

# Marketing Compensation

Go-to-Market Series

July 2023



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# 1 Introduction

About the research

The authors

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Data sources & methodology

Collaborators & industry perspectives

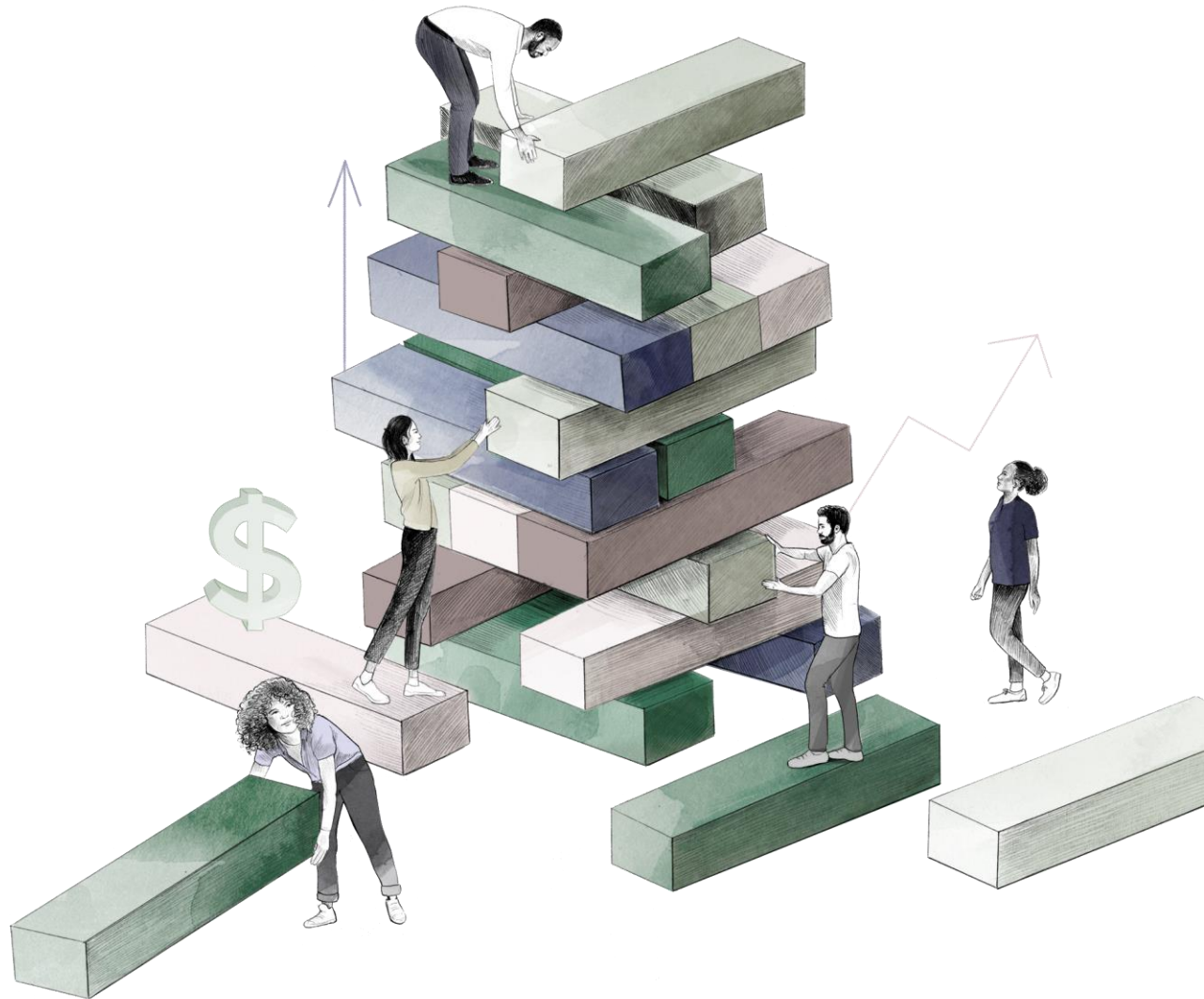
Key terms

The go-to-market organization

GTM Cash Compensation

The revenue funnel

Metrics glossary



# About the research

Explore the series

A holistic and well-executed go-to-market strategy is one of the key pillars that drives sustainable, long-term growth for software companies. Regardless of your organization's growth motion, effective go-to-market teams represent the voice of the customer and serve as critical feedback loops for product and engineering.

## *In this series*

we use organizational data and industry perspectives to **provide detailed answers to the key go-to-market questions** we receive from B2B SaaS leaders.

We will examine myriad topics across GTM compensation, incentives, org structure, roles and responsibilities, forecasting, and enablement, in order to share best practices and proprietary benchmarks to help you scale your organization.

## *This report*

details **compensation structure for key employees of a marketing organization**, including individual contributors and leadership roles. Incentives and compensation structures are a critical component of go-to-market strategy, helping to align your teams towards shared business objectives.

# About the Go-to- Market Series

ICONIQ Growth's GTM series provides detailed answers to **key questions across the following operating topics** utilizing proprietary data and industry perspectives from 230+ B2B SaaS leaders.

If you're not on our mailing list and are interested in receiving these studies directly, please [let us know here](#).

PUBLISHED UPCOMING

## Compensation & Incentives

[Sales Compensation](#)

[Marketing Compensation](#)

[Customer Success Compensation](#)

  
Interactive  
Dashboard  
*Portfolio Only*

## Org Structure & Responsibilities

Headcount & Reporting Structures

Roles & Responsibilities

  
Interactive  
Dashboard  
*Portfolio Only*

## Operationalizing Go-to-market

The GTM Tech Stack

Forecasting & Reporting

*Template:*  
GTM Board Reporting

## GTM Strategy & Evolution

*Playbook*  
Channel Strategy

*Playbook*  
Moving Up-market

*Playbook*  
Expanding Internationally

*Playbook*  
Product & Pricing



# The Authors

ICONIQ Growth

## Analytics & Leadership Advisory

Seeking to empower our portfolio with proprietary analytics, insights, and advisory across business operations and strategy.

[ICONIQGrowthAnalytics@iconiqcapital.com](mailto:ICONIQGrowthAnalytics@iconiqcapital.com)



**Christine Edmonds**  
Head of Portfolio Analytics



**Claire Davis**  
Portfolio Analytics



**Vivian Guo**  
Portfolio Analytics



**Addison Anders**  
Portfolio Analytics



**Sam O'Neill**  
Portfolio Data Manager



**Brad Delaplane**  
Functional Lead – GTM



**Caroline Brand**  
Leadership Analytics



**Zack Osman**  
Portfolio Compensation

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## Incentive structures for marketing leadership

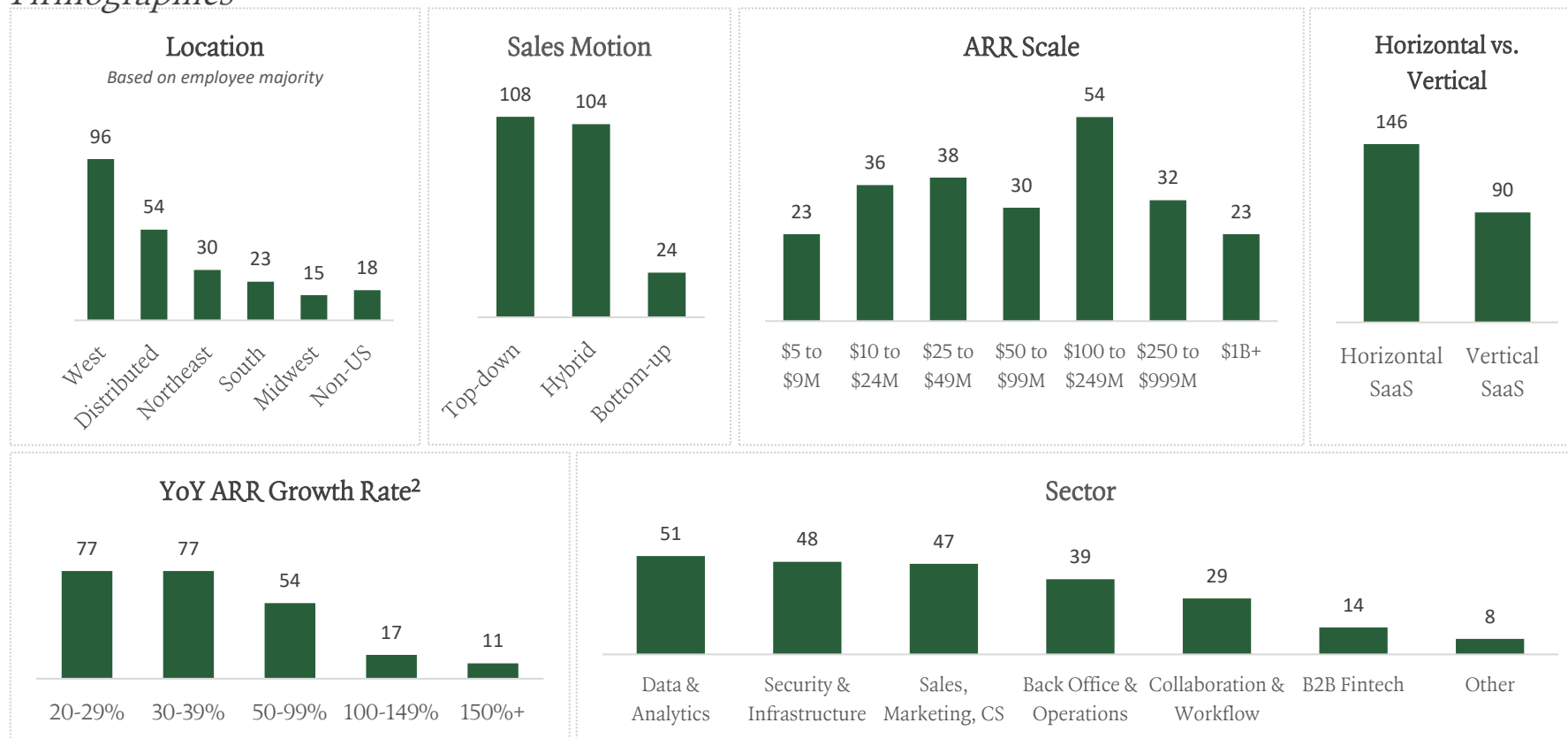
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# Data Sources & Methodology

This study summarizes data from a March 2023 survey of **236 GTM executives** at B2B SaaS companies, including heads of sales, marketing, and customer success.<sup>1</sup>

Where relevant, we compare results to a March 2021<sup>1</sup> survey conducted by ICONIQ Growth to a similar cohort of 200+ GTM executives.

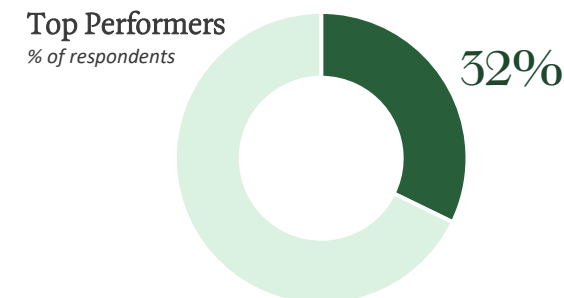
## Firmographics



## Methodology

In this series, select companies are referred to as “top performers” because they meet the following criteria:

- **Scale:** Annual Recurring Revenue (ARR) > \$10M
- **Growth:** 2022 YoY ARR growth >50%
- **Retention:** Annual net dollar retention 120%+
- **Efficiency:** ARR per FTE \$150,000+



<sup>1</sup> Surveys included responses from some but not all ICONIQ Growth portfolio companies as well as companies not part of ICONIQ Growth's portfolio

<sup>2</sup> YoY ARR Growth Rate between 2021 and 2022



# Collaborators & Industry Perspectives

Throughout this report, we also weave in **perspectives, insights, and best practices from go-to-market executives** in the ICONIQ Growth B2B SaaS portfolio and network.

Perspectives were gathered via interviews with the following collaborators as well as other generational leaders via ICONIQ Growth communities and events.

All industry perspectives shared in this report have been anonymized to protect company-level information.



**1Password**  
**Shannon Hughes**  
VP, Corporate Marketing



**1Password**  
**Johanie Marcoux**  
Sr Director, Marketing Strategy



**DATADOG**  
**Angie Holt**  
SVP, Customer Success



**DRATA**  
**Conor Nolen**  
Chief Customer Officer



**DRATA**  
**Adam Aarons**  
Chief Revenue Officer



**Everlance**  
**Cindy Chow**  
Head, B2B Marketing



**#FloQast**  
**Ken Sims**  
Chief Revenue Officer



**HIGHSPOT**  
**Stephen Hallowell**  
VP, Strategic Services



**people.ai**  
**Sam Yang**  
President, Field Operations



**QGenda**  
**Brad Lochman**  
Chief Sales Officer



**Relativity**  
**Peter Kim**  
Chief Sales Officer



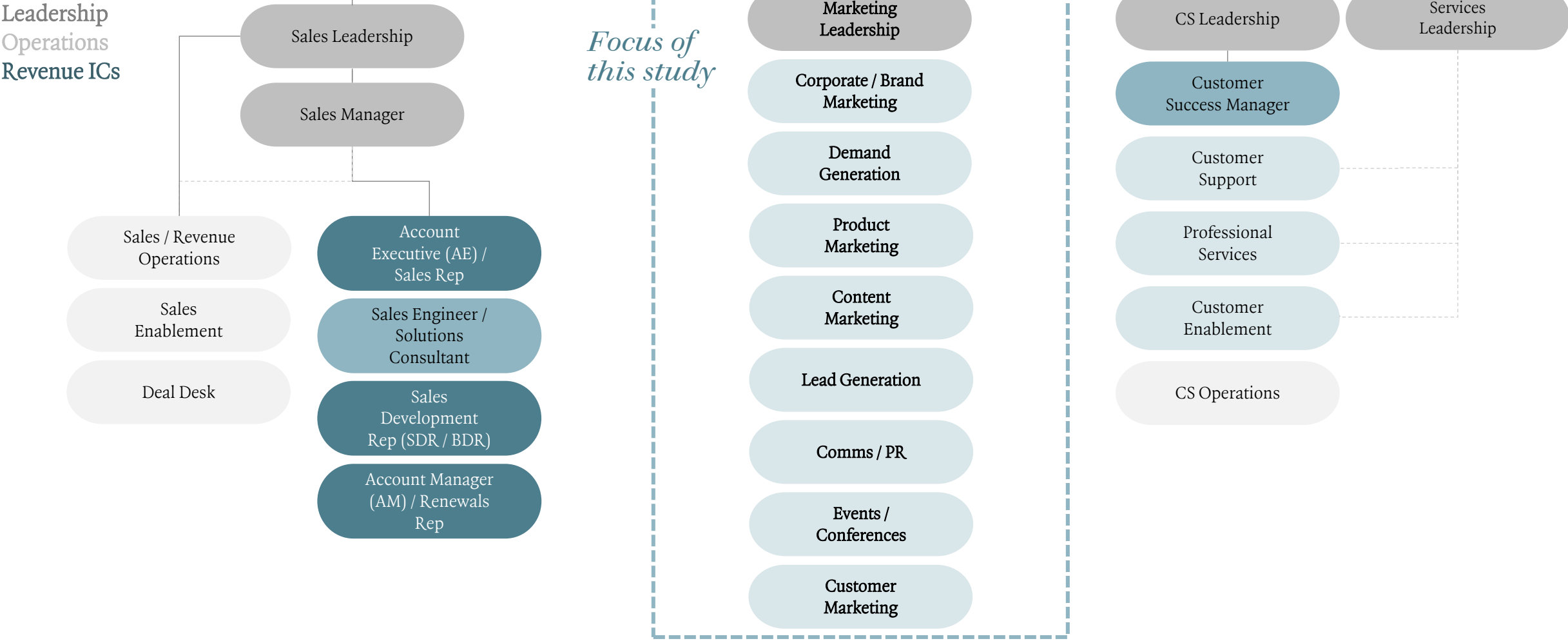
**yapi**  
**Jack Montgomery**  
CFO, Head of Sales & Marketing

*And additional insights from go-to-market leaders from:*

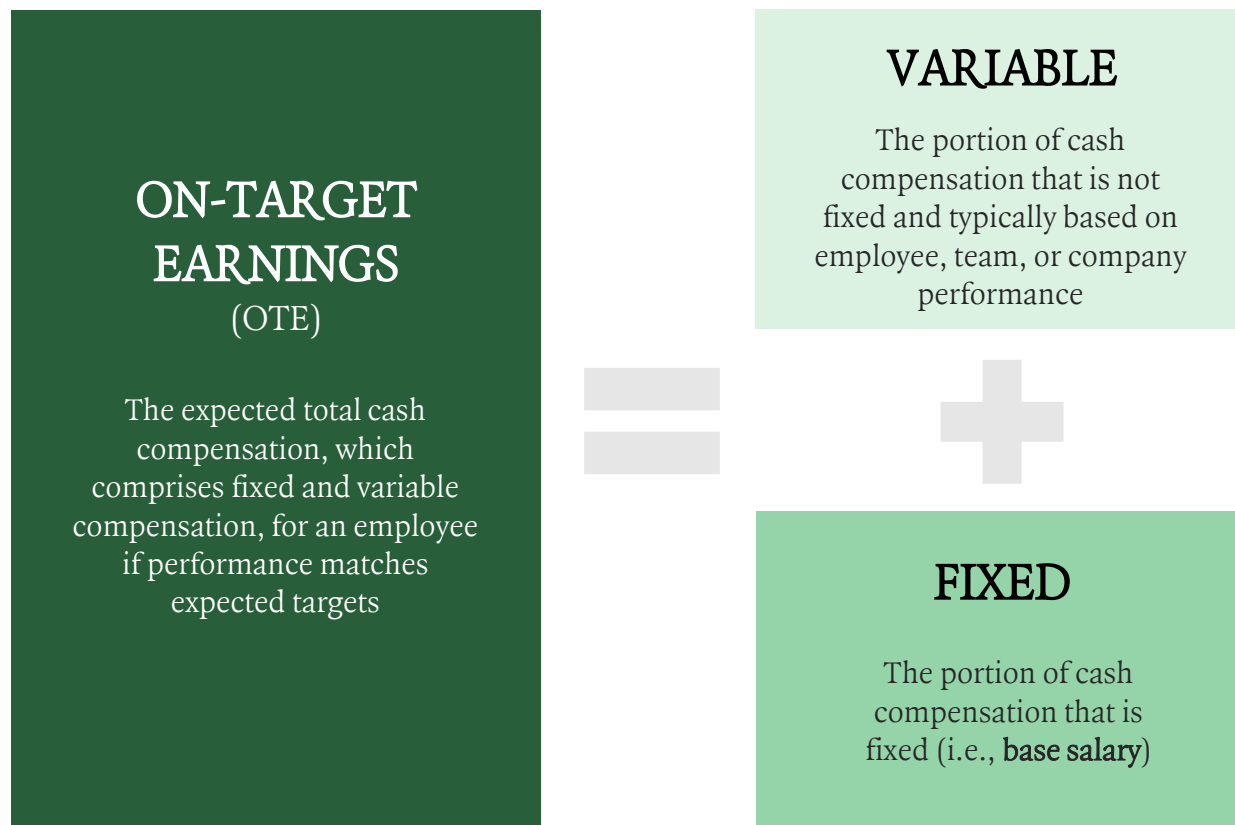


Trademarks are the property of their respective owners. None of the companies illustrated have endorsed or recommended the services of ICONIQ. Not all companies on this page are ICONIQ Growth portfolio companies. For a complete list of ICONIQ Growth portfolio companies, please see the appendix. Insights from some but not all ICONIQ Growth portfolio companies as well as companies not pat of ICONIQ Growth's portfolio.

# The Go-to-Market Org



# GTM Cash Compensation



Variable compensation is most common in sales incentive plans, where variable earnings are tied to performance against revenue targets.

Some companies **also utilize variable compensation to incentivize marketing** employees, particularly for marketing leadership roles and individual contributors that are closely tied to revenue generation.

# The Revenue Funnel

There are many ways to design your revenue cycle and many different naming conventions for funnel stages and sub-stages. This is revenue funnel archetype that we commonly see across sales-led B2B SaaS, but there is no “one-size-fits-all” approach

## New Lead

A **potential user or buyer** that has not yet meaningfully engaged with your solution or organization. Marketing and/or sales is trying to move new leads down-funnel by spreading awareness of their solution or organization

## Marketing Engaged Lead (MEL)

A marketing engaged lead (MEL) **is actively engaged in your marketing campaign** but has not yet expressed interest in your product. Marketing engaged leads are in the process of finding the solution that best fits their needs

## Marketing Qualified Lead (MQL)

Leads that have the potential to fit your ideal customer profile and have **expressed interest in or engagement with your product** and/or services either implicitly or explicitly. MQLs are “sales-ready” leads, so this stage often involves a lead handoff from marketing to sales

## Sales Accepted Lead (SAL)

A sales accepted lead (SAL) is a prospective customer that has been reviewed in a lead-acceptance process and **meets the criteria to be formally accepted by the sales team**

## Sales Qualified Lead (SQL)

Leads that meet your ideal customer profile and are engaged in the buying cycle (e.g., a **meeting/call with a sales rep is booked** or has been held). At this point, the SQL is trying to understand a problem or gap and educate themselves on available solutions. The sales rep is identifying need and other opportunity criteria. This stage typically includes a handoff from SDRs to account executives

## Opportunity / Pipeline

**Leads that convert to pipeline dollars.** An SQL becomes an opportunity when the lead confirms your product and/or service could provide a viable solution to their problem and decides to continue the sales process to evaluate in more detail. An opportunity will typically have around 5 sub-stages that align to the buyer’s decision-making process

## Closed Won

When an agreement is signed, and **pipeline converts to new revenue** in various forms (bookings, recurring revenue MRR, ARR or CARR, services revenue, etc.). Depending on your org structure, this stage can involve a handoff between sales and customer success and/or account management

# Metrics Glossary

This study also references the following key metrics related to GTM employee incentives. For additional SaaS metrics, formulas, and considerations, we invite you to read our [SaaS glossary](#)

<i>Metric</i>	<i>Description</i>	<i>Formulas<sup>1</sup></i>
<b>Net Dollar Retention</b> NDR	Measures how well you are retaining existing revenue and upselling existing customers, making it a robust measure of growth efficiency. We typically like to look at NDR as a last twelve-month customer cohort analysis	$\frac{\text{Beginning ARR} + \text{expansion} - \text{gross churn}}{\text{Average of beginning ARR} + \text{ending ARR}}$
<b>Renewal Rate</b>	Measures the number of customers that renew out of the number of customers up for renewal (i.e., logo retention)	$\frac{\text{Customers renewed}}{\text{Customers up for renewal}}$
<b>Magic Number</b> Net or Gross	Measures dollars out vs. dollars in by comparing sales and marketing spend to revenue generated, while accounting for the lag of your sales cycle	$\frac{\text{Current quarter net new ARR}}{\text{Last quarter S\&M\&CS operating expenses}}$
<b>Customer Acquisition Cost</b> CAC	Measures the unit economics of the cost to acquire new customers versus the number of customers acquired (most relevant in the context of payback period and LTV)	$\frac{\text{S\&M\&CS operating expenses}}{\text{Gross new customers}}$
<b>Payback Period</b>	Measures the amount of time needed to pay back any customer acquisition costs, effectively showing you break-even point	$\frac{\text{CAC}}{(\text{ARPU or MRR}) \times \text{gross margin}}$
<b>Net Promoter Score</b> NPS	Considered a strong measure of customer health and product market fit, NPS measures the likelihood of a user to recommend your product to another potential user	$\% \text{ of promoters} - \% \text{ of detractors}$
<b>Customer Satisfaction</b> CSAT	A measure of customer experience related to the customer's satisfaction with a specific product, service, or customer support interaction	$\frac{\text{Number of satisfied responses}}{\text{Total responses}}$
<b>Customer Effort Score</b> CES	A measure of customer experience related to the ease with which customers interact with a specific product, service, or customer support experience	$\frac{\text{Sum of customer effort scores}}{\text{Total responses}}$

<sup>1</sup> There are multiple formula methodologies for many of the metrics shown. The formulas shown are examples of formulas we commonly see across our B2B SaaS portfolio

# 2

## Executive Summary & Overview

Executive summary

GTM Incentives & responsibilities

Metrics tied to compensation

Cash compensation and % variable

Key drivers of differences in incentives





# Executive summary

## Marketing incentive differentiators & recent trends

- Differences in incentive structures across go-to-market teams are mainly driven by the proportion of cash compensation that is variable, and the metrics that variable compensation is tied to. **Marketing individual contributors (ICs) typically have 0-15% variable compensation**, compared to 45-55% for sales reps
- As marketing employees reach leadership positions, their compensation becomes more performance-driven. **Marketing managers, directors, and VPs have 10-30% variable**
- Marketing incentive structures vary primarily by company stage, geography, and growth motion. **Later-stage companies are more performance-driven for marketing compensation**

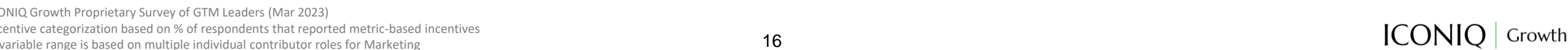
## Individual contributor incentives

- Most organizations offer some component of variable compensation to marketing ICs. The roles most likely to have variable compensation are those aligned to the “awareness” phase of the buying cycle, including channel and brand marketing. **Most marketing ICs have <5% variable compensation** at early-stage companies, which increases to **5-15% variable** compensation as companies scale past \$50M ARR
- Historically, variable compensation has been tied to top-of-funnel metrics for marketing teams and revenue and retention metrics for sales and customer success teams. However, **marketing leaders are starting to shift toward down-funnel metrics (pipeline, closed won) to align more with sales**
- Later-stage companies offer higher OTEs for most marketing roles, paying a median of 18% higher cash compensation for individual contributors
- Most marketing employees located in “**tier 1**” geographies have **slightly higher cash compensation (1-10%)** than those in other geographies
- Compared to sales and customer success roles, cash compensation for marketing roles was less variable across geographies. This may be due to the **remote nature of many individual contributor marketing roles**, as many remote companies take a geo-agnostic approach to marketing compensation
- **Sales-led growth companies tie a larger portion of marketing compensation to performance**, with most roles receiving 10-15% variable compensation versus just 5% for product-led growth companies

## Marketing leadership incentives

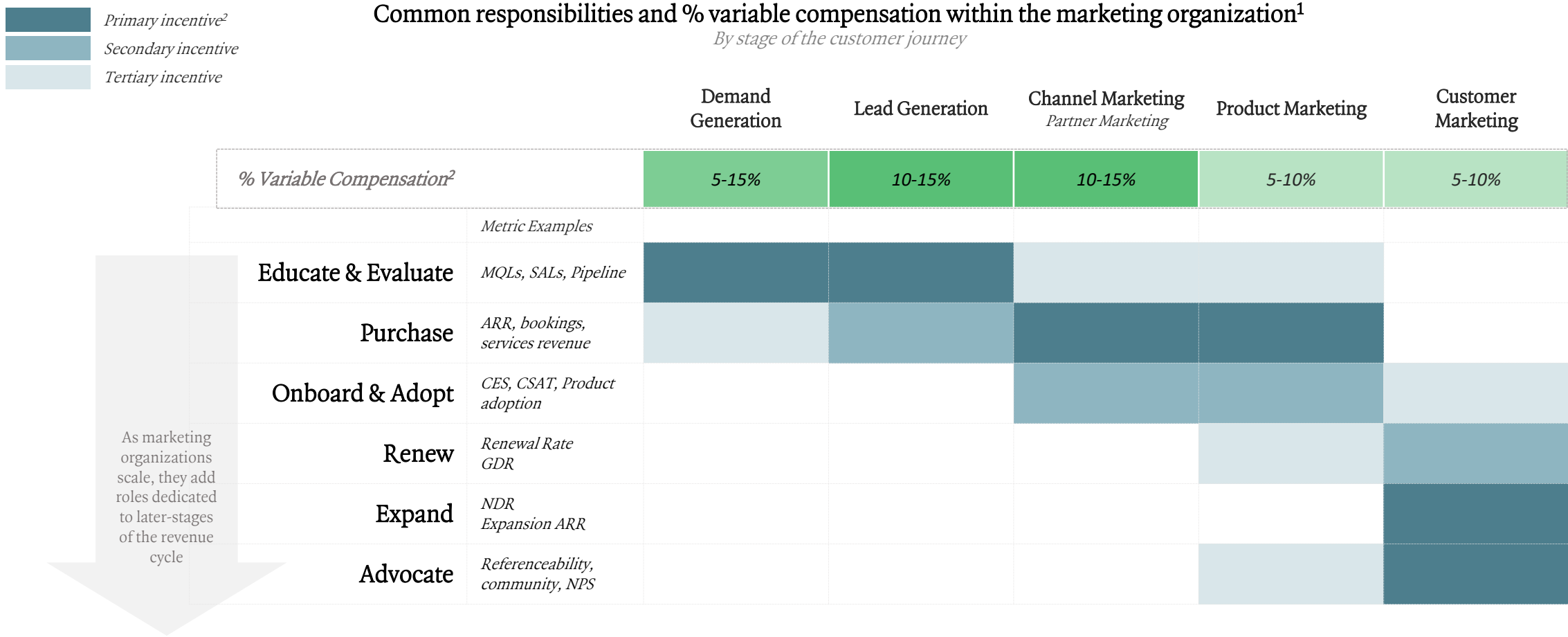
- OTEs for marketing leadership roles range from \$150K to \$350K, composed of 10-25% variable compensation. **Variable compensation increases as employees move from manager (10-15%) to director (15-20%) to VP-level (25-30%)**
- As the prevalence of variable increases for marketing leadership roles, the metrics tied to variable compensation move down-funnel away from leads and towards metrics like **pipeline dollars, closed won ARR, and bookings**. Marketing leadership metrics are also tied more **performance against company-wide goals** rather than individual performance

SaaS go-to-market organizations typically have roles dedicated to each stage of the pre- and post-sales process and align compensation-based incentives to metrics and business outcomes within each stage



Overview | Incentives and responsibilities within the marketing organization

More mature marketing organizations will also have roles dedicated to each stage of the revenue cycle: top-of-funnel roles like demand and lead generation, mid-funnel roles like channel marketing, and bottom-of-funnel roles dedicated to customer marketing and enablement

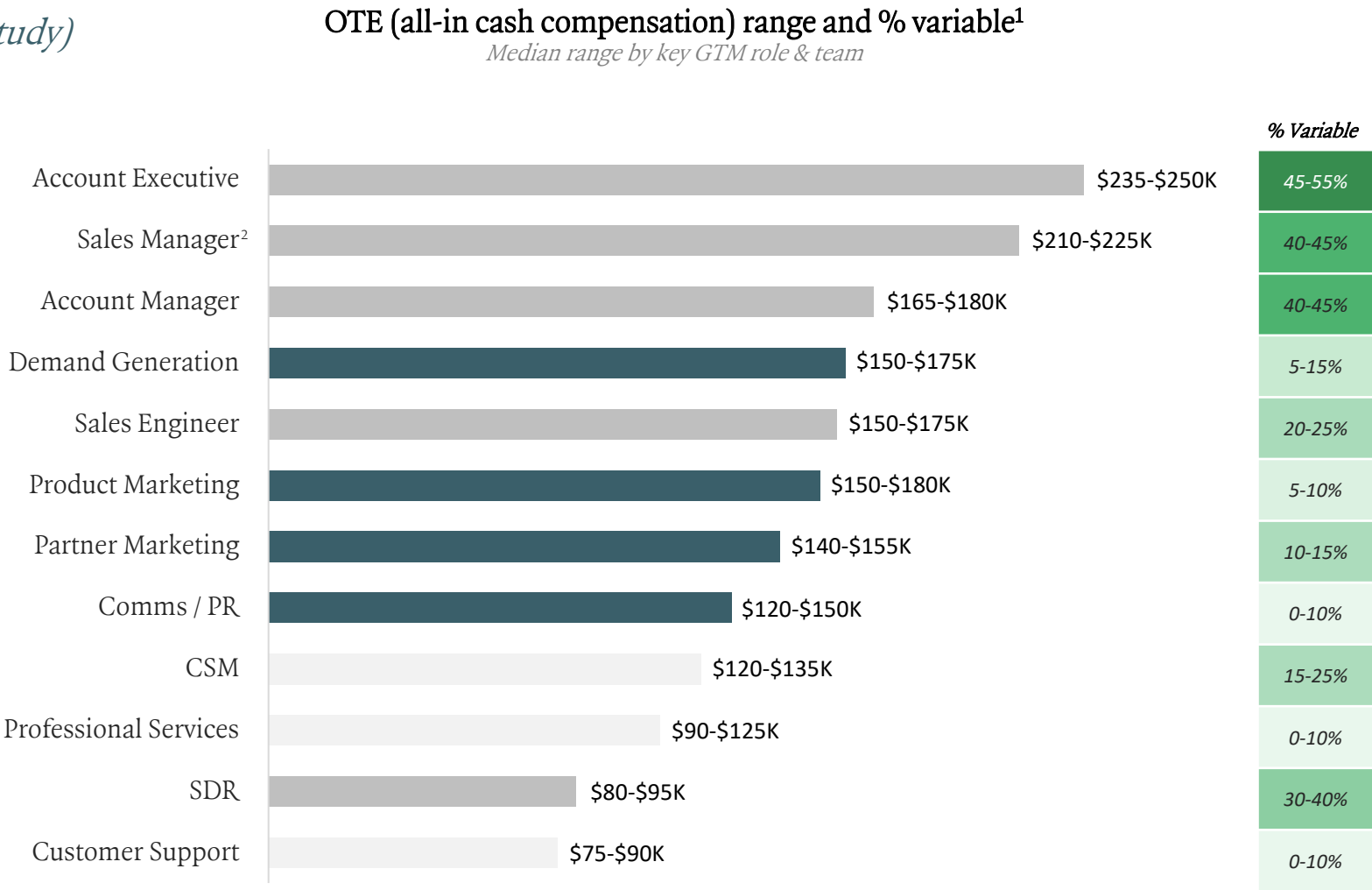


Overview | Cash compensation across the GTM org

Differences in incentives across go-to-market teams are mainly driven by the portion of variable compensation, and the metrics that variable compensation is tied to. Marketing employees typically have 0-15% variable compensation, compared to 40-55% for sales reps

Marketing (focus of this study)

Sales  
Customer Success  
& Cost of Revenue



1 ICONIQ Growth Proprietary Survey of GTM Leaders (Mar 2023)  
2 All roles except for Sales Manager represent individual contributors

## Overview | Metrics tied to compensation

Historically, this variable compensation has been tied to top-of-funnel metrics for marketing teams and revenue and retention metrics for sales and customer success teams. However, marketing leaders are starting to shift toward down-funnel metrics to align more with sales

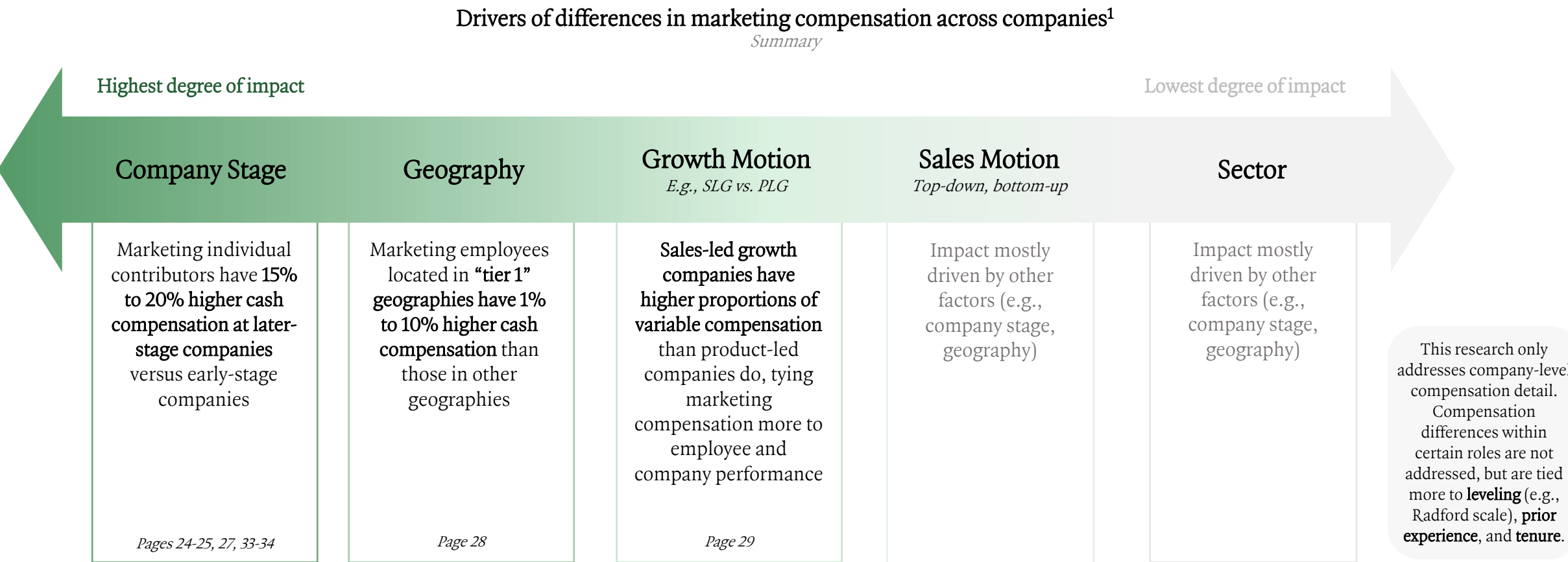


<sup>1</sup> ICONIQ Growth Proprietary Survey of GTM Leaders (Mar 2023)

<sup>2</sup> Perspectives from the ICONIQ Growth network

Overview | Key marketing compensation differentiators

Within a given customer-facing role, incentive structures vary primarily by role archetype, segment, offshore model, and geography. Other variables such as company stage and sector have less of a direct impact on incentive structures and total compensation



1 ICONIQ Growth Proprietary Survey of GTM Leaders (Mar 2023)



# 3

## Incentive Structures for Marketing Individual Contributors

Prevalence of variable compensation

Metric-driven incentives

OTE and % variable

Drivers of differences in incentives

*By company stage*

*By geography*

*By growth motion*



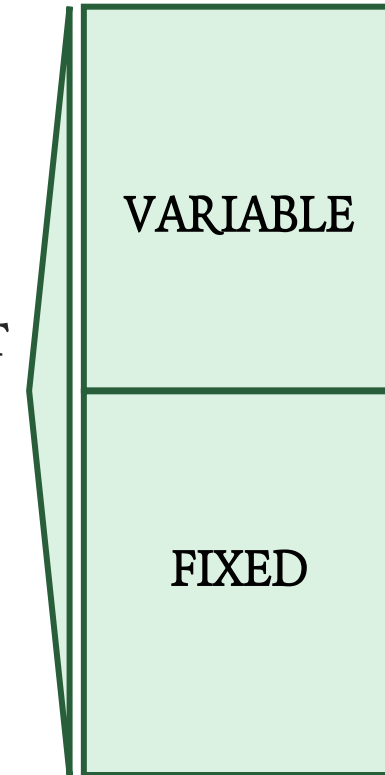
## Typical Marketing Org Structure

### Individual Contributors (ICs)

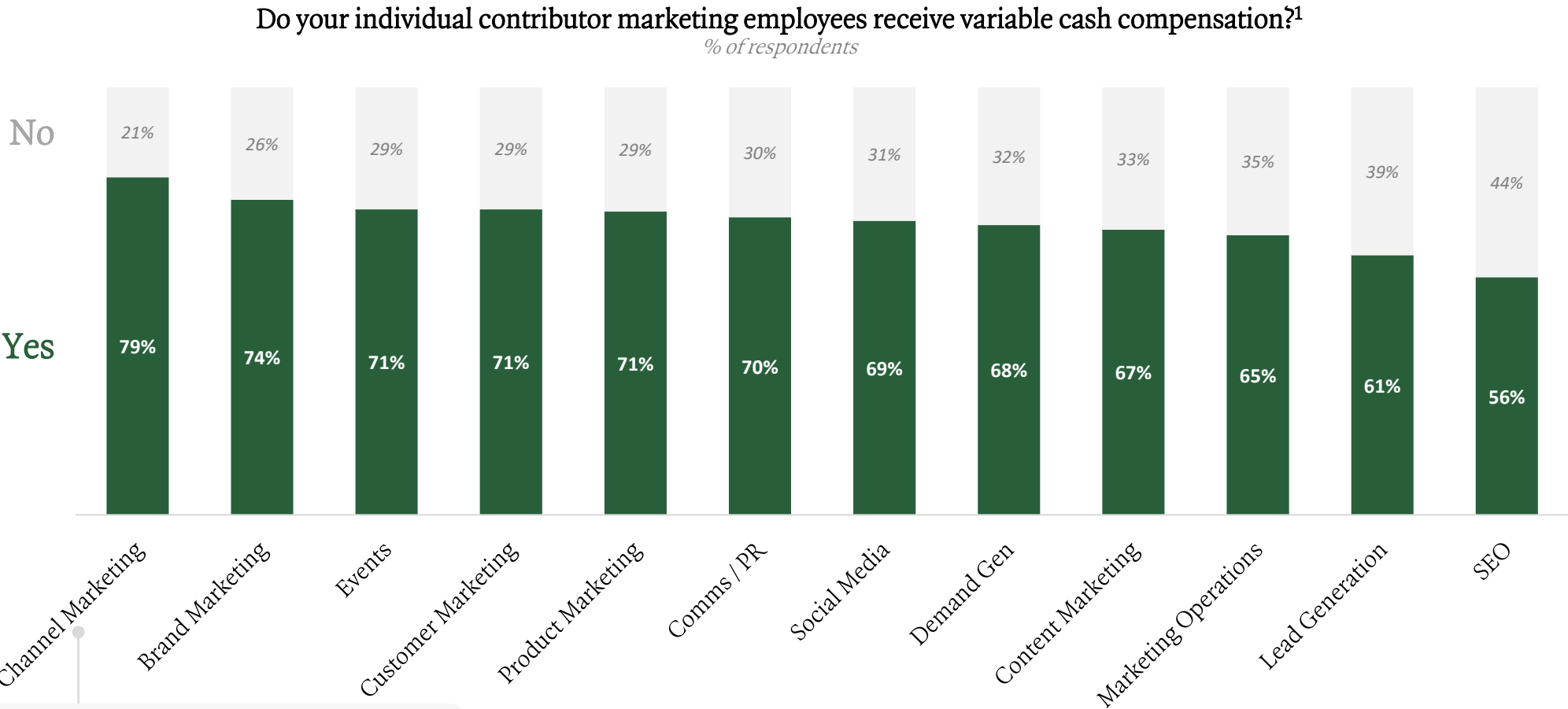


## Key Components of Compensation

ON-TARGET  
EARNINGS  
(OTE)



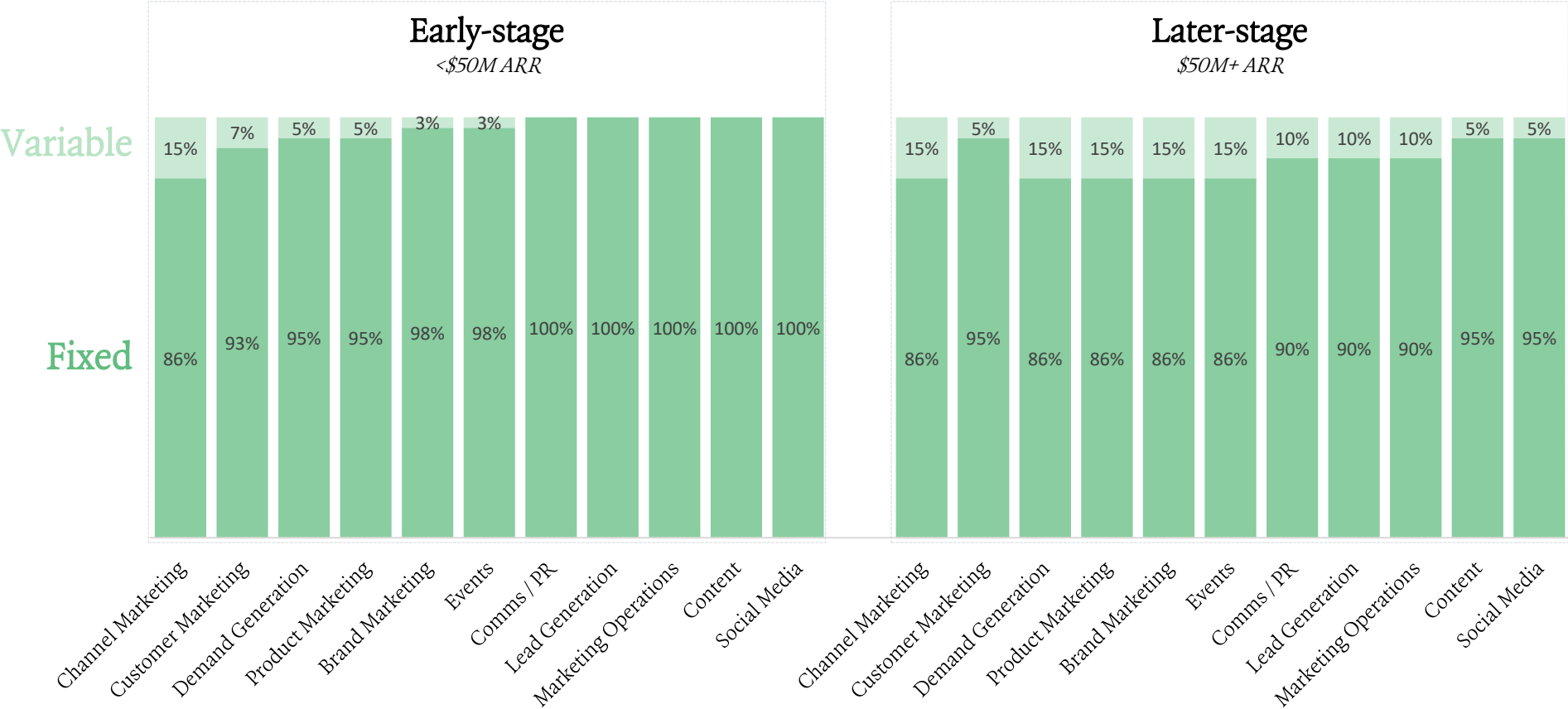
Most organizations offer some component of variable compensation to marketing ICs. The roles most likely to have variable compensation are those aligned to the “awareness” phase of the buying cycle, including channel and brand marketing



The “awareness” phase of the buying cycle is dedicated to educating prospective customers about your solution to drive top of funnel engagement and partnerships with resellers. **Channel and brand marketing roles are closely aligned with business development and sales team**, which tend to have more performance-driven incentives.

The proportion of variable compensation differs between marketing IC roles and increases as companies scale. Most marketing employees have 0-5% variable compensation at early-stage companies, which increases to 5-15% as companies scale past \$50M ARR

Median fixed vs. variable compensation<sup>1</sup>  
*By role & company scale*



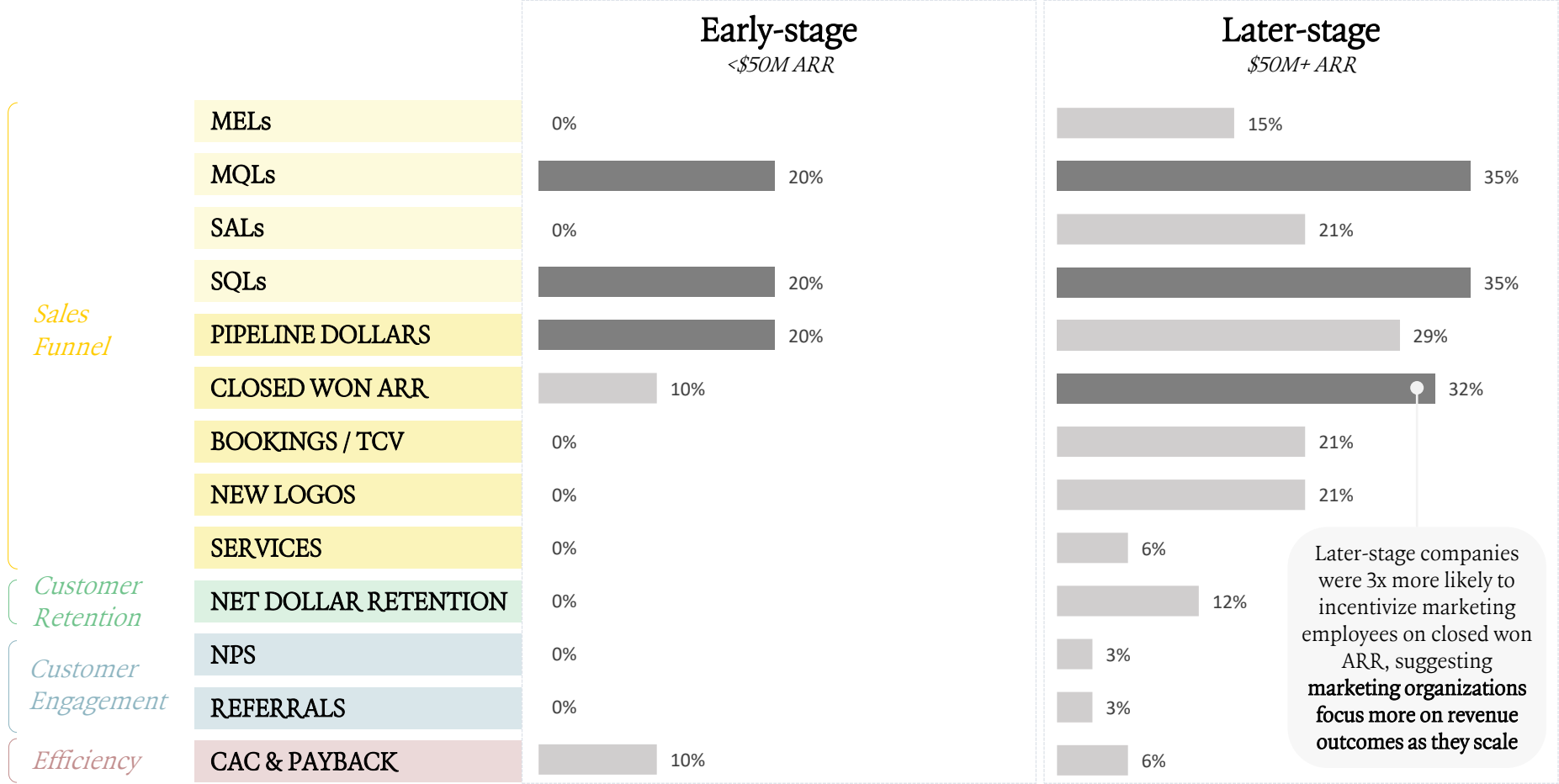
Unlike sales, the proportion of variable compensation increases for marketing employees as companies scale.<sup>2</sup> This is perhaps due to **difficulties in quantifying marketing performance at early-stage companies**, as significant tooling and infrastructure is needed to measure marketing outcomes across demand generation and pipeline creation.

1 ICONIQ Growth Proprietary Survey of GTM Leaders (Mar 2023)  
2 ICONIQ Growth Analytics & Insights: [The Definitive Guide to Sales Compensation](#) (June 2023)

Tying variable compensation to specific metrics for marketing ICs becomes more common as companies scale, with the most prevalent metrics being MQLs, SQLs, and pipeline dollars. However, later-stage companies incentivize closed won ARR over pipeline

Top Metrics  
Other Metrics

Metrics tied to junior-level marketing employee compensation<sup>1</sup>  
*% of respondents by company stage; select all that apply*



“Do not measure team performance based on metrics that would motivate the team to make narrow-minded, short-term decisions for just the next quarter pipeline. It is important to tie all the work the team does to how this impacts pipeline today and in the future.”<sup>2</sup>

*Head of Marketing  
Infrastructure & Security  
Late-stage (\$250M+ ARR)*

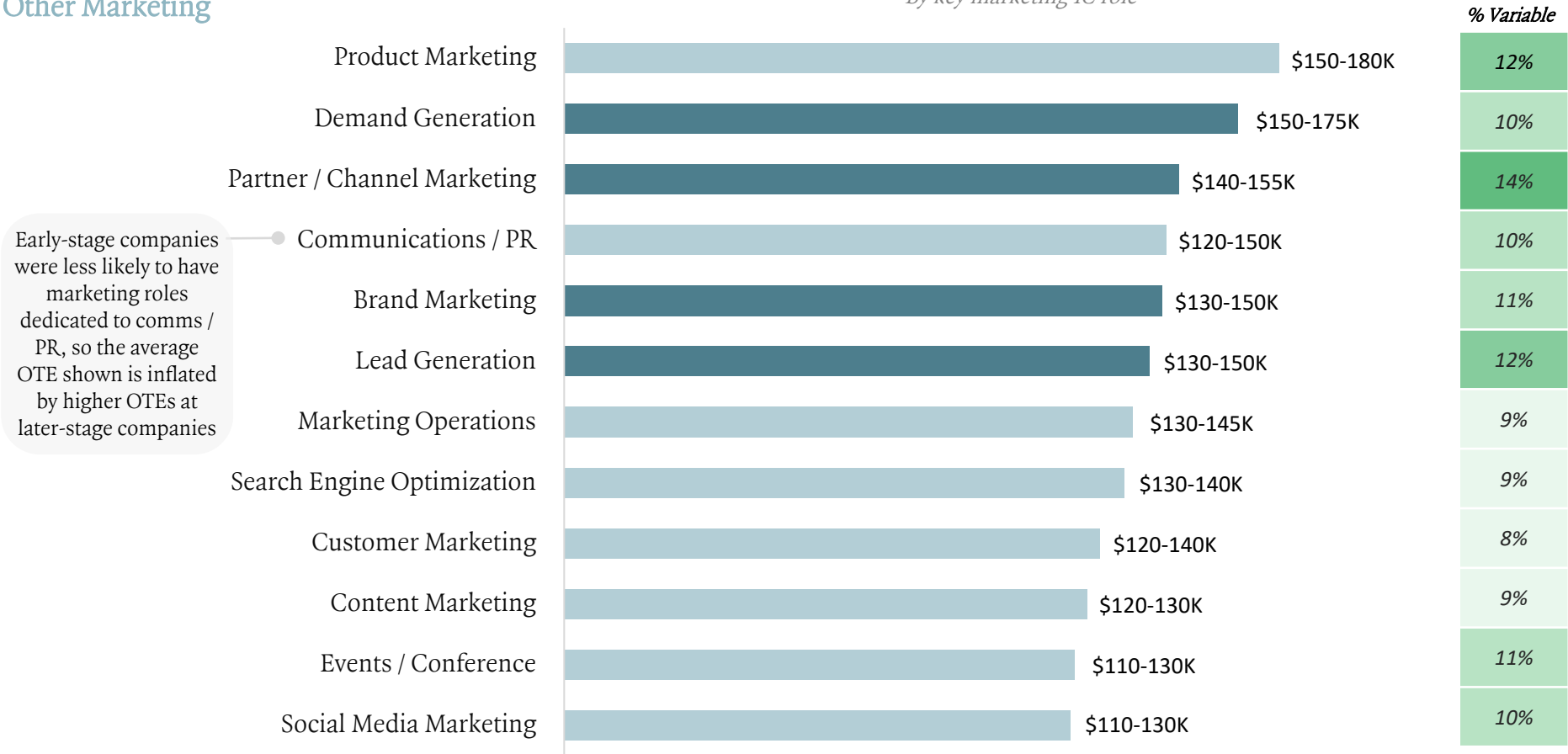
<sup>1</sup> ICONIQ Growth Proprietary Survey of GTM Leaders (Mar 2023)  
<sup>2</sup> Perspectives from the ICONIQ Growth network

On-target earnings differ by role, with product marketing and revenue-generation employees receiving the highest OTEs and the highest proportion of variable compensation

IC	VARIABLE
MGR+	FIXED

Revenue Generation  
Other Marketing

Average OTE (all-in cash compensation) and % variable<sup>1</sup>  
By key marketing IC role



Early-stage companies were less likely to have marketing roles dedicated to comms / PR, so the average OTE shown is inflated by higher OTEs at later-stage companies

“ AI is going to be a game changer for prospecting and lead generation. We’re already using AI for automated follow-ups to all inbounds and to ensure all our content is personalized to that persona. We’re likely to see some changes to these marketing and sales roles in the near future.<sup>2</sup>

Marketing Leader  
Fintech  
Growth-stage (\$50-\$250M ARR)

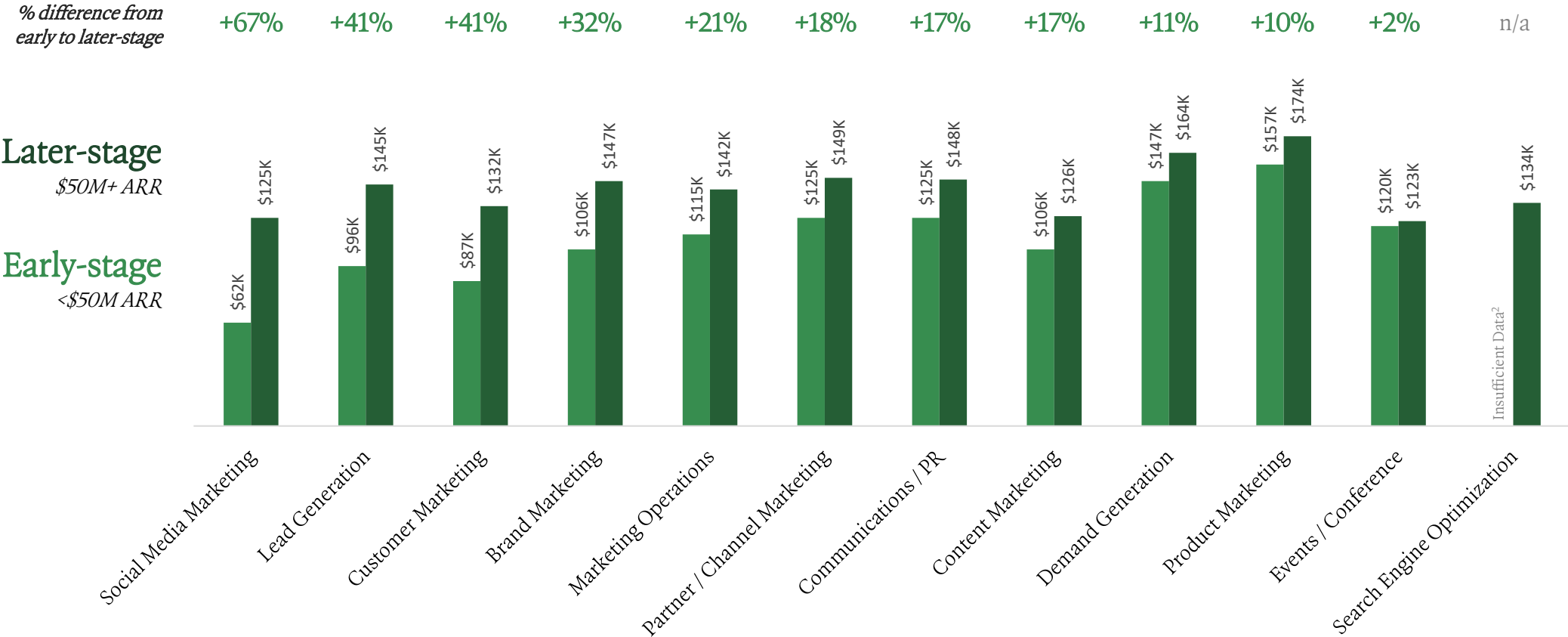
1 ICONIQ Growth Proprietary Survey of GTM Leaders (Mar 2023)  
2 Perspectives from the ICONIQ Growth network



Later-stage companies tend to offer higher OTEs for most marketing roles, paying a median of 18% higher cash compensation for individual contributors

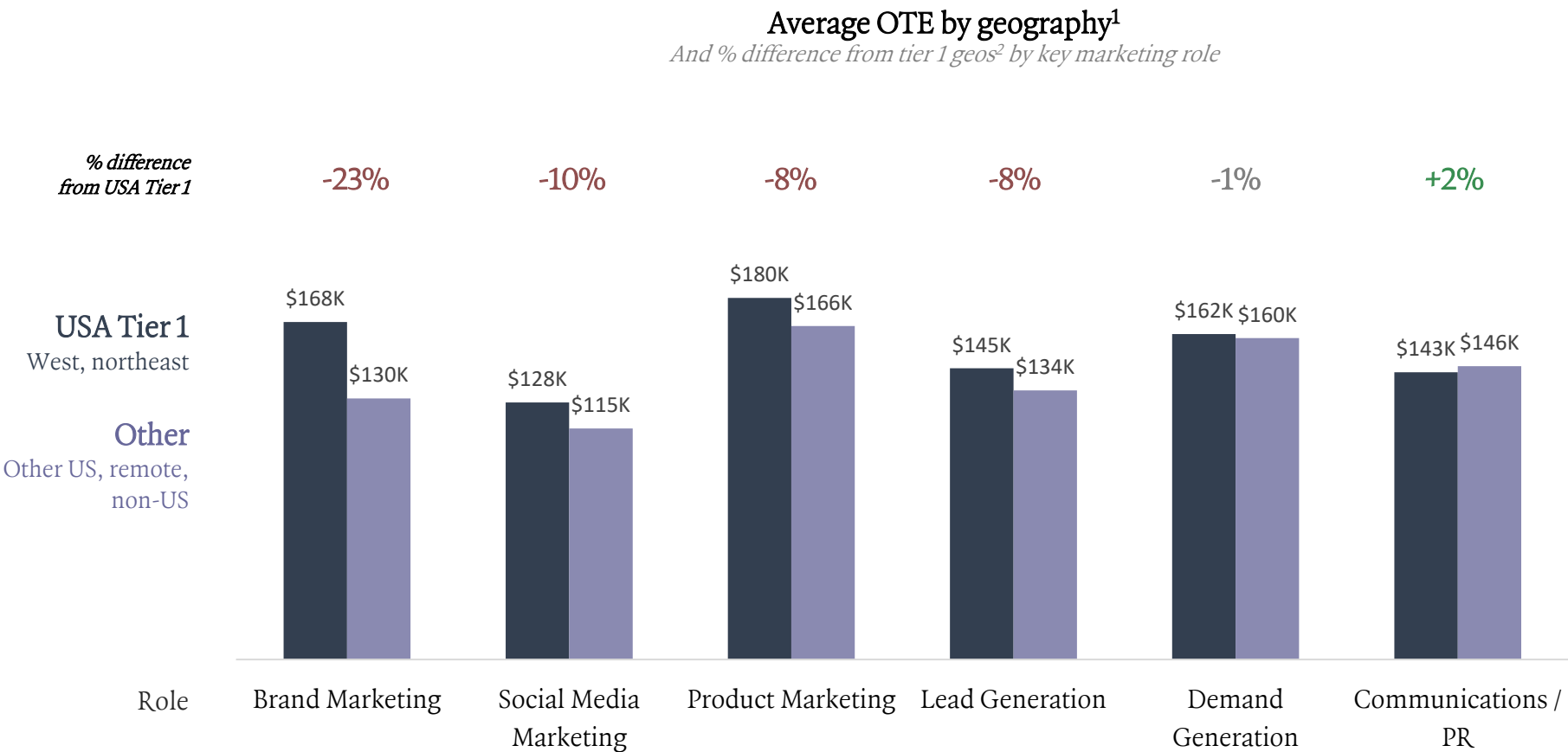
IC	VARIABLE
MGR+	FIXED

Average OTE for marketing roles by company stage<sup>1</sup>  
And % difference from early to later-stage



1 ICONIQ Growth Proprietary Survey of GTM Leaders (Mar 2023)  
2 None of the early-stage companies surveyed had marketing roles dedicated to SEO

Most marketing employees located in “tier 1” geographies have slightly higher cash compensation (1-10%) than those in other geographies. Brand marketing roles have the highest pay premium across marketing roles, with 23% higher average salary in “tier 1” geographies

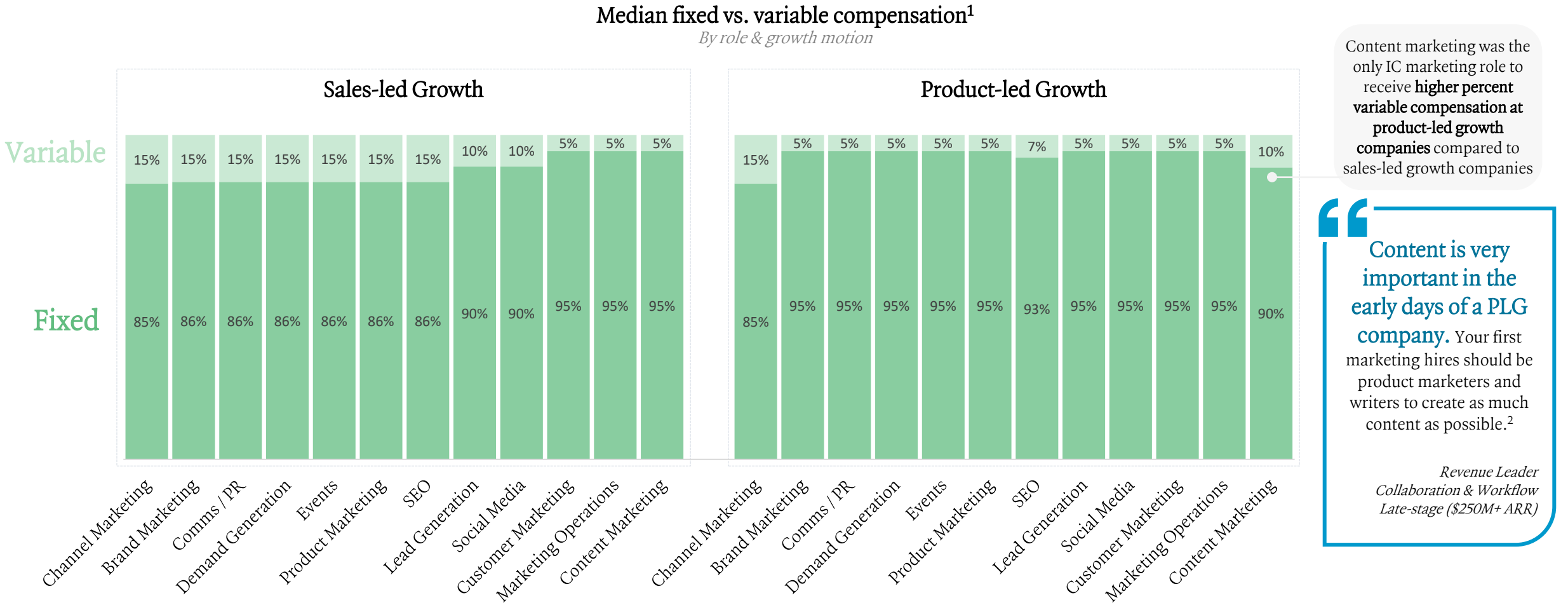


Compared to sales and customer success roles, cash compensation for marketing roles was less variable across geographies. This may be due to the **remote nature of many individual contributor marketing roles**, as many remote companies take a geo-agnostic approach to compensation.

1 ICONIQ Growth Proprietary Survey of GTM Leaders (Mar 2023); geography based on location of majority of company’s employees  
2 Geographies tiered based on cost of living; see Appendix for tier categories

Individual Contributors | How growth motion impacts incentives

Sales-led growth companies tie a larger portion of marketing compensation to performance, with most roles receiving 10-15% variable compensation versus just 5% for product-led growth companies

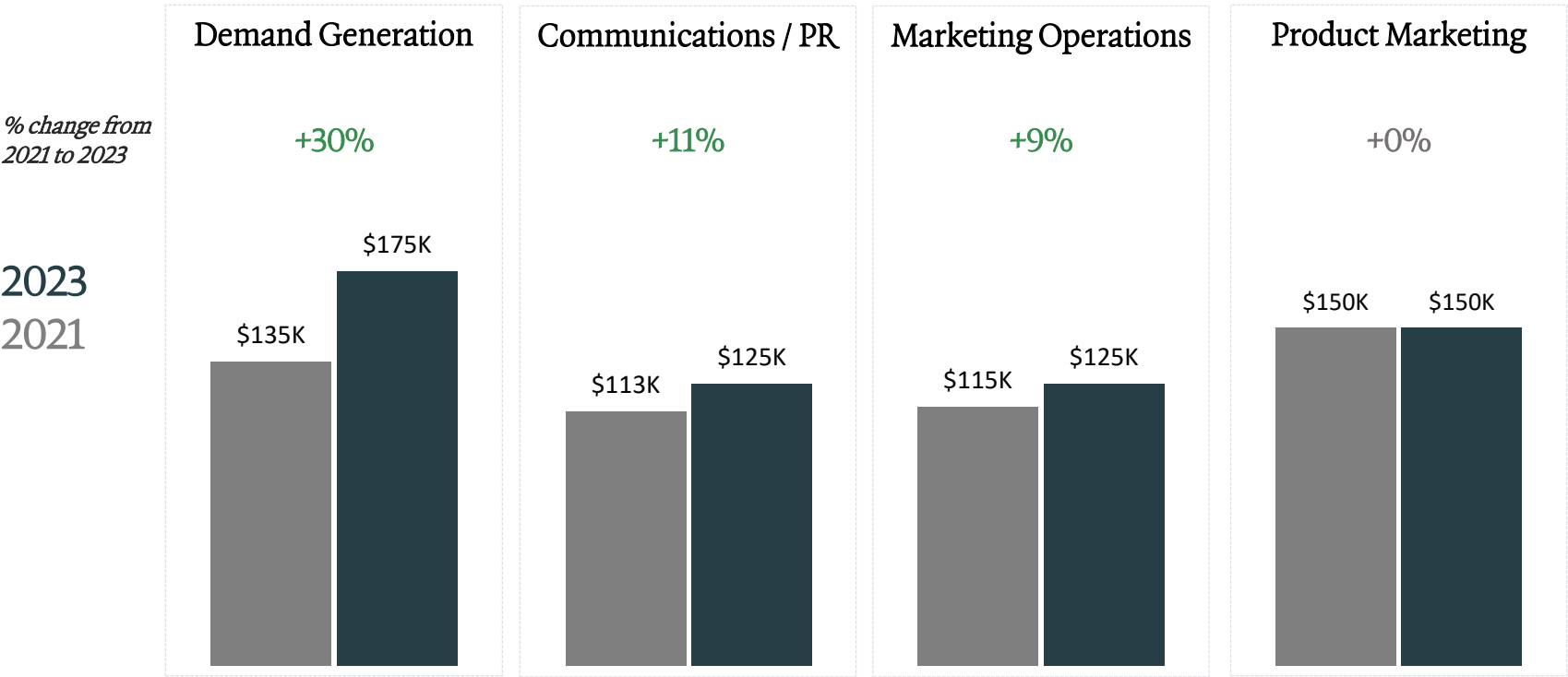


1 ICONIQ Growth Proprietary Survey of GTM Leaders (Mar 2023)  
2 Perspectives from the ICONIQ Growth network

Incentive Drivers | How cash compensation has changed over the last few years

Over the last few years, on-target earnings have increased for most marketing roles. Demand generation roles have seen the largest change in compensation, with OTE increasing by 30% between 2021 and 2023

OTE (all-in cash compensation) over time<sup>1,2</sup>  
Median by key marketing role (where data available); 2021 vs. 2023



“Demand gen is one of the three key pillars of a SaaS marketing organization, along with product marketing and branding. With slower demand and decreasing conversion rates, we’re needing to increase the effectiveness of our demand generation motions.”

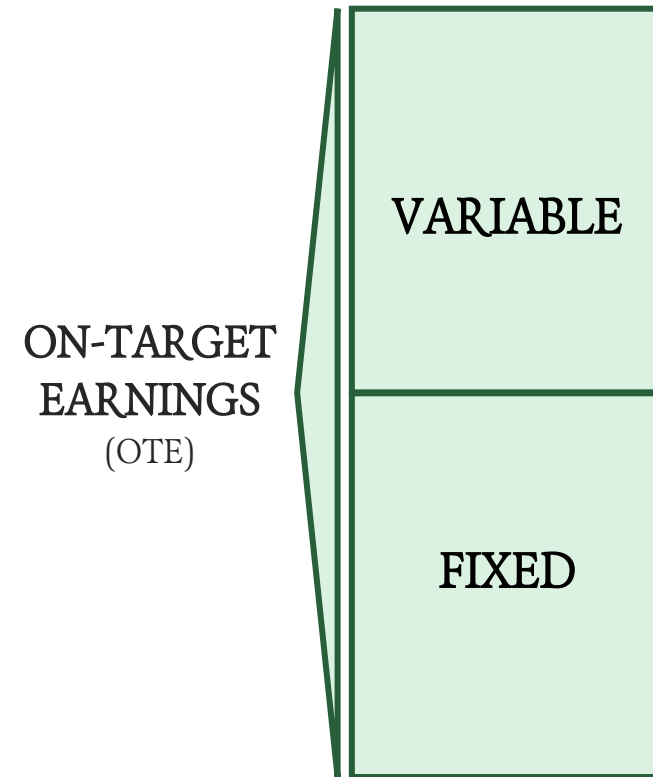
*Marketing Leader  
Infrastructure & Security  
Late-stage (\$250M+ ARR)*

1 ICONIQ Growth Proprietary Survey of GTM Leaders (Mar 2023)  
2 ICONIQ Growth Proprietary Survey of GTM Leaders (Mar 2021)

## Typical Marketing Org Structure

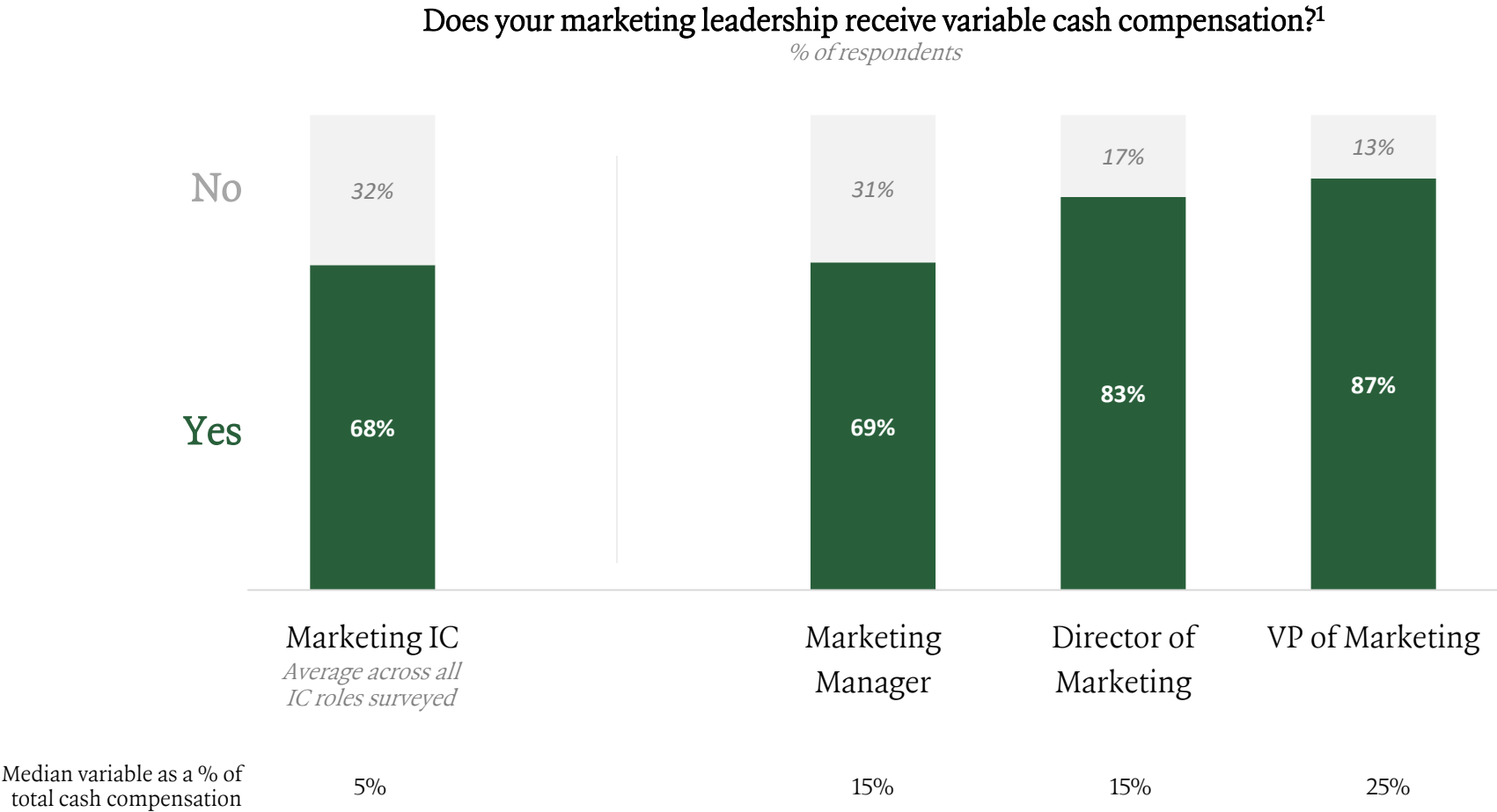


## Key Components of Compensation



As marketing employees reach leadership positions, their compensation becomes increasingly tied to performance via a higher prevalence and proportion of variable compensation

IC	VARIABLE
MGR+	FIXED

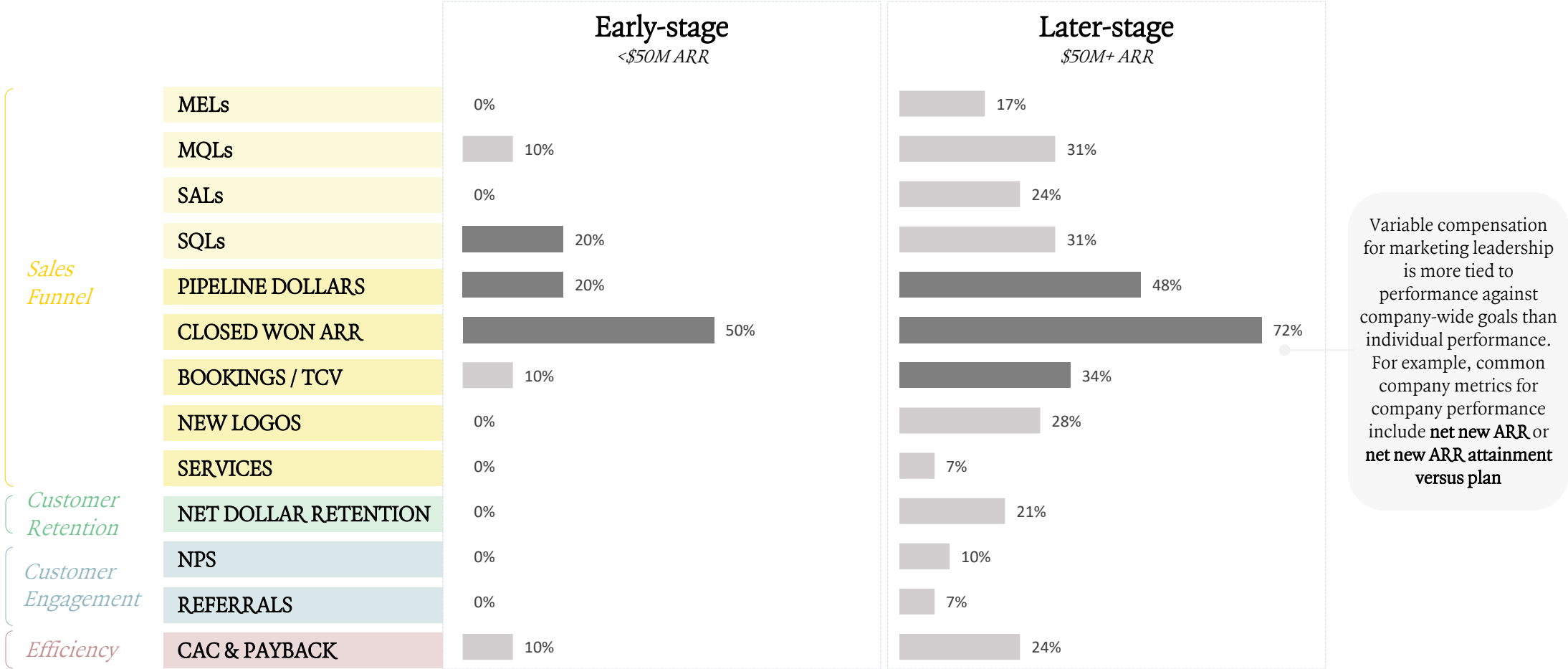




As the prevalence of variable increases for marketing leadership roles, the metrics tied to variable compensation move down-funnel towards revenue. Leadership metrics are also tied more to company-wide performance rather than individual performance

Top Metrics  
Other Metrics

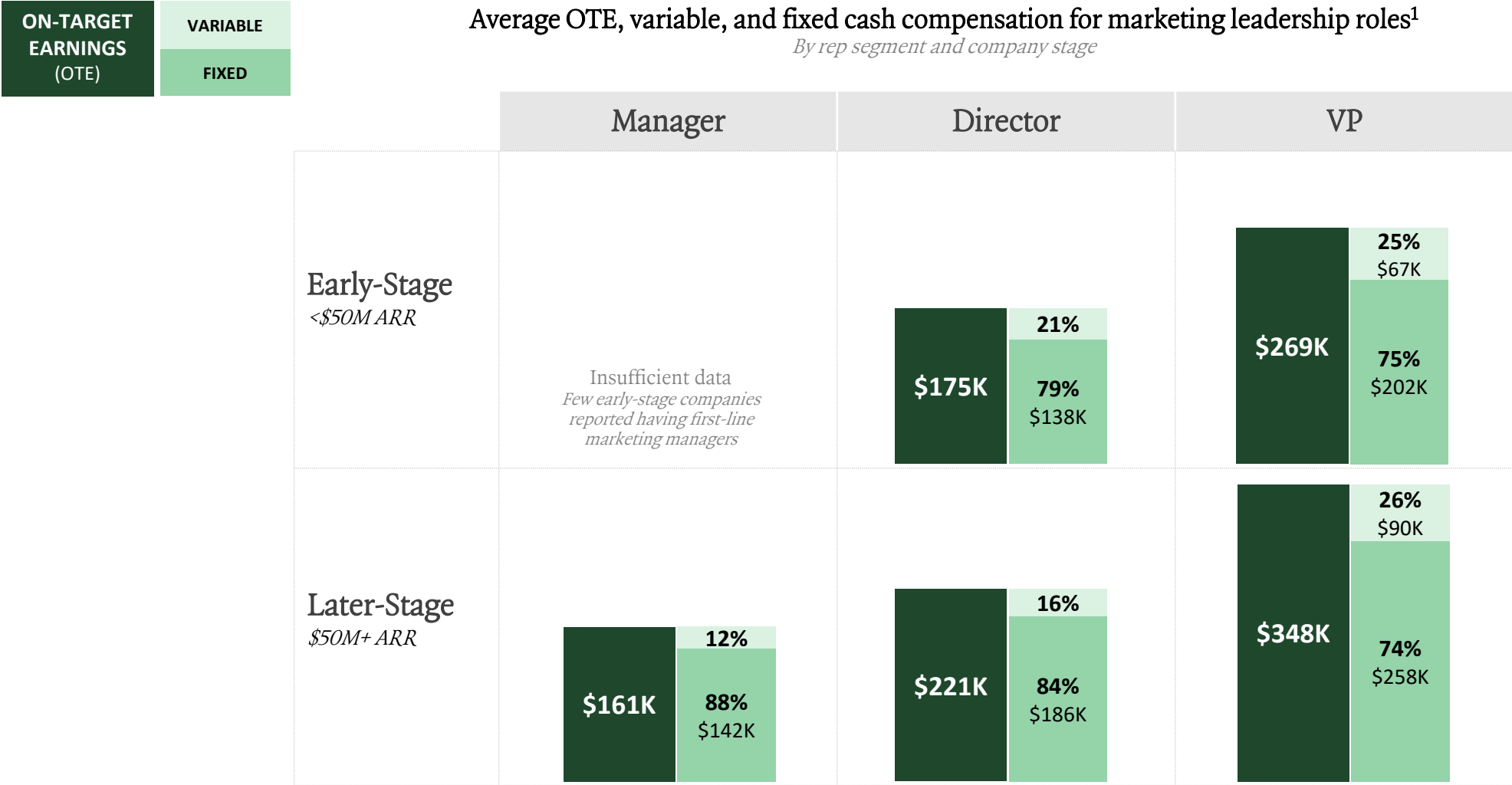
Metrics tied to marketing leadership compensation<sup>1</sup>  
*% of respondents by company stage; select all that apply*



Marketing Leadership | OTE and % variable by role and company stage

OTEs for marketing leadership roles range from \$150K to \$350K, composed of 10-30% variable compensation. The portion of variable compensation increases as employees go from manager to director to VP-level

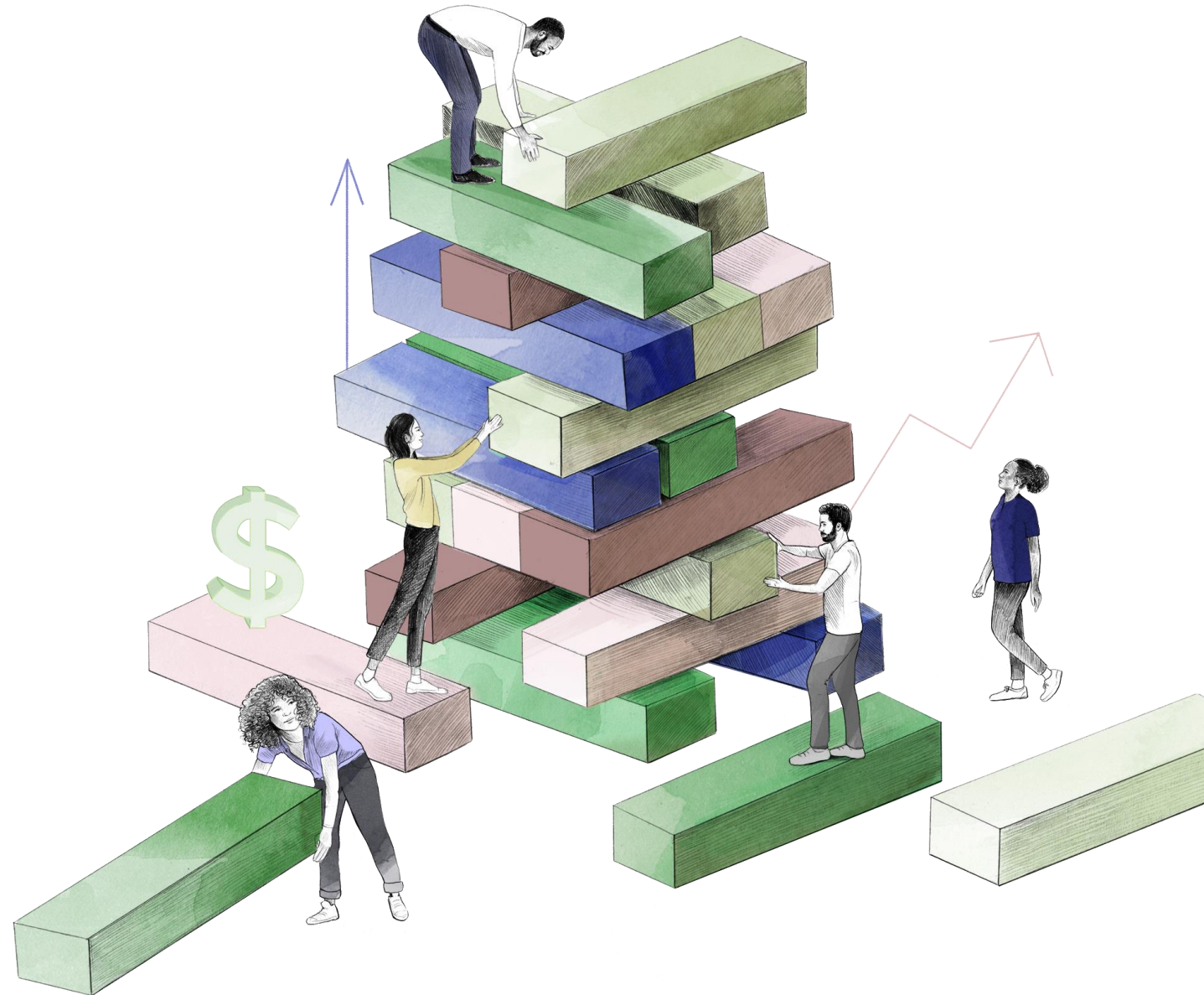
IC	VARIABLE
MGR+	FIXED



# Appendix

Geography tiers

About ICONIQ Growth



Geography tiers

The following tiers were utilized for geographical compensation analysis in this study. These categorizations are based primarily on cost of living

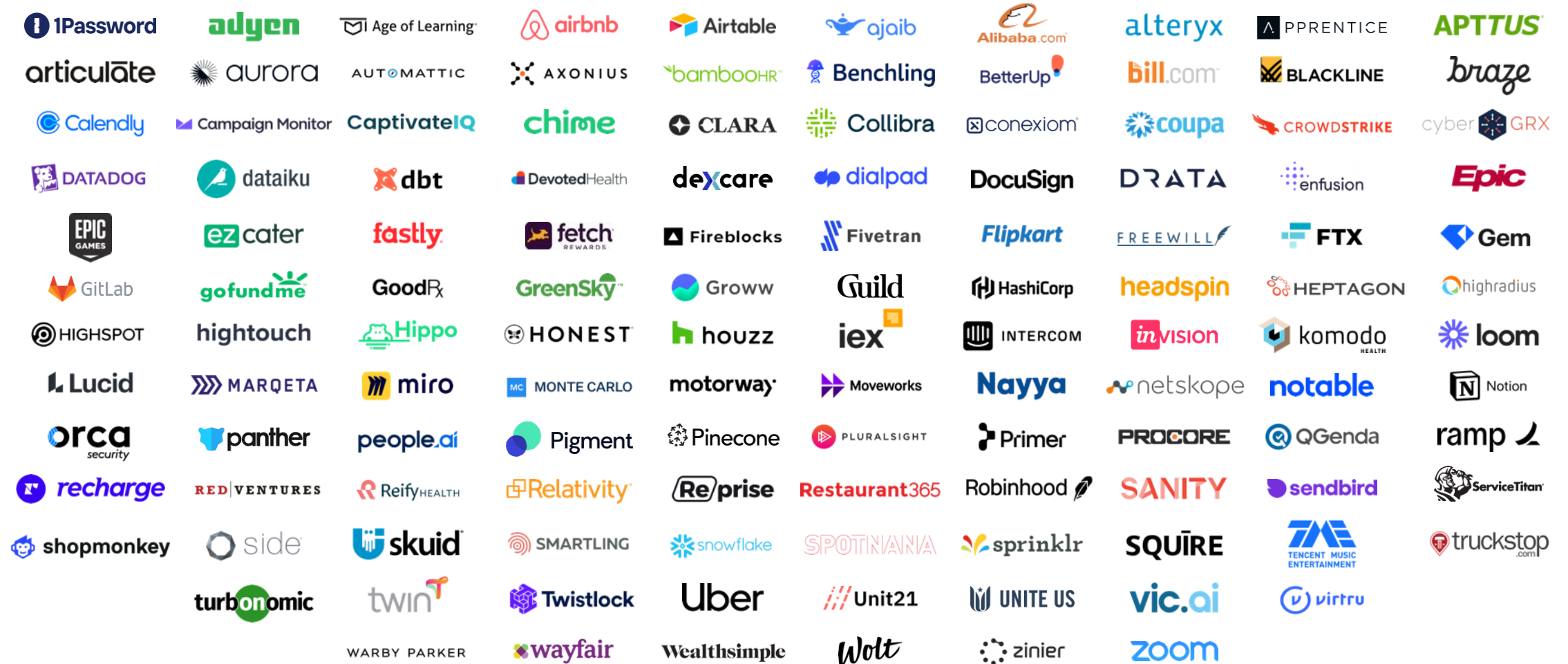
Pay tiers used in geographical compensation analysis<sup>1</sup>  
*Only locations of survey respondents are included (list is not exhaustive)*

All Geographies	Tier 1	Tier 2	Tier 3
All locations in tier 1-3	California	Colorado	Arizona
Evenly distributed	New York	Illinois	Florida
Canada	New Jersey	Maryland	Georgia
UK		Massachusetts	Indiana
Netherlands		Texas	Kansas
		Utah	Michigan
		Washington	Minnesota
			Montana
			Ohio
			Pennsylvania
			Tennessee

# ICONIQ | Growth

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# A global portfolio of category-defining businesses



These companies represent the full list of companies that ICONIQ Growth has invested in since inception through ICONIQ Strategic Partners funds as of the date these materials were published (except those subject to confidentiality obligations). Trademarks are the property of their respective owners. None of the companies illustrated have endorsed or recommended the services of ICONIQ.



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Meet the ICONIQ Growth team



# Other research from ICONIQ Growth

The ICONIQ Growth analytics mission is to empower our portfolio and network with **proprietary insights that inform business operations and strategy.**

## SaaS Topline Growth & Operational Efficiency

- Our annual report on the data behind scaling a B2B SaaS business: we answer key questions on how these companies scale quickly and efficiently and explore what we believe to be early indicators of long-term success
- *Data source: quarterly financial and operating data from the ICONIQ Growth B2B SaaS portfolio*



## IPO Preparedness & Performance

- Our annual software, consumer, and healthcare IT IPO reports answer key questions across several major topics related to successfully planning for an executing an IPO
- *Data source: Public filings for IPOs from 2013 to now*



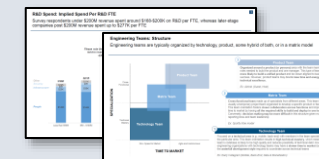
## Quarterly Recaps

- Real-time insights into performance and attainment across top- and bottom-line forecasts, how key performance metrics have been impacted by the current market environment, and how companies are adjusting plan and strategy in response
- *Data source: quarterly attainment and budget data from and proprietary surveys of the ICONIQ Growth portfolio*



## Engineering Efficiency

- Our annual report in collaboration with the ICONIQ Growth Technical Advisory Board on the data behind high-functioning engineering organizations
- *Data source: proprietary survey of ICONIQ Growth portfolio and broader network*



## The Essential Tech Stack

- This report details the top tools powering modern-day software organizations across product development, data and security, go-to-market, and internal operations (in collaboration with G2)
- *Data source: proprietary survey of ICONIQ Growth portfolio engineering leaders and proprietary G2 review data*



Select research shown. We invite you to explore additional resources on our [ICONIQ Growth Insights page](#).








These studies include proprietary information. Please reach out to [iconiqgrowthanalytics@iconiqcapital.com](mailto:iconiqgrowthanalytics@iconiqcapital.com) to request access.

Other research from  
ICONIQ Growth

# Leadership Analytics

Executive hiring is the final frontier within the modern organization that is yet to see a proliferation of data. Despite having data to guide nearly every other business decision, CEOs and Founders have heretofore been forced to rely on anecdotal evidence. **ICONIQ Growth Leadership Analytics helps de-risk hiring decisions by empowering CEOs and Founders with executive hiring data:** we study every leadership hire between founding and IPO at high-caliber SaaS companies to create a series of first-of-their-kind playbooks that help guide decision-making across the entire company lifecycle.

	<p><b>Chief Marketing Officer Study</b> (Two-Part Series)</p>	<ul style="list-style-type: none"><li>Quantitative analysis of the most prevalent – and most successful – operational backgrounds and qualifications for Heads of Marketing at private SaaS companies, segmented by Growth Stage</li><li><i>Data source: Proprietary dataset of &gt;200 marketing leaders at 63 SaaS companies</i></li></ul>	
★	<p><b>Chief People Officer Study</b></p>	<ul style="list-style-type: none"><li>Quantitative analysis of the most prevalent – and most successful – operational backgrounds and qualifications for Heads of People at private SaaS companies, segmented by Growth Stage</li><li><i>Data source: Proprietary datasets of &gt;100 people leaders at 59 companies; 2021 Cloud 100 People leaders</i></li></ul>	
★	<p><b>President &amp; Chief Operating Officer Study</b></p>	<ul style="list-style-type: none"><li>Examination of the advantages and challenges of having a COO and/or President role</li><li><i>Data source: Proprietary dataset of every past and current COO/President at 61 SaaS companies</i></li></ul>	
★	<p><b>Chief Financial Officer Study</b></p>	<ul style="list-style-type: none"><li>Quantitative analysis of the most prevalent – and most successful – operational backgrounds and qualifications for Heads of Finance at private SaaS companies, segmented by Growth Stage</li><li><i>Data source: Proprietary dataset of &gt;170 finance leaders at 72 companies</i></li></ul>	
★	<p><b>Chief Revenue Officer Study</b> (Two-Part Series)</p>	<ul style="list-style-type: none"><li>Quantitative analysis of the most prevalent – and most successful – operational backgrounds and qualifications for Heads of Sales/CROs at private SaaS companies, segmented by Growth Stage</li><li><i>Data source: Proprietary dataset of &gt;180 sales leaders at 72 companies</i></li></ul>	

★ These studies include proprietary information. Please reach out to [leadershipadvisory@iconiqcapital.com](mailto:leadershipadvisory@iconiqcapital.com) to request access.

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