

INCENTIVE COMPENSATION MANAGEMENT

Organizations have adopted automated solutions for a variety of processes such as payroll, expenses, and other financial functions; however, Incentive Compensation Management (ICM), which arguably is one of the most complex and dynamic financial processes, continues to be managed widely through the use of spreadsheets.

Incentive Compensation Management (ICM) is the process of accurately collecting and managing sales and revenue data to correctly determine and evaluate incentive compensation. It takes into consideration how sales performance is aligned with corporate strategy, and uses various metrics to determine how the organization is performing based on these metrics.

ICM goes beyond the scope of just Sales Performance Management (SPM) within the sales division. It looks at how incentive compensation can drive the behaviour of employees. For instance, if incentive compensation is calculated accurately and administered properly, it can lend a hand to motivating the right type of behaviour for improved employee performance, which in turn will generate more revenue. This whitepaper will discuss the current business problems that organizations face with the administration of incentive compensation, and how oberoSPM solution addresses these issues.



THE CURRENT BUSINESS PROBLEM

54%

of firms use spreadsheets in order to calculate commissions.

20%

of firms feel their incentive plan has little or no effect on rep behaviour.

44%

of companies feel they need to improve their ability to maximize selling time

CSO Insights 2012 Sales Compensation & Performance Management

1. COST OF ERRORS

Many companies rely on spreadsheets in order to calculate incentive compensation. Often times, data is being combined from multiple areas such as Finance and sales divisions in order to perform the necessary calculations for compensation management. This method can lead to potential data errors and a discrepancy in administering compensation in a timely manner. Manual data manipulation can also compromise its integrity, making it difficult to analyze performance.

2. SHADOW ACCOUNTING

Sale agents spend approximately 5-10% of their time doing “shadow accounting”, rather than focusing their attention on revenue generating activities.

3. UNTIMELY DELIVERY OF INFORMATION

Incentive compensation can change based on fluctuations in revenue over time. If data is not made available in a timely manner, it is difficult for organizations to make frequent tactical and strategic decisions to improve performance.

In order to effectively manage compensation, organizations must find a way to reduce administrative time and effort, obtain accurate data to administer incentive compensation properly, and make important and timely decisions to improve sales performance, which ultimately affects the organization's bottom line.



THE SOLUTION

HOW OBERO SPM TRANSFORMS THE INCENTIVE COMPENSATION MANAGEMENT (ICM) PROCESS

In order to effectively manage compensation, organizations must find a way to reduce administrative time and effort, obtain the right data to administer incentive compensation accurately, and make important and timely decisions to improve sales team performance, which ultimately affects the organization's bottom line.

OberoSPM seamlessly automates the sales commission calculation process and allows Sales Organizations to assign plans to sales agents. While other software is limited by single dimensional calculations, OberoSPM can be configured to calculate and assign your compensation plans by ANY level of granularity including by geography, by product lines, and by agent.

OberoSPM can create graphical, easy to read commission statements, dynamic dashboards, and a variety of sales reports that can include any level of detail to provide the information you need to make informed business decisions in real-time.

INPUT



OBERO SPM SOLUTION

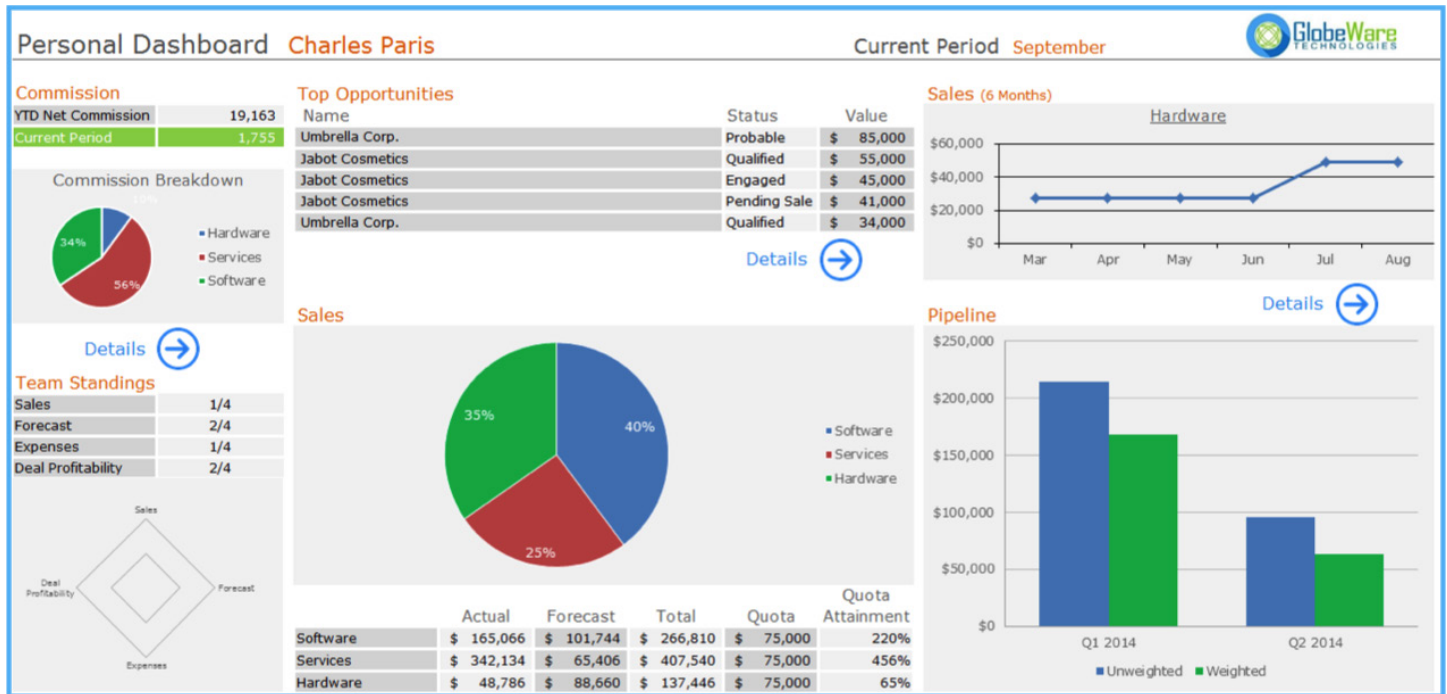
Sales & Employee Performance Management



OUTPUT



ROBUST ANALYTICS AT EVERY LEVEL



DASHBOARD CAPABILITIES

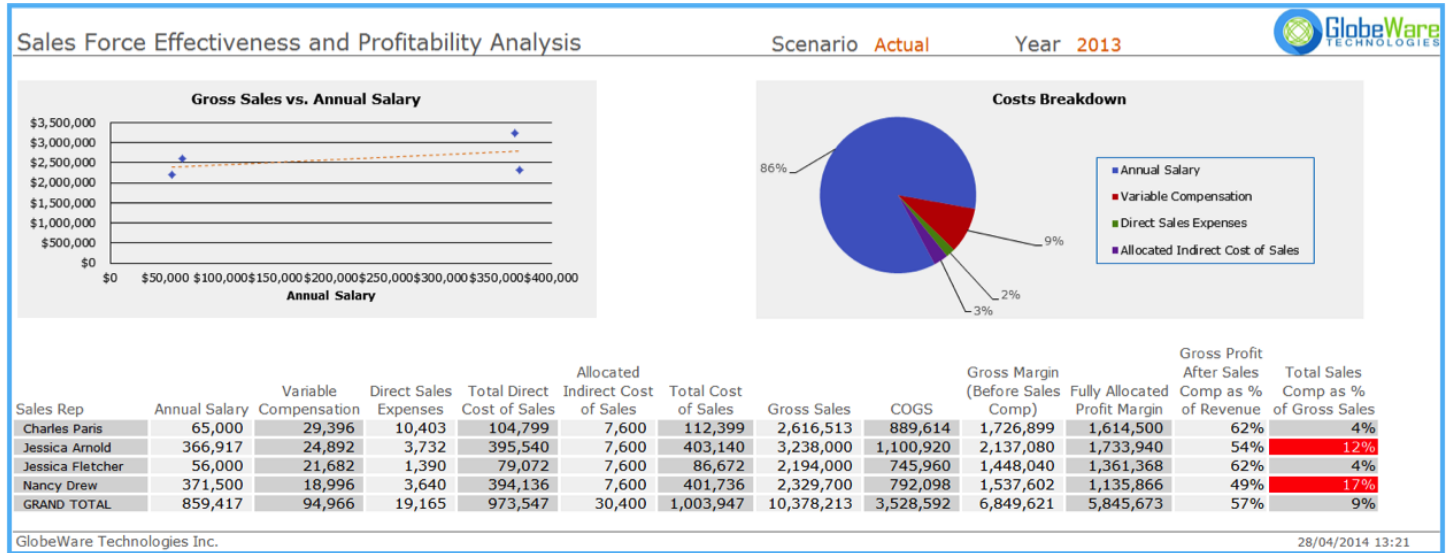
Obero SPM provides you with the capability of creating individual dashboards that provide a snapshot of how you are performing in real-time.

The above dashboard shows a graphical representation of total quota attainment by product line, agent standing vs. team, commissions earned, and even lists the top 5 opportunities by value.

This information assists in enabling the right behavior from sales agents. For instance, knowing the top 5 opportunities by revenue will encourage the sales agent to focus his/her attention on closing higher revenue generating opportunities.



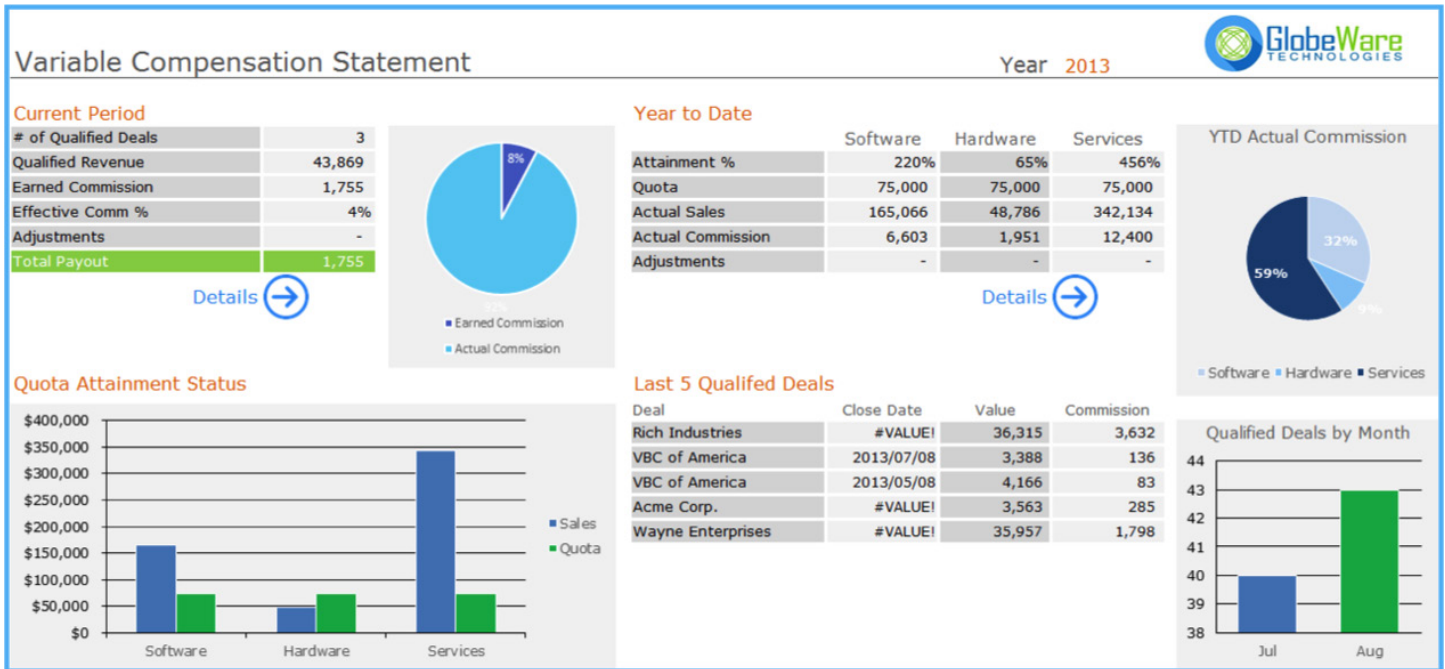
PROFITABILITY ANALYSIS BY AGENT



OberoSPM offers a variety of sales reports that can include any level of detail based on the type of analysis required. The above report shows sales force effectiveness by agent. This report provides a clear picture of sales revenue generated by each agent, the cost of goods sold, and profitability earned per agent. It also shows annual salary vs. gross sales by agent. Based on this report, it appears that although Michael Hammer is earning more than John Brown and Jessica Arnold, he is less profitable than these agents. Sales Managers can analyze this data and make adjustments to their compensation plans to address such variances.



COMMISSION STATEMENTS



No Sales Organization is complete without commission statements. OberoSPM can create graphical, easy to read commission statements for sales agents that provide a high level overview of commissions earned. The example below shows four quadrants highlighting relevant information for sales agents at a glance. Sales agents can determine their current commission standing, sales based on product line, quota attainment, and recent lead generation activity in one single report.



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Obero SPM is an innovative software provider headquartered in Toronto, Canada. Utilizing Obero SPM's comprehensive Sales Profitability Management software solution, companies can now plan, manage, and optimize the performance and profitability of their sales teams.

Obero SPM software provides an open and intuitive interface for managing corporate sales profitability by combining Sales Planning and Forecasting, Incentive Compensation Management and Sales Reconciliation, Sales and Product Cost Allocations, Profitability Analysis and Reporting in a single unified solution.

