

GUIDE

# 3 Ways to Elevate Your Incentive Compensation Program with Generative AI

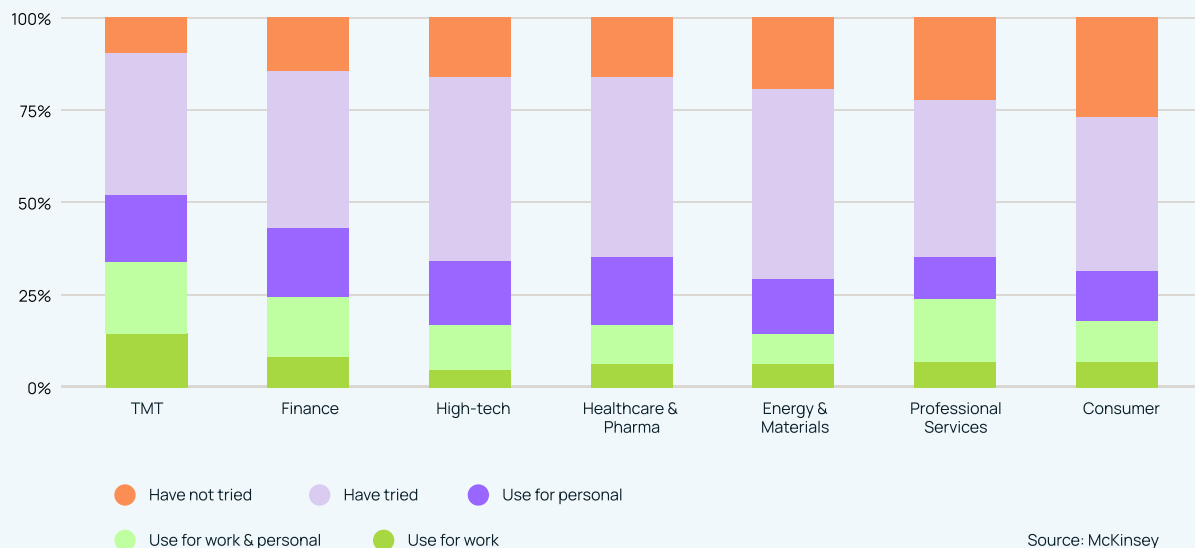


# The Strategic Compensation Manager's Guide to AI in Commissions

At its most useful, Artificial Intelligence is a tool that drastically improves processes and empowers people. **When approached and implemented thoughtfully, Generative AI can have an outstanding impact – not just on how we work, but also how much more we can accomplish for ourselves, our teams, and our organizations at large.**

As we see it, AI will become a competitive advantage for many businesses, with those adopting it sooner than later having an operational leg up over those who don't. As of April 2023, over half of corporate management professionals have at least tried using Gen AI in either or both their professional or personal lives – and we only expect that gap between the users and non-users to grow as AI's popularity and use cases expand.

Corporate management exposure to generative AI, April 2023



Source: McKinsey

In particular interest to us is the potential for AI in incentive compensation and GTM (Go-to-Market) performance management.

Commissions is a unique space – it's incredibly important to get right, but with complex data, processes, and multiple players, it's really easy to get wrong, and there's certainly plenty of room for improvement. As players in this space, we consistently see three key pain points pop up over and over again:



**Admins sink hours, days, or even weeks into the tactical and operational tasks that come with managing commissions**



**Reps lack transparency into how payouts are calculated, which puts their motivation and performance at risk**



**Compensation, finance, and revops leaders can't access the data and insights they need to understand whether incentive programs are really working**

In this guide, we'll discuss how CaptivateIQ and other incentive compensation management solutions are implementing Generative AI to address these common challenges, and offer real world examples of how you and your team can use this revolutionary technology to streamline and simplify your day to day workflows and become more strategic in your role.

# An AI-powered Admin Co-pilot Increases Efficiency and Speeds Up Workflows

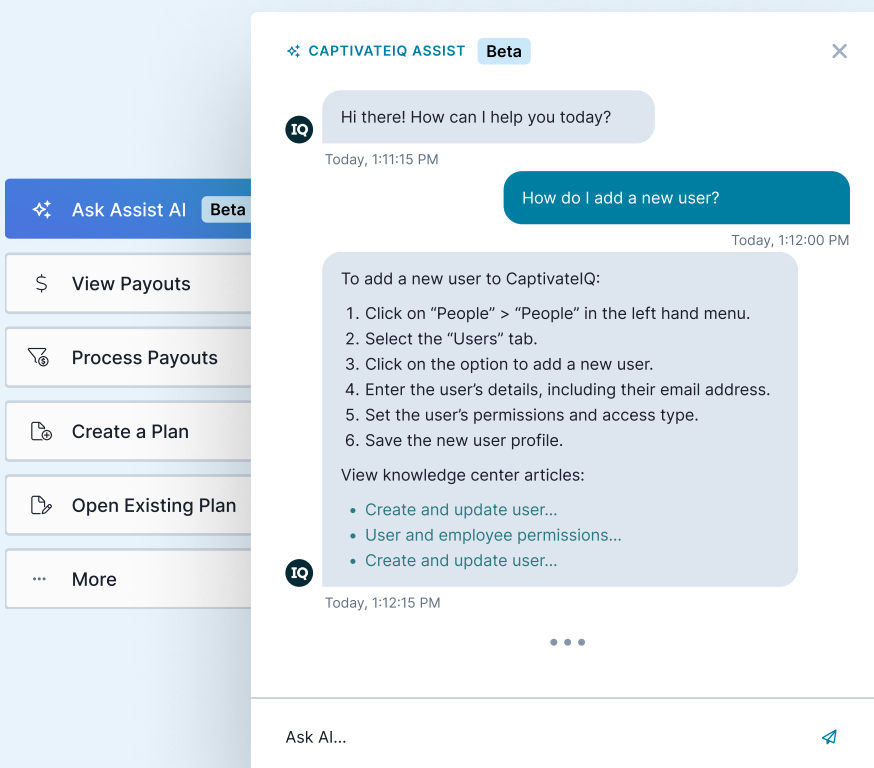
## The Challenge:

One of the most common gripes we hear from revenue operations and incentive compensation professionals is the desire to move their programs away from being purely tactical, towards being a strategic lever for business growth. But between troubleshooting plan errors and reacting to barrages of rep inquiries, it's hard enough to check off the day-to-day task list, let alone finding the time to focus on more strategic initiatives.

What's an ambitious yet time-constrained admin to do?

## How AI Can Help:

With the ease of a chat-based conversation, AI can help admins be more efficient by automating manual tasks and streamlining workflows. By asking AI to check off these basic to-dos, admins can free up the time they need to focus on adding more strategic value for their organizations. For example, AI can easily fix bug errors, or offer personalized support so incentive compensation admins can move more seamlessly through their workday.



## AI in Practice:

Let's say an admin wants to add a new user into the system, but because this isn't a task she manages every single day, she can't remember exactly how to progress through each and every step. She **could** search through the solution's entire knowledge base looking for helpful articles to address this very specific need – or she could simply ask AI to take care of it, saving herself time and effort in the easy-peasy process.



Now, let's say that after setting up the new user, this same admin runs into an error when setting up their comp plan. Yes, she certainly could try to write the formula 10 different times until the error is debugged – or, simply ask their handy co-pilot for help within the flow of their work.

**Formulas**

Variant: Derived column

Column Name: Commissionable ARR

Column Description: Description

Data Type: Number

Format: No format

Decimal Places: 2

Formula: `NR({Split %}, 1) * {ARR}`

**CAPTIVATEIQ ASSIST Beta**

If the issue persists, check the structure of your worksheet and ensure that all statement elements have a source worksheet.

Today, 1:20:38 PM

The error is due to null values, how can I fix the formula assuming that null values should default to 100%?

To fix the formula to default null values in the "Split %" column to 100%, you can use the NR (Null Replace) function. Update the formula as follows:

```
NR({Split %}, 1) * {ARR}
```

This formula replaces any null values in the "Split %" column with 1 (which represents 100%) before multiplying by the "ARR" value.

Today, 1:21:15 PM

Ask AI...

If you imagine how AI helps address these time-consuming scenarios at scale, you'll understand just how powerful it can be, streamlining and simplifying an incentive compensation administrator's day to day, and month to month.

# An AI-powered Payee Coach Delivers More Clarity and Transparency for Reps

## The Challenge

An incentive compensation program is only as effective as it is understood by the salesforce. Additionally, transparency into current and future earnings potential is a key factor in keeping reps motivated and striving as high performers.

Unfortunately, many organizations have yet to perfect an efficient and effective means to consistently address these two truths.

While there may be clarity off the bat, reps may forget the nitty gritty details of their plan mechanics as the year progresses, or realize they don't really understand how their payouts are adjusted when circumstances change or new incentives are introduced. Typically, getting ahead of comp plan confusion rests squarely on the shoulders of compensation admins or sales leaders – or worse, it's an afterthought, consistently addressed in an ad hoc, reactive manner.

This not only creates yet another time-suck for comp admins, it also means reps don't have a real-time read on their comp plans, which means they can't clearly understand how specific behaviors drive tangible take-home pay results to keep them motivated. And maybe worst of all, this lack of clarity takes reps' attention away from what's most important – **driving revenue**.

## How AI Can Help:

With AI, there are **three massive opportunities** for AI to help support GTM teams:

01

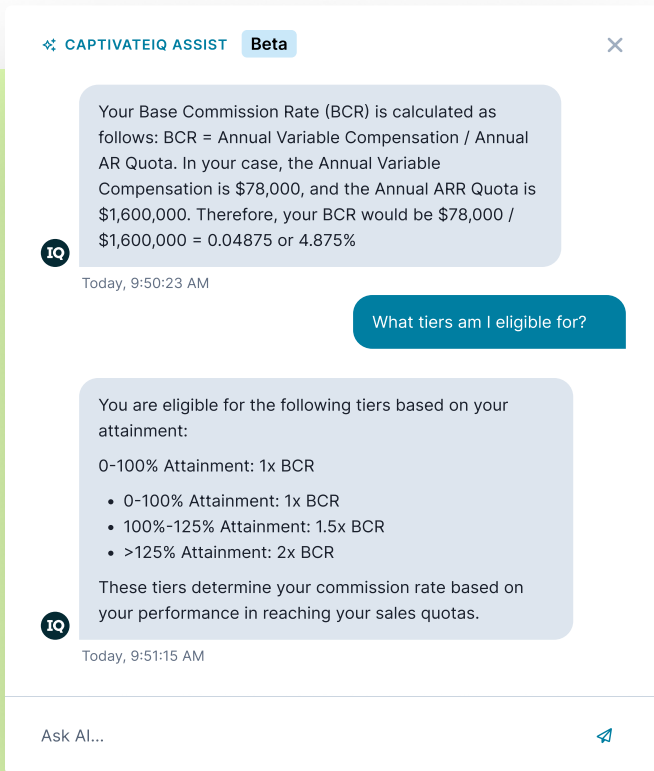
**Compensation plan comprehension:** For example, AI might simplify 4-5 page legal documents into an easy-to-access Q&A, condensing the most important information into an easily digestible format and saving reps time to focus on what matters most.

02

**Commissions payout estimator for ICs (individual contributors) and managers:** Managers and reps can easily test different scenarios to better understand the quantifiable difference between so-so attainment versus over-attainment, shining a light on what just one or two more deals closed could mean in terms of take-home pay – boosting motivation and performance in the process.

03

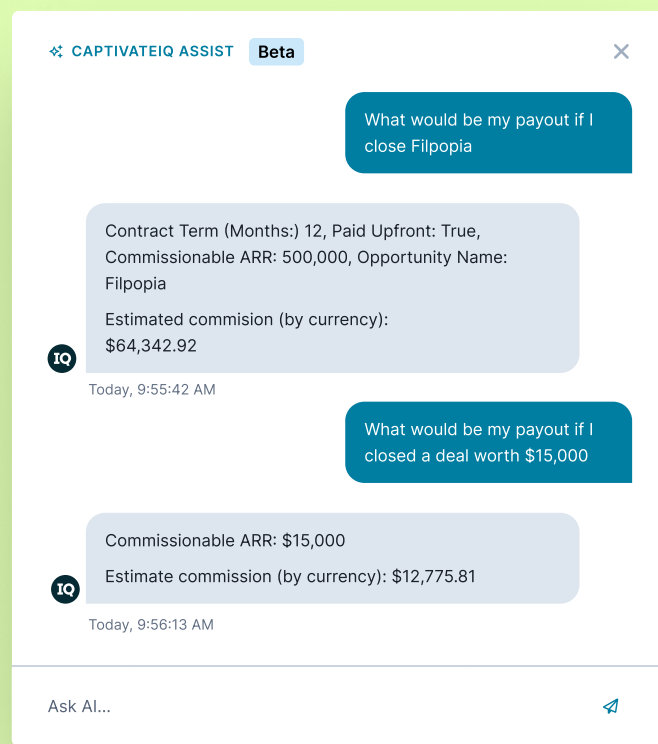
**Performance optimization:** Instead of more blindly estimating payouts based on a deal, reps can instead ask more open-ended questions, such as “Where should I focus my attention from a deal perspective to hit quota this month?” An AI-generated snapshot can then help reps better understand how to spend their time and energy in order to best meet their goals.



With a better understanding of her comp plan now in tow, she's ready to hit the ground selling – and she has big personal goals in mind, eyeing a new car purchase this quarter. Wanting to know **exactly** what she has to do to hit those goals, she can use AI to immediately find out via scenario-based questions what she needs to accomplish to get in the driver's seat of her dream ride.

## AI in Practice:

Let's say a new rep is onboarding and wants to know what multipliers she'll need to hit to get 125% attainment. Instead of scouring through several dense pages of legalese, she can instead simply ask AI to review and summarize the doc, instantly accessing the information she's looking for and boosting motivation and productivity accordingly.



### What if Calculator

01/29/24

**+\$15,000**      **\$12,775**  
 WHAT IF      Estimate Payout

Enterprise Account Executive

Account Name	ARR	Contract Term
Filpopia	\$500,00	12 mo
Beast OAK	\$86,000	6 mo
PTV	\$100,000	14 mo

[Add deals from pipeline](#)      [Add](#)

CAPTIVATEIQ ASSIST **Beta**

What strategies can I use to obtain a higher payout?

There are a few strategies you can use to obtain a higher payout:

- One is to focus on closing larger deals with longer contract terms, as these typically result in higher commission payouts.
- Additionally, you can negotiate for higher commission rates or bonuses based on performance.
- Finally, it's important to consistently meet or exceed your sales targets to maximize your commission potential.

Today, 9:55:42 AM

Ask AI...

Lastly, let's say this rep is out of her own ideas for which scenarios she needs to hit her goals. All she has to do is ask AI to derive the lucrative answers to questions such as, "Where should I focus my attention to hit quota this month?" With access to the right data, AI can actively suggest a strategy to help her hit even the loftiest of goals.

# An AI-powered Plan Advisor Democratizes Analysis and Delivers More Actionable Insights

## The Challenge:

It takes a unique skillset to manipulate and analyze data – and even for those with that particular skillset, it can take a lot of time to sort through every possible hypothesis and scenario to quickly understand what’s working and what’s not, and pinpoint areas of improvement.

How can **anyone** involved in incentive compensation management easily gain access to the insights they need to make the best commissions-related decisions for the business?

## How AI Can Help:

You guessed it – AI can actively suggest changes to your compensation plans to improve your desired outcomes. The first level of this is a virtual analyst – “someone” you ask questions to, that can support you in your analysis. You do still need to know what you want to look at, but the virtual analyst does all the heavy lifting, creating charts and cutting data in seconds.

Ultimately, what we predict for the future is to be able to proactively surface plan insights to improve the outcomes of your incentive compensation strategy with AI. Not only will the specific analysis you didn’t have time to run be available right at your fingertips, in the future, you won’t even need to ask. Based on data, AI will be able to advise you on plan building and best practices, incorporating trends, benchmarks, and other important factors.

## AI in Practice:

This might look like AI surfacing suggestions such as, “Organizations like yours are moving from quarterly to annual plans – you might want to consider that approach,” or, “Your cost of sales was 5% worse in Q2 than in Q1 – here are some changes you could make to better improve performance in Q4.”

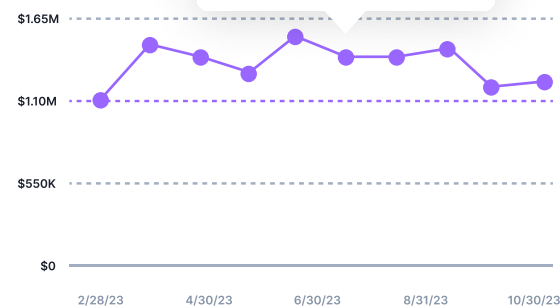
With an AI-powered plan advisor, everyone involved in incentive compensation management will have the insights they need to make better-informed decisions without all the data analysis heavy lifting.

### Estimated Payout Summary by Payout Date (YTD)

melissa.williams@gol

**\$1,410,664.58**

JULY 31, 2023



View AI Suggestions

# Conclusion: The Future of AI in Commissions

Because we're passionate about solving every commissions challenge – big or small – that our customers face, we can't state enough just how excited we are about the potential of AI in incentive compensation and GTM performance management. Even now, in its nascency, AI is helping teams work more efficiently, boost rep performance, and ultimately get more value out of less incentive compensation spend.

And the AI revolution – in commissions and beyond – is just getting started.

## CaptivateIQ

**CaptivateIQ offers the most flexible way to automate commissions, motivate Go-To-Market teams, and captivate leaders with robust reporting and insights.**

Is your team ready to get started? Learn more about how [CaptivateIQ Assist](#) uses Generative AI to help turn incentive compensation into a more strategic lever for business growth.

