

Combination Plans As noted earlier, some form of combination pay plan is used to compensate the majority of all sales forces. The incentive portion should be larger when a company is trying to increase its sales or gross margin, especially in the short run. The salary element should be larger when management wants to emphasize customer servicing, a fully balanced selling effort, or team selling. Combination plans introduce a component that we have not yet discussed—namely, a bonus. The word bonus is probably the most loosely used word in the compensation vocabulary. As a result, it is sometimes difficult to accurately assess the extent to which it is used in pay plans. Most of the combined plans fall within the following three categories: o o o Salary plus commission Salary plus bonus Salary plus commission and bonus In a combination pay plan, what portion should be incentive and what portion salary? The incentive portion in combination plans is most often in the 40 percent range.