



What Top Performing Financial Services Firms Do Differently for Incentives and Rewards

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As of 2016, 84% of U.S. businesses utilize non-cash incentives and rewards as a method of retaining and engaging their employees, salespeople, channel/dealer partners, and clients. As the body of evidence supporting best practices and optimal program design continues to grow, businesses are increasingly looking to outside partners for expertise on how to most effectively structure their reward and recognition initiatives. This research presented in *The IRF Top Performers Study* series was 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 organizations.

Most of today's research benchmarking "top performing companies" leverages pre-existing lists – for example the Fortune 500 or Best Places to Work. The research collected for The IRF Top Performers Study series 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."

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 or
- Loss rate of less than 5% per year among high-performing employees

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.

This report summarizes findings from data collected across 400 firms including multiple financial services firms. Of the 123 financial firm respondents, 64 were classified as average performing financial firms and 59 were classified as top performing financial firms. The report first presents key overall findings, then drills down to results for sales reward programs, channel partner reward programs, and employee reward programs at financial services firms.

Overall Findings for Top Performing Financial Services Firms

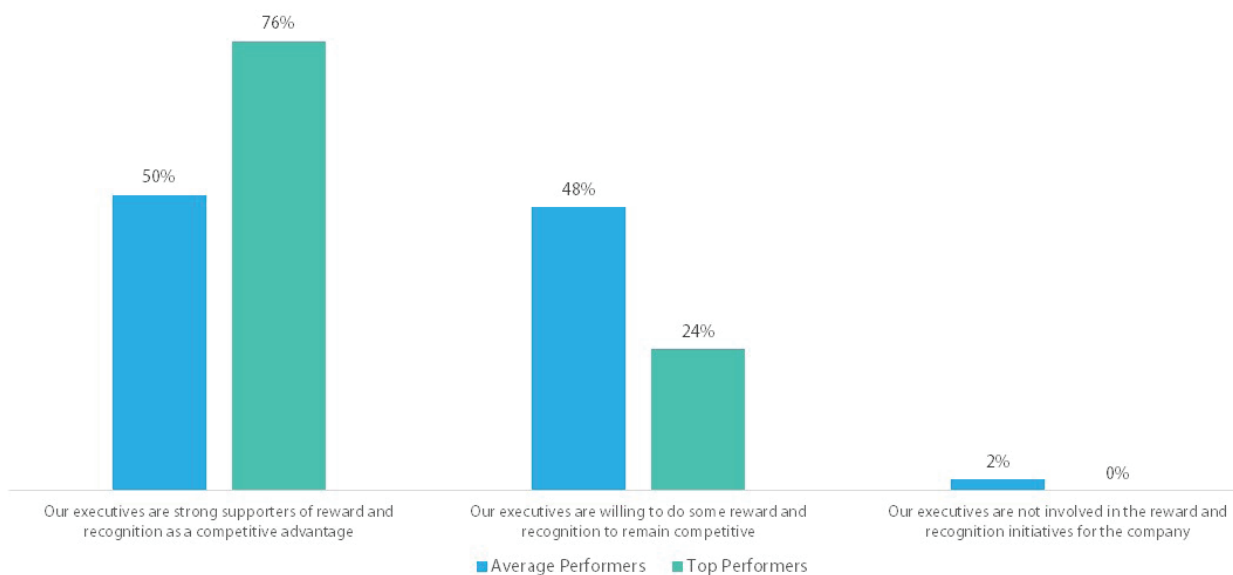
Executives at top performing financial services firms are significantly more likely than those at average performing firms to:

- Regard their reward and recognition programs as a competitive advantage (52% more likely).
- Believe that rewards and recognition are a critical tool in managing the performance of the company (27% more likely).
- Strongly agree that their reward and recognition programs are effective retention tools (36% more likely).

Top performing financial services firms were also more likely than average performing firms to:

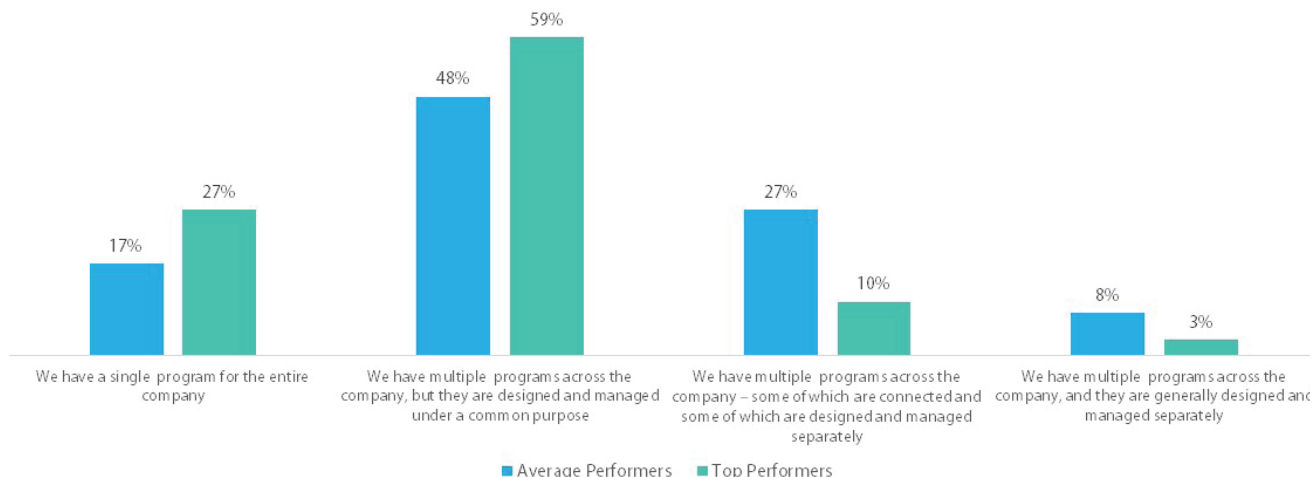
- **Consolidate:** Although almost 60% of top performing financial firms maintain multiple programs designed under a common theme, they are significantly more likely than average firms to have a single program across the company (59% more likely).
- **Collaborate:** Top performing financial firms are more likely to design and manage programs with strong collaboration among multiple departments (20% more likely).
- **Control:** Top performing financial firms are nearly twice as likely as average performers to centralize all non-cash rewards activity and manage it top-down.
- **Reach:** Top performing financial firms are more likely to structure their programs with the goal of reaching each participant versus only recognizing the top performing individuals in the organization (29% more likely).

Executive Sponsorship



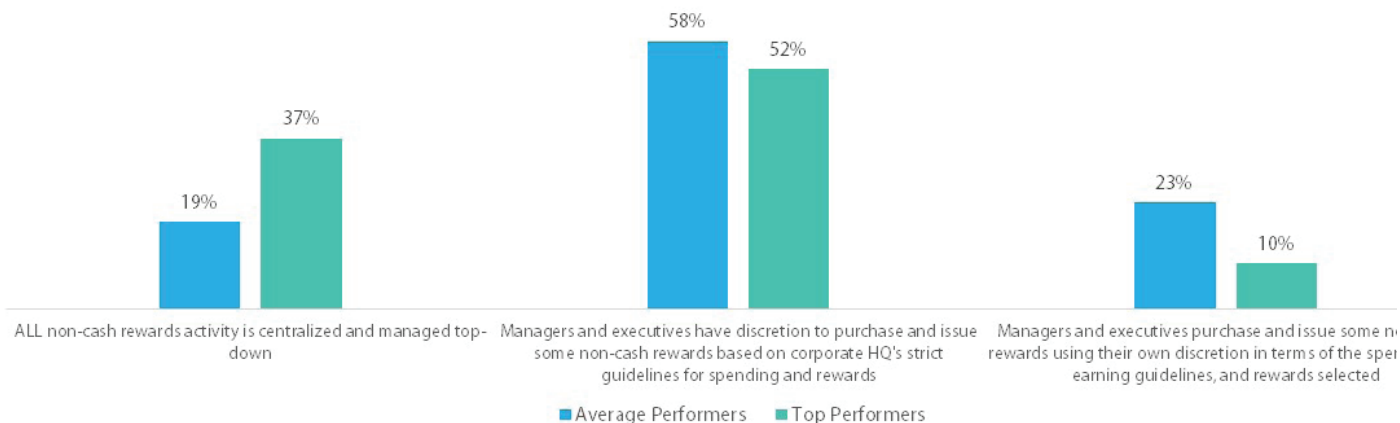
Which of the below best describes the executive sponsorship of reward and recognition programs in your company?

Program Connectivity



Which of the descriptions below best describes your programs?

Program Command & Control



To the best of your knowledge, which of the below most accurately describes non-cash rewards activity at your company?

Benchmarking Sales Incentive Programs at Top Performing Financial Services Firms

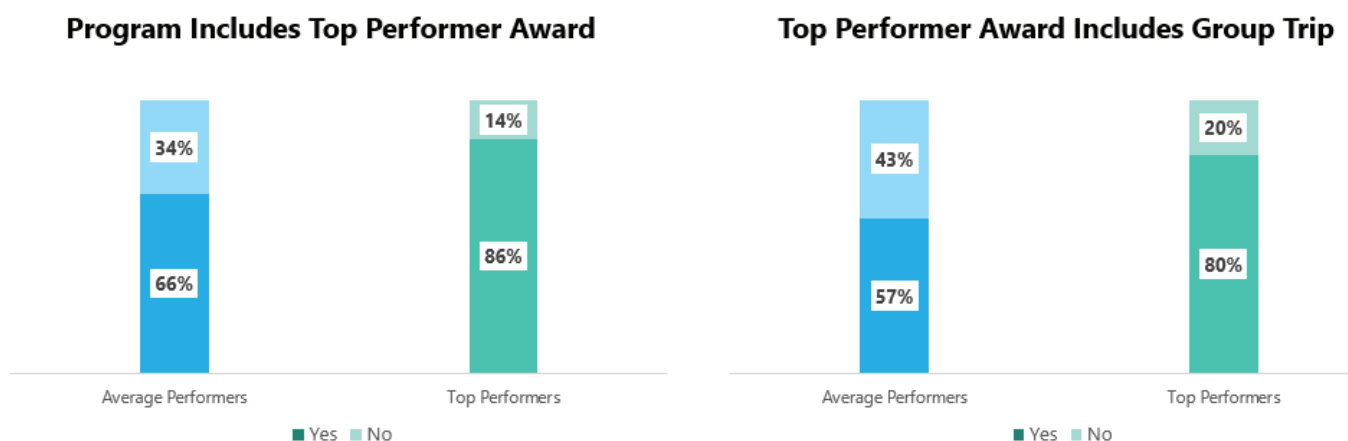
On average, top performing technology firms reported the following benchmarks in award value for sales incentive and reward programs:

- **Bottom-Up Budgeting:** Top performing financial services firms calculate 8.2% of participant income as appropriate annual spend for non-cash rewards and recognition.
- **Merchandise, Gift Card, and Point Award Values:** Top performing financial services firms award a value of \$3,646 on average to their top performing individuals and \$2,685 to their average performers in award points, merchandise, and gift cards.
- **Incentive Trip Values:** The average award value is \$6,438 for their top performer sales incentive trip earners.

Sales incentive programs at top performing financial services firms were more likely than those at average performing firms to have:

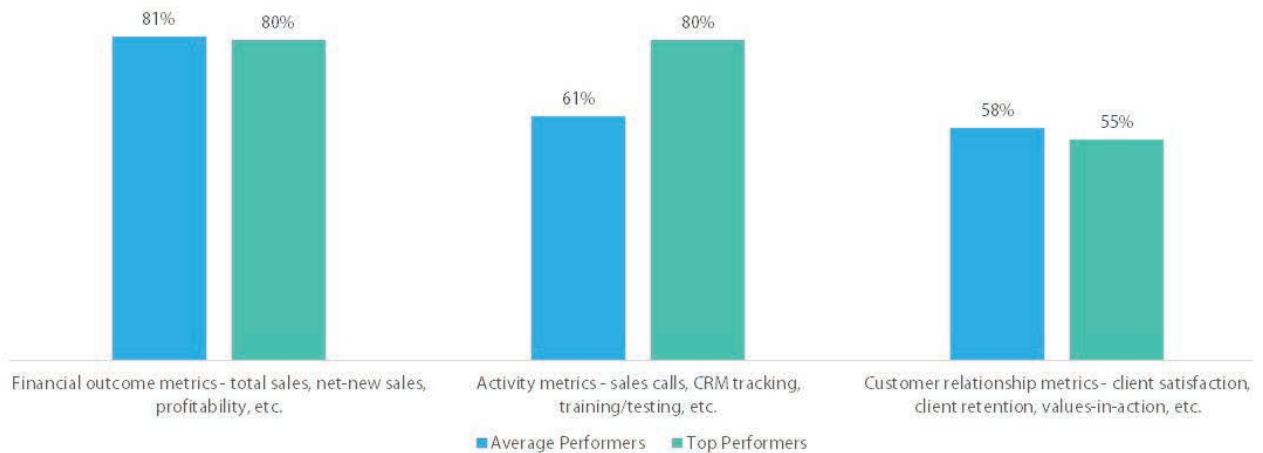
- **Variable Number of Top Performer Trip Winners:** Sales incentive programs at top performing financial services firms were more likely than those at average performing firms to award a variable versus fixed number of top performer trip winners (44% more likely).
- **Hit and Win:** Top performing financial services firms were more likely to automatically reward salespeople based on achievement of pre-defined goals, versus committee selection intervention (46% more likely). Their qualifications were also more likely to only include achieving 100% of the pre-defined goal to qualify for trip, versus requiring their salespeople to exceed their goal (39% more likely).
- **Tiers to Maximize Reach:** Programs were more likely to have tiered reward programs, offering BOTH top performer travel awards and including award points, gift cards, and merchandise for those salespeople who do not earn the trip (32% more likely).
- **Qualification Metrics:** Sales incentive programs at top performing financial firms were more likely than those at average performing firms to use activity metrics (e.g., sales calls, CRM tracking, training, etc.) as incentive trip qualifiers (31% more likely). Use of financial outcome metrics was consistent among top performing and average performing financial services firms.

Limits on Number of Top Performer Trip Winners



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

Qualification Metrics – Top Performer Incentive Trip



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

Benchmarking Channel/Dealer Partner Incentive Programs at Top Performing Financial Services Firms

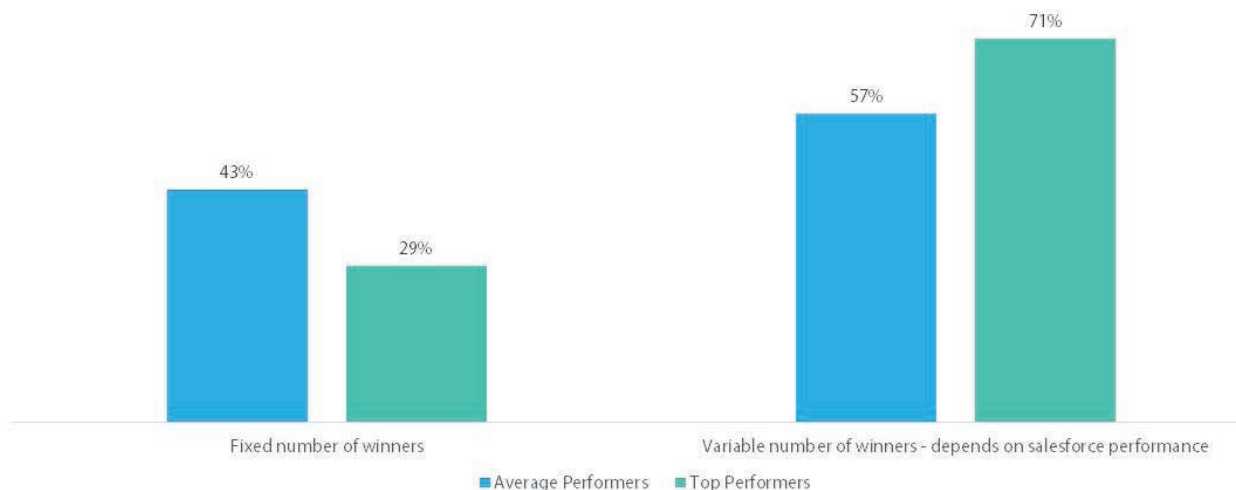
Top performing financial services firms on average reported the following benchmarks in award value for their channel partner/dealer programs:

- **Merchandise, Gift Card, and Point Award Values:** Top performing financial services firms award a value of \$3,359 on average to their top performers and \$2,172 to their average performers in award points, merchandise, and gift cards
- **Incentive Trip Values:** The average award value was \$7,500 for their top performer channel incentive trip earners, compared to \$5,000 at average performing firms

Channel partner incentive programs for top performing financial services firms were more likely than those at average performing firms to have:

- **Variable Number of Winners:** Channel partner incentive programs at top performing financial services firms were more likely than those at average performing firms to award a variable number of trip winners based on salesforce performance (25% more likely)
- **Budget Influencers:** For non-cash channel incentive programs, top performing financial firms were more likely to cite operating income (versus net income) as having the most impact on budget changes to incentive programs year over year and rated (28% more likely).
- **Business Objectives:** Sales and market share was ranked by 81% of the top performing financial firms as the top business objective for channel incentive programs, and it was 33% more likely to be a business objective of top performing financial services firms than by average performing firms.
- **Qualification Metrics:** Channel partner incentive programs at top performing financial firms were more likely than those at average performing firms to use financial outcome metrics (14% more likely), activity metrics (23% more likely), and customer relationship metrics (14% more likely) to award points, gift cards, and merchandise.

Limits on Number of Top Performer Trip Winners



Average & Top Dollar Values – Incentive Trips

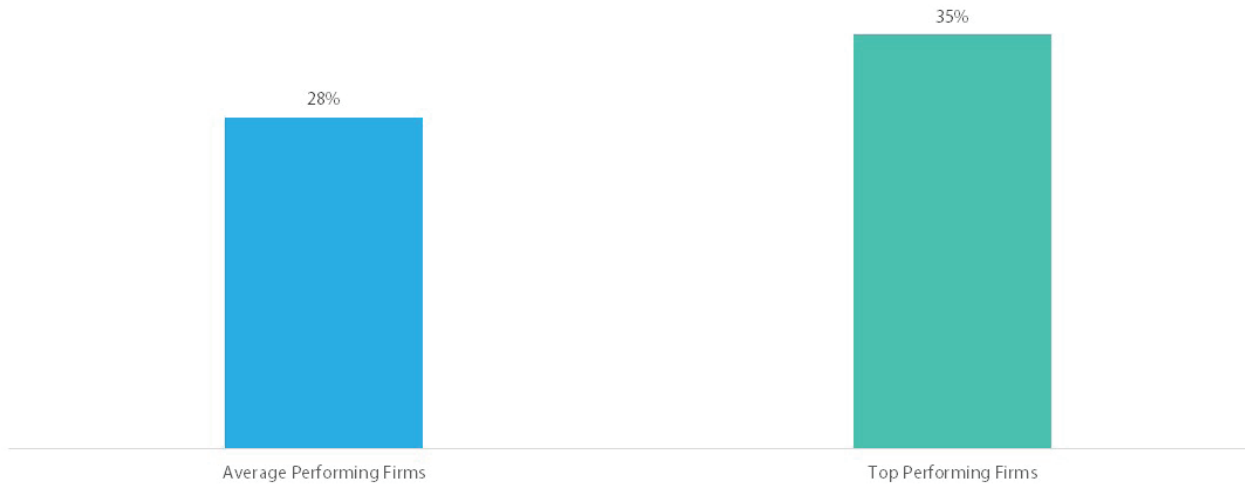


Using your best approximation, what are the AVERAGE and TOP reward values for your channel rewards?

Benchmarking Employee Reward & Recognition Programs at Top Performing Financial Services Companies

- Employee reward and recognition programs for top performing financial services firms are 39% more likely than those at average performing firms to use goal-based earning, with individualized goal targets.
- Program owners at top performing financial services firms estimated that 35% of employees would earn non-cash rewards that year (compared to 28% at average performing firms)
- Excluding incentive travel, top performing financial services firms invest \$120 in non-cash rewards on an average per employee and \$431 per top performer.

Percent of Employees Earning Rewards



What percent of your employees do you expect to earn non-cash rewards (merchandise, gift card, or trip) during 2018?