

THE PRACTICAL GUIDE TO MANAGING COMMISSIONS

Why Spreadsheets Aren't A Scalable Solution



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IF YOU'VE EVER USED A MULTITOOl,

You know how useful they can be to have around. These pocket-sized devices contain everything from a pair of pliers to screwdrivers to bottle openers and more, making it easy to do very simple tasks quickly.

But the moment you move from a simple task to a bigger project, like say, building a deck, the multitool's shortcomings become obvious. Eventually, you'll need to grab the DeWalt drill in order to efficiently get to work as this was a tool purpose built for the job.

Microsoft Excel (along with similar spreadsheet applications like Google Sheets) is the software equivalent of a multitool. It has a wide range of functionality, and it's sitting right there on your desktop whenever you need it. So it's only natural that sales operations managers might initially look to spreadsheets as an easy solution for managing sales commissions. For small teams with only a handful of sales reps, spreadsheets do the job well enough.

But like any multitool, spreadsheets have their limitations. And the bigger the job,

the more apparent those limitations become. Once your team grows to around 10 sales reps, managing their compensations in spreadsheets becomes unwieldy. And by around 50 sales reps, continuing to use spreadsheets will cause far more trouble than it's worth.

At that point, it's time to switch to a tool that was purpose built for the job. That's where incentive compensation management (ICM) software comes in.

In this ebook, we'll walk you through the limitations of Excel when it comes to sales compensation management, and we'll explain why it's worth switching to dedicated ICM software like Performio.



IF YOU'VE EVER USED A MULTITOOl,

If you're using spreadsheets to calculate and manage your sales compensation, you'll run into problems eventually. So it's better to anticipate these issues—and form an alternate plan—before they impact your business's performance.

1. SPREADSHEETS AREN'T SCALABLE

When you look at an empty spreadsheet with thousands of rows available, it may feel like it can handle any amount of data you put into it. But any data you put into a spreadsheet will involve a lot of manual processing.

Even when using the “import” feature, you need to first ensure the external data is formatted correctly, or the spreadsheet won't be able to parse it. Then you need to define how the data is delimited. And once the import is complete, you need to double check that everything imported correctly, or you'll spend even more time figuring out what went wrong after the fact.

Then there are commission statements to send to your reps and data exports

to send to payroll or other departments. You'll have to individually duplicate the spreadsheet or export the data for each person receiving it. And you'll have to modify each duplicate to ensure it only has the data that person needs and no sensitive data they shouldn't have access to.

This may not feel like a big deal if you only have five sales reps. It's manageable at that scale. But you want your business to grow. The more reps you add to your team, the more data you'll have to manage, and the more difficult it becomes to keep up with. Spreadsheets simply don't scale to accommodate your business's growing needs.

But a dedicated ICM like Performio is designed from the ground up for managing sales teams of any size, whether you have 5 reps or 500. You won't have to deal with manual data entry or individually duplicating and modifying statements. Everything is automated, so no matter how many sales reps you manage, it just works.

2. SPREADSHEETS ARE BREAKABLE

The power of spreadsheets lies in their ability to make advanced calculations using simple formulas. But that power comes with a downside. As your spreadsheets become bigger, you introduce more and more data points, and you copy and modify more and more formulas. This means that the risk of introducing errors increases exponentially as your team gets larger.

Because those formulas connect all the data in Excel spreadsheets, even a single error has the potential to bring your whole spreadsheet crashing down. And if you're dealing with hundreds or thousands of entries, it could take hours or even days to find the source of the problem.

Or worse, the error could go undetected. You could be overpaying or underpaying your sales reps for months before even realizing there's an issue. And once you realize the mistake, you'll still have to find where the error occurred, fix it, recalculate everything that happened during that period, reissue corrected

payments to your team, and then (the biggest headache of all) explain what happened to everyone.

This can lead to staggering costs. If your business issues an annual payout in the millions of dollars, and a hidden error in your spreadsheets causes an overpayment of 1 to 3 percent, then you could be looking at hundreds of thousands of dollars in lost expenses.

You can avoid such issues by using an ICM like Performio. Not only is it made specifically to handle these calculations at any scale, but it comes with robust features spreadsheets simply can't provide. Data import and transformation capabilities, journal/audit trail of changes, automated statements and reporting, error checking, and version control all combine to give you peace of mind.

3. SPREADSHEETS AREN'T SECURE

Your sales compensation files contain incredibly sensitive data that you wouldn't want to fall into the wrong hands. You're tasked with maintaining the confidentiality of each sales rep's details, abiding by compliance regulations, and keeping your business's private data safe. And working with spreadsheets doesn't make that easy.

Because much of the same data needs to be accessed by many different departments, you'll end up with finance, sales operations, regional managers, and sales executives all emailing spreadsheets back and forth, saving them to local or cloud-based drives, uploading them to Slack or other collaboration apps, and generally leaving a trail of unsecured copies lying around.

And that's just when everyone is acting in good faith. If someone actually wanted to steal the data for underhanded reasons, they could easily save a copy to take elsewhere. Imagine the problems a disgruntled employee could cause by taking your comp plans and moving to a competitor with them.

Spreadsheets do offer some minor security options, like password protection.

But that's ultimately a self-defeating system. To share a password-protected spreadsheet, you have to also share the password so others can open it. It must be a simple enough password or no one will remember it. And even then, people will forget, and the password will get passed around even more. And anyone who gains access once will then have access to everything inside the spreadsheet, and they can simply copy out the data. While Microsoft is working on closing the security gap with SharePoint and OneDrive, it's far from an airtight solution today.

Your company's sensitive data demands enterprise-grade security, and that's what you get with Performio. Advanced privacy controls and individual role-based permissions guarantee each party only gains access to the data they need to view or edit.

4. SPREADSHEETS ARE STATIC, AND YOUR BUSINESS ISN'T

As your business grows and evolves, you'll need to adapt your practices accordingly. In many cases, your business may need to pivot on short notice. This can mean adjusting sales compensation plan elements like commission rates, sales quotas, and bonuses. And when that happens, you'll need to change how you calculate your payouts.

If you're using spreadsheets for sales comp, you'll have to manually find and update every formula affected by the change—or start all over from scratch. It's hard for your business to be (and stay) agile if every pivot involves hours or days of Excel adjustments. And if you miss a cell that should have been updated, you'll end up with inaccurate calculations, potentially resulting in different rules for calculating commissions from one sales rep to another.

These things can cause a lot of headaches in spreadsheets, but an ICM solution like Performio is made to handle changes, no matter how frequently they may occur or how quickly you need to make the adjustment. Rather than hunting down every cell where a formula appears, you only need to input an update once, and the software automatically updates every sales rep's compensation calculations

across the board—so everyone gets the right compensation for the right periods at the right time.

5. SPREADSHEETS AREN'T GOOD FOR COLLABORATION

Designing and modifying sales comp plans isn't always a one-person job. You likely have multiple interested parties who need to provide input and make modifications, and passing around a single spreadsheet can be a nightmare.

Who has the most recent copy? What changes did they make? Who else contributed since you last saw the spreadsheet? Did anyone create a rogue copy? What if multiple people end up editing separate copies at once? What if someone makes changes based on an outdated copy? How will you merge all changes to make sure everyone's edits take effect without breaking anything else? Microsoft's Sharepoint and OneDrive have brought Excel a long way in terms of collaboration, but the risk of human error is still quite high when collaborating across multiple spreadsheets.

By contrast, an enterprise-grade ICM system like Performio is designed for collaboration. Built specifically for sales comp plans, it understands the unique challenges of teams, regions, quotas, spiffs, commissions, accelerators, clawbacks, rollups, statements, and all of the other characteristics and functions you need.

With Performio, everyone who needs access to make changes can do so. A single change ripples out to every appropriate team and/or region. Top-down updates to commissions and quotas are automatically applied to each individual's comp plan. And unlike spreadsheets, those who shouldn't have access to make changes will only be able to see—but not edit—the information pertinent to their role. Sales reps will only see their own performance. Regional managers will only see their own teams. And no one will be able to make unauthorized changes or accidentally break the whole system.

6. SPREADSHEETS ARE DIFFICULT TO AUDIT

Incentive compensation can be anything but straightforward. You have to factor for different quotas, rates, draws, accelerators, and numerous other variables. And because so much goes into these sales comp calculations, they require spot checks and audits to ensure that you're compliant with both internal policies and external regulatory standards.

But trying to do that in Excel means going through hundreds or thousands of formulas in various spreadsheets. A thorough internal audit can cost tens of thousands of dollars in labor. An incomplete internal audit leaves you vulnerable to audits from external regulating entities—which can cost hundreds of thousands. That's a very expensive way to verify that you're performing your processes and calculations correctly.

In either case, it's completely unnecessary. If you invest in an ICM system like Performio, you'll have access to careful and complete audit trails, role permissions, test accounts, historical data, and more—all generated automatically at the click of a button.

GRADUATE FROM EXCEL WITH AN ENTERPRISE- GRADE ICM

Excel is a powerful multitool that works really well for making financial calculations and solving all sorts of quantitative problems. But it simply isn't the right tool for managing sales compensation at scale.

YOU NEED A TOOL THAT:

- Works just as well with 500 sales reps as it does with 5
- Isn't breakable or prone to errors
- Provides robust security with role-based permissions
- Can quickly adjust to your business's changing needs
- Allows for seamless collaboration
- Provides an automatic audit trail to keep things on track

Performio is an enterprise-grade ICM, built by sales comp experts for sales comp professionals. For more than 15 years, we've helped hundreds of sales teams in dozens of industries, striking the perfect balance between flexibility and ease of use.

At Performio, we love helping businesses reduce the pain of calculating and managing sales commissions, freeing them to spend more time growing and serving their customers.

**REQUEST A DEMO TODAY,
AND SEE WHAT PERFORMIO CAN
DO FOR YOU.**

[Request A Demo](#)

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