Many companies work to recognize and reward stakeholder groups to desired behaviors using non-cash incentives. A company may offer incentives to their sales teams that go beyond their compensation, offer partners perks to recommend or sell their products over those of competitors, or recognize employees for years of service. And some companies provide incentives to all employees to reach performance or other types of goals (safety, wellness, etc.). Participants were introduced to our incentive program design and development survey using the same language as above. The following provides an overview of our findings related to program design.

### PROGRAM CONNECTIVITY

Companies frequently run multiple Sales and Channel programs that are connected through an “umbrella” program – a unifying theme or focus. In contrast, while companies are also running multiple employee programs during the year, not all are typically connected under one overarching program.

**Programs Per Year by Audience**

<table>
<thead>
<tr>
<th>Sales Programs</th>
<th>Channel Programs</th>
<th>Employee Programs</th>
</tr>
</thead>
<tbody>
<tr>
<td>One reward program per year</td>
<td>Multiple programs in a year, all connected to an umbrella program</td>
<td>Multiple programs in a year: some connected, some discrete</td>
</tr>
<tr>
<td>18%</td>
<td>14%</td>
<td>13%</td>
</tr>
<tr>
<td>Multiple discrete programs per year</td>
<td>Multiple programs in a year: some connected, some discrete</td>
<td></td>
</tr>
<tr>
<td>16%</td>
<td>20%</td>
<td>24%</td>
</tr>
<tr>
<td>26%</td>
<td>43%</td>
<td></td>
</tr>
</tbody>
</table>

**Program Connectivity**

<table>
<thead>
<tr>
<th>Sales Programs</th>
<th>Channel Programs</th>
<th>Employee Programs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program(s) are offered every year</td>
<td>Program(s) are offered every year</td>
<td>Program(s) are offered every year, others launched per as needed to meet specific goals</td>
</tr>
<tr>
<td>38%</td>
<td>12%</td>
<td></td>
</tr>
<tr>
<td>Programs offered as needed to meet specific goals</td>
<td></td>
<td></td>
</tr>
<tr>
<td>50%</td>
<td>67%</td>
<td></td>
</tr>
<tr>
<td>12%</td>
<td>22%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>26%</td>
<td></td>
</tr>
</tbody>
</table>

### PROGRAM PACE

Channel programs are often paced such that some programs are offered every year, with additional programs added during the year to address specific goals. Half of Sales programs follow this pace as well. Employee programs take many forms; some firms have yearly programs while others launch programs on an as needed basis to meet specific organizational goals.

**Program Pace by Audience**

<table>
<thead>
<tr>
<th>Sales Programs</th>
<th>Channel Programs</th>
<th>Employee Programs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program(s) are offered every year</td>
<td>Program(s) are offered every year, others launched per as needed to meet specific goals</td>
<td>Program(s) are offered every year, others launched per as needed to meet specific goals</td>
</tr>
<tr>
<td>38%</td>
<td>12%</td>
<td></td>
</tr>
<tr>
<td>Programs offered as needed to meet specific goals</td>
<td></td>
<td></td>
</tr>
<tr>
<td>50%</td>
<td>67%</td>
<td></td>
</tr>
<tr>
<td>12%</td>
<td>22%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>26%</td>
<td></td>
</tr>
</tbody>
</table>

Reward and recognition “end-users” in firms with annual revenue of $1 million or more. The following shows final survey distribution of respondents who had some level of responsibility for non-cash programs for their salespeople, for channel/dealer partners (the end-user company’s distribution channel), or for their employees.

**About the End-User Survey**

**Audience:**

Reward and recognition “end-users” in firms with annual revenue of $1 million or more. The following shows final survey distribution of respondents who had some level of responsibility for non-cash programs for their salespeople, for channel/dealer partners (the end-user company’s distribution channel), or for their employees.
**Program Objectives**

Organizations have different objectives for their incentive programs, depending on program type.

**Sales Program Objectives**

Sales Program purposes are obviously focused on increasing overall sales, with morale improvement among the organization's sales force being a close second.

**Channel Program Objectives**

Channel Programs are most often focused to improve the productivity of channel program employees -- nearly all of the companies surveyed that this is a priority. Sales-specific goals, such as increasing product or service sales -- as well as overall sales and market share, are also frequently the reason that channel programs are implemented.

**Employee Program Objectives**

Employee Programs are most often put in place to improve morale. Other common goals are to improve productivity, improve customer satisfaction, and to recognize employee years of service.

**Program Structures**

Participants indicated how their incentive programs were structured in terms of the chart on below. The next page shows these structures for Sales, Channel and Employee Programs.

---

**Sales Quota**

Participants receive individualized quota targets and earn rewards upon hitting those targets.

**Other Types of Goal-based Earning**

Participants receive individualized goal targets and earn rewards upon reaching those goals.

**Top Performer**

Goals are set among all participants and the top performer(s) earn rewards at the end of a set time period for the program.

**Discretionary Recognition**

Recognition or award is given on a spot basis.

**Team Recognition**

Recognition or award is given to a team for group achievements or for reaching team goals.

**Service Anniversary /Milestone Achievement**

Recognition or award for attainment of service anniversary or other milestone (e.g., patent awards or Six Sigma certification).

---

**Sales Programs**

- **Increase overall sales**: 80%
- **Improve morale**: 76%
- **Improve productivity**: 58%
- **Improve customer satisfaction**: 52%
- **Gain market share**: 47%
- **Increase sales of specific product(s) or service(s)**: 27%
- **Change culture**: 21%
- **Promote cost reduction**: 17%
- **Reward completion of training**: 16%

**Channel Programs**

- **Improve productivity**: 97%
- **Increase sales of specific product(s) or service(s)**: 63%
- **Increase overall sales**: 62%
- **Gain market share**: 59%
- **Gain share of mind for non-exclusive sales channel**: 40%
- **Reward completion of training**: 19%

**Employee Programs**

- **Improve morale**: 84%
- **Improve productivity**: 55%
- **Improve customer satisfaction**: 48%
- **Recognize years of service**: 41%
- **Promote innovation**: 26%
- **Increase sales of specific product(s) or service(s)**: 24%
- **Promote wellness**: 23%
- **Change culture**: 19%
- **Reduce waste**: 15%
- **Promote safety**: 14%
- **Reward completion of training**: 13%
- **Promote cost reduction**: 9%
- **Promote other specific behaviors or goals**: 8%

---

*Awards such as “Dealer of The Year” were not identified to respondents responsible for channel programs.

* Service anniversaries and milestone achievements by salespeople are considered as being employee program awards, and not specifically sales incentive program awards.

** Awards such as “Dealer of The Year” were not identified to respondents responsible for channel programs.
To design sales incentive programs, companies use a wide range of rule structures, with the most common being sales quotas. This applies to internal sales, as well as sales channels.

For employee programs, the most prevalent award structure is discretionary recognition, followed by service anniversary/milestone award types.

Program Evaluation Metrics

As expected, different objectives and program structures drive different types of measurements according to program type.

Sales Program Metrics

When evaluating the success of sales incentive programs, most companies use sales dollars to measure return. Net new customers is also popular. ROI calculations are only used in 20% of programs.

Channel Program Metrics

Compared to sales incentive programs, channel partner programs emphasize net new customers as the performance outcome. Product sales (in dollars) is also a top evaluation metric for channel partner programs.

Employee Program Metrics

Productivity improvement is the most common performance measure for employee programs, followed by employee tenure and employee satisfaction.
DESIGN PRIORITIES

Respondents were asked to allocate 100 points across various considerations that impact program design. Items that are higher priority have more points assigned to them. This method allows for ratio comparisons – an item with 20 points is twice as important as an item with 10 points.

SALES PROGRAM DESIGN PRIORITIES

The most important design consideration for Sales program managers is ensuring that the program rewards the right people. This is seen as a more critical consideration than organizational alignment, establishing a culture of recognition, and other factors that pertain to participant engagement. It’s likely that if this criteria is not met by the program, everything else suffers as well.

CHANNEL PROGRAM DESIGN PRIORITIES

Design considerations for Channel programs are less differentiated in terms of importance. Rewarding the right people is a top concern, but is tied with organizational alignment for first place. Tailoring the program to the audience is of greater interest here than in Sales programs.

EMPLOYEE PROGRAM DESIGN PRIORITIES

By far, the most important design consideration for Employee programs is ensuring that the program rewards the right people. The second-most-important priority for these programs is making recognition a part of day-to-day activities.

The Incentive Federation will also repeat its study to size the market for non-cash incentives and recognition in late 2015.

Organizations interested in the study and participating in the Federation can find more information at www.incentivefederation.org.

For additional papers within this series, or for more information about the Incentive Federation, please visit:

www.incentivefederation.org

©Copyright 2015. The Incentive Federation. All Rights Reserved.