

Fundfire

How Do You Reward Sales Team Work?

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QUESTION

What's the best way to structure compensation for a relationship manager who clinches a relationship with key brokerages, as well as the regional wholesalers who form the backbone of the relationship?

Executive, Fund Consultancy, New England

ANSWER



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Both the relationship manager and wholesaler are teammates whose efforts are required to get the job done. The relationship manager does the missionary and ongoing client service work that enables a manager to penetrate a sponsor platform. The wholesaler's asset gathering completes the sales process.

Bonus compensation for both professionals should be performance oriented. In recent years, managers have moved away from purely discretionary bonuses for relationship managers, also known as key account professionals. They sometimes receive a one-time bonus for winning a spot for their firm on a new platform. Furthermore, there's often an ongoing bonus based upon new or retained assets or a payment based upon achieving assets under management targets. For fund wholesalers, commissions are one-time payments based on new assets raised. Separately managed account commissions should optimally be multi-year payments based upon net new assets raised. A bonus can also be awarded based upon total assets in the territory. These last two methods encourage asset retention through ongoing client service.