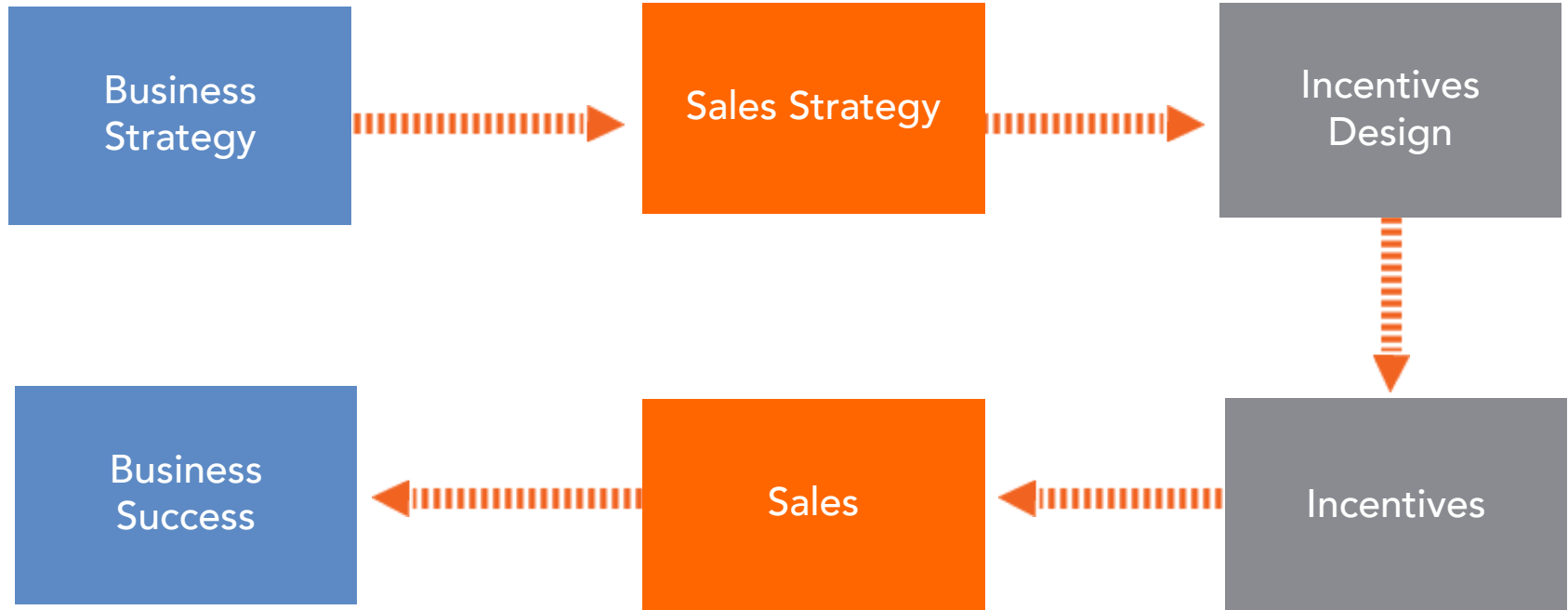


E-Reward Conference

Are You Getting What You Are Paying For?

3 November 2016





3 ...but are you getting what you are paying for?

- Are we paying the right people?
- Is payout aligned to our business goals/drivers?
- Are you actually driving the behaviour you want?

What does this mean to you?

- £100m generated in revenue
- 10-15% of this paid out in incentives
- £10-15m in incentives pay – what are you getting for this

Benefits of Getting It Right

7%

More Sales
Reps Making
Quota

37%

Quicker
Sales

2X

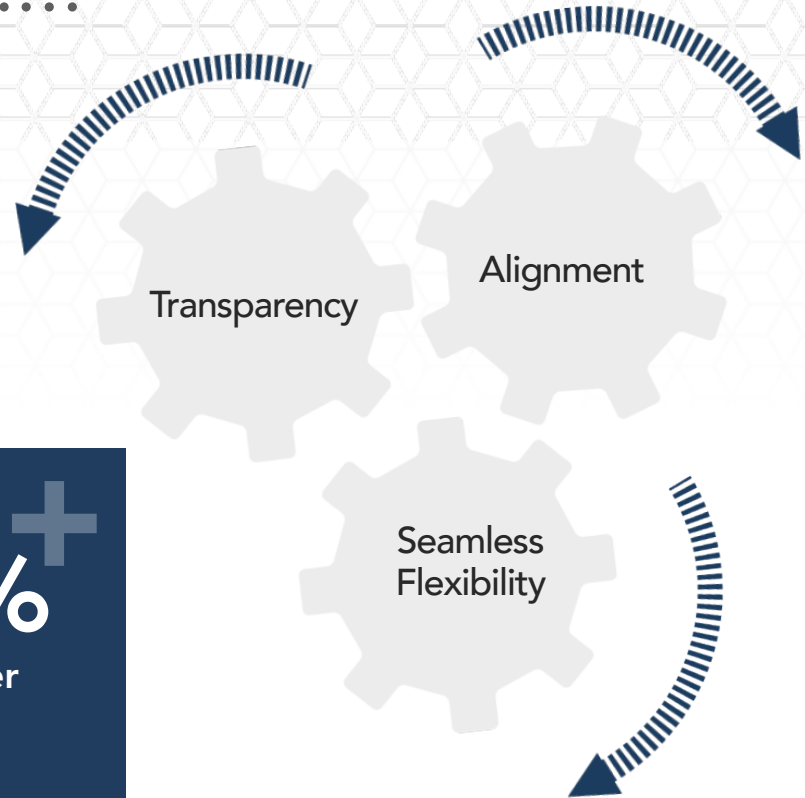
Faster
Growth

36%

Shorter Sales
Cycle

25%

Turnover
Rate



What Is the Challenge?

Design



- Driving Wrong Targets
- Too Complex/Lack of Direction
- Frequent Changes of Direction

Performance Definition



- Poor/Wrong Strategy
- Lack of Modelling
- Lack of Performance Data
- Poor Market Intelligence

Cost



- Cost of Plans
- Cost of Sale
- Negative Selling Behaviours
- Loss of Customers
- Talent Attrition

What Business Benefits Are You Looking For?

Emerging Business



- Sales Volume
- No. Opportunities
- Opportunity Conversion
- % Growth

Stabilizing Business



- Profit Margin
- Cost of Sale
- New Product Sales/Market Penetration
- Talent Retention

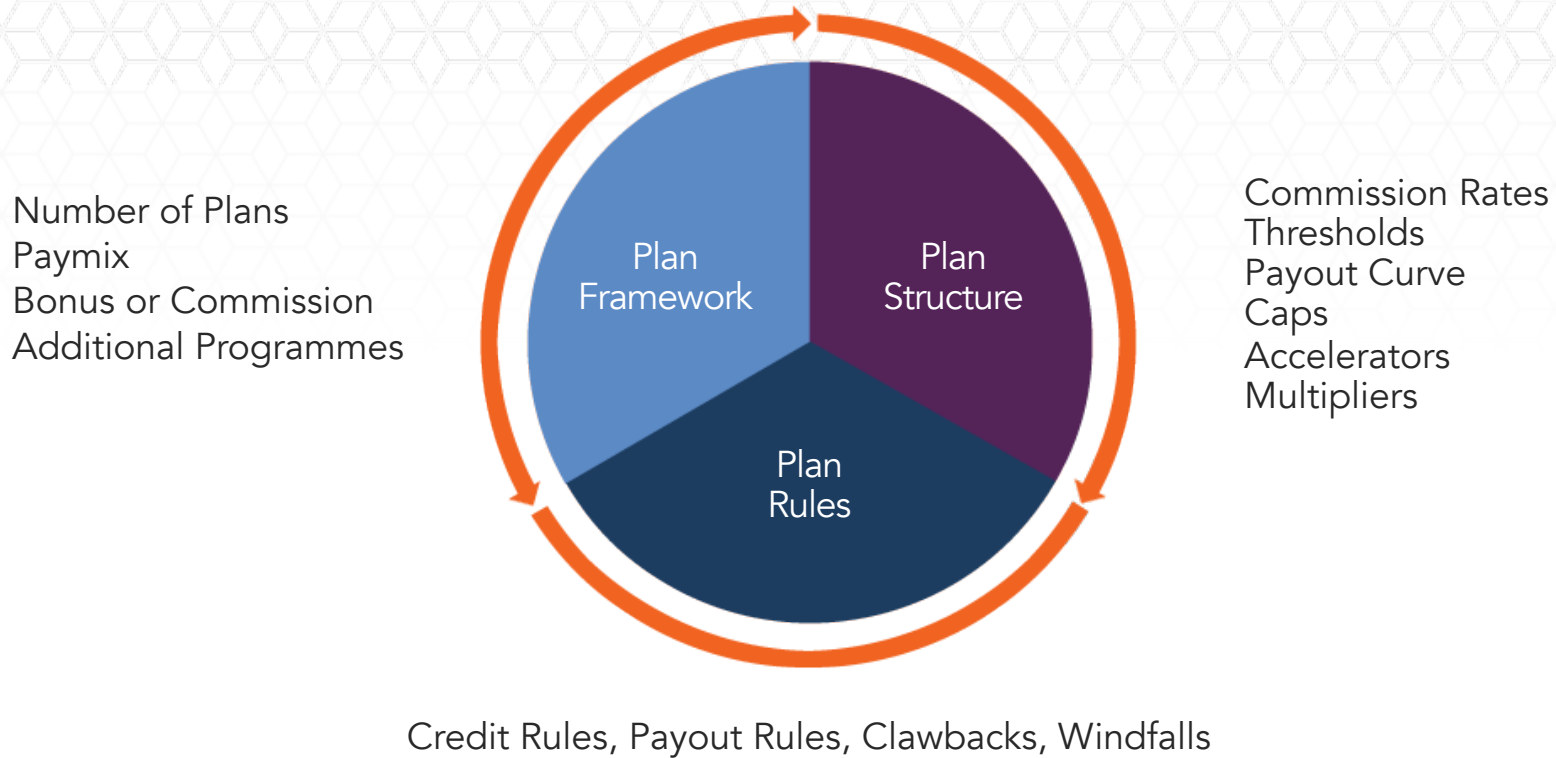
Mature Business



- Market Share
- New Market Expansion
- Customer Retention







ROI for Incentive Plans is driving the right behaviours to achieve business growth


How Design Can Drive Higher ROI









Paymix Guide	Level of Personal Persuasion	High	80:20	80:20	70:30	60:40	50:50	0:100
		Medium	90:10	90:10	80:20	70:30	70:30	60:40
		Low	Salary only or small bonus	Salary only or small bonus	90:10	80:20	80:20	70:30


Paymix – Getting It Right

		Scale		
		Low		High
Sales Environment	Length of Sales Cycle	Long		Short
	Customer Type	Existing		New
	Number of Accounts	Few		Many
	Channel	Indirect		Direct
	Product/Service Maturity	Established		New
	Culture	Conservative		Aggressive

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Paymix – Getting It Right

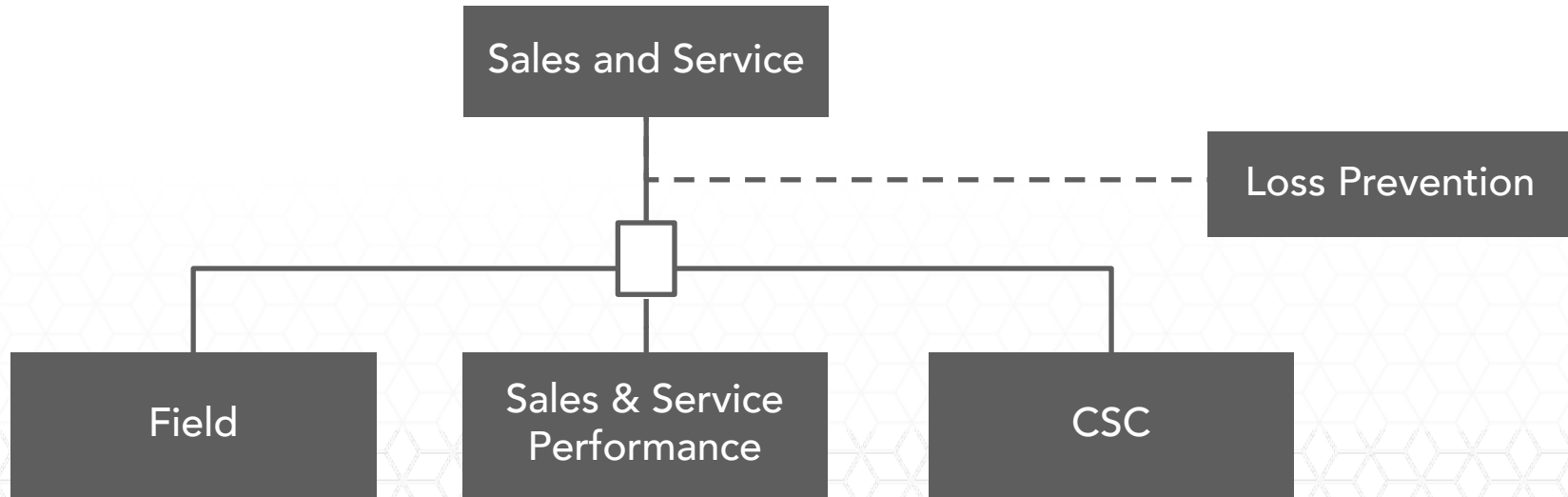
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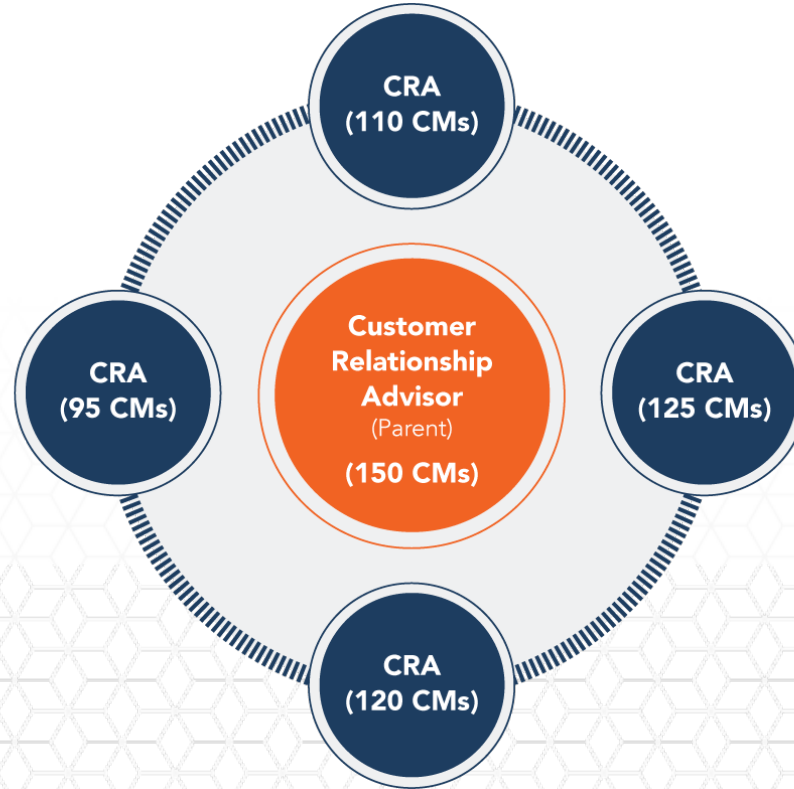
The Design Change Balancing Act

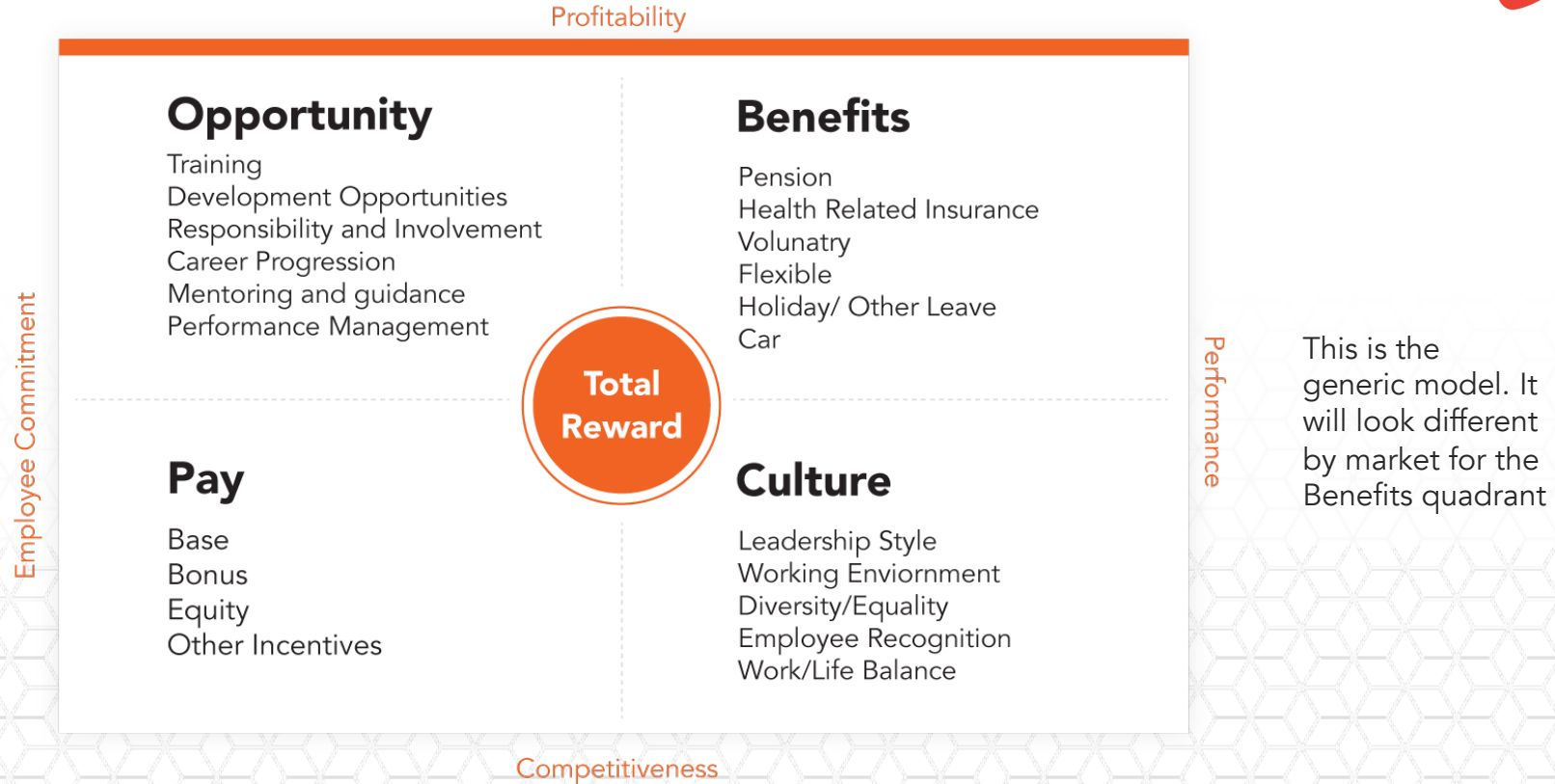
Plan Component Example	ROI Logic	Dependency	Negative Impact
Increase Plan Leverage	Higher Sales Perf	Targets	Unattainable Carrot
Special Product Metric	Broader Sales Perf	Metric Weighting	Complexity & Confusion
Add Payout Cap	Control Cost	Level of Cap	Demotivation
Clawback Rule	Reduce Margin Leak	Credit Rules	Demotivation
Windfall Rule	Control Cost Risk	Defining a Fair Rule	High Performer Leaves

1. IPF business background and strategy
2. Target Operating Model
3. Holistic RTOM approach to support the TOM
4. Challenges in design/implementation
5. Improving chances of success



New Agent Model





Agent Incentives - How the RTOM works

Customer Numbers	>90					Platinum
	80-90					Gold
	70-80					Silver
	<70					Bronze
		<65	65-70	70-75	>75	
		Collections to Debit %				

Individual Performance	Team Performance				
		Bronze	Silver	Gold	Platinum
	Bronze	0%	5%	10%	15%
	Silver	5%	10%	15%	20%
	Gold	10%	15%	25%	30%
	Plat	15%	20%	30%	50%

Team Average Customer Numbers	>80					Platinum
	77.5-80					Gold
	75-77.5					Silver
	<75					Bronze
		<67.5	67.5-70	70-72.5	>72.5	
		Team Average Collections to Debit %				

Target ROI

- Increased Sales Volume
- Increasing Customer Value Growth
- Customer Retention in Challenging Markets
- New Market Expansion

Challenges

- Diverse business based on market autonomy
- Historically have used incentives reactively not strategically
- Shift to employed agent

Maximizing Success

- Budapest – all stakeholders in one room for buy-in
- Local RemCos to improve governance and management
- Greater analysis of plan outcomes improving design

What is Your Next Move?



Benefits

Tangible Impact

- Financial – Value, Volume, Market Share
- Pipeline
- Talent Retention

Intangible Impact

- Customer Satisfaction/Loyalty
- Employee engagement
- Risk profile

Probability Lens

ROI

Costs

- Base Pay
- Variable Pay
- Technology Costs
- Change Costs

Data Inputs, Design Process, Value Realisation

OS Design Approach

1

Define
Expected
ROI

2

Ensure
Effective
Design

3

Measure
Impact



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