Zions Bancorporation
Shaping transparent incentive compensation that pays off for everyone

Zions Bancorporation is one of the United States’ premier financial services companies, with total assets exceeding USD 60 billion. It operates under local management teams and distinct brands in 11 western states: Arizona, California, Colorado, Idaho, Nevada, New Mexico, Oregon, Texas, Utah, Washington and Wyoming.

Business challenge
Following the global financial crisis, banks’ incentive compensation plans came under greater scrutiny than ever before, so institutions looked for ways to better meet the increased expectations.

Transformation
Zions Bancorporation seized control of incentive compensation management with a cloud-based IBM solution, enabling a detailed audit trail, defined workflows, reporting and dashboards.

"With IBM technology, we are laying the foundation for a data-driven approach to incentive compensation management that delivers much better results."

Marybeth Long
Business System Analyst
Zions Bancorporation

Business benefits:

Supports
cost-effective regulatory compliance, reducing risk and raising accountability

Increases
efficiency by reducing off-cycle and discretionary payments

Offers
new insights into impact of incentive plans and how to drive performance
Putting transparency front and center

In the wake of the global financial crisis, new regulatory obligations were drawn up to help prevent a similar situation from ever arising again. One example is the guidance issued by banking regulators around incentive compensation plans, which requires banks to have practices and arrangements that do not encourage unnecessary and excessive risk-taking.

David Hauptman, Business System Analyst at Zions Bancorporation, takes up the story: “Our team, which was set up to oversee the transition to more transparent incentive compensation management, faced a challenge. Every bank had their own way of doing things: many used spreadsheets to record payments while some would email the payroll department with names and amounts. The regulatory changes gave us an opportunity to tighten up processes, boosting efficiency at the same time as increasing accountability.”

Marybeth Long, Business System Analyst at Zions Bancorporation, explains: “Our team, which was set up to oversee the transition to more transparent incentive compensation management, faced a challenge. Every bank had their own way of doing things: many used spreadsheets to record payments while some would email the payroll department with names and amounts. The regulatory changes gave us an opportunity to tighten up processes, boosting efficiency at the same time as increasing accountability.”

Seizing control

To underpin a more standardized and transparent approach to incentive compensation payments across its banks, Zions Bancorporation selected IBM® Incentive Compensation Management, and engaged IBM Gold Business Partner OpenSymmetry to help with the roll-out.

“We chose IBM Incentive Compensation Management because of the comprehensive visibility it offers, plus its flexibility,” elaborates Long. “The consultants from OpenSymmetry were phenomenal, helping us to create our first two plans so we could quickly get to grips with the way that the solution works.”

Zions Bancorporation began by re-building approximately 100 plans covered by the new regulatory guidance within IBM Incentive Compensation Management. Feedback from the payroll department was so positive that the company extended the solution to all its incentive compensation plans.

“We chose to take a hands-off approach, putting together plans per our users’ requirements,” recalls Long. “We develop the plan, submit it for user testing and tweak it until our employees are happy. With the IBM solution, we can define workflows, building in approvals and a detailed audit trail at every stage.”

Zions Bancorporation operates as a collection of eight division banks, each with their own brand and operations. Each bank had a unique approach to incentive compensation management.
“Payroll are delighted because they receive a notification of exactly who, what and when they should pay incentives, and can be confident that all the necessary approvals are in place.”

Today, Zions Bancorporation has more than 300 plans set up with the IBM solution, which pay out annually, quarterly, monthly and bi-monthly. Hauptman adds: “We could pay out daily if we wanted to, that’s the power of IBM Incentive Compensation Management, and the beauty of it is that we can manage it all from a single place. We can also keep track of discretionary bonus elements, requiring users to record their reasons for any payments outside of plans.”

Additionally, Zions Bancorporation uses the solution to provide regular reporting and dashboards to plan managers and payroll employees, delivering unprecedented insight into payments. Hauptman remarks: “The appetite for insight into compensation management is high at Zions Bancorporation, and we take full advantage of the presenter report feature.”

The company was the first to upgrade to the latest release of IBM Incentive Compensation Management, moving to a cloud-based solution that includes continuous delivery of new enhancements.

Long explains: “Like all early adopters, we were nervous about being guinea pigs – but IBM made sure that we achieved a smooth rollover. Following a brief learning curve, we soon found that the new user interface is much easier than previous versions.

“Best of all, IBM continually optimizes the solution without significant interruptions to our operations.”

### Going above and beyond

Equipped with a detailed audit trail for compensation payments, Zions Bancorporation can efficiently and comprehensively fulfill regulatory requirements.

“We benefit from much greater accountability around incentive compensation,” says Hauptman. “That enables us to reduce our exposure to risk and prevent abuse of the system.”

Zions Bancorporation has also succeeded in boosting efficiency, reducing the time and costs associated with managing compensation managements and payments.
Going forward, Zions Bancorporation plans to put the new insights it has gained into compensation management to greater use. The company expects that more coherent data sets will allow it to develop a deeper understanding of what works best to drive appropriate performance and support the company’s culture of compliance and customer service.

Hauptman comments: “We have already experimented with IBM Watson Analytics™ to delve deeper into our data, and once we have greater consistency we’d like to dive back in.”

Long concludes: “The project started as a way to achieve a more cost-effective way to promote regulatory compliance, but it has sparked something much bigger. With IBM technology, we are laying the foundation for a data-driven approach to incentive compensation management that delivers much better results.”