

EIM and Beyond...What the Chief Sales Officer Really Wants

CUNA Mutual Group Case Study

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❖ TOPICS

- ❖ About Enterprise Incentive Management Software (EIM)
- ❖ Why EIM?
- ❖ Selling EIM in your Organization
- ❖ About CUNA Mutual
- ❖ CUNA Mutual's EIM Experience
- ❖ Evaluating the Results of EIM
- ❖ What's Next: EIM and Beyond



EIM...What is it?

- At its core...EIM technology pays sales forces /distribution channels accurately and timely
- Used strategically...EIM helps companies manage incentive plans to achieve distribution system success
- Leveraged fully...EIM supplies a wealth of analytical data to help business achieve strategic outcomes



EIM History

- EIM is a relatively new breed of software
- Best of Breed Companies only around since late 1990's
- EIM Market is beginning to grow rapidly
- Future is Bright...In Insurance alone, Gartner says "EIM is a top priority for life insurance carriers in North America"
- Future Market for EIM is estimated at \$3.5 Billion (Licensing Revenues)



Levels of EIM Sophistication

- Not all companies require same level of EIM sophistication
- Levels Include:
 - Spreadsheets and/or MS Access
 - Payroll system modules
 - Low Complexity, non-scaleable EIM
 - Best of Breed Solutions
- Today's discussion focuses primarily on Best of Breed level



Why EIM?

- EIM has two important doorways:
 - Achieving Operational Efficiency
 - Ensuring Sales Performance



Operational Efficiencies

- Include:
 - Increased Accuracy and Timeliness of Incentive Payments
 - Reduced Costs of Administration
 - Better, more cost effective Reporting
 - Lower overall technology costs
 - Compliance (Sarbanes-Oxley)



Sales Performance

- Include:
 - Enabling Quick Response to Incentive Plan Changes
 - Close Monitoring of Sales Force Performance
 - Analysis of Market, Channel, Product and Producer Sales Data...
 - Enabling Strategic Outcomes in Sales Force and Channel Management



... Why EIM?

Another View of Need for EIM:

- Who Needs
- Why Do They Need IT
- What Problems Does it Solve



SO, Why EIM?

- Who feels pain around Sales Compensation?:
 - Sales Distribution
 - Inaccurate pay
 - Missed payrolls
 - Poor or expensive reporting
 - Slow response to plan design changes
 - Marketing/Sales Management
 - Poor producer/product data
 - Need for robust analytics
 - Slow reaction to new channels or markets



Why EIM? (continued)

- Financial department
 - Overpayments
 - Accounting errors
 - Internal audit problems
 - Sarbanes-Oxley
- Compensation Administration
 - High unit costs
 - Heavy on labor
 - Poor reporting capabilities
 - Reacting to claims of “wrong pay”



Why EIM ? (continued)

- IT department
 - Old (non-standard) technology
 - Inefficient technology
 - Multiple systems
 - High cost of support



Why EIM?

- **Points to Remember...**
- **EIM will address both Operational Efficiency and Sales Performance Challenges**
- **Evaluate your organization to find and value your Pain Points**



Selling EIM In Your Organization

- Tell both the Operational Efficiency and Sales Performance stories
- Sell a solution to the Pain Points identified
- Develop a cross functional team



Selling EIM In Your Organization

- Prepare a robust Cost Benefit Analysis (CBA)
 - Hard Dollar Savings (Operational Efficiency)
 - Future Cost Avoidance (Operational Efficiency)
 - Soft Dollar Savings (Operational Efficiency and Sales Performance)
 - Market Place Advantages (Sales Performance)
 - Employee Relations Advantages



Selling EIM

- **Points to Remember**
- **Use a Cross Functional Team**
- **Address Both Operational Efficiency and Sale Performance Issues in CBA**



CUNA Mutual's EIM Story

About CUNA Mutual

- Part of the Credit Union System
- Financial Services Company
- Two Customer Bases
 - Credit Unions as Business (B2B)
 - Credit Unions' Members as Individuals (B2M)
- Revenues: \$2.7 billion
- Employees: 4,500



CUNA Mutual Group Distribution Systems

- B2B
 - 30 Positions
 - Account Managers
 - Specialists
 - Sales Managers
- B2M (& B2B2M):
 - Financial Services Reps (Registered Reps)
 - Pay credit unions for access to members



Sales Comp Plans at CUNA Mutual Group

- B2B
 - 30 Positions
 - “Target Cash” Methodology
 - Mostly Bonus (not commission)
 - Key Metric: Market Share
- B2M/B2B2M
 - Few positions but over 30 plans
 - Reps true “commission” with draw
 - Pay credit unions



Sales Comp Plan Complexity

- Extremely High Complexity
 - Many positions
 - Many plans
 - Many 1 – off deals
 - Large number of products
 - Feeds from 20 different systems
 - Lots of vesting (old plans don't go away)



Volumes

- Products: > 400
- Incentive payments > \$75 million/year
- Transactions monthly: 1.5 million
- Credits calculated monthly: 3.5 million
- Comp plans: 50
- Different incentive calculated monthly: 95
- Customer assignments: 75,000
- Job titles: 100+
- Participants: 4000+
- Rules: 500



Why EIM at CUNA Mutual Group?

- Flexibility/Nimbleness of Supporting Comp Design
- Fast Rule Changes by Business Users
- Reduce overall cost structure
- Reduce IT Support
- Internet Reporting
- Retire Legacy Systems



Initial EIM Implementation Project

- Completed a Reinvention Project for Sales Comp Administration
- New Technology was Identified as Key Project
- Formed a Cross-Functional Vendor Selection Team (Business, IT, Legal, Vendor Management)



Vendor Selection

- RFI/RFP Process
- Looked for:
 - Ability to handle our plans and data
 - Mesh with CUNA Mutual Group technology standards
 - Strong vendor with right intangibles
 - Implementation approach
- Narrowed list from 8 to 4 to 2
- Finalists did customized demo
- Callidus clear choice



Selecting an EIM Vendor

- **Points to Remember**

Invest time in vendor selection
with cross functional team



Implementation Experience

- Joint effort CM/Callidus Teams
- Freed up CM's best people (Business & IT)
- 2 phases (B2M, then B2B), 15 months total
- Biggest Challenges:
 - Data Integration
 - Reporting...use no out of the box
- Lots of testing due to CM's complex plans
- CM's staff became experts
- Extremely smooth "GO Live"



Implementation Lessons Learned

- Project scoping before contract
- Put “A” team on project
- Spend some time on implementation before vendor training
- Recognize correlation between comp plan complexity and testing
- Give time and attention to roll-out of new reports
- Chose a vendor that is flexible and will work with you through the tough spots



Evaluate The Results

- Evaluate For:
 - Calculation Accuracy/Software Effectiveness
 - Project Budget
 - Cost Savings
 - Return on Investment
 - Effectiveness of Reports
 - Ease of Implementing New Plans
 - Vendor Partnership
 - Availability of Sales Data



CUNA Mutual Bottom Line Value

- Hard dollar saving: \$900,000 per year
- Soft dollar savings:
 - Quick response to comp design
 - Reduced programming for future changes
 - Retire Legacy Systems
- Market Place:
 - Internet delivery of reports
 - Met competition



Initial Implementation Summary

- Project considered a huge success
- Came in \$9,000 under budget
- Cost savings have come true
- Software/vendor experience exceeded our expectations



What's Next...

What We've Learned:

- CUNA Mutual now assumes our nimbleness...Comp Administration is key supporter of strategy!
- Good Reporting is contagious
- Reporting leads to a demand for Analytics
 - Drill down and drill through
 - More years of data accessible for analysis



What's Next...

- Growing Focus on Sales Performance
- Charter Customer for TrueAnalytics
 - GA Release just installed a few weeks ago
 - Training complete
 - High level of excitement with the TrueAnalytics tool



Summary and Questions

- Closing Comments
- What Questions Do You Have?

