

Logicalis gets confident about compensation with real-time insight



Automated commission plans increase accuracy, flexibility and visibility for both sales and finance

Overview

The need

With a fast-growing sales force, Logicalis needed a more flexible, timely and accurate way of calculating commission which would give salespeople more confidence and reduce pressure on the finance team.

The solution

Logicalis used IBM® Incentive Compensation Management to build an automated commission calculation process, including a web portal that salespeople can use to check their commission in real time.

The benefit

Improves visibility, giving sales teams greater confidence in the figures.
Increases accuracy of calculations and reduces workload for the finance team.
Reduces reliance on IT for compensation plan updates.

When your business sees an opportunity to enter a new market or expand its operations, how easily can you scale up your sales force to seize the initiative? Success depends on giving your salespeople the right incentives to perform – so if you can't align your compensation models to support the needs of the business, it's difficult to secure a competitive advantage.

Logicalis realised that the growth of its sales team in the UK was putting pressure on its existing commission calculation process. It knew that it needed to find a more scalable, flexible and automated solution – both to give the sales team more confidence in the accuracy of its commission calculations, and to reduce pressure on its busy finance team. With IBM Incentive Compensation Management, the company found the ideal platform for its needs.

Setting the scene

Logicalis is one of the world's leading providers of integrated information and communications technology solutions and services. It employs nearly 3,500 people worldwide to design, specify, deploy and manage complex IT infrastructures that meet the needs of almost 6,000 clients in both the corporate and public sectors.

In the UK, the Logicalis sales force has expanded significantly in recent years as the company has sought to grow its business. Each month, the company's finance team needs to calculate the amount of commission each salesperson has earned on the sales they have made during the previous month – a complex process that requires every individual transaction to be assessed according to various rates, rules and thresholds.

Phil Offord, Sales Director at Logicalis UK, explains: "A sales force will only thrive if it operates on a level playing field where each member of the team is confident that they are being properly rewarded for their success. So it's vital for sales and finance to work closely together to ensure that everyone gets paid the right commission on the right deals at the right time."

The need for a more flexible approach

Logicalis had been using a legacy solution for calculating commission payments, but it was outdated, inflexible, and no longer fully aligned with the company's needs.



Solution components

Software

- IBM® Incentive Compensation Management
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Christopher Murray, Financial Controller in the finance department at Logicalis, comments: “The legacy tool that we were using to calculate the payments to our sales team was out of sync with our current commission plans, so each month we had to adjust the results by hand. This was a time-consuming process, and distracted the finance team from more valuable work.

“Moreover, if we wanted to adjust the plans themselves, we needed our in-house IT team to hard-code the changes into the system, which was a strain on their resources and could take weeks or months to complete. We wanted a more automated, more flexible approach.”

The existing system also had other limitations: for example, it did not allow sales teams or sales managers to check their own commission figures or perform any analyses. The only visibility they had was a monthly PDF report of the basic figures – and if they found any errors, they had to query them with the finance team, which often led to late adjustments and further delays.

“Many salespeople were not covered by the system at all, so we had to calculate their commission separately, using spreadsheets,” adds Offord. “And if we wanted to do any further analysis – for example, creating league tables of top-performing salespeople – that was another spreadsheet-based task.

“Positive competition is healthy in a sales environment, so we were very keen to raise the visibility of individual and team performance within the sales department. We just needed to find the right tool to support a more open, performance-focused culture.”

Finding a solution

As a long-time partner of IBM, and an expert in IBM technologies, Logicalis quickly realised that IBM Incentive Compensation Management could provide a comprehensive remedy for all of these pain-points.

“Incentive Compensation Management offered everything we needed: a simple tool for creating and managing compensation plans, a powerful engine for calculating commission payments, and a user-friendly interface that provides instant insight and analytics for salespeople and their managers,” comments Murray.

Working with the IBM implementation team, the Logicalis finance team was able to install, configure and test the new solution within just three months. A further three months was then devoted to training the users in the finance and sales teams, and helping them migrate from the old system to the new. Once the transition was complete, the solution began to deliver benefits almost immediately.

Increasing speed and accuracy

“The monthly commission calculation process is now much more automated and the accuracy of the results has increased significantly, which means we have been able to gradually scale back the timelines for its completion,” says Murray.

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— Christopher Murray, Financial Controller, Logicalis

“From our perspective in the finance team, we don’t need to spend so much time preparing the data, so we can focus more on checking the statements and ensuring that everything is correct. This means fewer queries from the sales team, less re-work, and ultimately a faster, more reliable payment process.”

Offord explains the advantages from the sales perspective:

“Fundamentally, it’s about confidence. If our salespeople know that the commission figures that we produce are accurate, they don’t feel that they need to double-check all the calculations for themselves – so they can focus on selling. Equally, it’s good for morale when everyone feels that the work they put in and the success they achieve are being properly rewarded.”

Improving visibility and enhancing analytics

A great deal of time has been saved on statement and report generation, which used to occupy the finance team for many hours each month. The IBM solution completely automates the creation and distribution of reports, and also provides a web portal that allows salespeople and their managers to log in and check their current commission figures at any time.

“Now we’re not only able to show our salespeople their own figures – we can also provide a range of useful analytics to help them and their managers understand their performance and target areas for improvement,” says Murray. “To take one example, the top-performers league table that we used to create by hand is now generated automatically and integrated into the web portal, so the sales team can see it whenever they log in.”

Offord adds: “When salespeople log in to view their statements, they can drill down to the individual transaction level and see exactly how each sale contributes to the final figure. They can see what they will be paid this month, and what payments are pending for the future, which helps them plan their own finances more effectively.”

Logicalis is currently working to embed data from IBM Incentive Compensation Management into its salespeople’s personal Microsoft Dynamics CRM dashboards. This will soon provide a convenient way for sales teams and managers to access sales performance information live and in real time.

Compensation that evolves with the business

Finally, the new solution is much more flexible. If the company decides to update its compensation plans (for example, amending commission rates, management structures or transactional data), the finance team are able to make the necessary changes themselves, without any need for programming knowledge or support from the IT department.

“When you’re trying to encourage specific types of behaviour in a sales team, compensation plans can sometimes be a bit of a blunt instrument,” says Offord. “It’s important to keep tweaking them and introducing further levels of sophistication to make sure they incentivise people in the right ways. With the IBM solution, it will

be much easier over the coming years to develop plans that really encourage our sales teams to do the best they can for both the company and themselves.”

Murray concludes: “In a constantly changing business environment, it is vital for compensation management to be able to evolve and keep sales teams properly engaged with their targets. With IBM Incentive Compensation Management, we have built a solution that enhances our agility and gives us a competitive edge when new markets open and opportunities arise.”

About Logicalis

Logicalis Group is a UK-based \$1.4 billion provider of integrated information and communications technology solutions and services. It employs nearly 3,500 people worldwide to design, specify, deploy and manage complex ICT infrastructures to meet the needs of almost 6,000 corporate and public sector customers.

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