AAA NCNU gets sales performance back on the road

Accelerating compensation calculations, reducing workload and cutting development costs

Overview

The need
When it takes days to calculate compensation, your team is working long days, nights and weekends, and you can't update your compensation plans without help from costly external developers, how can you take a proactive, strategic approach to incentive compensation administration?

The solution
The AAA implemented IBM® Incentive Compensation Management – dramatically accelerating its compensation calculations and enabling the compensation team to manage and update plans without external support.

The benefit
Accelerates the development of compensation plans by up to 66 percent. Saves tens of thousands of dollars per year on annual plan updates. Calculates payments materially faster, saving a full day per week for the compensation team.

How can you keep your compensation strategies aligned to maximize incentives for salespeople without increasing costs for the business? And with hundreds of thousands of sales transactions to assess every two weeks, how can you process the data fast enough to meet regular payroll deadlines?

The need to answer these questions prompted AAA Northern California, Nevada and Utah (AAA NCNU) to harness new business analytics technologies that would transform its approach to compensation management.

Business background
AAA Northern California, Nevada and Utah (AAA NCNU) offers a wide array of automotive, travel, insurance, DMV, financial services and consumer discounts to nearly four million members. AAA has been a leader and advocate for the safety and security of all travelers since it was founded more than 100 years ago.

The engine that drives AAA NCNU is its sales organization, which comprises four main groups: 500 agents who sell property and casualty insurance; 75 who sell life insurance; 100 who sell travel services; and a further 800 who sell memberships and other products.

The sales made by these agents contribute to various incentive and compensation plans, which are governed by complex rules. The organization's compensation team is responsible for managing these plans, and for processing the huge volume of sales transactions to ensure that each agent is paid correctly and on time.

Solution components

Software
- IBM® Incentive Compensation Management

IBM Business Partner
- OpenSymmetry

Rapid deployment for fast returns

AAA NCNU worked with OpenSymmetry, an IBM Business Partner that specializes in sales performance management solutions, to move to a new compensation management platform – IBM Incentive Compensation Management.

The project achieved deployment within just eight weeks, in a seamless, error-free fashion that was invisible to the company's sellers – ensuring that sales processes were not disrupted.

Seamless integration and at-a-glance insight

"The new solution is accessed through our Salesforce.com portal, which our sellers use for their everyday work," explains Robert Boyce, Director of Compensation at AAA NCNU. "They just click on the compensation tab and it shows them exactly how they're performing against their targets. The integration is so seamless that they don't even realize they are accessing another solution."

A highly customizable user interface made it easy for AAA NCNU to bridge the gap between its prior compensation software and the new solution. For the initial deployment, the compensation team created an exact replica of the previous solution's compensation reports, which minimized the need for user re-training.

Later, once the new solution was more established, the team optimized the reports to provide a more effective, detailed summary view.

"Some of our salespeople sell multiple lines of products – for example, life insurance as well as car insurance," explains Robert Boyce. "Now they can see their combined compensation across all product lines in a single summary report, and can easily drill down to the transaction level to check their figures."

Accelerating compensation calculations

The solution delivers dramatic improvements in performance for the organization's compensation calculation process.

"With the IBM solution, we can calculate compensation on more than 300,000 transactions in less than 10 minutes, so there's no brake on our productivity. We can get our work done during normal office hours, and morale has risen significantly within the team."

> *"We've been able to develop new and updated compensation models by ourselves, with no external support, in about a month – saving at least $100,000 and four to eight weeks of work."*

— Robert Boyce, Director of Compensation, AAA NCNU

Flexible plan management

Best of all, the new platform is transforming AAA NCNU's ability to adapt its compensation plans to meet changing requirements.

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The flexible plan management capabilities of the IBM solution make it easy for business users to design their own rule-based compensation models, and implement or update them with no need for hard coding. This empowered AAA NCNU's compensation team to make substantial improvements to its compensation models for property and casualty insurance, life insurance and travel services, and also to automate the plans for its service employees.

"In the past, we used spreadsheets to calculate the compensation for service employees, which was laborious and didn't give them the same level of insight as our other sellers," says Robert Boyce. "Now they're able to use the same solution as everybody else, which makes them much more satisfied with the quality of reporting on their incentives."

Answering the "what if?" questions

Finally, the new solution gives the compensation team much greater scope to experiment and test proposed new rules and models before introducing them to the business. Its "what if?" modeling capabilities enable the team to test different scenarios against historical data.

"We can quickly and easily see what the results of any rule change are likely to be, if sales patterns remain the same," explains Robert Boyce. "This not only helps us avoid unintended consequences, it also allows us to explain new sales strategies to our sellers more effectively.

"For example, we were able to show each of our sellers how they would perform on this year's plan if they achieved the same sales as last year. They could see how selling different products will be rewarded this year, and what targets they need to aim for. Ultimately, this should help them achieve their personal goals for compensation, as well as increasing total sales for the organization."

He concludes: "On every level, our new IBM solution is a vast improvement – for our sellers, for the compensation team, and for the business as a whole. I could not be happier with either the product or the service we have received from IBM and OpenSymmetry."
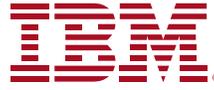
About OpenSymmetry

OpenSymmetry is a global sales performance management (SPM) consulting firm delivering end-to-end performance management solutions consisting of both strategic and technical services that enable customers to transform their sales performance management solutions into actionable results.

To learn more about OpenSymmetry's emerging services and solutions, please visit **www.opensymmetry.com**

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