The Sales Management Association
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A global, cross-industry professional association for sales operations and sales management.

Focused in providing research, case studies, training, peer networking, and professional development to our membership.
Today’s Presenters
Justin Lane and Jennifer Kerr

Justin Lane

- 12 years systems integration professional specializing in Strategic Planning and Business Transformation as it relates to Sales Compensation
- Held senior management roles responsible for technology implementations, business operations and compensation design

Jennifer Kerr

- 5 years in Sales Compensation administration, plan design and analytics
- 15 years of using a combination of processes and technology to bring change and transformation to the organization
Today’s Topics

• What is SPM?
• General Benefits to the Sales Organization
• 3 Key areas that may be of importance to Sales Leadership
  1. Strategically Aligned Compensation Plans
  2. Increased Selling Time
  3. Increased Motivation
• Ecolab Case Study
What is SPM?
Sales Performance Management

SPM is “the practice of managing the effectiveness of sales-related business activities and processes related to incentive compensation to a common set of customer and revenue goals and objectives.” – Ventana Research

SPM technology helps to enable each component of the Sales Compensation Program

- An articulated set of compensation management priorities
- Formally defined set of steps, deliverables, and dependencies for each phase of the plan design process
- Tools and data that can be leveraged throughout the compensation management process
Benefits Specific to Sales Leadership

• Enables Strategically Aligned Compensation Plans
• Increased Selling Time
• Increased Motivation
Strategic Alignment of Compensation Plans

“If you pick the right people and give them the opportunity to spread their wings and put compensation as a carrier behind it you almost don't have to manage them.” –Jack Welch

• Micro and Macro level modelling of plan changes
  ✤ Costing
  ✤ Winner and Losers
• Quota Allocation
• Territory Alignment
• Efficient Implementation of changes in system
• Tracking the effectiveness of changes
• Report on organizational and individual performance
What technology do you use to support your annual planning cycle (Plan Design, Forecasting, Modeling, Quota Setting, Territory Alignment)?

- SAP reports/BO: 1%
- Outsourced: 1%
- Outsource Vendor: 1%
- No. one and two from above: 1%
- MS Dynamics: 1%
- Callidus and BRIO: 1%
- BI tools: 1%
- Third party SPM tools: 17%
- Standardized reporting from a custom system: 28%
- Excel / Access / other Microsoft tools: 87%

Percentage of Respondents
Increased Selling Time

- Less Shadow accounting
- Less time spend submitting and tracking disputes
- Accuracy
- Self-Service capability

Typical Sales Rep Percentage of Weekly Hours

- Selling 22%
- Order Processing 12%
- Planning 10%
- Misc. 4%
- Lunch Breaks 6%
- Travel 13%
- Administration 23%

*Pace Productivity Survey
What percentage best indicates the accuracy rate of incentive payments (dollars paid) made to your field sales people each period?

- 39% for > 99%
- 43% for 95% - 99%
- 9% for 90% - 94%
- 8% for 85% - 89%

Percentage Distribution of Respondents

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Increased Motivation

Estimated Time to ramp up a new sales representative:
6 – 12 months

Estimated Costs to hire and train a new sales representative:
>$100,000

• More motivated reps
  ❖ Trust in commission system – Enhanced Reporting & Accuracy
• Communication to know what to sell to maximize plan – Portals
• What if calculators
• Effective distribution of plans, quota, territories
When do you typically communicate new plan designs to your organization?

- > 8 weeks after fiscal year start: 10%
- 5-8 weeks after fiscal year start: 15%
- 2-4 weeks after fiscal year start: 21%
- < 2 weeks after fiscal year start: 17%
- < 1 month before fiscal year start: 15%
- > 1 month before fiscal year start: 22%

Percentage Distribution of Respondents
How are plan changes typically communicated?

- POA meetings: 1%
- Documentation: 1%
- Conference Call: 1%
- All of the above: 1%
- SPM/EIM solution: 21%
- Online: 24%
- Business Intelligence/Analytics tool: 32%
- Email: 41%
- Excel or similar tool: 44%
- Internally developed modeling application: 45%
- Access or similar application: 59%

Percentage of Respondents

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SPM Industry Trends

• Increased SaaS Acceptance
• Generalist vs. Industry Focused
• Lack of Market Awareness / Low Market penetration
• Fragmented
  ❖ Crowded w/ 25 – 30 vendors
First Year ROI

Return After 12 Months Third Party/Outsource Investment

Breakeven
19%

Greater Than One Year to Breakeven
23%

Positive ROI
58%

Source: Compensation Management Practices Survey
Jennifer Kerr

EIM/SPM Solutions

ECOLAB®
Success Story

With sales of $6 billion and more than 26,000 associates, Ecolab is the global leader in cleaning, sanitizing, food safety and infection prevention products and services.

Ecolab delivers comprehensive programs and services to foodservice, food and beverage processing, healthcare, and hospitality markets in more than 160 countries.
Business case for change

• Plan designs were driven by system constraints
  ❖ Plan reviews were not based on evolving business strategy or plan effectiveness
• Lack of an incentive statement that easily ties to associates paycheck
  ❖ Large number of disputes based on lack of visibility
  ❖ Sales Force lacks detailed understanding of compensation plans
• Lack of management reporting and analytics
• Inability to effectively model proposed plan changes
Project Overview

Sales performance management systems and processes will support evolving compensation strategies to accelerate sales and profit growth.

In order for Ecolab to meet the goals and growth plans, an investment to manage Field Compensation became a strategic driver.

Incentive compensation will not drive behavior if the sales force does not have clear line of sight into how they are compensated.
The process followed for selection of SPM

- Partnered with OpenSymmetry
- Developed Request for Pricing based on our requirements – future looking
  - Vetted with multiple divisions' and functions within Ecolab
- Supplier demonstrations
- Proof of Concept
  - Was critical for Ecolab’s understanding and selection
SPM Enablement

• Align corporate initiatives with sales activities in a clear manner so associates understand how they are being measured and compensated
• Plan and Model sales strategies effectively; forecasting incentive compensation spend
• Analyze plan performance and make course corrections
• Analytics for Plan design based on key performance drivers
• Compelling and measurable sales incentive plans that positively influence sales behavior
SPM Enablement

- Management of sales resources to target higher revenue/profitable generating activities
- Encourage high-level performance and profitability to impact bottom-line and drive top line growth
- Facilitate the deployment of compensation plans in alignment with division objectives and initiatives
- Faster deployment of sales plans
Organizational Benefits

- Strategic alignment to organizations’ initiatives
- Leverage incentive compensation to create a win-win for the organization and sales associate, managing the differentiation in pay between top and bottom performers
- Further define key performance metrics based on information in SPM and leverage compensation to drive top line growth and bottom line profitability
Sales Force Benefits

- Merchandising pay by bringing focus to “how can I increase my monthly commissions?”
- Clear line of sight into how associates are being paid, understanding their pay
- Deliver “what’s in it for me” what-if scenarios to demonstrate how a sales associate can increase their monthly income
Discussion
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