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6 COMMON MISTAKES OF SELECTING A SALES PERFORMANCE MANAGEMENT SOLUTION

INTRODUCTION

To help achieve "best practices" around the management of their sales compensation programs, many companies rely upon Sales Performance Management (SPM) solution providers to leverage new technology solutions to reach these goals. In order to avoid critical mistakes in the selection of an SPM application, the following highlights six of the more common and costly mistakes that are often made in the selection process.

1 | INCOMPLETE REQUIREMENTS

When choosing an SPM solution, it is common for an organization to enter the selection process without first determining exactly what requirements are needed and how existing processes, tools or applications will integrate with the new software. Unfortunately, the complexity of the task can often discourage the needed analysis. The following represent three common areas neglected during requirements planning:

FUTURE STATE
It is natural for people to focus on the present state of their business, concentrating on a current process, business need, and/or compensation plan that may need modification. What's often missing, however, is the future state vision of how the functionality of available software can be utilized to not only confront existing challenges, but to prepare the company for potential growth and complexity in the future.

WORKFLOW
Workflow is habitually either overlooked or too vague to support specific requirements. Limited workflow requirements gathering and definition can result in added expenses and frustration during deployment, all of which can be avoided with a little upfront research. On-boarding, e-contracting, territory changes, quota changes, compensation plan acknowledgement or approval, and dispute resolution are just a few of the components that should not be neglected when searching for workflow functionality.

BI/ANALYTICS
Before choosing an SPM solution, companies frequently forget to evaluate their existing reporting analytics tools to determine whether they can be integrated into the new solution. If they do analyze their analytics tools, they mistakenly focus on what they have rather than the potential functionality using a new tool (see Future State above).

2 | ANTICIPATING CHANGE

By the time an organization realizes it needs an SPM solution, it has generally already been hit with the challenges of not having one. Adding an SPM solution brings significant benefits, but failing to evaluate how a tool will transform the business before one is chosen can be costly. Some of the effects are:

HOW IT WILL CHANGE PROCESSES
The effects of automation should never be ignored. Although automation brings greater efficiencies, it can also have a downside as it may replace a large amount of compensation administration processes. Companies occasionally jump into automation without considering or planning for its ramifications.

HOW IT WILL CHANGE THE ORGANIZATION
Organizations today may not be the organizations of tomorrow. Different roles (strategic versus tactical), skill and education needs, and other variables can greatly influence the kind of technology needed. When the technological capabilities change, often the organization changes as well. What direction will your technology move you?

HOW IT WILL CHANGE THE ENVIRONMENT
Most companies look forward to the added functionality from a new solution, yet many fail to evaluate how the application will integrate with the existing technology environment. The reality of the situation sets in when a product is adopted and then IT can't get all of the applications to successfully integrate.

3 | UNREALISTIC TIMELINE

When an organization begins the SPM selection process, generally a timeline is drafted and modified once the vendor is chosen. Unfortunately, these targets are frequently difficult to hit and often the cause of considerable stress.

ACCOMMODATING INTERNAL TIMELINES AND RESOURCE AVAILABILITY
The large number of people from the different levels of management involved, including HR, sales, finance, operations, IT and other business areas, can make establishing a realistic timeline challenging. Committees often establish time-lines without taking into account all of the stakeholders involved and capacities.

PROPER ALLOWANCE OF TIME FOR VENDOR PRESENTATIONS
During the SPM solution process, companies rarely provide enough time to the vendors for both the preparation and presentation of their solutions. Depending on the complexity of the custom demo or "Proof of Concept," the vendor may need as much as two to three weeks to prepare. For the demo itself, a full day may be necessary.

DECISION TIME FOR THE EXECUTIVE TEAM
Even if you have completed all of the legwork and have prepared a concise presentation for the executive team, it's nearly impossible to determine when the executive team will meet and decide on a vendor. Timelines can reserve a set block of time needed for a decision, but once again, schedules and consensus can often push deadlines and throw the entire timeline out of sync.

4 | WRONG FOCUS

A common mistake many companies make is focusing to a great extent on the feature or function of the SPM solution and not enough on the vendor itself. Products may solve a problem, but you may create a whole new set of problems if you choose a vendor that doesn't complement your organization's specific needs.

NO DIFFERENTIATION
A number of SPM vendors have solved the basic functionality that a majority of companies need. Simply comparing a checklist of features will not allow for sufficient differentiation between the vendor products. It is a starting point that may allow companies to narrow the field, but by no means offers conclusive evidence of which vendor to choose.

RELATIONSHIP MATTERS
Investing in an SPM solution is just that – an investment. When choosing a vendor, it is likely it will be your technology partner for the next 4 – 7 years. Their business model during the sales cycle can provide valuable insight into their financial viability and corporate culture. Does it align with yours? Are they offering you the best pricing? Is there a user community? Tech support? Training? Depending on your support needs, you could be essentially hiring an extension of your own staff.

5 | CASTING TOO LARGE OR TOO SMALL A NET

At the onset of the RFP process for vendor selection, companies can make the mistake of trying to gather as many RFP responses as possible in order to have the widest variety of offerings from which to choose. However, this method can often backfire and make the process more complex.

TOO MANY TO CHOOSE
Although it is realistic to evaluate 2–5 vendors through the RFP process, organizations often request as many RFPs as possible, thereby slowing down the process in attempting to evaluate all of the responses. Many of the vendors likely should be eliminated prior to the RFP process, simply because their offerings don't align with a company's needs.

NARROWING IT DOWN
Even if an organization wants to narrow down the potential vendor group to a reasonable number, it can be over-whelming to determine which types of vendors to consider. For example, organizations frequently miss the opportunity to eliminate vendors from their short list by neglecting to check for on-premise versus SaaS, or if the vendor can scale to meet the needs of the company. It's a costly mistake to involve a vendor that will ultimately fall off the short list for something that could have been identified earlier in the process.

GENERALISTS VS. SPECIALISTS
Companies can get caught up in relying on the analyst reports which often fail to identify specialized vendors who provide tailored solutions in their specific space. Often the larger players in the market don't offer the focused expertise or personalized service that a dedicated smaller vendor can provide.

6 | POOR DEMO PREPARATION

Without adequate planning around both the preparation and execution of the solution demos, it is common for a company to leave a demo more confused than when it entered. Understanding how to effectively work with the vendors to construct an intelligent demo experience for your team is critical for your team to have the information it needs to make a final selection.

GENERAL DEMOS VS. CUSTOM DEMOS OR PROOF OF CONCEPTS

Companies sometimes aren't aware of the different types of demos that can help them narrow a list of potential vendors or choose which vendors to send a Request for Proposal (RFP). Instead of seeing a demo related to their environment, they may settle for a canned demo or only a partially-customized demo. It is important to know when each type of demo is appropriate or more relevant.

WITHHOLDING INFORMATION

Organizations are often reluctant to provide a vendor with sensitive information, yet there are ways to strip out the confidential information while still providing the vendor with enough information to help them understand your environment. Failing to do so will result in a demo that may not relate to your situational needs.

FEATURE FUNCTION VS. PROCESS SUPPORT

Companies often miss a key opportunity to create and provide to vendors demo scripts that focus on a day-in-the-life of the different primary user groups, usually Compensation Administration and Field Sales and as a result, likely will not receive relevant information. Not including relatable scenarios, the evaluation team is likely to miss concepts since they cannot relate them to their own work environment.

BALANCED PARTICIPATION

Many organizations neglect to maintain the appropriate level of participation between both the IT and Business. Both will have a large stake in not only the decision-making process but the implementation success and the on-going support of the new technology. A common example of a business only focus is when companies want the demonstration day to be focused on the different business community's needs and forget or ignore the technology details. Technology's concerns must be addressed.

Choosing the right SPM vendor for your current and future business needs can be a lengthy and intimidating process if you don't have the right level of planning and expertise. To increase your odds of successfully selecting the right solution provider, it will be critical to complete adequate upfront planning to allow for an effective approach that has a realistic timeline. To help ensure a comprehensive approach and completion of an SPM selection process, many organizations utilize experienced consultants who are able to augment or execute the selection process. Whatever your needs in the SPM space, avoiding the common mistakes of vendor selection is a huge step in the right direction.

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