



Business challenge

U.S. Bank saw an opportunity to improve its approach to incentive compensation management, giving its employees more visibility and simplifying compliance, and leapt into action.

Transformation

U.S. Bank consolidated its incentive compensation management processes with help from IBM Business Partners OpenSymmetry and InnoVyne Technologies, increasing control, transparency and efficiency.



Kimberly Hinrichsen
 Director of Incentive Administration
 U.S. Bank

Business benefits:

Saves

time and cost by simplifying and streamlining compensation calculation processes

Enhances

employee satisfaction, as they can gain greater insight into the process

Reduces

risk, helping U.S. Bank respond faster to regulatory changes and recommendations

U.S. Bank Takes incentive compensation insights out of the vault for happier employees

Headquartered in Minneapolis, Minnesota, and owned by U.S. Bancorp, U.S. Bank National Association is the fifth largest commercial bank in the United States of America. U.S. Bank operates 3,091 banking offices in 25 states, holds USD 450 billion in assets and provides a comprehensive line of banking, investment, mortgage, trust and payment services products to consumers, businesses and institutions.

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Under the spotlight

For incentive compensation plans to be truly effective, employees need to know how much they will be paid and when, and trust in the accuracy of the calculations. Against a backdrop of tighter regulations, the financial services industry is one sector reviewing its approach.

Kimberly Hinrichsen, Director of Incentive Administration at U.S. Bank, picks up the story: “To keep our employees motivated, we wanted to give them greater insight into their incentive compensation payments. In parallel, we need to be ready to adapt in line with whatever new recommendations are suggested by regulators. We saw the chance to introduce more transparency to help us meet these obligations efficiently and effectively.”

Previously, U.S. Bank had more than 20,000 employees on compensation plans that were managed manually using spreadsheets.

“By consolidating and automating incentive compensation management, we identified an opportunity to eliminate manual errors, create process efficiencies and drive more informed decision-making,” says Hinrichsen. “The time was right to look for an alternative.”



Finding a robust solution

To underpin its new centralized commission strategy, U.S. Bank chose IBM® Incentive Compensation Management, and engaged IBM Business Partners OpenSymmetry and InnoVyne Technologies to help with the roadmap, systems development and roll-out.

“It was important to us that—eventually—we could manage the solution independently,” remarks Hinrichsen. “We selected IBM Incentive Compensation Management because we felt that it was more flexible than competing offerings. Also, we believed that it would be easier for our employees to get trained to make changes to the system compared to other solutions, helping us minimize our long-term reliance on third parties.

“We engaged OpenSymmetry and InnoVyne Technologies to help us because we’ve been collaborating with them for a long time, and they have very experienced staff in the ICM system. They understand our desire to become self-sufficient and take every opportunity to transfer knowledge to our team, making us feel that they have our best interests at heart at all times.”

U.S. Bank kicked off the project by assessing all its compensation plans and assigning each of them a risk rating, generally connected to their complexity. The company began the transformation with the plans it deemed highest risk.

“We embarked on a seven-phase strategy to bring all compensation plans within the new centralized IBM platform in a seven-year period,” says Hinrichsen. “So far, our insurance and investment, specialized industries, and mortgage functions are supported by the IBM solution, and our retail banking, indirect and direct lending, and small business banking plans are going live in the ICM system as we speak. By September 2017 we will have approximately 17,000 employees using the system to calculate their commissions/incentives.

“At every phase, we outline requirements, pass them to the solution architect at OpenSymmetry, InnoVyne or U.S. Bank, and they help us build the plans within the IBM framework. By working closely with our senior programmers, the OpenSymmetry and InnoVyne teams are incrementally handing over ownership of the solution to us.”

The U.S. Bank implementation team now has ownership of the requirements, some design/build and all of the testing that is completed, as well as change management.



The IBM solution automates calculation of incentive compensation payments and provides new insights to payees and their managers.

“Before, managers communicated to salespeople how much they were going to be paid in commission through spreadsheets, Word documents, PDFs, or even just verbally,” recalls Hinrichsen.

“Now, the employees can securely log into IBM Incentive Compensation Management using our single sign-on feature and pull up reports for themselves.

“They can drill down into their compensation history for insight into their performance over time, or look at how their payments were calculated.

“We are trying to simplify some of our most complicated plans but, in the meantime, it is great that we can be transparent with our employees through the IBM solution, and take a complex plan and lay it out in a report that makes sense.”

Unlocking massive efficiency gains

By increasing transparency, control and flexibility around incentive compensation management, U.S. Bank is empowering its employees and simplifying fulfillment of regulatory requirements.

“Rolling out IBM Incentive Compensation Management is helping us give our employees unprecedented insight into their incentive payments, contributing to their satisfaction,” elaborates Hinrichsen. “It increases visibility of all aspects of our commission strategy, giving us an audit trail and introducing greater accountability—so we know immediately who owns each part of the process. We have also gained the agility needed to respond quickly to recommendations from regulators.”

U.S. Bank is also driving up efficiency as a result of its incentive compensation transformation, improving resource utilization across the organization.

Hinrichsen provides an example: “There used to be approximately 35 people involved in the calculations process for our mortgage function, where incentive administration wasn’t their only job. Since implementing IBM Incentive Compensation Management, we have consolidated the process to just eight people, freeing up the other employees to focus their attention on their other duties.

This represents a significant efficiency gain and makes errors less likely. We’ve saved so much time on compensation calculations that our incentive administration team can focus more on verifying the figures and analysis.”

Analytics is next on the agenda for U.S. Bank, which is already benefiting from the enhanced insight provided by the IBM solution.

Hinrichsen concludes: “With help from IBM, InnoVyne and OpenSymmetry, we can determine what works well in each of our compensation plans, then identify and replicate best practices. It is early days, but as we build up better cross-organization data on compensation plans and processes, we will be able to foster continuous improvement.

“Already, we have had great feedback from our salespeople around the instant visibility of their payments. We’re excited about what our ongoing incentive compensation transformation will bring, helping us do right by our employees, the regulators and, ultimately, our shareholders.”

Solution components

- IBM® Incentive Compensation Management

Take the next step

IBM Incentive Compensation Management helps organizations improve sales performance and gain operational efficiencies with better management of incentive compensation plans, and smarter administration of sales territories and quotas. Visit us at ibm.com/spm to learn more about how IBM Incentive Compensation Management can help you improve the effectiveness of sales teams and support your organization’s growth objectives. Additionally, get the latest sales performance management insights by following us on Twitter at @IBMSPM and join the conversation #IBMSPM.

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