

# COGNOS SALES QUOTA ALLOCATION PERFORMANCE BLUEPRINT



**A WEB-BASED  
PERFORMANCE  
MANAGEMENT  
APPLICATION**

**PERFORMANCE BLUEPRINT  
IMPLEMENTATION GUIDE**



## INTRODUCTION

*Performance management systems allow management to articulate goals and provide a measurement process. The Cognos Sales Quota Allocation Performance Blueprint provides a framework that allows managers to track sales performance against goals and receive actionable feedback.*

*At a corporate level, managers seek to understand and track the overall sales forecast and performance against quotas. At the regional level, managers make decisions to optimize distribution among territories to meet regional sales quotas. Collaboration must occur among all stakeholders on a forward-looking basis, so that regional decisions are aligned with corporate expectations, and variances can be evaluated. The Sales Quota Allocation Performance Blueprint can meet these needs.*

*This implementation guide demonstrates a Web-based planning and reporting process for sales quota allocation using Cognos 8 Planning and Cognos 8 Business Intelligence. Users should have a basic understanding of Cognos 8 Planning's Analyst and Contributor tools.*

*This document explains important aspects of the model's functionality, with screen views followed by detailed explanations of each tab's purpose and operation. While the solution was designed for a pharmaceutical company, it has wide-ranging applications for any company that wants to allocate sales forecasts using a driver-based process.*

## BLUEPRINT OVERVIEW

The *Sales Quota Allocation Performance Blueprint* meets a number of objectives:

- 1) Clear, concise targets for each regional manager at a territory level
- 2) Ability to create what-if scenarios
- 3) Evaluating historical data against all available scenarios to gauge the effectiveness of the planned driver
- 4) Immediate feedback on planning decisions
- 5) Flexible reporting and analysis by brand, region and territory

### *A Driver-Based Model*

The model incorporates a driver-based algorithm to distribute the company-wide brand sales forecast to territories. Cognos defines a driver as an operational cause that has a financial effect. For instance, it costs \$1,000 to generate a qualified sales lead in some industries. To a manager who has to generate 1,000 leads, the resulting \$1 million line item on a marketing budget is an abstract financial figure. However, focusing on the expense per lead ties an abstract number to real-world operational tactics.

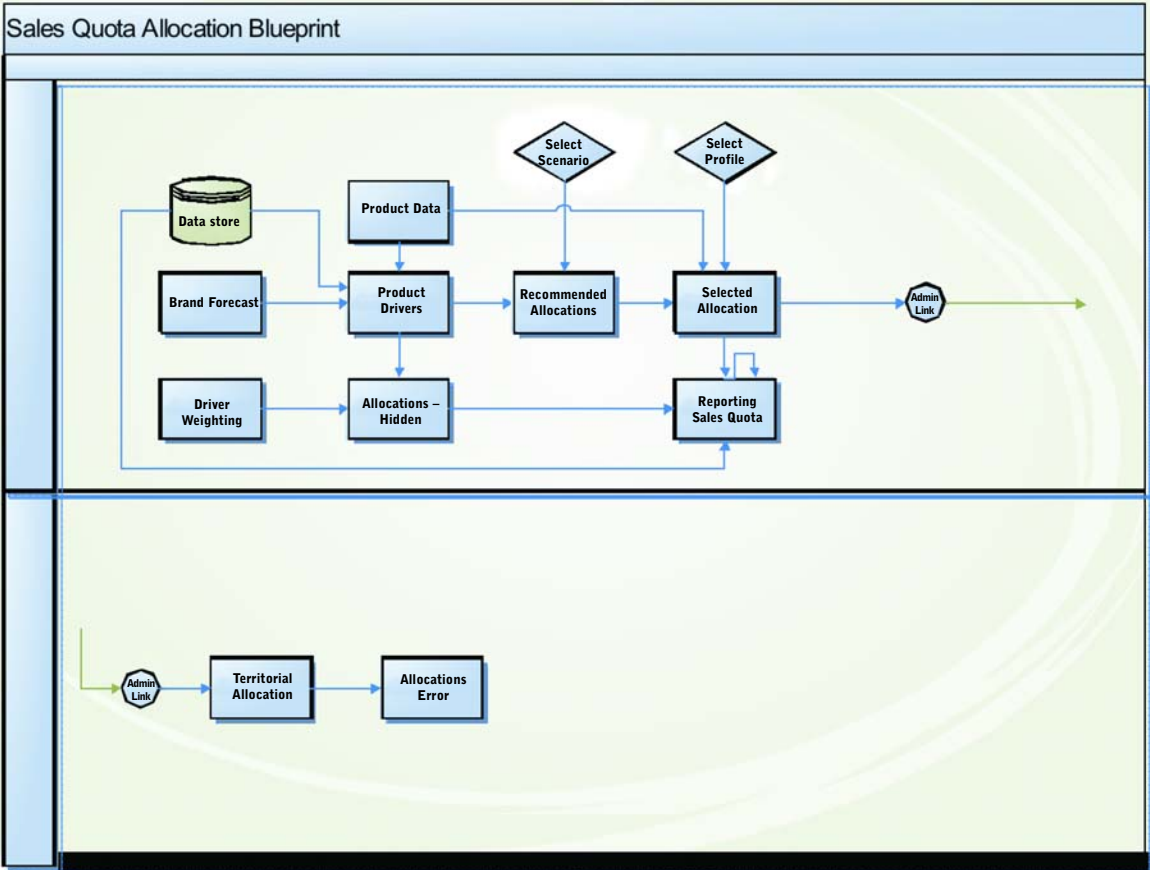
The first step is to identify all the applicable drivers that would be effective in the intelligent allocation of the sales forecast among territories and regions. The next step is to create a data store containing the history related to these drivers and applying appropriate analytical and reporting tools to ensure a reasonable sales allocation for a specific territory. Finally, the company can monitor the success of its plans by applying it to the most recent actual data.

While the following drivers are used in the *Blueprint*, the number and types of drivers can be modified to meet specific conditions:

- Market volume
- Product market share
- Managed care index
- Market growth %.

The intended flow of this model assumes the incentive analyst will prepare the initial allocation to all territories based on the drivers indicated above. The data necessary to determine this allocation resides only in the incentive analysts' Web view—which is quite different from that of the regional managers.

The task of the incentive analyst is to evaluate the various scenario outcomes to determine the best allocation of the sales quota to territories. This recommended allocation will be pushed to the regions via a regularly schedule Admin link, or alternatively linked on demand by the regional manager via a System Link. The following is a diagram of the model flow:



This guide begins with the incentive analyst's view, including dashboards and reports, followed by the regional manager's view.

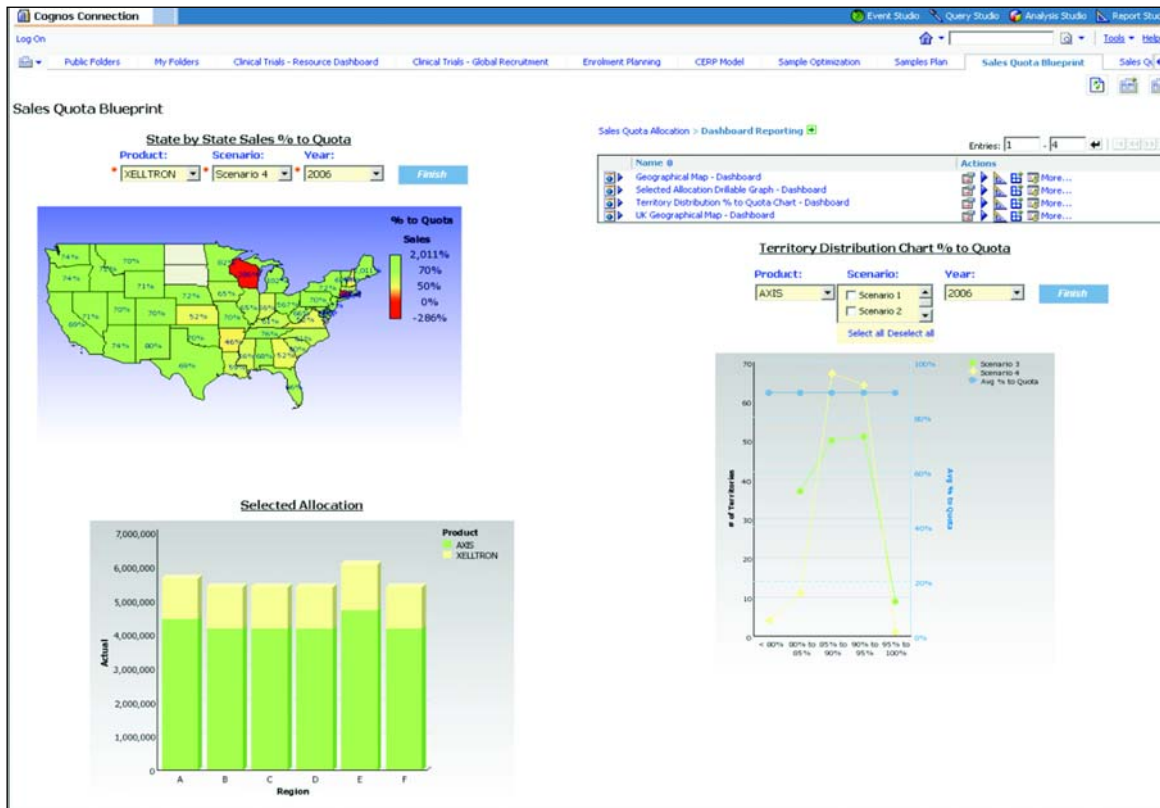
## INCENTIVE ANALYST'S VIEW

### *Sales Quota Allocation, Analysis, Dashboards, and Scorecards*

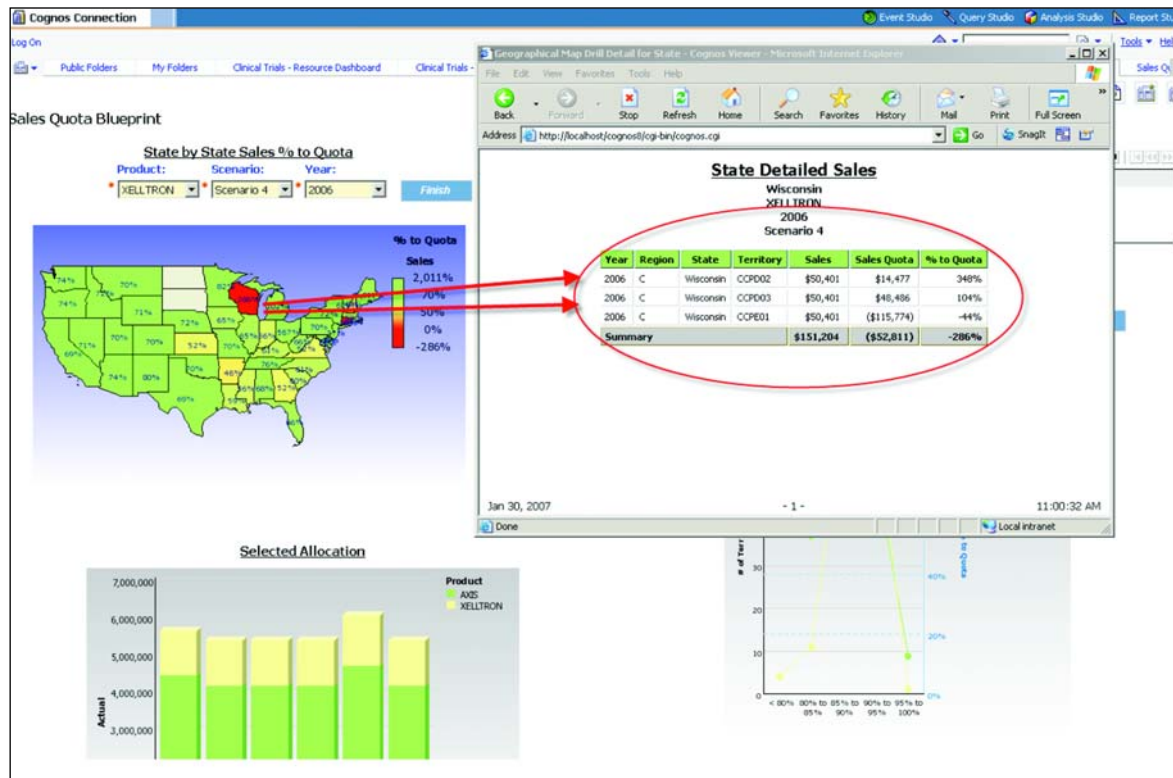
The *Sales Quota Allocation Performance Blueprint* provides a hierarchy of dashboards and reporting designed to guide the user through a clearer understanding of the allocation outcomes.

In addition to planning functionality, the *Blueprint* includes reporting and analysis using Cognos 8 Business Intelligence. Reports can be created that reflect data from the Cognos 8 Planning Contributor model or any external source.

In this application brief, we highlight three reports. The first report, shown below, is a dashboard that serves as the starting point for the regional manager. The sections of this dashboard (clockwise from top left) are: 1) "Sales Quota Blueprint," showing the percentage of sales to quota on a state-by-state basis; 2) "Territory Distribution Chart % to Quota," which organizes this information by territory; and 3) "Selected Allocation," showing a regional allocation of sales by product.



Clicking on a state enables drill-down to a “State Detailed Sales” report, with specific information on the sales:



Another report shows allocation data for each territory within a region:

Cognos Viewer - Territorial Allocations

Log On

Report Size

Home

Ab

Territorial Allocations

Q1					Q2					Q3					Q4				
Territory	Product	Recommended Allocation	Territory Adjustment	% Change	Territory	Product	Recommended Allocation	Territory Adjustment	% Change	Territory	Product	Recommended Allocation	Territory Adjustment	% Change	Territory	Product	Recommended Allocation	Territory Adjustment	% Change
AAPA01	AXIS	52,133	0	0.00%	AAPA01	AXIS	49,701	0	0.00%	AAPA01	AXIS	47,139	0	0.00%	AAPA01	AXIS	50,000	0	0.00%
	XELLTRON	17,137	0	0.00%		XELLTRON	17,045	0	0.00%		XELLTRON	16,619	0	0.00%		XELLTRON	17,000	0	0.00%
AAPA01 User: Annotation:					AAPA01 User: Annotation:					AAPA01 User: Annotation:					AAPA01 User: Annotation:				
AAPA02	AXIS	54,971	1,050	1.91%	AAPA02	AXIS	55,552	0	0.00%	AAPA02	AXIS	52,635	0	0.00%	AAPA02	AXIS	56,000	0	0.00%
	XELLTRON	17,168	0	0.00%		XELLTRON	17,072	0	0.00%		XELLTRON	16,628	0	0.00%		XELLTRON	17,000	0	0.00%
AAPA02 User: Annotation:					AAPA02 User: Annotation:					AAPA02 User: Annotation:					AAPA02 User: Annotation:				
AAPA03	AXIS	53,387	-1,000	-1.87%	AAPA03	AXIS	53,875	0	0.00%	AAPA03	AXIS	51,130	0	0.00%	AAPA03	AXIS	55,000	0	0.00%
	XELLTRON	17,150	0	0.00%		XELLTRON	17,056	0	0.00%		XELLTRON	16,622	0	0.00%		XELLTRON	17,000	0	0.00%
AAPA03 User: Annotation:					AAPA03 User: Annotation:					AAPA03 User: Annotation:					AAPA03 User: Annotation:				
AAPB01	AXIS	63,690	0	0.00%	AAPB01	AXIS	60,103	0	0.00%	AAPB01	AXIS	59,449	0	0.00%	AAPB01	AXIS	63,000	0	0.00%
	XELLTRON	13,654	0	0.00%		XELLTRON	13,522	0	0.00%		XELLTRON	12,925	0	0.00%		XELLTRON	13,000	0	0.00%
AAPB01 User: Annotation:					AAPB01 User: Annotation:					AAPB01 User: Annotation:					AAPB01 User: Annotation:				
AAPB02	AXIS	69,010	0	0.00%	AAPB02	AXIS	66,029	0	0.00%	AAPB02	AXIS	64,510	0	0.00%	AAPB02	AXIS	69,000	0	0.00%
	XELLTRON	13,891	0	0.00%		XELLTRON	13,729	0	0.00%		XELLTRON	12,998	0	0.00%		XELLTRON	14,000	0	0.00%
AAPB02 User: Annotation:					AAPB02 User: Annotation:					AAPB02 User: Annotation:					AAPB02 User: Annotation:				
AAPB03	AXIS	81,052	0	0.00%	AAPB03	AXIS	74,105	0	0.00%	AAPB03	AXIS	75,121	0	0.00%	AAPB03	AXIS	79,000	0	0.00%
	XELLTRON	13,592	0	0.00%		XELLTRON	13,467	0	0.00%		XELLTRON	12,906	0	0.00%		XELLTRON	13,000	0	0.00%
AAPB03 User: Annotation:					AAPB03 User: Annotation:					AAPB03 User: Annotation:					AAPB03 User: Annotation:				

### Contributor Application Overview

Regional managers need clear targets and goals, and an understanding of how they are defined. Corporate managers must be able to forecast sales and have continuous feedback on sales performance against corporate targets. The *Sales Quota Allocation Performance Blueprint* can meet these needs.

### Product Data

The **Product Data** tab includes the average wholesale price and the national average managed care index for each product.

Product Data | Select Profile | Brand Forecast | Driver Weightings | Product Drivers | Select Scenario | Recommended Allocations | Selected Allocation

Incentive Analyst

	Avg Wholesale Price	Avg Managed Care Index
AXIS	105.00	0.65
XELLTRON	120.00	0.71

The pricing data is used in the Selected Allocation tab to provide sales figures for each territory in addition to the calculated sales quantities.

The “Avg Managed Care Index” data is linked to the **Product Drivers** tab and is used to calculate the differential between the national average and the territory managed care index for each product.

### Select Profile

This tab is used to select a monthly profile for the quarterly forecast. The profiles available in the *Blueprint* include “flat”, “4,4,5,” “Seasonality,” and “Other.” These profiles may, of course, be modified or expanded as needed. The profile selected is linked to the **Selected Allocation** tab for each month. The quarterly forecast amount is linked to the Q1...Q4 totals. This results in the “breakback” of the quarterly total over the months for that quarter based on the profile selected.



### Brand Forecast

This input tab contains the company’s quarterly forecast for the current year for each brand.





### Driver Weightings

This tab is used to input the weight given to each driver by brand for the scenarios. Weight distributions can be created for four scenarios, and the tab displays a warning message if the total driver weightings do not equal 100%. This tab drives the results of the selected scenario and provides information on how well each of the scenarios would have predicted historical sales.

		Scenario 1	Scenario 2	Scenario 3	Scenario 4
AXIS	Market Volume	100%	0%	0%	0%
	Product Market Share	0%	100%	0%	50%
	Managed Care Index	0%	0%	100%	0%
	Market Growth	0%	0%	0%	50%
	<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
	<b>Error Description</b>				
XELLTRON	Market Volume	100%	0%	25%	0%
	Product Market Share	0%	100%	25%	0%
	Managed Care Index	0%	0%	25%	50%
	Market Growth	0%	0%	25%	50%
	<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
	<b>Error Description</b>				

## Product Drivers

This tab contains the driver data and calculations used to determine allocated territorial quantities. It is assumed the driver data will be imported from a data warehouse. The drivers list can be modified and/or expanded to accommodate most needs. The calculations may also have to be adjusted slightly. In most cases, the calculations are based on territory data as a percentage of total company data. Each territory's prior-year sales is the base amount allocated for the current forecast year. Any difference between the total company prior-year actual and current-year forecast is allocated among the territories based on the driver algorithm.

		Market Volume	Product Market Share	Managed Care Index	Market Growth %
<b>Total Territories</b>	AXIS	<b>7,423,924</b>	<b>7,423,927</b>	<b>79.29</b>	<b>3,898.72%</b>
	XELLTRON	<b>1,936,901</b>	<b>1,936,899</b>	<b>63.29</b>	<b>3,042.70%</b>
AAPA01	AXIS	50,244	50,305	0.65	21.68%
	XELLTRON	13,208	13,208	0.48	20.65%
AAPA02	AXIS	56,838	56,255	0.65	106.00%
	XELLTRON	13,299	13,299	1.04	43.83%
AAPA03	AXIS	54,288	54,504	0.65	21.10%
	XELLTRON	13,245	13,245	0.54	14.86%
AAPB01	AXIS	63,622	63,792	0.32	35.00%
	XELLTRON	13,107	13,107	1.27	20.66%
AAPB02	AXIS	68,804	69,011	0.66	21.69%
	XELLTRON	13,221	13,221	0.63	20.66%
AAPB03	AXIS	80,894	81,054	0.34	(10.00)%
	XELLTRON	13,077	13,077	1.29	20.64%
AAPC01	AXIS	46,612	46,774	0.82	36.00%
	XELLTRON	13,080	13,079	0.79	20.65%
AAPC02	AXIS	49,292	49,445	0.78	21.71%
	XELLTRON	13,054	13,055	0.75	20.67%

## Select Scenario

This tab is used to make the initial scenario selection. The selected scenario is linked to the **Recommended Allocations** tab. Selecting a different scenario results in different amounts in the “Rounded Total” column in the **Recommended Allocations** tab.

	Select Scenario
Incentive Analyst	Scenario 1
	Scenario 2
	Scenario 3
	Scenario 4

## Recommended Allocations

This output tab contains the allocations by quarter for each territory. It also contains a field in which the incentive analyst can adjust the calculated total. The tab also contains the prior-year allocation and the change from prior year expressed as an absolute and percentage difference.

		ROUNDED TOTAL	Adjustment	Recommended Allocation	Quantity_Prior Yr	Increase/[Decrease]	% Inc/[Dec]
<b>Total Territories</b>	AXIS	7,422,939	0	7,422,939	7,018,825	404,114	5.76%
	XELLTRON	2,517,513	0	2,517,513	1,052,250	665,263	35.92%
AAPA01	AXIS	50,130	2,000	52,130	47,395	4,735	9.99%
	XELLTRON	17,137	0	17,137	12,600	4,537	36.00%
AAPA02	AXIS	56,003	(1,000)	55,003	52,909	2,094	3.96%
	XELLTRON	17,168	0	17,168	12,600	4,568	36.25%
AAPA03	AXIS	54,375	(1,000)	53,375	51,420	1,955	3.80%
	XELLTRON	17,150	0	17,150	12,600	4,550	36.11%
AAPB01	AXIS	64,830	0	64,830	61,367	3,463	5.64%
	XELLTRON	17,102	0	17,102	12,600	4,502	35.73%
AAPB02	AXIS	69,787	0	69,787	66,042	3,745	5.67%
	XELLTRON	17,141	0	17,141	12,600	4,541	36.04%
AAPB03	AXIS	83,175	0	83,175	78,772	4,403	5.59%
	XELLTRON	17,092	0	17,092	12,600	4,492	35.65%
AAPC01	AXIS	47,017	0	47,017	44,480	2,537	5.70%
	XELLTRON	17,093	0	17,093	12,600	4,493	35.66%
AAPC02	AXIS	49,954	0	49,954	47,271	2,683	5.68%
	XELLTRON	17,084	0	17,084	12,600	4,484	35.58%

## Selected Allocation

This tab contains the incentive analyst's recommended monthly territory allocation after adjustments. The monthly profile that is used is linked in from the Select Profile tab. The output from this tab is linked to the territorial allocations tab for the regional managers either via a System or Admin link.

		Jan	Feb	Mar	Q1	Apr	May	Jun	Q2	Jul
<b>Total Territories</b>	AXIS	2,283,981	2,283,981	2,854,977	7,422,939	2,259,381	2,259,381	2,824,226	7,342,987	2,147,161
	XELLTRON	774,619	774,619	968,274	2,517,513	770,536	770,536	963,170	2,504,243	751,537
AAPA01	AXIS	16,040	16,040	20,050	52,130	15,278	15,278	19,098	49,655	14,502
	XELLTRON	5,273	5,273	6,591	17,137	5,245	5,245	6,556	17,045	5,114
AAPA02	AXIS	16,924	16,924	21,155	55,003	17,226	17,226	21,532	55,984	16,216
	XELLTRON	5,282	5,282	6,603	17,168	5,253	5,253	6,566	17,072	5,116
AAPA03	AXIS	16,423	16,423	20,529	53,375	16,528	16,528	20,660	53,715	15,725
	XELLTRON	5,277	5,277	6,596	17,150	5,248	5,248	6,560	17,056	5,114
AAPB01	AXIS	19,948	19,948	24,935	64,830	19,458	19,458	24,323	63,239	18,730
	XELLTRON	5,262	5,262	6,578	17,102	5,235	5,235	6,544	17,015	5,110
AAPB02	AXIS	21,473	21,473	26,841	69,787	21,027	21,027	26,284	68,338	20,177
	XELLTRON	5,274	5,274	6,593	17,141	5,246	5,246	6,557	17,049	5,114
AAPB03	AXIS	25,532	25,532	31,980	83,175	24,801	24,801	31,001	80,602	24,008
	XELLTRON	5,259	5,259	6,574	17,092	5,233	5,233	6,541	17,006	5,110
AAPC01	AXIS	14,467	14,467	18,083	47,017	14,214	14,214	17,767	46,195	13,589
	XELLTRON	5,259	5,259	6,574	17,093	5,233	5,233	6,541	17,007	5,110
AAPC02	AXIS	15,370	15,370	19,213	49,954	15,053	15,053	18,816	48,921	14,434

The link to the regions can be run on demand by the regional manager via a System link. An email or other communication notifies regional managers that the forecast is available. Optionally, the data can be linked on a schedule via Admin links.

## Reporting\_Sales Quota

This is the final output tab. It may be hidden in the model, as it is used primarily to graphically represent the comparison of current scenarios to the actual sales distribution. Current data is linked from the Selected Allocation tab, while prior year's history will be imported from the data warehouse.

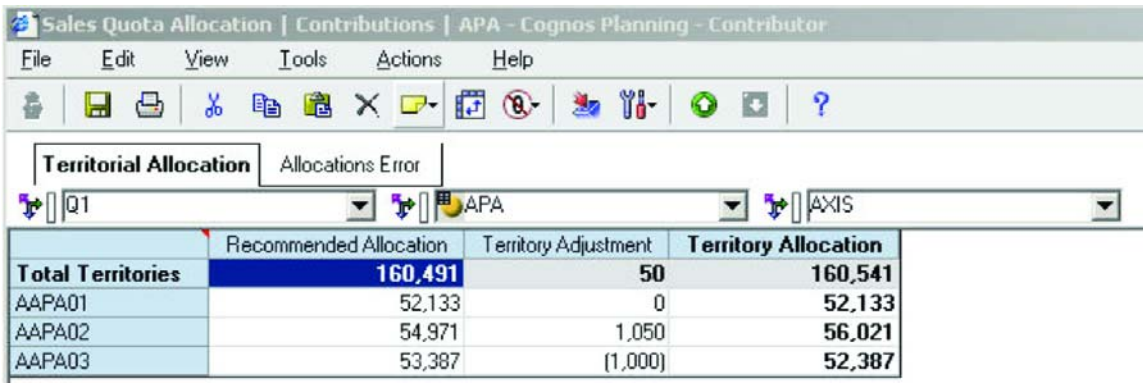
	Scenario 1				Scenario 2				Scenario 3
	Actual	Forecast	% Accuracy	Accuracy Index	Actual	Forecast	% Accuracy	Accuracy Index	Actual
<b>Total Territories</b>	<b>26,000,000</b>	<b>29,280,687</b>	<b>100.00%</b>	<b>0.00</b>	<b>26,000,000</b>	<b>29,280,692</b>	<b>100.00%</b>	<b>0.00</b>	<b>26,000,000</b>
AAPA01	175,555	197,833	99.94%	0.06	175,555	197,902	99.90%	0.10	175
AAPA02	195,977	221,695	99.55%	0.45	195,977	221,034	99.85%	0.15	195
AAPA03	190,474	214,394	100.05%	0.05	190,474	214,639	99.94%	0.06	190
AAPB01	227,327	254,555	100.57%	0.57	227,327	254,746	100.50%	0.50	227
AAPB02	244,723	274,414	100.43%	0.43	244,723	274,649	100.35%	0.35	244
AAPB03	291,771	325,842	100.84%	0.84	291,771	326,024	100.79%	0.79	291
AAPC01	164,730	185,022	100.27%	0.27	164,730	185,205	100.17%	0.17	164
AAPC02	175,067	196,357	100.41%	0.41	175,067	196,530	100.32%	0.32	175
AAPC03	175,067	196,302	100.44%	0.44	175,067	196,737	100.21%	0.21	175
AAPD01	175,067	197,287	99.93%	0.07	175,067	197,507	99.82%	0.18	175
AAPD02	175,067	196,470	100.35%	0.35	175,067	196,629	100.27%	0.27	175
AAPD03	175,067	196,599	100.28%	0.28	175,067	196,767	100.20%	0.20	175
AAPE01	175,067	197,673	99.74%	0.26	175,067	197,835	99.66%	0.34	175
AAPE02	175,067	197,452	99.85%	0.15	175,067	197,603	99.77%	0.23	175
AAPE03	175,067	196,882	100.14%	0.14	175,067	196,902	100.13%	0.13	175

This completes the incentive analyst's view. A representative view for the regional managers follows.

## REGIONAL MANAGER'S VIEW

### Territorial Allocation

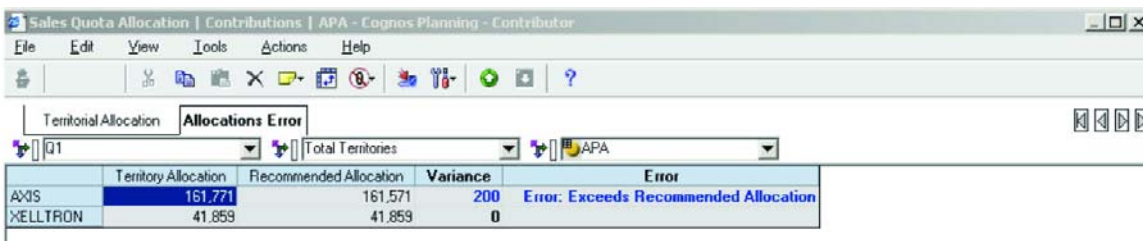
This tab represents the recommended allocation from the incentive analyst. It shows territory allocations within the manager's region. The manager can import this data via a System link to **Recommended Allocation**. The regional manager could have other information available that might generate further adjustments within his region. The total of the adjustments must remain equal to the original regional allocation.



	Recommended Allocation	Territory Adjustment	Territory Allocation
<b>Total Territories</b>	<b>160,491</b>	<b>50</b>	<b>160,541</b>
AAPA01	52,133	0	52,133
AAPA02	54,971	1,050	56,021
AAPA03	53,387	(1,000)	52,387

### Allocations Error

Changes to the total regional allocation result in an error message. This message or variance can be reported for all regions.



	Territory Allocation	Recommended Allocation	Variance	Error
AXIS	161,771	161,571	200	Error: Exceeds Recommended Allocation
XELLTRON	41,859	41,859	0	

## **ABOUT THE COGNOS INNOVATION CENTER FOR PERFORMANCE MANAGEMENT**

The Cognos Innovation Center was established in North America and Europe to advance the understanding of proven planning and performance management techniques, technologies, and practices. The Innovation Center is dedicated to transforming routine performance management practices into “next practices” that help cut costs, streamline processes, boost productivity, enable rapid response to opportunity, and increase management visibility.

Staffed globally by experts in planning, technology, and performance and strategy management, the Innovation Center partners with more than 600 Cognos customers, academics, industry leaders, and others seeking to accelerate adoption, reduce risk, and maximize the impact of technology-enabled performance management practices.

## **ABOUT COGNOS**

Cognos is the world leader in reporting, enterprise planning, and performance management software.

Founded in 1969, Cognos today serves more than 23,000 customers in over 135 countries. Cognos enterprise business intelligence solutions and services are also available from more than 3,000 worldwide partners and resellers.