

Understanding Commission Structures

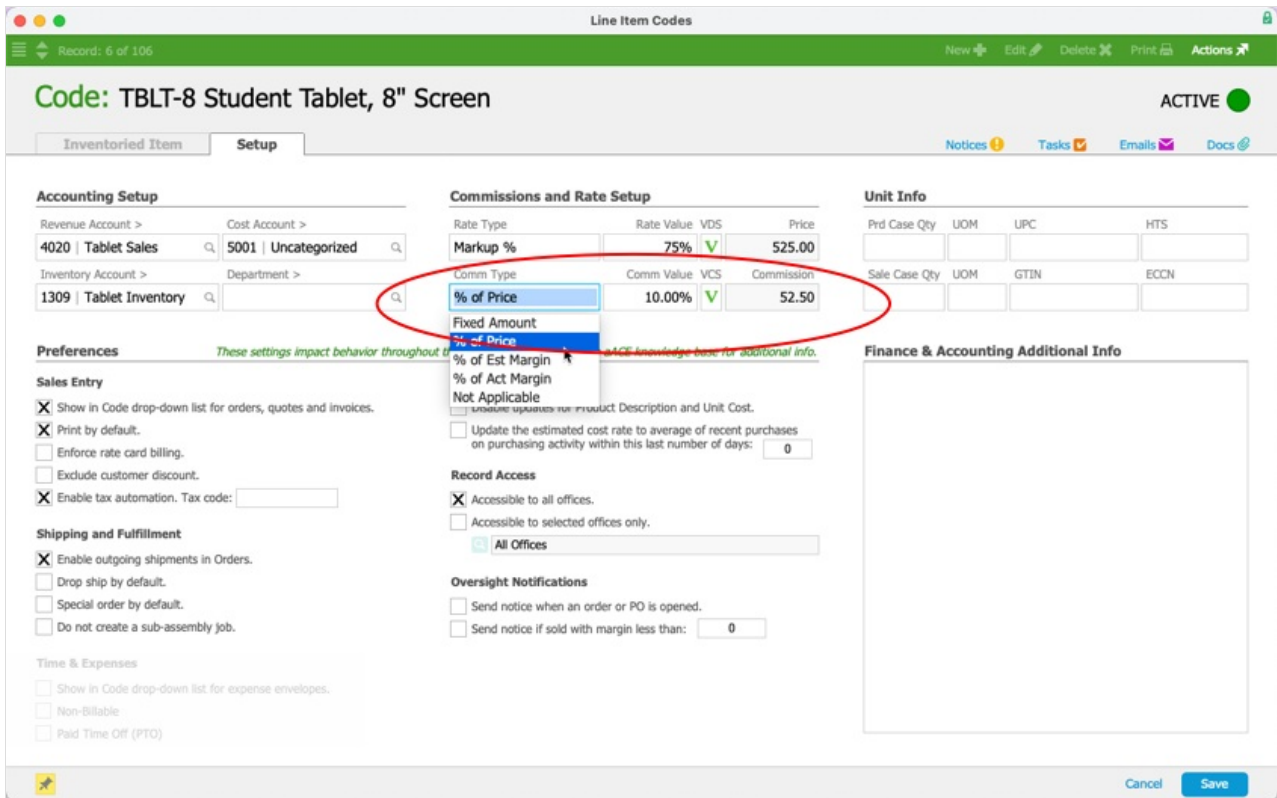
Last Modified on 12/27/2022 1:16 pm EST

This guide explains how to work with commission statements. It is intended for advanced users.

You can control the commissions that a sales rep or a referral company receives when various items or services are sold. Commission payouts are calculated from two factors:

- **Commission Type** – Specifies a calculation structure (see below for details)
- **Commission Value** – Specifies the amount used for the calculation

You can specify these components at various modules, such as the Line Item Code (LIC) detail view:



Commission Types

There are four commission types and a fifth setting:

- **Fixed Amount** – Sets the commission amount as an unchanging value. For example, an LIC with a fixed amount structure and a Comm Value of \$10.00 will always process a

default commission payout of \$10.00 per unit sold.

- **% of Price** – Calculates the commission amount by multiplying the Comm Value by the order item's total (i.e. the unit price plus any unit adjustment).
- **% of Est Margin** – Calculates the commission amount by multiplying the Comm Value by the LIC's estimated profit margin. This helps reward sales staff even when actual final amounts are lower than first predicted.
- **% of Act Margin** – Calculates the commission amount by multiplying the Comm Value by the LIC's actual profit margin. This setting can be a powerful tool for organizing pricing.
- **Not Applicable** – This fifth entry tells aACE to *not* use the current record for the commission values; instead, it will use other relevant records (i.e. cascading commission settings described below).

Cascading Commission Settings for Sales Reps

aACE allows you to enter commission settings at various levels:

1. **Rate Cards:** aACE first checks the commission settings in the rate card associated with the order.
If there is no associated rate card, no commission settings on the existing rate card, or a setting of Not Applicable on it, aACE goes to the next potential source for commissions info.
2. **Line Item Codes:** aACE checks the commission settings for each LIC on the order.
If there are no commission specifications on the LIC(s), aACE goes to the next possible source.
3. **Team Members:** aACE checks the commission settings on the assigned sales representative's Team Member record.
For sales representatives, these settings are also applied in a cascading method (see below for example scenarios).

Commissions for Account Managers and Referral Companies

aACE can be configured to also pay commissions to account managers and referral companies. In this case, the above cascading logic is *not* utilized. Instead a straight commission is set up at the [Team Member level for account managers or the Company level for referral companies](https://aace6.knowledgeowl.com/help/setting-up-commissions) (<https://aace6.knowledgeowl.com/help/setting-up-commissions>).

Commissions on Partially Invoiced Orders

Some companies pay commissions based on paid invoices, even if the order isn't 100% complete. For example, if there are back-ordered items, they would not ship with the rest of the order; however, the customer would pay for the items that were shipped and invoiced. When you generate a commissions statement, partially invoiced orders might not show up.

The Limit To Date can help you account for partially invoiced orders. When you [generate a commission statement](http://aace6.knowledgeowl.com/help/generating-commission-statements) (<http://aace6.knowledgeowl.com/help/generating-commission-statements>), the dialog requests a date to limit the statement. This date field is optional. You can:

- Enter a date and click Yes — This limits the statement to commissions only for orders fully *closed* on or before that date.
- Leave the date blank and click Yes — Order status is ignored; instead, the statement pulls *all* commissions that are eligible to be paid, based on paid invoices.

Examples of Commission Settings

Mara Harvey is a sales rep at our fictional company, aACME Education Solutions. In the following examples, you'll see how various commission settings are applied to orders she enters.

Example #1: Rate Card

The Montboro School District, an existing aACME customer, places an order for twelve electronic whiteboard setups. Because they have been an aACME customer for over five years, they're eligible for a Loyal Customer Discount Rate Card, giving them a 15% discount on whiteboards.

Orders

Record: 2 of 2

New + Edit ✎ Delete ✕ Print 🖨 Actions ⚙

Order: 61660 | Montboro School District

10/10/22 OPEN

Sales Order Management Job Costs & Approvals

Notices 📢 Tasks 📅 Emails 📧 Docs 📄

Bill To

Customer (Bill To) > 📍 Customer PO #

Montboro School District
Sam Patel
1498 Lakeshore Drive
Montboro, CO 80508

Rate Card > Dis. %

LOYAL 3.5%

Billing Terms

Net 30

Ship To End Customer Please use extra bubble wrap!

Ship To Company > 📍 Ship Type Ship Date

Montboro School District
Sam Patel
1498 Lakeshore Drive
Montboro, CO 80508

Complete 10/10/22

Inventory Bin

Shipping Terms

Activities & Comments

Description

Additional Info

Order Items

Code	Description	Cases	Quantity	BO	DS	SO	Unit Price	Unit Adj	Total	Margin
1 > TECH-A	Electronic Whiteboard Connection Panel	2	12				54.95	0.00	659.40	9%
2 > TECH-B	Electronic Whiteboard Mounting Kit		12				19.12	0.00	229.44	22%
3 > TECH-C	Electronic Whiteboard Screen		12				499.99	0.00	5,999.88	20%
4 > TECH-D2	Electronic Whiteboard Stand		12				600.00	0.00	7,200.00	17%

Subtotal	14,088.72	18%
Adjustment	0.00	
Total	14,088.72	18%
Shipping	0.00	0.00
Tax	NY2022 986.21	
Grand Total	15,074.93	17%
Payment Due	15,074.93	

Sales Billing Fulfillment Shipping

Order Type Payment Account Recurring Transaction > Currency Ex Rate

Sales Payment Account Recurring Transaction > USD 1

Dept AI-Dev Asgn By MH Asgn To MH Tracking Status Quote

When aACE calculates Mara's commission, it first looks for any commission settings in the rate card associated with the order. This rate card specifies a % of Price commission of 3.50% on the whiteboards.

Rate Cards

Record: 9 of 12

New + Edit Delete X Print Actions

Rate Card: Loyal Customer Discount (LOYAL) ACTIVE

1 Notice Tasks Emails Docs

General Info

Rate Type: Discount % Rate Value: 15% VDS: % of Price Comm Type: Comm Value: 3.50% VCS:

Start Date: 07/01/20 End Date:

Description

A discount on electronic whiteboards for customers who have been with us for five years or more.

Rate Card Items

Code	Description	Customer Billing Code	Customer Item Desc	Default	Rate Type	Rate Value	VDS	Default	Comm Type	Comm Value	VCS
1 > TECH-001	Electronic Whiteboard,			X	Discount %	15%	X	X	% of Price	3.50%	X
2 > TECH-F	Electronic Whiteboard			X	Discount %	15%	X	X	% of Price	3.50%	X
3 > TECH-D	Electronic Whiteboard			X	Discount %	15%	X	X	% of Price	3.50%	X
4 > TECH-E	Electronic Whiteboard			X	Discount %	15%	X	X	% of Price	3.50%	X
4 > Test Selva	Test Selva Desc			X	Discount %	15%	X	X	% of Price	3.50%	X
4 > Test Selva 2	Test Selva Desc 2			X	Discount %	15%	X	X	% of Price	3.50%	X
4 > Test Selva 3	Test Selva Desc 3			X	Discount %	15%	X	X	% of Price	3.50%	X
5 > TECH-002	Electronic Whiteboard,			X	Discount %	15%	X	X	% of Price	3.50%	X
6 > TECH-B	Electronic Whiteboard			X	Discount %	15%	X	X	% of Price	3.50%	X
7 > TECH-003	Electronic Whiteboard,			X	Discount %	15%	X	X	% of Price	3.50%	X
8 > DRY-E	Dry Erase Markers			X	Discount %	15%	X	X	% of Price	3.50%	X

Therefore, after the automation schedule for commissions runs, Mara's commission statement will include a commission of \$2,817.75 for this order.

Commission Statements

Record: 2 of 2

New + Edit Delete X Print Actions

Commission Stmt: 60014 Mara Harvey (MH) 10/10/22 PENDING

Notices Tasks Emails Docs

General Info

Payable Account > 2106 | Commissions Payable

Statement Items

Order	Order Date	Order Date Closed	Title	Balance	Paid	Adj	Total
> 61660	10/10/22	10/10/22	Montboro School District	2,817.75	2,817.75	0.00	2,817.75

Total Paid 2,817.75
 Total Adjustments 0.00
Grand Total 2,817.75

Author: MH Cancel Save

Example #2: Line Item Codes

The Excelsior Charter School, another aACME customer, places the same order for electronic whiteboard setups. However, they're not eligible for the Loyal Customer Discount.

Order: 61676 | Excelsior Charter School 10/11/22 **OPEN**

Bill To
 Customer (Bill To) > Excelsior Charter School
 Anna Klamper
 1500 Broad Street
 Newark, NJ 07101
 Rate Card > Disc % 0%
 Billing Terms
 Net 30

Ship To **End Customer**
 Ship To Company > Excelsior Charter School
 Anna Klamper
 1500 Broad Street
 Newark, NJ 07101
 Ship Type Complete Ship Date 10/11/22
 Inventory Bin
 Shipping Terms

Order Items

Code	Description	Cases	Quantity	BO	DS	SO	Unit Price	Unit Adj	Total	Margin
1 > TECH-A	Electronic Whiteboard Connection Panel	2	12				54.95	0.00	659.40	9%
2 > TECH-B	Electronic Whiteboard Mounting Kit		12				22.49	0.00	269.88	33%
3 > TECH-C	Electronic Whiteboard Screen		12				499.99	0.00	5,999.88	20%
4 > TECH-D2	Electronic Whiteboard Stand		12				600.00	0.00	7,200.00	17%

Summary:
 Subtotal 14,129.16 18%
 Adjustment 0.00
 Total 14,129.16 18%
 Shipping 0.00 0.00
 Tax OUT 0.00
 Grand Total **14,129.16** 18%
 Payment Due 14,129.16

Order Type: Sales Payment Account: Recurring Transaction: Currency: USD Ex Rate: 1

When aACE calculates Mara's commission for this order, it will again look for any commission settings in an associated rate card. Since this order does *not* have a rate card attached, aACE will then look to the commission settings in the LICs associated with the order. For example, the TECH-A control panel includes a commission based on 5% of the order price:

Example #3: Team Member Record

A third customer, the Full STEAM Charter School, places an order for textbooks. Full STEAM Charter School is not eligible for any rate cards. And none of the textbooks on the order are eligible for commissions.

Order: 61677 **Full STEAM Charter School** **10/11/22** **PENDING**

Bill To
 Customer (Bill To) > Full STEAM Charter School
 Tina J Rivera
 804 Rene Rd.
 Kingston, CA 90310
 Rate Card > Disc % 0%
 Billing Terms Net 30

Ship To **End Customer**
 Ship To Company > Full STEAM Charter School
 Tina J Rivera
 804 Rene Rd.
 Kingston, CA 90310
 Ship Type Complete Ship Date 10/11/22

Order Items

	Code	Description	Invtry	Alts	Upps	Opts	Cases	Quantity	BO	DS	SO	Unit Price	Unit Adj	Total	Margin
1	> TM-FRNCH3	J'Apprends: I Learn	651	0	0	+	1	10				86.24	0.00	862.40	13%
2	> TB-FRNCH3	J'Apprends: I Learn	1,702	1	1	+		75				39.60	0.00	2,970.00	17%
3	> TB-LIT102	The Complete Works of	113	0	0	+		20				99.99	0.00	1,999.80	20%
4	> TB-MTH6	Middle Grade Math 6th	145	0	0	+	5	75				28.58	0.00	2,143.50	15%

Summary:
 Subtotal 7,975.70 17%
 Adjustment 0.00
 Total 7,975.70 17%
 Shipping 0.00 0.00
 Tax NY2022 558.31
 Grand Total 8,534.01 16%

When aACE calculates Mara's commission for this order, it will again look for any commission settings in an associated rate card. Since this order does not have a rate card attached, aACE will then look to the commission settings in the LICs associated with the order. Since the LICs also do not have commission rates, aACE will finally look to the team member record of the Sales Rep associated with the order. Mara's team member record includes a commission that's 20% of the order item total.

Team Members

Record: 1 of 1

New + Edit Delete X Print Actions

Team Member: Mara Harvey (MH)

ACTIVE

Member Details Human Resources Notices Tasks Emails Docs

Freelancer

Compensation Setup

Payroll ID	Pay Rate	Multiplier	Bill Rate	Commission Type	Comm %
3319	75.00	1.1	82.50	% of Price	20%

Company: Mara Harvey Contact: Mara Harvey Credit Card Account:

Home Address

Mara Harvey
123 Main Street
New York, NY 10001

Signature

Dimensions: 2.75" wide by .75" tall
File Format: JPEG or PNG

Important Dates

Date	Description	Notes	Team Member	Team	Reminder	Annual

Record Access

- Can view records assigned to any office.
- Can view records only assigned to the offices listed below.
- All Offices
- Can switch offices.
- Can view records assigned to any department.
- Can edit Comments and Activities.

Notices Forwarded To:

Therefore, Mara's commission statement will include a commission of \$1,422.66 for this order.

Commission Statements

Record: 2 of 2

New + Edit Delete X Print Actions

Commission Stmt: 60018 Mara Harvey (MH) 10/11/22 PENDING

Statement Details Notices Tasks Emails Docs

General Info

Payable Account > 2106 Commissions Payable

Statement Items

Order	Order Date	Order Date Closed	Title	Balance >>	Paid	Adj	Total >>
> 61677	10/11/22	10/11/22	Full STEAM Charter School	1,422.66 >>	1,422.66	0.00	1,422.66 >>

Total Paid 1,422.66
Total Adjustments 0.00
Grand Total 1,422.66

Author SH Cancel Save

