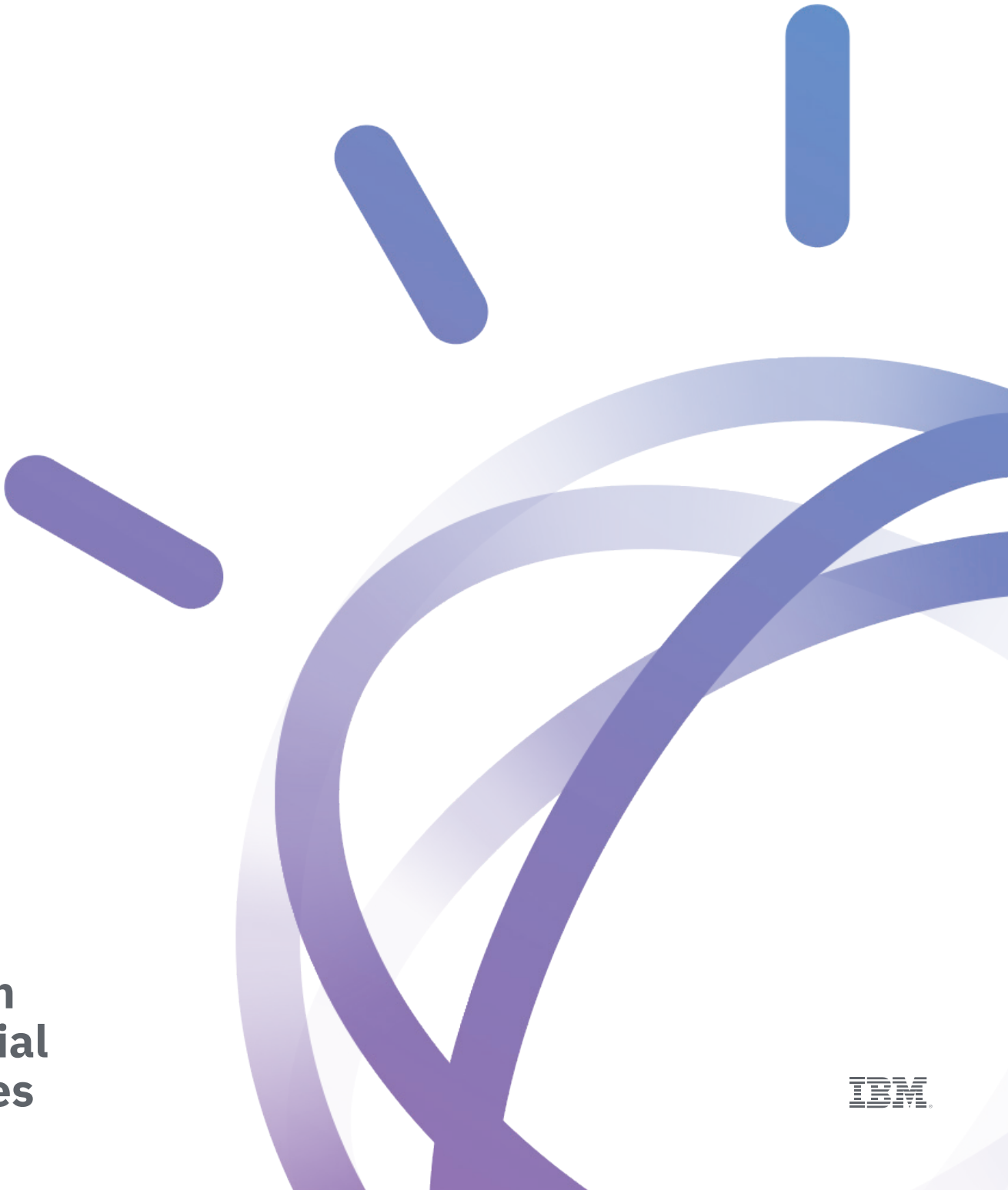


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Paper

Developing a request for proposal for Sales Performance Management

**Watson
Financial
Services**

IBM



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If you are new to evaluating and selecting an enterprise solution such as Sales Performance Management (SPM), where to begin might not be obvious and can seem overwhelming and daunting. In the past, the IT group was probably leading the activities to evaluate and select other enterprise solutions such as a Customer Relationship Management (CRM), Enterprise Resource Planning (ERP) or Human Resource Information System (HRIS) for your organization. Why has this task been assigned to you – the Sales or Compensation Leader?

When it comes to a SPM solution, many organizations are assigning this task to the line of business users such as sales executives, sales managers and sales compensation leaders. After all, they are the end users that will be adopting the solution and understand the current processes and what is needed to make their work lives simpler.

You are probably breaking new ground in evaluating and selecting an enterprise solution and struggling where to get started. Evaluating and selecting an SPM solution can be 'easy' or 'challenging' – it really depends on how you prepare and approach the task.

To help you get started, you will find this guide helpful in developing a request for proposal (RFP) that is clear, detailed and provides the right kind of information for you to gather from the SPM vendors in the market you are considering including in the RFP process. Remember that the responses to your RFP that you receive from the various SPM vendors will help you to evaluate and select the best SPM vendor and solution to meet your business needs.

An RFP is the face of your company to potential collaborators, so it's important to write it well. Good RFPs lead to good proposals, which in turn lead to better working relationships and successful projects, and ultimately, better outcomes. So, what should you include if you want to write a good RFP for an SPM solution? What details do vendors need to know about your project to bid accurately? What questions should you be asking them to assess their suitability and capability? There's no need to become an expert in all things with SPM to write an RFP. If you can establish clear goals, provide the right details, and solicit useful information from the SPM vendors, then it will help the you make the right decision.

The Elements of a Request for Proposal

Sending out an RFP is a pretty standard operating procedure: potential clients, you, determine a rough scope of the work to be completed for the project, assess the timeline of when you want the work to be completed and determine the budget available. You can then reach out to the various SPM vendors and ask them to propose a solution that best fits the project requirements. Once you have received the completed RFP from each SPM vendor, you will want to schedule a question-and-answer (Q&A) meeting to review some of the details of the proposal which can save a lot of back and forth between you and the vendor later.

To help you write your RFP, we have compiled a helpful list of key elements that you can consider including. The steps below are straightforward, but it's critical that you put the effort into it to ensure you are receiving the information you need to make the best decision. We want you to select a right vendor and have a terrific experience building an SPM solution even if that vendor isn't us.

Of course, not every one of these elements in this list needs to be necessarily present in this order or grouped together this way or at all. You'll want to delete some elements and include new elements that are specific to your business needs. It does represent some of the more common elements that we see from our customers evaluating and selecting an SPM solution. If you want to keep it simple, you can just use each of the headings below as a different element in your RFP and include any elements that you feel are missing or you can choose to download our example for SPM RFP template here: <http://ibm.biz/Bd2xPN>

1. Brief project overview

You will want to introduce your organization and the purpose of the RFP – to evaluate and select a sales performance management solution. Describe what you want the SPM vendor to provide but also why:

- What are the key 'pain points' you are experiencing that is driving your decision to search for an SPM solution?
- What is not working in your current business processes? How are you currently managing sales performance?
- How would a new SPM solution help you?

This should be described high-level – keep it brief as the details will be flushed out below and a high-level view is fine in the 'Brief Project Overview' element.

You should describe why it's important rather than describing a desired SPM solution. Try to articulate the problem as best as you can. There may be all kinds of SPM solutions available that will meet your needs better than what you have in mind and you'll want to keep an open mind to suggestions you may not have thought of yet. SPM is more than just a solution that can calculate incentive compensation. focus on what you need from an SPM solution – the broader picture.

2. Organization's background

Describe your organization. What does it do? What do you do? We want to know and what products and services you provide to your customers. Additionally, tell us a little about your values and corporate culture. What makes you unique? What differentiates you from your competitors? Why does what you do matter?

By describing your values and corporate culture, you're more likely to find an organization that's a good value fit - both for your goals and processes. SPM vendors will be able to provide you references and examples of other projects in the same industry where they've successfully implemented their SPM solution. By knowing your organization's background, values, corporate culture, and goals, they can make better recommendations.

For example, IBM has implemented SPM solution for organizations in every industry. If we know upfront that you're a financial services, banking, retail, or a high-tech industry, we can make specific recommendations from our team members that have significant domain and industry experience with familiarity of how other similar organizations have successfully implemented SPM solution specific to your industry.

3. Project goals & stakeholders

Having clearly defined project goals and understanding the key stakeholder requirements for an SPM solution is essential. Explain what you plan to accomplish or what outcomes you have in mind with the SPM project. For example, the goals might include:

- Streamlining the business process of calculating and paying sales commissions
- Providing visibility to the sales team on how their commissions are calculated
- Distribute accurate and timely sales compensation agreements and statements
- Reduce the number of errors in over-payments
- Gain insights into sales performance to make better decisions while adapting to change

What are the three most important that will make the SPM project successful? What are the quantitative metrics that will help you evaluate the success of the project?

It's also important to consider all stakeholders in the SPM project. Who do you plan to include in the evaluation and selections? What does each of the stakeholders need to get out of a new SPM solution? Which constituencies most rely on a successful SPM solution? What reporting and analytics are you expecting to gain from a new SPM solution?

Obviously, the more clearly you articulate what you want out of an SPM solution, the more likely the SPM vendor can provide you with the information about the features and capabilities of their SPM solution. Knowing both the concrete goals and specific requirements, makes it easier for the SPM vendor to provide you with answers to your questions.

4. Scope of work & deliverables

Now it's time to provide all the details about the project. You'll want to describe all of the implementation services, resources and deliverables that you'll need to successfully deploy the SPM solution. Here are some questions that you should be asking:

- Will someone from your organization be assigned as a project manager?
- Will you need a project manager from the vendor?
- Do you have IT resources to define and configure the data integration between upstream/downstream systems?
- Are all your current business processes well-defined and do you have experts to help the implementation team explain the desired future state?
- Have you designed the compensation plans and the metrics associated to each sales role?
- What will be included in the implementation project: Incentive compensation, territories, quotas, others?
- What reporting and analytics do you need to publish from the solution?
- Will resources from your organization be testing the solution and what test scripts are needed to show the solution has successfully been deployed?
- Are there any workflows and routing processes that need to be considered? (i.e. compensation statement sign-off, quota relief processes, adjustment processes, etc.)
- Will the project be designed and rolled out in phases? What should be included in phase 1, 2 or 3?
- Are there requirements for a global rollout (i.e. multi-currencies, multi-languages)?
- How will end users be trained to adapt to the solutions?

The goal in this element is to be explicit about what's important to be delivered but it's OK if you don't know exactly what's involved. Vendors will look at these tasks and deliverables to gain a sense of the typical time to complete and estimate a cost proposal. Your SPM vendor is working diligently to scope out the work, and knowing as much details about what you are looking for, will result in a more accurate cost proposal.

5. Timeline

It's okay if you don't know how long the project and the deliverables will take to complete; however, you probably know the timeline that the project needs to be delivered within. For example, you might have been given approval for the project with a caveat that your incentive compensation plans must go live in the system by the next fiscal year. There is usually a 'hard' deadline that you need to meet. Be sure that you include any key milestones and dates, especially if you are implementing the SPM solution in phases.

Be aware – every implementation of an SPM solution can vary widely in the time it takes to complete. There are many considerations:

- How many incentive compensation plans are there?
- How complex are the compensation plans?
- How many data feeds and integrations need to be configured?
- How many reports, dashboards, and analytics are being configured?
- Do you have your current business processes well-defined?
- Do you have the appropriate resources to write the test scripts and execute the testing?

Sometimes, an SPM solution can take only 3 months while others can take 6-12 months. It really depends on many of the considerations mentioned above. Be up-front about your timeframe and the SPM vendors will be honest about the likelihood to deliver within these expectations. You don't want to engage with a vendor with unrealistic timelines.

6. Technical requirements

This can be one of the most challenging elements to the RFP. You need to describe what technical requirements you are aware of in advance. For example, you are probably aware of some of the upstream/downstream systems you need to integrate with, such as your CRM, ERP, HRIS, and payroll system. You are probably aware of some of the reporting you need from the SPM solution such as a "Compensation Statement," "Quota Attainment Report" or a "Team Performance Report." Workflow and routing process should be well-defined such as when a salesperson requests quota relief or requests an adjustment to their commission payout.

You can download a sample RFP template that includes a comprehensive list of the types of technical deliverables and requirements that customers typically have when evaluating and selecting an SPM solution here: <http://ibm.biz/Bd2xPN>

The technical requirements section may be one of the longest sections of your RFP, depending on the complexity of your business requirements. The more details you can provide up-front, the better the estimate. Not all SPM solutions are equal and you want to make the right decision for your organization.

7. Principal point of contact

Communications between your organization and the SPM vendor are critical from the start. The person that is writing your RFP should be someone that clearly understands the project scope of work and deliverable, and in return, the person that is responding to your RFP and providing answers from the SPM vendor should be someone very knowledgeable of the SPM solution features and capabilities.

Usually, responses to your RFP will come from SPM experts who have deep solution knowledge and expertise. They have worked on similar projects before and have final authority of confirming the scope of work and deliverable. They know if the SPM vendor can implement the solution successfully as described by you.

You should ensure that you have appointed someone from your organization to be the principal point of contact and that you are communicating with one principal point of contact from your SPM vendor. Just as important – everything discussed and communicated needs to be documented to avoid any confusion later.

It's okay if there are multiple resources from your organization and from the SPM vendor involved in the project – that's pretty typical, but you should have someone on each side responsible for maintaining the communications.

8. Budget

Yes, you really need to include your budget even if it is an estimate. You don't necessarily need to be exact, but an estimate or range ("We have budgeted to spend \$x,000 on the project but are willing to go as high as \$y,000 for the right proposal"). The scope of work and deliverables is like purchasing a new car – you can spend \$20,000 for a reasonable car but if you'd like air conditioning, power windows, a navigation system and a portable player for your kids in the back seat, you might need to spend \$30,000. It's important to discuss the budget upfront so the SPM Vendor can scope the work and deliverables appropriately (such as we can develop 10 reports and dashboards but cannot deliver the other 2 you are asking for within your budget). You want honesty and commitment so that there are no surprises later.

9. Ongoing support

When the project is completed and the SPM solution is in production, it is pretty common to engage the SPM vendor for ongoing support, training and ongoing development. Often, the launch of the SPM solution is just the beginning of the SPM journey. Although you will want to engage with an SPM vendor that will enable you to become self-sufficient, you'll still want to have that piece of mind that the SPM vendor is committed to your success, is a true partner and is there to help you when help is needed.

10. Criteria for selection

You are most likely including 2 or 3 SPM vendors in the RFP process. You will receive different proposals back from each that will have different strengths, reputations, and features/capabilities. Some will compete on price, some on fastest implementation, and yet some on technical features/capabilities or other differentiators.

All of these considerations are important; however, you will want to define the criteria for selection – what is most important to you? How will you evaluate and make the selection? Do you have a criteria checklist and weighing scale? Remember, the outcome of the RFP process is to ensure you are making the right decision to evaluate the quality and suitability for your project. Be sure to ask specific questions, such as:

- Can you provide examples of similarly complex projects?
- Can you provide customer reference and case studies?
- Can you provide project timelines and major task/milestones?
- Can you detail the project budget and resources?

11. Format & proposal timeline

Typically, you will want all RFP responses back in a standard format by a specific time. Be clear to the SPM vendor: Do they need to submit the RFP response in MS-Word or PDF format? Do you require a signed hard copy? Does it need to be single-spaced or double-spaced? What is the due date by which all RFP responses need to be submitted? Does the SPM Vendor need to provide some dates/time to schedule a follow-up or clarification call?

It is important to have all of these standard formatting and proposal timelines well-defined and communicated to each SPM vendor, to be fair and transparent about the process. This will also make evaluating the various RFP responses easier.

Quality RFPs for evaluating and selecting a SPM solution are easy when you follow these guidelines

All of the elements above are important to include in your RFP. It might seem like there is a lot of information, but in order to receive quality and informative responses from the SPM vendors you are evaluating and to make the right decision of selecting the most suitable SPM vendor and solution, you need all of these elements. In fact, there are other elements that you might want to include that are specific to your organization and project.

The better the RFP is, the better the responses and proposals you will receive from SPM vendors. So get started and download the sample RFP template provided here: <http://ibm.biz/Bd2xPN>

For more information

To learn more about IBM Sales Performance Management solutions, contact your IBM sales representative or visit: ibm.com/industries/sales-performance-management.

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