



OpenSymmetry

Performance. Innovation. Whatever it takes.

2013 Sales Performance and Technology Survey

October 2013

About OpenSymmetry

OpenSymmetry is a global sales performance management (SPM) consulting firm delivering end-to-end performance management solutions consisting of both strategic and technical services that enable customers to transform their sales performance solutions into actionable results.

Founded in 2004, OpenSymmetry is headquartered in Austin, Texas with offices in London, Sydney, Johannesburg, Chennai and Kuala Lumpur. Clients range from SMB to Fortune 500 companies in the Communications, Financial, Health/Life Sciences, and IT/Distribution industries.

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Executive Summary



Executive Summary

About The “2013 Sales Performance and Technology Survey”

The survey results provide information on the processes, approaches and technologies used by respondents to design and administer their incentive compensation programs. This year’s survey was administered solely by OpenSymmetry LLC.

We solicited responses from a wide variety of industries and sectors for the “2013 Sales Performance and Technology Survey” between July and September 18th, 2013. Participants were invited to contribute in the “2013 Sales Performance and Technology Survey” through a banner to survey on the OpenSymmetry website, promotion through partners and email campaigns. The survey was open to all members — domestic and global that met specific criteria.

Plan Design Process

According to the survey, the responsibility of designing and updating compensation plans still lies primarily within the Sales Operations, Finance and HR. A vast majority of companies are formalizing and documenting this annual process

Executive Summary

Program Administration

The administration process is formalized for a large majority of respondents and there is an increasing trend to further formalize, document and centralize these processes. It usually takes more than two weeks from the end of the measurement period to process incentive payments. Only 18.5% of respondents reported accuracy over 99% and only 53.4% between 95% and 99%. Respondents who measure the effectiveness of the sales compensation administration process are gauging their effectiveness based on incentive payouts to budget and accuracy rate. As seen in previous surveys, the biggest challenges faced in administering incentive compensation plans are large number of manual adjustments, a high degree of complexity of the sales compensation program, data issues and inflexible technology.

Technologies Used

Microsoft Excel is still the tool of choice for most companies; 72.7% of respondents use Excel to support compensation management, 80.8% use Excel for the annual planning cycle, and 72.3% use Excel for sales compensation reporting and 84% use Excel for sales compensation analytics. 44.1% of companies use software as a service (SaaS) or hosted technology to calculate or administer incentive compensation. 24.2% of respondents reported use of custom programs, while 41.4% reported the use of a third-party sales performance management tool. 25.5% of respondents reported use of automated workflow for activities for payroll approval and 26.5% respondents reported use of automated workflow for communication of compensation plans.

Executive Summary

Reporting and Analytics

A majority of companies (39.4%) are providing one to two reports to each plan participant. Reports are usually provided on a monthly or quarterly basis. The challenge in providing timely performance reports is primarily caused by the time to generate reports and data quality issues.

New Technology Investments

More than 25% of the respondents reported that they had not invested in sales compensation infrastructure in the past 24 months. Of the companies that had made some investment in the last 3 years, 23.8% could not estimate the return on investment. When asked what things they would do differently with their recent sales compensation technology investment, respondents stated a need for better data quality, more reporting and analytic insights, Complete definition of business requirement before vendor selection streamlining work process and additional testing.

Conclusion

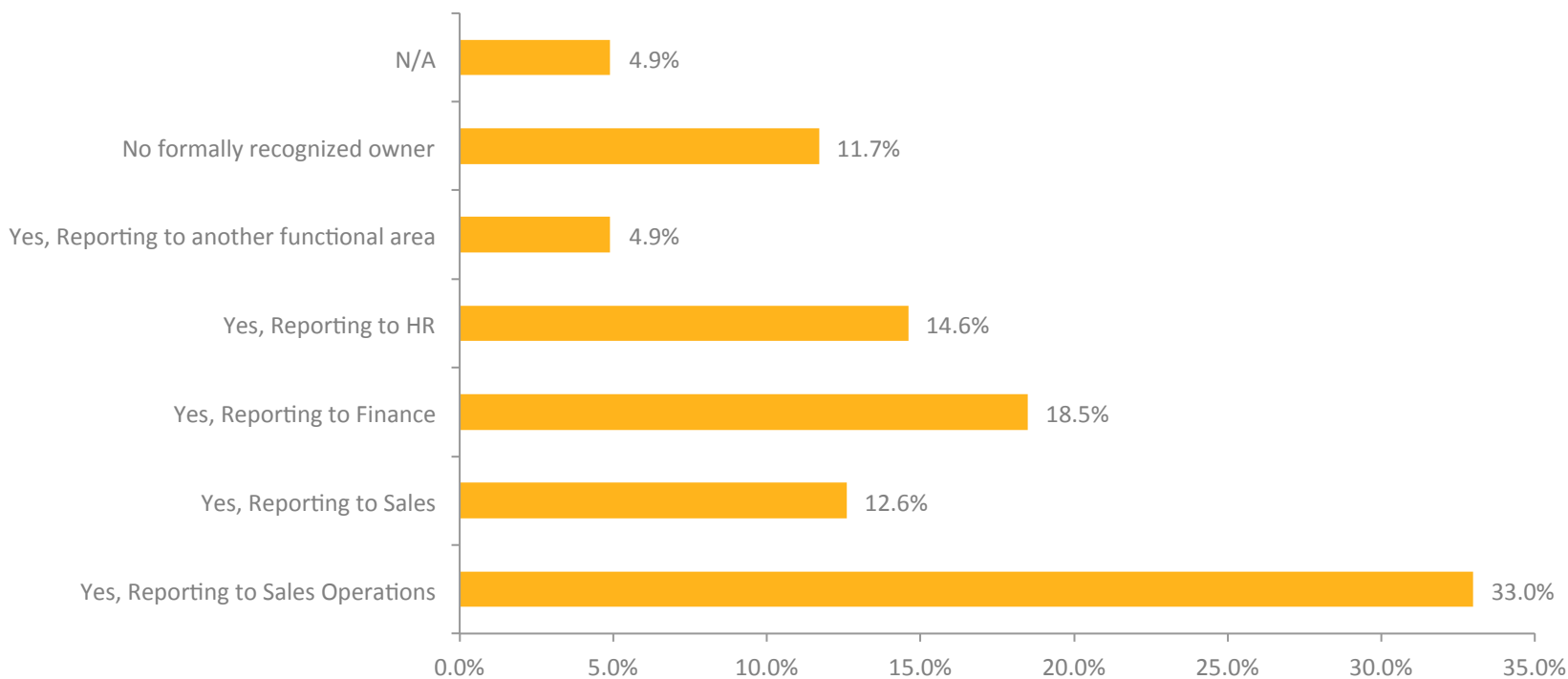
The trend in all areas of incentive compensation, from planning to administration, is to put a greater emphasis on developing formal, repeatable and well-documented processes. Technologies continue to play an increasingly important role in day-to-day activities as solutions mature and become adopted by a larger number of companies. This increasing technology adoption plays a role in increasing payment accuracy, but it is especially useful in providing the sales force with timely and rich information to truly drive behavior and improve performance.

Plan Design Process



1. Is there a designated owner (a formally recognized individual or team) of the sales compensation administration process within your organization?

Sales Compensation Administration owner : 2013



2. Which of the following best describes the process used to administer your sales compensation plan?

Best Process to Administer Sales Compensation Plan : 2013

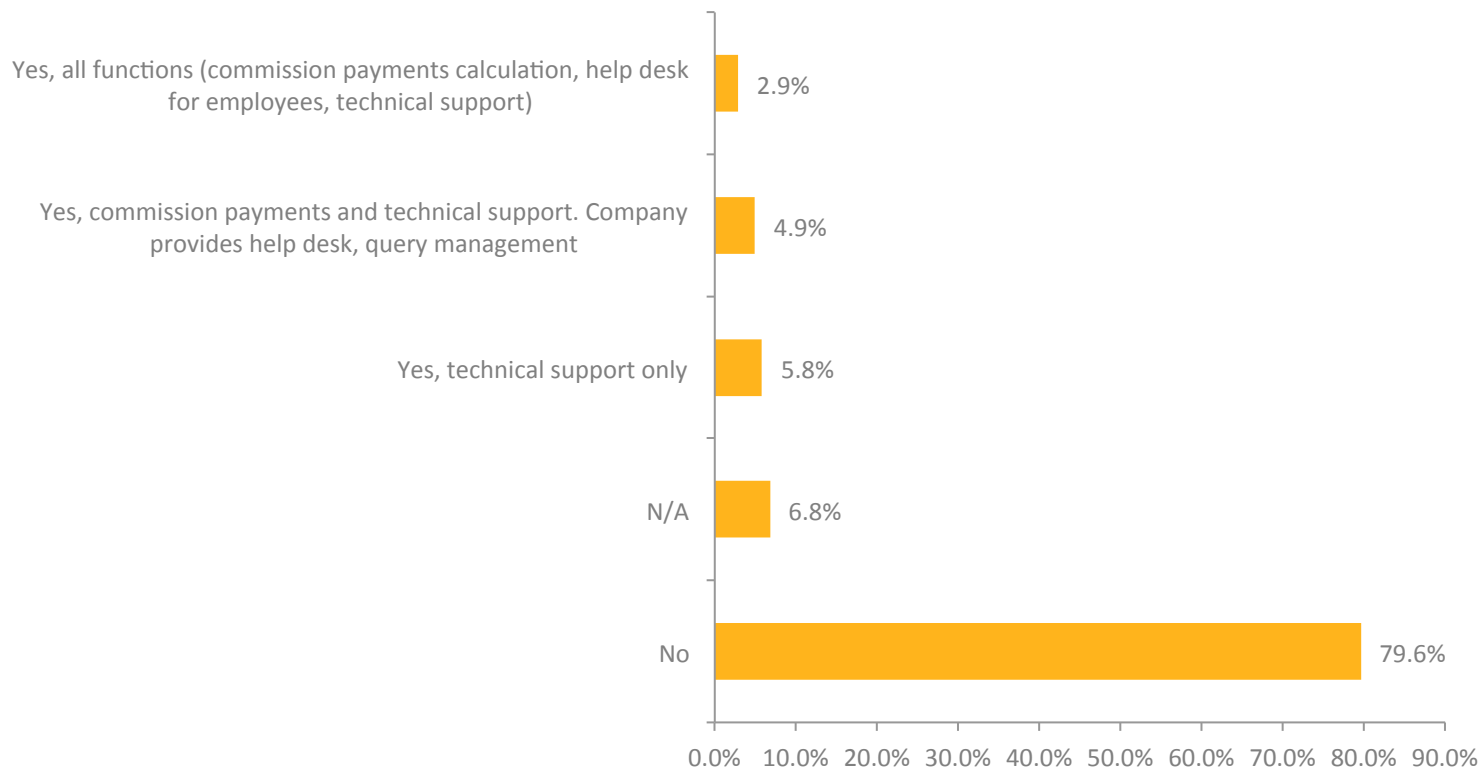
Option	Percentage
It's a formal process with required documentation and approvals	71.2%
It's an informal process, but is mostly the same each year	10.6%
The process changes year to year	9.6%
Other	5.8%
N/A	2.9%

Program Administration



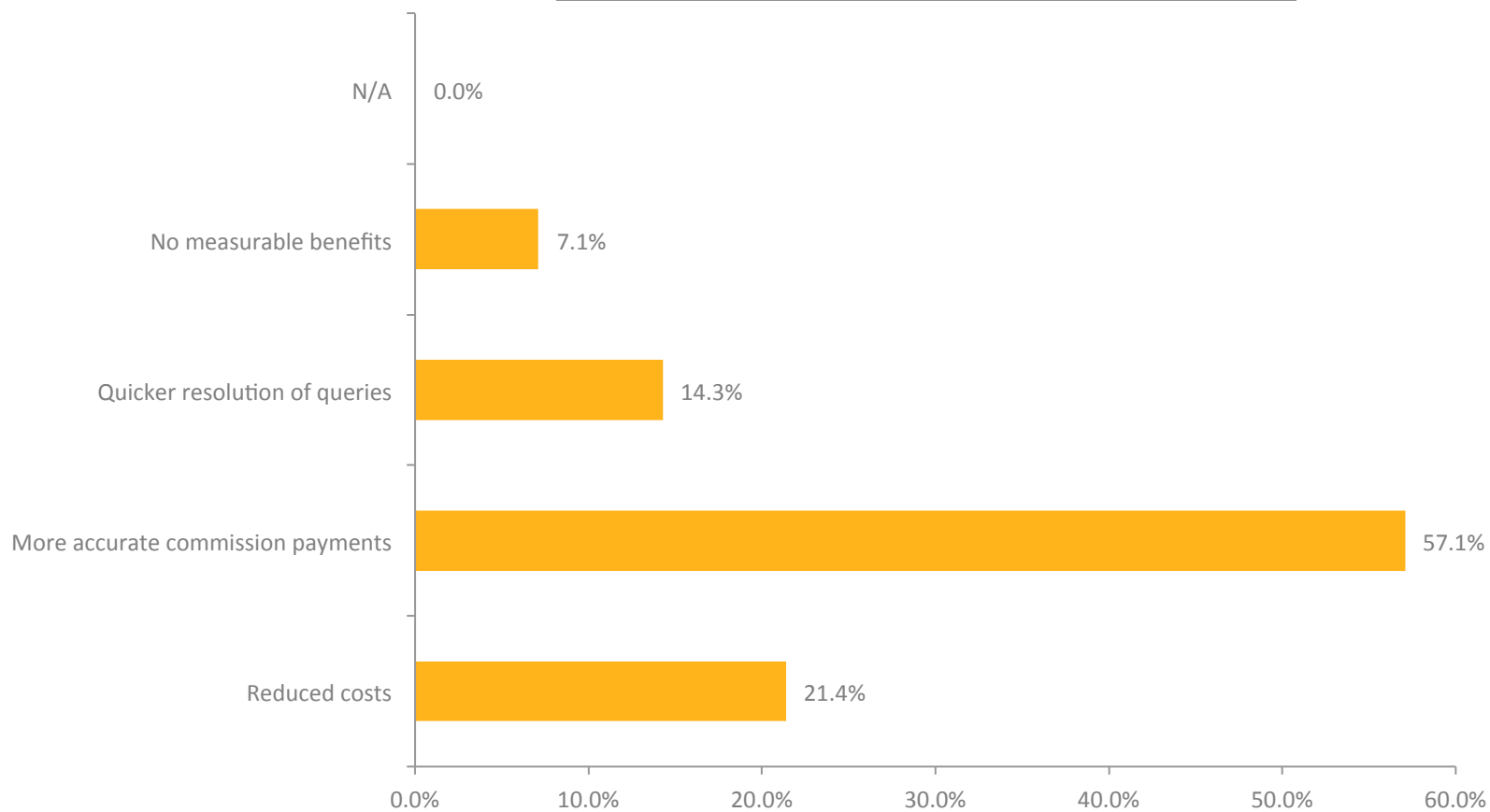
3-i. Do you outsource your sales compensation administration?

Functions within sales compensation administration outsourced: 2013



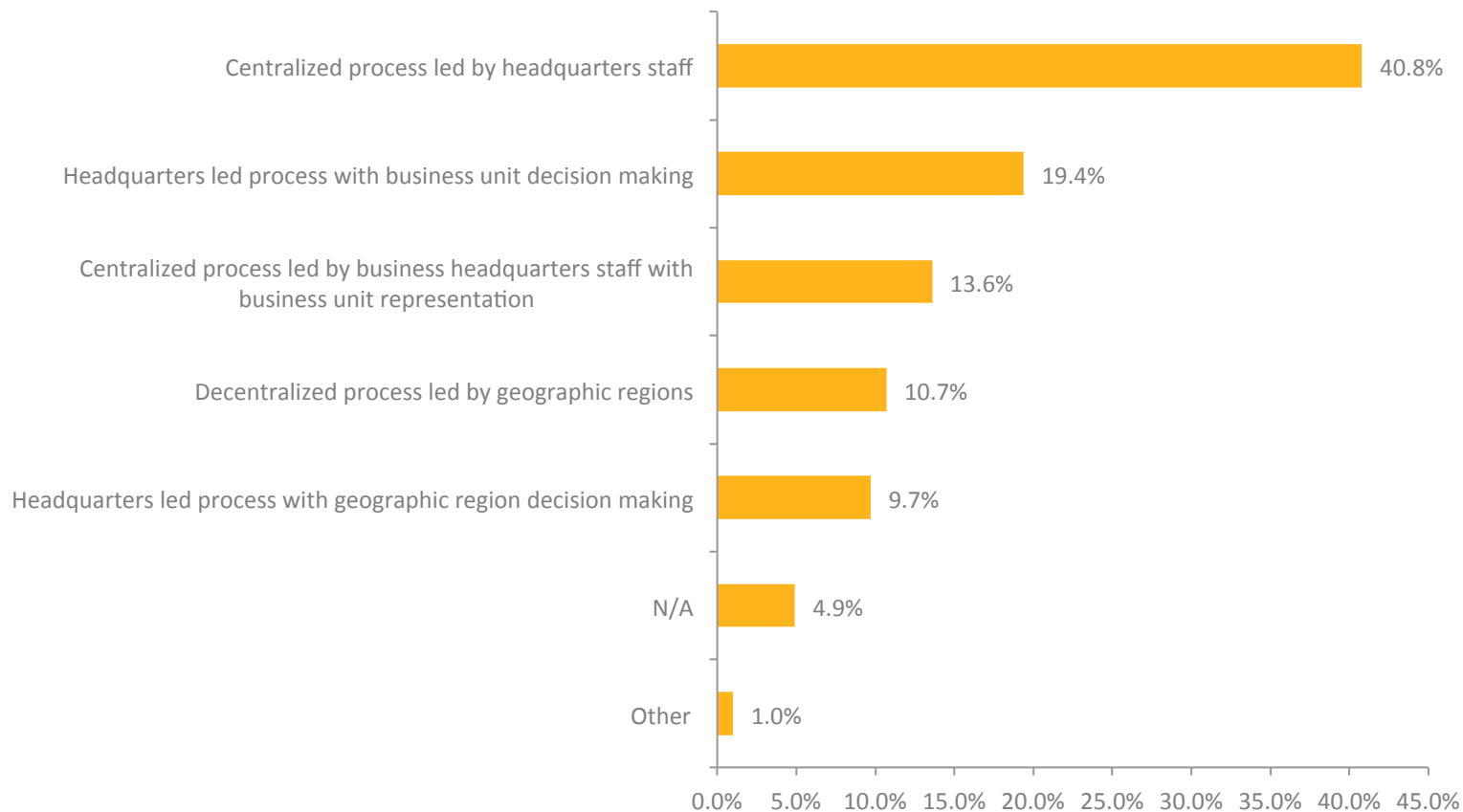
3-ii. What benefits do you derive from this outsourcing?

Benefits of Outsourcing Sales Compensation Administration



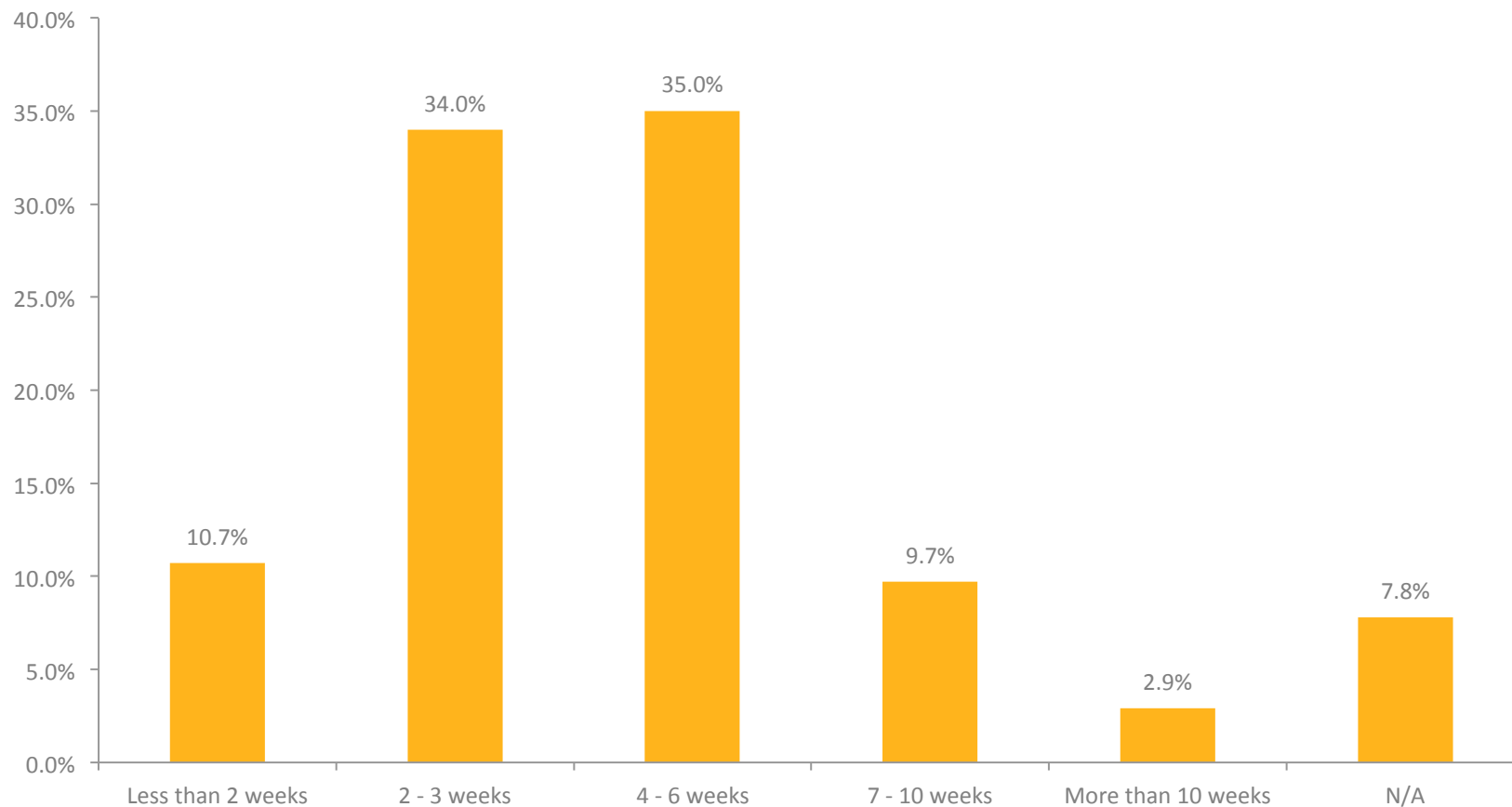
4. Which of the following best describes how sales compensation administration (not design) is managed within your organization?

Management of sales compensation administration : 2013

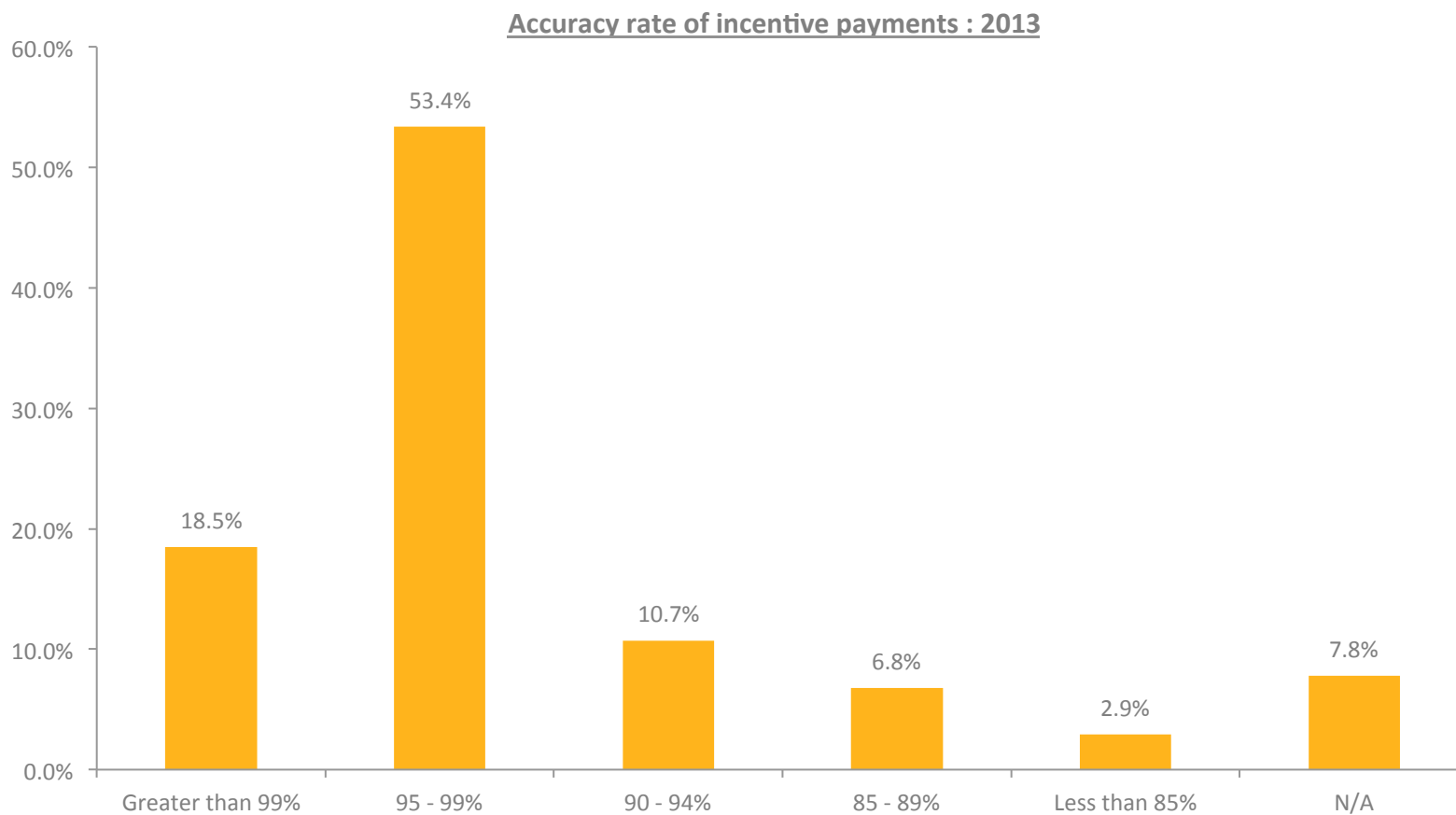


5. For the majority of the participants in your sales compensation plan, how long does it typically take from the end of the performance measurement period to process incentive payments?

Time taken to process incentive payments from end of performance measurement period : 2013

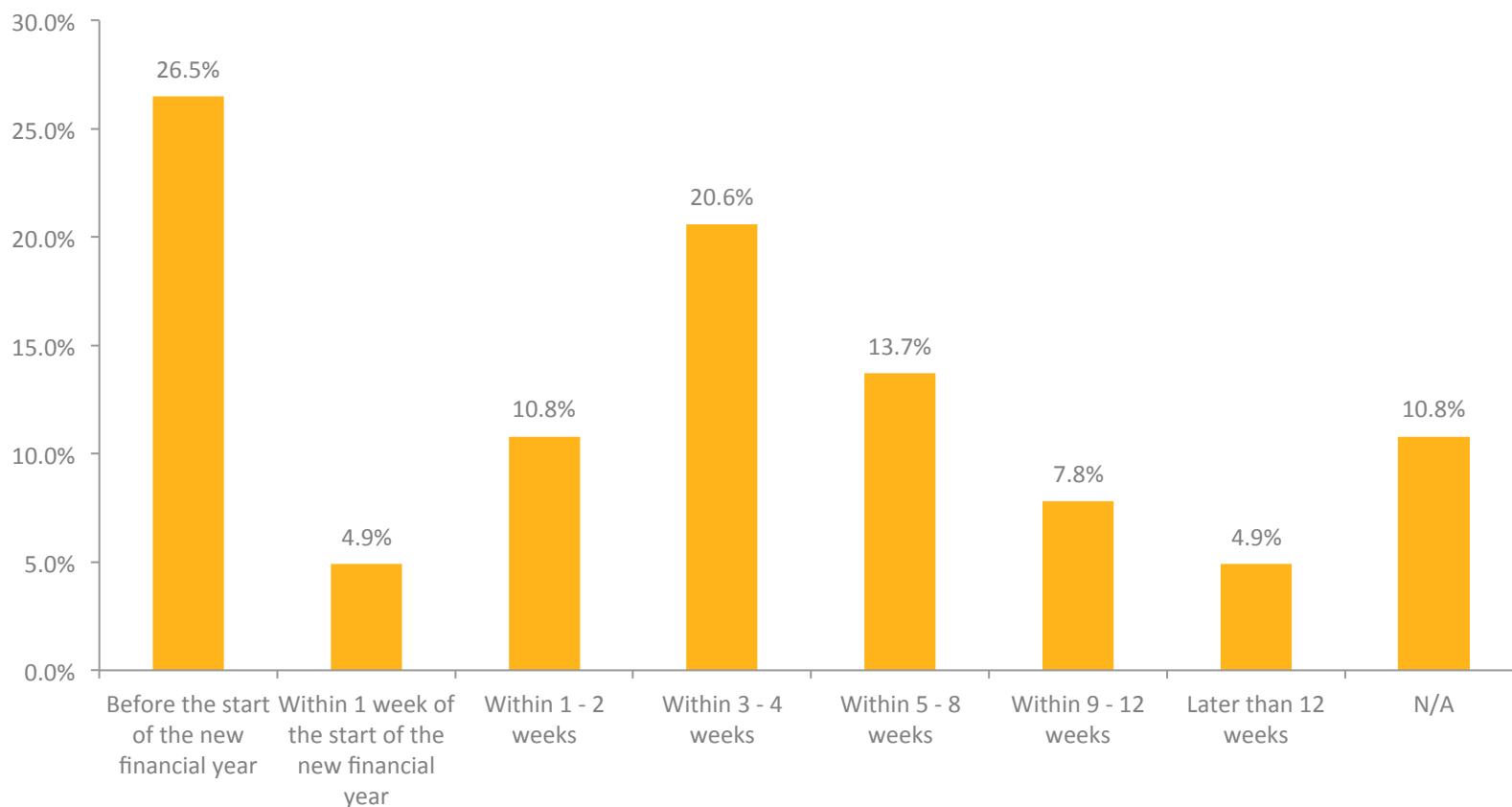


6. Which of the following percentages best indicates the accuracy rate of incentive payments (dollars paid) made to your field sales people each period?



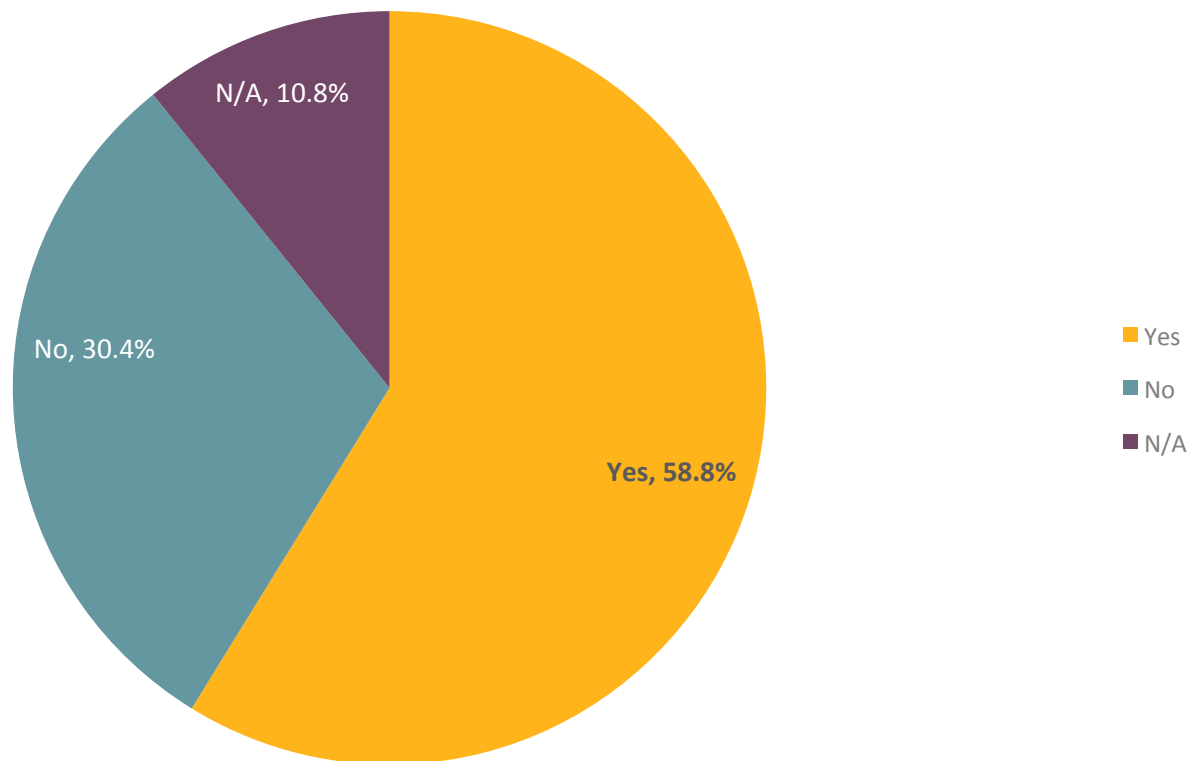
7. How soon into the new financial year do you typically communicate new incentive plans and quotas?

Communicating new incentive plans in new financial Year : 2013



8-i. Does your organization attempt to evaluate the effectiveness of the sales compensation administration process?

Evaluate the effectiveness of the sales compensation administration process : 2013



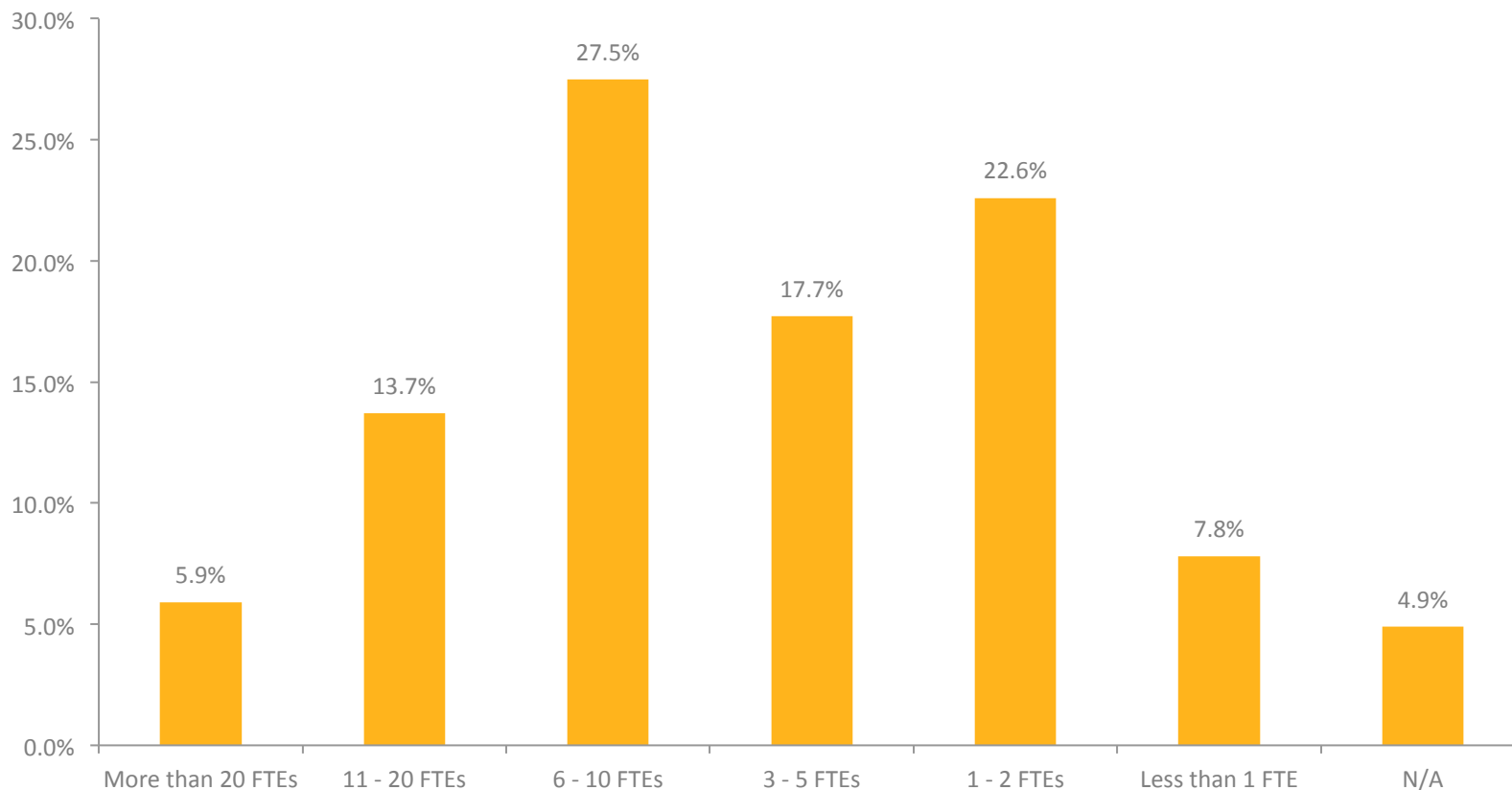
8-ii. Which of the following are used to evaluate the effectiveness of the sales compensation administration process?

Modes of evaluating the effectiveness of the sales compensation administration process : 2013

Option	Percentage
Incentive payouts in relation to budget	74.6%
Accuracy rate	47.5%
Time to payout each period	39.0%
Number of questions from the field	44.1%
Response time to field requests	30.5%
Audit Scores	32.2%
Sales time spent on compensation issues	27.1%
Ratio of total administration cost to sales	28.8%
Other	11.9%
N/A	0.0%

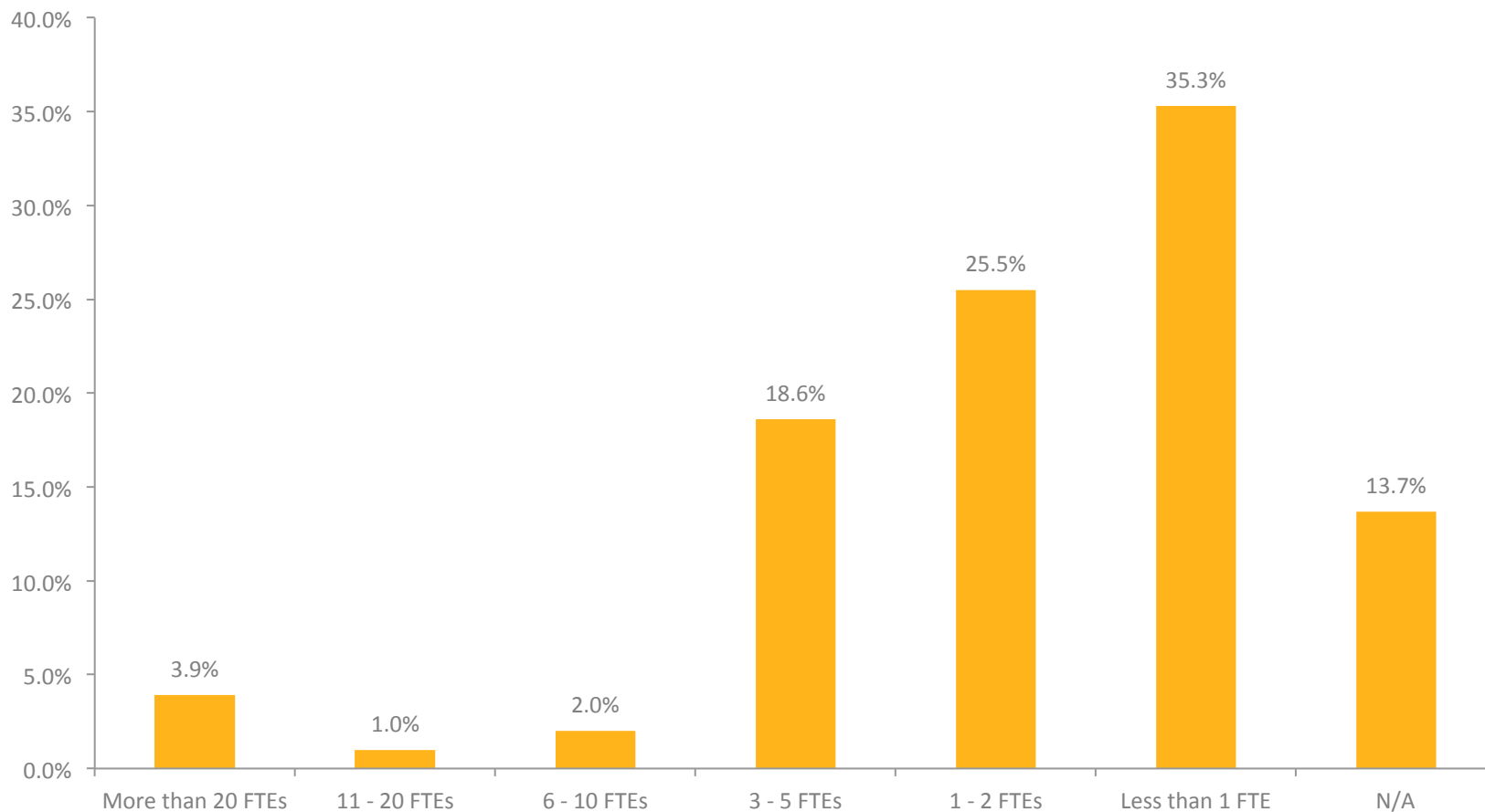
9. Within your organization, about how many full-time equivalent employees (FTEs) from the business side (e.g., from HR, finance, etc., but excluding IT and sales) are involved in administering the sales compensation program (e.g., data collection, calculation processing, report generation, manual adjustments/reconciliation, answering field questions)?

FTEs from business side involved in administering the sales compensation program: 2013



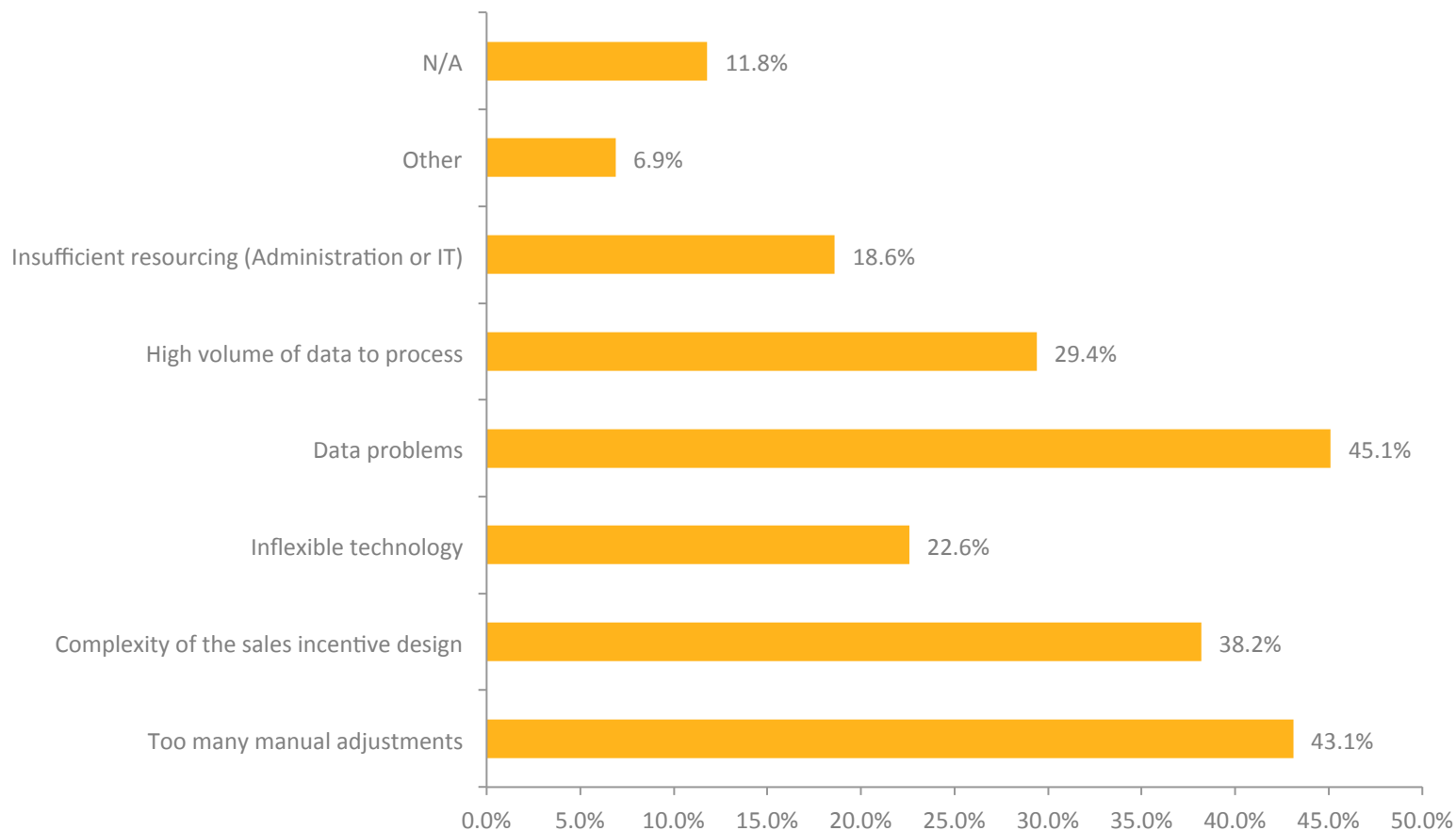
10. How many FTEs from the information technology (IT) function within your organization are involved in administering the sales compensation program (e.g., through data collection, calculation processing, report generation, manual adjustments/reconciliation, answering field questions, etc.)?

FTEs from IT involved in administering the sales compensation program: 2013



11. What are the biggest challenges in sales compensation administration that your organization is facing at this time?

Biggest challenges in sales compensation administration at your organization: 2013



Technologies Used



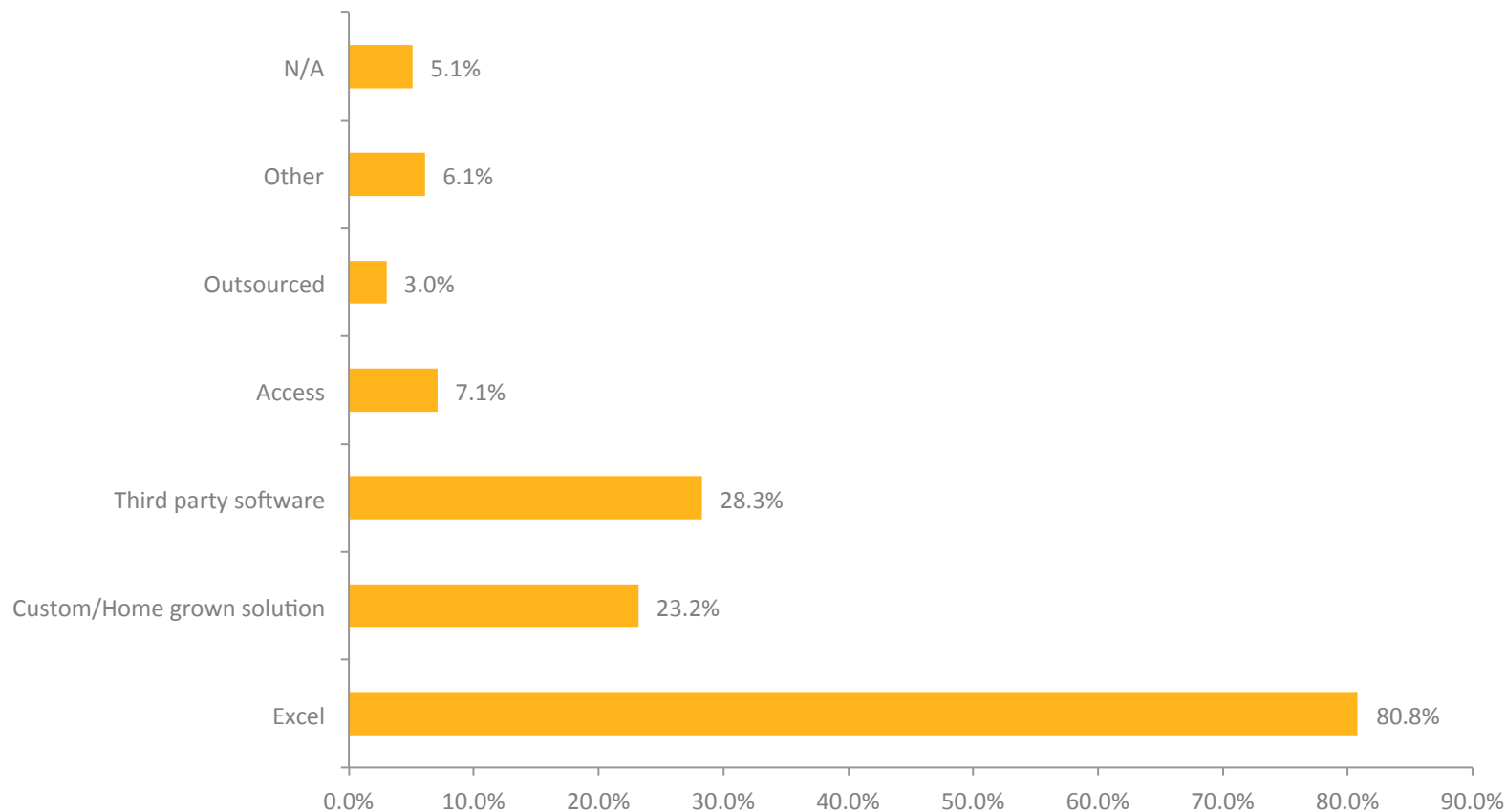
12. Which of the following technologies are used in your organization to support sales compensation administration?

Technologies to support sales compensation administration : 2013

Value	Percentage
Excel	72.7%
Custom/Home grown solution	24.2%
Third party software	41.4%
Access	14.1%
Outsourced	3.0%
Other	7.1%
N/A	7.1%

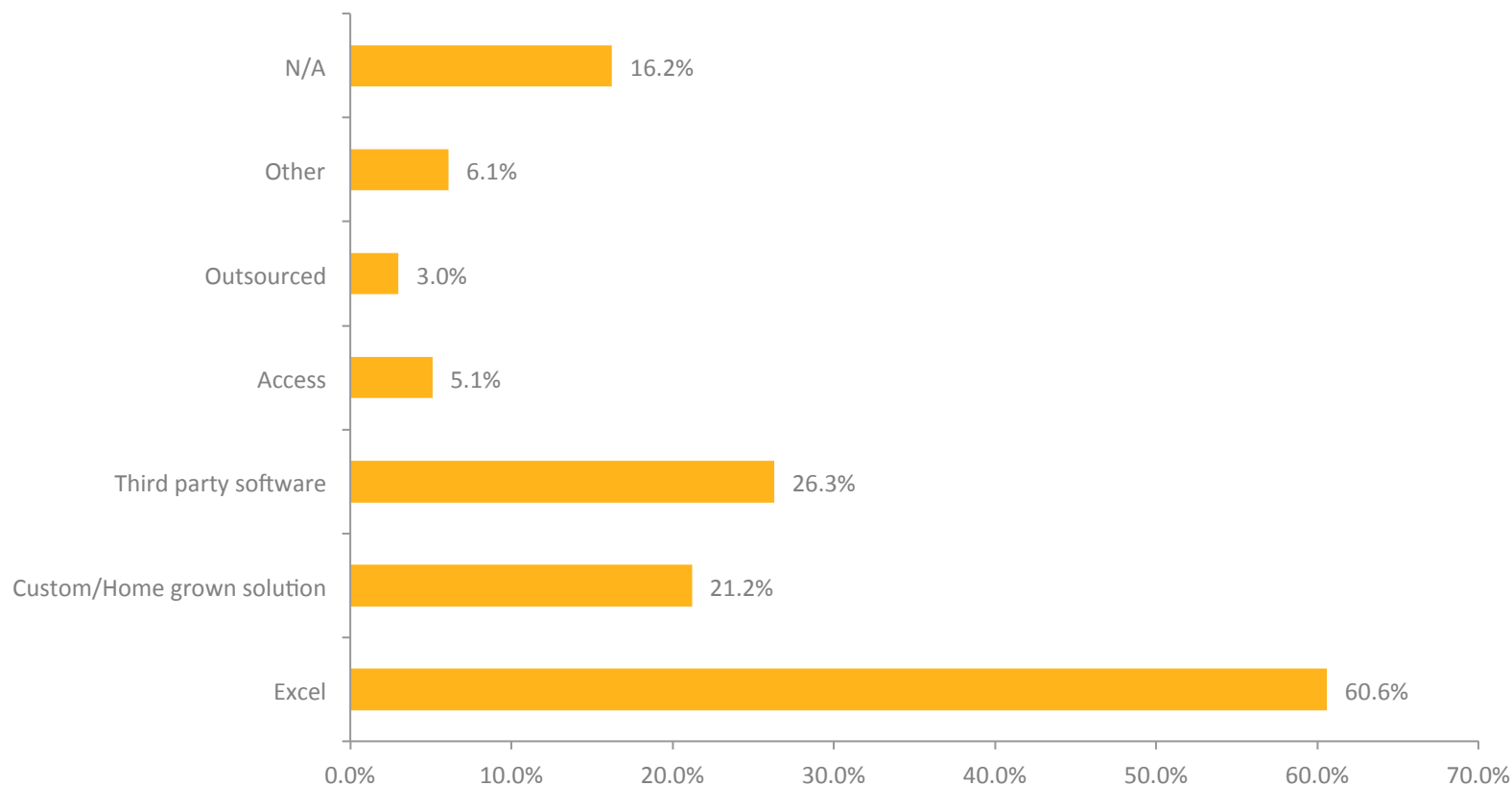
13. Which of the following technologies are used in your organization to support the sales compensation planning cycle (plan design, forecasting, modeling, quota setting)?

Technologies to support sales compensation planning cycle : 2013



14. Which of the following technologies are used in your organization to support territory planning?

Technology to support territory planning : 2013



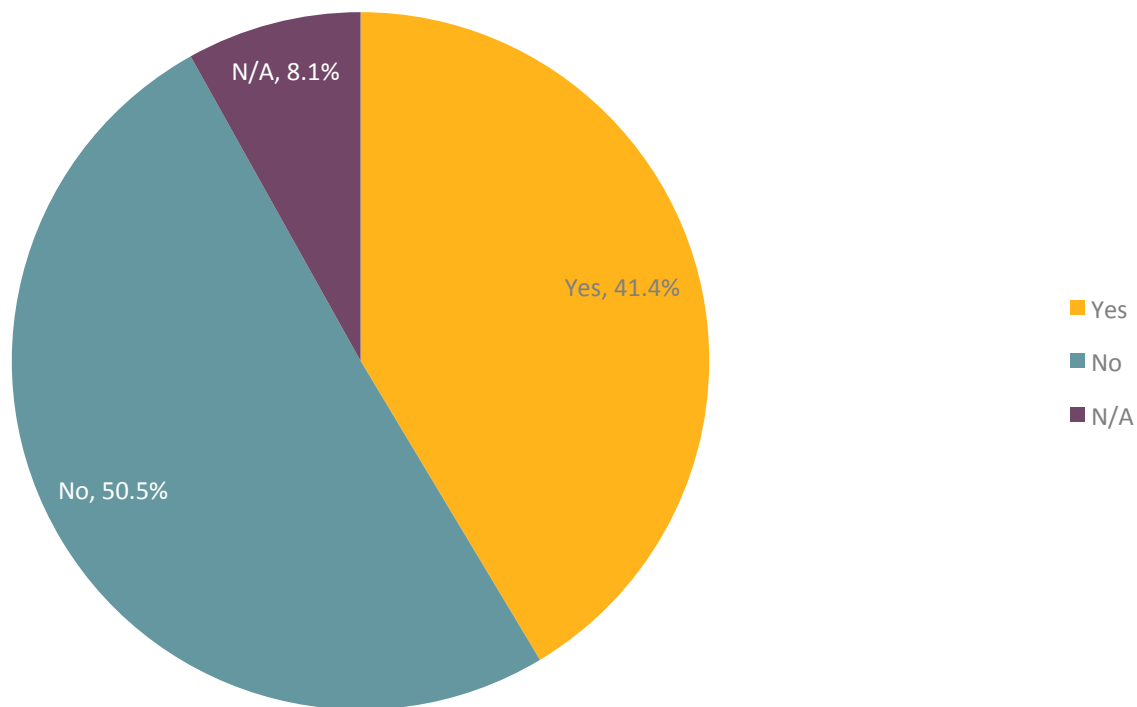
15. Are you using an automated workflow for any of the following activities?

Automated workflow : 2013

Value	Percentage
Payroll approval	25.5%
Communication of compensation plans	26.5%
Quota setting and adjustment	13.3%
Territory alignment and adjustment	15.3%
Disputes	12.2%
Claims	8.2%
Compensation design	3.1%
Other	2.0%
N/A	43.9%

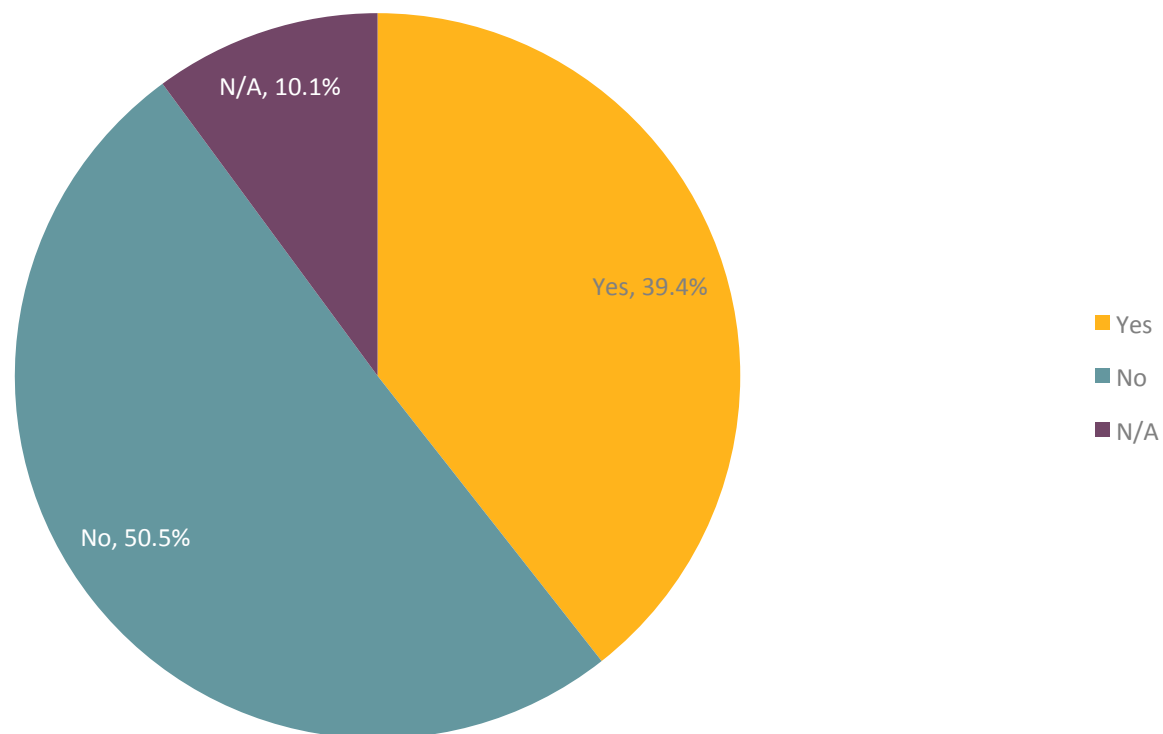
16. Is any of your supporting technology in a hosted, SaaS (software as a service) or cloud environment?

Supporting technology in a hosted, Saas or cloud environment : 2013



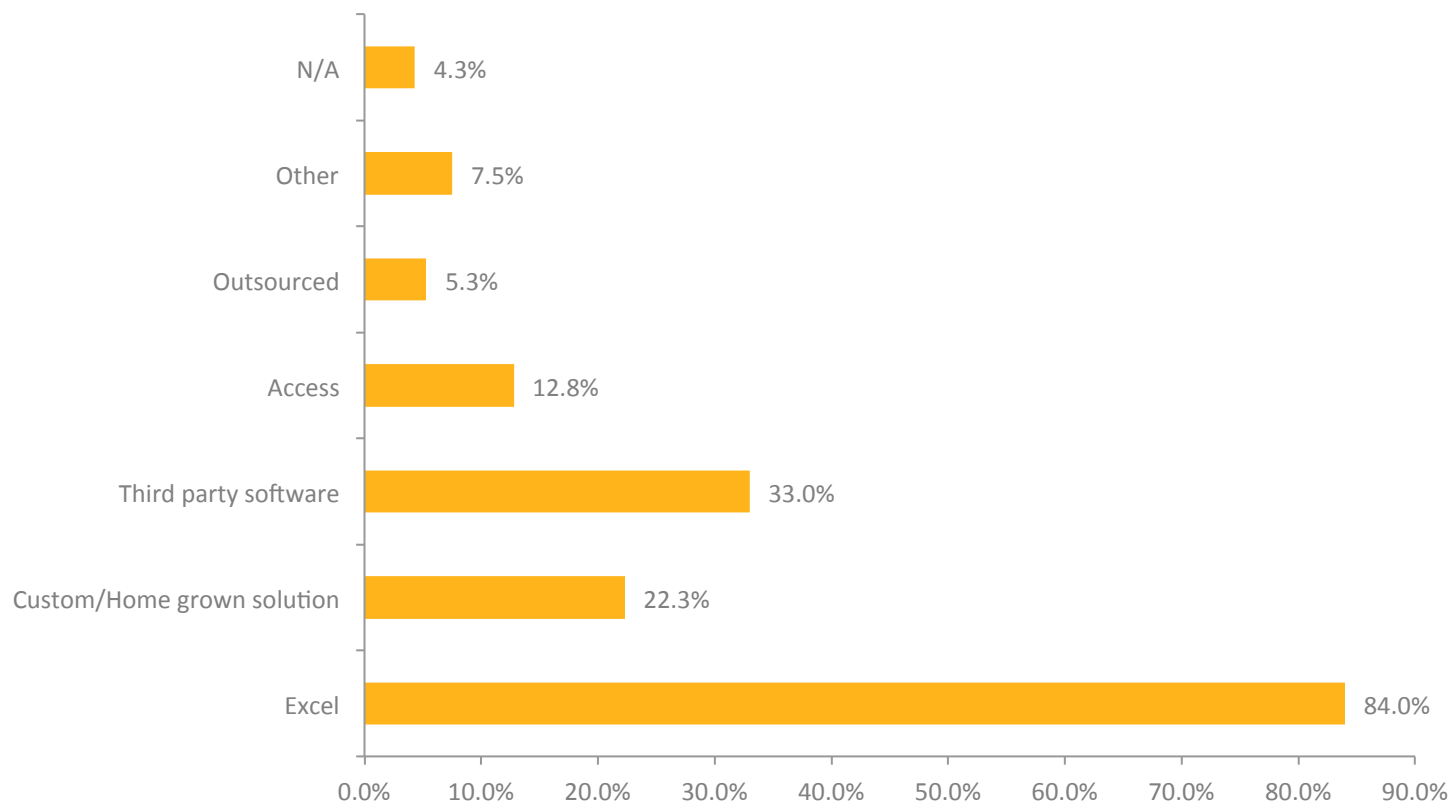
17. Do you use mobile technology?

Mobile Technology : 2013



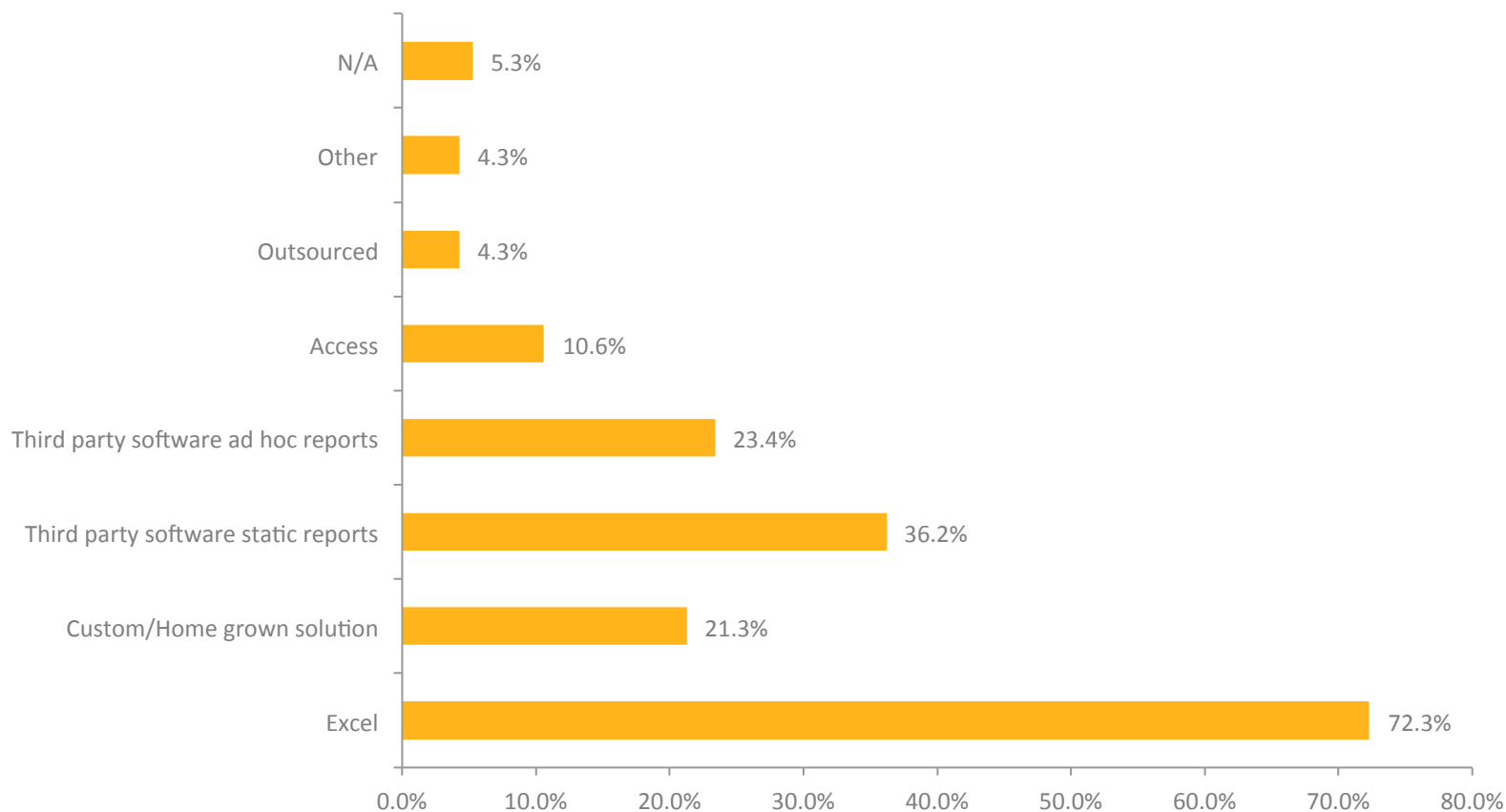
18. Which of the following technologies are used in your organization for sales compensation analytics?

Technology for sales compensation analytics : 2013



19. Which of the following technologies are used in your organization for sales compensation reporting?

Technology for sales compensation reporting : 2013

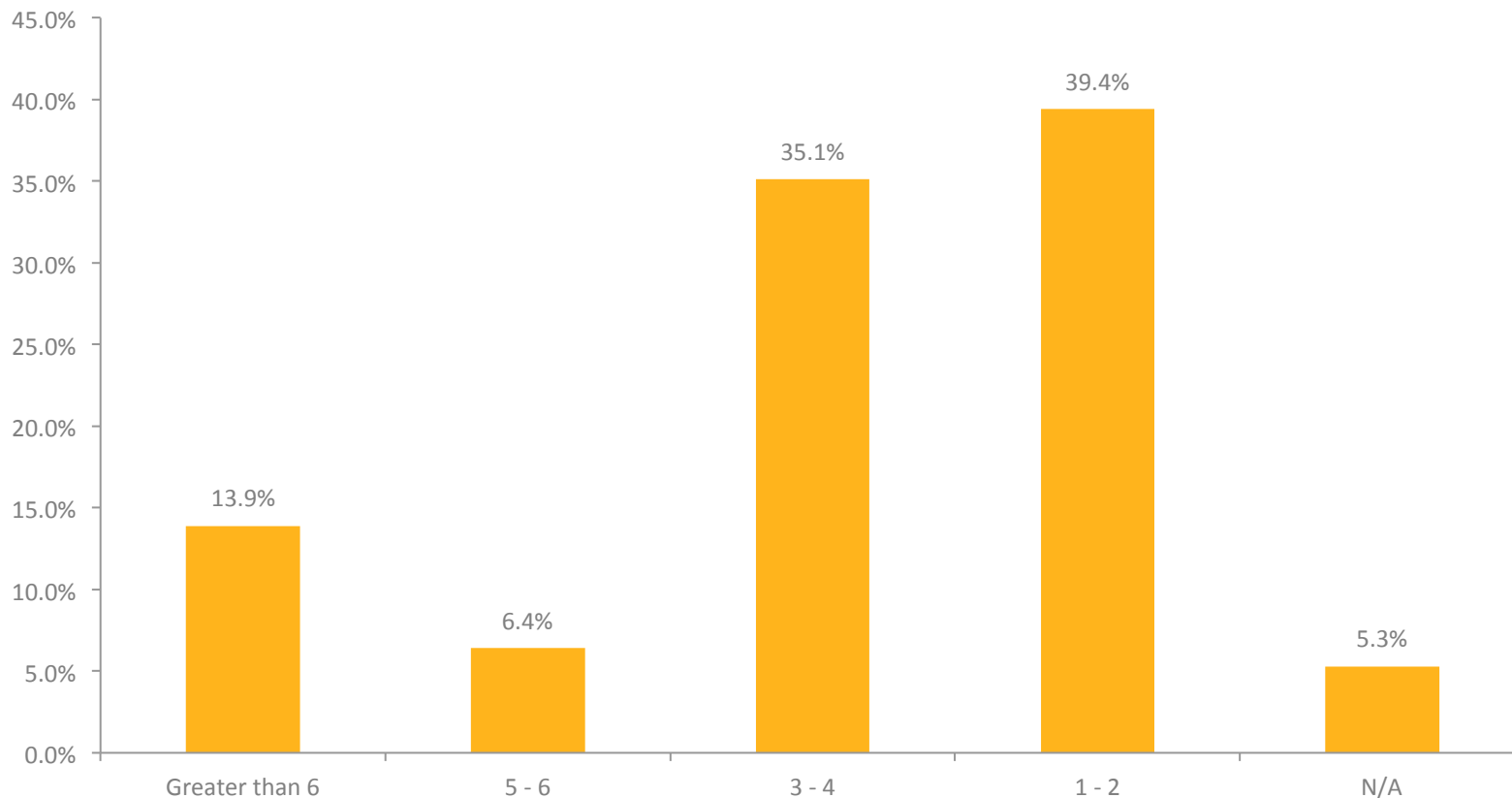


Reporting and Analytics



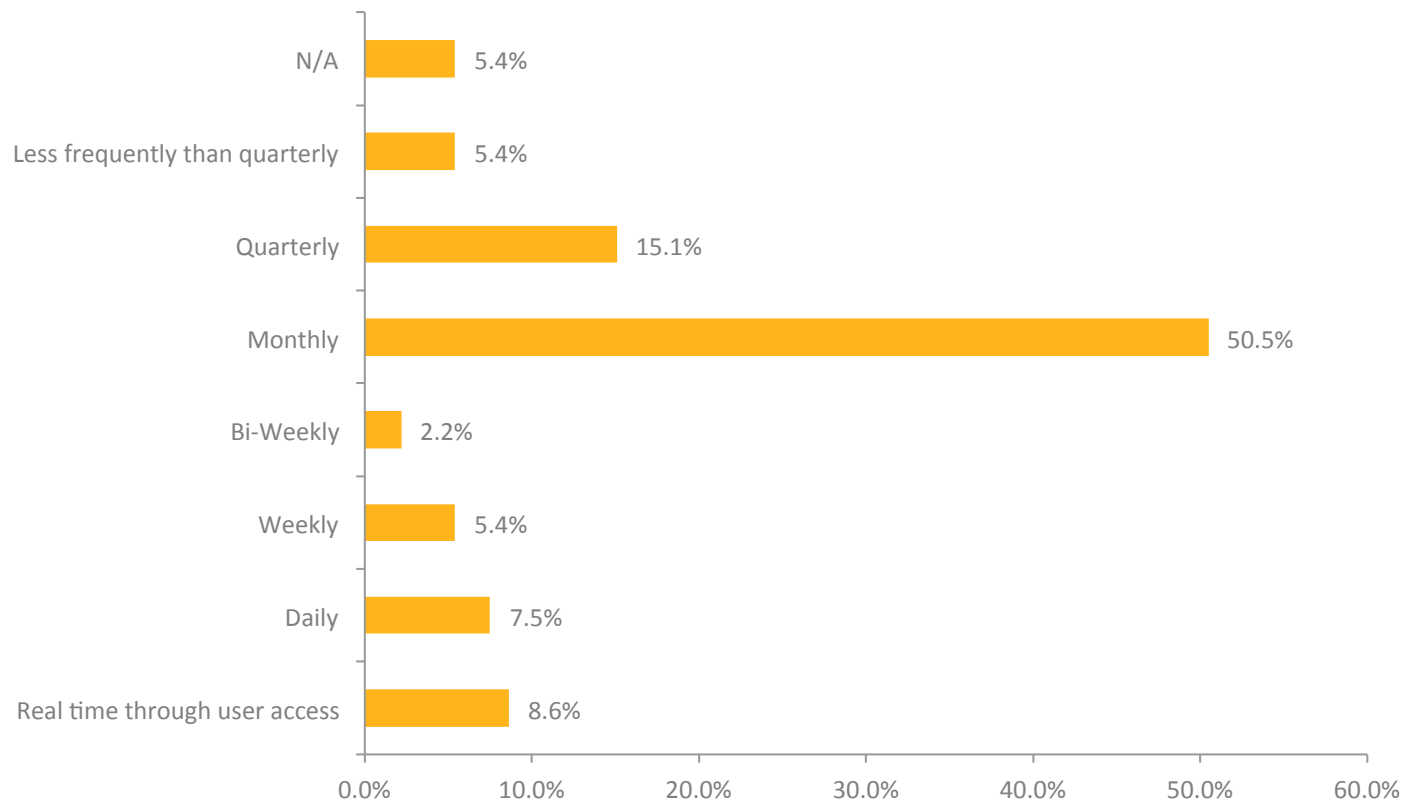
20. How many unique sales and performance pay reports do you provide to each plan participant, on average?

Unique sales and performance pay reports : 2013



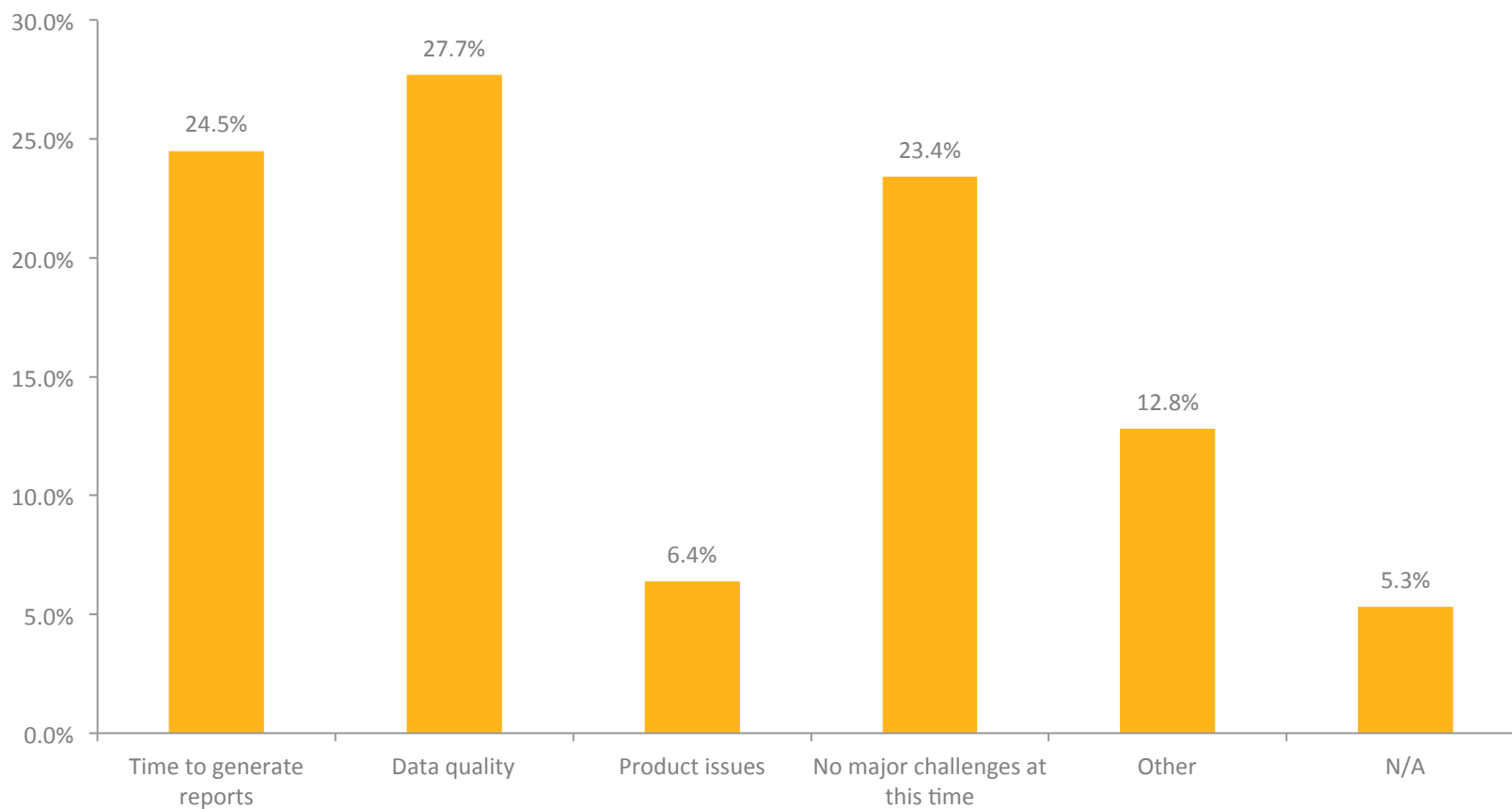
21. How frequently do you provide sales and performance pay reports to plan participants?

Frequency of sales and performance pay reports to plan participants : 2013



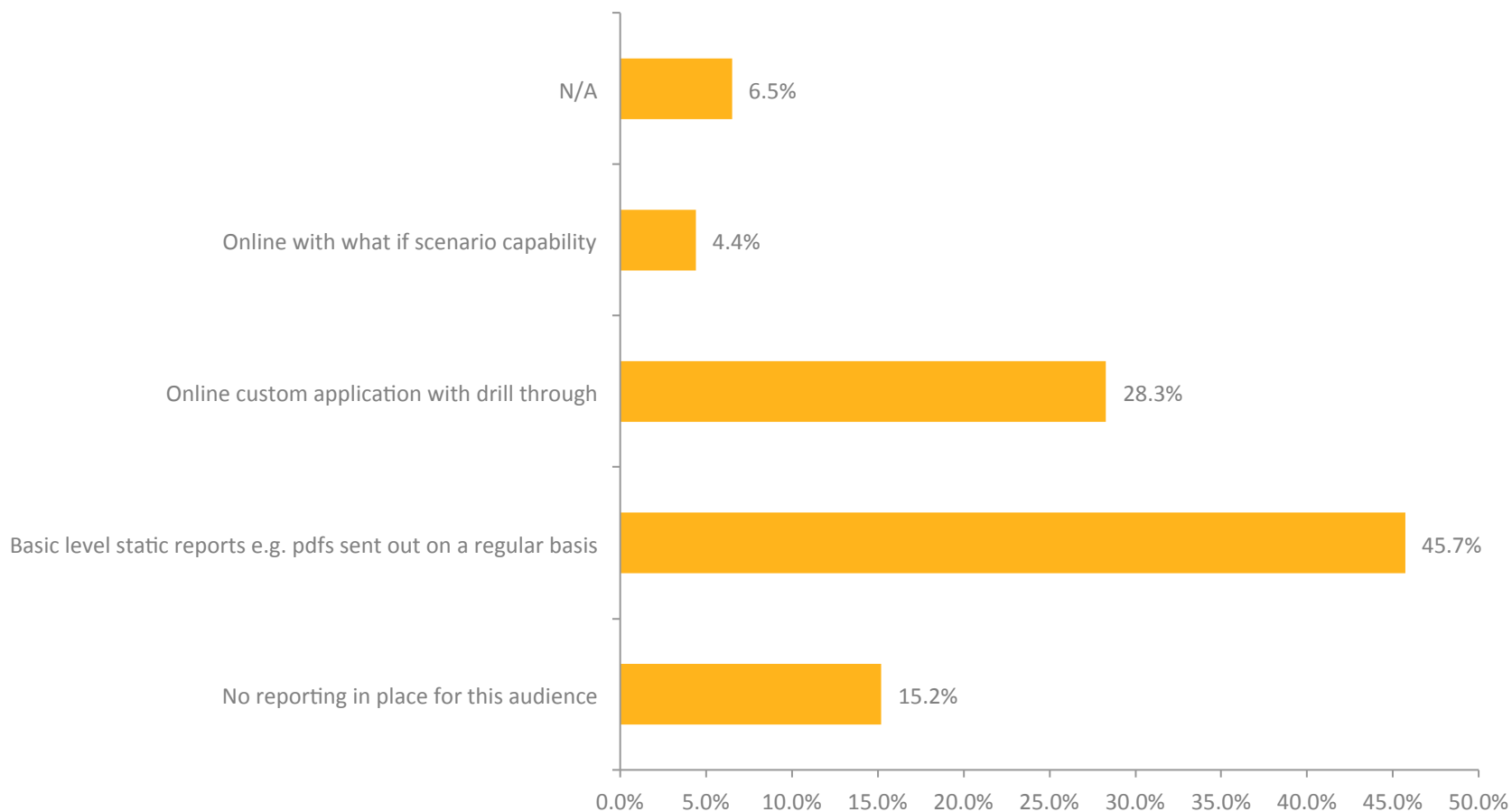
22. What is the single biggest challenge for providing sales and performance pay reports to plan participants at this time?

Single biggest Challenge providing sales and performance report : 2013



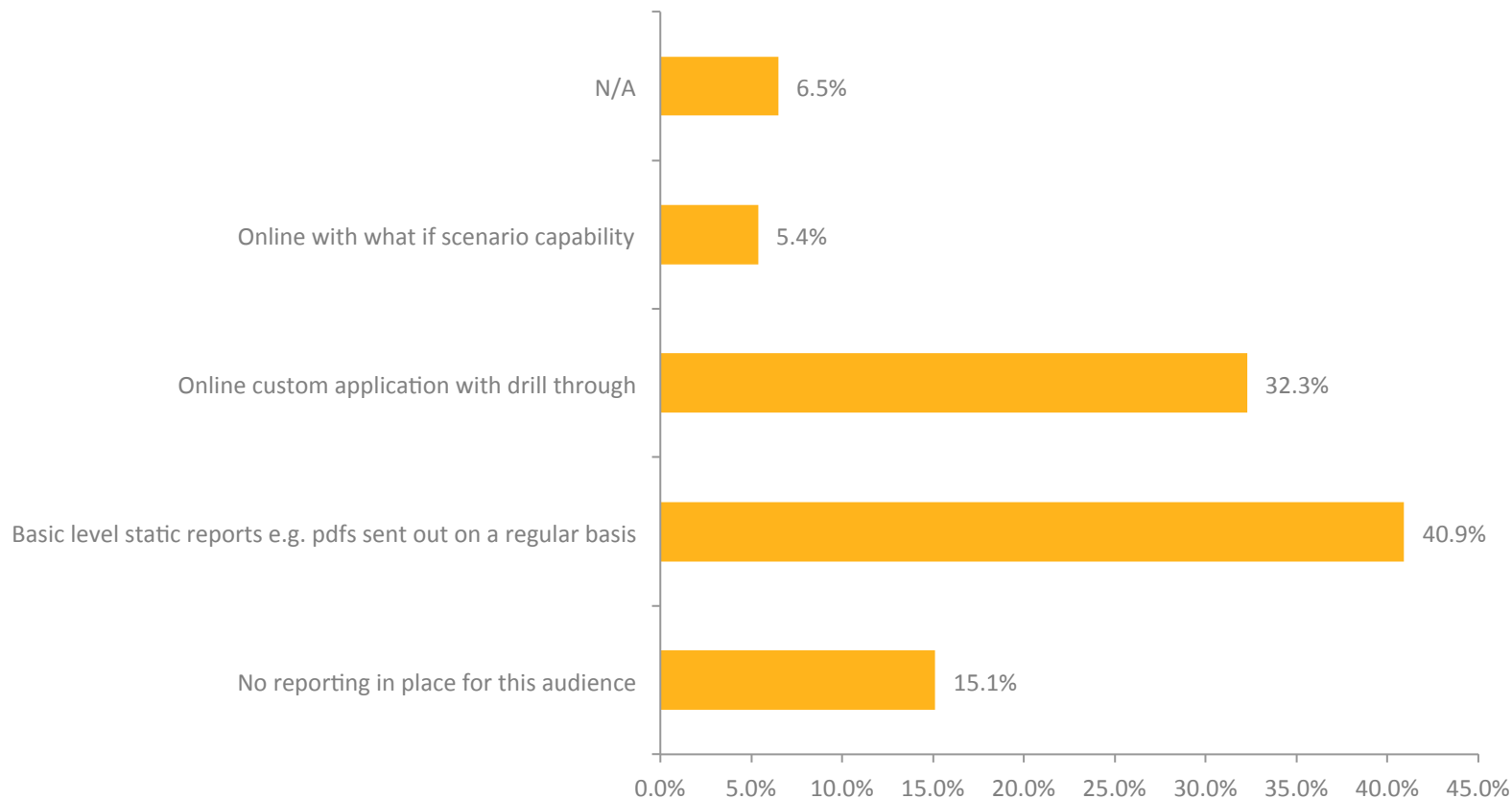
23. What performance reporting is in place for Payees?

Performance reporting for payees : 2013



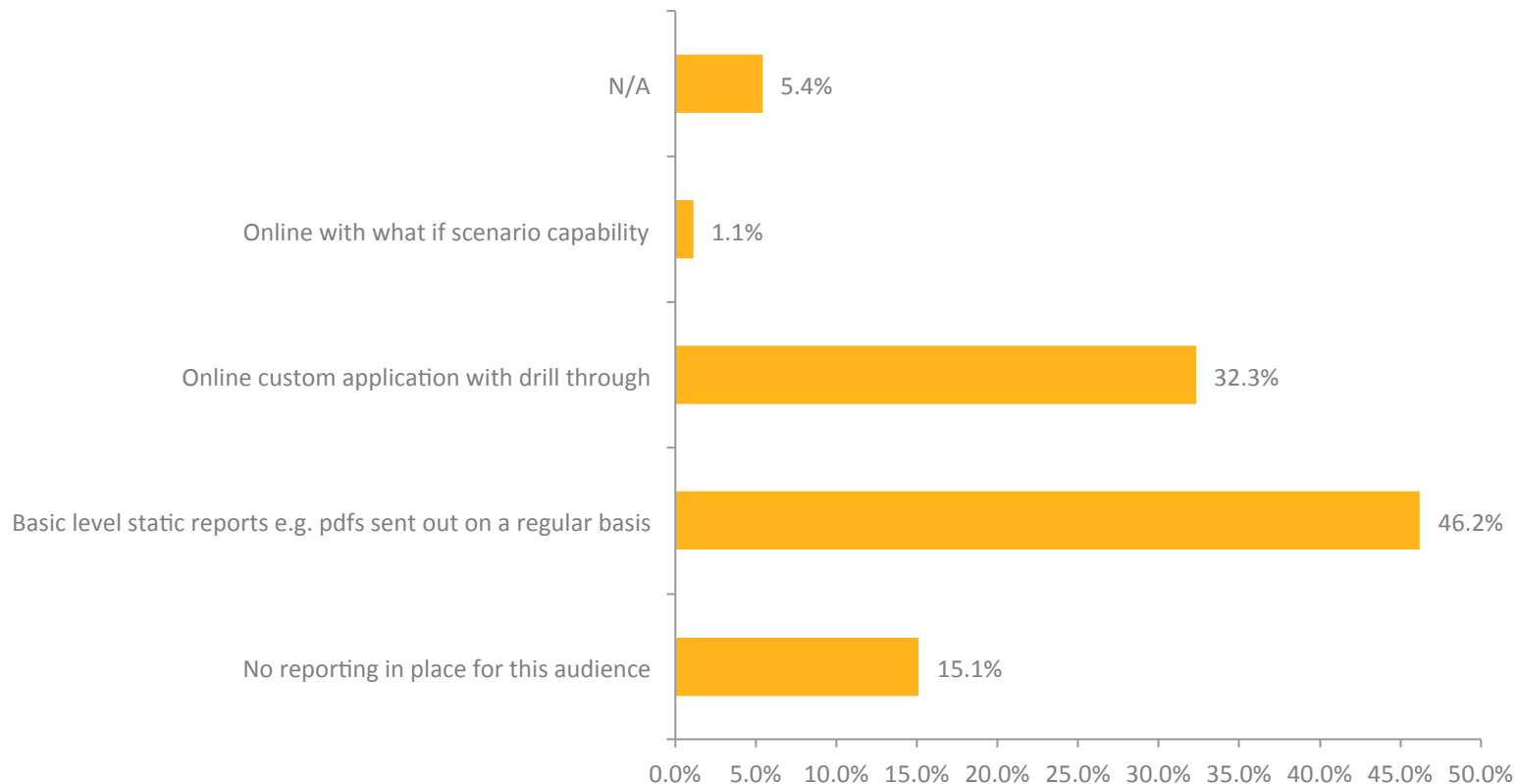
24. What performance reporting is in place for Administration (i.e. Comp Admin, Sales Admin Staff)?

Performance reporting for administration : 2013



25. What performance reporting is in place for Executives (i.e. Finance, HR)?

Performance reporting for executives : 2013



New Technology Investments



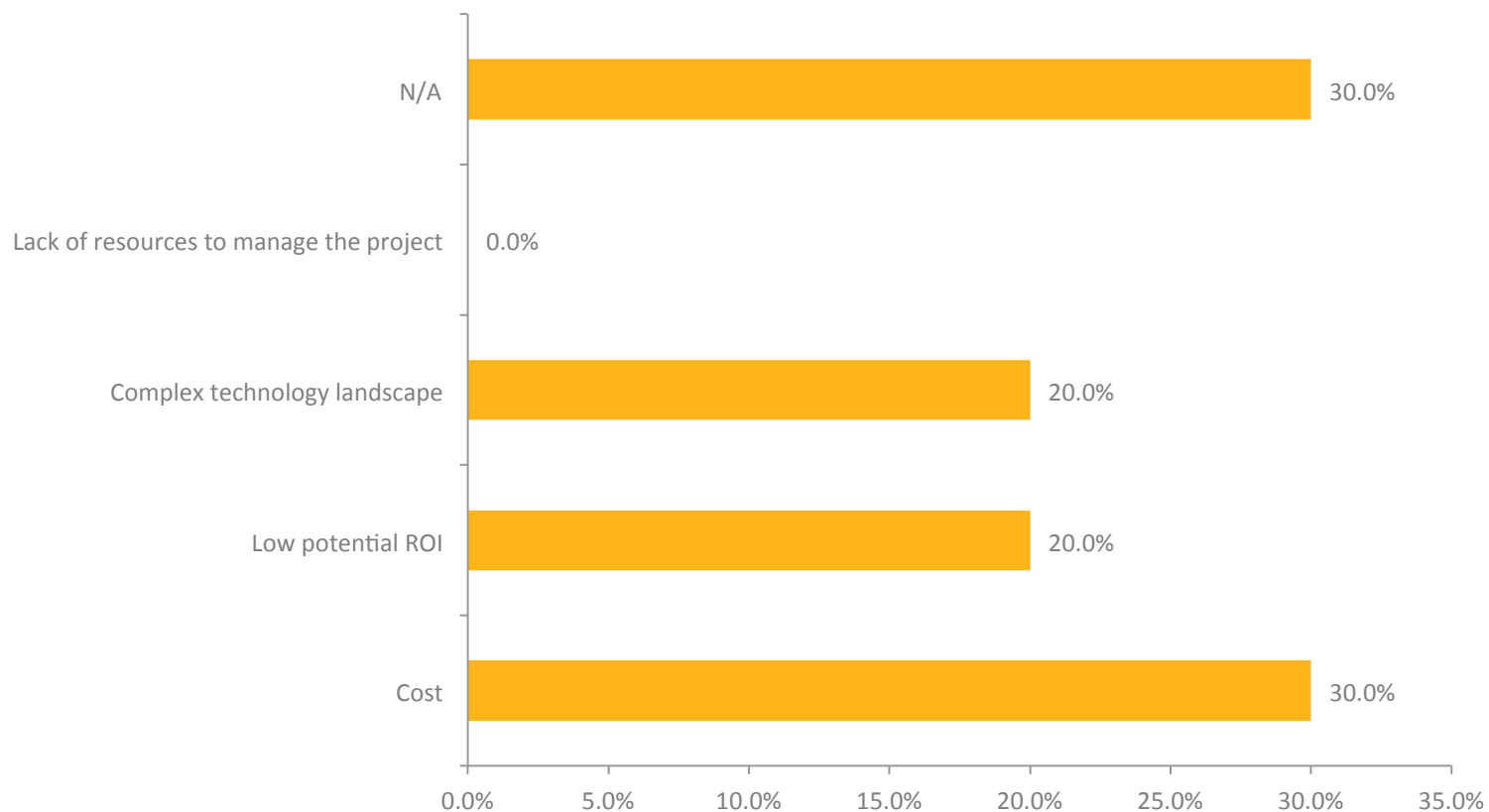
26-i. Has your organization invested in sales compensation infrastructure within the last 24 months?

Investment in sales compensation infrastructure : 2013

Value	Percent
Yes, purchased a new solution	19.1%
Yes, built a new solution internally	6.0%
Yes, made enhancements (e.g., new modules/functionality) for our existing solution	10.7%
Yes, upgraded our existing solution	8.3%
No, but we are currently considering it	11.9%
No, but we are in the process of building or buying a new solution	6.0%
No, but it is in our plan	13.1%
N/A	25.0%

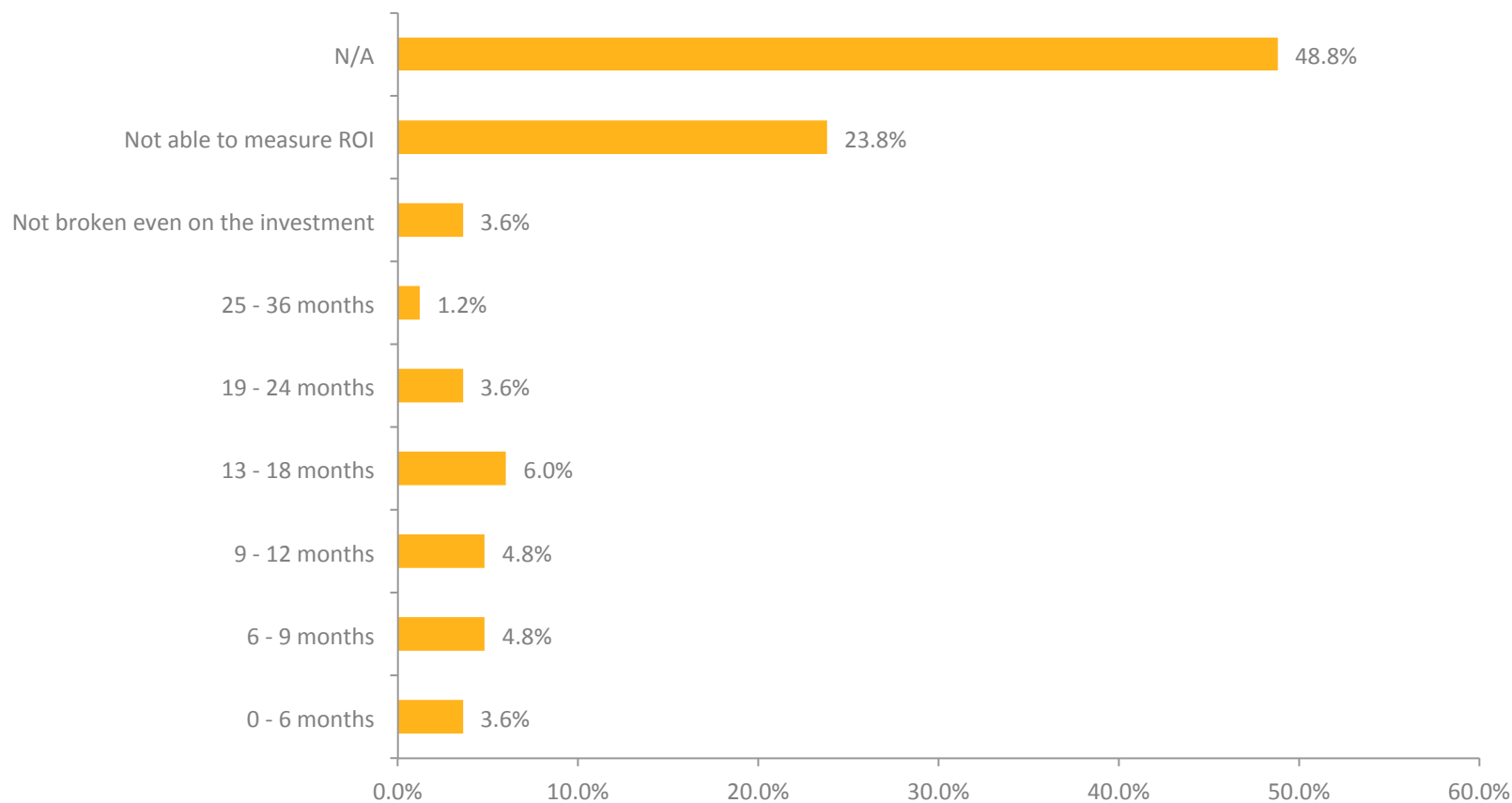
26-ii. What are the key issues affecting your decision?

Key Issues affecting your decision : 2013



27. If your investment was made in the last 3 years, how long did it take for you to realize a return on your investment (ROI)? (i.e. for the investment to pay for itself)?

How long to realize a ROI : 2013



28. For which of the following does your new sales compensation technology investment either meet or exceed your expectations?

New sales compensation technology investment : 2013

Value	Percentage
Improved reporting to the sales force	28.6%
Improved reporting to the management	31.0%
Improved administration productivity	25.0%
Improved payment accuracy	17.9%
Increased credibility with the sales force and management	22.6%
Increased auditing capability	6.0%
Improved creation and tracking of adjustments	4.8%
Reduced shadow accounting	7.1%
Quicker launching of pay plans	6.0%
Improved sales performance	8.3%
N/A	40.5%

29. If you had to do it over again, which of the following would you do differently during your recent sales compensation technology investment?

Things to be done differently during recent sales compensation technology investment : 2013

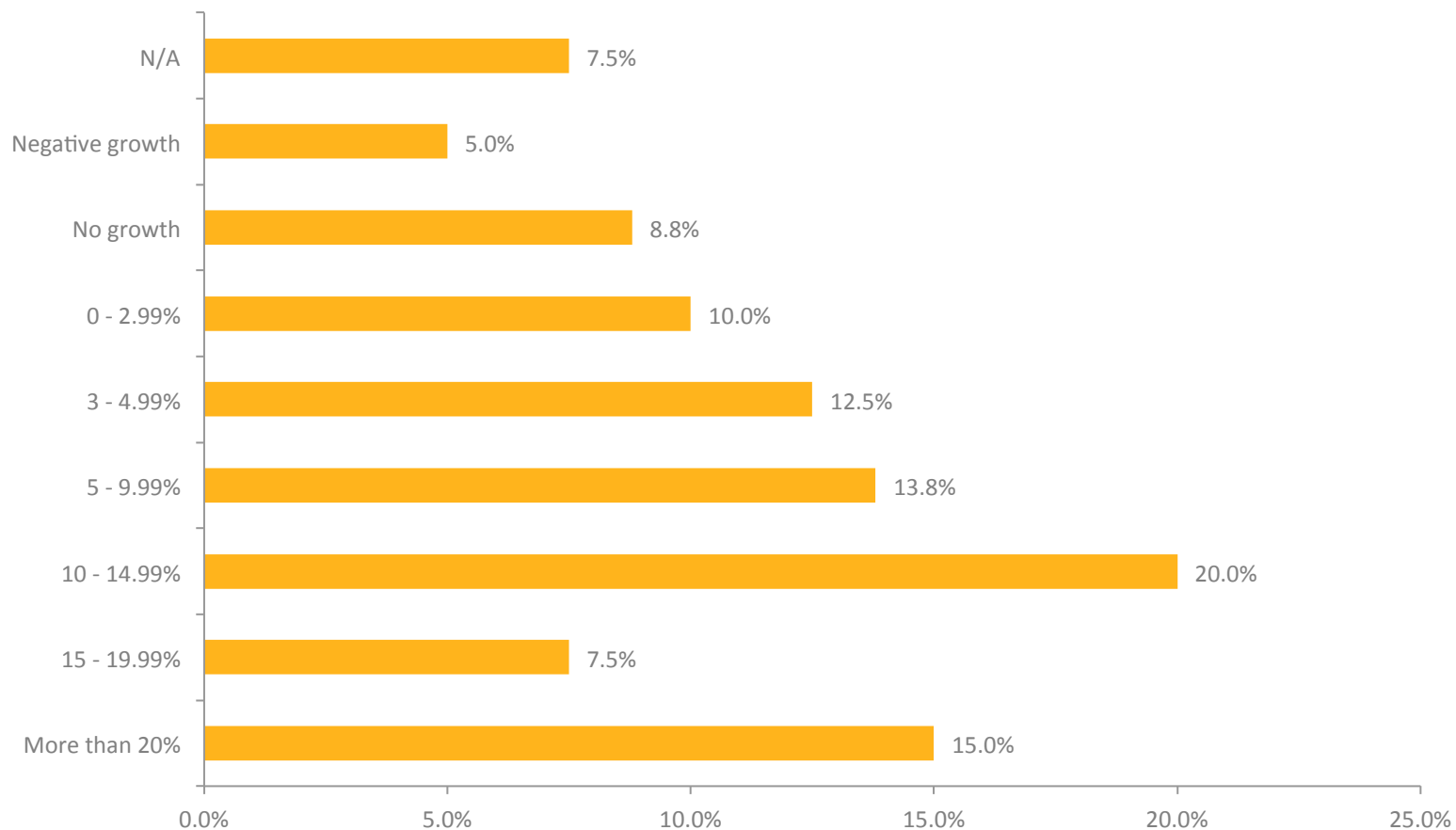
Value	Percentage
Streamline work processes prior to implementation	15.5%
Review incentive plan design before implementation	7.1%
Spend more time ensuring data feeds are clean and accurate	17.9%
Allocate more time to get the software installed and configured	8.3%
Create a more complete definition of business requirements before vendor selection	15.5%
Conduct more thorough testing prior to moving the system into production	8.3%
Ensure plan designs are finalized prior to beginning implementation	9.5%
Provide more staffing during implementation (internal IT and sales operations)	7.1%
Ensure crediting rules were better documented	9.5%
Provide additional training to sales compensation analysts	8.3%
Ensure more involvement of sales management during implementation	3.6%
Ensure incentive roll-up, roll-over, or roll-down data is fully documented prior to implementation	8.3%
Ensure more involvement of sales compensation analysts during implementation	9.5%
Ensure more executive involvement during implementation	2.4%
Research more vendor tools during the vendor selection process	4.8%
Consult an independent third-party expert to assist during the vendor selection process	3.6%
Deliver more reporting and analytic insight	13.1%
Other	2.4%
N/A	40.5%

Respondent Demographics



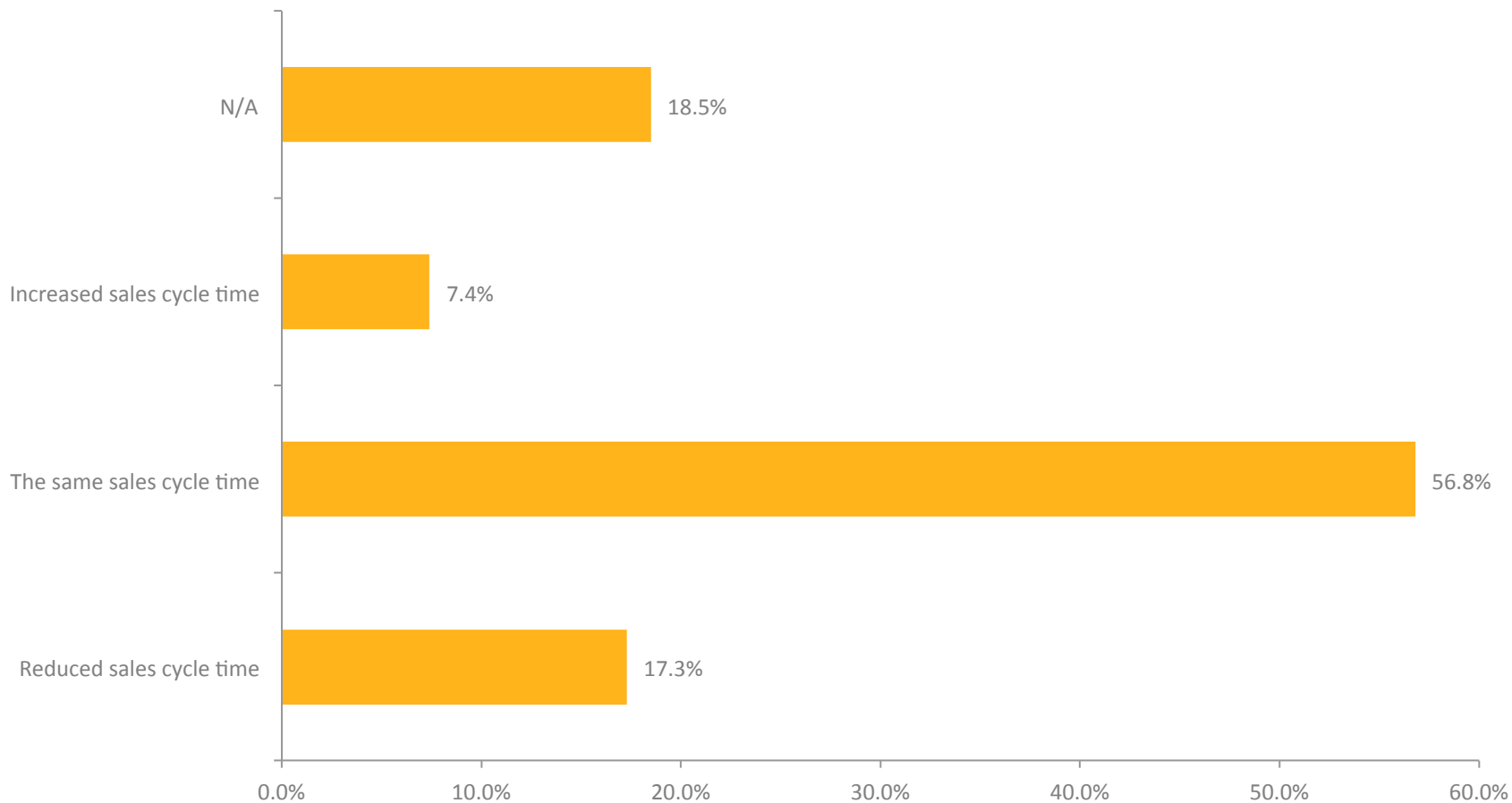
30. What level of growth did your organization experience in the last financial year?

Growth of organization in the last financial year : 2013



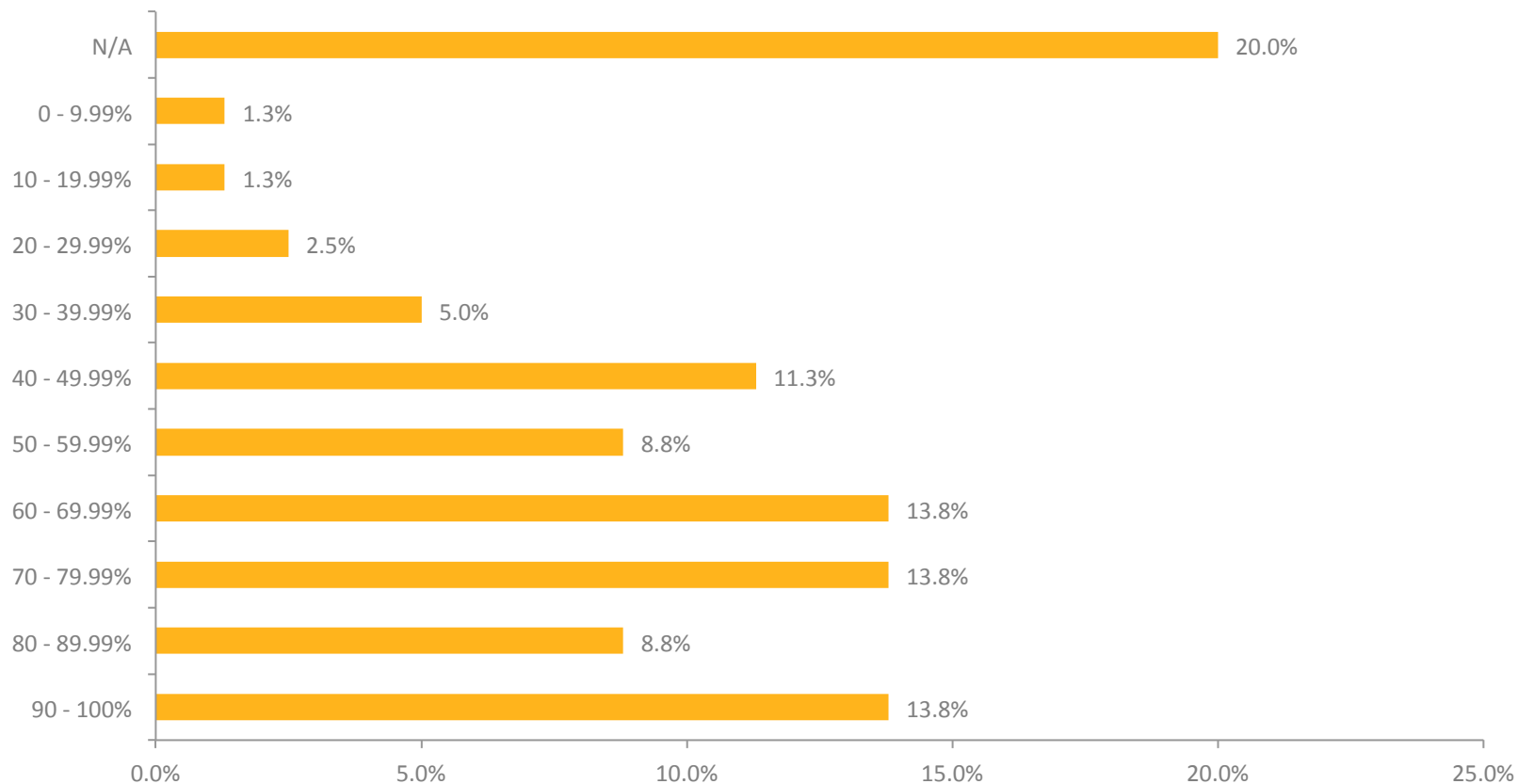
31. What change in average sales cycle did the company experience?

Change in average sales cycle : 2013



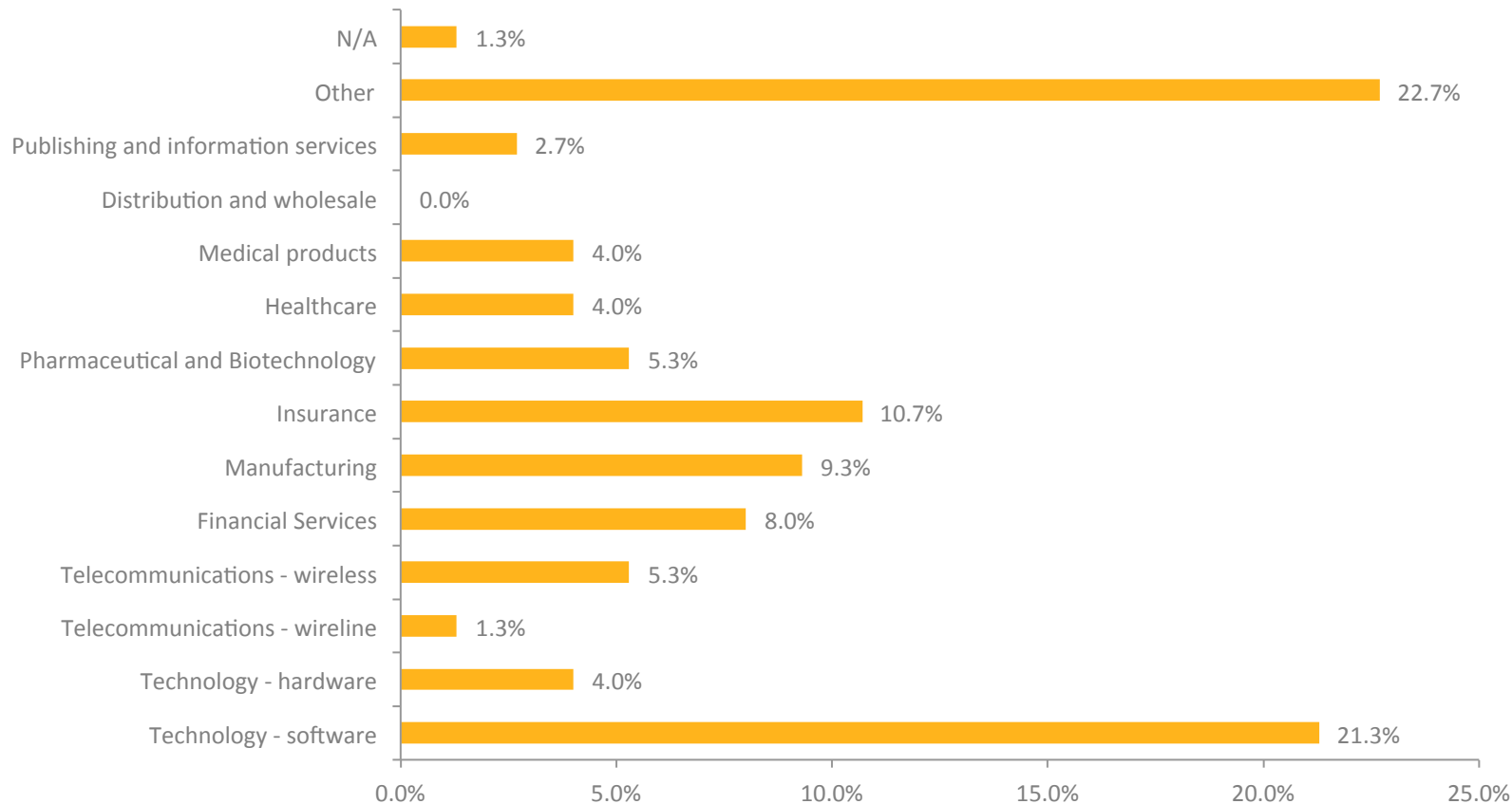
32. How many of the sales staff achieved their quota in the last financial year?

Sales staff achieving their quota in the last financial year : 2013



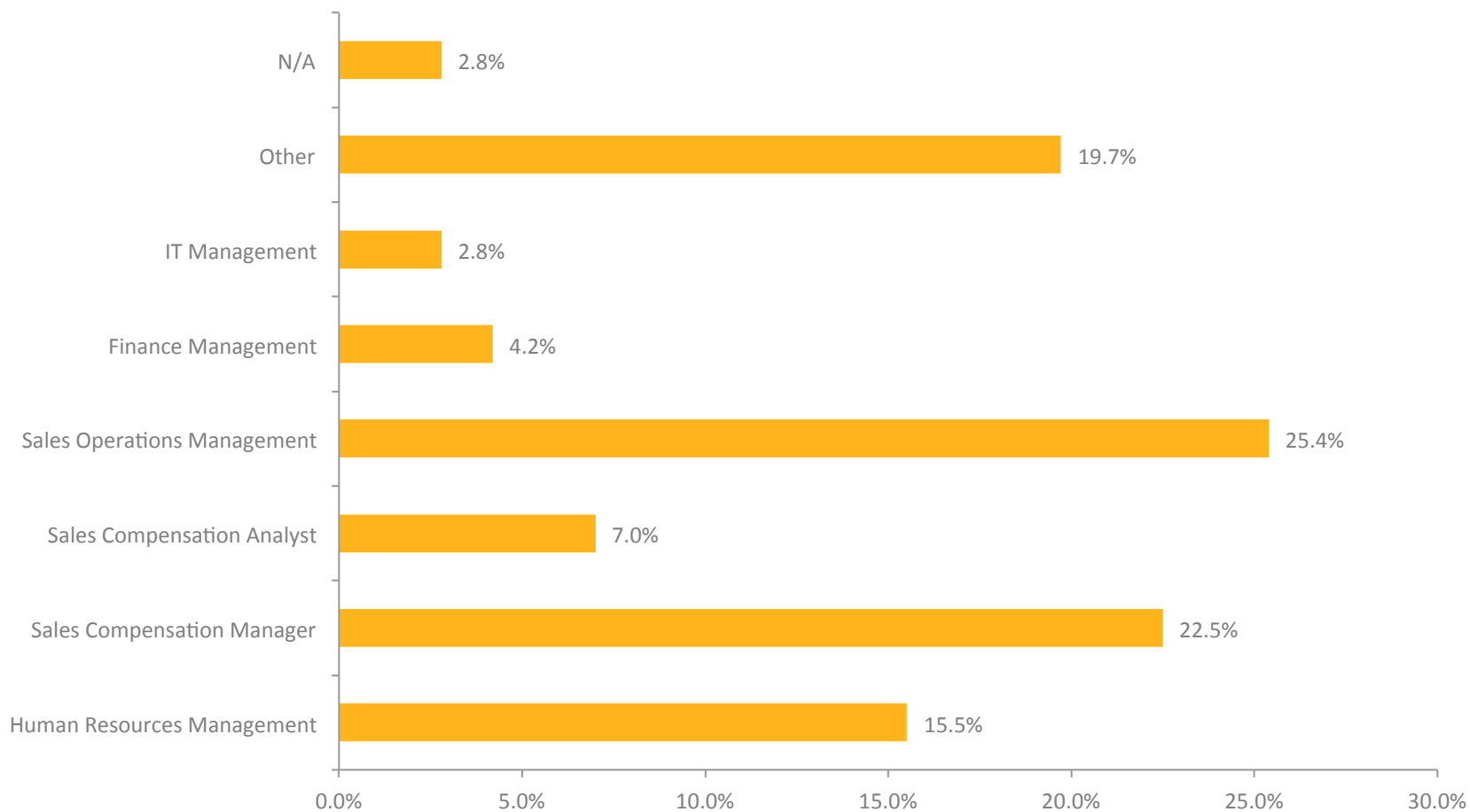
33. Which of the following best indicates your organization's industry?

Your organization's industry : 2013



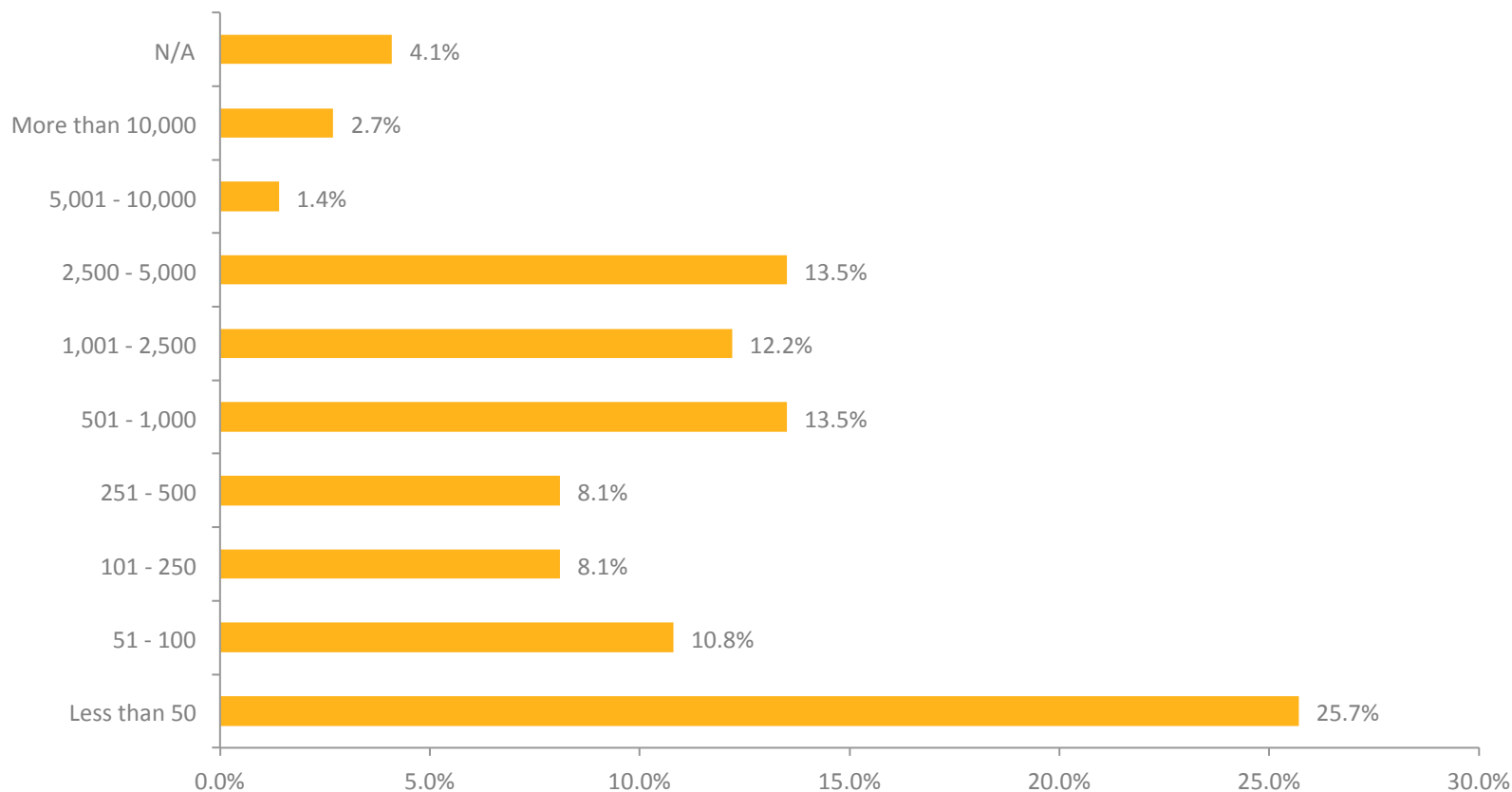
34. Which of the following best describes your role in the organization?

Role in the organization : 2013



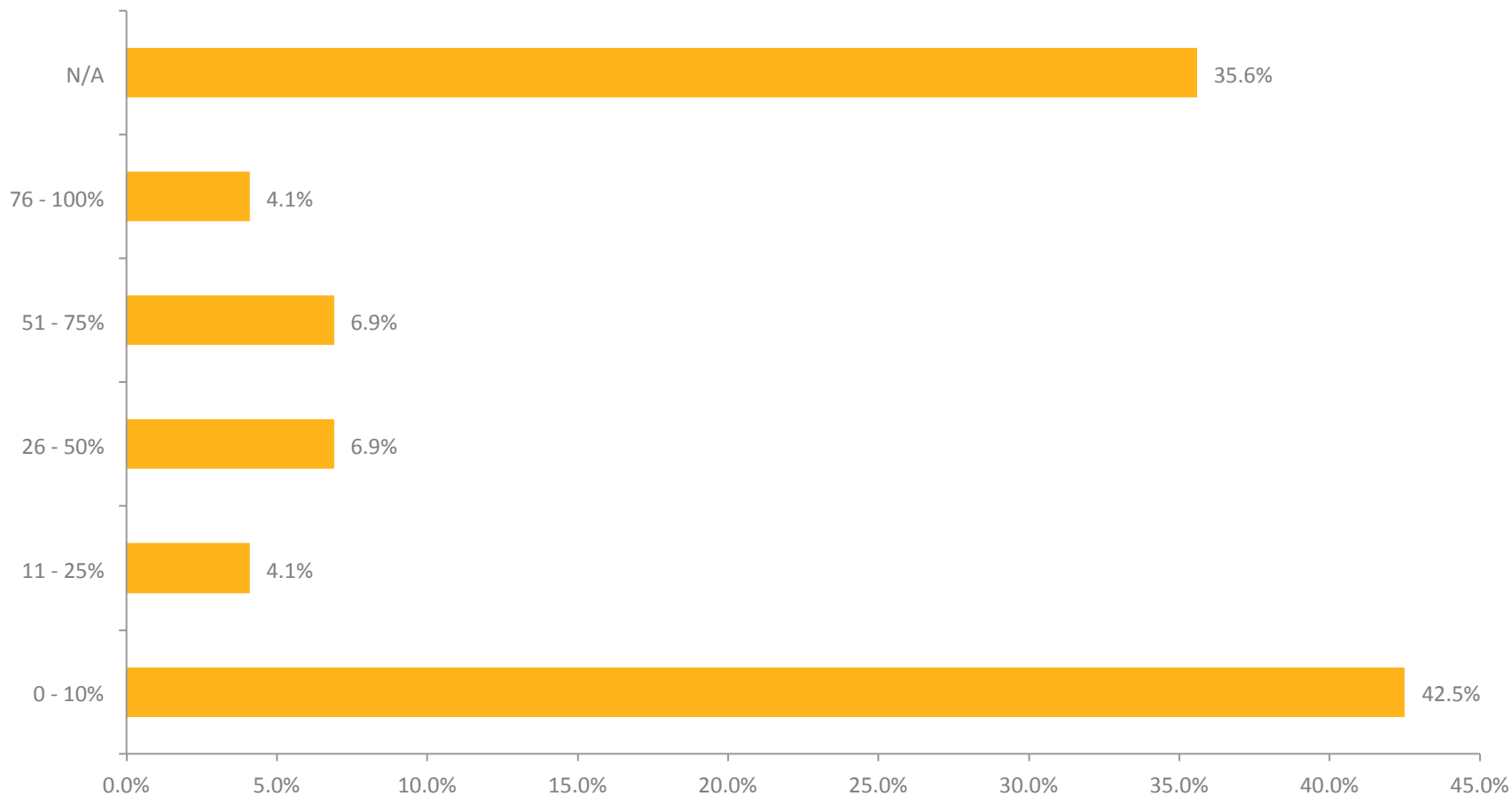
35. How many people participate in your organization's sales compensation program?

Participation in sales compensation program : 2013



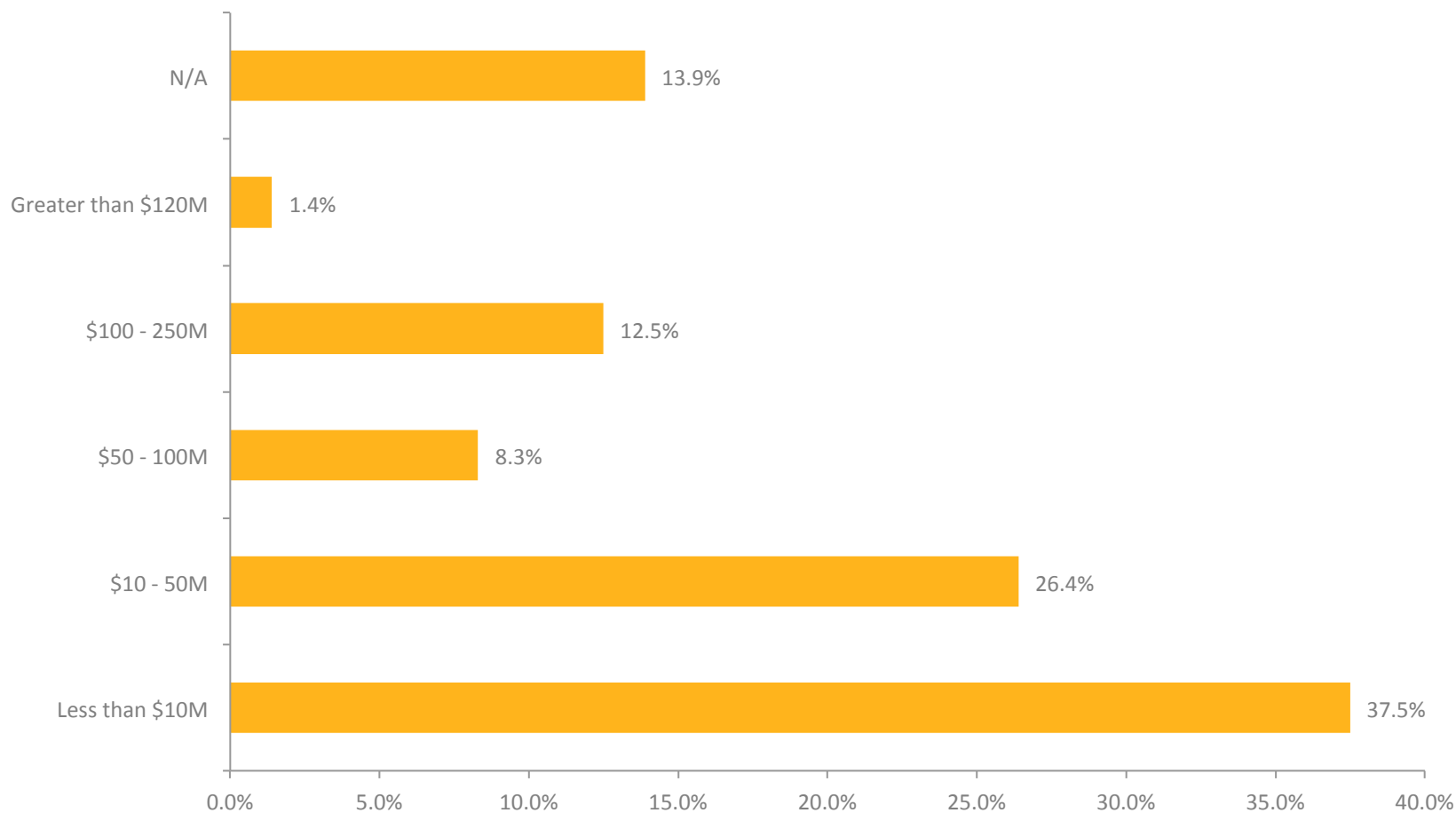
36. What percentage of your payees are indirect channel partners ?

Indirect channel partners payees: 2013



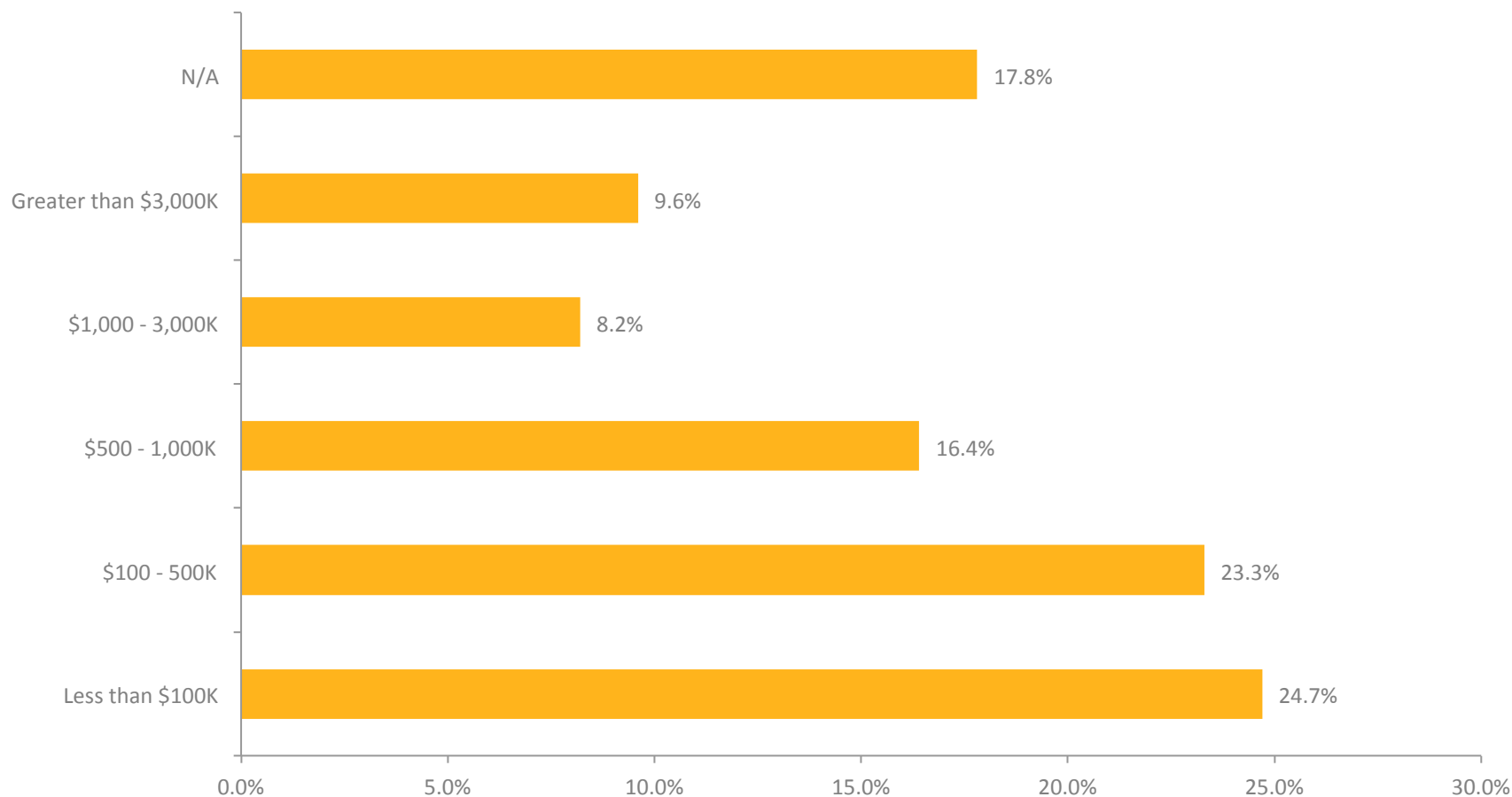
37. Which amount best describes what your organization has planned for its 2012-2013 sales compensation budget?

Planned sales compensation budget 2012-2013



38. Which total below best describes your organization's annual budget (including full-time equivalent employees [FTEs], software costs, etc.) that is dedicated to sales compensation administration?

Annual Budget dedicated to sales compensation administration : 2013



39. Please choose the total number of employees your organization employees worldwide:

Employees in your organization : 2013

Value	Percentage
Less than 100 employees	18.9%
100 - 499	12.2%
500 - 999	6.8%
1,000 - 2,499	8.1%
2,500 - 4,999	6.8%
5,000 - 9,999	16.2%
10,000 - 19,999	8.1%
20,000 - 39,999	9.5%
40,000 - 99,999	2.7%
100,000 or more	5.4%
N/A	5.4%

40. What is the approximate annual voluntary turnover for sales employees?

Annual voluntary turnover for sales employees : 2013

Value	Percentage
0 - 5%	20.8%
6 - 10%	33.3%
11 - 15%	12.5%
16 - 20%	5.6%
21 - 26%	2.8%
27 - 40%	8.3%
41% or more	1.4%
N/A	15.3%