



Speed to insights

Purpose-built architecture allowing
scalability and flexibility

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Introduction

In July of 1960 the “Bell Systems Technical Journal” issued a report titled, “Human Factors Engineering Studies of the Design and Use of Pushbutton Telephone Sets.” The goal of the study is to look at the speed, accuracy, and preference to successfully enter a phone number into a key pad. Telephones to this point had evolved in technology from the telegraph operators, a hand crank alert to a centralized operator, and next, the self-service use of a rotary dial, and now on to a tone based key pad. With such sets as “the cross rainbow,” “speedometer,” and “two column vertical,” the key pad we have today was selected out of seventeen different combinations. It was not the fastest; ranked 3rd for preference and scored rather high in error rates. Still today, on every modern phone the pattern called “Three-by-Three-Plus One,” based on this design, is carried in our pockets and purses.

Similarly, in 1878, the introduction of what we commonly call the QWERTY keyboard was introduced in the Remington No. 2 typewriter. It contained both upper case and lower, with the carriage return that was operated by a functional shift key. Captured in the article “Clio and the Economics of QWERTY” by Paul A. David, we learn that even as the evolution of technology moved from the hammer style to the electric ball type, many of the reason for the initial design became irrelevant to keep the QWERTY layout, yet it remains on mainstream keyboards and mobile devices.

This adoption of technology without change is called “lock-in.” We see it in nearly every area that is touched by technology. Consider document and spreadsheet operations. We often think to the use based on the Microsoft Office. Even as Google tries to advance these efforts as a vendor, the concepts do not depart from the original understanding of these operations from Lotus 1-2-3, or VisiCalc before. Similarly, with social media what was once lock-in for MySpace, was taken over by Facebook, and LinkedIn, but similar posting and communications remain core to the intent.

To break away from the training and expectations of technology lock-in, even when the technology is superior, the cost is too high. A work force trained for locked-in technology is lower cost than to develop, retrain, and support than a new community. Breaking away from these lock-ins are a significant investment and are rarely successful.

But imagine for a moment if you could take the best of these technologies and shape them to improve your processes and procedures for improved insights and abilities. The collaborative investments based on a knowledge already inherent in your workforce, and which maximizes the desired outcomes. This is the focus of IBM Incentive Compensation Management (ICM) for Sales Performance Management (SPM.)

Speed to insights

Why do we still use spreadsheets and home-built applications by the IT department? We feel like we are locked into a path that was inherited sometimes. Other times, we can’t find the budget to expand or improve the internal systems we have. More often than anything, we are in a state of mental lock-in, “My team feels comfortable in spreadsheets”, “I can do so much with them,” even the common “it’s just faster” is what we tell ourselves.

To believe this we also need to set aside the cost of error. The voice inside will discount just how risky it is to run a spreadsheet or home-grown system without proper audit, compliance, or regulatory checks firmly in place. Many individuals have found a comfortable spot as the master of spreadsheets who can rarely close her laptop on vacation. Each month, they start a new template, update it, pass it around, share and collect, then the last week reformat only to spit it out as our final version of the truth. With this process, it’s no wonder confidence from leadership and the sales organization is so low.

Speed to Insights means there is a **purpose-built architecture** allowing **scalability and flexibility** in plan design and input. Interfaces specialized for different roles based on the technology expectations they are familiar which allows for improved insights, faster performance, and removing friction from the sales process.

Companies with 50 sales managers have different needs than those with 50,000, or 500,000. Scale in architecture allows for the ability to have best in class technology, no matter the size. It also means that there is a community helping to shape, support, and grow these capabilities in ways that an individual, or non-specialized team can’t.

Applications for sales performance management

Gartner Research defines sales performance management (SPM), in January of 2019, as a “suite of operational and analytical functions that automate and unite back-office operational sales processes.” Capabilities include sales incentive compensation management, territory management and planning, quota management and planning, objectives management, gamification, and advanced analytics (benchmarking, predictive and prescriptive, and AI/cognitive/ML). Source: Gartner Magic Quadrant for Sales Performance Management 2019.

SPM began with a series of siloed systems managed separately by different teams with unique priorities. Goals and objectives were not always clear. Where or how to find the right information was both slow and complex. In 2003, a change in the adoption of technology started to germinate and grow. Based on the success of Corporate Performance Management, a platform for finance to centralize budgets, plans and forecasts, variable incentive compensation became a beacon to lead the sales organization and align with finance.

For the majority of organizations, a technical lock-in was still in place. Home grown applications and spreadsheets were the primary source of information gathering, with email the distribution point. Internally, the focus to reduce errors, improve performance, and remain in compliance with auditing practices, companies began to turn to third party providers for improved systems.

Third party tools provided business users the ability to glean the right data for variable compensation and improve the confidence of both the accuracy of payment, and additionally, greatly reducing the error rates. In a recent study, Forrester Research found that organizations leveraging an incentive compensation management solution improved the accuracy of payments while reducing the likelihood of errors and the need for manual edits by 90%¹. Within twelve months of a system being in place, organizations started to see a payback of the investment and recognize millions of dollars in additional efficiency gains and error reduction which is still considered the first goal for many adopting these systems today.

More powerful still was the community involvement that took the use and operations of these technologies and started to share best practices. This allowed the community to go far beyond just the accuracy of payments and timeliness of delivery, to drive the intended behaviors of business. An alignment between the expected forecasts and the delivery of goals by periods end now both achievable and repeatable.

Companies that took on these systems could prove a lower cost of internal operations. The reliability of the systems and the focus on global compliance, just in time performance, and the capability for improved insights now an expectation through sales performance management platforms.

Infrastructure to scale

How is this achieved? In the Gartner definition, a good deal of focus is placed on the ability to tie together back-end systems.

There are two basic arguments on this. One recommendation is to rip out and replace all your current systems with a single platform provider, another is to look at a flexible infrastructure that works with the current systems you have already invested in to enhance and augment what you have today. It is a similar choice to deciding to demolish, then build a new house on a current lot, or doing home renovations that compliment and raise the value of the property. The first more radical and costly, the second a managed project. Both have benefits.

IBM ICM for sales performance management is a Cloud offering. This means that business users can work directly with the IBM infrastructure through verified and secure systems that have been vetted by top infrastructure technology experts. Alternatively, clients can choose a private cloud infrastructure architected by internal team members following a prescribed support framework by IBM designed specifically to maximize the benefits of performance in sales performance management.

In addition to a standard cloud offering (delivered by IBM or your private cloud), IBM ICM offers a highly scalable infrastructure based on the fastest computing power available in the market with the most resilient storage.

The combination of these technology approaches means:

- Reduces or eliminates a high dependency on IT and manual intervention
- Provides a flexible consolidation of compensation logic in a business owner application
- Logic for other data systems like CRM, Compliance, expense, HCM, and ERP can be appended in a single source for deeper analytics
- Calculation flexibility can reduce the need for pre-processing in external tools
- Improved administrative controls allow for the management of logic and reference data to respond to market conditions and orbital opportunities

In addition to the core framework built on the highest performance technologies and most resilient storage, the end user is supplied with specialized interfaces that are built to address their needs. Each user role and the experience they bring is considered in the design.

For administrators, the focus on rule building, creation of calculations, compensation plan design, compliance and shaping data are woven into each area. This includes interfaces that operate like spreadsheets, but are flexible enough in use that a serious database engineer could similarly find the power needed. Report and dashboard creation built into the system mean less time in transfer or opportunity for error introduction. Built in performance details, audit views, calendars, scheduler, workflow management, and role assignment are available to track territory alignment, measure and manage key performance indicators, score objectives, and above all else, pay variable-based pay accurately and on-time.

Consumers of data who are account managers, leadership, or executive decision maker have their own designed experience. Flexible reporting options for interface allow high view templates, detailed transactional line items, reporting, dashboards, analytic options, and include IBM's Watson AI.

This infrastructure to scale is not only for the enterprise, it is available to clients of any size.

The importance of systems like this are paramount. It's a truism, an adage, that garbage in, means garbage out. It is not as linear as the statement in reality. If I have bad data in a pristine system, my results will be bad. Alternatively, if I have good data in a bad system, the return is predictably bad. The only scenario in which we get the right results is for pristine data in a pristine environment. The need to have an infrastructure to scale is to provide a quality capability to support any size sales team with the right motivators which may include payout, certification and training, and drivers through objective or activity. We also want sales to WIN. Capabilities such as these help to bring out the competitive nature and drive to do better.

Leveraging technology for success

There are three areas which technology strategies can maximize the success of your sales: growth, comparative advantage, and competitive advantage.

Technology for Growth: Sales organizations need to plan for elasticity based on market conditions. It is exciting when we are growing and hiring, and painful to consolidate. Investments in a scalable system allow for both conditions to be considered. An infrastructure to scale means that when you are growing there is a powerful engine for calculation to drive the pipeline forward if you are adding 7 to 700 new account managers each month (both are real use cases you can ask us about.) Alternatively, when in a steady state or looking to consolidate territories, that ability for reliability and confidence have never been more important. Making certain the core systems to reward the best behaviors or drive results are still in place.

Our goal is the ability to make a closed loop process in the creation of our supportive systems. This is an ability to connect the back office to the board room. If you are a top-down organization, providing dashboards for understanding the state of the business is essential. If you are a bottom-up organization, measuring the right elements accurately and carry them up are critical. Most companies are a combination of the two and need to find the right balance to measure and manage through transparency and a shared direction.

Technology for Comparative Advantage: It would be great if everyone on our team worked the same way, motivated by the same things. We would only need to have one plan, one set of metrics. That's not how it works. For many years there has been the analogy of Hunter and Farmers in the organization. More recently Bartle's Game Theory has taken the stage where four person's based on video game players has been a persona to align motivation types (killer, achiever, socialite, and explorer.) Whichever theory you are working from, or have built on your own, individuals are driven by different motivators. In sales, we want a single goal, to close business, or WIN. It could be a new opportunity, reoccurring revenue, or a 'land and expand' deal.

Through the IBM ICM offering for sales performance management, executive decisions can be captured into plans and carried out in detailed interface. Not only can each individual or channel see the transactional details of each line of business they will get paid on, but the interactive opportunities help to devise strategies that help to identify the next best opportunities, how to maximize time and investment in the sales process, and stay aligned within the confines of best practices to avert risky behaviors. Let's reward out teams for success and repeat it. Be cautious of bad players and guide away from unforced errors in our process.

Technology for Competitive Advantage: Standing out from the competition and define a differentiator amongst a noisy marketplace is a struggle. Multiplying a message, product or offering through many of one voice allows sales to stand out. Our challenge often comes to holding down costs. Long term cost of ownership in these systems often find a return on the investment in the first year online. Once in place, sales performance management systems, time and again, prove that top performers will be attracted to organizations that show the continuity of pay. Providing a level of confidence where results are rewarded contributes to improved brand recognition and builds a reputation for success.

Organizations that already have a sales performance management system have been able to recognize and eliminate errors and inconsistency, in the process, making them more profitable. They have also seen a lower cost in go-to-market strategies. The combination of these two items in the first two years of initial operations allow them to run leaner and faster. If your competitors are more agile, can you afford to go another year without a sales performance management strategy with IBM ICM?

Why IBM Sales Performance Management?

IBM Sales Performance Management software delivers data-driven insights that help organizations work smarter and outperform their peers. This comprehensive portfolio includes solutions for business intelligence, predictive analytics and decision management, performance management, and risk management.

For more Information

To learn more about IBM Incentive Compensation Management solutions, [contact your IBM sales representative](#), or visit ibm.co/ibmspm

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1. Forrester Total Economic Impact (TEI) on IBM Incentive Compensation Management report, 2019

