

Case Study - Xerox



LPACompPlan - An Employee Compensation Incentive Plan

Business Challenge

Xerox Corporation needed a system that would manage its bonus program and calculate bonus amounts for employees based on predefined metrics and results. Their corporate bonus program was composed of many different bonus plans and those plans changed from year to year. The company wanted its variable compensation program to be managed by non-technical human resource people located across the country in separate business units and they needed a system that did not require reprogramming when bonus plans changed.

Solution

LPA Systems developed an application that allows individual business units to define customized plans using common components. These components are used as the building blocks for a plan and, together with a set of arithmetic operands, indicate how to combine elements during the calculation process. The employee's financial and personnel information are fed to the application from other systems, within strict guidelines of security and confidentiality. The results of the calculations are communicated to the employee using a detailed worksheet.

Benefits

The LPACompPlan system simultaneously supports multiple compensation plans, applicable to virtually any corporate business strata or unit. For example, a typical, large organization may offer separate plans for executive, management and individual contributor levels; there may be plans driven by revenue, by profit, by customer satisfaction, by region, by commissions with accelerators, etc.

The system provides a suite of reporting capabilities that captures and records unique performance results by unit or sub-unit. Sales management, for example, can analyze activity and results by region, by product, by office, by rep. What-if modeling also permits management to forecast cash needs based on projected performance results, plan by plan. This performance modeling actually may be used as an incentive tool with organizations that are financially motivated by variable or accelerated performance levels.

Multiple layers of security are built in to LPACompPlan. Rigorously controlled access to the system ensures that no corporate data system may be compromised, no corporate data released outside the corporation, no leakage of personnel or financial data across business units. The system can be accessed from anywhere by any person with appropriate security privileges. Visibility of employee data is controlled by management-determined access profiles. The system was developed to be user friendly: plan definitions and variables do not require programmer intervention in order to be modified.

Process Diagram

