

How Top Firms Do Noncash Rewards Differently

New findings from the Incentive Research Foundation.

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Top-performing technology, financial-services and manufacturing companies conduct business in a manner that sets them above the pack in their industries. It should come as no surprise that these leaders likewise reward, recognize and motivate their employees and channel partners in an elevated way. This was buttressed by findings gleaned from the Incentive Research Foundation 's recent study on "What Top Performing Technology Companies Do Differently for Incentives and Rewards."

The survey of 399 executives in the above three industries reveals that those working at top-performing firms were more than twice as likely as their counterparts at average-performing firms to regard their reward and recognition programs as a competitive advantage. The study defined top-performing firms as those that demonstrated more than a 5 percent increase in revenue or stock price in 2018, year-over-year, as well as strong customer and employee-satisfaction rates based on information obtained from sources including both the Fortune 500 and Best Places to Work lists.

Other findings demonstrate that top companies are more likely to look to outside agencies for expertise on the best ways to recognize and motivate their program participants, can count on stronger management support of their programs and offer more points-based awards than their average-performing peers.

Top companies also spend more on their sales incentive trips, with tech companies spending a generous \$6,833 per participant -- the most of the three industries studied.

"For companies using non-cash rewards, this research validates their wisdom, and for those contemplating new incentive programs, it nudges senior management with empirical evidence," according to the study.

The following charts reveal further highlights of the study.

REWARDS ON OFFER

Group incentive trips

Top-performing firms: 22%

Average-performing firms: 24%

TOP PRIORITIES

Provides participants with unique experience

Top-performing firms: 21%

Average-performing firms: 21%

Allows participant flexibility

Top-performing firms: 14%

Average-performing firms: 4%

Appeals across large audience

Top-performing firms: 11%

Average-performing firms: 8%

Ease of administration

Top-performing firms:

11% Average-performing firms: 10%

Reward has high perceived value

Top-performing firms: 9%

Average-performing firms: 13%

Builds emotional connections

Top-performing firms: 9%

Average-performing firms: 13%

Builds brand loyalty

Top-performing firms: 9%

Average-performing firms: 17%

Cost

Top-performing firms: 7%

Average-performing firms: 6%

Preferred by participant

Top-performing firms: 5%

Average-performing firms: 4%

Physical reminder for participant

Top-performing firms: 5%

Average-performing firms: 4%

OUTSIDE HELP

Do you use outside partners to help design the best ways to recognize and motivate your participants?

Top-performing firms: 42%

Average-performing firms: 30%

QUALIFICATION METRICS

Which metrics do you use for salespeople to qualify for incentive trips?

Financial (sales, profitability)

Top-performing firms: 81%

Average-performing firms: 69%

Activity (sales calls, training)

Top-performing firms: 62%

Average-performing firms: 64%

Customer relations (client satisfaction, retention)

Top-performing firms: 45%

Average-performing firms: 52%

BUDGET TYPE

Which option best describes your company's approach to budgeting for your sales incentive programs?

Budgets are created bottom-up and are based on the participant's income.

Top-performing firms:

54% Average-performing firms: 30%

Budgets are created top-down and are based on prior-year spending and overall financial performance.

Top-performing firms: 41%
Average-performing firms: 57%

Varies by program type

Top-performing firms: 4%
Average-performing firms: 13%

FIXED OR FLEXIBLE?

How is the number of winners determined?

Fixed number

Top-performing firms: 35%
Average-performing firms: 48%

Variable

Top-performing firms: 64%
Average-performing firms: 52%

CHANNEL GOALS

For which of the following do you tailor your company's dealer/partner reward and recognition strategies?

Product or brand awareness/preference

Top-performing firms:
71%
Average-performing firms: 61%

Sales and market share

Top-performing firms: 67%
Average-performing firms: 55%

Customer loyalty and satisfaction

Top-performing firms: 55%
Average-performing firms: 71%

Insights regarding the channel (number of salespeople, product turnover, activity, performance, etc.)

Top-performing firms: 20%
Average-performing firms: 37%

