

Personalized Incentives Help Companies Reach Business Targets

Personalized recognition based on personal performance, innovation and skill mastery are key to capturing the intellectual and emotional commitment of employees, according to a new study from the Incentive Research Foundation (IRF), based in St. Louis.

The study finds today's highly educated workforce responds to more tailored, non-cash incentive plans that celebrate creativity and promote best practices. In the white paper, "Motivating Today's Workforce: The Future of Incentive and Recognition Program Design," the IRF synthesizes input from incentive experts, secondary research and related resources to identify evolving knowledge about the use of incentives and recognition to motivate today's workforce.

"While salary remains the primary pact between employer and employee, this study underscores that personalization of rewards is key to individual effort and motivation," said Jeff Broudy, chairman of the IRF board of trustees. "Customized non-cash incentive programs based on job code, skills and previous performance are highly effective in helping a company meet specific goals and objectives."

Broudy noted that more so than in the past, the design of incentive and recognition programs is critical to drive desired business outcomes and avoid unintended consequences. While it's still good for businesses to share the wealth with workers in the form of profit-sharing, IRF President Melissa Van Dyke said there are complexities to building an effective rewards strategy.

"The study found that not all people are equally motivated by extrinsic factors," said Van Dyke. "Put another way, money is not all employees seek. As workforce composition shifts to more knowledge workers, we find rewards that celebrate the mastery of a skill and the personal innovations exhibited along the way are very effective."

Van Dyke and Broudy encourage both incentive industry professionals and human resource executives to review the white paper to fulfill its purpose of stimulating dialogue about motivating today's knowledge workers. For a copy, visit www.theirf.org and click on "Research."

Recognition Should Be Part of Sales Compensation Mix

As we emerge from one of the most difficult economic periods in recent history, companies should re-evaluate their current compensation plans and consider rewarding sales forces for how they conduct business as well as closed contracts. Acknowledging the value-building behaviors that are critical to selling success ultimately results in a deeper level of trust and confidence between sales representatives and prospects, and can set a smart company apart from its competitors.

According to the most recent "Performance Perspective" executive briefing released by New York-based Madison Performance Group, salespeople should be rewarded for all the steps they manage through the sales process: targeting, planning, messaging, collaborating and negotiating.

As highlighted in the briefing, companies should consider adding a recognition element to their compensation mix. The mechanics of recognizing the preparation and professional performance that lead to success—from the initial stage to the completed transaction—can be supported through an intuitive, Web-based tool that allows sales managers to set team or individual goals and then reward accordingly.

In 2010, less than half of all salespeople hit or exceeded their numbers. While that



may not be surprising, the impact of anxiety on selling behaviors was disturbing. According to Mike Ryan, senior vice president of Madison Performance Group, "Added pressure on salespeople propelled them to take shortcuts, to short-circuit the value-building, customer-nurturing processes that worked in better times."

Compensation plans may reward greatness, but they don't nurture it. The majority of plans are conventional in nature and do not motivate the behaviors that lead to success. And in today's economy, salespeople need to become a source of competitive advantage. Integrating a recognition program allows sales managers to nurture and encourage sales professionals to vigorously research prospects and then engage those potential buyers in a consultative and disciplined manner during each phase of the sales process.

"A properly designed recognition program will refocus representatives on the type of preparation and due diligence that leads to better closing rates and higher margins, while also expanding the sales manager's ability to nurture sales performance at the local level," Ryan explained. "And neither requires any modification to the current compensation infrastructure."

For more information, visit www.madisonpg.com.

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