How Automation and Incentive Compensation Management

DRIVES COST REDUCTION

ICM solutions reduce costs by eliminating compensation errors and overpayments, enhancing audit trails and streamlining administrative processes. Incentive compensation, bonuses and merit raises often make up a considerable portion of any organizational budget. While actual payments are usually the largest portion, administrative costs are also significant and may be hidden or soft-costs as well and should be taken into consideration.

Managing incentive-based compensation requires organizations to perform the following tasks:

Calculation of Payments

Auditing Payment Accuracy

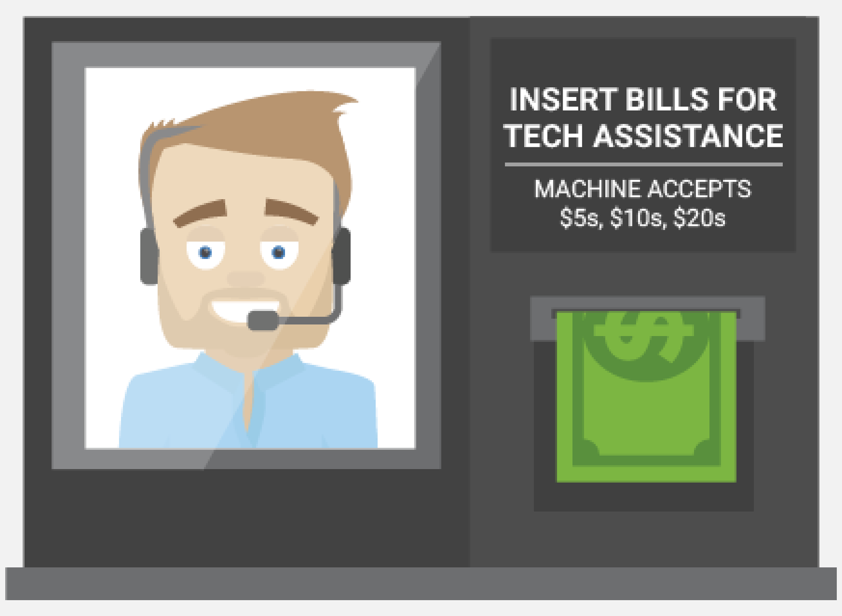
Handling Inquiries & Adjusting Appeals

Integrating Test Plan Changes

Modeling New & Improved Plans

Evaluating Plan Effectiveness & Performance

It may not be obvious, but it should quickly become clear that the costs go far beyond just the payments. Other essential considerations include:

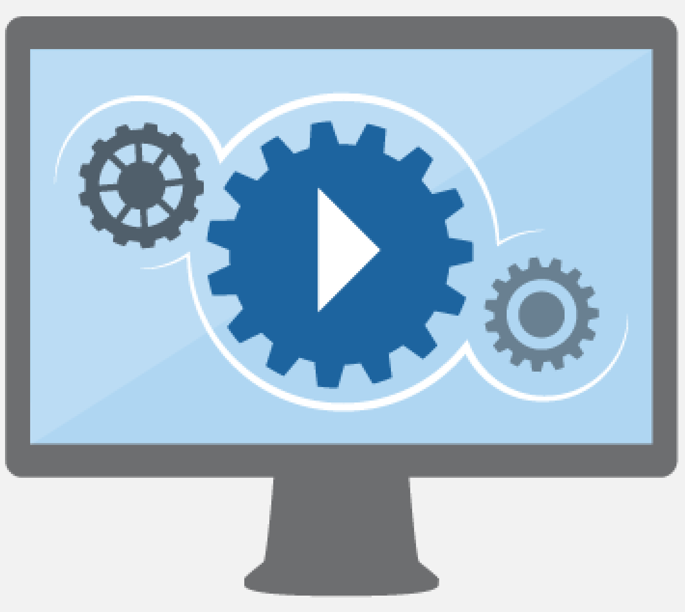


Homegrown systems, ongoing upgrades and other enhancements **can create an unhealthy dependence on IT support, which also consumes ICM dollars.**

They also must be nimble or it can take weeks or month to effectuate plan changes.

Organizations that have not adopted an ICM tool **regularly incur significant costs from errors and overpayments.**

These are rarely reported to the company, meaning those funds are lost forever.



Newer ICM solutions automate and streamline processes **so companies spend less on staff to keep the system running.**

New solutions also reduce the costs of outside auditors as improved accuracy and clearer trails reduce audit-driven inquiries into payment practices.

ICM OFFERS GREATER ACCURACY.

This advantage is arguably the low-hanging fruit of ICM benefits—the savings are realized almost immediately through the elimination of errors and overpayments.

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