

# PROFITABLE PAYING FOR PERFORMANCE ^



# Paying for Profitable Performance

Efficient sales operations is no longer just a “goal”.

Piling high and selling cheap is no longer a sustainable practice.

The whole organization must work the same uniform strategy



## Why Haven't Companies Been Paying for Profitable Performance?

It all comes down to two reasons:

### Visibility Gaps

- Profitability is hard to measure
  - There are too many moving parts
- There is too much data about too many customers
- Summary information hides the unique preferences of individual customers and events
- General policy actions that don't consider each unique customer segment creates waste

### An Alignment Mismatch

- Owners need profit and growth
- Operators are focused on volume
- Compensation is based on volume

### Our Proposed Solution:

- Automate the Measurement of True Customer Value
- Move the Decision Point Closer to the Customer
- Break the barriers to information access and use

## Improve Agility in Decision Making

Move the Decision Point Closer to the Customer

- **Local decision makers know each customer uniquely**
- **They can make decisions with more precision**
- **Dead net accountability makes the performance numbers as reliable as a route book**

Salient makes it plausible to collect those kinds of data and organize them in one place because the nature of what we provide is Activity Based Valuation. What we are suggesting is a managerial accounting approach to profit-based compensation.

Sales personnel create or subtract from customer profitability in a variety of ways, and in many cases they may know the best course of action with their localized intelligence. Individuals at the point of execution can now be held accountable and compensated for customer profitability. The important questions to ask are: *What can be controlled or influenced by the actions of a Sales Manager or a Sales Person? How many ways can a Sales Person affect the value of a customer? What are some other examples of decisions that can sometimes be controlled at the point of execution?*

Consider a complete methodology for driving value in your organization. Salient can help provide the knowledge, power and the means to provide a stake in the results for your management team.

Do you have a precise measurement of true margins? Ask Salient how we can help.

Often times there are several things that can usually be controlled or influenced by these Sales personnel:

- Price Discounts
- Product Mix
- Delivery Frequency
- Merchandising Practices
- Stocking levels
- Service levels

### Measuring Complete Customer Value

Almost all of the costs of service, product, merchandising and other customer support spending is recorded somewhere. The revenue proceeding from the customer relationship is also recorded somewhere. The growth rate coming from the customer relationship is recorded somewhere. The frequency and duration of most activities is recorded somewhere. The capital expense that may be involved in supporting the customer is also recorded somewhere – possibly in the form of depreciated tables or can be incorporated.



Please contact us:    **By phone:** 1-800-447-1868    **By e-mail:** [info@salient.com](mailto:info@salient.com)  
1-607-739-4511

**About Salient**

Salient Management Company offers business and government a new solution for efficient management. Drawing on diverse data from multiple sources, Salient technology measures how business activity creates value, quality, financial efficiency, productivity, while the user interface eliminates barriers to using this knowledge for continuous process improvement.

Salient's technology platform is a super scalable, in-memory, system for automated scoring of value added by business activity. The user interface provides a graphical toolbox for interactive, stream-of-thought data mining, visualization, and root cause analysis. Overall, the technology enables people to evaluate process behaviors rapidly, eliminate waste, and continuously optimize outcomes.

Founded in 1986, Salient today serves more than 35,000 users in 53 countries. For more information, visit [www.salient.com](http://www.salient.com).