



THE ENTERPRISE GUIDE TO SALES PERFORMANCE MANAGEMENT (SPM)

GUIDE



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TODAY'S SALES LANDSCAPE

Today's sales organizations face intense pressure from both existing competitors and new industry entrants. As consumers become more knowledgeable, companies are also being forced to innovate at a record pace.

FIERCE COMPETITION



66% of CEO's see more threats today

(PWC, Global CEO survey, 2016)

RECORD PACE OF INNOVATION



47% growth in tech-based startups

(IT and Innovation Foundation, 2017)

MORE INFORMED BUYERS



90% of buyers willing to engage sellers earlier

(CSO Insights, 2018)

In 2017, the average quota attainment was only 53% according to the CSO Insights.

In response to these changes, companies are starting to face difficulties in their sales performance. In 2017, the average quota attainment was at 53 percent, and this rate is continuing to trend downward.

With quota attainment levels falling, it's critical for sales organizations to keep top performing reps motivated and utilize their sales force as a competitive advantage. This means enterprises need to plan, design, compensate, and optimize their sales strategy with a data-driven approach to help make decisions in real-time. With an optimized sales performance management, organizations can drive the right sales behaviors to increase quota attainment and sales objective achievement.



THE EVOLUTION OF SALES PERFORMANCE MANAGEMENT (SPM)

Traditionally, when company leaders discussed sales performance management (SPM) they have used SPM interchangeably with incentive compensation management (ICM) to describe their sales compensation planning. However, in recent years, SPM has grown to encompass everything from sales planning to compensation management to performance optimization.

To be competitive in today's markets, organizations need SPM solutions that can provide detailed predictive analytics leveraging a data-driven approach across the entire SPM value chain. With access and rights to data, and applying artificial intelligence and machine learning (AI/ML) technology, companies gain access to key insights which provide guidance for strategic planning and growth.

However, most companies continue to use either manual spreadsheets, homegrown, or legacy automated systems to manage their sales performance. The truth of the matter is, these systems are not equipped to handle the needs of today's enterprise sales organizations and fail to provide the detailed analytics organizations need to scale and drive growth.



MANUAL

Static Data

VisiCalc, Lotus 1-2-3, Excel,
Google Sheets



AUTOMATED, HOME GROWN AND LEGACY SYSTEMS

Basic Reporting

ICM, CRM, ERP



DATA-DRIVEN INTELLIGENT, END-TO-END SPM SOLUTIONS

Predictive Analysis

Amazon, Netflix, Google

Manual SPM solutions like spreadsheets are prone to errors and provide only static data. Automated, homegrown, and legacy systems do provide basic reporting, but the data is often housed in multiple locations. This increases the risk of data inaccuracy, and ultimately, make the data more reactive than predictive.

The future of SPM is data-driven intelligence, paired with end-to-end SPM solutions. These solutions create a central data source and aid in a seamless sales planning process, including sales territory design, quota allocation, and compensation design. With predictive analytics, companies can use data as an asset to drive the next level of sales behavior and goal achievement.

OPPORTUNITY IN THE SALES PERFORMANCE MANAGEMENT CYCLE

Today's sales performance management (SPM) is more than just incentive compensation, so it's important to think about your entire sales plan, or SPM value chain, from sales territory design to quota and compensation planning to performance optimization.

For example, poorly designed territories lead to missed quotas, which lead to lower compensation for reps and revenue for the company. Ultimately, this leads to increased sales rep attrition and missed revenue objectives.



According to a 2018 survey from the Sales Management Association (SMA), companies that are ineffective at territory planning have 15% lower sales objective achievement than average. Thus, balancing territories are the foundation of SPM and according to Gartner, enterprises will “miss the equivalent of up to 10 percent of annual sales as lost opportunity” as a result of poor sales planning.

“Enterprises will miss the equivalent of up to 10% of annual sales as lost opportunity that could have been captured through improved management of sales territories, quotas, and compensation plans”
–Gartner



THE CHALLENGES OF ENTERPRISE SPM

Sales organizations of all sizes require careful planning in order to drive growth and reach sales objectives. Using sales and performance data within an automated SPM solution, many of the common challenges associated with enterprise sales can be alleviated.

SPM solutions need to address key fundamental challenges that enterprise sales organizations face:

- Product mix **complexity**
- A need for more **collaboration**
- Providing **mobility** to the sales force

ORGANIZATION AND PRODUCT MIX COMPLEXITY

Enterprise organizations need an SPM solution that provides scalability for growing and changing product mixes. Many homegrown compensation systems are unable to scale with company growth to support the increasing complexity of the company as well as product and service offerings.

These changes often increase the complexity of the sales compensation process as well. Depending on how companies incentivize different sales within their product mix, compensation plans will need to be adjusted with the changing product mix. With multiple systems managing sales performance, it can be difficult to provide accurate sales data for compensation calculation and forecasting.

A NEED FOR MORE COLLABORATION

As enterprise companies grow, there is also a need for increased collaboration. Having a singular central data source helps to not only increase data accuracy, but allows sales, finance, and other teams to collaborate more easily by integrating their data. It also allows for data mobility, eliminating the need for spreadsheets and multiple legacy systems.

Unfortunately, many homegrown solutions are a collection of data sources, which makes it difficult for teams to ensure they're seeing the same key data points and design sales plans aligned with company objectives.

PROVIDING MOBILITY TO THE SALES FORCE

Larger sales organizations mean a larger sales force and a need for more visibility. Because sales leaders and reps are not always in the office or at their computer, mobility is a critical component to maintaining visibility into sales performance for enterprises.

In a digital world, where sales managers and reps aren't always at their computers, having data that can easily be accessed on a mobile device when out of office is critical. Spreadsheets and homegrown legacy systems aren't equipped to provide this.

Homegrown solutions must also be updated manually, which can lead to data discrepancies. When reps are calculating their own commissions to ensure payments are accurate, companies are losing valuable selling opportunities with time wasted on shadow accounting. Mobile data allows both sales leaders and reps to access sales data and take the salesforce on the road.



THE TRUE ROI OF ENTERPRISE SALES PERFORMANCE MANAGEMENT

XACTLY'S APPROACH

Automated data-driven SPM solutions help organizations use data as an asset, giving them an advantage in strategy and planning over competitors. In fact, SPM solutions have been shown to help companies achieve several business outcomes, including:

- Increasing sales revenue and performance up to 15%
- Lowering risk of rep attrition up to 50%
- Retaining top sales reps and boosting greater quota attainment up to 5%
- Reducing territory planning time up to 75%

Access to centralized data and insights drastically reduces planning time, giving sales operations leaders more time to focus on paying reps accurately and on time. With better-aligned sales compensation plans, companies see increases in quota attainment and overall sales performance. Additionally, insight into individual rep and team performance helps sales leaders tackle performance issues more efficiently, keeping rep morale up and reducing the risk of attrition.



Xactly provides world-class sales performance management. Over the past 13+ years, Xactly has aggregated anonymous pay and performance data from more than 1,500 customers. With this data, Xactly has created an end-to-end data-driven SPM solution to help enterprise organizations plan, execute:



- **Data-Driven Planning:** The basis of enterprise sales organizations lies in proper planning for sales capacity, forecasting, quota allocation, and territory alignment and optimization. Using multiple data sources, companies can understand their sales capacity needs to design fair and balanced territories with Xactly AlignStar, allocate quotas properly, and forecast more accurately. Using Xactly Benchmarking, companies can also design competitive incentive plans and compare them with their peers in the same industry, empowering enterprises to attract and retain top reps easily.
- **Data-Driven Execution:** Once plans are implemented, Xactly's data-driven SPM solution helps companies manage sales performance in more detail. Xactly Incent gives sales reps access to real-time commission data, so they are assured their incentive payouts will be accurate and on time. With a digital accounting dashboard in Xactly Commission Expense Accounting (CEA), companies can easily monitor commission payout entries and remain GAAP compliant with ASC 606 (IFRS 15) guidelines.
- **Data-Driven Optimization:** Xactly Insights provides real-time sales performance analytics that can be used to drive strategy and future planning. With key performance indicators, sales leaders can pinpoint roadblocks more easily, strategically coach for quota attainment, and manage team objectives and performance.

At each step, Xactly's SPM seamlessly integrates with existing CRM, CPQ, ERP, and HCM databases to create a central data source, increasing visibility and collaboration as well as data and forecasting accuracy.

HOW DATA-DRIVEN SPM FIXES POOR SALES PLANNING

Automated SPM solutions offer an opportunity for organizations to utilize data as their biggest asset in strategic planning. Using data to drive strategic planning helps companies:

- Gain the clarity needed to drive achievement
- Operate with agility to make quick changes to sales plans
- Optimize performance to drive growth
- Develop future proof for artificial intelligence and machine learning (AI/ML)



- Growing complexity with products and sales
- Clarity needed to drive achievement



- Collaboration needed across different groups
- Need for agility to make quick changes to plans
- Essential to build the right model that's agile and aligned



- Use of real-time data to reflect current business conditions
- Optimize performance based on data insights
- Future proof for AI and ML

With an automated sales performance management solution, even the most complex compensation plans are calculated automatically and accurately. This helps sales managers monitor sales performance and keep their team on track to hit their number. Reps can also see their earned commission in real-time, ensuring they can focus on sales, instead of shadow accounting to ensure their commission payments are correct.

Using an integrated data source, companies can collaborate more easily, using data to drive strategic planning. Sales leaders then have the ability to benchmark new plans against Xactly's database, which includes more than 13 years of aggregated pay and performance data.

Finally, mobility strengthens the sales force and allows sales leaders to access their sales performance data from anywhere. Reps can check in on their real-time commission earnings and leaders can monitor performance on-the-go. Mobility also aids with collaboration and strategic planning. With a centralized data source that can be accessed from anywhere, sales leaders and sales operations can continuously monitor and analyze the effectiveness of sales plans and use that data to drive strategy.

USING DATA FOR BENCHMARKING

Using Xactly's extensive industry pay and performance data, companies can benchmark plans and make well-informed decisions for incentive pay. Xactly Insights is the industry's first-ever artificial intelligence (AI) platform to give organizations access to years of aggregated industry pay and performance data that can be leveraged to improve strategy and planning.

Xactly's data is based on the best possible real-world information, rather than outdated surveys. This allows enterprise organizations to analyze their compensation strategy and performance against industry peers as well as with prior performance periods to ensure incentive plans are aligned with company objectives and competitive to attract and retain top sales talent.



Once plans are designed, an automated SPM solution helps organizations execute their plans effectively. Commission calculations are completed automatically, so reps can stay focused on selling, and comp admins can focus on timely, accurate payments and reducing time spent on data retrieval and entry up to 70 percent.

PREDICTING AND REDUCING REP ATTRITION

Sales organizations often face high rates of sales rep attrition. With the average cost of replacing a sales rep being \$115,000, predicting and reducing attrition should be a key priority for all sales organizations.

With detailed analytics and reporting dashboards, sales leaders can monitor performance and work with the sales operations team to evaluate the effectiveness of the compensation plan in driving the right sales behaviors.

This knowledge allows organizations to continuously analyze their plans, benchmark any proposed changes, and implement solutions that motivate reps and drive sales. By taking advantage of data, companies can do more than plan and execute—they can optimize their sales compensation strategy, starting with predictive analytics to reduce sales attrition.



Average time for salesperson to ramp to full productivity



Average cost of replacing a sales rep

By leveraging the access and rights to industry pay and performance data, companies can take advantage of machine learning (ML) algorithms, such as Xactly Insights, to optimize sales onboarding and training as well as gain predictive analytics and reduce sales rep attrition.

The first real example of applied AI/ML in the SPM industry is available with the Sales Rep Attrition Prediction in Xactly Insights, and more detailed sales performance data creates a smarter sales force. Predictive ML technology used in Xactly Insights continuously monitors sales performance and key data indicators so sales leaders can identify performance issues and resolve them quickly.

When a rep is flagged for attrition risk, sales leaders have more time to intervene and make well-informed decisions to intervene more quickly to help retain the top performing reps. That way, the focus can stay on improving quota attainment and driving higher sales performance.



ABOUT XACTLY

Xactly delivers a scalable, cloud-based enterprise platform for planning and incenting sales organizations, including sales quota and territory planning, incentive compensation management, and predictive analytics. Using this powerful sales performance management (SPM) portfolio, customers mitigate risk, accelerate sales performance, and increase business agility.

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