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Sales Performance Management Buyer's Guide

Step-by-step, from buy-in to implementation.

Sales Performance Management Buyer's Guide

Major changes are happening in the market – companies must adapt or get left behind. The need to be more strategic about how you motivate sellers and grow predictable revenue comes down to technology. Technical innovation increasingly helps enable sellers to focus on the opportunities and outcomes that matter most. It can be challenging though to find a technical solution that best fits a company's unique circumstances.

This guide provides an outline and best practices for those preparing to adopt a Sales Performance Management (SPM) solution using the experience of experts having designed, implemented, and managed these systems.

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Build a Business Case for Change:
Top 5 Factors to Consider

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1. Scope

SPM includes several applications such as compensation, quotas, territories, and other disciplines that impact sales management and enable revenue growth. The initial project scope should include those disciplines core to SPM: incentive compensation management, quota management, and territory management. However, the business case can be tactical, focused for example on incentive pay administration, or more transformative and targeted to impact multiple disciplines and technical categories. It's also important to include a roadmap with rough timelines or specific dates to consider, such as Sales Kick Off.

2. Pain Points

What are the issues to solve for? The most common issues are operational and stem from data, process, or system reliability. However, some issues tie to strategic initiatives, like mergers and acquisitions, new customer acquisition, sales employee engagement, and compliance and risk mitigation. The issues need to be specific for a targeted diagnosis and clear solution path. How does solving the issue promote revenue growth initiatives, or talent retention goals? Putting focus here elevates your business case but requires detailed analysis into the processes that support these objectives.

3. Success Criteria

What benefit will the SPM solution provide? Each issue you've identified should have a corresponding list of stakeholders, processes, and targeted outcomes, with an objective standard for success. For example, sales leadership wants commissions reported weekly with sufficient detail and without errors; the VP of HR wants monthly quota achievement data for each salesperson; the VP of Revenue Operations wants to better integrate the processes and tools used for sales planning. While very different in scope, these are all objective outcomes with a set of processes that need to be diagnosed to determine the root cause and technical implications.

4. Gap Analysis and Projected ROI

The assessment should compare current state to the ideal state as informed by the issue list and success criteria, and project a return on investment. What's the cost to close each gap? What's the return on this investment over a one-, three- and five-year period? How will we measure the benefit? Some benefits you can measure in dollar terms through people or service costs. Others require a measure of stakeholder sentiment, where success means, for example, an average score of 4.5 on a five-point scale.

Too often, multiple stakeholders understand the need for a SPM solution, but dismiss the initiative because of budget limitations, a narrow or poorly constructed needs assessment, or process changes thought to disrupt revenue growth initiatives and management autonomy. A strong business case sets the strategic vision and fact basis needed to move beyond the short-term concerns.

5. Technical Requirements

Technical requirements include enterprise-wide and departmental (e.g., revenue operations) specifications and preferences. Typically, the company's IT department represents the enterprise perspective while various users and technical team members help define the interoperability across various applications that support or require data from SPM.
Top technical priorities include system security and workload.

06 Set Up for Success:
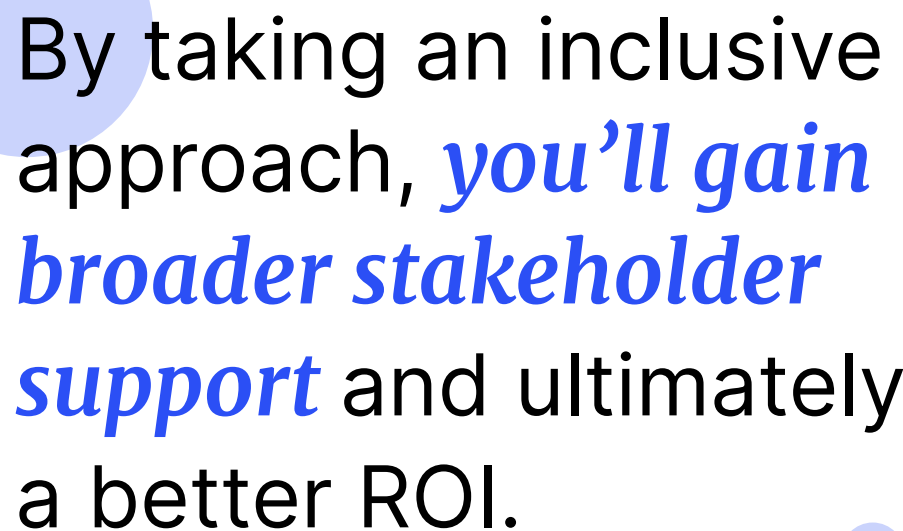## *Identify Your Cross-Functional Team*

The scope of the business case should clarify the functions, processes and outcomes impacted by the SPM solution. In all but narrowly defined solution initiatives, the SPM solution design approach should include a cross-functional team of stakeholders, and a program manager or project manager. Each team member should have a well-formed perspective and thoughtful contribution toward the business and technical requirements specific to their expertise.

A well-rounded team can include the following functions:

Revenue or Sales Operations

Sales Management

Customer Success

Human Resources

Corporate Compensation

Finance

Information Technology

Companies often outsource the program and project management roles to consultants when lacking the necessary internal capacity. Even if your internal project team includes people who have helped design an SPM solution in the past, there's benefit to using a credentialed consulting team, due to the relative complexity, specialized nature and technical capabilities associated with SPM applications.

While your team's composition should stay constant throughout the project, expect to shift individual roles and responsibilities as the solution's business and technical requirements evolve. A responsibility matrix, like RACI, helps avoid confusion and keeps your team focused and accountable. By taking an inclusive approach, you'll gain broader stakeholder support and ultimately, a better ROI.

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08 Time to Prioritize:
Nail Down Requirements

Business requirements should map to specific SPM capabilities and job functions. The sheer breadth and depth of SPM capabilities, along with the diverse requirements from multiple functional areas, means this step in the process requires a lot of time to ensure the SPM solution meets enough of the high-priority requirements.

Priorities stem from the business case vision and roadmap for SPM transformation and ROI. There are often contingencies for prioritizing a particular technical feature, like natural language processing, once the company exceeds a certain number of payees. Best practice takes a comprehensive view of the scope, and prioritizes specific requirements based on company growth over time.

> Business requirements *should map to specific SPM capabilities* and job functions.

09 Inform Your Decision:
Conduct Vendor Research

The SPM market is mature, relatively fragmented, and includes new applications designed for relatively small businesses. The options thin considerably when companies need more advanced features, like reporting and predictive analytics, incentive plan design workflow, territory and quota optimization, and forecasting. Beyond these functional requirements are considerations for your company's projected growth and go-to-market configuration. Some applications designed for small business can't scale to meet more-complex operating demands.

So, where do you begin? To define a long list of about 4-6 vendors, start with analyst reports and surveys from firms like Gartner, Forrester, Ventana, and Sales Management Association. Consulting firms like Deloitte, KMPG, and Accenture provide perspective, as do smaller, more specialized system integration firms. The goal is to profile each vendor in terms of company size, number of SPM customers, average number of payees per customer, and other characteristics for comparison. From this list, various team members should research select firms by reviewing each vendor's website and tapping into their network of people who have previously worked with the vendors.

10 See It In Action:
Book Demonstrations

While researching the long-list of vendors, it's likely some project team members will have seen a few online or conference-based demonstrations. These demos are helpful for understanding basic features and strengths of each application. And, like each firm's website, these brief demonstrations provide perspective on the company's brand, its people, and their capabilities.

However, to get true insight into the solution requires detailed demonstrations that use your company's data and day-in-life scenarios. Done right, vendor demonstrations require a lot of people, time, and coordination. For most companies it's not practical to engage with more than three vendors for detailed demonstrations, nor is it necessary with a thorough discovery and vetting process up to this point. The vetting might need to include a formal request for information and/or proposal, and careful review of each vendor's response. The RFI/RFP step can run parallel to the demonstrations.

How-To Prep for Demonstrations

» Document the high-priority business requirements and *4–6 use cases*, and vet these with the project team.

» Consolidate a representative data set and *list of incentive plans* that support the use cases.

» *Prepare an agenda*, with demo script to accompany the use cases, scenarios, plans and data, and *include time for Q&A* with the appropriate stakeholders and team members.

» Send the above information to each vendor with a commitment to review the information with them at *least three weeks prior* to the demonstration session.

» Schedule each demo with the project team for *one–half to a full day*, with additional time for a debrief after the sessions; also allow for follow-up discussions with multiple vendors to address any outstanding questions related to the demo.

» Provide a *scoring sheet* for your team to use during the demos. Ventana Research provides a comprehensive version through its Value Index. OpenSymmetry has a simpler version.

During the demo, focus on the vendor's ability to address the requirements in your demo script. Consider using a five-point scale and weight the scores based on each requirement's relative priority, and each team member's stake in a particular requirement.

SPM Solution Checklist Example

Rate each of the following from 1 (*not important*) to 5 (*critical*). [Download this checklist](#)

Vendor Characteristics	1: not important	2: minor importance	3: somewhat important	4: very important	5: critical
Industry specialization					
Size of install base					
Contract length					
Experience replacing current solution					
Customer satisfaction of implementation					
Customer realization of ROI					
Customer satisfaction of break-fix services					
Ease of adopting release updates					
Solution Capabilities					
Quota and crediting in different currencies					
Prior period adjustments					
Payee access to pay and performance data using mobile devices					
Integrated digital signature for plan distribution & acceptance					
Personal (payee-level) what-if scenario calculations					
Inquiry workflow and dispute resolution					
Mass communication / emails					
Plan design workflow					
Plan design scenario modeling					
Territory and quota planning					
Flexible hierarchies					
Advanced workflows with conditional work steps					
Data integration connectors					
Extract-Load-Transform (ELT) tools					
Payroll processor connectivity					
Built-in analytical capabilities to support plan effectiveness metrics & analysis					
Analytic tool integration					
Data insights using AI					

Note: Some experts suggest you request the vendor to demonstrate a feature not included in the script to illustrate the solution's flexibility. Consider whether such a scenario is realistic in your operating environment, and if the tactic could lead to disrupting an otherwise well-planned and executed session.

12 Get Real Insight:
Perform Reference Checks

There are two paths to gaining insight from the users and buyers of these systems: through the vendor, or through your team's network. The former carries some limitations in that vendors tend to avail only their most satisfied customers and might not provide customer contact information prior to contract negotiations. The latter approach should leverage the team's network and discussions from the earlier discovery process to assess general satisfaction of both the software and implementation process, and how the vendor works through difficult situations.

Using both paths, you'll want to understand how:

» A vendor's solution accommodates requirements like yours, including those thorny issues like multiple hierarchies, retroactive crediting adjustments, data transformation, and system connectivity.

» The project team resolved missed expectations.

» The company implemented the solution using the vendor's services team, a third party, and the company's resources.

Most vendors and implementation partners can provide a detailed questionnaire to use during these discussions.

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Example Survey for Current Customers of a Targeted Solution

Customer surveyed rates each of the following from 1 (*not pertinent*) to 5 (*major issue*)

Issue Experienced	1: not pertinent	2: somewhat pertinent	3: pertinent	4: very pertinent	5: major issue
Vendor relationship; ease of doing business					
Contract and/or cost issues					
Performance challenges					
Implementation significantly late and/or over budget					
Contracted features and/or capabilities not delivered					
Scale limitations: application not able to address incremental business requirements					
Reporting and forecasting capabilities inadequate and/or unreliable					
Application requires excessive administrative burden					

14 Balance Your Options:
Plan the Implementation

Prior to selecting a vendor, evaluate the benefits and tradeoffs of using a third-party for the software implementation. Some vendors provide options between third-party consulting firms and their own services team. Several IT consulting firms specialize in SPM solutions across multiple vendors. Your preference for the implementation approach could guide your software vendor decision.

The cost and time to implement a SPM solution varies based on the size and complexity of the build. Successful implementations tend to use a timeline built on relatively quick, incremental gains, as measured by specific applications, features and functions going online and in alignment with the solution vision and roadmap.

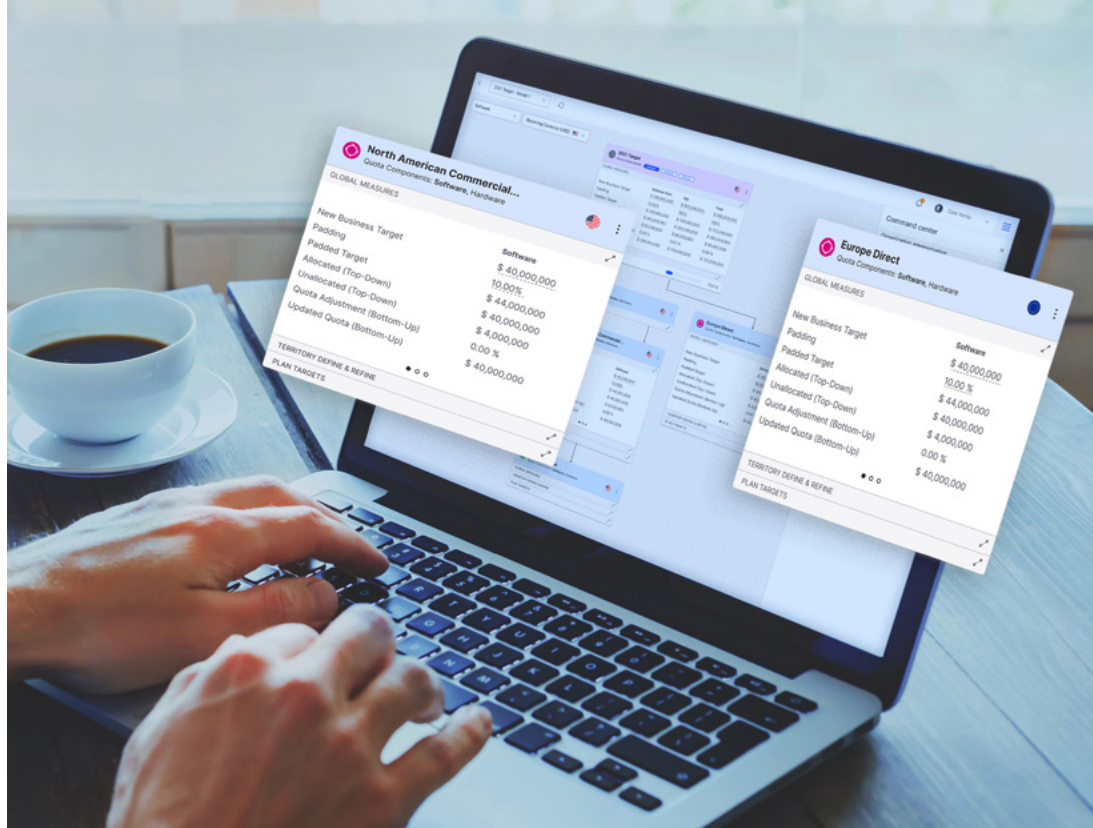**How Enterprise Companies Spend First Year Licensing Fees[1]**

1/2 spend up to
100%
on implementation

1/3 spend up to
100–150%
on implementation

2/3 recoup the SPM investment in
36 months

All Aboard:
Navigate a Successful Adoption

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Change can feel disruptive, and not everyone will embrace the new SPM solution. Ultimately, the new system leads to more efficient processes and effective outcomes. A detailed business case and subsequent planning information includes the process maps and people who influence and are impacted by these processes. During the implementation, it's critical to reengage with these stakeholders to clarify the benefits of and expectations for their engagement. While the emphasis is usually on payees and their managers to boost sales productivity and trust in the system, the implementation team should engage with all who will benefit from the system's data and enhanced reporting. Some companies create, promote, and monitor Slack channels tailored for specific user groups that include frequent tips and detailed Q&A threads.

Your ROI depends on people adopting the solution. Low stakeholder sentiment scores and sparce activity on your communication channels need to be addressed. Coordinate with your vendor's customer success team to help ensure full adoption; this includes initializing and maintaining the practices necessary for measuring ROI and satisfaction.

16 Find a Solution that Enables Your Team to *Maximize Revenue*

SPM solutions can range in scope between relatively simple payment calculators and dashboards, to sophisticated revenue planning and reporting systems used across multiple functions to drive strategic growth initiatives. You will benefit by taking a comprehensive view of the business case, stakeholder list, solution evaluation and vendor selection process, and solution implementation. Build and secure commitment for a diverse and engaged project team; leverage this team's experience and network. Your solution should be flexible and the approach forward-looking to address issues that come with company growth and increased operating complexity.

To learn more about Varicent SPM solutions that optimize revenue, drive growth and increase efficiency, visit varicent.com
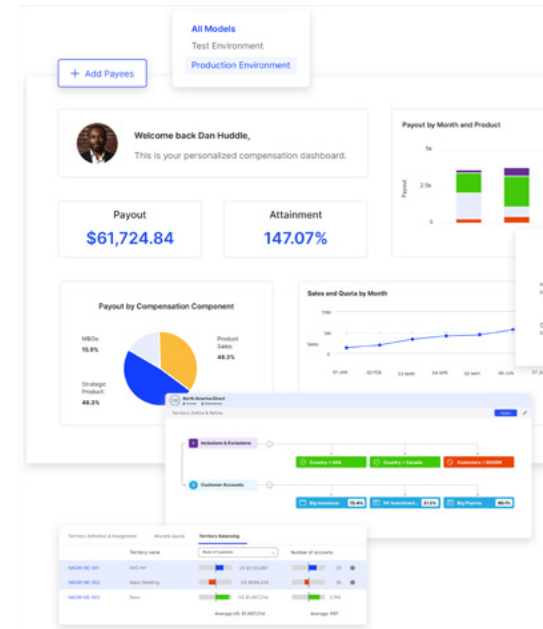
About Varicent™

Varicent is the leading provider of innovative Sales Performance Management software focused on helping organizations Plan, Operate, and Pay to drive sales performance and growth. With a full suite of solutions to assist in smarter territory and quota planning, efficient lead-to-revenue operations, and the fastest and most flexible way to pay sellers accurately and on-time. Varicent is the trusted SPM solution for customers worldwide. Varicent combines powerful SPM technology with its augmented intelligence-powered platform to enable customers to quickly and easily see and address sales trend, problem areas, and opportunities by predicting outcomes and prescribing actions to optimize revenue.

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1 "Research Report: Survey of Solution Providers in SPM and ICM," Sales Management Association, Feb. 8, 2022.