



PRACTIQUE
A Merced Company

Whitepaper:

Incentive Compensation Management.
The key to working more productively
with IFAs.

Prepared by Practique Associates Limited the leading specialist vendor of Incentive Compensation Management software in Europe.

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Practique Whitepaper

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Executive Summary

Financial Services providers are operating in an increasingly competitive market, with a diverse product mix and a focus on growth. As a result, many organisations are looking to increase profitability through customer service thus attracting and retaining the right calibre of IFA. Improved communication with IFAs is a proven route to maximising product awareness; however the challenge lies in balancing greater customer service with operational cost control.

The ICM Solution

Incentive Compensation Management (ICM) is a software application which is gaining momentum in the UK as it not only drives sales and motivates employees, it can bridge the gap between Financial Services and IFAs so providers are able to enhance relationships with intermediaries, ensuring their products are uppermost in the IFA's portfolio.

Analysts Gartner predicted the need for ICM in the IFA market, 'Providers should evaluate their commission management systems' ability to support their complex and diverse commission requirements. Agent performance, loyalty and motivation are tied directly to their ability to earn and be accurately paid commissions. Today, packaged ICM system applications provide an alternative to improve commission management and ensure the accurate payments of commissions.'

Practique is an expert provider of ICM and INCA is its web-based software solution. With a plethora of legacy systems, organisations historically calculate commission using tools such as Excel spreadsheets and Access databases which are cumbersome and restrictive. Solutions like INCA are able to drive sales performance and meet growth objectives whilst streamlining processes and ensuring commission is paid accurately and on-time as well as providing a greater communication portal.

INCA allows a flexible incentive scheme to be created and communicated to IFAs. It can reward on transaction volume and quantity as well as encouraging IFAs to focus on more profitable products. Online statements give real time visibility of what impact their achievement will have on their remuneration and as a result helps drive IFAs to exceed their targets. In addition, commission is paid quickly and accurately further motivating the IFA, thus providing a 'win-win' situation for both the IFA and the provider.

One of the benefits for the providers is reduced customer service enquiries. This is because the IFA is able to track the status of transactions on-line. This level of visibility also enables the provider to respond quickly to queries raised by the IFA and audit the type of queries from applications through to commission payout. This level of interaction is invaluable for the IFA as it allows them to focus on winning new business.

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An increase in regulatory requirements has resulted in additional administrative overheads for both the provider and the IFA. Incomplete documentation impacts both the provider and the IFA. INCA's scalability, allows schemes to be created rewarding the IFA for correctly completed applications.

Powerful reporting and analytics give visibility of trends such as the products that are selling well, the IFAs which are performing strongly and how much individual IFAs have been paid historically. League tables also communicate which the top performing and most profitable IFAs. Business leaders can use this information to react to changing market conditions and steer sales behaviour in the right direction to maximise profits in order to stay one step ahead of the competition.

Incentive Compensation Management is a burgeoning market, estimated to be worth \$300m by 2010. Companies committed to an effective growth strategy will look to differentiate by implementing imaginative and flexible incentive schemes that motivate and tie performance to company profit objectives.

About Practique

Practique is the author of INCA an Incentive Management solution. This web-based software 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, a UK based organisation, is the leading specialist vendor of Incentive Compensation Management software in Europe. INCA is implemented in many forward thinking companies including O₂ in the UK and Germany, The Carphone Warehouse, Mazda, BT, Cable & Wireless, STA Travel and The Royal Bank of Scotland.

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