

White
Paper

Top considerations for implementing sales performance management



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Top considerations for implementing SPM

After a considerable investment of time and energy, evaluating sales performance management (SPM) vendors, reviewing the proof of concept, and wrestling with the internal struggles of a needs analysis, businesses will ultimately reach the point of implementation. This milestone might bring a sense of relief and anticipation, knowing that SPM problems are soon to be resolved. However, preparing for the implementation of a sales performance management solution also forces businesses to confront new and distinct challenges that impact multiple departments and draw on precious resources. Successful implementation requires good communication, committed leadership and a shared articulation of goals.

Effective implementation strategies vary, depending on the organization's particular needs and interests. However, there are certain fundamental considerations that can help to enhance opportunities for success across the board. The following recommendations are not listed in priority order, but offer foundational insight into the oftentimes complicated and overwhelming process of implementation.

Get your house in order

Before embarking on the implementation journey, it is important that businesses have a keen understanding of the current state of SPM affairs. Problems cannot be remedied until they are thoroughly surveyed and understood. An extensive process of due diligence that examines the key stakeholders, the expected roles that they will play, the anticipated timeline, and the impact on existing systems will arm leadership with the information they need to help ensure a smooth and seamless implementation.

Asking the right questions preemptively is also an important step. "Who are we as a business; and what type of company do we want to be on a go-forward basis?" "In what areas are we competent and capable, and where is the room for improvement?" An honest assessment provides opportunity for growth and helps to identify critical gaps in the SPM landscape.

Companies must develop a clear understanding of the strategic direction, business processes and associated requirements. This will require the investment of participants across business units, including those involved in sales, compensation, operations, human resources, finance, as well as the executive team. Ideally, much of this information will have been addressed at a high level during the evaluation process and will serve as a foundation for subsequent discussion and planning.

A house divided against itself cannot stand

President Abraham Lincoln understood that dissent could unravel the fabric of an organization. Before the point of implementation, it is important for businesses to consider how multiple interests can be simultaneously addressed to achieve a mutually beneficial goal.

Identified business needs must be clearly defined and articulated. Doing so can help ensure that business needs are properly aligned with the technology being implemented. Stakeholders must engage one another constructively to allow for the overall performance of the application. This can help reduce or eliminate functional overlaps, technical limitations and maintenance costs.

Arguably one of the most vital factors in achieving this dynamic is effective communication. Conflicts between IT and business units, for instance, can often be overcome through clear and open dialogue. Each department offers specialized talents and skills that are worthy of respect and essential in achieving a successful implementation. Each stakeholder must be open to collaboration and willing to entertain new ideas and suggestions. A flexible and respectful atmosphere of cooperation is the one of the best platforms from which to launch the SPM implementation process.

Project management and project sponsorship

Virtually all projects need a champion. The sponsor provides guidance, direction, inspiration and perspiration — the variables needed for success. An effective SPM implementation should include the following:

1. Strong project management and resource commitment
2. The direction of a strong project manager, inclusion of internal subject matter experts (SMEs), an executive sponsor driving the project with consideration of risk, time and budget that includes mitigation steps and ongoing client reviews throughout the project life cycle
3. Definition of a risk management plan to identify risks early in order to avoid unnecessary costs, timeframe overruns and overall project instability

Data cleanliness

Nowhere is the phrase “garbage in, garbage out” truer than in data management. To improve the effectiveness of incentive compensation programs, the stored data needs to be accurate, reliable and consistent. Helping ensure cleanliness prior to implementation positions the company well for a successful process and will improve system precision and sophistication.

Companies that go a step beyond scrubbing the data, and invest the time, resources and energy to verify that their information complies with data integrity can reduce the need for manual intervention. And a diminished need for manual intervention improves accuracy and ultimately results in cost savings.

Requirements management and prioritization

Virtually any project or implementation is technically only as sound as its foundation. A house built on sand is bound to falter, so it is essential as the SPM solution is implemented that the foundation is secure and constantly reinforced. These are the building blocks of everything that follows:

- a. By drilling down into exactly how the business should run and what their actual needs are, companies can engage in more effective sales compensation analysis.
- b. Business requirements should be defined during selection and refined throughout implementation.

Understanding plans

Too often, compensation plans are understood only by the teams that work with them most directly. It is important for information to be communicated and shared clearly and across the board in order to help ensure the success of implementation. Specifically, it is important for teams to understand the following:

1. Compensation plans will help to extract requirements and identify gaps or areas for improvement.
2. Plans will help to test the implementation process thoroughly, as well as identify and resolve data issues.

Having a firm grasp of the compensation plan from a business perspective will provide insights into the calculation logic, which will prove helpful.

Understand business processes that support calculations

Translating the business plan into the functionality of the sales performance management solution is based on the calculations in the application. And these calculations are derived from business requirements that track back to a business process. Therefore, by developing a keen understanding of the business process behind the calculation, companies are able to:

- a. Enhance the calculation to reflect the business process or the business requirement more efficiently.
or
- b. make recommendations to help ensure that the business process aligns itself with industry standards.

In both cases, an understanding of the relationship between the business process and the calculations is critical to success and accuracy.

Understanding rules and scenarios that are not detailed in plans

The “unknown” can be daunting and overwhelming under the best of circumstances. And in the case of SPM implementation, this is certainly true. But by relying on the support and experience of a trusted vendor, unanticipated obstacles can be circumvented and managed effectively.

A project manager for IBM ICM explains, “In a requirements session, the top three questions we ask our clients are:

1. What are the exceptions to the current scenarios?
Are there other scenarios that might exist as a result of the exception?
2. How do you want to track adjustments in the system?
Is the adjustment necessary or is there an underlying business process that needs to be improved in order to prevent the need for the adjustment?
3. What are your proration rules? Often plans are light in proration, eligibility and claw backs or chargebacks.
For the inconsistencies around proration, what are the incident rates and does it make sense to automate?

By exploring these unforeseen possibilities in advance, companies will be better equipped to both avoid and manage the fallout of the “unknown.”

Testing strategies

Sangeet Reen-Butalia explains that “testing is a firewall, not a fishing net.” Testing is a firewall before production and arguably the most imperative cycle for sustained success. If testing strategies are implemented, any catastrophe can be averted before it is too late. In particular:

- a. Functional, technical and integration testing are important procedures to take before the system goes live.
- b. Understanding the requirements and the data will help execute testing more accurately and in a timely manner.

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Post Go Live

In preparation for “Go Live”, it is vital for companies to define their cutover strategy. Detailed plans should be developed and communicated for entry and exit criteria, system verification, change management, transitioning, legacy data archiving and regulatory compliance. These items should comprise a “Go Live” checklist to be monitored throughout the process.

Once the SPM system is live, it is important to identify that clear ownership has taken place. Stakeholders need to have a clear sense of his or her roles and responsibilities.

The initial implementation is just a starting point. The process is actually cyclical. The need to introduce change will persist and an implicit sense of flexibility is a fundamental design feature that allows businesses to keep pace with change and accommodate new requirements and trends. The goal is to be prepared with the right skill set to sustain and improve the application moving forward.

If these ten considerations are embraced when implementing a sales performance management solution, companies can be better positioned for success. Strategic planning, sound communication, preemptive analysis and evaluation and a clear articulation of goals, roles and responsibilities are the ingredients for a successful SPM recipe.

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