



Business challenge

Abt Electronics, Inc. was using a slow, outdated and inflexible product package to calculate and track vendor incentives that left the retailer vulnerable to inaccurate billing and financial losses.

Transformation

IBM and IBM Business Partner WorkCentive Inc. helped Abt develop a pliable and innovative program that tracks vendor incentives owed to Abt—specifically vendor rebates and co-marketing funds. These programs have a wide variety of complex parameters, so tracking them used to be difficult. Now, Abt can be sure its numbers are correct all the time.

Results

Accelerates processes

and fosters greater productivity

Accurately calculates compensation

in real-time and maximizes profit

Offers flexibility

within the solution to mold to the client's needs

Abt Electronics, Inc. Simplifying operations with a multifaceted incentive compensation solution

Abt, a family-owned business founded in 1936 and operating out of Glenview, Illinois, currently ranks as one of the largest independent single-store appliance and electronics retailers in the US. The company carries tens of thousands of products in a variety of categories, including appliances, electronics, custom kitchens, furniture, mattresses, watches, fitness equipment and more.

“There’s so much more that we use the system for than we could ever use the old one for. It really makes it easy for me to get to information that I may have had to go to two or three different locations for in the past.”

—Chris Hoeflich, Manager of Vendor Incentives, Abt Electronics Inc.



Share this



Standing the test of time

Abt, a family-owned business founded in 1936 just outside a bustling downtown Chicago, Illinois, first started as a small electronics store after Jewel Abt gave her husband, David, USD 800 to begin his entrepreneurial career. Eighty-three years later, after escaping a crashing economy and witnessing country-wide shutdowns and liquidations within the industry, Abt has grown to become one of the largest independent single-store appliance and electronics retailers in the US.

Today, a great deal of Abt's revenue comes in the form of percentage-based vendor rebates. The company sells various products from multiple vendors and then gets paid out based on those product sales. There is also a percentage of money to be reimbursed from vendors by advertising their products as well as vendor sales performance incentive funds (SPIFFs,) which are tied to tiered models.

For a thriving company that carries tens of thousands of products, keeping detailed records of so many vendors, incentives and invoices was an enormous and time-consuming task, and too complicated for Abt's existing system. Employees spent long hours updating the system's complex records and calculating thousands of vendor incentives.

This inevitably led to risk of in accuracies, which had the potential to leave a great deal of money on the table.

Abt needed to put forth a new solution that would align with its unique set of needs and was flexible enough to grow alongside the retailer for the next 83 years—and, to top it off, could hold large amounts of data all in one place.

Chris Hoeflich, Manager of Vendor Incentives at Abt, explains: “We decided that we needed to upgrade to something before the whole system just crashed on us and we lost all of our data.”

Painting a blank canvas

Abt looked to put to rest the archaic, slow and buggy system that had been in place since the early 1990s and implement a modern, flexible and low-maintenance solution that would be able to track the ever-expanding list of vendors working with the retailer.

“It was very hard,” says Hoeflich. “We could not find other products that did what we're doing [now] with the system.”

That was until Abt engaged with WorkCentive and selected IBM® Incentive Compensation Management software, based on its flexibility, accuracy and wide range of uses.

Together, Abt and WorkCentive's Chief Executive Officer (CEO) and Founder, Noah Bass, extensively mapped out an ideal solution from scratch. The two teams collaborated closely to pinpoint what they wanted out of the program.

“I think one of the things that's really good about our relationship and something that we as a company pride ourselves on, is the idea that it has to always be a collaborative effort,” says Bass.

Incentive Compensation Management software provides up-to-date tracking of vendor incentives—which includes calculating rebates automatically for tens of thousands of purchases. The solution also provides Abt with accurate co-op billing calculations, allowing the retailer to determine the percentage to charge vendors for advertising their products while supporting various other compensation tracking needs for the company.

Putting the system to work

With the Incentive Compensation Management up and running within six weeks, Abt employees found themselves with more work—in a good way. Simply put, the solution allowed them to spend more time focusing on other facets of running the company instead of manually calculating thousands upon thousands of data-driven invoices.

“I can't even tell you how much time it saved,” says Hoeflich. “Now it's all the system doing it where with the old system, we'd have to review the purchases, confirm the accuracy, and continually update the programs.

“The way we have it set up, there are tiers, and when our purchases hit those tiers, the percentages change automatically. So, in a way, we could have missed anything in the old days. In the new days, we don't miss that because the system's automatically telling us where we're supposed to be and what we're earning.”

When it comes to working with millions of dollars in revenue, that's a big deal. Now, no one needs to perform calculations by hand, and the data couldn't be any more accurate.

Hoeflich adds: “The biggest benefit we received from IBM Incentive Compensation Management is that our information is very accurate, up-to-date, and it's centrally located.”

Hoeflich concludes that the partnership between Abt and WorkCentive made all the difference, saying: “Noah knows our business, and since it's different from what Incentive Compensation Management is traditionally used for, I think it's important to have a person who fully understands the way we're doing it and using it.”

“It’s so flexible that we continue to enhance it as we find new ways that we believe we can use it.”

—Chris Hoeflich, Manager of Vendor Incentives, Abt Electronics Inc.

Solution component

- IBM® Incentive Compensation Management

Take the next step

To learn more about the IBM solution featured in this story, please contact your IBM representative or IBM Business Partner.

About WorkCentive Inc.

IBM Business Partner [WorkCentive](#), founded in 2014 in Toronto, Ontario, offers software implementations and specializes IBM Incentive Compensation Management software. The company provides customized training to clients, guiding them through the best way of using the solution.

© Copyright IBM Corporation 2019. IBM Corporation, Industry, New Orchard Road, Armonk, NY 10504 Produced in the United States of America, May 2019. IBM, the IBM logo, and ibm.com are trademarks of International Business Machines Corp., registered in many jurisdictions worldwide. Other product and service names might be trademarks of IBM or other companies. A current list of IBM trademarks is available on the web at “Copyright and trademark information” at www.ibm.com/legal/copytrade.shtml. This document is current as of the initial date of publication and may be changed by IBM at any time. Not all offerings are available in every country in which IBM operates. The performance data and client examples cited are presented for illustrative purposes only. Actual performance results may vary depending on specific configurations and operating conditions. THE INFORMATION IN THIS DOCUMENT IS PROVIDED “AS IS” WITHOUT ANY WARRANTY, EXPRESS OR IMPLIED, INCLUDING WITHOUT ANY WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND ANY WARRANTY OR CONDITION OF NON-INFRINGEMENT. IBM products are warranted according to the terms and conditions of the agreements under which they are provided.

