaction</p> <p>Customers often don't receive the promised value, leading to frustration.</p>	 <p>High Churn and Revenue Leakage</p> <p>Dissatisfied customers churn, limiting renewal and expansion opportunities.</p>	 <p>Internal Finger-Pointing</p> <p>When growth stalls, blame is passed between sales, customer success, and product teams.</p>
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2. A New Compensation Paradigm

Tying Pay to Customer Outcomes

2.1 Introducing Outcome-Based Sales Compensation

In the future state of sales compensation:

- Sales reps and SEs receive an initial bonus for closing the sale, recognizing their effort in securing the deal.
- A significant portion of their overall compensation is tied to customer consumption, adoption, and value realization over time. This ensures that sales teams remain engaged beyond the sale, focusing on driving long-term success for the customer.

2.2 Key Mechanics of the New Model

Bonus for Closing the Deal

Incentive for achieving initial sale.

Consumption Milestones

Major compensation is unlocked when the customer reaches 75%+ of the intended product consumption or usage.

Ongoing Accountability

The same sales/SE team oversees initial implementation and ensures product adoption.

2.3 Benefits of the New Model

Increased Retention

Customers see real value, leading to long-term satisfaction and renewals.

Higher Expansion Revenue

Happy customers are more likely to expand usage and purchase additional products.

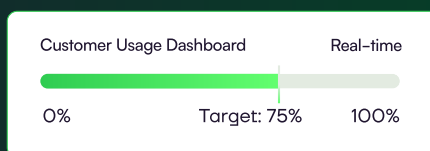
Accelerated Growth

Retention and expansion drive predictable, scalable growth.

3. Building a System to Support Outcome-Based Compensation

3.1 Real-Time Visibility into Usage and Consumption

Implement platforms that provide real-time consumption data accessible to sales, pre-sales, and customer success teams.



3.2 Defining Clear Milestones and Metrics

Align compensation triggers with measurable outcomes such as:

Percentage of product adoption

Measure feature usage across customer base

Time-to-value benchmarks

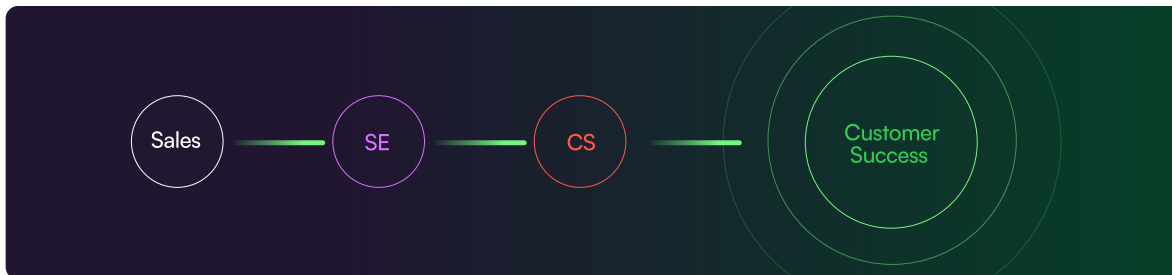
Track days to first value realization

Customer satisfaction scores

Monitor NPS and satisfaction metrics

3.3 Collaboration Across Teams

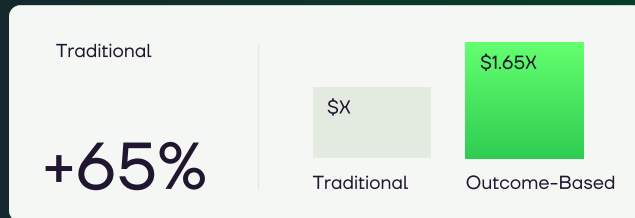
Break down silos between sales, pre-sales, and customer success to create a shared responsibility for customer success.



4. The Payoff – Unlocking Sustainable Revenue Growth

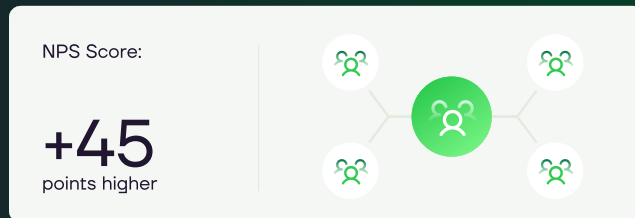
4.1 Higher Customer Lifetime Value

Outcome-driven compensation ensures customer satisfaction, reducing churn and driving higher CLTV.



4.2 Stronger Customer Advocacy

Happy customers become brand advocates, accelerating inbound growth.



4.3 Predictable Revenue

A satisfied customer base leads to renewals and upsells, creating a reliable growth engine.



By aligning sales compensation with customer outcomes, companies can build a sustainable growth engine that benefits customers, employees, and shareholders alike.

Conclusion: It's Time to Rethink Sales Compensation

The future of sales compensation is outcome-driven. By shifting compensation models to focus on customer success, organizations can dramatically improve retention, drive upsells, and eliminate internal friction—resulting in faster growth and more predictable revenue.

 <p>Higher Retention</p> <p>Reduced churn, longer relationships</p>	 <p>Higher CLTV</p> <p>More value from each customer</p>	 <p>Team Alignment</p> <p>Unified focus on customer success</p>	 <p>Predictable Growth</p> <p>Sustainable revenue expansion</p>
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Traditional Approach

- Focus on closing deals
- Handoff after sale
- Siloed teams
- High churn risk

Outcome-Based Approach

- Focus on customer success
- Ongoing engagement
- Collaborative teams
- Sustainable growth

Chapter 2: The Transformation Process

The Future of Sales Compensation is Outcome-Based

Content Package: Transforming Sales Compensation Models for Technology Teams

From Transactions to Outcomes: A Step-by-Step Guide to Transforming Sales Compensation Models

Transaction-Based Model

- Commission on deal size
- Quota-driven incentives
- Short-term focus



Outcome-Based Model

- Tied to customer success
- Value realization metrics
- Long-term relationships

This chapter provides a practical roadmap for organizations looking to transition from traditional transaction-based compensation to an outcome-driven approach. We'll explore the key steps, potential challenges, and proven strategies to successfully implement this transformative change.

Why It's Time to Evolve Your Sales Compensation Model

In today's competitive technology landscape—whether it's hardware, software, or SaaS—customer satisfaction is no longer a “nice-to-have.” It's the foundation of retention, expansion, and long-term growth. Yet, most technology companies still rely on transactional sales compensation models that reward closing deals but neglect what happens after the contract is signed.

The Problem

Traditional models incentivize sales reps and sales engineers (SEs) to focus on closing deals, not ensuring value delivery. This results in:

- High churn and low renewals
- Poor customer satisfaction due to slow or ineffective implementations
- Missed upsell and expansion opportunities
- Internal misalignment between sales and customer success

The Solution

Transform your compensation model to tie a portion of variable pay to customer outcomes, usage, and adoption. This shift—though gradual—creates a culture where sales teams are accountable for ensuring the value promised is delivered, resulting in:

- Increased retention and renewals
- Stronger customer advocacy and referrals
- Higher expansion revenue and predictable growth



High Churn



Sustainable Growth

Understanding Sales Segmentation and Compensation Transformation

Different sales roles require customized approaches to outcome-based compensation. Each segment has unique challenges and transformation strategies:

Segment 1: Hunters – Pure Acquisition Focus	Segment 2: Hunter-Farmers – Acquisition + Expansion	Segment 3: Farmers – Pure Expansion and Renewals
Role & Challenges: <ul style="list-style-type: none"> Focus on net new acquisition and ACV/TCV Minimal post-sale involvement Short-term success over customer value 	Role & Challenges: <ul style="list-style-type: none"> Balance acquisition and expansion Split focus leads to inconsistent follow-through New business often prioritized over adoption 	Role & Challenges: <ul style="list-style-type: none"> Focus on upsell, cross-sell and retention Weak ties to customer satisfaction metrics Growth limited by adoption challenges
Transformation Strategy: <ul style="list-style-type: none"> Introduce post-sale accountability Add "Success Checkpoint" bonuses Build collaborative incentives 	Transformation Strategy: <ul style="list-style-type: none"> Balance acquisition and adoption incentives Add milestones for expansion potential Reward multi-phase growth 	Transformation Strategy: <ul style="list-style-type: none"> Tie expansion incentives to adoption success Multi-tier compensation for retention/growth Align incentives with usage growth
Compensation Shift: <div style="display: flex; justify-content: space-between; width: 100%;"> <div style="background-color: #1a3d4d; color: white; padding: 5px;">75% Closure</div> <div style="background-color: #4caf50; color: white; padding: 5px;">25% Adoption</div> </div>	Compensation Shift: <div style="display: flex; justify-content: space-between; width: 100%;"> <div style="background-color: #1a3d4d; color: white; padding: 5px;">50% Acquisition</div> <div style="background-color: #4caf50; color: white; padding: 5px;">50% Adoption</div> </div>	Compensation Shift: <div style="display: flex; justify-content: space-between; width: 100%;"> <div style="background-color: #1a3d4d; color: white; padding: 5px;">33% Renewal</div> <div style="background-color: #4caf50; color: white; padding: 5px;">67% Usage</div> </div>
Primary focus on deal closure, smaller portion for adoption	Equal balance: acquisition and adoption metrics	Focus on usage growth, smaller portion for renewals
<p>Acquisition → Adoption → Expansion → Retention</p>		

Each segment plays a vital role in the customer journey, requiring different compensation approaches

Step 1: Define Your Outcome-Based Objectives

Before changing compensation structures, it's critical to:

✓ Identify Key Outcomes

Define measurable outcomes aligned with customer success, such as:

- % of product consumption within a timeframe
- Time-to-value achieved by the customer
- Achievement of agreed milestones tied to business value

✓ Segment Based on Product Type

Define measurable outcomes aligned with customer success, such as:

Hardware Sales

Focus on product utilization, maintenance contracts, and customer satisfaction.

Software Sales

Emphasize product adoption support interactions, and time-to-value.

SaaS Sales

Track ongoing usage, feature adoption, and customer expansion.

✓ Establish Clear Success Metrics

Align success with measurable KPIs that indicate customer satisfaction and retention.

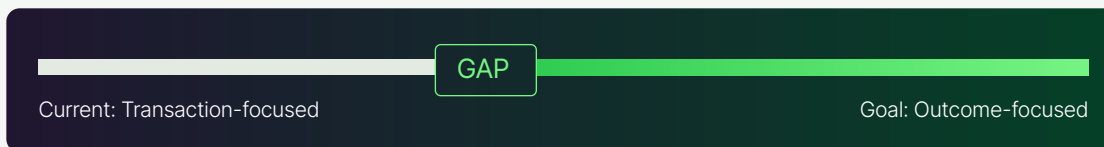
Pro Tip:

Start with 3-5 key metrics that directly correlate with customer value realization.

Step 2: Conduct a Gap Analysis of Your Current Model

Evaluate Existing Compensation Models

- ✓ Analyze current quota structures, commission rates, and incentive mechanics.
- ✓ Identify gaps where compensation encourages transactional behavior rather than customer success.



Assess Internal Readiness

- ✓ Review your CRM, usage analytics, and customer success platforms to ensure you can accurately track outcomes.
- ✓ Understand the maturity of your sales, pre-sales, and customer success teams in aligning with customer-centric goals.

CRM Integration

Usage Tracking

Team Training

Engage Stakeholders Early

- ✓ Involve leaders across Sales, Customer Success, RevOps, and Finance to build consensus.

Sales Leadership

Customer Success

RevOps

Finance

Step 3: Create a Hybrid Model to Start the Transition

A complete shift from a traditional model to an outcome-based model cannot happen overnight.



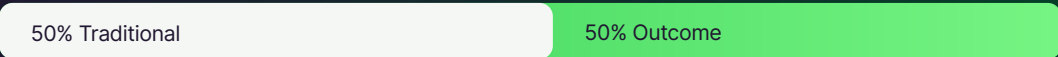
1 Phase 1: Introduce Hybrid Compensation (6-12 months)

- ✓ Tie 20-30% of variable compensation to post-sale outcomes such as consumption, time-to-value, or milestone achievement.
- ✓ Continue to pay the remaining portion based on deal closure to maintain motivation and momentum.



2 Phase 2: Increase Outcome-Based Incentives (12-24 months)

- ✓ Gradually increase the percentage tied to customer success, consumption, and renewals.
- ✓ Consider introducing “accelerators” where sales teams earn higher commissions for exceeding adoption and consumption goals.



3 Phase 3: Transition to Full Outcome-Based Compensation (24+ months)

- ✓ Shift 60-80% of variable compensation to be tied to consumption, outcomes, and customer success.
- ✓ Implement quarterly reviews to adjust compensation as needed and reward exceptional results.



Step 4: Implement Real-Time Visibility and Usage Tracking

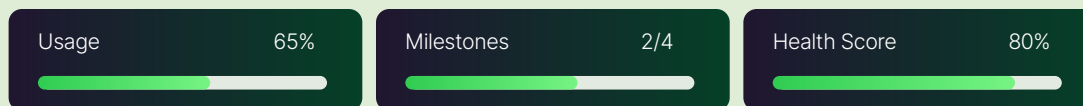
To successfully tie compensation to outcomes, teams need real-time visibility into usage and consumption data.

Invest in Analytics and Customer Success Platforms

Ensure that sales, pre-sales, and customer success teams have access to dashboards tracking:

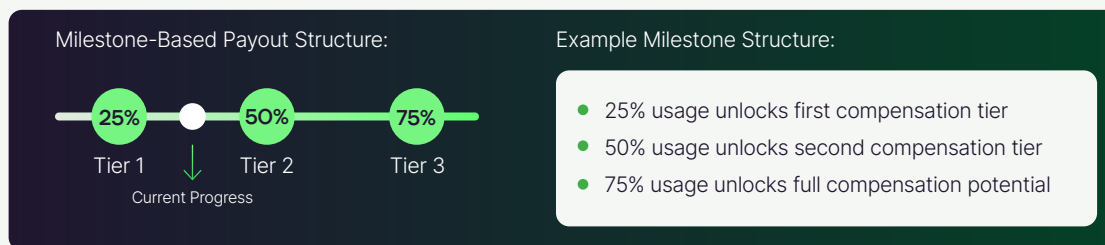
- ✓ Product usage and adoption rates
- ✓ Milestones achieved
- ✓ Customer health scores and satisfaction metrics

Real-Time Customer usage Dashboard



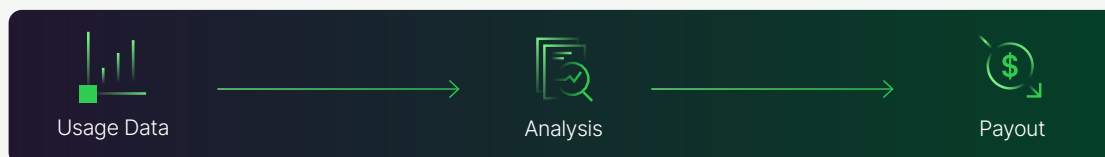
Define Clear Milestones

- ✓ Set predefined stages where sales teams receive compensation for achieving critical outcomes.
- ✓ Example: 25%, 50%, and 75% of product consumption unlock different payment tiers.



Automate Reporting and Payouts

- ✓ Use CRM and analytics platforms to automate performance tracking and ensure timely, accurate payouts.



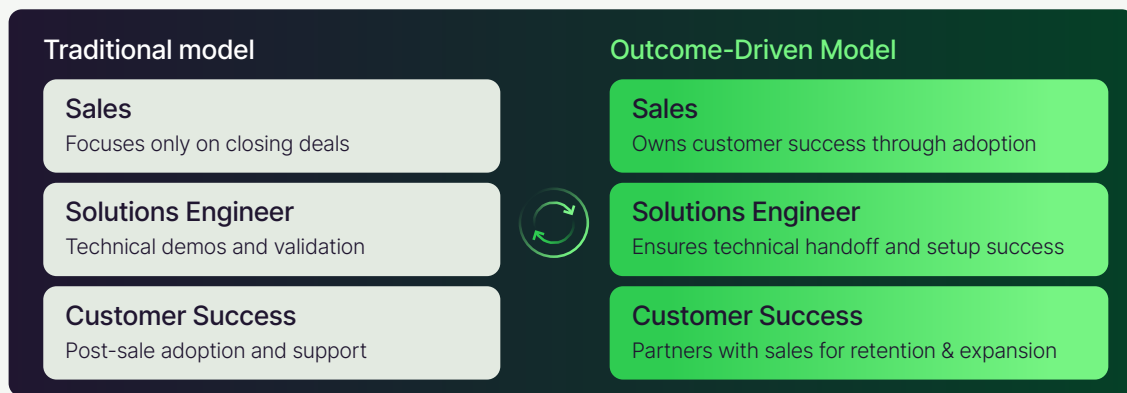
Automated, transparent process from data collection to compensation

Step 5: Align Sales and Customer Success with Shared Goals

To implement outcome-driven compensation effectively, traditional silos between sales and customer success must be dismantled to create a unified focus on customer value realization.

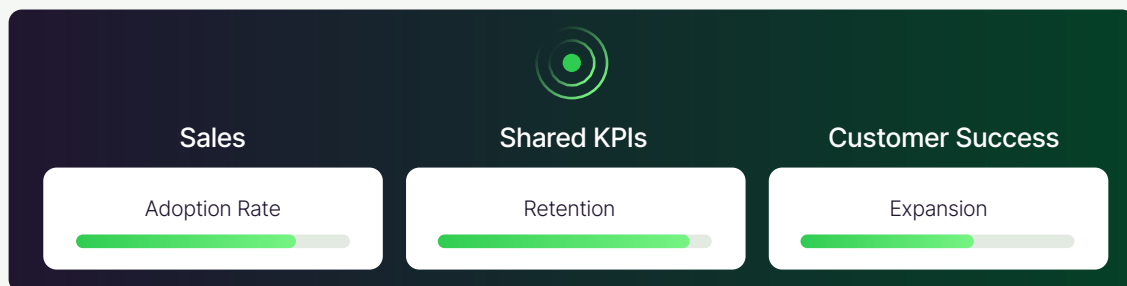
Redefine Sales and SE Roles

- ✓ Evolve sales roles to include post-sale engagement and adoption oversight.
- ✓ Ensure SEs are responsible for technical validation and ensuring smooth handoffs to customer success teams.



Incentivize Collaboration

- ✓ Introduce team-based incentives where sales and customer success teams are rewarded for achieving shared adoption and retention goals.
- ✓ Encourage cross-functional alignment by tying a portion of customer success variable compensation to renewals and expansion.

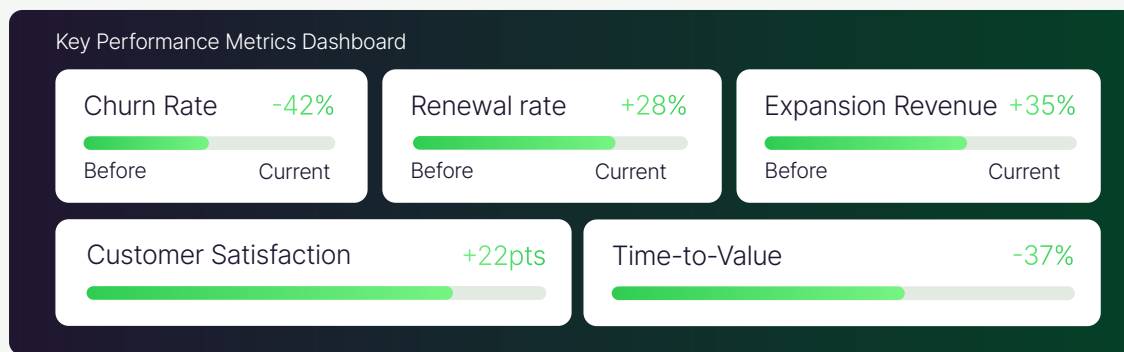


Step 6: Monitor, Optimize, and Refine Over Time

Shifting to outcome-based compensation is a journey, not a destination. Regular monitoring and refinement ensure the model continues to drive desired behaviors and outcomes.

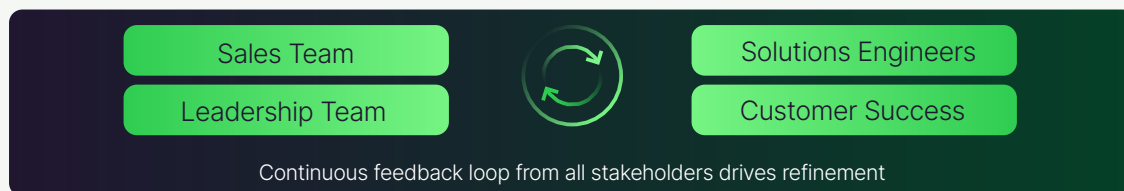
Track Progress and Measure Impact

- ✓ Monitor KPIs such as churn reduction, increased renewals, and expansion revenue.
- ✓ Evaluate customer satisfaction and time-to-value to assess model effectiveness.



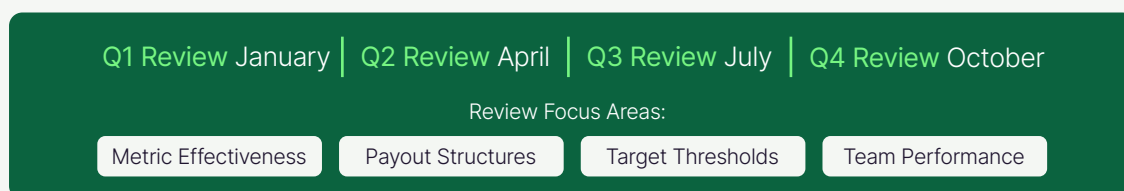
Gather Feedback Continuously

- ✓ Solicit feedback from sales, SEs, and customer success teams to identify friction points.
- ✓ Iterate on compensation models and payout structures based on performance data and feedback.



Run Regular Compensation Reviews

- ✓ Conduct quarterly or semi-annual reviews to optimize the model and fine-tune incentive structures.



Common Pitfalls and How to Avoid Them

Transitioning to outcome-based compensation comes with challenges. Being aware of common pitfalls will help your organization navigate the transition successfully.

Pitfall 1: Lack of Clear Milestones

Vague or poorly defined success metrics make it difficult to measure performance and distribute compensation fairly.

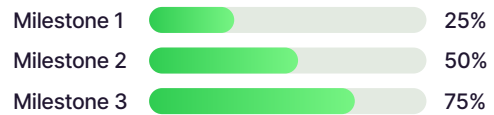
Problem:



The Solution

Define measurable and achievable milestones tied to consumption and outcomes.

Clear Milestone Framework:



Pitfall 2: Insufficient Usage Visibility

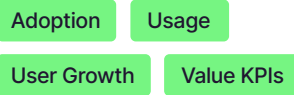
Without proper tracking tools, sales teams cannot see how customers are using the product, making it impossible to tie compensation to outcomes.



The Solution

Ensure real-time tracking and analytics platforms are in place to measure outcomes accurately.

Unified Analytics Dashboard



Real-time visibility for all stakeholders

Pitfall 3: Resistance from Sales Teams

Sales teams accustomed to transaction-based compensation may resist a model that delays gratification and requires ongoing customer engagement.



The Solution

Start with a hybrid model and gradually increase outcome-based incentives to allow for adaptation.



Gradual transition from transaction-based to outcome-based compensation

Conclusion: The Future of Sales Compensation is Outcome-Based

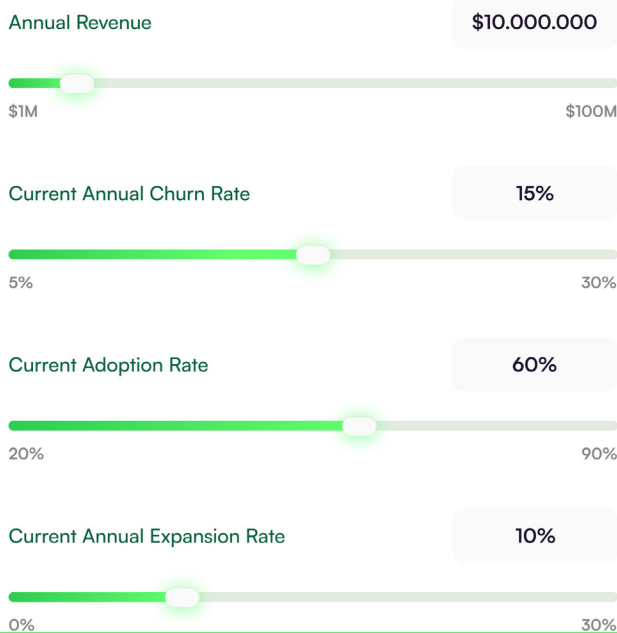
Transforming compensation models to focus on customer success is not just about retention—it's about creating a flywheel of growth. By aligning incentives with adoption, consumption, and value realization, companies can drive sustainable revenue growth.

<p>Maximize Renewals and Retention</p> <p>When customers achieve their goals, they stay longer and spend more.</p> <p>Before After</p>	<p>Increase Upsell and Expansion</p> <p>Engaged customers are more likely to expand usage and add new products.</p> <p>Before After</p>	<p>Build a Customer-Centric Culture</p> <p>Teams aligned around customer success drive sustainable growth together.</p> <p>Before After</p>
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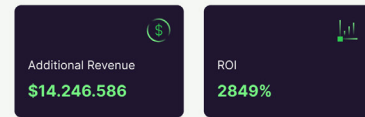
<div style="background-color: #1a3d4d; color: white; padding: 5px;">Traditional Approach</div> <ul style="list-style-type: none"> • Focus on deal closure, not outcomes • Short-term revenue, long-term churn • Departmental silos and misalignment 	<div style="background-color: #4db6ac; color: white; padding: 5px;">Outcome-Based Future</div> <ul style="list-style-type: none"> • Aligned with customer value realization • Sustainable growth and predictable revenue • Cross-functional teams, shared success
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Outcome-Based Compensation ROI Calculator

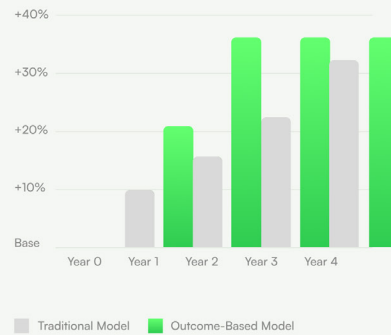
Input Parameters



5-Year Impact



Revenue Projection



See the revenue impact of shifting to outcome-based sales compensation — in real time.

[Calculate Your ROI Now](#)

About Us:

MaxIQ is the first revenue AI platform that brings sales, success & RevOps together to deliver accurate forecasts, smooth handoffs, and drive adoption.

- MaxIQ unifies Sales, Success, and RevOps with AI-powered customer journey intelligence
- Accelerate revenue growth with real-time visibility across every customer touchpoint
- Transform forecasting accuracy, team productivity, and customer adoption rates