



Best Practices Assessment

Sales Incentive & Commission Management

November 2011

The Sales Incentive & Commission Management Best Practices Self-Assessment is a high-level analysis tool designed to identify potential barriers to using sales compensation as a strategic tool for competitive advantage. Your responses to questions in three areas (People, Process, and Technology) can help reveal how well your company employs the best sales incentive & commission management practices of world-class sales organizations.

Answer each question using a 1-5 scale, where:

- 1 = We do not behave this way at all, or we don't know the answer to this question
 2 = We behave this way rarely (less than 25% of the time)
 3 = We behave this way somewhat (more than 25% but less than 75% of the time)
 4 = We behave this way fairly consistently (more than 75% of the time)
 5 = We behave this way virtually all the time (95% of more)

PEOPLE

	SCORE (1-5)
1. Our executive team views the use of incentive compensation as a strategic process responsible for contributing to competitive advantage.	
2. Our executive team views execution of the sales commissions process as one of strategic importance where we strive for best-in-class performance levels.	
3. Administration of the sales commissions process is efficient and does not consume a disproportionate amount of staff time.	
4. Our salespeople have trust in the output of the sales commissions process and do not squander valuable selling time double-checking the accuracy of their commissions' statement by reconciling payments with individually maintained, off-line, records.	
5. Our salespeople have access to timely feedback such as reports and dashboards that are dynamically refreshed with the latest sales and commissions activity that reinforce activities aligned with company goals.	
6. Our sales commissions process is scalable and has been designed to accommodate both growth and acquisitions.	
7. Our salespeople are provided tools which correlate action to reward through access to transaction level detail of credited sales and other commissions related information.	
8. Our salespeople consistently tie action with reward at a granular level through access to transaction level detail of credited sales and other commissions related information.	
9. Our administrators and analysts have a charter to continuously improve the sales compensation process.	
10. Our administrators and analysts have a commitment from management to allocate sufficient resources to follow through with suggested process improvements.	
11. Our administrators have sufficiently trained backup that ensures no single point of failure to the process due to an unexpected leave, promotion, etc.	
Subtotal for People Issues (55 = Perfect compliance with best practices)	

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Process

	SCORE (1-5)
Leadership	
1. Our sales compensation processes is an efficient, streamlined process that is the continuous focus of process and system improvement efforts.	
2. Key measures such as <i>cost of compensation</i> , <i>ratio of compensation to corporate performance</i> , and <i>total program cost</i> are used to provide management an indication of process effectiveness.	
3. Management has mid-year and year-end evaluations of plan effectiveness where it reviews potential mid-year design changes and audits payment accuracy.	
Strategic Alignment	
4. The connection between our sales strategy and our company strategy is well understood by our employees.	
5. Our sales and marketing professionals see the connection between what they do and the strategy of our company	
6. Sales goals are based on business objectives with metrics tying to key overall corporate goals and measures.	
7. Our executives consider input from all levels of the sales organization in formulating our company and sales compensation strategy.	
Culture	
8. Our sales organization has a clearly defined, well-understood set of values.	
9. The environment at our company is conducive to sharing ideas and best practices.	
10. Our company recognizes and rewards people who make significant improvements to our sales process	
Subtotal for Process Issues (50 = Perfect compliance with best practices)	

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TECHNOLOGY

Infrastructure	SCORE (1-5)
1. Our sales commissions systems support global needs such as role based access to process data, multiple languages and currencies.	
2. All the data used and created by our sales commissions process is managed from a secure, centrally managed database.	
3. All data in our sales commissions systems are backed up off-site to provide for disaster recovery in case it is ever needed.	
4. All systems supporting the sales compensation process are physically secure with access provided only after physical and network security checks.	
5. Uptime of our sales commissions system is guaranteed with data center class infrastructure including redundant power, environmental controls and internet access.	

Sarbanes-Oxley Compliance

6. Our sales commissions system is fully auditable with any changes to the system recorded identifying the person, date & time of the change.	
7. All approval related processes utilized in our sales commissions process are fully documented, auditable and Sarbanes-Oxley compliant.	
8. Our sales sytem allows our organization to estimate sales commissions expense in a manner that gives the CFO/treasurer full confidence in the accuracy of selling expense accruals.	

Communication

9. The reports generated for salepeople allow them to fully understand their performance results and resulting commissions payments.	
10. Our system provides near real-time reports and analysis to executives and sales managers so they can quickly see how the sales organization is performing and identify trends, issues and opportunities.	
11. Our current reporting system successfully stokes the competitive fire of our salespeople and motivates them to achieve better performance.	
12. Our system provides salespeople with reports that are delivered frequently during the pay cycle so they have the opportunity to adjust their focus and behaviors to positively affect an outcome.	
13. Our system allows us to calculate current period results on a trial basis and circulate those results to managers and payees for review and audit.	
14. Our salespeople can choose the most suitable method of communication that best matches their travel schedules and work habits (e-mail, web reports, paper, etc.).	
15. Our reporting systems are designed to maximize the productivity of our salespeople by providing clear summary information with self-service access to supporting transaction level detail.	

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Communication (cont.)

**SCORE
(1-5)**

16. Access to web reports is secured with contemporary network and database security protocols (user name, password, SSL encryption etc.)

17. Our sales commissions data is organized and archived to facilitate ad-hoc analytical investigation along dimensions such as customer, key account, sales channel, divisions / SBU / line-of-business, product line etc.

Calculation Platform

18. Performance results are generated for salespeople on a timely basis - not constrained by the cycle time of the calculation and/or reporting engine.

19. Our sales commissions system allows us to quickly and efficiently make changes to sales plans to keep pace with a constantly shifting environment.

20. Our administrators do not rely on IT to implement changes to their plans and can independently administer any changes required.

21. Our sales commissions system allows analysts to view the system at any point in the past or future. (Examples: view last years plans, results, transactions and organizational hierarchy, or plan for next years re-organization).

22. Our system provides us with the ability to make retroactive, prior period, adjustments to the system in the context of the organizational hierarchy and compensation plans that were in effect at the time of the original transaction and calculate the impact of that adjustment to all affected parties in the sales organization and roll that into the current period as an adjustment.

23. Our sales hierarchy is centrally managed and fully integrated with our sales commissions calculation engine.

24. Our sales commissions calculation engine includes the automated application of all business rules such as credit eligibility and corporate policies & procedures,

Subtotal for Technology Issues (120 = Perfect compliance with best practices)

Subtotal for People Issues (from page 2)

Subtotal for Process Issues (from page 3)

Grand Total (225 = Perfect compliance with best practices)

EVALUATING YOUR SCORE

1. Subtotal all of the scores for People, Process and Technology
2. Add the subtotals together into an overall score
3. Evaluate your score against Chart A. below
4. Plot the subtotals from step 1 on Chart B

Chart A

Total Points	Overall Assessment
191 - 225	Congratulations, your company represents a model example of an effective sales organization. Maintenance and continued improvement is key.
135 - 190	Your company practices are good, but they require improvement in areas in order to improve the productivity of your sales force.
67 - 134	You need to evaluate your sales commissions processes and systems and focus immediately on key problem areas.
0 - 66	You have an urgent need to create and execute an overall sales compensation development plan.

Chart B

