

# Executive Viewpoint

The worldwide recession has placed CFOs and finance professionals under unprecedented pressure. Even as businesses are reducing sales spending and sales forces are achieving lower attainment year over year, finance leaders are often given ever increasing operating targets. The expectation today for CFOs is quite simply to operate their business as efficiently as possible while striving for growth. As a result, there is an increased reliance on finance leaders to think of creative new ways to drive the business forward. This requires breaking down the problem into three parts: revenue growth, cost effectiveness, and investment.

## Business Finance Magazine: How Can Businesses Drive Revenue More Effectively?

Driving revenue these days means leveraging incentives that more effectively drive the sales behavior the business needs. Quite simply, you get the behavior you pay for. Standard commission plans are not always adequate, and often require more targeted incentives as part of a balanced pay for performance program. For example, companies should review leveraging one-time bonuses, special incentives for sales (or SPIFFs), and non-cash rewards in addition to standard incentives. These programs drive real improvements in overall execution through focusing the sales force on driving business that is critical to the company's growth position.

## BF Magazine: How Do You Drive the Revenue and Balance Costs?

In this kind of environment, businesses should attempt to curtail as much discretionary spend as possible. When it comes to the general employee population, it's about managing what I call the cascading effect of year on year salary increases. For the sales force, this means more targeted one-time bonuses that directly drive immediate ROI. When it comes to investment in technology, the focus needs to be on executing smaller projects that have a short implementation period and quick return on investment. Generally it's prudent to avoid investing in big projects that take more than a year to come to fruition because by the time they are implemented, in this rapidly changing environment, the business' needs will have changed. The shorter time to value has been an ongoing trend in the technology market for several years now, but is dramatically exaggerated by the current difficult economic environment.

## BF Magazine: Can You Talk About How Managing Investments Plays a Role?

At this stage, finance leaders must make measured investments to position the company for future success. On the one hand, we need to worry about how the company is performing today. On the other hand, this needs to be balanced with ensuring the business is effectively prepared to capitalize on the recovery of the economy. This requires that we make investments today that not only have a quick return on investment, but also position the business to move forward at an accelerated pace once businesses start to open their pocket books again.

## BF Magazine: These Are All Great Ideas, But How Do You Recommend a Business Move Forward?

Great question. Introducing a well-built incentive program can drive immediate value for finance leaders. First, an incentive compensation solution will help save money through reduced errors and overpayments; error rates can run as high as 10% of spend and, unfortunately, the errors that are reported generally go one way only. Overpayments are rarely reported. This will also drive credibility with sales staff, which in turn leads to reduced shadow accounting and improved productivity, and reduced attrition of key talent. Again, as the economy begins to show signs of recovery and the hiring starts, protecting top talent will become paramount. Finally, incentives drive revenue, today, and they drive strategic wins that protect the business' longer term competitive capacity and position for growth.



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Ron Fior brings over 20 years of hands-on experience in all aspects of corporate finance and operations. Most recently, Ron was Vice President of Finance and CFO at Ingenuity Systems. Previously, he served as Vice President of Finance and Operations and CFO at Remedy Corporation. He has also served as Senior Vice President and CFO at ITP Education Group and International Thomson Publishing Group. Ron holds a Bachelor of Commerce degree from the University of Saskatchewan, Canada, and is a Chartered Accountant.

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