

## INCENTIVE PROGRAM GUIDELINES

Incentive programs are very important tools that, when well-designed and implemented, can lead to significant ROI, modified employee or dealer behavior and increased loyalty. Some rules of thumb follow:



### CONTEST GOALS

Carefully consider goals and review them annually to ensure the most successful outcome. What is the objective?

- Increase sales
- Improve internal relations
- Increase market share
- Employee/Customer retention
- Improve productivity
- Recognize and/or incentivize

### BUDGETING

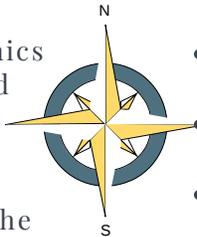
The budget for an annual trip often ranges from 5 - 20% of the anticipated profits generated by the contest. Spend can be as low as \$2,000 per winner and as much as \$8,000 or more. According to a SITE/IRF/FICP survey in 2019, \$5,193 was the average per-person spend. The most successful programs are those supported by leadership and viewed as investments rather than expenses.



**Admin:** 5 - 15%    **Communication:** 10 - 20%    **Hotel, air, f/b, etc.:** 70 - 75%

### LOCATION

- The value of the reward should equal the efforts requested.
- Keep in mind the demographics and the activities that would most drive performance.
- Are passports and / or vaccinations required?
- Consider the perception of the location you are considering.



### ITINERARY

- Customize as many details as possible no matter the budget.
- Allow for both group activities and free time.
- Offer a wide range of activities to meet all attendees' interests.
- Create an atmosphere of inclusion by welcoming first-time winners.

### CONTEST DESIGN

Design the contest using SMART (specific, measurable, achievable, relevant, time-oriented) goals and be sure rules are clearly stated. Are the goals the same for all regional offices? How are ties resolved? Are guests included and is there an age limit of the guest? Will buy-ins be allowed? Can others win the trip by receiving "lottery tickets" for each 5th sale, for example? Will a longer stay be included for the top performers or a separate trip planned for the 2nd tier winners?

#### CLOSE-ENDED

This type of program has a pre-determined number of winners and a fixed budget. For example, the top 20 earners will win the trip.

- PROS:** Easier to budget and plan due to a set attendance number.  
**CONS:** The company might miss out on additional sales if participants don't feel they will make the cut.

#### OPEN-ENDED

The trip is offered to anyone who meets or exceeds the goals, creating a more inclusive and motivational contest.

- PROS:** Increased earnings potential as more participants feel they have a chance to win.  
**CONS:** Planning is more difficult as final numbers are known closer to contracting.

### COMMUNICATION

- Be consistent with the theme of the event in all visual and written communication.
- Send monthly updates to participants so they know where they stand.
- Consider offering smaller awards at strategic times to keep up excitement and motivation.



Trips are considered income and may be taxed, based on the value.



Measure ROI but also consider the non-measurable benefits.



Gift-giving before, during and after the event is typical and enhances and prolongs the experience.



The best programs motivate the middle 80% while recognizing the top 10%.



Cash is viewed as compensation while incentive travel is perceived as a reward.

