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The Official Guide to Implementing an Ad Sales Commissions Product

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INTRODUCTION

Why Get an Ad Sales Commissions Product

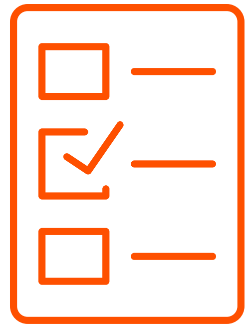
Managing ad sales commissions has notoriously been a thankless job for whoever owns commissions operations, typically someone from Finance, HR or Sales Ops. Challenges stem from distrust between the sales team and the commission operations team due to the manual nature of spreadsheet solutions. Sellers waste precious revenue generating time doing "shadow commission accounting" to make sure they're getting paid correctly, commission ops wastes significant time dealing with complex revenue crediting, data setup and formula building, dealing with disputes, distributing statements, etc. By now let's assume you're ready to change your status quo and put these problems behind you and are wondering – how do I go about implementing an automated Ad Sales Commissions product?

In this eBook we'll unpack the steps and best practices to implement an Ad Sales Commissions solution including:

1. **Planning for an Implementation**
2. **System Setup**
3. **Testing & Verification**
4. **Pilot & Rollout**

CHAPTER 1

Planning for an Implementation



As you embark on your implementation, some up front planning maximizes your odds of a successful implementation and business outcomes. An important planning checklist should include:

1 PROJECT TEAM

Having the right people involved is critical to success. Ensuring the following roles are staffed and bought in to the project will prevent issues down the road.

a. Executive Sponsor
Typically the revenue or revenue operation's leader who will benefit the most from implementing a commission automation solution. This person empowers the project team, is an escalation for decisions, removes road blocks and ensures sufficient resources.

b. Project Manager
Someone who's empowered and accountable to implement the solution and focused on realizing the business outcomes. They're responsible for formalizing the scope, schedule, budget, resources and driving the execution.

c. Commissions Operations
A subject matter expert in the compensation plan design, data sources, calculations and processes. Depending on the size and complexity of your organization this may be a single person or team of subject matter experts.

d. Sales Champion
Ideally this is someone who's a champion of change, a voice for good within the sales team who will generate excitement and grease the skids for the commissions solution.

2 TO PHASE OR NOT

Depending on the size and complexity of your organization and volume of commission plans, you may or may not want to phase their rollout. The best practice is generally to focus on a single team as a pilot to get learnings on the implementation before extending to all teams. Direct sales teams should be prioritized over overlay/specialist teams as they typically get the most benefits and pave the way for setup of the base performance data.

3 ROI EXPECTATIONS

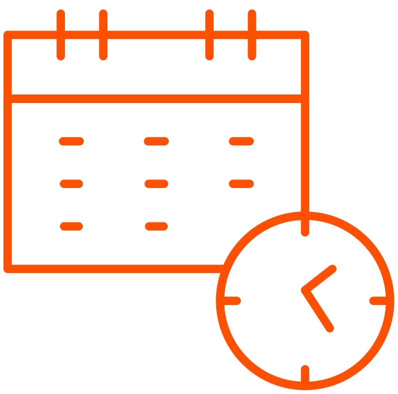
Defining the business outcomes as an ROI is critical to guide decisions and hold the project team accountable. Commission solution ROI's generally encompass time savings (for sales and commission operations) and cost savings (less errors and lower administrative costs).

4 PROCESS IMPROVEMENT

Many organizations have built processes around manual spreadsheet calculated commission solutions. This approach is ripe for disruption with process improvement enabled by an automated solution. For example, most media companies only provide sellers with commission statements at the end of the commission period. Typically, commission ops sends out "preliminary statements" to payees who then verify their own calculations against the statements. A back and forth then goes on until all disputes are resolved resulting in approval and payment. With an automated solution, "always on" commission statements eliminate this entire process so payees and commission ops can resolve disputes and crediting issues in real time. The project team should document all process changes for inclusion in training and rollout to change behaviors.

5 CHANGE MANAGEMENT

The project team should define a change management plan that minimally addresses process changes, training, support and communications. The plan should be an iterative work in progress as the team progresses and gains knowledge throughout the implementation and if using a phased rollout plan.



6 TIMELINE

Working with the commission automation vendor, the project team should define a holistic timeline. This should include all tasks, deliverables, required resources and dependencies. Adding appropriate buffer to each project phase is a good practice to plan for the unknown and still deliver on schedule.

7 BUDGET

Depending on the scope and phasing for your implementation, you may or may not need budget beyond the project team's time commitment. It's a good practice to ask – do we have the required data to calculate commissions, can we automate getting it into the commissions system, do we need integrations to external systems such as HR or payroll. If the project team doesn't have the time or skillsets to implement these, budget may be required to staff these deliverables with consultants.

CHAPTER 2

System Setup

Implementing an ad sales commissions solution usually requires the following steps.

1 DEFINE YOUR COMMISSION PLANS

Depending on your scope and phasing, this will dictate which commission plans will be setup on the system. It's a best practice to optimize the number of plans prior to implementing a solution. Typically ad sales organizations have too many permutations of what could be the same plan in a commissions system. Ways to reduce plans include setting quota size specific commission rates within a single plan to consolidate large, medium, small producers in a single comp plan structure, setting up individual rates via a target incentive calculation and getting the number of components right so sellers only need one plan. Ideally this comp plan design work is done in advance prior to the implementation.

2 DEFINE YOUR PAYEES

For each commission plan, identify the payees on that plan. Using a commission tool native to your CRM or OMS will make sourcing this data easy otherwise you'll need to define a master source and determine how to initially populate and keep up to date.

3 SETUP YOUR COMP PLANS

For each comp plan you'll want to set descriptive information such as the effective period, a clear name such as Field Sales 2022 – Annual so that the plans can easily be managed by commission ops. Once the plans are setup, assign payees to the correct plan and determine a process to keep it updated to support on-going personnel changes.

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4 DEFINE YOUR PAYMENT SCHEDULES

Depending on your payment schedule and comp plan design, you'll need to configure a schedule. This could be a single payment calculation for the entire commission period or a series of successive payments.

5 DEFINE YOUR COMP PLAN COMPONENTS

It's best practice to use a commission tool that provides a component structure, so that a comp plan can have one or more, reducing the need for extra plans and complexity. Components should be setup to define the calculations whether they're commission rates, target incentive/bonus calculations, kickers, management by objectives (mbos) or other incentives. For complex calculations, additional criteria may be required such as certain deal types, specific products and whether to use gross vs net amounts for certain data sets.

6 DEFINE CREDITING RULES

One of the biggest sources of disputes is incorrect crediting. Make sure you define who gets credit for each revenue stream including any splits and effective dates. Make sure you have a plan to keep this data accurate during the commission period.

7 SOURCE YOUR PERFORMANCE DATA

The ideal solution is a pre-integrated platform with a CRM or OMS providing all insertion order and programmatic performance data sets. If you don't have that, you'll need to define the master sources and data import frequencies along with any data cleansing. Once you've reached this step, you're ready to start testing.

CHAPTER 3

Testing & Verification

Testing a new commission automation solution can be intimidating. No one wants to share the solution with sellers until there's confidence the calculations are running correctly. Fortunately, there's a best practice shortcut – test against the most recently closed commission period. Once you have your commission plans setup with calculations running against your performance data, run them against the prior period for a certain group of payees that would give you confidence that all use cases are covered. If the commission calculations match the legacy spreadsheet-based process you should have high confidence in your system setup. If they don't, you'll need to triage the root cause – typically the difference comes from mismatching performance data, crediting rules or manual adjustments.

Once you've established historical calculation accuracy against known prior results, it's time to test against the current period data set. This also follows a similar process – compare the commission system's results against manual calculations to ensure the go forward comp plan setup and data produce the expected results. A best practice is to run the new system and legacy process in parallel for some time, perhaps the entire first period to raise confidence.

CHAPTER 4

Pilot and Rollout

Leading with a pilot team is always a best practice. Defining who's included and how long should be owned by the project team supported by the executive sponsor. The pilot should have clear exit criteria so as to remove subjectivity as to when it's time to expand the rollout to the remaining teams. Depending on the size of the organization, building in time to collect user feedback on the tool, process changes and training before roll-out is a great practice. Larger organizations may want to build in time to update the system configuration and change management materials. Smaller organizations may want to establish a roadmap of updates as new capabilities, best practices and learnings are developed. As part of the rollout it's important to establish why the organization is investing in the solution as a WIFM – what's in it for me, and how success will be measured and celebrated.

Conclusion

This guide should give you a head start on thinking and planning for your implementation of a commission automation solution. If you have additional questions or to learn more contact us at at
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