

Tips for Buying an Incentive Program ...Guaranteed to Deliver Results

Anyone in business today knows that it's not business as usual. In tough economic times, companies often turn to familiar methods of maintaining the bottom line - layoffs, reduced hours, and scaled-back perks. One "perk" that may be headed for the chopping block is incentive programs. But, think twice. *A properly aligned incentive program can help you achieve the results you want and pay for itself in the process.*

Throw out the notion of long-term recognition programs that take years to achieve results. Today's incentive programs, *when properly aligned*, can help you get immediate results – as early as next quarter – because they'll help you identify and reward for behaviors and activities that will impact your bottom line now and in the future.

So what is a *properly-aligned* incentive program? It's a program that is:

Aligned to strategies and objectives. Look for opportunities for performance improvement that support your business plan. Ask yourself what are the desired behaviors and activities needed to meet the objectives – that's what you'll reward. But, at the same time, take into consideration what impact the program will have on key departments in your company. Consider what the competition is doing and what pending legislation might affect your business and incentive program.

Structured to fit a budget and measured.

Step 1: Project your incremental margin: your sales lift or cost savings at 5% to 10% over trend.

Step 2: Calculate investment required: your fixed costs (communications, administration, and tracking) plus your projected awards (estimate 10% of your incremental gain, paid to 60% to 80% of your participants that improve at desired levels).

Step 3: Calculate ROI. Subtract cost of program from projected incremental margin to get incremental dollars. Divide dollar incremental by cost of program to calculate projected ROI as a percentage.

Dependent on a flexible rule structure. Run a series of short spurts – no longer than 60 days beyond the time it takes to achieve the desired behavior. Take a hiatus between spurts, allowing you to address any changes in the company or the marketplace. Then run the next spurt, moving the bar higher. The result – continuous improvement.

Designed with awards that your employees want. Get employee input, and their motivation and engagement skyrockets. Give them choice of awards, the more the better; get them thinking big and they will perform big.

Communicated, communicated, communicated. Keep the program top of mind and communicate with the employees' families as well.

Continually evaluated. Frequently measure what impact your program is having on employee performance. Examine why some employees earned and others did not. Use this as an opportunity to put additional training, tools, coaching, and motivation in place.

What will you get for your efforts? A properly aligned incentive program:

Engages employees. Employees will be motivated, inspired, feel appreciated, and have a greater awareness of company strategies and objectives. They will be talking about what's working, not about the challenging economy.

Builds camaraderie. An incentive program is not a competition. A properly designed incentive program doesn't just reward the top performers. Rewards are for performance improvement so everyone has the potential to earn.

Builds customer confidence. Employees will feel appreciated for their efforts and engaged with their work and the company. This sense of well being naturally translates to the customer. Positive employees = happy customers.

Drives business results. Again, align your incentive program to your objectives; reward for behaviors that lead to your objectives and you'll get the results you want.

Is self-funding. Any variable costs are covered by your ROI. Only participants who achieve the desired behaviors and activities receive awards. The achievement will more than cover the cost of the awards.

So where do you begin? The good news is that all of this is getting easier with technology. Software programs developed by the performance improvement industry have made setting up, running; and measuring an incentive program less costly and more efficient. This same technology makes running an incentive program globally, yet acting locally, possible. A company that has offices all over



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the world can operate under one incentive umbrella supporting a global strategy, yet run short spurts and fulfill and account for awards locally.

Which brings us to the question, should you outsource your incentive program?

There's something to be said for trusting an expert. Incentive companies are experts at:

1. **Program design and structure.** An expert can help you identify key behaviors and activities that are aligned with your strategies and exhibited by your top performers. Then, they can help you design a program that will clone and reward for those behaviors and activities.
2. **Program management and administration.** An expert has the system, often called an incentive platform, in place that allows management and employees to access the incentive program electronically through a secured web site. Program rules, ways to earn, award selection, award fulfillment, and reporting can all be accomplished through the incentive platform. Online tips and best practices as well as Quizzes and On-the-Spot coaching recognition are other options available for incentive platforms.
3. **Attention-getting communications.** An expert knows how to communicate a “call to action” that motivates and inspires employees, and gets results.
4. **Fulfillment of awards.** An expert has access to a wide variety of awards that can be tailored to fit the profile of your employee base. Additionally, an expert has a system to ship and track awards.
5. **Tracking, reporting, and measurement.** An expert has electronic systems in place to account for the program's progress every step of the way. You'll always be in tune to where you have best in class performance improvement and where you may need some added coaching. This is a sure way to impact your growing ROI. And details such as tax reporting are built into the system.

But in the end, probably the most important reason to consider outsourcing your incentive program is the reduced burden on your staff. Most companies run lean. Diverting internal resources to develop and run an incentive program could divert resources from your main business objectives.

For more information, read the Incentive Marketing Association's white paper – [Outsourced Vs. In-House Incentive Program Management](#).

So how do you find an incentive partner that is right for you? Ask:

Accelerating Results through the Science of Performance

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1. What is the company's core business? Look for a full-service incentive company whose core business is *performance improvement*. Meeting and incentive travel specialists, travel agencies, and event marketing companies do not have the full breadth of services needed.
2. Does the company have a solutions-orientation? They should ask about strategic issues related to your goals and objectives.
3. Does the company reward for behavior change?
 - Do they understand aligning to key strategies and the principle of a "Call to Action?"
 - Does the company understand cloning behaviors of top performers?
 - Does the company follow the principle of "moving the middle?"
4. Does the company have an online incentive program system using surveys, quizzes, e-cards, on-the-spot rewards, e-points to educate, engage and motivate employees? Is it fun and easy to recognize others?
5. What marketing communications are included in the program? Web-based, print, other? Do they have examples of creative communication campaigns that motivated the audience to action, reinforced the message, and stayed within budget?
6. What is included with the administration fee? Measurement, analysis (type and frequency of reports, accounting method), and recommendations (flexibility)?
7. Does the company verify/guarantee program results?
8. How do you know if you are successful?
9. What are their strategies for measuring ROI?
10. Does the company track tax liability? Gross-up?
11. Is the company Sarbanes Oxley compliant, which requires internal controls for assuring the accuracy of financial reports and disclosures, and mandates both audits and reports on those controls.
12. Does the company fulfill the awards?
 - Where are awards housed?
 - How are awards delivered?
 - Is there a selection of awards or a standard offering?
 - What is included in the cost of awards (shipping, etc.)?
 - What happens to unredeemed awards in participant accounts?
13. What is the customer experience?
 - Are there "live" customer service representatives? If so, what are their hours of availability?
 - Is customer service available via phone, email, and/or the web?
 - What is the average response time? What percent of questions are resolved on the first call?
 - Can the company provide testimonials?
14. Can the company provide references, business cases, and validate their successes? They should show examples of strategy development, implementation, and measurement.



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With expert help, a properly aligned incentive program can help you get the results you need now and in the future. Change behaviors, motivate your workforce, engage your employees, and secure your future. Get started today at [Incentives Recognition 411](#).

For more information on the performance improvement industry, read what the experts say at [Incentive Marketing Association](#).

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