The New World of
SALES COMPENSATION

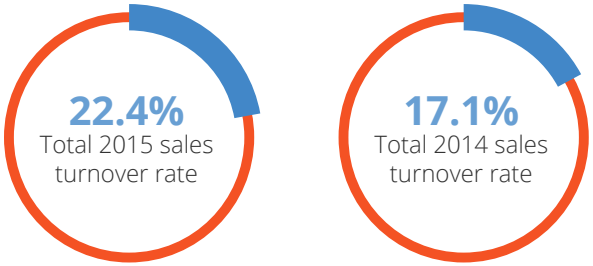
Set your team free to eat the competition alive

IF YOU THINK IT'S JUST ABOUT PAYING COMMISSIONS ACCURATELY AND ON TIME, YOU'VE ALREADY LOST THE GAME

The days are long gone when simply making commission payments accurately and on time was all it took to keep a sales team happy and ready to return to battle day after day, sales cycle after sales cycle. Today, it's a whole new ball game in a whole lot of ways.

Consider the impact that just these five factors have in deciding how you should feed and nourish the sales beast in today's world:

1. **Increasing turnover**[1]



2. **Differing expectations** among salespeople in the multigenerational workforce
3. **Increasingly complex commission plans** for increasingly complex marketing strategies
4. **Growing demands on compensation leaders** to play a more strategic role in planning and reaching business goals
5. **Continuously new psychological insight** into what keeps the sales beast in the game

Sure, you can argue that those trends have more to do with sales performance management (SPM) than with your compensation management plan or how you implement it.

But when it comes to sales team turnover, engagement of your sales staff, and the attitudes and behaviors of millennials who are selling for you, it's all about visualizing success first. That means making sure they have a clear understanding of their commission goals and never thinking twice that a check will be inaccurate or delayed.

SO, HOW CAN YOU KEEP YOUR SALES BEAST NOURISHED AND SET FREE TO TRAMPLE THE COMPETITION — WHILE KEEPING IT FROM WANDERING?

Iconixx believes that to nourish the beast, free the beast inside every sales person, and be sure the beast returns home after every hunt, you need a compensation system that fulfills **five critical needs:**

- **Automation**
- **Transparency**
- **Flexibility**
- **Accuracy**
- **Dependability**

Because at the end of the day, you need to do more than get commissions right every time. You need a system and processes that create dependable commission experiences over and over again. It's the only way to prove that you care about each person on the team, establish trust among sales members, sustain performance excellence, and present a bright future for the organization and each salesperson.

1 AUTOMATION

IT GOES BEYOND BEING COMPETITIVE

Good sales compensation plans are straightforward, fair, and simple at the individual level. But even the best plans can become difficult to maintain when kept in manual systems (such as spreadsheets) or when you try to scale them to meet the needs of a larger sales team.

And of course, you expect — or at least hope — your sales team will grow. According to the 2016 Sales Compensation Trends Survey© from Alexander Group, sales leaders expect sales revenue to grow a robust 9 percent in 2016 and staffing to grow in nearly half of the 152 sales departments surveyed.

But remember what we said previously: The good news of those increases is exacerbated and made more challenging by the bad news of continually rising turnover. Automating sales compensation plans ensures that despite the constant ebb and flow of your sales team, calculations are always done efficiently and seamlessly.

To continually earn the trust and loyalty of the sales beast, you must overcome the struggles and limitations of homegrown, spreadsheet-based processes. That's because an automated sales compensation solution ensures:

- **Consistently accurate payment of commissions**
- **Measurably improved sales performance**
- **Lower administrative costs**
- **Real-time visibility into commission data for the sales team and executives**
- **Insight into the impact of commission adjustments**

You may not need it today. But you want to know your compensation management solution can manage thousands of sales compensation variables and millions of sales transactions with technology that expands as your company grows.

2 TRANSPARENCY

THEY'LL LEAVE YOU IF THEY DON'T TRUST YOU

Even the most straightforward sales compensation plan can create mistrust among the sales ranks when it's not clearly understood by every stakeholder in the process. When commission payouts are predictable and the logic behind them is deliberately apparent, everyone in the sales ecosystem is motivated to focus on the work that truly matters.

Need support for this theory? Steve W. Martin, a noted author and professor of sales strategy, identified "target fixation" and "control orientation" as the first two of seven attributes of the most effective sales leaders. High performing salespeople are driven by clear targets and deadlines. Writing in Harvard Business Review, Martin said that in personality testing, top sales managers scored significantly higher in areas of self-discipline, being success-driven, and being priority-focused than underperforming sales managers.

"As a result," Martin wrote, "they have the natural disposition to fixate their team on achieving their revenue goals at the exclusion of all else. They block out distractions and compartmentalize negative news that might sidetrack their team or cause their department to flounder. They keep their team focused and moving forward with a sense of urgency, regardless of the circumstances."

Sales managers who closely monitor and strictly enforce sales processes are more successful than those who don't, Martin says. That's being control-oriented.

The only way to get buy-in from sales managers and teams on clear, meaningful targets, deadlines, and processes is with an automated system that allows transparency for everyone involved.

2 TRANSPARENCY

"To be successful, any compensation plan must have a clear link between sales performance and sales rewards," says David Cichelli, senior vice president of Alexander Group. "The number one complaint from the field is that this link is either too hard to understand or missing altogether. The more complex the plan, the less likely salespeople are to recognize this link between performance and rewards."

The solution is having access to real-time data, reporting, and a work flow inbox, all in one place on an easy-to-use dashboard. Each participant in the sales ecosystem must be empowered with real-time visibility into the factors that impact payments.

3 FLEXIBILITY

MANAGING FOR OPTIMUM SALES MEANS NEVER FEARING EVEN THE MOST COMPLEX SALES PLANS

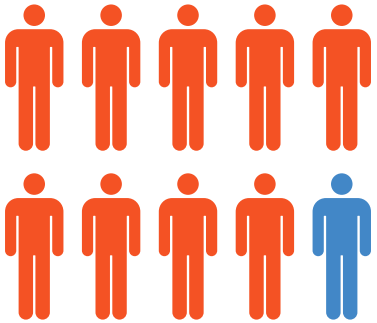
Sales compensation plans are like snowflakes — no two are the same. The right compensation plan for your company probably even differs among salespeople. Variable compensation plans combined with complex processes for calculations and approvals can lead to wasted time and money.

In a nutshell, flexibility translates into being able to deliver accurate forecasting, reporting, and analyzing, regardless of the idiosyncrasies of your compensation plan today or tomorrow. It demands capabilities for easily designing and reviewing plans before they're implemented. If you wait until after the changes are implemented, you run the risk of losing the trust of your sales beasts.

You need to be able to see the impact of any proposed changes in a model environment — before you release those changes out into the world and wonder what the impact will be.

This kind of flexibility in sales compensation management to feed and continually win the trust of the sales beast is increasingly important with the ever-increasing speed of change in how people work and how work gets done.

"A whole variety of factors have affected or changed work, and organizations are not keeping up with how people work," Josh Bersin, principal and founder of Bersin by Deloitte, said in an interview earlier this year with Bloomberg BNA.

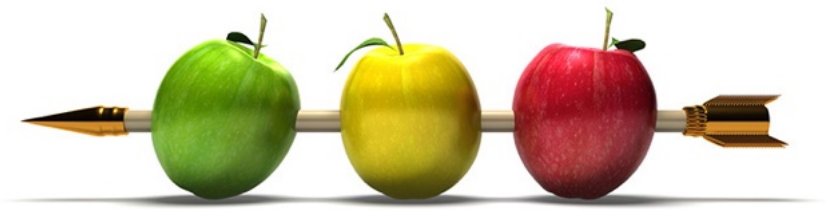


"9 in 10 ... left their employers, rather than moving laterally within their former company."

Maybe that's why your top sales beast will leave sooner than you think. The odds favor it. More than 9 in 10 respondents to a Gallup survey in October 2015 said that when they changed jobs, they left their employers, rather than moving laterally within their former company. Only 7 percent reported taking a new position within the same company.

4 ACCURACY

THE BEAST NEEDS TO KNOW YOU'LL GET IT RIGHT EVERY TIME



At the end of the day, accuracy is what it all boils down to. A single mistake in sales compensation (no matter how minor or innocent) can erode confidence in management. Salespeople are most effective when they can focus on their work knowing that the company always has their back on payday.

Automation, transparency, flexibility, and dependability in your sales compensation system are fruitless without accuracy. It's the one absolutely critical factor on which the other four hinge.

But maintaining the confidence of your salespeople is only the most visible reason for demanding accurate data. The risk of noncompliance is equally important, if not as obvious or top of mind. It's critical that a sales compensation system support the internal controls of an organization's CFO or other financial or accounting stakeholder.

Variable compensation is obviously an area that demands close attention to avoid. If finance doesn't have a strong grip on sales compensation, it risks having a material control weakness. Accuracy also means having the ability to integrate processes with overall auditing and reporting. It's one way of making it easy to manage Sarbanes-Oxley compliance, for example.

According to Gartner research, compensation that is managed manually — including with spreadsheet software — has an error rate of 3 to 8 percent. It could be even greater for larger companies. The only answer is automated compensation management.

5 DEPENDABILITY

YOU NEED TO DELIVER WHAT SUCCESSFUL SALESPEOPLE VISUALIZE

The best salespeople are a confident bunch who visualize success and make life plans based on their vision. To perform at their highest potential, they need to know that when hey succeed, they can depend on receiving exactly what they planned for.

If you need a quick refresher course on how to breed distrust from lack of dependability in commissions management, here are five common complaints, courtesy of the SalesBlog! author Chris Lott:

1. Compensation plans are built on a deal's profit, with no data to back up the commission number (or at least nothing that was presented to the commission salesperson).

2. A salesperson's sold dollar amount for a commission period is not even close to the accounting department's number and possibly not even close to the direct manager's numbers. This is assuming that the salesperson has the data needed to make this judgment.

3. Commissions are lost with no "communication chargebacks." In other words, someone else decided to undo or change a deal without the salesperson's knowledge.

4. Qualified payouts have ever-changing dates. While this is most likely documented, Lott says, many times the sales professional is left out of the communication loop.

5. "Oops! I forgot to pay that one. We'll pay out on the next commission date." The salesperson certainly must wonder how many others have been forgotten.

Dependability in the sales world also means continually supporting training and learning. Just as great sales managers offer their experience and practical knowledge to nourish less experienced salespeople, an automated compensation management system can be a font of data that sales managers and compensation leaders can use to help sales beasts clearly define their vision — and work toward achieving their near- and long-term goals.

5 DEPENDABILITY

On the other hand, error-prone and unwieldy spreadsheets are likely to result in undependable financial forecasting. The dangers here are obvious and many. They range from giving top performers a reason to walk out the door, to facing enormous expense shortfalls when incorrect commissions need to be restated or payouts exceed forecasts by inordinate amounts.

Dependability in sales compensation management requires:

- **Powerful, accessible reporting tools and automatic reporting**
- **Functionality to query and estimate, to be able to develop "what if" models with potential orders and pipeline information from CRM solutions**
- **The ability to align behavior to specific goals with short-term incentives, such as new-product launch bonuses and to create additional incentives for top-line revenue growth**

Dependability also means security. It's critical that your sales compensation solution have functionality to define the level at which each user can view, edit, update, and print data. It's all about maintaining the trust of the sales beast.

ICONIXX HERE TO UNLEASH THE SALES BEAST

Iconixx fulfills all five critical needs that support the sales beast to visualize and achieve success, while ending the headaches and heartburn of compensation leaders, who are set free to focus on improving compensation strategies and targeting business goals.

Automation

Iconixx automates the design and administration of sales compensation plans to eliminate the manual burden of calculating sales commissions in a group sales environment

Transparency

Iconixx makes sales compensation transparent by empowering all participants in the commission process with real-time visibility into the factors that impact payments.

Flexibility

Iconixx is flexible enough to automate even the most complex and varied sales compensation plans, leaving more time for the business of selling.

Accuracy

Iconixx helps sales compensation plan administrators avoid mistakes of all sizes and types, resulting in a focused, trusting, and loyal sales force.

Dependability

Iconixx helps create an environment of dependable sales compensation by taking the mystery out of commission plans and providing tools to model outcomes, so expectations are realistic.

Iconixx Sales™ transforms sales compensation and performance with a cloud-based, all-in-one software solution.

ABOUT ICONIXX

Within every sales professional is a primal, quota-crushing beast. If you're responsible for managing compensation, you are the beastmaster. The beastmaster has no time for tedious compensation routines using inferior tools like spreadsheets. The beast, meanwhile, cannot abide the irritation of manual commission reconciliations. No. The beast cares only for the hunt. Iconixx is a sales compensation solution that automates commission plans and eliminates sales downtime caused by trivial administration. So get Iconixx — and unleash the beast.

Iconixx is headquartered in Austin, Texas, and is online at **www.iconixx.com**.