85160.919

UNITED STATES PATENT APPLICATION

FOR

METHOD AND APPARATUS FOR DETERMINING COMMISSION

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BACKGROUND OF THE INVENTION

1. FIELD OF THE INVENTION

This invention relates to the field of determining the sales commission provided to sales teams and representatives.

2. BACKGROUND ART

In modern business environments, it is commonplace to employ sales representatives to market the goods and services offered for sale. Sales representatives receive compensation based on a salary, the hours worked, and/or on the goods or services sold. When basing compensation on the goods or services sold, sales representatives receive a commission that can be based on profits, net sales, the number of products sold, or some other variable.

To provide sales representatives with an incentive to sell as much as possible or to sell more of a desired product or products at certain prices, sales organizations create incentive plans wherein Commissions (also referred to as

Promotions) are provided or offered to the sales representatives when specific sales goals or targets are attained during a defined time period. For example, a Promotion may consist of paying a bonus of $50 if a blue hammer is sold in the month of July or paying $1 for each of the first 1000 hammers sold and $2 for any additional hammer sold in the month of July. Some incentive plans provide for individual sales representatives to be apportioned credit towards a promotional level (such as a bronze, silver, or gold level) when a sale is made.

In addition, an incentive plan may apportion credit (towards a Promotion) to everyone on a sales representative's sales team, to the representative's manager, or someone other than the sales representative himself. Providing credit to persons in a selling chain (i.e., an immediate supervisor, a manager, a senior manager, etc.) is referred to as an override or rolling up (a "roll-up") the selling chain. Figuring out who should be apportioned credit for a sale can be complex and difficult to administer. This is particularly true when a company has several different types of sales people from direct representatives, external agents, telemarketers, to distributors and resellers. The increasing use of sales teams, account territory, and product managers has further complicated the management of sales crediting.

The management of a business can spend a great deal of time and money in developing incentive plans. In the prior art, the creation and distribution of incentive plans is a slow process that is prone to error. Large businesses merely print up or email a plan to retailers. The retailers add Promotions and targets to the plan and distribute the plan to the sales representatives. To calculate the payment or Promotion each sales representative will receive, the sales information is mailed back to the businesses headquarters where the calculations and determinations are made. The Promotion or payment is then transmitted back to the retailer and distributed to the sales representative. Mistakes in the calculations can often be made at headquarters requiring a repetition of the entire process. Often the sales representatives do not receive a copy of the plan prior to making sales. Consequently, the sales representatives are unaware of the basis for their compensation or how an incentive plan works until after compensation is received (which can occur one or two payment periods after the sales have occurred and after the promotion's time period has expired). Such a delay defeats the underlying purpose of an incentive plan to promote the sale of particular products or services (i.e., the sales representative does not know what products or services the sales organization desires to promote).

In today's competitive environment, companies thrive (and survive) on the basis of being able to quickly change and evolve. This is especially true in the sales and marketing area where rapid business changes are the norm. Competitive companies cannot afford being obligated to adhere to a static information infrastructure or a slow incentive plan process that cannot keep up with a rapidly changing business environment.

In a traditional system solution, the particular business rules are broken down into their core components, which in turn are programmed using some computer language. The traditional system is adequate to represent a rigid and static business problem, like a general ledger or inventory system, for example.

However, the traditional system is costly when trying to represent a quickly changing business environment like that of a sales organization, which role is to constantly change and to evolve to align itself to changing customer needs, market changes, sales channels and internal business initiatives.

Retailers are often not permitted to modify or create their own incentive plans for the sales representatives. An incentive plan can only be selected from a list of predefined plans created at a business headquarters. Further, sales representatives can often manipulate an incentive plan (by their actions) to obtain additional compensation unintended by management. In addition, the ability to view and organize information regarding sales transactions is unavailable or difficult in the prior art. Thus, retailers cannot easily observe statistics such as the products or services that are selling quickly, which sales teams or representatives are selling the most, the average cost a particular product is being sold for, etc.

Thus, a system that quickly communicates an incentive plan to sales representatives, accurately and effectively calculates compensation to be paid to sales representatives, and allows flexibility to adjust an incentive plan as needed in a rapidly changing environment is desired.

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