the
UNSCALABLE
REALITY of
SPREADSHEETS
and SALES COMP

Recognizing the Problem

When you're a finance pro, it can seem like every business process can fit neatly into a spreadsheet. Certainly, the desire to reach for the ultimate personal-productivity tool that you know best and use every day is an understandable instinct. The power, simplicity, and cost-effectiveness of the spreadsheet makes it the go-to choice for hundreds of millions of users to manage countless finance tasks – including sales commissions calculations.

But as the stakes get higher, the tactical limitations of Excel become all too clear. That's when the "workbook workarounds" start to kick in. The exceptions. The clawbacks. The delays. The adjustments. The overpayments. The hard-coded formulas. The security risks. The version-control problems.

From virtually every angle, it becomes clear: spreadsheets can lead you to a dead-end for incentive compensation management.

The High Cost of Free Software

Whether it's ubiquitous copies of Microsoft Excel or other spreadsheet apps, the incremental start-up cost of using spreadsheets for incentive compensation management is very low. But there are hidden – yet significant – costs. As you grow to depend on the convenience and simplicity of spreadsheets, those true costs become impossible to ignore:

Data Headaches

It's no longer a CSV file or two. Now it's thousands of records from CRM, HRIS, billing, and more. You're pasting together tens of thousands of rows, performing hundreds of VLOOKUPS, creating complex nested IF formulas, and doing countless other transformations. And then you're reversing direction to move the updated data back to other systems and databases.

Calculations

Sure, spreadsheets can handle complex calculations. But soon, every month, you're playing "spot the error" among the hundreds of hand-coded formulas as insidious, invisible errors replicate throughout your fragile workbook. Now imagine finding them in someone else's workbook - which someone will have to do when the person who created the original workbook moves on from your company.

Reports and Commission Statements

Providing dozens or hundreds of reps with commission statements out of Excel is challenging and time consuming. The basic reports you manually generate from Excel are static and simplistic. And when execs want to see sophisticated reports and dashboards, Excel isn't up to the task.

Audit Trail

When executives or auditors have questions, can you walk back through the various versions of the workbook to show them who changed what and when?

For rapidly growing firms that depend on motivated teams of revenue producers, an important truth gets clearer every day: What got you here won't get you there. Once you're managing more than a few dozen sales reps and a few different commission plans, suddenly the world of incentive compensation gets, well, a whole lot more complicated – on a variety of fronts. That's when it's time to step away from the Excel workbooks and cloud spreadsheets that can prevent your business from reaching the next level of success.

Instead of relying on the overmatched single-user spreadsheet, high-growth companies are turning to incentive compensation management (ICM platforms) that provide exponentially greater value in tactics, strategy, and costs.

Better Collaboration and Agility

ICM recognizes that sales comp is a team sport and helps your team pull in the same direction. With a robust multi-user ICM platform, your sales operations team can collaborate with speed and productivity. You eliminate the countless wasted hours of "spreadsheet gymnastics," data manipulations and transformations, and an endless cycle of tweaks and adjustments to reduce (but seemingly never eliminate needless errors).

Take advantage of role-based visibility, streamlined approval workflows, fewer exceptions, faster calculations, and smart, professional commission statements accessible via the browser. And when it's time to adjust comp models based on changing business conditions, you're not looking at the daunting task of restructuring hundreds of fragile spreadsheets and managing different versions through email and cloud drives.

Better Accuracy and Auditability

No "basic" comp plan remains simple for very long. As companies continually tweak and modify their comp plans, you're soon looking at different quotas, rates, products, regions, draws, and accelerators. Inevitably, there will be hidden errors in the tens of thousands of cells. Soon, you're tangling with underpayments (you'll hear about those quickly), overpayments (the ones you find, anyway, that can silently cost millions), morale-killing clawbacks, one-time make-good payments, and more.

Then come the auditors — internal and external. Will your pile of spreadsheets stand up to their careful scrutiny? Can you verify you've followed your defined procedures and performed calculations correctly? With ICM, you have the improved accuracy you need, a careful and complete audit trail, role-based permissions, test accounts, historical data, and other elements you need to pass your audits with flying colors.

Better Transparency – and Better Trust

Trust in your commissions system takes a long time to build – but crumbles quickly when errors and unexplained calculations happen. Transparency matters, which is why the best ICM outcomes happen when all the participants – sales leaders, revenue producers, and sales operations – are on the same page. That's hard to achieve with spreadsheets, which often lead to "shadow accounting" where reps waste time tracking their own performance and comparing it to your results.

Instead, an enterprise-class ICM platform lets you produce transparent, simple, and clear commission statements and up-to-date dashboards. That way, everyone knows what they're getting paid (and when) – as well as the calculations behind those numbers. When your reps trust the numbers, they spend their hours closing deals – not tracking commissions.

Better Security

Comp plans and results are the home of some of the company's most sensitive data – not the kind of information you want in unprotected spreadsheets and on cloud drives with weak security. Unplanned disclosures, unauthorized (stealthy) changes, or even outright theft can sabotage morale, weaken your competitive stance, and create difficult compliance issues – before you even know what happened.

Like any enterprise application, ICM provides a business-class infrastructure with safeguards for your valuable sales commissions data using robust security and role-based permissions.

Better Agility

Comp plans must stay aligned with your business as it grows and changes with new products and markets. Unfortunately, when spreadsheets become too cumbersome to modify, they fail to reflect the nuances of your business model, making it difficult to structure incentives and motivate producers. And the more complex the spreadsheets, the greater the risk of unseen errors. Simple changes can have unintended ripple effects across the model. A simple month-end SPIF can require manual changes in other workbooks and spreadsheets, creating version and synchronization problems.

ICM software that underpins your commission plans provides a higher level of business agility. You gain the ability to model different compensation scenarios – and the impact on cost of sales – so you can optimize sales volumes and margins. When you see opportunities and threats, you want to adjust on-the-fly to redirect sales activities and motivate your team to pursue new goals.

The Right Tool for the Job

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About Performio

Performio is the only Incentive Compensation Management provider that drives business performance with a product built to handle complexity, a team of dedicated experts, and a proven track record of long-term global success. Perfomio is a modern, enterprise-grade software and mobile app used to manage and automate incentive compensation. We address complexity through our unique no-code architecture, native data transformation capabilities, purpose-built plan components, and automated workflows.

But because software alone will not drive business performance, we do incentive comp right, with experts who will guide you as you adapt your incentive compensation program as your business changes. You can count on Performio as a reliable, focused, and safe partner who has delivered customer success for over 15 years.

For more information, visit **www.performio.co**

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