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Preface

This preface introduces information sources that can help you use the application.

Oracle Applications Help

Use the help icon to access Oracle Applications Help in the application. If you don’t see any help icons on your page, click the Show Help icon in the global header. Not all pages have help icons. You can also access Oracle Applications Help at https://fusionhelp.oracle.com.

Using Applications Help

Watch: This video tutorial shows you how to find help and use help features.

Additional Resources

- **Community:** Use Oracle Applications Customer Connect to get information from experts at Oracle, the partner community, and other users.
- **Guides and Videos:** Go to the Oracle Help Center to find guides and videos.
- **Training:** Take courses on Oracle Cloud from Oracle University.

Documentation Accessibility

For information about Oracle’s commitment to accessibility, see the Oracle Accessibility Program.

Comments and Suggestions

Please give us feedback about Oracle Applications Help and guides! You can send e-mail to: oracle_fusion_applications_help_ww_grp@oracle.com.
1 About This Guide

Audience and Scope

This guide describes how compensation participants, analysts, and managers manage compensation plans. It describes the user tasks for the incentive compensation business process, from creating and managing compensation plans to reviewing and monitoring incentive plans and performance data.

Related Guides

You can refer to the following related guides to understand more about the business flows and functionality covered in this guide.

<table>
<thead>
<tr>
<th>Title</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oracle Sales Cloud Getting Started with Incentive Compensation</td>
<td>Describes how to get started with Oracle Incentive Compensation implementations.</td>
</tr>
<tr>
<td>Oracle Sales Cloud Securing Incentive Compensation</td>
<td>Describes role-based access controls provided for Oracle Incentive Compensation, and the tasks required to implement these controls so that users have appropriate access to data and functions.</td>
</tr>
<tr>
<td>Oracle Sales Cloud Implementing Incentive Compensation</td>
<td>Describes tasks to configure and set up Oracle Incentive Compensation.</td>
</tr>
</tbody>
</table>

Related Topics

- Oracle Help Center
2 Overview

Manage Incentive Compensation: Overview

Use the Manage Incentive Compensation business process activities to effectively link participant performance to earnings. The delivered activities are secured so that specific incentive compensation job roles can perform tasks within each activity.

The following figure shows the high-level flow of the main Manage Incentive Compensation business activities by incentive compensation job role.
Incentive Compensation Plan Administrator

Plan administrators use the Compensation Plans work area to create and manage compensation plans, classification rules, and credit categories.

Incentive Compensation Manager

Compensation managers use the Participant Assignment work area to:

- Manage date-effective rules to determine:
  - Who receives credit for each business transaction
  - How much credit to allocate
- Manage and assign incentive payment plans and roles.
- Assign participants to analysts and balance analyst workload.

In the Credits and Earnings work area, compensation managers submit and monitor transaction processes that:

- Collect, adjust, hold, and maintain transactions as well as collect performance data
- Credit participants
- Calculate earnings

In the Payments work area, compensation managers create and approve payment batches as well as submit and monitor transaction processes that:

- Determine payments and adjustments
- Export payment data

Incentive Compensation Analyst

Compensation analysts perform many of the same tasks as the compensation manager, but don’t have permission to make assignments or create or pay payment batches. In addition, analysts use the Participant Snapshot work area to:

- Manage participant details
- Individualize participant compensation and payment plans

Analysts use the Credits and Earnings and Participant Snapshot work areas to research and resolve incentive disputes.

Incentive Compensation Participant and Incentive Compensation Participant Manager

Participants and participant managers use dashboards and reports in the Sales Compensation work area to:

- Review and accept incentive plans
• Monitor personal performance data
• Monitor team performance data--participant managers only
• Review incentive earnings and payments
• Create incentive disputes

Incentive Compensation Application Administrator

The application administrator maintains incentive compensation business units and objects, such as calendars, currency, and table attributes using the Setup and Maintenance work area and these task lists:

• Define Incentive Compensation Shared Configuration
• Define Incentive Compensation Business Unit Configuration
• Define Incentive Compensation Custom Qualifiers and Lookups

Job Roles and User Guide Chapters

The following table identifies the chapters in this guide that are relevant for each job role.

<table>
<thead>
<tr>
<th>Job Role</th>
<th>Relevant Chapters</th>
</tr>
</thead>
<tbody>
<tr>
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<td>5 Plans and Plan Components</td>
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</tr>
<tr>
<td>Job Role</td>
<td>Relevant Chapters</td>
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<td>14 Processing Currencies</td>
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<td></td>
<td>15 Import and Collection Processing</td>
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<tr>
<td></td>
<td>16 Credit, Rollup, and Classification Overview</td>
</tr>
<tr>
<td></td>
<td>76 Credit, Rollup, and Classification Parameters</td>
</tr>
<tr>
<td></td>
<td>18 Credit, Rollup, and Classification Rules</td>
</tr>
<tr>
<td></td>
<td>19 Credit, Rollup, and Classification Processing</td>
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<tr>
<td></td>
<td>20 Calculation Processing</td>
</tr>
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<td></td>
<td>21 Incentive Calculation Errors</td>
</tr>
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<td></td>
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</tr>
<tr>
<td></td>
<td>23 Payment Processing</td>
</tr>
<tr>
<td></td>
<td>24 Dispute Management</td>
</tr>
</tbody>
</table>
3 Incentive Plans Overview

Model and Configure Incentive Plans: Overview

Incentive compensation plan administrators perform Model and Configure Incentive Plans business process activities in the Compensation Plans work area. As part of designing incentive plans, plan administrators create:

- Performance measures and credit categories to determine the attainment toward goals
- Expressions and rate tables to accurately compute earnings for each level of attainment
- Plan components by assembling performance measures, expressions, and rate tables
- Objectives templates to define measurable objective activities

As shown in the following figure, they assemble performance measures, expressions, and rate tables to form plan components. They assemble the plan components to create plans that support the incentive program requirements of multiple participant types and roles.

The following figure shows that plan administrators configure incentive plans after planning the compensation strategy and before they and incentive compensation managers configure processing rules.
Incentive Compensation Plans, Plan Components, and Performance Measures: How They Work Together

Plans contain plan components. Plan components contain performance measures, incentive formulas, and rate tables that together determine how to calculate incentive compensation, when to calculate it, and what attainment to use.
The following figure shows the objects that form incentive compensation plans and that calculate the attainment and earnings. Plan components, performance measures, expressions, and rate tables are modular and reusable.

Create and manage plans, plan components, and performance measures in the Compensation Plans work area.

Plan Components
Plan components indicate variations of incentive, such as bonus or commission. From a small library of plan components, you can configure many incentive compensation plans, simplifying plan setup and administration. A component assignment is a many-to-many relationship:

- Assign multiple plan components to a single plan.
- Assign a single plan component to multiple plans.

Performance Measures
Use performance measures to track participant attainment and progress toward a defined organizational goal. An assignment is a many-to-many relationship:

- Assign multiple performance measures to a single plan component.
- Assign a single performance measure to multiple plan components.
A plan component includes:

- The performance measures used in the incentive formula expressions
- Any dependent measures used by other measures associated with the plan component

**Incentive Formula**

The formula part of a plan component specifies how to calculate incentives and contains an expression that computes the earnings during the calculation process. The expression usually includes the calculated results of one or more performance measures. Optionally, the incentive formula can include a rate table result.

**Rate Table**

The plan component rate table or performance measure scorecard determines the compensation rate for the attainment and earnings calculations.

**Payment Information**

Use payment information to allocate payment adjustments from participant payment plans among plan components. You can also designate a third-party payee.

**Expressions**

Use these interchangeable, reusable groupings of numeric operators and SQL functions as incentive formulas and measure formulas, as well as in expression-based rate dimensions. Expressions can include:

- Plan component attributes, such as target incentive or measure weights
- Incentive compensation transaction or credit attributes, such as credit amount or margin
- Calculated values of plan component earnings or measure attainment

**Related Topics**

- Performance Measures: Explained
- Incentive Compensation Plans: Explained
- Incentive Compensation Rate Table: Points to Consider
- Incentive Compensation Expressions: Explained
4 Expressions

Incentive Compensation Expressions: Explained

Expressions are interchangeable, reusable SQL-like parts that you use to create incentive calculation formulas and dynamic expression-based rate tables. Create and manage expressions in the Compensation Plans work area.

Use expressions:

• In the performance measure formula to calculate attainment
• In the component incentive formula to calculate earnings for the component
• As rate dimension inputs if the incentive formula uses a rate table

The following figure shows where you can use expressions:

Expressions tell the calculation process:

• What to evaluate from the transactions.
• How to compute the result for the measure or incentive formula.
• How to match transaction results to the corresponding rate table.

Expression Examples

Expression attributes appear in expressions using the convention table name.column name, for example, Credit.Credit Amount. The following table provides the type and purpose for each example expression.
<table>
<thead>
<tr>
<th>Expression Type</th>
<th>Purpose</th>
<th>Expression</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attainment</td>
<td>To calculate the YTD revenue attainment</td>
<td>SUM(Credit, Credit Amount)</td>
</tr>
<tr>
<td>Rate dimension input</td>
<td>To determine the revenue attainment percentage by rate table</td>
<td>Measure.ITD Output Achieved</td>
</tr>
<tr>
<td>Earnings</td>
<td>To calculate the YTD trued-up bonus</td>
<td>Measure.ITD Output Achieved * RTR</td>
</tr>
</tbody>
</table>

The RTR selection means rate table result.

When you enter percentages in a rate table you enter whole numbers, for example 25 percent, but the number is stored as a decimal: 0.25. When you add a rate table result to an expression and the rate type is percent, the decimal number is used.

**Related Topics**

- Performance Measures: Explained
- Incentive Compensation Dynamic Tier Expressions for Rate Table: Example
- Expression to Calculate Incentive Compensation Attainment: Examples
- Expression to Calculate Incentive Compensation Earnings: Examples

### Enabling Table Columns as Attributes for Incentive Compensation Processing: Procedure

Enable table columns to use as attributes in incentive compensation processing, such as in calculation expressions and as classification and direct credit rule qualifying criteria.

Use the Configure Tables and Columns task in the Setup and Maintenance work area.

1. In the Tables section, select the table, such as CN_SRP_PARTICIPANTS_DETAILS_ALL or CN_TRANSACTIONS_ALL.
2. In the Columns section row for the column that you want to enable:
   a. In the **User Name** field, enter a display name, such as Area Code for the column AREA_CODE.
      Each column that you enable for processing must have a corresponding user name, because the user name appears in the choice lists.
   b. Select the enable check box for the processes for which you want to use the column as an attribute, such as Enable for Classification.
      The processes for which you can enable the column attribute vary based on the selected incentive compensation table.
3. Click **Save and Close**.

**Related Topics**

- Managing Incentive Compensation Custom Qualifiers and Lookups: Procedure
### User-Defined Functions

#### Delivered Incentive Compensation User-Defined Functions: Explained

User-defined functions are custom PL/SQL functions that give more freedom in expression building. The following table identifies and describes the delivered user-defined functions and provides use case examples. Add user-defined functions to an expression using the expression builder in the Compensation Plans work area.

<table>
<thead>
<tr>
<th>User-Defined Function</th>
<th>Description</th>
<th>Use Case Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit Category Name</td>
<td>Name associated with the credit category identifier.</td>
<td>Determine the commission rate based on the credit category.</td>
</tr>
<tr>
<td></td>
<td>Use the result for a rate table lookup.</td>
<td></td>
</tr>
<tr>
<td>Date Difference</td>
<td>Difference between two dates in terms of days, weeks, months, or quarters.</td>
<td>None</td>
</tr>
<tr>
<td></td>
<td>The return value could be days, weeks, months, quarters, and so on, based on the Period Type input parameter.</td>
<td></td>
</tr>
<tr>
<td>Previous Interval Attainment</td>
<td>Measure the attainment for the previous time interval.</td>
<td>Pay participant based on growth, defined as current interval attainment over previous interval attainment.</td>
</tr>
<tr>
<td></td>
<td>The calculation doesn’t round or truncate results. Also, if the previous interval has no attainment record for the measure, then the return value is zero.</td>
<td></td>
</tr>
<tr>
<td>Product Name</td>
<td>Name associated with the product identifier.</td>
<td>Determine commission rate based on the product.</td>
</tr>
<tr>
<td></td>
<td>The calculation returns the results in upper case. Use the result for a rate table lookup.</td>
<td></td>
</tr>
<tr>
<td>Prorated Measure Participation</td>
<td>Proportion of the number of participated days in the performance measure interval.</td>
<td>Adjust the measure attainment based on plan participation. Typical in quota-based calculations.</td>
</tr>
<tr>
<td></td>
<td>The actual calculation is (Number of Participation Days in Performance Measure) divided by (Number of Days in Calendar Interval).</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• The calendar interval is the formula interval for the period ID.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• The calculation assumes that the proration is based on calendar days and not on workdays.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• The calculation doesn’t round or truncate results.</td>
<td></td>
</tr>
<tr>
<td>User-Defined Function</td>
<td>Description</td>
<td>Use Case Example</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>-----------------------------------------------------------------------------</td>
<td>------------------------------------------------------</td>
</tr>
<tr>
<td>Prorated Plan Component Participation</td>
<td>Proportion of the number of participated days in the plan component interval.</td>
<td>Adjust earnings based on plan participation.</td>
</tr>
<tr>
<td></td>
<td>The actual calculation is ((\text{Number of Participation Days in Plan Component}) / (\text{Number of Days in Calendar Interval})).</td>
<td>Typical in bonus and MBO plans.</td>
</tr>
<tr>
<td></td>
<td>• The calendar interval is the formula interval for the period ID.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• The calculation assumes that the proration is based on calendar days and not on workdays.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• The calculation doesn't round or truncate results.</td>
<td></td>
</tr>
<tr>
<td>Rolling Average Attainment</td>
<td>Average attainment for the measure for a specified number of time intervals.</td>
<td>Pay participant based on rolling average attainment.</td>
</tr>
<tr>
<td></td>
<td>The calculation starts from the current interval.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Example: Assume that the interval is monthly, the period passed is May, and the number of intervals passed is 4. The calculation returns average attainment for February, March, April, and May (the current period).</td>
<td></td>
</tr>
<tr>
<td></td>
<td>If previous intervals have no or insufficient attainment records for the measure, then the average attainment calculation:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1. Sums the attainment for the available intervals</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2. Divides the sum by the number of available intervals</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Example: If only two records are available and three month rolling is required, then the calculation sums the two months and divides by two.</td>
<td></td>
</tr>
<tr>
<td>YTD Target Incentive</td>
<td>Year-to-date target incentive for the plan component.</td>
<td>Support true-up for bonuses.</td>
</tr>
<tr>
<td></td>
<td>The actual calculation is ((\text{Target Incentive of Plan Component}) \times (\text{Ratio of Current Interval Number to Number of Intervals Passed})).</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• The returned value is in the calculation currency.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• The calculation assumes that the plan component is for the calendar year.</td>
<td></td>
</tr>
</tbody>
</table>
**Caution:** You can’t import plans with expressions containing one or more user-defined functions that use the participant plan, plan component, formula, and measure IDs because the IDs don’t exist yet in the destination environment. Or, if they do exist, then they don’t reference the same attributes as the source environment. The import will fail.

For details about enabling attributes to pass to incentive compensation user-defined functions, see the Enabling Attributes to Pass as Input Parameters for User-Defined Functions: Procedure topic.

---

**Enabling Attributes to Pass as Input Parameters for User-Defined Functions: Procedure**

This topic covers how to enable columns for calculation using the Configure Tables and Columns task in the Setup and Maintenance work area. The user name of the column is the attribute that the input parameter passes to the user-defined function.

The user-defined functions are:

- Credit Category Name
- Date Difference
- Prorated Plan Component Participation and YTD Target Incentive
- Prorated Measure Participation, Previous Interval Attainment, and Rolling Average Attainment

Each function section contains:

- The columns that you must enable for each function
- A suggested user name for each column as these columns don’t have standard user names

Each column that you enable for calculation must have a corresponding user name, because the user name appears in the expression builder choice lists. You use the choice lists to select the attribute that each input parameter passes to the function. On the Tables and Columns toolbar View menus, select **Query By Example** to more quickly isolate the relevant table or columns.

**Additional Information:**

- For descriptions and use case examples of each user-defined function, see the Incentive Compensation User-Defined Functions: Explained topic.
- For details about creating user-defined expressions with these attributes, see the Creating Incentive Expressions with User-Defined Functions: Procedure topic.

**Enabling Credit Category Name Attribute**

Select the **CN_TP_CREDITS_ALL** table to enable the following column and enter the suggested user name, if one isn’t already present.

<table>
<thead>
<tr>
<th>Column to Enable for Calculation</th>
<th>Suggested User or Attribute Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>ELIGIBLE_CAT_ID</td>
<td>Credit category ID</td>
</tr>
</tbody>
</table>
Enabling Date Difference Attributes
Select the CN_TP_CREDITS_ALL table to enable the following columns and enter the suggested user names, if they aren’t already present.

💡 Tip: Enable for calculation only the date columns that you want users to select.

<table>
<thead>
<tr>
<th>Column to Enable for Calculation</th>
<th>Suggested User or Attribute Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>CREDIT_DATE</td>
<td>Credit date</td>
</tr>
<tr>
<td>ROLLUP_DATE</td>
<td>Rollup date</td>
</tr>
</tbody>
</table>

Enabling Prorated Plan Component Participation and YTD Target Incentive Attributes
These two user-defined functions use the same attributes.
Select the CN_SRP_PER_FORM_METRICS_ALL table to enable the following columns and enter the suggested user names, if they aren’t already present.

<table>
<thead>
<tr>
<th>Column to Enable for Calculation</th>
<th>Suggested User or Attribute Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>SRP_COMP_PLAN_ID</td>
<td>Participant plan ID</td>
</tr>
<tr>
<td>PLAN_COMPONENT_ID</td>
<td>Plan component ID</td>
</tr>
<tr>
<td>PERIOD_ID</td>
<td>Period ID</td>
</tr>
</tbody>
</table>

Enabling Prorated Measure Participation, Previous Interval Attainment, and Rolling Average Attainment Attributes
These three user-defined functions use the same attributes.
Select the CN_SRP_PER_FORM_METRICS_ALL table to enable the following columns and enter the suggested user names, if they aren’t already present.

<table>
<thead>
<tr>
<th>Column to Enable for Calculation</th>
<th>Suggested User or Attribute Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>SRP_COMP_PLAN_ID</td>
<td>Participant plan ID</td>
</tr>
<tr>
<td>PLAN_COMPONENT_ID</td>
<td>Plan component ID</td>
</tr>
<tr>
<td>PERIOD_ID</td>
<td>Period ID</td>
</tr>
<tr>
<td>FORMULA_ID</td>
<td>Measure ID</td>
</tr>
</tbody>
</table>
Enabling Product Name Attribute
Select the CN_TP_TRANSACTIONS_ALL table to enable the following column and enter the suggested user name, if one isn’t already present.

<table>
<thead>
<tr>
<th>Column to Enable for Calculation</th>
<th>Suggested User or Attribute Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>INVENTORY_ITEM_ID</td>
<td>Product ID</td>
</tr>
</tbody>
</table>

Adding Custom Functions to the Expression Builder User Defined Functions Menu: Procedure

Use this procedure to add a custom PL/SQL function to the User Defined Functions menu of the incentive compensation expression builder.

1. Create the function in the database using SQL Plus.
2. Create a service request asking the incentive compensation product development team to review the code.
3. Create a collaboration service request for the development team to update the package.
4. Add a lookup code that matches the name of the user-defined function to the lookup type CN_USER_FUNCTIONS. Use the Manage Incentive Compensation Lookups task in the Setup and Maintenance work area.
5. On the create or edit expression pages in the Compensation Plan work area, select the function on the User Defined Functions menu.

Creating Incentive Expressions with User-Defined Functions: Procedure

This topic covers how to create user-defined function expressions using the Create Expression task in the Compensation Plans work area.

When you create expressions with user-defined functions:

- In most cases, you select plan component result attributes to pass
- In some cases, you enter a constant to pass
- You select the credit category ID or Product ID attribute on the Attributes menu, Credit submenu

This topic also identifies the attributes passed to each user-defined function.

For details about enabling attributes to pass to incentive compensation user-defined functions, see the Enabling Attributes to Pass as Input Parameters for User-Defined Functions: Procedure topic.

Creating Expressions with User-Defined Functions
In most cases, you select plan component result attributes to pass to the user-defined function.

1. On the User Defined Objects menu, select User defined functions.
2. In the User Defined Functions list, scroll to and select the function.
3. Click Add to Expression.
4. Click ( .
5. On the User Defined Objects menu, select Plan component result.
6. Search for and select the appropriate plan component.
7. In the Select an Attribute list, scroll to and select the attribute to pass to the function.

   If you select Plan Component Measure, then complete these steps before continuing to step 8.
   a. Search for and select the relevant performance measure.
   b. In the Select an Attribute list, scroll to and select the attribute to pass as the measure ID to the function.
8. Click Add to Expression.
9. Click .
10. Repeat steps 7 -- 9 as required.

In some cases, you enter a constant to pass to the user-defined function.
1. On the Attributes menu, select Constant.
2. In the Add Constant field, enter the constant according to the following table.

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Constant to Enter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date 1 or Date 2</td>
<td>Date in the format dd/mm/yyyy</td>
</tr>
<tr>
<td></td>
<td>Example: 01/06/2015</td>
</tr>
<tr>
<td>Number of Intervals</td>
<td>Number of intervals for which you want the results</td>
</tr>
<tr>
<td></td>
<td>Example: If you want the rolling average attainment for the last three months, then enter 3.</td>
</tr>
<tr>
<td>Period Type</td>
<td>D, W, M, Q for Days, Weeks, Months, or Quarters, respectively</td>
</tr>
</tbody>
</table>

To add the Credit category ID attribute to the Credit Category Name function or the Product ID attribute to the Product Name function:
1. On the Attributes menu, select Credit and then the category or product ID, or your organization's user name for the column.
2. Click Add to Expression.

Identifying Attributes Passed to User-Defined Functions
The following table identifies the attributes passed as input parameters by user-defined function. The attribute names are the suggested user names to enter when enabling the attributes for calculation. The table also provides the table column name for each attribute as these attribute names might be different than those used by your organization.

<table>
<thead>
<tr>
<th>User-Defined Function</th>
<th>Column Name</th>
<th>Attributes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit Category Name</td>
<td>• ELIGIBLE_CAT_ID</td>
<td>• Credit category ID</td>
</tr>
<tr>
<td>Date Difference</td>
<td>• CREDIT_DATE</td>
<td>• Date 1</td>
</tr>
<tr>
<td></td>
<td>• ROLLUP_DATE</td>
<td>• Date 2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Period Type</td>
</tr>
</tbody>
</table>

Example expression: Date Difference(Date 1,Date 2,'D')
## Oracle Sales Cloud
### Using Incentive Compensation

## Chapter 4
### Expressions

### User-Defined Function

<table>
<thead>
<tr>
<th>User-Defined Function</th>
<th>Column Name</th>
<th>Attributes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Previous Interval Attainment and Prorated Measure Participation</td>
<td>SRP_COMP_PLAN_ID, PLAN_COMPONENT_ID, PERIOD_ID, FORMULA_ID</td>
<td>Participant plan ID, Plan component ID, Period ID, Measure ID</td>
</tr>
<tr>
<td>Product Name</td>
<td>INVENTORY_ITEM_ID</td>
<td>Product ID</td>
</tr>
<tr>
<td>Prorated Plan Component Participation</td>
<td>SRP_COMP_PLAN_ID, PLAN_COMPONENT_ID, PERIOD_ID</td>
<td>Participant plan ID, Plan component ID, Period ID</td>
</tr>
<tr>
<td>Rolling Average Attainment</td>
<td>SRP_COMP_PLAN_ID, PLAN_COMPONENT_ID, PERIOD_ID, FORMULA_ID</td>
<td>Participant plan ID, Plan component ID, Period ID, Measure ID, Number of intervals</td>
</tr>
</tbody>
</table>

**Example expression:** Rolling Average Attainment(Participant plan ID,Plan component ID,Period ID,Measure ID,4)

4 is the constant entered to specify for how many intervals, starting with the most recent, to provide the rolling average attainment.

| YTD Target Incentive                                       | SRP_COMP_PLAN_ID, PLAN_COMPONENT_ID, PERIOD_ID | Participant plan ID, Plan component ID, Period ID, Number of intervals |

**Example expression:** YTD Target Incentive(Participant plan ID,Plan component ID,Period ID,4)

4 is the constant entered to specify quarterly payout frequency to provide the year-to-date target incentive. If the payout frequency is monthly, then you specify 12.

## Handling Explicit Plan Component and Performance Measure References in User-Defined Function Expressions: Procedure

Certain delivered incentive compensation user-defined functions explicitly reference a specific plan component or performance measure. Since you can’t explicitly reference a plan component or measure that doesn’t exist yet, creating or duplicating plan components or measures with formulas containing these user-defined functions requires special handling.
Creating Plan Components and Performance Measures that Include User-Defined Functions

When creating a plan component that uses one or both of the Prorated Plan Component Participation and YTD Target Incentive functions:

1. Add a placeholder expression for the incentive formula.
2. Replace the placeholder incentive formula with the appropriate user-defined function.

The same applies when you create a measure formula that uses one or more of the Previous Interval Attainment, Prorated Measure Participation, and Rolling Average Attainment functions. The two-step process is required because until you create the plan component or measure, you can’t select it as part of adding the relevant input attributes.

The following table contains the recommended name and expression for each placeholder expression, so that you create valid objects and can quickly locate the placeholder for easy replacement.

<table>
<thead>
<tr>
<th>Recommended Expression Name</th>
<th>Recommended Expression</th>
</tr>
</thead>
<tbody>
<tr>
<td>PC User-Defined Function Placeholder</td>
<td>Measure result.ITD Output Achieved</td>
</tr>
<tr>
<td></td>
<td>After selecting Measure result, you must select an existing performance measure and then ITD Output Achieved.</td>
</tr>
<tr>
<td>PM User-Defined Function Placeholder</td>
<td>SUM(Credit, Credit Amount)</td>
</tr>
</tbody>
</table>

Duplicating Plans, Plan Components, and Performance Measures that Include User-Defined Functions

When duplicating plans, plan components, or measures that include any of the following user-defined functions, you must edit the expression to replace the original plan component or measure with the new object.

- Previous Interval Attainment
- Prorated Measure Participation
- Prorated Plan Component Participation
- Rolling Average Attainment
- YTD Target Incentive

FAQs for Expressions

How can I enable an attribute to show in the incentive compensation expression builder?

Use the Configure Tables and Columns task to enable the attribute for calculation and select the appropriate level 2 expression grouping. Also add a user-friendly name for the attribute, which the application displays in the expression builder.
5 Plans and Plan Components

Incentive Compensation Plans: Explained

Incentive compensation plans determine participant earnings based on actual individual or group production. They consist of the target incentive and combinations of bonus, commission, and standard plan components. You can create plans in the Compensation Plans work area using either of two methods:

- A top-down guided process where you associate existing components or create and automatically associate components as you create the plan
- A bottom-up process where you create components first and then assemble them to create a plan

After you create your compensation plans, associate one or more participants with a plan directly or using roles. After assignment, you can individualize the target incentive and the target incentive percentages by participant in the Participant Snapshot work area.

Related Topics

- Incentive Compensation Plans, Plan Components, and Performance Measures: How They Work Together
- Individualizing Compensation Plans and Plan Components: Points to Consider

Incentive Compensation Plan Primary Details: Points to Consider

When you create and edit plans in the Compensation Plans work area, you enter a target incentive, specify whether credit categories can overlap, and specify start and end dates.

Target Incentive

The target incentive, or on target earnings, is the expected earnings when the participant achieves 100 percent of the goals set in the associated performance measures. You can set the target incentive percentage for each plan component. The total of all added plan components target incentive percents must equal 100 percent.

Allow Credit Category Overlap

Your Allow Credit Category Overlap selection determines how plans use credit categories. The following table describes the results of the selections yes and no.

<table>
<thead>
<tr>
<th>Selection</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>Use the same credit category across multiple plan components within a plan.</td>
</tr>
<tr>
<td>No</td>
<td>Use nonoverlapping credit categories across the plan components within a plan.</td>
</tr>
</tbody>
</table>
Examples of Not Allowing Overlap

Your plan consists of two plan components configured with the performance measures, earning basis, and credit categories shown in the following table. Also, you selected No for Allow Credit Category Overlap.

Earning basis determines whether performance measure attainment calculations and incentive earning calculations use the same credit categories.

<table>
<thead>
<tr>
<th>Plan Component</th>
<th>Performance Measures</th>
<th>Measure Earning Basis</th>
<th>Credit Categories</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product bonus</td>
<td>Communication</td>
<td>Yes</td>
<td>CC1, CC2, and CC3</td>
</tr>
<tr>
<td>Product bonus</td>
<td>Network</td>
<td>No</td>
<td>CC3, CC4, and CC5</td>
</tr>
<tr>
<td>Annual bonus</td>
<td>Revenue</td>
<td>Yes</td>
<td>CC4, CC5, and CC6</td>
</tr>
</tbody>
</table>

The Product and Annual bonus plan components can exist in the same plan because the communication and revenue performance measures do not share credit categories.

Example Variations and Results

- If the Revenue measure includes CC1, CC2, or CC3, then a plan can’t contain both bonus plan components because the Communication and Revenue measure credit categories overlap.
- If Annual bonus has another measure, Service, that includes CC1, CC2, or CC3 and Earning Basis is No, then a plan can contain both bonus plan components.

Start and End Dates

When you create plans, you must specify a start date. While optional, you should also always end date your plans for easy maintenance and better reporting on interval-to-date and year-to-date numbers.

Related Topics

- Credit Categories: How They Work with the Classification and Calculation Processes
- Performance Measures: Explained

Incentive Compensation Plan Components: Overview

Incentive compensation plans contain plan components, which the calculation process uses to compute earnings. The Create Plan Component guided task in the Compensation Plans work area consists of the following steps:

1. Enter primary details.
2. Add performance measures.
3. Define incentive formula.
4. Add rate tables.
5. Provide payment information.

As shown in the following figure, plan components use the attainment information from associated performance measures in their incentive formula expressions. They also use attainment in the rate dimension input expressions for any associated rate tables.

**Related Topics**
- Adding Performance Measures to Plan Components: Points to Consider
- Plan Component Incentive Formula: Explained
- Incentive Compensation Rate Table: Points to Consider

**Calculate Incentive: Points to Consider**

When you create a plan component in the Compensation Plans work area, you must specify whether to calculate the incentive per event or summed for the time interval. Your selection in the Calculate Incentive field also constrains the performance measures that you can associate with a plan component.

After you set Calculate Incentive and move to the next step in the create process, you can't edit the selection. You must cancel the create process and start again.

**Per Event**

Select **Per event** to calculate and report the incentive earnings for each credited transaction. Consider the transaction volume and performance against the policy and reporting procedures, to decide whether to calculate earnings for each transaction or summarized transactions.
Example: You want to calculate the earnings for each and every credit transaction based on the quantity sold or credit amount for that transaction.

**Per Interval**

Select **Per interval** to calculate and report the incentive earnings for summarized transactions. The calculation process aggregates the revenue or quantity for an interval before calculating the earnings for that interval. Since the calculation process aggregates, or summarizes, the transactions for the entire interval, you can't report the earnings for each transaction or credit.

Example: You want to calculate the earning based on the revenue attainment for a month, aggregating all of the transaction credit amounts.

**Related Topics**

- Calculating Monthly Bonuses Based on Quota Attainment: Worked Example
- Calculating Monthly Commissions Based on Percentages of Generated Revenue: Worked Example
- Incentive Compensation Plans, Plan Components, and Performance Measures: How They Work Together
- Using Individual or Grouped Transactions in Attainment Calculations: Critical Choices

**Incentive Compensation Calculation Calculation Phase: Points to Consider**

The calculation phase determines when the calculation process computes plan component results. For each participant, the calculation process computes the results for all Phase 1 plan components first, then Phase 2.

Set the calculation phase when creating and managing plan components in the Compensation Plans work area.

**Phase 1**

Phase 1 is the default value and you use it for most situations.

**Phase 2**

Select Phase 2 for plan components that meet the following conditions:

- The dependent plan component uses the results of any other base plan component calculation, such as Input Achieved.
- The calculation process must compute the base plan component first, for all of the participants associated with this plan.

**Example**

You want to calculate the earnings for managers, based on the earnings of their direct reports. Use two plan components:

- A base plan component set to Phase 1, to calculate the earnings of the direct reports
- A dependent plan component, set to Phase 2, to calculate the earnings of the managers
For the performance measure of the second plan component, you use a custom formula to aggregate the earnings for the managers.

**Related Topics**
- Calculating Quarterly Bonuses using an External Formula to Find Ranking: Worked Example

**Adding Plan Components to Incentive Plans: Points to Consider**

When you add plan components to plans in the Compensation Plans work area, you can adjust the association start and end dates. You can also set a calculation sequence and target incentive percentage.

**Association Start and End Dates**

When you add plan components to compensation plans, the association start and end dates automatically populate with the plan component start and end dates. You can edit the association dates to define and administer:

- Special performance incentive funds (SPIFs)
- Promotional bonuses, which are valid for a short duration

Example: You have a promotional bonus that applies only to the third quarter. Modify the plan component association dates accordingly.

If you want to provide the same bonus in the second and fourth quarters, then you must duplicate the relevant plan component. Then, associate one plan component for the first date range and the other plan component for the second date range. You can only associate a plan component with a plan once, even if the association dates differ.

**Calculation Sequence**

Set calculation sequences when dependent plan components refer to the calculated results of other, base plan components. The dependent plan components must have a higher calculation sequence than the base plan components. Whenever you associate a dependent plan component with a compensation plan, also associate the base plan component to complete the compensation plan setup.

Example: You have two plan components, Service Bonus and Product Bonus. The calculation process computes the Product Bonus earning at a higher percentage when salespeople attain 100 percent on their service quotas. Because the product bonus depends on the service bonus calculation, set the calculation sequence of the plan components as follows:

- Service Bonus: 1
- Product Bonus: 2

**Target Incentive Percent**

The target incentive percent is the percentage of the plan target incentive amount that is applicable to the calculated earnings of that plan component. You can include the target percent and target earnings in expressions. If you enter target incentive percents, then the total percentages for all added plan components must equal 100 percent.
Terms and Conditions: Explained

You can create terms and conditions and then associate them to compensation plans. The three available text fields are Contract Text, Pay Component Description, and Optional Text. Plan documents are created from a plan document template that includes the terms and conditions text for a plan. You can modify the optional text for an individual participant. You send plan documents to participants to review and accept their compensation plans.

Creating Terms and Conditions

To create or edit terms and conditions:

1. Sign in as an Incentive Compensation Plan Administrator.
2. Navigate to the Participant Assignments work area.
3. Click the Manage Plan Terms and Conditions task or the Create Plan Terms and Conditions task.
4. Select a business unit.
5. Give each set of terms and conditions a name and start date.
6. If compensation analysts want the ability to customize optional text for individual participants, then select the Individualize optional text check box.
7. Select and add compensation plans to the named terms and conditions.

When you deselect Individualize optional text you see a warning if any existing compensation plan contains individualized text. If you have created more than one Terms and Conditions for a compensation plan, then the one that was active the day the participant joined the compensation plan is applied.

Compensation Plan Assignments

Another way to assign contract text to compensation plans is to open a compensation plan and go to Assignments. Use the Terms and Conditions tab to select and add one or more named terms and conditions to the open plan.

If you remove the terms and conditions from a compensation plan, then all individualized text is also removed for all participants associated with that plan. If you add the terms and conditions back to the plan, then any individualized text does not exist until you recreate it for individual participants.

Modifying Optional Text for a Participant

To modify the text for a participant’s plan:

1. Sign in as an Incentive Compensation Analyst.
2. Navigate to Participant Snapshot.
3. Search for and select the participant.
4. Click the task Individualize Plan Terms and Conditions.
5. Select the compensation plan.
6. In the Individualize Optional Text region, make your changes to the text. To remove existing individualized text, click Reset Text.
7. Click Save.
Plan Document Templates
You set the default plan document template when you configure the plan approval parameters. You can change the plan document template when you edit a compensation plan. To add a new RTF template:

1. Navigate to Reports and Analytics.
2. Go to the folder Shared Folders/Incentive Compensation/Participant Compensation Plans.
3. Find the Participant Plan Report and click Edit.
4. Click Add New Layout.
5. Click Upload.
7. Select RTF for the file type.
8. Choose the correct locale.
9. Click Upload.

Related Topics
- Incentive Compensation Plan Document Approval and Acceptance Process: How It’s Configured

FAQs for Plan Components

What's payment made through third party?
The option indicates whether to pay any incentive earnings calculated for a specific participant to another person.

Example: Add the name of the brokerage or channel company for those agents for whom you are calculating earnings.

While individualizing a plan component in the Participant Snapshot work area, you can enter the payee detail for the participant.

Related Topics
- How can I give a participant’s incentive compensation payments to a third party payee?

When do I change the default calculation sequence of plan components associated with an incentive compensation plan?

If a dependent plan component refers to the calculated result of another, base, plan component. The dependent plan component must have a higher calculation sequence than the base plan component.
How can I add the same plan component, with different date ranges, to an incentive compensation plan?

In the Compensation Plans work area:

1. Use the Manage Plan Components task to find and duplicate the plan component.

   You must enter a new name for the duplicate plan component.

2. Use the Manage Compensation Plans task to add the new plan component to the compensation plan.
Performance Measures: Explained

Use performance measures to track participant progress, or attainment, toward a defined organizational goal. You can base performance measures on:

- Volume production, such as dollars or sales units
  You can use sales volume, revenues, market share, or profits as part of this type of measure.
- Sales effectiveness, such as product mix sold, customer retention, price management, and order size
- Customer impact, including customer satisfaction survey data and loyalty
- Resource usage, including productivity and use of partners

As the following figure shows, performance measures consist of goals, credit categories, measure formula, and scorecards. The attainment calculated using performance measures feeds rate dimension input and incentive formula expressions associated with the plan component containing the measure.

Create and manage performance measures in the Compensation Plans work area.

Goal

You can optionally define a goal to use to evaluate participant attainment: You can use any of the goal numbers (target, interval target, period target, and interval-to-date (ITD) target) in expressions, as they are available for attainment calculation.
Use measures without goals when you want to pay based on management by objectives (MBO) or percentages of revenue or quantity.

For example, the percentage of all real estate or insurance sales by the salesperson

Credit Category

If a performance measure uses a transaction or credit attribute (such as margin), then associate the appropriate credit category with it. When associating a credit category with a performance measure, you can optionally set:

- Credit factors to provide increased credits, such as requiring 125 percent attainment for the first quarter
- Transaction factors to provide different weights for different transaction types, such as orders count as 60 percent of attainment while invoices count as 40 percent

Measure Formula

The formula contains an expression that the calculation process uses to compute the attainment for a set of credit categories. It also has the period of measurement, called performance interval, such as Month, Quarter, and Year.

The measure formula is where you:

- Specify attainment as revenue, units sold, percentage of attainment, score, and so on.
- Optionally, specify to use a rate table as a scorecard to look up and transform the calculated result into a score or points.

Scorecard

The scorecard determines the compensation score for attainment calculations, such as when you want to use customer satisfaction scores to calculate bonuses.

**Related Topics**

- Why isn't the performance measure valid for calculation?

Goals

Performance Measure Goals: Points to Consider

You optionally define a goal for a performance measure in the Compensation Plans work area and individualize goals for a participant in the Participant Snapshot work area.

Defining Goals

You can:

- Provide a target number and the unit of measure, either amount or quantity.
- Optionally, distribute the target number across the performance measure intervals to support seasonality and year-to-date calculations.
Any edits that you make in the Compensation Plans work area do not affect existing participants associated with plan components enabled for individualization. The edits affect only participants added to the plan afterward.

You can provide up to five alternate targets for a measure. The delivered application hides these alternate target fields by default.Expose them using the Edit Current Page... personalization task on the Settings and Actions menu.

**Individualizing Goals**

In the Participant Snapshot work area, select the participant and then use the Manage Goals task to individualize the goals. Alternatively, you can use the Manage Compensation Plans task to individualize the goal within the compensation plan. Or use the Participant Goal Import task in the Participant Assignments work area.

**Related Topics**

- Personalization: Explained

**Incentive Compensation Goal Distribution: Points to Consider**

Define the incentive goal by entering a target value for the performance measure duration. Optionally, distribute the target value, manually or evenly, across the goal intervals and recalculate the goal.

Define goals and goal distributions on the Create Performance Measure: Define Goal page or the Goal tab of the Edit Performance Measure page.

**Distribute Goal**

Distribute the target across goal intervals if you plan to calculate attainment for each interval, rather than calculating once for the entire duration of the measure.

The distribute goal process also calculates and stores the interval-to-date (ITD) target value against each period, in this instance, for each month. You can expose the hidden ITD Target field through personalization.

**Evenly Distribute Goal**

To evenly distribute the goal across the intervals, enter the goal in the **Target** field and click **Distribute Evenly**.

**Manually Distribute Goal**

You can manually distribute the target by amount or percentage, as explained in the following table. Monetary values are in US dollars.

<table>
<thead>
<tr>
<th>Distribute By</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td>In the Target Amount column, enter the interval and period amounts. Example: Assuming that the period is Month, manually distribute the annual target number of 120,000 as:</td>
</tr>
<tr>
<td></td>
<td>• 30,000 for each quarter</td>
</tr>
<tr>
<td></td>
<td>• 10,000 for each month</td>
</tr>
</tbody>
</table>
The distribute goal process derives the ITD values based on the period target value. In the amount example, the ITD value is:

- 10,000 for January
- 20,000 for February
- 30,000 for March
- 10,000 in April, as April starts the new interval

In the Target Percent column enter the percentage of distribution across the quarterly intervals and periods, or months.

- 5 for January
- 8 for February
- 12 for March

The period percentages sum to a quarterly interval percentage of 25 percent.

The sum of the:

- Period target numbers must equal the corresponding interval target number
- Interval target numbers don’t have to equal the annual, or header level, target

**Recalculate Goal**

If you manually adjust the period targets, then click **Recalculate** to recalculate the interval and header level targets. The recalculation process adds:

- Period target numbers to calculate the interval target
- Interval target numbers to the header target number

You can change the period numbers, rather than the interval numbers, and use Recalculate to overwrite the interval numbers.

**Related Topics**

- What happens if I edit an individualized incentive compensation goal?
- What happens if I deselect an individualize check box?

**Credit Categories**

**Credit Category Factors: Points to Consider**

When adding a credit category to a performance measure, you can optionally provide credit and transaction factors. The factor date ranges must not overlap.

In the Compensation Plans work area, add and edit factors in the following locations:

- Create Performance Measure: Add Credit Categories page
• Edit Performance Measure page, Credit Categories tab
  You can add and edit individualized factors in the same location of the Participant Snapshot work area.

Credit Factors
Credit factors are useful, for example, if you run a promotion and want to provide increased credits to salespeople for selling a particular product.

Explicitly include the credit or earning factor in the expressions that the measure formula uses to calculate attainment, such as Measure.Credit Factor * Credit.Credit Amount.

Example: If you provide 125 percent as the credit factor for the first quarter, January to March, then the attainment:
• During that quarter is 125 percent of the credit amount
• For the remaining quarters is 100 percent of credit amount

Transaction (Event) Factors
Transaction, or event, factors are useful, for example, to provide different weights for different transaction types. This helps calculate the attainment and the earnings based on the sales cycle.

Explicitly include the event factor in the expressions that the measure formula uses to calculate attainment, such as Measure.Event Factor * Credit.Credit Amount.

Continuing the example in the preceding Credit Factors section, if you provide 50 percent as the event factor for order and for invoice, then the attainment for:
• An order is 50 percent of the credit amount
• For the invoice is the remaining 50 percent
• For all other types, attainment is 100 percent of the credit amount.

For all other types, attainment is 0 percent of the credit amount.

Related Topics
• Credit Categories: How They Work with the Classification and Calculation Processes

Measure Formula

Using Individual or Grouped Transactions in Attainment Calculations: Critical Choices

The calculation process uses performance measures and either individual or grouped transactions to determine participant incentive attainments. Specify to process transactions individually or grouped by interval on the Create Performance Measure: Define Measure Formula page of the Compensation Plans work area.

Individually
Calculate attainment for the performance measure on a per event basis, transaction by transaction.
Example: Process transactions individually if the attainment is a:

- Credit amount
- Running total of quantity

If the attainment is a running total, then you must also select **Running total**. The calculation process resets the running total to zero when it moves to the next interval.

**Grouped by Interval**

Calculate attainment once for a set of transactions that fall within the performance measure interval. Also, use grouped by interval if you are calculating earnings for the aggregated amount or aggregated volume of a set of transactions. For example: Process transactions using group by interval to calculate the revenue or quota attainment for an interval.

Though the calculation process summarizes the transaction value for the performance measure interval, it calculates the performance measure attainment in the calendar period. If the interval is other than the calendar period, then the interval-to-date (ITD) attainment values are also available. And you can use them in incentive compensation earning calculations. For example, the performance measure interval is Quarter and the calendar period is Month. The calculation process computes attainment each month for the set of transactions, for that quarter.

**Related Topics**

- Calculating Quarterly Bonuses using an External Formula to Find Ranking: Worked Example
- What happens if I edit interval numbers after using them in incentive compensation processing?

**Calculating Incentive Compensation Attainment by Individual Transaction: Examples**

These examples show how to calculate attainment for performance measures that process transactions individually. Create and manage performance measures in the Compensation Plans work area.

**Scenario:** The following table shows the configuration on the Define Measure Formula page for both examples:

<table>
<thead>
<tr>
<th>Field</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expression Name</td>
<td>The name for the expression <strong>Credit.Credit Amount</strong></td>
</tr>
<tr>
<td>Process Transactions</td>
<td>Individually</td>
</tr>
</tbody>
</table>

The first example doesn’t use the **Running total** check box, while the second one does.

**Calculating the Credit Amount for Each Transaction**

**Scenario:** The measure gives the credit amount for each transaction as the output, or measure attainment. The Running total check box isn't selected on the Define Measure Formula page.

The following table shows sample interval and credit amount data that the calculation process uses to compute the measure attainment in the last column.
Calculating Running Total of Credit Amount

Scenario: The measure gives the credit amounts for the interval as the output, or measure attainment. The Running total check box is selected on the Define Measure Formula page.

The following table shows sample interval and credit amount data that the calculation process uses to compute the measure attainment in the last column.

<table>
<thead>
<tr>
<th>Interval</th>
<th>Transaction</th>
<th>Credit Amount</th>
<th>Measure Attainment (Running Total)</th>
</tr>
</thead>
<tbody>
<tr>
<td>I1</td>
<td>T1</td>
<td>1,000.00</td>
<td>1,000.00</td>
</tr>
<tr>
<td>I1</td>
<td>T2</td>
<td>1,500.00</td>
<td>2,500.00</td>
</tr>
<tr>
<td>I1</td>
<td>T3</td>
<td>500.00</td>
<td>3,000.00</td>
</tr>
<tr>
<td>I2</td>
<td>T4</td>
<td>1,500.00</td>
<td>1,500.00</td>
</tr>
<tr>
<td>I2</td>
<td>T5</td>
<td>500.00</td>
<td>2,000.00</td>
</tr>
</tbody>
</table>

Calculating Incentive Compensation Attainment by Grouped Transactions: Examples

These examples show how to calculate revenue attainment and quota attainment for performance measures that process transactions grouped by interval. The examples calculate the earnings based on the attainment for the interval, which is period.

Create and manage measures in the Compensation Plans work area. You can use these expressions in incentive formulas to calculate earnings.
Calculating the Revenue Attainment for the Interval

Scenario: The measure gives the aggregate of the credit amount for the measure, for the period as the output, or measure attainment.

The following table shows the configuration on the Define Measure Formula page for this example:

<table>
<thead>
<tr>
<th>Field</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expression Name</td>
<td>The name for the expression, such as Total Credit Amount for the expression: \texttt{SUM(Credit.Credit Amount)}</td>
</tr>
<tr>
<td>Process Transactions</td>
<td>Group by Interval</td>
</tr>
</tbody>
</table>

Using the sample interval and credit amount data in this table, the expression calculates measure attainment for interval I1 as 3,000.00 and I2 as 2,000.00.

<table>
<thead>
<tr>
<th>Interval</th>
<th>Transaction</th>
<th>Credit Amount</th>
<th>Calculated Attainment</th>
</tr>
</thead>
<tbody>
<tr>
<td>I1</td>
<td>T1</td>
<td>1,000.00</td>
<td>1,000.00</td>
</tr>
<tr>
<td>I1</td>
<td>T2</td>
<td>1,500.00</td>
<td>2,500.00</td>
</tr>
<tr>
<td>I1</td>
<td>T3</td>
<td>500.00</td>
<td>3,000.00</td>
</tr>
<tr>
<td>I2</td>
<td>T4</td>
<td>1,500.00</td>
<td>1,500.00</td>
</tr>
<tr>
<td>I2</td>
<td>T5</td>
<td>500.00</td>
<td>2,000.00</td>
</tr>
</tbody>
</table>

Calculating Quota Attainment for the Interval

Scenario: The measure gives the percentage of revenue attainment against the quota for the period as the output, or measure attainment.

The following table shows the configuration on the Define Measure Formula page for this example:

<table>
<thead>
<tr>
<th>Field</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expression Name</td>
<td>The name for the expression: \texttt{SUM(Credit.Credit Amount / Measure.Interval Goal)}</td>
</tr>
<tr>
<td>Process Transactions</td>
<td>Group by Interval</td>
</tr>
<tr>
<td>Target</td>
<td>36,000</td>
</tr>
<tr>
<td>Unit of Measure</td>
<td>Amount</td>
</tr>
</tbody>
</table>

The target is evenly distributed so that each month has a target amount of 3,000.
Using the sample interval, credit, and attainment data in this table, the expression calculates the quota attainment for the interval:

- I1 as 100 percent (3,000.00 / 3,000.00)
- I2 as 66.67 percent (2,000.00 / 3,000.00)

<table>
<thead>
<tr>
<th>Interval</th>
<th>Transaction</th>
<th>Credit Amount</th>
<th>Measure Attainment (Running Total)</th>
</tr>
</thead>
<tbody>
<tr>
<td>I1</td>
<td>T1</td>
<td>1,000.00</td>
<td>1,000.00</td>
</tr>
<tr>
<td>I1</td>
<td>T2</td>
<td>1,500.00</td>
<td>2,500.00</td>
</tr>
<tr>
<td>I1</td>
<td>T3</td>
<td>500.00</td>
<td>3,000.00</td>
</tr>
<tr>
<td>I2</td>
<td>T4</td>
<td>1,500.00</td>
<td>1,500.00</td>
</tr>
<tr>
<td>I2</td>
<td>T5</td>
<td>500.00</td>
<td>2,000.00</td>
</tr>
</tbody>
</table>

**Expression to Calculate Incentive Compensation Attainment: Examples**

This topic provides sample incentive compensation attainment calculations for performance measures. Add performance measure formulas on the Define Measure Formula page in the Compensation Plans work area.

**Sample Attainment Calculations**

Use the **Expression Name** field to create and associate an expression with the performance measure.

The following table describes sample attainment calculations and provides the corresponding expressions.

<table>
<thead>
<tr>
<th>Calculation Description</th>
<th>Expression</th>
</tr>
</thead>
<tbody>
<tr>
<td>Calculate the volume attainment for each transaction and provide the quantity as the output using the expression.</td>
<td>Credit. Quantity</td>
</tr>
<tr>
<td>Calculate the attainment for each transaction and provide the amount as the output. Also, adjust the attainment for different credit categories using credit factors.</td>
<td>Credit.Credit Amount * Measure. Credit Factor</td>
</tr>
<tr>
<td>Calculate the revenue attainment for each interval.</td>
<td>SUM(Credit. Credit Amount)</td>
</tr>
</tbody>
</table>
### Calculation Description

<table>
<thead>
<tr>
<th>Calculation Description</th>
<th>Expression</th>
</tr>
</thead>
<tbody>
<tr>
<td>You can use this calculation to compute earnings as a percentage of this attainment.</td>
<td>SUM(Credit. Credit Amount / Measure. Interval Quota)</td>
</tr>
<tr>
<td>Calculate the target incentive, or quota attainment, for each quarter.</td>
<td></td>
</tr>
<tr>
<td>You can use this calculation to compute earnings as a percentage of the eligible target incentive for the quarter.</td>
<td></td>
</tr>
</tbody>
</table>

**Related Topics**
- Incentive Compensation Expressions: Explained
- Expression to Calculate Incentive Compensation Earnings: Examples

### Scorecard

#### Converting Measure Attainment to a Score: Procedure

Use this procedure to convert the measure attainment, for example, to a score, and use that in earning calculations. All of the validation rules for associating a rate table as a scorecard with a performance measure are the same as those for plan component association.

In the Compensation Plans work area:

1. Create an attainment expression that includes the rate table result.
2. Associate a rate table as a scorecard when creating or editing the performance measure.

**Related Topics**
- Calculating Monthly Bonuses Using a Weighted Score: Worked Example

#### Calculating Monthly Product Bonuses with a Scorecard: Worked Example

This example demonstrates how to create a performance measure that uses weighted scores to calculate monthly product bonuses.

The incentive plan calculates a monthly bonus using the dollar value of the product that the sales force sells for that period. The plan calculates the:

- Attainment as a weighted score that could range from 0 to 100
- Score for each product line based on the period revenue for three product lines

The following table summarizes key decisions for the performance measure in this scenario:
Decisions to Consider | In This Example
--- | ---
How should the application process the transactions? | Grouped by interval
What is the unit of measure? | Score
What is the performance interval? | Monthly
Does the calculation involve quota? | No
Does the calculation involve a scorecard? | Yes

Summary of the Tasks
In the Compensation Plans work area, create a performance measure by creating the parts first, and then associating them with the performance measure. To create a performance measure:

1. Create the attainment and rate dimension input expressions.
2. Create the scorecard.
3. Create one performance measure, associating the attainment expression, scorecard, and rate dimension input expression.

Use default values for fields unless the steps specify other values.

Creating the Expressions
Create the following two expressions:

<table>
<thead>
<tr>
<th>Type of Expression</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attainment</td>
<td>Calculate period revenue attainment</td>
</tr>
<tr>
<td>Rate dimension input</td>
<td>Calculate the period weighted score for a product line</td>
</tr>
</tbody>
</table>

To create the expressions:
1. Click the **Create Expression** task.
2. In the Configure Expression section, create the attainment expression `SUM(Credits.Credit Amount)` and the rate dimension input expression `RTR * Measure.Weight Attainment`.
   a. On the **Attributes** menu, select **Functions - Aggregate Functions - SUM**.
   b. Click the open parenthesis (.
   c. On the **Attributes** menu, select **Credits - Credit Amount**.
   d. Click the close parenthesis ).
   e. Click **Save and Create Another**.

Rate Dimension Input
   a. On the **Attributes** menu, select **Rate Table Rate**.
b. Click the asterisk *

c. On the Attributes menu, select Measure - Weight.

3. Click Save and Close to return to the Manage Expressions page.

Creating a Scorecard

Create a scorecard for the performance measure to use to find the score to apply based on generated revenue. You create rate tables and associate them with performance measures to create scorecards. To create a scorecard:

1. Click the Create Rate Table task.
2. On the Rate Dimensions section toolbar, click the Create icon button.
   a. In the Tiers section, add the From and To values for each tier, such as 0 -- 10,000, 10,000 -- 50,000, 50,000 -- 100,000, and 100,000 -- 9,999,999. Make the final To value much larger than you would ever conceivably use.
   b. Click Save and Close to return to the Create Rate Table page.
3. Click Edit Rates.
   a. Edit the rate for each tier, such as 25, 50, 75, and 100.
   b. Click Save and Close to return to the Create Rate Table page.
4. Click Save and Close to return to the Manage Rate Tables page.

Creating a Performance Measure

To create a performance measure that determines revenue attainment for the period based on sales credits, such as desktop:

1. Click the Create Performance Measure task.
2. In the Unit of Measure field, select Score.
3. Click Next to open the Define Goal page.
   a. In the Target field, enter the goal, such as 1,200,000.
4. Click Next to open the Add Credit Categories page.
   a. Add the credit category, such as Desktop.
   If a credit category doesn’t exist, then click the Create icon button to create it and add it to the measure.
5. Click Next to open the Define Measure Formula page.
   a. In the Process Transactions field, select Grouped by interval.
   b. In the Expression Name field, search for and select the expression that calculates period revenue attainment.
6. Click Next to open the Add Scorecard page.
   a. Complete the fields, as shown in this table.

<table>
<thead>
<tr>
<th>Field</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate Table Dimensions</td>
<td>1</td>
</tr>
<tr>
<td>Split Attainment Across Tiers</td>
<td>Yes</td>
</tr>
<tr>
<td>Apply Split</td>
<td>Fixed within a tier</td>
</tr>
</tbody>
</table>

b. In the Scorecard section, add a row.
c. In the Name field, search for and select the rate table that finds the score to apply based on generated revenue.

d. In the Rate Dimensional Inputs section Expression Name field, search for and select the expression that calculates the period weighted score for a product line.

7. Click Save and Close to return to the Manage Performance Measures page.

Related Topics

- Incentive Compensation Rate Table: Points to Consider
- Splitting Incentive Compensation Input Numbers Across Rate Tiers: Critical Choices

Adding Measures to Plan Components

Adding Performance Measures to Plan Components: Points to Consider

When you add a performance measure to plan components in the Compensation Plans work area, you can set a weight, calculation sequence, and earning basis.

Weight

The weight is the percentage of influence that the measure has in calculation expressions. If you enter weights, then the total weights for all added performance measures must equal 100 percent.

Calculation Sequence

Set calculation sequences when dependent measures refer to the calculated results of other, base measures. Dependent measures must have a higher calculation sequence than base measures. Whenever you associate a dependent measure with a plan component, also add the base measure to complete the plan component setup.

Example: Calculate the weighted attainment for two measures, weighted at 70 and 30 percent. Use that attainment to calculate the earnings for the plan component.

The following table describes the measures in this example and shows the weight and calculation sequence settings when adding these measures to the plan component.

<table>
<thead>
<tr>
<th>Measure</th>
<th>Description</th>
<th>Relationship</th>
<th>Weight</th>
<th>Calculation Sequence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Desktop Revenue</td>
<td>Calculates desktop revenue attainment</td>
<td>Base</td>
<td>70</td>
<td>1</td>
</tr>
<tr>
<td>Laptop Revenue</td>
<td>Calculates laptop revenue attainment</td>
<td>Base</td>
<td>30</td>
<td>1</td>
</tr>
<tr>
<td>Weighted Revenue Attainment</td>
<td>Calculates the weighted attainment score of the base revenue attainment measures</td>
<td>Dependent</td>
<td>0</td>
<td>2</td>
</tr>
</tbody>
</table>
Earning Basis

Earning Basis specifies whether attainment and earnings calculations use the same credit categories and if the incentive formula uses the measure attainment in calculations.

The following table describes each earning basis selection.

<table>
<thead>
<tr>
<th>Selection</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>Yes is the default selection. Keep this selection if you reference the performance measure attainment in the incentive formula expression of the plan component. The expression calculates the incentive earnings. Earning basis must be Yes when you associate a performance measure that processes transactions individually with plan components that calculate incentive per event.</td>
</tr>
<tr>
<td>No</td>
<td>Select No if the measure formula result is an input to a rate table rather than part of an earning calculation. In this case, the performance measure is a hurdle or multiplier, whose objective participants must meet to start earning or to get to a higher tier.</td>
</tr>
</tbody>
</table>

Earning Basis Selection Examples

The following table lists two measures, identifies the use for each and the corresponding earning basis selection, and explains the reason for each selection.

<table>
<thead>
<tr>
<th>Measure</th>
<th>Use</th>
<th>Earning Basis</th>
<th>Reason</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service quota attainment</td>
<td>One factor to determine the rate table rate.</td>
<td>No</td>
<td>Attainment is part of a rate dimension input expression.</td>
</tr>
<tr>
<td>Product license revenue</td>
<td>The bonus is a percentage of product license revenue.</td>
<td>Yes</td>
<td>Attainment is part of the incentive formula expression.</td>
</tr>
</tbody>
</table>

Using Measure Weights in Calculations: Examples

This topic provides examples of using measure weights in incentive calculations to calculate plan component earnings or weighted score.

Calculating Plan Component Earnings

Include measure weights when creating an expression to calculate the earnings for a plan component.

Example: Your plan component has two performance measures, Product Quota Attainment and Service Quota Attainment.

- Define your incentive formula earning expression as \((\text{Measure.Weight} \times \text{Product Quota Attainment.Output}) + (\text{Measure.Weight} \times \text{Service Quota Attainment.Output Target Incentive})\).

  - The calculation process substitutes the respective weight that you entered for each measure when you associated it with a plan component, and calculates the result.
Calculating Weighted Score

Include measure weights when creating an expression to calculate the weighted score using another performance measure.

Example: Your earning calculation uses two performance measures, Desktop Revenue and Laptop Revenue.

- The calculation process computes the output, or attainment, as a score.
- Define a third performance measure with the attainment expression
  \[ ((\text{Measure.Weight} \times \text{Desktop Revenue.Output}) + (\text{Measure.Weight} \times \text{Laptop Revenue.Output})) \]
  which calculates the weighted score.

Related Topics

- Incentive Compensation Expressions: Explained
- Calculating Monthly Bonuses Using Blended Attainment: Worked Example
- Calculating Monthly Bonuses Using a Weighted Score: Worked Example
- Calculating Quarterly Bonuses Using a Multidimensional Rate Table: Worked Example

FAQs for Performance Measures

Can I provide alternate incentive compensation targets such as stretch goals?

Yes. Provide up to five alternate targets for a performance measure. You can distribute these targets across intervals and periods, just like the primary target.

- The delivered application hides these attributes. Expose them using the Edit Current Page... personalization task on the Settings and Actions menu.
- Use the attribute values in expressions for attainment calculation. Enable these attributes for calculations using the Configure Tables and Columns task in the Setup and Maintenance work area.

Related Topics

- Personalization: Explained

Why can't I enter a date range for a performance measure or plan component?

One or more of the following conditions exists:

- Undefined periods for the duration of the performance measure or plan component. Define periods using the Manage Periods task in the Participant Assignments work area.
- Undefined intervals for the calendar for the performance measure or plan component interval type. Define intervals using the Manage Intervals task in the Setup and Maintenance work area.
Example: If the performance measure or plan component interval is Quarter, then for the corresponding calendar, define quarterly intervals.

When do I change the default calculation sequence of performance measures associated with a plan component?

If the dependent performance measure refers to the calculated result of another, base, measure. The dependent measure must have a higher calculation sequence than the base measure.

Related Topics

- Calculating Monthly Bonuses Using a Weighted Score: Worked Example

Can I override attributes for a performance measure?

Yes. In the Participant Snapshot work area, after you select the individualize check boxes for the compensation plan and plan component, you can override the target values at the base goal, interval, and period levels; credit category uplift factors values; and commission rates. To reset the customized values to the original ones, deselect the individualize check boxes.

You can’t override the business unit, goal name, start and end date, unit of measure (UOM) values, or rate tiers and dimensions.

Related Topics

- What happens if I edit an individualized incentive compensation goal?
- What happens if I edit individualized incentive compensation rate table rates?
7 Rate Tables

Incentive Compensation Rate Table: Points to Consider

Use rate tables to establish percentage rates or fixed amounts for different performance levels. Rate dimension input expressions determine the attainment information used to identify the performance level tier on the rate table. Incentive formulas determine how to use the resulting rate in the earnings calculation.

When creating rate tables in the Compensation Plans work area, specify the rate table type and create rate dimensions and tiers.

Rate Table Types

The following table describes the two types of rate tables:

<table>
<thead>
<tr>
<th>Rate Table Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent</td>
<td>The calculation process treats the rates that you enter as a percentage when it uses the rate in an expression. You enter whole numbers in the table (for example, 25). The numbers are stored as decimal numbers (for example, 0.25) and calculations use the decimal number.</td>
</tr>
<tr>
<td>Amount</td>
<td>The calculation process treats the rate that you enter as a number.</td>
</tr>
</tbody>
</table>

Rate Dimensions

Rate tables contain one or more dimensions. Rate dimensions define the nature of the tiers that you use in a rate table. Tiers contain the from and to values that compose the ranges from which the calculation process calculates incentive compensation within a rate table. The rate table input depends on the type of dimensions that you use:

- Percent
- Amount
- Expression
- String

Following are some considerations about rate dimensions:

- A multidimensional rate table can use a mix of dimensions types.
- If you delete a rate dimension, then the delete process also removes the corresponding rates for that dimension from the rate table.
  
  Example: If you delete the second dimension in a two-dimensional rate table, then the database retains only the rates for the first dimension.
- Specify as many input expressions as the number of rate table dimensions.

💡 Tip: If you don’t provide rates, then the save process assumes that they are zero.
Rate Dimension Input Expressions

Rate dimension input expressions can include the:

- Attainment of one or more measures
- Credit amount, quantity, margin, or a combination of these transaction attributes

In odd cases, the dimension input can be other transaction attributes that aren’t quantifiable, such as:

- Region name
- Customer type

In these cases, the rate varies depending on the location of the sale or the customer.

Related Topics
- Calculating Quarterly Bonuses Using a Multidimensional Rate Table: Worked Example

Incentive Compensation Rate Dimensions: Points to Consider

Rate dimensions define the nature of the tiers that you use in a rate table. Tiers contain the from and to values that compose the ranges from which the calculation process calculates incentive compensation within a rate table.

The following are some guidelines for creating dimensions for rate tables:

- A dimension must have at least one tier for use in a rate table, and can have as many as you require.
- If you base a rate on multiple criteria, then you can create a multidimensional rate table to reflect all criteria using one dimension per criterion.

Rate Dimension Types

Four types of rate dimensions indicate the nature of tier values, which compose the ranges from which the calculation process computes compensation using the rate table rate.

<table>
<thead>
<tr>
<th>Rate Dimension Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td>The rate tiers are amounts, such as credit amount or credit quantity.</td>
</tr>
<tr>
<td>Percent</td>
<td>The rate tiers are percentages, such as quota attainment.</td>
</tr>
<tr>
<td>Expression</td>
<td>The rate dimensions reference calculation expressions. Use them to create more complex rate tiers. Example: Create a calculation expression rather than a static set of rate percentage tiers such as: 0 to 25, 25 to 50, and so on.</td>
</tr>
</tbody>
</table>
Incentive Compensation Dynamic Tier Expressions for Rate Table: Example

This example shows how to use an expression to create rate dimension tiers dynamically.

Scenario

You want to pay bonus amounts using percentage of quota attainment.

Solution

Instead of creating a static set of rate tiers to determine the amount, such as 0 to 25 percent, 25 to 50 percent, and so on, in the Compensation Plans work area:

1. Create a rate dimension of type Expression.
2. Define the tiers using calculation expressions as follows:

<table>
<thead>
<tr>
<th>From Value</th>
<th>To Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 percent * Quota</td>
<td>25 percent * Quota</td>
</tr>
</tbody>
</table>
## Rate Tables

<table>
<thead>
<tr>
<th>From Value</th>
<th>To Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>25 percent * Quota</td>
<td>50 percent * Quota</td>
</tr>
<tr>
<td>50 percent * Quota</td>
<td>75 percent * Quota</td>
</tr>
<tr>
<td>75 percent * Quota</td>
<td>100 percent * Quota</td>
</tr>
<tr>
<td>100 percent * Quota</td>
<td>9,999,999 percent * Quota</td>
</tr>
</tbody>
</table>

**Related Topics**
- Incentive Compensation Expressions: Explained

### Adding Rate Tables and Scorecards

#### Adding Rate Tables to Plan Components: Points to Consider

Add a rate table to one or more plan components if the earning expression of the incentive formula uses the rate table result. Use the Add Rate Table step on the create and edit plan component pages in the Compensation Plans work area.

**Rules and Restrictions**

Following are some rules and restrictions about adding rate tables to plan components:

- Ensure that the number of rate dimensions and number of rate dimension types for each calculation sequence are the same.
- Add multiple rate tables to a plan component as long as the dates don’t overlap.
  
  For example, a plan component uses:
  - One rate table in one quarter
  - A different rate table in the next quarter

- After you add the rate table to a plan component, use the split attainment across tiers options to specify how to apply splits for a single dimension.
  
  For more details about splitting attainment, see the Splitting Incentive Compensation Input Numbers Across Rate Tiers: Critical Choices topic.

- When you add a rate table to a plan component, you must provide an input expression.
  
  For the plan component to be valid, the number of input expressions must equal the number of rate table dimensions—there is a 1:1 ratio between input expressions and rate dimensions.

- For the incentive earning expression, include the Rate Table Result attribute so that the earning calculation uses the rates from the added rate table.
• To view the rendered expression, hover over the expression name.
• You can’t delete the rate table, edit the type, or add or delete rate dimension associations after adding the rate table to one or more plan components.

Related Topics
• Calculating Quarterly Bonuses Using a Multidimensional Rate Table: Worked Example
• Incentive Compensation Plans, Plan Components, and Performance Measures: How They Work Together
• Incentive Compensation Plan Components: Overview

Splitting Incentive Compensation Input Numbers Across Rate Tiers: Critical Choices

When associating a rate table with a plan component or incentive formula in the Compensation Plans work area, you specify whether to split the rate across tiers. When the rate spans multiple tiers, you also specify whether rates are fixed or varied within a tier. The Split option applies to only one rate dimension input expression or dimension.

Rate Not Split (Flat Commission)
The application applies a single fixed rate based on the highest tier attained.

Example: The application uses the transaction amount to get the rates from the following rate table.

<table>
<thead>
<tr>
<th>Sequence</th>
<th>Tier Range (USD)</th>
<th>Rate (Percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0 -- 10,000</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>10,000 -- 50,000</td>
<td>2</td>
</tr>
<tr>
<td>2</td>
<td>50,000 -- 100,000</td>
<td>3</td>
</tr>
<tr>
<td>4</td>
<td>100,000 -- 9,999,999</td>
<td>4</td>
</tr>
</tbody>
</table>

Always ensure that the final range covers all possible values.

The following table shows the resulting rate table rate for specific transaction amounts.

<table>
<thead>
<tr>
<th>Transaction Amount (USD)</th>
<th>Rate Table Rate (Percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>5,000</td>
<td>1</td>
</tr>
<tr>
<td>15,000</td>
<td>2</td>
</tr>
<tr>
<td>60,000</td>
<td>3</td>
</tr>
</tbody>
</table>
Rate is Split (Ramp Commission)
When the transaction value spans more than one rate tier, the application splits the attainment units, such as amount and quantity, across the appropriate tiers.

Two additional selections appear when you elect to split a rate:

- Fixed, or nonproportional, the most common selection
- Varied, or interpolated

Split Rates are Fixed for the Tier (Step Rate)
The application applies a fixed rate to the transaction units within each rate table tier range.

Using the rate table from the first example, the following table shows the resulting fixed rates for the same transaction amounts using step rate.

<table>
<thead>
<tr>
<th>Transaction Amount (USD)</th>
<th>Rate Table Rate (Percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>5,000</td>
<td>1</td>
</tr>
<tr>
<td>15,000</td>
<td>1 for the first 10,000</td>
</tr>
<tr>
<td></td>
<td>2 for the remaining 5,000</td>
</tr>
<tr>
<td>60,000</td>
<td>1 for the first 10,000</td>
</tr>
<tr>
<td></td>
<td>2 for the next 40,000</td>
</tr>
<tr>
<td></td>
<td>3 for the remaining 10,000</td>
</tr>
</tbody>
</table>

Split Rates Vary Within a Tier (Interpolated Rate)
The application uses interpolation to determine the proportional rate when the transaction value spans more than one rate tier and the split attainment value doesn’t cover the full range of the final tier. Typically, for this choice, the rate is an amount.

Example: The application uses the attainment percentage to get the rates from the following rate table.

<table>
<thead>
<tr>
<th>Sequence</th>
<th>Tier Range (Percent)</th>
<th>Rate (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0 -- 25</td>
<td>1,000</td>
</tr>
<tr>
<td>2</td>
<td>25 -- 50</td>
<td>2,000</td>
</tr>
<tr>
<td>3</td>
<td>50 -- 100</td>
<td>5,000</td>
</tr>
<tr>
<td>4</td>
<td>100 -- 999*</td>
<td>6,000</td>
</tr>
</tbody>
</table>

* Always ensure that the final range covers all possible values.

Calculation Formula: \(((\text{Percent Value} / (\text{Upper Bound of Tier Range} - \text{Lower Bound of Tier Range})) \times \text{Rate})\)
If the percent value is 12, then use 12 in the calculation. Don’t convert it to .12. The following table shows the resulting rate table rate for specific attainments.

<table>
<thead>
<tr>
<th>Attainment (Percent)</th>
<th>Rate Table Rate (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>25</td>
<td>1,000</td>
</tr>
<tr>
<td>40</td>
<td>1,000 for the first 25 percent</td>
</tr>
<tr>
<td></td>
<td>1,200 for the remaining 15 percent</td>
</tr>
<tr>
<td></td>
<td>Calculation: ((15 / (50 - 25)) x 2000)</td>
</tr>
<tr>
<td>80</td>
<td>1,000 for the first 25 percent</td>
</tr>
<tr>
<td></td>
<td>2,000 for the next 25 percent</td>
</tr>
<tr>
<td></td>
<td>3,000 for the remaining 30</td>
</tr>
<tr>
<td></td>
<td>Calculation: ((30 / (100 - 50)) x 5000)</td>
</tr>
</tbody>
</table>

### Related Topics

- Incentive Compensation Plans, Plan Components, and Performance Measures: How They Work Together

### Calculating Incentive Compensation Earnings Using Interpolated Rate: Examples

These examples show incentive earnings calculations using an interpolated rate, also known as a proportional split, across rate tiers. Create and manage expressions and rate tables in the Compensation Plans work area.

Both examples use the following amount rate table, which consists of the Tier and Rate values. The third column isn’t part of the actual rate table. It’s included here to show you the calculation that derives the resulting rate table rate for each tier.

<table>
<thead>
<tr>
<th>Tier</th>
<th>Rate</th>
<th>Calculation to Derive Rate Table Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 -- 000</td>
<td>10</td>
<td>(Amount / (Tier 1 Upper Value - Lower Value)) * Tier 1 Rate</td>
</tr>
<tr>
<td>1,000 -- 3,000</td>
<td>40</td>
<td>(Tier 1 Rate + (Amount / (Tier 2 Upper Value - Lower Value)) * Tier 2 Rate)</td>
</tr>
<tr>
<td>3,000 -- 8,000</td>
<td>100</td>
<td>(Tier 1 Rate + Tier 2 Rate + (Amount / (Tier 3 Upper Value - Lower Value)) * Tier 3 Rate)</td>
</tr>
<tr>
<td>8,000 -- 20,000</td>
<td>2,000</td>
<td>(Tier 1 Rate + Tier 2 Rate + Tier 3 Rate + (Amount / (Tier 4 Upper Value - Lower Value)) * Tier 4 Rate)</td>
</tr>
</tbody>
</table>
Transactions Processed Individually and Split Proportionally Across Rate Tiers

In this scenario:

- The calculation process processes all transactions individually against the rate table.
- A proportional split occurs when a transaction crosses rate table tiers.
- The total amount of the earning is 149 USD.

The following table shows transactions over time and the corresponding commission amount calculations using the rate table amounts.

<table>
<thead>
<tr>
<th>Transaction</th>
<th>Date</th>
<th>Amount (USD)</th>
<th>Commission Calculation</th>
<th>Commission Amount</th>
<th>Description of Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>T1</td>
<td>01-Jan-2015</td>
<td>200</td>
<td>(200 / 1000) * 10</td>
<td>2</td>
<td>20 percent of tier 1</td>
</tr>
<tr>
<td>T2</td>
<td>02-Jan-2015</td>
<td>300</td>
<td>(300 / 1000) * 10</td>
<td>3</td>
<td>30 percent of tier 1</td>
</tr>
<tr>
<td>T3</td>
<td>15-Jan-2015</td>
<td>1,500</td>
<td>(10 + (500 / 2,000) * 40)</td>
<td>20</td>
<td>All of tier 1 plus 25 percent of tier 2</td>
</tr>
<tr>
<td>T4</td>
<td>01-Feb-2015</td>
<td>1,200</td>
<td>(10 + (200 / 2,000) * 40)</td>
<td>14</td>
<td>All of tier 1 plus 10 percent of tier 2</td>
</tr>
<tr>
<td>T5</td>
<td>15-Feb-2015</td>
<td>2,000</td>
<td>(10 + (1,000 / 2,000) * 40)</td>
<td>30</td>
<td>All of tier 1 plus 50 percent of tier 2</td>
</tr>
<tr>
<td>T6</td>
<td>01-Mar-2015</td>
<td>4,500</td>
<td>10 + 40 + (1,500 / 5,000) * 100</td>
<td>80</td>
<td>All of tiers 1 and 2 plus 30 percent of tier 3</td>
</tr>
</tbody>
</table>

Calculation at End of Interval and Proportional Split for Accumulated Transactions

In this scenario:

- Calculation occurs at the end of the interval, month in this case.
- Because calculation is grouped by interval, the calculation process creates only a single earning record for each interval.
- When you split the monthly attainment across rate table tiers, the total amount of compensation earned is 164 USD.

The following table shows monthly transactions and the corresponding commission amount calculations using the rate table amounts.

<table>
<thead>
<tr>
<th>Month</th>
<th>Amount (USD)</th>
<th>Earning Calculation</th>
<th>Earning Amount (USD)</th>
<th>Description of Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>2,000</td>
<td>(10 + (1,000 / 2,000) * 40)</td>
<td>30</td>
<td>All of tier 1 plus 50 percent of tier 2</td>
</tr>
<tr>
<td>February</td>
<td>3,200</td>
<td>(10 + 40 + (200 / 5,000) * 100)</td>
<td>54</td>
<td>All of tiers 1 and 2 plus 4 percent of tier 3</td>
</tr>
</tbody>
</table>
Related Topics

- Calculating Monthly Product Bonuses with a Scorecard: Worked Example

Calculating Incentive Compensation Earnings Using Step Rate: Examples

These examples show how to calculate incentive earnings calculations using a step rate, or nonproportional split, across rate tiers. Create and manage expressions and rate tables in the Compensation Plans work area. Both examples use the following percentage rate table, which consists of the Tier and Rate values.

<table>
<thead>
<tr>
<th>Tier</th>
<th>Rate (Percent)</th>
<th>Calculation to Derive Rate Table Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 -- 1,000</td>
<td>1</td>
<td>(Amount * Tier 1 Rate)</td>
</tr>
<tr>
<td>1,000 -- 3,000</td>
<td>2</td>
<td>((Amount in Tier 1 * Tier 1 Rate) + (Amount in Tier 2 * Tier 2 Rate))</td>
</tr>
<tr>
<td>3,000 -- 8,000</td>
<td>3</td>
<td>((Amount in Tier 1 * Tier 1 Rate) + (Amount in Tier 2 * Tier 2 Rate) + (Amount in Tier 3 * Tier 3 Rate))</td>
</tr>
<tr>
<td>8,000 -- 20,000</td>
<td>5</td>
<td>((Amount in Tier 1 * Tier 1 Rate) + (Amount in Tier 2 * Tier 2 Rate) + (Amount in Tier 3 x Tier 3 Rate) + (Amount in Tier 4 * Tier 4 Rate))</td>
</tr>
</tbody>
</table>

The third column isn’t part of the actual rate table. It’s included here to show you the calculation that the application uses to derive the resulting rate table rate for each tier.

Transactions Processed Individually and Split Nonproportionally Across Rate Tiers

In this scenario, the calculation process:

- Processes all incentive compensation transactions individually against the rate table
- Can split each transaction amount nonproportionally across rate tiers

The total amount of compensation earned for the quarter is 164 USD.

The following table shows transactions and the corresponding commission amount calculations using the percentage rate table.
**Calculation at End of Interval, Nonproportional Split, Interval-to-Date**

In this scenario, the calculation process:

- Occurs at the end of the interval, month in this case
- Creates only a single earning record for each interval because calculation is grouped by interval
- Splits monthly attainment across rate table tiers

The following table shows monthly intervals and the corresponding compensation earnings calculations using the percentage rate table.

<table>
<thead>
<tr>
<th>Month</th>
<th>Revenue Attainment (USD)</th>
<th>Effective Rate (Percent)</th>
<th>Earning Calculation</th>
<th>Earnings (USD)</th>
<th>Description of Earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>2,000</td>
<td>1.5</td>
<td>[((1,000 * .01) + (1,000 * .02))]</td>
<td>30</td>
<td>Uses all of tier 1 and part of tier 2</td>
</tr>
<tr>
<td>February</td>
<td>3,200</td>
<td>1.75</td>
<td>[((1,000 * .01) + (2,000 * .02) + (200 * .03))]</td>
<td>56</td>
<td>Uses all of tiers 1 and 2 and part of tier 3</td>
</tr>
<tr>
<td>March</td>
<td>4,500</td>
<td>2.11</td>
<td>[((1,000 * .01) + (2,000 * .02) + (1,500 * .03))]</td>
<td>95</td>
<td>Uses all of tiers 1 and 2 and part of tier 3</td>
</tr>
</tbody>
</table>

**Related Topics**

- Participant Earnings: How They Are Calculated
- Calculating Monthly Product Bonuses with a Scorecard: Worked Example
FAQs for Rate Tables

What happens if the low value of a tier equals the high value of the previous tier?

If a transaction amount or percentage matches the top of one tier and bottom of the next higher tier, then the rate calculation uses the higher tier.

Example: Using the following percentage rate table, the calculation process pays a transaction that matches exactly 50,000 at the 3 percent rate.

<table>
<thead>
<tr>
<th>Transaction Amount</th>
<th>Commission Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 -- 25,000</td>
<td>1</td>
</tr>
<tr>
<td>25,000 -- 50,000</td>
<td>2</td>
</tr>
<tr>
<td>50,000 -- 75,000</td>
<td>3</td>
</tr>
<tr>
<td>75,000 -- 100,000</td>
<td>4</td>
</tr>
</tbody>
</table>

What happens if I edit individualized incentive compensation rate table rates?

The application doesn't overwrite the individualized rate table rates for those participants when you change the rates at the plan component level. For participants without an individualized version of the plan component, or for any participant associated later, the calculation process uses the modified rates.

Related Topics

- Can I override attributes for a participant's incentive compensation or payment plan?
- What happens if I deselect an individualize check box?
8 Incentive Formula and Earnings Calculation

Plan Component Incentive Formula: Explained

The formula part of a plan component specifies how to calculate incentives and contains an expression that computes the earnings during the calculation process.

- The expression usually includes the calculated results of one or more performance measures.
- Optionally, the incentive formula can include a rate table result.

Typically, formulas access:

- Quantifiable attributes through the performance measure attainment
- Nonquantifiable attributes directly from the transaction or credit

The Include Indirect Credits selection indicates whether to use rollup credits for managers, teams, both, or neither in attainment calculations.

The Payout Frequency value indicates how frequently—at what intervals—the calculation process computes the earning, such as Period or Quarter.

Related Topics

- Including Indirect Credits for Incentive Compensation: Points to Consider

Expression to Calculate Incentive Compensation Earnings: Examples

This topic provides sample incentive compensation earning calculations for plan components. Add incentive formulas to plan components on the Define Incentive Formula page in the Compensation Plans work area.

Sample Earnings Calculations

Use the Expression Name field to create and associate an expression with the plan component.

The following table describes sample earnings calculations and provides the corresponding expressions.

<table>
<thead>
<tr>
<th>Calculation Description</th>
<th>Expression</th>
</tr>
</thead>
<tbody>
<tr>
<td>Calculate the incentive earnings for each transaction using a performance measure that provides the credit amount as output.</td>
<td>Measure Name.ITD Output Achieved * Rate Table Rate</td>
</tr>
</tbody>
</table>
### Incentive Formula and Earnings Calculation

#### Calculation Description

<table>
<thead>
<tr>
<th>Expression</th>
<th>Calculate incentive earnings as a percentage of revenue attainment for each interval.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measure Name.ITD Output Achieved * Rate Table Rate</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expression</th>
<th>Calculate incentive earnings as a percentage of the eligible target incentive, or quota attainment, for each quarter.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measure Name.ITD Output Achieved * Target Incentive / 4</td>
<td></td>
</tr>
</tbody>
</table>

**Assumption:** The plan specifies the target incentive for the entire year.

### Related Topics

- Incentive Compensation Plans, Plan Components, and Performance Measures: How They Work Together
- Incentive Compensation Expressions: Explained
- Expression to Calculate Incentive Compensation Attainment: Examples
- Using Measure Weights in Calculations: Examples

### Calculating Quarterly Earnings Using Measure Formula Output as a Hurdle: Worked Example

This example demonstrates how to create a plan component that calculates quarterly incentive compensation earnings for license sales using the output of one performance measure as a hurdle. Participants must meet the objectives of the measure acting as the hurdle to receive compensation.

The incentive plan component:

- Calculates the incentive as a dollar amount based on the quarterly license attainment of participants against their goals
- Provides an accelerated rate for participants when they help a services group close deals

Also, participants must:

- Meet annual goals for service revenue before the incentive rate increases
- Meet or surpass 75 percent of their service target incentives (quotas) for the interval (quarter)

The following table summarizes key decisions for the plan component in this scenario:

<table>
<thead>
<tr>
<th>Decision to Consider</th>
<th>In This Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>What is the payout frequency?</td>
<td>Quarter</td>
</tr>
<tr>
<td>What type is the calculation?</td>
<td>Interval-based</td>
</tr>
</tbody>
</table>
Decision to Consider | In This Example
--- | ---
How many measures do you require and what are their weights? | Two measures, weight of 100 percent for the license measure
Are any of these measures linked? | One measure is a hurdle
How many rate tables do you require, and how many dimensions for each table? | One rate table, with two dimensions
How do you want to apply the rate? | Use a single rate for the entire attainment

The following table summarizes key decisions for performance measures in this scenario:

<table>
<thead>
<tr>
<th>Decisions to Consider</th>
<th>In This Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>How should the application process the transaction?</td>
<td>Group by interval</td>
</tr>
<tr>
<td>What is the unit of measure?</td>
<td>Percent</td>
</tr>
<tr>
<td>What is the performance interval?</td>
<td>Quarter</td>
</tr>
<tr>
<td>Does the calculation involve quota?</td>
<td>Yes</td>
</tr>
<tr>
<td>Does the calculation involve a score card?</td>
<td>No</td>
</tr>
</tbody>
</table>

Summary of the Tasks

In the Compensation Plans work area, create a plan component by creating the parts first, and then associating them with the plan component.

1. Create the quota attainment expression.
2. Create the quota attainment rate table.
3. Create the two performance measures, one for the license attainment and one for the service attainment hurdle, associating the attainment expression in the measure formula for each.
4. Create two rate dimension input expressions and one earnings expression.
5. Create the plan component, associating the earnings expression, the rate table, and the rate dimension input expressions that you created earlier.

Use default values for fields unless the steps specify other values.
Creating the Quota Attainment Expression

Create an expression to calculate interval quota attainment, which both performance measures use in their measure formulas.

1. Click the **Create Expression** task.
2. In the Configure Expression section, create the expression `SUM(Credits.Credit Amount / Measure.Interval Goal)`.
   a. For Attributes, click **Functions - Aggregate Functions - SUM**.
   b. Click the open parenthesis `(`.
   c. For Attributes, click **Credits - Credit Amount**.
   d. Click the slash `/`.
   e. For Attributes, click **Measure - Interval Goal**.
   f. Click the close parenthesis `)`.  
3. Click **Save and Close** to return to the Manage Expressions page.

Creating the Rate Table

Create a rate table that uses quota attainment to find the rate to apply when calculating commission earnings. You associate it with the plan component that you create later.

1. Click the **Create Rate Table** task.

Create two rate dimensions that determine the percentage rate for the provided license and service quota attainments, respectively.

   a. On the Rate Dimensions section toolbar, click the **Create** icon button.
      i. In the **Type** field, select **Percent**.
      ii. In the Tiers section, add the From and To values for each tier, such as:
         - 0 -- 30, 30 --50, 50 -- 75, 75 -- 100, and 100 -- 9,999 for license quota attainment
         - 0 -- 75 and 75 -- 999 for service quota attainment

      ✅ Tip: Make the final To value much larger than you would ever conceivably use.
      iii. Click **Save and Create Another** to create the second rate dimension.

      Click **Save and Close** after creating the second rate dimension to return to the Create Rate Table page.

   b. Click **Edit Rates**.
      i. Edit the rate for each tier, such as:
         - 1,000, 1,200, 1,500, 2,000, and 3,000
         - 1,200, 1,500, 2,000, 3,000, and 5,000
      ii. Click **Save and Close** to return to the Create Rate Table page.
2. Click **Save and Close** to return to the Manage Rate Tables page.
Creating the Performance Measures

Create two performance measures:

- One that uses the attainment expression created earlier to determine the license interval attainment
- One that determines the service interval attainment and functions as a hurdle to higher rates

Create the first measure using the guided process and the second one by duplicating the first measure.

1. Click the Create Performance Measure task.
2. In the Unit of Measure field, select Percent.
3. Click Next to open the Define Goal page.
   a. In the Target field, enter the goal, such as 100,000.
   b. Manually distribute the target numbers if they aren’t identical from quarter to quarter. Otherwise, click Distribute Evenly.
4. Click Next to open the Add Credit Categories page.
   a. Add the product credit category.
      If the credit category doesn’t exist, then click the Create icon button to create it and add it to the measure.
5. Click Next to open the Define Measure Formula page.
   a. In the Process Transactions field, select Grouped by interval.
   b. In the Expression Name field, search for and select the expression that calculates interval quota attainment.
6. Click Save and Close to return to the Manage Performance Measures page.
7. Create the second performance measure.
   a. Search for and select the license measure that you just created.
   b. On the Search Results section toolbar, click Duplicate.
   c. Edit the name and description.
   d. In the Goal section, edit the target.
   e. Select the Credit Categories tab.
   f. Delete the existing license credit category.
   g. Add the service credit category.
   h. Click Save and Close to return to the Manage Performance Measures page.

Creating the Rate Dimension Input and Earnings Expressions

Create three expressions:

<table>
<thead>
<tr>
<th>Type of Expression</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>License rate dimension input</td>
<td>Calculate the license interval revenue attainment.</td>
</tr>
<tr>
<td>Service rate dimension input</td>
<td>Calculate the service interval revenue attainment.</td>
</tr>
<tr>
<td>Earnings</td>
<td>Calculate the bonus amount based on the product quota attainment.</td>
</tr>
</tbody>
</table>
To create the expressions:

1. Click the **Create Expression** task.
2. In the Configure Expression section, create the rate dimension input expressions **Measure license result.ITD Output Achieved** and **Measure service result.ITD Output Achieved** and the earnings expression **RTR**.

   **License Rate Dimension Input**
   a. On the **User Defined Objects** menu, select **Measure result**.
   b. In the **Measure** field, select license performance measure.
   c. Select **ITD Output Achieved**.
   d. Click **Add to Expression**.
   e. Click **Save and Create Another**.

   **Service Rate Dimension Input**
   a. On the **User Defined Objects** menu, select **Measure result**.
   b. In the **Measure** field, select the service performance measure.
   c. Select **ITD Output Achieved**.
   d. Click **Add to Expression**.
   e. Click **Save and Create Another**.

3. Click **Save and Close** to return to the Manage Expressions page.

**Creating the Plan Component**

Create a bonus plan component that calculates earnings using license attainment.

1. Click the **Create Plan Component** task.
2. In the **Calculate Incentive** field, select **Per interval**.
3. In the **Incentive Type** field, select **Bonus**.
4. Click **Next** to open the Create Plan Component: Add Performance Measure page.
   a. Add the performance measures, as shown in this table.

<table>
<thead>
<tr>
<th>Measure</th>
<th>Weight Percentage</th>
<th>Earning Basis</th>
</tr>
</thead>
<tbody>
<tr>
<td>License</td>
<td>100</td>
<td>Yes</td>
</tr>
<tr>
<td>Service</td>
<td>0</td>
<td>No</td>
</tr>
</tbody>
</table>

5. Click **Next** to open the Create Plan Component: Define Incentive Formula page.
   a. Complete the fields, as shown in this table.

<table>
<thead>
<tr>
<th>Field</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payout Frequency</td>
<td>Quarter</td>
</tr>
</tbody>
</table>
Field | Value
--- | ---
**Expression Name** | Search for and select the earnings expression that calculates the bonus amount based on the license quota attainment.

**Include Indirect Credits** | All

6. Click **Next** to open the Create Plan Component: Add Rate Table page.
   a. In the Rate Table Parameters section **Rate Table Dimensions** field, enter **2**.
   b. In the Rate Table section, add a row.
   c. In the **Name** field, search for and select the rate table that uses quota attainment to find the rate to apply when calculating commission earnings.
   d. In the Rate Dimensional Inputs section **Expression Name** field of the:
      - License row, search for and select the expression that calculates the license interval revenue attainment
      - Service row, search for and select the expression that calculates the service interval revenue attainment

7. Click **Save and Close** to return to the Manage Plan Components page.

**Related Topics**
- Incentive Compensation Plans, Plan Components, and Performance Measures: How They Work Together
- Performance Measures: Explained
9 Plan Objectives

Incentive Compensation Plan Components, Performance Measures, and Objectives: How They Work Together

You can model your compensation plan to provide incentives for participant performance based on a group of objectives. Assessments contain questions used to score a participant’s performance toward achieving objectives.

The following figure shows how objectives and related assessment templates work with the components of compensation plans.
Objectives Templates

Objectives templates are used to restate the objectives as a set of questions and responses so the objectives can be measured. For example, you have a sales objective for salespersons to take an active role in a new product release. The desired actions can be turned into questions, such as:

- Have you completed the product training?
- How many named accounts did you inform about the new product?
- How many of your customers accepted the invitation to the product launch?

Define the set of acceptable responses and assign a score to each to represent the value of the responses in relationship to each other. The more valued the response, the higher the score. For example, a response indicating the number of named accounts contacted was less than 10 is assigned a score of zero and a response indicating the number of named accounts contacted was greater than 50 is assigned a high score. To measure the overall set of questions, you also assign a weight to each question. If it is critical that salespersons take the product training, you can assign a higher weight to the training-related question. Deployed objectives templates can be assigned to compensation plans.

Performance Measures

The performance measure is used to measure the participant credits and provide input into the earnings calculation of a plan component. Credit categories are assigned to both the performance measure and plan objectives. The credit category is the user-defined business category that classifies and groups participant credits to be measured by performance measures with matching credit categories. The participant credits for the objectives are the objectives assessments submitted for incentive processing. The performance assessment credits will inherit the credit category from the plan and will be eligible for measuring based on the matching performance measure. You can define your performance measure expression to simply get the credit amount or you can define assessment score goals for the performance measure and define your expression to measure the participant's assessment score attainment.

Plan Components

The plan component determines how much the participants earn and the frequency at which they will be paid for their objectives performance. You associate the performance measure to the plan component for use as input into your earnings formula. Optionally, you can assign a rate table and use the performance measure as input to the rate table and then the rate table rate as input for your earnings formula.

Plan

To calculate incentives, you assign the plan component to the plan. To define the objectives for the plan, you select the objectives template, enter the assessment period date range, and assign the credit category for the resulting assessment credit. To ensure the credits, which result from submitted objectives assessments, are measured by the plan's performance measure, the credit category added to the performance measure must also be assigned to the plan objectives. The plan can include multiple assessment date ranges, where each date range is assigned an objectives template. For example, you can define a yearly plan with quarterly objectives.

Objectives Assessments

When the plan is assigned to participants, objective assessments are created for each assigned participant and assessment date range. The questions and eligible responses displayed to the participants and the performance score calculation comes from the objectives template. Participant objectives assessments are reviewed by their managers and then submitted.
resulting transaction and direct credit inherit the assessment score, as the transaction and credit amount, and inherit the credit category assigned to the objectives on the plan. The credits are now eligible for incentive calculations.

Modeling Objectives Plans: Examples

You can model your compensation plan to provide incentives for participant performance based on a group of objectives. These plans are sometimes referred to as Manage by Objectives (MBO) plans. The following scenarios are just a few examples for using objectives with your plans.

Provide Incentives for a New Product Launch

You can model an objectives plan to provide incentives for your sales team to encourage their participation in launching a new product. The activities that you have identified include attending product training, preparing demonstration material, and getting customers registered for a product launch event. You create an objectives template to restate the objectives as a set of weighted questions and responses. You then model a plan to measure the resulting objectives assessment score. Using a rate table, you can pay a bonus to high scoring participants.

Provide Incentives for Long Sales Cycles

Provide incentives for your sales team when the actual sale can take longer than a typical payout period. The objectives identified are those typical to the best practice approach to making the sale. The measurable activities that you have identified include customer visits, creating business cases, delivering product demonstrations, and getting contracts reviewed by the legal department. You create an objectives template to restate the objectives as a set of weighted questions and responses. Since all of the activities cannot occur simultaneously and because you want to promote continued effort throughout the long sales cycle, you define performance score goals for each assessment period. The bonus payout is based on the participant’s score-to-goal attainment.

Provide Incentives to Promote Good Sales Practices

Along with their sales commission, you can provide a bonus to those salespersons who meet the highest selling standards. The objectives identified include the number of upsell deals, the number of on-site demonstrations, and the average discount amount. The higher the objectives performance assessment score is, the greater the bonus amount.

Provide Incentives by Highlighting Poor Selling Practices

Provide a bonus to those salespersons who meet the highest selling standards by pointing out what is considered poor selling activities. The objectives identified include the number of deals requiring discount approvals, the number of returns, and the number of customer service calls related to their customers. For this plan, the lower the objectives performance score, the better the sales practice and the higher the bonus value.
Provide Incentives to Nonsales Employees

Provide incentives to employees that interact with customers after the sale is made, such as field repair representatives and customer service. Define your service expectations as the set of weighted questions and responses. For example, questions and responses might include scoring the average resolution time and customer satisfaction survey results.

Promote Teamwork Using Objectives and Defining Team Credit Rules

You can model a nonmonetary objectives plan and define indirect team credits to promote teamwork. The success of one team member’s objectives assessment will give the other team members indirect credit as well. Have fun by creating a dashboard to display team results.

When are plan objectives assigned to the participant?

The objectives are assigned to the participant when the plan is assigned to the participant and when the objectives assessment start and end date range overlap with the participant plan assignment dates. For example, a plan is modeled with quarterly objectives, with the first quarter assessment date range from January 1 through March 31. Participants assigned to the plan after March 31 would not have first quarter objectives assigned because the assessment start and end date range does not overlap with the participant plan assignment dates. When participants are assigned to plans in the middle of an assessment start and end date range, the participant objectives assessment start and end dates are adjusted. Using the same example, a participant assigned to the plan on February 7 will be assigned the first quarter plan objectives with an assessment date range from February 7 through March 31.

Why is the current objectives assessment score different from the credit amount?

There are three reasons why the current objectives assessment score is different from the credit amount. The objectives assessment has been updated after it was submitted for incentive processing. If the updated assessment is submitted, then the original transaction and credit will be adjusted. The participant manager provided an override score. When the participant manager provides an override score and justification, the override score is used as the transaction and credit amount. The transaction and credit have been adjusted manually.

Objectives Assessment Templates
Creating an Objectives Template: Procedure

You can restate your objectives into measurable questions for use in assessing participant performance and providing incentives. For example, if you want to provide incentives for your sales team to participate in launching a new product, first determine the set of measurable activities. Next determine the importance of each activity and its value toward a successful product launch. Using this procedure, you can create your objectives assessment template.

Entering Assessment Template Basic Details

To create an assessment template, start by entering the basic details:

1. Using the Compensation Plans work area, select the Manage Objectives Templates task. The Manage Objectives Templates page appears.
2. In the Manage Objectives Templates page, click Create.
3. In the Manage Objectives Template Details page, enter the following details:

<table>
<thead>
<tr>
<th>Field</th>
<th>Description</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name</td>
<td>Enter a name for the template.</td>
<td>Product Launch Objectives</td>
</tr>
<tr>
<td>Template Type</td>
<td>Select the type of template that you want to create.</td>
<td>Plan Participant Objectives</td>
</tr>
<tr>
<td>Template Set</td>
<td>Select the template set.</td>
<td>Common Set</td>
</tr>
<tr>
<td></td>
<td>A template set is a reference data set that contains one or more business units (BUs). Selecting the template set ensures that the template is available for use only to those BUs that are part of this template set.</td>
<td>Note: Selecting Common Set makes the template available for all BUs.</td>
</tr>
<tr>
<td>Description</td>
<td>Optionally, provide a description.</td>
<td>Objectives for sales participation in launching new products.</td>
</tr>
</tbody>
</table>

4. Add attachments to save supporting documentation.
5. Click Next. The Configure Ratings page appears.

Configuring Ratings

Ratings group question responses in a template into different categories. The ratings display to participants as they complete their objectives assessment. There are three predefined ratings: Poor, Average, and Excellent. You can add your own ratings or modify the predefined ratings. For example, you can change the Poor rating to Keep Working.

To add a rating:

1. Click Add Row and enter text and a description.
2. Click Next. The Enter Questions and Responses page appears.

To modify a rating, just replace the text in the Text field.
Entering Questions and Responses

In this step, you create questions and responses, and also set a rating for each of the question responses. The score range for ratings is derived automatically in the next step of the assessment template creation process based on the rating you set here. Questions should be carefully worded and reviewed to mitigate objectives bias when it comes to scoring objectives performance.

To create questions and responses:

1. Click Create and select Create Question Group.

   ❣️ Note: All questions must be part of a question group.

2. In the Create Question Group dialog box, enter a name and description. For example, enter Customer Product Exposure with a description indicating the set of questions to measure the participant’s contribution in informing customers about the new product.

3. Click Save and Close.

4. Click Create and select Create Question.

5. In the Create Question dialog box, enter the following details:

<table>
<thead>
<tr>
<th>Field</th>
<th>Description</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>Question</td>
<td>Enter a question that you want in the assessment template.</td>
<td>How many of your accounts registered for the product launch event?</td>
</tr>
<tr>
<td>Question Group</td>
<td>Select the question group where this question belongs.</td>
<td>Customer Product Exposure Question Group</td>
</tr>
<tr>
<td>Weight</td>
<td>Enter the weight for this question.</td>
<td>40</td>
</tr>
<tr>
<td></td>
<td>Weight determines the relative importance of a question within the assessment template. The higher the weight for a question, the more important this question is compared to the other questions in the template.</td>
<td>This indicates that this question has 40% importance compared to other questions in the template.</td>
</tr>
<tr>
<td></td>
<td>The sum of weights for all questions in a template must be 100.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>You can also enter the weight in a later step, or edit what you entered here in a later step.</td>
<td></td>
</tr>
<tr>
<td>Description</td>
<td>Optionally, provide a description.</td>
<td></td>
</tr>
</tbody>
</table>

6. Click Save and Close.

7. In the Question Details section, select the Include Free-Form Response Option check box only if you have a question that supports a free form response. Selecting this option adds a default response in the Possible Responses section.

8. In the Possible Responses section, click the Add icon.

9. Enter the following details:
Plan Objectives

<table>
<thead>
<tr>
<th>Field</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Response</td>
<td>Enter a response that the user can select for this question.</td>
</tr>
<tr>
<td>Score</td>
<td>Add the score that you want to allocate to each of these responses.</td>
</tr>
<tr>
<td>Normalized Score</td>
<td>This appears automatically once you fill in the score. The response that has the highest score gets 100%.</td>
</tr>
<tr>
<td>Rating</td>
<td>Define the rating that you want to assign to each of the responses.</td>
</tr>
<tr>
<td>Description</td>
<td>Optionally, provide a description.</td>
</tr>
</tbody>
</table>

Here’s an example of the possible responses:

<table>
<thead>
<tr>
<th>Response</th>
<th>Score</th>
<th>Normalized Score</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 to 10 accounts</td>
<td>5</td>
<td>25</td>
<td>Keep Working</td>
</tr>
<tr>
<td>11 to 20 accounts</td>
<td>10</td>
<td>50</td>
<td>Average</td>
</tr>
<tr>
<td>20 to 30 accounts</td>
<td>15</td>
<td>75</td>
<td>Great</td>
</tr>
<tr>
<td>&gt; 30 accounts</td>
<td>20</td>
<td>100</td>
<td>Excellent</td>
</tr>
</tbody>
</table>

10. Similarly, create all the questions that you want to include in this template along with the possible responses.
11. Click Next.

The Edit Question Weights page appears.

Editing Question Weights

You can use this page to verify the weights that you entered for all the questions in the previous step. Check whether the weight total aggregates to 100. If not, you must update the weights to reach a total of 100. You can also use this page to edit the weights of questions.

Click Next. The Configure Score Range Attributes page appears.

Configuring Score Range Attributes

Depending on the scoring to response mapping in the questions and responses that you entered earlier, score ranges for ratings are automatically derived here. You can select the Override score ranges check box to edit the automatically derived score ranges and set different start and end scores for the ratings. You can modify the colors shown in the various score ranges. The colors display to the participants as they complete their assessment.

1. Based on the assessment score, feedback can be displayed to the participant based on their current score. To provide feedback, enter the feedback in the Feedback field. For example, if the score is 20 and it maps to the Keep Working rating, you could enter feedback such as Marketing materials are available for you to use.
2. Click Save and Close.
You have now completed creating your objectives assessment template. Select the Deploy action to make it eligible for plan objectives assignment.

How can I retire an objectives template?

Navigate to the Manage Objectives Templates page to search and select the template. Select the delete action to retire the template. Objectives templates with a retired status cannot be added while creating or editing compensation plans. Compensation plans for which the template is already assigned are not impacted.

Assessment Template Components: How They Fit Together

The question weight, response score, and response rating are the assessment template components. They fit together to calculate and display the overall assessment score, rating, and feedback text.

The assessment multiplies a question weight by a response score to achieve a weighted score for an assessment template response. It adds the weighted scores for all responses together to determine the total assessment score. This score falls within a score range calculated in advance, that is associated with a response rating and feedback text. Therefore, the
score range within which the total assessment score falls determines the rating and feedback text to display for a completed assessment.

**Question Weight**

The question weight is the relative importance of a question within an assessment template. The template expresses it as a percentage. All of the question weights within a template must total to exactly 100. When you use an assessment template, the template multiplies a question’s weight by the score of the question response to produce a weighted score for that response.

**Response Score**

A response score is the score that the template administrator assigns to a possible question response in the template. The template administrator sets response scores with no upper or lower bounds. The template normalizes each score to accurately score an assessment that uses the template. The template normalizes the response scores by assigning a score of
100 to the highest response score. The template then assigns all other responses a normalized score relative to that highest score.

When you use an assessment template, the template multiplies the normalized score of the question response by the question’s weight to produce a weighted score for that response.

**Response Rating**

A response rating is:

- The rating assigned to a possible response to a question in the template.
- A textual qualification, such as Excellent or Poor that provides a metric other than a numeric score for qualifying the outcome of an assessment.

A response rating relates directly to a response score, and this relationship should ensure that a higher score translates to a higher rating.

Early in the template creation process, the administrator configures ratings to assign to responses. The administrator then assigns scores and ratings to responses, and the application calculates score ranges based on those entries. The application assigns each rating to a score range, and gives the administrator the opportunity to apply feedback text to the rating-score range combination.

When you use an assessment template, the template adds the weighted scores from all responses to determine the total assessment score. That score falls somewhere within the calculated score ranges. These ranges then determine which rating the template assigns to the assessment and what feedback text to display. The maximum total assessment score is 100.

**Setting Up Assessment Templates: Points to Consider**

You can implement assessment templates to let salespeople analyze the health of a business object, such as a lead or an opportunity, and suggest appropriate next steps based on its diagnosis. To best plan and create assessment templates, you should consider the following points:

- Ratings
- Questions, question groups, and question weights
- Responses and scores
- Associated task templates

**Ratings**

A rating is a textual qualification, such as Excellent. There are three delivered ratings in the assessment template: Excellent, Average, and Poor. Ratings provide a metric other than a numeric score to qualify the outcome of an assessment. Ratings are created at the beginning of the assessment template creation process. They are later applied to possible responses to questions in the template, which associates each rating with a score. Ratings display an appropriate feedback based on the completed assessment score once you submit an assessment. When setting up ratings and applying them to possible responses, remember that ratings and their associated feedback text will eventually display as part of the overall assessed health of a business object.

**Questions, Question Groups, and Question Weights**

Questions are the main components of an assessment template. They are written to help in systematically determining the health of a business object, and they are grouped into logical collections called Question Groups. Each question in the template is assigned a question weight. Question weight is expressed as a percentage, which is the relative importance of
the question within the template. When you use an assessment template to perform an assessment, a question's weight is multiplied by the normalized response score given for the question to produce a weighted score for that question.

When setting up questions, question groups, and question weights, you must carefully analyze which factors determine the health of a particular business object (like a lead or an opportunity) in your organization. Use those factors to create your question groups; and then write three to five questions per group that are weighted according to your analysis. There is no limit to the number of questions that can be in a question group, but each question group must have at least one question.

Responses and Scores

Responses are attached to questions in the template. Each question should have at least two responses, unless it's a free-form only question. More than one response can be tied to the same rating. However, between all of its responses, each question should accommodate at least two ratings, unless it's a free-form only question. For example, if your ratings are Excellent, Average, or Poor, for each question you can include two responses that correspond to at least one of those ratings, such as average. There must be enough responses to cover at least two of the ratings, such as Excellent and Average. You assign a score to each response for a question, and the application normalizes the score based on a standard scoring scale.

When an assessment template is used to perform an assessment, a question's weight is multiplied by the normalized score of the response given for the question to produce a weighted score for that response. When adding responses to questions, ensure that the scores and ratings you assign to each response correlate. In other words, the higher the score you assign to the response, the higher the rating should be so that you have a strong quantitative relationship between the two. Also note that you can allow free-form responses for one or more questions in the template, but free-form responses are never scored.

Associated Task Templates

A task template is an instruction to generate a group of related activities. You can associate task templates with an assessment template to recommend tasks that should be performed after an assessment has been done for a business object. When you associate task templates with an assessment template, you can indicate a score range for each task template. Based on the total score of any assessment that uses your template, one or more task templates will be recommended as follow-up activities. For a task template to be available to associate with an assessment template, it must be assigned to the same business object type as that assigned to the assessment template, and it must have a subtype of Assessment. Ensure that you have set up task templates correctly before associating them to assessment templates.

Related Topics

- Creating Assessment Templates: Procedure

What happens if I include a free-form response for a question?

A score of 0 is assigned for free-form responses.

A free-form response option will have no effect on the overall assessment score. The free-form response offers the opportunity to enter a textual response to a question that does not conform to any of the prepopulated responses provided by the assessment template.

What's a question group?

A question group is a logical grouping of questions within an assessment template, and is strictly used as a category header for those questions. By naming the question group carefully, you can provide the template user an idea of the type of questions to expect in each group.
Why am I being asked to enter question weights again?

This step lists all of the assessment template questions in one place, and provides you with the opportunity to edit weights as necessary to ensure that the sum of all weights totals 100.

Assessment Template Status Codes: Explained

This topic explains the status codes for an assessment template. Throughout the life of an assessment template, you can assign different status codes.

These status codes control the actions you are allowed to make against an assessment template.

- In Progress
- Active
- Retired

In Progress

This is the initial status of an assessment template. In this status, you can edit any part of the template. This is the only status in which you can delete a template. If the template is not deleted, it moves to the Active status.

Active

This is the status assigned when the assessment template has been deployed for general usage. In this status, you can make only minor textual edits to it, including, but not limited to, template description, question text correction, question sequencing change, response description, and score range feedback. From this status, you can move the template to Retired, but you cannot delete it.

Retired

When an assessment template is in this status, it is no longer available for general usage. You cannot edit any part of it, and you cannot move it to any other status. However, it can still be copied. Active templates that are deleted revert to this status.

Assessment Template Score Range: How It's Calculated

The application calculates the score range for an assessment template using the question weights and the ratings and scores assigned to the possible responses for all the questions in the template. This topic explains when the score range is calculated and the components that are used in the calculation, so that you can make the best decision regarding the feedback text to apply to each score range. In addition to the automatic score range calculation, you can manually adjust the score range by using the administration functionality.

Settings That Affect Score Range

In order for the application to calculate the assessment template score range, you must:

- Apply weights to all template questions.
- Configure ratings and apply them to possible responses for all template questions.
- Apply a score to each of the possible responses for all template questions.
How Score Range Is Calculated

The score ranges for each rating in an assessment template are determined using the lowest and the highest weighted response scores for each question. So for each rating score range, the lower end of the range starts where the previous rating range ended, and the higher end of the range is the sum of the highest weighted scores that can be attained for that rating.

This table displays a simple example of the components used in the score range calculation.

<table>
<thead>
<tr>
<th>Question (Weight)</th>
<th>Response (Normalized Score)</th>
<th>Weighted Score</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>What is the customer win?</td>
<td>Lower Operating Cost (100)</td>
<td>20</td>
<td>Excellent</td>
</tr>
<tr>
<td></td>
<td>Higher Revenues (80)</td>
<td>16</td>
<td>Average</td>
</tr>
<tr>
<td></td>
<td>Other (53)</td>
<td>11</td>
<td>Average</td>
</tr>
<tr>
<td></td>
<td>Don’t Know (27)</td>
<td>5</td>
<td>Poor</td>
</tr>
<tr>
<td>What is our win?</td>
<td>Reference (60)</td>
<td>48</td>
<td>Average</td>
</tr>
<tr>
<td></td>
<td>Resale (50)</td>
<td>40</td>
<td>Poor</td>
</tr>
<tr>
<td></td>
<td>Partnership (100)</td>
<td>80</td>
<td>Excellent</td>
</tr>
</tbody>
</table>

This table displays the score range calculation based on the components from the first table.

<table>
<thead>
<tr>
<th>Rating</th>
<th>Score Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excellent</td>
<td>65 - 100</td>
</tr>
<tr>
<td>Average</td>
<td>46 - 64</td>
</tr>
<tr>
<td>Poor</td>
<td>0 - 45</td>
</tr>
</tbody>
</table>

Note: If a template administrator does not use a particular rating while assigning ratings to possible responses, this could result in improper score range calculations. To counteract this problem, the score range calculation uses a built-in correction algorithm to ensure proper score ranges. The correction algorithm works like this: For a question where a particular rating is skipped, the low score for the skipped rating is calculated to be equal to the high score of the next lower ranked rating. The high score for the skipped rating is calculated to be equal to the low score of the next higher ranked rating. Using the ratings displayed in the tables above, if the rating Average is not used for a question’s possible responses, the score range calculation assigns a low score to Average for that question that is equal to the high score of Poor for that question. It also assigns a high score to Average for that question that is equal to the low score of Excellent for that question. This ensures that the overall template score range for Average is calculated to fall between the score ranges for Poor and Excellent.
10 Plan Validation, Approval, Export, and Import

Social Networking with Incentive Compensation Plan Design: Explained

If the Edit Compensation Plan page has a Social link, then you can invite others to collaborate about the incentive compensation plan design. Plan administrators can use social conversations to confer with the compensation administrator about plan design issues at the level of the plan, a plan component, or a performance measure. The conversation remains with the plan as a historical record.

Examples of plan design questions that the plan administrators can investigate and resolve with social networking include:

- A question about any of the plan’s primary fields, such as the effective dates of the plan or the target incentive amount.
- A question about the calculation sequence between the plan components added to the plan.
- A question about the incentive formula within one of the plan components assigned to the plan.
- A question about the measure formula within one of the performance measures associated with a plan component.

To use social networking to collaborate on the plan design:

- Click Social on the plan editing page to collaborate.
- Click the Share button, or click Join if collaboration has already been initiated.
- Click the name of the plan to access its wall, where you can start conversations and add members.
- After collaboration is initiated for a plan, anyone at your company can be invited to participate in a conversation about it.
  
  Example: The plan administrator can invite a contact in the Finance department to help resolve a question about a formula.
  
  - On the wall of the compensation plan, everyone invited can:
    
    - View basic attributes of the plan.
    - Post documents and comments that all members can see, even if they do not have access to view or edit the plan.
    - Use the presence indicators to identify who is available to answer your questions.
Incentive Compensation Plan Document Approval and Acceptance Process: How It’s Configured

This topic covers the approval and acceptance process activities for participant plan documents. These activities include when and what types of actionable and informational notifications the process sends to incentive compensation (IC) analysts, managers, participant managers, and participants.

The sequence of approvals is:

1. Analyst and analyst’s management hierarchy
2. Participant’s manager and management hierarchy
3. Participant acceptance

Settings That Affect Plan Document Approval and Acceptance

The standard workflow for approval and acceptance is NotificationForSrpCPApproval. To use this workflow, you must configure the plan approval parameters using the Manage Parameters task in the Setup and Maintenance work area:

1. Set Enable Plan Approval and Acceptance Workflow to Yes.
2. Enter the analyst approval hierarchy levels and supervisor approval hierarchy levels.

The values that you enter specify how many levels to include in the approval part of the process. The default value is 1 for both fields.

Analyst approval uses the Analyst Payment Approval Hierarchy. The supervisor hierarchy is derived by setting the Manager option when creating a user. The Analyst assigned to the participant as-on date (the date the plan document is published) routes the approval notification. The effective dates from the Analyst Payment Approval Hierarchy are not used.

For example:

<table>
<thead>
<tr>
<th>Approval Hierarchy</th>
<th>Level</th>
<th>Sequence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Analyst</td>
<td>1</td>
<td>Analyst’s Manager</td>
</tr>
<tr>
<td>Analyst 2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Analyst</td>
<td>2</td>
<td>a. Analyst’s Manager</td>
</tr>
<tr>
<td></td>
<td></td>
<td>b. Analyst’s Manager’s Manager</td>
</tr>
<tr>
<td>Supervisor</td>
<td>1</td>
<td>a. Participant’s supervisor approves.</td>
</tr>
<tr>
<td>Supervisor</td>
<td>2</td>
<td>a. Participant’s supervisor approves.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>b. Supervisor’s manager approves.</td>
</tr>
<tr>
<td>Supervisor</td>
<td>0</td>
<td>No supervisor approval. Participant is notified and accepts.</td>
</tr>
</tbody>
</table>
3. Select the default template to be used when publishing a plan document. You can change the template for a compensation plan when editing the plan.

Also, the participant must be assigned an IC analyst and participant manager. To edit the standard workflow, use the Manage Task Configurations for Incentive Compensation task in the Setup and Maintenance work area.

How Plan Documents Are Approved and Accepted

The following table lists the job role at each sequential step in the process and describes the corresponding human and workflow tasks.

<table>
<thead>
<tr>
<th>Job Role</th>
<th>Human Task</th>
<th>Workflow Task</th>
</tr>
</thead>
<tbody>
<tr>
<td>IC Analysts</td>
<td>In the Participant Snapshot work area:</td>
<td>Sends plan documents submitted by reporting analysts to IC managers’ worklists for review and approval or rejection.</td>
</tr>
<tr>
<td></td>
<td>1. Individualize plans.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2. Submit the plan documents for approval, which initiates the approval process.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>They can also withdraw plan documents, as required if the plan status isn’t Accepted. If accepted, the analyst can submit the plan again for approval and acceptance.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Both submission and withdrawal are done on the Edit Compensation Plan page.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Users can also initiate the plan document approval and acceptance process by creating and submitting a Plan Document Distribution Request. This task is available in the Participant Assignment work area.</td>
<td></td>
</tr>
<tr>
<td>IC Managers</td>
<td>In their Worklist: Notifications and Approvals section, review submitted plan documents and approve or reject them.</td>
<td>For approved plan documents, sends actionable notifications with attached plan documents to the participants’ managers. For rejected plan documents, sends information notifications to the initiating IC analysts.</td>
</tr>
<tr>
<td>Participant Managers</td>
<td>Review plan documents and approve or reject them.</td>
<td>For approved plan documents, sends actionable notifications with attached plan documents to the participants. For rejected plan documents, sends information notifications to the initiating IC analysts.</td>
</tr>
<tr>
<td>Participants</td>
<td>Review plan documents and accept or reject them.</td>
<td>For accepted plan documents, sends participant managers, IC analysts, and IC managers information notifications.</td>
</tr>
</tbody>
</table>
Anyone in the approval chain can escalate, invite, and reassign plan approval.

Participant managers and participants can view their plan documents on the My Compensation Plans tab of the Sales Compensation work area. Analysts can review plan documents in the Participant Snapshot Manage Compensation Plan task.

### Exporting an Incentive Compensation Plan: Explained

You can export a valid incentive compensation plan from one environment for import into other environments and to the same or different enterprises in the same environment. Use the icon button on the Manage Compensation Plans search results toolbar or the button on the Edit Compensation Plan page.

The export process includes all of the descendant objects associated with the valid incentive compensation plan that you select. Descendant objects for plans are:

- Plan components
- Performance measures
- Rate tables
- Rate dimensions
- Expressions
- Credit categories

⚠️ **Caution:** Don’t edit the export file after you save it locally. The Import Compensation Plan process detects edits to an exported file. Depending on the nature of the edit, the import process might fail or import incorrect data.

### Importing an Incentive Compensation Plan: Procedure

You can import a valid incentive compensation plan exported from one environment into other environments and to different enterprises in the same environment. Use the Manage Compensation Plan Import Processes task in the Compensation Plan work area.

Importing considerations:

- During the import, you can create objects or reuse objects that exist in the destination environments.
- Running the import process imports the plan and all descendant objects into the business unit in which you run the import process.

The following are key aspects of importing valid plans:

1. Set up the destination environment.
2. Import the valid plan.
3. Review the results of the import plan process.
Setting Up the Destination Environment

Before you import an incentive compensation plan, you must ensure that:

- All calendar periods spanned by any new start and end dates exist.
  To define and edit periods, use the Manage Calendars task in the Setup and Maintenance work area.

- Any lookups, value sets, and global segments created for source descriptive flexfields exist in the destination environment.
  In the Setup and Maintenance work area:
    - Use the Define Incentive Compensation Shared Configuration task list to go to the relevant tasks.
    - Use the Configure Tables and Columns task to enable attributes for use in calculation expressions.
      You must name the attributes the same as the attributes in the source business unit table.
    - Use the Manage Incentive Compensation Descriptive Flexfields task to enable global segments.

- All plan component reference data exist for the payment plan category, incentive type, payout frequency, and earning type.

- All performance measure reference data exist for the units of measure and performance intervals.

- All attributes and functions exist that the import expressions reference.

⚠️ **Caution:** You can't import plans with expressions containing one or more user-defined functions that use the participant plan, plan component, formula, and measure IDs because the IDs don't exist yet in the destination environment. Or, if they do exist, they don't reference the same attributes as the source environment.

Importing the Valid Plan

To differentiate new objects from existing ones in the destination environment, you can enter a prefix or suffix.

The import process:

- Adds the string to the start or end of all named objects created during the import
- Applies any new start and end dates that you enter to all named objects created during the import

You handle conflicts by selecting one of the following methods:

- Reuse destination named objects that match the source objects that you are importing.
  The import process creates any objects that don’t already exist in the destination environment.
- Always create named objects when importing a plan.

Reviewing the Import Plan Process Results

View the import log in the Search Results section on the Manage Compensation Plan Import Processes page. The import log contains the following information:

- General information, such as when the process started and ended
- Name of the user who submitted the import request
• Status of the overall process
• List of imported plan objects
• List of reused and overwritten plan objects
• List of excluded plan objects along with the reason for the exclusion

FAQs for Plan Validation

Why isn't the incentive compensation plan valid for calculation?

It can be a result of one or more of the following:

• No plan component is associated.
• One or more associated plan components aren't valid.
• One of the dependent plan components isn't associated.
• Allow Credit Category Overlap isn't selected and the validation process detects the same credit categories present across the associated plan components and performance measures. The validation process considers only the measures where earning basis is Yes.
• The credit category assigned to the plan objectives is not also assigned to any of the performance measures associated to the plan through the plan components

Related Topics

• What happens if an incentive compensation plan status changes after I create the calculation request, and before I submit the request?

Why isn't the plan component valid for calculation?

It can be a result of one or more of the following:

• No performance measure is associated with the plan component.
• At least one of the associated performance measures has a status of Not valid for calculation.
  All associated performance measures must have a status of Valid for calculation.
• One of the dependent performance measures isn't associated with the plan component.
• The rate table isn't associated with the plan component and the incentive formula output expression refers to rate table results.
• The entire range of the plan component isn't covered by the associated rate tables. You can provide multiple rate tables with nonoverlapping date ranges.
• At least one of the rate dimensions is missing an input expression.
What happens if I use a plan component that isn't valid for calculation, in an incentive compensation plan?

The plan is invalid. You can't associate participants with the plan, nor include it in the calculation process.

Why isn't the performance measure valid for calculation?

It can be a result of one or more of the following:

- The performance measure formula expression includes a goal attribute, such as interval target, and there is no target value.
- The formula expression includes one or more transaction attributes and there is no associated credit category.
- The formula expression includes RTR (rate table result) and there is no associated scorecard.
- Scorecards don't cover the entire range of the performance measure. Provide either a single scorecard for the entire date range or multiple scorecards with nonoverlapping date ranges.
- Input expressions are missing for one or more rate dimensions.
- The performance measure processes grouped transactions, so all of the formula expressions must use aggregate functions such as \texttt{SUM}, \texttt{MAX}, \texttt{AVG}, and \texttt{MIN}.
- You selected Running total for the performance measure, but didn't select Accumulate for any expression. Select Accumulate for at least one expression.
- You selected Running total for a performance measure that processes transactions individually. Select Running total for at least one rate dimension input expression or dimension.

What happens if I use a performance measure that isn't valid for calculation in a plan component?

The plan component and the plan are invalid. You can't associate participants with the compensation plan, nor include it for the calculation process.

FAQs for Plan Approval, Export, and Import

Can I edit the incentive compensation plan document?

Yes, but not directly.

There are several ways you can make changes to the edit compensation plan document:

- Edit the plan terms and conditions using the Manage Plan Terms and Conditions task in the Participant Assignments work area.
• Edit the general compensation plan using the Manage Compensation Plans task in the Compensation Plans work area.
• Edit the individualized compensation plan using the Manage Compensation Plans task in the Participant Snapshot work area.

After you make your edits, you must submit the revised plan document for approval.

A report administrator or implementation consultant can edit the ParticipantPlanReport template in the Reports and Analytics work area. The template is located in the Shared Folders - Incentive Compensation - Participant Compensation Plans subfolder.

What happens with incentive compensation plan approval if a participant has multiple assignments?

You submit a plan document for approval and acceptance for each participant compensation plan assignment within a fiscal year.
11 Worked Examples for Incentive Plans

Calculating Monthly Bonuses Based on Quota Attainment: Worked Example

This example demonstrates how to create a new annual plan that provides participants with monthly bonuses as they meet their sales quotas.

The following table summarizes key decisions for the plan component in this scenario:

<table>
<thead>
<tr>
<th>Decision to Consider</th>
<th>In This Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>What is the payout frequency?</td>
<td>Monthly</td>
</tr>
<tr>
<td>What type is the calculation?</td>
<td>Interval-based</td>
</tr>
<tr>
<td>How many measures do you require and what are their weights?</td>
<td>One measure with no weight</td>
</tr>
<tr>
<td>How many rate tables do you require, and how many dimensions for each table?</td>
<td>None</td>
</tr>
<tr>
<td>How do you want to apply the rate?</td>
<td>Earnings are calculated using target incentive</td>
</tr>
</tbody>
</table>

The following table summarizes key decisions for the performance measure in this scenario:

<table>
<thead>
<tr>
<th>Decisions to Consider</th>
<th>In This Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>How should calculations process the transaction?</td>
<td>Group by interval</td>
</tr>
<tr>
<td>What is the unit of measure?</td>
<td>Percent</td>
</tr>
<tr>
<td>What is the performance interval?</td>
<td>Monthly</td>
</tr>
<tr>
<td>Does the calculation involve quota?</td>
<td>Yes</td>
</tr>
<tr>
<td>Does the calculation involve a score card?</td>
<td>No</td>
</tr>
</tbody>
</table>
Summary of the Tasks

In the Compensation Plans work area, create a plan by creating the parts first, and then associating them with the plan. To create a compensation plan:

1. Create the attainment expression.
2. Create the performance measure, associating the attainment expression in the measure formula.
3. Create the earnings expression, which uses the results from the performance measure that you created in step 2.
4. Create the plan component, associating the earnings expression in the incentive formula.
5. Create the incentive compensation plan, associating the plan component.

Use default values for fields unless the steps specify other values.

Creating the Attainment Expression

To create the attainment expression that calculates the percentage of quota attainment for the period:

1. Click the Create Expression task.
2. In the Configure Expression section, create the attainment expression \( \text{SUM}(\text{Credits.Credit Amount} / \text{Measure.Interval Target}) \).
   a. On the Attributes menu, select Functions - Aggregate Functions - SUM.
   b. Click the open parenthesis (.
   c. On the Attributes menu, select Credit, - Credit Amount.
   d. Click the slash /.
   e. On the Attributes menu, select Measure - Interval Target.
   f. Click the close parenthesis ).
3. Click Save and Close to return to the Manage Expressions page.

Creating the Performance Measure

To create the performance measure that calculates the percentage of period quota attainment, using the attainment expression that you just created:

1. Click the Create Performance Measure task.
2. In the Unit of Measure field, select Percent.
3. Click Next to open the Define Goal page.
   a. In the Target field, enter the goal, such as 1,200,000.
   b. In the Unit of Measure field, select Amount.
   c. Click Distribute Evenly.
4. Click Next to open the Add Credit Categories page.
   a. Add the credit categories.
      If a credit category doesn’t exist, then click the Create icon button to create it and add it to the measure.
5. Click Next to open the Define Measure Formula page.
   a. In the Process Transactions field, select Grouped by interval.
b. In the **Expression Name** field, search for and select the attainment expression that calculates the percentage of period quota attainment.

6. Click **Save and Close** to return to the Manage Performance Measures page.

### Creating the Earnings Expression

To create the earnings expressions to calculate the bonus payment for the period:

1. Click the **Create Expression** task.
2. In the **Configure Expression** section, create the earnings expression `Measure results.ITD Output Achieved * Plan.Target Incentive / 12`.
   a. On the **User Defined Objects** menu, select **Measure results**.
   b. Search for and select the measure that calculates the percentage of period quota attainment.
   c. Select **ITD Output Achieved**.
   d. Click **Add to Expression**.
   e. Click the asterisk `*`.
   f. On the **Attributes** menu, select **Plan - Target Incentive**.
   g. Click the slash `/`.
   h. On the **Attributes** menu, select **Constant**.
   i. Enter 12.
   j. Click **Add to Expression**.
3. Click **Save and Close** to return to the Manage Expressions page.

### Creating the Plan Component

To create the plan component that calculates the period bonuses using the performance measure and earnings expression that you just created:

1. Click the **Create Plan Component** task.
2. In the **Calculate Incentive** field, select **Per interval**.
3. In the **Incentive Type** field, select **Bonus**.
4. Click **Next** to open the Define Performance Measure page.
   a. Add the measure that calculates the percentage of period quota attainment.
5. Click **Next** to open the Define Incentive Formula page.
   a. In the **Expression Name** field, search for and select the earnings expression that calculates the period bonus payment.
6. Click **Save and Close** to return to the Manage Plan Components page.

### Creating the Incentive Compensation Plan

To create an incentive compensation plan that provides period bonuses based on quota attainment:

1. Click the **Create Compensation Plan** task.

  **Tip:** Always end date your compensation plans.
2. Click **Next** to open the Add Plan Component page.
   a. Add the plan component that calculates period bonuses.
3. Click **Save and Close** to return to the Manage Compensation Plans page.

**Related Topics**
- Incentive Compensation Plans, Plan Components, and Performance Measures: How They Work Together
- Calculating Incentive Compensation Attainment by Grouped Transactions: Examples

## Calculating Monthly Bonuses Using Blended Attainment: Worked Example

This example demonstrates how to create a blended attainment plan component.

**Scenario:** A sales executive incentive plan provides a monthly product bonus based on weighted revenue attainment. The calculation process calculates the:

- Attainment for each product line as the total revenue that the executives’ salespeople sell each period
- Bonus as a percentage of the weighted period revenue attainment, using a simple rate table

The following table summarizes key decisions for the plan component in this scenario:

<table>
<thead>
<tr>
<th>Decision to Consider</th>
<th>In This Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>What is the payout frequency?</td>
<td>Monthly</td>
</tr>
<tr>
<td>What type is the calculation?</td>
<td>Interval-based</td>
</tr>
<tr>
<td>How many measures do you required and what are their weights?</td>
<td>Two measures, weighted 60 and 40 percent respectively</td>
</tr>
<tr>
<td>Are any of these measures linked?</td>
<td>Measures are not linked</td>
</tr>
<tr>
<td>How many rate tables do you require, and how many dimensions for each table?</td>
<td>One rate table, with one dimension</td>
</tr>
<tr>
<td>How do you want to apply the rate?</td>
<td>Use a single rate for the entire attainment</td>
</tr>
</tbody>
</table>

The following table summarizes key decisions for performance measures in this scenario:

<table>
<thead>
<tr>
<th>Decisions to Consider</th>
<th>In This Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>How should the calculations process the transactions?</td>
<td>Grouped by interval</td>
</tr>
<tr>
<td>What is the unit of measure?</td>
<td>Amount</td>
</tr>
</tbody>
</table>
Decisions to Consider | In This Example
--- | ---
What is the performance interval? | Monthly
Does the calculation involve quota? | No
Does the calculation involve a score card? | No

Summary of the Tasks

In the Compensation Plans work area, create a plan component by creating the parts first, and then associating them with the plan component. To create a plan component:

1. Create the weighted revenue attainment expression.
2. Create the bonus rate table.
3. Create two performance measures with different credit categories, associating the attainment expression in the measure formula for each.
4. Create the rate dimension input and earnings expressions.
5. Create the plan component, associating the two performance measures, earnings expression, rate table, and rate dimension input expression that you just created.

Use default values for fields unless the steps specify other values.

Creating the Weighted Revenue Attainment Expression

Create an expression that determines the weighted revenue attainment for the period. Both performance measures use the expression in their measure formulas. To create the expression:

1. Click the Create Expression task.
2. In the Configure Expression section, create the weighted revenue attainment expression `SUM(Credits.Credit Amount * Measure.Weight)`.
   a. On the Attributes menu, select Functions - Aggregate Functions - SUM.
   b. Click the open parenthesis (.
   c. On the Attributes menu, select Credits - Credit Amount.
   d. Click the asterisk *.
   e. On the Attributes menu, select Measure - Weight.
   f. Click the close parenthesis ).
3. Click Save and Close to return to the Manage Expressions page.
Creating the Bonus Rate Table

Create a rate table that uses the weighted attainment to find the bonus amount. You associate it with the plan component later. To create the rate table:

1. Click the Create Rate Table task.
2. In the Type field, select Percent.
3. On the Rate Dimensions section toolbar, click the Create icon button
   a. In the Tiers section, add the From and To values for each tier, such as 0 -- 10,000, 10,000 -- 20,000, and 20,000 -- 9,999,999. Make the final To value much larger than you would ever conceivably use.
   b. Click Save and Close to return to the Create Rate Table page
4. Click Edit Rates.
   a. Edit the rate for each tier, such as 2.5, 4, and 6.
   b. Click Save and Close to return to the Create Rate Table page
5. Click Save and Close to return to the Manage Rate Tables page.

Creating the Performance Measures

Create two performance measures that use the weighted revenue attainment expression to:

- Determine revenue attainment for the primary product, such as computers
- Calculate the sum of the period weighted attainment for both products, such as computers and monitors

Create the first measure using the following guided process and the second one by duplicating the first measure.

1. Click the Create Performance Measure task.
2. Click Next to open the Define Goal page.
   a. In the Target field, enter the goal, such as 120,000.
3. Click Next to open the Add Credit Categories page.
   a. Add the credit category, such as Computer.
      If the credit category doesn't exist, then click the Create icon button to create it and add it to the measure.
4. Click Next to open the Define Measure Formula page.
   a. In the Process Transactions field, select Grouped by interval.
   b. In the Expression Name field, search for and select the expression that calculates the sum of the weighted revenue period attainment.
5. Click Save and Close to return to the Manage Performance Measures page.
6. Create the second performance measure.
   a. Search for and select the primary product measure that you just created.
   b. On the Search Results section toolbar, click Duplicate.
   c. Edit the name and description.
   d. In the Goal section, edit the target.
   e. Select the Credit Categories tab.
   f. Delete the existing credit category.
   g. Add the secondary credit category, such as Monitor.
   h. Click Save and Close to return to the Manage Performance Measures page.
Creating the Rate Dimension Input and Earnings Expressions

Create two expressions:

<table>
<thead>
<tr>
<th>Type of Expression</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate Dimension Input</td>
<td>Calculate the sum of the weighted period revenue attainment, for both products</td>
</tr>
<tr>
<td>Earnings</td>
<td>Calculate the bonus amount using weighted attainment and the rate table associated with the plan component</td>
</tr>
</tbody>
</table>

To create the expressions:

1. Click the **Create Expression** task.
2. In the Configure Expression section, create the rate dimension expression `Measure A result.ITD Output Achieved + Measure B result.ITD Output Achieved` and the earnings expression `(Measure A result.ITD Output Achieved + Measure B result.ITD Output Achieved) * RTR`.

**Rate Dimension Input**

- a. On the **User Defined Objects** menu, select **Measure result**.
- b. Search for and select the measure that determines revenue attainment for the primary product.
- c. Select **ITD Output Achieved**.
- d. Click **Add to Expression**.
- e. Click plus +.
- f. Search for and select the measure that calculates the sum of the weighted period revenue attainment, for both products.
- g. Select **ITD Output Achieved**.
- h. Click **Add to Expression**.
- i. Click **Save and Create Another**.

**Earnings**

- a. Click the open parenthesis (.
- b. On the **User Defined Objects** menu, select **Measure result**.
- c. Search for and select the measure that determines revenue attainment for the primary product.
- d. Select **ITD Output Achieved**.
- e. Click **Add to Expression**.
- f. Click plus +.
- g. Search for and select the measure that calculates the sum of the weighted period revenue attainment, for both products.
- h. Select **ITD Output Achieved**.
- i. Click **Add to Expression**.
- j. Click the close parenthesis ).
- k. Click *.
- l. Click **Add to Expression**.
- m. For **Attributes**, select **Rate Table Result**.
n. Click Add to Expression.
3. Click Save and Close to return to the Manage Expressions page.

Creating the Plan Component

Create a bonus plan component that calculates period earnings using weighted attainment.

1. Click the Create Plan Component task.
2. In the Calculate Incentive field, select Per interval.
3. In the Incentive Type field, select Bonus.
4. Click Next to open the Define Performance Measure page
   a. Add the performance measures that you created, as shown in this table.

<table>
<thead>
<tr>
<th>Measure</th>
<th>Weight Percentage</th>
<th>Earning Basis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary product</td>
<td>60</td>
<td>Yes</td>
</tr>
<tr>
<td>Secondary product</td>
<td>40</td>
<td>Yes</td>
</tr>
</tbody>
</table>

5. Click Next to open the Define Incentive Formula page.
   a. In the Expression Name field, search for and select the earnings expression that calculates the bonus payment.
6. Click Next to open the Add Rate Table page.
   a. Complete the fields in the Rate Table Parameters section, as shown in this table.

<table>
<thead>
<tr>
<th>Field</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate Table Dimensions</td>
<td>1</td>
</tr>
<tr>
<td>Split Attainment Across Tiers</td>
<td>Yes</td>
</tr>
<tr>
<td>Apply Split</td>
<td>Fixed within a tier</td>
</tr>
</tbody>
</table>

b. In the Rate Table section, add a row.
c. In the Name field, search for and select the rate table that uses the weighted attainment to find the bonus amount.
d. In the Rate Dimensional Inputs section Expression Name field, search for and select the expression that calculates the sum of the weighted period revenue attainment.
7. Click Save and Close to return to the Manage Plan Components page.

Related Topics

- Incentive Compensation Plans, Plan Components, and Performance Measures: How They Work Together
- Using Measure Weights in Calculations: Examples
- Calculating Incentive Compensation Attainment by Grouped Transactions: Examples
Calculating Monthly Bonuses Using a Weighted Score: Worked Example

This example demonstrates how to calculate a monthly bonus for three product lines. The incentive compensation plan calculates the:

- Attainment as a weighted score that ranges from 0 to 100, based on the period revenue for the product lines
- Bonus based on the weighted score using a simple rate table

The following table summarizes key decisions for the plan component in this scenario.

<table>
<thead>
<tr>
<th>Decision to Consider</th>
<th>In This Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>What is the payout frequency?</td>
<td>Monthly</td>
</tr>
<tr>
<td>What type is the calculation?</td>
<td>Interval-based</td>
</tr>
<tr>
<td>How many measures do you require and what are their weights?</td>
<td>Four measures, weights of 30, 30, 40, and 100 percent, respectively</td>
</tr>
<tr>
<td>Are any of these measures linked?</td>
<td>The last measure is dependent on the first three</td>
</tr>
<tr>
<td>How many rate tables do you require, and how many dimensions for each table?</td>
<td>One rate table, with one dimension</td>
</tr>
<tr>
<td>How do you want to apply the rate?</td>
<td>Split the attainment; rates are fixed within a tier</td>
</tr>
</tbody>
</table>

The following table summarizes key decisions for performance measures in this scenario.

<table>
<thead>
<tr>
<th>Decisions to Consider</th>
<th>In This Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>How should the application process the transaction?</td>
<td>Group by interval for all measures</td>
</tr>
<tr>
<td>What is the unit of measure?</td>
<td>Score</td>
</tr>
<tr>
<td>What is the performance interval?</td>
<td>Monthly</td>
</tr>
<tr>
<td>Does the calculation involve quota?</td>
<td>No</td>
</tr>
<tr>
<td>Does the calculation involve a score card?</td>
<td>Yes, with one rate dimension</td>
</tr>
<tr>
<td></td>
<td>Split the attainment; rates are fixed within a tier</td>
</tr>
</tbody>
</table>
Summary of the Tasks

In the Compensation Plans work area, create an incentive compensation plan by creating the parts first, and then associating them with the plan component.

1. Create the rate dimension input and weighted score expressions.
2. Create the score and bonus rate tables.
3. Create the three product performance measures with different credit categories, associating the weighted score expression in the measure formula for each.
4. Create a sum weighted score expression and performance measure.
5. Create the bonus payment rate dimension input and earnings expressions.
6. Create the plan component, associating the performance measures, earnings expression, rate tables, and rate dimension input expression that you created earlier.
7. Create the incentive compensation plan and associate the plan component.

Use default values for fields unless the steps specify other values.

Creating Rate Dimension Input and Weighted Score Expressions

Create the following two types of expressions used by all three of the product performance measures.

<table>
<thead>
<tr>
<th>Type of Expression</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate dimension input</td>
<td>Used in the scorecards to calculate period revenue attainment</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Weighted score</td>
<td>Used in the measure formula, to calculate the period weighted score for a product line</td>
</tr>
</tbody>
</table>

To create the expressions:

1. Click the Create Expression task.
2. In the Configure Expression section, create the rate dimension input expression `SUM(Credits.Credit Amount)` and weighted score expression `RTR * Measure.Weight`.
   
   **Rate Dimension Input**
   
   a. On the Attributes menu, select Functions - Aggregate Functions - SUM.
   b. Click the open parenthesis (.
   c. On the Attributes menu, select Credits - Credit Amount.
   d. Click the close parenthesis ).
   e. Click Save and Create Another.

   **Weighted Score**
   
   a. On the Attributes menu, select Rate Table Rate.
   b. Click the asterisk *.
   c. On the Attributes menu, select Measure - Weight.
3. Click Save and Close to return to the Manage Expressions page.
Creating the Scorecard and Rate Table

The following rate table describes the purpose of the two rate tables:

<table>
<thead>
<tr>
<th>Used By</th>
<th>Where</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>All of the product performance measures</td>
<td>Scorecard page tab</td>
<td>Find the score to apply when calculating bonus earnings, based on revenue attainment</td>
</tr>
<tr>
<td>Plan component</td>
<td>Rate Table page or tab</td>
<td>Find the bonus based on the weighted score</td>
</tr>
</tbody>
</table>

Perform the following steps twice to create the measure scorecard and plan component rate table.

1. Click the **Create Rate Table** task.
2. On the Rate Dimensions section toolbar, click the **Create** icon button.
   a. In the Tiers section, add the From and To values for each tier, such as:
      - 1 -- 10,000, 10,000 -- 50,000, 50,000 -- 100,000, and 100,000 -- 9,999,999 for the scorecard
      - 0 -- 20, 20 -- 40, 40 -- 60, 60 -- 80, and 80 -- 999 for the rate table
   Make the final To value much larger than you would ever conceivably use.
   b. Click **Save and Close** to return to the Create Rate Table page.
3. Click **Edit Rates**.
   a. Edit the rate for each tier, such as:
      - 25, 50, 75, and 100 for the scorecard
      - 1,000, 2,000, 3,000, 4,000, and 5,000 for the rate table
   b. Click **Save and Close** to return to the Create Rate Table page.
4. After creating the scorecard, click **Save and Create Another**.

After creating the plan component rate table, click **Save and Close** to return to the Manage Rate Tables page.

Creating Product Score Performance Measures

Create three product score performance measures that use the weighted score expression created earlier to determine revenue attainment amount based on period revenue. Create the first measure using the guided process and the remaining measures by duplicating the first one.

1. Click the **Create Performance Measure** task.
2. In the **Unit of Measure** field, select **Score**.
3. Click **Next** to open the Define Goal page.
   a. In the **Target** field, enter the goal, such as 1,200,000.
4. Click **Next** to open the Add Credit Categories page.
   a. Add the credit category for product A.
   If the credit category doesn’t exist, then click the **Create** icon button to create it and add it to the measure.
5. Click **Next** to open the Define Measure Formula page.
   a. In the **Process Transactions** field, select **Grouped by interval**.
   b. In the **Expression Name** field, search for and select the expression that calculates the period weighted score for a product line.

6. Click **Next** to open the Add Scorecard page.
   a. Complete the fields, as shown in this table.

<table>
<thead>
<tr>
<th>Field</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate Table Dimensions</td>
<td>1</td>
</tr>
<tr>
<td>Split Attainment Across Tiers</td>
<td>Yes</td>
</tr>
<tr>
<td>Apply Split</td>
<td>Fixed within a tier</td>
</tr>
</tbody>
</table>

   b. In the Rate Table section, add a row.
   c. In the **Name** field, search for and select the scorecard that finds the score to apply when calculating bonus earnings, based on revenue attainment.
   d. In the Rate Dimensional Inputs section **Expression Name** field, search for and select the expression that calculates period revenue attainment.
   e. Click **Save and Close** to return to the Manage Performance Measures page.

7. Repeat the following steps twice to create the second and third performance measures.
   a. Search for and select the product A measure that you just created.
   b. On the Search Results section toolbar, click **Duplicate**.
   c. Edit the name and description.
   d. Select the **Credit Categories** tab.
   e. Delete the existing credit category.
   f. The first time, add the credit category for product B.
      The second time, add the credit category for product C.
   g. Click Save and Close to return to the Manage Performance Measures page.

Creating the Sum Weighted Score Expression and Performance Measure

Create an expression that the performance measure that you create next uses to calculate the sum of the weighted period score, for all product lines. Then, to determine the weighted score by summing the individual scores, create a performance measure that uses the expression that you just created.

1. Click the **Create Expression** task.
2. In the Configure Expression section, create the sum weighted score expression **Measure A result. ITD Output Achieved + Measure B result. ITD Output Achieved + Measure C result. ITD Output Achieved**.
   a. On the **User Defined Objects** menu, select **Measure result**.
   b. In the **Measure** field, select **TS Product A Score PM**.
   c. Select **ITD Output Achieved**.
   d. Click **Add to Expression**.
Creating Bonus Payment Expressions

Create the following two expressions:

<table>
<thead>
<tr>
<th>Type of Expression</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate dimension input</td>
<td>Calculate the period product bonus</td>
</tr>
<tr>
<td>Earnings</td>
<td>Calculate the period product bonus based on the weighted score</td>
</tr>
</tbody>
</table>

To create bonus payment expressions:
1. Click the Create Expression task.
2. In the Configure Expression section, create the rate dimension input expression Measure weighted score result.ITD Output Achieved and earnings expression RTR.

Rate Dimension Input
- a. On the User Defined Objects menu, select Measure results.
- b. In the Measure field, search for and select the measure that you created: TS Weighted Score PM.
- c. Click Add to Expression.
- d. Select ITD Output Achieved.
- e. Click Save and Create Another.

Earnings
- a. On the Attributes menu, select Rate Table Result.
- b. Click Add to Expression.
3. Click Save and Close to return to the Manage Expressions page.
Creating the Product Bonus Plan Component

To calculate period earnings using weighted scores, create a product bonus plan component that contains the product and weighted score performance measures.

1. Click the Create Plan Component task.
2. In the Calculate Incentive field, select Per interval.
3. In the Incentive Type field, select Bonus.
4. Click Next to open the Define Performance Measure page.
   a. Add the performance measures and set the corresponding weight and earning basis values, as shown in this table.

<table>
<thead>
<tr>
<th>Measure</th>
<th>Weight Percentage</th>
<th>Earning Basis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product A</td>
<td>30</td>
<td>Yes</td>
</tr>
<tr>
<td>Product B</td>
<td>30</td>
<td>Yes</td>
</tr>
<tr>
<td>Product C</td>
<td>60</td>
<td>Yes</td>
</tr>
<tr>
<td>Weighted score</td>
<td>100</td>
<td>No</td>
</tr>
</tbody>
</table>

5. Click Next to open the Define Incentive Formula page.
   a. In the Payout Frequency field, select Period.
   b. In the Expression Name field, search for and select the earnings expression that calculates the period product bonus based on the weighted score.
6. Click Next to open the Add Rate Table page.
   a. In the Rate Table Dimensions field, enter 1.
   b. In the Rate Table section, add a row.
   c. In the Name field, search for and select the rate table that finds the bonus based on the weighted score.
   d. In the Rate Dimensional Inputs section Expression Name field, search for and select the expression that calculates the period product bonus.
7. Click Save and Close to return to the Manage Performance Measures page.

Creating the Incentive Compensation Plan

Create an incentive compensation plan that contains the product bonus plan component and calculates period bonuses for three product lines using a scorecard.

1. Click the Create Compensation Plan task.

   Tip: Always end date your compensation plans.

2. Click Next to open the Add Plan Component page.
   a. Add the plan component that calculates period earnings using weighted scores.
3. Click Save and Close to return to the Manage Compensation Plans page.
Calculating Quarterly Bonuses Using a Multidimensional Rate Table: Worked Example

This example demonstrates how to create a plan component to calculate a quarterly incentive bonus that uses the generated revenue attainment for two product lines.

The plan calculates the:

- Attainment for each product line as the summarized revenue that the salespeople generate for each quarter
- Bonus as a percentage of the total quarterly revenue attainment of both product lines, using a two dimensional rate table

The following table summarizes key decisions for the plan component in this scenario:

<table>
<thead>
<tr>
<th>Decision to Consider</th>
<th>In This Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>What is the payout frequency?</td>
<td>Quarter</td>
</tr>
<tr>
<td>What type is the calculation?</td>
<td>Interval-based</td>
</tr>
<tr>
<td>How many measures do you require and what are their weights?</td>
<td>Two measures, weight of 100 percent for each</td>
</tr>
<tr>
<td>Are any of these measures linked?</td>
<td>The measures are linked</td>
</tr>
<tr>
<td>How many rate tables do you require, and how many dimensions for each table?</td>
<td>One rate table, with two dimensions</td>
</tr>
<tr>
<td>How do you want to apply the rate?</td>
<td>Use a single rate for the entire attainment</td>
</tr>
</tbody>
</table>

The following table summarizes key decisions for performance measures in this scenario:

<table>
<thead>
<tr>
<th>Decisions to Consider</th>
<th>In This Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>How should calculations process the transaction?</td>
<td>Group by interval</td>
</tr>
<tr>
<td>What is the unit of measure?</td>
<td>Amount</td>
</tr>
</tbody>
</table>
Decisions to Consider | In This Example
--- | ---
What is the performance interval? | Quarter
Does the calculation involve quota? | No
Does the calculation involve a score card? | No

Summary of the Tasks

In the Compensation Plans work area, create a plan component by creating the parts first, and then associating them with the plan component.

1. Create the attainment expression.
2. Create the bonus rate table.
3. Create the two performance measures with different credit categories, associating the attainment expression as the measure formula for each.
4. Create two rate dimension input expressions, one for each product, and an earnings expression.
5. Create the plan component, associating the performance measures, earnings expression, rate table, and the two rate dimension input expressions that you created earlier.

Creating the Attainment Expression

Create an expression to calculate revenue attainment for the interval, Quarter, which both performance measures use in their measure formulas.

1. Click the Create Expression task.
2. In the Configure Expression section, create the expression `SUM(Credits.Credit Amount)`.
   a. On the Attributes menu, select Functions - Aggregate Functions - SUM.
   b. Click (.
   c. On the Attributes menu, select Credits - Credit Amount.
   d. Click ).
3. Click Save and Close to return to the Manage Expressions page.

Creating the Rate Table

Create a rate table that uses revenue attainment to find the rate to apply when calculating bonus earnings. You associate it with the plan component that you create later.

1. Click the Create Rate Table task.
2. In the Type field, select Percent.

   Perform the following steps twice to create both rate dimensions.
3. On the Rate Dimensions section toolbar, click the Create icon button.
   a. In the Tiers section, add the From and To values for each tier, such as:
      - 0 -- 10,000, 10,000 -- 20,000, 20,000 -- 9,999,999 for product A
      - 0 -- 5,000 and 5,000 -- 9,999,999 for product B

      Make the final To value much larger than you would ever conceivably use.
   b. After creating the product A rate dimension, click Save and Create Another.

      After creating the product B rate dimension, click Save and Close to return to the Create Rate Table page.

Perform the following steps twice, once for each rate dimension.
4. In the Rate Dimensions section, select first the product A rate dimension and second the product B rate dimension.
5. Click Edit Rates.
   a. Edit the rate for each tier, such as 2.5, 3, 4, 5, 6, and 7:
   b. Click Save and Close to return to the Create Rate Table page.
6. After entering rates for both rate dimensions, click Save and Close to return to the Manage Rate Tables page.

Creating Performance Measures

Create two performance measures that use the attainment expression created earlier to determine the interval revenue attainment for each product line. Create the first measure using the guided process and the remaining measures by duplicating the first one.

1. Click the Create Performance Measure task.
2. In the Performance Interval field, select Quarter.
3. Click Next to open the Define Goal page.
   a. In the Target field, enter the goal, such as 1,200,000.
4. Click Next to open the Add Credit Categories page.
   a. Add the credit categories for product A.

   If a credit category doesn’t exist, then click the Create icon button to create it and add it to the measure.
5. Click Next to open the Define Measure Formula page.
   a. In the Process Transactions field, select Grouped by interval.
   b. In the Expression Name field, search for and select the expression that calculates revenue attainment.
6. Click Save and Close to return to the Manage Performance Measures page.
7. Create the second performance measure.
   a. Search for and select the product A measure that you just created.
   b. On the Search Results section toolbar, click Duplicate.
   c. Edit the name and description.
   d. Select the Credit Categories tab.
   e. Delete any existing credit categories.
   f. Add the credit categories for product B.
   g. Click Save and Close to return to the Manage Performance Measures page.
Creating Two Rate Dimension Input Expressions and an Earnings Expressions

Create three expressions:

<table>
<thead>
<tr>
<th>Type of Expression</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product A input</td>
<td>Calculate the product interval revenue attainment for product A</td>
</tr>
<tr>
<td>Product B input</td>
<td>Calculate the product interval revenue attainment for product B</td>
</tr>
<tr>
<td>Earnings</td>
<td>Calculate the bonus payment</td>
</tr>
</tbody>
</table>

1. Click the Create Expression task.
2. In the Configure Expression section, create the two rate dimension input expressions, Measure A results.ITD Output Achieved and Measure B results.ITD Output Achieved and the earnings expression (Measure A results.ITD Output Achieved + Measure B results.ITD Output Achieved) * RTR.

Product A Input
   a. On the User Defined Objects menu, select Measure results.
   b. Search for and select the product A measure that you created.
   c. On the Attributes menu, select ITD Output Achieved.
   d. Click Add to Expression.
   e. Click Save and Create Another.

Product B Input
   a. On the User Defined Objects menu, select Measure results.
   b. Search for and select the product B measure that you created.
   c. Select ITD Output Achieved.
   d. Click Add to Expression.
   e. Click Save and Create Another.

Earnings
   a. Click the open parenthesis (.
   b. On the User Defined Objects menu, select Measure results.
   c. Search for and select the product A measure that you created.
   d. Select ITD Output Achieved.
   e. Click Add to Expression.
   f. Click plus +.
   g. Search for and select the product B measure that you created.
   h. Select ITD Output Achieved.
   i. Click Add to Expression.
   j. Click the close parenthesis ).
k. Click the asterisk *.
l. Click Add to Expression.
m. Click Rate Table Result.
n. Click Add to Expression.

3. Click Save and Close to return to the Manage Expressions page.

Creating a Plan Component

Create a bonus plan component that calculates earnings for the interval, quarter, using total revenue attainment.

1. Click the Create Plan Component task.
2. In the Calculate Incentive field, select Per interval.
3. In the Incentive Type field, select Bonus.
4. Click Next to open the Add Performance Measure page.
   a. Add the product A and B measures, both with the following values:
      • Weight: 100
      • Earning Basis: Yes
5. Click Next to open the Define Incentive Formula page.
   a. In the Payout Frequency field, select Quarter.
   b. In the Expression Name field, search for and select the earnings expression that calculates the bonus payment.
6. Click Next to open the Add Rate Table page.
   a. In the Rate Table Parameters section, complete the fields as shown in this table.

<table>
<thead>
<tr>
<th>Field</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate Table Dimensions</td>
<td>1</td>
</tr>
<tr>
<td>Split Attainment Across Tiers</td>
<td>Yes</td>
</tr>
<tr>
<td>Apply Split</td>
<td>Fixed within a tier</td>
</tr>
</tbody>
</table>

b. In the Rate Table section, add a row.
c. In the Name field, search for and select the rate table that uses revenue attainment to find the rate to apply when calculating bonus earnings.
d. In the Rate Dimensional Inputs section Expression Name field of the:
   • Product A row, search for and select the expression that calculates product A interval revenue attainment
   • Product B row, search for and select the expression that calculates product B interval revenue attainment

7. Click Save and Close to return to the Manage Plan Components page.

Related Topics
• Incentive Compensation Plans, Plan Components, and Performance Measures: How They Work Together
• Incentive Compensation Rate Table: Points to Consider

• Performance Measures: Explained

Calculating Monthly Commissions Based on Percentages of Generated Revenue: Worked Example

This example demonstrates how to create an annual incentive compensation plan that:

• Provides participants with a monthly commission based on a percentage of the generated revenue
• Includes no cap

The following table summarizes key decisions for the plan component in this scenario:

<table>
<thead>
<tr>
<th>Decision to Consider</th>
<th>In This Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>What is the payout frequency?</td>
<td>Monthly</td>
</tr>
<tr>
<td>What type is the calculation?</td>
<td>Interval-based</td>
</tr>
<tr>
<td>How many measures do you require and what are their weights?</td>
<td>One measure with no weight</td>
</tr>
<tr>
<td>How many rate tables do you require, and how many dimensions for each table?</td>
<td>One rate table with one dimension and four tiers</td>
</tr>
<tr>
<td>How do you want to apply the rate?</td>
<td>Split the attainment, rates are fixed within a tier</td>
</tr>
</tbody>
</table>

The following table summarizes key decisions for the performance measure in this scenario:

<table>
<thead>
<tr>
<th>Decisions to Consider</th>
<th>In This Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>How should the application process the transaction?</td>
<td>Individually</td>
</tr>
<tr>
<td>What is the unit of measure?</td>
<td>Amount</td>
</tr>
<tr>
<td>What is the performance interval?</td>
<td>Monthly</td>
</tr>
<tr>
<td>Does the calculation involve quota?</td>
<td>No</td>
</tr>
<tr>
<td>Does the calculation involve a score card?</td>
<td>No</td>
</tr>
</tbody>
</table>
Summary of the Tasks

In the Compensation Plans work area, create an incentive compensation plan using a top-down approach using the following tasks:

1. Enter the primary details for the plan.
2. Create and add a plan component.
3. Create and add a performance measure that includes a new attainment expression in the measure formula.
4. Define a new earnings expression in the incentive formula for the plan component.
5. Create and add a rate table to the plan component for use with the incentive formula.

Creating the Compensation Plan

To create a compensation plan that pays participants a percentage on product revenue, without any cap:

1. Click **Create Compensation Plan** task.

   🔄 **Tip:** Always end date your compensation plans.

2. Click **Next** to open the Create Compensation Plan: Add Plan Component page.

Step 1: Start creating the plan component within the compensation plan guided process.

Create and add a plan component, rather than adding an existing one. The new plan component calculates earnings using credit amounts and a percentage rate table. To create and add a plan component:

1. On the Plan Components section toolbar, click the **Create** icon button.
   a. Enter the primary details.
      i. In the **Calculate Incentive** field, select **Per event**.
      ii. In the **Incentive Type** field, select **Commission**.
   b. Click **Next** to open the Create Plan Component: Add Measure page.

Step 2: Create and add the performance measure within the plan component guided process.

Create and add a performance measure, rather than adding an existing one. The new measure calculates attainment as the credit amount that the crediting process generates for each transaction. To create and add a performance measure:

1. On the Performance Measures section toolbar, click the **Create** icon button.
   a. Enter the primary details.
b. In the guided process, click Add Credit Categories.
   i. Add the product credit categories.
      If the credit category doesn’t exist, then click the Create icon button to create it and add it to the measure.

c. Click Next to open the Create Performance Measure: Define Measure Formula page.
   i. In the Process Transactions field, select Individually.
   ii. In the Expression Name field, select New Expression.
      a. On the Configure Expression section Attribute menu, select Credits - Credit Amount.
      b. Click Save and Close to return to the Create Performance Measure: Define Measure Formula page.
      The Expression Name field contains the name of the expression that you just created.
   iii. Select Running total.
   d. Click Save and Close to return to the Create Plan Component: Add Performance Measure page.

Step 3: Finish creating the plan component within the compensation plan guided process.

To finish creating the plan component:
1. Click Next to open the Create Plan Component: Define Incentive Formula page.

   Create a formula to calculate sales earnings using the performance measure.
   a. In the Payout Frequency field, select Period.
   b. In the Expression Name field, select New Expression.
      i. In the Configure Expression section, create the earnings expression Measure results.ITD Output Achieved * RTR.
         a. On the User-Defined Objects menu, select Measure results.
         b. Search for and select the measure that you just created.
         c. On the Attributes menu, select ITD Output Achieved.
         d. Click Add to Expression.
         e. Click the asterisk *.
         d. On the Attributes menu, select Rate Table Result.
         ii. Click Save and Close to return to the Create Plan Component: Define Incentive Formula page.
      The Expression Name field contains the name of the expression that you just created.
   c. In the Include Indirect Credits field, select All.
2. Click Next to open the Create Plan Component: Add Rate Table page.

   Create and add a rate table. The calculation process uses it to find the rate to apply when calculating sales earning payout based on the running credit amount total.
   a. In the Rate Table Parameters section, complete the fields as shown in this table.
<table>
<thead>
<tr>
<th>Field</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate Table Dimensions</td>
<td>1</td>
</tr>
<tr>
<td>Split Attainment Across Tiers</td>
<td>Yes</td>
</tr>
<tr>
<td>Apply Split</td>
<td>Fixed within a tier</td>
</tr>
</tbody>
</table>

b. On the Rate Table section toolbar, click the Create icon button.
   i. On the Rate Dimensions section toolbar, click the Create icon button.
      a. In the Tiers section, add the From and To values for each tier, such as 0 -- 10,000, 10,000 -- 50,000, 50,000 -- 100,000, and 100,000 -- 9,999,999. Make the final To value much larger than you would ever conceivably use.
      b. Click Save and Close to return to the Create Rate Table page.
    ii. Click Edit Rates.
       a. Edit the rate for each tier, such as 2.5, 5, 7.5, and 10.
       b. Click Save and Close to return to the Create Rate Table page.
    iii. Click Save and Close to return to the Create Plan Component: Add Rate Table page.
   c. In the Rate Table section, add a row.
   d. Search for and select the rate table that you just created.
   e. In the Rate Dimension Inputs section Expression Name field, select New Expression.
      i. In the Configure Expression section, create the rate dimension input expression Measure results.ITD Output Achieved.
         a. On the User-Defined Objects menu, select Measure results.
         b. Search for and select the measure that calculates attainment as the credit amount.
         c. On the Attributes menu, select ITD Output Achieved.
         d. Click Add to Expression.
         e. Click Save and Close to return to the Add Rate Table page.
   f. Select Apply Split for all rate dimension inputs.
3. Click Save and Close to return to the Create Compensation Plan page.
4. Click Save and Close to return to the Manage Compensation Plans page.

Related Topics
- Incentive Compensation Plans, Plan Components, and Performance Measures: How They Work Together
- Calculating Incentive Compensation Attainment by Individual Transaction: Examples
Calculating Monthly Commissions Using As-Of Attainments for the Interval (True-Up Calculations): Worked Example

This example demonstrates how to create an incentive compensation plan that calculates monthly commission earnings based on the as-of attainment for the interval.

The incentive plan:

- Pays participants a percentage on the revenue amount that they generate, without any cap
- Calculates the running total for the revenue amount from product sales to determine the commission rates
- Calculates the commission amount based on the as-of attainment for an interval, adjusting the previously calculated amount (also known as true up)

The following table summarizes key decisions for the plan component in this scenario:

<table>
<thead>
<tr>
<th>Decision to Consider</th>
<th>In This Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>What is the payout frequency?</td>
<td>Monthly</td>
</tr>
<tr>
<td>What type is the calculation?</td>
<td>True up</td>
</tr>
<tr>
<td>How many measures do you require and what are their weights?</td>
<td>One measure, no weights</td>
</tr>
<tr>
<td>How many rate tables do you require, and how many dimensions for each table?</td>
<td>One rate table, with one dimension</td>
</tr>
<tr>
<td>How do you want to apply the rate?</td>
<td>Split the rate, fixed within a tier</td>
</tr>
</tbody>
</table>

The following table summarizes key decisions for the performance measure in this scenario:

<table>
<thead>
<tr>
<th>Decisions to Consider</th>
<th>In This Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>How should the application process the transaction?</td>
<td>Individually with Running total</td>
</tr>
<tr>
<td>What is the unit of measure?</td>
<td>Amount</td>
</tr>
<tr>
<td>What is the performance interval?</td>
<td>Month</td>
</tr>
<tr>
<td>Does the calculation involve quota?</td>
<td>No</td>
</tr>
<tr>
<td>Does the calculation involve a score card?</td>
<td>No</td>
</tr>
</tbody>
</table>
Summary of the Tasks

In the Compensation Plans work area, to create the incentive compensation plan using a top-down approach:

1. Enter the primary details for the plan.
2. Create and add a plan component.
3. Create and add a performance measure that includes a new attainment expression in the measure formula.
4. Define a new earnings expression in the incentive formula for the plan component.
5. Create and add a rate table for the plan component to use with the incentive formula.

Creating the Compensation Plan

To create a compensation plan that pays monthly commissions, without any cap, based on a percentage of generated revenue:

1. Click the Create Compensation Plan task.
2. Enter the primary details.

Tip: Always end date your compensation plans.

3. Click Next to open the Create Compensation Plan: Add Plan Component page.

Step 1: Start creating the plan component within the compensation plan guided process.

Create and add a plan component, rather than adding an existing one. The new plan component calculates incentive earnings using accumulated credit amounts multiplied by a rate table rate. To create and add a plan component:

1. On the Plan Components section toolbar, click the Create icon button.
   a. Enter the primary details.
      i. In the Calculate Incentive field, select Per event.
      ii. In the Incentive Type field, select Commission.
   b. Click Next to open the Create Plan Component: Add Performance Measure page.

Step 2: Create and add the performance measure within the plan component guided process.

Create and add a performance measure, rather than adding an existing one. The new performance measure determines period incentive attainment as a running total of generated credit amounts. To create and add a performance measure:

1. On the Performance Measures section toolbar, click the Create icon button.
   a. Enter the primary details.
   b. Enter the performance interval as Period (Month).
c. In the guided process, click Add Credit Categories.

   i. Add the credit categories.

      If a credit category doesn’t exist, then click the Create icon button to create it and add it to the measure.

d. Click Next to open the Create Performance Measure: Define Measure Formula page.

   i. In the Process Transactions field, select Individually.

   ii. In the Expression Name field, select New Expression.

      a. On the Configure Expression section Attributes menu, select Credits - Credit Amount.

      b. Click Save and Close to return to the Create Performance Measure: Define Measure Formula page.

      The Expression Name field contains the name of the expression that you just created.

   iii. Select Running total.

   e. Click Save and Close to return to the Create Plan Component: Add Performance Measure page.

Step 3: Finish creating the plan component within the compensation plan guided process.

To finish creating the plan component:

1. Click Next to open the Create Plan Component: Define Incentive Formula page.

   Create a formula to calculate incentive earnings using the running credit amount total.

   a. In the Payout Frequency field, select Period.

   b. In the Expression Name field, select New Expression.

      i. In the Configure Expression section, create the earnings expression Measure.Output Achieved * RTR.

         a. On the User Defined Objects menu, select Measure results.

         b. Search for and select the measure that you just created to determine period attainment as a running total of generated credit amounts.

         c. Select Output Achieved.

         d. Click Add to Expression.

         e. Click the asterisk *.

         f. On the Attributes menu, select Rate Table Rate.

      ii. Click Save and Close to return to the Create Plan Component: Define Incentive Formula page.

      The Expression Name field contains the name of the expression that you just created.

   c. Select True Up.

   d. The reset interval is the same as the payout frequency.

      If you change the reset interval, then it should be longer than the payout frequency (quarter or year). Typically the reset interval is the same as the measure interval. For example, if you want to accumulate over a year but pay monthly based on year-to-date attainment, then you set the measure interval and reset interval as year.
e. In the **Include Indirect Credits** field, select **All**.

2. Click **Next** to open the Create Plan Component: Add Rate Table page.

Create a rate table to find the rate to apply, based on the running credit amount total, when calculating commission payout.

a. Complete the fields, as shown in this table.

<table>
<thead>
<tr>
<th>Field</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate Table Dimensions</td>
<td>1</td>
</tr>
<tr>
<td>Split Attainment Across Tiers</td>
<td>Yes</td>
</tr>
<tr>
<td>Apply Split</td>
<td>Fixed within a tier</td>
</tr>
</tbody>
</table>

b. On the Rate Table section, click the **Create** icon button.

i. In the **Type** field, select **Percent**.

ii. On the Rate Dimensions section toolbar, click the **Create** icon button.

   a. In the **Type** field, select **Percent**.

   b. In the Tiers section, add the From and To values for each tier, such as 0 -- 10,000, 10,000 -- 50,000, 50,000 -- 100,000, and 100,000 to 9,999,999. Make the final To value much larger than you would ever conceivably use.

   c. Click **Save and Close** to return to the Create Rate Table page.

iii. Click **Edit Rates**.

   a. Edit the rate for each tier, such as 2.5, 5., 7.5, and 10.

   b. Click **Save and Close** to return to the Create Rate Table page.

iv. Click **Save and Close** to return to the Create Plan Component: Add Rate Table page.

c. In the Rate Table section, add a row.

d. Search for and select the rate table that you just created.

e. In the Rate Dimension Inputs section **Expression Name** field, select **New Expression**.

   i. In the Configure Expression section, create the rate dimension input expression **Measure results.ITD Output Achieved**.

      a. On the **User Defined Objects** menu, select **Measure results**.

      b. Search for and select the measure that you just created to determine period attainment as a running total of generated credit amounts.

      c. Select **ITD Output Achieved**.

      d. Click **Add to Expression**.

   ii. Click **Save and Close** to return to the Create Plan Component: Add Rate Table page.

   The **Expression Name** field contains the name of the expression that you just created.

f. Select **Apply Split** for all rate dimension inputs.

3. Click **Save and Close** to return to the Create Compensation Plan: Add Plan Component page.

4. Click **Save and Close** to return to the Manage Compensation Plans page.
Calculating Monthly Bonuses Using True Up: Worked Example

This example demonstrates how to create an annual plan that provides participants with monthly, or period, bonuses as they meet their year-to-date (YTD) attainment. It subtracts, or trues up, any previously paid amount from the current calculated earnings.

The following table summarizes key decisions for the plan component in this scenario:

<table>
<thead>
<tr>
<th>Decision to Consider</th>
<th>In This Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>What is the payout frequency?</td>
<td>Monthly</td>
</tr>
<tr>
<td></td>
<td>Earnings are trued-up over the plan year.</td>
</tr>
<tr>
<td>What is the calculation type?</td>
<td>Interval-based</td>
</tr>
<tr>
<td>How many measures do you require and what are their weights?</td>
<td>One measure with no weight</td>
</tr>
<tr>
<td>How many rate tables do you require, and how many dimensions for each table?</td>
<td>One rate and one dimension</td>
</tr>
<tr>
<td>How do you want to apply the rate?</td>
<td>Nonproportional, or step rate</td>
</tr>
</tbody>
</table>

The following table summarizes key decisions for the performance measure in this scenario:

<table>
<thead>
<tr>
<th>Decision to Consider</th>
<th>In This Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>How should calculations process the transaction?</td>
<td>Group by interval</td>
</tr>
<tr>
<td>What is the unit of measure?</td>
<td>Amount</td>
</tr>
<tr>
<td>What is the performance interval?</td>
<td>Year</td>
</tr>
<tr>
<td>Does the calculation involve revenue?</td>
<td>Yes</td>
</tr>
<tr>
<td>Does the calculation involve a score card?</td>
<td>No</td>
</tr>
</tbody>
</table>
Summary of the Tasks

In the Compensation Plans work area, create a plan by creating the pieces first, and then associating them with the plan.

1. Create the attainment expression.
2. Create the performance measure and associate the attainment expression with the measure formula.
3. Create the rate dimension input and earnings expressions.
4. Create the payout percentage rate table.
5. Create the plan component and associate the earnings expressions with the incentive formula. Also associate the rate table and the rate dimension input expression.
6. Create the incentive compensation plan and associate the plan component.

Use default values for fields unless the steps specify other values.

Creating the Attainment Expression

Create an expression to calculate the YTD revenue attainment. Later, you associate this expression with the performance measure formula.

1. Click the Create Expression task in the Compensation Plans work area.
2. In the Configure Expression section, create the expression SUM(Credit.Credit Amount).
   a. On the Attributes menu, select Functions - Aggregate Functions - SUM.
   b. Click the open parenthesis (.
   c. On the Attributes menu, select Credit minus - Credit Amount.
   d. Click the close parenthesis ).
3. Click Save and Close to return to the Manage Expressions page.

Creating the YTD Revenue Attainment Performance Measure

Create the performance measure that calculates YTD revenue attainment, using the attainment expression that you just created.

1. Click the Create Performance Measure task.
2. In the Performance Interval field, select Year.
3. Click Next to open the Define Goal page.
   a. In the Target field, enter the amount, for example, 120,000.
   b. Distribute the target evenly.
4. Click Next to open the Add Credit Categories page.
   a. Add the credit categories.
      If a credit category doesn’t exist, then click the Create icon button to create it and add it to the measure.
5. Click Next to open the Define Measure Formula page.
   a. In the Process Transactions field, select Grouped by interval.
b. In the Expression Name field, search for and select the expression that calculates the YTD revenue attainment.

6. Click Save and Close to return to the Manage Performance Measures page.

Creating the Rate Dimension Input and Earnings Expressions

Create two expressions that calculate the bonus payment. Later, you associate these expressions with the plan component.

<table>
<thead>
<tr>
<th>Expression</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate dimension input</td>
<td>Used by the rate table to determine the revenue attainment percentage</td>
</tr>
<tr>
<td>Earnings</td>
<td>Used to calculate the YTD trued-up bonus</td>
</tr>
</tbody>
</table>

1. Click the Create Expression task.
2. In the Configure Expression section, create first the rate dimension input expression Measure.ITD Output Achieved and then the earnings expression Measure.ITD Output Achieved \* RTR.

Rate Dimension Input

a. On the User Defined Objects menu, select Measure results.
b. Search for and select the measure that calculates the percentage of revenue attainment.
c. Select ITD Output Achieved.
d. Click Add to Expression.
e. Click Save and Create Another to create the earnings expression.

Earnings

a. On the User Defined Objects menu, select Measure results.
b. Search for and select the measure that calculates the percentage of revenue attainment.
c. Select ITD Output Achieved.
d. Click Add to Expression.
e. Click the asterisk \*.
f. On the Attributes menu, select Rate Table Rate.
g. Click Add to Expression.
h. Click Save and Close to return to the Manage Expressions page.

Creating the Payout Percentage Rate Table

Create a one-dimensional rate table that the plan component uses to determine the earnings or payout rate.

1. Click the Create Rate Table task.
2. In the Type field, select Percent.
3. On the Rate Dimensions section toolbar, click the Create icon button.
   a. In the Tiers section, add the From and To values for each tier such as 0 -- 25,000, 25,000 -- 50,000, 50,000 -- 100,000, and 100,000 -- 9,999,999. Make the final To value much larger than you would ever conceivably use, for example, 9,999,999.
   b. Click Save and Close to return to the Create Rate Table page.
4. Click Edit Rates.
   a. Edit the percentage rate for each tier, such as 2.5, 5, 7.5 and 10.
   b. Click Save and Close to return to the Create Rate Table page.
5. Click Save and Close to return to the Manage Rate Tables page.

Creating the YTD True-Up Bonus Plan Component

Create the plan component that calculates YTD trued-up bonuses using the bonus input and output expressions that you created, as well as the rate table.

1. Click the Create Plan Component task.
2. In the Calculate Incentive field, select Per interval.
3. In the Incentive Type field, select Bonus.
4. Click Next to open the Define Performance Measure page.
   a. Add the measure that calculates the percentage of revenue attainment.
5. Click Next to open the Define Incentive Formula page.
   a. In the Expression Name field, search for and select the earnings expression that calculates the YTD Trued-up bonus.
   b. Select the True up check box to have the calculation process automatically subtract previous earnings from current calculated earnings.
   c. In the Reset Interval field, select Year.
6. Click Next to open the Add Rate Table page.
   a. On the Rate Table section toolbar, click the Add icon button.
   b. In the Name field, search for and select the rate table that determines the payout percentage.
   c. In the Rate Dimensional Inputs section Expression Name field, search for and select the expression that provides the measure ITD output achieved.
7. Click Save and Close to return to the Manage Plan Components page.

Creating the Monthly Trued-Up Bonus Incentive Compensation Plan

Create an incentive compensation plan that provides bonuses based on trued-up YTD revenue attainment.

1. Click the Create Compensation Plan task.
   📢 Tip: Always end date your compensation plans.
2. Click Next to open the Add Plan Component page.
3. Add the plan component that calculates YTD trued-up bonuses.
4. Click Save and Close to return to the Manage Compensation Plans page.
Calculating Biweekly Earnings Using a Score with a User-Defined Function to Find Adjustment Factor: Worked Example

This example demonstrates how to calculate earnings for participants in the Retail industry. Earnings calculations use a score with a user-defined function to determine participant revenue attainment adjustments based on the number of hours worked. The following table summarizes key decisions for the plan component in this scenario.

<table>
<thead>
<tr>
<th>Decision to Consider</th>
<th>In This Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>What is the payout frequency?</td>
<td>Biweekly</td>
</tr>
<tr>
<td>What type is the calculation?</td>
<td>Interval-based</td>
</tr>
<tr>
<td>How many measures do you require and what are their weights?</td>
<td>Two measures, no weights</td>
</tr>
<tr>
<td>Are any of these measures linked?</td>
<td>No</td>
</tr>
<tr>
<td>How many rate tables do you require, and how many dimensions for each table?</td>
<td>One rate table with one dimension</td>
</tr>
<tr>
<td>How do you want to apply the rate?</td>
<td>Do not split the attainment</td>
</tr>
</tbody>
</table>

The following table summarizes key decisions for performance measures in this scenario.

<table>
<thead>
<tr>
<th>Decision to Consider</th>
<th>In This Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>How should the application process the transaction?</td>
<td>Group by interval for all measures</td>
</tr>
<tr>
<td>What is the unit of measure?</td>
<td>Percent and Amount</td>
</tr>
<tr>
<td>What is the performance interval?</td>
<td>Biweekly</td>
</tr>
<tr>
<td>Does the calculation involve quota?</td>
<td>No</td>
</tr>
<tr>
<td>Does the calculation involve a score card?</td>
<td>Yes, with one rate dimension</td>
</tr>
<tr>
<td></td>
<td>Do not split</td>
</tr>
</tbody>
</table>
Summary of the Tasks

In the Compensation Plans work area, create a plan component by creating the parts first, and then associating them with the plan component. To create a plan component:

1. Create a user-defined function.
2. Create a scorecard to associate with a performance measure and a rate table to associate with the plan component.
3. Create two measure formula expressions: one to calculate attainment and one to return the participant’s adjustment factor for the interval. Also create the scorecard rate dimension input expression to calculate hours worked.
4. Create two performance measures, associating the measure formula expressions.
5. Create the rate dimension input and earnings expressions for the incentive formula.
6. Create the plan component, associating the performance measures, expressions, and the rate table created earlier.

Use default values for fields unless the steps specify other values.

Creating the User-Defined Function

To create the user-defined function:

1. In SQL Plus, in the FUSION_DYNAMIC schema, create the user-defined function.

   Sample code for finding adjusted work hours:

   ```sql
   create or replace function cn_get_work_hours (p_participant_id in number, p_period_id in number)
   return number is
     l_hours number;
   begin
     -- In this example, we assume that the number of hours worked is stored in attribute_number1. We use the end date of the given accumulation period to
     -- find the corresponding participant detail record. If there is no matching record, we return 80 as the default.
     select attribute_number1
     into l_hours
     from cn_srp_participant_details_all spd, cn_periods_b p, cn_repositories_all_b r
     where spd.participant_id = p_participant_id
     and spd.org_id = r.org_id
     and p.period_id = p_period_id
     and p.calendar_id = r.calendar_id
     and p.end_date between spd.start_date and nvl(spd.end_date, p.end_date);

     return l_hours;
   exception
   when others then
     return 80;
   end;
   ```

2. In the lookup type 'CN_USER_FUNCTIONS', add a lookup code that is the same as the name of the user-defined function.

3. From the FUSION_DYNAMIC schema, run the following commands:
   - grant execute on <function_name> to FUSION_RUNTIME;
     This is required as the expression builder user interface runs in the FUSION_RUNTIME schema.
   - create synonym <function_name> for fusion.<function_name>
This is required so that the dynamic packages created for performance measure or plan component containing the expression with this user-defined function can be compiled.

C. `grant execute on <function_name> to FUSION_DYNAMIC;`

### Creating the Scorecard and Rate Table

Create the following two rate tables:

<table>
<thead>
<tr>
<th>Used By</th>
<th>Where</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance measure</td>
<td>Add Scorecard page or tab</td>
<td>Find the adjustment factor based on the number of hours worked.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The plan component with this performance measure uses the adjustment factor in bonus earnings calculations.</td>
</tr>
<tr>
<td>Plan component</td>
<td>Add Rate Table page or tab</td>
<td>Calculate bonus earnings based on the revenue attainment.</td>
</tr>
</tbody>
</table>

To create the rate tables:

1. Click the **Create Rate Table** task.
   
   Complete the following steps twice to create first the scorecard and then the rate table.

2. In the **Type** field, make the following selection:
   
   - **Percent** for the performance measure scorecard
   
   - **Amount** for the plan component rate table

3. On the Rate Dimensions section toolbar, click the **Create** icon button.
   
   a. In the **Type** field, select **Amount**.
   
   b. In the Tiers section, add the From and To values for each tier, such as:

   - 0 -- 40, 40 -- 60, 60 -- 70, 70 -- 80, and 80 -- 999 for the scorecard
   - 0 -- 100,000, 100,000 -- 200,000, 200,000 -- 300,000, 300,000 -- 9,999,999 for the rate table

   Make the final To value much larger than you would ever conceivably use.

4. Click **Save and Close** to return to the Create Rate Table page.

5. Click **Edit Rates**.
   
   a. Edit the rate for each tier, such as:

   - 50, 75, 85, 90, and 100 for the scorecard
   - 0, 500, 1,000, and 1,500 for the rate table

   b. Click **Save and Close** to return to the Create Rate Table page.

5. After creating the scorecard, click **Save and Create Another**.

After creating the rate table, click **Save and Close** to return to the Manage Rate Tables page.
Creating Performance Measure Expressions

Create the following three expressions:

<table>
<thead>
<tr>
<th>Type of Expression</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measure 1 attainment</td>
<td>Calculate interval revenue attainment.</td>
</tr>
<tr>
<td>Measure 2 scorecard rate dimension input</td>
<td>Find the adjustment factor.</td>
</tr>
<tr>
<td>Measure 2 interval adjusted factor</td>
<td>Return the interval adjustment factor for the participant.</td>
</tr>
</tbody>
</table>

To create the expressions:

1. Click the **Create Expression** task.
2. In the Configure Expression section, create the attainment expression \( \text{SUM} (\text{Credits}.\text{Credit Amount}) \), input expression \( \text{cn_get_work_hours} (\text{Transaction}.\text{Participant Id}, \text{Transaction}.\text{Period Id}) \), and factor expression RTR.

**Measure 1 Attainment**

a. On the **Attributes** menu, select **Functions - Aggregate Functions - SUM**.
b. Click the open parenthesis \( ( \). 
c. On the **Attributes** menu, select **Credits - Credit Amount**.
d. Click the close parenthesis \( ) \).
e. Click **Save and Create Another**.

**Measure 2 Scorecard Rate Dimension Input**

a. On the **User Defined Objects** menu, select **User-defined functions**.
b. In the **User Defined Functions** field, select **cn_get_work_hours**.
c. Click the open parenthesis \( ( \). 
d. On the **Attributes** menu, select **Credit - Participant Id**.
e. Click \( , \).
f. On the **Attributes** menu, select **Credit - Period Id**.
g. Click close parenthesis \( ) \).
h. Click **Save and Create Another**.

**Tip:** If Participant Id and Period Id are not available, then enable them for calculation using the Configure Tables and Columns task in the Setup and Maintenance work area. Enable the corresponding columns of the \( \text{CN_SRP_PER_FORM_METRICS_ALL} \) table.

**Measure 2 Interval Adjusted Factor**

a. On the **Attributes** menu, select **Rate Table Rate**.
3. Click **Save and Close** to return to the Manage Expressions page.
Creating the Performance Measures

Create the following two performance measures:

- One to determine the interval revenue attainment using the measure 1 attainment expression created earlier
- One to find the adjustment factor

Create the first measure using the guided process and the second measure by duplicating the first one. To create the performance measure:

1. Click the **Create Performance Measure** task.
2. In the **Performance Interval** field, select **Biweekly**.
   
   If this performance interval doesn’t exist, then create it using the Manage Intervals task in the Setup and Maintenance work area.
3. In the **Unit of Measure** field, select **Amount**.
4. Click **Add Credit Categories** in the guided process.
   a. Add the credit category.
      
      If the credit category doesn’t exist, then click the **Create** icon button to create it and add it to the measure.
5. Click **Next** to open the Define Measure Formula page.
   a. In the **Process Transactions** field, select **Grouped by interval**.
   b. In the **Expression Name** field, search for and select the expression that calculates interval revenue attainment.
6. Click **Save and Close** to return to the Manage Performance Measures page.
7. Create the second performance measure by duplicating the one that you just created.
   a. Search for and select the measure that determines the interval revenue attainment.
   b. On the Search Results section toolbar, click **Duplicate**.
   c. Edit the name and description.
   d. Select the **Measure Formula** tab.
      i. In the **Expression Name** field, search for and select the expression that finds the adjustment factor.
      e. Select the **Scorecard** tab.
         i. In the **Number of Dimensions** field, enter **1**.
         ii. In the **Split Attainment Across Tiers** option, select **No**.
         iii. In the Scorecard section, add a row.
         iv. In the **Name** field, search for and select the scorecard (rate table) that finds the adjustment factor based on the number of hours worked.
         v. In the Rate Dimensional Inputs section **Expression Name** field, search for and select the expression that finds the adjustment factor.
   f. Click **Save and Close** to return to the Manage Performance Measures page.

Creating the Rate Dimension Input and Earnings Expressions

Create the following two expressions:
Type of Expression | Purpose
--- | ---
Rate dimension input | Provide the retail interval revenue attainment.
Earnings | Calculate the interval earnings for the participant.

To create the expressions:

1. Click the Create Expression task.
2. In the Configure Expression section, create the rate dimension input expression $\text{Measure 1 result.ITD Output Achieved}$ and earnings expression $\text{Measure 1 result.ITD Output Achieved \ast RTR \ast Measure 2 result.ITD Output Achieved}$.

Rate Dimension Input

a. On the User Defined Objects menu, select Measure result.

b. In the Measure field, search for and select the performance measure that calculates the interval revenue attainment.

c. Select ITD Output Achieved.

d. Click Add to Expression.

e. Click Save and Create Another.

Earnings

a. On the User Defined Objects menu, select Measure result.

b. In the Measure field, search for and select the performance measure that calculates the interval revenue attainment.

c. Select ITD Output Achieved.

d. Click Add to Expression.

e. Click the asterisk $\ast$.

f. On the Attributes menu, select Rate Table Result.

g. Click the asterisk $\ast$.

h. On the User Defined Objects menu, select Measure result.

i. In the Measure field, search for and select the performance measure that calculates the adjustment factor

j. Select ITD Output Achieved.

k. Click Add to Expression.

3. Click Save and Close to return to the Manage Expressions page.

Creating the Plan Component

To calculate retail earnings every two weeks using adjustment factors, create a bonus plan component that contains the revenue attainment and adjustment factor performance measures. To create the plan component:

1. Click the Create Plan Component task.
2. In the Calculate Incentive field, select Per interval.
3. In the Incentive Type field, select Bonus.
4. Click Next to open the Create Plan Component: Add Performance Measure page.

a. Add the performance measures and set the earning basis values, as shown in this table.
### Measure and Earning Basis

<table>
<thead>
<tr>
<th>Measure</th>
<th>Earning Basis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interval revenue attainment</td>
<td>Yes</td>
</tr>
<tr>
<td>Adjustment factor</td>
<td>No</td>
</tr>
</tbody>
</table>

**5.** Click **Next** to open the Create Plan Component: Define Incentive Formula page.

- **a.** Complete the fields, as shown in this table.

<table>
<thead>
<tr>
<th>Field</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Expression Name</strong></td>
<td>Search for and select the expression that calculates the interval earnings for the participant.</td>
</tr>
<tr>
<td><strong>Earning Interval</strong></td>
<td>Biweekly</td>
</tr>
<tr>
<td><strong>True up</strong></td>
<td>No</td>
</tr>
<tr>
<td><strong>Include Indirect Credits</strong></td>
<td>All</td>
</tr>
</tbody>
</table>

**6.** Click **Next** to open the Create Plan Component: Add Rate Table page.

- **a.** In the **Rate Table Dimensions** field, enter **1**.
- **b.** In the Rate Table section, add a row.
- **c.** In the **Name** field, search for and select the rate table that calculates bonus earnings based on the interval revenue attainment.
- **d.** In the Rate Dimensional Inputs section **Expression Name** field, search for and select the expression that provides the interval revenue attainment.

**7.** Click **Save and Close** to return to the Manage Plan Component page.

**Related Topics**
- Incentive Compensation Plans, Plan Components, and Performance Measures: How They Work Together
- Incentive Compensation Expressions: Explained
- Performance Measures: Explained

**Calculating Quarterly Bonuses using an External Formula to Find Ranking: Worked Example**

This example demonstrates how to create an incentive compensation plan that compensates account managers on revenue billed and collected.

- At the end of each quarter, account managers also get a bonus based on the national level ranking of all of the plan participants.
• To get the ranking, the plan calculates attainment first and then the relative ranking, and pays the bonuses accordingly.

The following table summarizes key decisions for the plan component in this scenario:

<table>
<thead>
<tr>
<th>Decision to Consider</th>
<th>In This Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>What is the payout frequency?</td>
<td>Quarter</td>
</tr>
<tr>
<td>What type is the calculation?</td>
<td>Interval-based</td>
</tr>
<tr>
<td>How many measures do you require and what are their weights?</td>
<td>Two measures with no weight</td>
</tr>
<tr>
<td>Are any of these measures linked?</td>
<td>No</td>
</tr>
<tr>
<td>How many rate tables do you require, and how many dimensions for each table?</td>
<td>One rate table with one dimension and five tiers</td>
</tr>
<tr>
<td>Do not split</td>
<td></td>
</tr>
</tbody>
</table>

The following table summarizes key decisions for the performance measures in this scenario:

<table>
<thead>
<tr>
<th>Decisions to Consider</th>
<th>In This Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>How should the application process the transaction?</td>
<td>Group by interval</td>
</tr>
<tr>
<td>What is the unit of measure?</td>
<td>Measure 1: Amount</td>
</tr>
<tr>
<td></td>
<td>Measure 2: Percent</td>
</tr>
<tr>
<td>What is the performance interval?</td>
<td>Quarter</td>
</tr>
<tr>
<td>Does the calculation involve quota?</td>
<td>No</td>
</tr>
<tr>
<td>Does the calculation involve a score card?</td>
<td>No</td>
</tr>
</tbody>
</table>

Summary of the Tasks

In the Compensation Plans work area, to create the incentive compensation plan using a top-down approach:

1. Enter the primary details for the plan.
2. Create and add a base, ranking plan component.
3. Create and add a performance measure that includes a new attainment expression in the measure formula.
4. Define a new earnings expression in the incentive formula for the revenue attainment plan component.
5. Create and add a bonus plan component.
6. Create and add a performance measure that uses an external formula.
7. Define a new earnings expression in the incentive formula for the bonus plan component.
8. Create and add a rate table for the bonus plan component to use with the incentive formula.

Use default values for fields unless the steps specify other values.

Creating the Compensation Plan

To create the compensation plan:
1. Click the Create Compensation Plan task.
2. Enter the primary details.

Tip: Always end date your compensation plans.
3. Click Next to open the Create Compensation Plan: Add Plan Component page.

Step 1: Start creating and adding the base, ranking plan component within the compensation plan guided process.

Create and add a plan component, rather than adding an existing one. The new plan component acts as a base plan component to determine ranking. To create the plan component:
1. On the Plan Components section toolbar, click Create.
   a. Complete the primary detail fields, as shown in this table

<table>
<thead>
<tr>
<th>Field</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Calculate Incentive</td>
<td>Per interval</td>
</tr>
<tr>
<td>Incentive Type</td>
<td>Bonus</td>
</tr>
<tr>
<td>Earning Type</td>
<td>Nonmonetary Earnings</td>
</tr>
</tbody>
</table>

   b. Click Next to open the Create Plan Component: Add Performance Measure page.

Step 2: Create and add the attainment performance measure to the base plan component within the plan component guided process.

Create and add a performance measure, rather than adding an existing one. The measure calculates attainment based on the credit amount of transactions grouped by interval. To create a performance measure:
1. On the Performance Measures section toolbar, click the Create icon button.
   a. In the Performance Interval field, select Quarter.
b. In the guided process, click Add Credit Categories.
   i. Add the credit categories.

   If a credit category doesn’t exist, then click the Create icon button to create it and add it to the measure.

c. Click Next to open the Create Performance Measure: Define Measure Formula page.
   i. In the Process Transactions field, select Group by interval.
   ii. In the Expression Name field, select New Expression.

   a. In the Configure Expression section, create the attainment expression \( \text{SUM}(\text{Credits.Credit Amount}) \)
      1. On the Attributes menu, select Functions - Aggregate Functions - SUM.
      2. Click the open parenthesis (.
      3. On the Attributes menu, select Credits - Credit Amount.
      4. Click the close parenthesis ).
   b. Click Save and Close to return to the Create Performance Measure: Define Measure Formula page.

   The Expression Name field contains the name of the expression that you just created.

d. Click Save and Close to return to the Create Plan Component: Add Performance Measure page.

Step 3: Finish creating and adding the base, ranking plan component within the compensation plan guided process.

To finish creating the plan component:
1. Click Next to open the Create Plan Component: Define Incentive Formula page.

   Create a formula to calculate earnings using the attainment performance measure that you just created.

   a. In the Payout Frequency field, select Quarter.
   b. In the Expression Name field, select New Expression.

      i. In the Configure Expression section, create the earnings expression Measure results.ITD Output Achieved.

      a. On the User Defined Objects menu, select Measure results.
      b. Search for and select the attainment measure that you just created.
      c. On the Attributes menu, select ITD Output Achieved.
      d. Click Add to Expression.
      ii. Click Save and Close to return to the Create Plan Component: Define Incentive Formula page.

      The Expression Name field contains the name of the expression that you just created.

2. Click Save and Close to return to the Create Compensation Plan: Add Plan Component page.
Step 4: Start creating and adding the bonus plan component within the compensation plan guided process.

Create and add the second plan component also, rather than adding an existing one. This plan component calculates bonuses using percentile ranking based on quarterly revenue attainments and a bonus rate table. To create and add the bonus plan component:

1. On the Plan Components section toolbar, click the **Create** icon button.
   a. Complete the primary detail fields, as shown in this table.

```
<table>
<thead>
<tr>
<th>Field</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Calculate Incentive</td>
<td>Per interval</td>
</tr>
<tr>
<td>Incentive Type</td>
<td>Bonus</td>
</tr>
<tr>
<td>Calculation Phase</td>
<td>2</td>
</tr>
</tbody>
</table>
```

2. Click **Next** to open the Create Plan Component: Add Performance Measure page.

Step 5: Create and add the ranking performance measure to the bonus plan component within the plan component guided process.

Create and add a performance measure, rather than adding an existing one. The measure calculates ranking based on revenue attainment using an external formula.

Use an external formula in a performance measure to meet complex business requirements.

- When you elect to use an external formula, the measure formula attributes become optional.
- External formulas are similar to application-generated measure formulas, except that they contain custom logic.
- Create an external formula package from nothing, or by using an existing application-generated formula package whose logic is close to what you want. Copy and edit the existing package to create your own custom logic.

This task includes two subtasks:

1. Create the external formula.
2. Create the ranking performance measure.

Creating the External Formula

1. Create a PL/SQL package, the external formula `CN_CALCULATE_RANKING`, which this performance measure references. For the external formula, the package name must be like ‘%CN_FORM%’ and should be created in the FUSION_DYNAMIC schema.

```
-- code for defining the external formula package that computes the percentile ranking of the current participant at the end of each quarter among all participants on a given plan component
```
CREATE OR REPLACE PACKAGE RANK_CN_FORMULA_Example_PKG AUTHID CURRENT_USER AS

-- Procedure Name
-- get_commission
-- Purpose
-- This procedure is to calculate the commission
-- History
-- 2011-02-16 FUSION_RUNTIME Created
--
FUNCTION get_commission (p_measure_result_id IN NUMBER,
  p_participant_id IN NUMBER, p_period_id IN NUMBER,
  p_interval_number IN NUMBER, p_formula_id IN NUMBER,
  p_plan_component_id IN NUMBER, p_srp_comp_plan_id IN NUMBER,
  p_commission_value IN NUMBER, p_endofinterval_flag IN VARCHAR2,
  p_start_period_id IN NUMBER) RETURN NUMBER;

-- Procedure Name
-- calculate_quota
-- Purpose
-- This procedure is the hook to the calculation engine
-- History
-- 2011-02-16 FUSION_RUNTIME Created
--
PROCEDURE calculate_quota (p_srp_comp_plan_id IN NUMBER,
  p_participant_id IN NUMBER, p_period_id IN NUMBER, p_start_date IN DATE,
  p_plan_component_id IN NUMBER, p_formula_id IN NUMBER,
  p_process_all_flag IN VARCHAR2, p_intel_calc_flag IN VARCHAR2,
  p_org_id IN NUMBER, p_calc_currency_code IN VARCHAR2,
  p_interval_number IN NUMBER, p_earning_type_id IN NUMBER,
  x_latest_processed_date OUT NOCOPY DATE, errbuf OUT NOCOPY VARCHAR2,
  retcode OUT NOCOPY VARCHAR2 )
;
END RANK_CN_FORMULA_Example_PKG;
/

CREATE OR REPLACE PACKAGE BODY RANK_CN_FORMULA_Example_PKG AS

g_commission_paid_ptd cn_srp_per_form_metrics_all.commission_paid_ptd%TYPE;
g_commission_paid_itd cn_srp_per_form_metrics_all.commission_paid_itd%TYPE;
g_input_achieved_ptd cn_wp_calc_subledger_pvt.num_table_type;
g_input_achieved_itd cn_wp_calc_subledger_pvt.num_table_type;
g_output_achieved_ptd cn_srp_per_form_metrics_all.output_achieved_ptd%TYPE;
g_output_achieved_itd cn_srp_per_form_metrics_all.output_achieved_itd%TYPE;
g_intel_calc_flag cn_wp_calc_jobs_all.intelligent_flag%TYPE;
g_select_status_flag VARCHAR2(30);
g_formula_id cn_formulas_all_b.formula_id%TYPE := 100000020786102 ;
g_number_dim cn_rate_tables_all_b.number_dim%TYPE := 0 ;
g_split_option cn_formulas_all_b.split_option%TYPE := 'N' ;
g_process_txn cn_formulas_all_b.process_txn%TYPE := 'GROUP' ;
g_itd_flag cn_formulas_all_b.itd_flag%TYPE := 'N' ;
g_input_achieved_cn_tp_earnings_all.input_achieved%TYPE;
g_output_achieved_cn_tp_earnings_all.output_achieved%TYPE;
g_org_id cn_formulas_all_b.org_id%TYPE := 458;

TYPE txn_type IS RECORD
  (CNMR_MEASURE_RESULT_ID CN_TP_MEASURE_RESULTS_ALL.MEASURE_RESULT_ID%TYPE,
   CNMR_CREDITED_PARTICIPANT_ID CN_TP_MEASURE_RESULTS_ALL.CREDITED_PARTICIPANT_ID%TYPE)
FUNCTION get_commission (p_measure_result_id IN NUMBER,
  p_participant_id IN NUMBER, p_period_id IN NUMBER,
  p_interval_number IN NUMBER, p_formula_id IN NUMBER,
  p_plan_component_id IN NUMBER, p_srp_comp_plan_id IN NUMBER,
  p_commission_value IN NUMBER, p_endofinterval_flag IN VARCHAR2,
  p_start_period_id IN NUMBER) RETURN NUMBER
IS
  l_commission NUMBER;
  l_output NUMBER;

BEGIN
  -- we can comment out the code below as we don't need to call the get_commission function in this use
  -- case. We will implement the logic to get the percentile ranking
  -- of the participant directly in the calculate_quota procedure.

  /*
  IF p_measure_result_id IS NOT NULL THEN
    SELECT (g_19002PM_OUTPUT_ACHIEVED_ITD)
    INTO l_commission
    FROM DUAL
    WHERE 1=1;
    l_commission := nvl(l_commission, 0);
  ELSE
    -- We add the custom logic here to get the ranking of the current participant among all participants on
    -- measure
    BEGIN
      SELECT (g_19002PM_OUTPUT_ACHIEVED_ITD)
      INTO l_commission
      FROM DUAL
      WHERE 1=1;
      l_commission := nvl(l_commission, 0);
    EXCEPTION
      WHEN NO_DATA_FOUND THEN
        l_commission := nvl(l_commission,0);
    WHEN OTHERS THEN
      cn_message_pkg.debug('Exception occurs in get_commission: ');
  */

  g_transaction_rec txn_type;
  g_19002PM_OUTPUT_ACHIEVED_ITD cn_srp_per_form_metrics_all.OUTPUT_ACHIEVED_ITD%TYPE;
  g_19002PM_OUTPUT_ACHIEVED_ITD cn_srp_per_form_metrics_all.OUTPUT_ACHIEVED_ITD%TYPE;

  -- Procedure Name
  -- get_commission
  -- Purpose
  -- This procedure is to calculate the commission
  -- History
  -- 2011-02-16 FUSION_RUNTIME Created
  --
BEGIN
  g_intel_calc_flag := p_intel_calc_flag;
  cn_tp_calc_util.calculate_init( p_srp_comp_plan_id, p_participant_id,
      p_period_id, p_plan_component_id, p_formula_id, p_start_date,
      p_process_all_flag, g_intel_calc_flag, g_process_txn, g_itd_flag, 'N',
      g_commission_paid_ptd, g_commission_paid_itd,
      g_input_achieved_ptd, g_input_achieved_itd,
      g_output_achieved_ptd, g_output_achieved_itd,
      g_select_status_flag, errbuf, retcode);
END;
-- We don't need the following code as we will retrieve the percentile ranking directly in the added code below
/*
select met.OUTPUT_ACHIEVED_ITD
into q_19002PM_OUTPUT_ACHIEVED_ITD
from cn_srp_per_form_metrics_all met, cn_plan_component_formulas_all pcf
where met.srp_comp_plan_id = p_srp_comp_plan_id
and met.period_id = p_period_id
and met.plan_component_id = pcf.plan_component_id
and met.formula_id = pcf.formula_id
and pcf.calc_variable_id = 190022
*/

BEGIN
  l_endofinterval_flag := 'N';
  l_start_period_id :=
  cn_tp_calc_util.get_start_period_id(p_formula_id, p_period_id);
  IF (p_period_id = cn_tp_calc_util.get_end_period_id(p_formula_id, p_period_id)) THEN
    l_endofinterval_flag := 'Y';
  END IF;

  SELECT least(p.end_date,nvl(spa.end_date,p.end_date),nvl(q.end_date,p.end_date))
  INTO l_processed_date
  FROM cn_period_statuses_v p,cn_srp_comp_plans_all spa,cn_formulas_all_b q
  WHERE p.period_id = p_period_id
  AND spa.srp_comp_plan_id = p_srp_comp_plan_id
  AND p.org_id = spa.org_id
  AND q.formula_id = p_formula_id;
  /*
  l_commission := get_commission( NULL,
  pParticipant_id, p_period_id, p_interval_number, p_formula_id, p_plan_component_id,
  p_srp_comp_plan_id, l_commission_value, l_endofinterval_flag,l_start_period_id );
  */
  -- we use the following custom SQL to get the percentile ranking of the current participant among all participants on the same plan component, which
  -- is identified by calc_variable_id = 19002 in this case
  select percentile
  into l_commission
  from (:
    select met.srp_comp_plan_id, percent_rank() over(order by nvl(met.output_achieved_itd,0) asc)
    percentile
    from cn_srp_per_form_metrics_all met, cn_plan_component_formulas_all pcf
    where met.period_id = p_period_id
    and met.plan_component_id = pcf.plan_component_id
    and met.formula_id = pcf.formula_id
    and pcf.calc_variable_id = 19002)
  where srp_comp_plan_id = p_srp_comp_plan_id
  if (l_debug_flag = 'Y') then
    cn_message_pkg.debug('Output=' || l_commission);
  end if;

  l_trx_rec_new := l_trx_rec_null;
  l_trx_rec_new.credited_participant_id := p_participant_id;
  l_trx_rec_new.created_during := 'CALCULATION';
  l_trx_rec_new.srp_comp_plan_id := p_srp_comp_plan_id;
  l_trx_rec_new.plan_component_id := p_plan_component_id;
  l_trx_rec_new.formula_id := p_formula_id;
  l_trx_rec_new.source_event_date := l_processed_date;
  l_trx_rec_new.source_event_period_id := p_period_id;
  l_trx_rec_new.transaction_type := 'GRP' ;
  l_trx_rec_new.object_status := 'CALCULATED';
Creating the Ranking Performance Measure

To create the ranking performance measure:

1. On the Performance Measures section, click the **Create** icon button.
   a. Complete the primary detail fields, as shown in this table.

<table>
<thead>
<tr>
<th>Field</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Use external formula</td>
<td>Yes</td>
</tr>
<tr>
<td>Formula Name</td>
<td>Search for and select your formula, CN_CALCULATE_RANKING.</td>
</tr>
</tbody>
</table>
Step 6: Finish creating and adding the bonus plan component within the compensation plan guided process.

To finish creating the plan component:

1. Click **Next** to open the Create Plan Component: Define Incentive Formula page.
   a. In the **Payout Frequency** field, select **Quarter**.
   b. In the **Expression Name** field, select **New Expression**.
      i. On the Configure Expression section **Attributes** menu, select **Rate Table Result**.
      ii. Click **Save and Close** to return to the Create Plan Component: Define Incentive Formula page.

   The **Expression Name** field contains the name of the expression that you just created.

2. Click **Next** to open the Create Plan Component: Add Rate Table page.

   Create a rate table for the calculation process to use to find the ranking percentile to apply when computing bonus payouts.

   a. In the Rate Table Parameters section **Rate Table Dimensions** field, enter 1.
   b. On the Rate Table section toolbar, click the **Create** icon button.
      i. In the **Type** field, select **Percent**.
      ii. On the Rate Dimensions section toolbar, click the **Create** icon button.
         a. In the **Type** field, select **Percent**.
         b. In the Tiers section, add the From and To values for each tier, such as 95 -- 100, 75 -- 95, 50 -- 75, 20 -- 50, and 0 -- 20.
         c. Click **Save and Close** to return to the Create Rate Table page.
      iii. Click **Edit Rates**.
          a. Edit the rate, the incentive earned in USD, for each tier, such as 25,000, 20,000, 15,000, 10,000, and 0.
          b. Click **Save and Close** to return to the Create Rate Table page.
      iv. Click **Save and Close** to return to the Create Plan Component: Add Rate Table page.
   c. In the Rate Table section toolbar, add a row.
   d. Add the rate table that finds the ranking percentile to apply when calculating bonus payouts.

b. Click **Save and Close** to return to the Create Plan Component: Add Performance Measure page.
e. In the Rate Dimension Inputs section **Expression Name** field, select **New Expression**.

i. In the Configure Expression section, create the expression **Measure results.ITD Output Achieved**.

   a. On the **User Defined Objects** menu, select **Measure results**.
   b. Search for and select the measure that calculates ranking based on revenue attainment using an external formula.
   c. Select **ITD Output Achieved**.
   d. Click **Add to Expression**.

ii. Click **Save and Close** to return to the Add Rate table.

The **Expression Name** field contains the name of the expression that you just created.

3. Click **Save and Close** to return to the Create Compensation Plan: Add Plan Component page.

4. Click **Save and Close** to return to the Manage Compensation Plans page.
12 Participant Imports

Importing Participants, Details, and Goals: Overview

The Assign Incentive and Draw Plans task within the Manage Incentive Compensation business process flow includes activities to import participants and participant-specific details and goals. Following are the typical tasks for each incentive compensation role:

- Compensation managers use the Participant Assignments work area to import users as participants. After importing participants, they can import participant-specific details and goals.

  Submit or schedule the Run All Participant Processes to create and update participants, assign incentive compensation roles, and import goals. Using this process, new participants and analysts are created for employees and parties that match your predefined selection rules. Participant updates from source files that you have uploaded to Web Center and employee work assignment changes from HCM Cloud are also processed. If enabled, employee termination processing includes automatically ending the participant record and assignments to plans, pay groups, and payment plans.

  Incentive compensation roles are used to match plans, pay groups, and payment plans to participants. The Run All Participant Processes uses your role assignment rules to select and assign roles to the eligible participants. In turn, they are indirectly assigned to the plans, pay group, and payment plans with the same role. Participants assigned to plans enabled for individualization can have their performance measure goals adjusted. The Run All Participant Process imports participant plan goals from source files that you have uploaded to Web Center.

- Compensation analysts use the Participant Snapshot work area to manage participant details and individualize participant plans, including goals or quotas.

- You use the Participant Assignments work area to define incentive compensation roles, participant role assignment rules, pay groups, payment plans, and plan terms and conditions. When not using roles to indirectly assign participants to the plans, pay groups, and payment plans, you can directly assign the participants in this work area.
The following figure shows that the Assign Draws and Incentives task comes after Model and Configure Incentive Plans and before transaction processing within the Manage Incentive Compensation business process flow.

### Incentive Compensation Import Participants Parameters

Participants are persons or parties who participate in the incentive compensation processes. A person can either be a participant who is eligible to be assigned to incentive compensation plans or an incentive compensation administrator, such as an analyst or compensation manager. You can import participants using the Import Participants task in the Participant Assignment work area. The eligible participant must already exist as a person in Global Human Resources or a party in Trading Community Model.

You can use three types of parameters when importing participants as described in the following table.
### Run For Parameter

**Staging and Oracle Incentive Compensation Participant Import**

If you are a using Oracle Sales Cloud Incentive Compensation, then select this choice. You can ignore the scenario name and scenario version parameters.

**Oracle Incentive Compensation Participant Import**

If your installation is on-premise and you intend to populate the staging table, then select this choice.

### Target Parameters

**Business Unit**

Required. Select the destination incentive compensation business unit for the imported participants.

**Participant Home Currency**

If this target parameter has a value, then the import process uses it to populate the participant currency attribute. If you don’t select a target parameter value, then the import process uses the operating currency from the value you provided using the Setup and Maintenance work area, Manage Parameters task.

**Analyst Name**

If this target parameter has a value, then the import process uses it to assign the analyst to the imported participants. If you don’t provide a target parameter value, then you can assign analysts to participants after they are imported using the Participant Assignments work area, Manage Analyst Assignments task.

**Target Country**

The import process uses the country defined for the party. For employees, the country is determined from the employee location value. For other parties, the country is determined from the party’s identifying (primary) address. If a value isn’t defined for the party, then the import process uses the target country parameter value to populate the participant country attribute.

**Active Start Date**

If this target parameter has a value, then the import process uses it to populate the participant active start date and the participant attributes effective start date. If you don’t provide a target parameter value, then the import process uses the
person hire date or party usage effective start date to populate the participant active start date and the participant attributes effective start date

**Participant Type**

Use the Compensation Administrator participant type when importing compensation analysts and compensation managers. Use the type Participant when importing persons who are eligible to receive incentive credit. Participants can’t be deleted. If you imported participants with the incorrect type, then you can update the value using a source file and the Participant Assignments work area, Import and Update Participant Details task.

**Filter Parameters**

> **Note:** Use filter parameters whenever possible, to avoid importing extraneous participants because there is no way to delete them after import.

**Party Usage**

Required. Select the party usage. Party usages are generally assigned to parties by the application used to enter the party. Typical party usages that are eligible participants are HR Employee, HR Contingent Worker, and Partner Contact.

**Party Name**

Text input with wildcard support. If you provide a value, then the import process converts the value to upper case and then uses a ‘like’ comparison to select from the person and party full name value.

**HCM Job**

Text input with wildcard support. The import process converts the value to upper case and then uses a ‘like’ comparison to select persons in Global Human Resources who are assigned to the job. The import process searches for job assignments that are in effect using the import process run date.

**Country**

Text input without wildcard support. If you provide a value, then the import process selects parties where the party country matches. For employees, the country is determined by the employee location value. For other parties, the country is determined by the party’s identifying (primary) address.

**Start Date**

If you provide a value, then the import process selects parties where the party usage effective start date matches. Party usages are generally assigned to parties by the application used to enter the party. The assignment start date is either required by that application or the application enters a default value. For example, the start date for the HR Employee party usage is the hire date. Users assigned to the Party Center Inquiry duty role can view the party usage assignments for all parties.

**End Date**

If you provide a value, then the import process selects parties where the party usage effective end date matches.

**Role**
Text input with wildcard support. If you provide a value, then the import process converts the value to upper case and then uses a 'like' comparison to select resources who are assigned to the role. Persons are created as resources when they are assigned a resource role in the Create User page or when importing employee resources using file-based data import. The import process searches for role assignments that are in effect according to the import process run date.

**Role Type**

Text input without wildcard support. If you provide a value, then the import process selects resources who are assigned to the role associated with the role type. Persons are created as resources when they are assigned a resource role in the Create User page or when importing employee resources using file-based data import. A role is associated with a type when you define the role using the Setup and Maintenance, Manage Resource Roles task.

**Person Number**

Text input without wildcard support. If you provide a value, then the import process select persons in Global Human Resources with matching person numbers. A person number is the unique identifier generated by Global Human Resources when a person is entered.

**Importing and Updating Participant Details into Incentive Compensation: Procedure**

You can import participant details into incentive compensation using the template stored in Oracle Enterprise Repository. The basic process for importing participant details is:

1. Populate the import file.
2. Import and update the participant details.
3. Resolve any import errors.
4. Verify the import results.

**Note:** The identified participants must already be registered users and imported into Incentive Compensation.

**Populating and Uploading the Import File**

To add and update participant details:

1. In the File Based Data Import Guide for Oracle Sales Cloud search for the Incentive Compensation Participant Detail Import topic.
2. Select the ICParticipantImportTemplate.xlsm file to save it locally.
3. Enter the participant details using the instructions and help included in the template.
4. Upload the file using the instructions in the first tab of the file.

**Caution:** The Import and Update Participant Details process fails if you reorder or remove columns in your import file.
Importing and Updating Participant Details

Use the Import and Update Participant Details task in the Participant Assignments work area to import and update participant details. The import consists of two child processes that import the data into the:

1. Staging table
2. Base incentive compensation participant tables

Resolving Import Errors

If either of the child processes fails, then the import process:

- Deletes all rows that were loaded from the source file, even those rows that loaded successfully
- Sets the status for the relevant child process to either Warning or Error and generates two log files:
  - One log contains all of the rows that have an error.
  - One log contains the error messages.

Use the Manage Scheduled Processes task to find and open the logs.

1. Fix any data issues in your import file.
2. Upload the edited file.
3. Run the import process again.

Verifying Import Results

In the Participant Snapshot work area:

1. Randomly search for and select various participants for whom you imported new or revised details.
2. Use the Manage Participant Detail task to verify that the participant’s details are as expected.

Related Topics

- External Data Integration Services for Oracle Cloud: Overview
- File Based Data Import Guide for Oracle Sales Cloud

Importing Participant Goals for Incentive Compensation: Procedure

You can import goals, or quota, for participants from an external data source into incentive compensation using the template stored in Oracle Enterprise Repository at http://fusionappsoer.oracle.com.

The basic process for importing participant goals is:

1. Populate and upload the import file.
2. Import the participant goals.
3. Resolve any import errors.
4. Verify the import results.
Note: You must configure, test, and assign compensation plans to the identified participants before you can populate the import file because each participant goal requires a goal (performance measure) name.

Populating and Uploading the Import File

To add and update participant goals:

1. If you are importing the initial allocated goals for the plan year, then in the File Based Data Import Guide for Oracle Sales Cloud search for the Incentive Compensation Participant Goal Import topic.
2. Select the ICGoalImportTemplate.xlsm file to save it locally.
3. Enter the goal data using the instructions and help included in the template.
4. Upload the file using the instructions in the first tab of the template.

While you enter a single goal as a decimal number, the import process uses the start date, end date, and the goal value to populate three goal values:

- Period
- Interval
- Total target

You can record additional goals, such as hurdle goal amounts, using provided alternate target columns in the import file.

Caution: The Import Participant Goals process fails if you reorder or remove columns in your import file. It also fails if the plan containing the measure goal doesn’t have Individualize target incentive selected.

Importing Participant Goals

Import the latest participant goals using the Import Participant Goals task in the Participant Assignments work area. The import consists of two child processes that import the data into the:

1. Staging table
2. Base participant goal tables

The Run All Transaction Processes task includes the Import Participant Goals process. Run All Transaction Processes imports any files uploaded to the ic/incentiveCompensationParticipantGoal/import WebCenter folder.

Resolving Import Errors

If either of the child processes fails, then the import process:

- Deletes all rows that were loaded from the source file, even those rows that loaded successfully
- Sets the status for the relevant child process to either Warning or Error and generates two log files:
  - One log contains all of the rows that have an error.
  - One log contains the error messages.

Use the Manage Scheduled Processes task to find and open the logs.

1. Fix any data issues in your import file.
2. Upload the edited file.
3. Run the import process again.
Verifying Import Results

In the Participant Snapshot work area:

1. Randomly search for and select various participants for whom you imported goals.
2. Use the Manage Goals task to verify that the participant’s targets are as expected for the relevant performance measures.

Related Topics

- External Data Integration Services for Oracle Cloud: Overview
- File Based Data Import Guide for Oracle Sales Cloud

Importing Quota Management Goals for IC Participants: Procedure

You can import quota management goals for incentive compensation participants using the import template stored in Oracle Enterprise Repository.

Generate the resource quota or resource period quota data using the instructions in the topic Using Export and Import to Modify Sales Quotas: Procedure. Alternatively, you can create a business intelligence report that contains the same columns, in the same order, as the import template.

The basic process for importing participant goals is:

1. Populate and upload the import file.
2. Import the participant goals.
3. Resolve any import errors.
4. Verify the import results.

Note: You must configure, test, and assign compensation plans to the identified participants before you can populate the import file because each participant goal requires a goal (performance measure) name.

Populating and Uploading the Import File

To add and update participant goals:

1. If you are importing the initial allocated goals for the plan year, then in the File Based Data Import Guide for Oracle Sales Cloud search for the Incentive Compensation Participant Goal Import topic.
2. Select the ICGoalImportTemplate.xlsm file to save it locally.
3. Copy and paste the resource quota or resource period quota data into the import participant goals file based on the mapping shown in the following table.

<table>
<thead>
<tr>
<th>Resource Quota or Resource Period Quota Export File</th>
<th>Participant Goals Import File</th>
</tr>
</thead>
<tbody>
<tr>
<td>TerritoryName</td>
<td>Territory</td>
</tr>
</tbody>
</table>


Oracle Sales Cloud
Using Incentive Compensation

Chapter 12
Participant Imports

<table>
<thead>
<tr>
<th>Resource Quota or Resource Period Quota Export File</th>
<th>Participant Goals Import File</th>
</tr>
</thead>
<tbody>
<tr>
<td>ResourceName</td>
<td>Participant</td>
</tr>
<tr>
<td>ResourceEmail</td>
<td>E-Mail Address</td>
</tr>
<tr>
<td>GoalName</td>
<td>Measure (Goal Name)</td>
</tr>
<tr>
<td></td>
<td>If the quota management goal name exactly matches the IC performance measure name, then you can copy and paste the data from the export file to the import file. Otherwise, replace the resource quota or resource period quota goal name with the exact IC measure name in the import file.</td>
</tr>
<tr>
<td>Start Date</td>
<td>Start Date</td>
</tr>
<tr>
<td></td>
<td>The date format must be YYYY/MM/DD.</td>
</tr>
<tr>
<td>End Date</td>
<td>End Date</td>
</tr>
<tr>
<td></td>
<td>The date format must be YYYY/MM/DD.</td>
</tr>
<tr>
<td>ResourceQuota or ResourcePeriodQuota</td>
<td>Goal (Quota)</td>
</tr>
<tr>
<td></td>
<td>The amount format requires a decimal.</td>
</tr>
<tr>
<td>UnitOfMeasure</td>
<td>Unit of Measure</td>
</tr>
</tbody>
</table>

4. Upload the file using the instructions in the first tab of the template.

Alternatively, to use a business intelligence report that contains the same columns, in the same order, as the import template:

1. Run the report.
2. Download the report as an Excel file.
3. Save the report as a CSV file, which you upload instead of the XLSM file.

While you enter a single goal as a decimal number, the import process uses the start date, end date, and the goal value to populate three goal values:

- Period
- Interval
- Total target

You can record additional goals, such as hurdle goal amounts, using provided alternate target columns in the import file.

⚠️ Caution: The Import Participant Goals process fails if you reorder or remove columns in your import file. It also fails if the plan containing the measure goal doesn’t have Individualize target incentive selected.

Importing Participant Goals

Import the latest participant goals using the Import Participant Goals task in the Participant Assignments work area. The import consists of two child processes that import the data into the:

1. Staging table
2. Base participant goal tables

The Run All Transaction Processes task includes the Import Participant Goals process. Run All Transaction Processes imports any files uploaded to the ic/incentiveCompensationParticipantGoal/import WebCenter folder.

Resolving Import Errors

If either of the child processes fails, then the import process:

- Deletes all rows that were loaded from the source file, even those rows that loaded successfully
- Sets the status for the relevant child process to either Warning or Error and generates two log files:
  - One log contains all of the rows that have an error.
  - One log contains the error messages.

Use the Manage Scheduled Processes task to find and open the logs.

1. Fix any data issues in your import file.
2. Upload the edited file.
3. Run the import process again.

Verifying Import Results

In the Participant Snapshot work area:

1. Randomly search for and select various participants for whom you imported goals.
2. Use the Manage Goals task to verify that the participant’s targets are as expected for the relevant performance measures.

Related Topics

- External Data Integration Services for Oracle Cloud: Overview
- Using Export and Import to Modify Sales Quotas: Procedure
- File Based Data Import Guide for Oracle Sales Cloud
13 Participant Assignments

Participant Assignments: Overview

The Assign Incentive and Draw Plans task within the Manage Incentive Compensation business process flow includes participant assignment activities. Following are the typical tasks for each incentive compensation role:

- Compensation managers use the Participant Assignments work area to assign participants to incentive compensation analysts, compensation plans, pay groups, and payment plans.
- Compensation analysts are responsible for participant-specific plan configuration and processes and can do the following in the Participant Snapshot work area:
  - Assign compensation and payment plans, pay groups, and roles to participants.
  - Organize participants into relevant pay groups to support downstream payment processes.
The following figure shows the Assign Draws and Incentives task in the Manage Incentive Compensation business process flow. The task comes after Model and Configure Incentive Plans and before transaction processing.
Direct Assignment to Individuals

You can directly assign a participant to a compensation plan, a pay group, and a payment plan, as shown in the following figure.

Mass Assignment by Roles

Rather than assign each participant individually, you can assign roles to participants. You can then assign roles to compensation plans, payment plans, and pay groups. When you run the Deploy Incentive Plans process, every participant is
assigned to the plans and groups that have the same role. In the example shown in the following figure, role A is assigned to a participant, compensation plan, payment plan, and pay group.

Running the Deploy Incentive Plans process results in Participant 1 being assigned to the following:

- Compensation Plan 20
- Payment Plan 30
- Pay Group 40
Automatic Assignment of Roles to New Participants

You can automatically assign roles to new participants using rules. After new participants have roles, they can be assigned to compensation plans, payment plans, and pay groups according to their roles. The following figure shows the sequence of tasks for automatic role assignment:

1. Create participant assignment rules. The rules use participant detail attributes such as currency, cost center, and custom qualifiers.
2. The Participant Assignment process matches participant attributes with the rules. You then see a list of all proposed role assignments. If the New Participants Parameter is set to Not Required, then the roles become active without a proposal, and you skip steps three and four.

3. You review the proposals and accept or reject the proposed assignments.

\[\textbf{Note:}\] For any one participant, accept or reject all role assignment proposals before submitting.

4. When you click Submit, the Deploy Participant Assignment Proposals process saves your accepted proposals. Participants now have roles assigned.

5. You can see the assigned roles in the Participant Snapshot page.

### Automatic Assignment of Roles to Existing Participants

The Participant Assignment process also assesses changes in participant attributes or changes in rules and identifies role changes for participants. Your setting for the Existing Participants Parameter determines whether the role changes become immediately active or require your approval in a proposal.

**Related Topics**
- Automatic Role Assignment Parameters: Critical Choices

### What's an incentive compensation role?

A role is the function that a participant plays within a group, team, or an organization. A participant can have many roles. Incentive compensation uses roles to assign incentive compensation plans, payment plans, and pay groups to participants.

### Mass Assignments by Role or Direct Assignment to Individuals: Points to Consider

Use roles or direct assignments to associate individual participants with incentive compensation plans, payment plans, and pay groups. Use role assignment if you have many participants that you can map to roles. You can always perform assignments using both methods.

### Direct Assignment of Participants

For direct assignments and changes, the save action in the Participant Assignments or Participant Snapshot work areas immediately creates and updates the records directly in the participant tables. Your save action:

- Requires participant and effective start date values during the assignment
  - You can edit start and end dates.
- Enters an event in the Changed Events Log for incremental calculation purposes
  - View the log in the Credits and Earnings work area.
• Performs the currency validation

When you delete a direct plan assignment, the delete process immediately:
• Removes the participant assignment record from the database
• Logs an event in the Changed Events Log

The next time the calculation process runs, it creates corresponding reversal records for the participant whose assignment you deleted from the plan.

Mass Assignment of Participants Using Roles

Assign a role to a participant in the Participant Snapshot work area. Then use Assignment tasks in the Participant Assignments work area to edit a compensation plan, pay group, and payment plan and add the role. The Deploy Incentive Plans process assigns any participant with that role to the plans and pay groups also assigned the role.

When you save edits to a compensation plan, pay group, payment plan, or role, the save process:
1. Immediately creates, updates, or deletes records in the intersection tables, where it stores the data until you deploy the incentive plans
2. Logs an event in the Changed Events Log

The Deploy Incentive Plans process must run to complete your assignments.

⚠️ Caution: You can assign a role to multiple payment plans during a period or date range. But, a participant can’t have more than one payment plan with the same payment plan category at the same time.

You can use rules to automatically assign new participants to roles, which speeds the process of assigning new participants to plans and pay groups. Use different roles to separately assign people to compensation plans, pay groups, and payment plans, because it’s easier to maintain the assignments over time. For example: A participant receives a new plan assignment or changes jobs, but remains in the same pay group used for payment. While you assign new compensation plans every year, you don’t have to assign new pay groups, because the frequency of payment doesn’t change.

Related Topics
• Why can’t I delete incentive compensation pay group and payment plan assignments?

What happens if I assign a participant to the same incentive compensation plan directly and also with a role?

The participant has the same incentive compensation plan twice and the payment process compensates the participant twice.
Deploy Incentive Plans Process: How It Handles Assignments

Use the Deploy Incentive Plans process to create role-based participant assignments to compensation plans, payment plans, and pay groups. Submit the process using the Deploy Compensation Plans task in the Participant Assignments work area. The process must complete before you see assignment changes, unless you made the assignments directly.

How the Deploy Incentive Plans Process Handles Assignments

After assigning roles to plans, run the Deploy Incentive Compensation Plans process, which creates corresponding records in the participant-level plan objects as well. When the submitted Deploy Incentive Plans process runs, the plan assignment code checks for corresponding participant currency records. The process checks the following:

- If the processing currency parameter is set to home currency, then the participant plan assignment date range must fall within a single currency record.
  - The plan assignment can’t span multiple currency records.
  - Assignment start dates must be later than or equal to the currency record start dates.
  - Plan end dates must be earlier than or equal to the currency record end dates, if any.

- If the currency record is missing or the assignment date range doesn’t follow the rule, then the application:
  - Writes an error message in the Deploy Plan process log file. Users can view the log file in View Process page, once the process is complete.
  - Doesn’t create or change the assignment.

**Note:** After you assign a compensation plan to participants, and then edit the base plan in the Compensation Plans work area, you must run the deploy process. Running the process updates any participant plans where the individualize option isn’t selected. Edits to individualized target earnings, goals, and rates aren’t reflected on any participant plans where the individualize option is selected.

The following table identifies the entities and corresponding changes that the Deploy Incentive Plans process considers.

<table>
<thead>
<tr>
<th>Entity</th>
<th>Changes Considered</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensation plan</td>
<td>Start and end date, overlap option, and target incentive</td>
</tr>
<tr>
<td>Assignment</td>
<td>Plan role and role effective interval, alternate payee</td>
</tr>
<tr>
<td>Plan component</td>
<td>Plan component, date range, indirect credit</td>
</tr>
<tr>
<td>Measure formula</td>
<td>Formula, effective interval, eligible categories, eligible category factors, eligible category factors date range</td>
</tr>
<tr>
<td>Rate table</td>
<td>Rates, tiers (if individualized is not selected)</td>
</tr>
</tbody>
</table>
Participant Assignment: Example

In this example, you assign a new role to an existing participant and compensation plan. To finalize the role assignments you must run the Deploy Incentive Plans process.

Scenario

The following table shows Robert Smith’s roles and plan assignments for the field years 2013 and 2014.

<table>
<thead>
<tr>
<th>Role</th>
<th>Plan Assignments</th>
<th>Start Date</th>
<th>End Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>US Account Manager</td>
<td>US Account Manager 2014</td>
<td>January 1, 2014</td>
<td>None</td>
</tr>
<tr>
<td></td>
<td>US Bonus Plan 2014</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EMEA Account Manager</td>
<td>EMEA Account Manager 2013</td>
<td>April 1, 2013</td>
<td>December 31, 2013</td>
</tr>
</tbody>
</table>

The participant detail record for the current assignment has:

- A start date of January 1, 2014
- No end date
- Home currency set to USD

New Role Assignment

You create the NA Account Manager role and assign it to:

- Robert with a start date of June 1, 2014
- The US Bonus Plan compensation plan, which has a start date of January 1, 2014

Related Topics

- Why can’t I delete incentive compensation pay group and payment plan assignments?
The Deploy Incentive Plans process checks the Changed Event Log, which you can view in the Credit and Earnings work area. Because Robert’s home currency is USD as of January 1, 2014, the process assigns the plan to Robert starting June 1 through the new role assignment that both Robert and the plan now share.

Pay Groups: Points to Consider

You must assign participants to a pay group, either directly or using a role, for the payment process to include the participants in a payment batch. Typically, you group participants that share a payment cycle and are sent to the same application for payment. You create and manage pay groups in the Participant Assignment work area.

Pay Group Type

Select the type of application that you are using to pay the pay group participants, such as Oracle Accounts Payable, Oracle Payroll, External accounts payable, or External payroll.

Direct and Role Assignments

You can assign multiple pay groups to a participant, but only one pay group assignment can be active at a time. Assign participants to pay groups either directly or using roles.

- Start and end direct pay group assignments at any time within the duration of the pay group.
- Role-based assignments use the participant’s role start date as the assignment date if it is later than the assignment date of the role to the pay group.

Dates Conflict Checking

When you assign a pay group to participants, the Save process automatically checks to see if there are any conflicts between the:

- Pay group start and end dates
- Assignment start and end dates for every participant that you assigned to the pay group

Example: You define a pay group starting January 1 and ending March 31 and you assign it to a participant. The Save process doesn’t let you edit the end date for the participant’s pay group assignment beyond March 31.

Related Topics

- Incentive Compensation Payment Entities: How They Work Together

Individualizing Compensation Plans and Plan Components: Points to Consider

You can individualize various compensation plan and plan component values for the selected participant in the Participant Snapshot work area using the Manage Compensation Plans task.
After you assign a compensation plan to participants, and then edit the base plan in the Compensation Plans work area, you must run the deploy process. Running the process updates any participant plans where the individualize option isn’t selected. It also updates participant plans except target incentive, goals, rates, and event factors when the individualize option is selected.

### Individualizing Plans and Plan Components

The following table identifies the individualization fields and describes which values you can override on plans and plan components when you enable each. For plan components with Individualize enabled, you can also use the Manage Goals task to personalize values for the participant.

<table>
<thead>
<tr>
<th>Object</th>
<th>Field</th>
<th>Individualize Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incentive Compensation Plan</td>
<td>Individualize target incentive</td>
<td>Override target incentive and plan weight values</td>
</tr>
<tr>
<td>Plan Component</td>
<td>Individualize</td>
<td>Override uplift categories, commission rates, and goals (including those defined for intervals and periods)</td>
</tr>
</tbody>
</table>

### Enabling Individualization by Default

Using the Manage Parameters task in the Setup and Maintenance work area, you can specify whether to enable individualization in the Participant Snapshot work area by default. The application-level parameters are:

- Default State for Individualizing Plan Target Incentive
- Default Individualized Plan Components

You can override these default settings for individual participant plans in the Participant Snapshot work area.

### Editing Main Plans and Plan Components

Enabling individualization affects what happens when you edit base plans and plan components in the Compensation Plans work area, after assigning them to participants.

The next time that the Deploy Incentive Plans process runs:

- The process doesn't overwrite the individualized participant values with the edited values on the main plan or plan component.
- For any participant without an individualized version, or any new participant added after saving the edits, the process updates the participant plans with the modified values.

Use the Deploy Compensation Plans task in the Participant Assignments work area to submit the Deploy Incentive Plans process.
Social Networking with Incentive Compensation Participant Details: Explained

If the Manage Participant Detail page of the Participant Snapshot work area has a Social link, then you can invite others to collaborate about the participant details using social networking.

While reviewing a participant’s details, the incentive compensation analyst can start a conversation with the incentive compensation plan administrator or others to discuss any of the tasks within the participant snapshot work area. These conversations are retained with the participant details as historical records. Examples of collaboration about participant details within the Participant Snapshot work area include:

- Manage Compensation Plans: Ask about the effective dates of a compensation plan assigned to the participant.
- Manage Goals: Investigate an incorrect target for a performance measure and initiate a change in the distributions.
- Manage Transactions: Resolve a dispute filed by the participant about a transaction that was never credited.
- Manage Credits: Resolve a dispute filed by the participant about credits that seem to have an incorrect split percentage.
- Manage Earnings: Investigate the possibility that the rates used by a plan component are incorrect for this recipient and resolve the dispute.

To use social networking to resolve questions about participant details:

- Click Social on the Manage Participant Detail page to collaborate.
  - Click the Share button, or click Join if collaboration has already been initiated.
  - Click the name of the participant to access the associated wall, where you can start conversations and add members.
  - After collaboration is initiated for the participant details, you can invite anyone at your company to participate in a conversation about them.

Even people who cannot access the participant’s details can participate in conversations if you invite them. But only the incentive compensation manager and analyst can initiate conversations and invite members.

- On the wall of the participant details, everyone invited can:
  - View basic attributes of the participant details.
  - Post documents and comments that all members can see.
  - Use the presence indicators to identify who is available to answer your questions.

FAQs for Participant Assignments
Can I review any incentive compensation participant's information?

It depends on your incentive compensation job role.

- Managers can see the information for all participants in their associated business units.
- Analysts can see the information for all of the participants to whom they are assigned. They can't see the information for participants assigned to other analysts.

Participant-analyst security is optional. You can configure it using the Manage Parameters task in the Setup and Maintenance work area.

How can I avoid duplicate incentive compensation plan assignments?

Validate participant assignments in the Participant Assignment and Participant Snapshot work areas. If possible, use a consistent method of assigning plans to participants. Assign them either directly, or indirectly with roles.

Why wasn't my incentive compensation assignment created?

If the home currency effective date for a participant doesn't fall within the role-to-plan assignment date, then the Deploy Incentive Plans process doesn't create the assignment. In the Participant Snapshot work area, select the participant and use the Manage Participant Detail task to manage the home currency effective date.

What happens if I edit an incentive compensation assignment date?

The paysheet doesn't reflect the edit to the start or end date until you recalculate an incentive payment in a prior period or refresh the paysheet for the current period.

What's the difference between end dating and deleting incentive compensation assignments?

End dating an assignment stops the assignment while preserving the record, and therefore history. It also enables you to run retroactive processing against transactions for the assignment date range and preserve the matching credit transactions. Deleting the assignment removes the record from the database and, if you run retroactive processing, reverses or deletes the original earnings and payments.

What happens if I edit an individualized incentive compensation goal?

The application doesn't overwrite the individualized target numbers for those participants when you change the target number at the plan component level. For any participant without an individualized version of the plan component, or for any new participant added later, the calculation process uses the modified target number.
Related Topics

- Can I override attributes for a participant’s incentive compensation or payment plan?

What happens if I deselect an individualize check box?

The application resets the participant-specific values associated with that individualize check box back to the original values, if any.

Can I customize details for some participants if the individualize parameters are set to No?

Yes. In the Participant Snapshot work area, on the participant compensation plan, plan component, or performance measure, select the empty individualize check box to enable individualization. The participant plan fields that the individualize option affects change from read-only to writable.

Related Topics

- Can I override a draw or recovery amount for the participant’s incentive payment plan?

Can I edit the overview content for the Participant Snapshot and Sales Compensation work areas?

Yes. Depending on which user is accessing the work areas, in the Oracle Transactional Business Intelligence application edit the content in one or more of these dashboards:

- Incentive Compensation Analyst
- Incentive Compensation Participant
- Incentive Compensation Participant Manager
14 Processing Currencies

Incentive Compensation Currency Parameters: Critical Choices

When you define the incentive compensation configuration for a business unit, you set the operating and processing currencies. You also specify transaction and payment conversion rate types. Use the Manage Parameters task in the Setup and Maintenance work area.

**Note:** After you save operating and processing currency parameter settings for the business unit, you can’t change them.

### Operating Currency

Operating currency is the core, default currency for a given business unit. To report across incentive compensation business units, you must set the operating currency for all business units to the same currency. For example: Your North America business unit uses USD as its operating currency while your EMEA business unit uses EUR. Generally, the application uses operating currency for these purposes:

- To report across various transactions within a business unit
  - Examples: Cost of compensation across all incentive compensation plans and total incentive payments for the period of January
- For all amount values in compensation plans in the Compensation Plans work area

### Processing Currency

Processing currency is the core currency for credit, earnings, and payment transaction amounts. The application maintains participant subledger balances only in the processing currency. A participant might have subledger balances in more than one currency if you set the processing currency as Participant home currency, and the participant’s home currency changes.

If you select Participant home currency, then you must individualize all compensation plan amount values for each participant that you pay in a currency other than the business unit operating currency. Amounts that must be individualized include:

- Target incentive
- Goals
- Rates
- Credit and transaction factors
- Performance measure weights
Multicurrency Support

To support multicurrency processing, incentive processes use the source transaction amount and event date to populate all transactions with appropriate values for each relevant:

- Currency
- Conversion rate
- Amount attribute

The following table shows the currencies in which the application stores base, credit, earnings, and payment transaction amounts.

<table>
<thead>
<tr>
<th>Transaction</th>
<th>Source Currency</th>
<th>Processing Currency</th>
<th>Operating Currency</th>
<th>Participant Home Currency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Credit</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Earnings</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Payment</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Processing currency is the core currency for credit, earnings, and payment transaction amounts. Other currencies are available for transaction traceability and reporting. For example: When you adjust the amount of a base transaction, that adjustment is shown in the source currency while credit and earning amounts are shown in the processing currency.

Conversion Rate Types

When processing currency is Participant home currency, you must also select which rate to use to convert amounts during processing. Create rate types such as Corporate, Daily, and Period Average, and define rates differently under each one of them to use in different scenarios. For example: You decide to use Daily rates to convert transaction and credit amounts, and Period Average rates to convert payment amounts. The following table describes the purpose of each conversion rate type parameter.

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transaction Conversion Rate Type</td>
<td>Converts base transaction amounts during crediting, rollup and calculation processing</td>
</tr>
<tr>
<td>Collection Conversion Rate Type</td>
<td>Converts transaction amounts during collection processing</td>
</tr>
<tr>
<td>Payment Conversion Rate Type</td>
<td>Converts payment transaction amounts during payment processing</td>
</tr>
</tbody>
</table>

The Payment Conversion Date parameter determines whether the payment process uses the transaction date or the payment batch pay date to look up the corresponding currency rate to use.
**Related Topics**

- Incentive Compensation Transaction Processing: Overview

---

**Importing Currency Conversion Rates for Incentive Compensation: Procedure**

You can manually import currency conversion rates into Oracle Sales Cloud Incentive Compensation using the template linked from the File Based Data Import Guide for Oracle Sales Cloud. The basic process for importing currency conversion rates is:

1. Populate the import file.
2. Import the currency conversion rates.
3. Review the import results.

---

**Prerequisites**

Using the Manage Parameters task in the Setup and Maintenance work area, set the following parameters to meet your currency conversion requirements:

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transaction Conversion Rate Type</td>
<td>Converts base transaction currencies during crediting, rollup and calculation processing</td>
</tr>
<tr>
<td>Collection Conversion Rate Type</td>
<td>Converts transaction amounts from one currency to another during collection</td>
</tr>
<tr>
<td>Payment Conversion Rate Type</td>
<td>Converts the payment transactions from one currency to another</td>
</tr>
</tbody>
</table>

Use the Manage Currency Conversions task in the Setup and Maintenance work area to create any custom rate types included in your import workbook.

---

**Populating the Import File**

To populate the import files:

1. In the File Based Data Import Guide for Oracle Sales Cloud, search for the ICCurrencyConversionRateImportTemplate.xlsx file and save it locally.
2. Enter the currency conversion rates using the instructions and help included in the import file.
   
   The import process uses the default value Incentive Compensation Daily Rate for any empty Conversion Rate Type cell.
3. Upload the file using the instructions in the first tab of the file.

⚠️ **Caution:** The Import Currency Conversion Rates process fails if you reorder or remove columns in your import file.
Importing the Currency Conversion Rates

Use the Import Currency Conversion Rates task in the Credits and Earnings work area to import the currency conversion rates. The Run All Transaction Processes task includes the Import Currency Conversion Rates process. Run All Transaction Processes imports any files uploaded to the ic/incentiveCompensationCurrencyExchangeRates/import WebCenter folder.

Reviewing the Import Results

Use the View Process Logs task to search for and view your import results. Click the audit ID for the relevant process to open the Process Details page, which provides the log details for the parent and any related child processes. The details include the number of processed currency conversion rate records, which you can compare with the number of records in the source XLSM file. You can also use the Manage Currency Conversions task in the Setup and Maintenance work area to confirm that the rates match those of the source XLSM file.

Related Topics

- File Based Data Import Guide for Oracle Sales Cloud

Editing Participant Home Currency: Procedure

The actions required to edit participant home currency vary depending on whether processing currency is set to Operating currency or Participant home currency.

Processing Currency is Operating or Participant Home Currency

You can't edit the participant’s currency value if any paysheets exist, paid or unpaid, regardless of the processing currency setting.

If a paysheet exists, then regardless of the processing currency setting:

1. Search for and select the participant in the Participant Snapshot work area.
2. Use the Manage Participant Detail task to create a row with the new currency, dated to be effective from the start of the next period where no paysheet exists.
3. If processing currency is Participant home currency, then you must also end date all active assignments and make the new assignments indicated by the application.

Processing Currency is Participant Home Currency

If the processing currency is Participant home currency, then there also can’t be any existing compensation plan assignments. Add the new currency to support the currency change.

Note: The application maintains subledger balances in the current or last currency. This ensures that there isn’t a mix of earnings, calculated draw amounts, and balances of different currencies for a given participant, for a single compensation plan and paysheet.
Editing Participant Home Currency: Example

In this example, you edit the home currency for a participant.

Scenario

The following table shows Robert Smith’s roles and plan assignments for the field years 2013 and 2014.

<table>
<thead>
<tr>
<th>Role</th>
<th>Plan Assignments</th>
<th>Start Date</th>
<th>End Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>US Account Manager</td>
<td>US Account Manager 2014</td>
<td>January 1, 2014</td>
<td>None</td>
</tr>
<tr>
<td></td>
<td>US Bonus Plan 2014</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EMEA Account Manager</td>
<td>EMEA Account Manager 2013</td>
<td>April 1, 2013</td>
<td>December 31, 2013</td>
</tr>
</tbody>
</table>

The participant detail record for the current assignment has:

- A start date of January 1, 2014
- No end date
- Home currency set to USD

Participant Home Currency Change

In the Participant Snapshot work area, you create a new participant detail record with the following dates and currency:

- A start date of December 1, 2014
- No end date
- Home currency set to CAD

When you save the new record, the Save process displays an error message telling you to end date the current assignment. The following describes where to end date the current plan assignment according to the type of assignment:

- If this is a direct assignment, then use either of these pages:
  - Manage Compensation Plan page in the Participant Snapshot work area
  - Manage Plan Assignments page in the Participant Assignments work area

- If this is a role assignment, then use the Manage Participant Detail page, Role Assignments subtab in the Participant Snapshot work area.

As soon as you end date the current plan assignment, the application end dates the plan or role-to-plan assignments for the following plans, effective November 30, 2014:

- US Account Manager
• US Bonus Plan

The EMEA Account Manager role and plan remain unaffected.

Now that the current plan assignment is end dated, in the Participant Snapshot work area you can:

1. Create the new participant detail record.
2. Make new plan assignments for the CAD currency.

Payment Batch and Paysheet Impacts

The participant pay group doesn’t change. The payment batch creates separate paysheets for participants based on the currency. For Robert Smith, the payment process created and paid paysheets for:

- November 2014, US plan only
- December 2014, CAD plan only

In February 2015, the application collects new transactions and calculates payments in CAD. There is also an adjustment transaction for November 2014. The payment batch that includes February 2015 paysheets has two paysheets for Robert Smith, each with corresponding balances:

- One that includes the transactions and adjustments in USD
- One that includes transactions and adjustments in CAD

You determine whether to:

- Pay both paysheets and let the payment application deal with the conversions
- Create a manual offset for the USD paysheet

  To create the manual offset, manually convert the amounts and add a manual payment adjustment in the CAD paysheet.

> **Note:** If you reassign a compensation plan to a participant, then the payment application doesn’t create a carry forward balance if the new plan has a new currency.

FAQs for Processing Currencies

Why did I get an error about participant currency?

Most likely, the processing currency is set to Participant Home Currency. In this case, you can’t edit the participant home currency for a date where there is an active compensation or payment plan for the participant.

You can add new detail records to capture attribute value changes as long as the currency remains the same.
15 Import and Collection Processing

Importing and Collecting Source Transactions for Incentive Compensation: Overview

Most transactions originate in other applications, such as order capture, accounts receivables, and customer relationship management (CRM). You must import these transactions to the staging table and then collect them into the incentive compensation tables.

The following figure shows that incentive compensation administrators collect transactions and performance data before they credit participants.

```
Plan Administrator
  └ Plan Compensation Strategy
      └ Model and Configure Incentive Plans

  └ Configure Credit and Rollup Rules
      └ Assign Incentive and Draw Plans

  Compensation Manager
  └ Assign Incentive and Draw Plans
      └ Manage Incentive Compensation Processes and Workload
          └ Approve and Distribute Payments

  Compensation Analyst
  └ Collect Transaction and Performance Data
      └ Credit Participants
          └ Calculate Earnings
              └ Determine Payments
                  └ Manage Incentive Disputes

  Participant
  └ Review and Accept Incentive Plans
      └ Monitor Performance and Review Incentive Results
```
Importing Source Transactions

Import source transactions to the staging table using either of these methods:

- An automated extraction, transformation, and load utility for on-premise implementations
- The ICTransactionImportTemplate.xlsm file, which is stored in Oracle Enterprise Repository, and one of two import processes in the Credits and Earnings work area

<table>
<thead>
<tr>
<th>Process</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incentive Compensation Transaction Import</td>
<td>Use the ICTransactionImportTemplate.xlsm file to enter and upload your transaction data following the instructions provided in the file. You must retain all columns in the file, as well as the column order, for the transactions to import successfully.</td>
</tr>
<tr>
<td>Import Transactions Using File Based Data</td>
<td>Use the ICTransactionImportTemplate.xlsm file help to create your own import file. You determine the columns that you include in your file, as well as the column order. You must include all required fields and follow all value restrictions.</td>
</tr>
</tbody>
</table>

If you do not enable the crediting process, then the import process creates one credit transaction for each base transaction and sets the status to Credited. The application assumes that you created credits in an external application, but credits must exist in the application for use during rollup and calculation processing.

Collecting Source Transactions

The collection process creates base or credit transactions within incentive compensation from the source transactions or credit transactions that you imported to the staging table. Base transactions include amounts in source and operating currencies. Credit transactions include amounts in source, operating, and processing currencies.

Related Topics

- Incentive Compensation Transaction Processing: Overview

Prerequisite Setup Before Importing and Collecting Transactions: Explained

Before importing and collecting the first set of transactions, you must define and configure certain incentive compensation entities. You must also maintain the logic for tracking new and changed transactions and map your source data to staging table columns.
Setting Up Prerequisite Entities

In the Setup and Maintenance work area, use the following task lists to complete prerequisite setup tasks:

- Define Incentive Compensation Shared Configuration
- Define Incentive Compensation Custom Qualifiers and Lookups
- Define Incentive Compensation Business Unit

The following table lists and describes prerequisite setup entities:

<table>
<thead>
<tr>
<th>Entity</th>
<th>Setup Description</th>
<th>Task List</th>
<th>Task</th>
</tr>
</thead>
<tbody>
<tr>
<td>Calendars</td>
<td>Define your calendars and intervals.</td>
<td>Define Incentive Compensation Shared Configuration</td>
<td>Manage Calendars</td>
</tr>
<tr>
<td></td>
<td>Open the period for which you want to collect data.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Parameters</td>
<td>Determine whether to enable:</td>
<td>Define Incentive Compensation Business Unit</td>
<td>Manage Parameters</td>
</tr>
<tr>
<td></td>
<td>• Direct, rollup, or direct and rollup crediting</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>If enabling rollup crediting, also specify whether to use the direct or rollup</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>credit rule hierarchy, or to use both</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Classification, and if so, before or after crediting</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Set up processing and payment currency options.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Currency Conversions</td>
<td>You can credit, calculate, and pay in either the participant's home currency or process using a single currency within each business unit. Even if you process in a single operating currency, you can still pay using each participant's home currency.</td>
<td>Define Incentive Compensation Shared Configuration</td>
<td>Manage Currency Conversions</td>
</tr>
<tr>
<td></td>
<td>To process transactions without error, you must:</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Define currency conversion rates.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Associate home currency to each participant.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Earning Types</td>
<td>Define any unit of measure that you use for processing.</td>
<td>Define Incentive Compensation Business Unit</td>
<td>Manage Earning Types</td>
</tr>
</tbody>
</table>

---

**ORACLE**
Entity | Setup Description | Task List |
--- | --- | --- |
Base Transaction Descriptive Flexfield Global Segments | Use the Base Transaction descriptive flexfield to define up to 200 custom attributes if the standard transaction record doesn't support all of your source data attributes. The custom attributes are divided into two types:  
- 150 varchar  
- 50 numeric | Define Incentive Compensation Shared Configuration | Manage Incentive Compensation Descriptive Flexfields |

Configure these global segments for use as your business dictates.

Example: You want to include Customer on the transaction, so you define one of the global segments for this.

Use the Define Incentive Compensation Custom Qualifiers and Lookups task list to configure any custom attributes that you want to include in classification and crediting rules.

You can point to a data source other than Oracle Sales Cloud Customer Data Model, to provide lookups to use for validation.

Tables and Columns | Enable any additional attributes that you want to use in the:  
- Crediting or classification processes  
- Calculation expression builder | Define Incentive Compensation Business Unit | Configure Tables and Columns |

You can also disable attributes that you don’t want to use.

Handling New and Changed Transactions

The CN_TP_TRANSACTIONS_STAGING_T staging table has the same schema as the CN_TP_TRANSACTIONS_ALL transaction table, including the CHANGED_TRX_FLAG column. The Collect Transactions process uses this column to identify whether a transaction is new or changed. In staging, the Collect Transaction process compares the composite key transaction number and transaction type to determine whether the transaction is present before running the Obsolete process.
Mapping Source Data for Import

Use one of the following methods to set up and map source data for import into the CN_TP_TRANSACTIONS_STAGING_T staging table.

<table>
<thead>
<tr>
<th>Method</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oracle Data Integrator</td>
<td>Use this method to set up the transaction sources and to map the various source columns to those in the incentive compensation staging table.</td>
</tr>
<tr>
<td></td>
<td>You cannot customize the Oracle Data Integrator mappings that are delivered with the product and used to load the data from the staging table into the transaction table. You can create your own custom script to use instead.</td>
</tr>
<tr>
<td>Manage File Import Mappings task</td>
<td>On-premise implementations can use this method to map CSV data headings to staging table columns. The task is available in the Setup and Maintenance work area.</td>
</tr>
<tr>
<td></td>
<td>This task is also a task in the Import Transactions Using File Based Data Import process initiated in the Credits and Earnings work area.</td>
</tr>
<tr>
<td>Incentive Compensation Transaction Import process</td>
<td>Use this method to populate the staging interface table with the data in your source file. Create your source file using the ICTransactionImportTemplate. xlsx file in the File Based Data Import Guide for Oracle Sales Cloud.</td>
</tr>
</tbody>
</table>

Related Topics

- Managing Incentive Compensation Custom Qualifiers and Lookups: Procedure
- Enabling Table Columns as Attributes for Incentive Compensation Processing: Procedure

Importing Transactions for Incentive Compensation: Procedure

You can import transactions from an external data source into the staging table using the template available from the File Based Data Import Guide for Oracle Sales Cloud.

The basic process for importing transactions is:

1. Extend transaction attributes.
2. Populate and upload the import file.
3. Import the transactions.
4. Resolve any import errors.
5. Verify the import results.

Extending Transaction Attributes

Use the Base Transaction descriptive flexfield to define up to 200 custom attributes if the standard transaction record doesn’t support all of your source data attributes. If using these attributes values in crediting and classification, then use the Define Incentive Compensation Custom Qualifiers and Lookups task list. These tasks ensure your transaction flexfields and rule
qualifiers point to the same source. Edit the flexfield using the Manage Incentive Compensation Descriptive Flexfields task in the Setup and Maintenance work area.

You can use data mapped to incentive compensation transaction descriptive flexfields for crediting, classification, calculation, or for reporting purposes. Oracle Sales Cloud Incentive Compensation doesn’t support Application Composer extensible attributes for incentive compensation transaction objects.

Populating and Uploading the Import File

To populate and upload transactions:

1. In the File Based Data Import Guide for Oracle Sales Cloud search for the ICTransactionImportTemplate.xlsm file and save it locally.
2. Enter the transaction data using the instructions and help included in the import file.

   If you are importing credit transactions, then you must provide values for the mandatory fields as well as these additional fields:
   - Credited Participant
   - Credit Amount
   - Split Percent
   - Revenue Type

   If you want to override classification, crediting, and rollup processes for a transaction, then you must include a valid process code.
3. Upload the file using the instructions in the first tab of the file.

⚠️ Caution: The Incentive Compensation Transaction Import process fails if you reorder or remove columns in your import file.

Importing Transactions

Use the Incentive Compensation Transaction Import task in the Credits and Earnings work area to import the transactions into the staging table. The Run All Transaction Processes task includes the transaction import.

Resolving Import Errors

Use the Manage Scheduled Processes task to find and open the process status report.

1. Fix any data issues in your import file.
2. Upload the edited file to the content repository.
3. Run the Incentive Compensation Transaction Import process again.

Verifying Your Imported Data

View the imported transactions on the Manage Transactions page after running the Collect Transactions process. You must have the Incentive Compensation Transaction Management Duty role to run the Collect Transactions process. The delivered Incentive Compensation Manager and Incentive Compensation Analyst job roles already include this duty role.
Importing Transactions for Incentive Compensation Using File-Based Data Import: Procedure

You can prepare and import transaction data from an external data source into the staging table using your own file. The basic process for importing transactions is:

1. Extend transaction attributes.
2. Populate the import file.
3. Import the transactions.
4. Resolve any import errors.
5. Verify the import results.

Extending Transaction Attributes

Use the Base Transaction descriptive flexfield to define up to 200 custom attributes if the standard transaction record doesn’t support all of your source data attributes. Edit the flexfield using the Manage Incentive Compensation Descriptive Flexfields task in the Setup and Maintenance work area.

You can use data mapped to incentive compensation transaction descriptive flexfields for crediting, classification, calculation, or for reporting purposes. Oracle Fusion Incentive Compensation doesn’t support Application Composer extensible attributes for incentive compensation transaction objects.

Populating the Import File

To populate the import file:

1. Use the file CN_TRANSACTIONS_STAGING_T_Reference.xls as a reference to create your transaction import file.
2. If you are importing credit transactions, then you must provide values for the mandatory fields as well as these additional fields:
   - Credited Participant Name
   - Credit Amount
   - Split Percent
   - Revenue Type
3. If you want to override classification, crediting, and rollup processes for a transaction, then you must include a valid process code.
Importing the Transactions

Use the Import Transactions Using File Based Data Import task in the Credit and Earnings work area to import the transactions into the staging table. You must have the Incentive Compensation Manager or the Incentive Compensation Application Administrator job role to run the Import Transactions Using File Based Data Import process.

In the Manage Import Activities section:

1. Edit an existing import activity or create your own.
2. Activate the activity to run the import process according to the schedule set in the activity.

On the Enter Import Options page, be sure to select **Header row included**.

On the Map Fields page, if you are reusing an existing import map, then confirm that the source attributes are properly mapped and configured for the target attribute. If you are creating the import map, then set the target object and attribute for each of your source attributes and configure specific values, as required.

Resolving Import Errors

In the Manage Import Activities section, click the **Status** value for the import activity to open the View Import Status page. Use this page to review the import activity reports.

1. Fix any data issues in your import file.
2. Run the Import Transactions Using File Based Data Import process again.

You should be able to reuse the import activity that you used for the first import. On the Enter Import Options page, be sure to set the revised file as your source.

Verifying Your Imported Data

You can view the imported transactions on the Manage Transactions page after running the Collect Transactions process. You must have the Incentive Compensation Transaction Management Duty role to run the Collect Transactions process. The delivered Incentive Compensation Manager and Incentive Compensation Analyst job roles already include this duty role.

**Related Topics**

- Descriptive Flexfields: Explained
- Managing Incentive Compensation Custom Qualifiers and Lookups: Procedure
- Using XML Integration Templates to Generate Data Files: Points to Consider

**Transaction and Credit Collection Processing: Explained**

Most transactions originate in other applications, such as order capture, accounts receivables, and sales. After you import these transactions into the transaction staging table, you gather them using the Collect Transactions process. The import process treats any credits imported from a source application in the same way as transactions, that is, by populating them in the staging table along with the credit information.

The Collect Transactions process is included in the task Run All Transaction Processes, or you can run it individually. You can find both in the Credits and Earnings work area task menu. The process does the following:

- Checks for duplicates
• Validates data
• Converts currencies

Duplicate Transaction Handling
If the collection process detects duplicate transactions, then it checks each staging table record that has the same combination of transaction number and transaction type, the composite key. For credit transactions, the process includes the credited participant ID in the composite key to identify duplicates. The process collects only the record with the most recent, last updated date.

After resolving any duplicate data issues, the collection process checks for duplicates between the staging table records and the original transaction and credit table records by comparing the composite keys. If the application detects a duplicate transaction, then it sets the status for the original transaction to Obsolete. This status change ensures that regular processes, such as Run Crediting and Rollup, don't include the obsolete original transaction before the Revert Transactions process runs.

When the application collects the new transaction in the appropriate table, it sets Change Transaction to Yes. This setting notifies the incentive compensation processes that there is a newer, modified transaction to include during processing.

If the original transaction has a status of Paid, then the incentive process reverses the transaction, credit, and earning records and creates a negative offset for these transactions. The next time a paysheet is created with the transaction, the paysheet includes a negative payment based on the earnings. During the next collection run, the incentive process runs the reversal with the new, changed transaction.

Credit Collection Validation
When collecting the transactions from the staging table, the collection process does the following:

1. Validates the data to ensure that the mandatory columns are available and reference integrity is maintained
   - If you override the crediting process, then the collection process expects that the gathered transactions include this data:
     - Credit receiver
     - Credit amount
     - Split percentage
     - Revenue type
   - If you override the classification process, then the collection process expects that the gathered transactions include a credit category.
   - If a participant or credit receiver is included in your imported data, the process validates the participant's active start and end dates and Active setting. If the participant is inactive or the transaction end date is after the participant’s end date, then the transaction is collected and identified as containing an error.

2. Uses the process request parameters to identify the uncollected transactions
3. Inserts the validated and identified transactions into the transaction table and updates transaction statuses
4. Deletes all records from the staging table after the collection process completes

During each collection run, the process automatically validates any transactions in the base transaction table and any credit transactions in the base credit table that have an error status. For example: A missing participant was imported after the original collection run. During the next collection run, the process changes the status from Collection error to New or Credited for the relevant transactions.
Currency Conversion

When collecting data from the staging table into the transaction table, the collection process converts transaction table source currency values to operating currency values. If a conversion rate is missing for the transaction event date, the process sets the transaction status to Collection error. Next, if collecting credit transactions, then the application updates all currencies in the credit table.

Collecting Transactions and Credits: Examples

These two examples use a subset of transaction data to show the results when transactions are imported into the staging table and then collected into the transaction table under two different conditions:

- Condition 1 starts with a transaction that was created in the source application.
- Condition 2 starts with an adjusted version of the same source transaction that it was imported and collected during the Condition 1 examples.

Condition 1: New Transaction Created in Source Application

The following table shows a simplified transaction record created in the source application.

<table>
<thead>
<tr>
<th>Source Order ID</th>
<th>Source Transaction Line ID</th>
<th>Source Order Date</th>
<th>Source Transaction Amount</th>
<th>Source Item ID</th>
</tr>
</thead>
<tbody>
<tr>
<td>1001</td>
<td>301</td>
<td>01-01-2015</td>
<td>10,000</td>
<td>Sentinel Desktop</td>
</tr>
</tbody>
</table>

The next two tables don’t show the source order ID and date or source transaction amount and item ID but the transaction 1001-301 record would include them.

Condition 1: After Importing Transaction into Staging Table

The following table shows what that simplified transaction record looks like in the staging table, after importing it from the source application.

<table>
<thead>
<tr>
<th>Staging Order ID</th>
<th>Staging Order Date</th>
<th>Staging Transaction Amount</th>
<th>Transaction Order ID</th>
<th>Transaction Order Date</th>
<th>Transaction Amount</th>
<th>Transaction Object Status</th>
<th>Changed Transaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>1001</td>
<td>01-01-2015</td>
<td>10,000</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>None</td>
</tr>
</tbody>
</table>
Condition 1: After Collecting Transaction into Transaction Table

The following table shows what that simplified transaction record looks like in the transaction table, after collecting it from the staging table.

<table>
<thead>
<tr>
<th>Staging Order ID</th>
<th>Staging Order Date</th>
<th>Staging Transaction Amount</th>
<th>Transaction Order ID</th>
<th>Transaction Order Date</th>
<th>Transaction Amount</th>
<th>Transaction Object Status</th>
<th>Changed Transaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>deleted</td>
<td>deleted</td>
<td>deleted</td>
<td>1001</td>
<td>01-01-2015</td>
<td>10,000</td>
<td>New</td>
<td>N</td>
</tr>
</tbody>
</table>

Condition 2: After Transaction is Modified in Source Application

The following table shows the same transaction in the source application, after the amount is modified from 10,000 to 12,000.

<table>
<thead>
<tr>
<th>Source Order ID</th>
<th>Source Transaction Line ID</th>
<th>Source Order Date</th>
<th>Source Transaction Amount</th>
<th>Source Item ID</th>
</tr>
</thead>
<tbody>
<tr>
<td>1001</td>
<td>301</td>
<td>01-01-2015</td>
<td>12,000</td>
<td>Sentinel Desktop</td>
</tr>
</tbody>
</table>

While the remaining tables do not show the source order ID and date or source transaction amount and item ID from the previous scenario, the record for transaction 1001-301 would include them.

Condition 2: After Importing Modified Transaction into Staging Table

The following table shows what the modified transaction looks like in the staging table, after importing it from the source application.

<table>
<thead>
<tr>
<th>Staging Order ID</th>
<th>Staging Order Date</th>
<th>Staging Transaction Amount</th>
<th>Transaction Order ID</th>
<th>Transaction Order Date</th>
<th>Transaction Amount</th>
<th>Transaction Object Status</th>
<th>Changed Transaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>1001</td>
<td>01-01-2015</td>
<td>12,000</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>None</td>
</tr>
</tbody>
</table>
Condition 2: After Collecting Modified Transaction into Transaction Table

The following table shows what the original and modified transactions look like in the transaction table, after collecting the modified transaction from the staging table.

<table>
<thead>
<tr>
<th>Staging Order ID</th>
<th>Staging Order Date</th>
<th>Staging Transaction Amount</th>
<th>Transaction Order ID</th>
<th>Transaction Order Date</th>
<th>Transaction Amount</th>
<th>Transaction Object Status</th>
<th>Transaction Changed Transaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>deleted</td>
<td>deleted</td>
<td>deleted</td>
<td>1001</td>
<td>01-01-2015</td>
<td>12,000</td>
<td>New</td>
<td>Y</td>
</tr>
<tr>
<td>deleted</td>
<td>deleted</td>
<td>deleted</td>
<td>1001</td>
<td>01-01-2015</td>
<td>10,000</td>
<td>Obsolete</td>
<td>Y</td>
</tr>
</tbody>
</table>

Condition 2: After Reversal Based on Modified Transaction

The following table shows what the modified transactions look like in the transaction table, after running the Revert Transactions process to address changes to source transactions collected earlier. The second transaction is a reversal to offset the difference between the original and adjusted source transaction amounts.

The Revert Transaction process also:

1. Moves the original transaction to the history table
2. Deletes the original transaction from the transaction table

<table>
<thead>
<tr>
<th>Staging Order ID</th>
<th>Staging Order Date</th>
<th>Staging Transaction Amount</th>
<th>Transaction Order ID</th>
<th>Transaction Order Date</th>
<th>Transaction Amount</th>
<th>Transaction Object Status</th>
<th>Changed Transaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>deleted</td>
<td>deleted</td>
<td>deleted</td>
<td>1001</td>
<td>01-01-2015</td>
<td>12,000</td>
<td>New</td>
<td>Y</td>
</tr>
<tr>
<td>deleted</td>
<td>deleted</td>
<td>deleted</td>
<td>1001</td>
<td>01-01-2015</td>
<td>-10,000</td>
<td>New</td>
<td>Y</td>
</tr>
</tbody>
</table>

Transaction and Credit Collection Errors: Explained

The following table documents the possible status errors that the collection process can set for transactions, as well as their causes and corrective actions.

<table>
<thead>
<tr>
<th>Error</th>
<th>Cause</th>
<th>Corrective Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Error - Invalid Participant</td>
<td>The PARTICIPANT_ ID was populated on a particular staging table transaction and it does not exist in the CN_SRPRPARTICIPANTS_ALL table.</td>
<td>Verify that the PARTICIPANT_ ID for this transaction exists in the CN_SRPRPARTICIPANTS_ALL table.</td>
</tr>
<tr>
<td>Error</td>
<td>Cause</td>
<td>Corrective Action</td>
</tr>
<tr>
<td>------------------------------------------------</td>
<td>----------------------------------------------------------------------</td>
<td>-----------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Error - Period Not Opened</td>
<td>The transaction Process Date is for an unopened period.</td>
<td>Open the relevant period before collecting the transaction.</td>
</tr>
<tr>
<td>Error - Missing Mandatory Data</td>
<td>The staging table transaction has no data for the required fields.</td>
<td>Validate that the transaction has all of the following required fields before collecting again:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Business Unit</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Process Date</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Transaction Amount</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Transaction Currency Code</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Transaction Type</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Source Transaction Number</td>
</tr>
<tr>
<td>Error - Missing Currency Conversion</td>
<td>The transaction amount is in a currency that is different from the operating currency. The currency conversion code isn’t marked on the transaction and no conversion rate exists for the Process Date between transaction currency and operating currency.</td>
<td>Populate the currency conversion rate at the transaction level.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Or define the currency conversions for the Process Date using the Manage Incentive Compensation Currency Conversions task in the Setup and Maintenance work area.</td>
</tr>
</tbody>
</table>

**FAQs for Import and Collection Processing**

How can I transform the data while it is collected to the incentive compensation transaction table from staging?

If you have Oracle Data Integration, then you can create a custom mapping to modify the default mapping provided with the application. If you own a different extraction, transformation, and load (ETL) tool, such as Informatica, then you can create your own, new mapping.

What happens if I collect a transaction or credit that was adjusted in the source application?

The collect transactions process determines that the transaction already exists in the transaction table. The process:

1. Sets the status for that original transaction to Obsolete in the transaction table
2. Inserts the adjusted transaction into the transaction table
3. Sets the status for the adjusted transaction to \textbf{New} and changed transaction to \textbf{Yes}

If the Payment process included the transaction, then when you next run the revert process, it creates a corresponding transaction, credit, earning, and payment offset for the original amount.

What happens if I collect a transaction or credit that was canceled in the source application?

The collect transaction process changes the status on the original, collected transaction to \textbf{Obsole}t and sets the new, canceled transaction amount to \textbf{0.00} if you have the following conditions.

- \textbf{Collect Cancellations as Zero} parameter is \textbf{Yes}
  
  Set the parameter using the Manage Parameters task in the Setup and Maintenance work area.

- \textbf{Status} is \textbf{Cancel} on the transaction imported into the staging table

If a payment process included the original transaction, then the collection process creates a reversal for inclusion in the next payment batch. When you run the revert process, the payment is reversed and the new transaction with a zero amount is processed accordingly (no payment is made).
Incentive Compensation Transaction Processing: Overview

Transaction processing for incentive compensation consists of these discrete processes: importing, collecting, crediting, rollup, classifying, calculation, and payment. You can skip any process that you don’t require.

You can run the classification process after collection and before crediting if not collecting credits, or after crediting and before calculation. The following figure shows the incentive compensation processing flow and identifies the transactions created as part of each process, which are used by subsequent processes.

Run All Transaction Processes

Use the Run All Transaction Processes task to sequence and launch all the required processes to manage the import to earning flow. This process covers the following:

1. Collect transactions from source files and the staging table
2. Classify using the latest classification rules
3. Credit using the latest credit rules
4. Calculate earnings using the latest performance data and plans
Import, Collect, and Classify Transactions

Most transactions originate in other applications, such as order capture, accounts receivables, and sales. Import these source transactions into the staging table and then collect them into the incentive compensation table to create base transactions. If you run classification after collection and before crediting, then the final transactions for this set of transaction processes are classified base transactions. All base transactions include amounts in source and operating currencies.

Credit, Rollup, and Classify Transactions

The crediting process uses the base transactions and crediting rules to create direct credit transactions. The rollup process uses the direct credit transactions and direct credit, rollup, and team rules to create rollup and team credit transactions. All credit transactions include amounts in source, operating, and processing currencies. The classification process uses classification rules and credit categories to classify base or credit transactions. If you run the classification process after:

- Collection, then the base transactions become classified base transactions
- Crediting and rollup, then the credit transactions become classified credit transactions

Calculate Incentives and Pay Participants

The calculation process uses the classified credit transactions to calculate incentives and create earnings transactions. Run calculation processes for specified participants, business unit, and date range. The process uses only those plans and plan components that are valid and active for the specified participants and date range. The payment process uses the earnings transactions and participant payment plans to create paysheets and then payment transactions.

Credit, Rollup, and Classification: Overview

You can use date-effective rules to determine who receives credit for each business transaction and how much credit to allocate. Also use rules to classify base or credit transactions in preparation for calculating incentive attainment and earnings. The following figure shows that incentive compensation:

1. Plan administrators model and configure incentive plans, including classification rules, after they finalize plan compensation strategies.
2. Managers configure credit and rollup rules before they assign incentive and draw plans.
3. Analysts credit participants after they collect transactions and performance data and before they calculate earnings.

Setup and Maintenance Tasks

Incentive compensation application administrators and managers use the Setup and Maintenance work area to manage key parameters and enable table columns for use in incentive processes. Using the Manage Parameters task, configure:

- Whether to enable direct and rollup crediting and if enabling rollup crediting, which rollup hierarchy to use
- Whether to enable classification and if yes, when to run classification processing

Use the Configure Tables and Columns task to enable table columns for use as qualifying criteria for classification and direct credit rules. Use the Define Incentive Compensation Custom Qualifiers and Lookups task list to create custom qualifiers with attribute values. Automatically populate choice lists by specifying a lookup or value set for the custom qualifier.
Classification Rules

In the Compensation Plans work area, incentive compensation plan administrators create and manage classification rules and credit categories to:

- Classify credit transactions
- Apply different incentives for performance across lines of business

Credit and Rollup Rules

In the Participant Assignments work area, incentive compensation managers:

- Adapt rules to support credit allocation using multiple criteria.
- Create a hierarchical structure for use in rolling credit up the management chain, or across organizations or other sales distribution entities.
- Define teams as required to support team-based incentives.

Participants who receive direct credit from source transactions are referred to as direct credit receivers. Participants who receive credit through their relationship with direct credit receivers--managers and teammates--are referred to as indirect credit receivers. Rollup and team credits are also referred to as indirect credits.

Crediting, Rollup, and Classification Processing

The crediting and rollup processes use credit and rollup rules to:

- Identify the transactions that qualify for crediting and rollup as well as the direct and rollup credit receivers
- Determine the percentage of credit (revenue or nonrevenue) each receiver gets

The classification process uses classification rules and credit categories to classify base or credit transactions.

Related Topics

- Classification Parameters: Critical Choices
- Crediting and Rollup Parameters: Critical Choices
- Rollup Crediting Using the Credit Hierarchy: Points to Consider
- Qualifying Criteria and Rule Hierarchy: How They Work Together
17 Credit, Rollup, and Classification Parameters

Crediting and Rollup Parameters: Critical Choices

Parameters that you set using the Manage Parameters task in the Setup and Maintenance work area affect if and when crediting and rollup processes run. These parameters are application-level parameters that you set up as part of your implementation.

These selections also determine which credit rule hierarchy to use and whether to aggregate transactions during rollup. You create and manage the rule hierarchies and rules in the Participant Assignments work area.

Direct or Rollup Crediting Enablement

You can specify whether to enable both direct and rollup crediting or only one of the two processes. The following table describes processing expectations and actions when you elect only one process.

<table>
<thead>
<tr>
<th>Enabled Process</th>
<th>Processing Expectations and Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Crediting only</td>
<td>Set up your credit rules to generate direct, indirect, and rollup credit transactions on transactions that match the rule qualifying criteria.</td>
</tr>
<tr>
<td>Rollup Crediting only</td>
<td>You must include credit receiver, credit amount, and credit split data on the transactions. The collection process then validates these transactions and loads them as credit transactions. The rollup process runs using the collected credit transactions. Include direct credit receivers in the rollup hierarchy, on the lowest level rules.</td>
</tr>
</tbody>
</table>

If you elect to override the crediting and rollup processes, collected transactions must include the credit receiver, credit amount, split percentage, and revenue type.

You must:

- Provide the relevant process code on the source transaction
  For details about the valid process codes, see the Overriding Classification, Crediting, and Rollup Process Codes: Explained topic.
- Run the collection and crediting processes to ensure credit transactions are picked up for subsequent processing.

Rollup Hierarchy to Use

If you enable rollup crediting, then you further specify:

- Which hierarchy to use to create the rollup credits
- Whether to aggregate transactions during rollup

The following table describes the hierarchies that you can use for rollup processing.
Rollup Hierarchy Option | Description
--- | ---
Credit hierarchy | Discretely manage your rollup hierarchy within the credit hierarchy using the direct participants credit receivers associated with the direct credit rule. Participants in parent positions automatically receive all of the credit for direct credit receivers in descendant positions who have Roll Up to Parents selected on the direct credit rule.

Rollup hierarchy | Participants in parent positions automatically receive all of the credit for participants in descendant positions who report to them.

Both | Use both the credit and rollup hierarchies to determine rollup credit.

Transaction Summarization

If you elect to summarize transactions during rollup, then you can also specify whether to base summarization on custom criteria.

If you elect to summarize transactions based on custom criteria, then substitute the default summary process with your own custom process. Modify one of the procedures listed in the following table, depending on your requirements and your selected rollup hierarchy.

<table>
<thead>
<tr>
<th>Selected Rollup Hierarchy</th>
<th>Procedure to Modify</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit hierarchy</td>
<td>CN_TP_CUSTOM_SUMMARIZE_CREDITS. summarizecredits with_rule</td>
</tr>
<tr>
<td>Rollup hierarchy</td>
<td>CN_TP_CUSTOM_SUMMARIZE_CREDITS. summarizecredits without_rule</td>
</tr>
</tbody>
</table>

To customize a procedure:

1. Create your code.
2. Create a service request asking the Oracle Sales Cloud Incentive Compensation product development team to review the code.
3. Create a collaboration service request for the development team to update the package.
4. Enter your custom rollup procedure name in the Manage Parameters page.

Use Cases for Parameter Settings

The following table provides uses cases for when to enable direct crediting and rollup and which rollup hierarchy to use, where applicable.

<table>
<thead>
<tr>
<th>Use Case</th>
<th>Enable Direct Crediting</th>
<th>Enable Rollup Crediting</th>
<th>Rollup Hierarchy to Use</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collect credit transactions from another source, such as accounts receivable.</td>
<td>No</td>
<td>Yes</td>
<td>Rollup hierarchy</td>
</tr>
<tr>
<td>Collect credit transactions from another source and also create credit transactions within incentive compensation</td>
<td>Yes</td>
<td>Yes</td>
<td>Credit hierarchy or Both</td>
</tr>
</tbody>
</table>
### Use Case

<table>
<thead>
<tr>
<th>Use Case</th>
<th>Enable Direct Crediting</th>
<th>Enable Rollup Crediting</th>
<th>Rollup Hierarchy to Use</th>
</tr>
</thead>
<tbody>
<tr>
<td>Create direct credit transactions using direct credit rules.</td>
<td>Yes</td>
<td>No</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Create direct and indirect credits without using a reporting structure.</td>
<td>Yes</td>
<td>No</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Collect credit transactions from another source. Within incentive compensation, create rollup and team credit transactions using the collected credit transactions.</td>
<td>No</td>
<td>Yes</td>
<td>Rollup hierarchy</td>
</tr>
<tr>
<td>Create credit transactions using incentive compensation direct and rollup credit rules.</td>
<td>Yes</td>
<td>Yes</td>
<td>Credit hierarchy</td>
</tr>
<tr>
<td>You have more control over which direct credit splits roll up the hierarchy using this option.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Collect transactions that include credit receivers. Also create team credits where every team member receives the same attainment based on each others’ sales, without a reporting structure.</td>
<td>No</td>
<td>No</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Collect transactions that include credit receivers. Also create team credits where every team member receives the same attainment based on each others’ sales, without a reporting structure.</td>
<td>No</td>
<td>No</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Create credit transactions using direct credit rules. Also create team credits where every team member receives the same attainment based on each others’ sales, without a reporting structure.</td>
<td>Yes</td>
<td>No</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Create credit transactions using direct credit rules. Create rollup credit transactions using the credit hierarchy. Possibly create overlays using the rollup rule hierarchy.</td>
<td>Yes</td>
<td>Yes</td>
<td>Both</td>
</tr>
<tr>
<td>This setup is extremely rare and avoiding duplicate rollups is complex.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Related Topics

- What happens if I edit an incentive compensation rollup credit receiver after processing?
- What happens if I edit an incentive compensation team or team member after processing?
• What happens if I roll up incentive compensation credit to a parent?
• Qualifying Criteria and Rule Hierarchy: How They Work Together

Rollup Crediting Using the Credit Hierarchy: Points to Consider

If you enable rollup crediting, then you can specify to use the credit hierarchy. You can discretely manage rollup crediting within the direct credit rule hierarchy using two credit receiver settings, Roll Up to Parents and Summarize Rollups.

Create and manage the direct credit rule hierarchy in the Participant Assignment work area. Use the Manage Parameters task in the Setup and Maintenance work area to:
  • Enable rollup crediting and specify to use the credit hierarchy
  • Enable aggregation of transactions during rollup

Roll Up to Parents

For each participant that you associate as a credit receiver, you specify whether to roll up all direct credits to reporting parents in the rule hierarchy.

Summarize Rollups

For each credit receiver where you select Roll Up to Parent, you also specify whether to summarize rollups. Summarizing rolled up transactions significantly reduces the number of transactions processed, improving performance substantially.

> Note: Verify that your aggregated calculations create the same result as when the calculation process calculates direct and rollup, or indirect, credits separately. Some formulas can generate different amounts of compensation if you use summarized rollup transactions.

Scenario for Summarizing Rollups

This scenario is the foundation for answers to the questions asked in the next two sections. A credit hierarchy has five levels with five base participants, all of whom roll up to the same set of managers. If each of the five credit receivers has ten credit transactions, then the crediting process generates 50 credit transactions.

What Happens When I Don't Summarize Rollups?

Result: After crediting and rollup there are 250 credit transactions--5 credit receivers x 10 credit transactions x 5 rollup levels. The crediting and rollup processes replicate base transactions to every resource in the rollup hierarchy.

What Happens When I Summarize Rollups?

Result: After rollup there are 25 summarized credit transactions (5 summarized credit transactions x 5 rollup levels) and 75 credit transactions instead of 250.
The rollup process:

1. Summarizes the credit transactions for each participant
2. Uses the five summary credits, one for each credit receiver, for rollup

Classification Parameters: Critical Choices

Settings on the Manage Parameters page of the Setup and Maintenance work area affect if and when the classification process runs. If you elect not to enable classification, then incentive processing assumes that the source transactions include credit categories.

Create and manage the classification rule hierarchy and rules in the Compensation Plans work area.

When to Run Classification

If you enable classification, then you further specify when to run the process, by selecting from these options:

- After crediting and rollup and before calculation

  Use this option when:

  o You import credit transactions and want to classify them
  o Use only this option if the base transaction creates credit transactions in different business units. For example:

    - Example 1: A transaction is collected against BU1. The direct credit receiver (salesperson 1) is assigned from BU2.
    - Example 2: A transaction is collected against BU1 and the direct credit receiver (Salesperson 1) is also assigned from BU1. But Salesperson 1 rolls up to Manager 1, from another business unit, BU2.
  o The classification rules are different in each business unit.

  Classifying after the crediting process runs gives you more flexibility in differentiating the credit category for the credit receiver’s transactions.

- After collection and before crediting

  Tip: You may find it useful to include the identified category in your credit rules to help identify credit assignments.

  The best practice is to preserve the value for when you run classification after you set it in a production application, as each process looks for specific status values on the data to determine what transactions to include. If you do change the parameter value, then run all related processes again for all of the currently open periods with transactions that are unprocessed or in process.
18 Credit, Rollup, Classification, and Assignment Rules

Qualifying Criteria and Rule Hierarchy: How They Work Together

Classification and direct credit rule hierarchies consist of rules that include qualifying criteria. The hierarchies and qualifying criteria work together to match transactions for classification and credit processing. Classification adds credit categories to matching transactions while crediting generates credit transactions based on the matching transactions, for specified credit receivers or participants. Participant role assignment rules identify eligible roles to assign to participants according to participant detail attributes.

Qualifying Criteria

The following table shows how classification, direct credit, or participant role assignment rules identify matching transactions or roles using qualifying criteria consisting of attributes and their values:

<table>
<thead>
<tr>
<th>Matching Criteria</th>
<th>Description</th>
<th>Example 1</th>
<th>Example 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qualifying attribute</td>
<td>Choice list of table columns enabled for crediting. The actual list values are the user-defined name for each enabled table column.</td>
<td>Performance</td>
<td>Transaction Type</td>
</tr>
<tr>
<td></td>
<td>Attributes relate using AND logic.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Qualifying attribute values</td>
<td>Data values stored in the attribute table column. Depending on the attribute selected, you add the values from a choice list or enter them manually.</td>
<td>Manually enter a performance value, such as 4.25</td>
<td>Add one or more transaction type values, such as Forecast or Invoice</td>
</tr>
<tr>
<td></td>
<td>Attribute values relate using OR logic.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Use the Configure Tables and Columns task in the Setup and Maintenance work area to enable provided table columns for use as qualifying criteria attributes in classification and direct credit rules. You can also define your own qualifiers.

Rule Hierarchy

You create rules in hierarchies to facilitate inheritance of criteria and reduce rule maintenance.

- Assign common attributes once, to a parent.
- Assign more granular attributes to descendant rules.
Example: To segregate all transactional data for multiple business units, include business unit as a qualifying criteria at the top level of your hierarchy. In descendant rules, specify qualifying criteria such as State or Transaction Type.

Qualifying criteria of each hierarchy rule relates by AND logic with the criteria in each descendant rule to form the complete matching criteria.

Qualifying Criteria and Rule Hierarchy Example
The following figure shows a partial rule hierarchy and rule qualifying criteria for ERP sales to customers in two industries within a business unit.

The following shows how the matching criteria evolves as you descend through the rule hierarchy.

1. Business Unit = EMEA and Customer = BriTeleco or Deutsche HSBC or Zellweger and Industry = Telecommunications and Product Category = ERP Software or ERP 1st Year Support
2. Business Unit = EMEA and Customer = BriTeleco or Deutsche HSBC or Zellweger and Industry = Financial Services and Product Category = ERP Software or ERP 1st Year Support

Related Topics
• Enabling Table Columns as Attributes for Incentive Compensation Processing: Procedure

Organizing Qualifying Criteria within the Rule Hierarchy: Points to Consider

Use the questions and tips in the following sections to organize your qualifying criteria for classification and direct credit rules more effectively.

Define your rules using these tasks:
• Manage Classification Rules in the Compensation Plans work area
• Manage Direct Credit Rules in the Participant Assignments work area

Number of Named Accounts for the Organization

How many named accounts does the organization have?

If sales management claims that named accounts make up more than 20 percent of all territory organizations, then it’s likely to have incorrectly implemented named accounts. For example: A telecommunication territory includes 50 standard industrial classification (SIC) codes. Implementing a telecommunication credit hierarchy as 20,000 named accounts requires a minimum of 20,000 customer name range qualifier rules. Instead, implement it as a credit hierarchy with 50 SIC code matching rules.

Number of Named Accounts for a Typical Participant

How many named accounts does a typical participant have?

If sales management claims its salespeople have over a hundred named accounts, then it’s likely to have incorrectly implemented a simple rule using named accounts. Investigate how the business derived the set of named accounts. Typically, salespeople don’t have the bandwidth to manage more than 100 named accounts and give the proper attention to critical customers.

Qualifying Criteria Fluctuation and Customer Segmentation

Do your qualifying criteria fluctuate in the context of the credit receivers (participants) to whom you are assigning transactions? Do they segment, or group, customers periodically based on a dynamic business matching attribute?

It’s important to examine the fluctuation of the dynamic matching attribute in the context of the business object you are assigning. For example: The technology industry might first segment customers by customer category, such as automotive, telecommunications, government, and financial services, and those customers maintain their segmentation even when their customer accounts change. In these cases, the recommended practice is to designate customer categorization at a higher level in the rule hierarchy. Then, further divide them into named customer accounts and products using descendant rules.

Customer Account and Geographic Rules

Using customer account rules instead of geographic ones can be an ineffective way to assign a participant’s credit in terms of:

• Application performance
• Scalability
• Ease of maintenance

It can be more effective to apply rules using a mix of qualifying criteria, such as:

• Country
• Region (state, postal code range)
• Industry
• Channel
• Product family

Example: Segment 20,000 customers by:

1. Country and region
2. Sales channel
3. Product family

With this structure, classification and credit assignments process quickly because there are only a few or several hundred rules. Assignment performance directly correlates to the number of matching rules. Assignment is slower with 20,000 matching rules than with a few hundred.

**Named Account Attributes Delivered with Incentive Compensation**

The following are the delivered Customer Data Management qualifying criteria that you can use when defining named account rules.

Define named account rules using the following tasks:

- Manage Classification Rules in the Compensation Plans work area
- Manage Direct Credit Rules in the Participant Assignments work area

**Customer Name Range**

Identify organizations through ranges of names or partial name matches.

Unless you have strict data quality management policies in place and there is only one occurrence of each customer, we recommend that you use these qualifying criteria for named accounts.

**Territory Name**

From the Oracle Customer Experience Sales application.

**Customer ID**

This is the Registry ID in Customer Data Management.

**Customer Hierarchy**

Select any level of the hierarchy in your rules. If the incentive compensation process finds a match for a descendant on the transaction, then it qualifies as a match to the rule.

**Incentive Compensation Rule Ranking and Number of Winners: Explained**

Rule rank, parent’s rule rank, and position within the rule hierarchies enable the classification and crediting processes to identify the winning rules when evaluating transactions. Depending on how you configure direct credit rules, the crediting process might identify multiple winners. In the case of classification, only one rule is selected as the winner for a hierarchy, from the list of matching rules. Participant role assignment rules match criteria to assign roles to participants.
Create, manage, and deploy:

- Classification rules in the Compensation Plans work area
- Direct credit rules in the Participant Assignment work area
- Participant role assignment rules in the Manage Participant Assignment Rules work area

**Rank and Rule Position**

Use rank and rule position to specify the priority of a rule among multiple winners.

- Rank should be a positive integer.
- Rules lower (for example, a leaf) in the hierarchy have an inherently higher priority than those higher in the hierarchy.
- If no rank is specified for a rule, then the rank is considered as the highest number (99999999) and hence, the lowest priority.

**Selection of the Winning Rule**

The classification and crediting processes determine the winning rule as follows:

1. **Score calculation**
   - Each rule is assigned with a score, calculated based on the following attributes of the rule:
     - Rule rank, provided by the user: Rules with a lower rank get a higher score.
     - Position of the rule in the hierarchy: Rules lower in the hierarchy (for example, a leaf) get higher score.
     - Rank of the parent rule: A rule with a lower rank for the parent rule gets a higher score.

2. **Selection of qualified rules**
   - The deployed rules are evaluated against the transaction attributes to determine the qualified rules that match.

3. **Selection of winning rules**
   - The application then selects the winning rules from the qualified rules based on the calculated score. The rule with highest score wins.

If there is a contention, meaning there are more winning rules with the same absolute score than the number of winners, then the application selects the winning rules randomly. But if the hierarchy is not modified (stays consistent), then the same winning rule is selected every time the process is run.

**Example: Multiple Matching Rules with One Winner**

The following table shows an example credit rule hierarchy.

<table>
<thead>
<tr>
<th>Node Level</th>
<th>Rule Name</th>
<th>Rank</th>
<th>Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Root Node: Level 0</td>
<td>Root Note</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Branch 1: Level 1</td>
<td>Rule 1</td>
<td>2</td>
<td>Transaction Type = Manual</td>
</tr>
<tr>
<td>Branch 1: Level 2</td>
<td>Rule 1.1</td>
<td>4</td>
<td>Country = US</td>
</tr>
</tbody>
</table>
The following table shows the selection process and the score calculated by the application.

<table>
<thead>
<tr>
<th>Node Level</th>
<th>Rule Name</th>
<th>Rank</th>
<th>Criteria</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Root Node: Level 0</td>
<td>Root Note</td>
<td>None</td>
<td>None</td>
<td>10</td>
</tr>
<tr>
<td>Branch 1: Level 1</td>
<td>Rule 1</td>
<td>2</td>
<td>Transaction Type = Manual</td>
<td>515</td>
</tr>
<tr>
<td>Branch 1: Level 2</td>
<td>Rule 1.1</td>
<td>4</td>
<td>Country = US</td>
<td>600</td>
</tr>
<tr>
<td>Branch 2: Level 1</td>
<td>Rule 2</td>
<td>3</td>
<td>Sales Channel = Direct</td>
<td>315</td>
</tr>
<tr>
<td>Branch 2: Level 2</td>
<td>Rule 2.1</td>
<td>1</td>
<td>Country = US</td>
<td>400</td>
</tr>
</tbody>
</table>

Winning Rule: All four rules are qualified. Since the calculated rank for Rule 1.1 is the highest, it becomes the winning rule and the transaction is assigned to credit receivers from that rule.

Tip: If multiple classification hierarchies exist, then the winning rule is selected from each hierarchy. This results in a classification error. Use a single classification hierarchy where possible. If multiple crediting hierarchies exist, then credit receivers from the winning rules from each hierarchy is assigned to the transaction.

Number of Winners

The number of winners specifies how many direct credit rules can win when the crediting process evaluates each transaction. The number of winners must be a positive integer. You can define the number of winners up to five levels deep in the hierarchy, starting with the level where you first set the number of winners and working down.

Example: You set the number of winners at level four in the hierarchy. You can continue to specify the number of winners through level eight.

Note: The number of winners for a classification hierarchy is only one and is hidden on the page.
Example: Two Direct Credit Rules with One Winner

Scenario: The crediting process uses the following direct credit rules to evaluate a transaction where the customer name is EMC, the channel is Direct, country is USA, and the state is California.

<table>
<thead>
<tr>
<th>Node Level</th>
<th>Rule Name</th>
<th>Rank</th>
<th>Qualifying Criteria and Attribute Value</th>
<th>Number of Winners</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Root node: Level 0</td>
<td>Root Node</td>
<td>1</td>
<td>None</td>
<td>1</td>
<td>100</td>
</tr>
<tr>
<td>Branch 1: Level 1</td>
<td>Rule 1</td>
<td>1</td>
<td>Country = USA</td>
<td>1</td>
<td>515</td>
</tr>
<tr>
<td>Branch 1: Level 2</td>
<td>Rule 1.1</td>
<td>1</td>
<td>State = CA</td>
<td>1</td>
<td>600</td>
</tr>
<tr>
<td>Branch 2: Level 1</td>
<td>Rule 2</td>
<td>1</td>
<td>Sales Channel = Direct</td>
<td>1</td>
<td>515</td>
</tr>
<tr>
<td>Branch 2: Level 2</td>
<td>Rule 2.1</td>
<td>2</td>
<td>Customer Like EMC</td>
<td>1</td>
<td>400</td>
</tr>
</tbody>
</table>

Result: The transaction matches the following leaf level rules:

- Branch 2: Level 2
- Branch 1: Level 2

But the Branch 1: Level 2 rule wins because it has the higher calculated score and you specified that there is only one winner. The transaction is assigned with credit receivers assigned to the rule Branch 1: Level 2.

Example: Two Rules with Two Winners

Scenario: In the rules for the previous example you updated the number of winners to equal 2 for Root Node: Level 0. The crediting process uses the two rules in the previous example to evaluate the same transaction.

Result: Since there can be two winners, the crediting process selects both the rules Branch 2: Level 2 and Branch 1: Level 2 as winners and credit receivers on both the rules are assigned to the transaction.

Credit Categories: How They Work with the Classification and Calculation Processes

Incentive compensation classification and calculation processes use credit categories to classify credit transactions and match classified transactions to performance measures. Create credit categories and add them to classification rules and performance measures in the Compensation Plans work area.
The following figure shows how credit categories match transactions to performance measures for incentive attainment and earnings calculations.

Credit Categories in Classification Processing

The classification process:

1. Matches a classification rule to a credit transaction using the rule qualifying criteria
2. Adds the credit category associated with the matching classification rule to the credit transaction

Credit Categories in Calculation Processing

The calculation process consists of multiple phases.

- The Eligibility phase uses the credit category hierarchy to match classified credit transactions with valid performance measures.
If multiple performance measures match a credit transaction, then the calculation process creates a duplicate of the transaction for each of the matched performance measures.

- The Calculation phase uses eligible transactions to calculate attainment and earnings.

The calculation process typically derives the credit category hierarchy dynamically from the classification rule hierarchy, but you can create an independent credit category hierarchy.

Related Topics
- Performance Measures: Explained

Creating a Classification and Credit Category Hierarchy: Worked Example

This example shows how to create a four-tier classification rule and credit category hierarchy. Use the hierarchy to classify transactions and match those transactions with performance measures, forming the basis for attainment calculation.

The following table describes each rule in the hierarchy. All of the rules in this example hierarchy are effective from January 1 through December 31.

<table>
<thead>
<tr>
<th>Hierarchy Level</th>
<th>Classification Rule Name</th>
<th>Parent Rule</th>
<th>Rule Qualifying Criteria</th>
<th>Credit Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>North Americas Sales</td>
<td>None</td>
<td>None</td>
<td>NA Sales</td>
</tr>
</tbody>
</table>
In the Compensation Plans work area, create the:

1. Credit categories
2. Classification rules, including associating a credit category with each rule

Creating Credit Categories

Perform these steps seven times, once for each credit category.

1. Click the **Create Credit Category** task.
2. Enter the **Name**.
   - a. NA Sales
   - b. US Sales
   - c. CAN Sales
   - d. US Direct Sales
   - e. US Telesales
   - f. US Direct Sales Laptop
   - g. US Direct Sales Desktop
3. The first six times, click **Save and Create Another** and repeat steps 2 and 3.
   
   After creating the final category, click **Save and Close** to return to the Manage Credit Categories page.

Creating Classification Rules and Hierarchy

When creating the classification rule hierarchy and rules:

1. Create the top-level rule.
2. Create the descendant rules, including credit categories and relevant qualifying criteria.
Step 1: Create the Top-Level Rule

1. Click the Manage Classification Rules task.
2. On the Classification Rules Hierarchy section toolbar, click Create Hierarchy.
   a. In the Name field, enter North Americas Sales.
   b. In the Start Date field, select January 1, 2014.
   c. In the End Date field, select December 31, 2014.
   d. Click Save and Close to return to the Manage Classification rules page.
3. In the Classification Rules Hierarchy section, select the North Americas Sales rule that you just created.
4. In the Details section, select the Credit Category tab.
   a. On the toolbar, click Add Row.
   b. In the Name field, search for and select NA Sales.
5. Click Save.

Step 2: Create the Descendant Rules

Using the data in the initial diagram and table, perform the following steps six times to create two descendant classification rules under the North Americas Sales, US Sales, and Direct rules, respectively:

1. In the Classification Rules Hierarchy section, select the appropriate parent rule.
2. On the toolbar, click Create Node.
   a. In the Name field, enter the appropriate classification rule name.
   b. Click Save and Close.
3. In the Classification Rules Hierarchy section, select the descendant rule that you just created.
   a. Select the Credit Category tab.
      i. On the toolbar, click Add Row.
      ii. In the Name field, search for and select the credit category name that corresponds to this classification rule.
   b. Select the Qualifying Criteria tab.
      i. On the toolbar, click Add Row.
      ii. In the Name field, add the attribute that corresponds to this classification rule.
      iii. In the Qualifying Attribute Values section, click Add.
      iv. In the Values field, add the value that corresponds to this classification rule.
4. Click Save.

Creating a Catchall Classification Rule: Example

You classify transactions using product groups, and you want to catch transactions that do not match the product groups already specified in classification rules.
Scenario

Create a hierarchy of classification rules to catch all related transactions:

<table>
<thead>
<tr>
<th>Rule</th>
<th>Credit Category</th>
<th>Qualifier</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parent Rule 1</td>
<td>Office Machines Catchall</td>
<td>Product Group = Office Machines</td>
</tr>
<tr>
<td>Rule 2, child of Rule 1</td>
<td>Copiers Product Group</td>
<td>Product Group = Copiers</td>
</tr>
<tr>
<td>Rule 3, child of Rule 1</td>
<td>Printers Product Group</td>
<td>Product Group = Printers</td>
</tr>
</tbody>
</table>

Rule 2 matches transactions for copiers and rule 3 matches transactions for printers. Rule 1 picks up transactions for any other product groups within the office machines product group, such as fax machines, as well as transactions for the office machines product group.

Creating an Independent Credit Category Hierarchy: Procedure

The calculation process typically derives a credit category hierarchy from the classification rule hierarchy. You can create separate credit category and classification rule hierarchies, as required.

In the Compensation Plans work area, use the Manage Classification Rules task to:

1. Create a classification rule hierarchy, adding relevant credit categories and qualifying criteria for only the lowest level rules.
   
   The classification process uses this hierarchy to assign the credit categories to the transactions.

2. Create another classification rule hierarchy adding credit categories for all rules. Do not add any qualifying criteria.
   
   The calculation process uses this hierarchy to find the performance measures with directly matching credit categories or by matching the parent credit categories indirectly.

Tip: Typically, the rule name is the same as the credit category name.
Deploying Incentive Compensation Rules: Procedure

You must deploy new and edited classification, direct credit, and rollup credit rules before incentive processing includes them. Deployment flattens the rule structure, improving process performance. You must also deploy participant assignment rules to be available for assigning roles to participants.

1. Deploy the rules using these processes:
   - Run the Deploy Classification Rules process in the Compensation Plans work area or include Classify when you use the Run All Transaction Processes task.
   - Run the Deploy Credit Rules process in the Participant Assignments work area or include Credit when you use the Run All Transaction Processes task.
   - Run the Deploy Participant Assignment Rules process in the Participant Assignments work area.

2. Use the Manage Scheduled Processes task in each work area to view process statuses and logs.

3. After deploying the rules, process incentive compensation again to revert and adjust transactions accordingly.

Exporting Incentive Compensation Rules: Explained

You can export incentive compensation classification, crediting, and rollup rules from one environment for import into other environments and to the same or different enterprises in the same environment. You can also export the Analyst Payment Approval and Team Credits hierarchies.

Use the Export icon button on the rule hierarchy toolbar of the following pages, listed by work area:

<table>
<thead>
<tr>
<th>Work Area</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participant Assignment</td>
<td>• Manage Analyst Payment Approval Hierarchy</td>
</tr>
<tr>
<td></td>
<td>• Manage Direct Credit Rules</td>
</tr>
<tr>
<td></td>
<td>• Manage Rollup Credit Rules</td>
</tr>
<tr>
<td></td>
<td>• Manage Team Credit Rules</td>
</tr>
<tr>
<td></td>
<td>• Manage Participant Assignment Rules</td>
</tr>
<tr>
<td>Compensation Plans</td>
<td>• Manage Classification Rules</td>
</tr>
</tbody>
</table>

The export process includes all descendant rules for the selected rule and all child objects associated with each rule.

- Credit and rollup rules have assignment and qualifier child objects.
- Classification rules have the credit category child object.

⚠️ Caution: Don’t edit the export file after you save it locally. The import rule hierarchy process detects edits to an exported file. Depending on the nature of the edit, the import process might fail or import incorrect data.
Importing Incentive Compensation Rules: Procedure

You can import incentive compensation rules exported from one environment into other environments and to different enterprises in the same environment. Use the Manage Rule Hierarchy Import Process task in either the Participant Assignments or Compensation Plans work area.

The import process exists to migrate rules from one environment to another. It isn’t a method for editing rules.

- The import process always creates the rules in the destination environments. It reuses any credit categories that exist in the destination environment.
- Running the import process imports the crediting, rollup, or classification rules and all associated child objects into the business unit in which you run the import process.

The basic process for importing valid incentive compensation rules is:

1. Set up the destination environment.
2. Import the rules.
3. Review the results of the import rule hierarchy process.

Setting Up the Destination Environment

Before importing rules, the following must exist in the destination environment and be assigned or enabled, as required.

- All participants associated as credit receivers, the import process doesn’t create participants
- Any roles
- Any table columns used as qualifying criteria on classification or direct credit rules
- Any values used as qualifying attribute values
- Any custom qualifiers

Importing the Rules

To differentiate new objects from existing ones in the destination environment, you can enter a prefix or suffix. The import process:

- Adds the string to the start or end of all named objects created during the import
- Applies any start and end dates that you enter to all named objects created during the import

Reviewing the Rule Hierarchy Import Process Results

In the Search Results section on the Manage Rule Hierarchy Import Processes page, you view the import log. The import log contains the following information:

- General information, such as when the process started and ended
- Name of the user who submitted the import request
- Status of the overall process
- List of imported rule objects
• List of failed rule objects along with the reason for the failure

FAQs for Credit, Rollup, and Classification Rules

What's the best way to maintain incentive compensation rules?
Use effective dating.

• If matching criteria changes (you must reprocess for this date range) and you want to preserve the original credit transactions, then end date and copy the rule.
  Processing uses the new rule with the modified criteria and new date range for matching.
• If participant assignments change in an existing rule, then end date participants and add new participants for the appropriate dates.

How can I move an incentive compensation rule in the hierarchy?
Follow these steps:
1. In the Rule Hierarchy section, select the rule that you want to move.
2. In the Overview subtab Parent Rule field, select the new parent rule.
3. Click Save.
4. To effect the next process run, after you make your edits, run the relevant deploy process:
   o Run the Deploy Classification Rules process in the Compensation Plans work area.
   o Run the Deploy Credit Rules process in the Participant Assignments work area.

When do I include incentive compensation business units in, or exclude them from, the credit and rollup hierarchy?
Include business units when you want to prevent crediting and rollups across business units. Exclude them when you want to credit and roll up across business units.

What happens if I select receive direct credit?
Direct credit transactions roll up to rollup credit rule credit receivers with this selection, indirect credit transactions don’t.

Related Topics
• What happens if I edit an incentive compensation rollup credit receiver after processing?
• What happens if I edit an incentive compensation team or team member after processing?
What's a Split Percent?

It's the percentage of the original transaction amount for which incentive compensation processing creates the direct or indirect credit transaction.

Related Topics

- What happens if I edit an incentive compensation rollup credit receiver after processing?
- What happens if I edit an incentive compensation team or team member after processing?
19 Credit, Rollup, and Classification Processing

Including Indirect Credits for Incentive Compensation: Points to Consider

You must decide whether to include indirect credits in calculations, and if yes, which type of indirect credit to select. The rollup process creates indirect credits through rollup or team participation.

Indirect Credit Types

In the Compensation Plans work area, configure indirect credits when creating or editing the plan component incentive formula. The following table provides descriptions for each indirect credit type.

<table>
<thead>
<tr>
<th>Indirect Credit Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manager</td>
<td>Include only the indirect credits created through the rollup process. The rollup process generates indirect credit for participants who meet the following conditions:</td>
</tr>
<tr>
<td></td>
<td>• The participant is part of the rollup hierarchy.</td>
</tr>
<tr>
<td></td>
<td>• The crediting process generated direct credit for a descendant participant who has Roll Up to Parent selected on the direct credit rule</td>
</tr>
<tr>
<td>Team</td>
<td>Include only the indirect credits created through team participation. A participant gets team credit if the participant is part of a team and the crediting process generates direct credit for another team member.</td>
</tr>
<tr>
<td>All</td>
<td>Include all indirect credits that the rollup process creates.</td>
</tr>
<tr>
<td>None</td>
<td>Compensate participants only for direct credits, for this plan component. This is the default value.</td>
</tr>
</tbody>
</table>

Related Topics

- Incentive Compensation Plans, Plan Components, and Performance Measures: How They Work Together
Direct and Rollup Credit Transactions: How They Are Created

You can create direct and rollup credit transactions using discrete or combined crediting and rollup processes and direct and rollup rule hierarchies.

Settings That Affect Credits and Rollups

Parameters set using the Manage Parameters task determine if either or both direct and rollup crediting processes are enabled. If rollup crediting is enabled, then another parameter specifies which credit rule hierarchy to use for processing: direct, rollup, or both.

Set process parameters that constraint the transactions that the process evaluates:

- Transactions must include the specified business unit and a transaction date that falls within the specified date range.
- Specify whether to process all of the transactions that meet those constraints, or only the new transactions.

Set these parameters when scheduling one of the following processes in the Credits and Earnings work area:

- Run Crediting
- Rollup
- Run Crediting and Rollup

How Credits and Rollups Are Created

The scheduled process uses the designated rule hierarchy to qualify base transactions. The process matches transactions with rule qualifying criteria to identify the credit receivers.

For each identified credit receiver, the process creates a direct or rollup credit transaction, depending on which process you scheduled, and based on:

- The split percentage, which is how much credit the participant receives of the original transaction amount
- The revenue type, Revenue or Nonrevenue
- Whether direct credits roll up to parent credit receivers in the rule hierarchy

Examples Introduction

The following examples use a partial credit and rollup rule hierarchy and a base transaction to illustrate three different processing scenarios.

The following table shows the partial credit and rollup rule hierarchy. All rule credit receivers have Roll Up to Parents set to Yes except Robert Rivera, because he is an overlay salesperson.
<table>
<thead>
<tr>
<th>Hierarchy Level</th>
<th>Rule</th>
<th>Qualifying Criteria</th>
<th>Credit Receivers</th>
<th>Split Percentage</th>
<th>Revenue Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>North America</td>
<td>Country = US or CAN or MEX</td>
<td>Richard Barta</td>
<td>100</td>
<td>Nonrevenue</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Lily Cox</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Western Region AV</td>
<td>State = WA or OR or CA and</td>
<td>Andrew Brown</td>
<td>100</td>
<td>Nonrevenue</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Product = Audio Video</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Western Region Audio</td>
<td>Product = HomeAudio 321765 or</td>
<td>Alex Anders</td>
<td>Alex and Haley:</td>
<td>Revenue</td>
</tr>
<tr>
<td></td>
<td></td>
<td>HomeAudio 456123</td>
<td>Haley King</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Robert Rivera</td>
<td>Robert: 100</td>
<td>Nonrevenue</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Alex and Haley:</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Revenue</td>
<td></td>
</tr>
</tbody>
</table>

**Example 1: Standard Crediting and Rollup Processing**

The following table contains key data for the base transaction 56.31:

<table>
<thead>
<tr>
<th>Source Transaction Amount</th>
<th>Source Transaction Currency</th>
<th>Quantity</th>
<th>Product</th>
</tr>
</thead>
<tbody>
<tr>
<td>50,000</td>
<td>USD</td>
<td>50</td>
<td>HomeAudio 321765</td>
</tr>
</tbody>
</table>

The following table shows the direct and rollup credit transactions generated from the base transaction by the Run Crediting and Rollup process using the partial credit and rollup hierarchy:

<table>
<thead>
<tr>
<th>Direct Participant</th>
<th>Credit Receiver</th>
<th>Credit Amount</th>
<th>Credit Percentage</th>
<th>Revenue Type</th>
<th>Credit Type</th>
<th>Rule Used</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alex Anders</td>
<td>Alex Anders</td>
<td>25,000</td>
<td>50</td>
<td>Revenue</td>
<td>Direct</td>
<td>Western Region Audio</td>
</tr>
<tr>
<td>Haley King</td>
<td>Haley King</td>
<td>25,000</td>
<td>50</td>
<td>Revenue</td>
<td>Direct</td>
<td>Western Region Audio</td>
</tr>
<tr>
<td>Robert Rivera</td>
<td>Robert Rivera</td>
<td>50,000</td>
<td>100</td>
<td>Nonrevenue</td>
<td>Direct</td>
<td>Western Region Audio</td>
</tr>
<tr>
<td>Alex Anders</td>
<td>Andrew Brown</td>
<td>25,000</td>
<td>100</td>
<td>Nonrevenue</td>
<td>Rollup</td>
<td>Western Region AV</td>
</tr>
<tr>
<td>Haley King</td>
<td>Andrew Brown</td>
<td>25,000</td>
<td>100</td>
<td>Nonrevenue</td>
<td>Rollup</td>
<td>Western Region AV</td>
</tr>
<tr>
<td>Alex Anders</td>
<td>Lily Cox</td>
<td>25,000</td>
<td>100</td>
<td>Nonrevenue</td>
<td>Rollup</td>
<td>North America</td>
</tr>
</tbody>
</table>
Example 2: Manually Created Direct Credits

The following table contains key data for the base transaction 56.32:

<table>
<thead>
<tr>
<th>Direct Participant</th>
<th>Credit Receiver</th>
<th>Credit Amount</th>
<th>Credit Percentage</th>
<th>Revenue Type</th>
<th>Credit Type</th>
<th>Rule Used</th>
</tr>
</thead>
<tbody>
<tr>
<td>Haley King</td>
<td>Haley King</td>
<td>25,000</td>
<td>100</td>
<td>Revenue</td>
<td>Direct</td>
<td>Western Region Audio</td>
</tr>
<tr>
<td>Haley King</td>
<td>Andrew Brown</td>
<td>25,000</td>
<td>100</td>
<td>Nonrevenue</td>
<td>Rollup</td>
<td>Western Region AV</td>
</tr>
</tbody>
</table>

The following table shows the direct credit transaction that you manually created from the base transaction 56.32 and the rollup credit transaction created by the rollup process using the base transaction and partial rule hierarchy.

Because you elected to preserve credits on the base transaction, the crediting process ignored this base transaction, preserving your manually created direct credit.

Example 3: Run Crediting and Rollup Process Error

The following table contains key data for the base transaction 56.33:

<table>
<thead>
<tr>
<th>Source Transaction Amount</th>
<th>Source Transaction Currency</th>
<th>Quantity</th>
<th>Product</th>
<th>Country</th>
<th>State</th>
</tr>
</thead>
<tbody>
<tr>
<td>10,000</td>
<td>USD</td>
<td>48</td>
<td>HomeVideo 987654</td>
<td>US</td>
<td>CA</td>
</tr>
</tbody>
</table>

The partial credit and rollup hierarchy doesn’t contain a rule with qualifying criteria for the product on this transaction. As a result, the Run Crediting and Rollup process:

- Doesn’t generate any credit transactions
- Sets the status of the base transaction to Credit Error
Related Topics

- Crediting and Rollup Parameters: Critical Choices
- Rollup Crediting Using the Credit Hierarchy: Points to Consider
- Qualifying Criteria and Rule Hierarchy: How They Work Together

Cross-Business-Unit Crediting and Rollup Processing: Example

This example uses a source transaction that spans multiple business units to show the direct and rollup credit transactions created by the credit and rollup processes.

Scenario

You have multiple business units, each administered separately. All business units use USD as their operating currency so that your executives can easily review all performance and expenses.

The processing for business units varies based on business requirements and ease of administration:

- Your EMEA business unit uses participant home currency.
- Your US business unit uses operating currency.

Partial Credit and Rollup Rule Hierarchy

The following table shows the partial credit and rollup rule hierarchy used in this example.

<table>
<thead>
<tr>
<th>Hierarchy Level</th>
<th>Rule</th>
<th>Qualifying Criteria</th>
<th>Credit Receivers</th>
<th>Split Percentage</th>
<th>Revenue Type</th>
<th>Roll Up to Parent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Named Accounts</td>
<td>None</td>
<td>Harve Sarte</td>
<td>100</td>
<td>Nonrevenue</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Joyce Reynolds</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>EMEA Sales</td>
<td>Customer = BriTeleco or Deutsche HSBC, or Zellweger</td>
<td>James Benson, Anthony Jessups, Bonnie Vickers</td>
<td>100</td>
<td>Nonrevenue</td>
<td>No</td>
</tr>
<tr>
<td>3</td>
<td>ERP Telecommunications</td>
<td>Industry = Telecommunications and Product Category = ERP</td>
<td>John Smith, Jane Woods</td>
<td>50</td>
<td>Revenue</td>
<td>Yes</td>
</tr>
</tbody>
</table>
The following table lists the business unit and processing currency for each credit receiver.

<table>
<thead>
<tr>
<th>Credit Receiver</th>
<th>Business Unit</th>
<th>Processing Currency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Harve Sarte</td>
<td>EMEA</td>
<td>CHF</td>
</tr>
<tr>
<td>Joyce Reynolds</td>
<td>US</td>
<td>USD</td>
</tr>
<tr>
<td>James Benson</td>
<td>EMEA</td>
<td>SEK</td>
</tr>
<tr>
<td>Anthony Jessups</td>
<td>EMEA</td>
<td>GBP</td>
</tr>
<tr>
<td>Bonnie Vickers</td>
<td>US</td>
<td>USD</td>
</tr>
<tr>
<td>John Smith</td>
<td>EMEA</td>
<td>EUR</td>
</tr>
<tr>
<td>Jane Woods</td>
<td>EMEA</td>
<td>EUR</td>
</tr>
</tbody>
</table>

- Named Account and EMEA Sales rules, the Split Percentage is 100, Revenue Type is Nonrevenue, and Roll Up to Parent is No
- ERP Telecommunications rule, the Split Percentage is 50, Revenue Type is Revenue, and Roll Up to Parent is Yes

**Base Transaction**

The following table shows key base transaction data:

<table>
<thead>
<tr>
<th>Customer</th>
<th>Industry</th>
<th>Source Transaction Amount</th>
<th>Source Currency</th>
<th>Source to Operating Currency Conversion Rate</th>
<th>Operating Amount</th>
<th>Operating Currency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zellweger</td>
<td>Telecommunications</td>
<td>28,398.00</td>
<td>EUR</td>
<td>1.4905</td>
<td>42,327.22</td>
<td>USD</td>
</tr>
</tbody>
</table>

**Direct and Rollup Credit Transactions**

The following table shows the credit and rollup transactions generated from the base transaction by the crediting and rollup processes using the partial credit and rollup hierarchy.
For all credit receivers, the currency used for calculated amounts is the participant’s home currency except for Bonnie Vickers and Joyce Reynolds. For Bonnie and Joyce, the currency used for calculated amounts is operating currency.

<table>
<thead>
<tr>
<th>Direct Participant</th>
<th>Credit Receiver</th>
<th>Source to Calculated Credit Amount</th>
<th>Calculated Credit Amount</th>
<th>Calculated Currency</th>
<th>Revenue Type</th>
<th>Credit Type</th>
<th>Rule Used</th>
</tr>
</thead>
<tbody>
<tr>
<td>John Smith</td>
<td>John Smith</td>
<td>1</td>
<td>14,199.00</td>
<td>EUR</td>
<td>Revenue</td>
<td>Direct</td>
<td>ERP Telecommunications</td>
</tr>
<tr>
<td>Jane Woods</td>
<td>Jane Woods</td>
<td>1</td>
<td>14,199.00</td>
<td>EUR</td>
<td>Revenue</td>
<td>Direct</td>
<td>ERP Telecommunications</td>
</tr>
<tr>
<td>John Smith</td>
<td>James Benson</td>
<td>9.3882</td>
<td>133,303.05</td>
<td>SEK</td>
<td>Nonrevenue</td>
<td>Rollup</td>
<td>EMEA Sales</td>
</tr>
<tr>
<td>Jane Woods</td>
<td>James Benson</td>
<td>9.3882</td>
<td>133,303.05</td>
<td>SEK</td>
<td>Nonrevenue</td>
<td>Rollup</td>
<td>EMEA Sales</td>
</tr>
<tr>
<td>John Smith</td>
<td>Anthony Jessup</td>
<td>0.7843</td>
<td>11,136.28</td>
<td>GBP</td>
<td>Nonrevenue</td>
<td>Rollup</td>
<td>EMEA Sales</td>
</tr>
<tr>
<td>Jane Woods</td>
<td>Anthony Jessup</td>
<td>0.7843</td>
<td>11,136.28</td>
<td>GBP</td>
<td>Nonrevenue</td>
<td>Rollup</td>
<td>EMEA Sales</td>
</tr>
<tr>
<td>John Smith</td>
<td>Bonnie Vickers</td>
<td>1.4905</td>
<td>21,163.61</td>
<td>USD</td>
<td>Nonrevenue</td>
<td>Rollup</td>
<td>EMEA Sales</td>
</tr>
<tr>
<td>Jane Woods</td>
<td>Bonnie Vickers</td>
<td>1.4905</td>
<td>21,163.61</td>
<td>USD</td>
<td>Nonrevenue</td>
<td>Rollup</td>
<td>EMEA Sales</td>
</tr>
<tr>
<td>John Smith</td>
<td>Harve Sarte</td>
<td>1.6212</td>
<td>23019.42</td>
<td>CHF</td>
<td>Nonrevenue</td>
<td>Rollup</td>
<td>Named Accounts</td>
</tr>
<tr>
<td>Jane Woods</td>
<td>Harve Sarte</td>
<td>1.6212</td>
<td>23019.42</td>
<td>CHF</td>
<td>Nonrevenue</td>
<td>Rollup</td>
<td>Named Accounts</td>
</tr>
<tr>
<td>John Smith</td>
<td>Joyce Reynolds</td>
<td>1.4905</td>
<td>21,163.61</td>
<td>USD</td>
<td>Nonrevenue</td>
<td>Rollup</td>
<td>Named Accounts</td>
</tr>
<tr>
<td>Jane Woods</td>
<td>Joyce Reynolds</td>
<td>1.4905</td>
<td>21,163.61</td>
<td>USD</td>
<td>Nonrevenue</td>
<td>Rollup</td>
<td>Named Accounts</td>
</tr>
</tbody>
</table>

**Related Topics**

- Qualifying Criteria and Rule Hierarchy: How They Work Together
- Crediting and Rollup Parameters: Critical Choices
- Rollup Crediting Using the Credit Hierarchy: Points to Consider
Incentive Compensation Team Credit Rules: How They Are Processed

Define teams of participants that the rollup process uses to create indirect credit transactions. Create and manage team credit rules in the Plan Assignments work area.

Settings That Affect Team Credit Rules

Plan components that calculate team commissions must have Include Indirect Credits set to All or Team. Create and manage plan components in the Compensation Plans work area.

How Team Credit Rules Are Processed

If the transaction participant is a member of a team, then the rollup process automatically creates an indirect rollup credit for every member of the participant’s team. The rollup process creates team credits after processing direct and rollup credits.

Note: Even though all team members receive credit for the transaction, the credit rolls up the hierarchy only from the original transaction.

Team Credit Example

Steve is a member of a team that includes John and Bill. The collection process collects a transaction for 100 USD for which Steve is entitled to 100 percent credit. The rollup process automatically gives 100 percent indirect credit to John and Bill as well.

Credit Roll Up Example

Bob, Steve’s manager, receives a 100 USD rollup credit from Steve, because Steve is the direct credit receiver. Regardless of whom John and Bill report to, that manager doesn’t receive any rollup credit.

Credit Transaction Adjustments: Explained

Transaction adjustments affect credit and earnings transactions as well as transaction history. After you adjust transactions, you must run the Revert Transactions process before running any other transaction processing. View transaction history and process logs in the Credits and Earnings work area.
Saving the Adjusted Credit Transaction

When you save your adjustments, the Save process:

1. Obsoletes the original credit transaction
   - If calculation and payment processing included the original credit transaction, then the Save process also obsoletes the original earnings transaction.
2. Creates another credit transaction based on the adjustments
3. Sets Preserve Credits to Yes on the base transaction
   - This setting ensures that the next time the crediting process runs, it doesn’t overwrite your adjustments. If you want to reapply credit rules to your adjusted credit transaction, then edit the base transaction to set Preserve Credits to No.

Moving Transactions to History and Creating Reversal Transactions

You run the Revert Transactions process to move any obsolete credit and earnings transactions to their respective history tables. The revert process also creates reversal transactions for use in future calculation and payment processing.

Processing Adjusted Transactions

The next time that the calculation process runs, it:

1. Reverses the original earning
2. Calculates earnings using the adjusted credit transaction

Subsequent payment processing includes the reversed earnings transaction as well as any new earnings transactions created during calculation processing.

Base and Credit Transactions: How They Are Classified

Incentive compensation calculation processing requires classified credit transactions. Classified transactions include credit categories, which incentive compensation plan performance measures use to calculate attainment.

Note: You must run the Deploy Classification Rules process in the Compensation Plans work area:

- After you create or edit classification rules
- Before you run the Classify Credits process in the Credits and Earnings work area
- Is run automatically when you use the task Run All Transaction Processes

Settings That Affect Transaction Classification

Parameters that you set using the Manage Parameters task in the Setup and Maintenance work area determine if and when you run classification processing.
Schedule the Classify Credits process in the Credits and Earnings work area, or as part of the Run All Transaction Processes task. Set parameters when scheduling that constrain the base and credit transactions that the process evaluates:

- Transactions must include the specified business unit and a transaction date that falls within the specified date range.
- Specify whether to process all of the transactions that meet those constraints, or only the new transactions.

### How Transactions Are Classified

The scheduled Classify Credits process uses the classification rule hierarchy to qualify base or credit transactions. The process matches transaction attributes with rule qualifying criteria to identify the credit categories. The process automatically excludes transactions that the collection process identified as filtered, in error, or being obsolete as well as transactions already included by upstream processes.

If only one rule matches the transaction, then the process associates the credit category with the transaction and sets the status to **Classified**. If not, then the process sets the transaction status as **Failed classification**.

When classifying adjusted transactions, the process again determines if there is a credit category match.

- If yes, is the credit category that was found the same as before?
  - Yes. The process makes no changes to the transaction or credit and sets the status to **Classified**.
  - No. The process changes the credit category and sets the transaction or credit status to **Classified with a new credit category**.
    
    It sets the original base or credit transaction status to **Obsolete** and creates another credit transaction with the new credit category. Running the Revert Transactions process in the Credits and Earnings work area moves obsolete base and credit transactions to their respective history tables for audit purposes.

- If no, the process sets the transaction status to **Failed classification**.

**Note:** If you don’t want the process to add the credit category to a transaction, then you must provide the following for the transaction:

- Credit category
- Applicable process code

### Classification After Crediting and Before Calculation Examples Introduction

The following examples use this partial classification rule hierarchy as well as direct and rollup credit transactions to illustrate three different classification processing scenarios.

<table>
<thead>
<tr>
<th>Hierarchy Level</th>
<th>Rule</th>
<th>Qualifying Criteria</th>
<th>Credit Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>North America</td>
<td>Country = US or CAN or MEX</td>
<td>None</td>
</tr>
<tr>
<td>2</td>
<td>Western Region AV</td>
<td>State = WA or OR or CA</td>
<td>None</td>
</tr>
<tr>
<td></td>
<td></td>
<td>and</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Product = Audio Video</td>
<td></td>
</tr>
</tbody>
</table>
Example 1: Standard Classification Processing

The following direct and rollup credit transactions include the product HomeAudio 321765 and were generated with no crediting or rollup errors. The classification process sets the credit category for all to Audio and the status to Classified.

<table>
<thead>
<tr>
<th>Direct Participant</th>
<th>Credit Receiver</th>
<th>Credit Type</th>
<th>Classification Rule Used</th>
<th>Credit Category</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alex Anders</td>
<td>Alex Anders</td>
<td>Direct</td>
<td>Western Region Audio</td>
<td>Audio</td>
<td>Classified</td>
</tr>
<tr>
<td>Haley King</td>
<td>Haley King</td>
<td>Direct</td>
<td>Western Region Audio</td>
<td>Audio</td>
<td>Classified</td>
</tr>
<tr>
<td>Robert Rivera</td>
<td>Haley King</td>
<td>Direct</td>
<td>Western Region Audio</td>
<td>Audio</td>
<td>Classified</td>
</tr>
<tr>
<td>Alex Anders</td>
<td>Andrew Brown</td>
<td>Rollup</td>
<td>Western Region AV</td>
<td>Audio</td>
<td>Classified</td>
</tr>
<tr>
<td>Haley King</td>
<td>Andrew Brown</td>
<td>Rollup</td>
<td>Western Region AV</td>
<td>Audio</td>
<td>Classified</td>
</tr>
<tr>
<td>Alex Anders</td>
<td>Lily Cox</td>
<td>Rollup</td>
<td>North America</td>
<td>Audio</td>
<td>Classified</td>
</tr>
<tr>
<td>Haley King</td>
<td>Lily Cox</td>
<td>Rollup</td>
<td>North America</td>
<td>Audio</td>
<td>Classified</td>
</tr>
<tr>
<td>Alex Anders</td>
<td>Richard Barta</td>
<td>Rollup</td>
<td>North America</td>
<td>Audio</td>
<td>Classified</td>
</tr>
<tr>
<td>Haley King</td>
<td>Richard Barta</td>
<td>Rollup</td>
<td>North America</td>
<td>Audio</td>
<td>Classified</td>
</tr>
</tbody>
</table>

Example 2: Classification of Manually Created Direct Credit

You manually created the following direct credit transaction and rollup processing created the rollup credit transaction, both of which include the product HomeAudio 456123. Credit processing excluded the base transaction for the direct credit transaction, preserving the manually created transaction. Classification process sets the credit category for each transaction to Audio and the status to Classified.

<table>
<thead>
<tr>
<th>Direct Participant</th>
<th>Credit Receiver</th>
<th>Credit Type</th>
<th>Classification Rule Used</th>
<th>Credit Category</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Haley King</td>
<td>Haley King</td>
<td>Direct</td>
<td>Western Region Audio</td>
<td>Audio</td>
<td>Classified</td>
</tr>
<tr>
<td>Haley King</td>
<td>Andrew Brown</td>
<td>Rollup</td>
<td>Western Region AV</td>
<td>Audio</td>
<td>Classified</td>
</tr>
</tbody>
</table>
Example 3: Run Classification Process Error

The following table contains key data for the base transaction 56.33 after credit processing. Because the status is Credit error, the classification process excludes this base transaction from processing.

<table>
<thead>
<tr>
<th>Source Transaction Amount</th>
<th>Source Transaction Currency</th>
<th>Quantity</th>
<th>Product</th>
<th>Country</th>
<th>State</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>10,000</td>
<td>USD</td>
<td>48</td>
<td>HomeVideo</td>
<td>US</td>
<td>CA</td>
<td>Credit error</td>
</tr>
</tbody>
</table>

Related Topics

- Classification Parameters: Critical Choices
- Deploying Incentive Compensation Rules: Procedure
- Credit Categories: How They Work with the Classification and Calculation Processes
- Incentive Compensation Rule Ranking and Number of Winners: Explained

Overriding Classification, Crediting, and Rollup Processing Codes: Explained

You can override classification, crediting, and rollup processing for one or many source transactions by setting the process code on the source transaction.

The process code contains five letters, each letter representing a process that you can override. Use the code CCREC to use regular processing with no overrides. Replace a letter with N to override the regular processing for one or more letters in the code. The following table explains the meaning of each letter in the code:

<table>
<thead>
<tr>
<th>Letter Position</th>
<th>Meaning</th>
<th>Use Case</th>
</tr>
</thead>
</table>
| First           | Override Classification | • C allows regular classification processing.  
|                 |              | • N overrides regular classification and you must provide a credit category.  
|                 |              | The Override Classification check box will be selected in the UI.           |
| Second          | Preserve Credits   | • C allows regular credit determination and re-evaluation of imported direct credits, using the direct credit rules hierarchy.  
|                 |              | • N preserves the imported credits from being changed because of direct credit rules evaluation.  
|                 |              | The Preserve Credits check box will be selected in the UI.                  |
### Credit, Rollup, and Classification Processing

#### FAQs for Credit and Rollup Processing

**What happens if I edit an incentive compensation rollup credit receiver after processing?**

The Save process logs your edits as events in the Changed Events Log. Incremental calculation uses these log events when calculating incentive earnings.

**What happens if I edit an incentive compensation team or team member after processing?**

The Save process logs your edits as events in the Changed Events Log. Incremental calculation uses these log events when calculating incentive earnings.

**What happens if I roll up incentive compensation credit to a parent?**

If using rollup credit rules, the rollup process creates rollup credit transactions for the reporting parents of the credit receivers in the hierarchy. It creates additional rollup credit transactions for those participants configured to receive direct credit.

If using direct credit rules, the rollup process creates rollup credit transactions for the reporting parents of all credit receivers in the hierarchy who have Roll Up to Parents selected.

<table>
<thead>
<tr>
<th>Letter Position</th>
<th>Meaning</th>
<th>Use Case</th>
</tr>
</thead>
</table>
| Third           | Do Not Roll Up               | • R means credit is determined using the rollup credit rules hierarchy and team credit rules.  
• N prevents the creation of rollup and team credit transactions. The Do Not Roll Up check box will be selected in the UI. |
| Fourth          | Earnings Eligibility         | • E allows standard earnings calculation.  
• N in either the fourth or fifth position excludes the credit from calculation processing. |
| Fifth           | Earnings Calculation         | • C allows standard earnings calculation.  
• N in either the fourth or fifth position excludes the credit from calculation processing. |
Chapter 20
Calculation Processing

Grouping Transactions for Processing: Explained

You can group transactions into physical batches using any of three methods to improve performance.

The three methods for grouping transactions are:

- Import batch information from the source application.
- Set the Number of Batches parameters.
- Specify the batch number by participant.

Importing Batch Information from Source Application

Select the Use batch information provided at the transaction level for the Manage Parameters, Batch Processing, Classification and Crediting Batch Processing, Rollup and Calculation Batch Processing. The application preserves the batch number as it moves each transaction from one entity to another, for example, from transaction to credit or credit to earning.

> Note: Ensure that transactions belonging to the same participant all have the same batch number.

Setting Number of Batches Parameter

Use the Manage Parameters task in the Setup and Maintenance work area to set the Number of Batches parameters. Select the Use batch size determined by the application for the Manage Parameters, Batch Processing for the following parameters:

- Classification and Crediting Batch Processing Rollup
- Calculation Batch Processing

Participant Batch Configuration

To balance the processing of workloads, administrators can configure classification, crediting, rollup, and calculation processes to group participants by transaction volume into specific numbered batches. This feature maximizes processing performance even with skewed transaction data or large volumes of data. For example, you can put participants who receive hundreds of thousands of credit transactions every week into separate batches, one for each participant, for processing. You can then put other participants who receive fewer transactions together into another batch.

If you provide a batch number for a participant, then the application uses that batch number to group participants. All participants that have the same batch number are grouped together for processing. If you don’t provide a batch number for all of the participants, then the application divides the transactions for the remaining unnumbered participants equally into different batches. The Number of Batches value determines the number of those batches.

To provide a batch number for a participant:

1. Navigate to Batch Processing Parameters in Setup and Maintenance.
2. Select the option **Use batch information provided for participant** from the list for either or both of the following parameters:
   - Classification and Crediting Batch Processing
Rollup and Calculation Batch Processing

3. Save your changes.
4. Navigate to Participant Assignments, Manage Participant Batch Groups.
5. You can use the search to find participants to be assigned to a batch.
6. For each participant, you can enter a batch number for any or all of the applicable processes:
   - Calculation
   - Classification
   - Rollup
   - Crediting

You can use any number for your batch number, as long as it’s a positive integer.

**Related Topics**

- Incentive Compensation Transaction Processing: Overview

## Changed Events Log: Explained

The application populates the Changed Events Log with all plan and plan assignment changes. Logging these change events lets you run the calculation process for only the participants that require it. You can check the log to see the list of events and all participants affected by change events to get an idea of how long an incremental calculation would take.

The following table shows the four levels to which the application can track changed events and provides descriptions of each.

<table>
<thead>
<tr>
<th>Level</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Participant</td>
<td>If an event causes recalculation for multiple periods, then the event creates an entry for the participant with a null period and specifies the date range.</td>
</tr>
<tr>
<td>2. Participant, Period</td>
<td>A participant usually has one entry per period with a status of Incomplete in the log. A participant usually has one entry per period with a status of Incomplete in the log. If the event causes a change to all participants, then the application adds a single, global entry that tracks all participants for a period.</td>
</tr>
<tr>
<td>3. Participant, Period, Start Date</td>
<td>If an event causes the change at a specific date within a period, then the log can track at that date range level. The application can then recalculate transactions falling within the specified date range, instead of calculating for the entire period.</td>
</tr>
<tr>
<td>4. Participant, Period, Start Date, Plan Component</td>
<td>This level is the most granular level that the application tracks and records, and it makes incremental calculation the most efficient. For the events that cause the REVERT_TO_STATE to skip to the Calculation phase, the calculation process has to run only the Calculation phase again. This makes sense if, for example, calculation is reprocessing the transaction only because of a change in the commission rate of a single plan component.</td>
</tr>
</tbody>
</table>
In the log table, the REVERT_TO_STATE column tells the calculation process to what state it must revert transactions.

- For full calculations, the process completely deletes the earnings transactions and returns the classified credit transactions to the unprocessed state.
- For incremental calculations, the process can selectively skip various phases for individual transactions.

### Calculation Request Parameters: Points to Consider

When you create a calculation request, you specify process parameters including whether to run incremental calculation and for which participant to calculate earnings. Use the Manage Calculation Processes task in the Credits and Earnings work area to create calculation requests.

#### Selecting Incremental Calculation

If you select **Incremental Calculation**, then the calculation process considers only the:

- New transactions for the specified date range
- Participants and transactions affected by manual adjustments as well as plan and rule changes

View the Changed Events Log, which records all change events that affect calculation processing, in the Credits and Earnings work area.

If you have a large volume of transactions to process, then it can save time to process only those transactions that some change affected.

#### Not Selecting Incremental Calculation (Full Mode)

If you don’t select **Incremental Calculation**, then calculation processing evaluates all of the credit transactions using the valid plans and plan components for the specified:

- Participants
- Business Unit
- Date range

### Specifying the Calculation Participants

Use the **Calculate For** parameter to specify the participants to include.

<table>
<thead>
<tr>
<th>Selected Participants</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>All participants</td>
<td>Available only when you don’t select Incremental Calculation. This default selection for full calculations is the best practice selection. Include all of the defined participants for calculation.</td>
</tr>
<tr>
<td>Participants in notify log</td>
<td>Available only after you select Incremental Calculation. This default selection for incremental calculations is the best practice selection. Calculation processing automatically handles all dependencies among participants. It includes all of the participants identified in the Changed Events Log as affected by edits and additions.</td>
</tr>
</tbody>
</table>
### Selected Participants

<table>
<thead>
<tr>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Specific participants</td>
</tr>
</tbody>
</table>

Select the participants using one of the following methods.

- **Specific participants**: Directly select and enter resources.
- **Participants in compensation plan**: Select one or more plans to include all of the associated participants in the calculation. The dates for the selected plans must be equal to, or earlier and later than the specified calculation to and from dates, respectively. The request includes only those plans that are valid for calculation.
- **Participants in pay group**: Select one or more pay groups to include all of the associated participants in the calculation. The dates for the selected pay groups must be equal to, or earlier and later than the specified calculation to and from dates, respectively.

If you specify participants who are assigned to compensation plans or pay groups, then the calculation request includes only those participants who are active for the specified request date range.

This participant inclusion is a one-time filter. Changing the date range or plan and pay group assignments doesn’t refresh the initial request participants for subsequent submissions of the request.

For any participant specified for calculation, you can select **Include Reporting Participants**. For participants with this option selected, the calculation request also includes all of the participants in the participant hierarchy that report up to the specified participant.

**What's include reporting participants?**

A check box that, when selected, enables you to automatically run calculations for the participant and all of that participant’s descendants. The calculation request uses the rollup hierarchy defined for the participant’s business unit to identify the reporting persons for the participant.

**What happens if an incentive compensation plan status changes after I create the calculation request, and before I submit the request?**

You can add only valid plans when creating a calculation request. If a plan later becomes invalid due to changes, then when you submit the calculation request, the request status changes to **Failed during validation**.

The calculation request process log contains a list of the plans that failed validation, so that you can correct the issues and submit the request again.

**Related Topics**

- Why isn’t the incentive compensation plan valid for calculation?
- Incentive Calculation Failures: Explained
Incremental Calculation: Events It Considers

Incremental calculation uses all of the change events for the Compensation Plans and Participant Assignments work areas logged in the CN_TP_NOTIFY_LOGS_ALL table.

Compensation Plan Events That Incremental Calculation Considers

The following table lists the logged change events for the Compensation Plans work area, including the involved attributes, operation, and the revert status of the log entry.

<table>
<thead>
<tr>
<th>Entity Name</th>
<th>Attributes Involved</th>
<th>Operation</th>
<th>Revert State</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensation Plan</td>
<td>Allow Credit Category Overlap</td>
<td>UPDATE</td>
<td>Rollup</td>
</tr>
<tr>
<td>Compensation Plan</td>
<td>Target Incentive</td>
<td>UPDATE</td>
<td>Calculation</td>
</tr>
<tr>
<td>Compensation Plan and Plan Component Association</td>
<td>Start and end dates of the association</td>
<td>UPDATE</td>
<td>Rollup</td>
</tr>
<tr>
<td>Compensation Plan and Plan Component Association</td>
<td>Target Incentive</td>
<td>UPDATE</td>
<td>Calculation</td>
</tr>
<tr>
<td>Compensation Plan and Plan Component Association</td>
<td>Not applicable</td>
<td>ADD and DELETE</td>
<td>Rollup</td>
</tr>
<tr>
<td>Plan Component</td>
<td>Indirect Credit and Active End Date</td>
<td>UPDATE</td>
<td>Rollup</td>
</tr>
<tr>
<td>Plan Component</td>
<td>Calculation Phase</td>
<td>UPDATE</td>
<td>Rollup</td>
</tr>
<tr>
<td>Plan Component</td>
<td>Payment Made Through Third Party</td>
<td>UPDATE</td>
<td>Rollup</td>
</tr>
<tr>
<td>Performance Measure and Incentive Formula</td>
<td>Running Total, Split, True Up, Output Expression, Use external formula, and Formula Name</td>
<td>UPDATE</td>
<td>ELIGIBLE</td>
</tr>
<tr>
<td>Plan Component and Performance Measure Association</td>
<td>Measure Weight</td>
<td>UPDATE</td>
<td>Eligible</td>
</tr>
<tr>
<td>Plan Component and Performance Measure Association</td>
<td>Calculation Sequence</td>
<td>UPDATE</td>
<td>Eligible</td>
</tr>
</tbody>
</table>
### Participant Assignment Events That Incremental Calculation Considers

The following table lists the logged change events for the Participant Assignments work area, including the involved attributes, operation, and the revert status of the log entry.

<table>
<thead>
<tr>
<th>Entity Name</th>
<th>Attributes Involved</th>
<th>Operation</th>
<th>Revert State</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participant Plan</td>
<td>Not applicable</td>
<td>INSERT and DELETE</td>
<td>Rollup</td>
</tr>
<tr>
<td>Participant Plan</td>
<td>Start Date and End Date</td>
<td>UPDATE</td>
<td>Rollup</td>
</tr>
</tbody>
</table>
Participant Earnings: How They Are Calculated

The calculation process uses classified credit transactions and valid incentive compensation plans and plan components to calculate participant earnings transactions.

Settings That Affect Participant Earning Calculations

Compensation plan configurations, such as whether to true up earnings and to calculate incentives per event or per interval, affect calculation processing. Configure compensation plans, including plan components and performance measures, in the Compensation Plans work area. Parameters that you set when creating the calculation request in the Credits and Earnings work area and transaction status constrain the classified credit transactions used during processing.

How Participant Earnings Are Calculated

The calculation process consists of two phases, Eligibility and Calculation. Before beginning the Eligibility phase, if you’re running incremental calculation, the calculation process updates each entry in the Changed Events Log with:

- A status of Incomplete
- The scheduled process ID

The process only runs for the incomplete log records with the corresponding scheduled process ID, ensuring that it doesn’t include any changes made during the current run.

<table>
<thead>
<tr>
<th>Entity Name</th>
<th>Attributes Involved</th>
<th>Operation</th>
<th>Revert State</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participant Plan</td>
<td>Target Incentive</td>
<td>UPDATE</td>
<td>Calculation</td>
</tr>
<tr>
<td>Participant Plan, Plan Component</td>
<td>Target Incentive Weight</td>
<td>UPDATE</td>
<td>Calculation</td>
</tr>
<tr>
<td>Participant Plan, Performance Category, Uplift Factors</td>
<td>Credit Factor and Earning Factor</td>
<td>UPDATE</td>
<td>Eligible</td>
</tr>
<tr>
<td>Participant Plan, Goal</td>
<td>Target</td>
<td>UPDATE</td>
<td>Calculation</td>
</tr>
<tr>
<td>Participant Plan, Alternate Payee</td>
<td>Start Date and End Date</td>
<td>INSERT, UPDATE, and DELETE</td>
<td>Eligible</td>
</tr>
<tr>
<td>Participant Plan, Alternate Payee</td>
<td>Not applicable</td>
<td>INSERT and DELETE</td>
<td>Eligible</td>
</tr>
</tbody>
</table>
Eligibility Phase

For full and incremental calculations, the Eligibility phase:

1. Identifies all of the credit transactions that meet the specified date range and have a credit receiver that is one of the selected participants.
2. Populates the plan, plan component, and performance measure for each transaction based on the transaction credit categories.

   Eligibility uses the classification rule hierarchy to find any indirect matches. If a measure has a parent-level credit category, then that measure qualifies for the transaction.

3. References the Include Indirect Credit attribute to identify the eligible plan components.
4. Sets the transaction status to:
   - Eligible if it populated the transaction
   - Not eligible if it fails to populate the transaction

The Eligibility phase doesn’t identify the plan component and measure for any transactions where you elected to skip the Eligibility phase. The process assumes that you provide the plan component name.

Calculation Phase

The Calculation phase computes the measure attainments and plan component earnings for all eligible transactions. It stores the intermediary and final calculation results, such as formula output, attainment or earning, input achieved, rates and rate tiers, for each earnings transaction. This information is essential for transaction-to-payment audits and reporting purposes.

The Calculation phase:

- Ignores any transaction with a status of Skip calculation, assuming that you already populated the commission attribute.
- Assumes that the transaction factor is 100 percent if the expression uses transaction factor and the factor for the transaction type isn’t available for the credit category.
- Gets the credit and earning factor, if the expression uses them, from the specified date range.
  
  If the values aren’t available for the date range, then the calculation assumes that they are 100 percent.
- Uses the customized values for a participant if the expression uses any goal target values, rate table rates, earning and credit factors, and target incentives.
  
  If they aren’t available, then the calculation uses the default values of the relevant plan object.
- Evaluates the plan component True Up check box.
  
  If selected, the process automatically subtracts previous earnings, which it included in the earnings calculated for the current transaction.
- Uses the plan component sequence to calculate the interdependent plan components correctly.
- Sets the transaction status to Failed calculation for transactions that failed.

The following table lists the actions that the Calculation phase performs for plan components based on the Calculate Incentive selection.

<table>
<thead>
<tr>
<th>Calculate Incentive Selection</th>
<th>Calculation Phase Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Per event</td>
<td>1. Sets the same credit category for the incentive formula as for measures of type Individual</td>
</tr>
</tbody>
</table>
Calculate Incentive Selection | Calculation Phase Actions
--- | ---
All of the plan component measures that evaluate transactions individually associated with a plan component must have the same credit category. Plan component measures that evaluate grouped transactions can have different credit categories.

2. Creates earning transactions for the credit transactions with the same credit category as any of the individual measures of the plan component

Per interval

1. Creates a summary record measures that evaluate grouped transactions with input and output values for the interval

2. Creates a record in the earnings table, at the end of the payout frequency (earning interval) with the interval amount
   The payment module uses this record for payment processing.

Calculation doesn’t maintain any direct link between earnings and credit transactions. Instead, you use the **Earning Basis** selections to edit the measures while associating them with the plan component.

The application links the earning and credit records using this logic:

1. Get the plan component from the earning record.
2. Get all plan component measures with **Earning Basis** set to **Yes**.
3. List all of the credit transactions associated with those measures.
4. Calculate the per interval plan components.

Even if the formula interval is Quarter, for example, the process calculates attainment for each period. It calculates interval earnings at the end of the last period.

When incremental calculation processing completes, the process updates all of the log records with the corresponding concurrent request ID and the status Complete.

**Related Topics**
- Including Indirect Credits for Incentive Compensation: Points to Consider
- Incentive Calculation Failures: Explained

**Calculated Incentive Earnings: Examples**

The calculation process uses classified credit transactions and valid compensation plans specified in the calculation request as well as the classification rule or credit category hierarchy to create participant earning transactions.

**Example Introduction**

The examples in this topic illustrate how calculation processing creates earnings transactions. They use the partial classification rule hierarchy shown in the following table, as well as classified credit transactions.

<table>
<thead>
<tr>
<th>Hierarchy Level</th>
<th>Rule</th>
<th>Qualifying Criteria</th>
<th>Credit Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>North America.</td>
<td>Country = US or CAN or MEX</td>
<td>None</td>
</tr>
<tr>
<td>2</td>
<td>Western Region AV</td>
<td>State = WA or OR or CA</td>
<td>None</td>
</tr>
</tbody>
</table>
For details on how the classified direct and rollup credit transactions used in the following examples were created, see the Direct and Rollup Credits: How They Are Created and Base and Credit Transactions: How They Are Classified topics.

### Calculated Earnings Transactions

The following table shows the earnings transactions generated by the calculation process. The calculation process used the partial classification rule hierarchy and classified credit transactions that all have a credit category of Audio.

<table>
<thead>
<tr>
<th>Credit Receiver</th>
<th>Credit Amount</th>
<th>Credit Percentage</th>
<th>Plan Component</th>
<th>Earnings Rate</th>
<th>Earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alex Anders</td>
<td>25,000</td>
<td>50</td>
<td>Western Audio</td>
<td>1.00</td>
<td>250</td>
</tr>
<tr>
<td>Haley King</td>
<td>25,000</td>
<td>50</td>
<td>Western Audio</td>
<td>1.00</td>
<td>250</td>
</tr>
<tr>
<td>Robert Rivera</td>
<td>50,000</td>
<td>100</td>
<td>Western Audio</td>
<td>.25</td>
<td>1.25</td>
</tr>
<tr>
<td>Andrew Brown</td>
<td>25,000</td>
<td>100</td>
<td>Western Audio Video</td>
<td>Not applicable</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Andrew Brown</td>
<td>25,000</td>
<td>100</td>
<td>Western Audio Video</td>
<td>Not applicable</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Lily Cox</td>
<td>25,000</td>
<td>100</td>
<td>NA Audio Video</td>
<td>Not applicable</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Lily Cox</td>
<td>25,000</td>
<td>100</td>
<td>NA Audio Video</td>
<td>Not applicable</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Richard Barta</td>
<td>25,000</td>
<td>100</td>
<td>NA Audio Video</td>
<td>Not applicable</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Richard Barta</td>
<td>25,000</td>
<td>100</td>
<td>NA Audio Video</td>
<td>Not applicable</td>
<td>Not applicable</td>
</tr>
</tbody>
</table>

The plan components for the NA Audio Video plan component use a running total for the period. The process creates extra earning transactions and uses them for the final calculation. These two grouped transactions are found at the end of the table.

Direct and consulting salespeople have plans that calculate based on individual transactions.
<table>
<thead>
<tr>
<th>Original Transaction Amount</th>
<th>Credit Receiver</th>
<th>Credit Amount</th>
<th>Earning Rate</th>
<th>Earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>50,000</td>
<td>Lily Cox</td>
<td>50,000</td>
<td>110 percent</td>
<td>5,500</td>
</tr>
<tr>
<td>50,000</td>
<td>Richard Barta</td>
<td>50,000</td>
<td>127.5 percent</td>
<td>6,375</td>
</tr>
</tbody>
</table>
21 Incentive Calculation Errors

Incentive Calculation Failures: Explained

The calculation process can fail for a variety of reasons during either the Eligibility or Calculation phase. The calculation process updates the transaction status based on the reason for the failure.

Before you submit a calculation request, ensure that:

- Participants are associated with valid compensation plans.
- The calculation compensation period has a period status of **Open**.
- The credit category, or any of its parent classification rules, is associated with a valid measure for that period.

Eligibility Phase Failures

Eligibility processing links classified credit transactions to the compensation plan components and performance measures assigned to the specified participants. The process tries to validate invalid plans. If it can't do this, then it:

- Sets the transaction status to **Failed plan validation**
- Lists the invalid plans in the calculation request process log for you to review and correct

Typical reasons for an Eligibility phase error are:

- The processed date of the transaction isn't within the range of the plan assignment date for the plan component.
- The participant's plan component or performance measure doesn't include the credit category that is on the transaction.

Calculation Phase Failures

If the Calculation process fails, then it changes the transaction status to **Failed calculation**. Typical reasons for a failed calculation are:

- A plan component references the result of another plan component, and the base component isn't valid for the entire range of the dependent plan component.
- The rate table doesn't include the value passed to it from the input expression.

_Tip:_ To prevent this problem, always ensure that the input to the rate dimension is compatible with the corresponding rate dimension type. For example: You cannot pass a string value to the rate dimension of type percent or number. Also, ensure that the rate dimension tiers cover all of the possible values.

- A value in the formula (input or output expression of the measure formula or plan component incentive formula) is divided by zero.
- All columns used in the formula for calculation aren’t populated for the transaction.

Example: The input expression uses quantity and the quantity field is empty.
Related Topics

- Participant Earnings: How They Are Calculated
- Credit Categories: How They Work with the Classification and Calculation Processes
- Why isn’t the incentive compensation plan valid for calculation?
- Why isn’t the performance measure valid for calculation?
- Why isn’t the plan component valid for calculation?

Eligibility Errors Correction: Explained

Credit transactions can fail eligibility validation during processing. The research assistant provides an analysis of eligibility errors and the means to correct errors in the same UI. The Analyze icon in the search results table of the Manage Credits page opens the research assistant. You can analyze and correct the following types of errors:

- The transaction credit category doesn’t match a performance measure for the transaction date
- The transaction date doesn’t fall within plan component effective dates
- The credit receiver has no compensation plan for the transaction date
- The transaction doesn’t match the Include Indirect Credits attribute for the plan component

For example, you can change dates in the Compensation Plan and Plan Components tabs. Use the Performance Measures tab to identify the performance measure that matches the transaction credit category.
22 Payment Plans

Managing Pay Groups and Payment Plans: Overview

The Assign Incentive and Draw Plans task within the Manage Incentive Compensation business process flow includes activities to create and manage pay groups and payment plans.

Each incentive compensation role has the following typical tasks for:

- Compensation managers use the Participant Assignments work area to create and manage pay groups as well as define and assign rule-based incentive payment draw and recovery plans.
- Compensation analysts are responsible for participant-specific plan configuration and processes and use the Participant Snapshot work area to individualize plans. Analysts also define other participant-specific attributes, including the participant’s home currency, to support participant-specific incentive agreements.
The following figure shows that the Assign Draws and Incentives task comes after Model and Configure Incentive Plans and before transaction processing within the Manage Incentive Compensation business process flow.

**Related Topics**
- Pay Groups: Points to Consider

**Incentive Compensation Payment Entities: How They Work Together**

The payment process includes the pay group, payment batch, payment plan, and paysheet entities, which cover:
- Who is paid
- When payment occurs
• Which transactions and adjustments to pay
• Approval and payment processing (if approvals are used)

This following figure shows the Determine Incentive Payment business process entities and the relationships between them, whether one-to-many, many-to-one, or many-to-many.

Pay Group

Pay groups define the frequency of payments and gather participants that are on the same payment cycle and sent to the same application. For example: You might group monthly participant payments as Pay Group A for your payables application and Pay Group B for your payroll application.

You must assign participants to a pay group to include them in a payment batch when you run the payment process. You can assign multiple pay groups to a participant, but only one pay group assignment can be active at a time. You create and manage pay groups in the Participant Assignment work area.

Payment Batch

You can assign a pay group to one or more payment batches, but a payment batch can have only one pay group assigned.

Payment batches:
• Define the compensation period for which the payment is valid, such as February 2015 or fourth quarter.
• Determine payment amounts for each eligible participant.

Paysheets

Paysheets are worksheets generated when you create a payment batch. A payment batch contains multiple paysheets, each of which contains:
• Multiple payable commissions or payment transactions
• Draw and recovery adjustments
• Payment adjustments for the paysheet participant

Payment Plan
Payment plans contain rules regarding payment draw, draw recovery, and cap amounts to pay to assigned participants. The payment process uses these rules to populate participant paysheets with computed participant payment adjustment amounts against earnings for the period.

You can assign multiple participants with a payment plan. You can also assign multiple payment plans to a participant, but only one plan assignment can be active at a time.

Related Topics
• Payment Batch Statuses and Security Definitions: Explained
• Pay Groups: Points to Consider
• Incentive Compensation Participant Paysheets: How They Are Approved

Creating Payment Plans: Procedure
Incentive compensation managers and analysts create payment plans in the Participant Assignments work area to provide and recover participant draw payments against actual earnings. Use payment plans to specify when and how much to pay and at what frequency. Prevent negative payments with a zero minimum amount.

On the Create Payment Plan page:

1. Select the payment plan category.
   The Payment Information page or tab for plan components has the same field. Payment processing applies the draw and cap configured in the payment plan to those plan components with the same category selected. Create and edit plan components in the Compensation Plans work area.
   Set up multiple payment plans for a participant during a specific time period, as long as the payment plans have different categories.

2. Enter the flat minimum amount to pay the participant.
   Payment processing calculates the difference between the draw and the actual earnings amount and automatically creates a payment adjustment, recoverable or nonrecoverable, as required.

3. Optionally, select when to end the draw, such as after 3, 6, 9, or 12 months.

4. Optionally, enter a maximum payment, or cap.

5. Specify whether to carry forward the maximum.
   If you select Yes, then the payment processing issues a negative adjustment to level the final payment to the maximum amount. It also applies the adjustment to future earnings if the participant earns less than the maximum set on the payment plan.

6. Specify whether to recover the minimum, or draw, payment.
   If you select Yes, then the payment processing recovers the minimum against all earnings over the minimum amount. Also, specify whether to start recovery immediately or delay it. If you delay recovery, then you can specify whether to start and end recovery after 3, 6, 9, or 12 months.
7. Assign participants using roles and direct assignment.

Tip: Individualize draw amount, recovery amount, cap amount, and assignment start or end dates for participants in the Participant Snapshot work area.

Preventing Negative Payments: Procedure

To prevent negative payments, complete the following steps in the Participant Assignments work area.

1. Create a payment plan with a minimum payment amount of 0.00.
   To recover any adjustments made to offset a negative balance in a payment batch, also make this plan recoverable.
2. Assign the minimum zero plan to participants to prevent a negative payment amount for them in the payment batch.

Tip: This solution might not prevent a negative payment amount on an off-cycle payment batch, because the payment process applies the plan minimum against the participant's period earnings, not payment batch earnings. To prevent a negative payment for off-cycle payment batches, use either a:
   • Manual hold
   • Manual payment adjustment

Paysheet Examples

The following table provides two paysheet scenarios that show how the total period earnings determine whether the payment plan sets the paysheet amount to zero. All amounts are in USD.

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>The monetary value of batch 1 is 1,000. The monetary value of batch 2 is -200 USD.</td>
<td>The zero minimum payment plan doesn't set the payment batch 2 amount to 0.00 for any associated participant because the period earnings, 800, are greater than zero.</td>
</tr>
<tr>
<td>The monetary value of batch 1 is 1,000. The monetary value of batch 2 is -1,200.</td>
<td>The zero minimum payment plan sets the payment batch 2 amount to 0.00 for associated participants because the period earnings, -200, are less than zero.</td>
</tr>
</tbody>
</table>

Allocating Draw and Recovery Amounts Using Incentive Payment Plan Categories: Example

This example shows how to use payment plan categories to allocate payment adjustments from a participant's payment plan among plan components. Create and manage payment plan in the Participant Assignments work area.

Tip: If you select Standard for all of your categories, then the payment processing allocates incentive payment plan draw and recovery amounts equally across plan components.
Scenario

You have a compensation plan for US account executives, which includes commission and bonus components. New hires receive an incentive draw for the first six months of employment. You don’t want to include any bonus when giving or recovering a draw against earnings.

Plan Component and Payment Plan Information

The incentive compensation plan contains license, service, and bonus plan components while payment recovery is for all earnings over the specified minimum amount of 4,000 USD.

Analysis

To exclude bonus earnings when giving or recovering a draw against earnings:

- Select one payment plan category on the Payment Information page or tab of the bonus plan component.
- Assign a different payment plan category to the payment plan and other compensation plan components, such as license and service.

The following table shows the payment plan category and plan component type for three plan components.

<table>
<thead>
<tr>
<th>Plan Component</th>
<th>Plan Component Type</th>
<th>Payment Plan Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>PC-1</td>
<td>License Commission</td>
<td>Commission</td>
</tr>
<tr>
<td>PC-2</td>
<td>Service Commission</td>
<td>Commission</td>
</tr>
<tr>
<td>PC-3</td>
<td>Bonus</td>
<td>Bonus</td>
</tr>
</tbody>
</table>

Configure the new hire commission draw payment plan as shown in the following field table.

<table>
<thead>
<tr>
<th>Field</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payment Plan Category</td>
<td>Commission</td>
</tr>
<tr>
<td>Flat Minimum Amount to Pay Participant</td>
<td>4,000.00</td>
</tr>
<tr>
<td>Minimum Recovery</td>
<td>Yes</td>
</tr>
<tr>
<td>Recovery Start Option</td>
<td>Immediate</td>
</tr>
</tbody>
</table>
### Paysheet Summary Information

A new hire receives 5,200 USD in January and 4,875 USD in February, even though the minimum payment for the New Hire Commission Draw payment plan is 4,000 USD.

The following two tables provide a paysheet summary for this new hire for January and February:

- The tables show how payment processing uses the payment plan category and recovery rule to allocate and recover draw amounts.
- Recovery starts in February, even though the plan pays a minimum draw through June, excluding any bonuses earned.

**Period: January**

<table>
<thead>
<tr>
<th>Plan Component</th>
<th>Earnings</th>
<th>Draw Adjustment</th>
<th>Recovery Adjustment</th>
<th>Paid</th>
<th>Draw Owed</th>
</tr>
</thead>
<tbody>
<tr>
<td>PC-1</td>
<td>1,000</td>
<td>500</td>
<td>0</td>
<td>1,500</td>
<td>500</td>
</tr>
<tr>
<td>PC-2</td>
<td>2,000</td>
<td>500</td>
<td>0</td>
<td>2,500</td>
<td>500</td>
</tr>
<tr>
<td>PC-3</td>
<td>1,200</td>
<td>0</td>
<td>0</td>
<td>1,200</td>
<td>0</td>
</tr>
</tbody>
</table>

**Period: February**

<table>
<thead>
<tr>
<th>Plan Component</th>
<th>Earnings</th>
<th>Draw Adjustment</th>
<th>Recovery Adjustment</th>
<th>Paid</th>
<th>Draw Owed</th>
</tr>
</thead>
<tbody>
<tr>
<td>PC-1</td>
<td>4,000</td>
<td>0</td>
<td>500</td>
<td>3,500</td>
<td>0</td>
</tr>
<tr>
<td>PC-2</td>
<td>1,000</td>
<td>0</td>
<td>500</td>
<td>500</td>
<td>0</td>
</tr>
<tr>
<td>PC-3</td>
<td>875</td>
<td>0</td>
<td>0</td>
<td>875</td>
<td>0</td>
</tr>
</tbody>
</table>

### Incentive Compensation Draw and Recovery: Example

The following scenario illustrates how you can pay flat amounts to participants for their draws and recover payments against all earnings.
Payment Plan Configuration

You have the Service Revenue plan component with Payment Plan Category set to Commission. The draw, or minimum amount, for the participant:

- Is 1,000 USD per period
- Stops at the end of the sixth period

Recovery is 100 percent of earnings above the minimum payment per period and starts at the fourth period. Because the draw is in effect through the sixth period, for the fourth, fifth, and sixth periods, payment processing ensures that the recovery amounts don’t bring the minimum payment below 1,000 USD.

Earnings and Draw Adjustments

The following table shows payment transaction earnings and the draw adjustments for six periods. The beginning draw balance for the first period is 0.00 USD.

The payment process:

- Sums draw adjustments across periods to determine the balance due from the participant at the end of each period
- Subtracts recovered amounts from the balance due

<table>
<thead>
<tr>
<th>Period</th>
<th>Earnings</th>
<th>Draw Adjustment</th>
<th>Recovery Adjustment</th>
<th>Paid to Participant</th>
<th>Ending Balance Due from Participant</th>
<th>Balance Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>500</td>
<td>500</td>
<td>0</td>
<td>1,000</td>
<td>500</td>
<td>0 balance + 500 current draw</td>
</tr>
<tr>
<td>2</td>
<td>700</td>
<td>300</td>
<td>0</td>
<td>1,000</td>
<td>800</td>
<td>500 balance + 300 current draw</td>
</tr>
<tr>
<td>3</td>
<td>400</td>
<td>600</td>
<td>0</td>
<td>1,000</td>
<td>1,400</td>
<td>800 balance + 600 current draw</td>
</tr>
<tr>
<td>4</td>
<td>2,000</td>
<td>0</td>
<td>1,000</td>
<td>1,000</td>
<td>400</td>
<td>1,400 balance - 1,000 current recovery</td>
</tr>
<tr>
<td>5</td>
<td>1,200</td>
<td>0</td>
<td>200</td>
<td>1,000</td>
<td>200</td>
<td>400 balance - 200 current recovery</td>
</tr>
<tr>
<td>6</td>
<td>750</td>
<td>250</td>
<td>0</td>
<td>1,000</td>
<td>450</td>
<td>200 balance + 250 current draw</td>
</tr>
</tbody>
</table>
FAQs for Payment Plans

Why can't I delete incentive compensation pay group and payment plan assignments?

You can't delete an assignment for any pay group or payment plan that payment processing included in a payment batch or used to create payments. You can end date such assignments.

Can I edit the payment plan category?

Yes, if you did not assign the incentive payment plan or you first deleted all associated assignments.

Delete assignments to a payment plan as long as no one used the payment plan in processing payments. If no one used the payment plan in the current period and no one paid the payment batch:

1. Delete the batch.
2. Delete the payment plan assignments.
3. Edit the payment plan.

Deleting assignments doesn’t affect prior period paysheets or balances. If there are unpaid paysheets for the current period that are affected by deleting the associated assignments, then refresh those paysheets before approving them.

Can I override attributes for a participant's incentive compensation or payment plan?

Yes. Use the Participant Snapshot work area. Select the plan or plan component individualize check box to enable override and deselect it to reset the customized values to the original values.

You can also select the following:

- **Individualize target incentive** enables you to override target incentive and plan weight values.
- **Individualize** enables you to override uplift categories, commission rates, and goals, including those defined for intervals and periods.

Use the Manage Payment Plans task to individualize payment plans.

**Related Topics**

- Can I customize details for some participants if the individualize parameters are set to No?
Can I override a draw or recovery amount for the participant's incentive payment plan?

Yes. In the Participant Snapshot work area, select the participant and then edit the participant's incentive payment plan.

How can I extend or shorten the draw period for a participant?

In the Participant Snapshot work area:

1. Search for and select the participant.
2. Select the payment plan.
3. Edit the draw end date.

💡 Tip: The draw end date can't fall within a period in which the draw was already paid.

What happens if I edit an incentive payment plan start or end date?

If you edit the date to an earlier one, then you must recalculate the payments to update prior period balances. Refresh the relevant paysheets to reflect your edit in current balances. You can’t edit the start date to a later one if the payment process generated paysheets.

Related Topics

- What happens if I edit an incentive compensation assignment date?
Chapter 23

Payment Processing

Incentive Payment Parameters: Points to Consider

Settings that you make using the Manage Parameters task in the Setup and Maintenance work area affect payment processing, including paysheet approvals and payment conversions. Also specify whether to reset subledger balances and the level of analyst security.

Approvals

If you do not require the payment approval process, then set Default Paysheet Approval Status to Approved. Approved is the final status before paying the payment batch. Enter values for these two amount parameters to specify an amount range that the payment process should automatically approve:

- Minimum Payment Automatic Approval Amount
- Maximum Payment Automatic Approval Amount

The provided payment approval process includes an exception rule that uses these values to send actionable notifications to compensation managers if a paysheet amount is less than or equal to the minimum amount and greater than or equal to the maximum amount. If these parameter amounts are not set, then the payment approval process:

- Does not automatically approve any of the paysheets
- Uses the regular approval process that is in place and continues the regular approval process activities for all paysheets

Conversions

Specify the rate type and date to use when converting payment amounts for participants with the processing currency set to Participant home currency.

Subledger Balances

Specify whether to reset participant balances at the start of each year.

Analyst Security

The Analyst Security setting controls which participants you can search for in the Select Participant tab of the Participant Snapshot work area. The setting also controls your search for a participant when you create a dispute. You can view all paysheets for all participants in the summary page, but the security setting controls your access to paysheet details. Select one of the following for analyst security:

- If you select By participant, then the analyst can access data and tasks for only his or her assigned participants

  ✍️ Note: This parameter has no effect on the data that compensation managers can access.

- If you select By business unit, then all users with the Incentive Compensation Analyst job role can review and edit all participant data in the business units to which they have access.
• If you select **By Group**, then analysts can access and perform certain tasks not only for participants associated with them but also for participants associated with other analysts within the group. An analyst group forms when analysts and compensation managers are selected as administrators and share the same node of the analyst hierarchy.

### Paying Incentive Compensation Participants: Procedure

Incentive compensation managers and analysts process participant payments in the Payments work area. You can change or remove any payment approval step or flow as well as bypass the process altogether. Use the Manage Task Configurations for Incentive Compensation task in the Setup and Maintenance work area.

To pay participants:

1. Compensation managers create the payment batches, which contain the paysheets for the participants in the associated pay group.
   
   The payment process creates payments using participants in a pay group. So, you can only use one pay group per payment batch at any given time, for each pay group or set of participants.

2. Compensation analysts review and adjust paysheets, then lock them and submit them for review.

3. Compensation managers verify and approve paysheets and set the batch status to **Frozen**.

   **Tip:** Before a compensation manager can pay a payment batch, all paysheets must have a status of Approved.

4. The payment process:
   a. Sets the batch status to **Paid**

   **Note:** The payment process saves payment batches and their associated paysheets for audit purposes. After the process sets the status for a payment batch to Paid, you can’t:
      • Adjust paysheets
      • Edit or delete payment batches

   b. Updates participant balances with final payment and adjustment amounts

   **Tip:** If you process payments again for the same period, after processing earnings again, then the process displays the amount of difference in earnings and adjustments in the new batch.

5. Compensation managers export payments using the Export Payments process.

**Related Topics**

* Incentive Compensation Payment Entities: How They Work Together

### Exporting Incentive Compensation Payments: Procedure

You can export participant payments from incentive compensation for payment using your payroll or accounts payable applications.
To export participant payments:

1. In the Payments work area, confirm the following:
   - All paysheets for each payment batch that you plan to include in the export have a status of Approved.
   - Each payment batch that you plan to include in the export has a status of Paid.

2. Use the Export Payments task to either create an export payment process or edit an existing process.

3. Enter or edit the basic information, as required:
   - In the Delimiter field, select Comma.
   - Select or create the export map.
     - To use an existing export map, in the Export Map ID field, select the map.
     - To create a map, don’t select an export map.

4. On the Configure Export Objects page, configure the Incentive Compensation Payment Transactions object attributes that you want to export. If you selected an existing export map, or if you’re editing an existing process, then skip the first of the following steps:
   - On the Export Objects section toolbar, click the Create icon to open the Manage Export Objects dialog box.
     - Move the Incentive Compensation Payment Transactions object to the Selected Objects field.
     - Click Done to return to the Configure Export Objects page.
   - In the idParticipantPayExpVO: Details section:
     - Click the Expand icon in the Attribute Name field to display all of the attributes and columns available for your export file.
     - Create or edit your export map by configuring the attributes that you want to include in and exclude from the export process. Many attributes are available, including plan, plan component, and performance measure descriptive flexfields, payment transaction columns, and participant-specific values. It’s rare that you would include all attributes for export.
     - Click Edit Filter Criteria to configure the filter criteria for the export process.
     - You might want to filter by period or date range, or perform separate exports for each business unit.
     - Save your filter and set it as the default for this process.

5. On the Create Schedule page, create or edit the export process schedule.

6. On the Review page, confirm the process and schedule information.

7. Activate the export process when you’re satisfied with your export object map and schedule.

8. Save and close the export process.

9. On the Manage Export Process page, select the appropriate export payment process to:
   - View the process history.
   - Open and view or save the exported data file.
Payment Batch Statuses and Security Definitions: Explained

The batch status determines what actions you can perform. The following table identifies which actions you can perform for batches with statuses of Unpaid, Frozen, and Paid.

<table>
<thead>
<tr>
<th>Action</th>
<th>Unpaid</th>
<th>Frozen</th>
<th>Paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>View payment batch</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Delete payment batch</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Freeze payment batch</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Unfreeze payment batch</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Refresh payment batch</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Pay payment batch</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Create paysheets for payment batch</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>

The application associates payment batch actions with discrete security definitions assigned to duty roles.

- Compensation managers have permission to perform any action to payment batches because of the default duty roles assigned to this job role.
- Compensation analysts can't perform any action through delivered duty role assignment except to add participant paysheets to existing payment batches.

To edit default permissions for your compensation analysts, assign one or more of the payment batch duty roles to the analyst job role. Use the Manage Duties task in the Setup and Maintenance work area.

Example: If your business process permits compensation analysts to create and refresh payment batches:

- Assign the duty role Payment Batch Creation Duty to the compensation analyst job role.
- Leave the duty role Payment Batch Payment Duty assigned to only compensation managers.
Incentive Compensation Participant Paysheets: How They Are Approved

The status for each participant paysheet in a payment batch determines the actionable and informational notifications that the payment approval process sends to incentive compensation managers and analysts.

The following figure shows the payment approval business process. During the Determine Incentive Payments business process, incentive compensation analysts create payment batches, which contain the participant paysheets. Paysheets can be automatically approved or routed for approval.

Settings That Affect Participant Paysheet Approval

The delivered NotificationForPaysheet approval task workflow works with the participant and analyst hierarchies to determine what notifications are sent, to whom, and at what point in the payment processing.

Use the Manage Task Configurations for Incentive Compensation in the Setup and Maintenance work area to edit the approval task. The flow provided uses the analyst hierarchy defined using the Manage Analyst Payment Approval Hierarchy task in the Participant Assignments work area. You can configure the approval flow to include the participant supervisory hierarchy. The participant hierarchy is derived by the application using the manager assigned to the participant when importing the employee resource, entering users, or assigning managers using HCM Cloud.

Parameters that you set using the Manage Parameters task in the Setup and Maintenance work area determine if you run payment approval processing. They also provide any minimum and maximum payment amounts that the approval process should approve automatically. The status of each participant paysheet determines what user actions are available and the actionable and information notifications to send.
How Participant Paysheets Are Approved

When the incentive compensation analyst first creates a payment batch, the payment process uses the associated pay group to create participant paysheets with the default status selected for the business unit parameters. If the parameter setting is Approved, or if the paysheet amount falls between or is equal to the minimum and maximum approval amounts, then the process sets the paysheet status to Approved. Otherwise, the paysheet status remains Unpaid until the analyst reviews the paysheet, locks the paysheet, and submits the paysheet for approval.

The approval process is configured into steps. The step contains your approval policy for that step. The provided process includes a step to route the paysheet to compensation managers for approval. The paysheet approval task workflow can be configured by your application administrator to include additional steps and even exclude the compensation manager approval. For example, you can configure one step to get the participant manager and their manager's approval and another step to get approval from an auditing group. The steps can be modeled as parallel to one another or sequential. The conditional rules provide the ability to use the attributes of the paysheet and participant to define the conditions and related action. For example, you can define a rule that indicates paysheets over 5,000 must be routed to the participant's manager for approval.

For steps defined for parallel approval, you can enable voting or first responder wins. The workflow tracks the responses from the approvers. If you define a step where 50% of the approvers must approve, then the workflow tracks the responses from the approvers to determine the vote and outcome.

You can define approval groups and assign the group to a step. Approval groups are typically used for your subject matter experts. Finally, the paysheet approval requester receives an informational notification with the final outcome.

Related Topics

- Incentive Compensation Payment Entities: How They Work Together
- Approval Management Configuration Options for Incentive Compensation: Explained

Incentive Compensation Participant Subledger Balances: Explained

The application tracks the earned commission, payment amount, adjustments, and outstanding balances for each participant, for each period, in a table called Subledger. The subledger creates and stores three types of records, which use unique keys.

The application creates these records for participants after you:

1. Import the participants.
2. Assign them to at least one compensation plan.

Transaction processing always retains participant subledger records for audit purposes.

Unique Keys

The unique keys on the subledger are:

- Participant Id
- Period Id
Record Types
The application creates three types of subledger records:

- Detail records, which store participant details
- Carry forward records, which hold outstanding balances for an inactive plan component
- Summary records, which are an aggregate of the detail records and carry forward plan component record

The summary record is redundant data storage, which the application uses to enhance performance, as well as for reports.

Related Topics
- Participant Earnings: How They Are Calculated
- Creating Payment Plans: Procedure

Holding and Releasing Incentive Payment Transactions: Explained

You can hold or release payment transactions for a participant on the Edit Paysheet page in the Payments work area. Use the Hold All and Release All buttons to hold or release all payment transactions for the current paysheet.

When you hold a single payment transaction, it stays in a held status until you manually release it, preventing the payment process from paying the transaction.

Holding Payment Transactions
When you hold a payment transaction, the application:

- Subtracts the payment amount from the appropriate participant incentive balances (payment amount)
- Adds it to the participant’s held earning balance, or ending balances, when you refresh the paysheet or reapply the payment plan

After the payment process pays the payment batch, all of the batch information becomes static. The paysheet summary retains the held amount, along with the other standard summaries. The paid paysheet doesn’t display the held transaction, as the payment process didn’t include the transaction in the payment batch. The process does include and display the held transaction in the subsequent paysheet for you to review and possibly release for payment.

Releasing Payment Transactions
When you release a payment transaction, the application:

- Adds the payment amount to the appropriate participant balances (payment amount)
Subtracts it from the participant’s held earning balance, or ending balances, when you refresh the paysheet.

FAQs for Payment Processing

What's a payment acknowledgment?

A paysheet shows the payment method, payment date, and reference number under Payment Acknowledgment.

Payment acknowledgment can occur among many players in the payment flow, including between banks and payment systems, between payment systems and payable systems, and between payable systems and payment requesters. The information shared in the payment acknowledgment varies; however, the payment date, payment method, and payment reference number are commonly included. The paysheet payment acknowledgment values can be entered manually or by using the Incentive Compensation Payment Acknowledgment web service.

How can I give a participant's incentive compensation payments to a third party payee?

In the Participant Snapshot work area select Payment Made Through Third Party and select the payee.

Ensure that the payee start and end dates fall within those of the participant. If the processing currency for the compensation plan is Participant home currency, then the payee must have the same home currency as the participant.

What happens if I edit the incentive payment or recovery amount?

Prior period balances and current period paysheets are updated unless you recalculate payments.

Related Topics

- Can I override a draw or recovery amount for the participant’s incentive payment plan?
- What happens if I edit an incentive payment plan start or end date?
- Can I override attributes for a participant’s incentive compensation or payment plan?

What happens if I edit interval numbers after using them in incentive compensation processing?

You must run the calculation and payment processes again for all of the periods affected by the change in the interval numbers.

Related Topics

- Why can't I delete an incentive compensation interval type?
• Where are incentive compensation interval types used?

Why are the incentive compensation balances not reflecting my edits?

To see some paysheet balance edits, you must refresh the paysheet. For some final balances, the payment process updates what you see after it pays the paysheet.

What's the difference between creating a payment batch for selected or all participants?

When you create a payment batch for all participants, the payment process automatically generates a paysheet for every participant associated with the pay group used by the payment batch.

When you elect to select participants, the payment process generates paysheets for the chosen individual participants who belong to the pay group. Add to the batch individual participants not originally included after the application creates the batch.

 peny: Only incentive compensation analysts assigned to participants can create or edit a paysheet for those participants that they manage.

Related Topics

• Participant Earnings: How They Are Calculated

Can I hold all payments for a participant?

Yes. Deselect Active in the participant detail page. The payment process will not create a paysheet for any participant who has Active deselected.

Can I hold or release all incentive payments for more than one participant?

Yes. Use the Hold Payment service, which you can edit based on your business logic.

Can I delete multiple incentive paysheets at the same time?

Yes. Use the Manage Payment Batch task in the Payments work area to delete some or all unlocked and unpaid paysheets in your search results.
Related Topics

- Incentive Compensation Payment Entities: How They Work Together

What happens if I delete paysheets in an unpaid payment batch?

The payment process also deletes the process-generated payment transactions associated with the deleted paysheets. Add additional paysheets to the existing payment batch if you plan to recalculate it to pay for the period.
Chapter 24

Dispute Management

Dispute Management and Approval Actions: Explained

Participants, their managers, compensation analysts, and compensation managers can create, track, and resolve disputes as part of incentive compensation processing. This dispute management includes automated notifications for all involved parties. This topic explains the processing, status values, and notifications associated with these dispute actions:

- Create
- Reassign and delegate
- Request more information
- Update information
- Approve and reject
- Escalate
- Withdraw

Dispute processing uses the delivered DisputeNotificationTask approval workflow and the Human Capital Management (HCM) supervisor hierarchy. Use the Manage Task Configurations for Incentive Compensation task in the Setup and Maintenance work area to edit the workflow configuration. The HCM supervisor hierarchy is created as part of the initial application implementation.

Create

In the Sales Compensation work area, complete the required fields as well as all fields relevant to expedite the resolution of your dispute.

After you submit the new dispute, the submit process:

- Creates the dispute record and sets the task outcome to New
- Assigns the dispute to the analyst associated with the dispute participant using the delivered DisputeNotificationTask approval workflow
  - If a compensation analyst or manager creates the dispute, then the dispute process automatically assigns the dispute to that person, the initiator.
- Sets the status to Assigned when the approval workflow finds the analyst associated with the dispute participant
  - Otherwise, sets the status to New
- Sends an actionable notification to the compensation analyst of the new dispute
- Sends an informational notification to the dispute participant

Reassign and Delegate

Analysts can reassign one or more of their disputes to other analysts to balance the workload.
The process:
- Assigns the dispute to the newly selected analyst
- Sets the status to Assigned
- Sends an actionable notification to the newly assigned analyst

Request More Information
The compensation manager or analyst requests more information from the participant, participant’s manager, Sales Operations team, or any incentive compensation user.

The dispute process:
- Sets the status to Information requested
- Sends an actionable notification to the identified user

Update Information
When the participant, participant’s manager, or Sales Operations user updates the dispute with the requested information, the dispute process:
- Sets the status to Assigned
- Sends an actionable notification to the user who requested the additional information

Approve and Reject
The compensation analyst views the details of the dispute. If no further information is required, then the analyst approves or rejects the dispute.

The dispute process:
- Sets the task outcome and status values to either Approved or Rejected
- Sends an informational notification to the dispute initiator, which can be the participant, the participant’s manager, or the analyst

Escalate
When the resolution wasn’t as expected, for example, the dispute was rejected, the analyst can escalate the dispute, even a dispute that was closed.

The dispute process:
- Sets the status to Escalated
- Sends actionable notifications to the analyst assigned to the dispute as well as all of the users with the Incentive Compensation Manager job role
- Sends an informational notification to the participant’s manager, if the participant is the one escalating the dispute

Withdraw
The dispute creator can withdraw the dispute before it’s approved or rejected. The process sets the status to Withdrawn.
FAQs for Dispute Management

How can I hold an incentive compensation earning if it is in dispute?

After you find the corresponding payment transaction in the Credits and Earnings work area:

1. Select **Hold payment**.
2. Refresh the paysheet that includes the payment transaction to remove the earning from the total payment.
3. After you settle the earning dispute, deselect **Hold payment** to release the transaction for payment.

How can I escalate my dispute?

Only incentive compensation analysts can escalate disputes, and then only:

- Before the dispute is approved or rejected
- If the Human Capital Management supervisor hierarchy contains the analyst’s manager

This hierarchy is created as part of the initial application implementation.

How can I set up incentive compensation dispute rules?

Use the Manage Task Configurations for Incentive Compensation task in the Setup and Maintenance work area.

Related Topics

- Approval Management Configuration Options for Incentive Compensation: Explained
25 Mobile Commissions

Oracle Mobile Commissions: Overview

Use the Oracle Mobile Commissions to do the following tasks:

- Track and review sales and commission information on your smartphone or tablet
- Keep up to date with sales compensation activities in your enterprise while on the move

Tasks that You Can Do

The key features of Oracle Mobile Commissions include the following:

- View your most recent payment.
- See your period credits, earnings, and performance related to your last payment.
- Look up payment components, balances, and other details.
- Review your earnings and performance attainment by plan component.
- Check the status and details of any disputes.
- Check your most recent payments, earnings, disputes, and credit transactions to track whether you are on target for the current period.
- View custom reports.

Prerequisites

Before implementing Oracle Mobile Commissions, you must:

- Set up Oracle Incentive Compensation before you can use Mobile Commissions.
- Assign participants to compensation plans.
- Determine if your mobile device meets mobile system requirements. See the System Requirements for Oracle Applications Cloud here: http://www.oracle.com/us/products/system-requirements/overview/index.html

Related Topics

- Providing Host Information to Oracle Mobile Commissions Users: Explained
- Creating a Custom Report for Mobile Commissions: Procedure
Installing the Oracle Mobile Commissions iPhone Application: Procedure

This procedure shows you how to install Oracle Mobile Commissions on your iPhone. Before you can install Oracle Mobile Commissions, you must be an incentive compensation participant and be assigned a compensation plan.

Perform the following tasks to install Oracle Mobile Commissions:

1. Use your iPhone to sign in to iTunes and access the App Store.
2. Search for Oracle Mobile Commissions and then tap Install.
3. Ask your administrator if he or she is using the URL-based or mobile application-based configuration.
   - If it is URL-based, then click the URL the administrator sends in an e-mail.
   - If it is mobile application-based, then copy the URL provided by the administrator and paste it in the Host text box and click Proceed.
4. Open the Oracle Mobile Commissions application and enter your user name and password.
5. Sign in to the Oracle Mobile Commissions application.

Installing the Oracle Mobile Commissions Android Application: Procedure

This procedure shows you how to install Oracle Mobile Commissions on your Android device. Before you can install Oracle Mobile Commissions, you must be an incentive compensation participant and be assigned a compensation plan.

Perform the following tasks to install Oracle Mobile Commissions:

1. Use your Android device to sign in to Google Play, then browse the Apps.
2. Search for Oracle Mobile Commissions and then tap Install.
3. Ask your administrator if he or she is using the URL-based or mobile application-based configuration.
   - If it is URL-based, then click the URL the administrator sends in an e-mail.
   - If it is mobile application-based, then copy the URL provided by the administrator and paste it in the Host text box and click Proceed.
4. Enter your user name and password.
5. Sign in to the Oracle Mobile Commissions application.
Glossary

**attainment**
Indicates the participant’s achievement against a specified target, for a specified performance measure. Typically, add qualified credit transactions to get an attainment total expressed in any unit of measure, such as amount or percent. Example: Attained sales of 200,000 USD this month on a target of 250,000 USD.

**calendar**
Defines the incentive compensation processing periods, including period type. It doesn’t contain an end date. The plan administrator can add more periods and must associate the calendar with a business unit before incentive processing can use the periods for the business unit.

**cap**
Constrains the amount of money a participant can make in a particular period. Apply it for a particular period or for a full fiscal year. Even carry capped amounts forward to future months.

**commission**
An incentive type that provides an incentive amount for each discrete unit of sales made by the salesperson. Common expressions of a commission are as a percent of each sales dollar (revenue), percent of gross margin (profit), or a dollar amount per unit sold.

**credit category**
A user-defined business revenue category (such as product line, customer accounts, service types, and geographical market segments) used to classify a transaction for compensation calculation. If a performance measure uses a transaction or credit attribute (such as margin), then associate the appropriate credit category with it.

**credit transaction**
Created by the crediting process. When transaction attributes match credit rule criteria, the process generates one or more credit transactions. Incentive processing uses credit transactions to create rollup transactions as well as to calculate commission, bonus, and other types of incentives.

**draw**
Provides a participant a minimum amount of money per month, normally for the first few months after the person joins the company. You can recover the draw, typically month to month, against future earnings.

**earning type**
Can be monetary, represented with operating or participant home currency, or nonmonetary benefits, such as points, air-miles, and Club. The payment process includes only monetary earnings for payments.

**goal**
A performance objective, also known as a quota. The best practice is to make it specific, measurable, achievable, and time based (SMART). Define your goal (optional) by providing a target number and the unit of measure, either amount or quantity.
incentive compensation business unit
A central center that administers incentive compensation for a group of participants. Associate participants within a single business unit with different business organizations or countries.

incentive compensation transaction
Any transaction for which the application collects the individual line items and uses them when calculating commissions, bonuses, and nonmonetary incentives. Also, create transactions manually. Examples are order, invoice, credit memo, charge back, and payment collected against an invoice. The type or source has no restrictions.

incentive formula
Specifies how to calculate, and contains an expression that computes, the earnings during the calculation process. Part of the plan component that usually refers to the calculated results of one or more performance measures. Build formulas using input expressions, an output expression, and rate tables.

incentive plan component
Defines the computational requirements that the calculation process uses as well as stores information on how to compute the earning. It defines what performance measures to use in computation and an incentive formula to calculate the compensation earnings.

interval type
Groups periods for incentive processing to derive the various processing intervals, such as Quarter or Month. The default intervals are Period, Quarter, Semi-Annual, and Year.

operating currency
Defines which currency to use for the incentive compensation business unit.

participant
A person or organization (for example, an employee, salesperson, party, supplier contract, partner, or third-party resale contractor) whose credits, attainment, earnings, disputes, and payments the application computes and manages.

participant home currency
Defines which currency to use for each participant.

pay group
Defines the frequency of payments and gathers participants that are on the same payment cycle and sent to the same application. Example: You might group monthly participant payments as Pay Group A for your payables application and Pay Group B for your payroll application.

payment batch
Associated with pay groups and paysheets, defines the compensation period, for example, Feb 2015 or fourth quarter, for which the payment is valid. The payment batch also determines payment amounts for each eligible participant.
payment plan
Contains rules regarding payment draw, draw recovery, and cap amounts to pay to associated participants. The payment process uses the plan to compute participant payment adjustment amounts against earnings for the period.

paysheet
A worksheet, generated by creating a payment batch. Paysheets contain the payable commission (payment transactions), draw and recovery (payment plan adjustments), and payment adjustments made by IC managers and analysts for a single eligible participant.

performance measure
An indicator that tracks participant progress toward a defined organizational goal or outcome as well as a metric for which you compensate your participants.

processing currency
Determines whether the application uses either operating currency or participant home currency when processing credits, earnings, and payments.

target incentive
Also known as on target earning, the expected participant earning if the participant achieves 100 percent of the set objectives.