
The Anatomy of an Incentive Travel Program

Prepared by: **Kimberly S. Severt, Ph.D**

Deborah Breiter, Ph.D

Chair of the Tourism, Events, & Attractions Department

University of Central Florida

Rosen College of Hospitality Management

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Executive Summary

Many organizations use rewards and recognition programs to help them achieve their goals and objectives. Critics of these management tools fail to understand how they can drive desired behaviors and help improve business performance. The Incentive Research Foundation (IRF) commissioned this research to document the “anatomy” of an incentive travel program (ITP) and provide a better understanding of a successful ITP.

Motivating employees is always one of management’s biggest concerns. During an economic downturn, such as the one affecting the United States at present, the retention of excellent employees becomes even more important. Organizations that develop cultures based on employee recognition and rewards programs will be better positioned to survive, and even thrive, because their employees remain motivated and engaged.

It is clear from the case study presented here that employees are motivated by both the incentive travel award they can earn and the recognition afforded to them by the corporate leaders when they participate in the travel event. They are also excited about the opportunity to network with other high performers and share best practices. They are very proud of their achievements and the fact that they are recognized as being the best of the best. Their overall contributions to the organization’s success are considerable.

Managers in the company are also convinced of the value the incentive travel program provides. They believe the organization’s culture is built on these management tools and they are responsible for the financial success of the company. The ITP is key to the attainment of financial goals and objectives in the eyes of top management, including the CEO.

The success of the ITP offered by the company in this case study is predicated on several elements. First of all, the earning and selection criteria for the reward are clearly tied to business

objectives. Communication about the program and the progress the participants are making toward goals is clear and consistent. Anticipation builds throughout the year and keeps employees motivated to achieve their objectives. The design of the travel program itself also adds to the overall excitement. Desirable destinations are selected, interactive sessions are offered, and leisure time is included for the earners. Managers act as hosts to reinforce the company's commitment to the reward program and recognition. Finally, the company keeps detailed records that prove the productivity of the earners and their contributions to the company's financial performance.

The importance of incentive travel to the hospitality industry is widely accepted. The hotels, destination management companies, audio-visual suppliers, and other vendors who support the ITP all reported this type of business is essential to the achievement of their own financial objectives. While it may be difficult to estimate the overall economic impact of an ITP, it is clear that many suppliers suffer when companies cut back on incentive travel.

The case study presented here provides objective proof that a well-designed incentive travel program can help a company achieve its strategic goals and objectives. By creating an organizational culture built on rewards and recognition, corporate leaders motivate employees to be successful, thus ensuring the success of the corporation. From the design of the earning criteria to the blueprint of the travel program to the metrics used to measure corporate performance, this report provides a template that other organizations can implement to drive desired employee behaviors that will contribute to overall profitability.

Background

The meetings, incentive, conventions, and exhibitions (MICE) is one of the most important segments in the travel and tourism industry. In the United States alone, the economic impact of this industry is estimated at over \$110 billion annually, with incentive travel responsible for approximately 5% of this total (CEIR, 2008). Hotels, event venues, attractions, restaurants, and other service providers are dependent upon incentive travel for a significant portion of their revenues.

Despite the importance of the incentive market to the hospitality industry, many lawmakers and media figures in 2009 criticized the use of corporate funds for group travel designed to motivate employees. While the criticism may have been directed at particular companies, the overall tone in the media caused some companies to cancel and/or eliminate group incentive travel. Employee morale in those companies may be suffering as a result of these cancellations, causing a decrease in productivity. And the overall effect for destinations that normally host incentive travel has been devastating as evidenced by the layoff of hospitality employees throughout the industry.

Objectives of the Project

The aim of this study is to provide evidence-based and objective insight into an incentive travel program and its benefits. Specifically, the objectives of the study are to:

- 1) Define incentive travel programs, their purpose, and specifically explain the components of the program, e.g. how the program works, selection criteria

and allocation for different divisions, program design, role of hosts, and budget.

- 2) Identify the impact incentive travel has on participants, earners, and hospitality industry service providers.
- 3) Evaluate success indicators from a business perspective both from qualitative interviews from the Chief Executive Officer and Management and quantitative analysis of Net Operating Income based on a comparison of earners and non-earners.
- 4) Identify the perceptions of the incentive travel program for participants, earners, management, and the CEO of the company and determine if there is a difference in management's perspective and the employees' perspective.
- 5) Determine the incentive travel program's value to the destination and other product and service providers.

Methodology

To meet the objectives of the research, a case study was determined the most appropriate method to investigate and analyze an incentive travel program. According to Yin (2009), the more your research questions are asking why and how a particular phenomenon works, the more a case study analysis becomes most appropriate. The next step in the process was to identify an appropriate company who has an incentive travel program in place and request participation in the study. By being a part of the study, the company who agreed to participate benefits by having an objective, external evaluation of their program. The research team assured confidentiality and anonymity for the company, and thus will be referred to as

XYZ Corporation. The company has several thousand employees, is well established, and has had an incentive travel program for over 10 years. This case study represents the analysis of the 2008 incentive travel program. Table 1 indicates each study objective and the related methodology to determine the overall components of the program, employee perceptions of the program, and how the program is used to meet business objectives.

In order to capture the employees' overall perspectives about the incentive travel program and determine its impact, employees from the different interview groups were selected in conjunction with the sponsoring company to ensure a wide variety of interviewees. For example, it was important to make sure all the earners interviewed were not all repeat earners. Therefore, first-time earners and multi-year earners were divided and then selected. The interviewees were also selected based on number of years with the company and availability for interview. This process was used to eliminate group bias. The sponsoring company scheduled interviews. Since the interviewees were nationwide, phone interviews were conducted over a 3-week period from September 1-22, 2009. Interviews ranged from 13 minutes to 47 minutes in length.

After a review of current literature, interview questions were written for each interview group. Interview questions were prepared by the research team and approved by the sponsoring company before interviews were conducted. In addition, three other academic and professional advisors reviewed the interview questions to ensure face validity of the questions. The questions were used as a guideline for the interviews; however, the researchers probed for additional insight into key statements made by interviewees. All interview participation was strictly voluntary and confidential. All interviews were digitally audio-taped, transcribed, and

then analyzed. Although quotes from interviews will be reported, individuals will not be identified.

Corporate historical data was also investigated to determine the effect of the incentive travel program on performance levels and termination over a period of time. Statistical analyses on ranking data over a 5-year period were used to determine if there was a statistically significant difference between earners and non-earners for one financial metric.

Table 1. Research Objectives and Methodology Overview for the Case Study

Objective	Methodology
<ul style="list-style-type: none"> • Define incentive travel. • What is it? • How does it work? • What impact does incentive travel have on business, participants, earners, hospitality industry providers, and government? 	<ul style="list-style-type: none"> • Literature Review • The researchers examined the material and format of the incentive travel program employed by the sponsoring company as a means to describe how a program works and illustrate the components of the program. • Qualitative interviews were conducted with industry professionals (management, participants, earners, and providers) and were used to analyze incentive travel impact. • Primary data from the sponsoring company was used to determine the difference between earners and non-earners on financial metrics used in the selection process and effects on business outcomes.
<ul style="list-style-type: none"> • Analyze quantitative data to determine success indicators from a business perspective. • Analyze qualitative data collected through interviews and focus groups to gain insight into the perspective of all stakeholders. Is there a gap between management’s perspective of the program and the employees’ perspective of the program? 	<ul style="list-style-type: none"> • The researchers worked directly with the sponsoring company to analyze data to determine how ROI on the program could be measured if appropriate data were available. • Performance records before and after earning an incentive were reviewed, and an investigation into employee retention was conducted. • The following face-to-face interviews were conducted: CEO –1 Management – 9

	Participants – 5 Trip Earners – 7 Service Providers – 3 <ul style="list-style-type: none"> • Observations and document review
<ul style="list-style-type: none"> • Write a case study 	<ul style="list-style-type: none"> • The case study includes: 1) the purpose and objectives for the incentive travel program from a business perspective; 2) a discussion on how the program is designed to meet business objectives, how success is measured and how the program is justified; 3) how the program is performance-based; 4) how the trip earners are selected, how the trip is conducted, and why it is both motivational and productive; and 5) the impact of the program on all the stakeholders based on their perspectives.

What is Incentive Travel?

Although incentive travel has been used as a management tool for decades, it is often not fully understood. Pizam and Holcomb (2008) define incentive travel as “travel provided to employees by companies in an effort to motivate them to increase/improve their performance.” Goldblatt and Nelson (2001) mirror this as they define an incentive event as “1) a corporate sponsored meeting or trip to reward effort and create company loyalty, often built around a theme; and 2) a celebratory event intended to showcase persons who meet or exceed sales or production goals.” The Incentive Research Foundation (IRF) defines incentive travel as “a motivational tool to enhance productivity or achieve other business objectives. Participants qualify for the travel award based on achieving the level of performance required by the program (IRF, 2006).”

Building on the current definitions of incentive travel, specifically the IRF’s definition, and after conducting an in-depth investigation into an incentive travel program, we define incentive travel as: “a motivational tool to enhance productivity or achieve business objectives

in which participants earn the reward based on a specific level of achievement set forth by management. Earners are rewarded with a trip and the program is designed to recognize earners for their achievements.”

To maximize the benefit of an incentive travel program it should include: 1) recognition of earners; 2) networking opportunities for top performers to build relationships with other top performers and key management; 3) collaboration among top performers and management about best practices and ideas; and 4) motivation of earners to continue to achieve high performance.

Purpose of an Incentive Travel Program

Incentive travel programs can be used in different ways. Some companies may use an incentive travel program to stimulate sales of their products or services through distributors; thus, the distributors are the recipients of the travel incentive, not direct employees. The other scenario is when a company uses an incentive travel program to reward, recognize, and motivate employees for meeting or exceeding specific goals set forth by the company. This type of incentive travel program focused on motivating employees was examined in this case study of XYZ Corporation. The interviews with earners support the incentive travel program’s ability to motivate employees, while the interviews with management support the incentive travel program’s ability to drive specific employee behaviors.

The findings from this case support previous research that while rewards and recognition are usually regarded as the same and used interchangeably, they are in fact quite distinct (Hansen, 2002). In this case, the incentive travel trip was the reward. The company paid for the employees’ trip and they were given an opportunity to go to an exciting destination and

participate in a corporate leadership forum. Several of the earners interviewed said they would have never had the opportunity to go to a particular destination if they had not earned the incentive travel trip. From the management's perspective, the incentive travel program is a business expense justified by the tangible and intangible benefits of the program. Tangible benefits are the increase in financial metrics, which strengthens the company financially, while intangible benefits are those that strengthen the company internally such as the reinforcement of the organizational culture.

In this company, recognition was viewed by earners as one of their most appreciated aspects of the incentive travel program. Recognition was described in a number of ways. One earner said the recognition given to her made her feel a part of an elite group. Another earner said the recognition given at the event made him feel that the hard work was worth it. Others said the recognition given by the company made them feel good about themselves.

There is evidence that the XYZ Corporation includes both reward and recognition into the design of their incentive travel program. Hansen (2002) suggests "only when recognition and reward are treated as two distinct phenomena will the effectiveness of employee motivation initiatives be improved" (p.64). Based on comments from the earners, both the incentive trip (reward) and the recognition received on the trip are motivational factors.

Key Terms and Definitions

To increase the report's clarity, Table 2 provides a list of terms and definitions used in the study. After a review of literature, and based on the results of this study, there was a need to be specific about the terminology used in the analysis of this case study. For this reason, we have included in Figure 1, a model that shows the difference between participants, earners, and

non-earners. We found that many incentive terms are used interchangeably yet are separate paradigms and should be distinctly recognized independent of one another.

Table 2. Key Terms and Definitions

Term	Definition
Qualifier	An employee who has met all the qualifications to earn the incentive trip.
Earners	Participants who earn the incentive travel trip by qualifying (meeting the criteria of the program) for a given incentive program.
Non-earner	A participant who does not earn the incentive trip for the given incentive travel program.
Participants	All employees who participate in the incentive travel program.
Multi-year Earner	An employee who earns the incentive travel trip more than once
Hosts	Key managers who assist in executing the program by recognizing earners, networking and building relationship with top performers, and playing a vital role in the overall success of the program.
Earning Criteria	Set criteria, e.g. gross profit increase, percentage of leads, customer service ratings etc. established by management to best meet business objectives. Earners are determined by their relative ranking with other participants.
Incentive Travel Program	A motivational tool to enhance productivity or achieve business objectives in which participants earn the reward based on a specific level of achievement set forth by management. Earners are rewarded with an all-expense-paid trip and the program is designed to recognize earners for their achievements.
Incentive Travel Trip	A trip as part of the reward for incentive earners.
Rankings	The position a participant is in, relative to other participants; the basis of qualifying for the incentive travel award.

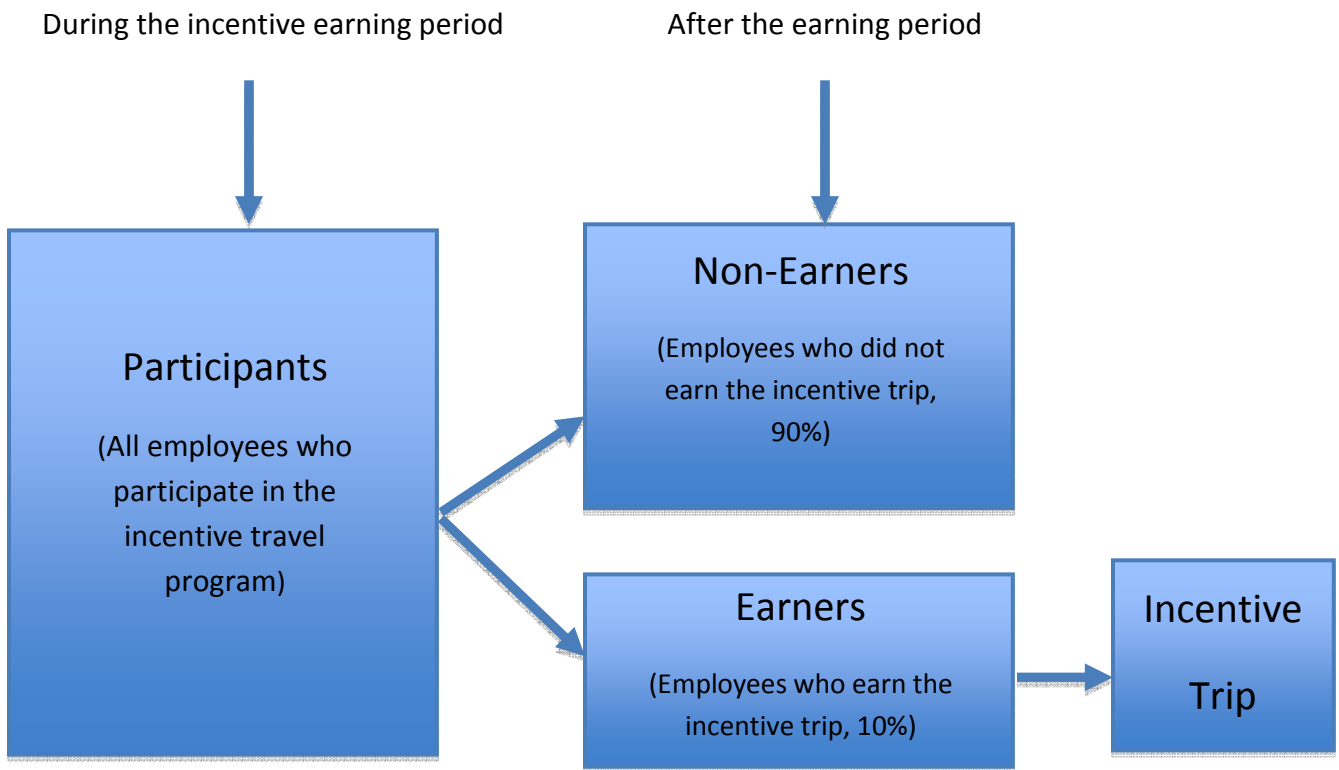


Figure 1. Process of Incentive Travel Participants, Non-Earners and Earners

How an Incentive Travel Program Works

For XYZ Corporation, the incentive travel program is designed to appeal to a large cross-section of the company and awards the trip to approximately 10% of the company’s employees. Since XYZ has several corporate divisions (see Figure 2), the selection of employees to participate in the incentive program is spread across the entire company. Additionally, the program is not limited to employees whose productivity is directly linked to net operating income (NOI) and/or Gross Profit (GP). Although the proportion of employees who earn the incentive is typically much higher for those employees, there is still an allocation of trips for a variety of employee roles, such as those who support income-generating employees.

This particular company has two types of qualifying employees for the incentive travel program: producing qualifiers and service qualifiers. Producing qualifiers are employees whose

positions are directly linked to gross profit or net operating income for the company. Service qualifiers are employees whose positions support producing positions in some way or provide services and support to the company. Each division has a nomination category used by management at their discretion. Typically there are very few nomination spots for each division.

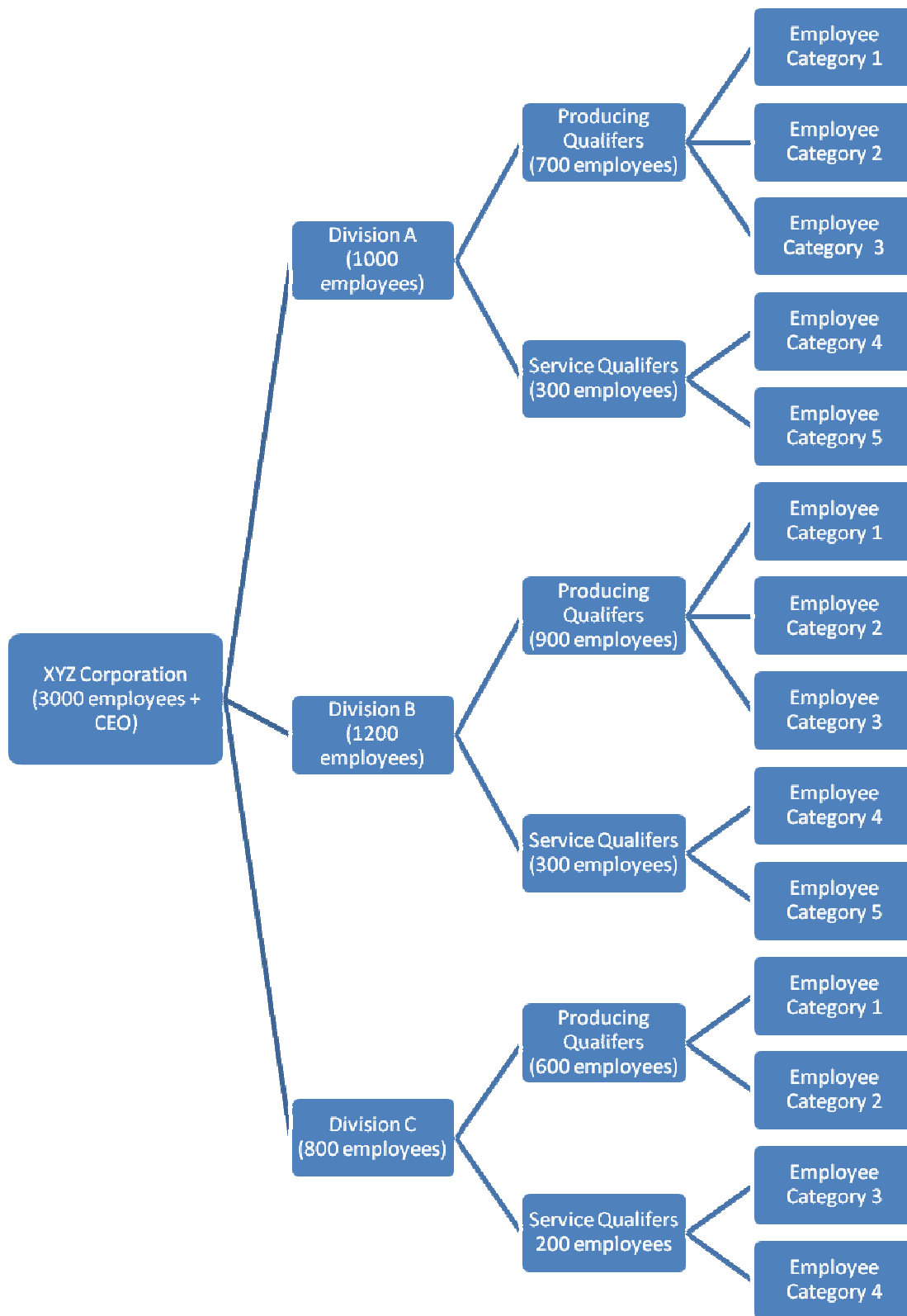


Figure 2. XYZ Corporation Organizational Structure for Qualified Employees

Communications

Communications play a key role in the success of an incentive travel program. The cycle of communication about the next year's incentive travel program starts during the current year's incentive travel program. Each year at the incentive travel program awards dinner, which is held the last night of the incentive travel trip, there is a special announcement of the next year's incentive travel destination. In this case study, the company typically produces a video using the CEO and other top management in a humorous manner to kick off the next year's incentive travel program. This has become a tradition for the company and everyone seems to enjoy the anticipation leading up to the announcement of the next destination. This communication is important because it builds excitement and anticipation for the next year's incentive travel program.

The company communicates with employees about the incentive travel program in various other ways. There is communication through the corporate website that provides listed criteria for all employee categories, as well as monthly postings of the cumulative rankings. Emails are sent to employees throughout the year encouraging employees and communicating progress and cumulative rankings. Employees keep track of their standings on a monthly basis (January through December). Rankings refer to the position a participant is in relative to other participants. At the end of the year, when the final rankings are posted, employees in ranked criteria positions can determine if they have earned a spot in the incentive travel trip. It is only the employees in the top ranking positions who earn the incentive travel trip.

Earning Criteria and Allocation

The earning criteria play a vital role in the overall success of the program. Earning criteria are specific rules set forth by management that the participants must achieve in order to earn the incentive travel trip. If the 'right' criteria are set, the company's benefit is much greater than if the criteria that are set do not align with the goals and business objectives of the organization. This is one of the reasons why incentive travel programs are considered a management tool. An incentive travel program allows top management to set criteria that are most appropriate in meeting business objectives. Another key feature of an incentive travel program as a management tool is that it provides employees with specific goals they can strive to achieve. This enables employees to aim for goals important to the overall success of the organization. By doing so, they know what is expected of them and at what performance levels a reward will be earned. This allows no room for ambiguity between employees and management.

The company studied in this case study uses the term "winners" to distinguish between those who earned the incentive trip from those who did not earn the trip. It is recommended that the company use the term "earners" opposed to the term "winners" because "win" may imply fortune or luck. According to the Webster (2009), "earn" is defined as "to receive as return for effort and especially hard work done or service rendered" whereas "win" is defined as "to get possession of by effort or fortune." As the incentive industry strives to become more standardized, it is important that companies truly represent what they are doing by using the most appropriate terms and sending the correct message.

In this case, each division was allocated a certain number of spots for the annual incentive travel trip. That number is approximately 10% of the total number of employees in each division. For example, Division A has 1000 employees who are considered eligible to participate in the program, and 100 employees who could be recognized as earners. Not all employees are eligible due to the requirements of each employee category. For example, most earning criteria indicate the employee must be with the company for at least a certain period of time, e.g. six months a year, etc. The CEO and management of each division review the selection criteria each year prior to the start of the rankings each January. There may be an employee who meets all the quotas yet ranks in the 8th position, and if the set criterion is that those ranked in positions 1-7 will earn the trip, the individual in the 8th position does not earn the incentive trip. Therefore, there are two overriding criteria: 1) meet all of the stated criteria and, 2) rank in the top positions that secure earning. The Allocation Grid presented in Table 3 provides an overview of the percent of earners to the population of each employee category in each division.

With an incentive travel program, it is important to establish clear policies and procedures. They should include: 1) how to earn; 2) overall qualifying criteria for all employees; 3) what the award will be; and 4) specific criteria for each employee category within each division of the company. Table 4 illustrates XYZ Corporation's Incentive Travel Criteria.

Communicating information about the program to eligible employees is important to the success of the program for many reasons. In this case, the company uses both the corporate email system and the corporate website as a standard for communication about the program. Rankings are posted each month for the different employee categories. Management

over the different divisions also uses this information to help motivate employees to reach their goals and set benchmarks for achievement.

Table 3. XYZ Corporation Allocation Grid for Qualifiers

XYZ Corporation	Total Eligible Associates w/ Host, Dec. 2008	# of Employees to Qualify to Earn Incentive Travel	% of Population
Division A	1000		
Host: Pres., VP, & Regional VPs	4	4	100%
Employee Category 1 (P)	350	35	10%
Employee Category 2 (P)	250	25	10%
Employee Category 3 (P)	100	10	10%
Employee Category 4 (S)	200	16	8%
Employee Category 5 (S)	96	8	8%
Nomination Category		6	TBD
		100	10%
Division B	1200		
Host: Pres., VP, & Regional VPs	5	5	100%
Employee Category 1 (P)	300	28	9.3%
Employee Category 2 (P)	300	30	10%
Employee Category 3 (P)	300	32	10.6%
Employee Category 4 (S)	210	10	4.7%
Employee Category 5 (S)	90	5	5.5%
Nomination Category		10	TBD
		120	10%
Division C	800		
Host: Pres., VP, & Regional VPs	3	3	100%
Employee Category 1 (P)	300	30	10%
Employee Category 2 (P)	300	32	10.6%
Employee Category 3 (S)	120	6	5%
Employee Category 4 (S)	80	4	5%
Nomination Category		5	TBD
		80	10%
Total # of Employees	3000	300	10%

(P)= Producing Qualifiers (S)= Service Qualifiers

Table 4. XYZ Corporation’s Incentive Travel Earning Criteria for 2008

<p>How to Earn</p>	<ul style="list-style-type: none"> • Meet or exceed your annual target • Achieve outstanding financial performance • Take business from competitors • Provide superior customer service • Go out of your way to achieve team success • Contribute beyond the norm
<p>Overall Qualifying Criteria for All Employees</p>	<ul style="list-style-type: none"> • Employees must be in a full-time position by April 1, 2008 and at the time of award. • Contest period includes results from January through December of 2008. Employees will be tracked based on their position. • Employees must be in compliance with all company policies and practices in all areas of responsibility. • If an employee changes position after April 1 to a different category, the employee will be moved to that nomination category. If an employee changes position between April 1 and September 30 but remains in the same category, the employee will remain in that category but be tracked off their new position. If an employee changes positions, regardless of category after October 1, the employee will typically be moved to the nomination category. • If an earner is unable to attend, another candidate may not be substituted, as this does not constitute an additional position. • Number of qualifiers may be increased or decreased proportionate to the attainment of the business unit’s profit plan. • Acquisitions made beginning January 2008 could affect qualification. • Business leaders must have a positive NOI and GP results in the current year, regardless of performance to other objectives.
<p>Reward and Awards</p>	<p>Earners receive a trip during the first quarter of the year to the identified destination where they will attend a leadership forum with the top executive team and other top performers across the company. Luxury accommodations for 4 days and 3 nights are included. All winners have the opportunity to win the company’s highest performance award, which is a \$20,000 personalized dream vacation anywhere in the world. There are 6 finalists who receive \$2,500 each. The top winner is selected from the group of finalists by the executive management team.</p>
<p>Criteria for Division A</p>	
<p>Performance will be evaluated in comparison to peers in 5 employee categories plus a special 6th category for nominations by upper level management.</p> <p><u>Employee Category 1:</u> Includes Multi-unit Managers, Partnership Directors, Regional Franchise Directors</p> <p>Criteria:</p> <ul style="list-style-type: none"> ▪ Stack ranked based on NOI improvement over prior year (dollars, not percentages) ▪ If applicable, multi-unit territory must be in Performance Zone to qualify ▪ Approximately 35 eligible employees earn incentive trip <p><u>Employee Category 2:</u> Includes Branch Managers, Operation Managers & Logistic Managers</p> <p>Criteria for Existing Operations/Same Store Sales:</p>	

- Eligibility based on performance over prior year; requires full 12-month prior year
- Stack ranked based on NOI improvement over prior year (dollars, not percentages)

Criteria for New Operations/New Store Sales:

- Any location without a full 12-month prior year
- Stack ranked based on overall NOI performance (dollars, not percentages)
- Approximately 25 eligible employees earn incentive trip(combined)

Employee Category 3: Includes Sales Representatives & Business Development Associates

Criteria:

- Stack ranked based on total gross profit quota
- In order to qualify, must be at 100% quota
- Approximately 10 eligible employees to qualify

Employee Category 4: Includes Service Leaders, Customer Service Support & Customer Service Managers

Criteria:

- Written nomination from company leadership required
- Must be at a minimum of 100% of prior-year NOI in order to be eligible for nomination
- Management will take into consideration the following when reviewing nominations:
 - Has the CSS/CSM completed “Creating Value with Service Intelligence Training” and the Apprentice program?
 - Is the branch/on-site they support in Performance Zone?
 - Branch/on-site growth over prior year
 - Individual contribution to the success of branch/on-site
- Approximately 16 eligible employees earn incentive trip

Employee Category 5: Includes Operations and Support Leaders, Receivable Management Coordinators, Field Support, Franchise and License Support

Criteria:

- Written nomination from company leadership required
- Organization or account portfolio must be at a minimum of 100% prior-year NOI (if applicable; if not, gross profit) for the area supported
- Approximately 8 eligible employees earn incentive trip

Nomination Category:

- Any eligible employee whose position does not fall within any other specified category
- Any eligible employee who changes positions to a different Performance Forum-eligible category after April 1
- Any eligible employee who changes positions, regardless of category, after September 30
- Any eligible employee who demonstrates extraordinary accomplishments but does not otherwise qualify within their specified category

Criteria:

- Written nomination from company leadership required
- Extraordinary accomplishment that merits recognition
- Approximately 6 eligible employees earn incentive trip

Note: This table indicates criteria for only one division for the company.

Incentive Event Program Design

The incentive event program is designed to maximize the time that top performers in the company are together. While there is some free time, the agenda is filled with sessions designed to meet business objectives. The XYZ Corporation does not include spouses or significant others in their incentive travel program. It is the company's priority to include as many employees as possible to participate based on the allocated budget. Executive management's objective is to create a synergy among the top performers that will permeate the corporate divisions once everyone returns to daily operations. The program is designed with interactive activities that create sharing of ideas, best practices, and brainstorming to improve operations and overall processes of the organization.

Many hours of planning goes into the design of each element of the program. Since this company has had the incentive travel program for many years, it is a challenge to create a program that is different each year. The Director of Events not only designs the program to maximize the corporate benefit (the presence of the top performers in the company in one place once a year), but also designs the program to ensure that everyone in attendance benefits (e.g. learns something they would not have learned if they had not earned the trip, feel they have been rewarded in a way that will motivate them to try to achieve the level of performance the following year, and make them feel a part of an elite group in the company).

Once the earners have been identified, the Director of Events makes travel arrangements for everyone. All details in the travel process are communicated to each individual. Each person is emailed their travel itinerary and the program information in advance. Information can also be found on the corporate website.

The day of arrival is an important day to set the stage for the rest of the program. Since the people attending will be arriving from various parts of the US and Canada, the primary portion of the first day is travel to the destination. Other important elements of the first day are rehearsals and video taping of top performers (six of whom are in the running for the company's highest award), meeting with all the hosts to ensure they know what their responsibilities are during the event and identify sessions they will lead. There is also an orientation for people who are attending for the first time. This orientation is designed to put the first-time earners at ease and make sure they know what the agenda will be over the next few days. The first day kicks off the event with a welcoming reception and dinner for everyone to network with peers and the executive management team.

The second day starts with a breakfast followed by a general session that everyone attends. The primary objective for the general session is to start the day with a positive inspiring message. Next on the agenda is the round table activity that divides the earners and hosts into smaller groups. One host is at each of the round tables to facilitate a discussion with earners on topics pertaining to the company. These topics could be ways to improve communications, motivation techniques, how to change or implement process change in the company, etc. The round table exercise is designed to initiate open communication in a forum where people may be less intimidated to talk since it is with only 8 to 10 people per table.

The afternoon is dedicated to optional activities that earners can participate in. These activities include the choice of: golf, wine tasting, sailing, zoo trip, biking, surfing, or spa facials and massages. Day two ends with a networking session off-site which includes dinner, utilizing

action stations to promote mingling among the attendees. Bus transportation is arranged during the planning process to meet the transportation needs of the group.

The third day is the last full day of the incentive trip. It starts with a breakfast and general session for everyone. Then attendees divide into groups and do a team-building exercise. The objective of the team-building exercise is to: 1) work together to achieve a positive end result; and 2) make the exercise be a memorable experience. The team-building exercise utilized in this program was called "Helping Hands." In this exercise, each group was given a box full of parts and a booklet with instructions. No one knew what the end product would be when they were putting the item together but when they completed the project, each group had produced a prosthetic hand that was then given to land mine victims who had lost a hand. One earner said the exercise made him feel good about giving back in such an important way. Many of the earners interviewed commented that this is one experience they would always remember.

The afternoon of the third day was set aside for leisure time and to get ready for the awards dinner that night. The awards dinner is a time when the hosts recognize employees for their outstanding performance. Employees are recognized individually by the executive management of each division by being asked to come to the stage to accept their token of appreciation which is typically a plaque or crystal/glass award with a personalized engraving. The fourth day is the last day of the incentive travel trip. Breakfast is provided and a video is presented of the past few days, highlighting special moments. After breakfast, the departures start.

Table 5. Incentive Travel Program Agenda (Example of XYZ’s Corporation’s program)

Sunday	
10:00am-7:00pm	Arrivals
12:00pm-5:30pm	Hospitality Desk
12:30pm-5:00pm	Rehearsals and Videotaping of Top Performers
5:30pm	All Host Meeting
6:00pm	First Timers Orientation
6:30pm-9:30pm	Welcome Reception for Everyone (networking)
Monday	
7:30am-12:00pm	Hospitality Desk
8:00am-8:30am	Continental Breakfast
8:30am	General Session Begins
10:30am-11:00am	BREAK
10:45am-11:45am	Roundtable Discussion with Executives and Peers
12:00pm-5:00pm	Optional Diversity Field Activities w/ box lunch. Choice of golf, wine tasting, sailing, zoo trip, biking, surfing, or spa facials & massages
2:00pm-6:15pm	Free Time
6:15pm-11:00pm	Networking Event Offsite
Tuesday	
7:30am-12:00pm	Hospitality Desk
8:00am-8:30am	Continental Breakfast
8:30am-10:30am	General Session
9:30am-9:50am	BREAK
9:50-12:50pm	Team Building Event
1:00pm-2:00pm	Lunch
2:00pm-6:00pm	Guests at their Leisure
7:00pm-8:00pm	Awards Reception Networking
8:00pm-12:00pm	Awards Dinner
Wednesday	
8:45am-11:30am	Hospitality Desk
9:00am-10:30am	Full Breakfast
9:50am-10:20am	Diversity Field Highlights and Awards
10:30am	Departures

Role of the Hosts

Hosts for the incentive travel program are defined as “executive level management attending the incentive travel program for the purpose of rewarding and recognizing employees within their division.” The primary responsibility of the host is to show earners how much their outstanding contributions to the company are appreciated. Hosts are required to attend all of the events, mingle with the winners, and engage in all business sessions. All hosts receive a letter from the CEO, clearly indicating their responsibility for the incentive event and communicating the importance of being on duty at all times throughout the event. All participating hosts are assigned specific duties throughout the event.

To meet the business objectives of the incentive travel program, it is important to have the executive management team included in the incentive travel program. The CEO, Presidents, Vice Presidents, and Regional Directors of each corporate division are referred to as “Hosts” for the incentive travel program. They are not only there to recognize their employees who have earned the trip (earners), but play an active role in the program to build motivation, listen to employees and participate with the earners throughout the 3-day event. This allows the ‘host’ or management to learn firsthand from top performers and get feedback from their employee categories on issues that may be of interest for improvement or development. This opportunity not only allows management to build a personal relationship with their top performers, but also allows top performers to build a relationship with other top performers within the corporation. Several of the earners indicated they felt that management really listened to them and earning the incentive travel program gave them credibility and the opportunity to be heard. “Hosts” do

not actively participate in the planning of the incentive travel program but they do play critical roles in determining the earning criteria for their specific employee categories.

The only other employees who come to the event are the Director of Meeting Services, the person responsible for planning the incentive travel program, and people from his/her staff who coordinate the day-to-day logistics of the program, such as getting people to and from activities, rehearsals for the awards dinner, and making sure everything that was planned is executed with the highest level of service.

Budget

The total budget for the incentive travel program was approximately \$1.2 million or \$4000 per person. The following items were included in the budget: flights, accommodations, production, web services, marketing, room gifts and prizes, awards, ground transportation, hospitality staff, food and beverage, décor, team building, excursions, awards reception and dinner, gratuities, and site inspection expenses. Also included was production of the videos used in the recognition of top performers and to launch the next year's incentive travel destination. Web services are used to communicate throughout the earning period of the incentive program and to communicate with earners about trip details. Room gifts are placed in the attendees' rooms each night and prizes are given out during some of the activities such as the team building activity, and randomly throughout the course of the incentive travel program.

Table 6. Budget Allocation Cost

	Total Cost	% of total budget
Flights	\$230,000.00	19.1
Accommodations	280,000.00	23.3
Production	115,000.00	9.5
Marketing & Web Services	15,000.00	1.2
Room Gifts and Prizes	55,000.00	4.5
Awards	35,000.00	2.9
Ground Transportation	25,000.00	2.1
Hospitality Staff	2,500.00	0.2
Food & Beverage	342,000.00	29.0
Team Building Exercise	35,000.00	3.0
Excursions	53,000.00	4.5
Gratuities	5000.00	0.4
Site Inspection	2500.00	0.2
Total Budget	\$1,200,000.00	100.0%

The largest portion of the budget went to food and beverage (29.0%) followed by accommodation costs (23.3%) and flight costs (19.1%). These top three expenses accounted for 71.4% of the total budget for the incentive travel program. The majority of the expenses are incurred within the destination (accommodations, ground transportation, hospitality staff, food and beverage, team building exercise, excursions, and gratuities), which in this case account for 62% (\$742,500/\$1,200,000) of the total budget.

Key Survey Results from 2008 Travel Incentive Program

The sponsoring company conducts a post-event survey as an evaluation of the incentive program. This provides the organizers with insight into each component of the event and how successful it was to the attendees. There were a total of 229 survey respondents (approximately 60 respondents did not complete the questionnaire). All questions had from 59-71 respondents skip the particular question (this is stated in a confusing manner), but were still

included in the summary below in Table 7. The responses to the majority of questions were between 168 and 171. The response rate was 74%.

Seventy-two or 32% of respondents have worked for the company 1 to 3 years. Forty-seven or 21% of the respondents have worked for the company ten years or more.

Approximately half of the people who earn the incentive are first-timers and the other 50% are people who are considered multi-year earners if they have earned the incentive more than one time. After analyzing data over the past few years, this ratio is consistent from year to year.

Table 7. Demographics of Survey Respondents from the 2008 Incentive Travel Program

Survey Question	Response	Response %
Number of Years Worked		
1-3 years	72	32%
4-6 years	34	14%
7-9 years	17	7%
10+ years	47	21%
Skipped this question	59	26%
Total	229	100%
Number of Times Earned		
1	81	35%
2 or more times	80	35%
Skipped this question	68	30%
Total	229	100%
Optional Activities		
Biking	5	2%
Golf	19	9%
Sailing	37	17%
Zoo	27	12%
Theme Park	13	6%
Spa	40	18%
Surfing	4	2%
Wine Tasting	13	6%
Skipped this question	71	28%
Total	229	100%

Based on the survey results, Table 8 lists the top 10 components of the 2008 ITP based on mean scores, or average from how the respondents rated (Vogt, 1993). Respondents indicated the level of agreement on a 4-point scale (1-strongly disagree, 2-disagree, 3-agree, 4-strongly agree). The “Helping Hands team-building exercise” and “learning what the next destination location would be for the next incentive trip” ranked the highest with mean scores of 3.91 out of 4.0. The third item with the highest mean score of 3.89 was “the 2009 destination announcement was funny and enjoyable.” The fourth item with the highest mean score of 3.87 was “overall, the trip was enjoyable.” The fifth item with the highest mean score of 3.85 was “the incentive travel program is a good incentive to drive performance.” These top ratings are extremely high considering the highest possible score was a 4.0. These mean scores indicate the attendees were extremely satisfied with these components of the incentive travel program. The lowest mean rating was a 3.34 (wearing white was fun and promoted a strong feeling of group identity), which is still very high on a 4-point scale. This means out of the total number of respondents (169), the average rating was ranked from agree to strongly agree with the statements. A full table is provided in Appendix A for all components measured in the incentive travel program.

Table 8. Top 10 Mean Ranking of Different Components of the Incentive Travel Program

Rank	Question	Mean	SD	N
1	The Helping Hands team-building exercise was engaging and motivating.	3.91	.288	165
2	I was excited to learn what the next location would be for the incentive trip.	3.91	.306	168
3	The 2009 destination announcement was funny and enjoyable.	3.89	.312	166
4	Overall, the trip was enjoyable.	3.87	.350	167
5	The incentive travel program is a good incentive to drive performance.	3.85	.409	168
6	The incentive trip made me feel that the company truly appreciates me.	3.84	.452	167
7	The website provided good information and content.	3.82	.428	168
8	The welcome packet received upon arrival was helpful.	3.81	.436	169
9	The pre-conference mailing was informative.	3.80	.455	168
10	The highlights from the trip were a good way to close the trip.	3.78	.454	167

SD – Standard deviation, a statistic that shows the spread or dispersion of scores in a distribution of scores (Vogt, 1993).

N – total number of responses

Impact of the Incentive Travel Program

Based on the interviews conducted and the documents reviewed from this company, this incentive travel program has a tremendous impact on all stakeholders included in the program. These stakeholders include:

- 1) participants, who qualify to be in the running for the top earning positions;
- 2) earners, who rank in the top positions and earn the incentive trip;
- 3) management, who desire certain business outcomes from their employees; and
- 4) hospitality service providers, who generate revenue on services they provide for such programs e.g. hotels, AV service providers, and DMC's.

Full summary of interview questions and quotations from respondents are provided in Appendices B-E.

Participants

The impact of the program on participants varies from participant to participant. Some employees are extremely motivated by the program and make every effort to work toward that particular goal. Other employees may not focus on achieving the goal as much as doing their job the best they can, and if they get the reward in the end, then that is an added benefit. From a management standpoint, it is important to understand how participants perceive the value of the incentive travel program. According to Jeffrey (2003), there are four psychological processes that can increase the perceived value of tangible rewards such as an incentive travel program. These are: 1) evaluability (how the participant evaluates or attaches a monetary value to it); 2) separability (since the incentive program is not part of the compensation, it is viewed as a reward for performance); 3) justifiability (the ability of the reward to bring motivation and justify the effort); and 4) social reinforcement (an incentive travel trip has trophy value for the earner).

XYZ Companies incorporates each of these four psychological elements in the design, promotion, and execution of their ITP. First to consider is evaluability: XYZ Corporation understands the importance of selecting an appropriate destination for their ITP. If the destination is not appealing to the participants, then they are less motivated to try to earn the award because they evaluate the destination as unappealing. Second to consider is separability: XYZ Corporation communicates that the ITP is an award for top performers and is not tied in any way to compensation. Thirdly, there must be justifiability XYZ Corporation uses

monthly communication of rankings to assist participants in tracking their performance and motivate them to earn the award. The most important element of XYZ's communication is the positive word of mouth generated by past earners. Positive word of mouth by past earners creates motivation for not only the ones who have earned once and want to earn again, but creates motivation to the participants who have never won but want to achieve that level of performance. The last psychological process is social reinforcement. The organizational culture in XYZ Corporation has created the ITP as a prestige honor through setting high earning criteria and creating the desire of belonging to an elite group.

One of the important findings in the interviews with participants was the difference in perception of the incentive travel program from the participants who had never earned the incentive and the ones who had earned the incentive trip in the past. The participants who had not earned the incentive travel previously did not appear to give the incentive trip as much value as the participants who had earned the trip in the past. The point of reference due to "experiencing" the incentive travel trip and all the sessions it includes creates a positive frame of recall for these past participants. It appears the positive frame of reference may be a powerful motivator from not just one year to the next, but for multiple years.

Earners

The impact of the incentive travel program on earners is very positive. There are two types of earners for any given years' incentive travel trip: 1) first-time earners - individuals who have earned the trip for the first time; and 2) multi-year earners - those individuals who have earned the incentive more than one time and not necessarily in consecutive years. There

appears to be some differences in the impact perceived by these two different groups of earners. For the first-time earner, the impact of the trip provides the initial first impression of the executive management, CEO, and other top performers throughout the company. This experience can be quite exciting and motivational when they realize who else has earned this incentive and begin to establish relationships with earners from other divisions in the company. First-time earners go back to their offices changed by the experience and now feel a part of the company in ways they did not feel before the experience.

For multi-year earners, the incentive travel provides a way of proving their worth and status in the top echelon of the company. They prove that their performance was not a singular event, but have continued to earn based on a pattern of high performance. Multi-year earners are also impacted by the incentive travel program because it affords them a natural leadership status within the organization. These multi-year earners provide a standard of performance that other employees aspire to achieve, thus being a role model to many other colleagues. The reputation or status that comes with being a multi-year earner often puts these top performers in a leadership role for other teams or groups within divisions because other employees respect the multi-year earners' performance record. Therefore, the program does not only motivate them, but they are also motivational to other colleagues.

Management

The impact of the incentive travel program on management is quite profound. Since the incentive travel program has been utilized by the company for many years, it has become part of the culture of the organization and is an established management tool. Many of the

managers interviewed reported the program had always helped them reach business goals and objectives, and reward employee performance. Therefore, they cannot imagine not having the incentive program as part of the corporate strategy. When asked, “What would be the impact if the program was eliminated?” many comments of concerns were voiced. The overall consensus was that it would be devastating to the organizational culture and it would have an immediate impact on performance levels in the company.

Another impact the incentive program provides management is the role of employee engagement. Employee engagement is defined as “the extent to which employees commit to something or someone in their organization - the amount of discretionary effort they provide and how long they stay with an organization as a result of that commitment” (CLC, 2004). Although employee engagement was not measured in this study, it appears to play a role in the outcome of being a part of the incentive travel program, especially for multi-year earners. Future research may examine the role of engagement with earners and non-earners of an incentive travel program and determine if there is a difference in engagement between multi-year earners, first-time earners, participants, and employees who have never earned incentive travel.

Hospitality Service Providers

Several hospitality service providers were used for the incentive travel program: a site selection company, destination management company, hotel, airlines, and ground transportation. The site selection company interviewed indicated that the incentive market was approximately 95% of their sales business each year. Although this program is just one of the

many customers of the site selection company, each contributes to the overall business success for such niche market segmentation in the hospitality industry. Destination and venue selection play a vital role in the incentive travel program's success due to the motivational impact it plays in the value employees place on rewards. Based on the results of the interviews, the destination is motivational to encourage participants to achieve an earners status in order to go to the destination and take part in the incentive trip. Since site selection companies work closely with resorts in premier destinations, they can negotiate better rates, provide companies with promotional materials for employees, and provide a wealth of information to companies regarding the pros and cons to specific destinations. The impact incentive groups provide site selection companies should not be underestimated as it is a primary source of revenue.

Success Indicators from a Business Perspective

One of the primary results from management interviews was the relationship between employees who had earned the incentive travel program and employee retention. The XYZ Corporation has identified positions that are critical to the success of the corporation. Each of the employees in these critical positions has been given a performance review annually. The information in Table 9 shows the difference between the population of these critical positions who are active employees and the population who have been terminated in these critical positions. This information is included in our analysis to show a comparison of terminations of employees in key critical positions and terminations of incentive travel earners in key critical positions. Table 10 shows the active earners in these critical positions and the terminated earners in these critical positions. The matrix is divided into length of tenure and performance

review. Employee performance is ranked 1 through 4 (1 being the highest level of performance and 4 the lowest level of performance). Both Tables 9 and 10 include tenure with the company and is reported for employees with tenure of 1, 2, 3, and 4+ years with the company.

Table 9. Active and Terminated Critical Position for Population

Active Critical Positions (Population)						Terminated Critical Positions (Population)					
	Tenure in Years						Tenure in Years				
Performance	1	2	3	4+	Total	Performance	1	2	3	4+	Total
1	19	21	29	125	194	1	2	2	3	6	13
2	58	50	33	103	244	2	7	7	1	4	19
3	65	49	29	70	213	3	19	10	4	10	43
4	52	7	2	18	79	4	9	5	0	4	18
Total	194	127	93	316	730	Total	37	24	8	24	93

Table 10. Incentive Travel Earners based on Tenure, Performance, and Termination

Active (Incentive Travel Program Earners)						Terminated (Incentive Travel Program Earners)					
	Tenure in Years						Tenure in Years				
Performance	1	2	3	4+	Total	Performance	1	2	3	4+	Total
1	1	6	7	45	59	1	2	0	2	0	4
2	4	10	7	13	34	2	0	1	0		1
3	0	2	3	5	10	3	0	1	0		1
4	1	0	0	1	2						
Total	6	18	17	64	105	Total	2	2	2	0	6

Not all earners are classified as critical positions. Of the 224 earners (excluding executive hosts and nominated categories), 110 do not have performance data from the critical position reports. This could be caused by: a) that earner is not in a position flagged as critical for the analysis; or b) performance data was not available for that particular earner.

Performance data for active associates is based on the most recent 13-week period for the dashboard metrics and YTD Gross Profit (GP) rankings. For terminated associates, the

performance data is based on 13 weeks and YTD data from the last report in which they were active.

Critical position employees who had four years or more tenure with the company had higher performance than employees with less tenure. The incentive travel program earners with more than 4 years tenure with performance levels rated 1 & 2, account for 55.2% of the total active earners. 88.5% of Incentive travel earners had a performance level of 1 or 2 compared to 31.2% of the population of active critical employees with those same performance ratings. Table 10 also provides insight into the longevity of incentive travel earners. Of the 730 employees in critical positions, there were 93 terminations. From the 93 terminations, six were incentive travel earners of the past incentive program cycle. It is important to note that termination with the company includes voluntary and involuntary terminated employees. Due to the current economic environment, the evaluation of terminations over the past year within this company may not truly reflect the impact of corporate commitment to such programs as incentive travel and the role it plays in retaining employees, but more realistically, may reflect the impact of the downturn in the economy.

Return on Investment (ROI) and Return on Meeting Objectives (ROO)

In order to determine if a company actually receives a positive return on investment for their incentive travel program, appropriate data needs to be recorded and this can be quite complex. It is important not only to consider the financial returns of the program (tangible benefits) but also intangible benefits derived from the incentive travel program. (See Figure 2, page 40). In the case of XYZ Corporation, the difficulty lies in the different metrics used to rank

employees, which vary between and within division employee categories. For most companies, there will not be a common metric for ranking all employees. Some employees may be ranked according to the increase in gross profit year over year, while other employees may be ranked on the net operating income percent, and others may be ranked by the number of recruits placed in the industry or something specific to their role within the company.

According to Jack Phillips (2006), the equation to measure ROI for a meeting is:

$$ROI = \frac{MeetingBenefits \times MeetingCosts}{MeetingCosts} \times 100$$

A problem with this equation is that it does not include the intangible benefits meetings offer due to the inability to put a monetary value to the intangible benefits. Management should consider the impact of both the tangible and intangible benefits for their incentive travel program.

Return on objectives (ROO) is another measurement that incentive planners and management may consider. Table 11 illustrates how meeting objectives can be used to evaluate and assist an organization in measuring the results of an incentive travel program based on meeting objectives. This technique considers the outcomes a company is aiming for and sets measurable objectives to meet those objectives.

Table 11. Illustration of Evaluation of an Incentive Travel Program

Level of Measurement	Meeting Objective	Results
0 Meeting Statistics	Have the top 10% of the company's producers attend. Incentive travel budget will be 5% less than budgeted.	245 earners attended the incentive travel trip. The incentive travel program was under budget by 10%.
1 Reaction, Satisfaction, and Planned Action	Attendees will rate the incentive travel program experience an average of 4.0 out of 5.0. Attendees will rate the business session (Round Tables) 4.0 or better.	Overall satisfaction with the incentive travel program was 4.8 out of 5. Round Tables ratings were 4.45 out of 5. Roundtable session was rated 4.5 out of 5.
2 Learning	Through the following activities, the attendees demonstrate and strengthen the core values of the organization. Attendees will rate the team building 4.0 or better.	The team building exercise was rated 4.9 out of 5. This was the highest rating of all activities.
3 Application	40% of earners will earn the ITP next year. 50% of earners will motivate another colleague to earn the trip next year.	45% of earners earned the ITP the following year. 30% of earners the previous year indicated they were motivated by past earners in some way.
4 Business Impact	Improve and/or maintain	Six months following the incentive trip, rankings indicate the following: <ul style="list-style-type: none"> • Earner's performance is tracked over the following 6 track earner year over year
5 ROI (includes intangible and tangible benefits)	Intangible Benefits: (rating of 4.0) <ol style="list-style-type: none"> 1) To let the earners know that the company truly appreciates their contributions. 2) To use the incentive travel program to drive performance. 3) Determine the value of the intangible benefits to the company. Tangible Benefits: ???	Intangible Benefits: The rating for the two objectives individually was 4.84 out of 5. Tangible Benefits: $\$1.2m / 300 = \4000 per person Options: <ol style="list-style-type: none"> 1) Calculate the over-contribution of the earners compared to the non-earners to see if there is a significant difference that would justify expense. 2) Use the ROI equation, if applicable

Financial Impact of Earners and Non-Earners

Companies may have several divisions within the company, and within each division there could be multiple employee categories that have different earning criteria based on their specific job responsibilities. Not all employee categories can be measured on the same financial criteria due to their job requirements and responsibilities being diverse. It is very rare to have all employees with a common financial metric across all employee categories within a division and within the entire company. In the company being examined in this project, we took the largest division within the company and examined historical data over a four-year period of time. The goal was to determine if there was a difference in the change in Net Operating Income (NOI) of earners versus non-earners. Earners represented five to ten percent of the population for any given employee category whereas non-earners represented 90 to 95% of the population. For this particular division, the change in Net Operating Income (NOI) was the common financial metric used in the earning criteria. Independent T-test was conducted for earners and non-earners for each employee category within this division because we wanted to determine if there was a statistical difference between these two groups on the common metric NOI.

The findings, as reported in Table 12, indicated there was a statistically significant difference between the NOI of earners and the NOI of non-earners for the three employee categories measured over the four-year period (2005-2008). In this example, this indicates that the mean (average change in NOI) for the earners was significantly higher than the mean of the non-earners. If there was not a significant difference in the means between earners and non-earners, then the company should re-evaluate the inclusion of that employee category in the

incentive travel program or determine why there is not a significant difference between the earners and non-earners.

Although this is just one aspect in the overall earning criteria for the employee category, it is important because it is the financial indicator management has determined important to meet business objections. Without this indicator, management cannot financially justify the cost of the incentive program, as benefits must out-weigh the cost of the program.

Table 12. Independent T-test Results Earners vs. Non-Earners

Year		N		df	t	p value
		E	NE			
2005						
	Employee Category 1	10	23	31	6.59	.000*
	Employee Category 2	37	96	131	2.90	.004*
	Employee Category 3	20	178	196	2.60	.010*
2006						
	Employee Category 1	3	34	35	1.52	.001*
	Employee Category 2	33	112	143	8.81	.000*
	Employee Category 3	23	227	248	5.28	.000*
2007						
	Employee Category 1	9	28	35	5.23	.000*
	Employee Category 2	14	73	85	.973	.016*
	Employee Category 3	19	210	227	4.22	.000*
2008						
	Employee Category 1	9	27	34	2.60	.004*
	Employee Category 2	21	172	191	.601	.012*
	Employee Category 3	40	97	135	8.08	.000*

E – earners

NE – non-earners

df - degrees of freedom, the number values free to vary when computing a statistic (Vogt, 1993)

t – a statistic used to test for statistical significance

p value – the probability that this result was produced by chance (*p>.05 level)

Figure 3 provides a visual of the difference in earners versus non-earners on the change of net operating income (NOI). The earners all have a positive change in NOI while the majority of non-earners have a negative change in NOI. However, there were several non-earners who had positive change in NOI but did not earn the incentive trip. In fact, a non-earner produced the highest positive change in NOI. It is important to note that this is only one of several criteria that must be met to earn the incentive travel trip. The goal for businesses is to encourage employees to surpass the bar set by earners.

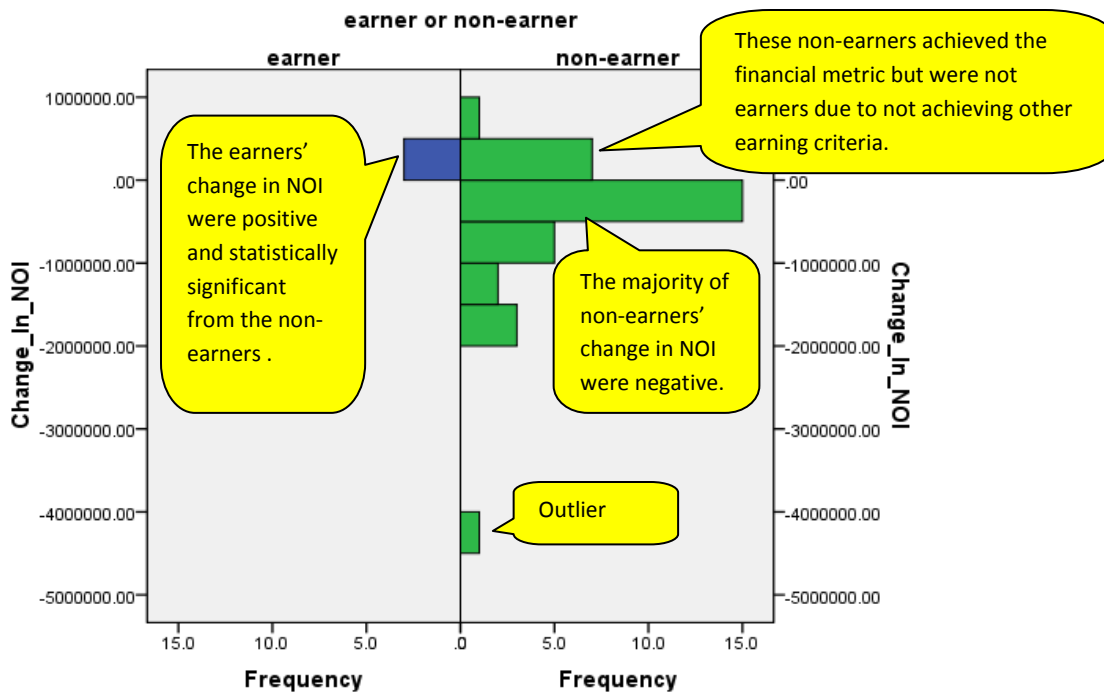


Figure 3. Change in NOI for Earners and Non-Earners

The Perspective of the Incentive Travel Program from Key Stakeholders (CEO, Management, Participants, Earners and Service Providers)

Interviews were conducted with different groups within the organization to capture a holistic view of the incentive travel program. This section provides a summary of the findings for each of the interview groups; however, the full interviews are identified in the Appendices B-E. Interviews include: Chief Executive Officer (CEO), 9 executive managers (Regional Directors and Vice Presidents of Divisions), 5 participants (eligible for the program but did not earn), 7 earners, and 4 service providers (GM of hotel, Destination Management Company, AV provider, and third-party site selection provider). There were a total of 26 interviews. Interview summaries with quotations of respondents are provided in Appendices B-F.

Chief Executive Officer (CEO)

The CEO gives full support of the incentive travel program and believes in the positive benefits the program offers the company. When asked why they use the incentive travel program in their business model, the CEO said, *“It allows us to celebrate together as a team and reward employees. In lieu of just a bonus or a raise, this is an award. I think it’s better when peers get together and see who is getting recognized in the company. It feeds off each other.”* He feels the program provides competitiveness among the top producers and he recognizes the company would not be as successful without these top performers. He said, *“Our goal is to motivate these people and keep them around,”* indicating this is a part of the retention strategy for the company. The CEO feels the incentive travel program helps with the retention of good employees but does not feel employees stay with the company specifically because of the program. The program is a way the company shows appreciation and the feeling of being

appreciated is key to retention. Past research supports the relationship between retention and appreciation of work performed. Walker (2001) identified seven factors that help in the retention of employees: 1) compensation and the appreciation of work performed; 2) provisions of challenging work; 3) chances to be promoted and to learn; 4) atmosphere within the organization; 5) positive relations with colleagues; 6) a healthy balance between professional and personal life; and 7) good communication.

The most supportive statement the CEO made in regards to the incentive travel program was in his response to the question, "What do you think would happen if you were to eliminate the program?" He indicated there had been some talk about it within the company. Last year, the company went with temporary salary reductions, and when he did a question and answer forum with employees, the question was raised once again. *"My answer to that question was 'No. That would be the last thing we would eliminate before we turn the lights off because everyone shared in the salary reduction across the company. We still need an incentive program to retain the best of the best. I think it would be devastating if we took out the program.'"* This comment demonstrates the commitment the CEO has to the top performers of the company and the value he gives the incentive travel program in the organization.

The CEO said the biggest advantage for using the incentive travel program is that it provides them a way of standardizing a process across several company divisions. He believes employees benefit from the program because it provides specific goals and standards within the company. From his perspective, there are two negative aspects to the program: 1) a couple high performers earn the incentive each year but choose not to come, either because they do not like air travel, or for other personal reasons; and 2) some employees feel spouses should be

included in the incentive trip. The CEO is clear in the communication to employees that the incentive travel trip is not intended to be a vacation but rather a business experience. *“It’s not meant to be a vacation. It’s meant to be recognition, an award celebration, and a learning vehicle to understand more about the company.”*

When asked how the company measures the return on investment for the program, the CEO simply said, *“We don’t. We don’t measure it exactly, relative to the investment. I think our return or measurement is when we look around at the 300 people there. Are those really the people that I, along with the senior management, feel are the movers and shakers and the drivers of our success? If they are and they’re there, and they have a good time, and they want to come back next year, then I think the investment’s been worthwhile.”*

Management

The managers’ perceptions of the incentive travel program were similar to those of the earners in the sense that both groups were very positive about the incentive travel program. Management responses can also be grouped into themes: 1) the contributions that the program makes to organizational culture; 2) the importance of getting the top performers and management together each year to network, exchange ideas, and recognize performance; and 3) a motivational tool to drive desired behaviors of employees.

According to management, the incentive travel program provides a healthy competitive culture within the organization. The company has utilized the incentive travel program for many years and as one manager said, *“The incentive travel program has been embedded in our culture for---forever.”* Another manager said, *“ I would say that the incentive travel program has become a legacy culture, the culture that’s been here and is incredibly important to people. They*

recognize that it's a very elite event and it's front and center in their minds. I think there's a huge correlation between the legacy employees and the impact on business performance."

Another key theme from managers is the importance of getting the top performers and management together each year to network, exchange ideas, and recognize performance. *"The program itself throws off a lot of collateral benefits in terms of top performers being together for a couple days and exchanging stories of opportunities, success, and challenge. I think this is invaluable. When you are able to network amongst your high performing peers, there's nothing but goodness that comes out."* The outcomes from time spent together may not be immediately measured or directly present but everyone recognizes the importance of the interactions, and realizes there will be many direct and indirect benefits for employees, management and the organization as a whole.

Management considers the awards dinner (a component of the incentive event program) an appropriate forum to give recognition to top achievers and exhibit their appreciation for the hard work and dedication required to achieve the accolade. Having a special event where people are recognized among their peers and executive management gives earners a sense of pride, honor, and accomplishment.

Management comments supported the use of the incentive travel program as a motivational tool used to drive desired behavior of employees. One manager said, *"The biggest advantage to the program is the ability to drive people toward an end result that the company wants."* The incentive travel program also provides clarity for both the individual employees and the organization. *"It is very clear what type of results will be rewarded by the organization."* Having the program as a tool allows management to set specific criteria, communicate the

criteria to employees, and then use the tool to monitor and measure employee performance and success. Another benefit of the incentive travel program as a tool is the financial return for the organization. As one manager noted, *“If the programs are properly calibrated, it has a direct P&L (profit and loss) impact, a very positive P & L impact in terms of the performance of people.”* In this case study, the management play a vital role in setting the criteria for each employee category; therefore, they are ultimately responsible for the organizations’ results.

Managers’ perceptions of the incentive travel program were overall extremely positive. They are very supportive of the program and feel it is financially justified based on their participation and monitoring of the program through employee relations to recognition of performance.

Participants (Non-Earners)

Participants are defined as employees who are eligible for the incentive travel program but have not earned the incentive travel program reward. An employee could be an earner one year and a participant (non-earner) another year. There were 5 participants interviewed. The interviewees had very different perspectives: either respondents were very positive about the program or they felt the program could be improved. One of the important results of this set of interviews was for the sponsoring company to improve communications about the program to newly-acquired divisions and educate employees about how the criteria are set. This effort may help employees understand how they play a vital role in helping the company achieve overall business goals and objectives.

There was a difference in the perceptions of the incentive program from participants who had never earned the award and those who had earned the award. The participants, who had earned the incentive trip in the past, had their experience to reflect on since they knew first-hand what it was like to participate in the trip. These employees indicated that since they had attended the incentive trip, they were more conscious on their rankings and it became more motivational. Employees who had never earned the trip or were in very competitive employee categories appeared to be less motivated by the program. Future research may seek to identify ways the company can transition employees from not being motivated by the program to being actively engaged in trying to achieve earner's status. A company may consider implementing a quota incentive system that provides an incentive for meeting or exceeding performance goals (Bonner, Hastie, Sprinkle, and Young, 2000) in addition to the ITP. This may generate improved performance with those individuals who feel the ITP is out of reach but they may be able to reach the set quota, resulting in overall corporate performance improvement.

Earners

Earners are defined as people who have met all of the criteria for the incentive travel trip for the current year. Earners may be from the discretionary categories or the nondiscretionary categories. The earning criteria for the discretionary categories are more subjective than for the nondiscretionary. Discretionary categories include positions of support, which are not directly related to net operating income, gross profit, or other financial metrics.

Nondiscretionary categories are directly related to financial metrics. There are a higher percentage of nondiscretionary earners than discretionary earners.

A list of 12 questions was developed to ascertain how the earners perceived the incentive travel program and is shown in Appendix C. Four themes were common among the responses and were:

- 1) Earners felt that the incentive travel program was a very valuable part of the organization's culture;
- 2) The recognition by top leadership made all of the earners very proud;
- 3) Networking with peers and executives created synergy; and
- 4) The program motivated the earners.

All the earners reported the criteria for earning the incentive trip were fair. The majority of positions who earn the trip are geared toward sales generation and therefore, the criteria are straightforward and well measured. One employee felt it was difficult to determine if the process is completely fair for everyone and that there might be some subjectivity in the process. *"It's a little more difficult for someone in a support role to get in because it really is geared towards the top sellers of the company."* And while the program is designed to incorporate all employee categories, the number of slots allocated for earners in positions that generate gross profit dollars is greater than the proportion of earners who are considered newer 'up and coming' employees that are showing great promise in their performance. And last but not least, support employees whose roles are not directly related to sales generation are also included.

Service Providers

The purpose for interviewing service providers was to gain a better understanding of the impact incentive travel programs has on each of the providers. Four service providers (AV, site selection, hotel, DMC) were interviewed. It is evident from all the interviews that the incentive business has suffered with the recent downturn in the economy. Each service provider values the business received from the incentive market. Although most are not solely dependent on this market, it is evident the incentive market is a lucrative part of the overall corporate business travel market that all of the providers service.

There were three common themes revealed in each of the different service providers. First, all of the service providers value the incentive market. Each indicated the incentive market provided them not only a source of revenue, but allowed them to service top performers within some of the top companies nationwide. One service provider said, *“It is nice to meet and serve these top individuals who can make things happen. If you provide quality service, they will give you additional business and give positive referrals and that never hurts.”* Second, servicing incentive groups can provide challenges due to the number of “bosses” on-site. The hotel General Manager said that when you have an incentive group that includes the President or CEO, multiple Vice Presidents, and multiple executive managers in the same location, there are many people directing the hotel’s service staff and that can cause confusion. Although this can be a challenge, it is also an opportunity to provide impeccable service . Third, each of the service providers indicated that incentive groups are more accountable for dollars spent and have a higher level of expectation due to the nature of their programs. While incentive groups tend to be lucrative due to the special attention and level of service that is

expected, they also tend to be well-planned and communicate the expectations from the beginning.

Incentive Travel Program Benefits

Several themes were revealed through the interview process and can be classified as intangible benefits of the incentive travel program. Financial metrics are considered tangible benefits because there is a direct financial impact for the company due to the earners qualifying at a certain level. The intangible benefits identified in this study are that it: 1) drives desired behaviors; 2) improves retention; 3) provides a positive organizational culture; 4) provides networking opportunities; 5) builds motivation; and 6) provides employee recognition.

Drives Desired Behaviors Translating into Financial Benefits

Management indicated the benefits of the incentive travel program are on driving desired behaviors for their employees. The selective criteria provide management a way to set the goals for employees in a way that will benefit the success of the division within the organization. As one manager said, *"It's very clear to the participants in what activities drive the kind of above and beyond results. It's really crystal clear they're being rewarded kind of outside of their normal compensation plan through travel reward, right. It's really clear what type of behavior we're driving towards."* Individuals set goals for themselves but when management provides a framework that exhibits what will be rewarded, it causes individual employees to produce results that match the common results of the organization.

Improves Retention of Top Producers

Another theme revealed is the importance of retaining top producers in the company. The incentive travel program may not be a primary reason an employee stays with the company, but it may influence their decision due to the way the incentive makes them feel. Many of the earners said that by earning the incentive travel program, it made them feel the company appreciates their hard work and values their abilities. One person said, *"It clearly helps retention. It is a helper of retention. People don't stay for this program, but they appreciate the program. They see it as a celebration. We carefully try to balance education, company business, and celebration."*

Positive Organizational Culture

The most direct benefit the incentive travel program has on this organization is the influence on corporate culture. One of the earners said, *"I think, first of all, the incentive travel program creates a certain type of culture where people's performance and contributions are appreciated."* One manager's comment was, *"I think that you know if we're trying to create a culture of pay-for-performance and recognizing contributions. I think that that would definitely send the wrong message. I think it would probably have a bit of a negative impact, both in terms of productivity, as well as the impact on the business."* The program not only provides a venue to recognize and reward employees, but it extends beyond the length of the 3-day program as employees check rankings monthly, and through this, it creates competitiveness within the organization.

Provides Networking Opportunities

Another theme within the study revealed the importance of the networking opportunities the incentive travel programs creates. This event enables top performers to network with other top performers and the executive management team. This is the only time within the year that the top performers in the company are together in one location. From the company perspective, this event provides the opportunity for management to gain insight into how top performers actually reach set goals and create a synergy to reach beyond the 3-day event to maximize performance for the rest of the organization. One of the earners said the most important benefits of the incentive travel program were: *“the networking opportunity with our peers, our executives and you know just to be able to be with the most successful people in the organization and the people that are driving the vision.”*

Networking allows managers the opportunity to gather ideas and best practices that may be implemented to enhance overall business performance. This is a critical piece of the overall incentive travel program due to the valuable insights that are given. Businesses are changing to keep up with the needs of their clients and to adjust to economic conditions imposed. Managers who take advantage of this opportunity to listen and solicit feedback from their top performers are more likely to make necessary changes to benefit the operation of the company.

Builds Motivation

Building motivation was another theme in the responses. The incentive travel program is a motivational tool management uses to drive performance, while employees use the program to

motivate themselves to be successful. As one respondent said, *“It’s like that carrot out in front of the rabbit. It is something to work for and towards.”* Another respondent said, *“It’s very motivational. It really motivates you when you come back because you’ve had a great time. You’re like, ‘What can I do to get there next year?’ ”*

Provides Employee Recognition

The final theme in the interview responses is the importance of recognition. This event provides a way to recognize and reward top performers. The impact this recognition has on employees is something valuable and long lasting. As one earner said, *“It’s a fabulous feeling. You feel like so many people are looking at you as a total asset to the company. It’s a total honor, and it’s just – it just makes you feel like you’re appreciated.”* Several respondents said that the recognition is something they take back with them after the event to help motivate them through the year. Figure 4 depicts the benefits of the incentive travel program as described by the interviewees.

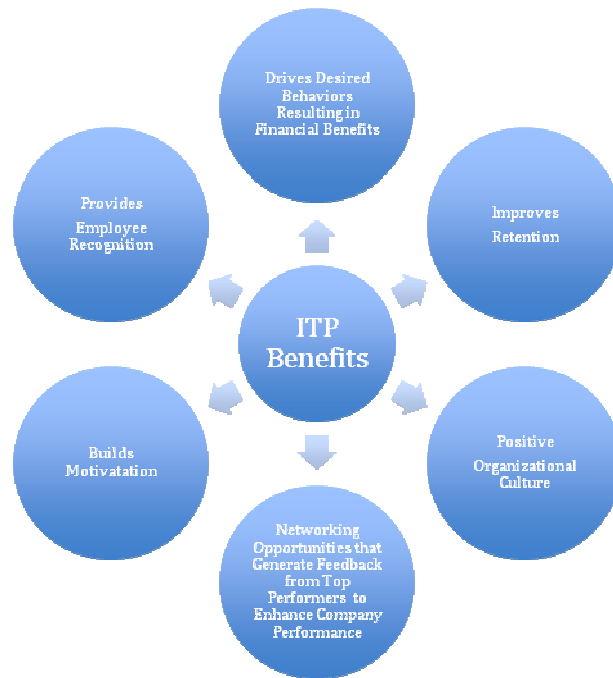


Figure 4. Incentive Travel Program (ITP) Benefits

Economic Impact for the Destination

The economic impact for this type of business activity can be significant to a destination. As typified by the company in this case study, accommodations and food and beverage tend to be the biggest expense items in a destination for incentive groups. Some suppliers travel with the host companies, so a good portion of their revenues may “leak” back to their home city. But there are suppliers in the destination, other than lodging and restaurants, that benefit from incentive travel. Destination management companies, in particular, are often selected by the program sponsors to provide many services, ranging from ground transportation to themed

events to attraction ticket sales. Recreation providers also benefit from incentive group travel. Retail establishments might also derive revenue from the groups.

Many destinations do not track the specific dollar amount of incentive travel. Many hotels lump incentive group travel in with other corporate business travel. This makes it very difficult to estimate the overall economic impact of incentive travel. There are economic studies that use a multiplier-effect range based on the specific region and the development of tourism in that region. This range is typically 1.3 to 1.7 (Frechtling and Horvath,1999), which means if an incentive travel program spends \$1,000,000 in a particular destination and the region has a multiplier effect of 1.3, then the multiplier effect to the local economy would be \$300,000; and if the region has a multiplier effect of 1.7, then the multiplier effect to the local economy is \$700,000. This means that in addition to the \$1,000,000 spent in the destination, there is an additional \$300,000 to \$700,000 benefit to the destination.

One of the most common models used to estimate the economic multiplier effect of tourism dollars spent in a local economy is by using the Regional Input-Output Model. Frechtling and Horvath (1999) used this model to estimate the contribution of visitor spending. Since there are destinations that attract the incentive travel market, monitoring this industry's impact would be beneficial to both the destination and the incentive travel industry as a whole. Future research should be conducted to discover the true dollar value of incentive group travel. For now, the best estimate, provided by the Center for Exhibition Industry Research, is that incentive travel accounts for approximately 5% of the \$115 billion dollar meeting, incentive, convention, and exhibition industry (CEIR, 2008).

Application of the PIBI Model

Previous research conducted by Stolovitch, Clark and Condy (2002) offer an eight-step process in the “Performance Improvement by Incentives” (PIBI) model which:

- Identifies the areas of importance and relevance
- Provides guidance on the step-by-step procedures of implementation
- Allows decision makers to troubleshoot and correct the system if it is not yielding desired results

The following model applies the current case study to the PIBI Model by showing how or what XYZ Corporation incorporates the eight-stage process in the implementation of the incentive travel program. Although the XYZ Corporation has had the incentive travel program for 18 years, the PIBI Model can be used as a tool when changes in the program are made or earning criteria are altered. For example, within the last few years, XYZ Corporation has acquired a couple smaller companies. The acquisition of new employees requires XYZ to evaluate how these new employees will be incorporated into the incentive travel program. Should they be included in existing employee categories? Should new employee categories be established and criteria set? The following illustration takes this scenario through each of the eight stages. Since XYZ is committed to the incentive program and believes it is a vital part of the organizational culture, the implementation of the incentive travel program to newly-acquired employees is critical to the overall success of the acquisition.

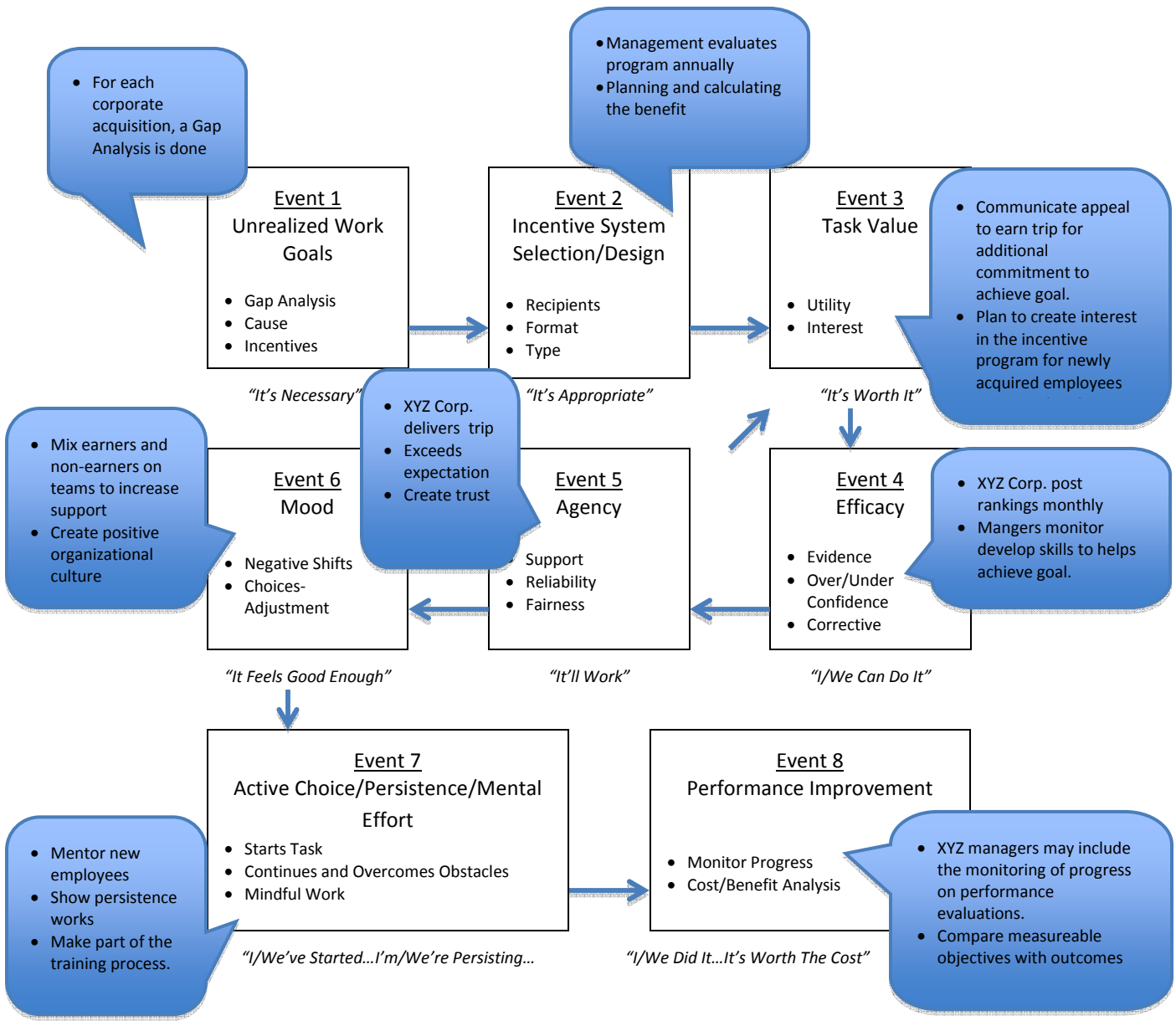


Figure 5. Application of PIBI to XYZ Corporation

Discussion

From an incentive industry perspective, there is a great need for standardized record keeping to track incentive travel expenditures. When combined with other business travel expenditures, the true economic value the incentive travel industry provides is hidden in overall

business expenditures. These expenditures should be standardized across all industry suppliers from hotels, airlines and destination management companies to ground transportation. In 2007, the United States Incentive Merchandise and Travel Marketplace Study conducted 1,121 interviews with company executives responsible for development and budgeting of incentive travel and/or merchandise incentives. The results revealed that 10% of the companies used incentive travel and spent \$13.4 billion. The average budget for incentive travel in 2006 was \$164,271; however, 79% of respondents indicated the incentive travel expenditures were between \$100,000 and \$499,000. Fifty-three percent of the respondents were confident that their budget would increase over the next two years. Both the Incentive Merchandise and Travel Marketplace Study and the current study provide evidence of the economic value incentive travel programs have on suppliers and destinations.

While conducting this case study, several resort properties were contacted to explore what percentage of business was attributed to incentive groups. The feedback from the resort properties indicated they no longer tracked specific incentive group expenditures but grouped incentives groups with general business group bookings. In order for the incentive travel market to measure and assess their economic contribution, the expenditure should be separated.

Record keeping within the company sponsoring incentive travel is also imperative. For example, in XYZ Corporation, many of the metrics were recorded as a group total for each member in the team. This skews the overall numbers when measuring metrics such as change in Net Operation Income or Gross Profit Increase. The unit of measurement should be established on an individual basis to track individual process if earners earn the reward on an individual basis and not by team. Team reporting is not being discouraged; however, if you have

an individual who has generated a positive gross profit increase of \$100,000 and they are ranked against a team of three individuals who collectively generated a gross profit increase of \$200,000 but are recorded as \$200,000 for each individual in the team, then the ranking system is not equitable on an individual basis.

According to Stolovitch, Clark, & Condly (2002) there are four types of tangible incentive programs: 1) quota-based programs where incentives are given for meeting or exceeding a performance goal; 2) piece-rate programs where incentives are based on increasing rates of performance or doing more; 3) tournament program where individuals or teams compete with each other for the incentive; and 4) fixed-rate programs where incentives are salary-based compensation. Incentive travel programs are considered a tournament program and may be perceived by participants as less fair than piece-rate or quota plans. One of the participants interviewed in this case study confirmed this by saying he was less motivated by the program because he felt the outcome was out of his control no matter what his performance may be. Companies may want to implement two types of programs to maximize performance. An analysis of employees' motivational factors is important when selecting appropriate programs. If approximately 10% of the total employee population earns the incentive trip, 90% of the employees do not. Investigating what percent of employees in the 90% group who are not motivated by the incentive travel program and why would provide important information in determining if adding an additional incentive program would be worthwhile.

There is a growing need for companies to justify the expense of incentive travel programs due to the current economic conditions and the negative connotations that may be associated with incentive travel. Educating organizations, managers, employees, media and

different industries on: 1) what an incentive travel program is; 2) the process for implementing an incentive travel program (PIBI model); 3) the pros and cons of the different types of incentives; and 4) how incentive travel programs are a management tool used to motivate, retain and reward employees will aid in employee satisfaction which is directly related to customer satisfaction (Harter, Schmidt, Hayes, 2002). The need for more education is supported by results from the Incentive Federation's 2007 report that found most companies that did not use incentive travel indicated they were not interested or needed more information in order to make management more open to its use.

Education and training management on ways to calibrate and set earning/selection criteria which will maximize the benefits to the organization is significant to success. In the current study, the interviews with management indicated there may be room for improving the calibration process in earning criteria in the incentive travel program. Being able to identify the benefits of the program is just the first stage in the evaluation process. Managers should be accountable for justifying how each earning criteria is linked to organizational performance.

For example, the benefits of the incentive travel program identified in this study were:

- Improves retention
- Contributes to a positive organizational culture
- Provides networking opportunities
- Builds motivation
- Enhances employee recognition
- Drives desired behaviors to meet or exceed financial and non-financial objectives

The current study supports the need for more education in the area of corporate incentives and their benefits. The organization should link the earning criteria to the value of the potential benefits generated by the incentive travel program. It is important to understand how each criteria influences business goals and objectives. A linkage between criteria and business objectives will generate a better understanding of incentive programs and how individual employees play a role in helping achieve organizational goals and objectives.

The examination of this incentive travel program also sheds light on who is attending incentive travel trips. The perception that only the top executives, go to party and celebrate once a year, is definitely not the case in this organization. In this case study, hosts (executive management) accounted for approximately 4% (12/300) of the total number attending the incentive travel trip. Additionally, these hosts are assigned specific business-related responsibilities and tasks while attending the event. They are not on a vacation.

In the Incentive Federation's 2007 report, the average number of people attending the incentive travel trip was 157; however, it does not indicate the different types of attendees such as host, earners, or people who were in a nominated category. It is recommended that companies who utilize an incentive travel program record demographics of attendees, e.g. base income, position, times earned, overall performance level, etc.

An important outcome of this study is defining incentive travel terminology, specifically the difference between participants, earners, non-earners, and hosts. For companies considering implementing incentive travel programs, it is important to be consistent with terminology used in communication. Many terms are used interchangeably and can cause confusion.

For XYZ Corporation, the role their incentive travel program plays in organizational culture is profound. As one employee said, *“it is embedded into the culture of this organization.”* There were positive perceptions of the incentive program from all stakeholder groups (participants and non-earners, earners, management and the CEO). Some non-earners were interested in other incentive models such as quota programs. They feel the current incentive travel program criteria does not motivate them as another type of program might.

Limitations

There are several limitations in this research study that should be addressed. First, case studies are not suitable for generalization (Stake, 1978). Although the readers may naturally make assumptions based on individual experience, our purpose for conducting a case study was to illustrate how one company successfully implements their incentive travel program so that others may gain a better understanding of the incentive travel phenomenon. Second, to ensure anonymity of the company used in the case study, not all data could be revealed. The intention was to provide the reader with adequate information while at the same time respecting the sponsoring company.

Conclusions

This report is a case study that offers a detailed description and analysis of an incentive travel program, thus showing the “anatomy” of an ITP. The importance of an incentive travel program cannot be overestimated as the value reaches well beyond the 3-day program. Earners of the incentive travel program may seem like the only winners, when in fact they are not. The

sponsoring company, the destination and all the suppliers are winners, too. Everyone benefits by the delivery of such a program. The recognition earners receive during this time is something monetary rewards cannot provide. The company used in this case study offers an excellent example for other companies to follow. When incentive travel programs are planned, measured, and executed with the integrity of the company and industry in mind, there are great benefits both tangible (increase in profits) and intangible (positive organizational culture).

Planners of ITP are charged with an enormous responsibility due to the financial ramifications the program has on business outcomes. However, managers who set earning criteria have the most vital responsibility in making sure the criteria not only match overall business objectives but that the criteria can be measured. Many of the managers interviewed could not identify specifically how criteria were measured but could only say they knew there were benefits and positive returns. Additional training in the area of measuring earning criteria and being able to identify a positive change is imperative to the success of an ITP and the organization as a whole. This is an area that should be evaluated annually and additional training for management may be needed to understand the cause and effect relationship between the incentive travel program and business outcomes.

It is clear from the case study presented here that employees are motivated by both the incentive travel award they can earn and the recognition afforded to them by the corporate leaders when they participate in the travel event. It is evident that incentive travel programs aid in the retention of excellent employees who are top performers for a company. Organizations, such as the one in this study, who consider the expense of the program as an investment in their

employees and a means to maximize business outcomes, are using this management tool to its full potential.

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APPENDICES

Appendix A - Mean Ranking of Different Components of the Incentive Travel Program

Rank	Question	Mean	SD	N
1	The Helping Hands team-building exercise was engaging and motivating.	3.91	.288	165
2	I was excited to learn what the next location would be for the incentive trip.	3.91	.306	168
3	The 2009 destination announcement was funny and enjoyable.	3.89	.312	166
4	Overall the trip was enjoyable	3.87	.350	167
5	The incentive travel program is a good incentive to drive performance.	3.85	.409	168
6	The incentive trip made me feel that the company truly appreciates me.	3.84	.452	167
7	The website provided good information and content.	3.82	.428	168
8	The welcome packet received upon arrival was helpful.	3.81	.436	169
9	The pre-conference mailing was informative.	3.80	.455	168
10	The highlights from the trip were a good way to close the trip.	3.78	.454	167
11	The tour and facility staff for my activity was professional.	3.78	.433	161
12	The website was easy to navigate.	3.76	.471	168
13	I enjoyed my activity.	3.76	.440	165
14	The travel desk for air travel booking was easy and convenient.	3.75	.487	167
15	Ground transportation from airport was efficient.	3.74	.493	165
16	The welcome reception was a great way to meet new colleagues.	3.71	.481	168
17	The sleeping accommodations met my expectations.	3.69	.503	166
18	My activity was accurately described in advance.	3.67	.576	163
19	The awards dinner entertainment was energizing.	3.66	.500	167
20	The awards dinner reserved for each division was appreciated.	3.65	.570	167

21	The awards dinner efficiently recognized earners.	3.64	.540	167
22	The networking session Monday evening off-site was fun and entertaining.	3.63	.564	167
23	The resort provided good guest service.	3.60	.549	167
24	The “inactive” exercise was a rewarding experience.	3.57	.532	166
25	Tuesday’s “What’s on Your Mind” session was enlightening.	3.55	.546	165
26	Travel to and from was easy and convenient.	3.54	.618	167
27	Photographs with the executive team were appreciated.	3.50	.570	165
28	The resort offered pleasing leisure time facilities.	3.49	.600	166
29	The food and beverage offered met my expectations.	3.48	.685	166
30	The incentive program offered me a great way to relax.	3.47	.629	167
31	I enjoyed the “What’s on your Mind” questions being read by earners.	3.47	.590	165
32	Roundtables were informative and offered valuable insight.	3.46	.599	166
33	The resort was the perfect resort.	3.45	.637	167
34	Wearing white was fun and promoted a strong feeling of group identity.	3.34	.664	168

Appendix B - Participant Interviews

Q1: Do you think the criteria for earning the incentive travel is fair?

- “Absolutely. I think it is fair. The only thing, last year I noticed there were 6 qualifiers and I met my quota every quarter so I thought I was going to get to go but then they ended up with just 5 qualifiers in my group. I am a little disappointed because I was psyched all year to go.”
- “No, I don’t think so. I know some of our competitors, they set a flat rate. You have a stable target to focus on. I think sometimes the way it is done here is a moving target.”
- “Yes, I think it is fair”
- “I think it is as fair as it can be considering all the complexities.”
- “I’m not sure that it is fair for all employees but for my group, I think it is fair.”

Q2: What do you like most about the incentive travel program?

- “I think that just having that as an incentive, I think it keeps everyone working hard to exceed their numbers. I’m so competitive being in sales, it is something to look forward to at the end of the year when you work hard.”
- “Well, I’ve qualified one year and I like how they carry out the trip. It’s certainly an incentive if you can get to go.”
- “I like how they report the rankings. I can keep up with how I’m doing and know if I’m in the running.”

Q3: What do you like least about the incentive travel program?”

- “I can’t really say that there’s anything that I really dislike.”
- “I would have to say...I feel like it’s a moving target. “
- “ I know the past couple of years have been rough but I think if they start out saying there is 6 qualifiers then they should not change it”

Q4: Do you think anything should be changed in the program?

- “The only thing that I saw that I thought should be changed was that everything was scheduled too closely.”
- “I think a flat rate rather than a moving target.”
- “I haven’t been on the trip, so I can’t say but I know some people don’t like spouses are not included.”
- “I went one year and I can’t think of anything that should be changed, it was amazing.”

- “The company I was with for 12 years merged with this company and I did not know anything about this program until I was asked to participate in the interviews. So I would have to say better communication. I’m sure I got emails about it but learning a new company’s ways takes time. I am happy to know I am eligible and will follow more closely.”

Q5: How does the incentive travel program impact you?

- “It doesn’t affect me or impact me. I don’t even think about it until probably February of the following year, when it’s about time for the list to come out.”
- “Let’s go back to me being very competitive, and sales driven. I’m looking constantly. I’m looking on a week-to-week basis, as far as my numbers and on our team site to see where I am compared to my colleagues. I’m looking forward to being part of it again. I am constantly striving to meet those goals.”
- “It is motivational for me to be able to see where I stand among the other people in my category.”
- “I would say it gives me something to focus my goals toward.”

Q6: Are you motivated by the incentive travel program, and if so, how?

- “Had I never gone on the trip, I would have to say it completely does not motivate me. I have been on one of the trips, so I’d say you know it’s ---if I’m doing good, if I’m having a positive year, you know I might be more cognizant of it, than if I start out a little bit slow.”
- “Oh, absolutely, just by being a part of it. I’ve spoken to my colleagues that have made it. It’s motivational and such a great experience that once you go, it’s and have been part of that, you know that opportunity, be part of the trip, you want to be there every year.”
- “It definitely motivates me. It is hard for someone in my position to go but you know there’s always that chance and if I work hard, it may be me that goes.”

Q7: Do you think having this incentive travel programs helps you do your job?

- “I don’t feel like there’s very much impact just because, you know I came to work here because I wasn’t satisfied getting paid a salary. So I can kind of drive my own income in doing this. So, I think that’s really more of the incentive than the trip.”
- Absolutely. It’s like that carrot out in front of the rabbit. It is something to work for and towards. After you work hard at the end of the year, you want to be rewarded for it.”
- “Yes, I think so because it gives to something to aim towards.”
- “I’m not sure that it helps me do my job but it does help me set priorities.”

Q8: How do you feel if you participant in the program but do not earn the incentive trip?

- “Usually, I’m kind of on the cusp. But I’m not even meeting the minimum this year because of the economy. I mean it’s pretty much a non-factor.”
- “I feel like I’m going to work even harder. I want to make sure that I’m going to make it this year. I mean last year, again, I missed it by a couple of percentages. But again I’m competitive. I’m very self-disciplined, self-motivated, but just being apart of that, it makes me want to work harder to make it.”
- “It is always disappointing if you are close for several years and don’t get to go. I just have to keep trying.”
- “I try not to focus on the reward so much and focus on doing my best and just hope it is good enough by the end of the year.”

Appendix C - Earner Interviews

Q1: Do you think that the criteria for earning the incentive travel program are fair?

Q2: What do you like most about the incentive travel program?

- *“I think that the recognition for being top performer, everyone loves recognition. I think that is definitely something that – I mean that’s definitely, what we’re there for.”*
- *“I think it’s a combination of two things. No. 1, I think the recognition is something that absolutely everybody strives for and wants to go. The second piece, which is just as important, is the networking opportunity with our peers, our executives and you know just to be able to be with the most successful people in the organization and the people that are driving the vision.”*
- *“The opportunity to network with colleagues and higher ups throughout the organization while at the same time doing it in a relaxed atmosphere.”*
- *“It’s just really great to be with your peers. Seeing people you haven’t seen in a long time. Put names to faces. It’s just – you feel like you’re really a part of a group, and it’s just – it’s a great feeling.”*
- *“I think they also mix people up. You get to meet a lot of senior level people throughout the company. I think that’s another huge benefit.”*
- *“We’re actually a nationwide company, so a lot of times we don’t really get exposed to individuals who may work out of state or out of county that we may communicate with on a daily, weekly, monthly basis. So my favorite part was the fact that we got to meet everyone, all the names we’ve heard through the year and just really get to meet other people who work in the organization and put a name with the face.”*

Q3: What do you like least about the travel program?

- *“I think sometimes it’s almost too much business. And I think sometimes you feel – like I know I need a vacation when I get back from there because it’s really a very intensive event.”*
- *“I mean the things you’re doing are really cool and fun, but I think sometimes it can be so rushed and stressful ‘cause you are meeting with senior level management and getting an opportunity to meet people that you haven’t met before around the country. And you could be in a great conversation and then all of a sudden, “Hey, I gotta go. We gotta go to this next thing.”*
- *“With the amount of activities that are included in the event, you need an extra day or two so it is not as stressful and you can have some down time along with business.”*

- *"I feel like my wife has sacrificed a lot throughout the year for me to reach my goals so for me to be going and she's not is kinda a bummer."*

Q4: Do you think anything should be changed in the program?

- *"I really liked the business forums and I guess maybe more my thought would be I know on the last day that we had it start, I think, at 10:00 instead of 8:00 or 9:00, whenever it typically was. Even just having a later start 'cause you're only there for a couple days, so you want to try and squeeze as much as you can."*
- *"Maybe more time or more downtime."*
- *"I think it should be a week, a business week, five days, maybe with some additional free time in the middle."*

Q5: How does the incentive travel program affect/impact you?

- *"I think everyone likes to be recognized. I think that earning it shows that you're successful. It shows that you know what you've been doing and you are rewarded for it."*
- *"You know I don't think there's anybody out there that doesn't like to be recognized. So, in that sense, that's what it does."*
- *"It motivates me to keep my numbers up, keep my eye on my numbers throughout the year. Obviously it gives me some, as the name calls for, incentives to do my best, not that I need it, but it's always nice to get rewarded for your hard work and it also makes me grateful when I went there for doing the work. It makes me feel good."*
- *"It's important to me to be successful year-over-year-over-year. I think that this is one of the ways that regardless of what division you're working in or who you work for, it's a way to kind of prove yourself, and validate you're not just a one hit wonder. So, for me that's really important. I'm competitive. "*
- *"For me it's important because of the recognition and the kind of status being a winner earns. It drives behavior. I check the list every month. I'm talking to my team about who is on the list, and who's almost there. You know I really use it as a motivational tool both personally and with my team leadership as well."*
- *"It's very motivational. It really motivates you when you come back because you've had a great time. You're like, "What can I do to get there next year?"*
- *"I didn't have to do any of the booking or anything like that, and that was one of my favorite parts 'cause booking a plane ticket, to me, is like pulling teeth."*
- *"After the incentive travel trip last year, I printed a picture of the next year's destination and put it on my cubicle so that every day when I'm working I look at it and it gives me kind of a goal to strive to work harder. I've never been to the destination so obviously it"*

sounds like a real fun trip. I think it just kind of puts it in perspective what you need to do to get to that goal, and it makes you work harder.”

- *“The true motivation is to have the performance worthy of going on the incentive travel program and then the incentive travel is kind of the icing on top of the cake.”*

Q6: Does the incentive travel program motivate you?

- *“It does motivate kind of my staff, because I made a commitment that when I went performance forum, my employee of the year gets to join me. So, that’s kind of something that my staff sees, you know. If we can get there, then the employee of the year gets to go with her and they have a blast. I mean they love it. They love it.”*
- *“I would say it’s not my only form of motivation but it’s definitely a form of motivation. It was more than a trip, it was a chance to meet people I’ve been working with all year who I’ve never met, the opportunity like I said previously to network with people that I may otherwise never get an opportunity to meet to help with my career path, hopefully meeting people that might be able to help me move up in the organization.”*
- *“It’s how you’re ranked against your peers. I think it’s an opportunity to be able to show the senior executive team your achievements. For those that have just joined the company, they can look and see who’s the multiple year winners.”*
- *“For me, it’s about continuing to earn the right to have not only the position I have with the company, but it gives credibility as we’re working deals together and I’m trying to drive the right behavior across all divisions. That you know by winning that, achieving that, that’s you know an important recognition in our organization.”*
- *“Just the recognition. I think the recognition is the most important thing. The trip comes almost second.”*
- *“Yeah. I am upset. Like I told you, I get these emails every month and see that there’s four or five people ahead of me to go and I’m like, “Ooh,” and it drives me crazy. So yeah it motivates me.”*
- *“Yeah, I think so. I think throughout the year as you see the numbers coming in and especially if you’re kind of in the running, I think you are pushed.”*
- *“Yes, I am. Like I said, I had a really positive experience last year. I got to meet individuals who work in the organization with me. It was just a real rewarding experience to kinda be recognized for all of your hard work and dedication, so I kinda keep that in the back of my mind as I go about my day-to-day activities.” “When I get really maybe stressed or overwhelmed or just having a bad day, I kinda look at that and it kinda puts me back into perspective.”*

Q7: Does the incentive travel program help you do your job?

- *“Yes. The reason that I think that is that it gives me an opportunity in a three to four day period to network with the other you know top performers in the company. I meet people there and then stay linked to them, so that when I need help and support across strategic accounts, I know who’s in what market and who I can count on that’ll absolutely step up and deliver.”*
- *“It’s an opportunity to give visibility to what your team is doing to the senior executives who may not have had an opportunity to necessarily see it and know, and touch those groups. That’s an important piece as well.”*
- *“I mean I think it gives us all something to strive for. I think that, at least myself personally, I’m motivated enough that I’m gonna do my job ‘cause it’s my own little business that I’m running, and that’s kinda the responsibilities I have. I really appreciate the fact that from a company standpoint we’re willing to notice and reward people that are willing to work hard enough to earn that recognition.”*
- *“As I said, yeah, I think it does. I kinda make it my goal, “I got it last year. Why can’t I get it this year?” Just to keep doing my job and giving it 110 percent, so I really do think it kind of helps me motivate myself in doing my job.”*

Q8: How does it make you feel to earn the incentive trip?

- *“Oh, I think it makes you feel very good. I think it’s a major achievement.”*
- *“Well, I think it’s very exciting, no matter where you are.”*
- *“I get grateful. It makes me feel good about myself, builds self-esteem, self-worth, not that that’s the only thing, but like I said, it doesn’t hurt. It definitely makes you feel good about yourself and your achievements and accomplishments.”*
- *“Joyous. Proud and just very excited to have the recognition.”*
- *“It’s a fabulous feeling. You feel like so many people are looking at you as a total asset to the company. It’s a total honor, and it’s just – it just makes you feel like you’re appreciated.”*
- *“There was, I guess, four people from my office there, and we got to come back and tell all these stories and put the little plaque on our desk and all that type of stuff, and everybody would come and ask us how it was. It was as much the recognition while you were there, as the recognition when you get back of having all the stories.”*
- *“It was really – I was – I’m a very humble person. I’m the worst person on myself. I always tend to look at the negative rather than the positive, you know, “Why can’t I be at that next step?” And to be recognized and to get to shake my mentor’s hand and*

have her say, "Thank you for all your hard work," kind of – it was really rewarding and really made me feel good to know that I was being recognized for my hard work."

- "They do a stellar event, and just it's a lot of recognition."

Q9: What do you like most about the trip itself?

- "I have visited more places in my tenure with this company than I could ever have had the opportunity to without it. It is going to places that as a client service or branch manager or a director, whatever it might be, or even owner would never have gone." The events are absolutely first class. I've gone to so many places in the country with this company, because of the performance forum I would have never had the opportunity to go to. "
- Gosh, there's so many things I like about it. I think it's probably you know, it's back to a combination of the recognition, and the networking. You know those are the two key pieces that really drive that. So, you know all the different events are always fun, and an opportunity to be with the corporate executives and other top performers in the company."
- "It's just – there's just so much to be appreciative of. I think that's the other word I would use. I feel appreciative for the recognition, as well. "
- "They choose really outstanding destinations to visit."

Q10: Do you want to earn the incentive travel trip again?

- "Absolutely."
- "Of course, especially 'cause they're going to the Bahamas."
- "Absolutely. Absolutely, without a doubt. "
- "Oh absolutely."
- "Yep"
- "Yeah definitely."

Q11: Do you find the peer-to-peer learning activities, such as the Round Tables exercise, add value to the event, and help you in your daily job performance?

- "Like last year they did one that was very – it was a good event. We built the hands, and that was pretty cool. It was a charity event. "
- "They did a sustained thing throughout the year that I think was very impressive. It keeps you kind of remembering that event. It's hard to cram into a very short hour long session your vision for what we should change, and I think sometimes you feel like you're really not making an impact but sometimes you feel like you have."

- *“I think some of them lately have been intended to add value to your personal growth, which is good. You know maybe balancing your life and your work. You know I would have to say probably, yes.”*
- *“It was just a good talking forum, building conversations and sharing best practices, so absolutely.”*
- *“Yes. Opportunity to share best practices and to find out what’s working you know in different markets and across different account landscapes. It’s also a bonding experience, because you get a chance to help others, as well. You know there’s a lot of informal mentoring that goes on within our organization and that’s where a lot of that starts, those connections start.”*
- *“I do think that they were good. I don’t know that I took anything away from them that would make my job easier or harder because my position is such a niche position.”*
- *“I really liked the round table as well as – there was basically kind of a question and answer forum with all of our business leaders. It really makes me feel more proud and more secure in the company that I work for knowing that the people that are at the top are people that, having met them and listened to them, that I trust and admire.”*
- *“The one that really stuck out to me was the helping-hands one. We were all in a group and we had a bunch of mixed matched parts and trying to figure out what is this we’re supposed to be creating and following instructions step-by-step and then we built this and realized it’s a prosthetic hand that’s used to help children in third world countries. It kind of puts things in perspective. At least for me that sometimes I get into the day-to-day activities.”*
- *“I think you build relationships with people that maybe you didn’t have, and you can rely and have another person you can reach out to when you’re running into difficult scenarios. But I think above and beyond that I don’t know how (?)much it helps you in the long haul other than the relationships that you build.”*

Q12: Do you think that the business sessions, such as “What’s on Your Mind?” and sharing exercises, give you a voice to help drive company strategy?

- *“It definitely added like a – it was just a good talking forum, building conversations and sharing best practices, so absolutely.”*
- *“Yes, and insight into company vision.”*
- *“Absolutely. Just because you’re sitting around with every level from a entry level person to the CEO, and you have a chance to be able to talk about your ideas, and you’re all on an equal playing ground at that point.”*
- *“I mean I think that it definitely gives us a voice, and I think that with my feelings on all of our business leaders that they’re gonna want to hear the voice of their employees and it’ll help kind of mold their thoughts and their actions. But I think at the end of the day*

they're still the business leaders for a reason, and if some little thing is bothering me but it's for the greater good, typically the greater good is still gonna win out."

- *"I think in our industry most people should feel empowered enough to ask those questions at any time, and not wait for one year. You know I think that we have a good open communication where if I need – and I've always felt this way, even as a corporate – if I needed to ask a question, you know we're empowered to go to the right person and ask."*
- *"I think they're really more town hall meetings. I don't know that it actually helps you drive strategy. I don't know if it ever made me feel like I can actually make a difference in this because I'm part of this meeting. I think it's good. It was – they're usually good sessions 'cause you definitely – there's a pretty broad spectrum of questions that are very meaningful, but I don't know that it changes any strategy or – I think you need a smaller groups for that."*
- *"Yeah, I think the group sharing was really beneficial 'cause we had all the executives up there, and we got to ask in a town hall-type setting any questions we had about the company. You learn that everyone has similar questions as yourself, and you may not think to ask that question or maybe you're too scared to ask that question. Once we were allowed to do ideas on how to improve business. So I think it did kinda help drive the business along."*

Q13: If you were to go to another company, is this something that you would look for in another company?

- *"I would ask about it. Sure. Again I think it's a sign of what the company believes in as far as how they treat and/or reward their top performers."*
- *"Yeah. I mean it's something where I came from sales in a completely different industry, and really the only recognition that was given there was a dinner and a check essentially. And I mean while that's great and everybody likes money, it's nothing like a company rewarding you and sending you on a three-day trip to paradise so you can enjoy yourself and get energized for the next year."*

Additional Comments

- *"Obviously people get very excited. It's something especially the couple months leading up to and then the month following people are talking about, so it's a way that I think a company can definitely drive unity and excitement surrounding results oriented action, so I definitely think it's a huge benefit for any organization to offer an incentive reward program like this incentive travel."*
- *"I think they do a great job. It is a legacy from back – from when I first started here and the executive management that they've carried on this tradition, it's been great. I*

think – I know there have been some questions about with the economy should they change it, and I think that would be the wrong direction.”

- *“Well, I can tell you – it might be helpful with your study, is that I met some people who I’ve never met before, and we kind of struck a friendship, and I do keep in touch with colleagues. Even though I may not work with them on a daily basis, at least to just reach out to them and say hi and see how they’re doing. So, I think with a large organization spread across all 50 states and Canada, it’s hard to – like so there’s tons of people that you’ll never meet or never know that exist, and I did make some real good friends that I still keep in touch with on a weekly basis just to see how their doing in their lives.”*

Appendix D - Management Interviews

Q1: Why do you think that incentive programs are used in the business model?

- *“I think first of all, the incentive travel program create a certain type of culture, where people’s performance and contributions are appreciated. I think the other thing is to create the right type of behavior on the part of those people that are being incented.”*
- *“I think there’s multiple reasons because in our business model we have different levels, meaning skill sets and what people qualify for, so if you can’t qualify for maybe the incentive travel program maybe you can qualify for something like gift certificate promotions. It’s a simple way but very valuable to say thank you to people. I think when you’re in day-to-day the grind and you’re so busy you forget to say thank you and you forget how important people are in our business. There’s one incentive that I’ll do every once in a while, “Okay team, you can wear jeans in for three days for the week” and I get so many thank-you emails on people just going, “Oh gosh, thank you. We love doing that.” So I think anything to say, “I appreciate you and what you do for us” is always received very well and very much appreciated.”*
- *“I think to motivate individuals – to keep them motivated throughout a period of time as well as be able to provide them the forum to – with other people that are successful.”*
- *“It’s an effective way to reward and recognize within a sales organization. One thing that salespeople have in common no matter what they’re selling is they like to be rewarded, and I think even more importantly is the recognition piece. I hear time and time again it’s a real motivator Performance Forum for people. They want to – they see that as an opportunity to be recognized and to escalate their profile within a very large company.”*
- *“Well, I think for – you know the basic reason being that we have a group of folks who are all motivated by sales and service. They’re motivated by results and many of them are paid commissions and bonus dollars as a result in doing so. So, therein lies the reason to have, in my opinion, a phenomenal great incentive program, incentive reward type program. It allows people to be recognized, rewarded, accolades to be given, all those things that feed the motivators of folks that we want to hire and to be successful.”*
- *“To drive behaviors.”*
- *“Well, to motivate people to increase their results and to reward them for meeting extraordinary – you know meeting those extraordinary expectations.”*
- *“There are multiple levels of incentives, so there’s a compensatory incentive around commissions that we use to drive revenue-generating behavior. That’s fairly common in a sales space organization.”*

- *“Then the incentive travel program, another recognition program similar to that are used basically to give awareness around goals, and to get objectives for associates based on excellence exhibited by others. So, in our incentive travel program for example, we rank our associates pretty much every month for a year. Folks can engage their own individual production relative to the projection of the very best of their company.”*

Q2: What do you think is the overall impact of the incentive travel program on business results?

- *“I would say pretty positive.”*
- *“I would say that for the legacy culture, the culture that’s been here for a while and it is incredibly important to people. They recognize a real badge of achievement. They recognize that it’s a very elite event, and it’s front and center in their mind. So, I think that there’s a huge correlation between the legacy employees and the impact on business performance that that incentive travel program has.”*
- *“I would say that as you take a look at the newer growth or the newer employees, or perhaps some of the mid-term employees, you may not necessarily find that direct alignment that you find with the legacy employees. So, for instance, you know new people coming in the organization who’ve never been to an incentive trip like ours or haven’t really experienced it any way shape or form, may not really be impacted.”*
- *“I guess is the right word – impacted by that program as much as someone who’s been around a little bit longer, or who maybe has, either had a taste of the program or understands culturally what that – you know the cultural significance of the program. I think it really does depend upon the part of the employee population you’re talking about, as to whether or not it will have a greater or lesser impact.”*
- *“I do, I absolutely do. I think people get really excited. Everyone talks about it all year, “How do I qualify? What do I do? I really wanna go.” Absolutely.”*
- *“I think it’s hard specifically to tie it – how much more of a dollar it is. But what I can tell you is especially for – you know if we’re talking specifically about for instance our performance forums, the individuals that do make it (audio), the thought to make it the next year, I do think pushes them and gives them that extra drive. Nobody wants to miss out on that opportunity.”*
- *“So, in terms of our return, obviously, we’re going to get a higher level of production just based on the criteria for them to be able to achieve that status. How that relates to specifically to a dollar, I don’t know. I think those individuals that we’re targeting definitely go (audio), if not beyond, but definitely push the bar in terms of their overall production to be able to achieve those certain things that we provide as an organization.”*
- *“I don’t know.”*

- *“If you look at the individuals that go, those individuals have exceeded financial targets, so that’s a very comfortable place to be. It’s not like it would be an all-attended function for everyone whether they’ve been producing or not and it would have a significant impact on the financials.”*
- *“The business results, once they go then – in fact as I was talking to someone this morning, someone who went last year, and he said to me, “Am I going to get a chance to go this year? How can I do that?” Because he’s changed positions and he’s not in the same kind of individual contributor role. So once people go to it they’re very motivated. On the other hand I have a group of people who are new with the organization in the last year and they monthly review targets and they attach it to where they are with Performance Forum, so it’s highly motivational. With the right people it’s highly motivational.”*
- *“I don’t know if there is a direct impact of the travel program, but certainly, an indirect impact for sure. I don’t know how we would measure the direct impact. But, an indirect impact in that it is one more way that people have a chance to be rewarded, if you will, for something they have attained or something that they’re going to do or be recognized for. It’s just another method of that. There is no doubt that it is a direct motivator for every employee. When you have one big – it’s like the Super Bowl, when you have one thing that is the pinnacle, if you will, it’s the ultimate. It’s to say that you have arrived. It’s to say that you have earned the right to be respected as a successful leader within your organization. It’s also a personal motivator. So, yes, it has a direct impact on the success and results of our folks.*
- *“It’s very clear to the participants in what is – in what activities drive kind of above and beyond results. It’s really crystal clear they’re being rewarded kind of outside of their normal compensation plan through travel reward, right. It’s really clear what type of behavior we’re driving towards.”*
- *“You know what. I’m not – in truth, I couldn’t answer that question. I know that – I don’t know if you’re talking about performance forum, specifically, but I do know that a lot of people work extra hard and they’re looking at those – tracking it all the time. It’s become kind of an elite status to go to performance forum.”*
- *“I don’t know how I’d frame that. I don’t know. I don’t – to be honest, I don’t know. I don’t know if they directly impact the business.”*

Q3: What do you think would happen if you eliminated the performance forum? How do you think that would affect the employees?

- *“Well, it would be a huge distraction for one. I think you know, I think from that standpoint, I think you’re talking about a huge, huge distraction. I think – and I think it would send the wrong message quite frankly. I think that you know if we’re trying to*

create a culture of pay-for-performance, and recognizing contributions, I think that that would definitely send the wrong message. I think it would probably have a bit of a negative impact both, in terms of productivity, as well as the impact on the business.”

- *“If I were able to quantify the impact of taking (the incentive travel program) away on the business, I think the impact of taking it away would be – it would approach the cost of performance forum.”*
- *“I think that it would be a huge disappointment. I think it would hurt morale. I think people strive, it’s one of their goals to go to Performance, so it eliminates goals that are important to people. If you don’t really have a goal, why are you at the company if there’s no reason why they can’t shoot for something?”*
- *“Well, one, I think that it’s somewhat of a standard in our industry. I think it is somewhat standard in the sales culture, so I think it would be – you know a competitive disadvantage to us. I think that it’s one way of attracting individuals, because I think everybody likes to be rewarded, especially sales-type individuals. I think that besides not being competitive, I think it would be extremely morale killer for those individuals that year-after-year are qualifying for those (audio) things (audio) in the upcoming two years.”*
- *“I think we would have a real difficult PR issue with our people. You know I think that it’s been – it’s been institutionalized. If we replaced it with something else of like – of like recognition, you know and I don’t know what that is, but it would – that would cause some morale, some serious morale issues.”*
- *“I think given all the takeaways this year, it’s been a tough year. I think that would send the wrong message because again this is rewarding people who have exceeded targets. It’s top performers so to eliminate something that recognizes top performers I think would be highly de-motivating.”*
- *“Well, I would hope that within a nanosecond it would be replaced with something equally as good or better.”*
- *“Well, you know it would be one of the facets that we have that drives behavior and success, and you know kind of our desired organizational, financial focus. It would be one of the facets of that would be gone. That would be – that would be a bummer right. That would be – the company wouldn’t collapse, right, but one of – there’s several ways that we drive behaviors. One of those would be missing from the spectrum of several of the things that we do to drive certain behaviors.”*
- *“Well, I think – I think there’d be a big stir. I think, it’s part of our culture for so long. Quite frankly, you know our CEO at every performance forum that I’ve ever been to, said this is one program that they would never discontinue.”*

- *“I think it would be a blow to morale. I think people get very excited about it. It’s also a fairly common feature within a sales organization to have an annual event that we celebrate top performance.”*

Q4: What do you think is the biggest advantage to using incentive programs?

- *“I think there are a number of different advantages. I think – I think the program itself throws off a lot of collateral benefit in terms of you know top performers being together for a couple of days and exchanging stories of opportunities, success, and challenge. I think this is you know invaluable. When you’re able to network amongst your high performing peers, there’s nothing but goodness that comes about.”*
- *“I would say that you know there’s a fair amount of learning that goes on as well. You know separate and apart from you know kind of the good vibe that everybody gets, I think that there’s a fair amount of learning that goes on.”*
- *“I think that there’s also an implied message to the employee base that you know management does care about them, that it is interested in their long-term welfare, and thus, the investment being made.”*
- *“I think it also provides us with an opportunity to attract some of the best and brightest because I think that most sales driven organizations, at least from my experience have these types of programs in place.”*
- *“There’s a certain measure of expectation that you know if I’m a top performing salesperson, business developer, what have you that I would expect that that type of a program would be in place. Because you know it’s not necessarily about the dollars and cents, at least in terms of the program, but it’s about you know the recognition more than an thing. You know kind of how you rank in the pecking order that turns a lot of salespeople on.”*
- *“I think it’s just morale, motivation.”*
- *“I think being able to motivate specific behavior. To get the outcome from that whether it be a short-term, you know we need to get out account executives out to more clients and we tie something to that for a period of time and charge it, or whether it be a long – a one-year program to get them there. You know you can target it based on what your needs are to (audio) certain short or long-term goals.”*
- *“That it creates a goal for people to strive for. Then the event itself is a great opportunity for people to network with top performers, their peers, as well as other people from within the company to include the executive management. That might be the only time of the year that they get access to them.”*
- *“The biggest advantage is to drive people towards an end result that the company wants. Everyone, you know if you – you may be going in a great direction, but if you’re*

unsure of where you're headed, you may think the direction is great and you may be going backwards. You could be going anywhere. You have no destination and so you go aimlessly."

- *"Well, the same thing is true I think with performance forum or an incentive rewards program. That is that it gives you an end game. It gives you an end goal. It doesn't mean that you don't have 10 or 20 other goals along the way, but it gives you an end goal. It allows everybody to be driving towards the same goal. I think in that vein you're going to be ensured of a greater level of success overall as a division because you're driving towards the same goal, and it's crystal clear."*
- *"So, I think to both (individual and organization) would be clarity. It's very clear what type of results will be rewarded to the organization. It's clear from the individual's perspective and it's clear from the organizational perspective."*
- *"I guess it drives results and rewards performance"*
- *"The advantage to an incentive program is to provide a reward mechanism for desired behavior. So, if that behavior is to generate gross profits or to generate head count or to generate a solutions opportunity, you know I guess that's why I'm struggling with the questions, because there's so many different moving parts to our business."*
- *"Performance forum rewards gross profit, annualized gross profit production. So, the advantage there is it's good for morale. It recognizes top producers. It provides role models for other folks that are looking to grow and develop their book of business. I think it also adds to the cultural fabric of our company to have our top producers mingle with our executives and each other. You know so there's – that would be what I would point to."*
- *"Well, I think you know if the incentive programs are properly calibrated, it has – it has a direct P&L impact, a very positive P&L impact in terms of the performance of people. So, I think that's one thing. I think it also, from a cultural standpoint, continues to further culture – you know, our cultural values and what we're trying to you know, to create here."*

"I think at the end of the day those types of programs tend to give people reasons to stay rather than leave the organization. You know because many times it's a lot less about the money. It's a whole lot more about the recognition, and you know especially in economic times where you know budgetary dollars are not easy to come by. Sometimes putting on events, even if they're throttled back a little bit, make a big difference."
- *"I think the biggest advantage, it tells that we are a company that appreciates our people and it's a way to say thank you."*
- *"Well the advantage is it makes us a desirable place to be. It certainly makes us competitive from that standpoint with the people we wanna be compared to within the industry. All of the good top companies within the industry have similar programs."*

Q5: When you look at your employees, what do you think the overall impact of the incentive program is on them?

Key Comments:

- *“Well, I think you know – I think you know it gives an employee – it impacts them in a number of different ways. I think first of all it tends to change their behavior. Meaning that, I think that they’re aware of what it takes to qualify and participate while – I mean to qualify for the program. Thus, they understand the types of behaviors that they have to exhibit, the types of activities they need to engage in that will allow them to qualify for participation in the program. I think that’s one thing. I think that there’s a direct correlation between how well the program is articulated and run and employees behave here.”*
- *“I think the second thing I would probably think of is that you know it’s one more reason not to leave the company”*
- *“I think giving people reasons to stay other than compensation are very important from a retention perspective. I think just you know kind of the intangible feeling that you know that employees feel that management does care. That there is investment in programs and that there is some fun injected into the whole culture. You know those programs generally are pretty fun both, on the way that you participate, as well as I participate and quality and then of course, you know the event itself.”*
- *“I think the impact is for them to say, “I have won an award with my organization and it was based on my performance”, and that’s a huge impact.”*
- *“I think generally our top performers that are going on the incentive trip are staying because obviously they’re in that top echelon. They’re making decent money, one. Two, I think if you have won an awards trip, I think that you would think probably twice about leaving. I also think it showcases that the company is investing in you, and most people are looking for that, so therefore, I do think it encourages people to stay. See, I do think it would affect – I do think it (audio) – let that train go by. It definitely I think affects our retention.”*
- *“I think it also allows us to attract people.”*
- *“Everybody just wants to have some additional incentive, whether it be monetary, whether it be a trip, whether it – you know people like additional things.”*
- *“Well, the ones that win it, you know it’s clearly a sense of accomplishment. Then the subsequent trip makes them feel like – you know it makes them feel like they’re special, like they belong to an elite group of employees.”*
- *“Those that don’t win it – you know for those that would like to win it, it becomes a goal or a target for them the following year. But for those that don’t win it, I don’t know that*

– for those – you know there’s a certain population of people that work for us that that’s not a priority to them, so I don’t know that it has any impact.”

- *“Well I think for the most part for those people that fall within the categories that have the opportunity to win, it’s motivational. I think the only downside to it, and I don’t know how we would do it for a variety of reasons, but it’s not completely inclusive of all the people within the organization. Really the front line customer service people in our branches are really not included. There’s a strong argument to that, that they’re the people that produce and they’re not included in it, so I think that would be the only issue around it.”*
- *“So, for them it’s – you know they don’t have to guess, right, what type of behavior we’re looking for them to demonstrate. It’s nice and clear. It’s fun, right. It’s something that they desire to be a part of. Not only is it just a fun reward for them personally, to be away from the office and experience cool things.”*
- *“It’s also, an opportunity for them to meet others in the organization that can further propel their success and professional growth in the organization. They get to be around company executives, get a sneak peek usually at, oh, the direction of the organization from a strategic perspective. All of those things are a benefit to the individual.”*
- *“Personally, I think they’re proud when they achieve it, disappointed when they don’t. But, in truth if I just look at my group of people, you know they work just as hard – I don’t think they would work any less hard, if there weren’t a program. However, in the years that they achieve it, it’s really you know kind of the ultimate reward.”*
- *“But it’s still the carrot, they always strive for.”*
- *“I think there’s a satisfaction level of reaching a – satisfaction level being recognized. It’s fairly high touch at performance forum. So, people – we go out of our way to make sure that folks are recognized and celebrated. I think, especially for the staffing services part of our business, where people don’t earn a ton of money that the vacations that we afford them are probably beyond their individual means. So, you know I think it can be a life event for certain folks.”*

Q6: What would you consider to be a negative aspect of utilizing the incentive travel program?

- *“Honestly, there’s not a whole lot that comes to mind. I’ll have to think about that one. I can’t say that there’s anything that’s material that I can think of that would be negative.”*
- *“You know that would be a negative impact, but it certainly has not been the case with our organization. I would say that the only – the only negative aspect to our program has been that you know that generally – well, not generally speaking, but people’s experiences have been that you know spouses or significant others are invited to*

programs, and other people have become accustomed to and that's part of our program."

- *"That everyone can't go and explaining why they can't go."*
- *"You know I think there's a couple of things, and specifically the way that we use it, and I don't necessarily feel this way, but I know some people feel that our specific incentive program is targeted just to the individual that achieves that status and they would like to be able to bring their significant other or whomever it may be --So, therefore, there's a little bit of negative connotation there."*
- *"Well, it's costly to the company. You know it's a contest, so you have winners and losers. I don't really – I mean I think it's a necessary expense. I think that it creates healthy competition, so I don't know that there are negatives."*
- *"That more people – because with the incentive – with the performance forum program, only a handful of people get to go. While the good news and that they are your top performers, my biggest regret whenever I leave performance forum is that how do we get the energy and that excitement and that motivation and that drive that is built up over three days, cascaded down through the organization? That's a tough thing to do."*
- *"You know there tends to sometimes in a very small percentage of the awards there could be some subjectivity, right. That's always challenging to work through. It's expensive. "*
- *"Well, I think probably there's always a few people that go that probably shouldn't be there, and a few people that don't go that probably should be there. I think I said that backwards. There are some people that go that probably shouldn't be there, and people that don't go that probably should be there. You know have to you know, set out guidelines. So, that's probably the – and I guess the cost."*
- *"I think the negatives are taking so many of our top producers out of the field for a week. I think that there's a potential – if somebody is a top producer and just barely doesn't make it, that there's a feeling of unfairness. "*

Q7: How is the incentive travel program tied to business outcomes? What types of business outcomes are considered?

- *"Well, it's all about generation of – well, first of all its role based. So, depending upon the category of associate that qualifies, the goals tend to be a bit different. But in general, it's all about the generation of revenue and GP on a year-over-year basis."*
- *"When you think about what it would take to qualify in the program utilizing those metrics, you know people generally are thinking...What do I need to place? How many phone calls do I need to make? How many meetings does that mean? How many resumes do I have to present? Our business is pretty easy to back cast. You know if*

you've been paying attention to kind of the data. I think there's a direct correlation there."

- *"I mean it's based off everyone has a goal for the year or quota. It depends on what the skill set is. You have to come within I think 80 percent of that goal no matter what the goal is, and then of course 100 depending on how many slots we have. It's definitely performance driven. If you perform you go; if you don't, you don't go."*
- *"It's hard to gauge whether or not that is driving it, because I know, it's so far from attainability."*
- *"Well, they're based on individual contributors exceeding their targets and winning. The more people that we get to exceed their targets and to generate sales and gross profit, then the business objectives are met."*
- *"Well the actual Performance Forum isn't directly linked to my performance, but the argument would be that to be successful, I mean I could ultimately have some winners and then not be successful in Canada, but the more winners that I have obviously reflects that we're producing and doing well in Canada, so it's loosely tied."*
- *"Yeah, depending on their role in the organization, it could be tied directly to P&L profitability and percentage increase in profitability over a prior year. In sales only roles, it's tied directly to gross profit dollars generated. So, yeah, it's very close to the money, if you will."*
- *"How is – how is it tied to business outcomes. Well, I think that – from the franchise community, you know they work as hard as they can. I think it's a tremendous reward for the franchisees, because it's you know an all expense – all paid trip."*
- *"Once again, I think those franchisees are going to work just as hard with or without performance forum, but it really kind of puts them in an elite group, gives them some bragging rights. You know gives them a well deserved, you know recognition."*
- *"I think it would be interesting to see, does performance forum drive results or is it – but if for nothing else, you know getting the highest performing people in the organization for a couple of days and thanking them for an extraordinary job, I think is critical to our culture. Whether it's really driving the results, I'm not sure."*

Q8: Is the incentive travel program only tied to net operating income or gross profit?

- *"Not always. You've got your different skill sets, so it can be sales, it can be your leadership team, and then you have like a discretionary. You'll probably have three positions that maybe they're back office support that you really can't put a goal or revenue on to it. It's just at your discretion to say, "Here are three people" that you really can't put numbers on what they do, but they've done an outstanding job."*

Q9: Do you think that the travel program is financially prudent and justified from a management perspective?

- *“In my opinion, yes. I think it’s both objective and subjective why is the company spending this much money, when times are tough? Yet, you know it’s just been – I mean, this has been embedded in our culture for – forever.”*
- *“Reasons why I feel that way. Yeah. I do, if just to reward extraordinary performance, if nothing else.”*
- *“I think it’s you know about the dollars and cents, but it’s also, about the culture you’re creating. Now, now, listen. You haven’t asked me you know if there were other alternatives to do this, you know would I consider them? I think the answer would be “yes,” but I mean, if we’re just talking specifically about this, and only this, then, yeah, I think my answers would stand.*
- *“Yes. You know our company overall, it’s not – it depends on what division, but we do have commission-based performers, but I think there’s certain divisions that it’s not so much commission based, and so it’s a big incentive to go. We’re not paying you so much in commissions, but this is what we’re gonna pay for because you have earned the right and you have been a stellar performer.”*
- *“Absolutely.”*
- *“Yes.”*
- *“Yes.”*
- *“So from my perspective the cost to me is in bringing the people down, the cost of the travel and the hotel. The event itself I’m not privy to. I think it can be fairly extravagant and I’m not privy to what that cost is, so I can’t really comment overall.”*
- *“It is, absolutely. Yep. But, you know when we’re looking to cut costs as an organization, you “know sometimes these incentive travel things do come to forefront, right. Luckily, this company hasn’t, but I know at many Fortune 1,000 companies they have.”*
- *“Yeah.”*

Q10: Has the incentive travel program changed the way you manage people?

- *“Yeah, a little bit. I think that you know – I mean, there are always constant reminders about being part of the elite group, about making sure that their performance is at a level to make sure that they qualify. Because having been there and participated in the program, I can tell you that it does have some incredible benefits.*
- *“We focus on what it’s going to kind of take for them to achieve that level of performance in order to qualify.”*

- “Well, you know we’ve always had it, so I don’t know that it’s changed the way I manage people.”

Q11: Is there anything about the incentive travel program that would be helpful for an outsider that may critique a travel incentive program to know?

- *“I think that the way we handle our incentive travel program, it’s not – we’re just not there to have a crazy, wild time. We do a lot of business events, team building, which I think is really critical.”*
- *“I come from within the industry from an organization where I created a program like this and so when I came here I was very pleased to see that there was a similar rewards program in place. There were significant differences between that one and this one, but ultimately it was an annual program for top performers, so yeah, I would be looking for something like this if I wasn’t with this company.”*
- *“There are three things: 1) it is the pinnacle award within the company; it is the highest level of recognition that we have for success. Therefore, it’s a mandatory function. 2), it’s the ultimate way of measuring success at the highest level. 3) We should work every year to make sure the program exceeds the prior year.”*
- *“I think the context of the sessions. You know, sometimes they’re more business. Sometimes they’re less business. I think it has to be an equal mix. I think it could be a time where top performers come together and we really learn something from them. I think we’ve tried to do that over the years. You know I think we always need to look at the criteria to make sure we’re really getting the best people there year after*
- *“I think that that builds camaraderie, and builds to the cultural narrative that we have as an organization. I think that that’s probably the most important piece of it.”*
- *“I think that performance forum is a very important event, but not necessarily for driving sales production, but recognizing the best of our company and giving them an opportunity to mingle with executives and with each other.”*

Q12: What input do you have into the design of the incentive program?

- *“I know philosophically the company has not believed that having spouses and significant others was going to be part of the plan. I would suggest that that needs to be examined and some creative thought given to that.”*
- *“Well, I help set the criteria for those who qualify and win for the businesses that I’m responsible for. The actual event itself is planned and put together by other people.”*
- *“Most of the time, the content is meaty and worthwhile. I think though that at times the business part of the events, tend to be overboard or create a serious business side to the*

time there. You know there's a little bit of a tipping point between you know just going there and having fun. You worked your butt off. You know."

- *"It involves setting the goals, confirming what the final goals – final metrics will be that everyone is measured by, categories of attendees, number of attendees, and final selection."*
- *"A lot, especially in the front end relative to how – you know how folks are going to be stacked, ranked based upon their job and responsibility, as well as the communication of any changes to the program. Kind of once that's locked, then the program just runs itself, right. We've got administrators that watch the numbers and report on a monthly basis."*

Appendix E - Service Provider Interviews

Audio-Visual Service Provider Interview

Q1: Why do you think you are selected for the incentive travel program's AV service provider and what sets you apart from other similar service providers.

- *"Service. We care so we do a good job... always."*

Q2: Do you try to develop a relationship with a client such as XYZ in order to book additional business?

- *"Since we are a service oriented type of business, it's great to have a relationship with the client. Get to know all the different people from the CEO's, CFO's all the way down to some of the salespeople that you work with back and forth so you know what they want. Kind of get to know their business at the same time and develop a nice relationship with them is a great asset and helps us keep the clients as well as get new clients with referrals."*

Q3: How much repeat business do you get from incentive groups?

- *"It is hard to say because it is a little slower right now, of course, with the economy like it is. But we rarely lose clients after we have them unless something changed overall in the company. Most of the time, we consistently get repeat business. Part of that is because I try to be really fair in the pricing."*

Q4: Do you get additional business through referrals doing incentive group business?

- *"We've always gotten referrals through the companies that we already do work for and from them and others."*

Q5: Are there any particular challenges working with incentive groups?

- *"Well, from our aspect it is not much different than big events. The only big difference with the incentive people is that they have achieved usually to be at the event, so I would say it isn't any more challenging, just different. It's actually nice cause they're upbeat and happy."*

Q6: Does incentive group business add to the value of your brand as a company?

- *“It definitely helps. I mean it’s good business and you meet and greet with a lot of people when you are working with them. Although it is not the bulk of our overall business, it is enough that if we lost our incentive business, we would be affected.”*

Q7: Do you market specifically to incentive groups?

- *“No not directly, it is mainly word of mouth.”*

Q8: How did XYZ Corporation become a client?

- *“I’ve been doing work for them for probably over 15 years. I was just doing some video production work for them at first. I guess they got our name way back and we did some small jobs, training, videos and it just slowly grew and I kept telling them to let us in on their big meetings. They gave us a chance to do one of these and it was very successful. They were happy with everything including the price, they saw the value they were getting compared to what they were spending somewhere else. Over a couple of years period of time we slowly got most of their meetings.”*

Q9: Working with incentive groups is _____ (fill in the blank).

- *“Rewarding, fun, exciting. “*

Q10: Is there anything else you would like to add?

- *“As a provider, we obviously provide all the needs they have, but as an opinion from a provider I think these incentive events are very good to have. Even with the economy tough, I think it’s still a needed piece because people need to still be with people. I think they learn from one another when they’re on these events. I think it gives them something to look forward to and something to reach towards during the year besides just working off your computer, texting, and emailing. Sometimes people never actually talk to people or see them face-to-face. From an outsider looking in, it is very important from a business point of view.”*

Q11: Is there one incentive travel program that stands out?

- *“They are all pretty unique and outstanding. I’ll be told, oh yeah. She did this great,” and you’ll see what sales she had and how she helped someone or worked together with someone. They reached their goal or got a new client. That’s always nice. The stuff I would say has stood out, you know, is the charitable contributions they make. Last year they built hands, where they had no clue what they were doing until they were getting going and then eventually they find out all this is going to help men and women who have lost hands in war. It’s pretty emotional for all of them. You can see it in their face and in their pictures. It’s something that’s good plus they’ve learned more about working with one another.”*

Site Selection Service Provider Interview

Q1: Do hotels have to do anything special to provide services to incentive groups?

- *“I think a lot more hotels are looking for the incentive programs just because of the value base on the overall price of the programming and they will make usually more money on an incentive program than other programs. I think it is more the destination.”*

Q2: Why do you think you get selected as a third party provider and what sets you apart from other providers?

- *“What sets us apart is not only that we help streamline the time commitment for doing comparisons on destinations with a request for pricing, but also are the largest third-party in the hospitality industry for site selection and contract negotiations. So our leverage when they hear our name, there’s over 950 of us around the country and we’re international too. So we have a lot of information resources that we can tap into. We have the size and leveraging of our buying power. In addition, we have some of the top-of-the-line technology when we are doing site selection and hotel and things like that. We also share anecdotal information on how programs went and how properties are providing services.”*

Q3: Do you develop relationship with the incentive clients?

- *“What I do is definitely keep my contact with customers- whether it’s incentive or not, but I really get to know their personal side of the profile because I think what happens so many times today is that people are so busy. But again, we’re in the meeting industry. We’re not always face-to-face. So I not only know planners professionally but also personally to get to know their likes and dislikes. Researching their company and knowing how they’re changing with the economy, the culture, and what drives them.”*

Q4: How much repeat business do you get from your incentive groups?

- *“I would say at least 95%”.*

Q5: How does the incentive business help you achieve your sales goals?

- *“I would say that it helps me achieve my goal with my revenue goal 100 percent. The value of an incentive program is really helps me hit my goal by the value driven size of the programs. It is the bulk of my yearly income.”*

Q6: Are there particular challenges working with the incentive market?

- *“I think the challenge with the incentive market is not so much the meeting planner and myself, it’s more the company and their perception of a destination, the reflection on the company culture and what they want to perceive as what an incentive is. It’s because of the changes over the last year or so that they want to make sure that the destination links with the mission.”*
- *“Sometimes it’s hard for the meeting planner to sell to the top level why that destination. Even though the value could be there and a great opportunity, it’s now putting the mission and what they want to say to those performers and incentive winners, “Why are we doing this incentive for you and how does it link to the culture mission of the company? Even though there’s a value they have to sell it to the board.”*

Q7: Do you see that the perception of the incentive travel industry has changed? And if so, how?

- *“I think it has changed.” I think that companies are still seeing the importance of an incentive, but they’re just being more selective of the individuals and the size of the program.”*

Q8: Do incentive group bookings add value of your brand?

- *“Oh, definitely. We do a number of large Fortune 500 programs with different associates. And with that leveraging and having that reference, it makes a big difference.”*

Q9: Do you feel the return on investment for what is spent on marketing to incentive groups is worth it?

- *“I would tend to say yes.”*

Q10: Working with incentive groups is _____(fill in the blank).

- *“Rewarding.” I mean if you’re working with your top people on an incentive for a corporation, you are getting to meet some of the shining stars...you get to really share some wonderful ideas. If the planner is doing fabulous team-building activities, it makes a difference not only on the individuals but the company as a whole. I think it’s so rewarding.”*

Q11: Do you think incentive travel programs are trying to design their programs in a way to meet their business objectives?

- *“Yes, I do. Many people are not seeing incentive travel as a benefit to the company with your top education and top individuals that can share and drive the company’s bottom*

lines. I think the planners are very cautious so they have a good platform to respond back to their top people. I wish the press would understand that that's the reason how these companies succeed."

- "I would say that those companies that don't do an incentive program compared to the companies that do, should take a look at the bottom line and the difference in their success."

Destination Management Company Interview

Q1: Why do you think you get selected and what sets you apart from other service providers?

- "I would probably lean towards our Industry Affiliations. I think we've done a good job with our affiliation. I think having good solid performance alliance system with many partners all over the United States gives us strength and continuity in our brand and the way we perform our services. In other words, if client ABC comes to San Diego, they're going to get the same exact program. You know the same expectations, and format and so forth that they'll get in Orlando, or New York or so forth. I would again, lean towards the strength of our Industry Affiliations."

Q2: Do you try to develop a relationship with the incentive clients and book additional business with them?

- "I think it's an interesting question in these fun economic times that we're in. It's a big part of our marketing efforts to get some of the incentive business. It's certainly one of the hardest markets to penetrate just because you know a lot of multi-year agreements that are executed out there. So there are a lot of long-term existing partnerships with DMCs that are tough to penetrate. We would love more incentive business in the long run."

Q3: How do you create relationships with your clients?

- "I would probably lean toward our industry affiliation. We do have national sales people that do a very good job with sort of spearheading and representing all of the different DMC's throughout the United States. We're constantly trying to deliver updated and new innovative information that can help the incentive client, you know help them be successful. Then again, back to the whole networking thing. It's still strong, and as powerful as ever."

Q4: How much repeat business do you get from incentive groups?

- "I think the incentive industry has the highest degree of repeat business. I think it's one of those things that the incentive houses intend to do. Once they find a partner they can

rely and count on, they're a lot more likely just to pick up the phone and call you again and again, without going through the whole request for proposal process every time. Obviously when you are locked into multi-year agreements, it's a no-brainer and the phone rings off your wall with leads."

Q5: How does the incentive business help you achieve your sales goals?

- *"It helps tremendously, well right now it doesn't. The incentive business is obviously taking a big dive. The big incentive type programs aren't ...at least aren't coming our way as much as they have in the past. So it does help with our sales goals tremendously, however you know the profit margin may be less and we bank on bigger volume business."*

Q6: Are there particular challenges working with the incentive market?

- *"Yes there are challenges. For one thing, I think the incentive companies tend to have different levels of management, which means that you may show up on site at a hotel, and walk into what we call the 'war room' in our business or the conference room where all the players are. There may be 20 to 30 different people represented in the incentive company with all these different levels of management and each telling the next person what to do. As opposed to just a regular corporate client that's in town to do a meeting and you're dealing with one person, maybe two, tops. With incentive programs you're dealing with several people. It's getting used to and adapting to their style of management for one thing. You want to do a good job, but answering to a lot more people is intense on the operations' side."*

Q7: Does the incentive market add to the value of the DMC brand?

- *"I don't think it ever hurts to say you are an approved partner of any of the top industry companies just because you know they do come with big heavy reputations. So the quick answer is 'yes,' it never hurts to share that you have preferred status with some of these bigger incentive business groups?"*

Q8: Do you feel there is a return on investment for what is spent on marketing to incentive groups?

- *"You have to be careful, because again, there are so many of these tightly bound relationships that, all the marketing in the world won't get you anywhere. So it's an interesting question and I'm not sure how to answer it. I guess, yes with some discretion."*

Q9: Working with incentive groups is _____ (fill in the blank).

- *"It can be challenging, yet, well worth the effort in the long run."*

Q10: How did XYZ, Corporation become a client?

- *“The planner used to be part of the USA Host Alliance. She came from the DMC side and we are good friends and were actually colleagues. Then she went to the planner side and obviously, called on me when she needed some help. It’s all about relationships.”*

Q11: Is there anything else you can add about the value of incentive groups in general?

- *“Well, I only hope that it comes back sooner, than later, obviously. You’re sort of preaching to the choir in this question a little bit, not just because it feeds me and my family, but you know because I do really believe in the value or reward, you know the value of good job, now here’s your prize. Now get back out there and sell, sell, sell.”*

General Manager of the Hotel Interview

Q1: Why do think your property gets selected and what sets you apart from your competitors?

- *“I would say the fact that we’re in a pretty isolated location that is also nearby an airport. You know a major airport. The property has a feeling of being away without really having to go anywhere. Just the physical aspects of the resort because we’re surrounded by water and that’s very different from our competitors. We are somewhat isolated, you can’t leave the hotel and you know escape easily so real business tends to happen here just in terms of network, cause people are on property and I think it is a huge contributing factor.”*

Q2: How do you develop a relationship with the incentive client to book additional business?

- *“Well, that’s never easy in the incentive market. There tends to be a lot of people involved so you know, the person starting the process may not be the same person finishing the process. I can tell you that we have a dedicated national salesperson that works the incentive market for our entire company. She has been in that position for years and has been able to develop relationships over the years.”*

Q3: How much repeat business do you get from incentive groups?

- *“We might get repeat business from the incentive companies and other third parties but not necessarily the group. The incentive companies do a pretty good job, they do post-event recaps and they share the information. It is particularly important that we deliver on whatever promises that were made, because at the end of the day if we don’t perform we’re not going get a good review and we know those reviews are shared.”*

Q4: How does the incentive business help you achieve the sales goals for the hotel?

- *“We get about 20 percent of our group business comes from the incentive market. Incentive business is very good in the sense that they utilize all the facilities at the resort. They have meals, utilize the marina for sporting, beach, spa, etc. Since it is a reward program, they tend to utilize more services.”*

Q5: Are there any challenges working with the incentive market?

- *“There’s always a lot of people involved. There may be the incentive person that’s selling the site to the client and then it gets turned over. Then there are the procurement people...you are dealing with a lot of people before the group arrives. And then once they arrive, incentive companies tend to bring an army. All the sudden you have 15 bosses. When we do business for other corporate business we don’t see that at all.”*

Q6: Do you think incentive business adds value to the hotel brand?

- *“Oh, absolutely. The incentive business is rewarding outstanding performance and our company is very aligned with that spirit. When you’ve got two companies that sort of have the same values it definitely adds to our brand. Usually the companies we’re dealing with are Fortune 100 to 500 companies and we love having those people here.”*

Q7: Do you feel there is a return on investment for marketing to incentive groups?

- *“Yes absolutely.”*

Q8: Working with incentive groups is _____(fill in the blank).

- *“Challenging.” Just because the number of people who are involved once on property. Many times incentive groups have a person responsible for this and another one responsible for that. Their staff mirrors the positions at the hotel.”*

Q9: Is there a challenge in terms of meeting the high expectations that the incentive planner’s have for their group?

- *“No. We like the high expectations.”*

Q10: How did XYZ Corporation become a client?

- *“Through a direct sales effort, one of my sales managers making a call, presenting the property and continually following up. And then when they (XYZ Corporation) was looking, my sales manager had information and we got put into the mix.”*

Q11: Since you’ve seen incentive groups in your property on a weekly basis, would you say that the majority of them are there for the right reasons and programming to meet business objectives?

- *“Yes. I see many groups and of course there are a few but most all companies are watching their spending and manage their programs closely. It is not all play, they do some serious programs.”*

Appendix F - CEO Interview

Q1: Why do you use the incentive travel program in your business model?

- *“It allows us to celebrate together as a team and reward our employees. In lieu of just a bonus or a raise, this is an award. I think it’s better when peers get together and see who is getting recognized in the company. It feeds off each other.”*

Q2: What is the impact on the incentive travel program on your business model?

- *“I think it is very positive. It is the largest promotion we do during the year. We do other ones but this one builds all year long, so we advertise it on a monthly basis. We put out rankings where people are. We can quantify it, but clearly, these are the people who have met or exceeded their quotas for the year, and are the best of the best. Our goal is to motivate these people and to keep them around. They tell me, you know I’ve been there ten times and I’m going to be there next year. That’s the kind of attitude I want in the company.”*

Q3: What do you think would happen if you were to eliminate the program?

- *“There’s been a lot of talk about that. We talked about it last year and we actually did salary reductions this year, during the year, temporary salary reductions. One of the questions on the Q & A that went out to employees was, “are we going to cut the incentive travel program?” My answer on that Q & A was, No. That would be the last thing we would eliminate before we turn the lights off, because everyone shared in the salary reductions across the company. We still need an incentive program to retain the best of the best. You know I think it would be devastating if we took out the program.”*

Q4: What is the biggest advantage for using the incentive travel program?

- *“It allows us to standardize in some way. It gives us a way to have one major program. We can watch the costs a little more carefully and control who goes. We have various divisions within our company. This allows us to reward individuals’ performance in these divisions, but let the other divisions recognize and appreciate the performance of their sister divisions.”*

Q5: What do you think the impact of the incentive program has on the employees?

- *“I think it is a positive impact. I’ve been told it is. I mean people are severely disappointed when they don’t go. We try to make it not a surprise on who goes, meaning you see your progress during the year and you know who you are competing against. If*

you know there's only four, these people are going and you are fifth. You know what you've got to do to get to be forth. There's competitiveness about it. I don't know. I can only tell you anecdotally, I think it's positive."

Q6: What is the negative aspect of utilizing the program?

- *"Well we have a couple high performers that have won almost every year that choose not to come. Either they don't like the air travel, or they don't want to come for other personal reasons. Another issue that some people consider a negative is that we do not allow spouses. New people always ask, why can't I bring my spouse? The answer is...we bring 350 people together. We can't afford to bring 700, No. 2, or No. 1."*
- *"The second piece of that is the purpose of this is business. We have classes and we want people to interact and meet and see their peers. Like anybody else, if your spouse is there, you're going to take care of your spouse. It's not meant to be a vacation. It's meant to be a recognition, an award celebration, and a learning vehicle to understand more about the company."*

Q7: How is the incentive travel program tied to your business outcomes?

- *"Oh, directly. The way you earn your way into this program is by exceeding your quotas, and exceeding them, more than somebody else has. You're in direct competition with peers. You know how you get there, and those business outcomes are directly related to financial goals that we have."*
- *"This may be the number of new customers. It may be the number of dollars of revenue generated. There are various categories depending on the job function and title. Even administrative jobs, while those are—only select people, they only go if they have done an outstanding job and exceeded some kind of measurement, total, or goal."*
- *"When we're there we also divide between what we call winners and host. So the badge says, I'm a winner, means I earned my way there. I might be there as a host, meaning I'm a regional VP for the southeast. They could also be there as a winner, that regional VP. But we make a distinction between winners and host."*

Q8: Do the regional directors or VP's have an input in the criteria for their division?

- *"Yes. The presidents of the divisions meet with our Chief Operating Officer and myself. The criteria from the prior year is reviewed to make sure that we got what we consider the right people there, meaning the people that we would all have said, Boy, we had a great year. These are the people that got us there."*

Q9: Is the incentive travel program financially prudent and justified?

- *“Absolutely. Absolutely. We aren’t spending quite as much as we used to, I think we still get the bang for the buck, whether we use a band on Sunday night or a disc jockey, I don’t think the people care.”*

Q10: How do you measure your return on investment for the program?

- *“We don’t. We don’t measure it exactly, relative to the return on investment. We have an allocation of an amount of money that we have historically paid. We’ve been able to expand it by good management, the number of people and kind of keep the number –the amount of absolute dollars we pay about the same. I think our return---our measurement is when we look around for those 300 people there.”*
- *“Are those really the people that I feel and the senior management feel are the movers and shakers and the drivers of our success? If they are and they’re there, and they have a good time, and they want to come back next year, then I think the investments been worthwhile. If we find out that we have people there that you know continue to turn over and leave, and I don’t think that we do, because about half of our people are repeat winners every year.”*

Q11: Is there any other information you would like to add about the value of the incentive travel program to your company?

- *“It clearly helps retention. It is a helper of retention. People don’t stay for this program, but they appreciate the program. They see it as a celebration. We carefully try to balance education, company business, and celebration.”*
- *“So it’s not just a celebration. We don’t see the sessions as perfunctory. We expect people to get value out of them. We try to do things that are valuable and that are socially responsible. I think people appreciate that.”*