

Insights from Historical Compensation Data

Audience

- AI Labs / Product Leadership
 - CRO / VP Sales Ops / Compensation Leaders
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1. Why This Analysis Matters

The Business Problem

Incentive plans are one of the **most powerful levers** in sales organizations — but also one of the **least proactively monitored**.

Small design choices in:

- quota setting
- accelerators
- plan mix

can scale into **material financial risk, rep disengagement, or perceived unfairness**.

Objective of This Work

This analysis answers a simple but critical question:

“Are our incentive plans driving the behavior we want — at a cost and risk level we understand?”

2. What We Analyzed (Data at a Glance)

- Multi-year incentive compensation data
- Employees across:
 - Roles
 - Regions
 - Plan types (standard, SPIF-heavy, new-logo focused)
- Key signals:
 - Quota
 - Attainment
 - Payout
 - Tenure in role

The data mirrors real-world enterprise compensation systems — including natural noise, edge cases, and structural complexity.

3. Key Findings (Executive-Level Insights)

1: Plan Design Drives Outcomes as Much as Performance

Some plan types consistently deliver **higher payouts per unit of attainment**.

What this means:

- Payout outcomes are not purely performance-driven
 - Structural generosity exists in certain plans
 - Long-term cost risk increases if left unmanaged
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2: Tenure Stabilizes Performance, But Payouts Keep Accelerating

- Attainment levels stabilize after ~12 months in role
- Payouts continue to grow disproportionately with tenure

Implication:

Plans may unintentionally **reward experience over incremental performance**, which can create fairness and morale risks.

3: Quota Calibration Lags Reality

- Average attainment increases gradually year over year

What this signals:

- Quotas may not be recalibrated fast enough
 - Risk of quota inflation and reduced incentive effectiveness
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4: Payout Risk Is Highly Concentrated

A small group of employees accounts for a **disproportionate share of total payout**.

Why it matters:

- Financial exposure during windfall deals
- Budget volatility in uncertain markets

4. Risks Identified

Risk Area	Description
Overpayment Risk	High payouts driven by structural plan design
Fairness Risk	Similar performance, unequal rewards
Quota Risk	Misaligned quota stretch over time
Cost Volatility	Concentrated payouts amplify financial swings
Engagement Risk	Under-incentivized high performers

5. From Analysis to Product: AI-Ready Signals

Rather than building opaque models, this work identifies **interpretable, reusable signals** that can power AI-driven features.

Examples of Product-Ready Signals

- **Plan Volatility Score** – identifies unstable plans
- **Quota Stress Index** – highlights rep under-pressure
- **Attainment Consistency** – flags performance reliability
- **Overpayment Risk Score** – prioritizes financial review
- **Plan Fairness Index** – supports compliance and trust

These signals are **explainable, auditable**, and suitable for executive decision-making.

6. Product Vision: From Reporting to Incentive Intelligence

Today

- Retrospective reports
- Manual audits
- Reactive issue detection

Future (AI-Driven)

- Proactive plan risk alerts
- Early warning on unfair or volatile plans
- Data-driven quota and plan design recommendations
- Scenario simulations before plans go live

Shift from “What happened?” to “What will happen if we don’t act?”

7. Why This Matters for AI Labs

This work demonstrates how:

- Messy business data can become **decision intelligence**
- Simple, interpretable signals outperform black-box complexity
- AI can support **trust, fairness, and financial discipline**

This forms a **strong foundation** for building AI agents, dashboards, and advisory systems inside Xactly's platform.

Final Takeaway

Incentive data is not just compensation history —
it is a **behavioral and financial signal** waiting to be activated.

With the right features and product framing, Xactly can move from:
incentive administration → incentive intelligence.