

Incentive Recipe

A common symbol for incentives is the carrot-- you dangle it just beyond the reach of a stubborn donkey to make him pull a cart. This, of course, works best when the donkey gets a taste of the carrot.

Today, the philosophy in the incentive industry remains the same, but the carrots--and the reasons for them-- take many shapes. Successful businesses integrate effective incentives into their overall marketing strategies by incorporating two fundamental facts:

- a. *Increased motivation improves performance.*
- b. *Personal reward and recognition are key elements of motivation.*

Whether they are large corporations or small companies, all businesses that design and develop effective incentive action plans use the following tried and true steps:

1. Seek expert assistance

You wouldn't attempt to handle all of your legal, insurance, public relations and advertising needs, so don't take on all the intricacies of an incentive campaign. Rely on a company experienced in all facets of program development, administration, implementation and fulfillment. Select one that serves both large and small accounts and can provide the guidance and tools to successfully reach your objectives.

2. Identify improvable conditions

Although incentive programs have traditionally been sales-oriented, they can enhance performance in any situation involving people and affecting day-to-day business. This includes service, new accounts, referrals, recruitment, safety, zero defects, training, quality control and customer satisfaction. Incentives also are effectively used to support employee evaluation, retention and recognition and to boost moral and extend customer loyalty.

3. Establish attainable goals

Once objectives have been defined, it is time to set realistic goals that participants can reasonably achieve. Avoid aiming beyond their reach. Include as many of the individuals as possible whose performance will contribute to your objectives.

For example, a program to increase sales might include sales representatives, sales managers, support personnel, distributors, dealers and dealer sales forces. Programs designed to increase production might include assembly line workers, supervisors, foremen, warehousemen, maintenance personnel and drivers.

Incentive programs should never be structured as contests with awards only going to top performers. Programs are much more effective when participants can anticipate rewards directly related to their personal performances--sometimes with bonuses for outstanding performers.

4. Determine a reasonable timetable

Allow sufficient time to achieve the prescribed objectives, but it should be short enough to create a sense of urgency and discourage procrastination. Each situation dictates its own program duration. Some objectives may be accomplished in six months, while others may require more time. Employee retention or recognition plans are often ongoing, while an inventory reduction program might be limited to 90 days.

5. Establish administration systems

Easy to understand rules and methods for reporting, tracking, rating and recording participant performances are crucial. Participants must understand the objectives and be comfortable with what is expected. Procedures must be simple for the participant and administrator alike. Complicated systems that confuse or frustrate participants can be the downfall of an otherwise potent plan.

More companies are taking advantage of today's computer technology to conduct their incentive or recognition programs online, improving administrative efficiency and making the necessary communications practically instantaneous.

6. Create effective communication

Successful incentive programs don't just happen, they have to be nurtured and promoted. Participants have to be prodded and applauded. The first step is a well-conceived theme and graphics that identify the program's spirit and excitement. The best programs relate to the objectives, are easy to understand and are memorable.

Program announcements should be packed with enthusiasm, but make sure the rules and guidelines are simple and concise.

Whenever possible or practical, direct the promotional materials to the home. An individual's strongest motivator is the spouse and family, especially when they know they might share in the awards.

7. Keep the pressure on

Whether an incentive program is Internet-based or traditional, once it is up and running, you can't relax and wait for things to happen. You must keep the pressure on and maintain participant enthusiasm with scheduled theme-oriented promotional messages and reminders. Periodic status or ranking reports keep participants informed of their progress and standings. As your communications pattern unfolds, you can easily add new elements or bonuses whenever they apply.

Internet-based programs often incorporate traditional printed materials like oversized postcards, posters for the plant or office and theme-imprinted novelty premiums into the mix.

8. Provide meaningful achievement rewards

Incentive awards aren't won, they are earned, and therefore, the quality and perceived value must reflect the extra effort required. The awards considered usually fall into three classifications: cash, merchandise and travel.

Extensive studies have concluded that cash awards are the least effective motivators. This is particularly true with commissioned sales people who, if money were an incentive, need only sell more units to increase their income. In fact, sales people determine the number of sales and commissions needed to provide a comfortable lifestyle. When cash bonuses are provided, their

sales actually decrease. Increased efforts earning alternative awards result in increased commissions as well. Cash awards are absorbed into the normal budget and are rarely used to purchase those extra luxuries. They have no lasting trophy or bragging value.

A wide selection of merchandise is a powerful award medium, providing participants with the luxury of a choice, or the ability to work for one or many items most appealing to them. Limited, pre-selected merchandise awards are far less effective. It is virtually impossible to find one item that is universally attractive or that some participants don't already own. In any event, once the item is obtained, the motivation ceases.

Travel awards continue to excite and motivate and have evolved over the years into three categories: group travel, pre-packaged individual travel and the most recent, design-your-own itinerary.

Group travel usually rewards top performers with opportunities to join their peers--preferably with spouses--to share the excitement of exotic destinations. These trips allow you to bring your best producers together and exchange success strategies. Some companies, however, are reluctant to take all of their valuable people away from the business at the same time. Another significant deterrent to group travel is that, with today's increasing multi-income families, it is often difficult for both spouses to get the same time off.

Pre-packaged individual travel awards give you the flexibility to offer many levels of travel similar to the broad merchandise selections. Participants may choose the destination that most appeals to them and the greater their performance, the more glamorous the trip.

Taking this award to new heights, systems have been developed that allow participants to convert their program performances into the trip of their dreams. The more they earn, the more elements they can include.

The caliber of rewards in non-incentive type recognition Programs is equally important. Employees who meet prescribed criteria should expect personal and public acknowledgement. Certificates, plaques and trophies are displayed proudly, as are emblematic jewelry like lapel pins, pendants and the traditional gold watch. Many companies augment recognition with merchandise or travel.

Whatever form of awards you choose, they must be equal to the performance, be desirable, have lasting value, inspire pride and reflect your company's image in order to be effective.

9. Establish realistic budgets

The finest incentive plan will not succeed without a sufficient budget, nor will an abundant budget salvage an inadequate plan. Take great care to assure that the plan and budget are compatible. There is no secret formula for making this happen, but the old economic theory that the return must justify the investment is a good guide.

Different program specifications will dictate your expenditures, including the number of participants, length of the program, objectives and value of the required results of your plan. Funding will result either from a closed-end budget, set by arbitrary allocations or percent-of-anticipated program generated profits with maximum expenditures known in advance, or with an open-end budget required when the program encourages unlimited performance enhancements. In either case, sufficient funds must be allocated, for administrative systems, promotional communications and the awards.

10. Continue to motivate

Motivation pertains to the positive development of human behavior through challenges, aroused enthusiasm, encouragement and appreciation. The principles related here, though briefly described, are each an integral ingredient in the recipe for efficient incentive and recognition programs. Each element is essential to the ultimate success of your creation.

#####

