



HOME / STRATEGY / MANAGEMENT

MANAGEMENT

Are You Accurately Measuring the ROI of Your Incentive Program?

ROI should gauge more than a program's effect on the bottom line.

January 09, 2020



Innovation isn't limited to technology and science-- there is also plenty of disruption in the way companies attract, retain and grow relationships with partners, employees and customers. The time-tested approach to incentives is now evolving to reflect changes in employee behavior with the goal of building enduring engagement that results in greater

profits, stronger company culture, and image.

"Do this, get that" has been the model embraced by incentive programs for more than two generations. While this approach is important, it does not represent the full story.

As identified in the 2019 [Incentive Travel Industry Index](#), the most significant impacts of incentive travel, beyond bottom-line benefits, are how they foster workplace relations, enhance company culture and improve the personal and professional development of the qualifier.

In the past, programs were focused exclusively on reaping good financial results. This remains key, but it has become increasingly important to measure the total holistic effects that incentives have on an organization. It's not just the incremental lift in production, performance and profitability that should be considered when measuring the effectiveness of an incentive; now, we need to look at retention rates, individual growth within an organization, brand advocacy, engagement and, crucially, the impact on corporate culture. When our high-potential, high-performing employees are engaged, studies show that our customers are more engaged, too, leading, inexorably, to higher overall profits.

It is exciting to see that Incentives are now being used for employees outside of the sales channel. Leaders are seeing the need to recognize and reward those who live out the core values of the organization, drive new development and assume responsibility for taking the brand into the future. With employee engagement on the decline, this is yet another reason to provide incentives for those high-performing individuals, regardless of their positions.

Incentive travel results in a revenue increase of more than \$12.50 for every dollar spent, according to the Incentive Research Foundation. What's more, travel incentives can educate, improve morale, build team spirit, increase loyalty and strengthen the emotional connection with those who represent our brands. These are all important attributes of successful companies.

For the last two years, the index has shown increases both in spend and in the number of qualifiers participating in incentives. Now we're tasked with how to measure the soft variables, an important part of a true return on investment. To explore this topic further, [SITE Foundation](#), along with the [ROI Institute](#) under the leadership of Dr. Jack Phillips, will soon publish a book exclusively for the incentive travel industry, with advice on how to measure the success of recognition and incentive programs. Simply evaluating a program at the end does not provide adequate value. By applying a ROI methodology to programs, we are better able to plan, establish lead measures, make changes, execute, assess key performance indicators throughout the life cycle of the program, and then measure the results. All are important components to obtaining to an inclusive ROI.



Copyright © 2020 by Northstar Travel Media LLC. All Rights Reserved.

100 Lighting Way, Secaucus, NJ 07094-3626 USA | Telephone: (201) 902-2000