# Saving by switching to a Sales Performance Management System

**Time, resources and money are in short supply, and without a proper sales management system, companies can end up wasting all three.** Switching to a Sales Performance Management System can fast-track a business to greater efficiency, higher accuracy and improved productivity.

## 1 Monetize the SPM Cost & Deficiencies

### COMMISSION OVERPAYMENT

One Gartner estimate says manually operated systems can create a **3% – 8% error rate in overpayment.**

### PLAN ADMINISTRATION COSTS

Companies spend an average of **$1,500 per year** with a manual system in administration costs on each articipant.

### EXCESSIVE SALES PERSONNEL TURNOVER



With payments late and workers frustrated, the sales personnel turnover rate can become undesirable. Leading research companies estimate the cost of hiring a new employee for **replacement purposes can cost 1.5 times their base salary**.

### INCREASED SALES REVENUE & GROSS MARGIN

Sales performance management systems help with insights from real time data to develop **compensation plans that are tied to higher gross margin** products and services.

### PAYMENT DISPUTES

Lost selling time spent addressing inaccurate payments made by spreadsheet-based or legacy SPM systems results in **unrealized revenue.**

### SHADOW ACCOUNTING COSTS

Sales personnel spend 8 to 24 hours a month verifying the accuracy of commission payments. The process, known as Shadow Accounting, hits companies' wallets in the form of **wasted time and lost sales opportunities.**

## 2 Estimate the Total Cost of Ownership

### THE TOTAL COST OF OWNERSHIP (TCO) OF A NEW SYSTEM MUST BE ESTIMATED BEFORE AN ROI CAN BE FIGURED.



It is important to calculate **onetime costs and reoccurring costs** when calculating the TCO.

TCO = PURCHASE COSTS + PRESENT VALUE OF OPERATING + TRAINING + MAINTENANCE + WAREHOUSING/DISTRIBUTION + ENVIRONMENTAL - SALVAGE VALUE

## 3 Calculate the ROI

### CREATE AN ROI SPREADSHEET

$$\text{ROI} = \frac{\text{(GAIN FROM INVESTMENT - COST OF INVESTMENT)}}{\text{COST OF INVESTMENT}}$$

When figuring the Return on Investment, you will want to **consider the money saved** for each cost identified in Step 1.

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Calculate your ROI now

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