

Press Release



PRACTIQUE
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'Overpayment on incentives *is* avoidable', refutes Practique in response to Mervyn King's comments that the culture of big bonus is over

30th April 2008: The Governor of the Bank of England, Mervyn King suggested yesterday in a speech to the Treasury Select Committee, that the culture of big salaries and bonus paid by some banks should stop. In a thinly veiled criticism, he suggested banks had realised that some of the incentive packages offered were not in their own interests in the long-run and encouraged risk.

However accurate forecasting of commission and bonus is achievable to avoid overpayment. In addition, incentives today can be tried and tested in advance of implementation to determine not only if they will work but more importantly to check that commission paid out will not exceed sales made. The technology which is making this possible is Incentive Compensation Management (ICM) software and Practique is Europe's leading specialist vendor.

ICM is a complex term, for what in essence is a simple concept; incentivising and rewarding the workforce for the attainment of goals and target, in short payment for performance.

According to Jo Walker, Managing Director for Practique, ICM is rapidly being adopted as an essential business tool, "The credit crisis is forcing organisations to take a microscopic approach to their financial processes. Commission overpayment is typically between 5-12% of the overall commission budget. The error rate on manual commission processing – which the majority of European businesses still adopt – is, as a rule of thumb, 6-7% which means companies can be easily losing hundred of thousands of pounds and in some cases millions."

Walker continued, "ICM technology makes forecasting and commission and bonus payout accurate, but used strategically it can take advantage of an economic downturn, by introducing incentives to compete with a shift in market changes. ICM can drive directional selling and has a proven track record of driving up sales and providing a rapid return on investment. In short, it really is a no-brainer."



About Practique

Practique is Europe's leading specialist vendor of Enterprise Incentive Compensation Management (ICM) software. Its flagship web-based application, INCA automates sales commission and bonus and is responsible for managing the commission of over 120,000 employees and channel partners across Europe every day.

Practique offers clients an end-to-end solution from strategic planning through to deployment and after sales. Practique understands clients invest in enterprise ICM solutions with a long-term view and we evolve and develop our software upgrades to continually meet your business needs. Emphasis is also placed firmly on education and training in addition to assisting with communication to staff.

INCA embraces all aspects of performance incentive programmes and so presents a compelling argument for any business operating variable pay. It has been proven to drive sales performance, motivate employees, influence sales behaviours and it positively impacts the business bottom line. INCA reduces costs such as compensation overpayment and unnecessary administration overheads and directly links performance measures to top line company growth targets. For example, one of Practique's clients cut its operational costs by 37% and drove up sales volume by 22% within 12 months of implementing INCA.

Practique, a UK-based, privately owned organisation, has implemented its software across a broad range of industry sectors. It has successfully deployed INCA into many industry-leading companies, including The Carphone Warehouse, O₂ UK and Germany, Cable & Wireless, seven separate divisions of BT, The Royal Bank of Scotland and British Gas Business part of Centrica Plc.

For more information, please visit <http://www.practique.co.uk>

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