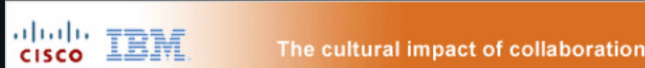




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## Time Warner cable leverages Glocent to streamline incentive management

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Notwithstanding the availability of new information technology (IT) solutions to automate variable compensation payments, managing the dynamic nature of sales incentives continues to frustrate even the most seasoned sales and finance executives. The current economic climate, however, dictates that businesses transform this long-accepted frustration into a meaningful solution. As a result, many finance departments are now seriously considering the risks and benefits of deploying an automated system to manage and calculate variable pay. The first question they need to ask themselves is can an automated system efficiently evaluate the myriad of variables that must be considered to accurately calculate incentive payments.

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Recent research reports that well over ninety percent of departments responsible for calculating variable compensation still rely on error-prone, monstrous spreadsheets with block-long formulas to manage their incentives. Worse yet, because of the increasing overhead associated with manually managing this complex process, some managers who felt compelled to abandon their labor-intensive spreadsheets have resorted to simplistic, on-demand sales performance management applications to manage their complex sales incentives. This compounds their challenges and frustrations. If technological limitations are allowed to determine sales and marketing strategies, productivity will fall and morale will decline. It's one thing to automate a process to save time and money. It's another thing to effectively leverage the wealth of business information contained in sales data; then fully leverage it by using an incentive management application as a repository of business intelligence.

Too often, technical limitations lead us to overlook, or diminish, important information that could be the missing "influencer" in changing a sale force's behavior. By using a well-designed, robust automated system, these missing jewels of intelligence often reveal themselves and become the foundation for new approaches to sales incentives and profitability. Conversely, those who have purchased inferior or poorly suited Sales Performance Management (SPM) applications, believing that they will automate complex Incentive Compensation Management (ICM) processes, often discover that these systems limit the sales arsenal or become as cumbersome as the manual process they replaced. The net result of such a decision is a system that ultimately costs more to purchase and maintain than what was previously lost through incentive overpayments and administration.

In 2001, the Glocent team set out to provide the ultimate ICM solution. After two years of development and beta testing, the first release of Glocent was purchased by Time Warner Cable, New York City. The system has been in operation since that time.

At Time Warner Cable, the second-largest cable operator in the United States, manually entering data into a home-grown payroll program worked for awhile; but the spreadsheets and crude reports soon grew out of control. As the client base expanded, the product offering became more complex and competition intensified, sales and IT managers alike recognized that they needed an automated system that would still allow the marketing team to quickly respond to new strategies while incentivizing the sales force effectively. Having now expanded Glocent's use across several divisions, Time Warner Cable supports approximately 5,000 variable payees, with plans in place for significant expansion into several more divisions during 2009.

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"Prior to installing Glocent, we had to manually check all the orders to make sure they would roll up, and then reconcile them with the download from our system," says Scott Henry, Director of Direct Sales for Time Warner Cable in New York. "Once that process was complete, our sales administration managers had to input the actual numbers that we generated for the various business line items into a spreadsheet to capture the historical data. Over time, this spreadsheet – which once fit on one letter-sized piece of paper – grew to include endless columns of data. If the sales administration team got behind, it was not atypical for them to get backed up with three weeks worth of data."

Seeking to save time, improve accuracy and accountability, and quickly identify data trends, Time Warner began using Glocent, a modular compensation management solution. The product was developed to replace the use of spreadsheets and their inherent high error rates in calculating commissions and incentives for complex product lines.

Although many industry experts view incentive management as the finance department's responsibility, it actually impacts multiple areas of business. The sales department, known for its penchant for independence and flexibility, benefits from the accountability and transparency Glocent provides. If sales agents understand the details behind their commissions, they better recognize how they can benefit from executing sales strategies. IT departments, known for being skeptical of third-party solutions, quickly recognized the value Glocent provides as the sales and marketing teams no longer expect them to incorporate ad-hoc changes at a moment's notice. "Before Glocent, we had to rely quite heavily on our IT department. I think at some point, they thought they were working directly for me," laughs Henry. "It was really IT that jumped at the chance to implement Glocent, since it freed up so much of their time – they no longer had to help us with custom queries and add-ons to the home-grown system."

Glocent allowed Time Warner Cable to:

1. *Repurpose several full-time staff members to more value-added activities and eliminate their dependence on the IT department.* In every case, Glocent has provided a full ROI to each client within its first year of operation, often times the ROI is immediate. Perhaps even more important to the customer, however, is the manner in which it is accomplished. That is why Glocent offers a full, money-back satisfaction guarantee to all of its customers.

"We didn't have to deal with the time consuming payroll reconciliation," says Henry. "We saw an immediate ROI from this." Alan Marrott, CEO of Glocent reports, "The cost savings we helped Time Warner Cable achieve is common among all of our clients. Perhaps the best example we have is with Crosby Asset Management, our London-based client, which experienced an immediate eighty percent reduction in incentive management overhead. Based on what we uncovered in its previous manual processes, and the efficiencies and increased accuracy we achieved, Crosby-Forsyth was able to eliminate several positions and redeploy several staff. At present, the client uses only one part-time employee to manage the process. Within the first quarter of operation, I am certain that the costs savings that were achieved were far more than the implementation and usage fees they paid."

2. *Improve data integrity.* One of the greatest challenges associated with automating a cumbersome, complex sales process is being able to properly collect and track sales transactions that can contain millions of records. "I can only imagine how frustrating it would be for a company's incentive compensation administrator to attempt to transition from a manual process to what are typically referred to as "on-demand" SPM applications when just managing the input data can be so complicated," explains Marrott. "Determining someone's compensation pay doesn't allow for data being "close enough". It has to be completely accurate and easy to explain. We devote the majority of our implementation time to understanding and devising rules to accommodate the diverse data elements and formats we encounter with every client," reports Marrott. "Since it is not uncommon for our clients to have hundreds, if not thousands, of variables contained in their sales data, if the process to evaluate and apply these variables toward commission calculations is abbreviated or poorly handled, it is only a matter of time before the credibility of the system becomes questioned."

"Data is now captured from the time it is originally input," says Henry. "Glocent has really streamlined things from a historical standpoint. Payroll is now done at the click of a button; it takes 10 minutes. Prior to Glocent, we had to spend a lot of time going over exactly what happened, sometimes having people bring their own auditors in to match things up."

Marrott continues, "When we developed Glocent, we based its design around my own practical business experience. Having filled roles in management, sales and systems development gave me a broad understanding of what was required. Years of frustration resulting from being required to use other incentive or performance management systems convinced me that there had to be a better solution. I determined that if an ICM application was to bring real value to the end user, it had to capture every variable of each transaction. Additionally, it must remain flexible enough to allow a business to effectively leverage each of those variables to determine the cost and value of a sale. Unless those two conditions are met, frustration at some level is inevitable."

3. *Automatically verify with finance that salespeople's commissions were paid.* Calculating variable pay is only part of an ICM application's mandate. It is equally important to be able to document and justify the payment to the payee and the finance department. Without that capability and transparency, the system fails to eliminate the lost productivity and increased costs often tied to manual processes.

"We're also able to give our sales reps detailed, itemized reports of what transpired during any given pay period," says Henry. "Not only do they get paid their commissions in a timely fashion, but they know exactly what they are being paid for."

Marrott explains that this is critical to any variable pay management application; "The minute the system produces results that don't meet expectations, its credibility comes into question. At that point, those promoting it lose the battle. Since successful sales people, by nature, need to be optimistic and set high expectations for themselves, it is often the case that reality doesn't match those expectations. If, however, you can provide enough information to explain what was used to calculate the incentive, the credibility of the calculations remains intact. Successful sales people want to feel confident that they are being justly paid for the revenues they generate. Our research suggests that Glocent is the only solution that can accomplish this at the transaction level."

4. *Analyze weekly, year-to-date and monthly trending.* In spite of the complex programs and algorithms used to accurately capture data and calculate commissions, it is the reports that often determine an ICM application's value. An end user isn't concerned with how things are accomplished; he or she just wants accurate, dependable results. Glocent's reporting module represents the tip of the iceberg when it comes to determining its full value. It represents the most visible aspect of the application; but without understanding what lies beneath the surface, it would be impossible to appreciate the application's benefits.

"Glocent produces convenient reports that allow us to sort data and take a closer look when necessary," says Henry. "Glocent has made life a lot easier, both on the reporting side and on the commissions side. It's very user friendly." We are now more efficient and more accurate because we've been able to remove most of the potential for human error. We've made some pretty dramatic – in some cases, radical – changes to our [compensation] plans. Because of Glocent's ease of use, we've been able to do that pretty seamlessly."

Glocent's web-based design provides access to any payee, manager or administrator through a simple browser. Glocent utilizes "smart reports" that are unique to each client. Using this approach, Glocent is often used to store sales-related information that may not actually play into sales commissions. "This reflects Glocent's underlying premise that sales transactions contain significant business intelligence, which is often overlooked. By coupling incentive calculations with meaningful business intelligence, clients discover that sales strategies can be better evaluated and dramatically improved. After managing incentives using Glocent for a period of time, it isn't uncommon for clients to discover that their sales plans may be in conflict with corporate interests," explains Marrott.

The value of a true ICM tool is realized when the client achieves four primary objectives:

- Complete Accuracy
- Significant Cost Savings
- Transparency
- Increased Profitability

If businesses currently use processes or systems that fail to meet all four objectives, they will benefit from implementing Glocent.

For more information about Glocent please visit our website at [www.Glocent.com](http://www.Glocent.com).



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