CaptivateIQ

2025 State of Incentive Compensation Management Report

UNLOCKING EFFICIENCY, MOTIVATION, AND BUSINESS GROWTH IN A NEW ERA OF PERFORMANCE

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EXECUTIVE SUMMARY

Growth. Productivity. Efficiency. These aren't just buzzwords — they're critical to success in today's macroeconomic environment.

In fact, **59% of companies** are leaning on their incentive compensation programs to help drive growth this year. But there's a wide gap between implementing an incentive compensation plan and executing an effective one that, ultimately, drives growth.

At CaptivateIQ, we understand that challenge firsthand. Our founders experienced the frustration of managing commissions with error-prone spreadsheets and rigid legacy systems — until they decided to build a better solution. That journey led to CaptivateIQ, built to turn incentive compensation from a back-office burden into a strategic growth engine.

In our **2nd annual State of Incentive Compensation Management Report**, we explore how companies are using (and misusing) incentive compensation programs — and how the right approach can unlock measurable gains in efficiency, accuracy, and performance.

Our hope is that this report inspires new ways to optimize your compensation strategy so your team can focus on what truly matters: hitting revenue and profitability goals with greater confidence and clarity.

METHODOLOGY

In partnership with market research experts, the CaptivateIQ team surveyed over 200 U.S. professionals working for B2B companies with a sales team to identify core compensation behaviors, key trends and assess brand engagement. These professionals work at mid- to large-sized corporations (500-10,000+ employees, with 74% at orgs with over 1,000) across industries. All are involved in incentive compensation decision-making for their organization.

37%
are directly involved in **commission processing**

66%
are directly involved in **incentive compensation plan design**

51%
provide direction and input on incentive program **design and strategy**

27%
oversee the incentive program

INTRODUCTION

This year, the priority for most incentive compensation programs is supporting business growth and increasing seller productivity. The good news: strategic incentive compensation programs can be incredibly effective in driving business growth.

However, while incentive compensation can be a powerful driver of efficient growth, many businesses are struggling to turn their programs into that strategic lever. Rather, they're bogged down by:

- **Lack of automation** – only 27% have automated the commissions process end-to-end, with reporting and analytics, commission calculations, and data integration and management perceived as the areas that would most benefit from automation.
- **Lack of visibility into compensation program ROI** – many businesses experiencing difficulty getting executive buy-in for improving the current system.
- **Lack of accuracy** – almost half of participants saying they have both overpaid and underpaid on commissions in the past year.
- **Lack of confidence** – only 30% of leaders saying their compensation strategy is very prepared for economic shifts and market volatility.

Yet, incentive compensation remains one of the most reliable levers to drive growth, aligning rewards to performance, cross-functional priorities, and long-term impact. In fact, the most forward-thinking teams are expanding the power of incentives beyond sales, analyzing performance and adjusting plans as needed, and aligning incentives directly to growth.

This report shows that incentive compensation can (and should) be managed not merely as a cost center, but **as a strategic approach to driving growth, motivating sales teams, and achieving key business objectives.**

UNLOCKING EFFICIENCY, MOTIVATION, AND BUSINESS GROWTH IN A NEW ERA OF PERFORMANCE

With Fewer Companies Growing This Year, Productivity and Efficiency are Critical

Despite continued macroeconomic uncertainty, the majority of companies (81%) experienced revenue growth in the past year. While impressive, this number represents a 16 percentage point drop (down from 97%) compared to last year's report.

This decrease has Go-to-Market (GTM) teams doubling down on strategies that improve top-line growth – 59% of companies are using incentive compensation to **support business growth initiatives** this year, and 56% are using incentive compensation programs to **increase seller productivity.**

While companies are prioritizing growth, fewer are looking at incentives as a way to optimize for efficient growth – revealing a disconnect in how incentive programs are being applied to benefit the business more broadly. Only 38% of organizations are using incentives to support cost-saving initiatives, and just 41% are targeting process efficiency — suggesting that while performance is being rewarded, it's not always structured to protect margin.

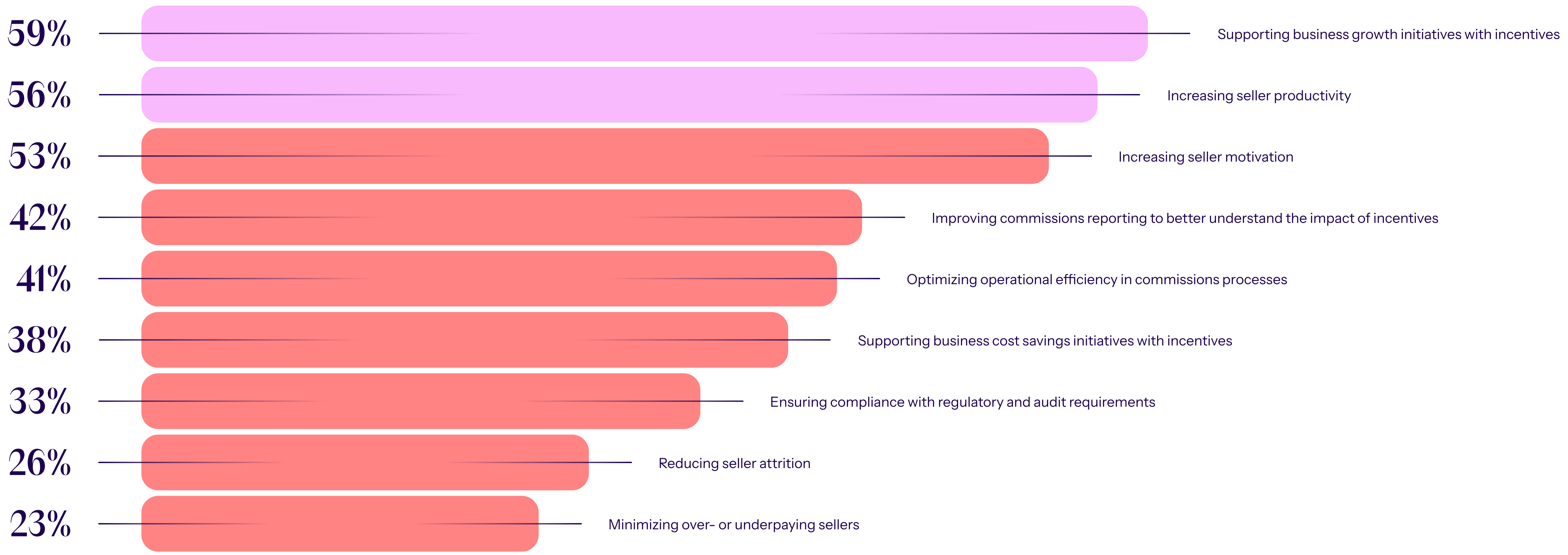
This gap underscores the need to design compensation programs that drive high-impact outcomes without inflating overhead, ensuring growth initiatives aren't just ambitious – they're sustainable.

Percentage of Companies That Saw Year-over-Year Growth

97%
2024

81%
2025

High-Level Business Objectives Being Prioritized Within Incentive Programs This Year:



INCENTIVE COMPENSATION AT A CROSSROADS: PRIORITIZING SAVINGS AND ROI IN UNCERTAIN TIMES


Illustration by Sophi Miyoko Gullbrants

Incentive compensation remains an effective way to focus and align teams — especially in times of uncertainty. The best-performing organizations aren't just using comp to motivate sellers — they're using it to strengthen focus, improve agility, and reward the outcomes that matter most.

Yet most teams aren't fully prepared to realize the potential of incentive compensation. Too few are ready to adapt to economic shifts, many lack clear insight on the ROI of incentive spend, and the majority haven't automated key pieces of their programs, creating persistent risks for errors, inefficient processes, and barriers to scalability. As a result, compensation teams – bogged down by manual tasks – aren't agile enough to deliver the impact their businesses need.

Fast track to key takeaways →

30%

say their compensation strategy is very prepared for economic shifts and market volatility.

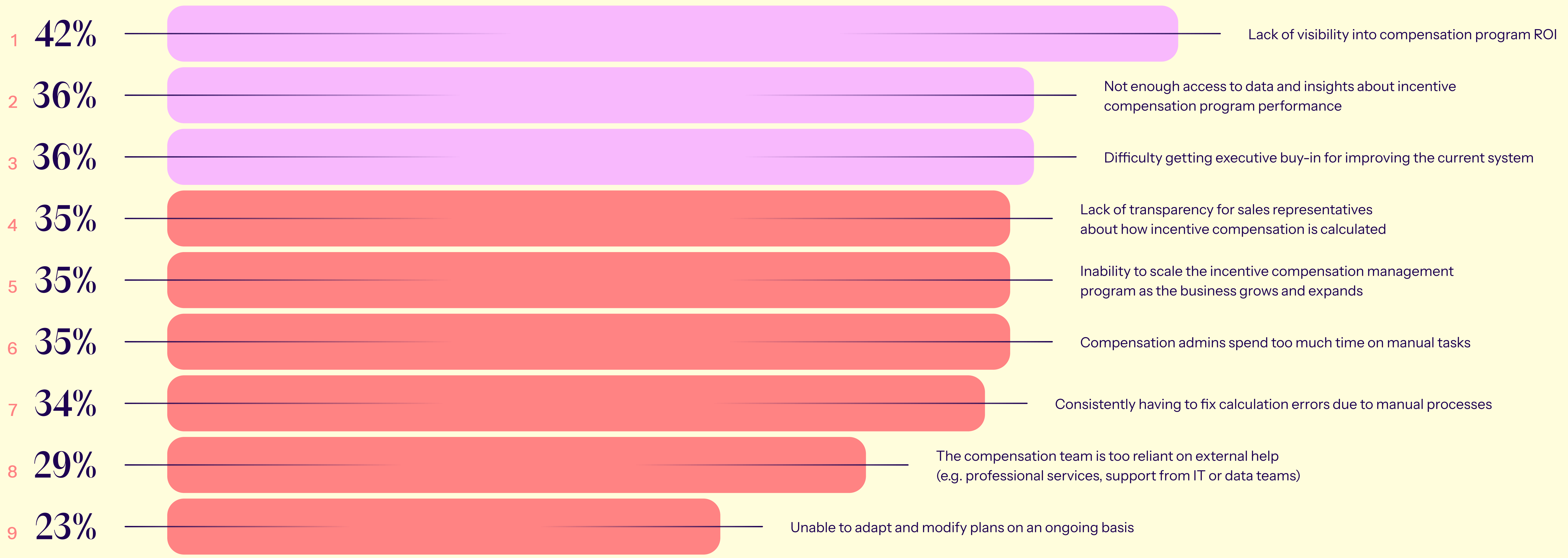
Uncertainty has become a constant — driven by inflation, shifting buyer behaviors, and broader macroeconomic pressure. For compensation teams, that volatility creates an urgent need to operate with more speed, clarity, and control.

Despite this, only 30% of companies say their incentive compensation program is very prepared to adapt to change. This lack of readiness often stems from limited automation, fragmented planning, and underused reporting tools — leaving teams reactive instead of responsive.

What's holding teams back isn't awareness—it's enablement. Most leaders recognize the need for better processes and smarter insights, but they're often blocked by competing priorities, outdated tools, or a lack of executive support. Without the right infrastructure in place, even well-intentioned teams struggle to turn intent into action.

To build real resilience, compensation leaders should focus on the areas that most directly unlock progress: **automating manual processes, improving visibility into plan performance, and aligning more closely with executive priorities.** These foundational shifts enable teams to move faster, make smarter decisions, and position incentive compensation as a driver of adaptability and growth.

The Top Challenges Impacting Incentive Compensation Professionals Today, Ranked in the Top 3:



Incentive Compensation Teams Struggle With Getting Visibility Into ROI

The No. 1 problem for compensation management professionals? A lack of visibility into the ROI on incentives. On top of that, 36% report struggling to get access to data and insights about incentive performance.

It's not for lack of trying – in fact, 60% say they currently analyze the performance of their compensation programs.

But without a clear and real-time picture of ROI, teams are flying blind. Incentives are often one of the largest budget line items, and without visibility, it's nearly impossible to anticipate how changes in strategy — especially in volatile conditions — will impact both top-line growth and bottom-line efficiency.

So why can't comp leaders uncover the visibility and insights they need to truly optimize spend?

- **Data is inaccessible.** It's too time-consuming and cumbersome to collect and analyze the relevant information to make informed decisions.
- **Analysis is cumbersome.** Many compensation teams aggregate high volumes of data from multiple sources, increasing risk of manual errors and unreliable findings.
- **Insights are obsolete.** Without access to real-time tracking, findings quickly become inapplicable.
- **Focus is misaligned.** Teams are not focused on the KPIs that will have the most impact on seller performance.

Incentive Compensation Teams Struggle With Getting Visibility Into ROI

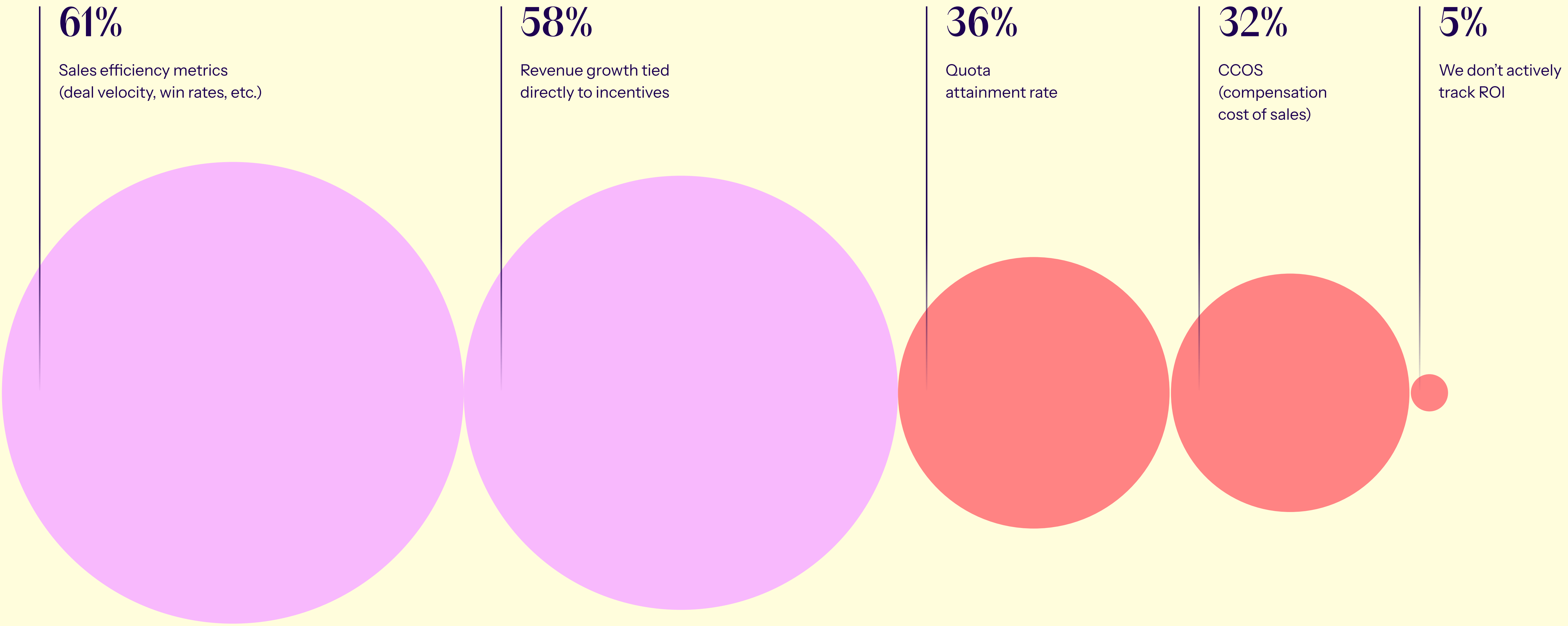
Here's how strategic compensation teams are solving these issues:

Tracking the right KPIs. When it comes to measuring ROI, it's not just about revenue lift — it's about understanding the return relative to the ***full*** cost of your incentive compensation program, which includes both what you're paying out in incentives, and what you're spending to run and manage the program. The two most commonly tracked metrics — sales efficiency (61%) and revenue growth (58%) — are helpful indicators, but without factoring in program costs, it's hard to see the full picture of impact or optimization potential.

Unlocking real-time visibility. Managers are using software for real-time tracking of payouts, attainment, and commission costs. They're also taking advantage of no-code calculation engines that enable financial modeling and highly-detailed insights without any programming knowledge.

Leveraging easy-to-use automations and dashboards. With incentive compensation management software, comp teams can integrate all of their data into a single solution, automating the data collection and analysis process, reducing errors, and uncovering deep insights and actions.

How Organizations Track the ROI of Incentive Compensation Spend:



Incentive Compensation Management Grows More Time Consuming

Manual compensation processes are eating up valuable time – and today's teams are feeling the pain.

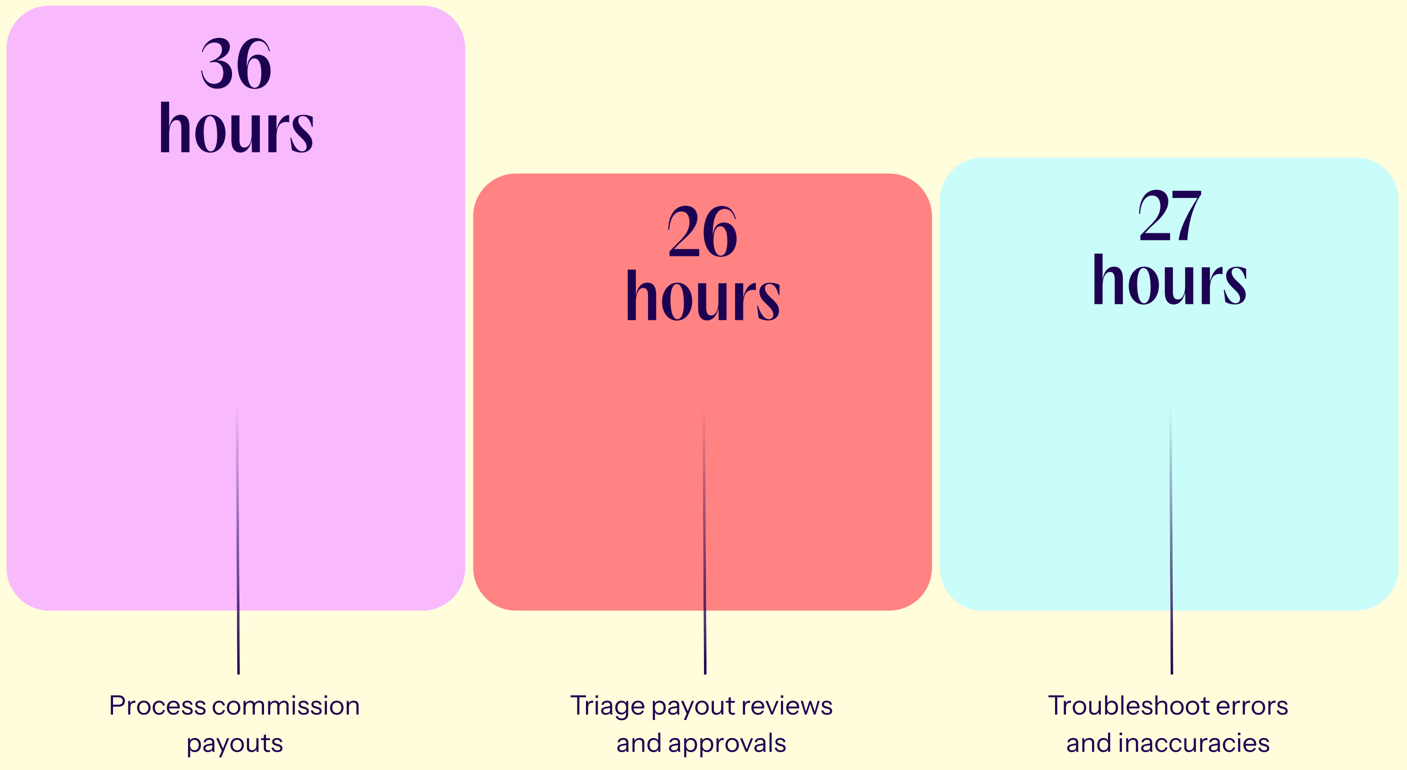
Only 27% of companies report having a fully automated, end-to-end commissions process — and 30% aren't using any ICM solution at all. On the surface, sticking with spreadsheets or homegrown tools might seem more financially prudent. **But the data tells a different story: teams without automation are losing an average of 89 hours each month on calculating payouts, triaging approvals, and fixing errors — that's more than two full weeks of the team's time, every month.**

Nearly one-third (30%) of respondents recognize they're spending too much time on manual tasks, but it's clear that companies still have a ways to go in addressing this issue.

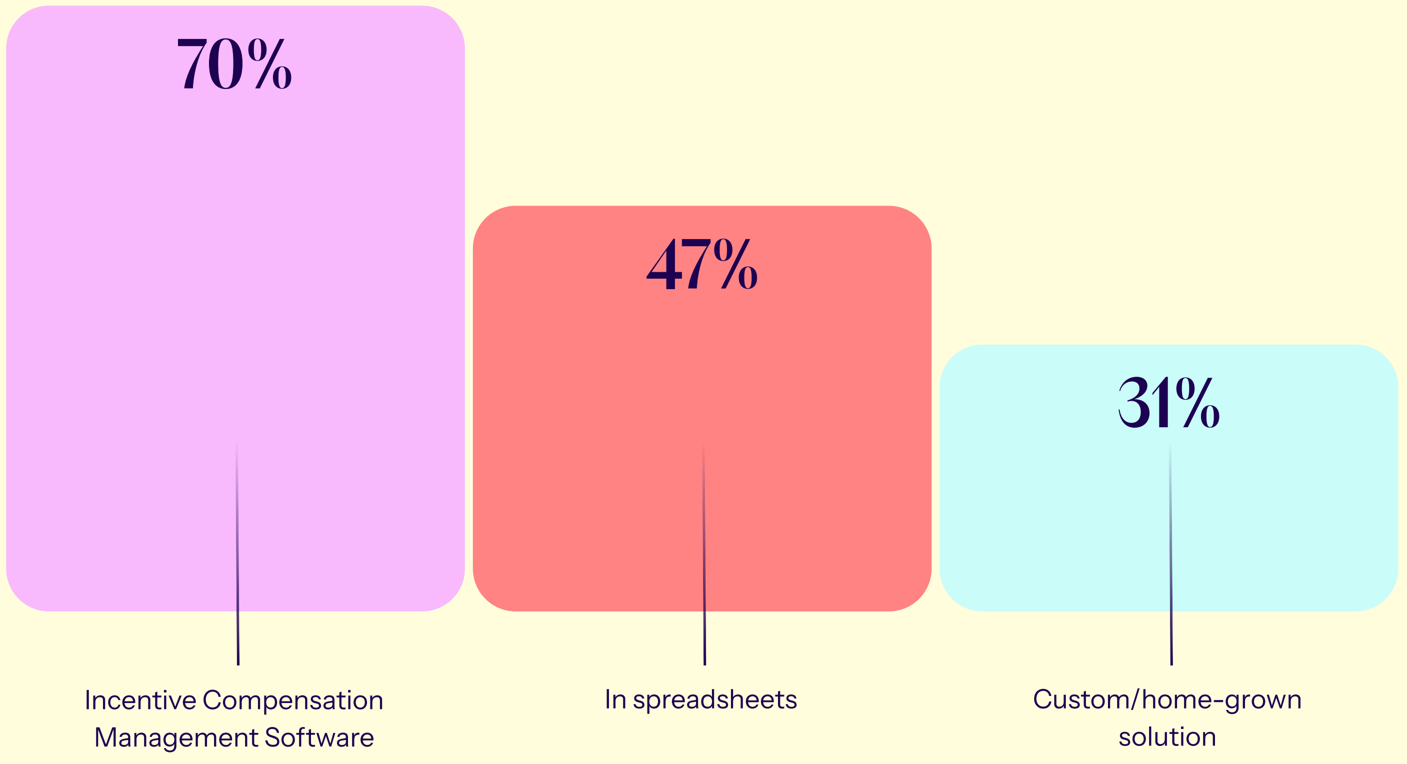
Manual compensation processes remain widespread, and they're consuming a disproportionate amount of time and resources — even in companies that recognize the problem. Time spent on admin work limits a team's ability to focus on optimization, reporting, and strategic improvements. It also increases the risk of errors, delays, and payout disputes.

Today's top teams are using automation to dramatically reduce manual workload — while gaining the accuracy and visibility needed to make better, faster decisions.

Hours Per Month Spent on Incentive Compensation Management Tasks:



How Organizations are Currently Managing their Incentive Compensation Programs (Not Exclusive):

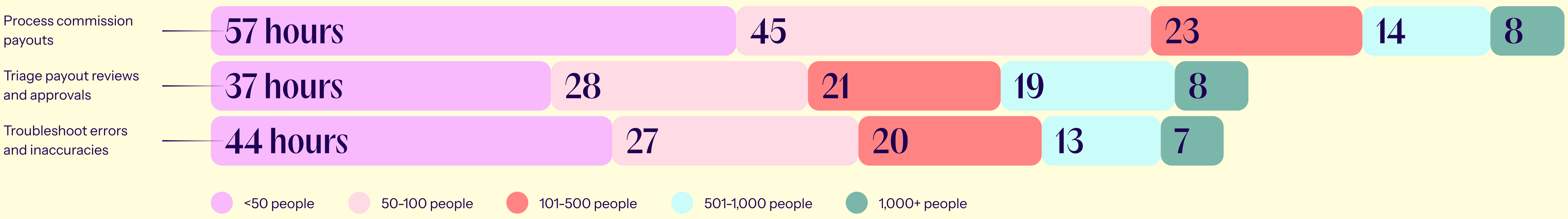


Inefficient Commissions Processes Hinder Successful Scaling as Businesses Grow

If you're focused on scaling, keep in mind that inefficient processes will only compound as your business and headcount grows. **It's important to optimize plan management and commission processing now or risk preventing the ability to grow efficiently and effectively.** Teams stuck managing compensation manually not only lose out time to focus on more strategic initiatives, they risk delaying payouts, creating compliance gaps, and frustrating sellers.

Forward-thinking teams are tackling automation gaps early so they're better prepared to scale as the business grows. They're investing in centralized platforms, automated workflows, and better data visibility to handle greater complexity without growing admin overhead. Streamlining processes before inefficiency becomes a blocker by investing in more automation sooner than later gives your team the breathing room — and strategic leverage — you'll need tomorrow.

Hours Admins Spend on Tasks as More Sellers Are Onboarded:



Compensation Teams Struggle With Overpaying and/or Underpaying Commissions

Another common problem for compensation teams? Commissions inaccuracies that deeply impact the bottom line.

In fact, a combined 66% of companies have overpaid or underpaid commissions before.

Inaccurate commission payouts can be detrimental for businesses.

- **They can cause unnecessary profit loss.** For example, JP Morgan once lost $6 billion due to a copy-paste spreadsheet error.
- **They can increase your legal risk.** In 2017, the sales team at Oracle filed a $150 million class-action lawsuit against the company for underpaid commissions. In 2019, IBM also lost a class action lawsuit against its sales employees for denying commissions.
- **They cause your sellers to lose faith in your processes and systems**, with many resorting to “shadow accounting.” Essentially, they will spend time calculating their own commissions each month – valuable time that they should be selling.

Yet, a whopping 77% of companies are not making it a priority to fix this accuracy issue. With many of these errors coming from manually calculating commissions, automated incentive compensation software can help companies save time, minimize errors, and provide transparency to the team that, ultimately, builds trust.

What should teams do to prevent this? Start by removing manual calculations wherever possible — these errors aren’t just frustrating, they’re expensive, risky, and entirely avoidable. Investing in automation not only protects your bottom line, it also builds the transparency and trust your sales teams need to stay focused and motivated.

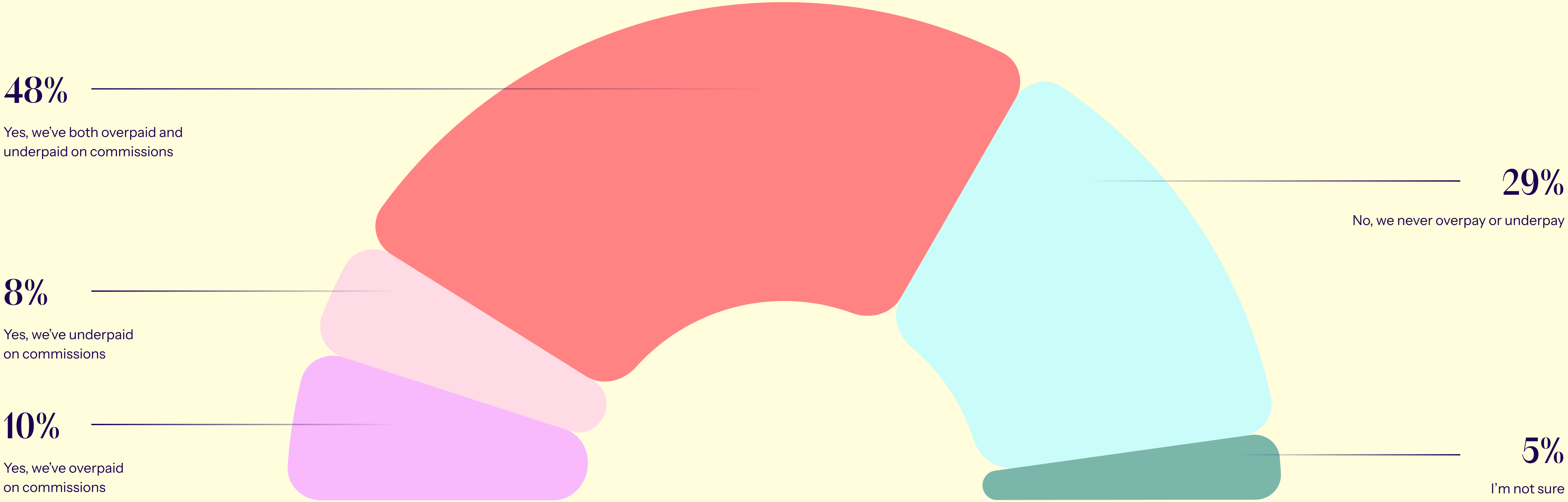
43%

of revenue teams have **improved their accuracy in the past year with better tech** to reduce payment disputes and errors (part of their ultimate goal of reducing incentive compensation costs).

77%

of companies **are not making it a priority to minimize over- or underpaying sellers,** despite the significant costs and loss of trust that comes with inaccurate commissions.

How Many Comp Teams Have Over- or under-paid on Commissions in the Last Year:



39% Have Increased Automation as a Cost Reduction Strategy in the Past Year

Most leaders agree: automation has the potential to solve many of today's biggest challenges — from improving agility in uncertain markets to enabling faster, more informed decision-making. **In fact, 61% of respondents believe automation would significantly improve their reporting and analytics capabilities.**

But belief hasn't fully translated into action. Only 39% of companies have increased their use of automation to reduce costs this year, exposing a gap between strategic intent and operational follow-through. That disconnect points to a major opportunity: organizations that act now can gain a clear advantage by aligning their compensation processes with modern, scalable technology.

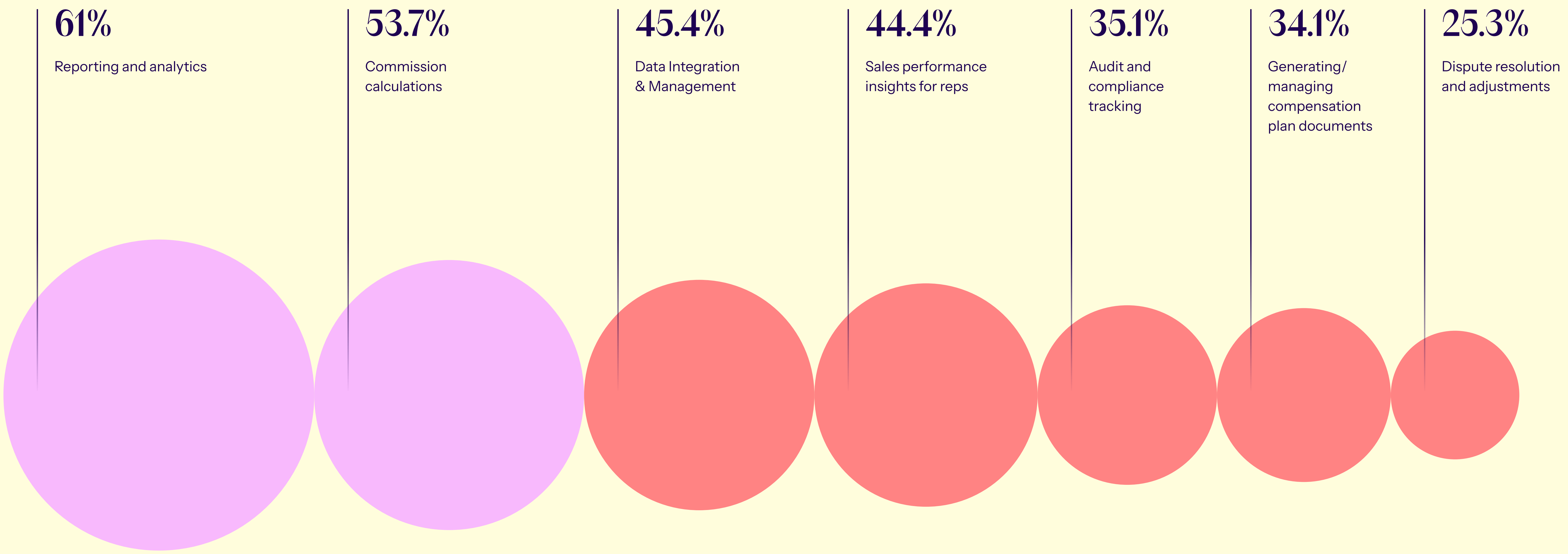
Top-performing teams are already doing this. They're implementing automation not just to eliminate manual work, but to improve the overall return on their compensation investment — through better insights, faster payouts, and reduced risk.

When evaluating solutions, focus on platforms that offer:

- **Robust integrations** to access real-time commission data across your CRM, ERP, HRIS, and other systems
- **Real-time commission processing** that delivers accurate, up-to-date payouts and reduces delays, disputes, and shadow accounting
- **Flexible reporting tools** — from out-of-the-box dashboards to advanced modeling—that surface actionable insights without requiring deep technical expertise
- **Streamlined workflows** that reduce time-to-payroll by automating handoffs, approvals, and downstream processes across teams and systems

Automation isn't just about saving time. It's about enabling smarter, faster, and more scalable decisions across your revenue organization.

Areas of Commission Management That Would Most Benefit From Automation:

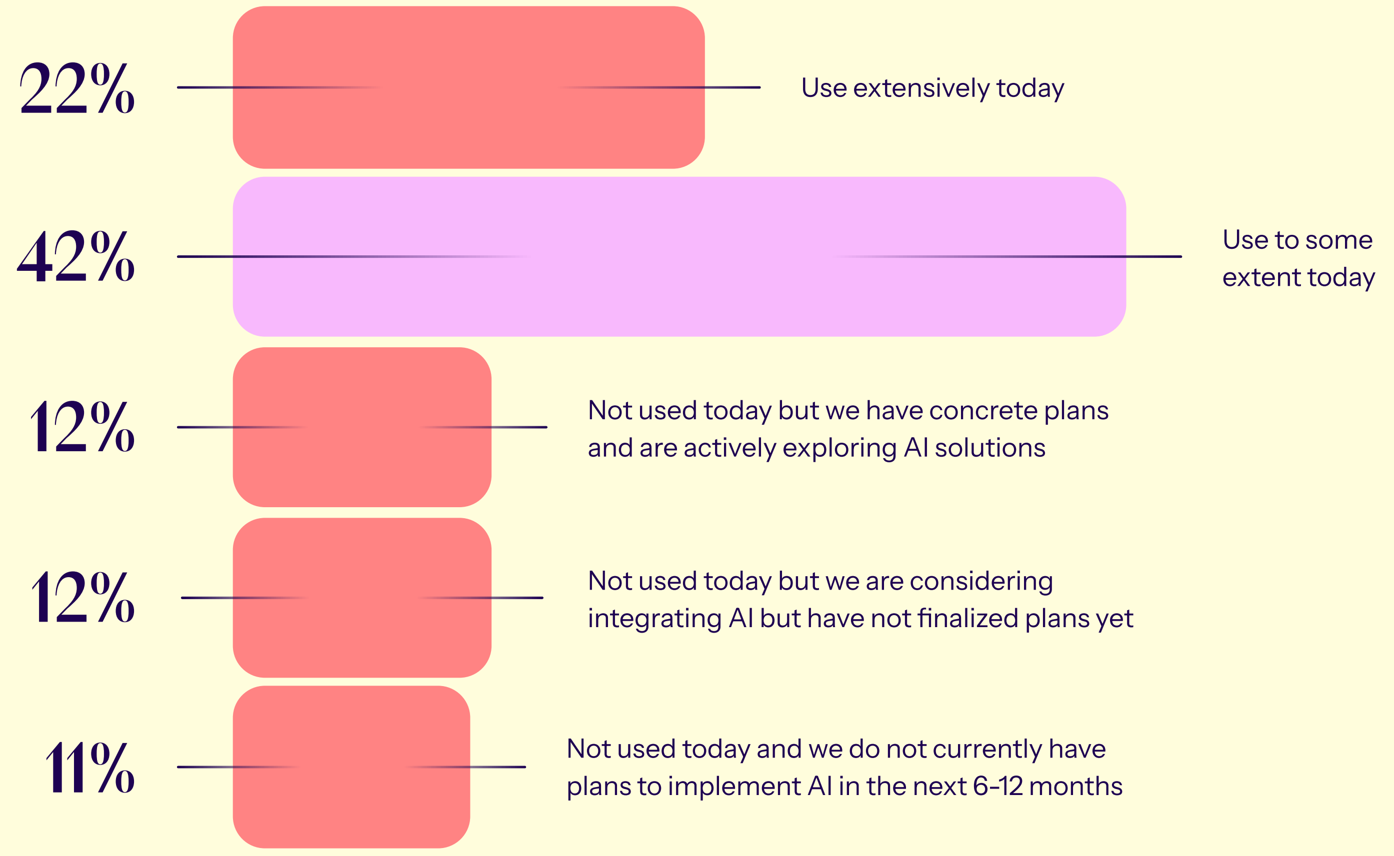


Artificial Intelligence (AI) is an Automation Powerhouse, With 58% Using AI to Automate Manual Tasks

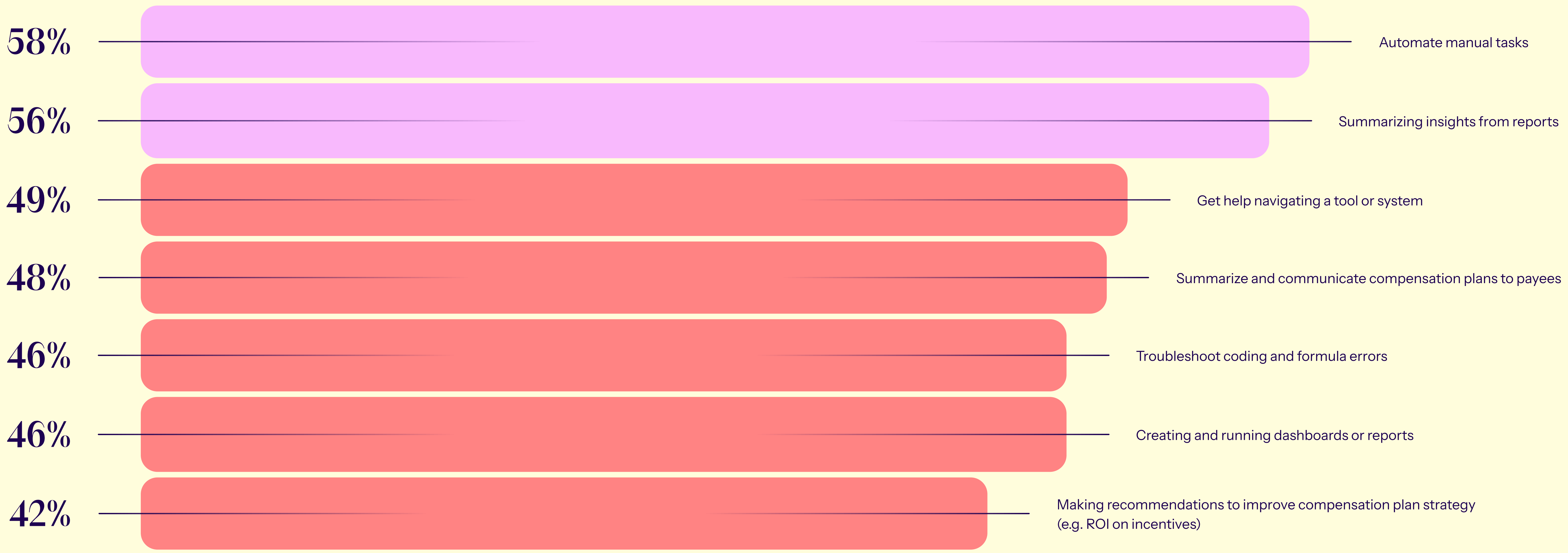
One growing trend in automation and intelligent technology is the use of AI. While many companies still struggle to fully implement automation, those that have embraced AI are already seeing clear benefits, including automating manual tasks, summarizing insights, and streamlining the use of tools and systems.

Leading ICM solutions are implementing intelligence to help further boost the efficiency and productivity of their users, unlock insights and opportunities, and more. **Interestingly, nearly an identical number of companies that use AI use general AI tools and leverage the AI functionality within their ICM software (71% and 67%, respectively).**

How AI is Being Used in Day-to-Day ICM Workflows:



The Most Common AI Use Cases:



WHAT THIS MEANS FOR YOUR BUSINESS:

ICM in Uncertain Times

Modernize how you manage incentive compensation. Too many organizations are still relying on outdated tools and disconnected processes — losing time, making costly errors, and struggling to prove ROI while trying to support growth in volatile conditions.

Reframe inefficiencies as strategic risks. Manual processes and limited visibility don't just slow your team down—they prevent you from adapting quickly, scaling effectively, and building trust across the business.

Adopt the practices of top performers. Leading companies are reducing manual workload with automation, investing in infrastructure that can scale, and using AI to surface insights and optimize strategies in real time.

Treat incentive compensation as a growth lever, not a back-office task. Prioritize automation in your highest-friction areas — like reporting, calculations, and data integration. Build the business case by connecting comp performance to broader revenue outcomes. And don't wait for the perfect moment — scalable systems are easiest to implement before inefficiency becomes a blocker.

"ENSURING TIMELY AND ACCURATE CALCULATIONS IS ALWAYS THE TOP PRIORITY. BUT TO GET THERE, YOU NEED A WELL-ORGANIZED AND AGILE PROCESS. SINCE THE ONLY CONSTANT IN VARIABLE COMPENSATION IS CHANGE, WE FOCUS ON CENTRALIZING DATA WHERE POSSIBLE, VALIDATING DATA SOURCES, REDUCING MANUAL TASKS, AND ENSURING CLEAR DOCUMENTATION."

TATIANA SILVERMAN

VP of Compensation and HRIS at Nolan Transportation Group, on the Multiplier

FUELING GROWTH WITH SMARTER INCENTIVE STRATEGIES

Illustration by Sophi Miyoko Gullbrants

Especially in uncertain times, incentive compensation remains one of the most reliable levers to drive growth — aligning rewards to performance, cross-functional priorities, and long-term impact.

In fact, the most forward-thinking teams are expanding the power of incentives beyond sales, analyzing performance and adjusting plans as needed, and aligning incentives directly to growth.

Fast track to key takeaways →

59% of Companies are Prioritizing Incentives as a Lever to Support Business Growth

The most effective incentive compensation programs today aren't just paying for performance — they're fueling growth. Nearly 60% of companies say they're using incentives to advance high-priority business initiatives like customer acquisition and revenue acceleration. Among those most confident in their plans, the link is even stronger: 61% say incentives directly support customer acquisition and conversion goals.

It's clear that more confidence comes with more alignment. Top-performing companies are connecting their comp strategy directly to business outcomes — and seeing results.

Confidence Linked to Growth-driving Incentives:

61%

61% of leaders that are **very confident** that their incentive plans drive desired behavior are using incentives to **improve customer acquisition and conversion rates.**

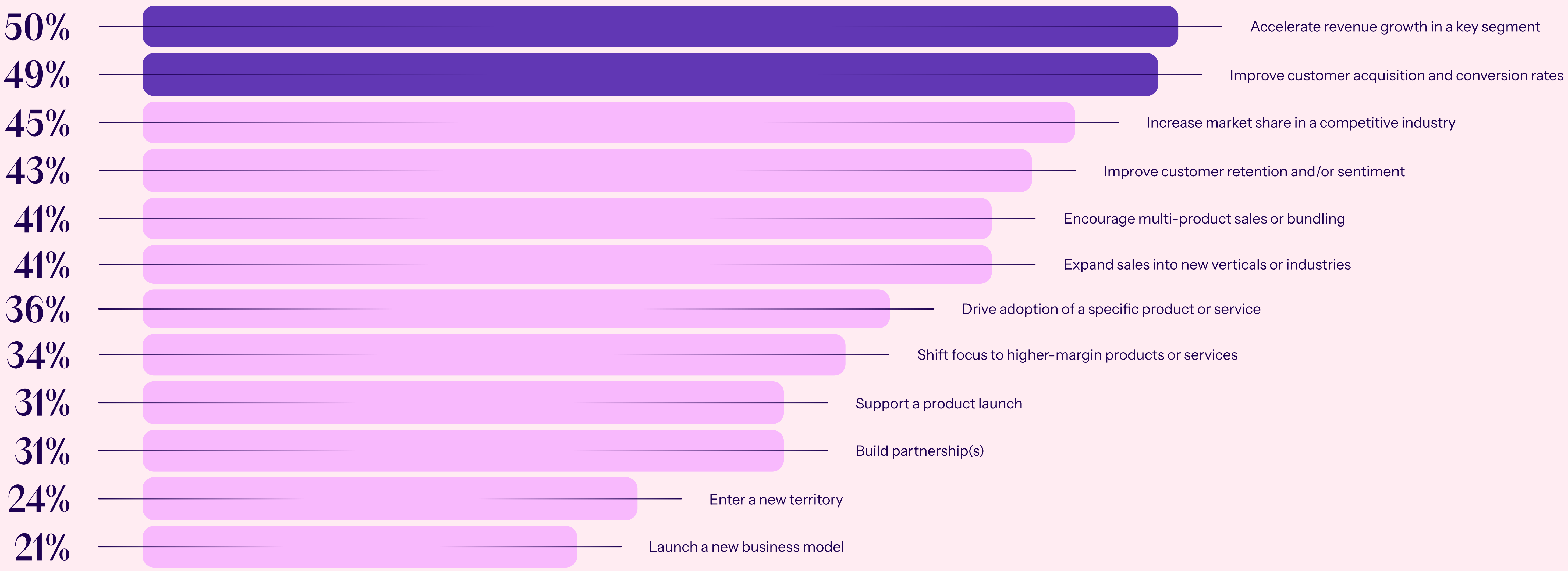
With five of the six top investment areas for revenue teams focused on growth — like cross-sell, upsell, and new customer segments — incentive compensation is also emerging as a critical lever to focus teams and drive execution across functions:[1]

- **Cross-selling/up-selling (68% of respondents)**
- **Expanding new product offerings (57% of respondents)**
- **Investing in tech/AI (57% of respondents)**
- **Pursuing new customer segments (52% of respondents)**
- **New revenue/pricing models (48% of respondents)**
- **Pursuing new channels (47% of respondents)**

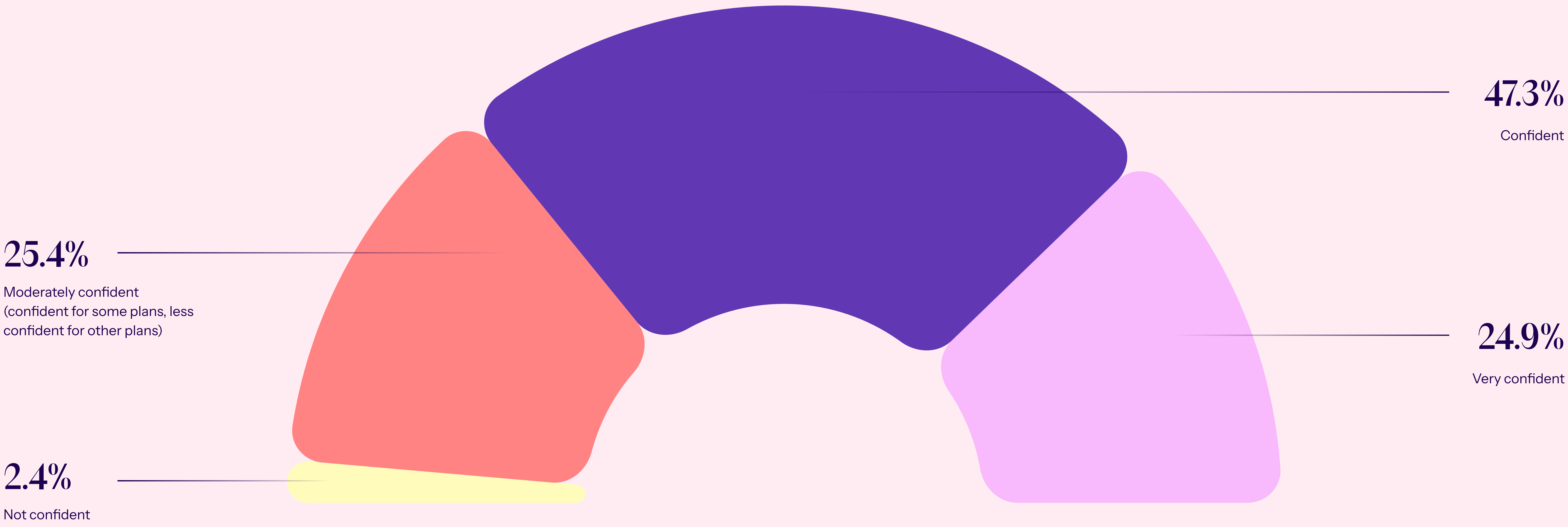
To fuel efficient growth, leading companies start by aligning with the business's top strategic priorities — then design, implement, and monitor incentive programs that directly support those goals. They focus on driving high-impact behaviors, reducing distractions, and keeping teams focused on what matters most.

1. 2025 Sales Pulse Survey, The Alexander Group

How Incentives Have Helped Organizations Achieve a Strategic Goal:



Level of Confidence That Incentive Plans are Effectively Driving Desired Sales Behaviors:



Reviewing and Adjusting Plans More Frequently Linked to Higher Revenue Growth

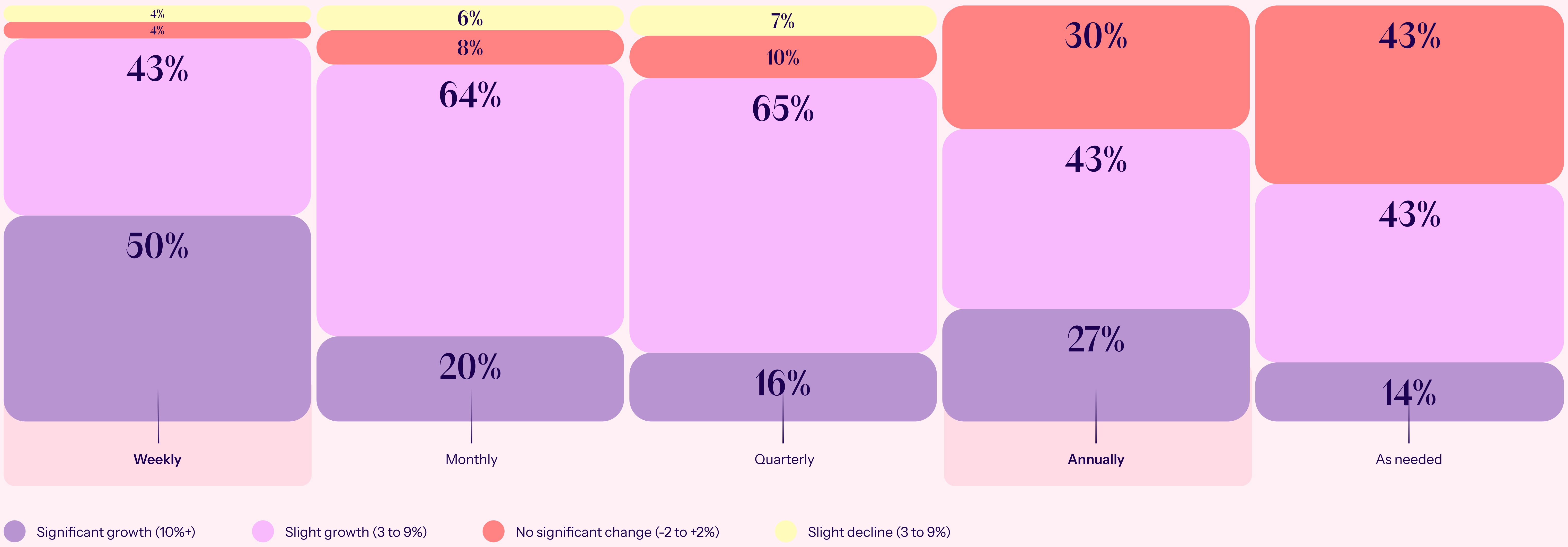
43% of compensation teams are reviewing their incentives quarterly—the most common cadence among respondents. Interestingly, fewer are actually making changes at that same pace: only 35% say they adjust incentives quarterly, while a nearly identical share (36%) still make adjustments annually. These adjustments can include changes to quota thresholds, plan mechanics (like accelerators or kickers), shifting incentive weights across KPIs, or expanding eligibility criteria to support evolving roles and strategies.

The gap between how often compensation teams review incentives and how often they adjust them highlights the importance of optimization — not just analysis. While regular performance analysis is important, it only creates value when it drives meaningful change. Without consistent optimization, incentive programs can become outdated—misaligned with evolving business goals, sales motions, or market conditions.

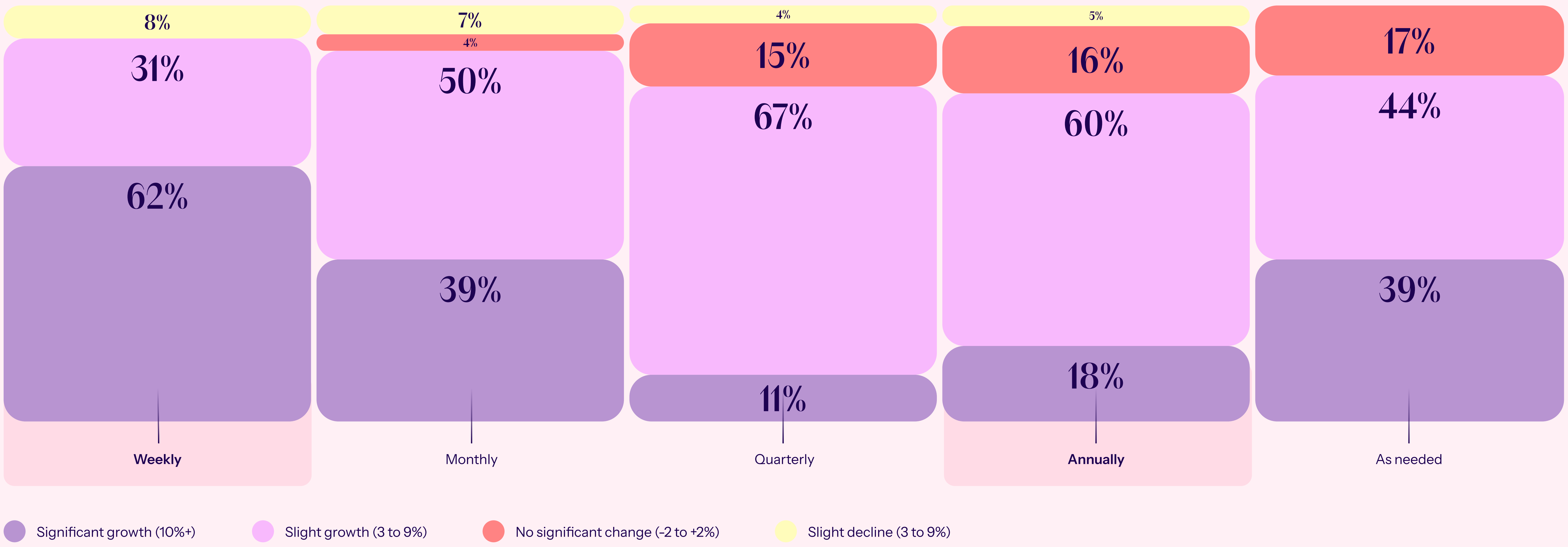
And the data speaks loud and clear: speed matters. **Companies that review performance weekly have almost double the significant growth compared to those reviewing incentives annually. And those businesses adjusting weekly have over 3x the significant growth of annual adjusters.**

What sets top performers apart isn't just how often they check the numbers — it's how quickly they act on them. Agile teams treat incentive optimization as an ongoing process, not a once-a-year exercise. That responsiveness allows them to stay aligned with strategy, adapt to changing seller behavior, and unlock better results, faster.

Frequency of Reviewing Incentives:



Frequency of Adjusting Incentives:



Motivating More Departments With Expanded Incentive Plans

More organizations are realizing that the benefits of incentive pay can apply to departments beyond traditional sales roles, and expanding their programs across more teams to drive alignment, motivation, and accountability company-wide. **A whopping 72% expect to adopt incentive plans for new department(s) in the next couple years.**

Highly aligned companies are 72% more profitable and grow revenue 58% faster — proof that shared goals and incentives drive results[2]. **And 81% of employees prefer some form of performance-based pay —underscoring how incentives can motivate ambitious talent across departments.**

The most-common departments ***expected*** to use incentive compensation plans beyond sales in the next couple years include:

1. **Customer Success/Customer Experience** (26% plan to expand, coupled with 38% that currently use incentives)
2. **Marketing/Advertising** (24% plan to expand, coupled with 29% that currently use incentives)
3. **Customer Service/Suppor**t (20% plan to expand, coupled with 36% that currently use incentives)

2. LSA 3x Organizational Alignment Research, LSA Global

Motivating More Departments With Expanded Incentive Plans

When expanding incentive plans to non-sales roles, consider department-specific compensation models, such as:

Net Revenue Retention (NRR) Commission-Based Structure

The core principle of commission-based structures for Customer Success Managers (CSMs), for example, is measuring results within their control. One popular approach is Net Revenue Retention (NRR)-based commission, where CSMs earn a commission based on their performance against an NRR target for their particular book of business. This model directly ties compensation to the financial impact of customer relationships.

Team-Based Incentive Structure

The core principle of team-based incentive structures is rewarding collective outcomes rather than individual performance alone. One common approach involves shared compensation tied to team-level KPIs — such as total bookings, regional attainment, or cross-functional goals like customer satisfaction or deal velocity. This model encourages collaboration across sales, marketing, and customer success, helping eliminate internal competition and aligning incentives to broader business objectives.

Activity Bonus Plans

Activity bonus plans are often applied in early-stage companies or situations where revenue causality is unclear. These plans reward CSMs for completing specific high-value activities that are believed to drive customer success and retention.

For instance, a company might offer bonuses for conducting Quarterly Executive Business Reviews (QBRs/EBRs) with clients. These activities have a short-term focus and can be easily adapted as the company's needs change. Activity bonuses are typically viewed as a temporary measure until better revenue metrics can be developed and implemented.

75% of Sales Roles are Measured Against Revenue Generated

Strategically, the most-common metric in compensation plans maps to the No. 1 business priority: growth. 75% of sales roles are measured against revenue generated (the No. 1 metric for sales roles).

According to our recent Sales Compensation Benchmarks, sellers are focused on 2-3 metrics, on average. Per our survey, the Top 3 metrics for sales roles include:

- Revenue - 75%
- Account renewals - 59%
- Account upsells - 58%

Yet, other key trends beyond strictly revenue generation are taking shape as it pertains to sales compensation metrics. For example, 40% of businesses measure pipeline generation goals and 46% measure customer satisfaction scores. Couple those metrics with revenue generated, and we find that businesses are focusing seller attention across the customer journey — from prospect to lifelong customer.

Further, 56% of sellers are measured by overall team performance, aligning with the notion that group performance pay has been found to increase productivity by as much as 18% in some cases[3].

75%
Revenue

59%
Account renewals

58%
Account upsells

3. "Performance-related pay and productivity," IZA World of Labor

58% of Non-Sales Roles are Measured Against Overall Team Performance

While revenue — and, as an extension, growth — are still key factors for non-sales roles, these departments are also measured by task-specific metrics, such as:

- Overall team performance - 58%
- Revenue - 52%
- Customer satisfaction scores - 44%

For non-sales roles, metrics are focused on either customer longevity and health, like customer satisfaction (44%), product usage (28%) and account renewals (22%); efficient growth, like revenue (52%) and gross margin (39%); or progress toward goal completion, like team performance (58%) and MBOs (40%).

58%

Overall team performance

52%

Revenue

44%

Customer satisfaction scores

Considering Up-and-Coming Trends in Plan Metrics

While revenue and team performance continue their stronghold as important metrics for compensation plans, the following metrics are gaining popularity for their effectiveness and timeliness in today's sales market.

Management By Objectives (MBOs)

- 31% use this metric to measure sales performance
- 40% use this metric to measure non-sales performance

What is Management By Objectives?

A strategic management approach in which specific, measurable goals are collaboratively set between managers and employees, aligning individual objectives with overall organizational goals. Progress is regularly reviewed, and performance is measured against these agreed-upon objectives to drive accountability, engagement, and results.

When Should I Use Management By Objectives?

- **Use MBOs when quota-setting is difficult** — such as in multi-year sales cycles where deal timing is unpredictable.
- **Focus on critical, non-revenue activitie**s — like hitting key milestones that influence the sales process but don't directly tie to closed revenue.
- **Apply MBOs in market development scenarios** — where efforts like speaking at trade shows or building brand presence are valuable but hard to attribute to revenue.
- **Treat MBOs as check-the-box goals** — clear, binary tasks that support long-term strategy but fall outside traditional performance metrics.

Consumption-based Compensation

- 25% use this metric to measure sales performance
- 28% use this metric to measure non-sales performance

What is Consumption-based Compensation?

When salespeople are rewarded based on the customer's actual usage — or consumption — of a product or service, rather than simply for closing the sale or reaching a revenue target. In this model, compensation is directly tied to how much value the customer derives from the product over time.

When Should I Use Consumption-based Compensation?

- **Use consumption-based compensation** to align sellers with long-term customer success and value realization.
- **This model works well when revenue is tied to product usage** rather than upfront contracts or fixed pricing.
- **It encourages reps to stay invested post-sale**, ensuring they support ongoing adoption and retention.
- **Companies offering AI solutions** may find this approach aligns well with how value is delivered — through trackable user-level inputs, data usage, and processing.

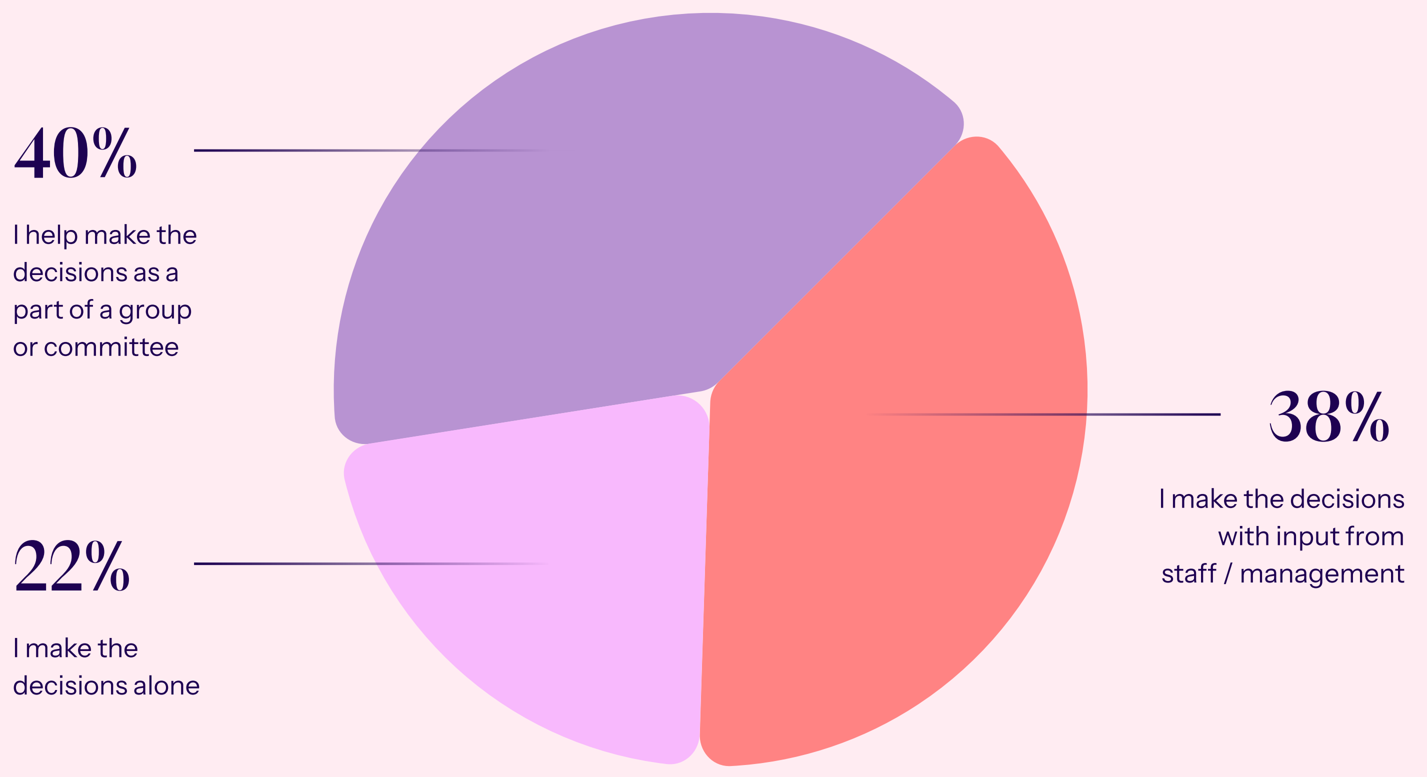
78% of Teams Consider Incentive Compensation Management a Group Effort

Incentive compensation is a cross-functional effort. In fact, only 22% of leaders make decisions about their ICM software alone. The rest either make decisions with staff input (38%) or by committee (40%). This group approach reflects the cross-functional nature of ICM.

When HR, finance, operations, and sales all contribute to the process, the result is a more strategic and inclusive program — one that reflects company-wide goals rather than siloed metrics. This collaboration not only drives better alignment, but also improves employee trust in the fairness and relevance of the incentive structure.

It also makes sense: as more departments adopt incentive pay models, their voices need to be included in decision-making. A well-rounded process ensures that incentives are achievable, motivating, and tailored to the needs of a broader range of contributors.

How Compensation Professionals Make Decisions Regarding the Selection of ICM Solutions:

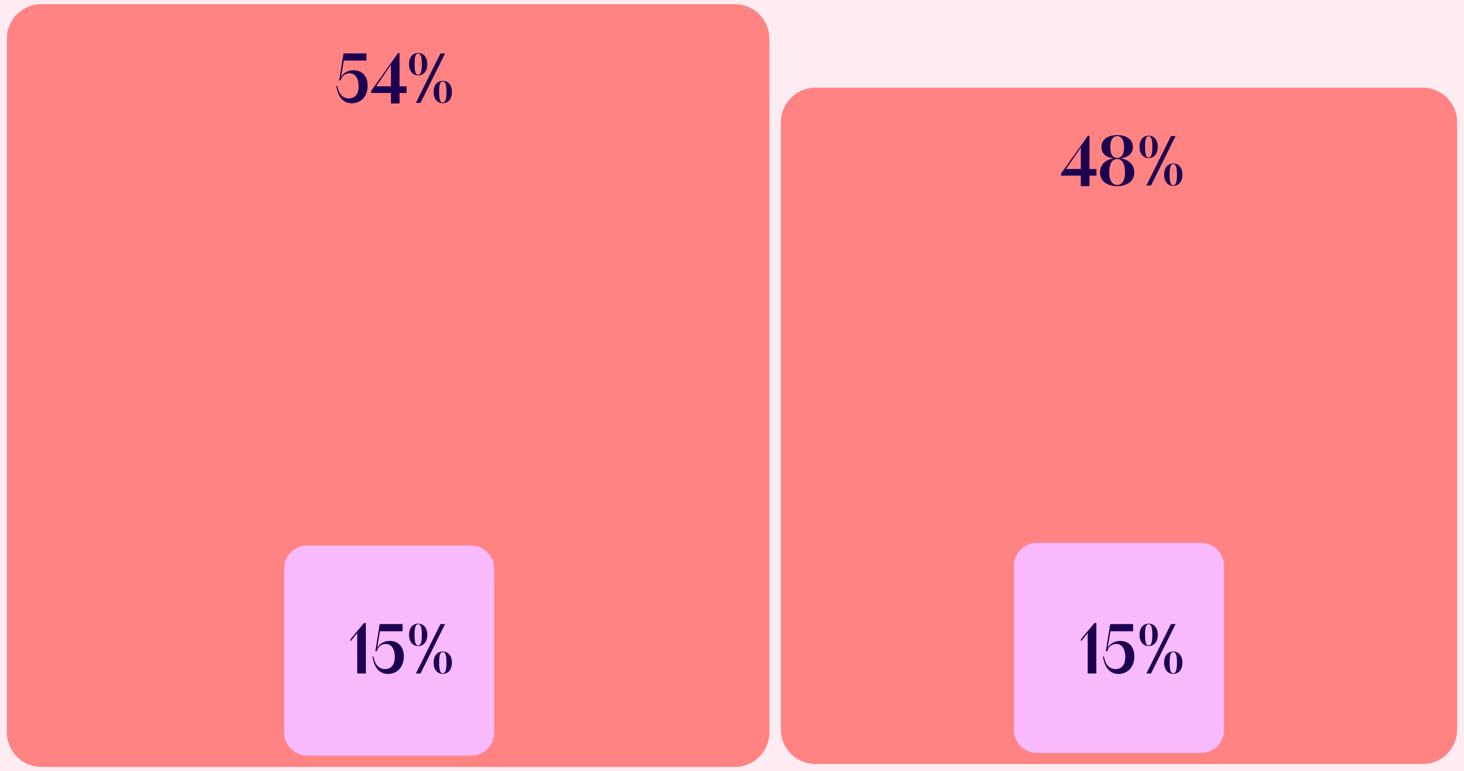


Confidence and Preparedness Increase With Standalone Decision Making:

Surprisingly, solo decision makers have significantly greater confidence in their incentive programs:

- 54% of standalone decision makers say they're very prepared for market volatility (vs. 15% of those that make decisions via committee).
- 48% of standalone decision makers say they're very confident in the effectiveness of their incentive plans (vs. 15% of those that make decisions via committee).

What explains this gap? It may reflect the speed and clarity that comes with individual authority — without the complexity or compromise that can come from group decision-making. **Or it may point to risk: decisions made in a vacuum may *feel* more efficient, but risk missing key inputs that improve program effectiveness over time.**



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WHAT THIS MEANS FOR YOUR BUSINESS:

Incentives Fuel Scalable Growth

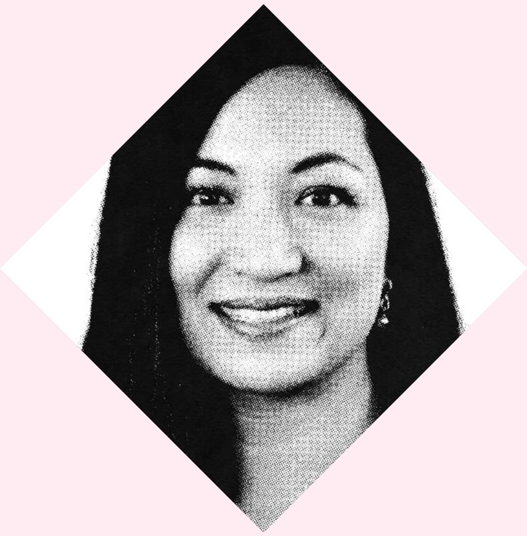
Evolve your incentive strategy beyond sales. Top-performing companies are using smarter compensation to align teams, drive outcomes across the entire customer journey, and increase agility in how they plan, measure, and motivate.

Use incentives to reinforce the behaviors that matter most. As growth strategies shift, teams that regularly optimize plans, collaborate across functions, and apply role-specific metrics gain a clear advantage.

Expand your programs to reflect how work creates impact. Leading teams are adjusting plans more often, extending incentives beyond sales, and tailoring compensation to outcomes like retention, upsell, and customer success.

Build smarter, more flexible programs that go beyond quota. Make sure incentive design is a cross-functional effort, not a siloed task. Review and optimize plans more frequently, and align your metrics to specific roles and goals. Whether you're incentivizing qualified pipeline generation, customer satisfaction, or product usage, the opportunity lies in rewarding what drives lasting growth — not just what's easy to track.

"REVENUE IS NOT A BATON RACE ANYMORE – IT'S NOT JUST MARKETING HANDING OFF TO SALES, WHO THEN HANDS OFF TO POST-SALES. IT'S MORE OF A SOCCER GAME – EVERYBODY STAYS INVOLVED. AND WHAT BETTER WAY TO DRIVE ALIGNMENT THAN THROUGH PAY AND INCENTIVES? THAT WAY FOLKS SHARE A COMMON GOAL, AND THEY'RE ALL WORKING TOWARDS THE SAME OUTCOMES AND THEY GET REWARDED FOR IT."



ROSALYN SANTA ELENA

VP of GTM Operations
at SingleStore,
on the Multiplier

INCREASING VISIBILITY TO BRIDGE THE TRUST GAP


Illustration by Sophi Miyoko Gullbrants

Incentive compensation works best when it's clearly understood — but many organizations still face friction caused by gaps in data accuracy, visibility, and communication.

As teams look to improve revenue results, trust and transparency become critical with teams looking to AI and real-time insights to reduce confusion and surface what matters most.

Fast track to key takeaways →

35%

of companies struggle with a **lack of transparency for sales representatives** about how incentive compensation is calculated.

A lack of transparency in how incentive compensation is calculated can erode trust and motivation within the sales team — and 35% of companies are facing this challenge.

When sales reps don't clearly understand how their earnings are determined, it can lead to confusion, disengagement, and misaligned efforts.

Improving visibility into compensation structures and calculations not only boosts morale, but also drives performance by helping reps focus on the behaviors and goals that truly impact their earnings.

Only Half of Revenue Teams Provide Real-time Performance Tracking to Reps

Real-time visibility isn't just a nice-to-have — it's a key driver of seller confidence, motivation, and performance. Yet only **52% of companies provide reps with real-time tracking** of their performance, and just **50% offer visibility into current and potential earnings**. That leaves nearly half of organizations missing a critical opportunity to improve transparency and trust.

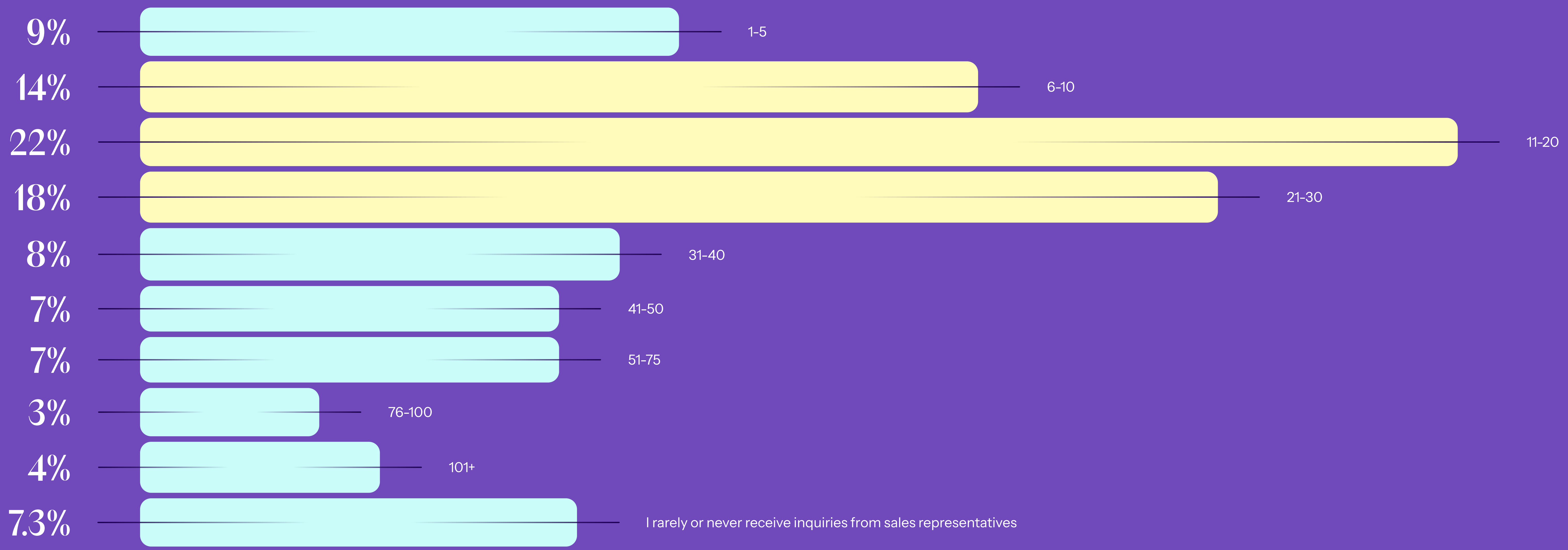
Without this visibility, reps are left guessing about their standing — and compensation teams are paying the price. Nearly **80% of teams receive more than 10 sales rep inquiries per pay period**, with some fielding **50+ questions every cycle**. These constant clarifications consume time, erode seller focus, and signal a deeper issue: reps don't understand how they're being paid or how to influence their outcomes.

Frequent payout disputes and confusion around earnings reflect deeper issues in comp accuracy. **Still, fewer than 1 in 4 companies are actively prioritizing efforts to reduce over- or underpayment** — despite the clear connection to trust, risk, and rep morale.

Top-performing teams are solving this by investing in real-time dashboards, automated insights, and better communication. When reps can clearly see how they're performing, what they're earning, and how to improve, they engage more fully — and spend more time selling, not shadow accounting.

Visibility Provided to Sellers on Incentives:

Inquiries Received Per Pay Period:



55% of Businesses Say AI Has Improved Real-time Visibility for Sellers

AI is transforming how companies manage incentive compensation — especially when it comes to improving real-time visibility and insight delivery. Over half of respondents say AI has helped surface key performance data for reps, allowing them to better understand how they're tracking against goals, forecast earnings, and identify course-correction opportunities earlier.

> In some cases, [AI is] not necessarily replacing or completely writing from scratch what an administration person would communicate to a sales rep. Instead, it's just giving them a piece of text that's 80% of the way there that they can then modify and share with a sales rep. So, it increases their ability to service questions by maybe 50% in terms of their efficiency, and it standardizes the way that they're interacting with salespeople.
>
> — **Davis Giedt,** Director, Analytics & Research Practice at The Alexander Group

How Using AI in ICM is Impacting Business:

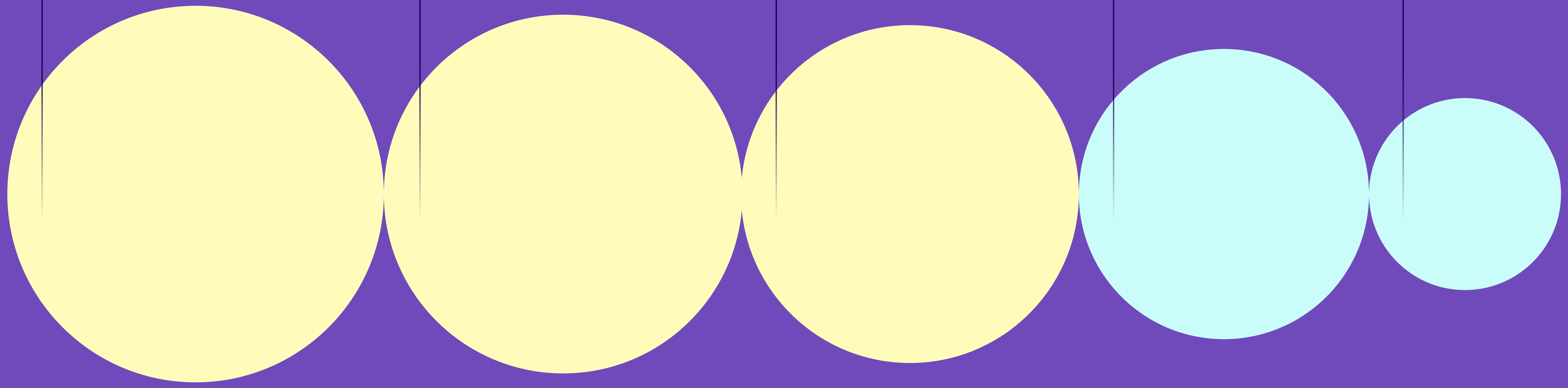
61%
Reduced time spent on administrative tasks

58%
Increased accuracy in commission calculations

55%
Improved real-time visibility for sales teams

47%
Improved access to data insights

31%
Reduced inquiries from reps



WHAT THIS MEANS FOR YOUR BUSINESS:

Bridging the Trust Gap

Prioritize real-time visibility across the comp experience. When sellers and managers lack insight into earnings and performance, it leads to confusion, reactive management, and a constant stream of inquiries for your comp team.

Make transparency a core part of your incentive strategy. When reps don't understand how they're being paid, motivation drops and alignment breaks down—costing time, trust, and performance across the board.

Empower your sellers with the clarity they need to succeed. When reps can track their performance and earnings in real time, they stay engaged, motivated, and aligned with your business goals.

Audit where your sellers are losing clarity — whether in plan design, payout visibility, or performance tracking. Then invest in tools that provide real-time updates, standardized communication, and accessible insight delivery. The payoff isn't just trust — it's better performance, fewer errors, and more confident teams.

"STAY IN REGULAR CONVERSATION WITH SALES. STAY CLOSE TO WHAT'S HAPPENING IN THE FIELD. AND BE WILLING TO ITERATE. YOU DON'T NEED PERFECTION — YOU NEED CLARITY, TRUST, AND ALIGNMENT. IF YOU HAVE THOSE, YOUR COMP PLAN BECOMES A REAL GROWTH ENGINE, NOT JUST A MONTHLY HEADACHE."

VITO BRANDLE

VP of Finance & Operations
at Abnormal Security
on the Multiplier

MAKING THE BUSINESS CASE FOR CHANGE


Illustration by Sophi Miyoko Gullbrants

For many compensation professionals, the need to modernize incentive compensation is clear – but securing leadership buy-in can often prove challenging.

While cost savings can help make a compelling case, the risks of not innovating are greater than many leaders recognize.

Fast track to key takeaways →

Get Leadership on Board to Improve Systems and Scale Smarter

One of the biggest blockers to improving incentive compensation is executive buy-in. More than one-third of incentive compensation teams say they struggle to find an internal champion, with **36% citing a lack of support for upgrading their current system** — making it the third most common ICM challenge.

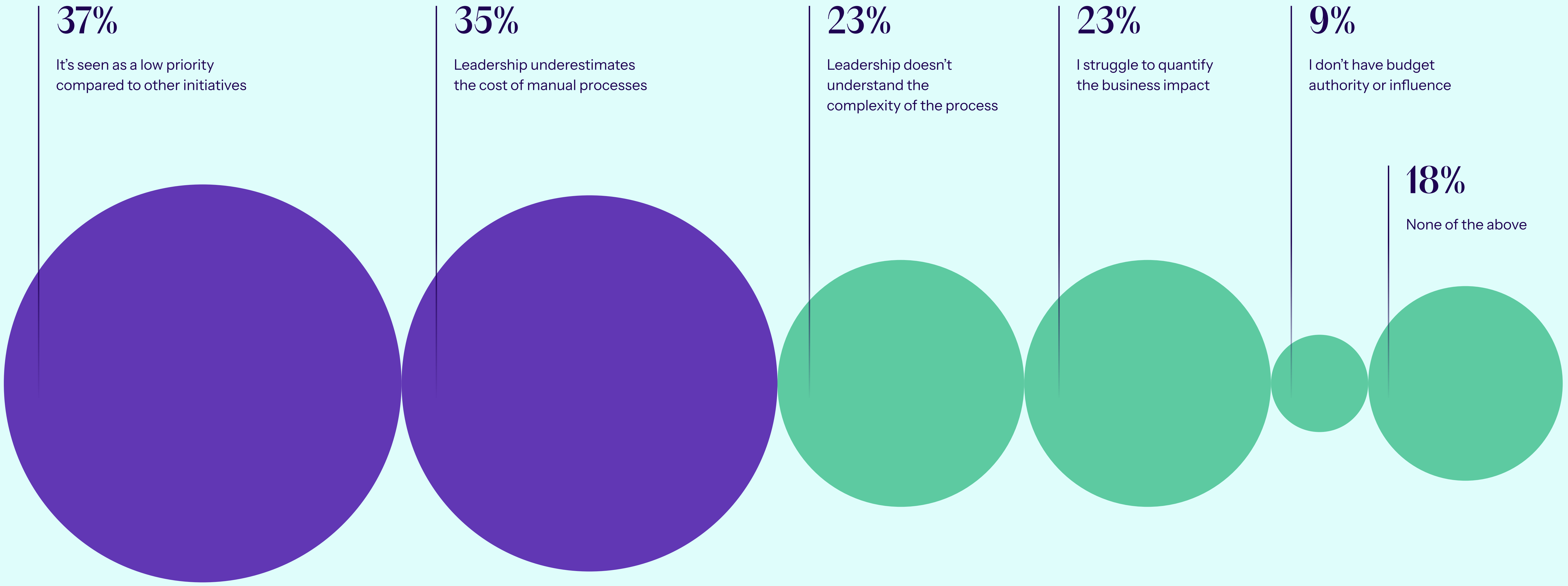
But here's the catch: many of these same teams also report issues with automation, efficiency, and accuracy — all of which can be significantly improved with the right innovative platform. Without leadership support, the path to better tools, streamlined processes, and measurable ROI stalls out.

So how can you make the case? It starts with clarity and data:

- **Quantify the ROI.** What's the current cost of your compensation process—in labor, hours, accuracy, and friction? Compare that to the investment in a system that can automate payouts, reduce errors, and free up strategic bandwidth.
- **Tie ICM improvements to business goals.** Frame your proposal in terms of what the company already values: revenue growth, operational efficiency, seller experience, or audit readiness.
- **Define the levers that matter.** Whether it's reducing payout cycles, increasing accuracy, or automating plan updates—make sure your proposal shows what success will look like.

You're not just asking for new software. You're showing how better ICM infrastructure enables the business to move faster, scale smarter, and invest more effectively in its people.

Challenges Faced When Advocating for a Better Commissions System:



Cost Savings Resonate With More Than Half of Leadership Teams

When it comes to gaining executive buy-in for a better incentive compensation system, some arguments stand out more than others. Cost savings lead the way — resonating with 53% of leadership teams — followed closely by alignment with strategic goals, revenue impact, and improved visibility.

This means revenue leaders need to make a focused, high-impact case that speaks to what leadership values most.

The strongest business cases typically emphasize three things:

- **Strategic alignment.** Position incentive compensation as a growth lever, not a cost center—one that motivates sellers to focus on high-priority outcomes.
- **Efficiency and cost reduction.** Show how a better ICM system cuts time spent on manual tasks, reduces errors, and lowers operational overhead.
- **Improved data and insight.** Connect ICM improvements to better visibility, faster adjustments, and more agile decision-making.

With **78% of revenue leaders making program decisions collaboratively**, it's more important than ever to shape a use case that resonates broadly across the business — not just with finance, but with sales, ops, and HR too.

Arguments That Resonate Most with Leadership When Making the Case for a Better Incentive Compensation System:

WHAT THIS MEANS FOR YOUR BUSINESS:

The Case for Change

Make executive alignment a top priority. Even when the pain is clear — inefficiency, inaccuracy, and lack of automation — many comp teams still struggle to gain buy-in for better systems. To move forward, connect the urgency of these issues to broader business goals.

Secure executive buy-in for ICM systems that unlock scale. Without the right infrastructure in place, comp teams remain stuck managing manual tasks and chasing fixes — instead of enabling agility, alignment, and growth.

Reframe the conversation to resonate. Executives respond to cost savings, efficiency, and strategic clarity. Build your case around what they care about — because the strongest signals for change come from the teams that track and communicate real-time impact.

Quantify your current state, link improvements to strategic priorities, and define the outcomes that matter most. Don't just pitch a tool — show how ICM transformation fuels business growth, reduces risk, and empowers teams across sales, finance, and ops to do their best work.

KEY TAKEAWAYS

Driving Strategic Growth With Your Incentive Compensation Program

Improving your incentive compensation program can feel daunting—but tackling inefficiencies head-on is where real impact begins. With the right strategies in place, the effort pays off in clarity, alignment, and sustainable growth.

Key Takeaways From our 2025 State of Incentive Compensation Survey Findings

Best-in-class incentive compensation programs effectively motivate sellers, align teams around business objectives, and, ultimately, unlock growth, productivity, and efficiency.

These programs are taking advantage of this year's trends, including the need to:

- **Align incentives with business strategy – not just sales goals.** Your compensation plans should reinforce what the business cares about most—whether that's efficient growth, customer retention, or expansion into new markets. When incentives are tied to strategic outcomes, seller behavior naturally follows.

- **Review — and optimize — plans more frequently.** Frequent reviews and real-time adjustments to incentive plans are linked to significantly higher growth. Agile teams don't wait—they adapt incentives proactively to reflect shifting priorities and performance trends.

Expand incentive plans to drive cross-functional impact. Incentives aren't just for sales roles. When structured correctly, incentives can motivate high-value behaviors across customer success, marketing, and more.

Modernize your metrics to reflect long-term value. Incorporating incentives tied to team performance, customer satisfaction, and product usage can better capture the outcomes that drive loyalty, adoption, and scalable growth.

Build your program collaboratively to increase alignment and trust. Involving HR, finance, sales, and operations ensures your plans are accurate, achievable, and aligned across the org. Cross-functional input leads to smarter design—and stronger adoption.

Provide real-time performance tracking to boost seller performance. Sellers need clarity. When they can track their performance and earnings in real time, they're more motivated, confident, and productive—while your comp team fields fewer questions and gains back valuable time.

Build a clear business case to unlock leadership buy-in. Cost savings, data visibility, and strategic alignment are what resonate most with executive teams. Quantify current inefficiencies, define success metrics, and show how ICM investments fuel growth at scale.

Incentive compensation is no longer just an administrative concern — it's a powerful, often underutilized lever for driving efficient, scalable growth.

Yet as our *2025 State of Incentive Compensation Management Report* reveals, most organizations are still navigating the complexities of evolving their programs for the modern era. With limited automation, unclear ROI, and persistent challenges around data accuracy and visibility, many compensation teams remain stuck in reactive mode — unable to fully support their company's growth ambitions.

But there's a clear path forward. The most forward-thinking teams are redefining incentive compensation as a strategic function: expanding plans beyond sales, reviewing performance more frequently, and investing in AI and real-time insights to increase transparency and trust. These changes aren't just operational improvements — they're business imperatives that help unlock agility, motivate teams, and tie performance directly to what matters most.

As incentive compensation sits at a crossroads, one thing is clear: the organizations that treat incentive compensation as a growth catalyst — not just a cost center — will be best positioned to adapt, scale, and thrive in an unpredictable market.

CaptivateIQ

CaptivateIQ offers the most flexible way to automate commissions, motivate Go-To-Market teams, and captivate leaders with robust reporting and insights. Our innovative platform helps companies automate the administration, calculation, reporting, analysis, and management of even the most complex, variable-based commission plans. It is the only sales commission platform that can centralize and enrich data from disparate data sources into one powerful platform while also providing unbeatable flexibility and scalability to meet the needs of your organization.

Leading companies such as Carta, Gong, and Intercom rely on CaptivateIQ for their sales commissions processes to drive faster close times, reduce costly payout errors, and maximize sales performance.

To learn more, visit CaptivateIQ.com and follow CaptivateIQ on LinkedIn.

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