

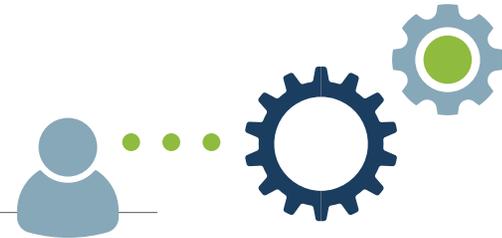
opensymmetry

EVERYTHING YOU EVER WANTED TO KNOW ABOUT SPM

(BUT DIDN'T KNOW WHERE TO FIND THE ANSWERS)



INTRODUCTION



Companies invest a lot in their sales organizations. Unsurprisingly, there is a very sizeable expectation put on sales teams to deliver results. But they can't do it alone. Successful sales performance requires the collective effort and support of cross-functional teams, all working collaboratively toward the same goals.

Enter **Sales Performance Management** (or "SPM" for those who are conserving their syllables). It's been called a process, a discipline, an art, a science, a practice, and an approach – just to name a few. While there may not be widespread agreement on what to call SPM, it's indisputable that with increasing business complexity, the rapid pace of change, and mounting competition, **SPM is imperative for any organization seeking sales success.**

But what is it? Read on. This guide will answer that question and many others.



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WHAT IS SPM?

IF YOU GOOGLE “what is sales performance management” you’ll get dozens of articles, each with a different definition, but there is really no universally-accepted definition.

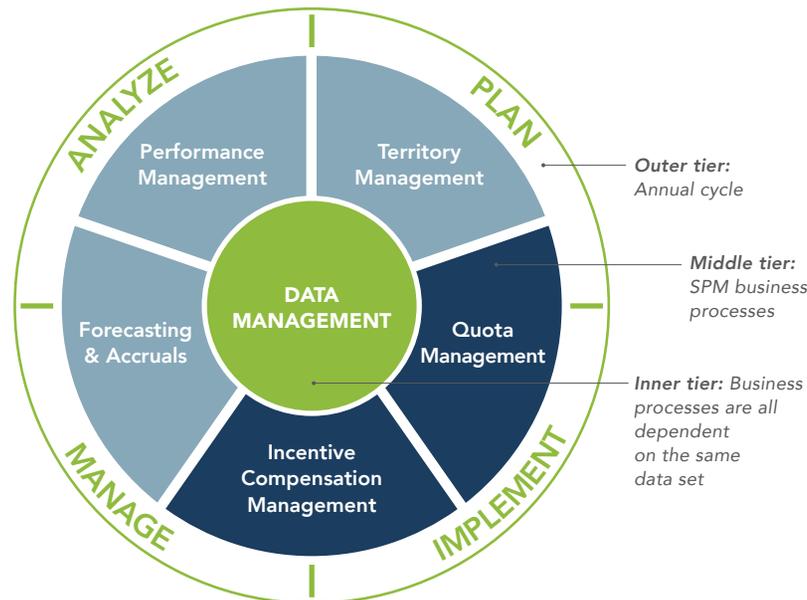
The most widely-recognized definition comes from Gartner*:

Sales Performance Management (SPM): a suite of operational and analytical functions that automate and unite back-office operational sales processes. SPM is implemented to improve operational efficiency and effectiveness. Capabilities include sales incentive compensation management, objectives management, quota management and planning, territory management and planning, advanced analytics (such as benchmarking, predictive/prescriptive and machine learning/cognitive), and gamification.

AT OPENSYMMETRY, we’ve observed a common misconception among people, which is that SPM is all about the calculations of commission payments – something that a majority of companies still do, using spreadsheets or a homegrown system.

We offer the “SPM wheel” as a visual representation of our more holistic definition of SPM. This wheel illustrates the multidisciplinary nature of SPM where there is a clear interdependence of business processes, all requiring an ongoing, iterative cycle to keep the processes running at an optimal level.

Put this SPM wheel into motion and you’re on your way to having a best-in-class SPM solution that will improve day-to-day sales processes and operations – leading to a more productive sales force and increased revenue.



The SPM market grew

13%

in 2018 to

\$950 million

Source: Gartner* 2019 Magic Quadrant for Sales Performance Management report



An error rate of
**1% costs a
company \$500,000**

An error rate of
5% costs \$2.5M

Source: 2018 Sales Comp Administration Survey,
OpenSymmetry and Xactly



OpenSymmetry helped us
**save approximately 7,200
hours per year** by eliminating
manual calculations, minimizing
adjustments, and building trust
in the data to reduce shadow
accounting. **We reduced what
took days to 3.5 hours.** Time
savings have been so key for us.

- Justin Ritchie, Senior Director
of Sales Operations, Manheim

COX
AUTOMOTIVE™

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WHY DOES SPM MATTER?

SPM SUPPORTS ORGANIZATIONS in maximizing the rate of return on their investment in sales. According to Simon-Kucher & Partners, **an integrated SPM suite increases sales productivity by 12.5% and accelerates financial close times up to 50%.**

The value of SPM is recognized across an entire organization – among both end users and back-office personnel who enjoy improved sales performance and operational efficiency. Consider how SPM helps address potential challenges in multiple departments:



SALES

- With greater transparency and reliable sales data, sales reps stay on track with **goals that are aligned to corporate objectives.**
- Fewer payout errors give sales reps the confidence to **focus on revenue-producing sales activities** rather than wasting time calculating their own pay, also known as shadow accounting.



SALES OPERATIONS

- With a reduction in payout errors and drill down capabilities for sales reps to see details on commissions, exceptions, and adjustments, sales ops spends **less time addressing questions and payout disputes** from sales reps and can focus instead on **adding strategic value.**
- Standardized processes and integrated, automated tools reduce operational complexity resulting in **less time required to process sales compensation.**



FINANCE

- Automatic tracking tools allow for easy access to full payment history. This leads to **reduced risk, higher compliance, and seamless security in the case of an audit.**
- With data-driven analytics, finance can enjoy **improved forecasting, better modeling capabilities, and faster, more informed decision-making.**
- By reducing over- and underpayment, finance can **increase top-line revenue and sales margins.**



HUMAN RESOURCES

- Greater visibility into sales performance leads to more opportunities for HR to address performance needs and make coaching available for underperforming reps, resulting in **higher employee engagement.**
- Payment accuracy leads to more confidence and trust among sales reps, which **increases employee retention within the sales force.**

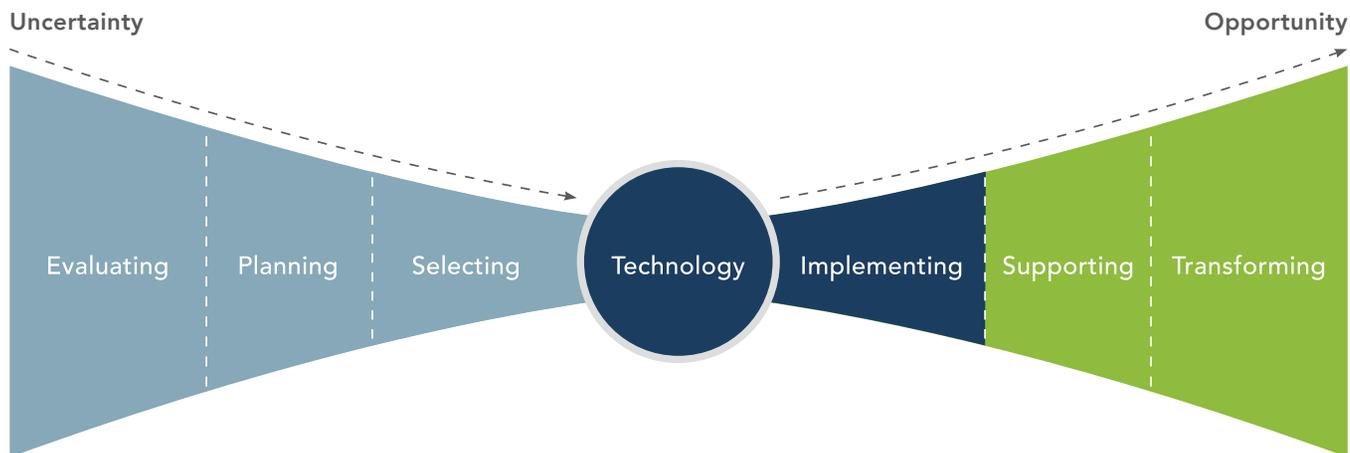
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IF CONSIDERING SPM, WHERE SHOULD WE START?

AS WITH ALMOST ANYTHING, you need to know where you are in order to understand where you're going and how to get there. A good starting point with SPM is to **assess your organization's current state** and **determine the desired future state**. From there, you will be able to **develop a roadmap** that identifies the most strategic and cost-effective path to maximize the return on your sales investment.

Not every organization is equipped to conduct a thorough assessment or develop an effective roadmap based on corporate objectives. This is when it's time to consider seeking the help of an outside SPM expert.

At OpenSymmetry, **we've worked with companies at every stage of SPM transformation**, and no two companies are alike in their needs and approach. It's our job to set them up for success no matter where they are on their SPM journey.



PLAN

Assess your current state and build a roadmap to lead you to your desired future state. This may include researching industry best practices and benchmarks as well as evaluating technology options.

DEPLOY

Consider what is required to have a successful technology implementation, including testing, training, and everything in between.

MANAGE

Evaluate the maintenance requirements and support needed to ensure your program's long-term success. Make sure that your solution is optimized to deliver the outcomes you expect.

Assess your organization's current state by asking questions such as, "What kind of reporting is available for sales reps to understand their performance?"

12% of companies provide no reporting to their sales representatives.

Source: 2018 Sales Comp Administration Survey, OpenSymmetry and Xactly



OpenSymmetry helped us to evaluate our program in a new light. Their technical and business expertise allowed us to understand the details of how changes would impact our system and processes. This **enabled us to implement changes that would have the biggest impact on our business.**

– Sales Operations Manager,
Wacker Neuson



**WACKER
NEUSON**
all it takes!



OpenSymmetry provided a templated approach of how to narrow down the technology solutions. They were very **quick to understand our needs and recommend platforms that would be the best fit for us.**

They eliminated platforms that didn't meet our top priorities, which helped us focus our energy on comprehensively evaluating a few key technology solutions.

- Clayton Tredway,
Director Customer Care, T-Mobile



OpenSymmetry partners with all but one of the SPM software leaders as shown in the Gartner* 2019 Magic Quadrant for Sales Performance Management report

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WITH SO MANY SPM TECHNOLOGY OPTIONS, HOW DO I KNOW WHO'S THE BEST?

SELECTING THE RIGHT TECHNOLOGY SOLUTION FOR YOUR SPM PROGRAM is no small task as the number of vendors selling award-winning technologies has increased over the years. While most leading solution providers have similar offerings for core SPM components, they often vary greatly when it comes to specialized requirements such as analytics, workflow, and modeling. So who's the best among them? There's no right answer.

The better question is: where do you start in terms of selecting the right technology vendor for *your company*?

Before diving into the research pertaining to each SPM technology vendor's capabilities, customer service scores, demos, and online reviews **begin by considering your organization's business needs and vision.** Here are three important steps to get you started on your selection effort:

1

Identify current & future state needs for SPM. Have a clear vision of the future state you desire to achieve. SPM technology is the enabler, but the design, process, and approach need to be aligned to facilitate success.

2

Establish a realistic business case. It's not uncommon for organizations to have a platform that is more than what is needed to achieve desired results. To avoid this, carefully articulate your business goals and narrow your requirements based on business priorities.

3

Have a rigorous selection process. This multiyear investment requires upfront planning. Evaluate SPM vendor capabilities against your business requirements and based on industry benchmarks and best practices. Prepare for demos by providing vendors with information to help them customize a demo to your specific business needs.

TO LEARN MORE ABOUT THE SPM VENDOR LANDSCAPE, check out the **vendor guide** that OpenSymmetry produces each year in conjunction with the Alexander Group's *Sales Compensation Almanac*.

Keep in mind, **SPM is not only about technology.** Without addressing how your people and processes will support the technology, there's a risk of doing nothing more than automating chaos. It's only by uniting technology with people and process can SPM help companies motivate their sales force, simplify back-office tasks, make informed decisions, and align sales efforts with corporate objectives.

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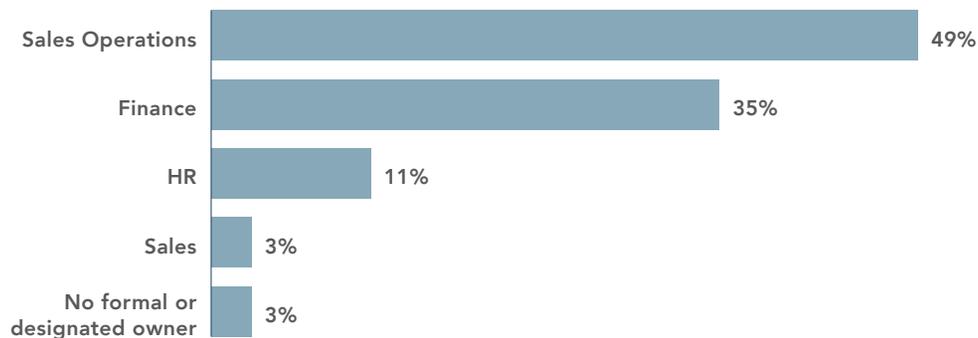
WHICH DEPARTMENT SHOULD OWN SPM?

ASK TEN COMPANIES “WHO OWNS SPM OPERATIONS WITHIN YOUR ORGANIZATION?”, and you’ll likely get ten different answers. This is a question for which there is no straightforward answer as it depends on the organizational structure of a company and the skill sets of its people.

While there is no best practice for SPM governance, **the operational responsibilities tend to fall on one of these three departments:** Sales Operations, HR, or Finance. Oftentimes, ownership is split among those three departments due to the cross-functional nature of SPM.

According to the *2018 Sales Comp Administration Survey*, sponsored by OpenSymmetry and Xactly, 49% of respondents indicated that Sales Operations owns sales comp administration.

WHO OWNS SALES COMP ADMINISTRATION?



However, this only accounts for the administration component. Other components of an SPM program (e.g. overall program ownership, program management, etc.) could each have different owners.

The key to governance success is to assign the various organizational responsibilities to the most experienced and qualified resources within your organization. Building a dedicated SPM operations team requires you to first consider the end-to-end SPM process, and then evaluate the skill sets of the existing talent within your organization to determine who is most suited to deliver the results you expect. This approach will help you build an SPM center of excellence as well as identify any possible resource gaps.



Best practice is to set up a multi-functional governance board. This body can ensure a **balance of interests between sales and the company** and exercise the right level of governance. To help clearly define SPM-related roles and responsibilities, it helps to create a RACI matrix so that everyone involved is clear on what to do, when to do it, and how to do it.



Looking for stats to help you build your business case?

Here are a few tied to employee retention to get you started:

Businesses retain just **71% of salespeople** annually, on average¹

The average cost to replace a rep is **\$155K**²

Only 54% of companies believe their enterprises have the proper incentives in place to attract and retain the best talent¹

Sources:

¹Sales Management Association: Salesperson Retention and Turnover

²DePaul University

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HOW DO I GET EXECUTIVE BUY-IN FOR A NEW SPM SYSTEM?

YOUR SPM PROJECT WILL COMPETE FOR TIME, BUDGET, AND ATTENTION WITH MANY OTHER INTERNAL PROJECTS – not just in the sales domain, but across all divisions of the business. Executive decision-makers have to prioritize where to commit resources.

In the face of stiff competition, it's critical for you to elevate the importance of your SPM project and demonstrate what makes it more deserving of funding and executive support. You need consensus across all stakeholders (Finance, Sales, HR and IT) that this project will have a more immediate or greater impact on the success of the company. Here are two of our top tips:



TIP 1:

Show the ROI. The financial justification is an essential part of the process. You'll need to create an analysis of how the SPM solution will positively affect sales productivity and effectiveness, sales force retention, cost savings, and revenue growth to commit resources to it.



TIP 2:

Focus on business outcomes. The real secret to building stakeholder consensus lies in your ability to successfully communicate how your SPM project will help achieve the desired business outcomes for the organization. If you can illustrate how your project supports corporate goals and performance, decision-makers are more likely to commit resources to it.

FOR MORE ABOUT BUILDING A BUSINESS CASE, read our POV: **How to build an irrefutable business case for SPM solutions.**

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HOW DO I KNOW IF MY SPM SOLUTION IS WORKING?

AS WITH ANY INITIATIVE, it's essential to define what success looks like. Executives will expect the return on investment to be substantiated. This is why **we recommend starting with a current state assessment and future state planning exercise**. By clearly identifying and articulating your desired future state, not only will you be equipped to build a roadmap for change, but you'll also have an idea of how you'll measure the success of your SPM solution.

Every company has its own set of unique business objectives associated with their SPM solution. These objectives can range from tactical priorities like reducing administration time to more strategic goals such as increasing employee retention. Based on your company's objectives, you'll **establish KPIs by which you can track the performance measurements that are most impactful to your organization**.

Some of the most commonly used KPIs include:

- Payment accuracy
- Time expenditure on payout processes
- Time expenditure on auditing and compliance
- Sales rep retention and/or attrition
- Sales team productivity
- Annual sales revenue
- Forecasting accuracy
- Quota attainment

The key to knowing if your SPM solution is "working" is to choose KPIs that are most relevant to your business goals. By analyzing the KPI data, you'll be able to continually improve and optimize your SPM program.



Before OpenSymmetry stepped in, we once had 30+ people trying to administer mortgage incentive plans on top of their other responsibilities. Now we're down to 8 people whose full-time job is to calculate incentive plans, freeing other resources to focus on areas where they have the most to offer and can make the biggest impact.

- Kimberly Hinrichsen, Vice President & Sr. Director of Incentive Admin, U.S. Bank



SPM users are 2.6x as effective

at measurably connecting sales efforts to revenue compared to nonusers (60% vs. 23%)

Source: Aberdeen Group



[Our new ICM solution] has taken most of the manual processes out of the equation. No more paper and no more manual processes mean no more errors. With information at associates' fingertips 24/7, they can look up the answers to their questions instead of calling the sales compensation team to research.

- Jennifer Wooster,
Vice President - Group Actuarial
and Compensation Officer,
Ameritas



THERE ARE
FIVE CORE AREAS
TO CONSIDER WHEN
ASSESSING YOUR
SPM PROGRAM:

- 1** **TECHNOLOGY AND TOOLS**
Does the organization have the technology necessary to achieve best-in-class? Can existing solutions be optimized or are additional solutions needed?
- 2** **PROCESS AND WORKFLOW**
How can the organization optimize processes to improve sales performance and operational efficiency?
- 3** **REPORTING AND ANALYTICS**
Does the organization have the tools and processes needed to unlock data and deliver it in the form of visual, detailed, and actionable reports? If not, where are the gaps and how can they be addressed?
- 4** **PEOPLE**
Does the organization have the right people to drive results, and do current processes and tools enable workers to collaborate and meet their goals? If not, what is the organization lacking?
- 5** **OPERATING MODEL**
Is the organization successfully driving sales behavior that is linked to overall business goals? If not, what is preventing this?

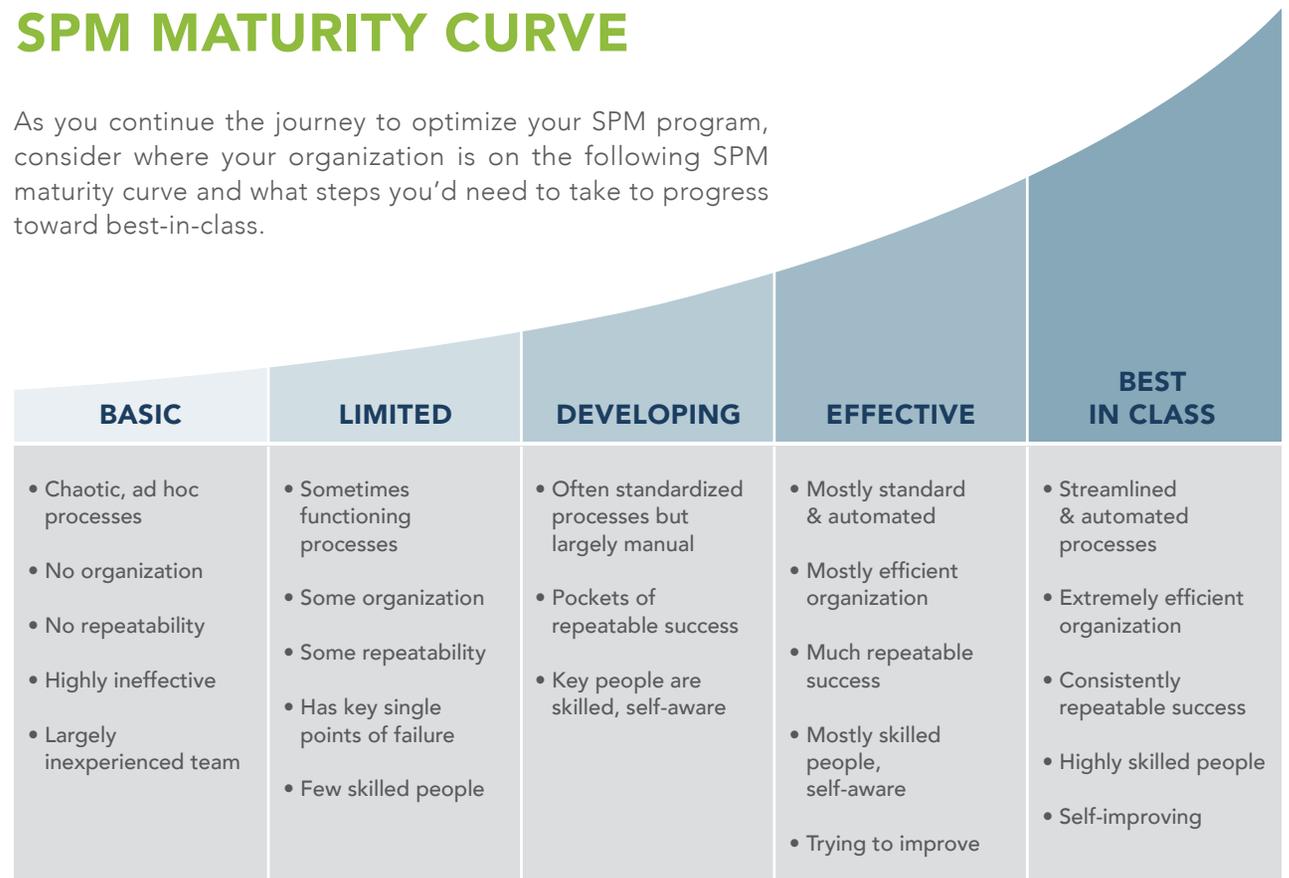


HOW DO I KNOW WHEN I'M "DONE" WITH MY SPM EFFORTS?

AS YOU TRACK THE PERFORMANCE OF YOUR SPM PROGRAM, you'll have much to celebrate when business objectives are met. (And we recommend that you pause and celebrate your success!) But as your company grows, the business landscape changes, and organizational priorities evolve you'll find that there are plenty of **opportunities for SPM program optimization**.

SPM MATURITY CURVE

As you continue the journey to optimize your SPM program, consider where your organization is on the following SPM maturity curve and what steps you'd need to take to progress toward best-in-class.



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HOW DO I HIRE FOR SPM? WHAT KIND OF SUPPORT AND RESOURCES ARE NEEDED?

SPM ADMINISTRATORS ARE OFTEN NOT EASY TO COME BY. Our recommendation is to look for a diverse set of individuals with both qualitative and quantitative skills as **sales compensation is often a balance between doing calculations and solving business problems.** A good SPM administrator will have a background in analytics, communication, strategic analysis, and collaboration. Technical skills do not need to be the focus, but rather having the analytical mind that can identify the root of a problem or pattern of problems.



Not sure what to put in the recruitment ad? Some common SPM-related titles include:

- Sales operations representative, manager, director, etc.
- Sales compensation analyst, officer, etc.
- Incentive compensation administrator

Once you hire someone with the right skill set, the next step is to provide the proper training so that they're equipped to configure and administer the SPM system. The most common types of SPM training include:

- **E-learning courses covering the basics:** a good starting point to get familiar with the SPM system; a high-level look at the software and capabilities; hands-on training
- **Self-paced courses with student exercises:** a good option for those who prefer to work at their own pace
- **On-site, instructor-led courses for specific components of the application:** focused on design and modification of specific components within the application; may or may not be customized to the audience
- **Hands-on end-user training classes:** sales force training on system access, navigating within the application and how to view reports, view and approve compensation plan and open pay disputes
- **Evergreen end-user videos:** sales force training on system access; can be hosted on a company portal and incorporated into new sales rep onboarding programs

FOR MORE INFORMATION ABOUT SPM TRAINING, as well as OpenSymmetry's one-of-a-kind mentorship program, check out our **SPM training blog.**



Bringing in decades of experience, **OpenSymmetry has been committed to mentoring our home-grown programmers and helping us stand on our own two feet,** getting us to self-sufficiency.

– Kimberly Hinrichsen,
Vice President & Sr. Director
of Incentive Admin, U.S. Bank



In 2018,
67% of organizations
used outsourcing to
enhance M&A efforts,
up from just **45%** in 2016



In the past, organizations typically used outsourcing to improve back-office operations through cost reduction and performance improvement. Today, disruptive **outsourcing solutions are enabling competitive advantage** by accelerating changes within those organizations that have the audacity and skill to leap over the technology chasm; for them, **outsourcing can pioneer a northwest passage to top line growth**, as well as to a more agile, effective back office.

Source: Deloitte 2018 Global Outsourcing Survey

10 WHAT IF WE DON'T HAVE THE INTERNAL RESOURCES AND DON'T WANT TO INVEST IN HIRING?

IT'S NOT UNCOMMON FOR AN ORGANIZATION to discover that it lacks the internal resources necessary to efficiently and cost-effectively implement and/or operationalize an SPM solution. When this happens, there's a decision to make – hire or outsource.

When hiring full-time in-house SPM resources doesn't make sense from a cost or overall business perspective, outsourcing is often the best option.

Some benefits of outsourcing your SPM implementation and/or operations include:

- **Predictable Costs:** With a fixed fee pricing model, you'll benefit from a predictable total cost of ownership (TCO), ensuring that you stay within budget and maximize revenue.
- **Flexibility:** In lieu of relying on overextended IT resources, an outsourced provider gives the sales organization access to highly-trained and experienced resources (on an as needed basis) to efficiently configure and optimize your SPM solution.
- **Expertise:** Access to industry experts means that you're assured SPM services that are based on industry standards, defined processes, and proven best practices.
- **Ongoing Optimization:** With a focus on continuous innovation and improvement to both process and tools, outsourced SPM experts ensure that your SPM solution is optimized for maximum efficiency, performance, and scalability.

At OpenSymmetry, we believe that one of the biggest benefits of outsourcing SPM is that it gives you more time to focus on the strategic priorities that are most important to the success and growth of your core business.

TO LEARN ABOUT OPENSYMMETRY'S CONFIGURABLE MANAGED SERVICES FOR SPM OUTSOURCING, read our **OS EDGE data sheet**. And to discover how OpenSymmetry's managed services team has helped one client achieve a cost-effective, best-in-class solution, check out this **case study**.

ABOUT opensymmetry

AT OPENSYMMETRY, WE BELIEVE IT'S ESSENTIAL FOR A BUSINESS TO GET THE GREATEST POSSIBLE RETURN ON THEIR INVESTMENT IN SALES. This is what we've helped over 1,100 customers work towards since 2004. Through our tried and true methodology, we apply industry best practices and cutting-edge technology to the design, automation, and optimization of SPM solutions.

OUR MISSION

Through our focus on customer success, commitment to accountability, and by staying at the leading edge of the industry, our mission is to:

- Empower an unstoppable work force
- Create transformation using global experience
- Elevate what's possible with innovative solutions

Visit us online at opensymmetry.com

As a consulting firm specializing exclusively in SPM, OpenSymmetry is product agnostic. This enables us to provide unbiased insight of capabilities and user experience that our clients can leverage as we determine the best enabling technology for your business.

OpenSymmetry has an outstanding network of technology partners, represented as SPM market leaders in the **Gartner* 2019 Magic Quadrant for Sales Performance Management.** Our partners have a demonstrated track record of success and are widely recognized for providing strategic value in the SPM space.



Together with our partners, we deliver innovative and transformative solutions to our customers across the globe.



**READY TO KICK OFF (OR CONTINUE) YOUR JOURNEY TO A BEST-IN-CLASS SPM SOLUTION?
REGISTER FOR A FREE 2-HOUR WORKSHOP TO RECEIVE GUIDANCE ON HOW TO PLAN, DEPLOY, AND
MANAGE A COMPREHENSIVE SOLUTION. FOR ADDITIONAL QUESTIONS, WE INVITE YOU TO CONTACT US.**