

## **Case Study - Sales Incentive Automation.**

A look at how a rapidly growing organization, Portal Software, Inc., handled the challenge of sales incentive compensation management.

### **Challenge:**

Administer numerous, changing sales incentive compensation plans in a rapidly growing organization with more than 40 offices worldwide.

### **Strategy:**

Replace existing Excel spreadsheet system with a scalable software solution to manage incentive compensation program and tie employee objectives to company goals

### **Result:**

Implement leading-edge Enterprise Incentive Management (EIM) technology to automate and manage incentive compensation plans, communicate desired performance and results, and ensure accurate and timely commission payments.

### **Background on the Business Situation**

Portal Software, Inc. provides software to manage next-generation communications and e-services, enabling providers to rapidly deploy new services, define business models and bill their users. With a strong reliance on revenue growth, the success of Portal's incentive compensation management program directly affects the company's profitability.

Over the course of two years, the sales division increased from 55 employees to more than 300 in over 40 offices worldwide. This rapid expansion created requirements that Portal's newly outgrown compensation infrastructure could not handle. For example, the company needed to replace its existing home-grown spreadsheet system for managing incentive compensation, which wasted substantial time, financial and human resources to maintain. The software provider decided to implement a robust, scalable Enterprise Incentive Management (EIM) system to:

- Effectively implement compensation plans for a worldwide sales organization;
- Regularly communicate changing plan metrics, status and company goals;
- Establish a flexible, easy-to-manage way to align employee objectives with evolving company goals; and
- Increase motivation and performance to result in higher productivity and profitability.

## **Implementing Enterprise Incentive Management**

Portal realized the EIM solution they needed had to support a number of complex functions. For example, not only did Portal need a tool that would help:

- model new compensation plans,
- track activity (such as sales or performance)
- manage plan calculations, and
- quickly and accurately communicate incentive compensation plans to better serve its global sales organization,

Portal needed a modelling tool to forecast growth plans with sales plans, and anticipate costs and revenue per channel. Senior managers wanted the ability to consider plan options with the financial impact upfront, enabling them to make well-informed financial management decisions.

## **Overcoming Shadow Accounting**

Equally important to painting a clear financial picture for the company, the EIM solution that Portal implemented has enabled them to reduce the incidence of "shadow accounting" by the company's sales representatives on their individual compensation plans. When using the previous spreadsheet system, incentive compensation calculations were not always accurate, causing Portal employees to spend valuable time tracking their own commission payments to verify what they received. A formula-based calculation engine empowers Portal to ensure that these payments are consistently correct and provides direct, up-to-date access, eliminating the need for employees to double-check the numbers. Productivity increases as more time is spent selling and less time is spent on shadow accounting, generating greater sales and revenue.

"The EIM solution provides Portal with a reliable vehicle to communicate what is being paid, justify payments and minimize the time spent managing the incentive system, as well as the time between the completion of a sale and receipt of commissions, via easily managed web reports," said Remesh Sekar, senior director of worldwide sales for Portal Software. "This is something that our limited spreadsheet system could never do and to us, employee confidence in our incentive compensation system, and the resulting increased motivation and performance, are just as significant as any financial ROI measurement."

## **Driving Performance Beyond the Sales Force**

With the success of Portal's EIM implementation for its worldwide sales incentive compensation program, the company plans to expand the use of EIM to manage variable compensation programs in other areas of the company. Sekar advises companies looking to implement an EIM solution that a strong professional services and support team is equally as important as the quality of software. "Be sure your EIM vendor can meet the unique needs of your organization, and has the incentive compensation management expertise and technology to make each stage of development easy and manageable."

As a second phase of the project, Portal will broaden the scope of its EIM implementation to manage variable compensation plans among the professional services organization, executive team and several management positions on MBO bonus programs.

### **About the author**

Robert Conlin, Vice President of Product Marketing and Marketing Operations As director of product marketing at Incentive Systems, Robert Conlin oversees product positioning and marketing across all of Incentive Systems" product groups. Conlin has more than eleven years of extensive experience in product sales, positioning and marketing to Incentive Systems.

Prior to joining Incentive Systems, Conlin served as director of product marketing at Infinium Software. In this capacity, Conlin directed product launch campaigns, assisted in strategy and positioning for two major business unit launches and led the product marketing team in the creation of strategic marketing plans. In addition, Conlin also served as product strategy manager at Infinium and supervised the development of strategic messaging for the company's human resources product offerings. Conlin also held sales and marketing positions at Cort Directions, Myriad / OrCom Systems and Rock Springs Executive Conference Center.

Conlin received a bachelor's degree in resource management from Oregon State University in Corvallis. Conlin is accredited as a Professional in Human Resources by the Society for Human Resource Management

*Portal Software selected Incentive Systems, Inc., of Bedford, Massachusetts, as its total Enterprise Incentive Management solutions provider. For more information on Incentive Systems' EIM software, INCENTIVE ®, and services, visit [www.incentivesystems.com](http://www.incentivesystems.com).*