

Huntington Bank gains greater control of compensation



Building a platform to optimize incentives, boost sales performance and reduce administrative overhead

Overview

The need

Recognizing that sales performance depends on effective compensation strategies, Huntington Bank wanted to find a better way to track and adjust its incentive schemes across the business.

The solution

Huntington worked with global consulting firm OpenSymmetry to implement IBM® Cognos® Incentive Compensation Management – transforming the bank's multi-faceted sales organization, boosting compensation visibility and enabling greater flexibility.

The benefit

Reduces lead times for many incentive scheme adjustments from six weeks to within 24 hours. Cuts development costs while increasing business agility. Increases transparency and supports better decision-making.

Huntington Bank is a \$56 billion financial services organization with 690 bank branches and 1,380 ATMs across six US states: Ohio, Michigan, Pennsylvania, Indiana, West Virginia and Kentucky. It provides retail and commercial banking services, insurance, and also offers automotive financing through a network of independent dealerships.

Staff working for Huntington's retail banking division interact with customers through a variety of channels: traditional branches, convenience branches located in grocery stores and retirement centers, and telephone banking. Until recently, the branch, telephone banking and business banking channels had their own separate legacy systems and processes for managing incentives and compensation for its employees.

Taking a new approach

Barbara Weigel, a Vice President at Huntington Bank, comments: "We knew it was time to rethink our approach to compensation management. Our CEO wanted to be able to compare sales performance against incentives paid across the whole business. Achieving this level of transparency with our home-grown legacy systems was difficult. Moreover, the systems were becoming increasingly costly to maintain, and the lead time for our IT team to deploy updates when we wanted to make a change to one of our compensation schemes hindered our ability to respond quickly to the sales environment. We realized that moving to a single central compensation management platform could address both of these issues."

Selecting the right solution

The bank sent out a request for proposals, evaluated a number of vendors, and created a shortlist of two products, which included IBM Cognos Incentive Compensation Management. The bank conducted proof-of-concept projects with both products, and selected the IBM Cognos solution, which was implemented in conjunction with OpenSymmetry, a global IBM Business Partner that specializes in sales performance management consulting.



Solution components

Software

- IBM® Cognos® Incentive Compensation Management

IBM Business Partner

- OpenSymmetry
-

“We were impressed by the customer-centric approach to the sales process by the vendor, and we felt that the solution itself was the more flexible of the two,” says Barbara Weigel. “The ability to be more agile in making changes to our compensation schemes was a key objective, and the proof-of-concept convinced us that IBM Cognos Incentive Compensation Management could deliver.”

Simple, cloud-based delivery

IBM Cognos Incentive Compensation Management is a cloud-based solution, delivered via a software-as-a-service model – so there was no need for the bank to purchase new hardware or install and maintain the software. Instead, the main implementation effort focused on defining the logic for the compensation plans and approval workflows as well as defining and executing on the data requirements.

The solution was initially deployed for the telephone banking division. The next step was for Huntington Bank to work on transforming its business processes in preparation for a wider rollout to the other channels within the retail banking division. “The technology was only half the story,” explains Barbara Weigel. “Introducing an enterprise-wide standard for compensation management also meant organizational change.”

Managing organizational change

To design the new processes and management structures, the Huntington team worked with OpenSymmetry to define and validate Huntington’s proposed future state, and develop a roadmap to guide the bank on its transformation journey.

As this was truly an incentive administration transformation at Huntington Bank, OpenSymmetry worked to ensure a seamless change management process. It was critical to ensure sales enablement, training and launch were orchestrated effectively to minimize any impact to productivity while rolling out the solution to three business segments in parallel.

“Previously, we had a situation where the IT department owned all the systems, but the compensation administration team reported first through the finance department to the retail director, and then through the retail sales organization to the retail director,” says Barbara Weigel. “Now the team has full ownership of the Cognos solution and reports into the HR department. Effectively, this means that the compensation team has full control over its own responsibilities, and a well defined place in the organization.”

She adds: “The OpenSymmetry team made a valuable contribution in helping us develop and realize this new operational model. It is one thing to roll out a new system; it’s a further challenge to ensure end-user adoption and effectively manage the change in a sales organization. OpenSymmetry was truly a business partner; their understanding of both the business process and the technology allowed us to roll out and centralize incentive plans for three divisions with no sales downtime.”

With both the technology and the business processes in place, Huntington Bank has now rolled out the solution for branch-based staff, and is in a strong position to complete its enterprise-wide deployment, which should take place over the next few years.

Rapid realization of benefits

In the meantime, the bank is already seeing important benefits from the new solution. From a user perspective, staff can view their own compensation easily, and the data is updated on a daily basis.

“The difference the Cognos solution makes for the 652 staff who work in our convenience branches is particularly significant,” says Barbara Weigel. “Previously, they only received compensation reports on a monthly basis; now, they have daily insight. By checking their own performance regularly, they can keep themselves on track to hit their targets.”

Efficient compensation administration

For compensation administrators, the solution makes it easier to answer questions from colleagues and increase the proportion of helpdesk issues that can be resolved within the space of a single phone call.

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— Barbara Weigel, Vice President, Huntington Bank

“Unlike many of the enterprise legacy processes, which involve manual data entry in spreadsheets and small databases, the Cognos solution provides a robust way of managing the whole process,” says Barbara Weigel. “This minimizes the risk of missed payments, double payments, and other errors, and helps administrators work more efficiently.”

Greater visibility and flexibility

The Cognos solution also provides greater visibility of the performance of each incentive scheme at a high level, helping senior managers make better strategic decisions about how the schemes should be balanced to maximize employee engagement without reducing cost-efficiency.

“The key here is the agility that the solution provides,” explains Barbara Weigel. “We not only have a better view of incentive performance across multiple schemes, we also have the ability to make many types of adjustments much more quickly. Instead of a six-week development process that needs to be managed by the IT department, we can make many of the changes ourselves within a 24 hour period just by updating the business logic in Cognos.”

The logic that the bank has built into the solution keeps a full record of all incentives paid, sales and changes to sales. If the business segment decides to make a change to the current incentive scheme and wants to make it retroactive, or needs to perform some adjustments for a prior period using an older scheme, it is easy to accomplish. Previously, such changes and prior period adjustments required considerable effort and expense.

Looking to the future

“The Cognos solution’s flexibility is going to be significant over the next few years, as we move to integrate other business segments into the Cognos solution,” concludes Barbara Weigel. “With help from OpenSymmetry and the IBM Cognos team, we’re confident that our single platform for compensation management will be a game-changer in terms of business agility and sales performance.”

About OpenSymmetry

OpenSymmetry is a global sales performance management (SPM) consulting firm delivering end-to-end performance management solutions consisting of both strategic and technical services that enable customers to transform their sales performance management solutions into actionable results.

To learn more about OpenSymmetry’s emerging services and solutions, please visit www.opensymmetry.com

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