INCENTIVE COMPENSATION
5 CRITICAL QUESTIONS CFO'S MUST CONSIDER

CFOs work at the leading edge of their company's growth strategy. They know how resources are allocated and how decisions are made. Every aspect of their work is focused on minimizing risk while maximizing reward.

The modern CFO is a complex, demanding function at the forefront of organizational strategy – calculating financial data, offering strategic advice, reporting performance, leading the budgeting process, setting goals, providing business units with metrics to help their planning, and overseeing the payment plans. In fact, nearly every company decision requires CFO input.

And certainly such is the case when it comes to incentive compensation.

LEADING THE INCENTIVE COMPENSATION PROCESS

The CFO has a lead role managing the company's incentive compensation strategy – calculating commissions and bonuses, forecasting future sales for potential compensation plans, measuring results and determining the effectiveness of compensation plans.

As CFO, your incentive compensation practices must support your priorities of strategy, efficiency and maximizing reward while minimizing risk.

CFOs must ask themselves some key questions.

DO YOU SPEND TIME AND RESOURCES MANUALLY INPUTTING INFORMATION?

Manual processes are time-consuming, error-prone and have limited visibility or reporting. The processing functions are not automated, so calculations are dependent on manual input rather than drawing the data from systems.

DO YOU HAVE AN ERROR-PROOF PROCESS?

Manual systems are notoriously error-prone, and those errors can be costly. Even a single mistaken keystroke can seriously impact your outcomes. Underpayments take away from trust and team morale. Overpayments are lost money that will probably never be recovered.

CAN YOU CONDUCT STRATEGIC ANALYSIS, OR ARE YOUR TIME AND ENERGIES FOCUSED ONLY ON MANAGING THE DATA?

Leveraging the data for analysis and reporting is the compensation process's top benefit. However, too often the CFO's energies are used entirely to manage the data rather than conduct analysis.

HOW EFFECTIVE IS YOUR VISIBILITY?

In a spreadsheet environment, a single person often manages the spreadsheet.

Overall visibility is limited since stakeholders such as the sales force, business units and managers have limited access to the calculations and data. Without visibility, the CFO will fight an uphill battle to ensure buy-in and improve morale throughout the organization.

IS YOUR SOLUTION READY TO GROW WITH YOUR COMPANY?

Your company aspires to grow, and a proper solution can scale along with your company.

Unfortunately, too many systems have limited flexibility and struggle to accommodate growth.t

LEVERAGE AN AUTOMATED ICM SOLUTION FOR FLEXIBILITY, VISIBILITY AND PERFORMANCE

Incentive Compensation Management (ICM) technology provides an automated solution. The Iconixx ICM platform empowers CFOs to harness their compensation processes with flexibility and scalability in an easy-to-use, all-in-one solution.

ELIMINATE MANUAL CALCULATIONS

An automated solution overcomes the struggle with spreadsheets and creates modular, reusable elements for customizable hierarchies, rules, quotes and other factors. Moreover, the solution minimizes the risk of errors that comes with manual processes.

REPORTING AND ANALYTICS

A range of audiences – including the Board, investors, shareholders and business units – relies on the CFO for accurate and timely reports and analytics. An ICM solution is valuable in this regard – CFOs can rely on the standard templates, create ad hoc reports or 'drill in' using the many different analysis tools.

FORECASTING

An automated process gives CFOs enhanced insight into performance. The solution allows the CFO to design and review plans before they are implemented. The company may also test plans in a model environment before implementing the strategy.

INTEGRATE INTERNAL WORKFLOWS

The CFO and the finance department may lead the compensation process, but workflows also involve HR, management teams, operations, the executive team and field representatives. While a spreadsheet approach would keep these departments in their "silos", an automated solution would integrate the workflow on a common platform, providing access, alerts and visibility for all stakeholders.

ANALYZING PROFITABILITY

No matter where a CFO is looking, he or she keeps one eye on the revenue stream. If the compensation strategy is effective, those revenues will grow. But are those additional revenues actually increasing profitability, or is the "cost of new sales" cutting into your revenue-toprofit ratio? It's an important distinction that your Board of Directors and shareholders will want to understand. An automated solution can help you answer that question.

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