



Business challenge

HEROLD Business Data GmbH struggled to manage its complex sales incentive system. The company's rigid, intransparent systems and manual processes slowed planning and thwarted sales of online services.

Transformation

A midsize media company in Austria, HEROLD selected IBM Business Partner BIConcepts IT Consulting GmbH to help streamline its inflexible, time-intensive sales incentive processes. Using IBM® Incentive Compensation Management (ICM) and IBM Planning Analytics solutions, HEROLD cut planning time by up to 95 percent and boosted daily sales orders by 25 percent.



Herwig Steinbrugger
 Manager, Planning,
 Steering and
 Monitoring Department,
 HEROLD Business
 Data GmbH

Results

Up to 95% faster sales planning

for new sales cycle campaigns with automated, integrated systems

~70% fewer complaints

from sales reps with fairer, clearer and more strategic incentive plans

>25% increase in orders per sales day

of subscription-based services by aligning sales incentives with company goals

HEROLD Business Data GmbH

Sales momentum builds with more equitable, strategic commissions

Based in Mödling, Austria, [HEROLD](#) specializes in online media and marketing services tailored to the individual needs of Austrian small and midsize businesses. True to its motto, "HEROLD bringt's zamm" (HEROLD—the done deal), the company unites sellers with potential customers through [HEROLD](#) online portals, used by approximately 2 million consumers. In addition to creating 20,000 websites, HEROLD, as a Google Premier Partner, has managed approximately 55,000 search-engine advertising campaigns. HEROLD employs approximately 400 people, including 160 sales personnel.

"Our sales force is happier because their performance now influences their commissions ... It motivates them to find out what their customers need."

—Herwig Steinbrugger, Manager, Planning, Steering and Monitoring Department, HEROLD Business Data GmbH



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Print-driven commissions slow sales

Think back to the early 1900s, and that's when the telephone became a common household tool. In the 1990s, the internet went mainstream and dot.coms flourished. And just 10 years later, smartphones opened altogether new digital worlds.

The pace of technological innovation seems to have only accelerated, and at times it challenged the very existence of HEROLD. Yet for 100 years the company has not only adapted but helped consumers and businesses in Austria connect and communicate in novel ways. It began by publishing regional yellow pages books and evolved into a full-service media and marketing company, primarily serving small and midsize businesses.

Today, HEROLD is a trusted provider of websites, telephone directories and other online marketing products for the Austrian marketplace. Its online directory, HEROLD.at, is one of the country's largest websites. The company also offers site design, hosting and optimization services, including direct marketing, search marketing and online advertising. With approximately 52,000 business customers, HEROLD has built and hosts more than 20,000 sites.

The internet's advent impelled HEROLD to become a large multichannel marketer, but the company's stagnant approach to sales commissions held its sales reps back from fully realizing their own success. Structured in the same way for more than 20 years, the company's yearly commission plans focused solely on capturing new customers for its regional print directories. Sales reps who met their monthly key performance indicator (KPI) targets, based on the number of new customers they signed to HEROLD's print-based channel, received the same commission, regardless of their average order size.

"Every sales rep earned the same amount of money if he reached his goals, even if one had 100 customers with a EUR 500 average order and the other had 100 customers with a EUR 5,000 average order," explains Herwig Steinbrugger, Manager of the Planning, Steering and Monitoring Department at HEROLD. In addition, each rep's total yearly sales served as his or her fixed commission base for the next year's sales plan, which further discouraged reps from selling large orders. Reps also received bonuses on top of fixed commissions for sales of online offerings, such as three-year subscriptions to websites and Google ad campaigns.

Designed for the print era, this multitiered approach left sales reps unmotivated to sell digital products, even though the company needed subscriptions to plan for year-over-year revenues. In addition, sales reps argued that the commission structure was unfair and confusing. "We often had complaints from sales people who didn't understand how we calculated their commissions," says Steinbrugger. Sales managers, in turn, couldn't easily identify and reward the company's best and worst performers.

Employees in Steinbrugger's department also felt frustrated. For each yearly sales cycle, the team had to create sales campaigns in parallel for approximately 90 regions in Austria. They used the company's static ERP system as a base for planning and calculating commissions, manually pulling siloed data from CRM and HR systems. Even with programming help from IT specialists, each campaign took up to three days to plan. They also tallied fixed commissions and variable bonuses, which the company pays out on a monthly basis, using manual processes and spreadsheets. "In my department, we didn't do anything other than plan campaigns or calculate bonuses for our sales reps," says Steinbrugger of the time-intensive processes.

In addition, the department couldn't update KPIs or introduce new plans midstream during the sales cycle without IT's help. "IT always needed to be in the loop, and this slowed the process down," he explains.

Steinbrugger sought to replace HEROLD's outdated planning and commission tools with a more dynamic, transparent solution. His department needed the ability to quickly create and adapt multichannel sales campaigns in line with company goals. It also needed to offer reps higher, fairer incentives and increase their visibility into commission calculations.

Faster campaign creation, without IT's help

HEROLD engaged BICConcepts to streamline and boost visibility of the entire commissions process using the ICM solution (formerly known as Varicent Software). In addition, to automate target and quota planning, BICConcepts integrated the Planning Analytics solution (formerly known as IBM Cognos TM1), delivered through the BICConcepts Performance Management System offering. The IBM solutions work jointly together and could be quickly integrated into HEROLD's existing IT landscape.

The idea of distinct functions appealed to Steinbrugger. “We could have a clear and simple planning phase on the one hand and our commission calculations on the other,” he notes. Now, with the systems in place, HEROLD can drive sales with two highly agile, scalable and security-rich solutions designed for its midsize business.

After completing a pilot project in record time, HEROLD deployed the ICM solution with help from BICConcepts. “Within a short period, we had a completely new commission system that was simple, clear and fair,” explains Steinbrugger. Now, the new system automatically imports data from the company’s ERP, HR and CRM systems, rapidly and accurately calculates commissions, and provides much-needed transparency through user-friendly dashboards.

“It’s very visible and clear to see step by step how commissions are counted and calculated, so for me this makes ICM a best-in-class commission system,” comments Steinbrugger. “It’s also important that if we do have any changes that we can stop the calculations and easily reprogram the system on our own.”

HEROLD offers its sales reps in the field, sales managers and administrative teams access to the ICM solution. Reps can view tables or charts that relay monthly earnings and other high-level information, then drill down into individual transaction details, such as transaction amount, date and commission amount. Managers can access these same insights plus look at each seller’s individual performance, prompting them to coach underperformers. They can also quickly carry out strategic tasks, such as assigning sales reps to specific customers in the CRM system.

Freed from their rigid processes, Steinbrugger and his team also designed an entirely new, multichannel incentive program. They now plan campaigns on a half-year’s cycle, setting the same, fixed KPI parameters for all the company’s different sales channels. Each rep must still win an equal number of new customers, but commission percentages vary with the total amount of each sale. This approach motivates reps to sell more offerings, including subscription-based services, to each customer. In addition, the department can plan campaigns in significantly less time, without any IT assistance.

Flexible, fair incentives motivate reps

With highly precise, automated planning and commissions tools, HEROLD reenergized both its sales planning and its sales force. To start, Steinbrugger’s team accelerated the time required to create a single sales campaign by up to 95 percent, slashing it from 2–3 days to approximately 60 minutes. Also, no longer dependent on IT, it now has the flexibility to implement new sales plans and revise existing ones in response to company goals and marketplace dynamics. It can also make faster, more accurate computations with the high-powered ICM calculation engine. And individualized dashboards provide a single, reliable source of truth shared across the enterprise.

As for the sales force, they appreciate the clearer, fairer sales parameters and enhanced visibility into commissions. “Our sales force is happier because their performance now influences their commissions. They know, ‘The more my customers spend, the more commission I will receive.’ It motivates them to find out what their customers need and sell them those services,” explains

Steinbrugger, adding that complaints from sales reps have dropped by approximately 70 percent. In addition, HEROLD improved sales performance of orders per sales day of subscription-based services by more than 25 percent. Ultimately, it can drive higher customer satisfaction.

Finally, because reps are now more inclined to sell subscription-based services, HEROLD has more predictable revenues and can streamline its sales teams. It recently reallocated resources within its sales force, resulting in a leaner, more efficient team. “For the first time in our company history, we have the opportunity to align our sales incentives with our company goals, and we can break performance down to individual sales reps. It has helped us to understand how well each rep really works, and we can focus on those reps with the higher KPIs.”

About BIConcepts IT Consulting GmbH

Headquartered in Vienna, Austria, IBM Business Partner [BIConcepts](#) specializes in consulting and project implementation, with a focus on corporate performance management, software development and content analytics. Established in 2007, it has successfully implemented 300 projects for more than 80 customers across multiple industries. It employs about 20 people and has an annual turnover of approximately EUR 2.4 million.

Solution components

- IBM® Incentive Compensation Management
- IBM Planning Analytics

Take the next step

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