



Retail Banking Group at Bank of the West

Building transparency, improving trust and boosting efficiency with automated incentive tracking

Overview

The need

The Retail Banking Group at Bank of the West wanted to help its sales teams work more efficiently: a lack of confidence in its monthly incentive reports caused constant “shadow accounting” that consumed significant time and effort.

The solution

The Group replaced its legacy compensation management systems with Varicent (now IBM® Incentive Compensation Management) – enabling automated, transparent and timely compensation reporting.

The benefit

Inspires trust in incentive tracking and compensation reporting, increasing acceptance of reports. Enables employees to access their own reports, increasing efficiency. Helps the compensation team spend more time on analytics and process improvements, rather than fixing issues with the reports.

If you’re responsible for managing role-specific, rapidly changing sales incentives for thousands of employees across multiple geographies, how do you ensure that everyone in the retail network is aware of their sales goals and can properly track their monthly production?

This was precisely the challenge facing the Retail Banking Group (RBG) of Bank of the West, a regional bank with more than 600 locations west of the Mississippi, USD64 billion in assets and more than 1.6 million customers across the United States.

Gabriela Slivka, Incentives Administration Manager – Retail Banking Group at Bank of the West, says: “We manage nine compensation plans for more than 5,000 employees across our retail and small business banking groups – and each role has its own sales targets and incentives. For example, branch managers, new account representatives and tellers in our retail group have role-specific goals to achieve incentive payouts, which differ from those of our business banking groups.”

In the past, performing monthly incentive reporting was a complex and time-consuming process.

Bruce Brown, Incentive Compensation Business Manager – Retail Banking Group at Bank of the West, explains: “We used to rely on a number of disparate systems to perform incentives tracking and compensation calculations, which was an inefficient process.”



Solution components

Software

- IBM® Incentive Compensation Management
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Need for timely incentive tracking and compensation reporting

Because incentive reports were not sufficiently transparent or timely, employees performed their own “shadow accounting” to track their achievements towards goals. This was a significant duplication of effort, which reduced business efficiency and impacted employees’ time spent with customers or performing other operational tasks.

The RBG wanted to increase business efficiency. To achieve this goal, the Group decided to deploy a single, centralized solution to deliver more streamlined and transparent incentives reporting and compensation management process.

Choosing the best of the best

“With help from expert consultants, we identified four best-of-breed compensation management solutions that closely matched our business requirements,” says Slivka. “We conducted reference calls with companies already using these solutions, and invited business users from our IT, human resources and technical services departments to test the solutions themselves.”

After a thorough evaluation process, Bank of the West selected a software solution from Varicent.

“Of all the solutions we considered, we felt that Varicent was the best fit for our needs,” says Slivka. “In particular, we were impressed by its intuitive, user-friendly interface and ease of management. One of the deciding factors was our reference calls with existing users of the solution; their feedback convinced us that the Varicent team was responsive, supportive and dedicated to the success of its customers.”

Bank of the West replaced its legacy processes and systems with the compensation management solution from Varicent for its retail network.

“Our branch managers, new account representatives and tellers all have separate compensation plans, but some of the calculations are based on shared data,” says Brown. “By combining all of our compensation data in a single system, we have now eliminated the need for spreadsheets and SQL queries – simplifying the calculation process.”

“Today, IBM Incentive Compensation Management enables us to manage more of our data without technical assistance.”

— Gabriela Slivka, Incentives Administration Manager – Retail Banking Group, Bank of the West

In the months leading up to the go-live date, the compensation team ran numerous knowledge-transfer sessions with managers at various levels. By adopting a strong change management approach, Bank of the West ensured that the business had a deep knowledge of the Varicent solution before it went into production. This approach eased the transition to the new way of working, and helped the bank to start experiencing the value of the new solution rapidly.

After IBM’s acquisition of Varicent, the solution was renamed IBM Incentive Compensation Management.

“Varicent was a very customer-focused company, and that emphasis on customer focus certainly hasn’t changed following the acquisition,” says Brown. “We feel that the solution will go from strength to strength as a result of IBM’s investment – and we’re looking forward to the enhanced capabilities of future versions of IBM Incentive Compensation Management.”

Enabling greater transparency

Since the IBM Incentive Compensation Management solution has gone live, the RBG at Bank of the West has achieved its goal of increasing transparency in its incentive tracking and compensation reports, reducing duplication of effort and enabling greater efficiency.

“Using the solution, we have created a single source for incentive compensation management within the RBG,” says Slivka. “Our employees now get online access to their own personalized incentives tracking and compensation reports. Through the web-based interface, they can drill down to the level of individual sales and see how each one contributed to their overall performance.”

She continues: “In the past, our Group and regional management were inundated with compensation questions from their employees; with Incentive Compensation Management, that’s all changed.”

Refreshing plans at the speed of business

With the IBM Incentive Compensation Management solution in place, Bank of the West has gained the ability to make changes to incentive plans more quickly and efficiently.

“Because IBM Incentive Compensation Management saves us so much work, we can spend more time on predictive analytic tasks.”

— Gabriela Slivka, Incentives Administration Manager – Retail Banking Group, Bank of the West

“At certain points in the year, we receive business requests to adjust our incentive plans in line with new strategic objectives,” says Slivka. “Previously, the complexity of our compensation management system meant that we were heavily reliant on the technical services team to make these adjustments. Even with the benefit of their expertise, changes could take months to execute – meaning that we risked being unable to keep pace with business demands.

“Today, Incentive Compensation Management enables us to manage more of our data without technical assistance. With Incentive Compensation Management, we can now be more flexible without sacrificing the quality of our data. The reporting is simplified and customizable, which allows our team more time to focus on correlating results and payments – helping our efforts to continually improve the plans.”

Developing more effective compensation plans

The RBG’s incentives compensation team is now using the time saved to perform more scenario assessments and analytics – adding greater value to the business.

“Sensitivity analysis is an important component of the compensation management process, as it enables us to predict the effect of changes to our compensation rules – for example, how many more or fewer of our employees would be eligible for compensation awards on their sales,” says Slivka.

“In the past, it could take us significant amount of time and resources to create a single analysis – by which time the need for the analysis might have passed. Because Incentive Compensation Management saves us so much work, we can spend more time on predictive analytic tasks. This is helping us to develop compensation plans that are aligned with our latest strategic objectives, and new reports to give our employees the information they need to work more effectively.”

Building on the initial success of the solution, Bank of the West is continuing to augment the capabilities of IBM Incentive Compensation Management. By moving to the next version of the software, the company has boosted the speed of its calculation runs significantly, and plans to accelerate them even further.

“We would not be where we are today without the technology solution we have developed in partnership with IBM.”

— David Diamond, Regional Banking Group
Financial Manager, Bank of the West

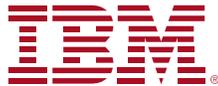
Conclusion

Slivka says: “IBM Incentive Compensation Management has helped us to drive a significant increase in efficiency in our incentive tracking and compensation reports, and saved us hours upon hours of time. Based on these time savings alone, I believe that the IBM solution has already paid for itself – and I recommend it to others.”

David Diamond, Regional Banking Group Financial Manager at Bank of the West concludes: “Last year, our parent company, BNP Paribas, conducted an incentive compensation survey of all its retail subsidiaries based on numerous criteria, and we were pleased that Bank of the West was identified as one of the firm’s ‘best in class’. We would not be where we are today without the technology solution we have developed in partnership with IBM.”

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