

What if you were to offer an incentive prize for various levels of sales performance?

This worksheet is the companion to the Sales Awards Program page. (See tab below.)
 As a sales rep or affiliate for your company, they can earn a valuable prize for achieving various levels of sales.
Note: What if everone can win!?! This does not create unhealthy competition between your salespeople.
 This worksheet enables you to plan and evaluate the costs associated with instituting such a program.
 Choose the incentive prizes you think will motivate your salespeople.
 Set the number of units each salesperson must sell to qualify for each prize (analyze the effects on profitability.)
 Estimate the probability for the number of salespeople who will reach each level of sales to qualify for the incentive.
 Consider the increase in Gross Profit if you can improve the % of salespeople reaching each level.
 Best Case scenario (bottom) What if ALL of your sles reps achieve 100%?!?

Sales Incentive Bonus Analysis

Assumptions											
Product Name											
Average Revenue / Unit	\$	37.00	Or Subscription / Month								
Cost of Goods Sold		7.00									
Average Length of Subscription (Months)		9	If not a subscription, enter "1" Otherwise enter your estimate for the duration of subscription - Presuming your bonus is paid on the initial subscription.								
Total Net Value of Each Sale	\$	270.00									
Total Number of Sales Reps / Affiliates		100									
Average Commission Rate		30%	Number of Units Each Rep Must Sell to Qualify								
Duration of Incentive Program (Months)		3	10	25	50	100	500				
Probability of Affiliate Achieving this Level			100%	70%	50%	20%	5%				
Number of Affiliates Reaching Each Level			100	70	50	20	5				
Prize	Incentive Bonus Cost Each	Revenue Generated to Pay for Prizes					Total Commission Payouts	Total Bonus Payouts	Total Cost of Bonuses	Bonus Cost as a % of Revenue	Total Net Revenue Generated
Sports Bottle	\$ 20	\$ 270,000					\$ 81,000	100	\$ 2,000	1%	\$ 187,000
Inline Skates	\$ 250		\$ 472,500				\$ 141,750	70	\$ 17,500	4%	\$ 313,250
Sound System	\$ 1,000			\$ 675,000			\$ 202,500	50	\$ 50,000	7%	\$ 422,500
60" 4K OLED TV	\$ 1,500				\$ 540,000		\$ 162,000	20	\$ 30,000	6%	\$ 348,000
Trip to Hawaii	\$ 3,500					\$ 675,000	\$ 202,500	5	\$ 17,500	3%	\$ 455,000
Cumulative Revenue Generated by Program		\$ 270,000	\$ 742,500	\$ 1,417,500	\$ 1,957,500	\$ 2,632,500	\$ 789,750		\$ 117,000	4%	\$ 1,725,750

Analysis											
Total Units Sold		9,750									
Average Units Sold per Month		3,250									
Average Sales Revenue per Month		\$877,500									
Average Units Sold per Salesperson		98	Total Units Sold / Total Salespeople								
Average Cost of Prizes per Salesperson		\$1,170	Total Investment in Prizes / Total Number of Sales Participants								
Best Case Scenario											
All salespeople qualify for all prizes!						Total Revenue					
						\$ 13,500,000	\$ 4,050,000	\$ 627,000	5%	\$ 8,823,000	