Understanding Commission Structures

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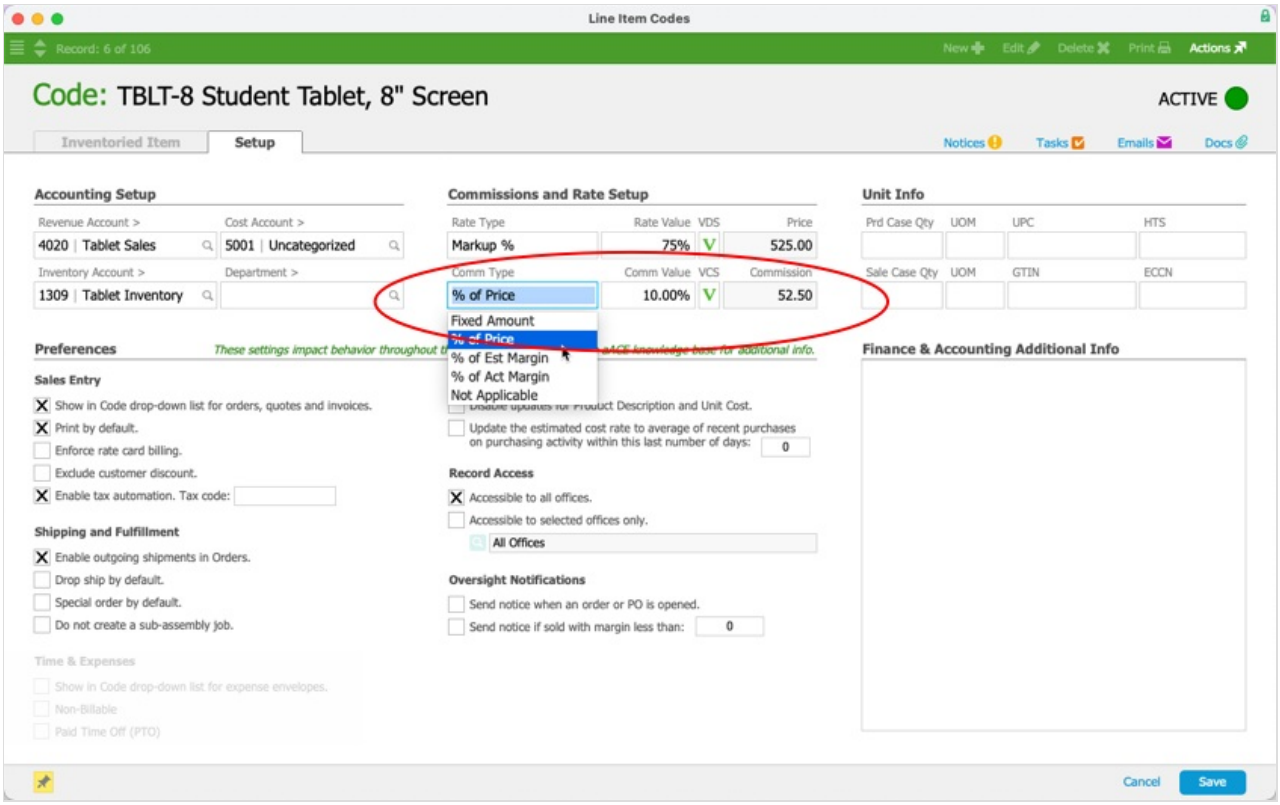
This guide explains how to work with commission statements. It is intended for advanced users.

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).

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), the dialog requests a date to limit the statement. This date field is optional. You can:

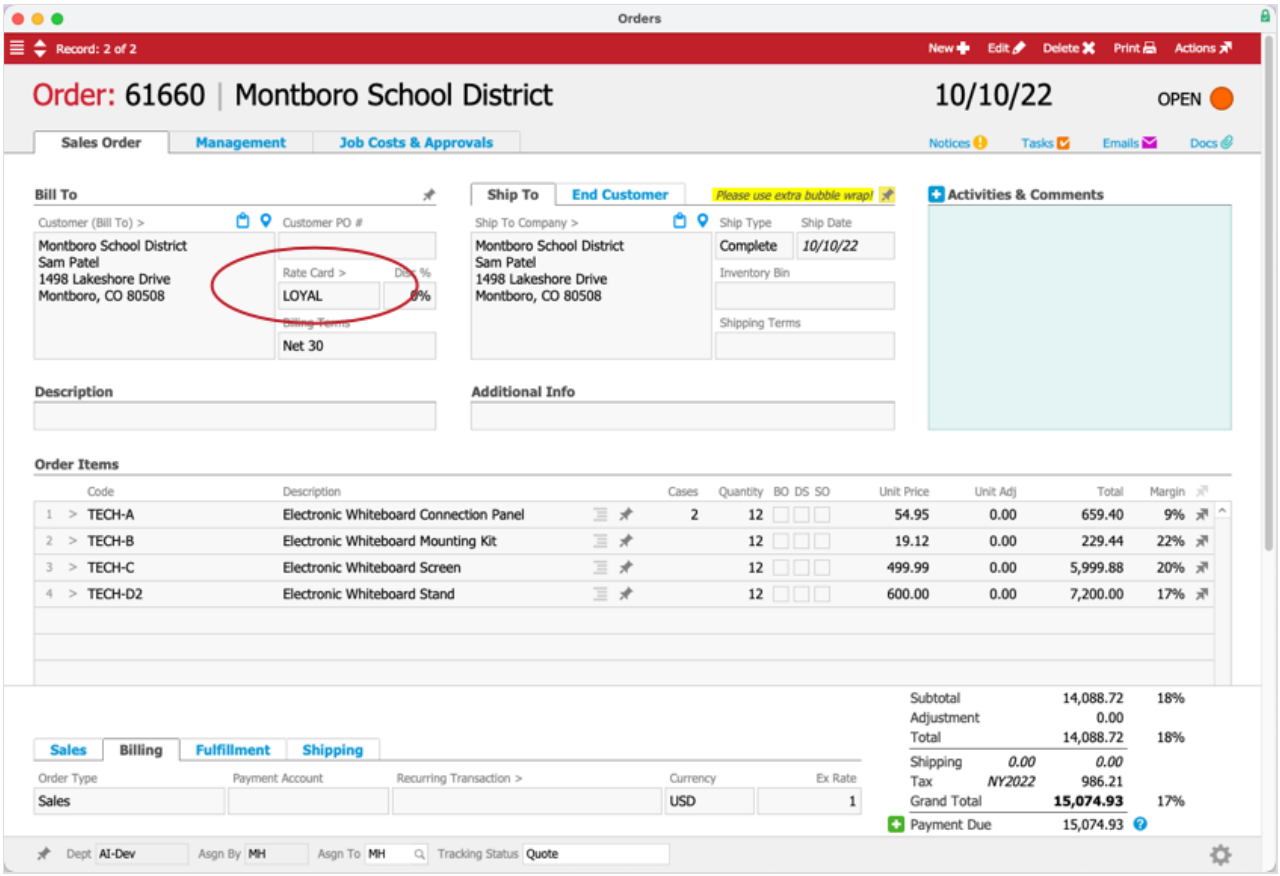
- Enter a date and click Yes — This limits the statement to commissions only for orders fully *closed* on or before that date.
- Leave the date blank and click Yes — Order status is ignored; instead, the statement pulls *all* commissions that are eligible to be paid, based on paid invoices.

Examples of Commission Settings

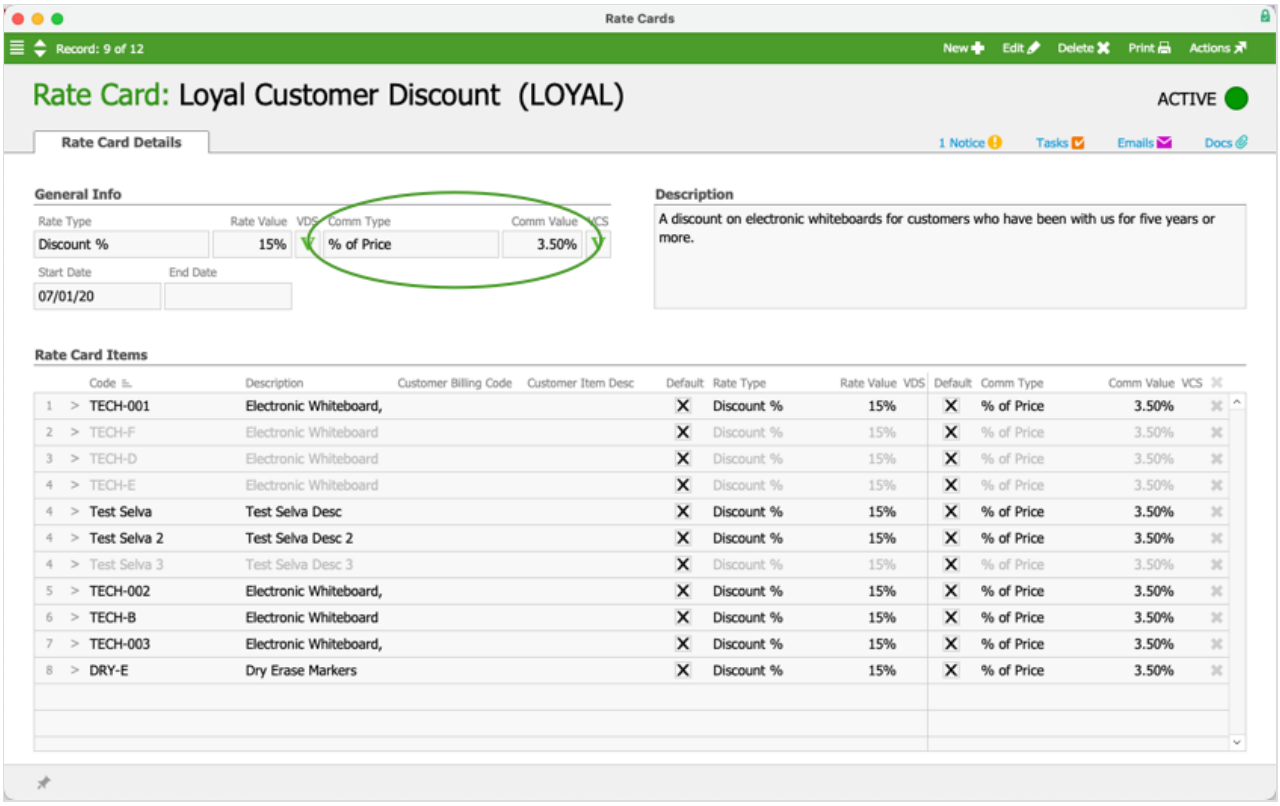
Mara Harvey is a sales rep at our fictional company, aACME Education Solutions. In the following examples, you'll see how various commission settings are applied to orders she enters.

Example #1: Rate Card

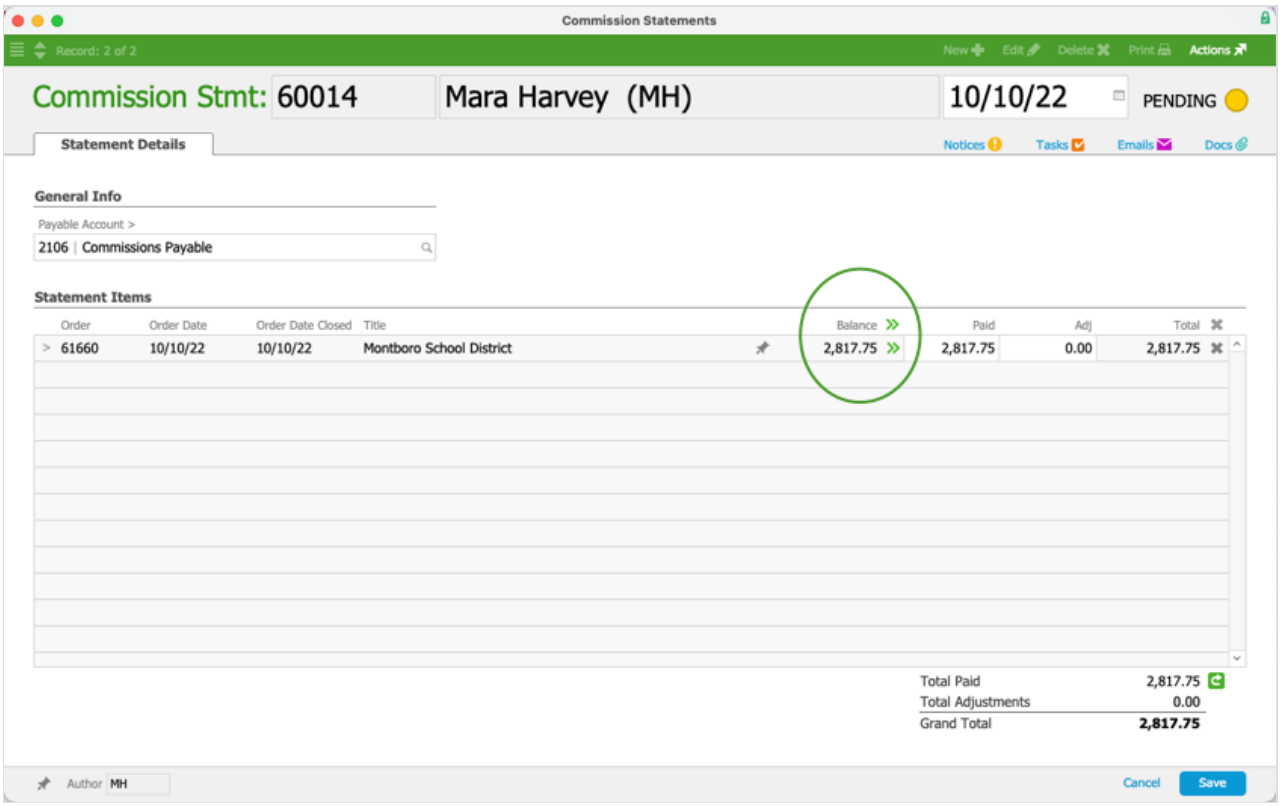
The Montboro School District, an existing aACME customer, places an order for twelve electronic whiteboard setups. Because they have been an aACME customer for over five years, they're eligible for a Loyal Customer Discount Rate Card, giving them a 15% discount on whiteboards.



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.

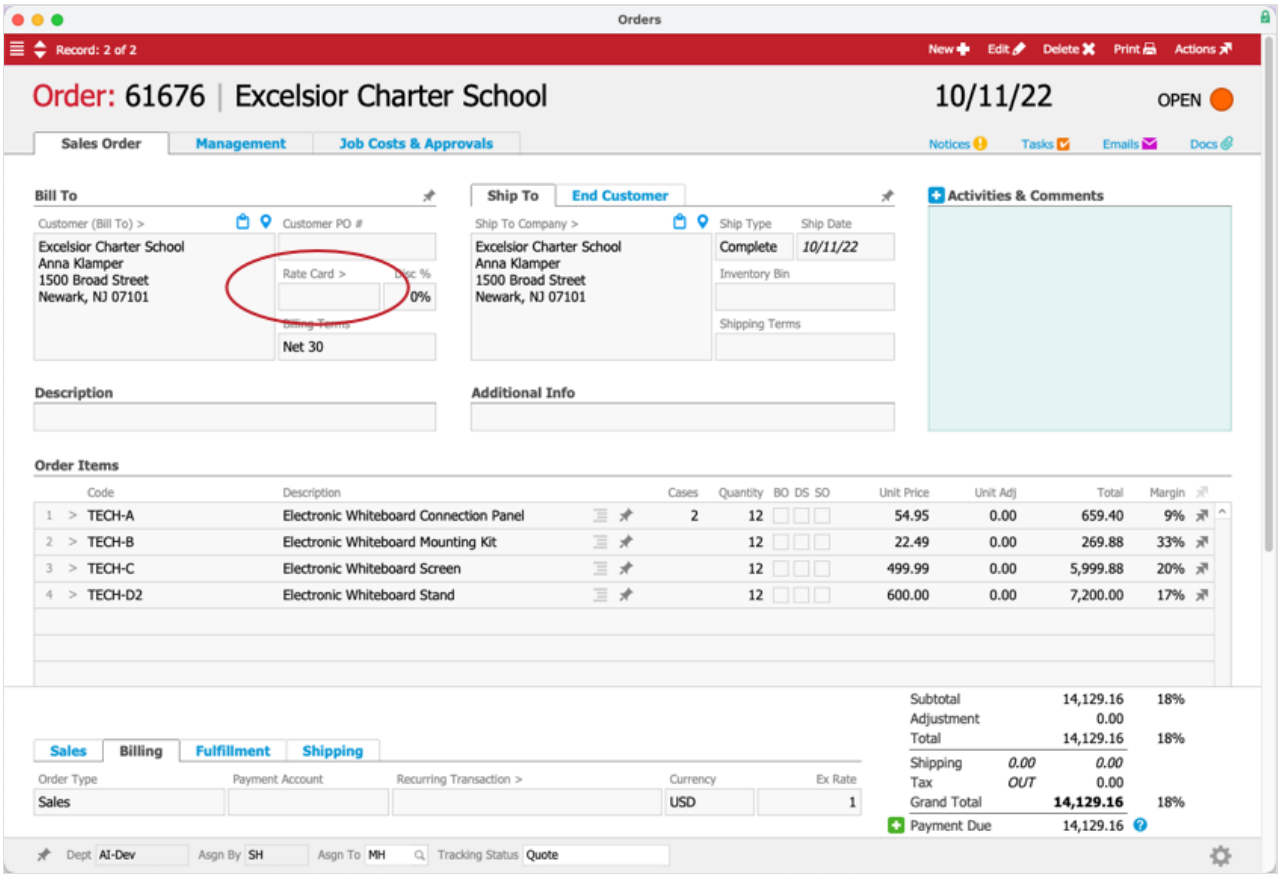


Therefore, after the automation schedule for commissions runs, Mara's commission statement will include a commission of $2,817.75 for this order.

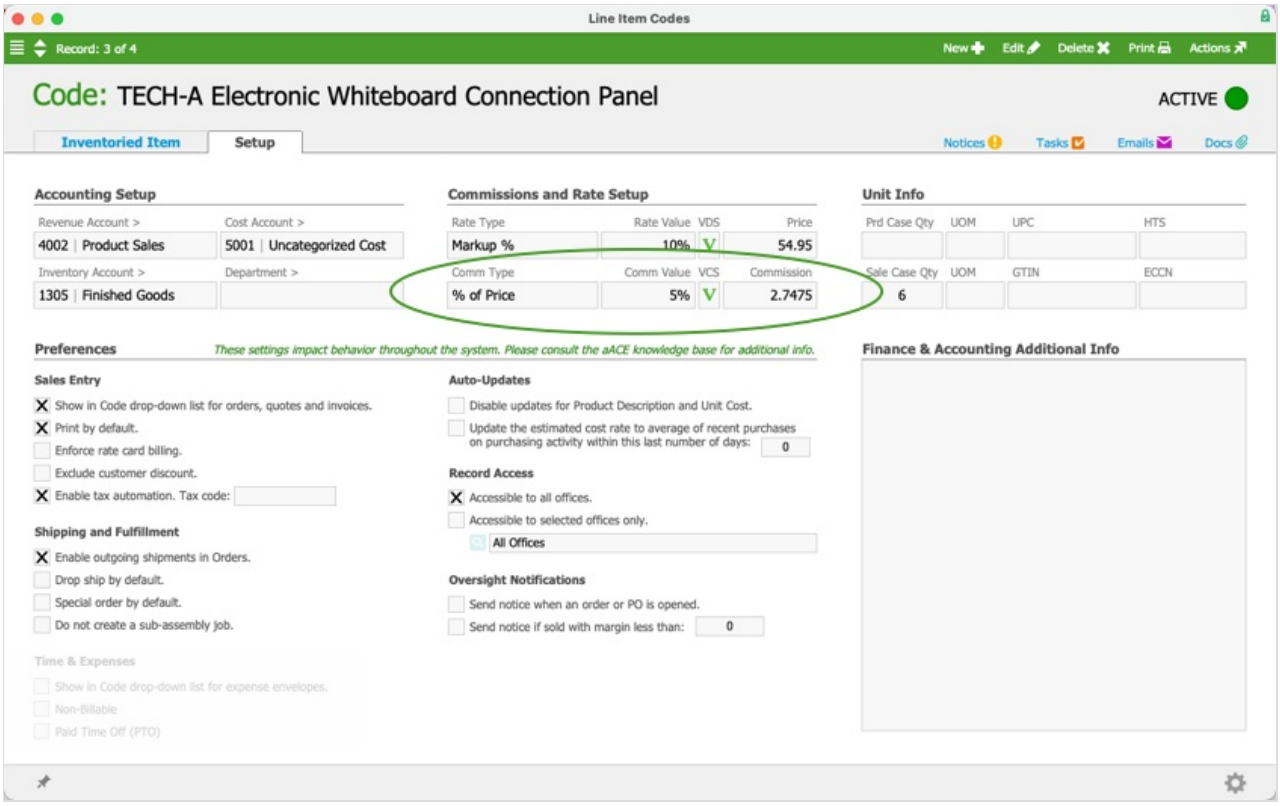


Example #2: Line Item Codes

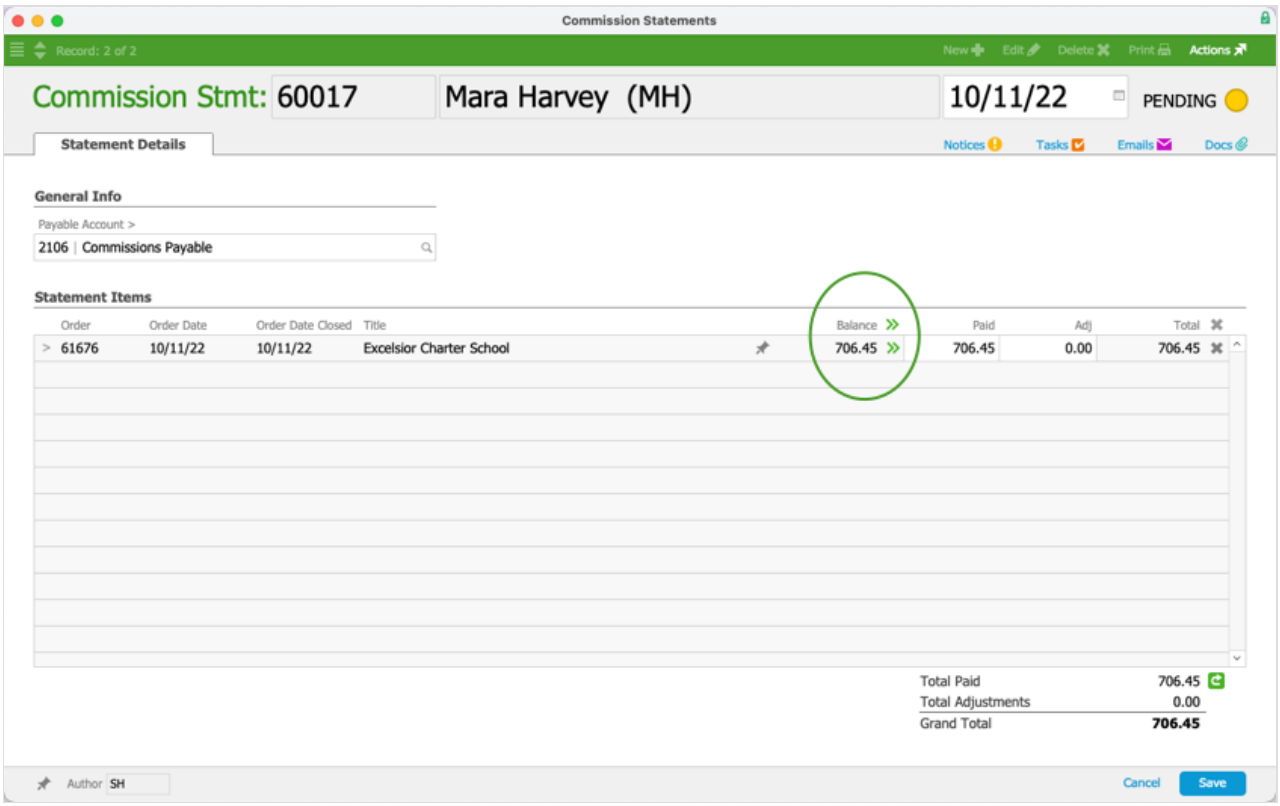
The Excelsior Charter School, another aACME customer, places the same order for electronic whiteboard setups. However, they're not eligible for the Loyal Customer Discount.



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:

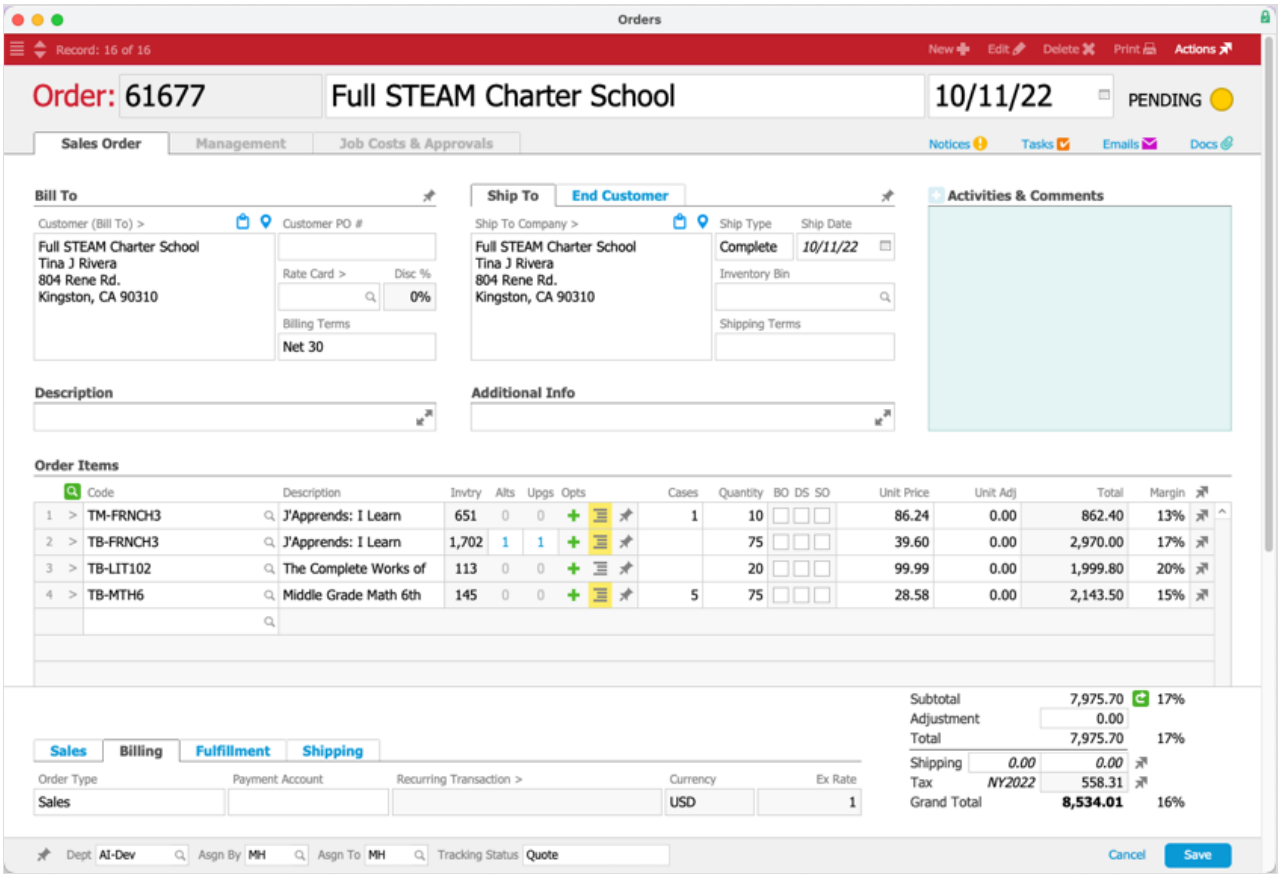


After the automation schedule for commissions runs, Mara's commission statement will include a commission of $706.45 for this order.

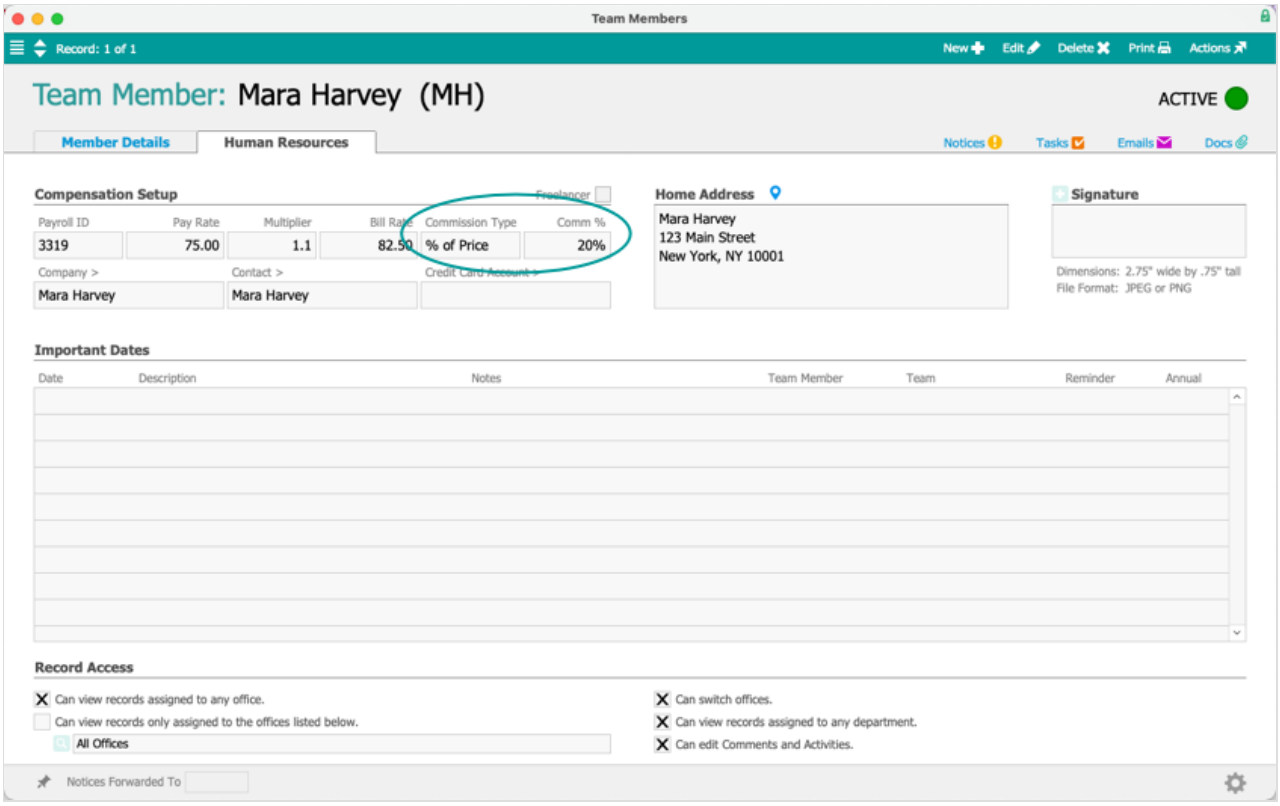
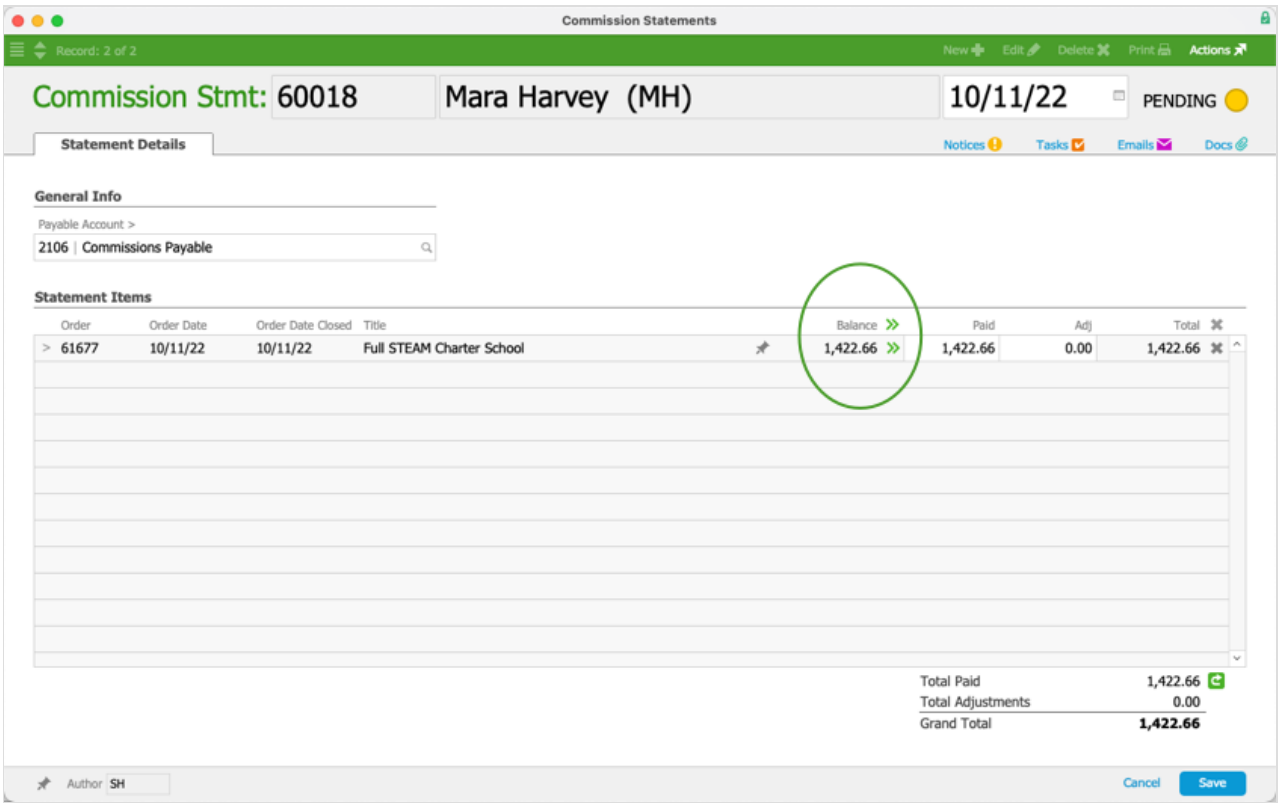


Example #3: Team Member Record

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.



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.



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