

Automating incentive calculations is easy!

Let us explain. For organizations that want to automate their incentive and compensation management (ICM), there are dozens of fantastic solutions in the marketplace, with a raft of capabilities and automations. When we say automating incentives is “easy,” we mean there is a wide range of solutions, for nearly every business scenario, that provide businesses with many options and alternatives to meet every need and budget.

The hard part?

Everything that needs to happen before your ICM automation.

The team at ZINKT has tackled many aspects of automating business processes for customers across the globe, but nothing compares to the challenges of implementing an automated incentive and compensation solution to get the results you expect. And it's not the automated ICM solution that makes things challenging. **Making sure your data and business processes are ready for automation is the hard part.**

Simply put, if you haven't prepared your revenue data, if you haven't aligned your sales, billing, operations, and finance processes, then you haven't done the essential preparations and **your ICM solution might not give you the results or the accuracy you expect.**

Automated. Mostly.

Implementing a fully automated incentive system is a proven and effective driver of revenue growth. A well-implemented ICM solution can ensure an organization's sales teams are aligned and focused on the right objectives, that they are “rowing in the same direction,” and it will most certainly result in better sales, higher revenue, and improved margins. But many organizations, even after automation, discover they still require off-line, data reconciliation, dispute/exception tracking, and manual calculations to prepare their data for the incentive system. Apart from taking considerable time and human resources each month or quarter, **manual calculations come with the risk of error and miscalculation.**

Money makes people funny.

When incentive payments go wrong, it can have disastrous and systemic consequences. Reduced morale, reduced productivity, lack of ownership and engagement are among the first effects. More seriously, the breakdown of trust and interdepartmental relationships can soon lead to attrition and operational dysfunction.



But how do they go wrong? Given how important accurate payments are to the organization and its' growth, how can they fail? Common explanations are "system errors," "process hiccups," or "bad data." Whether those reasons are real or not, none of them address the broader, negative impact processing wrong compensation data has on revenue control, business management, and employee morale. For employees, **it's not "bad data," it's "my paycheck is wrong! Again!"**

In search of the truth.

The other aspect of incentives is that many of the outputs are not just used to calculate an employees pay but it is also how you recognize their performance. The incentive data can be used for recognition programs like a president's club, managers performance and ultimately a whole organization's sales performance. Having true sales performance is critical to ensure the correct decisions are being made that impact your organization and someone's career.

No organization wants the nightmare of working with bad revenue data, nor do they want employees to question its transparency or honesty or its ability to pay the incentives and compensation promised.

So, how can organizations avoid this disastrous scenario?

An Insider's Secret: How to keep things from going sideways

It starts with a plan.

And by plan, we mean incentive plan. At ZINKT, we find one of the most complicated aspects of our clients' incentive management is the plan itself!

And, apart from managing many plans for many people in many parts of the business, most organizations have made matters more complicated by continually adding incremental components, accelerators, deflators, inflators, special rates, spiffs, and bonuses to accommodate edge-case scenarios, or new requests from the sales leaders.

This leads to overly complicated, difficult-to-manage, customized calculations, often with poor oversight or incomplete data.



Take a fresh approach.

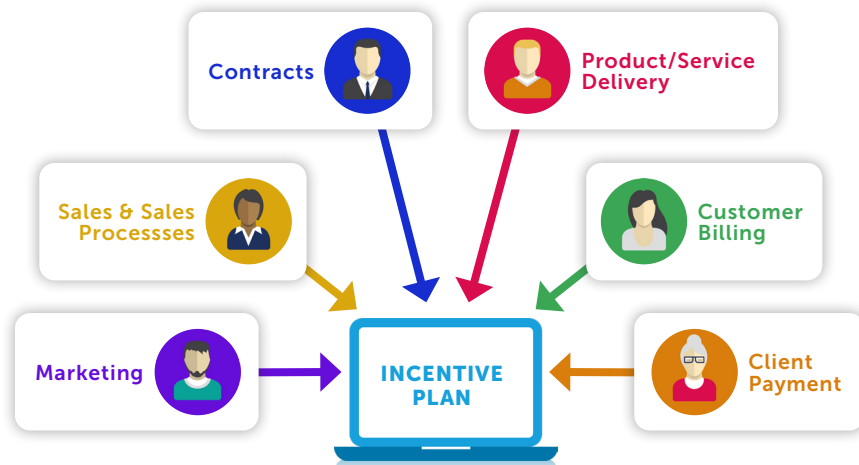
Here is our first piece of advice. When starting your ICM journey, before you start shopping for solutions and convening a working committee, **take a holistic view of your plans and streamline what you can.** Identify shared core components, look for synergies and similarities across your plans, and evaluate what's worked well and what hasn't. And then, **simplify.**

Just as importantly, **review and affirm the behaviors you are trying to incentivize,** and the results you are trying to achieve. This step, alone, can drastically reduce your exposure to risk and error, measurably cut your administration time, and it will increase transparency and trust with employees.

STEP 1

Your incentive plan is the beating heart of your revenue operations!

It is amazing how many incentive plans stop with the deal being "sold," when this step does not guarantee anything for the business. It is more important that you ensure what has been sold has also been delivered, invoiced, and paid. Your incentive plan should be tied to what is actually invoiced. When "delivered" and "paid" are included in your incentive plan calculation, you can be certain the plan is focusing your sales teams on the right activities that bring the right business for your organization. Without these two components, you are most likely incentivizing the wrong behaviors.



This step effectively ties your incentive plan to your revenue. And when your sales team's money is directly related to revenue, the magic really starts to happen.

By doing this, when you get the right incentive solution in place, you will have greater visibility of your revenue at each step of your revenue operations process. Upstream and downstream, you will have greater control and clarity, along with the ability to reconcile sales/revenue discrepancies, pinpoint leakages, and drive real sales performance!

STEP 2

Connecting the dots

The next and crucial step is to give each stakeholder access to key data in your revenue process within the system you want them to stay in: Salesforce.

It would be inappropriate to expect your leaders to hold their teams accountable if finding and analyzing key business data requires them to jump between different systems and applications to find information they need to drive performance. By operating within one platform (Salesforce), and bringing any external data points into that platform, you will be able to visualize that full revenue journey in the system your employees work in. And having all your data in one place facilitates better operations, better analytics, and optimizations, and it ensures **your entire organization will be working from one set – the same set – of revenue data.**

This is transformative. Imagine the impact of such a simple move. To be able to see what you actually sold, where it is in the contracting, billing, and payments processes, and all within Salesforce, is simply game-changing for anyone who is part of revenue operations: marketing, sales, sales operations, customer service, business operations, and, of course, finance!

STEP 3

Rules of Engagement

Imagine throwing a baseball and a bat into a playground and letting a bunch of kids start playing without laying out some ground rules first: chaos and most likely some casualties! They all know they need to hit some runs and they will get very creative, very quickly, to get a competitive advantage over their rivals and win at all costs.

We often see the same thing happening when it comes to incentive plans. Unclear, contradictory, or unevenly applied incentive rules/plans lead very quickly to organizational chaos and even some casualties!

Without clear, well-structured, and well-defined incentive rules and plans, **each salesperson, each manager, and each executive can find themselves with different interpretations of the rules, “gray areas”** and are often challenged and ill-equipped to mediate their conflicts.



**Rules of Engagement:
Scenarios to Consider**

New Employees

When a new team member joins the organization, have a set path for their induction, ramp period, account and opportunity allocations, leads and territory assignment. Determine if everyone's incentive plan begins at the same time or if there will be exceptions. Evaluate and determine if territories/records are being assigned fairly or if some sellers have more warm leads or gifting deals than others – ultimately who decides this and how is it administered?

Employee Transfers

When employees change roles, give consideration as to what rules will apply to them. For example, like New Employees, will they inherit a pipeline rich with well-worked opportunities and a lead pool full of big fish, or are they inheriting a dead duck. Make decisions not only about fair distribution, but also what incentive components make sense with that decision.

Terminated Employees

As sellers leave your organization, consider how their Salesforce records, and impacted incentive results should be handled: distributed fairly, worked by the manager, or simply left as inactive? Whatever rules you determine, there needs to be a process in place so the records can be reallocated fairly and can be actioned by the right person within a timely manner.

This lack of clarity and transparency not only leads to trust issues across the organization, but it also means that **the incentive plans are probably not doing what they were intended to do** and that payouts could be happening prematurely and inaccurately, a negative impact on your business that leads all the way to your bottom line.

Having a robust incentive plan to your **Rules of Engagement ensures your incentive plans motivate the right behaviors** and that your organization knows what those behaviors are. It is essential to ensure your teams feel they have a fair and level playing field with little room for artistic interpretation.



Over time you should expect to add to your **Rules**, as economics change, products evolve, and new organizational priorities arise. After 152 years, the Major League Baseball rule book has grown to 250 pages! How many selling rules does your incentive plan have?

STEP 4

Automate, Automate, Automate

With all key data now within Salesforce, and with your newly minted **Rules of Engagement** in place, you can begin your automation. This is also where your guardrails, validation, and governance rules really come into play. At this step, it is essential that you lock down the systems in play as much as possible to ensure that all "self-reported" information is removed.



**Rules of Engagement:
Scenarios to Consider**

New Accounts

A frequent point of contention in most businesses is what defines a new account? Ask your sellers this question and may get a lot of different answers. For example, what if a business is relocating, does that make it new because it's now in a new address? Or what if it has been acquired by a new entity? Does that make it a new account because it has a new "owner?" If an account has been reclassified as a national account: is a new business credit accidentally given? What if an account extends their service to a new floor in the same building, has two addresses for the same property (Suite 6 and Suite 7): do these constitute new accounts? Regardless of the decisions you make, these decisions need to be made and they need to be incorporated into your **Rules of Engagement** and accommodated by your incentive plan.

Lost Accounts

When employees change roles, give consideration When an account is lost what rules are in place to account for this in your incentive plan & sales performance results? Make sure you consider and plan for accounts that never pay their bill, accounts that cancel, or accounts whose businesses closes. Think about what time frames are stated in your rules; is what is sold in month 1 and cancelled in month 3 still considered new business? These are inevitable events that need to be anticipated and accommodated by your incentive plan.

Indirect Crediting

This is often an overlooked scenario. Determining who can get credit, for what deal and when, sometimes goes beyond one individual. When more than one person is involved who decides who should get credit and why? Have the rules evolved to keep everyone happy or to do the right thing for your customers and business? It is very important to consider and plan for these occurrences, creating rules designed to smooth-out inter-departmental politics and remove the potential friction from the sales teams.

Having all your data inside Salesforce empowers you and your teams to control data better, perform deeper analytics, and it will help guarantee that the resulting outputs are robust and accurate. Accurate data is essential for downstream processes like incentive calculations. And with key data within Salesforce, you will also see how quickly automation streamlines and refines your revenue processes.

STEP 5 Revenue Officers

This is one of the more challenging steps. To keep your incentive processes objective and transparent, they really should be put in the hands of a centralized and independent governance team.

You need to do this for a few reasons.

First, the revenue journey should be a concern of the entire business, and the entire business needs to have visibility and focus on it, not just sales.

Secondly, and just as importantly, your incentive management needs to be seen operating without bias or external influence.

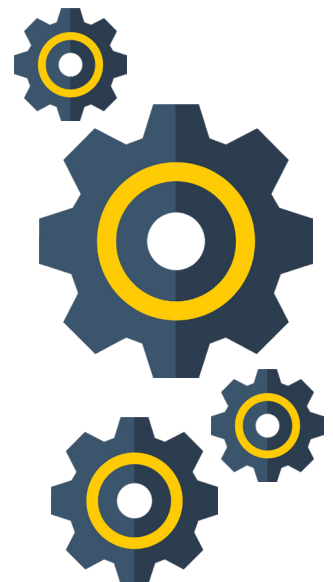
An effective way to accomplish this, without causing organizational friction, is to empower cross functional Revenue Officers (previously known as Incentive Admins or Compensation Managers, etc.) to bring the sales leadership together. By having your sales leadership collaborate and contribute to the **Rules of Engagement**, agreeing what they are, who will enforce them, and how, gives everyone a voice. And it's a great opportunity to work through any gray areas of your incentive plans and remove any local interpretations that may arise collaboratively.

In the same vein, it is also essential that this cross-functional team has the full commitment and support of the Executive leadership and that they are allowed to operate independently with their agreed upon set of rules. **Effective revenue and incentive management can only happen when an unbiased, consistent, data-driven approach is taken.**

STEP 6 Operating Rhythm

With the right plan in place, with accurate well-organized data flowing, and the **Rules of Engagement** firmly established and understood, you need an **Operating Schedule** for everyone to follow. For anyone that is involved in the incentive process, from the sellers to the payroll department, you need to set clear expectations, everyone knowing what key activities are happening on what key dates and why. Working back from your payroll dates, allocate enough time to complete each key step including any oversight or governance that might be required. Things to consider, for example, are "when do employee changes need to be submitted," "what is the last day for incentive queries," "when will you finalize the data for approvals," "when do approvals need to be completed," and "when is payroll file due?"

And when it is all in place, **avoid allowing exceptions to the schedule**, it will undermine your revenue officers, quickly become abused, and chaos and casualties will surely follow.



STEP 7

Change is inevitable

It is every Revenue Officer's anxiety to hear "a new plan is coming, and it needs to be implemented by month's end!" It's an unavoidable scenario but this news doesn't have to upend the business. Work with your incentive team when considering making plan changes and let them advise how it is best approached, what timelines might be required to build, test, and implement changes, and identify what elements of the new plan might propose administrative challenges. Just as the **Rules of Engagement** set expectations for incentive management, you should set expectations for how and when plans are changed or managed.

Your Revenue Officer is your BFF. By giving your Revenue Officers the right tools and elevating their profile within your organization, they will help you build a fantastic sales engine that governs, enforces, and accelerates sales performance. Your Revenue Officers will bridge gaps across your entire revenue operations, building plans, creating rules, identifying revenue leakages, resolving discrepancies, and ultimately driving better quality revenue data and improved business processes. They will become a pivotal role in your organization, driving greater value and impact in all your departments and you will finally be a lot closer to knowing the true performance of your RevOps process and sales team.

It's easy to take control of your Revenue Operations. ZINKT can help you.

We built the ZINKT app as the ultimate tool for Revenue Officers, enabling them to control, govern, and visualize their world. A native Salesforce app, ZINKT combines critical data points from across your organization to bring crucial visibility and oversight to your incentive and compensation processes, providing better data, better revenue, and greater control over revenue operations.

Want to see how ZINKT could transform your business?

Take advantage of our **FREE Revenue Operations Readiness Evaluation**. We'll thoroughly analyze your revenue data and processes and provide you with an independent, objective road map for better revenue operations and better business. It's free and without commitment.

And we're confident you will find it transformative!

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