

It Pays To Manage Sales Incentives

Lombardi In Action: Sales Operations



LARGE PHARMACEUTICALS CORPORATION

With over 12,000 sales people in North America alone, this large pharmaceuticals group has one of the largest sales forces in the world.

INDUSTRY

Life Sciences

PROCESS FOCUS

Incentive Compensation

BENEFITS

- Cycle Time Reduced from 30 to 7 Days.
- Automatic Task Assignment.
- Guided Task Completion.
- Real-time Progress Visibility.
- Process Definition Collaboration.

With over 12,000 sales people in North America alone, this large pharmaceuticals group has one of the largest sales forces in the world. The compensation plans for this salesforce involve sophisticated, constantly changing incentives. Calculating, validating and approving incentive compensation on a monthly basis across 28 North American regions is an enormous job. Naturally, paying the sales teams accurately and on time is a priority. This is the chief mandate of the Incentive Compensation Solutions (ICS) team.

The Challenge of Managing a Distributed Process

There are many factors that the ICS team must closely manage to succeed every month. At the top of the list are accuracy and coordination. An accurate incentive compensation report must be generated for each sales team, validated by a central team responsible for report templates and calculations and then distributed to regional management for approval. Given the sophistication of the compensation plans, this would be a difficult process to orchestrate for just one region. However, the ICS team is responsible for completing this process every month for all of North America:

- Over 30 different organizations are involved in this process—distributed across 28 regions.
- In any month, there can be up to 35 different types of incentive compensation reports generated—depending on the compensation plan, region, and product groups applicable to the different sales teams.
- A Validation Group must review each report for accuracy before it goes out to the field for approval. Any problems found in the reports must be rapidly resolved and reports must be regenerated to ensure processing within the pay cycle.
- Validated reports must be distributed to 600 regional managers and vice-presidents for approval. If any of these managers find problems in their reports, then the issue must be resolved and the reports regenerated and approved within the pay cycle.

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Like many organizations, the ICS team was using the tools at hand—MS Excel, shared network drives, e-mail and lots of phone calls. The process relied on individuals sending e-mails to the right people at the right time, attaching the right Excel reports for the right approvers, and following up with regional management in the field by e-mail and phone to ensure approvals by the pay cycle deadline. Because the process relied so heavily on human interactions, inefficiencies existed at many steps in the process:

- **Error-Prone Manual Tasks.** Incentive compensation report templates are updated regularly to handle new incentives and formats. Validation teams had to manually select the current report template from a shared network drive to initiate the process. This led to human error in picking the latest or correct template and subsequent rework to fix the error.
- **Difficult to Understand Process Status.** The ICS team manually sent e-mails with Excel attachments to regional management for approval. Getting updates from the field was time consuming and difficult. From a management perspective, it was nearly impossible to gain a real-time view of the status of approvals across the 28 regions. As a result, ICS managers relied on phone calls and e-mails to try to determine bottlenecks.
- **Informal Error Handling and Resolution.** No formal process existed to handle errors found in report templates or reports

distributed to the field. E-mails with error reports were sent without a process for ensuring that the errors were fixed for subsequent pay cycles.

- **Incomplete Tasks, Inconsistent Quality.** No formal mechanisms existed for ensuring that users were performing all of the validation or approval tasks required at their step in the process. Were all elements of a report validated? Did the manager review all parts of the report prior to approving? Enforcing procedures is essential to achieving consistency and quality across such a large set of validators and approvers.

The Right Tools to Manage Collaboration

The ICS team turned to Lombardi Software TeamWorks to help them achieve greater control and efficiency in executing the reporting validation and approval process.

With TeamWorks in place, the ICS team can now initiate the entire process at any time and proactively track and manage the process through completion with unprecedented efficiency:

- **Automated Task Assignment.** ICS managers can initiate the reporting process for any type of report at any time. TeamWorks automatically determines which users and organizations should receive tasks and notifies them of the work required and the due date.

- **Ensuring Accuracy and Completeness of Every Task.** TeamWorks Coaches guide users through validation or approval tasks by identifying for them all areas of a report that must be approved. This ensures that the same level of review is happening for any report that passes through the system—improving compliance and consistency.
- **Managing the Bottlenecks.** TeamWorks Web-based ScoreBoards give ICS managers real-time visibility into the process status across all regions. At any time, these managers can view activity, drill down into bottlenecks and track closely any teams or users that are falling behind on their deadlines. This allows them to focus their efforts on managing the bottlenecks instead of scrambling to understand the overall process state.
- **Continuous Process Improvement.** An error tracking process allows users to log any problem they find with a report—template error, calculation error, approval problem. The ICS team is then able to track the error through resolution. Now, the ICS team is assured that any problems reported in one pay cycle will be resolved before the next cycle—the basis for continuous process improvement.
- **Collaborating to Deliver the Right Solution for the Business.** Using TeamWorks' unique collaborative design environment, Business and IT staff on the

ICS team were able to design and implement the ICS process. Using TeamWorks Playback capabilities, the technical and business teams sat together for multiple interactive sessions which were used to validate and refine application requirements.

Working With Existing Applications

One of the key requirements for the ICS team was for the solution to leverage existing infrastructure. TeamWorks' standards-based architecture allowed the team to do that.

The ICS solution is only the start. Today, this company is deploying TeamWorks across many different organizations around the world.

Report templates are stored in Documentum and automatically attached to process tasks so that users are working with the correct reports. Once work is completed on a report, TeamWorks automatically checks the updated document back into Documentum. Since field sales managers like to use e-mail, TeamWorks tasks are sent to these users through e-mail. The users only have to click on a link in the e-mail and they are stepped through the approval process for a report. TeamWorks' flexibility in providing many different means of completing process tasks is a key element in assuring solution adoption by end users.

Results in 90 Days, Platform for the Future

The first version of the automated Incentive Compensation Process solution was deployed just 90 days from project inception. This included integration to all key systems and deployment to all 28 regions with hundreds of users.

With TeamWorks, the ICS team now has the platform in place to continuously improve their process from pay cycle to pay cycle. In the future, the ICS team will enable report approval using mobile devices, introduce new report types, and providing an enhanced process for error tracking and resolution.

Enterprise Class BPM

The ICS solution is only the start. Today, this enterprise is deploying TeamWorks across many different organizations around the world. Process applications are being defined for sales, marketing and manufacturing organizations to give them better control and visibility into their processes.



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About Lombardi Software

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