



STREAMLINED SUCCESS:

Accelerating sales incentives and compensation processing for a leading general insurance company



CURRENT STATE OVERVIEW

One of the largest general insurance firms with over **\$1.7B** in revenue housed the entire Incentive and compensation management exercise in a mix of systems primarily using:

- i) **Spreadsheets**
- ii) **HRM Database**
- iii) **A homegrown system called "OPUS".**

They had more than 140 roles, 7+ product groups, north of 14,000 employees, and 100 + schemes as part of the Incentive compensation management process. Incentive Compensation and payout happens to be a great motivator for the sales agents (internal and external both) - So with the idea of fast-tracking the process, the client wanted to 'show' their agents how much payout they can expect. This, if implemented right, could become a game-changer!

The earlier process was outlined in the following three broad schemes for compensation.

The calculation for payouts took more than 17 working days per month and a dedicated team of Compensation Analysts just collate and validate these payouts (for each agent). Now, this didn't really leave much space for them to analyze the trends and optimize their schemes. Also, there was a **suspected leak on a monthly basis and now, more than 20% of the payouts were conflicts (due to exceptions).**

Incentive	On Roll employees
Commissions	Off-Roll intermediaries
Campaigns	Entire Workforce

That's when they outlined a charter for this strategic initiative and the **Key Project Objectives** were as follows:

- Streamline incentive compensation process
- Enhance visibility of on-roll & off-roll employee productivity
- Improve visibility of compensation outlook

FUNCTIONAL FOCUS AREAS:

A Incentive compensation management

- ✓ Incentive scheme definition and administration
- ✓ Incentive calculation
- ✓ Global and scheme-specific condition and slab definitions
- ✓ Incentive performance KPI's projections and reporting

B Commission Management

- ✓ Commission grid definitions and condition setting
- ✓ Commission payout calculation
- ✓ Commission KPI performance-based output reports
- ✓ Commission hold and reversals
- ✓ Commission beneficiary mapping

C Campaigns Management

- ✓ Campaigns definitions & assignments
- ✓ Campaigns condition and slab definitions
- ✓ Campaign eligibility calculations
- ✓ Campaign outputs

D Integration with Key source systems

There were silo systems used by each department, HR, finance, sales, and SalesOps. interoperability between them was not possible and it resulted in delays. Another issue that arose was the scrutiny of data. Different departments had friction as they could not decide which numbers were correct. That called for the integration of source systems so that the delay and inaccuracy are mitigated.

E Reporting and Dashboarding

They wanted a simple and intuitive dashboard that was easy to use. Real-time planning and what-if scenarios were crucial to making effective sales incentive plans. They wanted a tool that could give out instant calculations based on variables such as territory quota, target percent achieved, and annual/ monthly payouts. They had management by objectives which they wanted to execute “as is” in the planning software.

DETAILED PROCESS OUTLINE

The solution is broadly divided into 3 Major compensation categories viz.

1. Incentives

2. Commissions

3. Campaigns

Each of these categories had the following common areas which will be covered as part of the scope.

- **Hierarchy creation:** Key hierarchies such as Policy master, Employee, Channel – Subchannel, Line Of Business, Geographies, Branch, IMD & Sub IMD mapping and Hierarchy, and

Created Employee mapping of on-role and Off-role employees within Anaplan.

Defined hierarchies using Data from OPUS, and the HRM database then stored it in “Anaplan Hub”

Refreshed Hierarchies based on the integration frequency between source systems and Anaplan.

Extracted them from the source systems using Anaplan Connect Via CSV. as an output from Source to Target and vice versa.

- **Historical Data:** Data for the payout was configured as a base for the last year. The previous year's data consisted of updating the policy register on a monthly cut-off for each cycle.

- **Employee Mapping process:** At the beginning of each Incentive cycle, the HR team used to have a list of active employees. This list of employees was mapped into Anaplan. The HR team retained control over the resignation and exit dates of employees.

> Incentive process definitions:

- » Configured “Employee role” and “grade level schemes by channel” in Anaplan. Each scheme had a global condition master, considering factors like MPN and active employee flag.
- » Created Dynamic slab definitions which allowed for readjustments based on scheme changes.
- » Defined
 - ▶ Scheme-specific condition framework- based on employee role/grade to determine applicability.
 - ▶ Scheme applicability- for multiple product categories, timelines, channels, locations, branches, etc.
- » Used workflow-based approvals for mapping changes and overrides. Flexibility was provided for payout holds and opt-outs at IMD and Sub IMD levels.
- » Created a leader dashboard for MIS KPIs which provided outputs for analysis based on channel, location, and designation.
- » Implemented
 - ▶ What-if simulation capabilities to assess the impact of parameter or slab changes.
 - ▶ Unique Payee ID which provided a flat file (spreadsheet) to the HR team at the employee ID level.

»» Commission process definitions:

»» The following inputs were used:

- ▷ Invoice checks submitted by individuals
- ▷ IRDA (Insurance Regulatory and Development Authority) commission to offset the total commission.
- ▷ Rates for TDS (Tax Deducted at Source) and GST (Goods & Service Tax) norms to calculate credits or debits for the defined set of GLs (General Ledgers).

»» Aligned IMDs & beneficiaries for the commission crediting process

»» Defined Multiple commission grids, based on productivity & targets at the IMD(Insurance Marketing and Distribution agents) level.

»» There was the flexibility

- ▷ To withhold payment at the IMD level.
- ▷ To change the slabs and parameters taking into account multi factors such as Policy category, Region, Channel, & LOB.
- ▷ In setting slab ceilings for different roles such as Vertical heads, Circle heads, Regional heads, and Areas Sales Managers.

»» Generated

- ▷ Payout IDs based on combinations of IMD and Sub IMD levels.
- ▷ Accounting entries based on combinations of IMD and Sub IMD levels.
- ▷ Corresponding GL codes were maintained as masters for allocating the postings in respective GLs.
- ▷ Flag indicating “reverse check for payout processing” for respective payee IDs.

»» Campaigns process definitions

- » Configured campaign criteria, slab, and parameter definitions at a unique campaign code, which could be assigned to all employees or specific roles, LOBs, channels, and sub-channels
- » Collaborated with vertical heads to design and define campaigns, working alongside Finance and HR for approvals on the same.
- » Used workflow-based approvals for mapping changes and overrides. Flexibility was provided for payout holds and opt-outs at IMD and Sub IMD levels.
- » Set targets at multiple levels, which were baselined for the campaign qualification criteria.

- » Generated a performance matrix for top qualifying teams and employees as an outcome of the said process.
- » Implemented a claim register to calculate the claim ratio at the policy level.
- » Provided a way to check campaign progress and achievement matrix as key outputs.



BUSINESS NEED

The specific business needs have been categorized into 4 broad buckets as under,

A Eliminate Manual Calculations

- ✓ Eliminate the need for manual excel based calculations
- ✓ Quickly build complex bonus structures and variable incentive plans
- ✓ Easy and intuitive, calculation creation process applying modular, reusable elements.

B Actionable Analytics, Forecast, and "What If" Scenarios

- ✓ Generate scheduled reports, and create ad hoc reports.
- ✓ Forecast incentive plans before activation by conducting "what if" analyses
- ✓ View side-by-side comparisons across multiple incentive plans and scenarios

C Time Savings in Plan Administration

- ✓ Automate compensation processes which involved complex calculations, eliminating payout errors.
- ✓ Automate Bonus Approvals
- ✓ Integrate Internal Workflow with an audit trail
- ✓ Best-in-class forecasting accuracy and lower the time needed for incentive payouts

D Drive Performance with Immediate Visibility and Mobile Access

- ✓ Provide on-demand visibility to Sales Team into incentive results and potential earnings
- ✓ Access to "what-if" scenarios for the Sales team to help them simulate scenarios to drive additional sales.
- ✓ Facilitate Real-time experience through Secured, Scalable & Integrable Systems.

BUSINESS BENEFITS

The specific business needs have been categorized into 4 broad buckets as under,

- 1 Reduction in commission overpayment **31%**
- 2 Reduction in payment disputes due to mistaken underpayment **18%**
- 3 Reduces expenditure related to managing commissions
- 4 Full visibility to current and personalized compensation levels
- 5 Ability to post queries from any territory,
- 6 Better modelling capabilities and more accurate forecasting
- 7 A reliable source for auditing and reporting

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