



Work Smarter, Not Harder:

Making the Case for Commission Automation

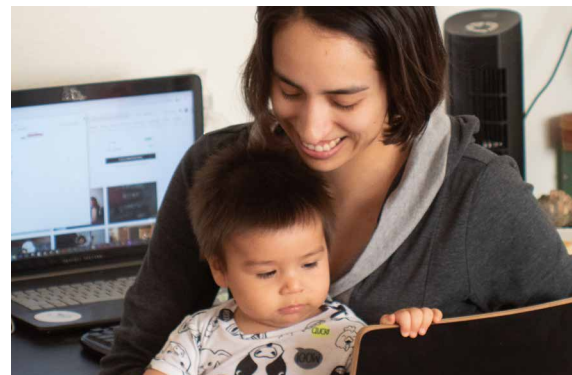
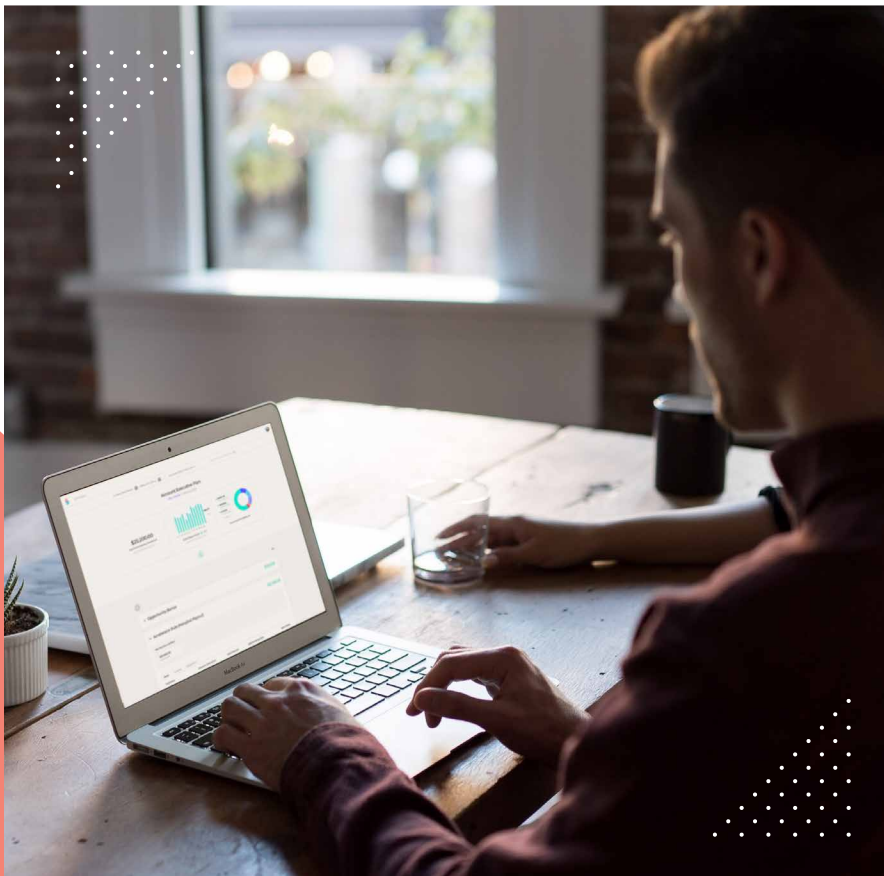




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Introduction

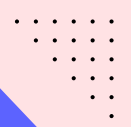
If you think about it, everything evolves over time and becomes better, whether we're talking about objects, concepts, or technology. Commission automation is no different. Years ago, companies came out with software to help automate the commissions process, but it hasn't ever been truly automated until recently (more about that in a bit though).

You probably remember a few years back when everyone had a Nokia cell phone. You may have even had one yourself. They were clunky, not very user-friendly, hard to send texts on, and had very limited internet capabilities. But this is all we knew at the time and it was certainly an upgrade from a home phone. If you wanted to make a phone call on a Nokia, you had to manually scroll through your contacts to find who you were looking to call. There were no voice commands. And let's say you wanted to text multiple people the same text message. There was no group text or copy/paste functionality, so you had to manually scroll through your phone yet again and text everyone individually using t9 text (i.e. clicking the 1 three times to get a "c"). This left a lot of room for human error and also made it easy to leave someone out accidentally. It was also very time consuming.

Nowadays the majority of people have a smartphone. Smartphones are what Nokia's and flip phones evolved into over the years. They're user-friendly and make it very easy to send out group texts and access the internet anywhere you are. If you have to send out the same message to multiple contacts all you have to do is send a group text message using the full keyboard. Smartphones make it easy to quickly relay the same message to multiple people within just a few screen taps. Because of the functionality of a smartphone, you're much less likely to have any typos in your messages or miss someone - much different from the clunky Nokia scenario.

You're probably wondering how this relates to commission automation, and rightfully so. The Nokia example above is comparable to using spreadsheets for commission management and a flip phone is comparable to using a legacy commission system or tool. The smartphone in this analogy is comparable to a truly automated commission automation platform. Imagine having something in place that could pave the way towards alignment between your sales and finance teams and could save both teams a lot of time, allowing them to focus on revenue-generating activities. The right sales commission automation platform will do this for you.



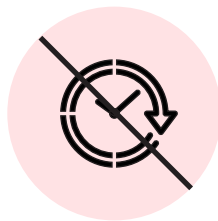
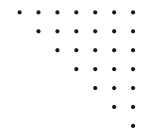


The Current State of Commissions

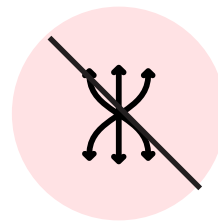
Many organizations are still relying on legacy systems and manual processes, such as spreadsheets, to manage commissions. Excel is cheap and easy to use and legacy systems have been implemented for years, so they

seem hard to rip out. But compensation planning using legacy systems and manual processes pose many challenges to businesses that drastically hurt the bottom line. Let's take a look at some of the top challenges below.

The Issues with Legacy Systems and Spreadsheets:



Not real-time



No flexibility



Lacks visibility and transparency



Prone to human error



It's Not Real-Time

If you're working with legacy systems or are using spreadsheets to manage your commissions, then the data gets stale very fast. Anytime an update is made to a commission calculation or if your compensation plans change, the data isn't updated for end users in real-time. This also means that sales reps don't have access to real-time data, so they have to rely on manual calculations or asking the finance team questions related to their statements. Not having access to their statements in real-time is a quick way to demotivate any sales team.

Sales commission automation platforms also collect data. That data creates an opportunity to further optimize your sales process. It can help identify areas for improvement and growth. If the data isn't available in real-time then chances are that decisions are being made using stale data.



Manual and Legacy Commission Systems Lack Flexibility

As businesses grow and change, so do their [sales compensation](#) plans. Spreadsheets are easy to update when you're a small business with not many sales reps, but imagine making frequent updates when you have hundreds of reps. This becomes more complicated when you're working with legacy systems or vendors who offer turnkey solutions. Turnkey solutions aren't flexible and you can't make any changes yourself. In order to make changes to your commission plans you need to set up time with the vendor, which takes time between getting on their calendar and them actually implementing the changes.





Outdated Commission Processes Offer No Visibility or Transparency

The challenge with legacy systems is that they lack visibility and transparency into the overall sales commission process and the calculations behind the numbers. This causes reps to go hunt down the calculations themselves, which drastically hurts productivity. And while Excel does provide the calculations behind the numbers by default, unless internal teams are familiar with complex formulas and code, you can't count on a spreadsheet to give full visibility and transparency into the overall commissions process. That's just not what it's built to do.

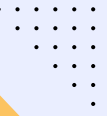


Prone to Human Error

Manual labor leaves a lot of room for human error. Human error causes distrust between the sales team and the entire organization. If reps can't trust that their commissions are being calculated correctly and have to spend countless hours reviewing each calculation, then their focus is taken away from selling. This not only hurts their bottom line, but the entire organization's. According to research, it costs \$115k to replace a sales rep ([source](#)). Miscalculating commissions leads to unhappy employees and high turnover rates, which is the leading cause of financial loss for companies.

This could also work the other way around too, as companies have reported overpaying their reps due to human error. That could add up to tens of thousands of dollars a year.





Working Harder, Not Smarter, Without Commission Automation

If you're using spreadsheets or legacy systems for commission management, chances are that's just the way things have been done for a while. It's easy because it's already in place and people understand how to use each respectively for calculating commissions. The team members who put these systems in place might not even work at the company any longer. But the fact of the matter is that this is not truly automating the commission management process and your teams are actually working harder because they don't have the right tools in place.

The problem with the current state of commission management is that it's comparable to an old, clunky Nokia or a flip phone, depending on how you're doing it. Both of these phones served their purpose back in the day, but bigger and better things came along over the years (i.e. smartphones), which significantly simplified how we communicate with others using phones.

This is a challenge because without a truly automated commission process, you run many risks. Let's take a look at the top four below.

Without True Commission Automation, You Run the Risk Of:



Decreased
productivity



Low morale



A divide
between sales
and finance
teams



Inhibited trust
between teams
and leadership
teams



Decreased Productivity

Going back to the Nokia and flip phone example, imagine you need to send a text message to six friends regarding dinner plans. This could take you up to 20 minutes to manually find each contact and type the text out six different times using t9 text. Think of all the time you could have saved if there was an easier, more automated way to communicate with each other. The same goes for commission automation.

If your commission automation isn't truly automated, it's comparable to texting multiple of your friends on an old cell phone. The time it takes to manually handle compensation management significantly decreases productivity. It takes the focus off of other critical areas of the business when your finance team is manually preparing statements on a regular basis and handling disputes and questions from the sales team. And the sales team has to spend time checking each calculation manually to ensure they're getting paid what they should, when in reality they should be focusing on selling. According to research from InsideSales.com, only 37% of a sales rep's time is spent selling ([source](#)).



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Low Morale

When your sales team associates errors in their commission statements with your finance team, this doesn't boost morale. And when your finance team feels that everything they're doing, as it relates to the sales commission process, is being scrutinized, this doesn't help morale either.



A Divide Between Sales and Finance Teams

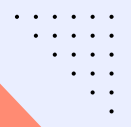
As a sales person, you rely on commission as your income. When there's a very big chance that your commission calculations are wrong and you're getting paid less than you should be for all the hard work you're putting in, that creates a big divide between sales and finance. According to research, 80% of Excel spreadsheets contain errors ([source](#)). With manual processes and legacy systems in place for commission management, it's inevitable that the alignment between sales and finance is non-existent.



Inhibited Trust Between Teams and Leadership

Team members don't outright tell their leadership team they don't trust them, yet according to SHRM, lack of trust is one of the underlying causes for decreased productivity and employee engagement. Oftentimes leadership doesn't even realize there's a lack of trust until a team member or team leader leaves the company ([source](#)). Lack of trust can be caused by not improving processes for your teams. Finance teams who are forced to manage commissions manually when solutions exist to increase productivity are not going to trust a leadership team who doesn't support implementing it. And sales teams who are being forced to spend more time reviewing their commission calculations when they could be selling aren't going to establish trust with the leadership team either.

Additionally, when mistakes in commission statements are made and a sales rep isn't paid what they're owed, they'll never be able to take their commissions at face value again. This destroys any and all trust a sales rep has with their company.

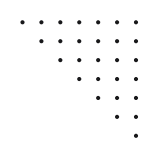


Smart Commissions: Making the Case for Commission Automation

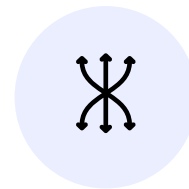
Though it's an investment, automating your commission process can solve the challenges we've outlined above and will eventually pay for itself. Manual commission

management really inhibits a company's ability to grow and scale. Let's take a deeper look at the benefits to commission automation below.

Benefits to Commission Automation:



Access to real-time data



Flexible and scalable



Provides visibility and transparency



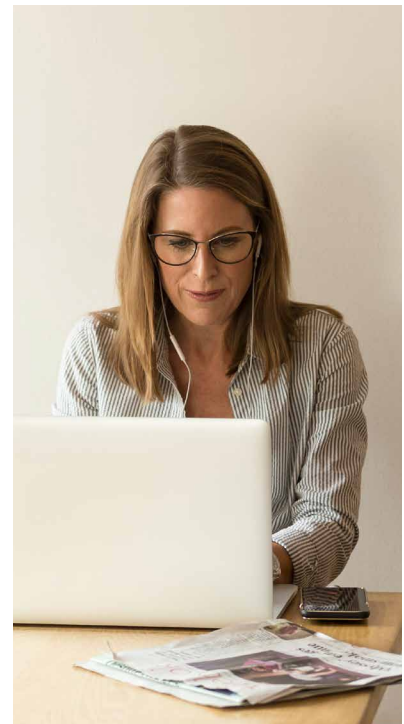
Easy to track, maintain, and keep accurate



Access to Real-Time Data

A sales commission automation platform will provide your sales team with real-time data. This includes everything from commission calculations and statements to changes in compensation plans. Access to real-time data benefits the entire organization since this data can be used to make better informed decisions and identify opportunities for improvement and growth. It can also help you visualize trends across plans, teams, and the entire company.

Having this data readily available motivates reps to see what they've earned and strive to earn more. It also gives sales managers the ability to motivate their teams based on where they stand to goal.



Flexible and Scalable

As we mentioned earlier, compensation plans change as companies grow. A smarter [commission software](#) allows you to easily make changes to plans with just a few clicks and scales as your organization grows. This means growth isn't limited by your existing systems inability to scale.





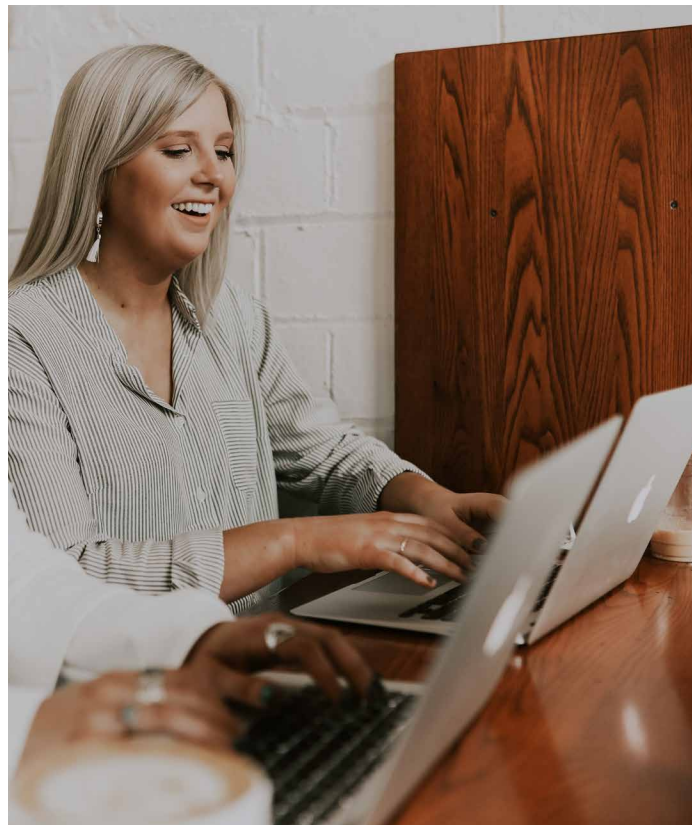
Provides Visibility and Transparency

Finance managers no longer have to spend countless hours manually pulling together and distributing commission statements since the data is available to sales reps and managers in real-time. This frees up a lot of their time to focus on other critical activities. Leading commission automation tools also provide the calculations behind the numbers so reps can trust the numbers they see. This keeps the focus on selling.



Easy to Track, Maintain, and Keep Accurate

Modern compensation software removes human error from the process, so teams know they can trust the data. And because you can seamlessly integrate a sales compensation platform with current systems, such as your CRM and ERP instances, you can ensure the data is accurate. It becomes the single source of truth , creating less friction between sales and finance teams.



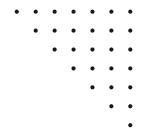


Working Smarter with Commission Automation

Switching from a clunky, manual process or from legacy systems to a more intelligent class of software gives your teams the tools to

work smarter, not harder. Let's take a look at a few of the benefits organizations reap from having an automated commissions process.

Commission Automation Can:



Increase productivity and time savings



Grow and scale with your organization



Improve motivation and alignment between sales and finance teams



Provide access to more actionable insights and customized reporting capabilities



Increase Productivity and Save Time

When your sales reps actually trust their commission statements, they're no longer spending time manually reviewing each calculation. They're also not bogging down your finance department with questions and disputes. And, should a rep have a question, they can now handle it directly within the commission platform.



Grow and Scale Your Sales Team at Your Pace

As companies grow, they naturally go through changes such as adding new territories, growing their team, and complete restructuring. The most critical thing is to have a commission automation platform in place that can grow and scale with these changes. If your organization is relying on manual processes or legacy systems, everytime you restructure the sales team, make territory changes, or revamp your commission plans, your ability to scale is now in the hands of another team or company and it becomes a waiting game.





Improve Motivation and Alignment Between Sales and Finance Teams

Access to real-time data coupled with accurate commission statements not only improves motivation, it keeps reps happy. When reps have access to real-time data at their fingertips, they know exactly how they stand for that particular month and quarter. This motivates them to continuously improve and hit their next target. And, a smarter commission software can drastically reduce human error, leading to more trust between sales and finance departments.



Access to More Actionable Insights and Customized Reporting

As we mentioned earlier, sales commission platforms provide real-time insights that help guide decision making and are used to identify areas of growth and improvement. Another benefit is the customized reporting functionality. This is incredibly important when it comes time for auditing (ASC 606, IFRS 15). The ability to create customized reports means finance teams no longer have to spend countless hours going through complicated commission spreadsheets. With just a few clicks a report can be populated instantly.

Customized reporting also comes in handy when other departments request reports, such as the legal team or the CFO. Different teams will want to see different types of reports and an automated sales commission platform is more than capable of providing this almost instantaneously.





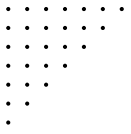
Final Thoughts About Commission Automation

We don't have to know you to realize that you would never switch back to a Nokia or a flip phone once you've owned a smartphone.

Smartphones make our lives much easier by allowing us to do almost anything from the palm of our hands. Imagine how much time we save on a daily basis solely communicating with people using a smartphone vs. a Nokia. Now think about this in context with commission automation. It's essentially the same thing. Why are you wasting time, energy, and resources on a flawed system when a much better alternative exists?

A smarter commission system has the power to keep employees motivated, happier, and more productive.





Choose Spiff, the Leading Commission Automation Platform

Spiff is a leading sales compensation platform that automates commission calculations and motivates teams to drive top-line growth. With a combination of an intuitive UI, real-time visibility, and seamless integrations into current systems, Spiff is the first choice among high-growth businesses. The platform enables finance and sales operations teams to self-manage complex incentive compensation plans and provides transparency for sales teams. See Spiff in action!

[Schedule your demo today](#)