

Reference Deck

The IRF Top Performers Study: Financial Services Sector

Comparing Non-cash Recognition & Reward Approaches of
Firms in the Financial Services Sector

June 2019



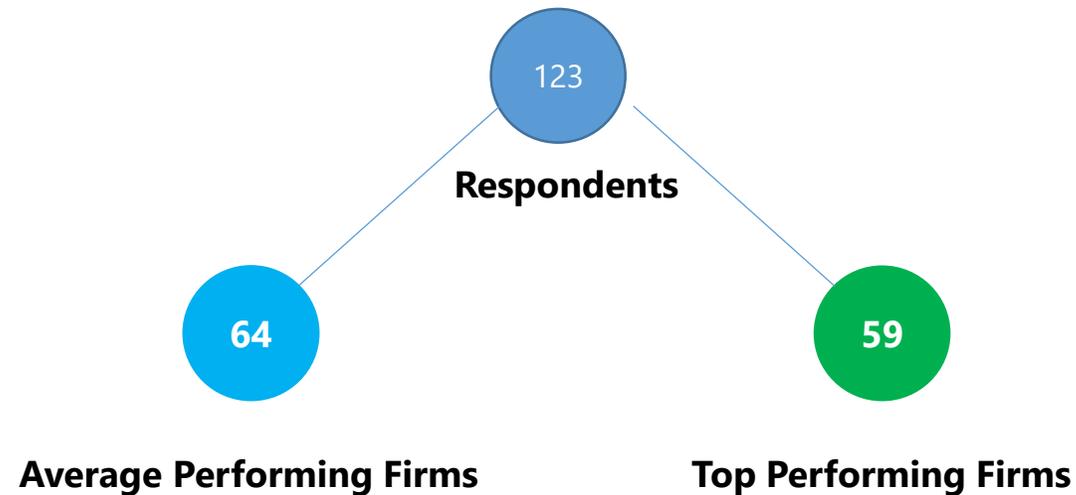
- As of 2016, 84% of U.S. businesses utilize non-cash rewards as a method of encouraging and engaging their employees, salespeople, and channel/dealer partners.
- The body of evidence for best practices and optimal program design is increasing every year, and businesses are looking to their supplier partners for expertise and advice on how to most effectively structure their reward and recognition initiatives.
- This research is designed to fill a gap by objectively identifying the non-cash rewards strategies and tactics used by top performing companies, providing benchmarks and best practices for the industry.

- Most research benchmarking “top performing companies” leverages pre-existing lists of these companies – for example the Fast 500 or Best Places to Work
- This research was designed to use a national cross-section of firms with at least \$100 million in revenue, collecting data to objectively classify each firm as “top performing” or “average”

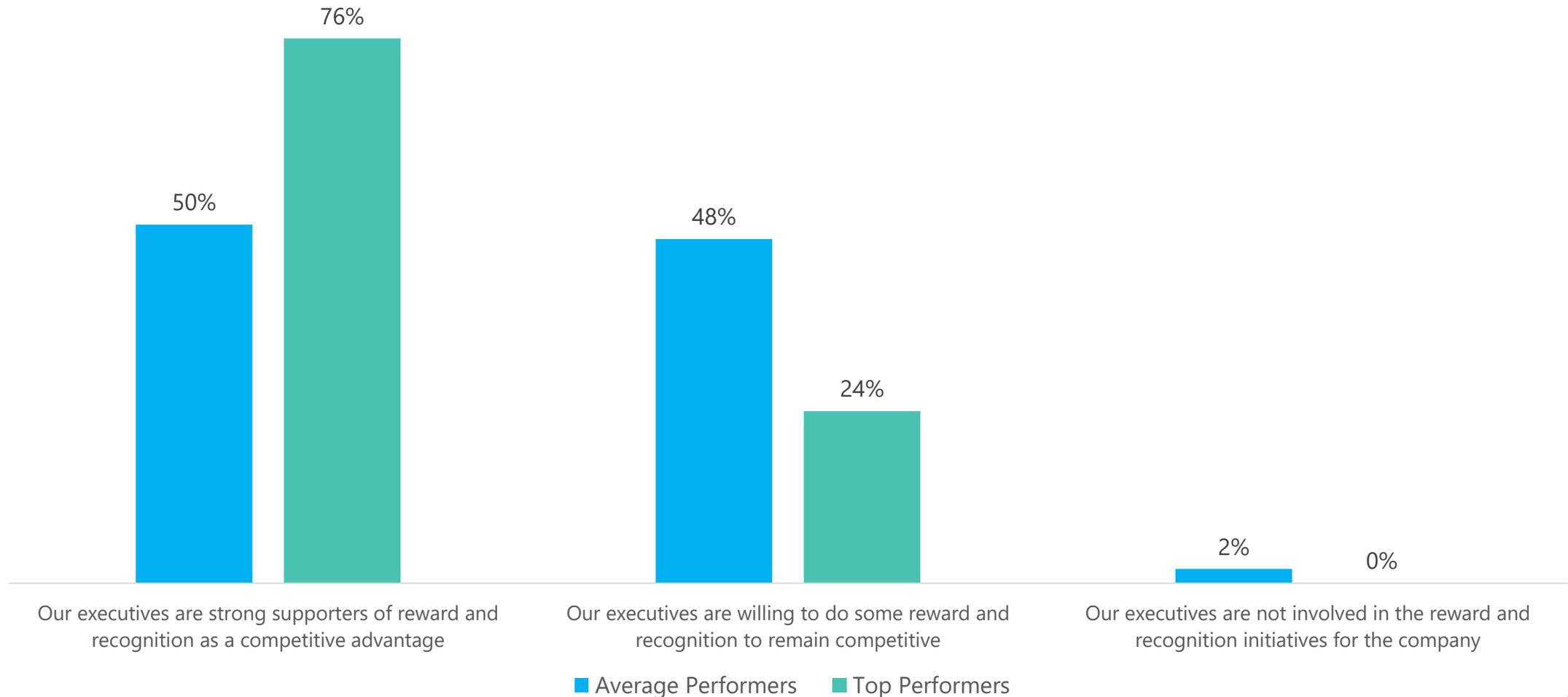
Classifying Top Performing Companies

- To qualify as “top performing,” a firm had to demonstrate strong performance in 2018. The most important requirement for classification as a top performer is financial growth - **more than 5% growth in revenue or stock price.**
- Top performers also were required to demonstrate both of the following:
 - Strong performance with customers
 - 90% or higher in customer satisfaction or loyalty, or
 - Customer acquisition rates higher than 5%
 - Strong performance with employees
 - 90% or higher in employee satisfaction
 - Loss rate less than 5% per year among high-performing employees
 - Reputation as a highly-desirable place to work – a place where high-performing candidates compete to work
- The purpose of these survey questions and the ultimate classification as “top performer” or “average” was 100% opaque to respondents – they did not know they were assigned to a performance group

FINANCIAL SERVICES SECTOR FINDINGS

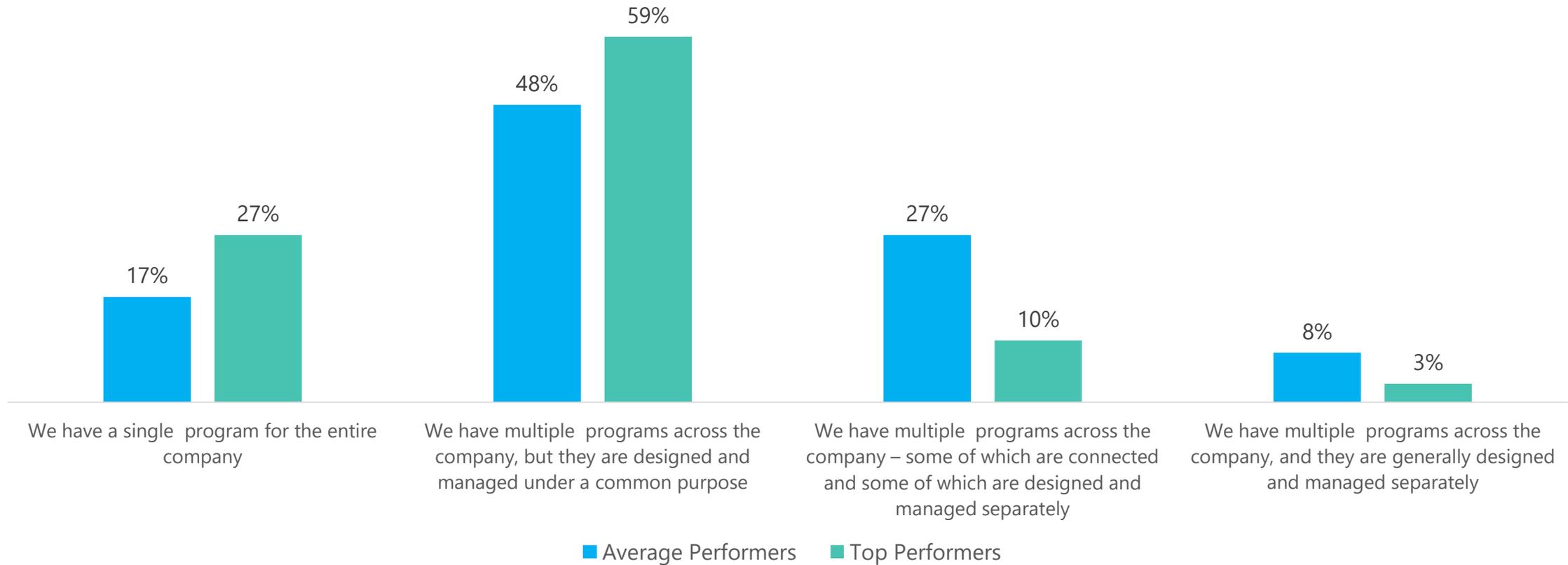


Executive Sponsorship

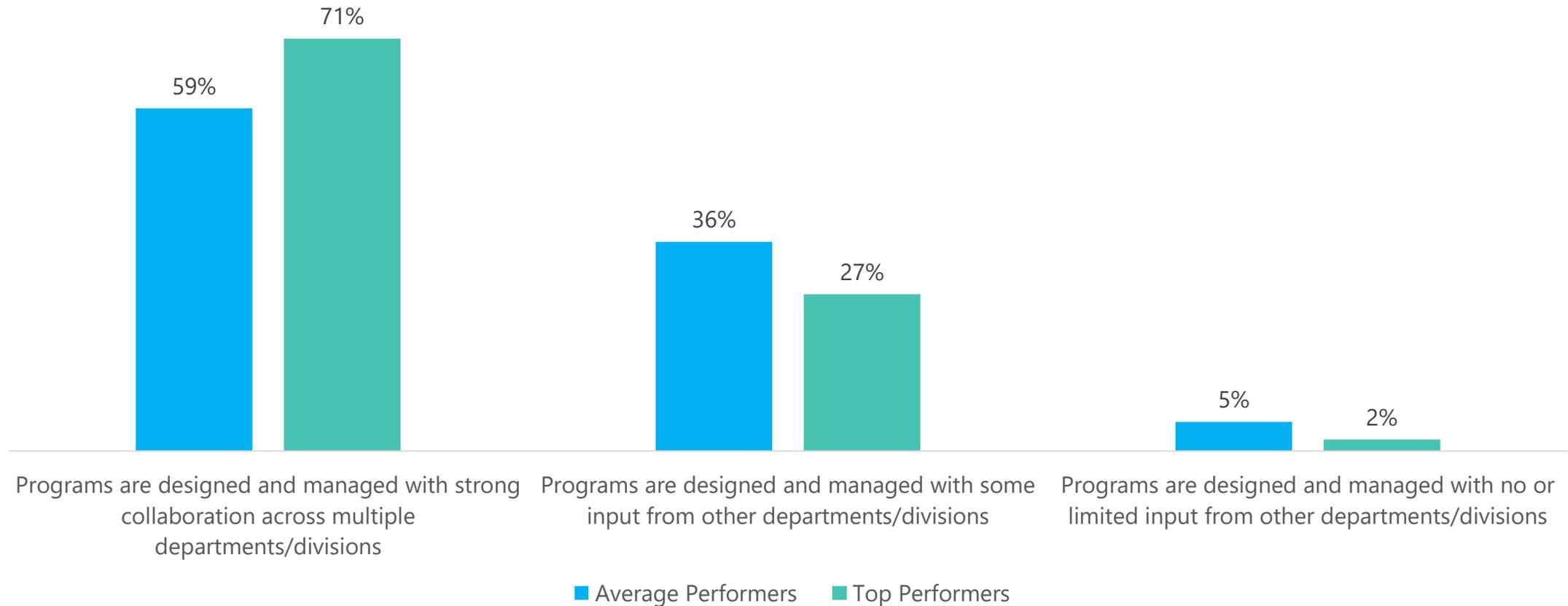


Which of the below best describes the executive sponsorship of reward and recognition programs in your company?

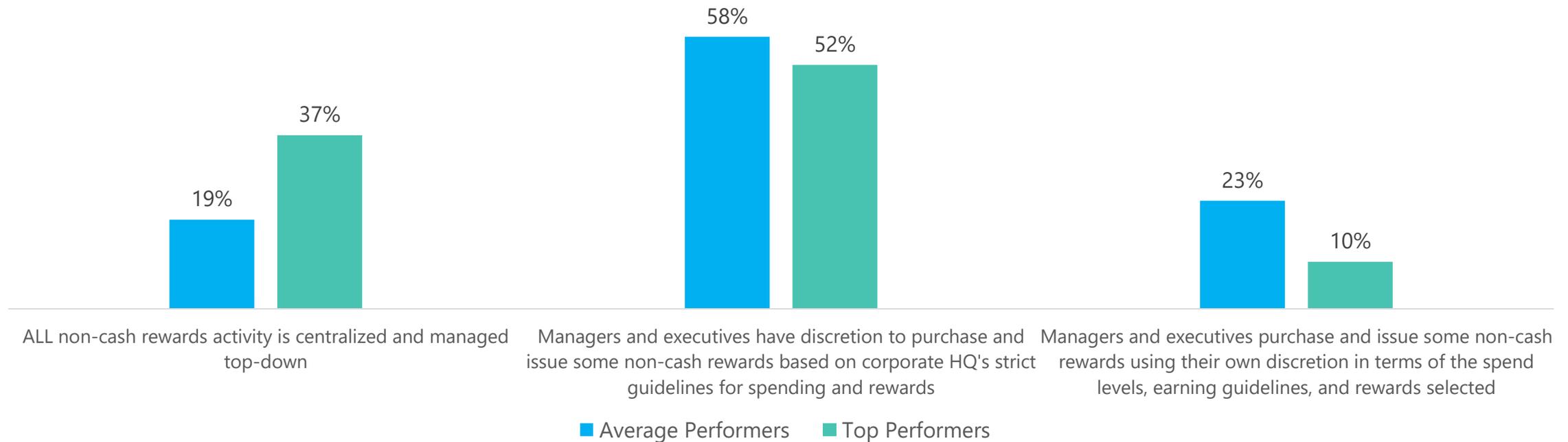
Program Connectivity



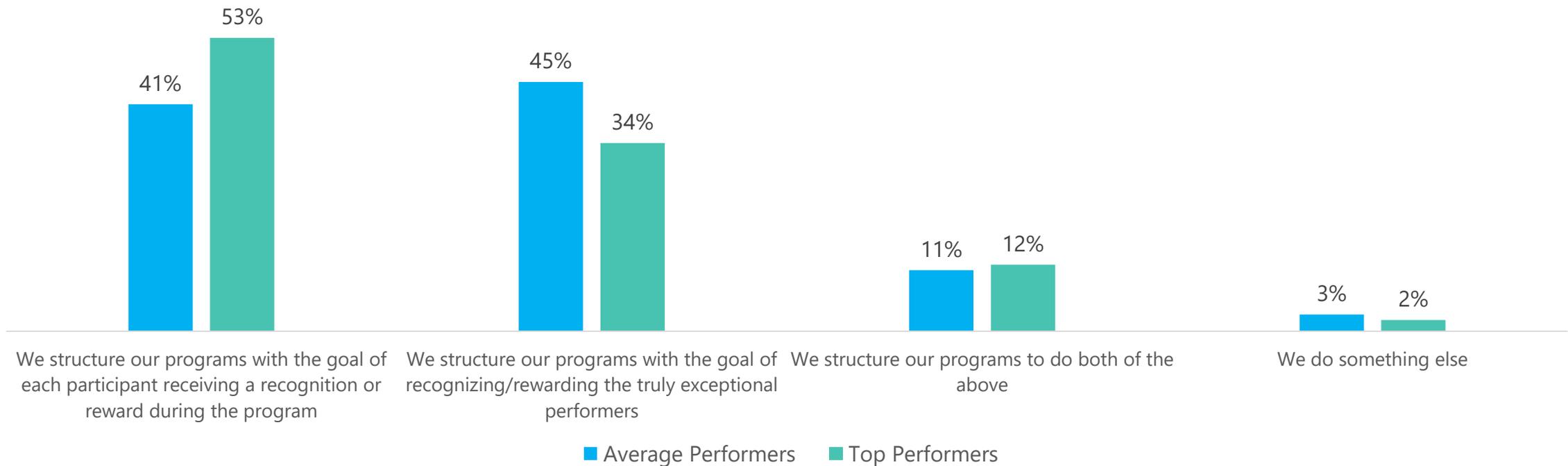
Program Design Collaboration



Program Command & Control

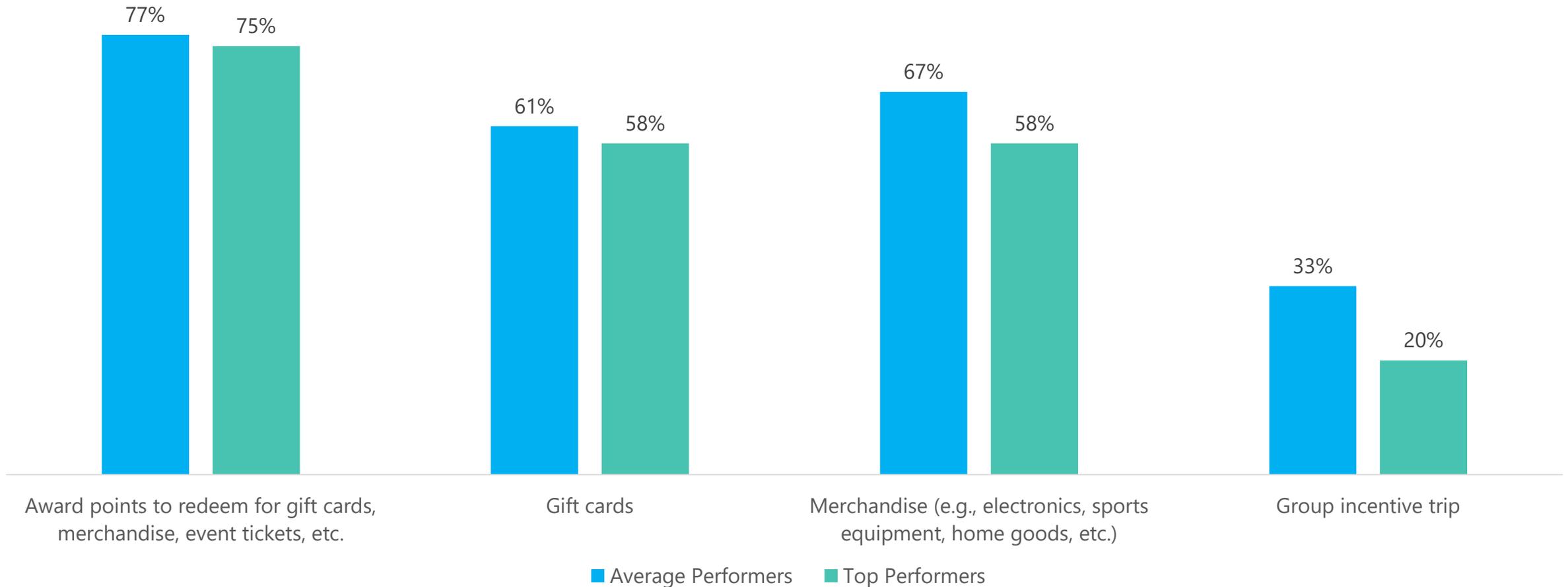


Program Reward Reach



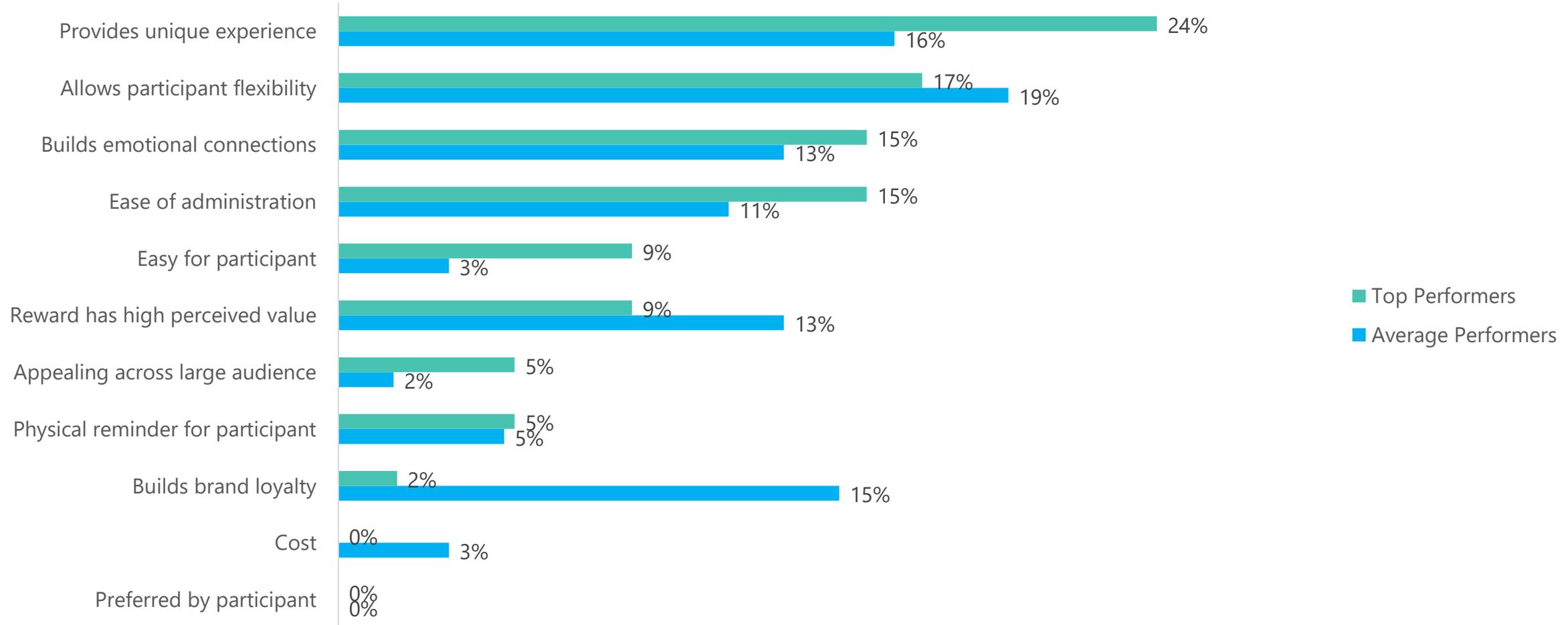
Which of the options below best describes your company's approach when designing the rules for your programs?

Reward Types

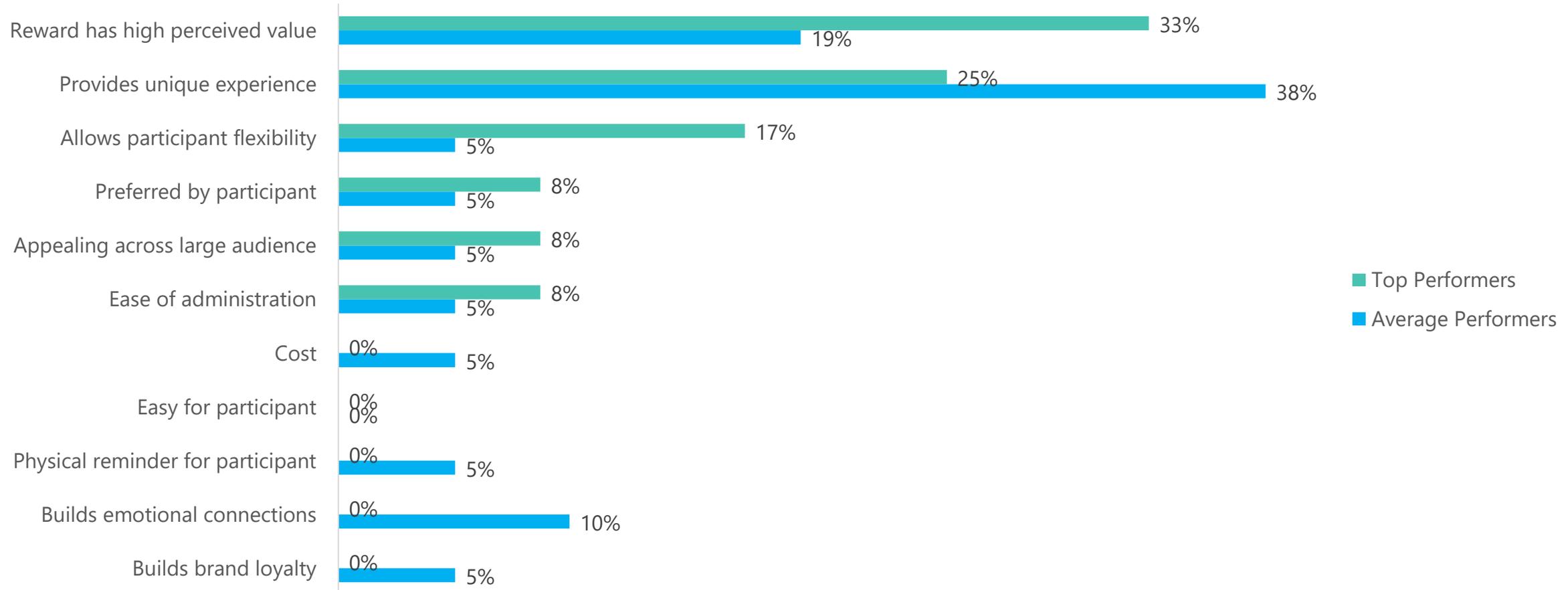


Which of the below are rewards participants can earn in your programs?

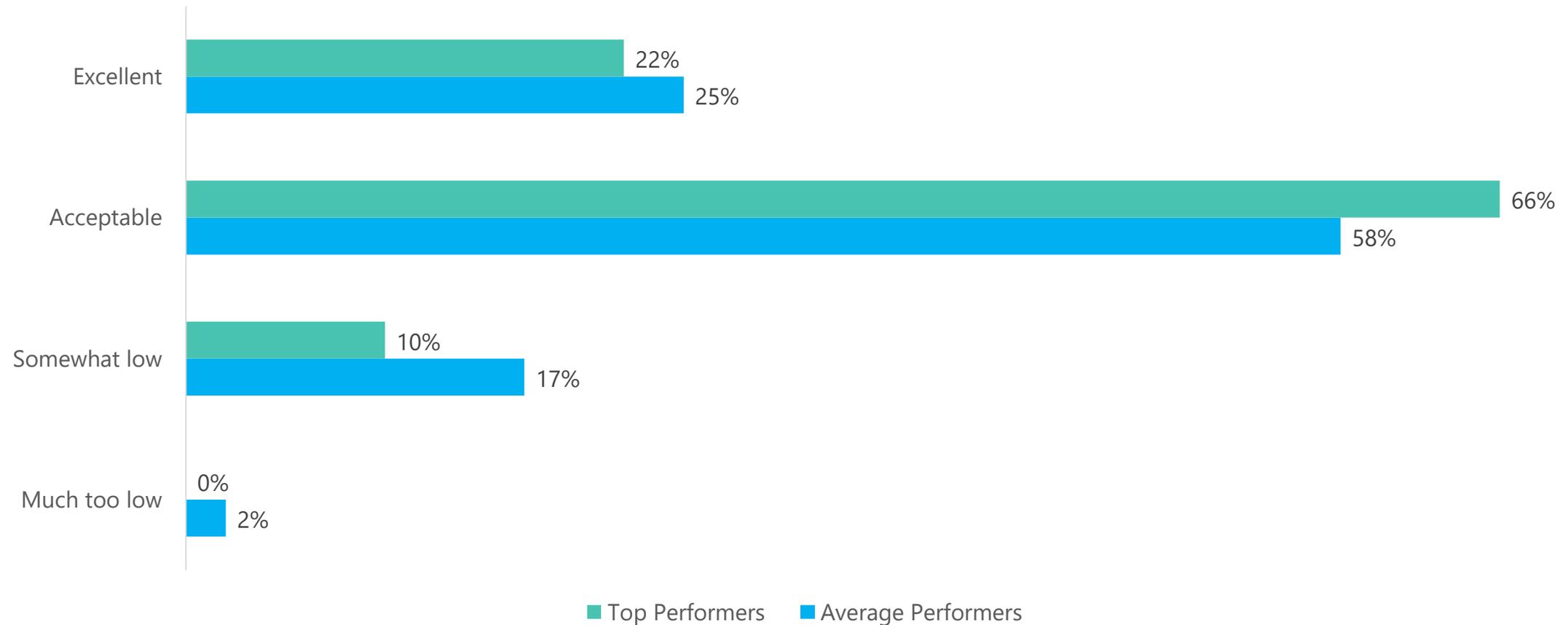
Priorities for Tangible Rewards



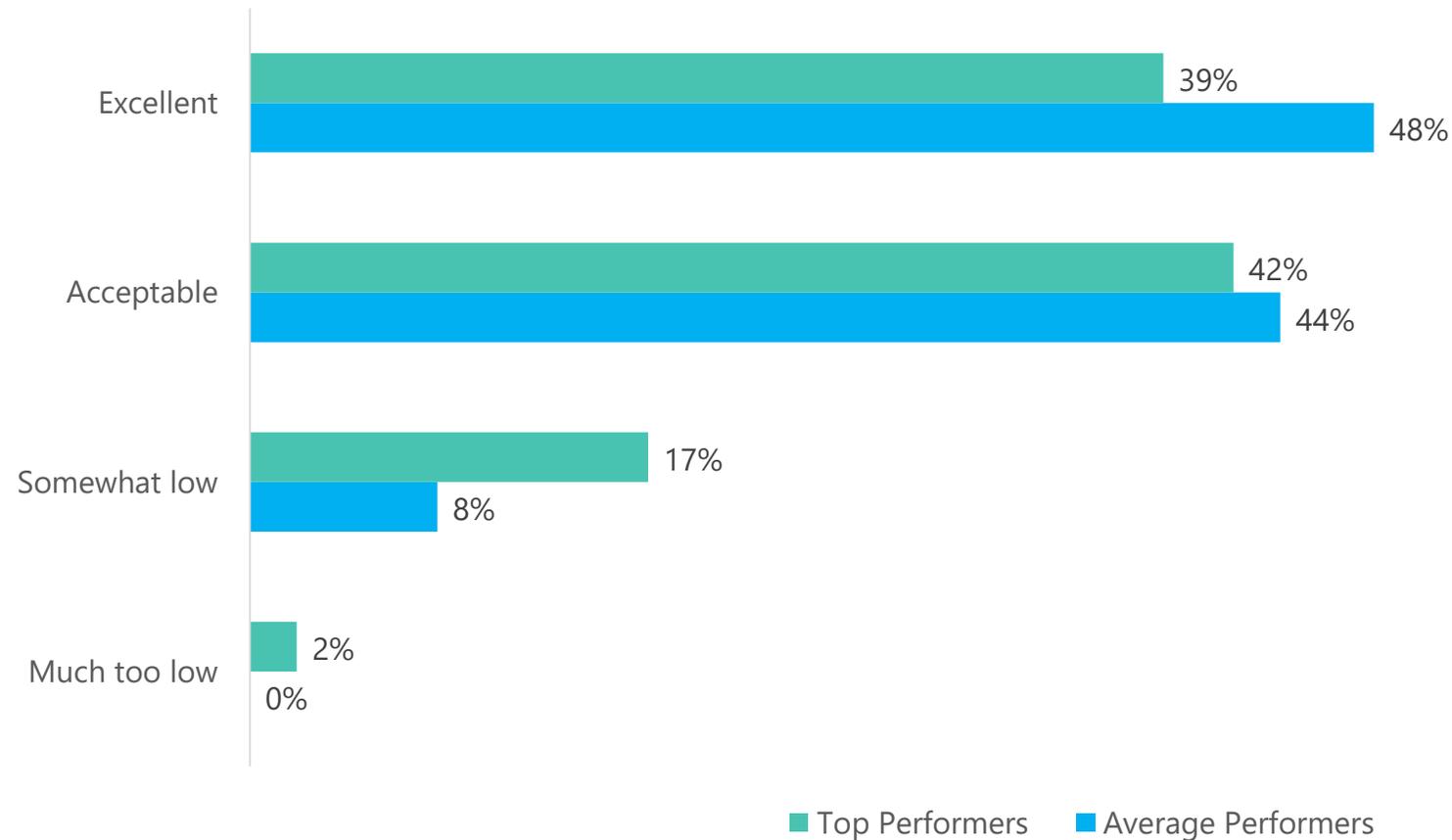
Priorities for Incentive Travel



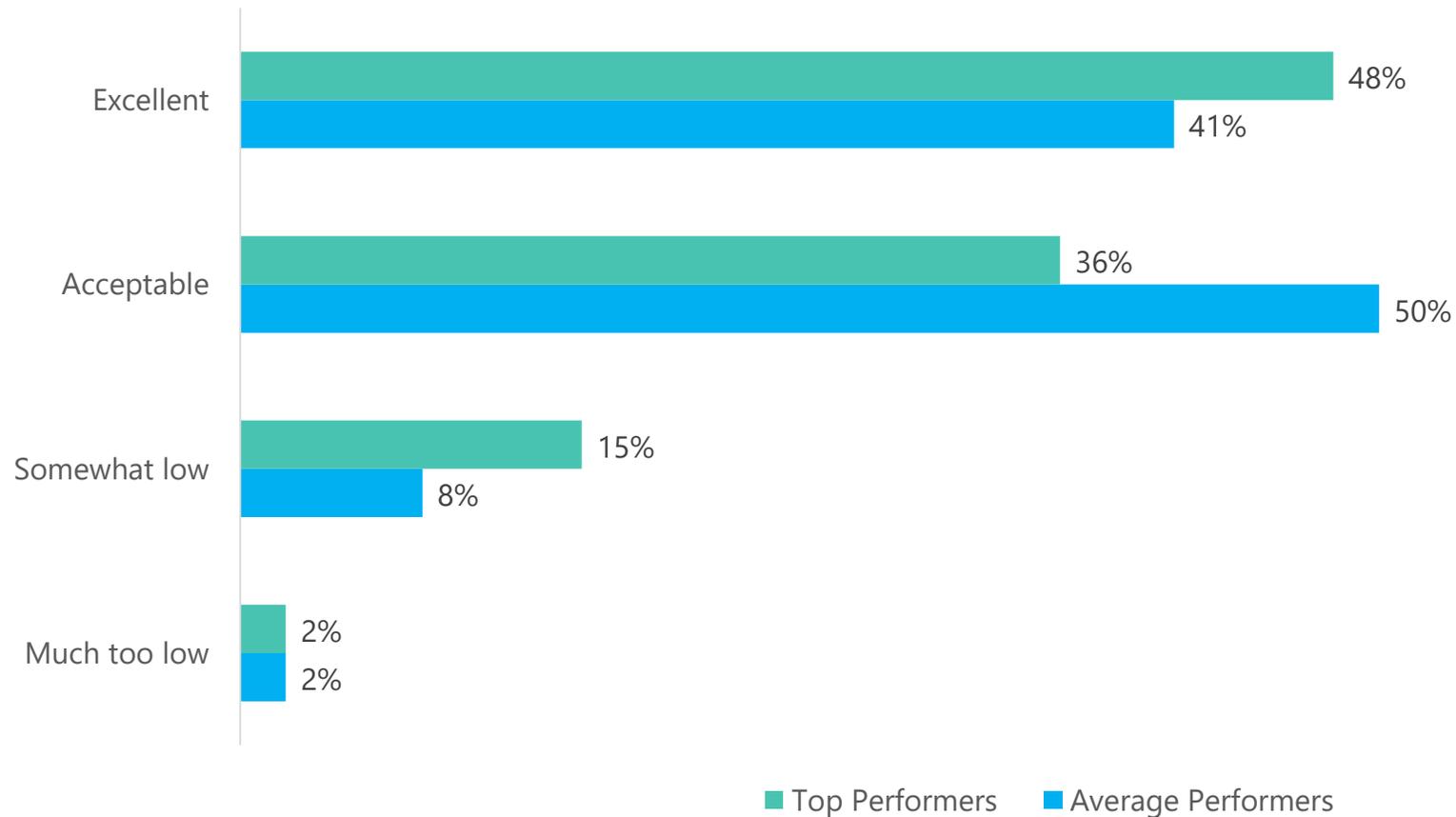
Program Assessment: Staffing to support program



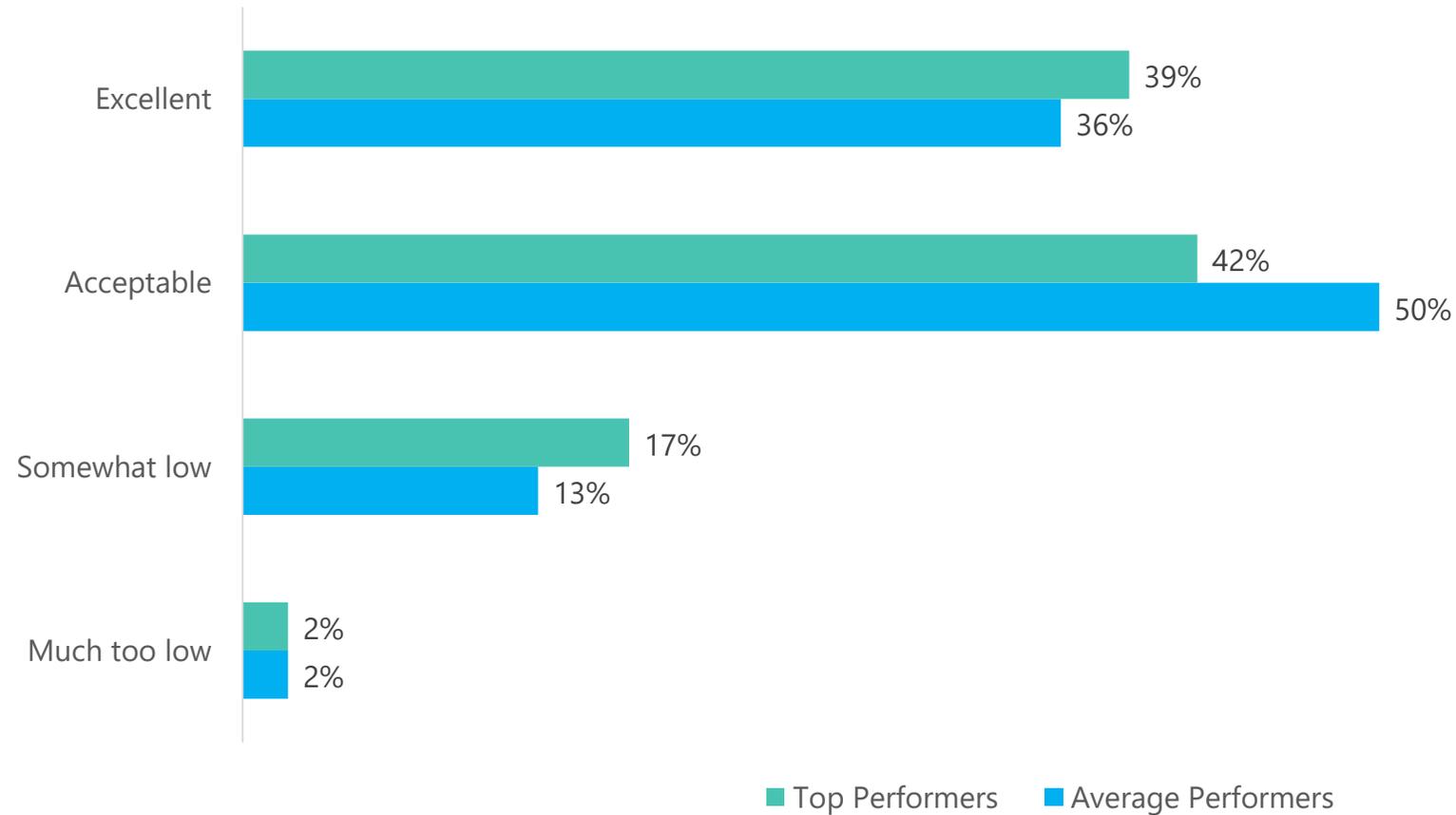
Program Assessment: Executive support of program



Program Assessment: Alignment to corporate goals

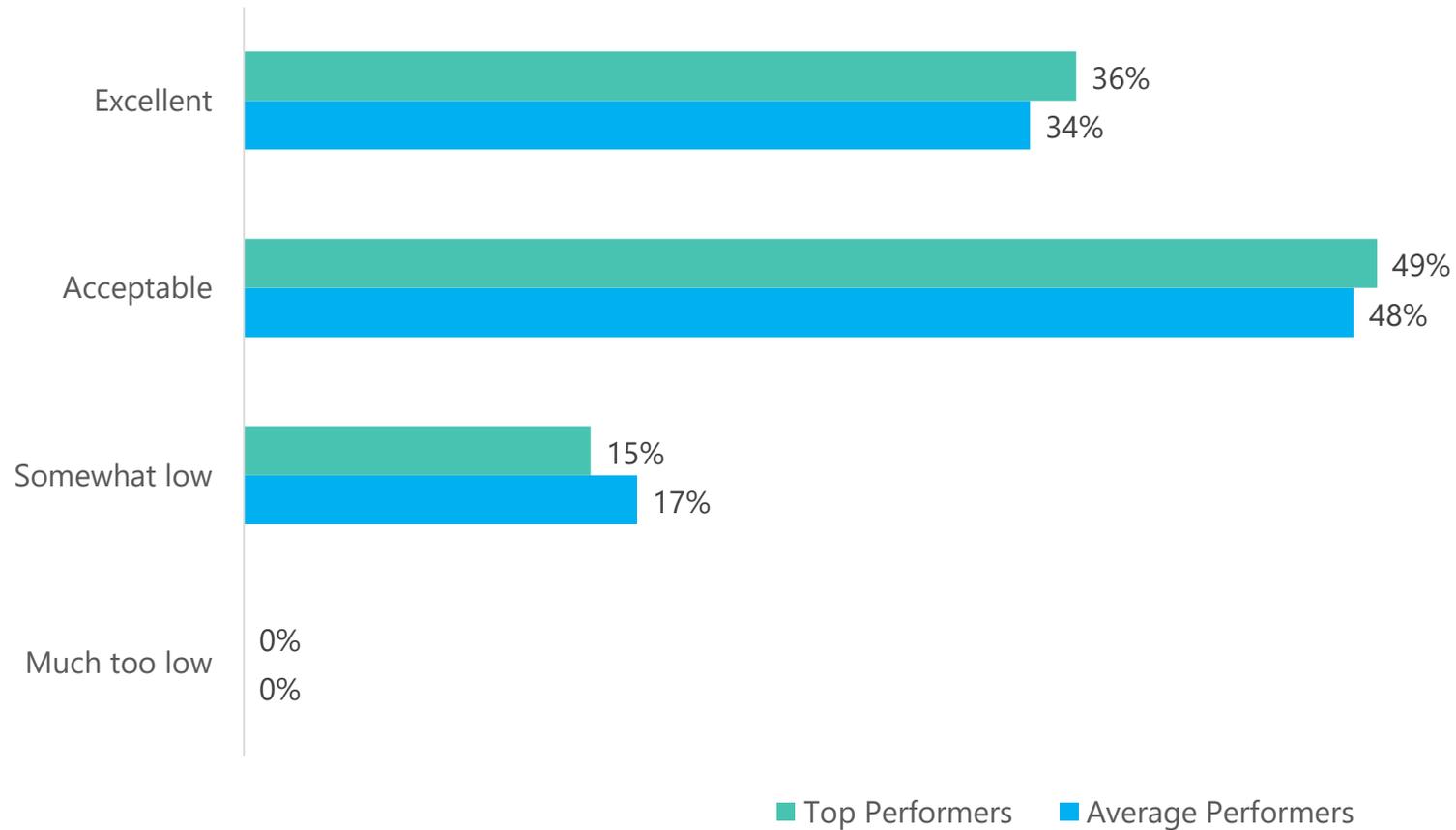


Program Assessment: Budget



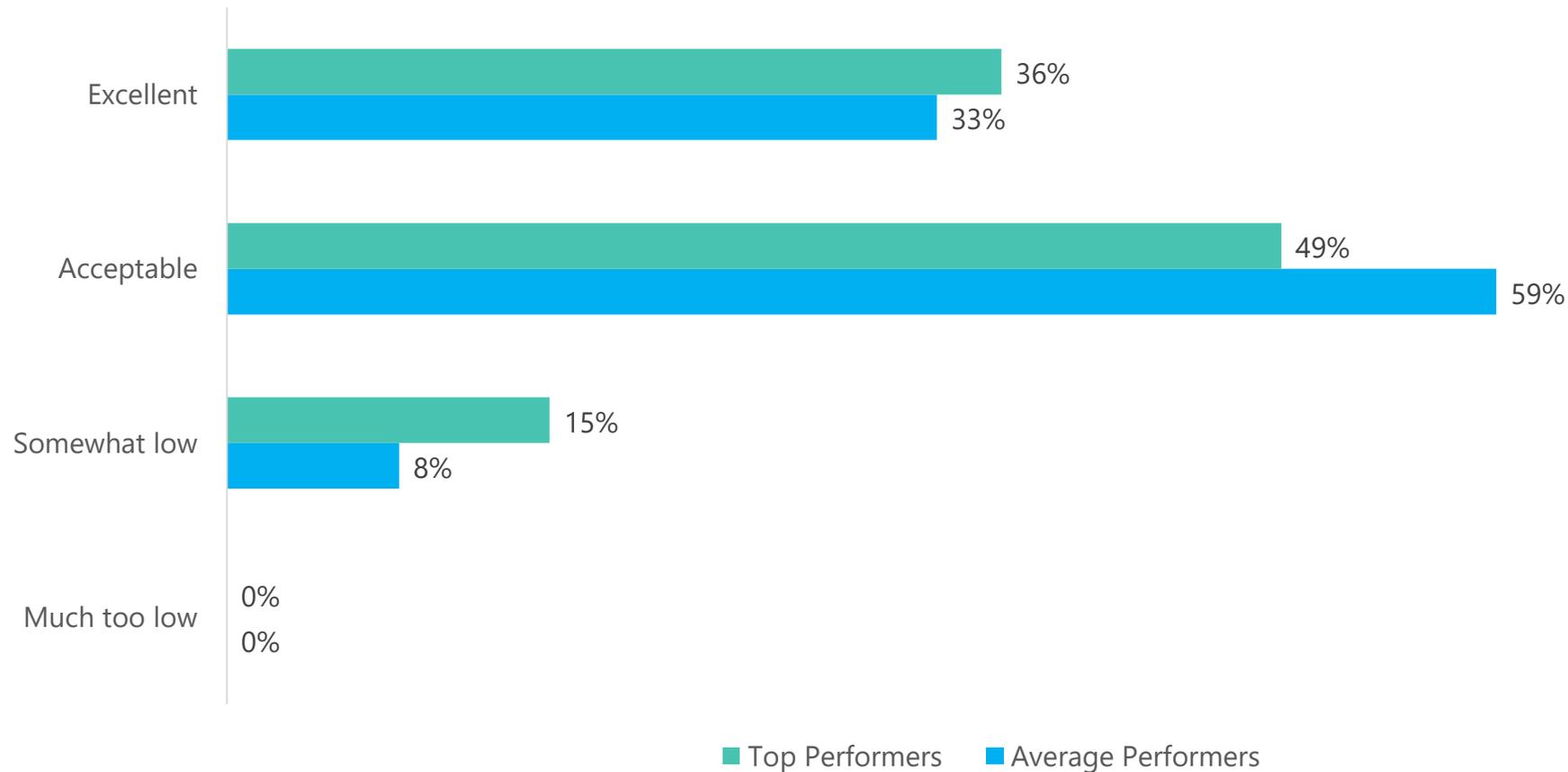
For each line item below, please indicate your assessment of your programs.

Program Assessment: Participation



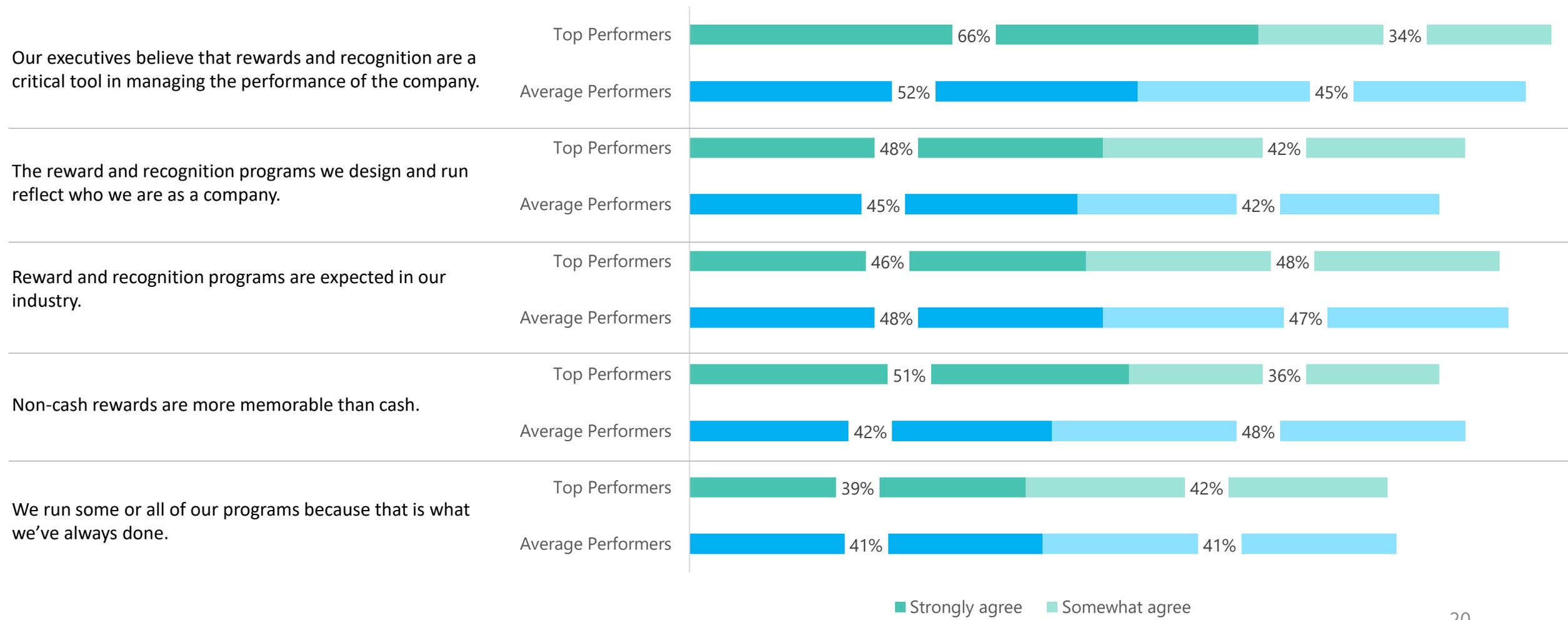
For each line item below, please indicate your assessment of your programs.

Program Assessment: Manager Buy-in

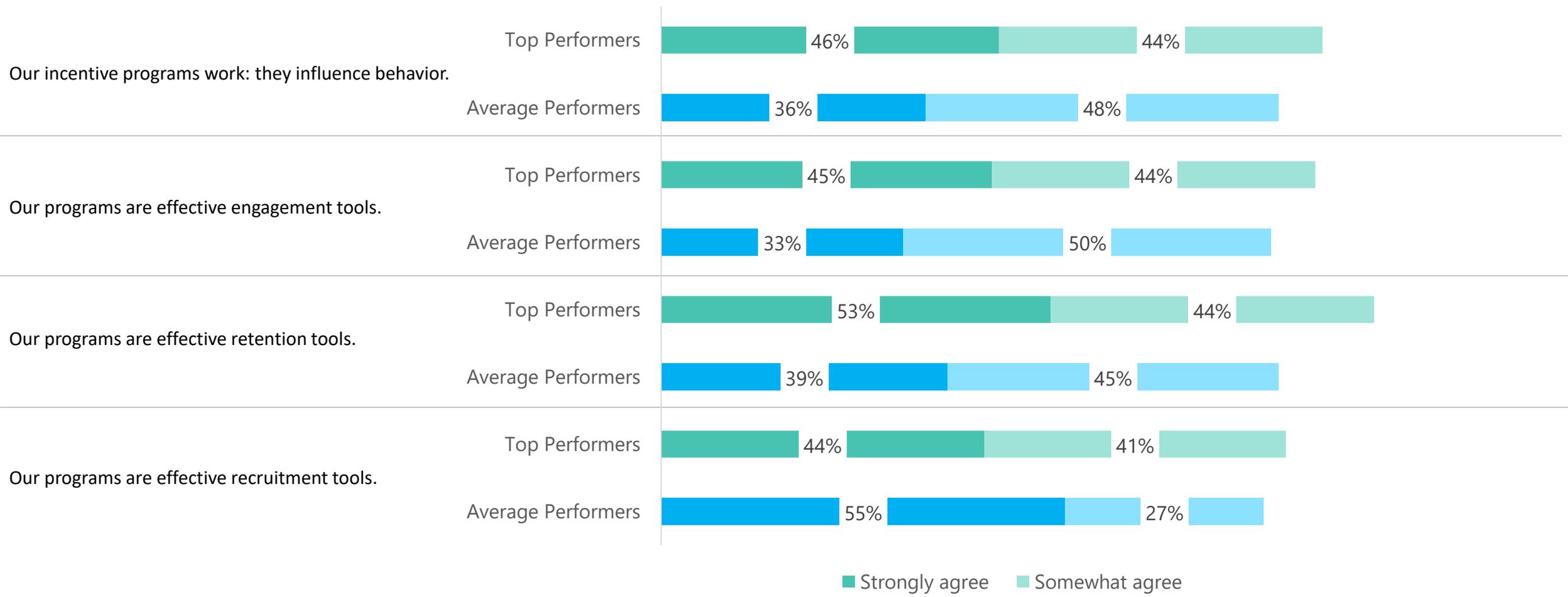


For each line item below, please indicate your assessment of your programs.

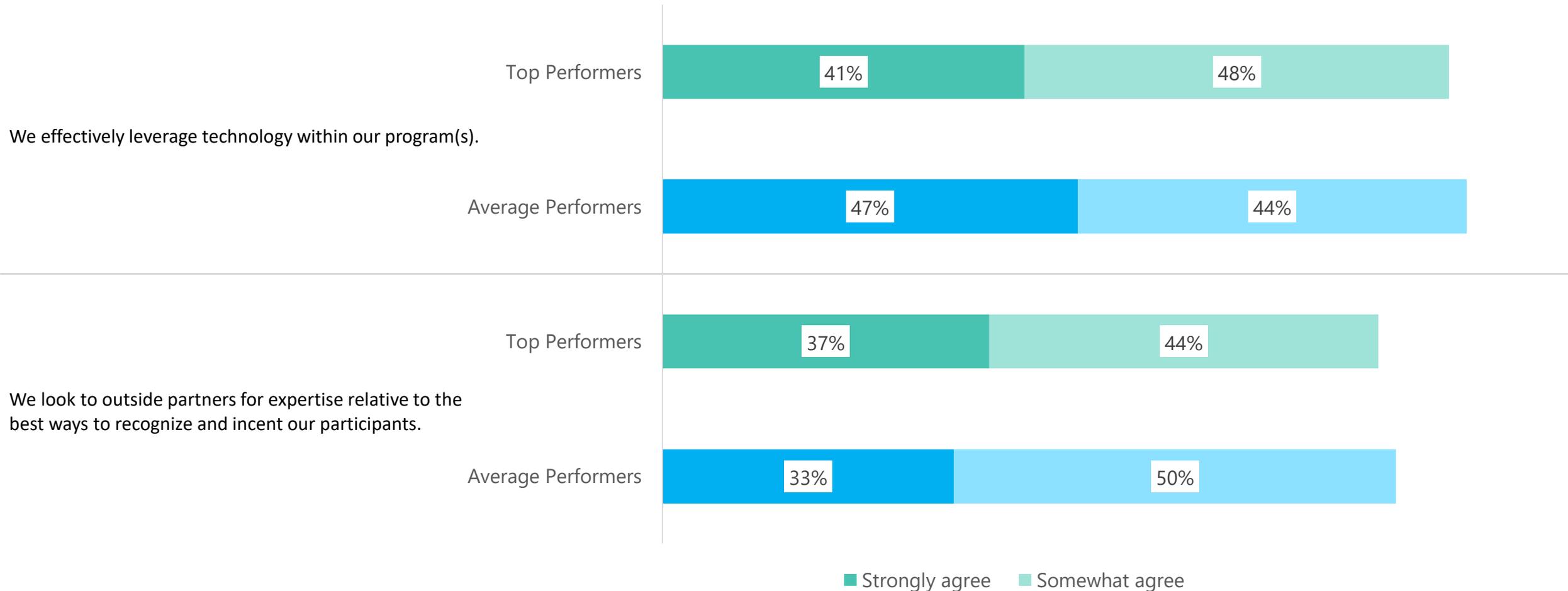
R&R Perspectives



R&R Effectiveness



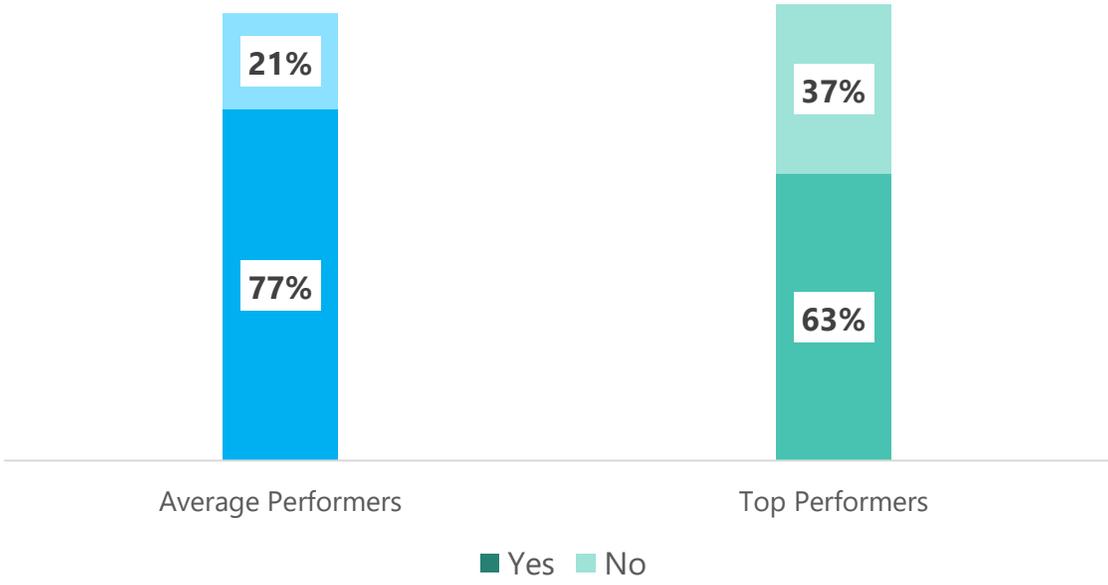
R&R Leverage



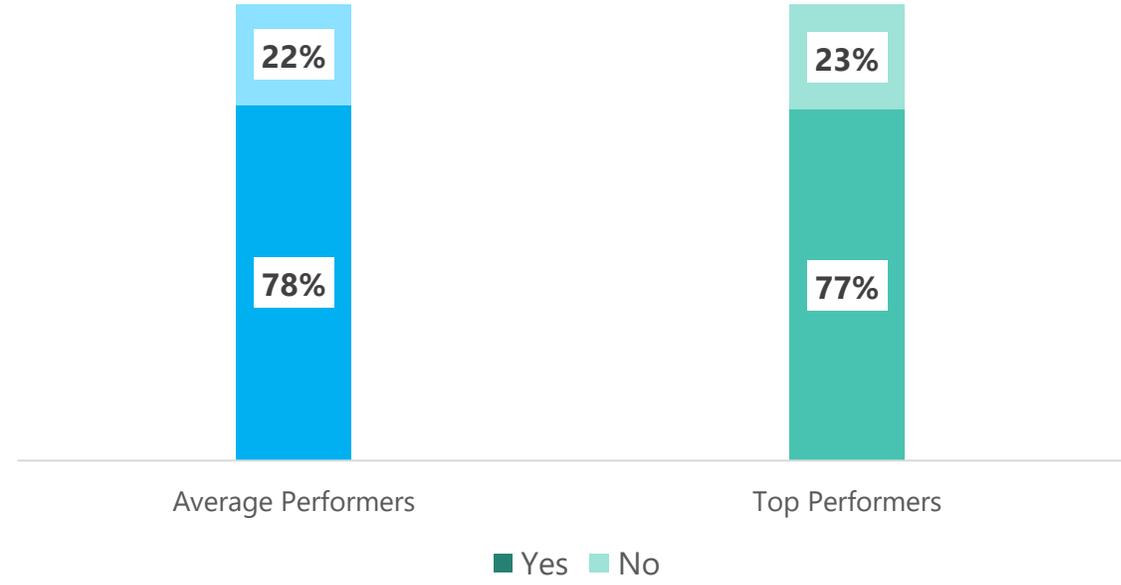
SALES PROGRAMS

Top Performer Group Incentive Trips

Program Includes Top Performer Award

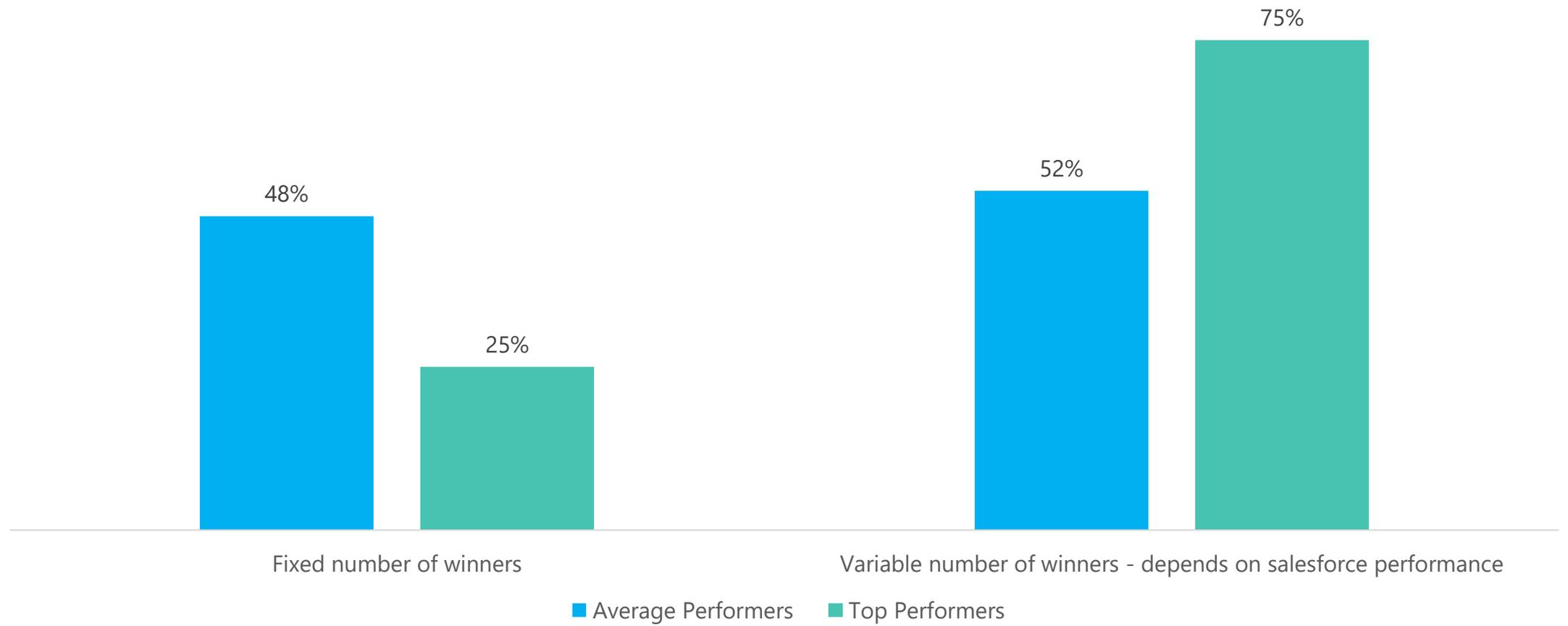


Top Performer Award Includes Group Trip



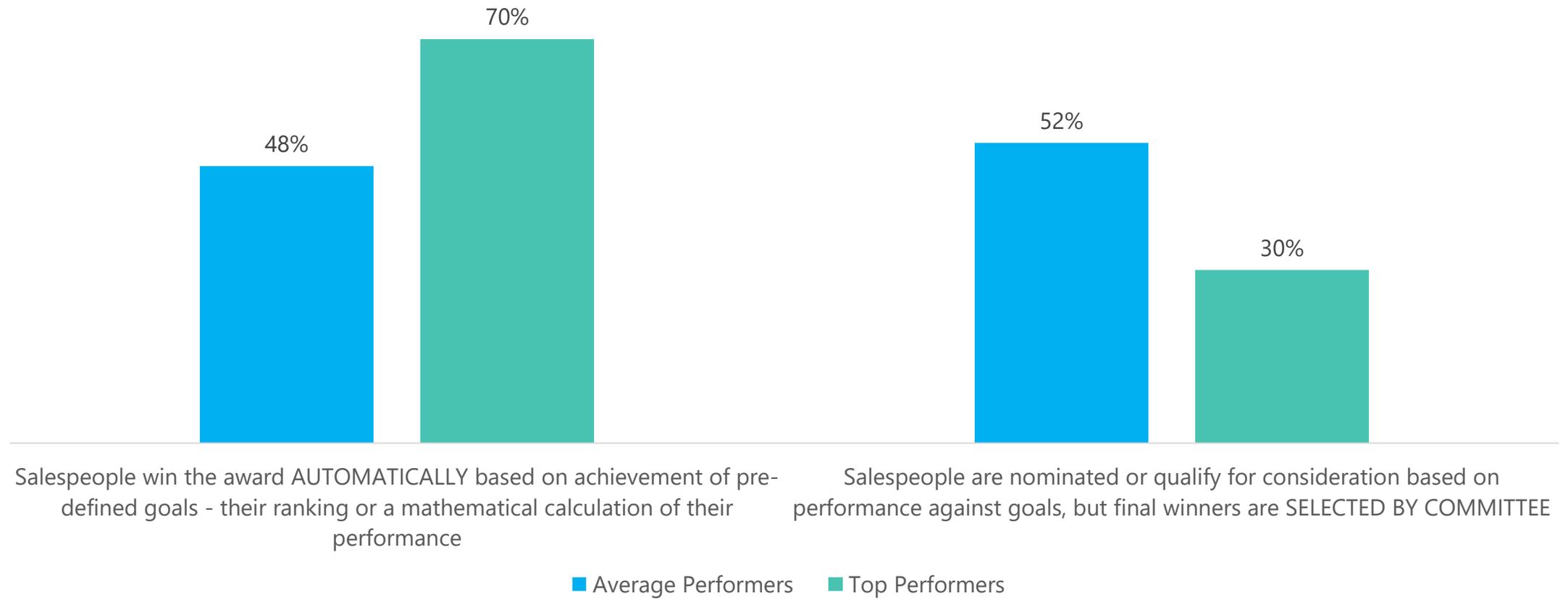
Does your non-cash sales incentive program include a Top Performer award?
Does your Top Performer award include a group incentive trip?

Limits on Number of Top Performer Trip Winners



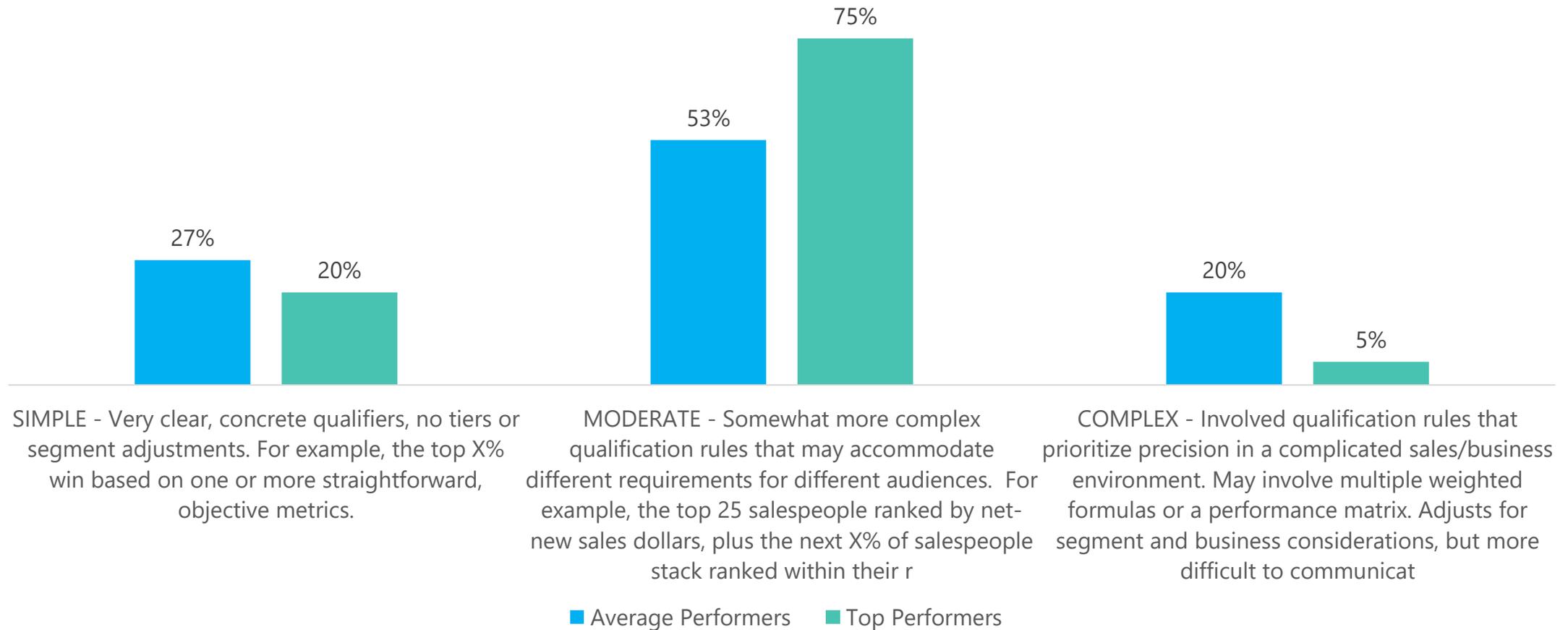
Is the number of Top Performer trip winners set in advance, or does it vary based on the performance of the salesforce?

Objective Qualification: Top Performer Incentive Trip



Which of the below BEST describes the qualification process for the sales Top Performer incentive trip?

Qualification Complexity: Top Performer Incentive Trip



Sales Quotas: Top Performer Sales Incentive Trip



Reward Achievability: Top Performer Sales Incentives

**Special Rules for New Salespeople
Top Performer Award**

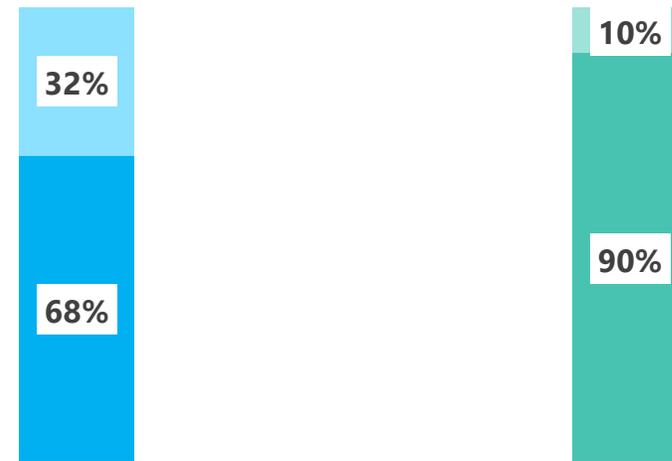


Average Performers

Top Performers

■ Yes ■ No

**Tiered Structure for Maximizing Reach
Beyond Top Performer Award**



Average Performers

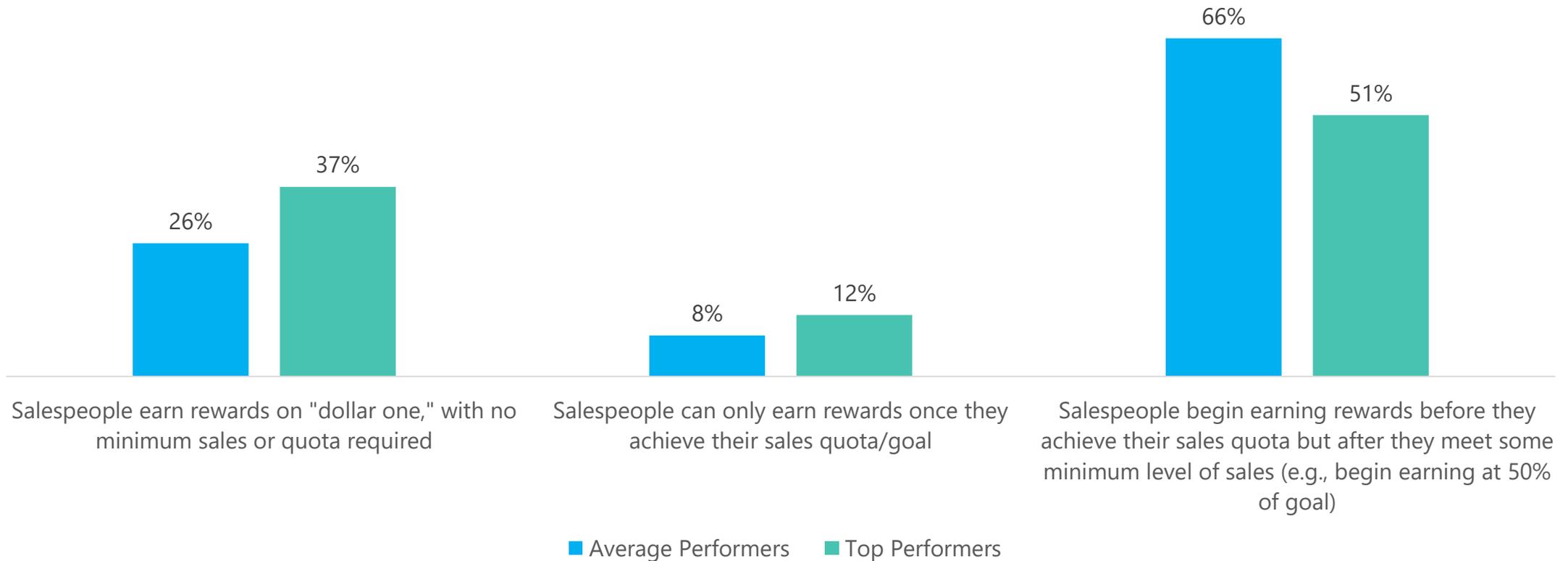
Top Performers

■ Yes ■ No

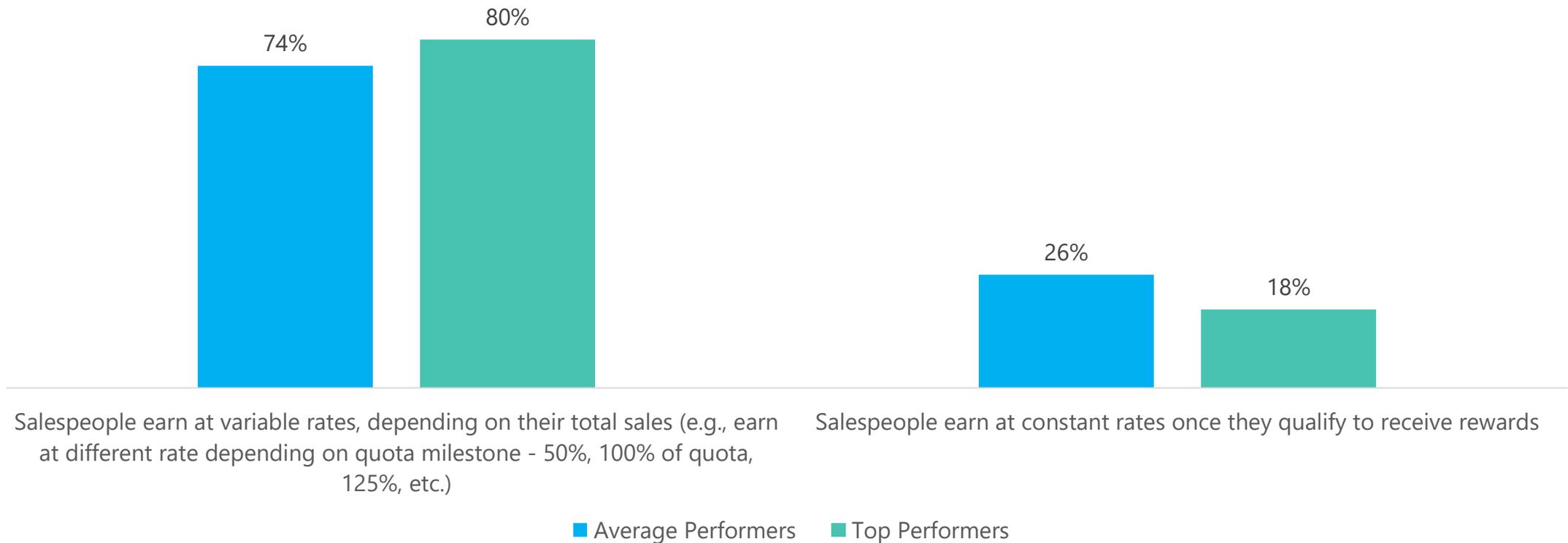
Do you have special rules for new salespeople that allow them a better chance to earn a place on the trip?

Is your Top Performer award program tiered - allowing salespeople who don't qualify for the trip to earn other rewards, such as award points, gift cards, or merchandise?

Program Rules: Threshold to begin Earning Rewards



Program Rules: Rate of Earning Rewards



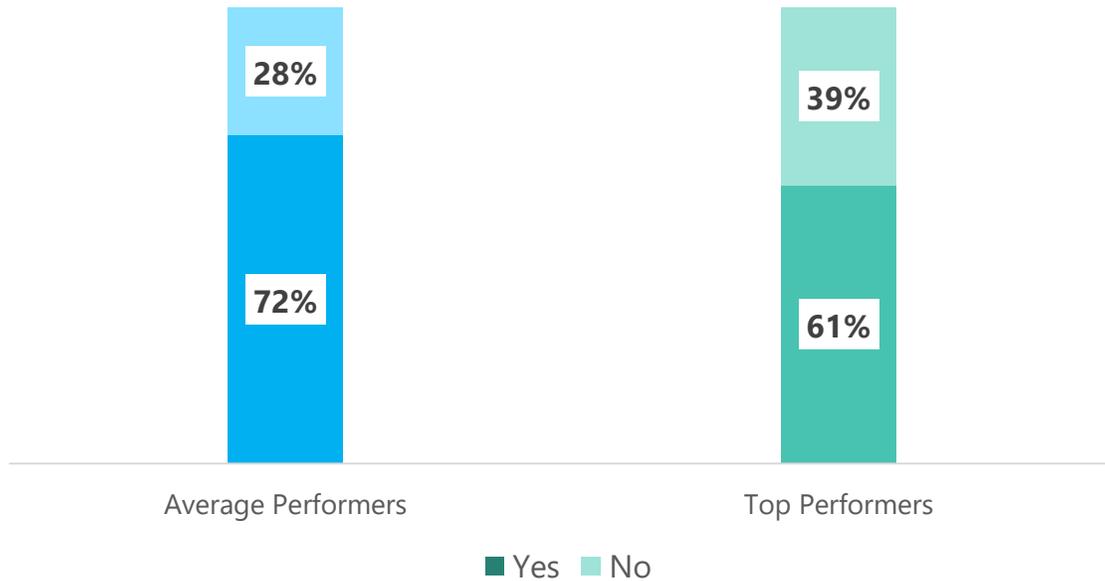
Salespeople earn at variable rates, depending on their total sales (e.g., earn at different rate depending on quota milestone - 50%, 100% of quota, 125%, etc.)

Salespeople earn at constant rates once they qualify to receive rewards

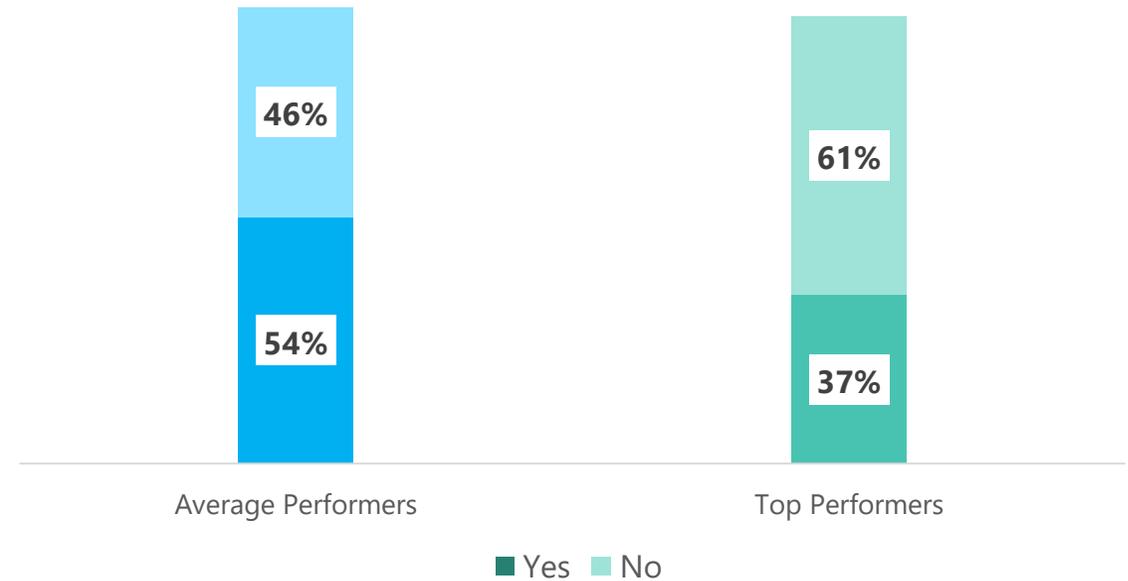
■ Average Performers ■ Top Performers

Reward Approach: Non-Travel Rewards

Special Rules for New Salespeople Non-Travel Rewards



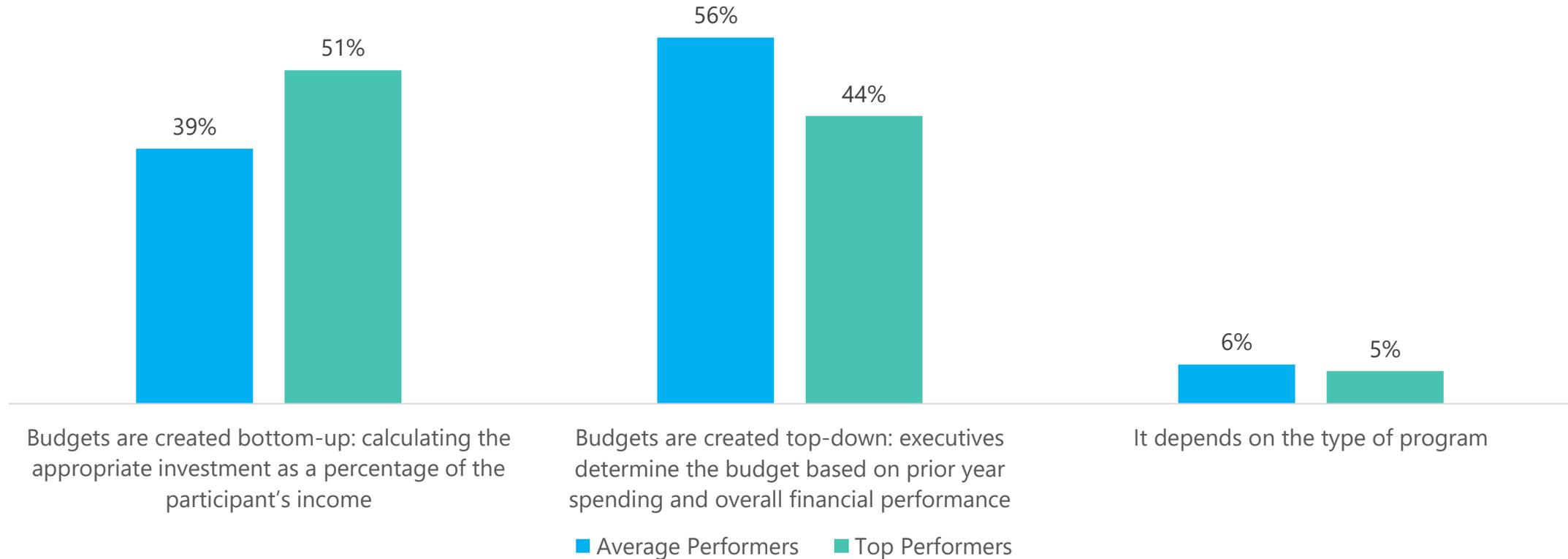
Any Programs without Earning Limits?



Regarding award points, gift cards, and merchandise rewards, does your non-cash sales incentive program have a "Fast Start" that allows new salespeople to quickly earn, giving them early "wins" to boost their motivation?

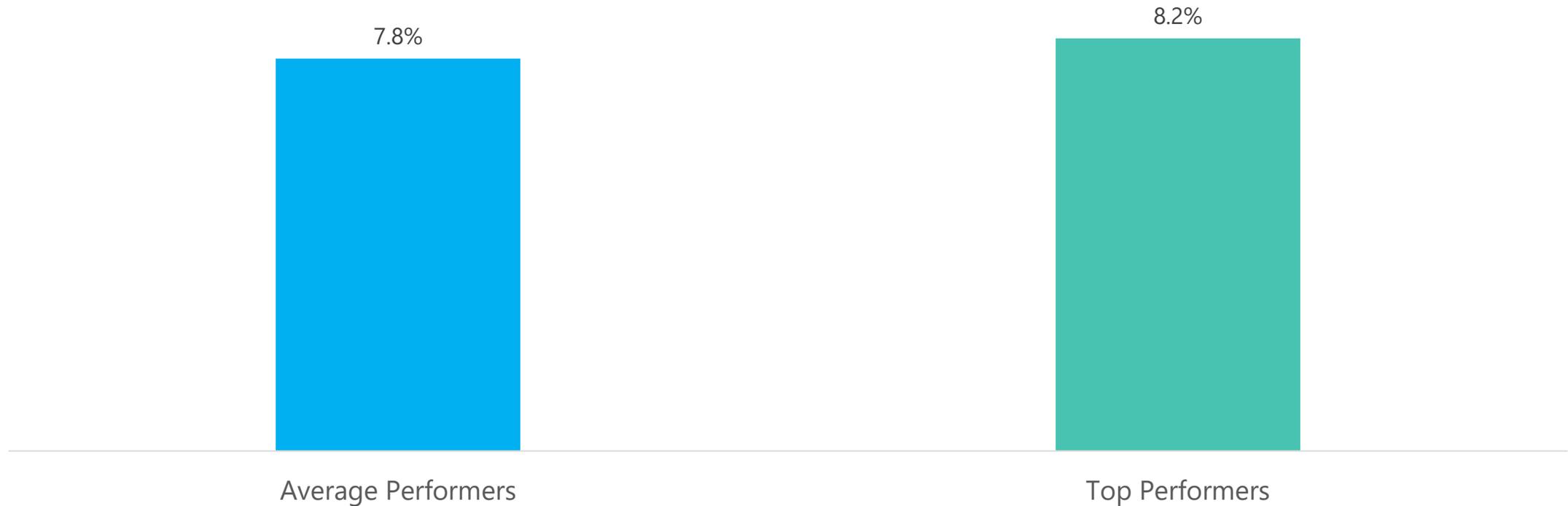
Do you operate any non-cash sales incentive programs that do not have a "top-stop" - meaning the sales person can earn unlimited awards based on the amount of product/service they sell?

Budget Approach

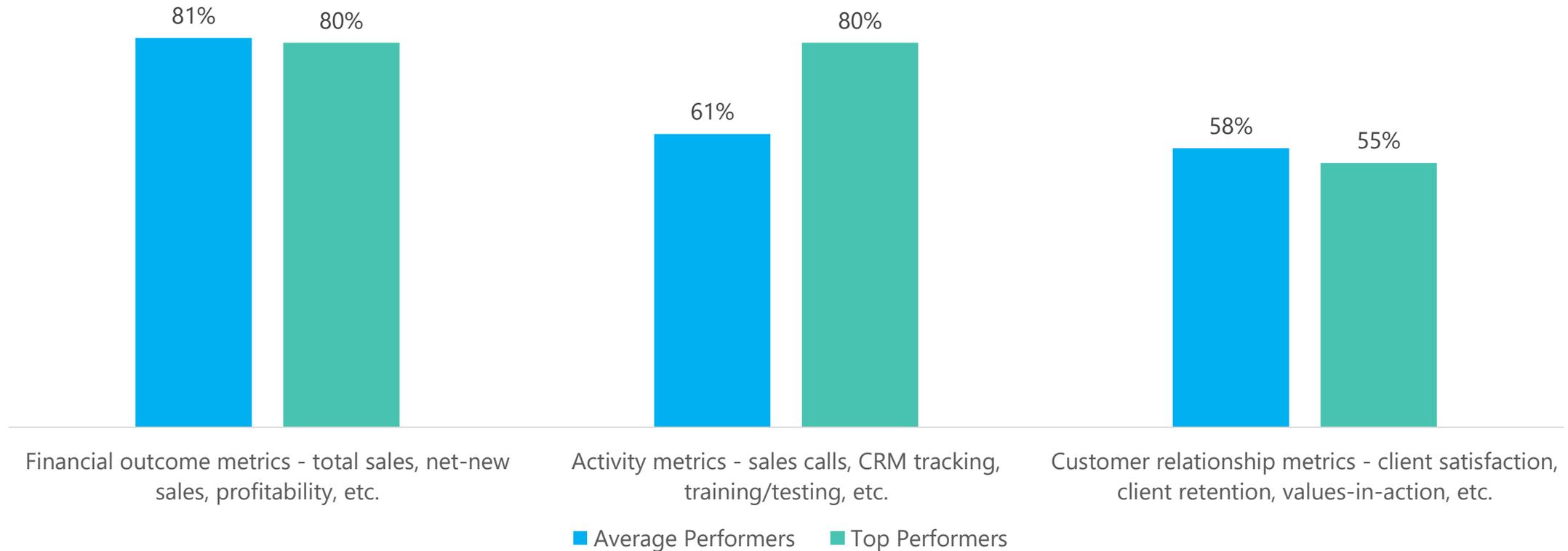


Which of the options below best describes your company's approach to budgeting for your sales incentive programs?

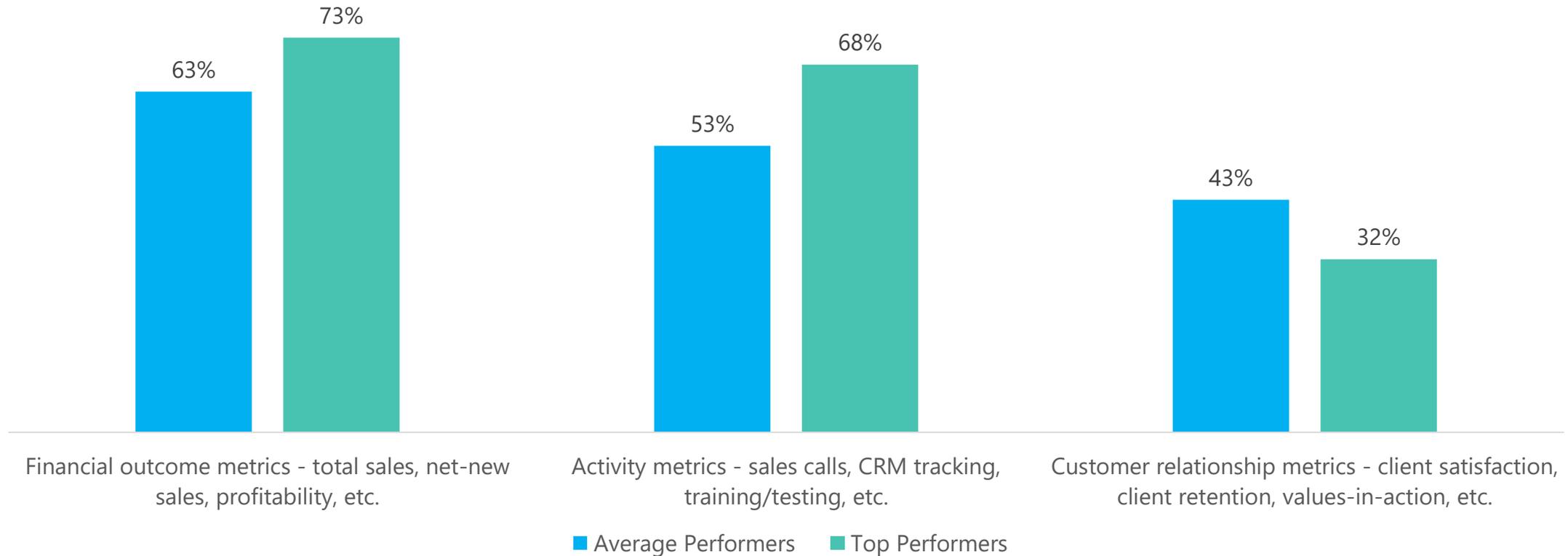
Bottom-Up Budgeting Rate



Qualification Metrics Top Performer Incentive Trip



Qualification Metrics: Award Points, Gift Cards, & Merchandise

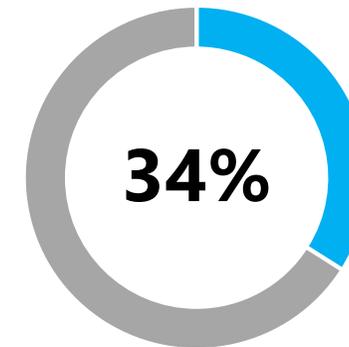
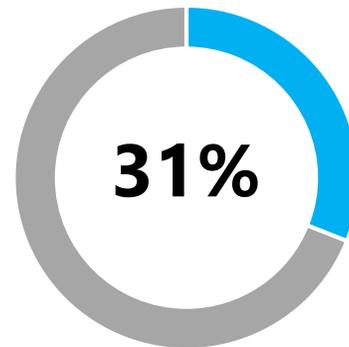


Reward Reach

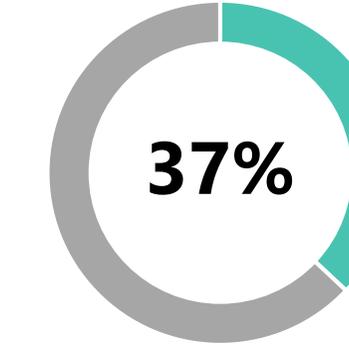
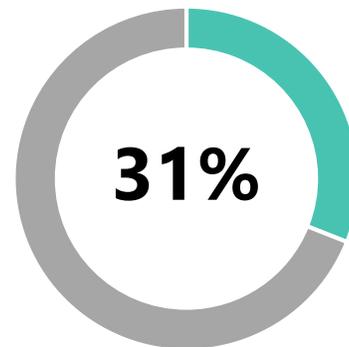
% Sales Reps Earning Trip

% Sales Reps Earning Reward Points,
Gift Cards, or Merchandise

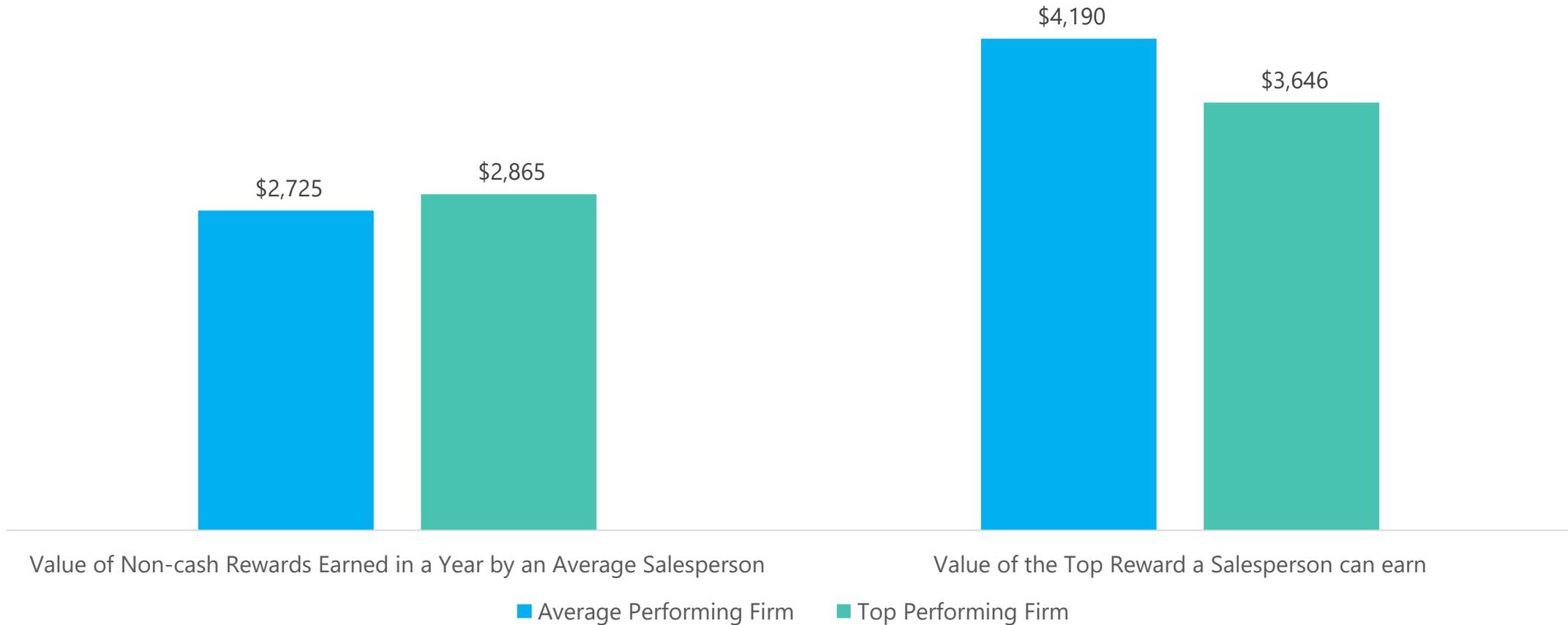
Average Performing Firms



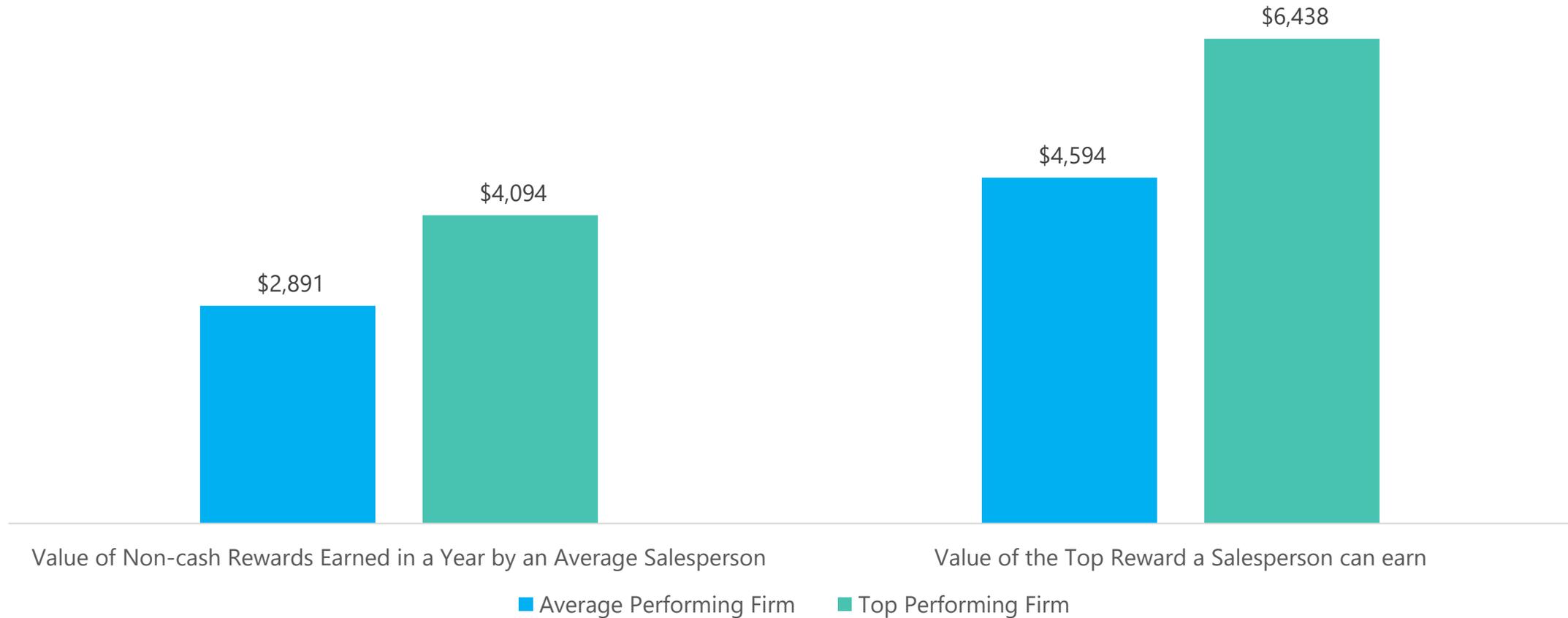
Top Performing Firms



Average & Top Dollar Values: Award Points, Gift Cards, & Merchandise



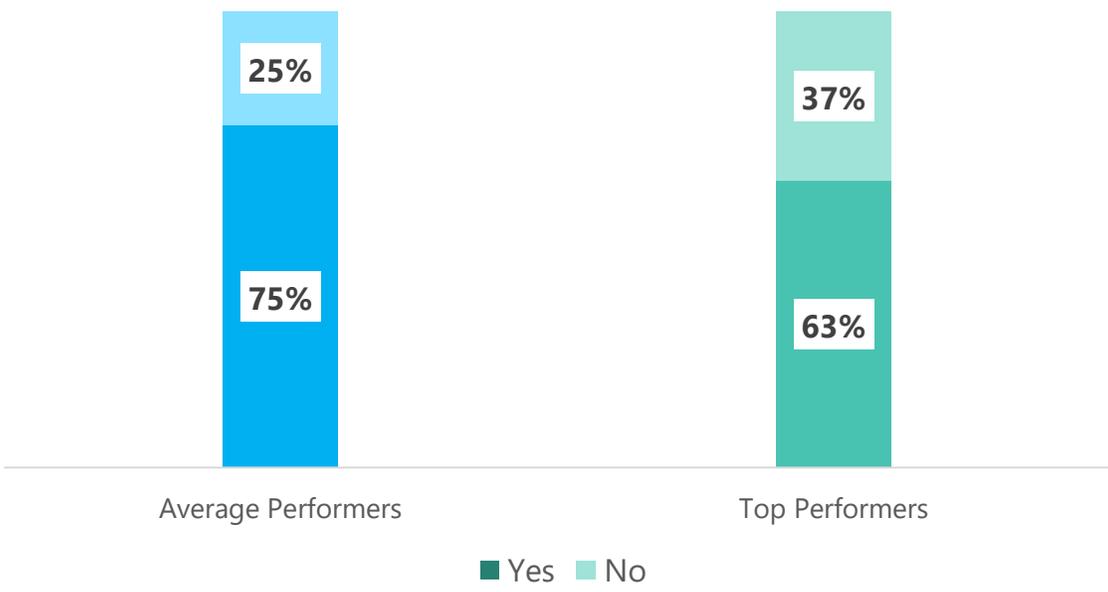
Average & Top Dollar Values: Incentive Trips



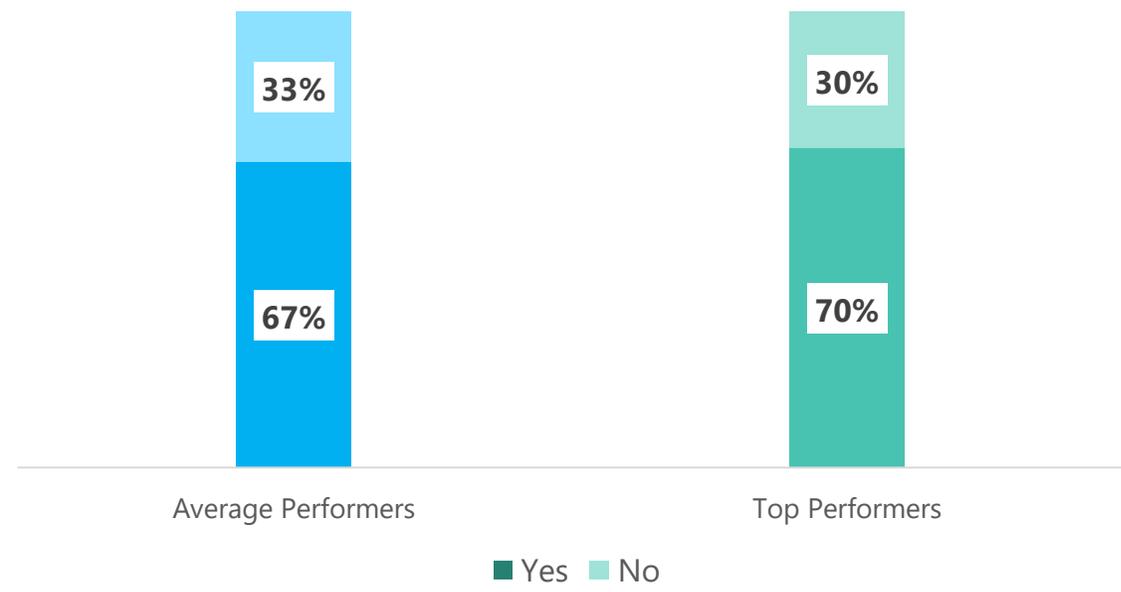
CHANNEL PROGRAMS

Top Performer Group Incentive Trips

Program Includes Top Performer Award

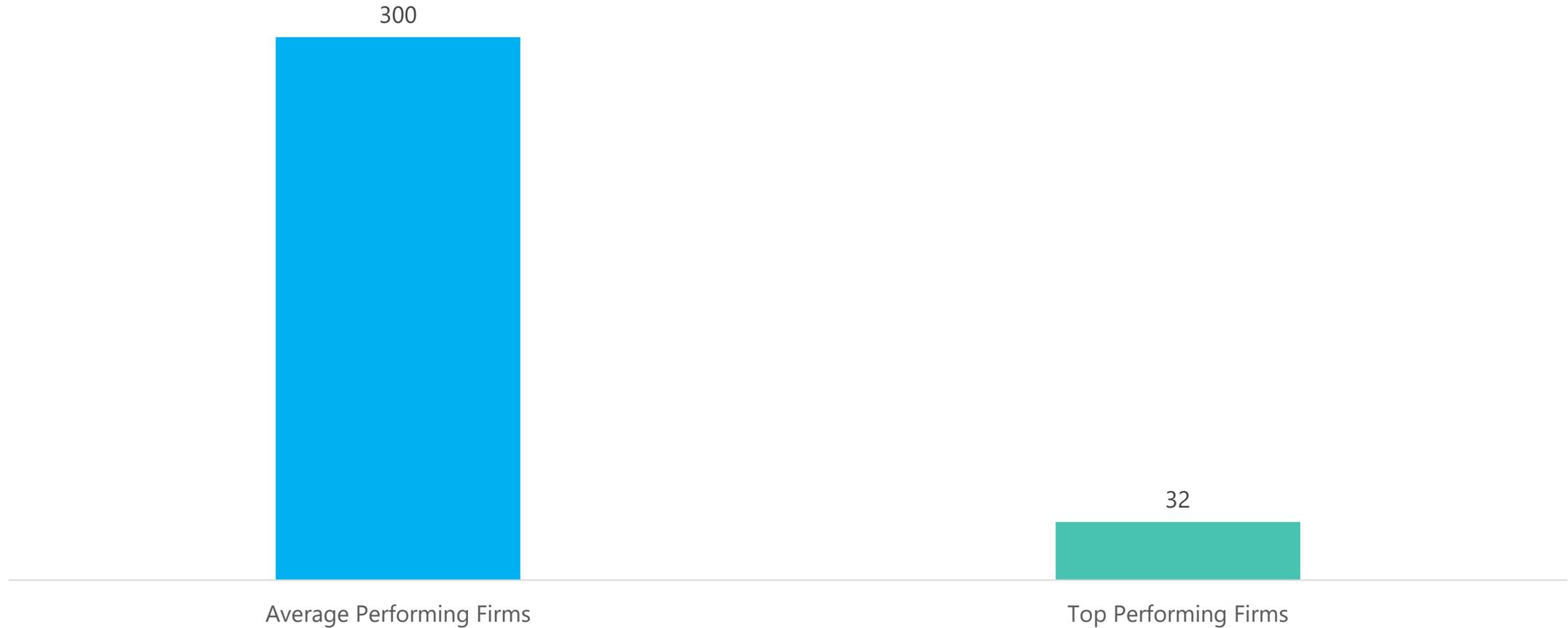


Top Performer Award Includes Group Trip

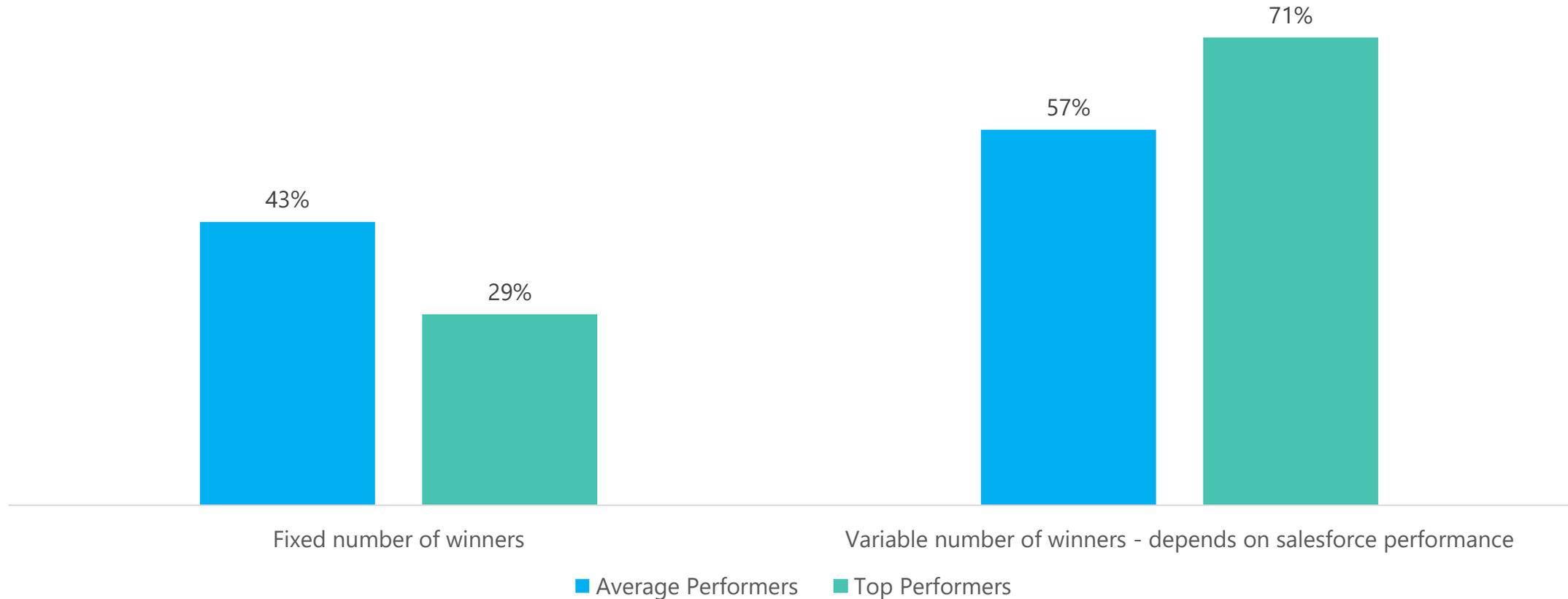


Does your non-cash sales incentive program include a Top Performer award?
Does your Top Performer award include a group incentive trip?

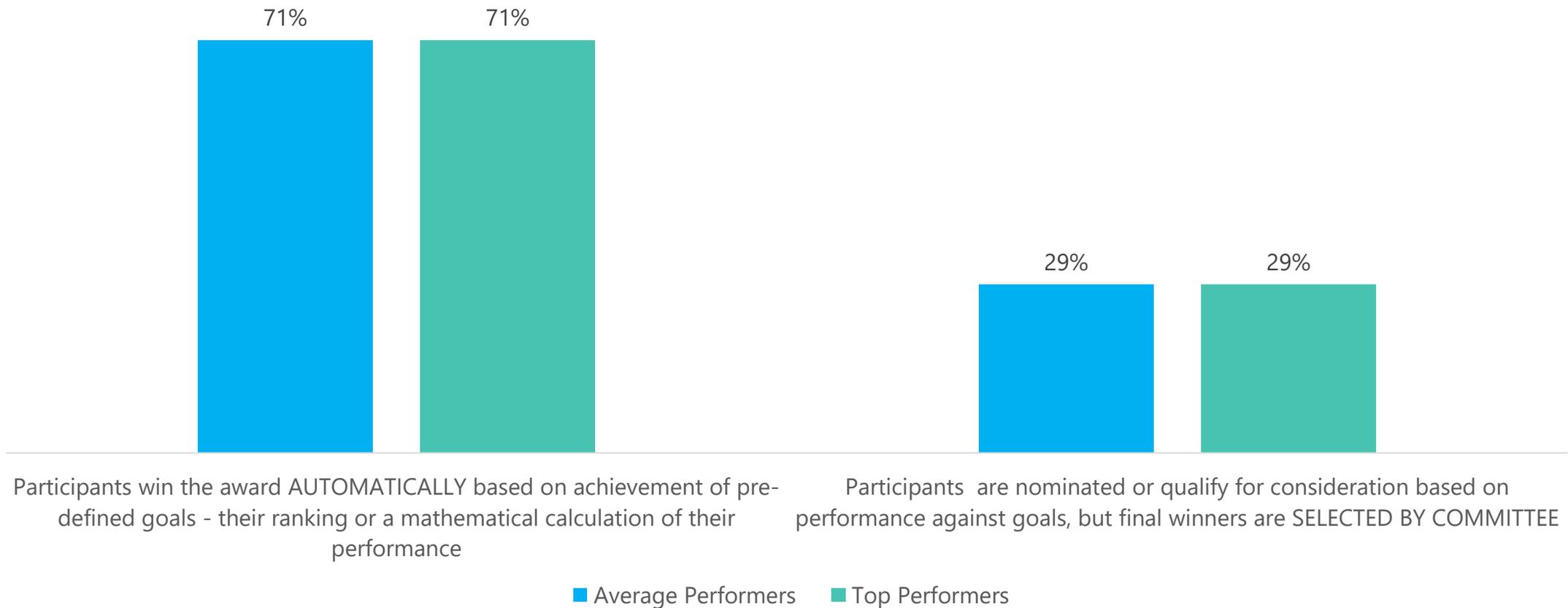
Number of Trip Attendees



Limits on Number of Top Performer Trip Winners

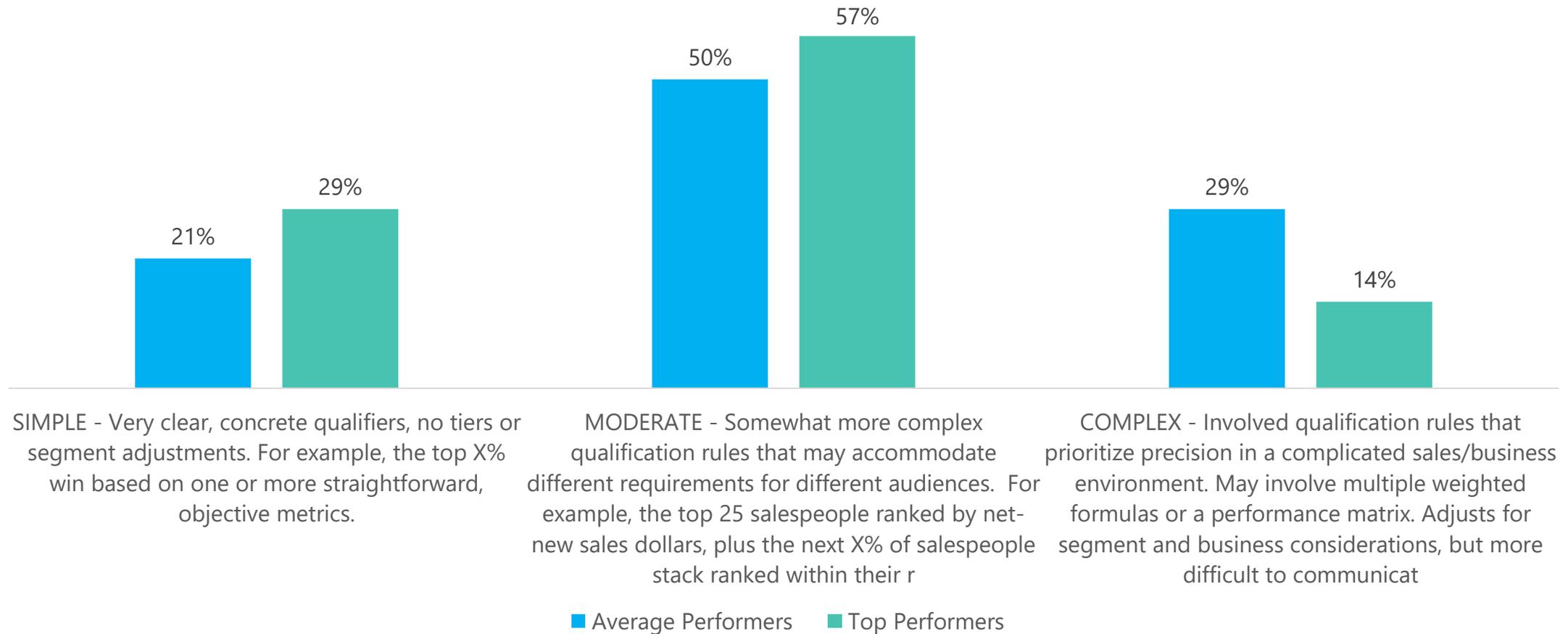


Objective Qualification: Top Performer Incentive Trip



Which of the below BEST describes the qualification process for the channel Top Performer incentive trip?

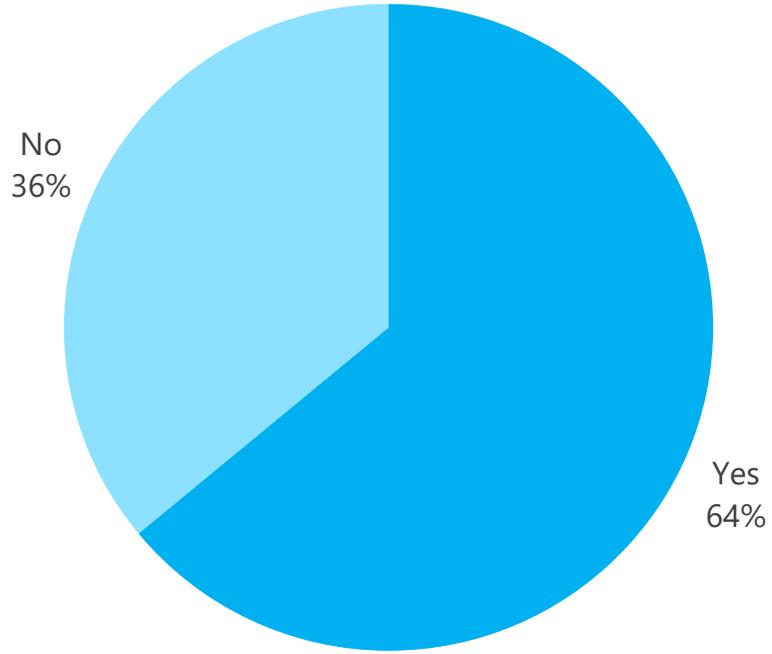
Qualification Complexity: Top Performer Incentive Trip



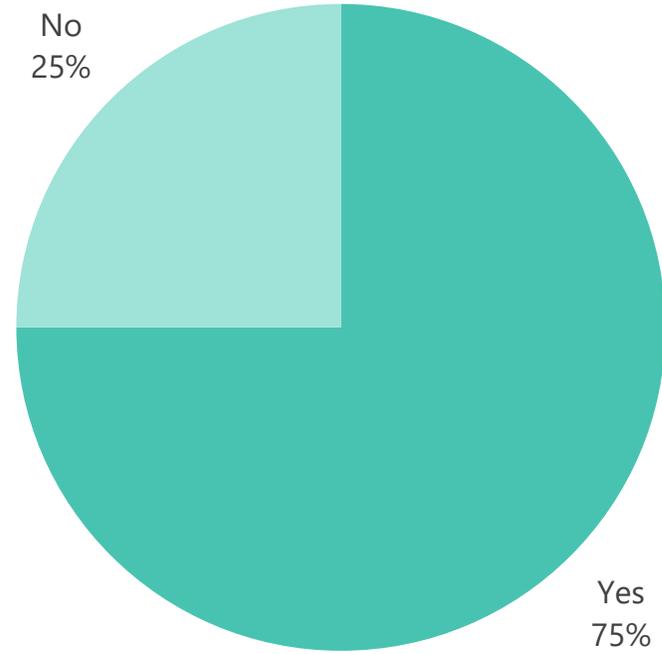
Which of the following best describes your qualification criteria for the Top Performer incentive trip?

Sales Targets for Channel Participants

Average Performing Firms

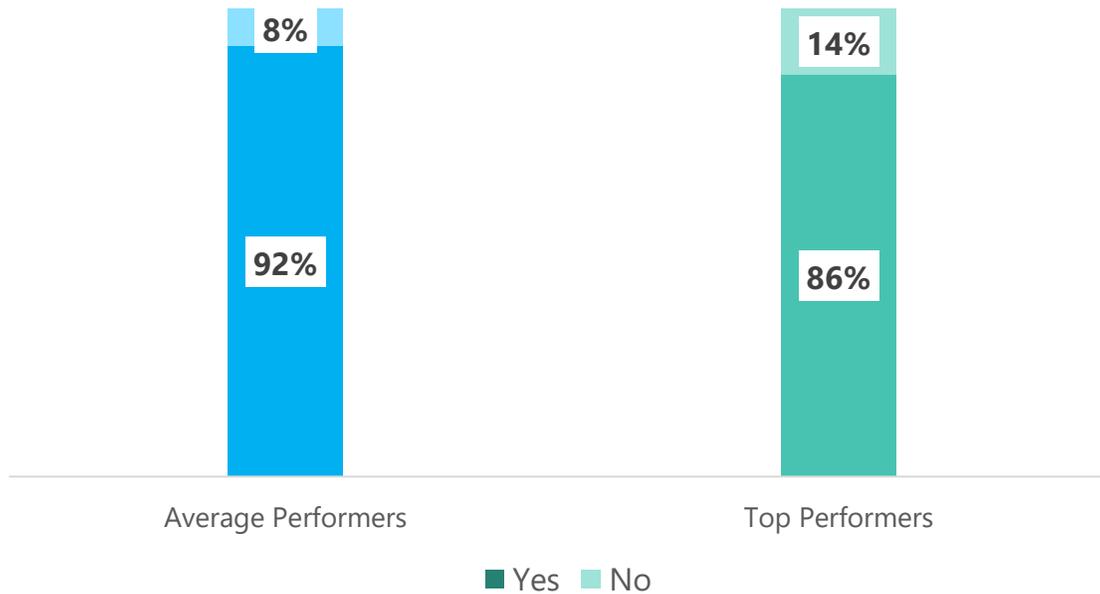


Top Performing Firms

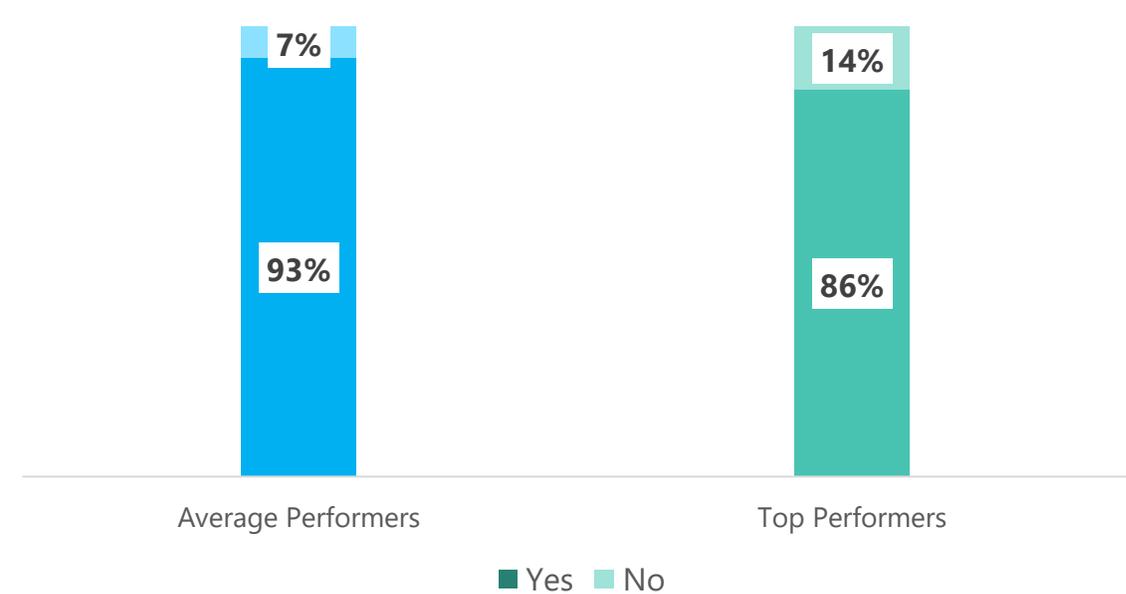


Reward Achievability: Top Performer Channel Incentives

Special Rules for New Channel Participants Top Performer Award



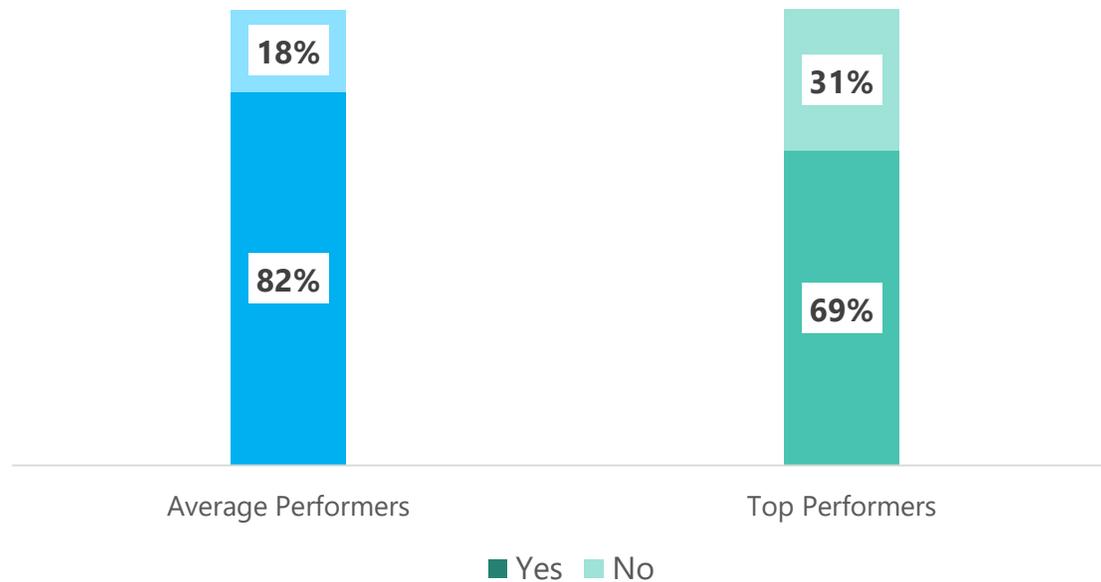
Tiered Structure for Maximizing Reach Beyond Top Performer Award



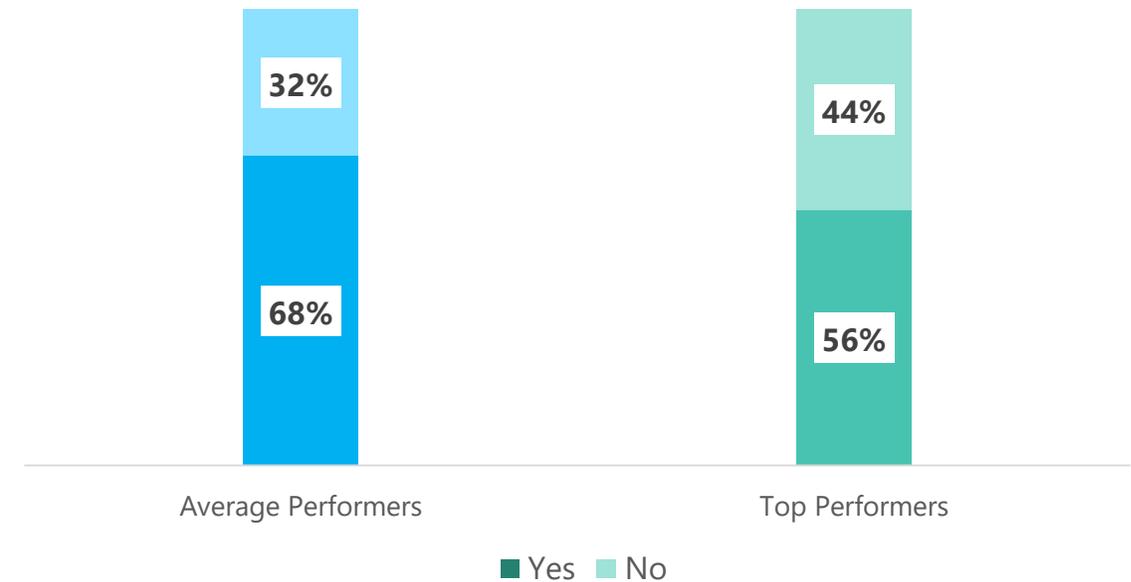
- Do you have special rules for new channel participants that allow them a better chance to earn a place on the trip?
- Is your Top Performer award program tiered - allowing channel participants who don't qualify for the trip to earn other rewards, such as award points, gift cards, or merchandise?

Reward Approach: Non-Travel Rewards

Special Rules for New Channel Participants Non-Travel Rewards



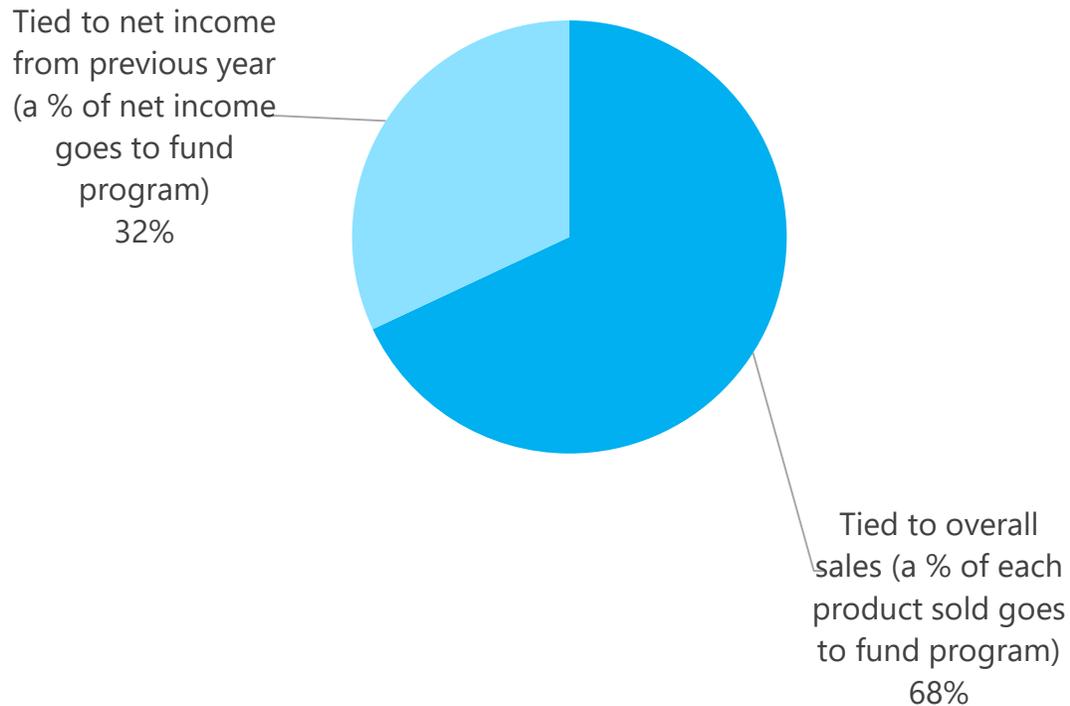
Any Programs without Earning Limits?



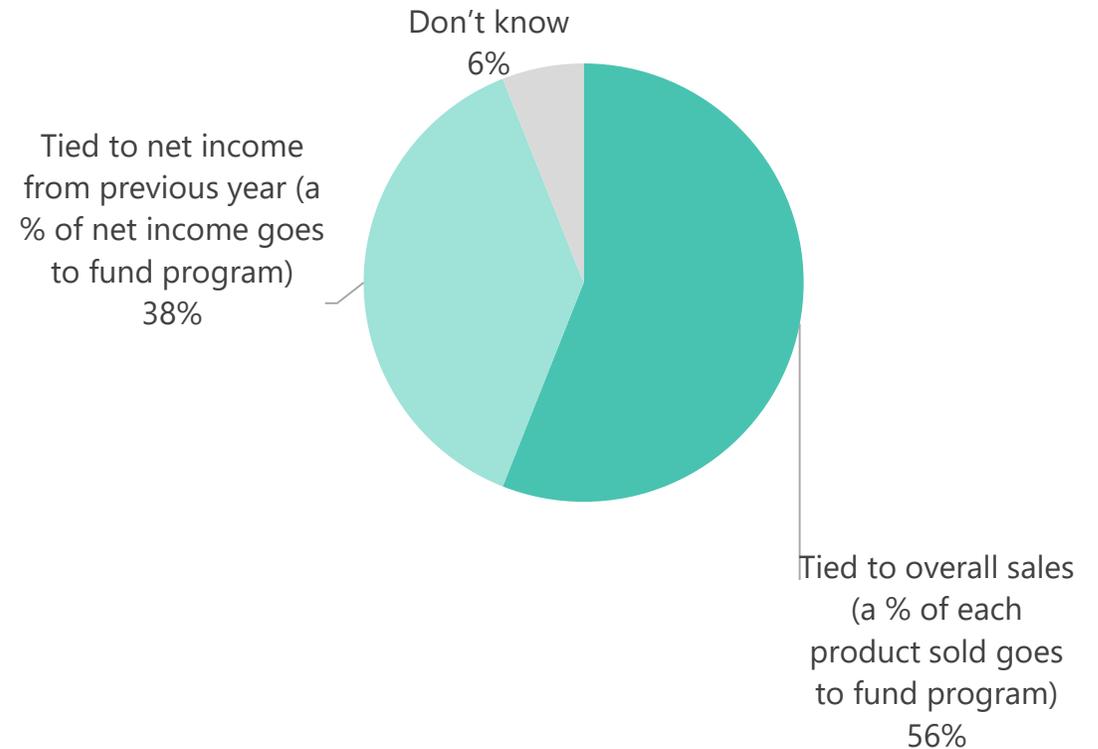
- Regarding award points, gift cards, and merchandise rewards, does your non-cash channel incentive program have a "Fast Start" that allows newer channel participants to earn quickly, giving them early "wins" to boost their motivation?
- Do you operate any non-cash channel incentive programs that do not have a "top-stop" - meaning channel participants can earn unlimited awards based on the amount of product/service they sell?

Budgeting Approach Non-cash Channel Incentives

Average Performing Firms

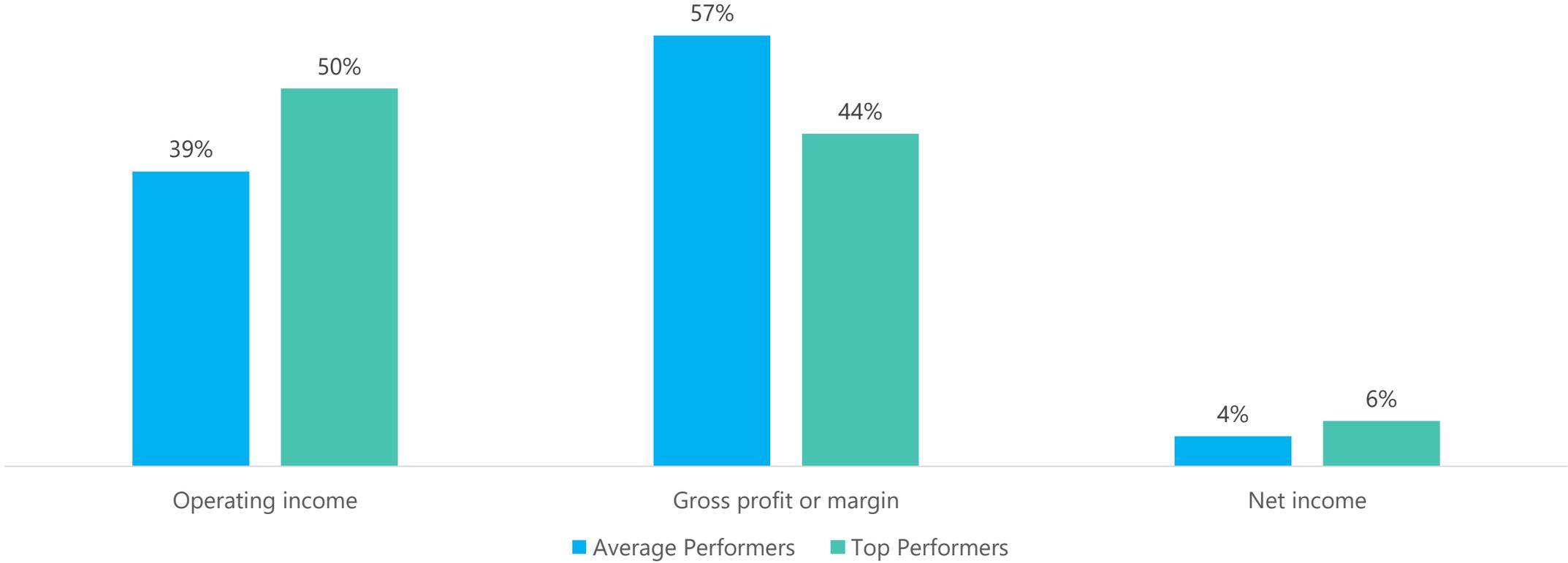


Top Performing Firms

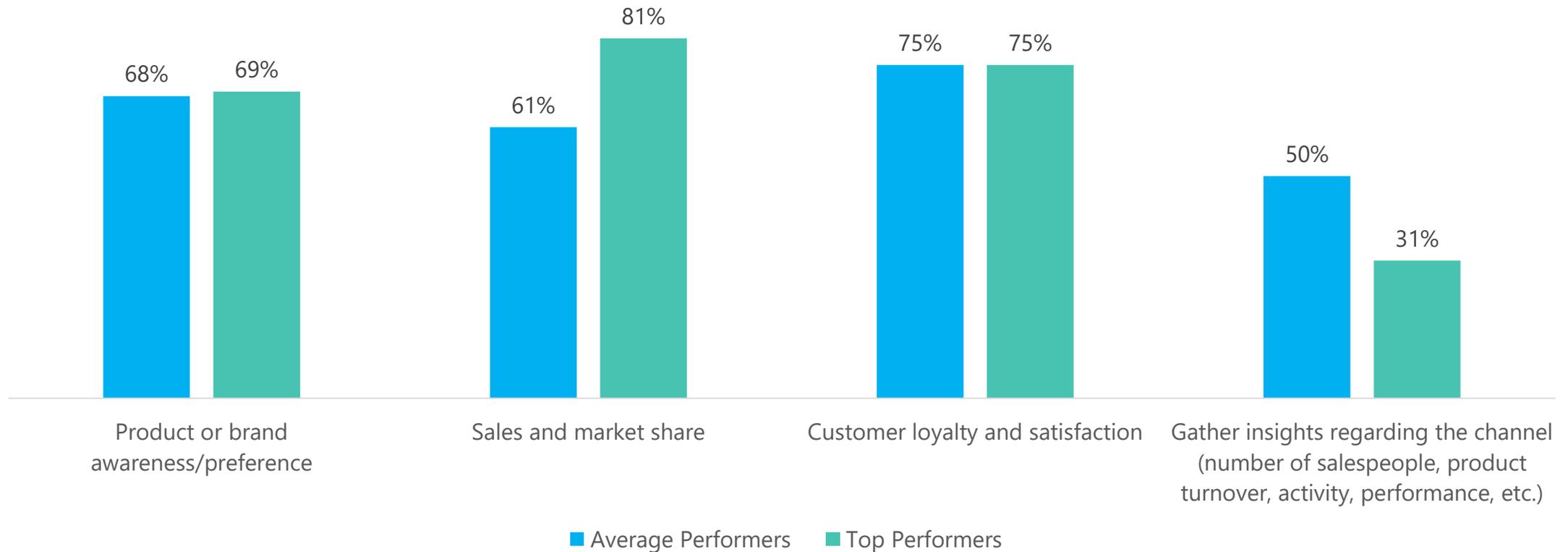


Budget Influencers

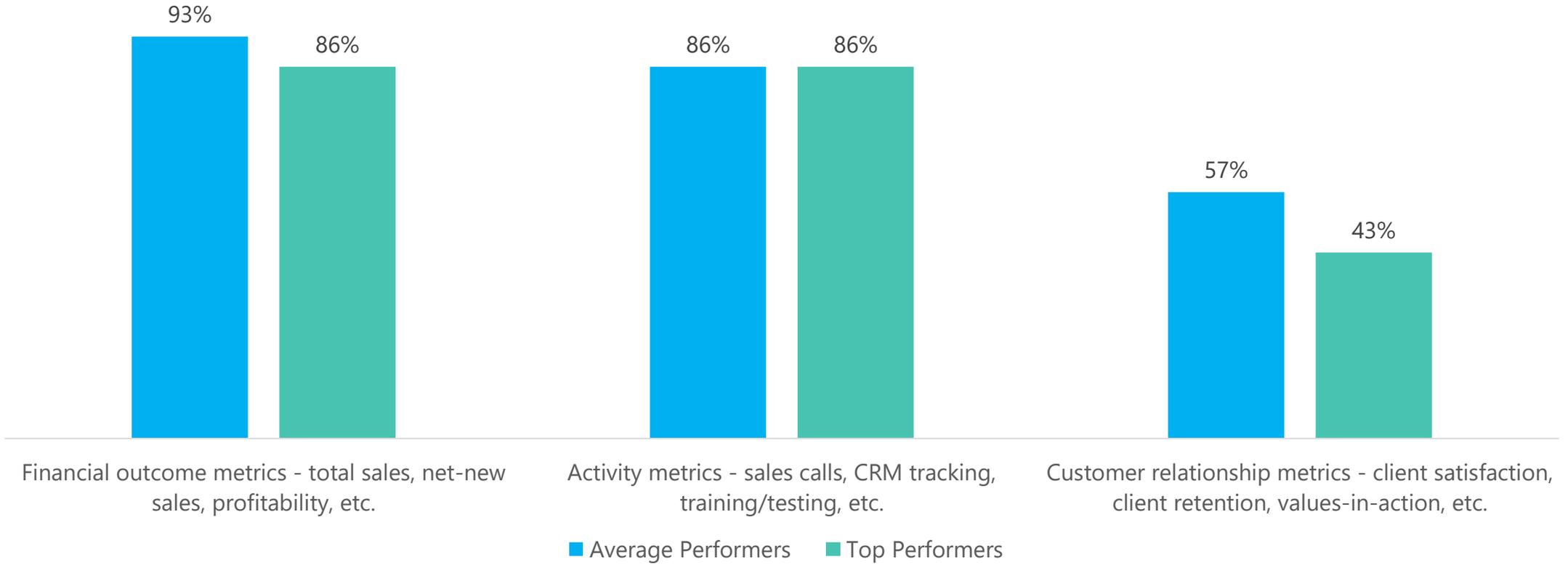
Non-cash Channel Incentives



Business Objectives Channel Reward & Recognition

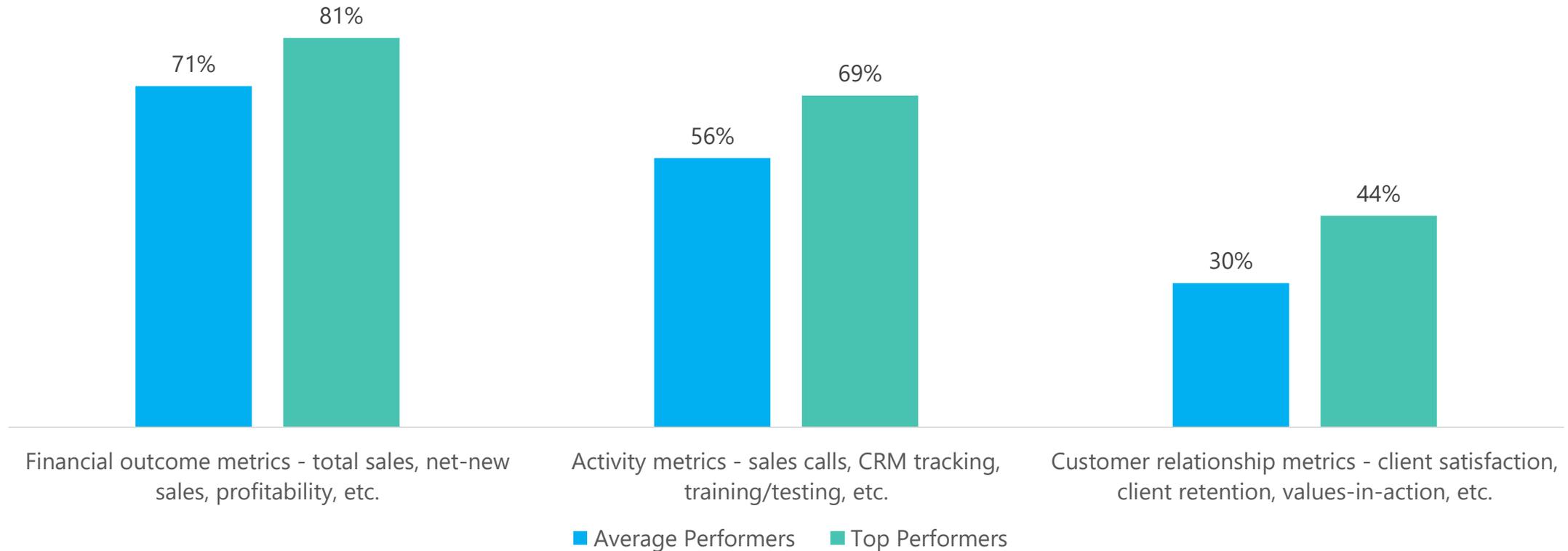


Qualifying Metrics Top Performer Channel Incentive Trip

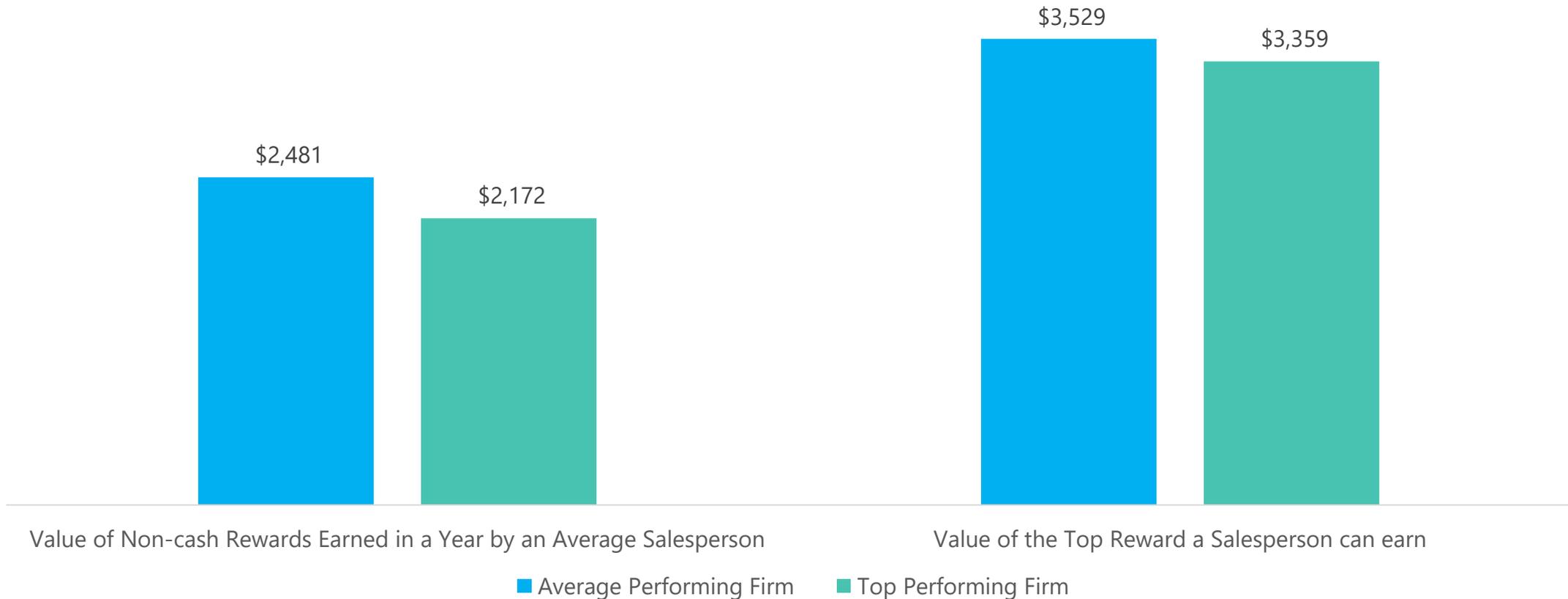


Which of the below best describes the metrics used to qualify channel participants for the Top Performer incentive trip?

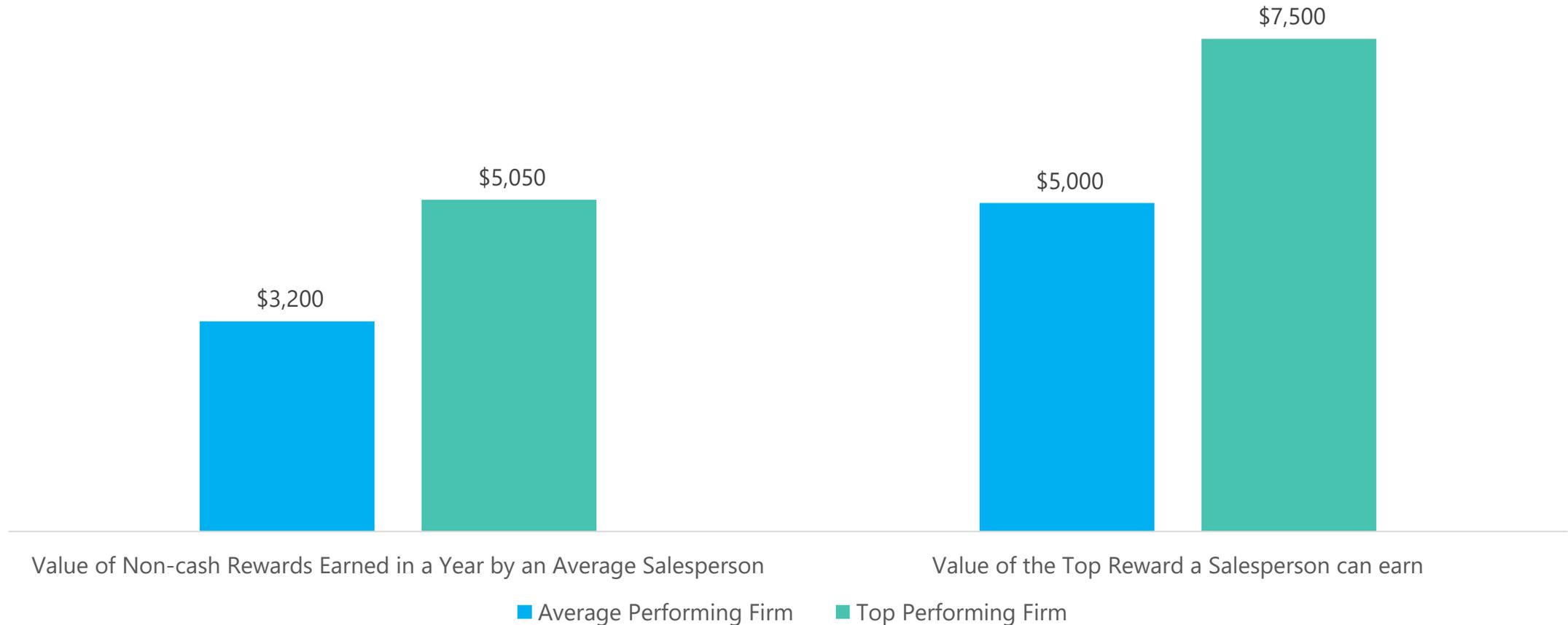
Qualifying Metrics Top Performer Channel Rewards



Average & Top Dollar Values Award Points, Gift Cards, & Merchandise

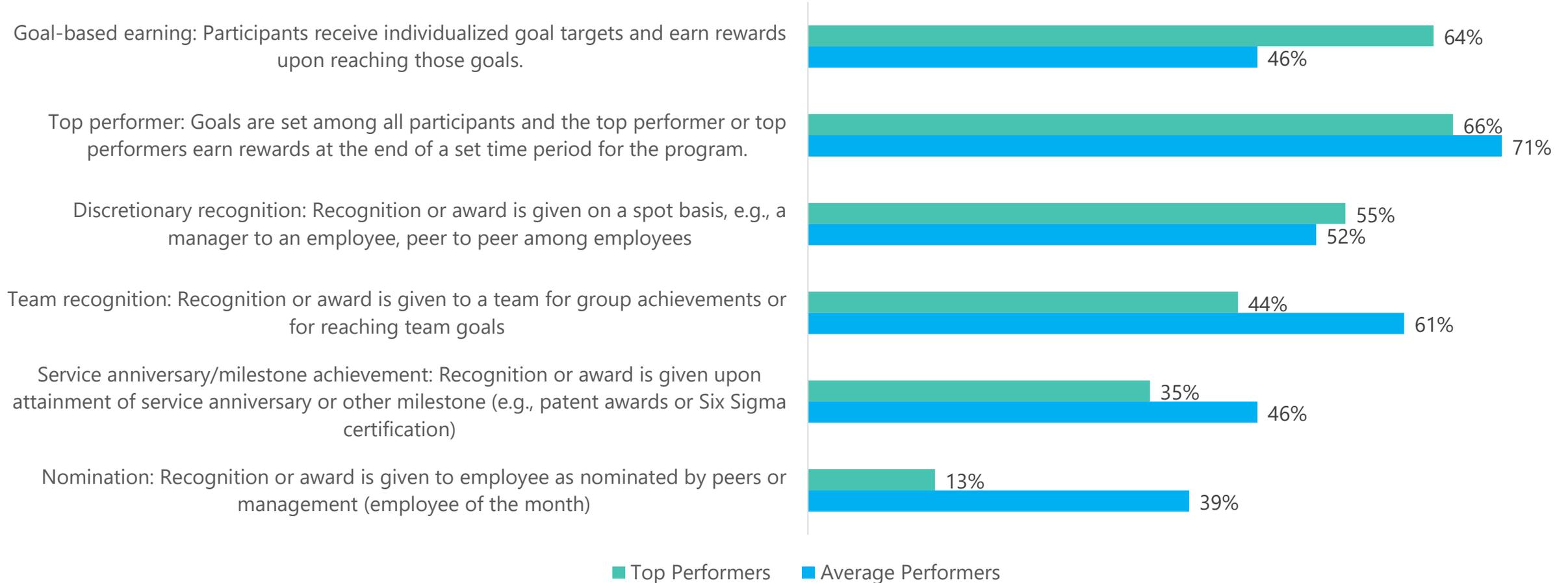


Average & Top Dollar Values Incentive Trips

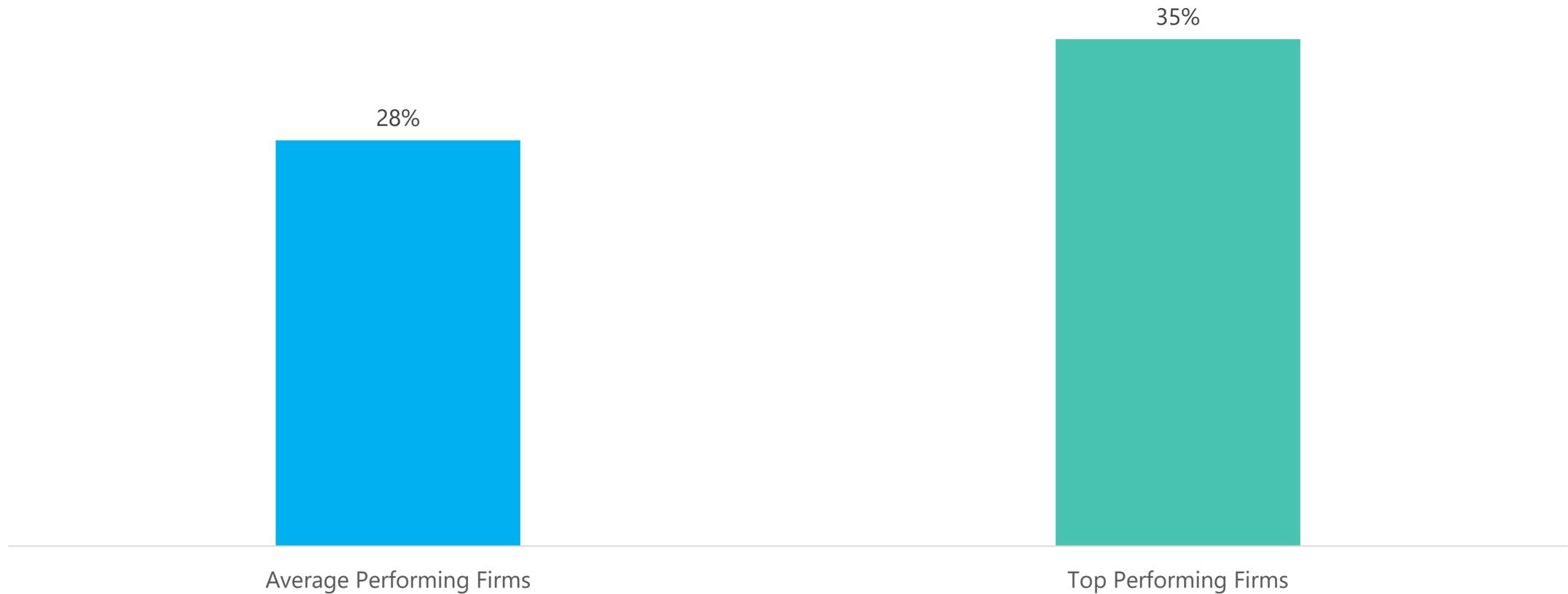


EMPLOYEE PROGRAMS

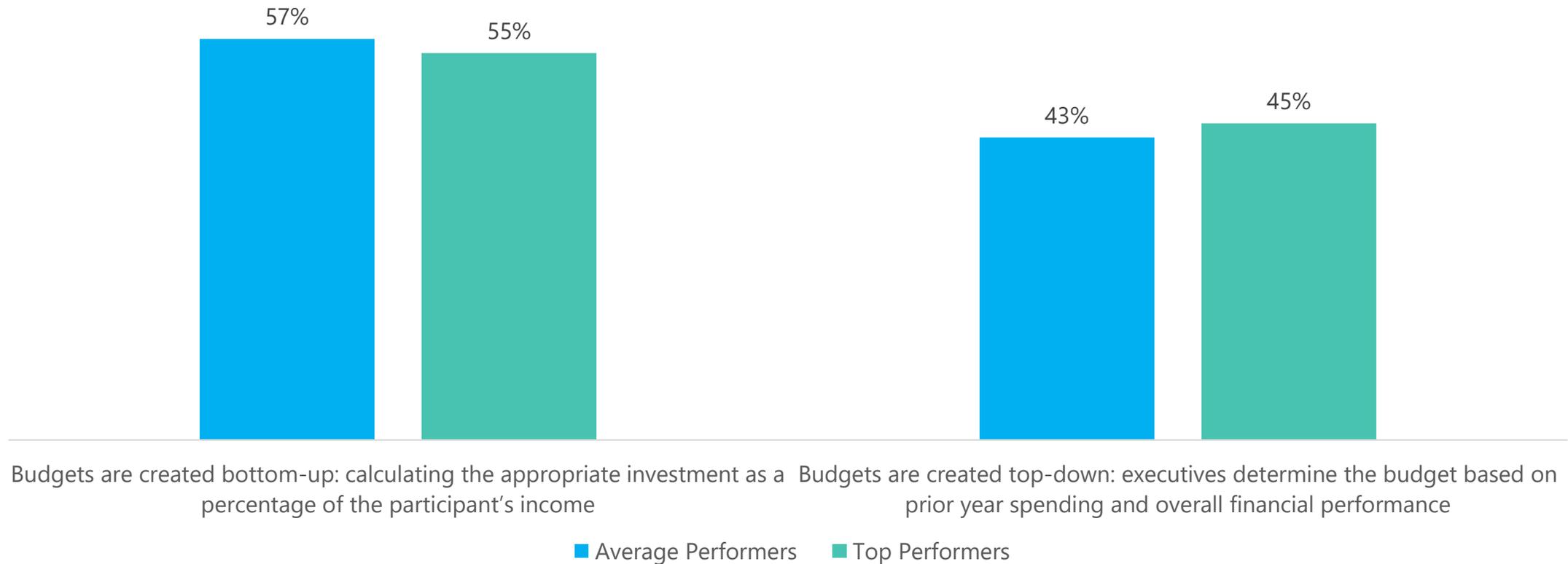
Program Structures Employee Reward & Recognition



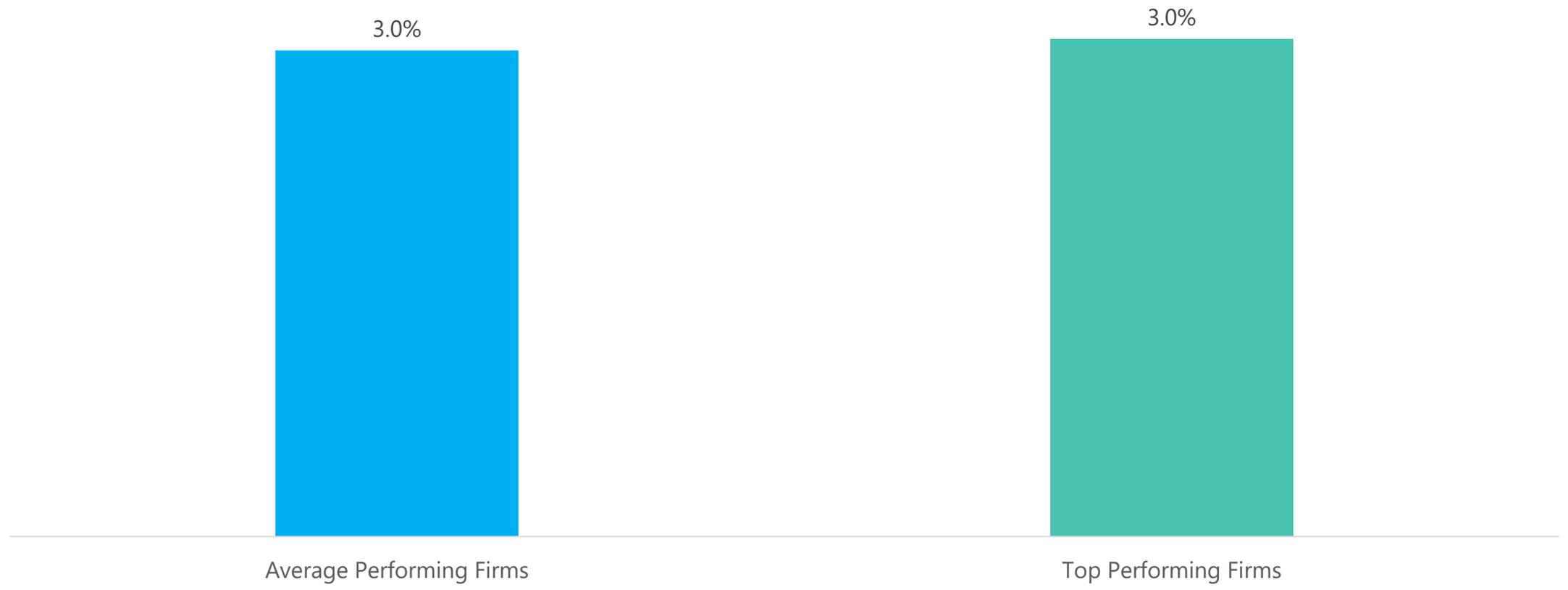
Percent of Employees Earning Rewards



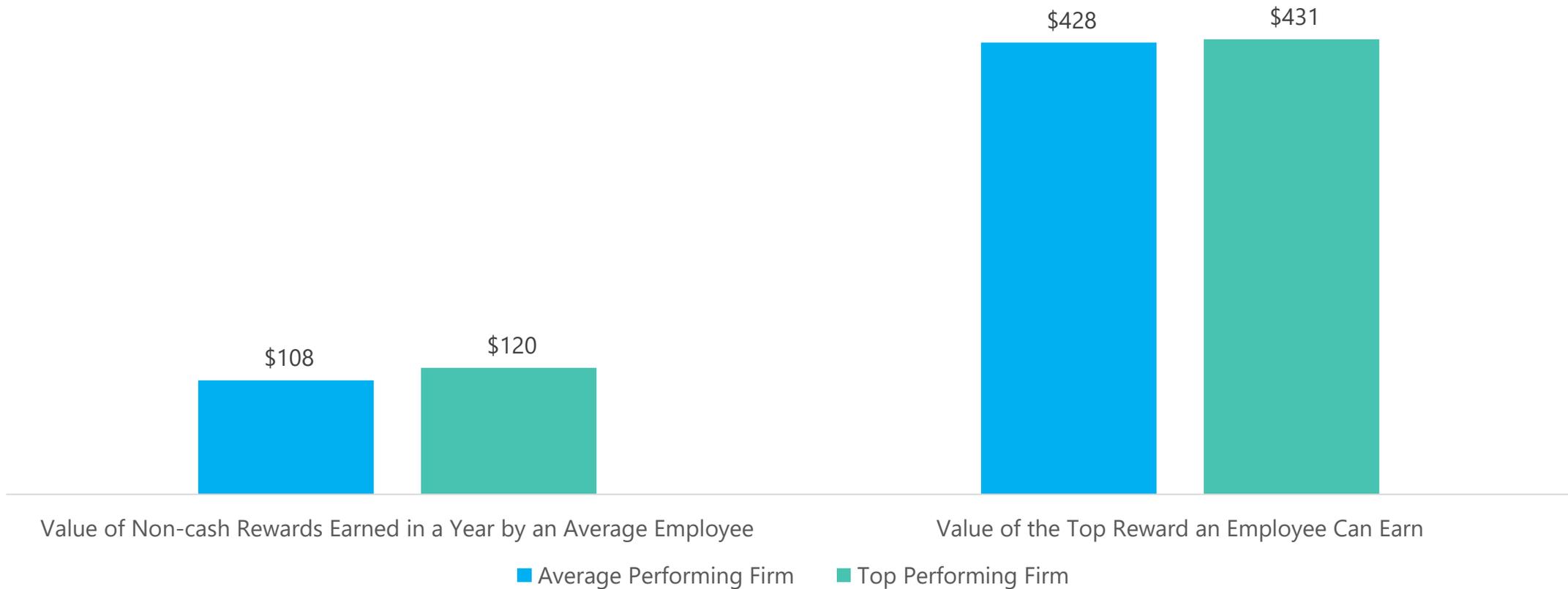
Budget Approach



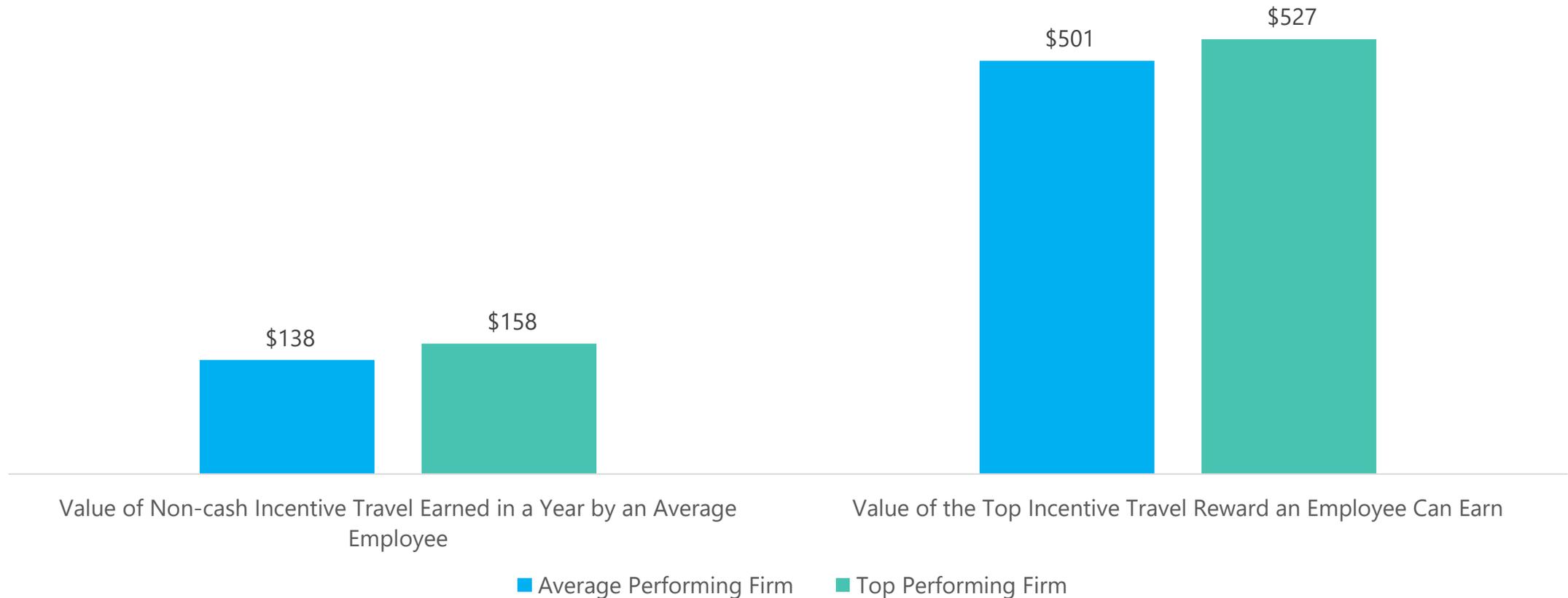
Bottom-Up Budgeting. Percent of Payroll for Reward & Recognition



Average & Top Dollar Values Award Points, Gift Cards, & Merchandise



Average & Top Dollar Values Incentive Trips



IRF has also conducted Top Performer Studies for:

- **Technology Sector**
- **Manufacturing Sector**

Read the latest research on www.theIRF.org