

# Enterprise Incentive Management (EIM) At CUNA Mutual Group: A Case Study

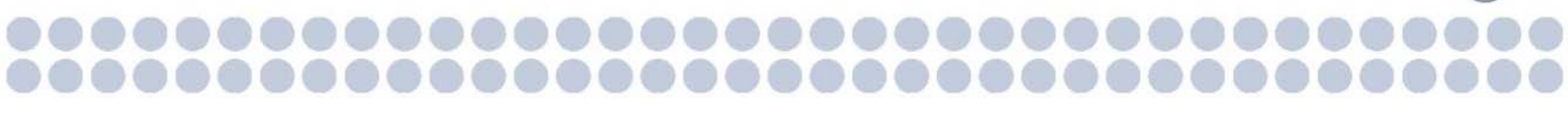
Acord/LOMA Insurance Systems Forum  
Las Vegas, May 24, 2004

Jim Lazarz  
CUNA Mutual Group  
608-231-8656  
[James.lazarz@cunamutual.com](mailto:James.lazarz@cunamutual.com)

# ❖ TOPICS

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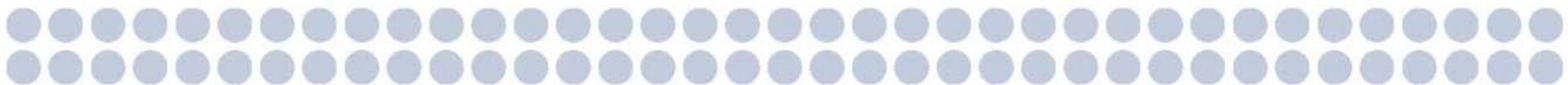
- ❖ About CUNA Mutual Group
- ❖ Why EIM?
- ❖ Selling EIM in your Organization
- ❖ Selecting an EIM Vendor
- ❖ Implementation Experience
- ❖ Evaluating the Results



# ❖ About CUNA Mutual Group

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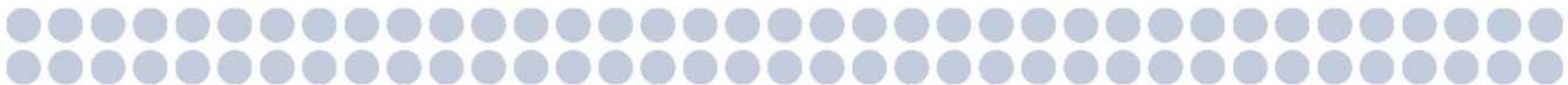
- Part of the Credit Union System
- Financial Services Company
- Two Customer Bases
  - Credit Unions as Business (B2B)
  - Credit Unions' Members as Individuals (B2M)
- Revenues: \$2.5 billion
- Employees: 5,000



# CUNA Mutual Group Distribution Systems

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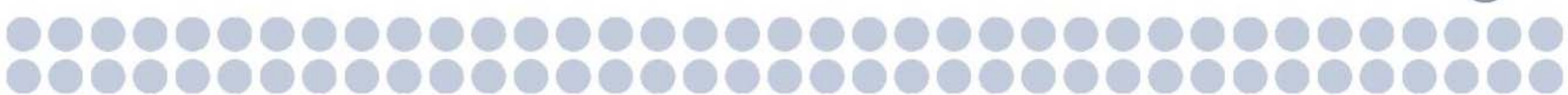
- B2B
  - 30 Positions
  - Relationship Mangers
  - Specialists
- B2M (& B2B2M):
  - Financial Services Reps (“Brokers”)
  - Pay credit unions for access to members



# Sales Comp Plans at CUNA Mutual Group

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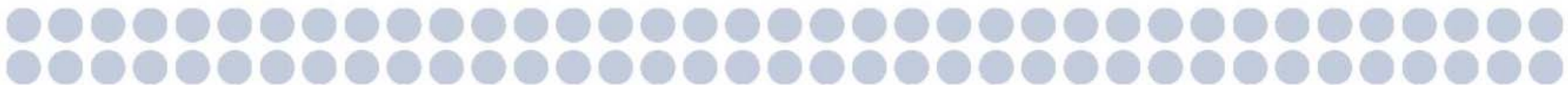
- B2B
  - 30 Positions
  - “Target Cash” Methodology
  - Mostly Bonus (not commission)
  - Key Metric: Revenue Growth/Profitability
- B2M/B2B2M
  - Few positions but over 30 plans
  - Reps true “commission” with draw
  - Pay credit unions



# Sales Comp Plan Complexity

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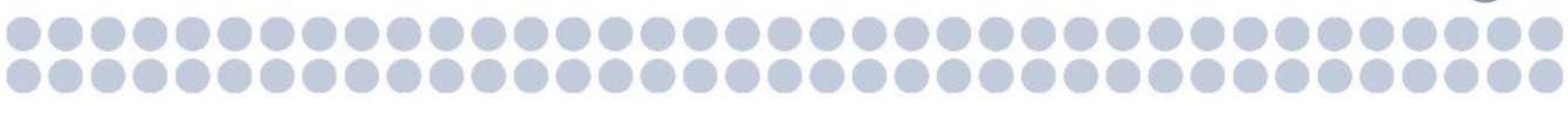
- Many positions
- Many plans
- Many 1 – off deals
- Large number of products
- Feeds from 20 different systems
- Lots of vesting (old plans don't go away)



# Volumes

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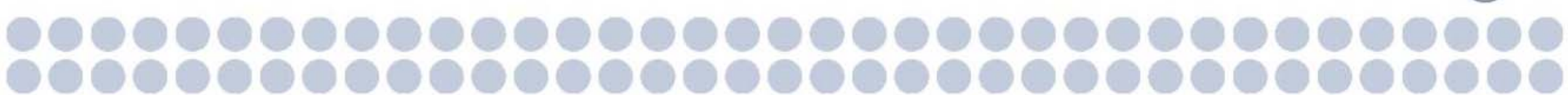
- Products: > 400
- Incentive payments > \$75 million/year
- Transactions monthly: 1.5 million
- Credits calculated monthly: 3.5 million
- Comp plans: 50
- Different incentive calculated monthly: 95
- Customer assignments: 75,000
- Job titles: 100+
- Participants: 3,550
- Rules: 500



# ❖ Why EIM?

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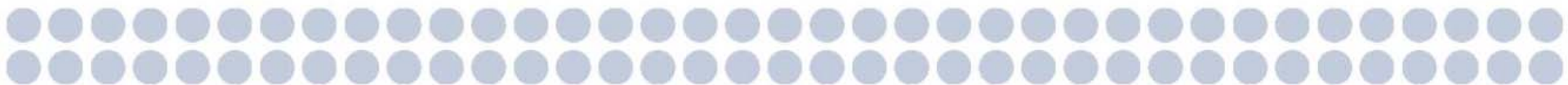
- Someone feels pain:
  - Sales Distribution
    - Inaccurate pay
    - Missed payrolls
    - Poor or expensive reporting
    - Slow response to plan design changes
  - Marketing/Sales Management
    - Poor producer/product data
    - Need for robust analytics
    - Slow reaction to new channels or markets



# Why EIM? (continued)

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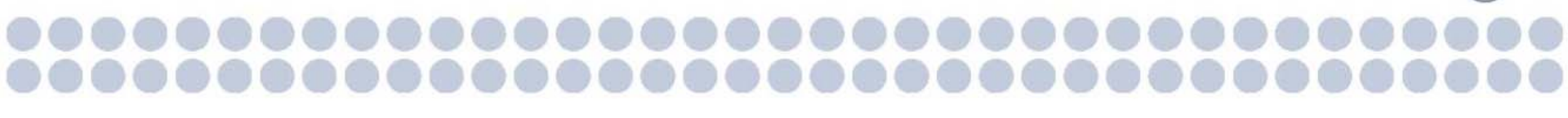
- Financial department
  - Overpayments
  - Accounting errors
  - Internal audit problems
- Compensation Administration
  - High unit costs
  - Heavy on labor
  - Poor reporting capabilities
  - Reacting to claims of “wrong pay”



# Why EIM ? (continued)

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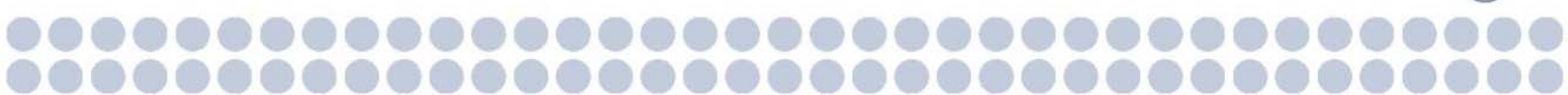
- IT department
  - Old (non-standard) technology
  - Inefficient technology
  - Multiple systems
  - High cost of support



# Why EIM at CUNA Mutual Group?

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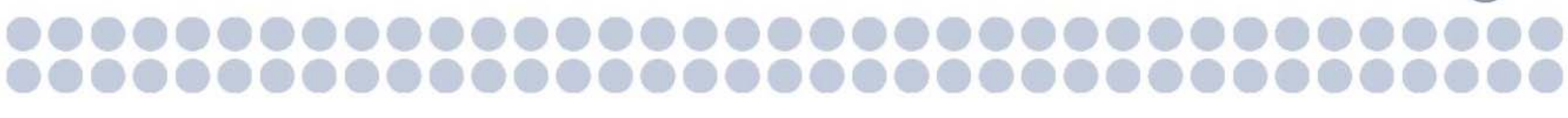
- Flexibility/Nimbleness
- Fast Rule Changes
- Reduce overall cost structure
- Reduce IT Support
- Internet Reporting
- Retire Legacy Systems



# Why EIM?

- **Key Take Away**

Evaluate your organization,  
find and value your Pain  
Points



# ❖ Selling EIM in Your Organization

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- Sell a solution to the Pain Points
- Develop cross functional support
- Prepare a full Cost Benefit Analysis (CBA)
  - Hard dollar costs
  - Soft dollar costs
  - Cost avoidance
  - Market Place or Employee Relations Advantages

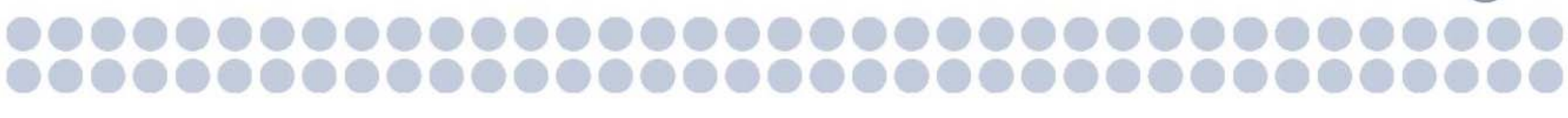


# Selling EIM

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- **Key Take Away**

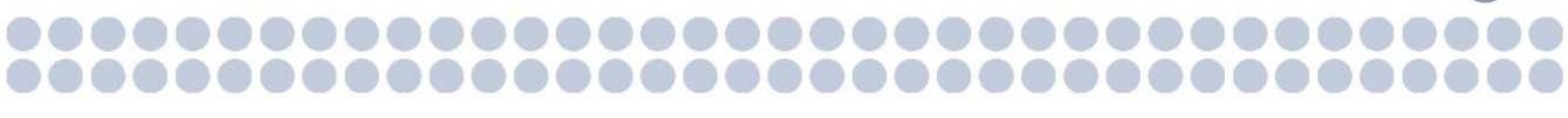
Get Cross Functional Support  
and Use a Robust CBA



# ❖ Selecting an EIM Vendor

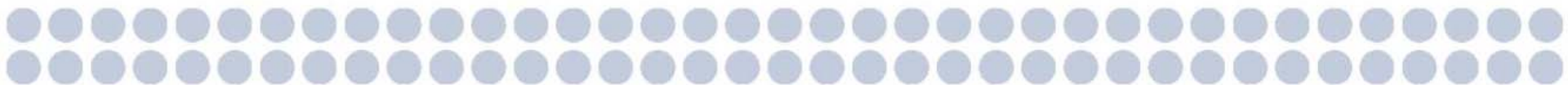
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- Critical part of project!
- Invest sufficient time and energy
- Engage cross functional team
- Do your homework!



# How Did CUNA Mutual Choose?

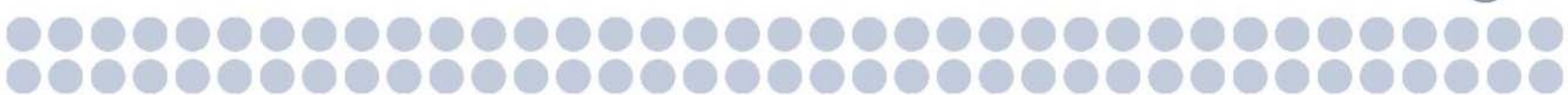
- Completed a Reinvention Project
- Homework on EIM Industry
- Cross Functional Team (Business, IT, Legal)
- RFI/RFP Process
- Looked for:
  - Ability to handle our plans and data
  - Mesh with CUNA Mutual Group technology standards
  - Strong vendor with right intangibles
  - Implementation approach
- Narrowed list from 8 to 4 to 2
- Finalists did customized demo
- Callidus clear choice



# Selecting an EIM Vendor

- **Key Take Away**

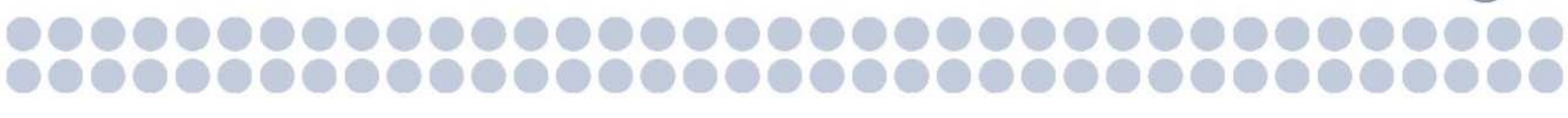
Invest time in vendor selection  
with cross functional team



# ❖ Implementation Experience

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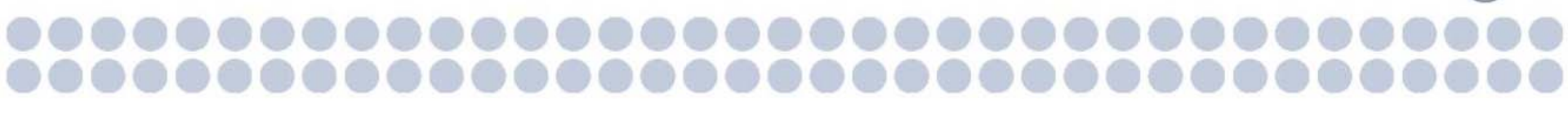
- Joint effort CM/Callidus Teams
- Freed up CM's best people (Business & IT)
- 2 phases (B2M, then B2B), 15 months total
- Data Integration/Rules/Reporting/Testing
- Lots of testing due to CM's complex plans
- CM's staff became experts
- Extremely smooth "GO Live"



# Implementation Lessons Learned

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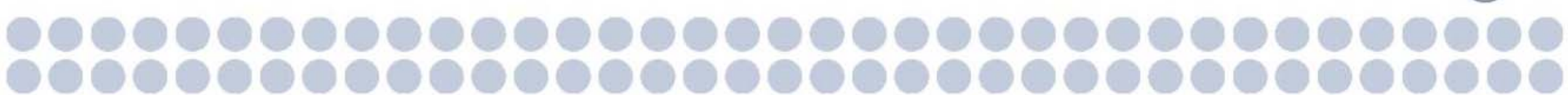
- Project scoping before contract
- Put “A” team on project
- Spend some time on implementation before vendor training
- Recognize correlation between comp plan complexity and testing
- Give time and attention to roll-out of new reports
- Chose a vendor that is flexible and will work with you through the tough spots



# Implementation Experience

- **Key Take Away**

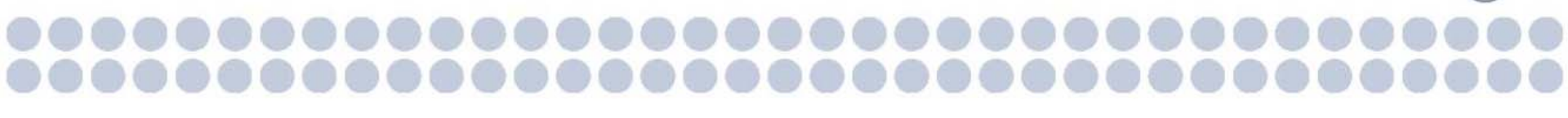
Be engaged in all implementation activities and devote your best people



# ❖ Evaluate The Results

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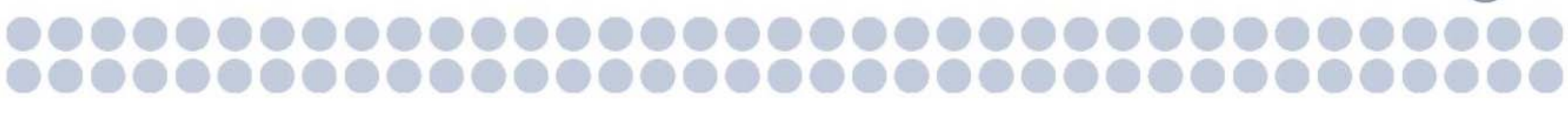
- Evaluate For:
  - Calculation Accuracy/Software Effectiveness
  - Project Budget
  - Cost Savings
  - Return on Investment
  - Effectiveness of Reports
  - Ease of Implementing New Plans
  - Vendor Partnership



# CUNA Mutual Bottom Line Value

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- Hard dollar saving: \$900,000 per year
- Soft dollar savings:
  - Quick response to comp design
  - Reduced programming for future changes
  - Retire Legacy Systems
- Market Place:
  - Internet delivery of reports
  - Met competition



# Case Study Summary

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- Project considered a huge success
- Came in \$9,000 under budget
- Cost savings coming true
- Software/vendor experience exceeded our expectations

