

This paper is for executives and managers at Life, Health and P&C insurance carriers that manage and compensate a captive agent force or internal sales representatives.

Winning Sales Performance Management for Insurance Organizations: One Size Does Not Fit All

Executive Summary

Sales organizations across numerous industries are adopting sales performance management (SPM) technology to drive sales behavior. Insurance organizations with captive models can benefit greatly from SPM because they make substantial investments in the sales channel and need effective ways to recruit, motivate and retain their producers for maximum returns.

SPM technology that is designed for insurance puts management in control by removing all technology barriers while catering to the insurance model. Insurers gain the agility to pay on multiple factors, quickly introduce new products and new compensation structures and communicate effectively with the channel. Accurate, efficient processes that include ad hoc reporting and easy data access for analytics are part of the package.

However, insurers must carefully evaluate a prospective SPM system to avoid the one-size-fits-all trap. Many SPM systems are not industry-specific, and insurance versions of more generic solutions are also offered. These systems fail to take into account the intricacies of the insurance business model and thus complicate rather than streamline the highly complex insurance sales cycle. In the absence of technology that truly mirrors their business model, insurers are usually forced to adapt their processes to the technology. Carriers, MGAs and large brokerages frequently experience frustration, disappointment and confusion in their attempts to establish efficient processes using such systems.

Fortunately, today's insurers now have the opportunity to benefit from a unique SPM solution designed specifically for the insurance industry: VUE Compensation Management™ from VUE Software®. VUE Compensation Management boosts revenue, lowers costs and supplies the predictability, confidence and control that insurance organizations require to gain competitive advantage in a challenging marketplace.



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Introduction

SPM refers to the category of business intelligence (BI) technology that manages incentives, territories and quotas to influence the performance of the sales force. Effective SPM for insurance must leverage agent licensing information, flexible commission plans, channel communication and performance data to drive sales channel behavior.

With daunting challenges such as unpredictable turnover in captive agents, recruiting and onboarding qualified representatives, and competitive commissions offered by other companies, insurance organizations require an SPM solution that helps them establish better processes and controls in sales channel management. This white paper gives insurers and MGAs with captive models valuable information for selecting the kind of SPM system that effectively addresses their issues and rapidly advances them to the next level of efficiency and profitability.

Sales Performance Management: A Business Imperative

Insurance complexities are increasing, and so are the demands on insurers. When responding to competitive challenges on the sales front, leading-edge technology is essential. Insurance-specific SPM provides the agility to influence producers as needed, even when there are frequent plan changes in response to business needs, the competition or the market.

For insurance organizations, agility is the outcome of a number of critical elements all working together:

- **Rapid introduction of new products and compensation structures:** Because technology provides the means to successfully sell new products and roll out new compensation plans, the carrier can explore and implement more strategic options.
- **Efficient communication with producers:** Portal technology ensures that new incentive plans and bonus programs go into effect quickly.
- **Accuracy and efficiency:** An end-to-end solution—without silos and manual intervention—speeds processes and helps ensure data integrity. Agents can rely on accurate payments, so they focus more on selling than monitoring their paychecks.
- **Ad hoc reporting and quick data access:** With accurate data and robust reporting tools at their fingertips, insurers can run reports and analyze channel and product performance as needed.

Insurers Struggling to Manage Sales Performance

Many insurance management teams see successful SPM as an unattainable vision because their technology cannot help them surmount industry-specific challenges. Profitability suffers as these insurers endure the symptoms of their difficulties without the ability to treat the underlying causes.

Some Symptoms of the Struggle

The inability to base commissions on multiple factors is one of the most prevalent and problematic symptoms. For example, health insurers' commission calculation systems are usually based on a percentage of premiums, and most homegrown and legacy technologies cannot pay producers on any other metric. Therefore, commissions escalate dramatically year after year due to medical inflation. Agents receive unmerited raises, and insurers pay the price.

Life insurers and property and casualty (P&C) insurers struggle with another crippling symptom: producers switching their clients from carrier to carrier to receive sign-on bonuses. Again, inflexible systems cannot reward on a variety of factors at once, so carriers cannot incorporate specific graded incentives to reward for client retention.

With commissions based only on premium, agents receive unmerited raises, and insurers pay the price.

Root Causes: All Based in Inadequate Technology

In the absence of industry-leading technology, effective SPM eludes most insurers. The following restrictions are the consequences of outdated, homegrown, legacy or otherwise inadequate technology systems:

- Management lacks the tools and resources to execute quickly on strategy. Information is often siloed in different systems, and most processes require information technology (IT) resources to extract and use data.
- Opportunities to influence performance are missed due to slow-moving processes. Plan rollouts take months because IT assistance is required to adjust the technology for every new compensation plan.
- Manual commission adjustments consume time, money and effort that should go into SPM activities. Plan administrators are busy correcting numerous errors instead of focusing on channel performance.
- Reporting is an odious task. Convolved processes and incorrect data make it extremely difficult to generate accurate reports. Therefore, management cannot use analytics to evaluate performance and adjust incentives to influence sales activity. Auditing is frequently problematic.
- Communication with producers is incomplete at best. Many organizations rely on highly inefficient ways of providing time-critical marketing materials and communicating incentive plan changes and bonus information.

Leading-Edge Technology Designed for Insurance

Clearly, insurers have a significant need for SPM. VUE Software, a leading provider of incentive compensation management solutions for the insurance industry, provides a unique system designed to address all the concerns of insurance organizations: VUE Compensation Management.

VUE Compensation Management’s leading-edge technology makes it easy for insurers to succeed in an intensely competitive market. The solution is an incentive compensation management tool pre-configured to integrate with the customer relationship management (CRM) functionality of the Microsoft Dynamics® business software solution, Microsoft Dynamics CRM. VUE Compensation Management distributes this functionality to producers through an online portal, allowing for fully automated, real-time sales processes.

Such integration enables agents to enter data for each step in the sales cycle within CRM. An agent can enter data for contacts, leads and opportunities and follow a simple process for tracking the progress of a sale from initiation through closing. When a sale closes, VUE Compensation Management is automatically updated so the system is ready to process the payment. This immediate linear processing of the steps in the sales cycle produces commission information rapidly and also enables the use of sales forecasting and predictive analytics based on fresh, accurate data.

“We are well positioned to take our customer service strategy to the next level,” said Dennis Cahill, director of Sales and Service at Blue Cross and Blue Shield of Vermont (BCBSVT). “We can instantly synchronize information between sales and marketing teams, which greatly enhances our follow-up time, both with the customers and with commission calculations.”

VUE Compensation Management’s numerous advantages can be summarized in three key benefits: increased revenue, cost reduction and predictability.

“We are well positioned to take our customer service strategy to the next level.”

Dennis Cahill, BCBSVT

Benefit #1: Increased Revenue

VUE Compensation Management drives revenue increases by empowering organizations to influence producers effectively and by delivering the technology tools that ensure agility.

For example, insurers can now gain victory in the area of premium-based commissions by creating flexible incentive plans that base payments on multiple

factors. VUE Compensation Management allows for unlimited hierarchies, providing a convenient template-based system that makes it easy to pay for performance by designating the desired payment metrics. The system automatically completes calculations for virtually any compensation plan the carrier designs.

VUE Compensation Management also enables insurers to increase the speed-to-market for new products and implement a matching bonus plan to support the launch. Insurance organizations have the agility to quickly make changes to compensation structures, thus ensuring competitiveness in difficult markets. This includes incentives to sell the most

profitable products. In addition, organizations can leverage feedback from predictive analytics and respond quickly with plan modifications that motivate the appropriate sales behaviors.

“The economic climate demands that businesses derive greater value from their people, processes and technology,” said Brad Wilson, Microsoft’s general manager for CRM. “Microsoft Dynamics CRM and VUE Compensation Management provide a unique solution to increase operational agility for insurance organizations. Now, carriers and brokers can leverage automation in sales and marketing processes through a single CRM window with direct real-time visibility of goal attainment and its impact on commission and bonus payouts.”

Benefit #2: Cost Reduction

A number of factors generate the dramatic cost savings that come with VUE Compensation Management. Combined with increased revenue, all these contribute to a rapid return on investment (ROI):

- No IT resources are required for commission processing, changes in compensation structures, new-product rollouts, reporting, analytics or even auditing.
- Because it is an end-to-end technology solution, VUE Compensation Management does away with manual intervention, freeing numerous man-hours for critical business activities.
- A sharp reduction in errors frees additional time for administrative personnel while simultaneously creating cost savings and encouraging producers to focus on selling.
- Overpayments are automatically eliminated, saving dramatic amounts of money and giving organizations a more accurate view of actual performance for improved SPM.
- Short-term bonuses for product launches or continuing education are cost effective because technology is in place to pay immediately with minimal processing efforts.

Benefit #3: Predictability

VUE Compensation Management’s capabilities give insurers predictability, confidence and control. The system’s flexibility enables management teams to generate reports as needed, sourcing information from clean, accurate data stores to which they have constant access. Analytics provide data for measuring plan success so management can modify incentive plans and make adjustments that bring improved results.

Management is also able to schedule events so they occur automatically. For instance, pipeline reports can be scheduled to run on a weekly or even daily basis. With the real-time pipeline updates provided by producer access to CRM, insurers can achieve new predictability in sales forecasting.

SPM requires frequent and effective communication with agents, as well as two-way feedback. VUE Compensation Management comes with portal technology that gives them 24-x-7 information access to their sales leads, pending sales, closed sales and the resulting commission paid. With insight into each step of the sales process and how their performance will affect their payments, producers are empowered to take control of their paychecks and are driven to perform in order to succeed.

“...a unique solution to increase operational agility for insurance organizations.”

Brad Wilson, Microsoft

Portal capabilities assist with the communication of product rollouts, new commission plans, bonuses, educational opportunities and more. All information is integrated and current, and administrative personnel can view the same information the producer sees in case of a dispute.

Competitive Sales Performance Management

For insurance organizations, the most common barriers to effective sales performance are rooted in technology problems. VUE Compensation Management provides insurance-specific SPM technology that streamlines processes and removes the headaches that have plagued these organizations for decades. Because it is designed specifically for insurers, VUE Compensation Management gives each carrier a unique competitive edge for improving the bottom line through efficient and effective SPM.



About VUE Software

VUE Software is the product division of Computer Solutions and Software International (CSSI[®]) dedicated to providing industry-specific business technology solutions to companies in the insurance, healthcare, and construction verticals. Because they are tailored to the needs of these particular industries, our solutions are different from one-size-fits-all performance management and compensation suites such as enterprise incentive management (EIM) and SPM solutions. VUE Software's solutions allow companies to manage strategic incentive plans, automate producer administration and organize complex data and contractor policies, resulting in greater administrative efficiency and improved sales performance. For more information or to arrange a demo with a representative, please call 1.877.4.VUESOFT or visit www.vuesoftware.com.