



# 9 Commission Errors Caused by Spreadsheets

How Automating Your Sales Commission Process Will Save Time  
and Reduce Discrepancies

As a small organization, using spreadsheets to calculate commissions can make a lot of sense at first because it's so easy to get started. But as your organization grows and looks to scale, it becomes very manual to manage, nevermind almost impossible. Manually calculating commissions can also cause a lot of friction between sales and finance teams, as they're prone to human error, resulting in more discrepancies.

We're going to let you in on a little secret: Spreadsheets will fail at scale. And, if done right, problem-specific software can do so much more than spreadsheets. So if your organization isn't looking to make the transition to automate your sales commissions process just yet, you can use this e-book as a vision into the near future of commission issues you'll start to encounter.

You may think we're biased, but we have a lot of experience with this stuff. Customers look to us for help with automating their sales commissions process in order to:

- **Save time and reduce the amount of manual labor**
- **Decrease human error**
- **Cut down on the friction between sales and finance departments**
- **Allow sales to focus on selling with real-time visibility into commissions data**
- **Motivate and keep their sales team happy**

In this e-book we'll take a look at nine issues with using spreadsheets for commissions. Let's jump in.

## The Issue with Spreadsheets

Spreadsheets weren't built to do commissions, so let's stop forcing them to do something they're not meant to do. The nine biggest issues with using spreadsheets for commissions are:

1. **They leave a lot of opportunity for human error**
2. **They're very manual and time consuming**
3. **There's no real-time transparency or visibility**
4. **It's a programming language that isn't designed to scale**
5. **It's costly**
6. **They're not auditable**
7. **They're not shareable**
8. **They don't integrate with current CRM, ERP, and payment systems**
9. **They're not built for commissions**

Let's take a deeper look into each one of these issues.

## Commission Issue #1: They leave a lot of opportunity for human error

Commissions are about driving behavior and top line growth. But because spreadsheets don't cut it for commissions, your finance team is likely spending the majority of their time manually calculating commissions for the entire sales organization. Any manual process leads to human error and unhappy sales reps who are spending way too much time checking their commissions calculations when they could be selling. When reps know their commissions are prone to human error it creates a distrust between them and the organization.

According to research, it costs \$115k to replace a sales rep ([source](#)). Miscalculating commissions leads to unhappy sales reps, resulting in high turnover rates. And, to make matters worse, it takes an average of 6.2 months to replace a rep ([source](#)). This is a leading cause of financial loss for organizations.

It costs  
**\$115k** to replace a sales rep

[Source](#)

## Commission Issue #2: They are manual and time consuming

If you're just starting out and only have to track commissions for a handful of reps, using spreadsheets will probably work. But as you grow, imagine tracking tens or hundreds of compensation plans in a single spreadsheet? The thought of that is a nightmare. There is only so much time in a day and we spend more time on manual processes like this than we'd like to admit.

Many organizations look to automate their [sales commissions process](#) and remove spreadsheets from the equation to save time. It can take weeks or months to prepare commission statements for an entire sales team if done manually, between running reports, creating the statements, and sending them out. Automating the process cuts that time way down, allowing your internal teams to focus their time on other important activities. Using spreadsheets to track commissions is not scalable.

**65%** of sales managers say that the biggest challenge for them is the lack of time and resources to perform their job.

[Source](#)

## Commission Issue #3: They don't offer real-time visibility or transparency

There's nothing more demotivating for a sales team than not having real-time access to sales commission data. Sure, you can save Excel spreadsheets or Google Sheets to an online drive, but unless someone is manually updating it on a minute by minute basis, the data quickly becomes stale. Also, for commissioning, companies often need access to data objects directly from their CRM, ERP, and payroll systems. Spreadsheets aren't integrated into these systems.

Happy workers are **12%** more productive  
and unhappy workers are 10% less productive

[Source](#)

It's not easy to pull data from these systems into a centralized spreadsheet, manipulate the data, and keep it updated in real-time. It's probably pretty close to impossible actually. Finance and sales ops teams try to accomplish this by copying and pasting their data from their current CRM, ERP, and payroll systems into Excel or Google Sheets. Then they have to manipulate the data and normalize it. After this process, they run commissions. This is a very slow, manual, and error-prone process. It's also not real-time.

The use of sales commission software ensures real-time access to commission statements and other data for reps and anyone else within the organization. Having this data readily available motivates reps to see what they've earned and strive to earn more. Sales managers can also motivate their teams based on where they stand to goal.

Finance managers are no longer spending countless hours manually compiling and distributing end of month commission statements since the data is available in real-time to sales reps and managers.

And, aside from the obvious benefits of increased motivation and less manual reporting, sales commission software provides transparency into the actual calculations behind the numbers. Reps can trust the numbers they see because they have visibility into how they're calculated. Gone are the days where you have to chase down formulas in an Excel spreadsheet or send emails to the finance team to confirm commission statements. This allows sales teams to focus on selling.

Only **37%** of sales reps' time  
is spent on revenue-generating  
activities

[Source](#)

## Commission Issue #4: Excel is a programming language that isn't designed to scale

Excel is a poor system for managing complex commission programs, even if it was possible to make spreadsheets multi-tenant, connected, and cloud-based. According to a talk by Microsoft Research professional, Emery Berger, Excel is a functional, reactive [programming] language. The brilliance of Excel is that it combines a database, data visualization, and programming logic all in one interface. But there are a few catches to using Excel:

- **The data you need is relatively small (thousands of lines vs. hundreds of thousands of lines)**
- **The data you need can be hand-entered or copy-and-pasted**
- **The logic you need isn't too complicated and is mostly mathematical**

As your Excel model becomes more like an actual software program, you'll find it doesn't have the features to maintain complex software at scale. You'll end up with something called "technical debt" because you're trying to build a software program in a spreadsheet. Also, spreadsheets break at scale.

## Commission Issue #5: It's costly

If you're using spreadsheets to manage commissions, every time you restructure your sales team, make territory changes, or revamp how commission is calculated, you have to start from scratch. Not to mention that 80% of Excel spreadsheets contain errors ([source](#)). That's a lot of frustration, wasted time, and financial loss for the entire company.

A sales commission tool automates the process, so any changes can be handled with just a few clicks. And, your growth isn't limited by your inability to scale commissions. Automating the process saves a lot of time and eliminates inaccuracies, which is a huge advantage, especially for growing companies. An automated process allows employees to spend time on other critical areas of the business.

**80%** of Excel spreadsheets  
contain errors

[Source](#)

## Commission Issue #6: They're not auditable

Excel provides you with the visibility as to how each calculation happened, but you really can't do much more than that. It doesn't offer a history of every change that was made to each individual cell and you can't see who made the changes or if they even had the approval to do so. You also don't have the ability to set up a chain of approvals. This can become a nightmare when it comes time for auditing or new regulations are put in place, such as ASC 606.

Unlike Excel, software can easily track history and makes auditability easy by showing users who changed what, when. Software also facilitates automation and lets users easily add approvals for workflows.

## Commission Issue #7: They're not shareable

Sure, you can share links to Excel online and Google Sheets. But the issue with spreadsheets is that they aren't multi-tenant.

Multi-tenancy means a single instance of software runs on a server and can serve multiple customers or users. A tenant (a group of users) usually shares common access with privileges specific to the software instance. For example, if you have Salesforce, Salesforce creates a company-specific version of the CRM for your company.

When you first log in, you'll notice it has no company-specific data yet. This is because you're logging in to a new instance of Salesforce. Salesforce has built its software so that it can easily add new customers, giving each customer access to all of Salesforce's functionality. This is referred to as customer-focused multi-tenancy ([source](#)).

When you build your commission system in Excel, it has a single customer-tenant. Your company is fully responsible for building, maintaining, updating, and improving your own system. If you're using a SaaS platform, you're probably getting most of that for free. There's one more multi-tenancy that's most important though, and that's user-focused multi-tenancy. This allows different types of users to get their own personalized instance of the software. And this is where Excel starts to break down. Allow us to explain.

If you have a commission spreadsheet in Excel for your company but need to share it with 500 reps who are grouped across 15 different commission plans this becomes a problem. Now factor in the concept of managers who should have visibility into their teams' commissions, but not into other teams commissions. Excel can't be partitioned and shared in a way where all of the right users only have visibility into the information they need to see.

## Commission Issue #8: They don't integrate with current CRM, ERP, or payment systems

Your sales and finance teams are most likely pulling reports from existing platforms, such as current CRM, ERP system, and payment system. This is because spreadsheets aren't connected to your current systems, so typically you have to start by creating a report in your CRM. Then you have to export the report into your spreadsheet and run the math in there. Basically your commissions are only accurate every single time you run this manual process. This makes it impossible to provide real-time feedback to individual reps and help identify areas for improvement.

**51%** of sales organizations  
are using data to analyze and  
improve performance

[Source](#)

## Commission Issue #9: They're not built for commissions

As we mentioned earlier in this e-book, spreadsheets aren't built for commissions. Software developers often talk a lot about how coding languages are "opinionated" or "un-opinionated." Opinionated languages have strong norms around the right way to build things. Un-opinionated languages don't have norms around the right way to build things. Excel is a prime example of un-opinionated language. Excel doesn't care what you use it for. It's a blank canvas and because of that, it's hard to know if what you're building is actually right.

As you can see, sales commission software can do so much more than mathematical formulas, while spreadsheets limit you to just that. You can solve your commission issues by automating the process. Doing so will save time and money and reduce inaccuracies.



# Solve your commission issues with Spiff.

Spiff is a leading sales commission platform that automates commission calculations and motivates teams to drive top-line growth. With a combination of an intuitive UI, real-time visibility, and seamless integrations into current systems, Spiff is the first choice among high-growth businesses. The platform enables finance and sales operations teams to self-manage complex incentive compensation plans and provides transparency for sales teams. See Spiff in action!

[Schedule your demo today](#)