

Recently, commission-based salespeople got a pretty hard time from the [Royal Commission investigation into the banking and insurance sector](#).

I haven't taken a salary for 30 years.

For the 30 years-plus that I have been selling, I have never once taken a salary.

In other words, if I did not sell, I did not survive, feed my family, or build my business.

I sold on results and commission, and I still do. However, that's me.

I thought it might be useful to explore other ways to reward success.

### **Why you shouldn't pay your salespeople commission**

There are actually two other ways to reward success, and one to keep your clients loyal.

If you are thinking of a selling career, in my experience there are 3 sales types.

1. Commission Sales
2. Relationship Sales
3. Service Sales

Over the course of this article, I will go into the pros and cons of each.

Let me firstly set this straight; selling is a career, and there are many professionals (and businesses) that rely on selling to make a living.

It's the greatest profession in the world and might be one of the oldest.

Nevertheless, millions of people struggle with it, and refuse to acknowledge that they are sales people. In fact, many quiver in their boots at the very mention of the word – selling.

Let's dive into the difference between these three types.

#### **1. Commission Selling**

What is commission selling? I define commission salespeople as those where all of their income is derived from commission. A share of a sale that has a percentage attached to it, which is paid to them once a sale is complete.

I'll use my old company, NRS Media as an example. My staff were commission-based

sellers who received a range of 10-15% of every sale we made.

In our case, we sold 12-month membership subscriptions to small business advertisers that used a radio, TV or newspaper to advertise their product.

As an example: For small media companies, we created an offer to advertisers with a sale price of \$5,148 over a 12-month period. We got 10-15% gross for that sale.

\$772.20 per year paid (monthly) based on 15%.

On average, we sold 100 of these annual memberships over a two-week period.

Doing the math at 15% x 100 memberships, that means we would sell  $100 \times \$5148 = \$514,800 \times 15\% = \$77,220.00$ .

We would charge the media company  $1/12^{\text{th}}$  of that each month.

The beauty of our business was that we had critical mass over time and relationships with hundreds of radio, TV and newspapers. It took time, but the rolling revenue was pretty good.

That was our model. The con of commission-only is that you have to take the risk upfront, with the rewards paid out based on your performance.

## 2. The next type of sales career is **Relationship Selling**.

This type of job, by my definition, sits alongside the commission sales role, but most have a base salary and a more modest commission structure, or some type of bonus plan.

The pro of this type of selling is that it suits salespeople that work with existing clients and need to build long-term relationships.

Relationship salespeople tend to focus on longer term sales cycles and usually are what we call soft-sellers, or soft-closers.

The challenge with these people is they are often happy with the base salary and therefore do not prospect or go that extra mile.

As a manager, there needs to be a firm expectation of building additional long-term relationships.

### 3. The final sales type is **Service Sales**.

I define a service sales person as one that usually relies more on selling to an existing client.

This is often from a service call or in a retail environment.

These people do not prospect, and generally, they tend to be uncomfortable with that type of approach. However, they are important in the sales environment.

Whatever career you decide to take in sales, it's always good to get some help.

That's why you can get FREE in your inbox every morning for 7 days; [the 7 Day Sale Challenge](#).

[Hop on over here and subscribe.](#)

For more content like this, please make sure to [subscribe to my YouTube channel](#).



**Mike Brunel started [mikebrunel.com](#) after being a successful entrepreneur and founder of NRS Media. He co-founded NRS Media in Wellington, New Zealand, expanded it into a global powerhouse in media sales and training, and was eventually responsible for opening offices in London, Atlanta, Toronto, Sydney,**

**Capetown, and Bogota. He has hired hundreds of salespeople around the world.**

**He made a lot of mistakes when it came to hiring his superstars. Check out his [How to Hire A Super Salesperson Each and Every time](#) - It's packed with tips and ideas on how to hire great salespeople. Don't ever Hire Bad Salespeople Ever Again. Promise!**