Starwood Achieves Consistency and Transparency in Incentive Planning and Management

Varicent SPM enables improved goal setting and plan flexibility

CUSTOMER PROFILE:

Starwood Hotels is one of the world's largest hotel and leisure companies with brands including W Hotels, Westin, Sheraton, Le Meridien, St. Regis, and Four Points. The company has 897 hotels with approximately 275,000 rooms in 100 countries.

CHALLENGES:

▸ Semi-automated, Excel-based incentive compensation management process results in inconsistent plan administration

▸ Lack of transparency in tracking employee movement and performance across hotel properties

▸ Input errors for goals and actuals that drive reporting and compensation

▸ Inability to model plans and understand how new measures could affect future performance

OBJECTIVES:

▸ Transparent top down and bottom up goal setting

▸ Improved modeling

▸ Consistent reporting

▸ Accurate payouts

▸ Plan flexibility to enable easy addition of new measures

▸ Integration with existing systems to reduce manual entry

RESULTS:

▸ Flexibility to adapt plans easily to changing market conditions

▸ Integration with SAP and other business systems enables access to corporate data and reduces administration efforts

▸ Increased transparency in goal setting and reporting

▸ Improved accuracy eliminates errors

Inconsistencies affect goal setting and payouts

As is typical in the hotel industry, Starwood's sales people move around a lot. And many of them move from hotel to hotel across the Starwood portfolio of properties. To track performance, Starwood relied on a semi-automated, Excel- based process, where each hotel accessed centrally-stored data and entered those numbers into a spreadsheet.

"It was hard to know if everyone, at each hotel, was using the same calculations or adding their own calculations into the spreadsheets," says Rob Poyas, Vice President Sales Administration for Starwood. "The lack of transparency in goal setting also made it difficult to ensure that individual hotels were rolling up into divisional goals. So it became quite time intensive to implement the required checks and balances on those processes."

A new approach to setting goals and modeling plans

Poyas recognized the need for a new solution and chose Varicent after a competitive review. He was impressed by the technology but also by Varicent's quick grasp of Starwood's business requirements. For Poyas, there was a synergy between the companies and personalities, and he was impressed by Varicent's eagerness to devise a creative solution that maximized Starwood's return on investment for the project.

"We definitely had challenges in the process, but Varicent listened and collaborated with us to find solutions," says Poyas. "With this type of project, it is critical to have a dedicated business and IT person on board right at the beginning. And preparation is essential – know what you want, compare and prepare and have a strong sense of your expectations around feel and functionality."

Currently, Starwood has more than 2000 Varicent system users. At the beginning of the year, Starwood uses Varicent to set goals by division, by region, by individual hotel, by business type, by individual and by line of business/targeted measure. On a monthly basis, users input performance actuals into the system, which integrates with SAP for reference values and calculates accurate payouts.

SOLUTION OVERVIEW:

As one of the world's largest hotel and leisure companies, Starwood Hotels North America Division employs 3,000 sales people. Characteristic of the hotel industry, turnover is significant at 25%, with half moving between Starwood properties. Starwood was using Excel workbooks to track performance at each property. The inconsistencies made it difficult to set goals, achieve accuracy in payouts and model incentive plans. After implementing Varicent SPM, Starwood automated and integrated processes, gaining transparency to track employees across the company and flexibility to adapt sales plans to drive performance as required.

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With Varicent, Poyas can ensure that sales people are using the most up-to-date plans and documents. He can make plan changes instantly and have immediate insight into the sales people affected by the change. Eliminating the separate spreadsheets from each location has enabled more effective modeling as well. Poyas can add, modify, pick and choose measures and understand how they will affect performance.

"When payouts are a significant percentage of a seller's total compensation, it is critical to maximize the dollars you put into your plans so you can focus on motivating through promotions and incentives," says Poyas. "Having automated modeling capabilities enables me to use the data that we have in our systems strategically to identify the best way to spend our dollars on driving performance."

Accuracy and transparency support changing sales strategies

By replacing the semi-automated, spreadsheet-based process with Varicent, Poyas eliminated his key challenges in incentive planning and management. "We have total transparency in our goal setting, ensuring that sellers align at the hotel, regional and divisional level. Each goal and measure must be assigned to a sales manager, and the system enables simplified checks and balances. With Varicent, we also have the flexibility to change measures and weightings in our plans to adapt quickly to changing market conditions."

Poyas is also able to track internal turnover more efficiently because each employee has one system log on, regardless of how many different hotels they sell. In addition, Poyas no longer has to direct time to checking performance numbers from each hotel, freeing him up to complete higher value activities including business modeling and improved management reporting.