

Expanding the Capabilities of Enterprise Incentive Management

New uses for EIM software.

By Jason Weir

Organizations see enterprise incentive management (EIM) software as a huge success in terms of delivering tangible return on investment, process optimization and user satisfaction. In fact, more than 70 percent report a timeframe for return on initial investment into software and services to be between 12 and 16 months.

To date, the majority of these encouraging deployment results are based on tactical rather than strategic implementations. That is, organizations are leveraging EIM solutions for the purpose of automating a single, although extremely complex and costly, process — commission pay for sales. However, increasingly, customers are evaluating ways to extend the value of their EIM deployments beyond this core application.

Emerging trends in the EIM market are more strategic than tactical. They include:

- Broadening the scope of sales-focused applications.
- Extending the reach of EIM beyond the sales force to include and manage incentives for other departments.
- Coupling compensation planning software (base and variable pay plan design, budgeting and analytics), to create a more holistic solution.
- Integrating employee performance management solutions to execute more encompassing pay-for-performance initiatives.

Expanding Existing Sales-Focused Deployments

As companies move beyond pilot programs or conduct technology and project assessments, many realize significant and tangible return on investment. As a result, some are weighing the feasibility of adopting the relatively new but improving quota management and territory alignment capabilities offered by some EIM vendors.

Poorly set quotas can have a significant

impact on commission payouts, as well as a negative effect on employee motivation. Quota setting and management features available either as an add-on module to EIM software or as included functionality enables companies to better model and assess quota definitions across complex hierarchies and track and analyze performance on an ongoing basis.

Similarly, territory management represents a real challenge to large organizations. Poorly defined territories create a range of problems from both a revenue generation perspective and employee management issues. Poorly aligned territories can leave sales representatives unable to pursue all potential customers or spend too much time on limited potential accounts. In addition, morale can be affected if some employees feel they have been "dealt a bad hand." Territory alignment features in EIM software enable companies to design optimal regions by allowing experimentation with various models and project payouts and identifying high and low performing territories and offering ongoing analysis capabilities.

Increasing the EIM Footprint

As current pay-for-performance trends gain traction, progressive companies are looking to EIM software to touch other non-sales departments and hope to replicate the success.

EIM software is a natural fit for any group whose performance can be measured on a per transaction basis. Some organizations have already deployed, or are in various stages of implementing, plans to motivate brokers, business partners and resellers, and technology alliances. While this extended solution can be complex, especially with compliance issues surrounding industries such as insurance, it is seen as a stepping stone by many customers.

Another way organizations are extending the reach of EIM is through the integration

Employee Performance Management Vendors

Pure-Play EIM Solution Providers

Advanced Information Management (AIM)
AIM Human Capital Management Suite
Aimworld.com

Callidus Software - Callidus TrueComp
Callidussoftware.com

Centive Incentive Systems - Centive/EIM
Centive.com

Motiva - Motiva 9
Motiva.com

Synggy - Synggy EIM
Synggy.com

Enterprise Suite Vendors Offering EIM Functionality

Oracle - Oracle Incentive Compensation
Oracle.com

PeopleSoft - Sales Incentive Management
Peoplesoft.com

SAP - Incentive Compensation Management
Sap.com

Siebel - Incentive Compensation
Sieble.com

Compensation Planning and Management

Advanced Information Management (AIM)
AIM Human Capital Management Suite
Aimworld.com

Kadiri - Kadiri TotalComp
Kadiri.com

Workscope - Compensation Planner
Workscope.com

of systems designed to motivate employees and teams whose performance are not as readily measured by the transaction. Currently, several EIM software providers have

continued on page 27

continued from page 24

partnered with non-cash, or cash-equivalent, reward and recognition vendors to offer a combined incentive solution. The idea is that companies can design contests, clubs (President's Club, Gold Circle or other achievement group), or accumulated value programs for departments that are not directly involved with the sale of product.

Integrated Compensation Planning

The largest combined budget item for large organizations is incentives, variable pay plans and base pay. While many companies have deployed EIM and compensation planning software separately, there is an increasing interest, especially among visionary or extremely cost-conscious CFOs, to have a system that enables better planning, optimizing and tracking of that budget. Currently, however, the availability of a single-vendor solution for this integrated solution is limited and the lion's share of deployments will be highly customized, at least for the foreseeable future.

Centralized Performance Management, Incentive Management

"It is our people that make the difference," is what we hear from many organizations. The trouble is that truly assessing, developing, motivating and rewarding those people in large organizations is tougher than reiterating that mantra. Leading organizations are currently leveraging employee performance management software, or custom-built systems, for appraisal automation, goal setting and tracking and learning/career development.

With pay-for-performance models being adopted by organizations, one trend that is emerging is coupling the processes involved with employee and team performance with incentive management. As pointed out earlier, the majority of roles in an organization are not "transactionally" measurable. However, goal attainment, progression, learning and development are transactional in nature.

While this integrated solution is not yet

truly enterprise-wide, some EIM software vendors currently offer sales-focused performance management capabilities, including goal setting and tracking, performance appraisal automation, competency management and learning development, which augment the functionality for managing sales team incentive plans.

Conclusion

In short, most adopting organizations are still deploying EIM software in order to automate and reduce the administrative costs associated with the sales commission pay process. However, current and prospective customers are looking at the solution in more strategic ways, including integrating it with compensation planning software, applying it to other, non-sales departments and channels and coupling EIM with employee performance management to create a more holistic pay-for-performance initiative. ■

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