



## **Sales Compensation Management Systems – Build or Buy?**

Every direct selling company's compensation plan is tailored to be unique and driven by several factors including, but not limited to, company culture, desired sales and recruiting behaviors, diversified products/services, business philosophies, management experience, and the overall marketing and sales method. Some companies elect to build their Sales Compensation Management System (SCMS) in-house and mold the compensation plan so it fits the business like a glove. This results in a solution that works well given the current state of the business. However, the real challenge is that most SCMS and processes are not flexible to allow an organization to respond quickly to external and internal changes. Changes that cannot be easily adapted to may include sales growth, international expansion, recruiting campaigns, new product lines, changes in pricing, and competition.

The inability to make changes may be due to limitations such as hard-coded systems that are costly to change, organizational knowledge lost due to key personnel turnover, and lack of administrative and IT resources to make the changes. This puts constraints on your ability to be dynamic, change and grow. Don't box yourself in. Your business is unique because you have focused on your core competence – direct selling! Talk with providers whose full time purpose or core competence is developing and supporting Sales Force Compensation Management Systems.

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