

Reference Deck

The IRF Top Performers Study: Manufacturing Sector

Comparing Non-Cash Recognition & Reward Approaches of
Firms in the Manufacturing Sector

August 2019



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

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

Classifying Top Performing Companies

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

The Incentive Research Foundation (IRF) sponsors regular surveys covering topics of current interest to those in the incentive industry.

This report summarizes findings from data collected August 2018 through October 2018.



Industry professionals invited to participate in survey by:

- Independent Research Panel



399 participated



Manufacturing

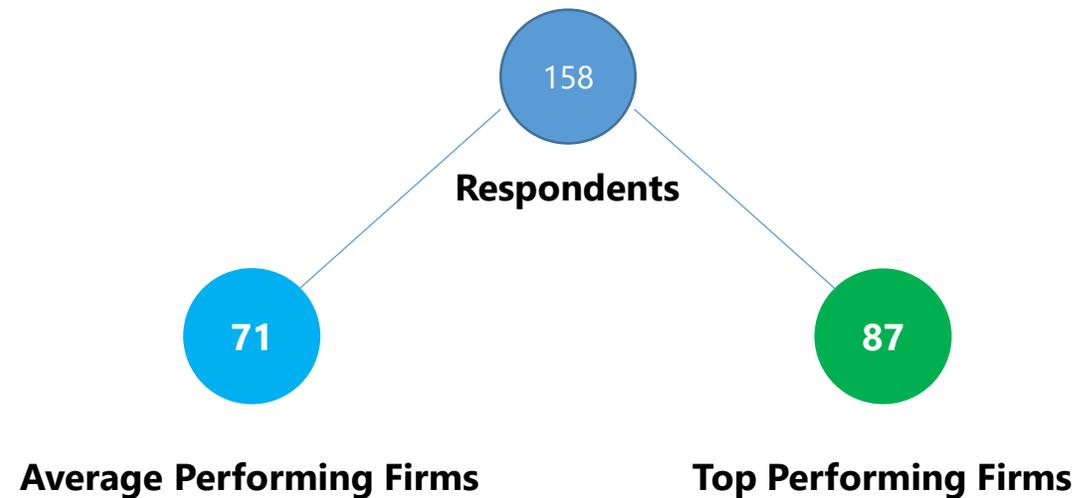


Financial Services

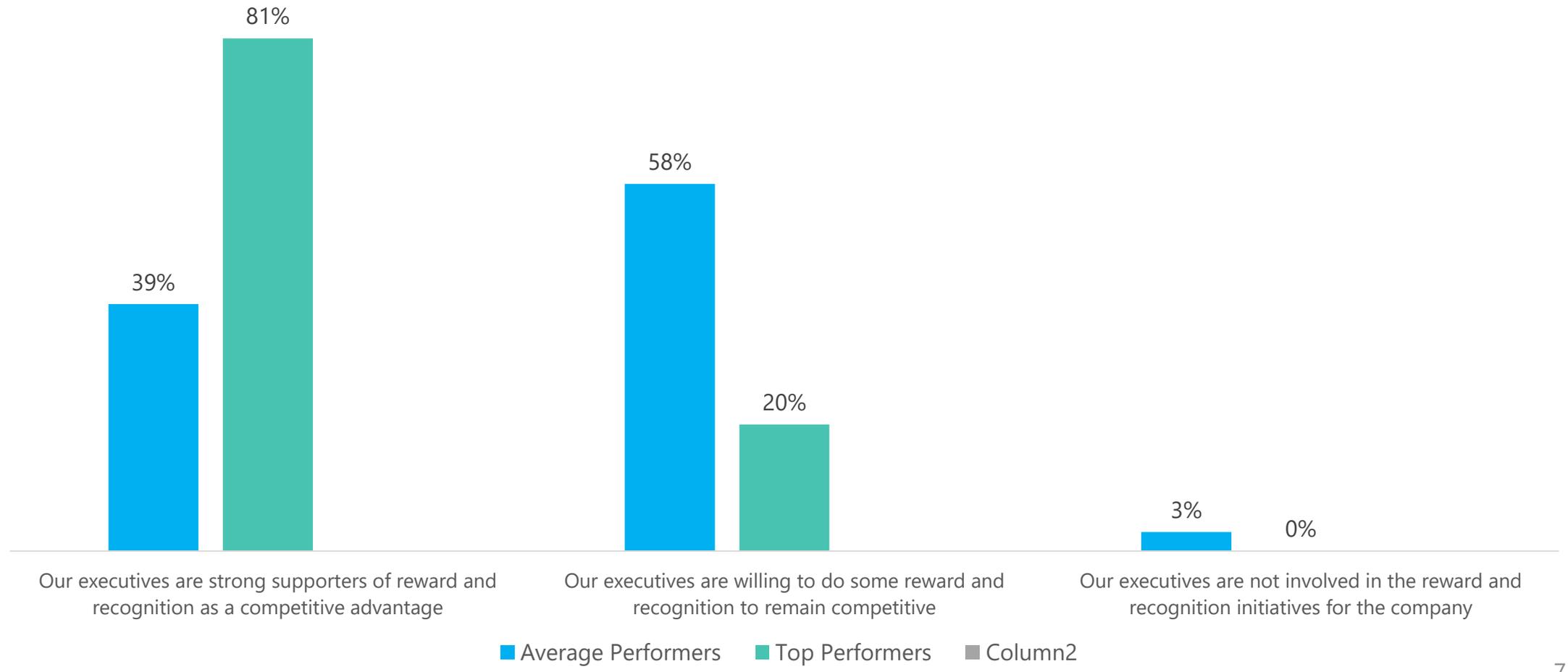


Technology

MANUFACTURING SECTOR FINDINGS

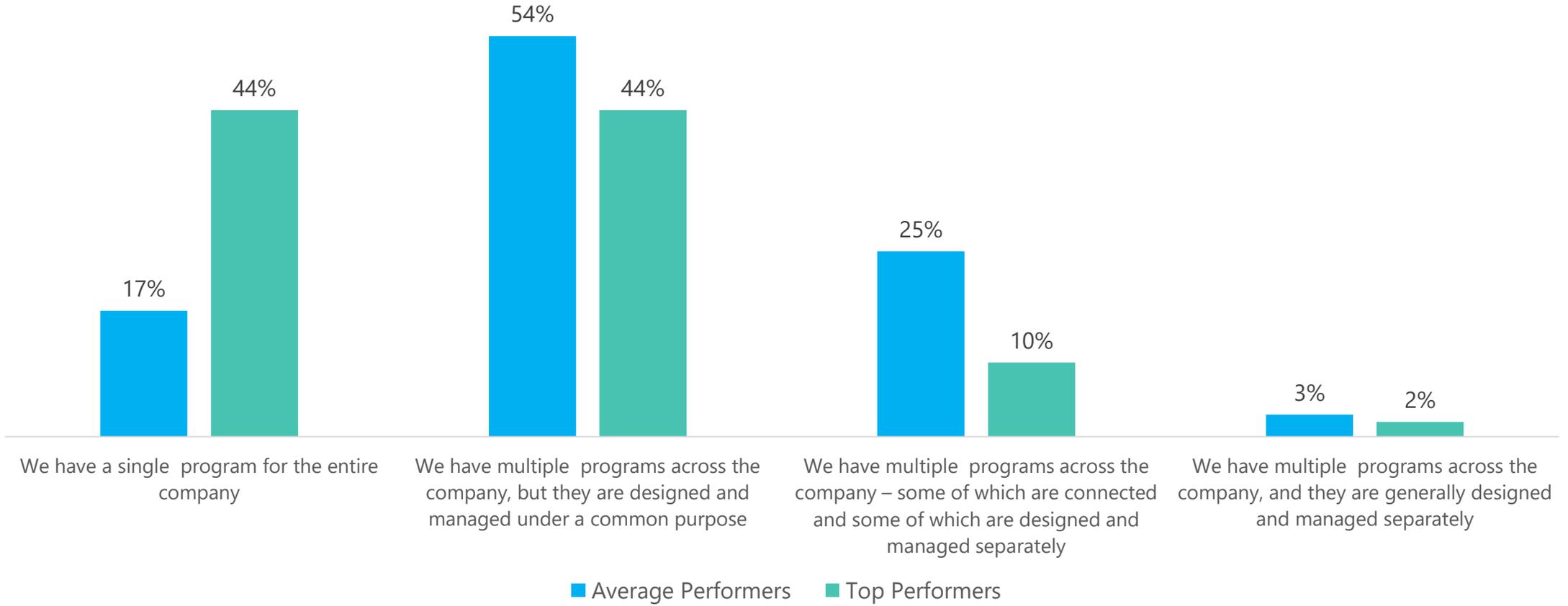


Executive Sponsorship



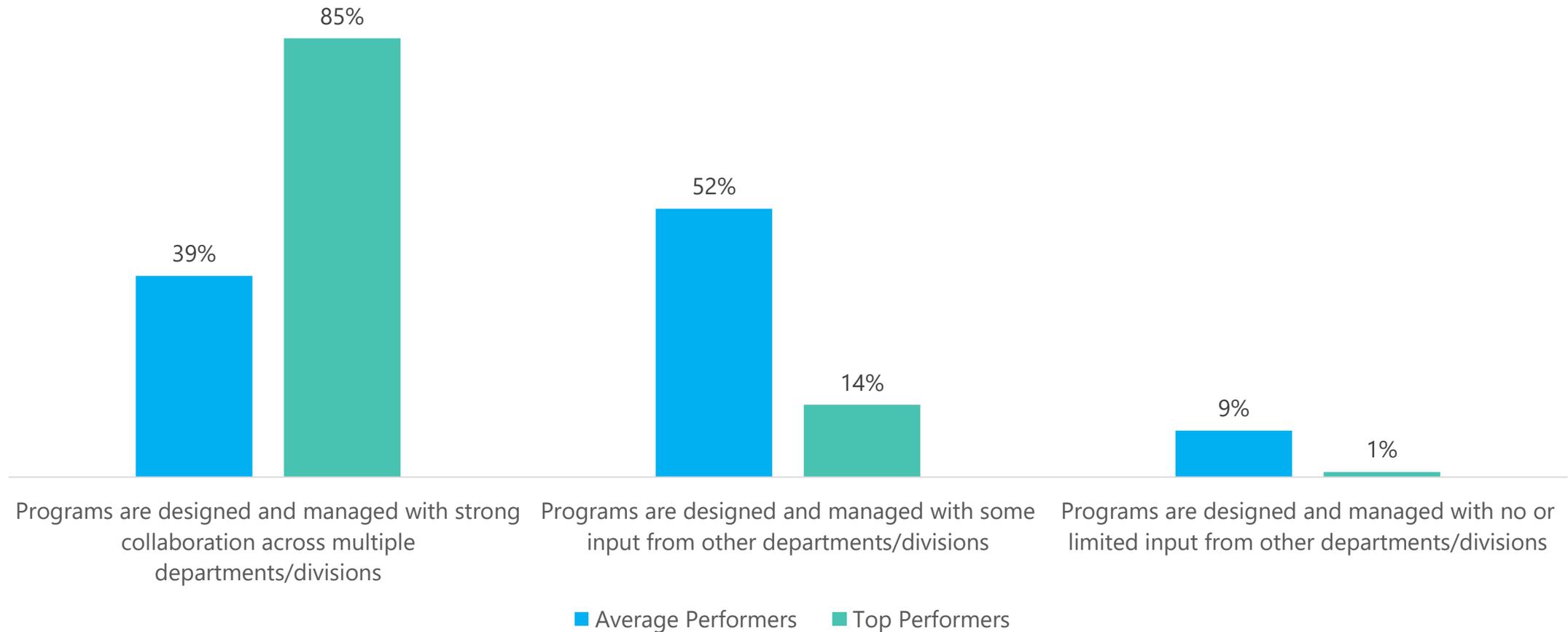
Which of the below best describes the executive sponsorship of reward and recognition programs in your company?

Program Connectivity

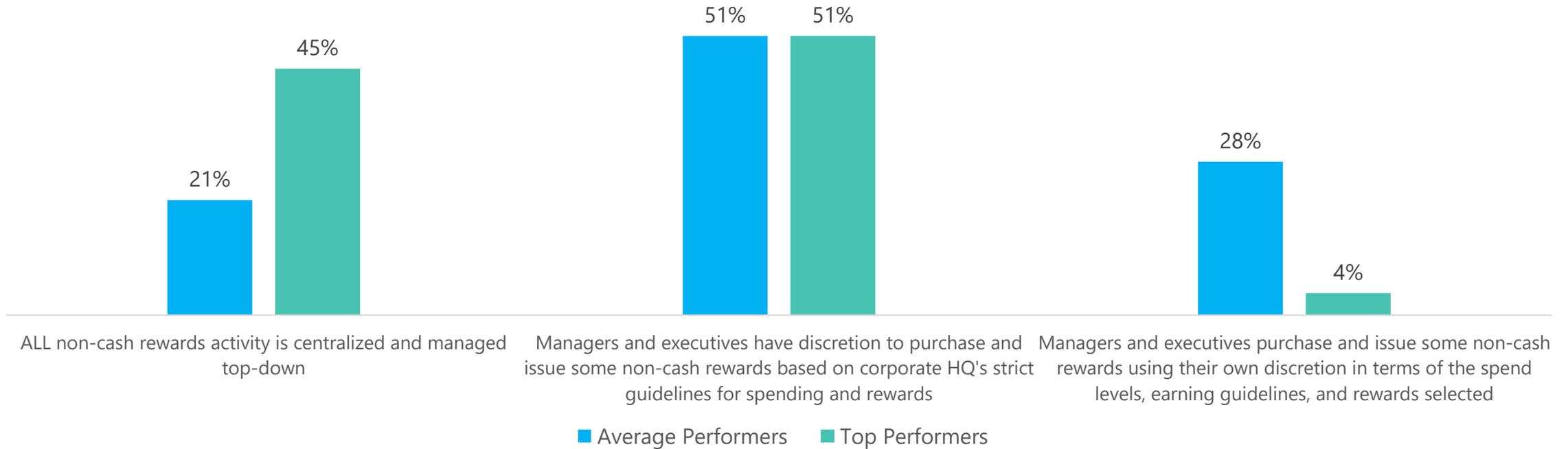


Which of the descriptions below best describes your programs?

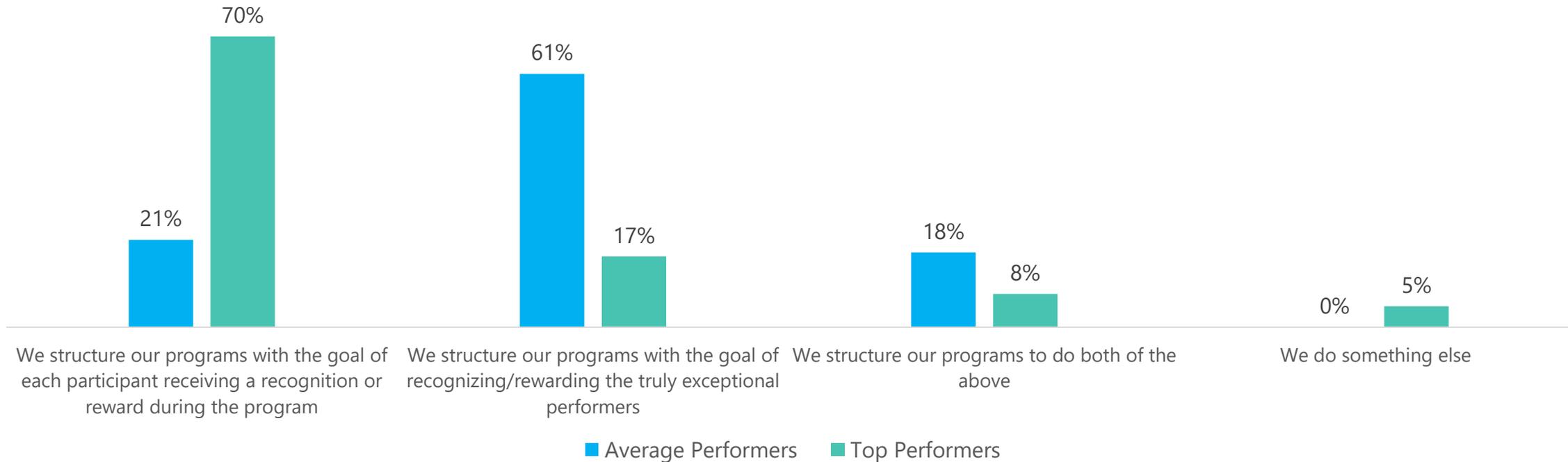
Program Design Collaboration



Program Command & Control

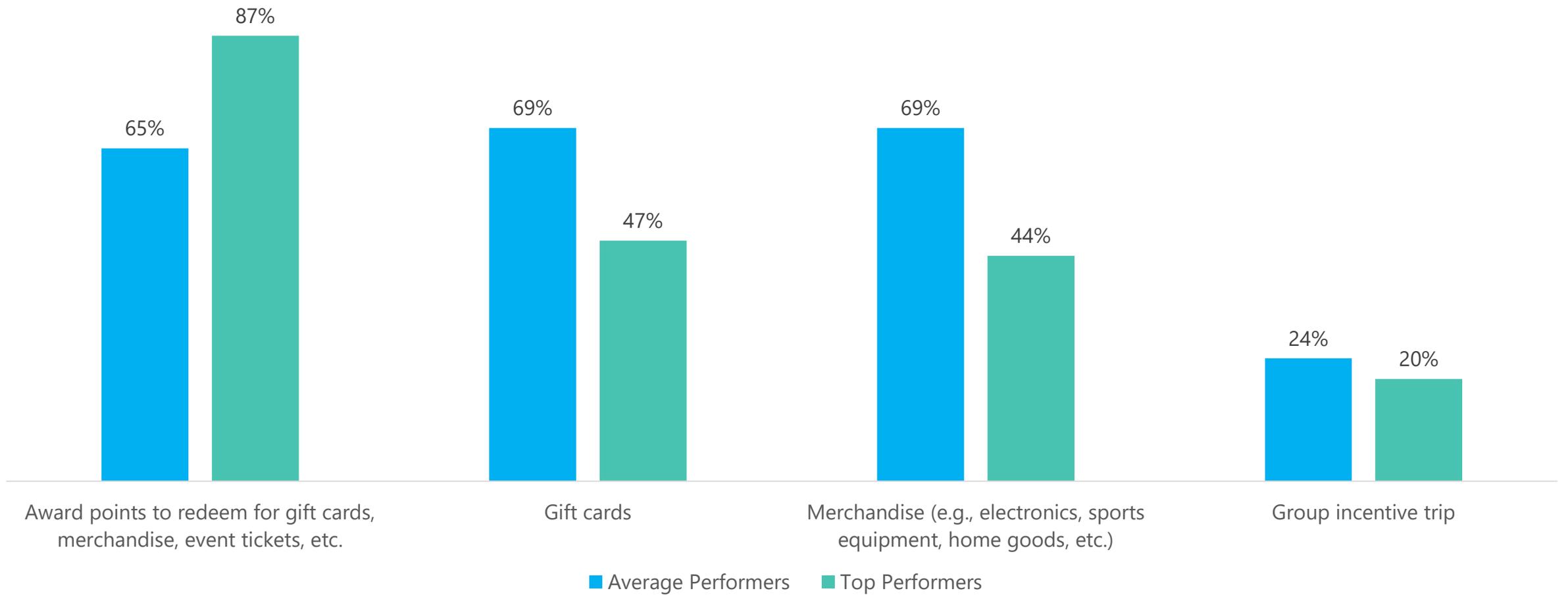


Program Reward Reach



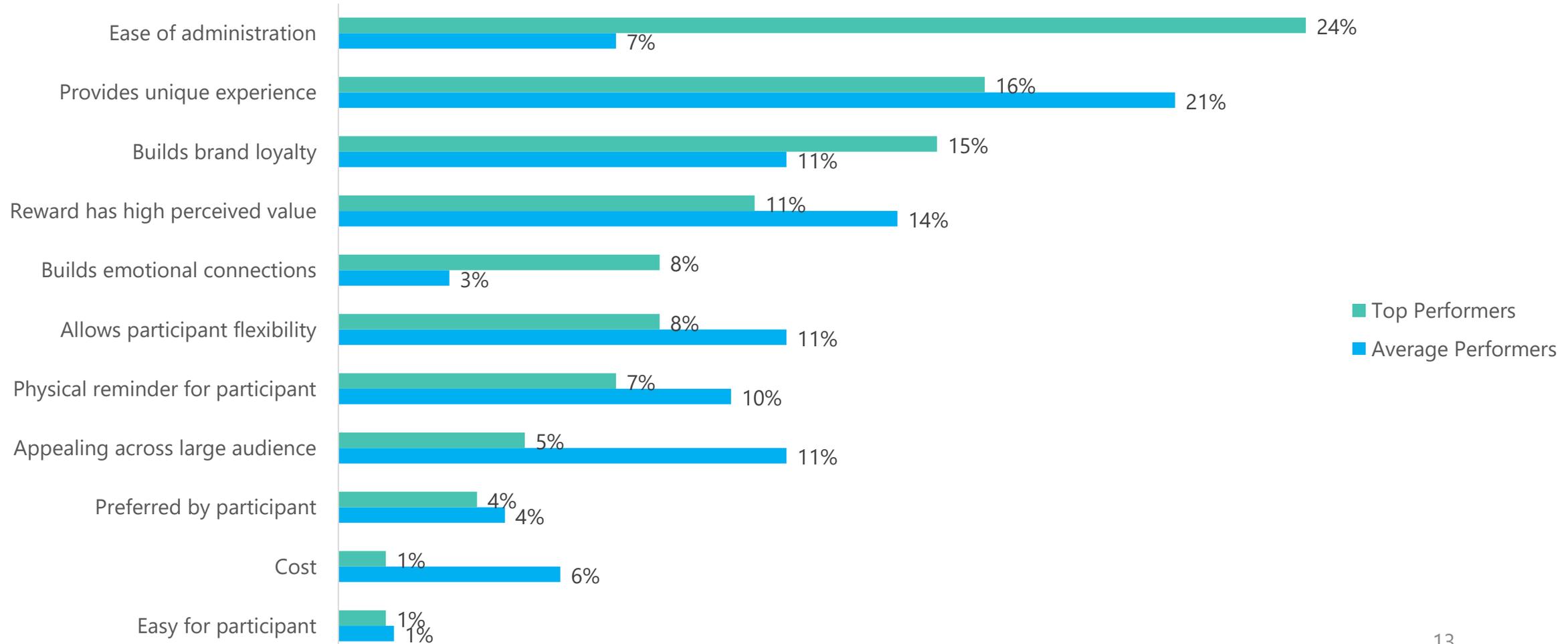
Which of the options below best describes your company's approach when designing the rules for your programs?

Reward Types

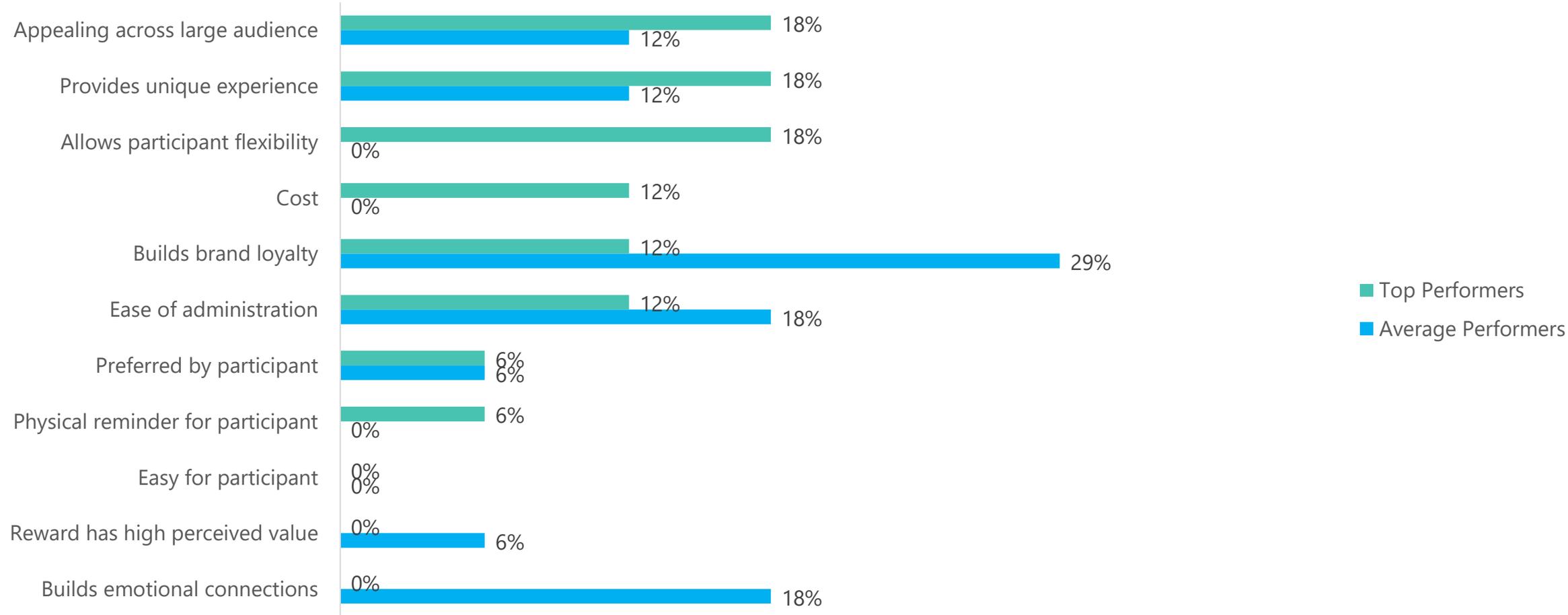


Which of the below are rewards participants can earn in your programs?

Priorities for Tangible Rewards

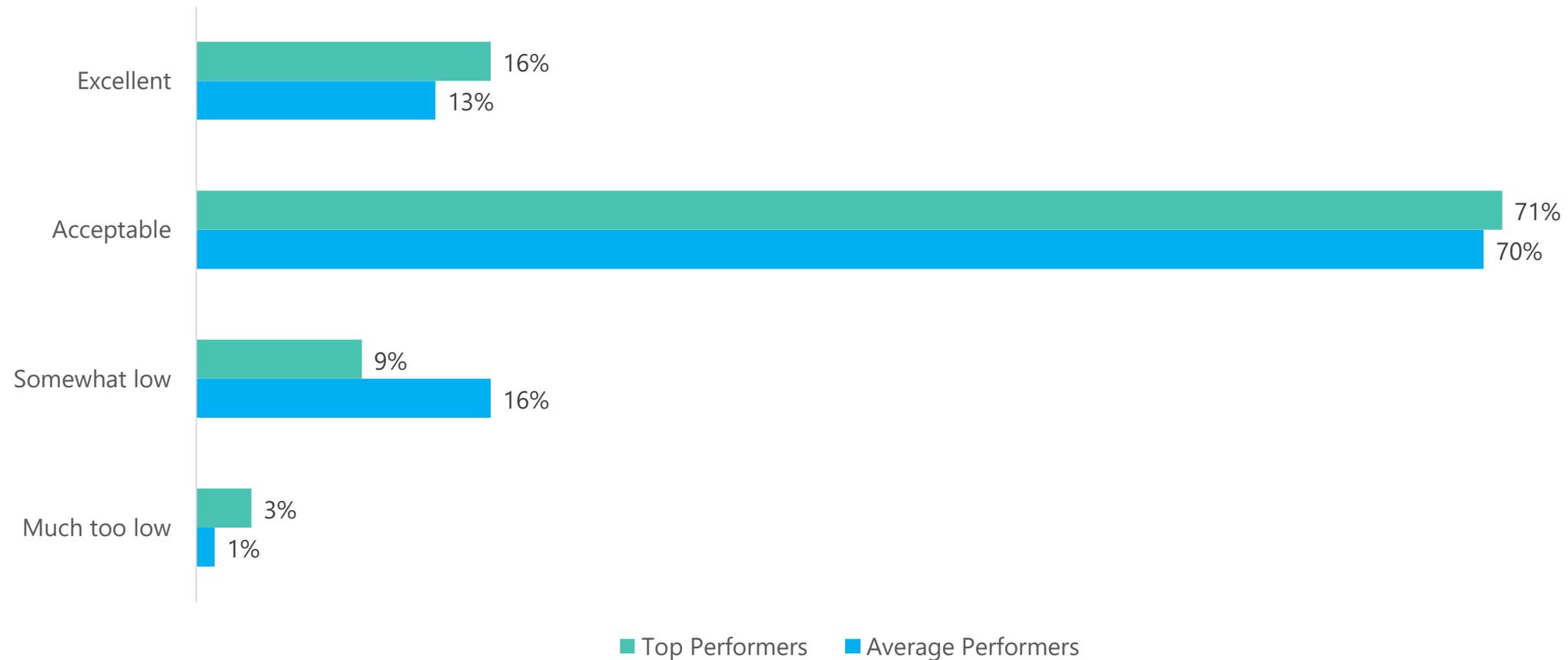


Priorities for Incentive Travel



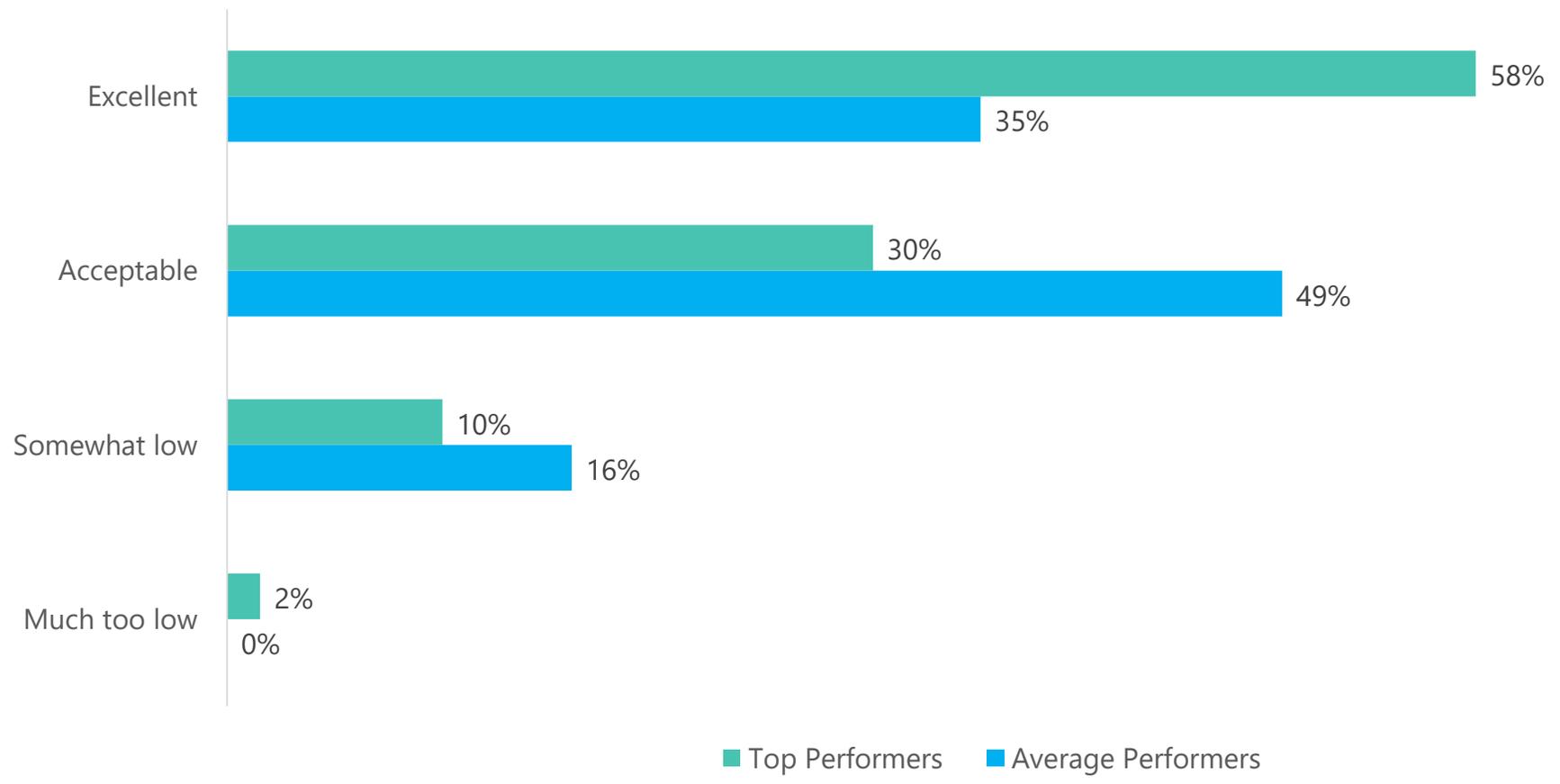
When designing GROUP INCENTIVE TRIPS for your programs, which of the below are the most important?

Program Assessment: Staffing to support program



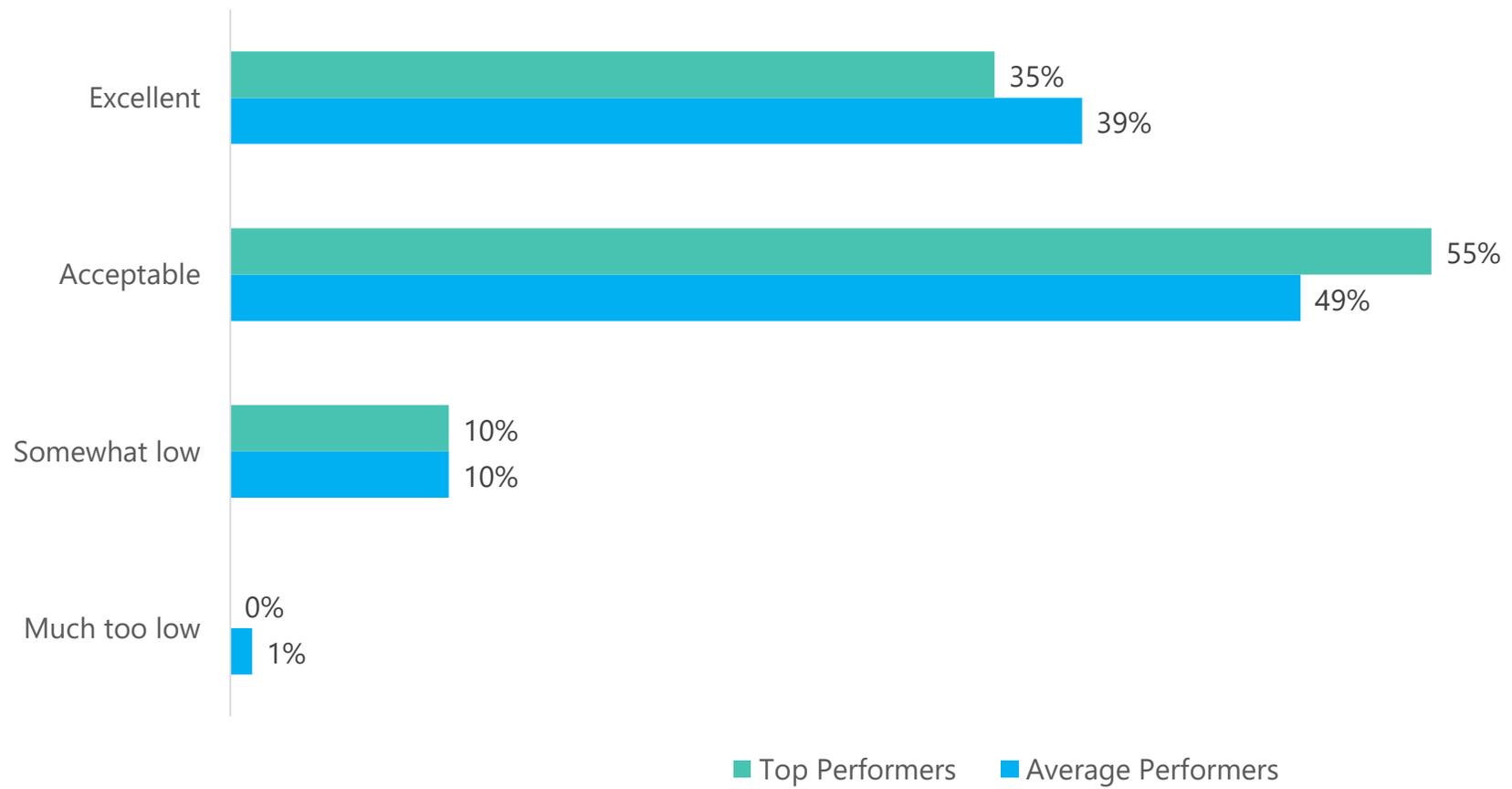
For each line item below, please indicate your assessment of your programs.

Program Assessment: Executive support of program



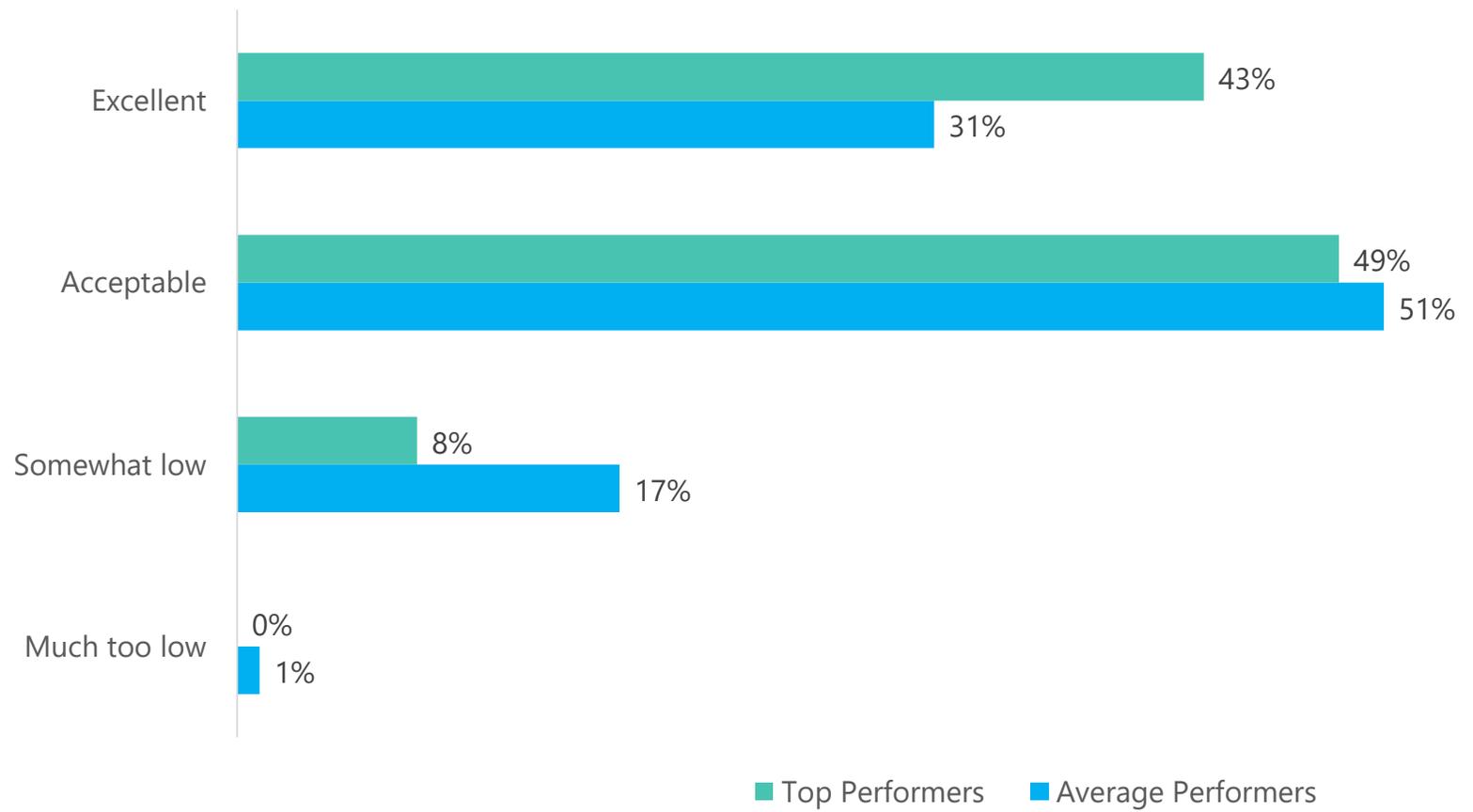
For each line item below, please indicate your assessment of your programs.

Program Assessment: Alignment to corporate goals



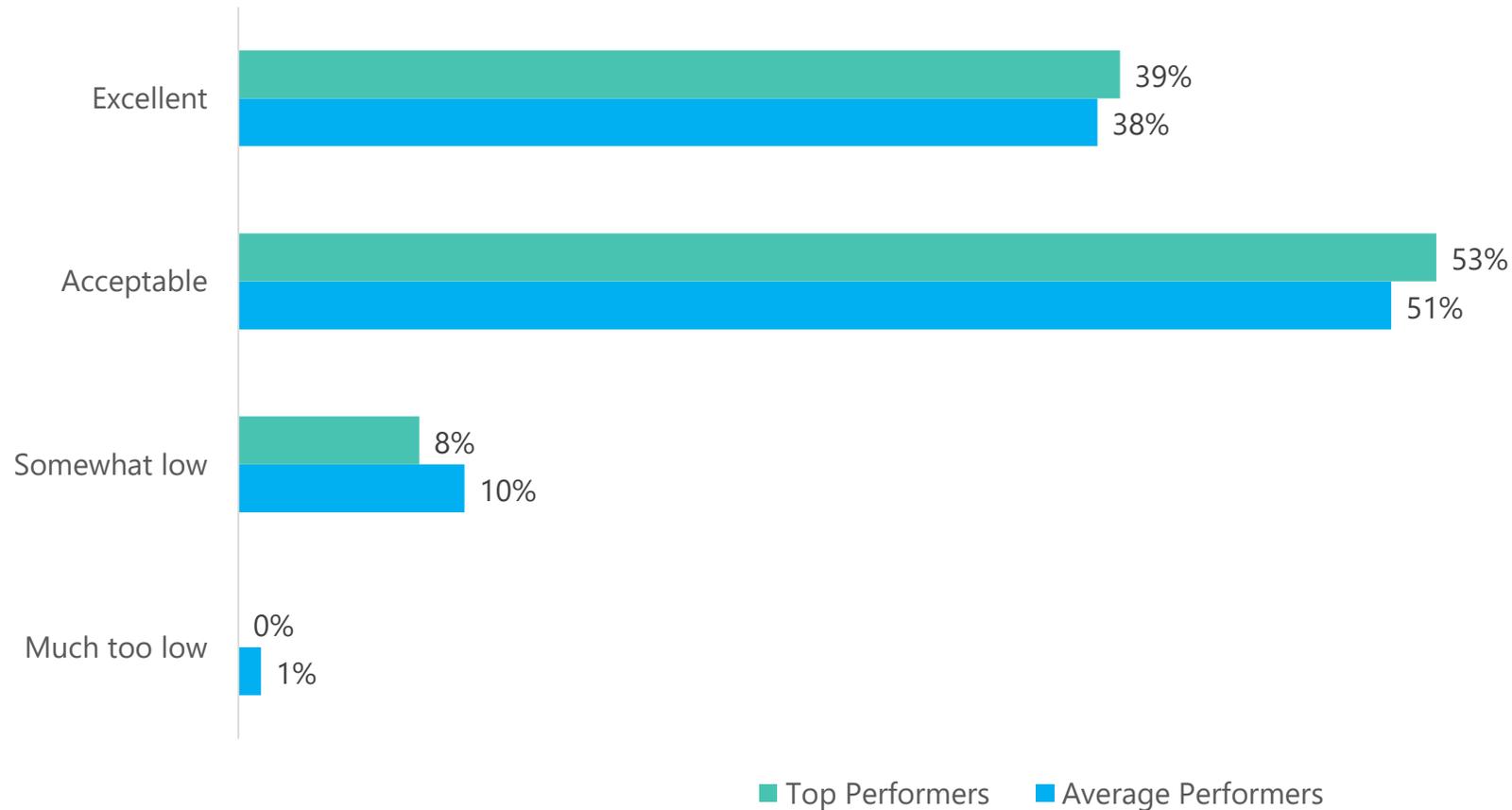
For each line item below, please indicate your assessment of your programs.

Program Assessment: Budget



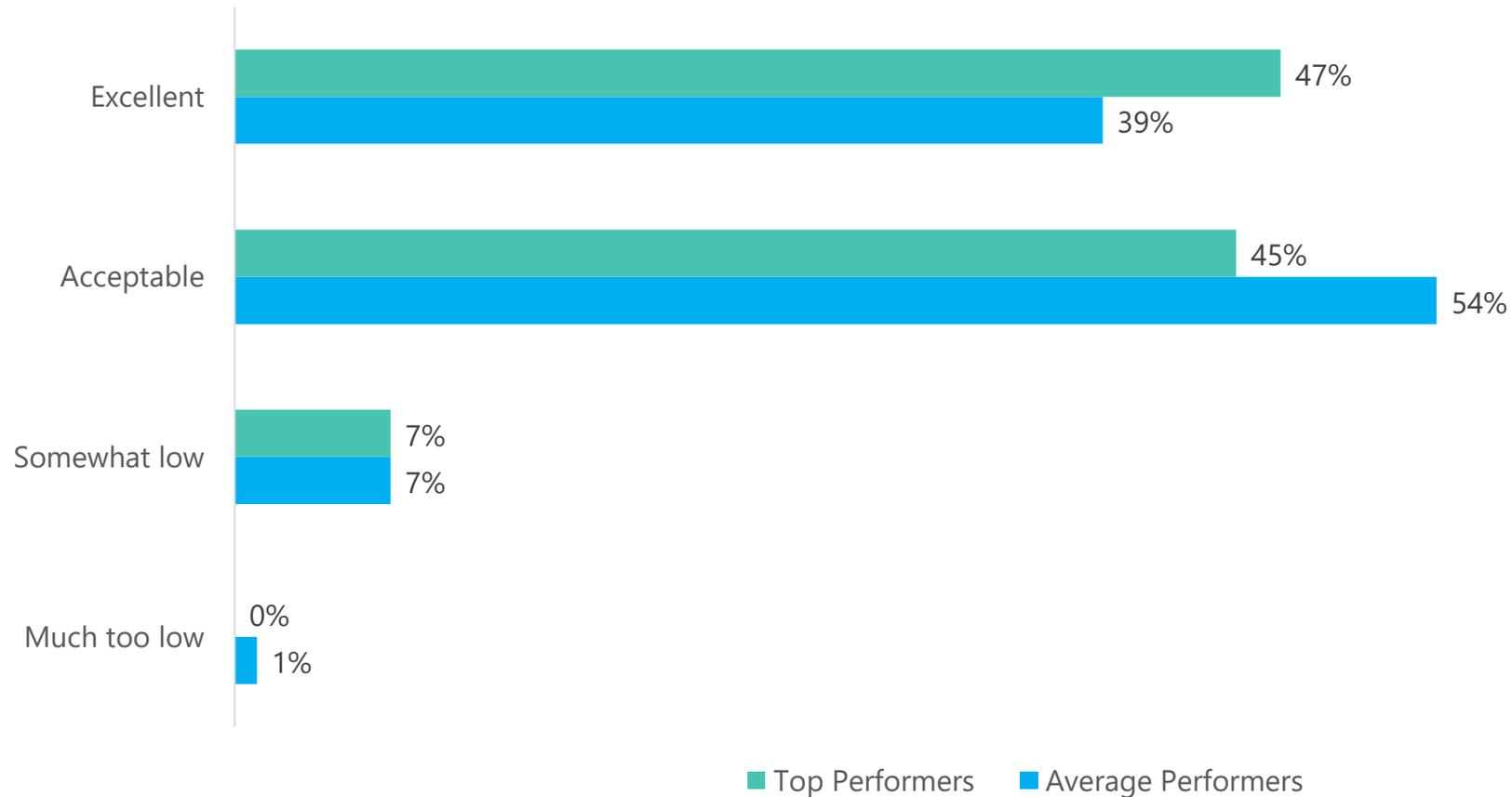
For each line item below, please indicate your assessment of your programs.

Program Assessment: Participation



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

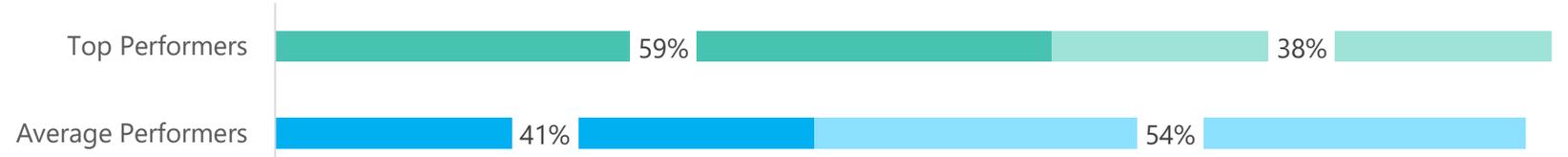
Program Assessment: Manager Buy-in



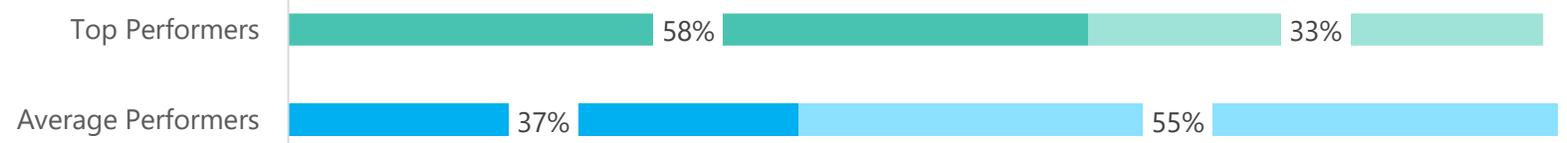
For each line item below, please indicate your assessment of your programs.

R&R Perspectives

Our executives believe that rewards and recognition are a critical tool in managing the performance of the company.



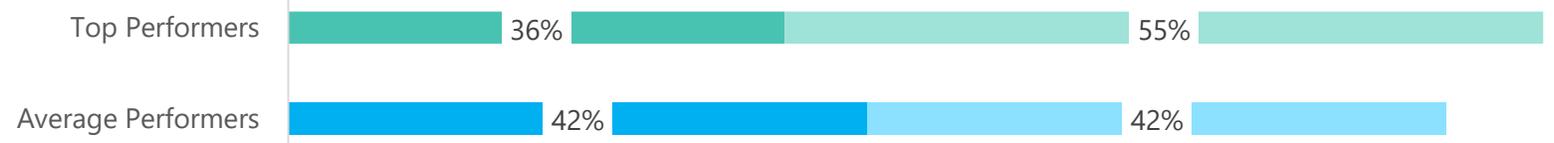
The reward and recognition programs we design and run reflect who we are as a company.



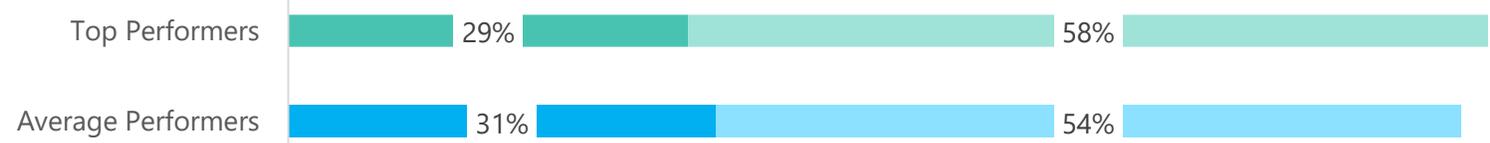
Reward and recognition programs are expected in our industry.



Non-cash rewards are more memorable than cash.



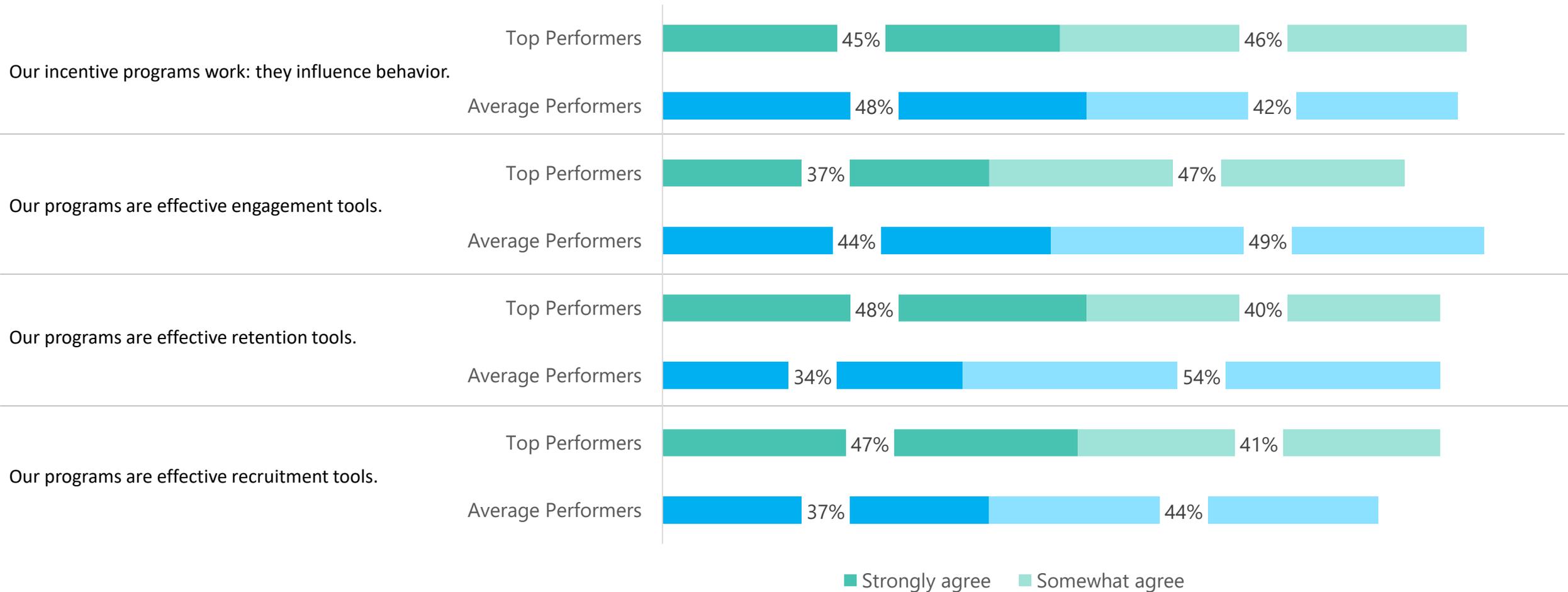
We run some or all of our programs because that is what we've always done.



Strongly agree Somewhat agree

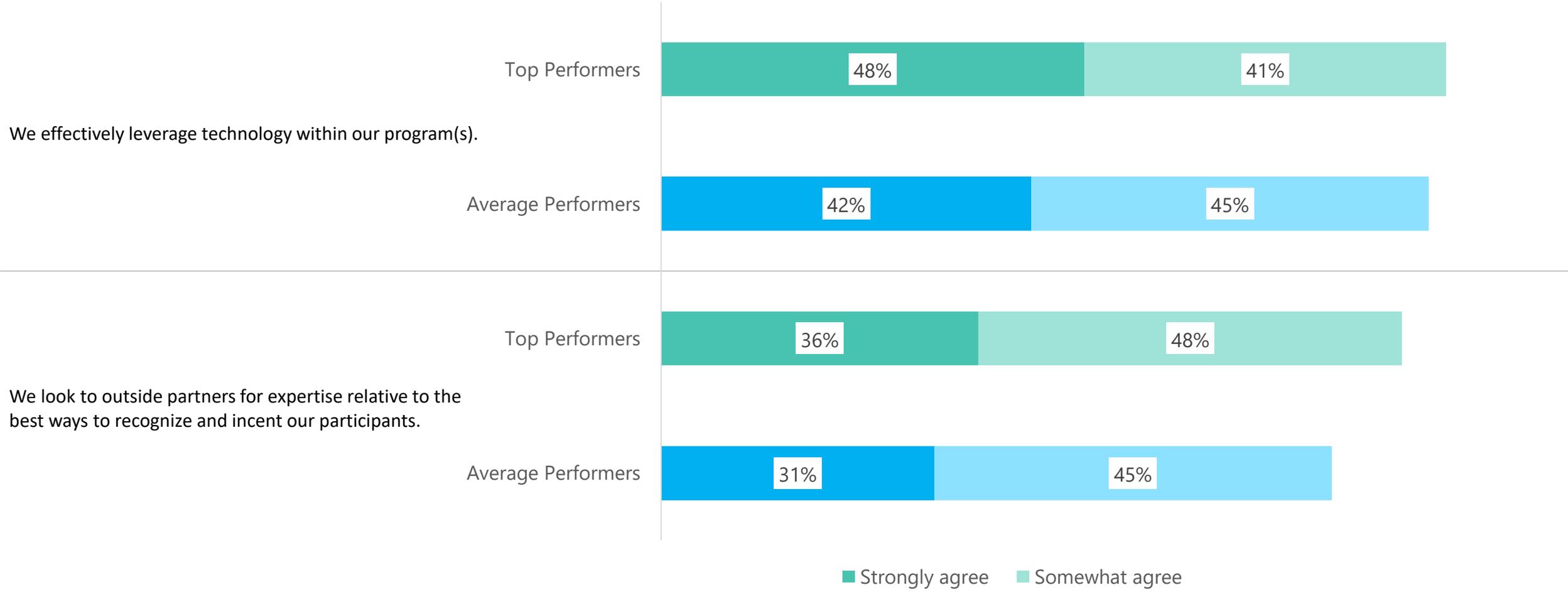
For each of the statements below, please indicate the degree to which you agree.

R&R Effectiveness



For each of the statements below, please indicate the degree to which you agree.

R&R Leverage

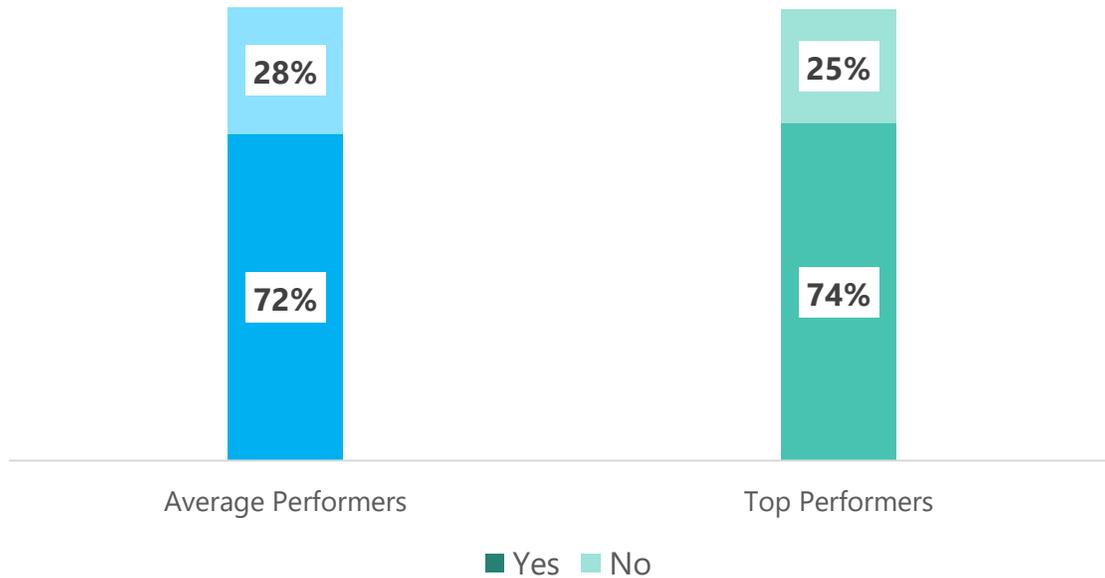


For each of the statements below, please indicate the degree to which you agree.

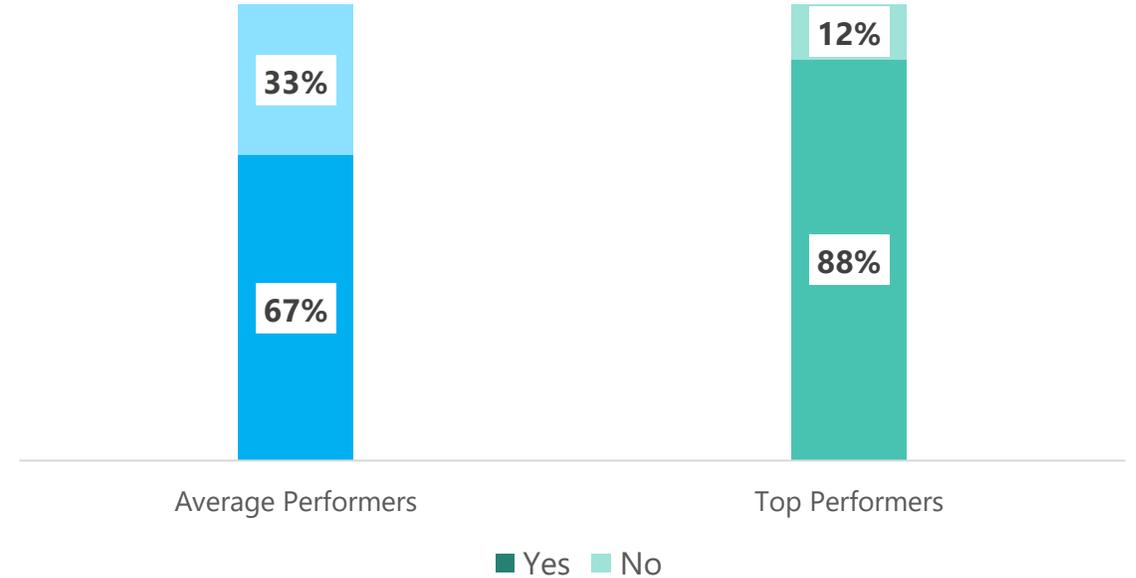
SALES PROGRAMS

Top Performer Group Incentive Trips

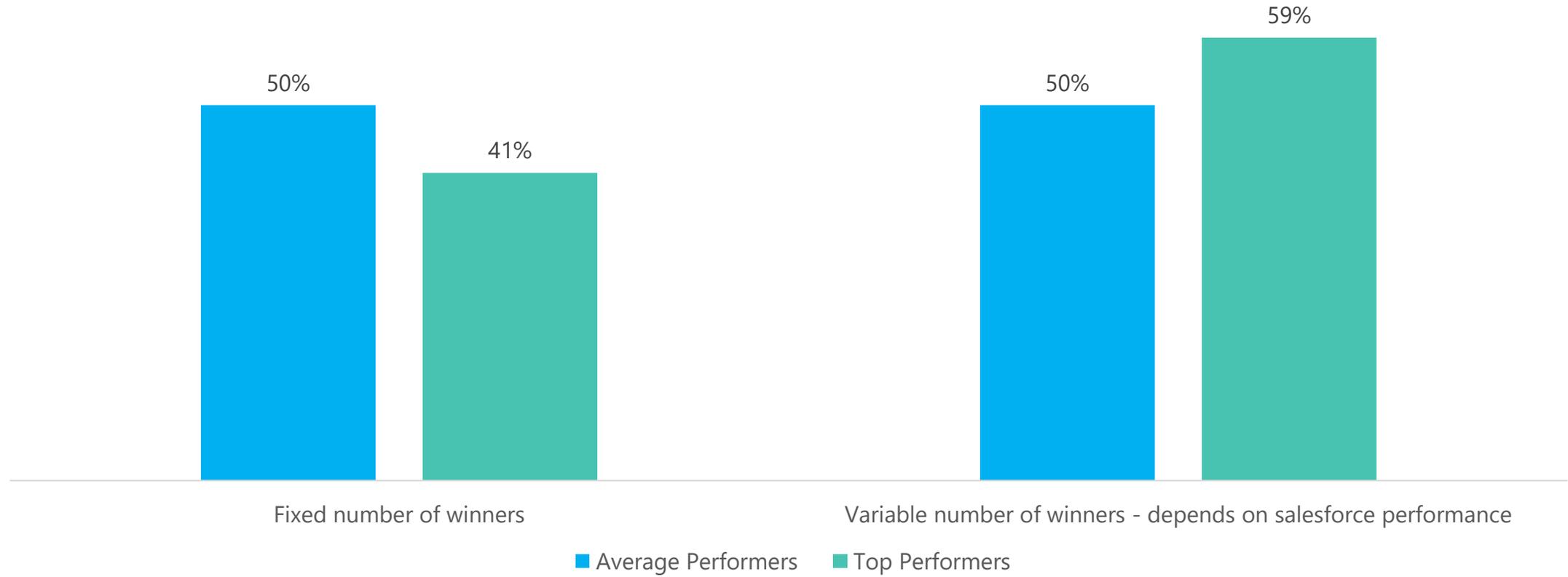
Program Includes Top Performer Award



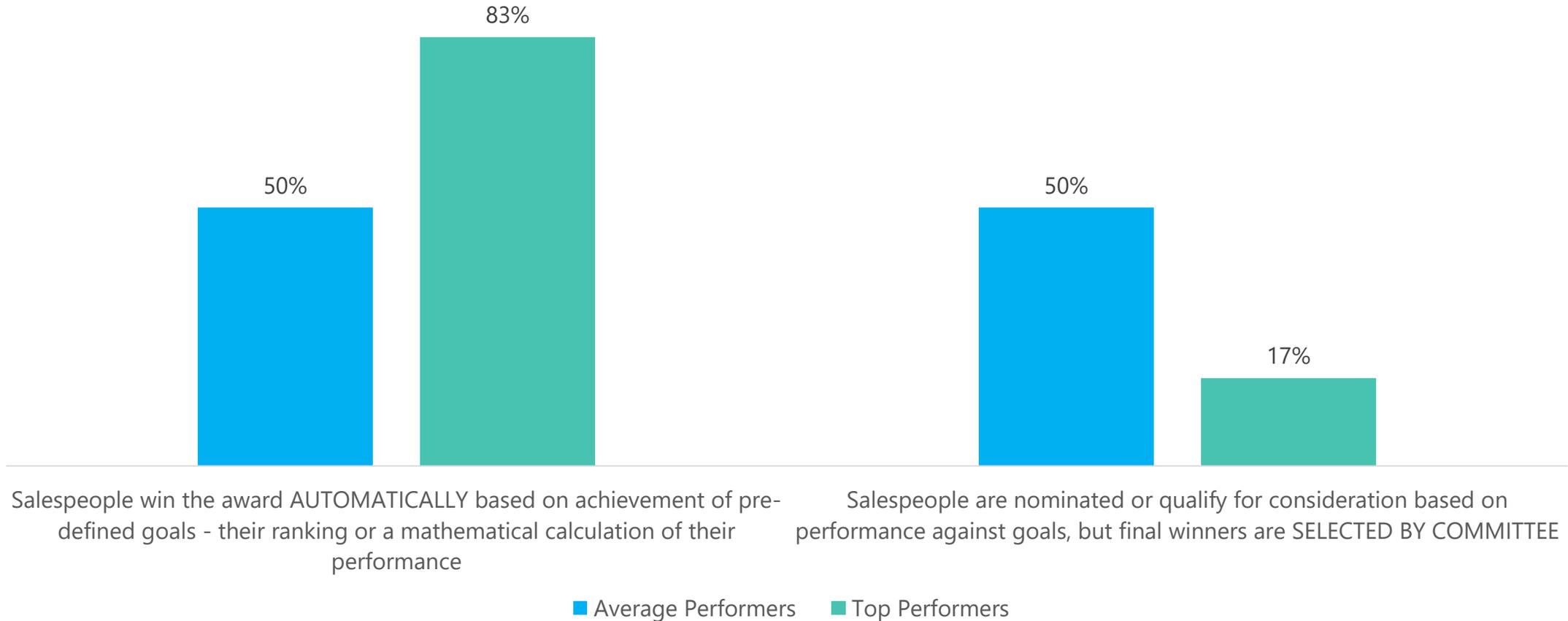
Top Performer Award Includes Group Trip



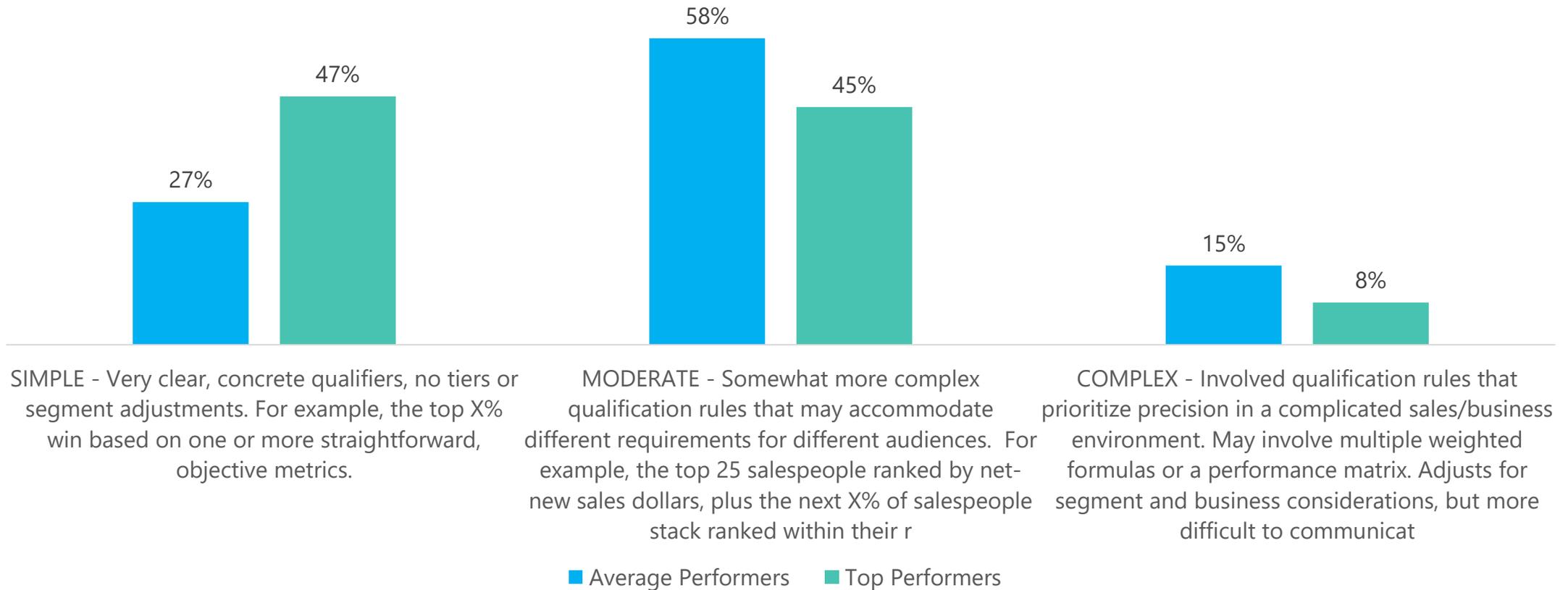
Limits on Number of Top Performer Trip Winners



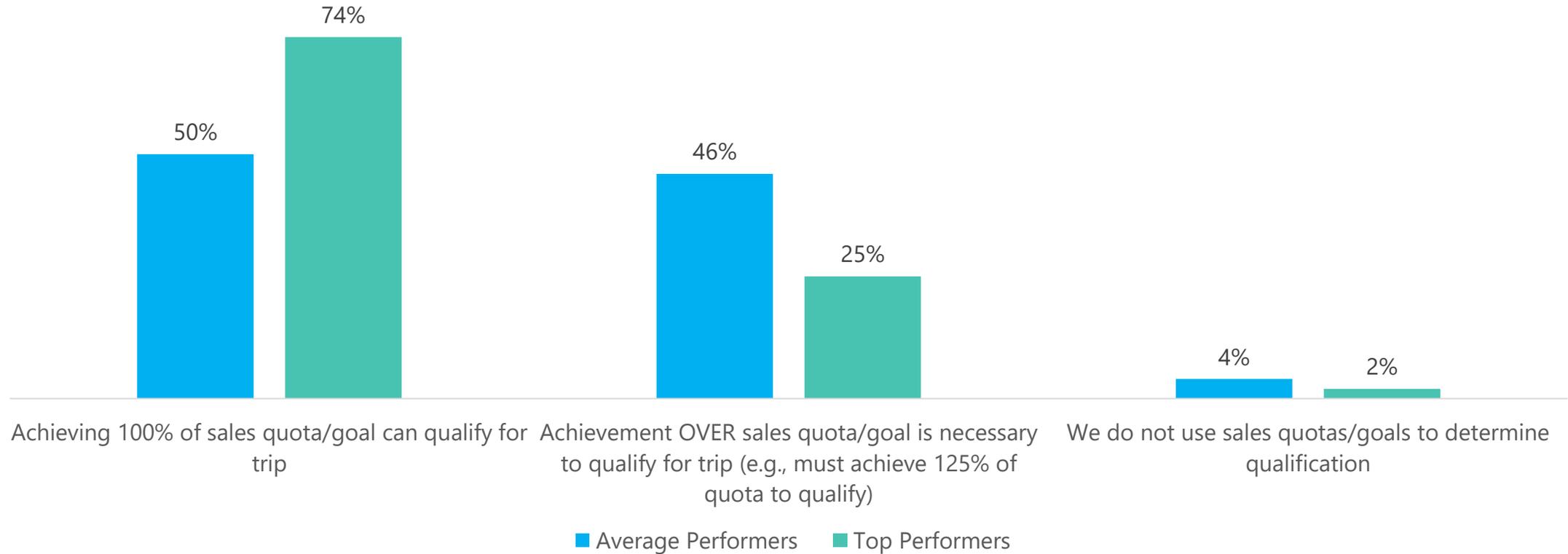
Objective Qualification: Top Performer Incentive Trip



Qualification Complexity: Top Performer Incentive Trip



Sales Quotas: Top Performer Sales Incentive Trip



Reward Achievability: Top Performer Sales Incentives

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

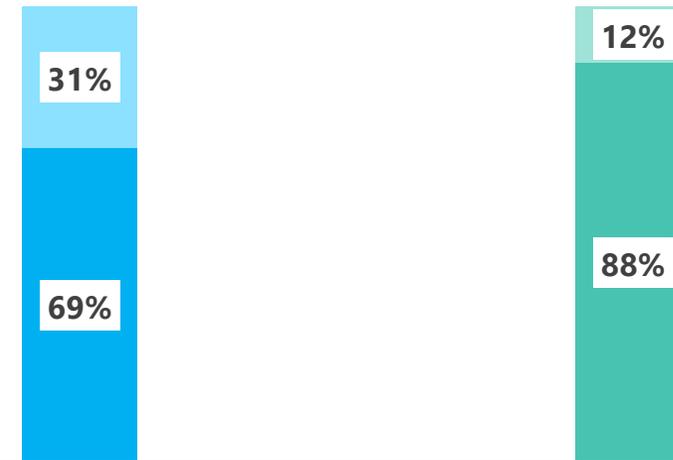


Average Performers

Top Performers

■ Yes ■ No

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



Average Performers

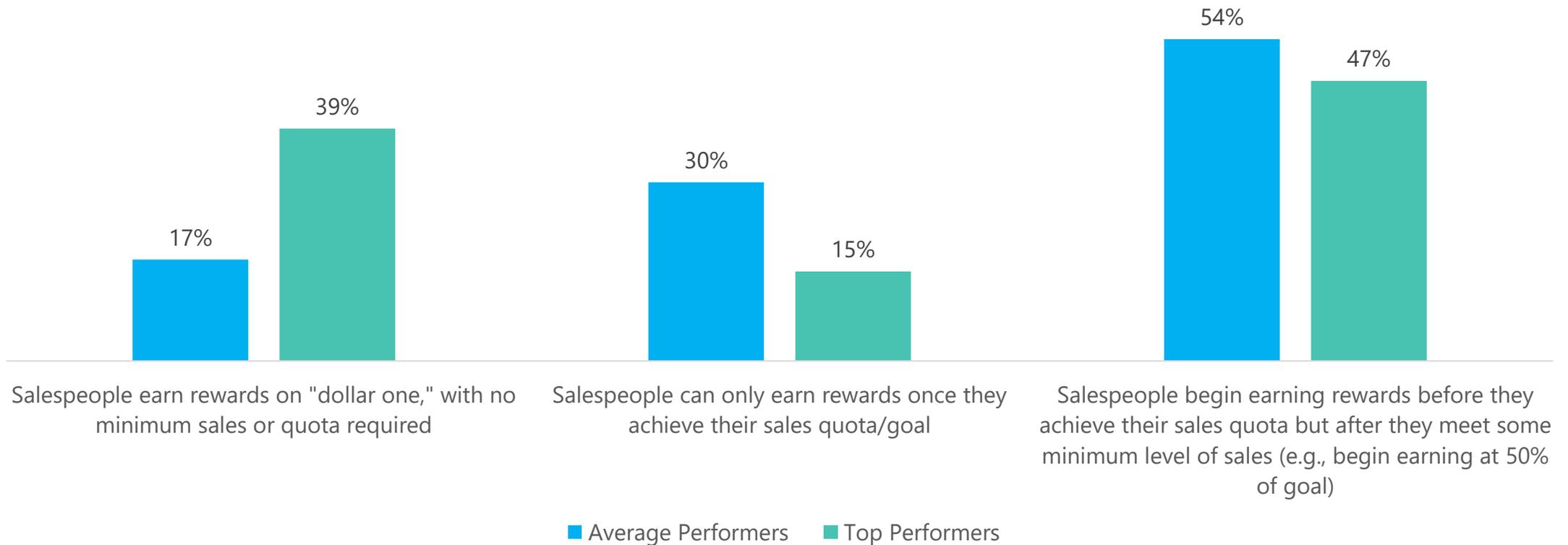
Top Performers

■ Yes ■ No

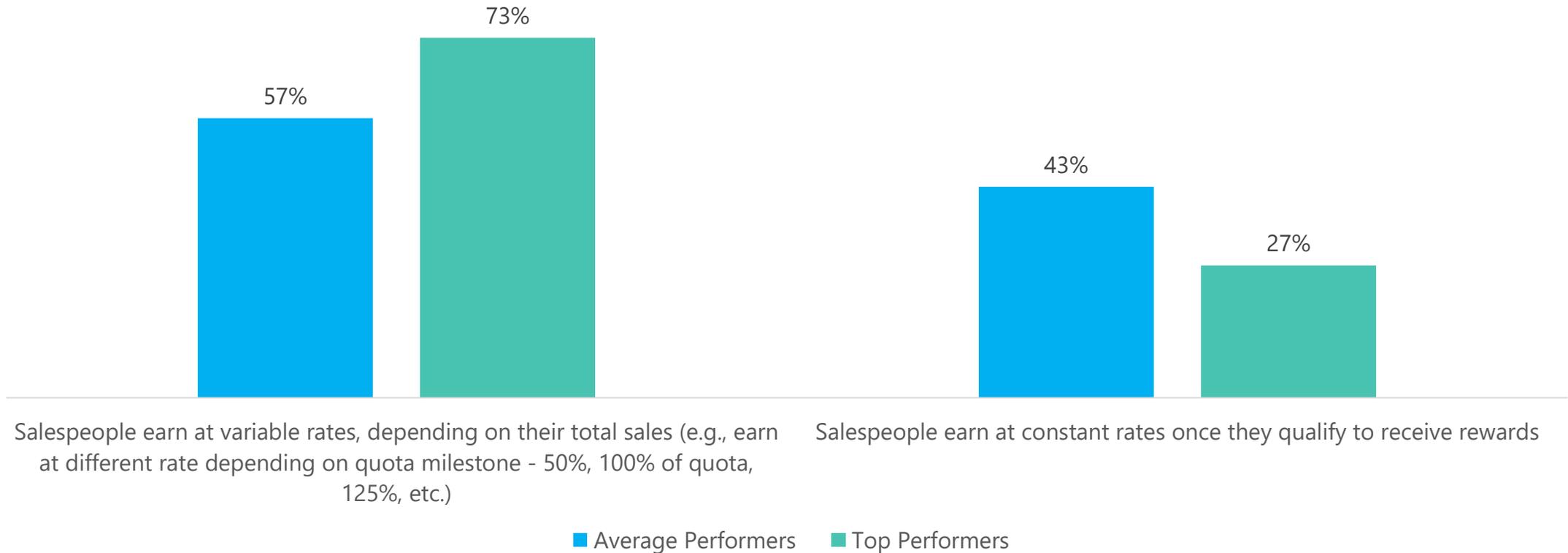
Do you have special rules for new salespeople that allow them a better chance to earn a place on the trip?

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

Program Rules: Threshold to begin Earning Rewards

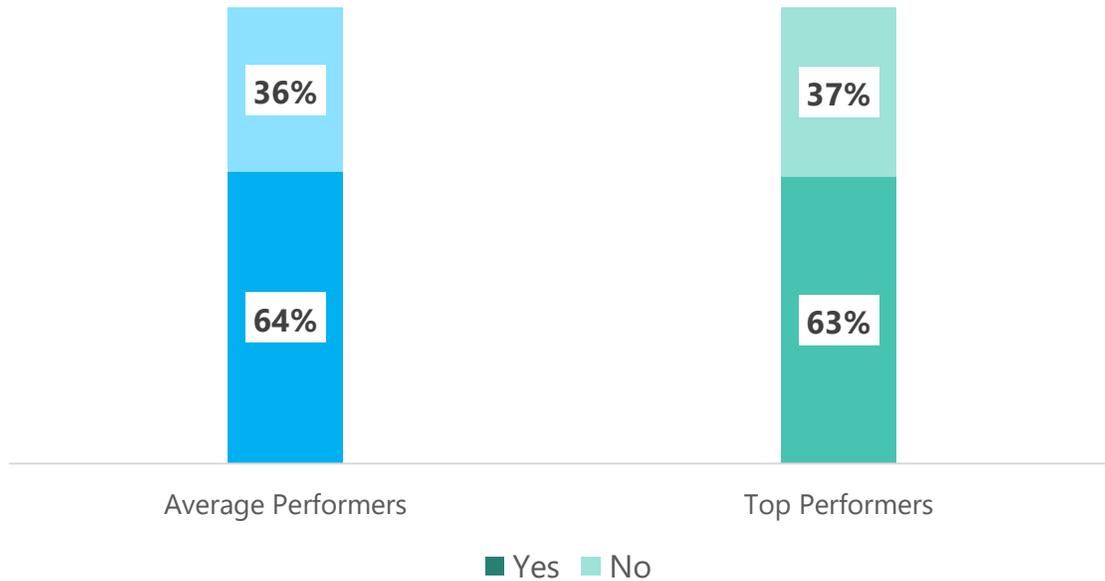


Program Rules: Rate of Earning Rewards

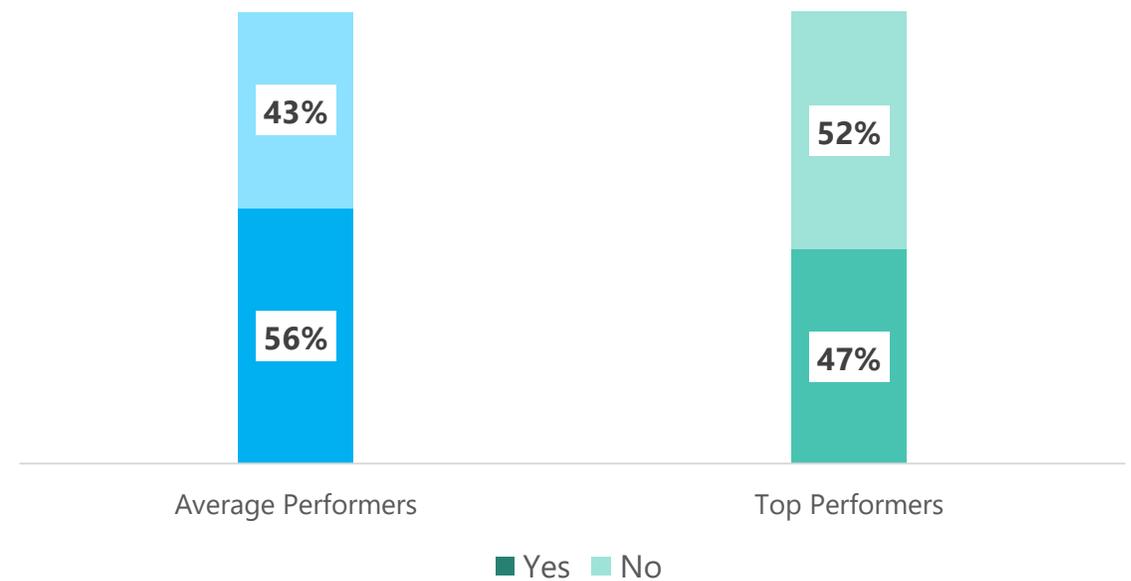


Reward Approach: Non-Travel Rewards

Special Rules for New Salespeople Non-Travel Rewards



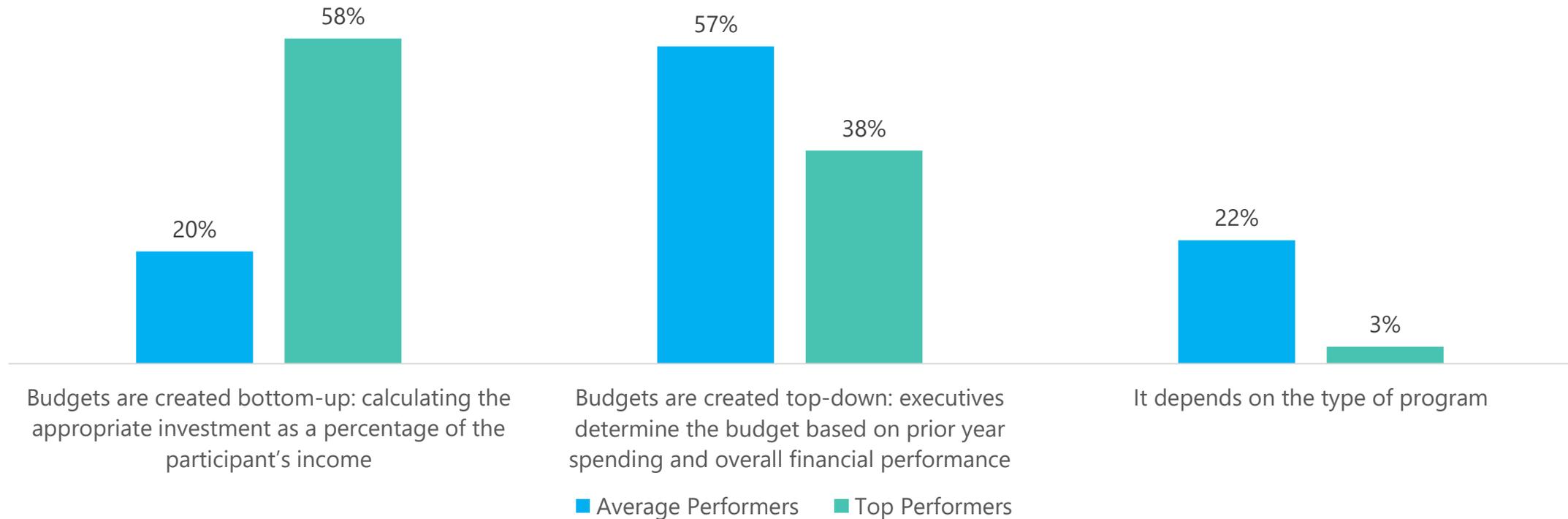
Any Programs without Earning Limits?



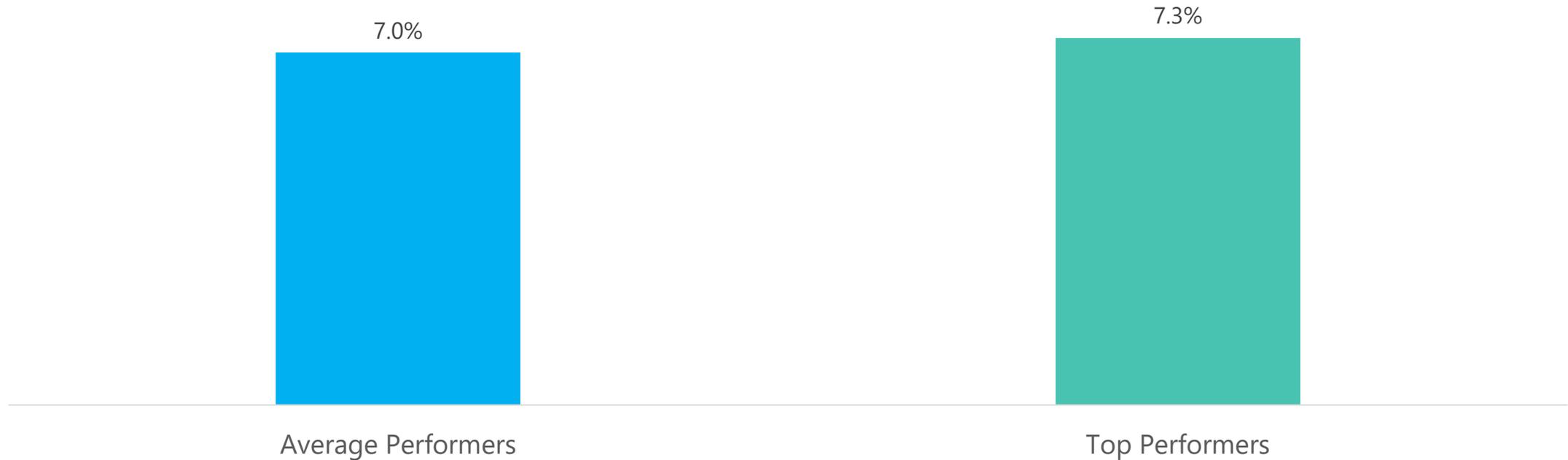
Regarding award points, gift cards, and merchandise rewards, does your non-cash sales incentive program have a "Fast Start" that allows new salespeople to quickly earn, giving them early "wins" to boost their motivation?

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

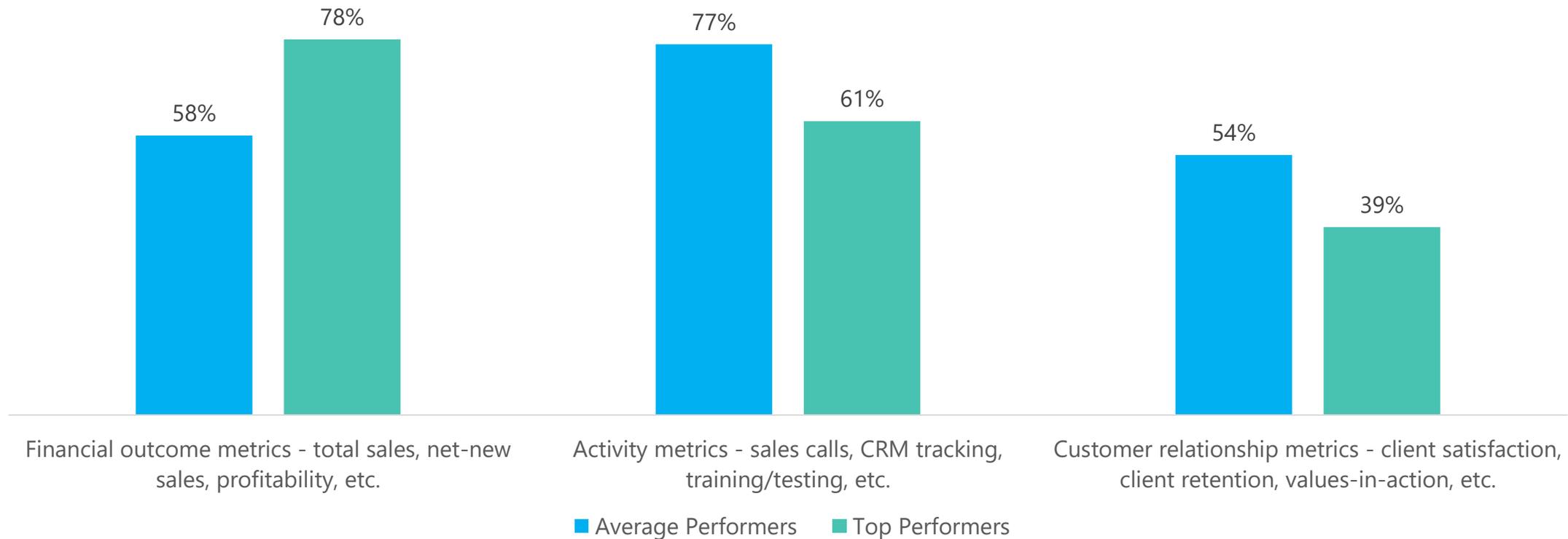
Budget Approach



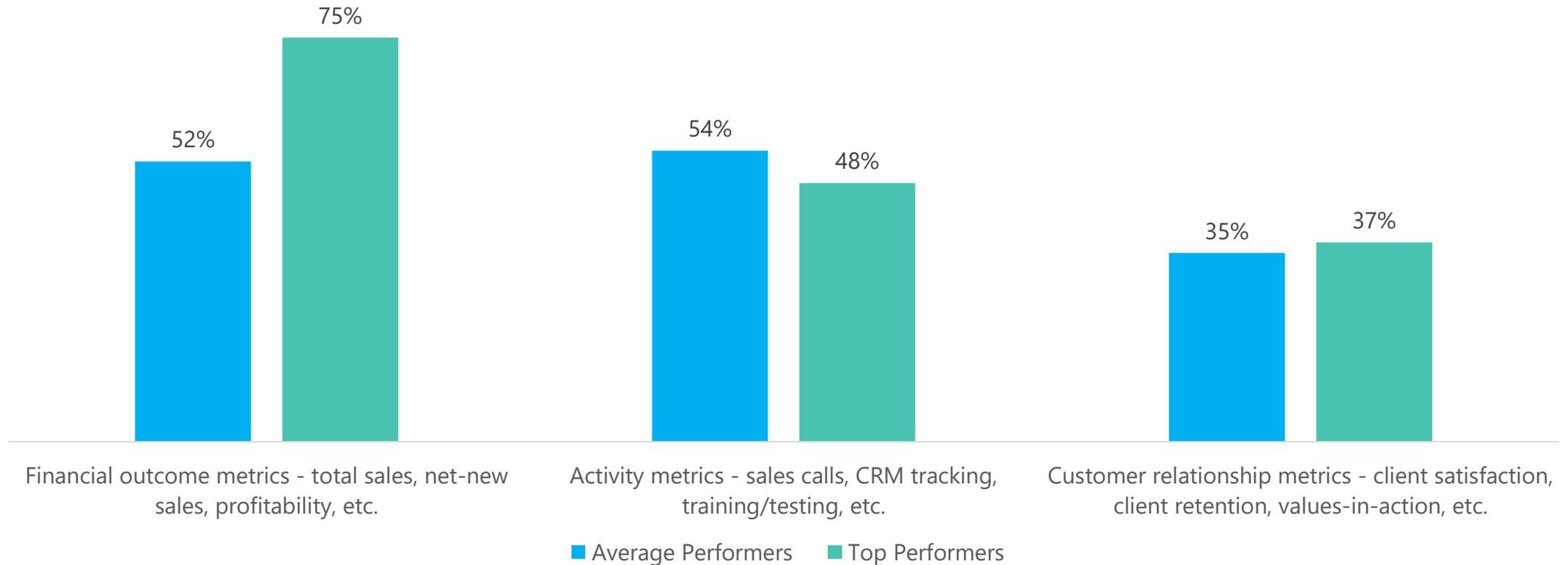
Bottom-Up Budgeting Rate



Qualification Metrics Top Performer Incentive Trip



Qualification Metrics: Award Points, Gift Cards, & Merchandise

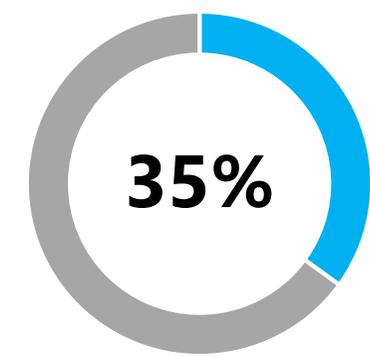
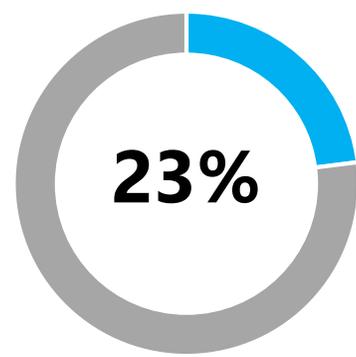


Reward Reach

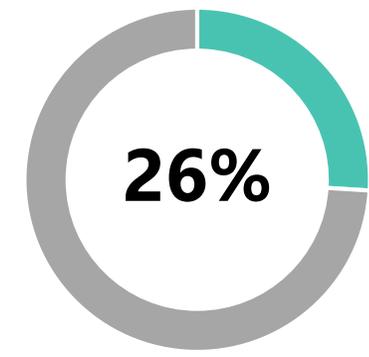
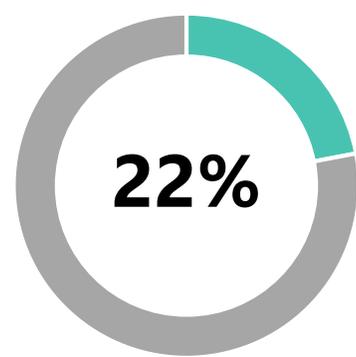
% Sales Reps Earning Trip

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

Average Performing Firms

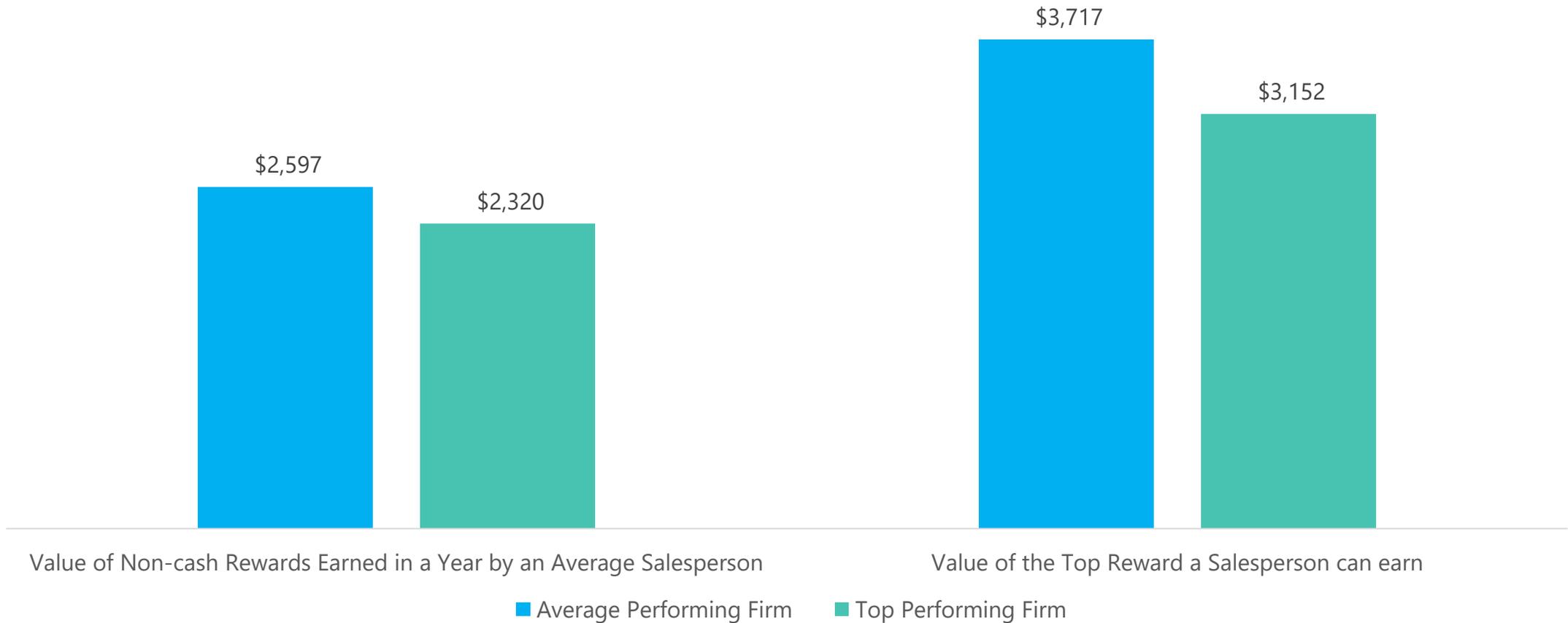


Top Performing Firms

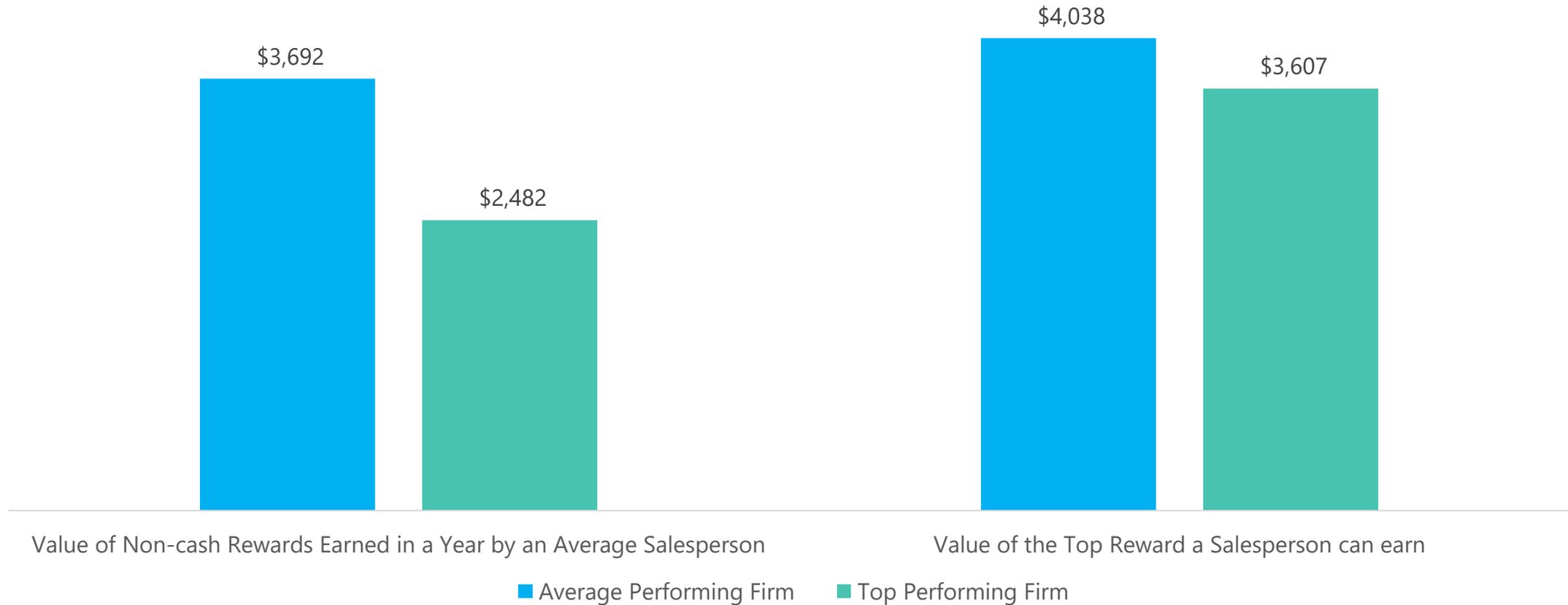


*Approximately what percent of your sales representatives do you take on the Top Performer incentive trip?
Regarding rewards other than group incentive travel, what percent of your salesforce do you expect to earn award points, merchandise, or gift cards in 2018?*

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



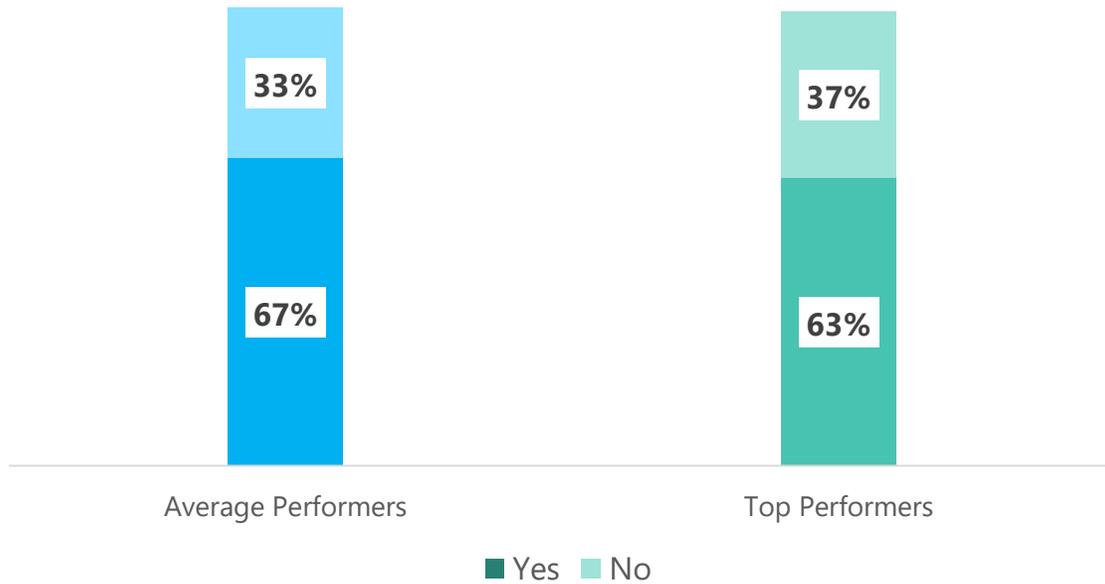
Average & Top Dollar Values: Incentive Trips



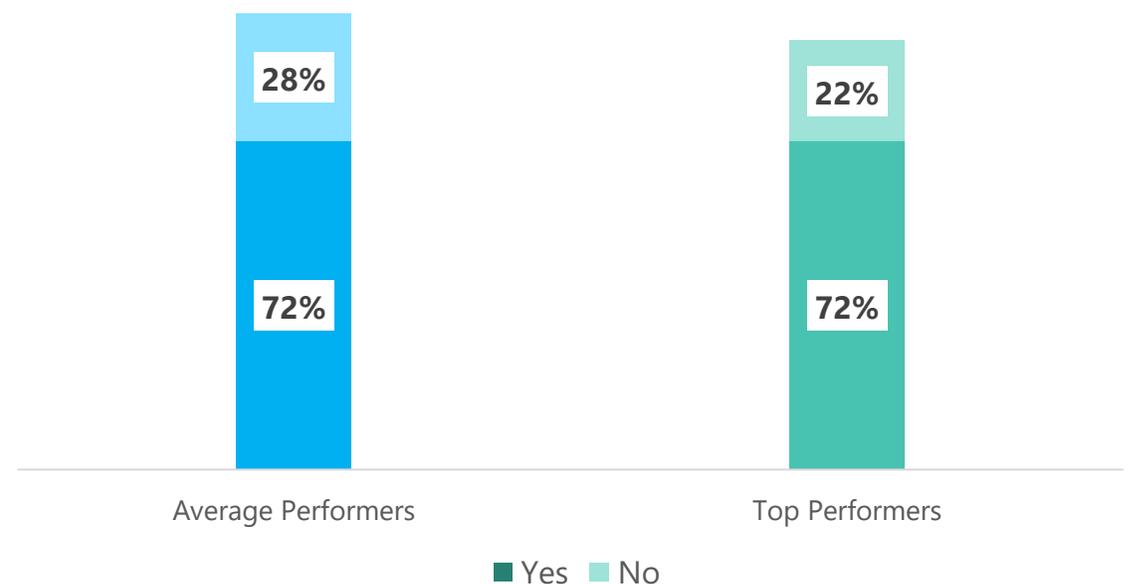
CHANNEL PROGRAMS

Top Performer Group Incentive Trips

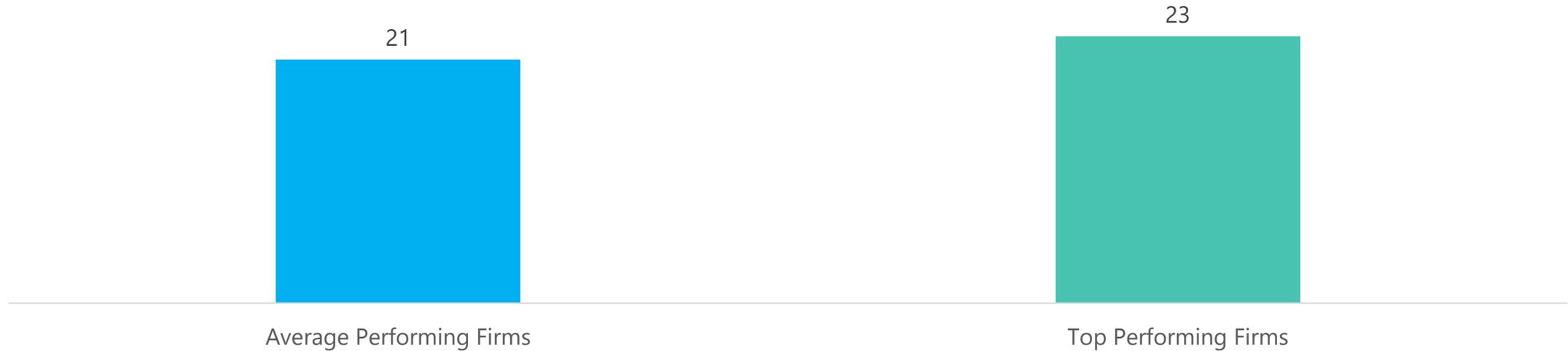
Program Includes Top Performer Award



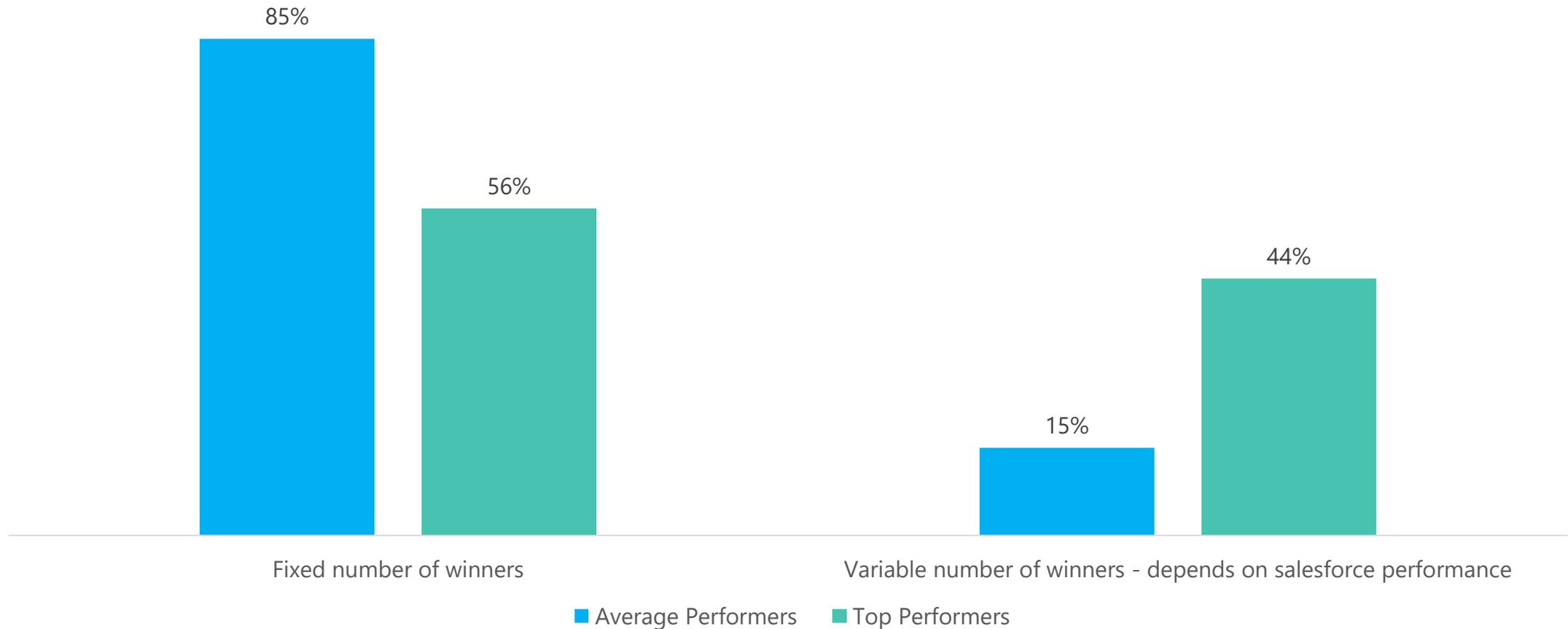
Top Performer Award Includes Group Trip



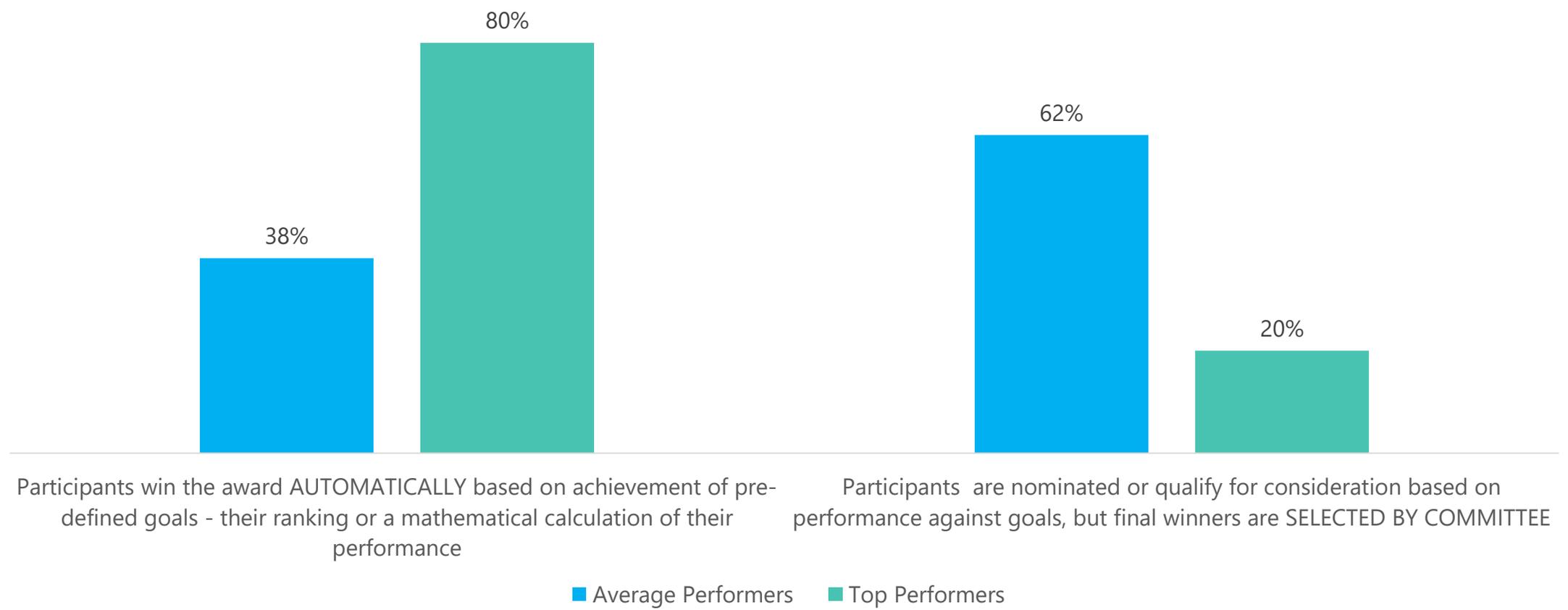
Number of Trip Attendees



Limits on Number of Top Performer Trip Winners

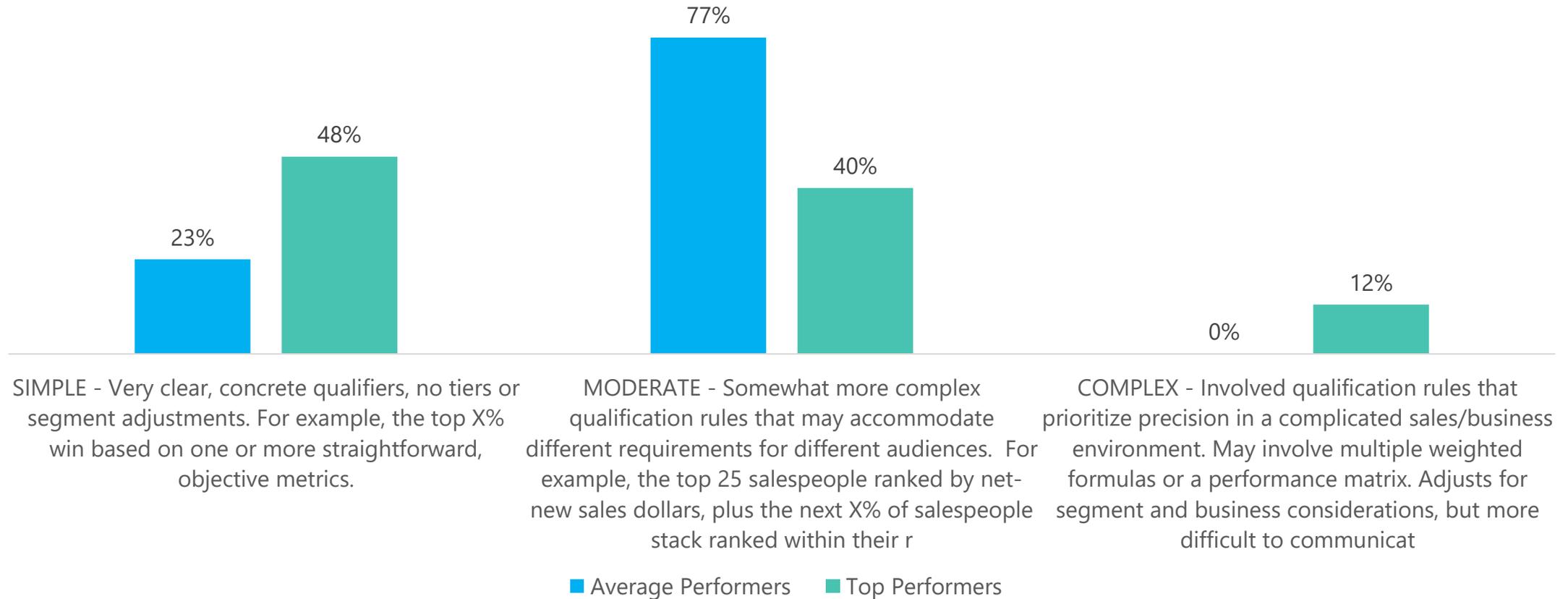


Objective Qualification: Top Performer Incentive Trip



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

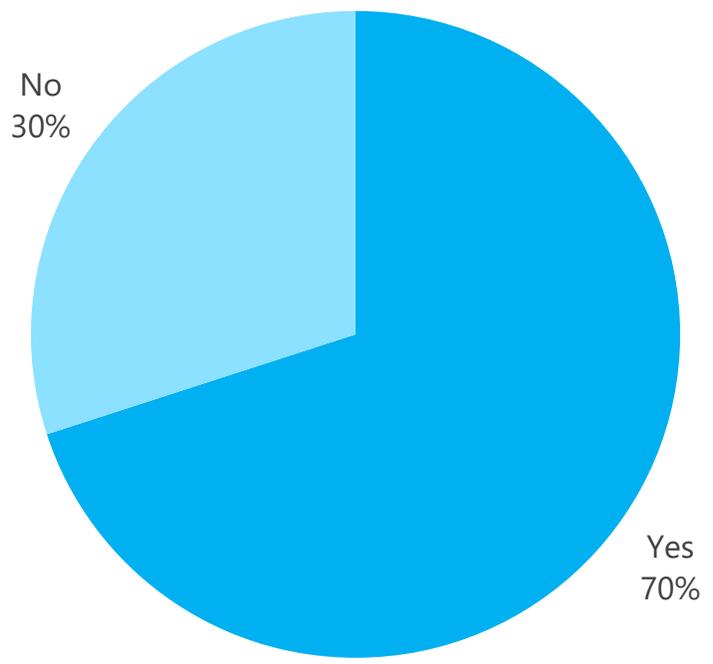
Qualification Complexity: Top Performer Incentive Trip



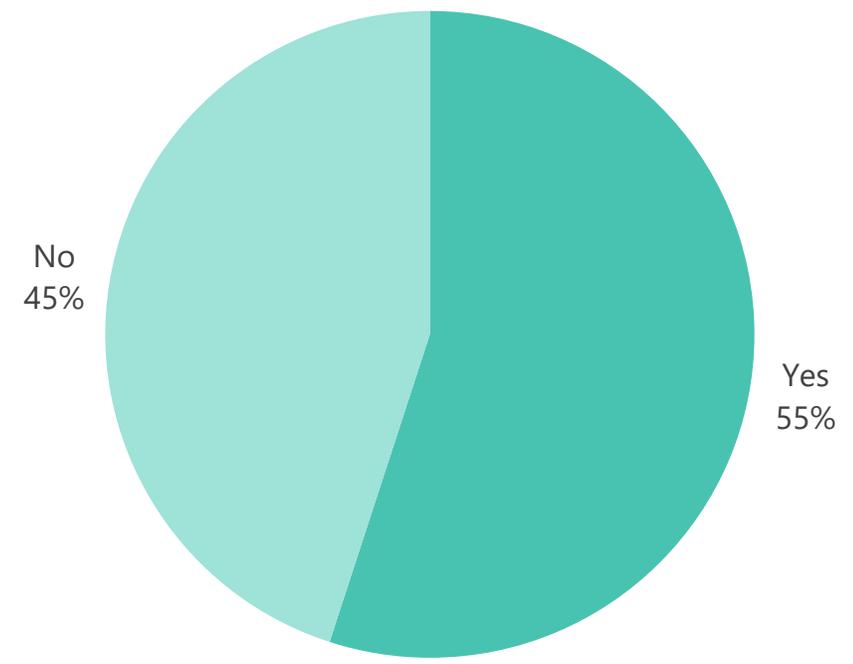
Which of the following best describes your qualification criteria for the Top Performer incentive trip?

Sales Targets for Channel Participants

Average Performing Firms



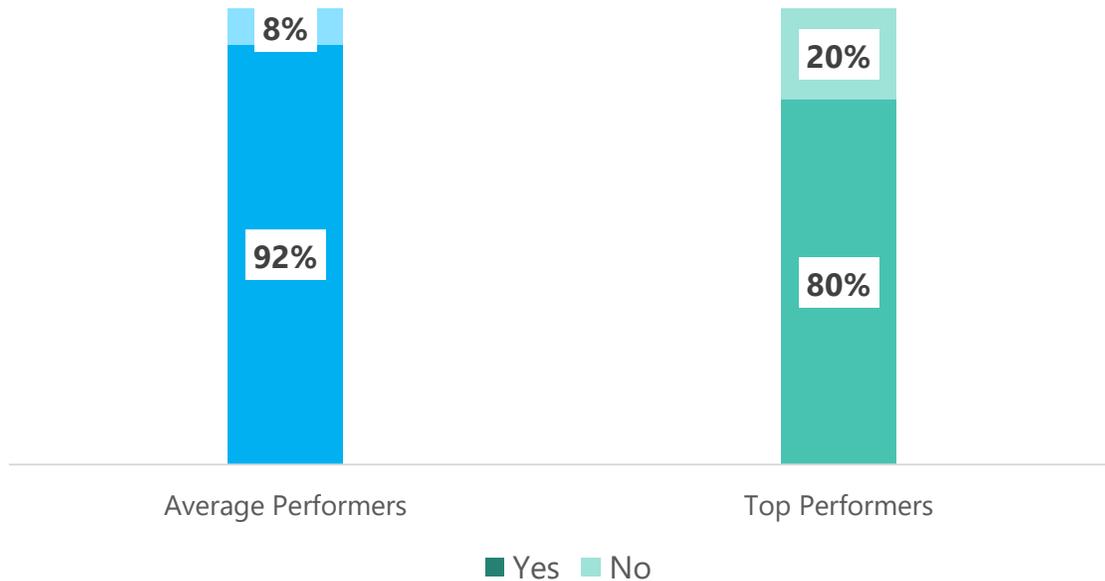
Top Performing Firms



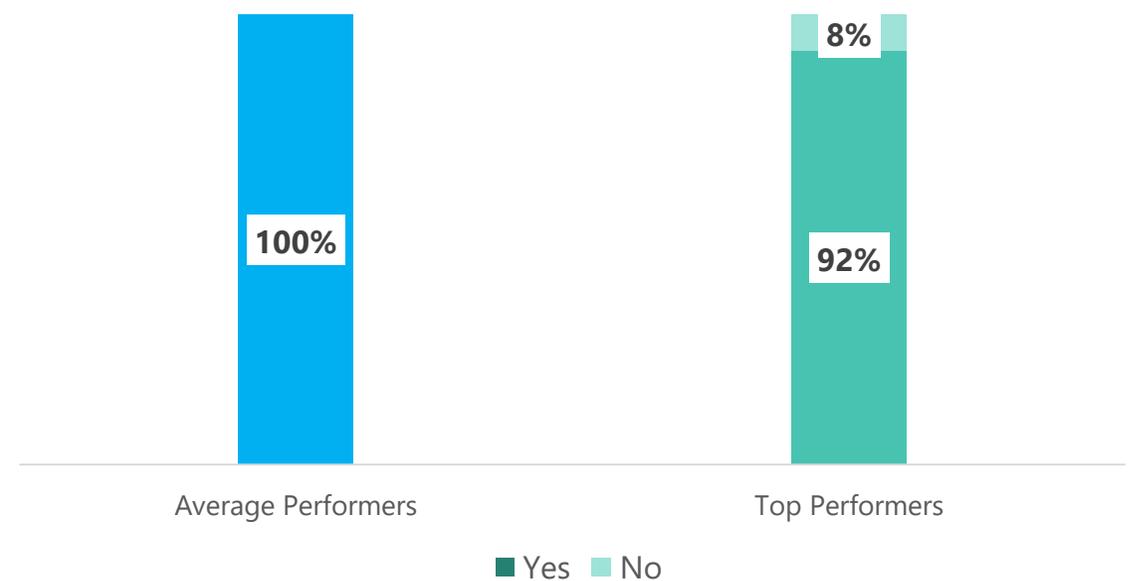
Do your channel participants have defined sales targets as part of your non-cash incentive program?

Reward Achievability: Top Performer Channel Incentives

Special Rules for New Channel Participants Top Performer Award



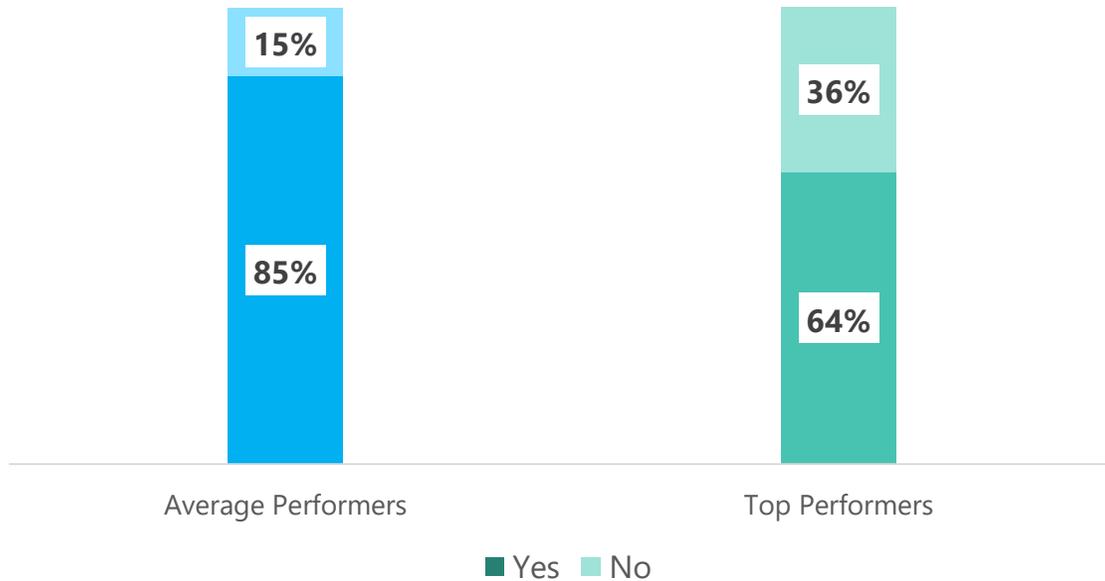
Tiered Structure for Maximizing Reach Beyond Top Performer Award



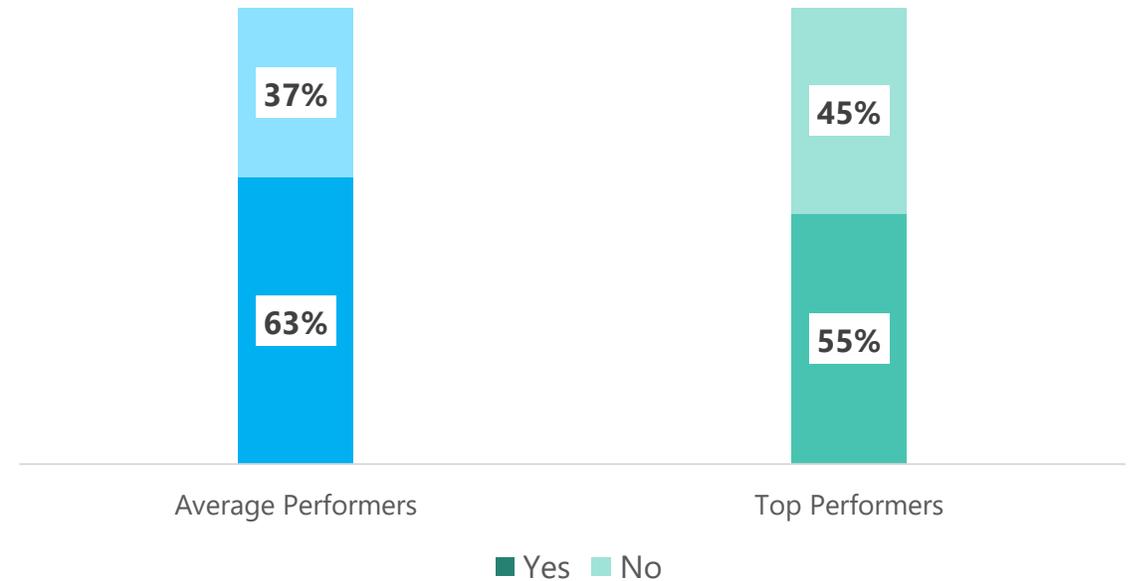
- Do you have special rules for new channel participants that allow them a better chance to earn a place on the trip?
- Is your Top Performer award program tiered - allowing channel participants who don't qualify for the trip to earn other rewards, such as award points, gift cards, or merchandise?

Reward Approach: Non-Travel Rewards

Special Rules for New Channel Participants Non-Travel Rewards



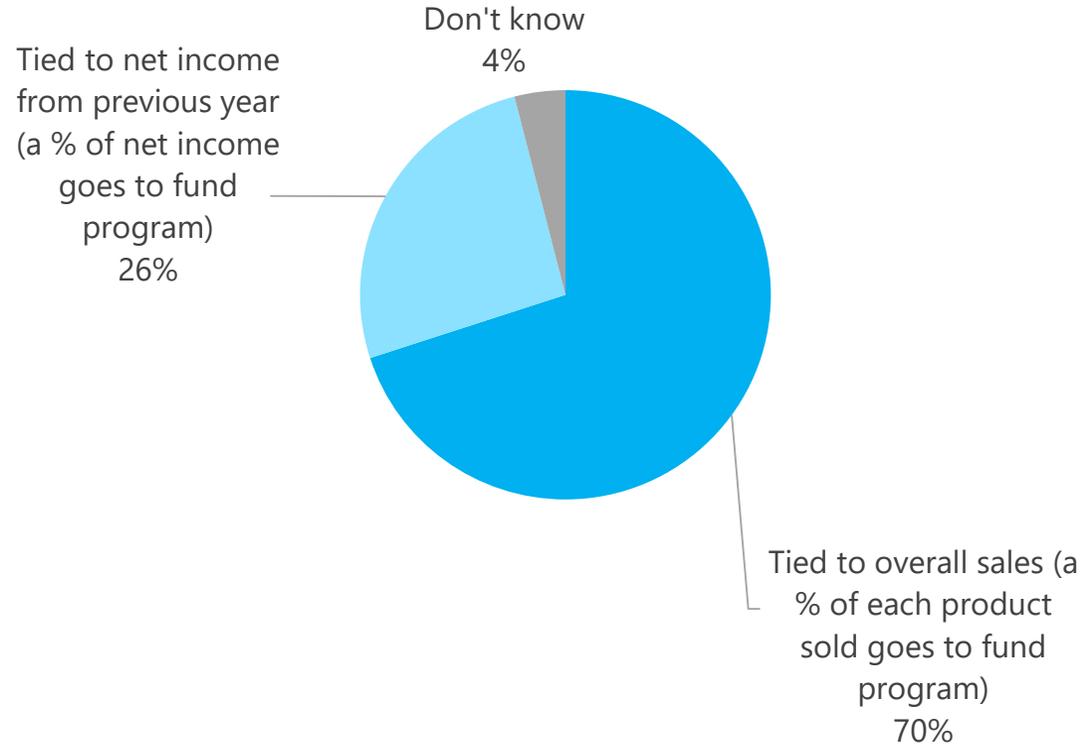
Any Programs without Earning Limits?



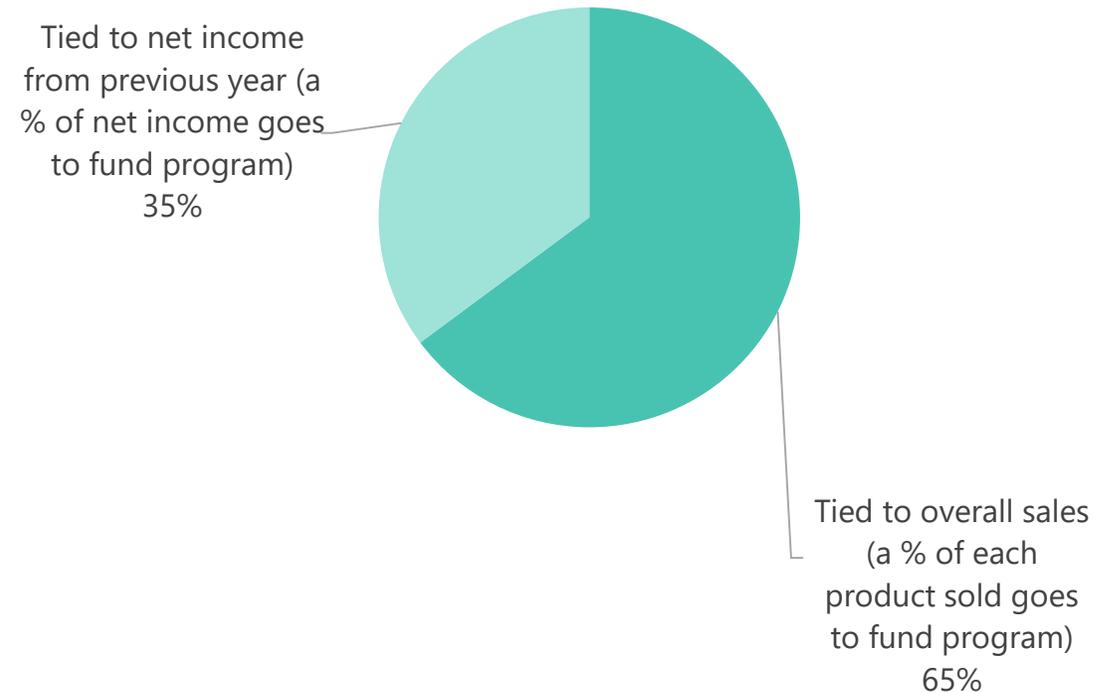
- Regarding award points, gift cards, and merchandise rewards, does your non-cash channel incentive program have a "Fast Start" that allows newer channel participants to earn quickly, giving them early "wins" to boost their motivation?
- Do you operate any non-cash channel incentive programs that do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

Budgeting Approach Non-cash Channel Incentives

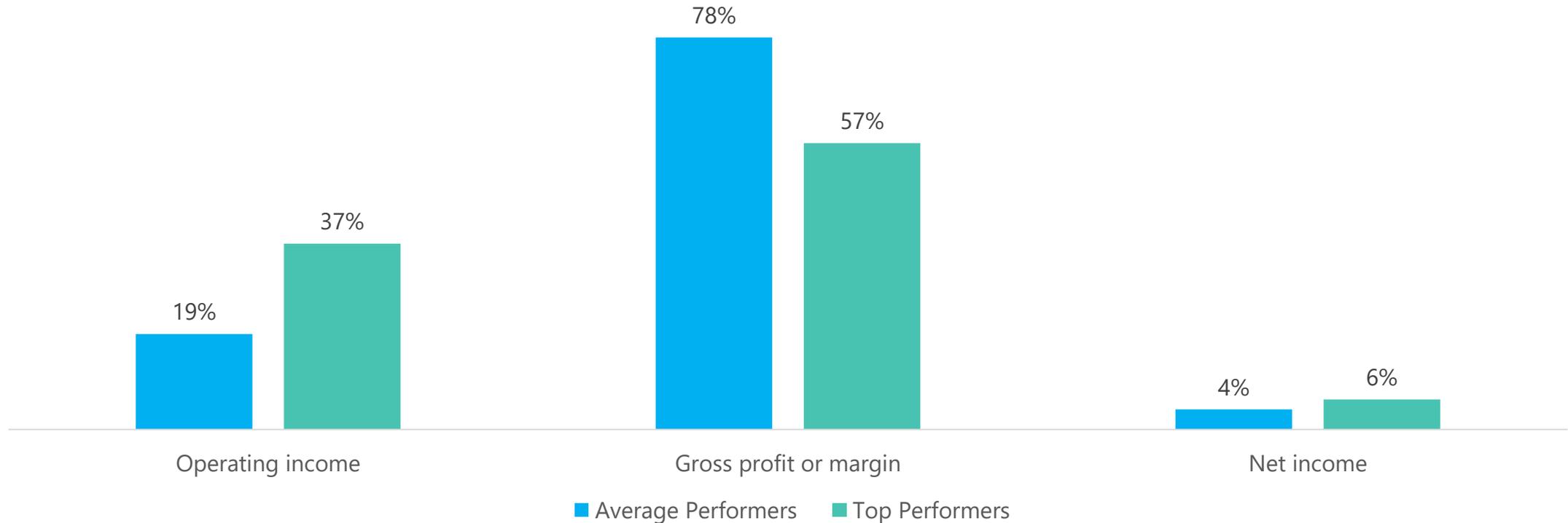
Average Performing Firms



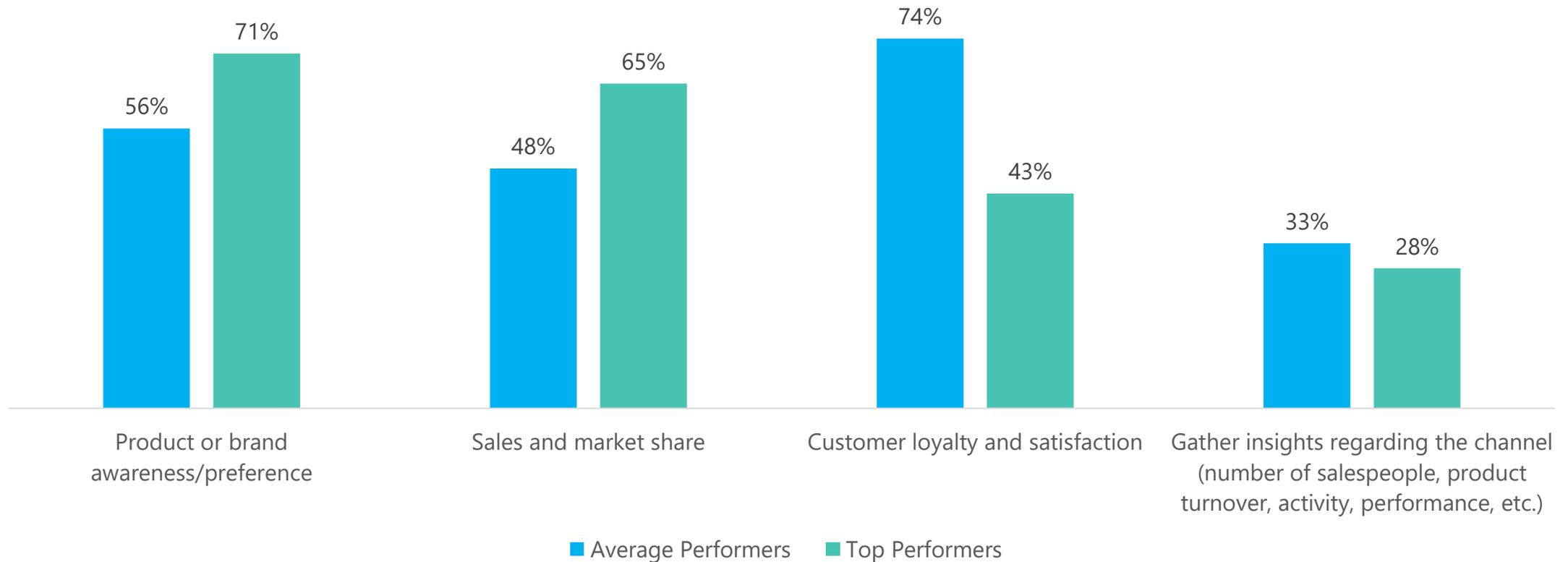
Top Performing Firms



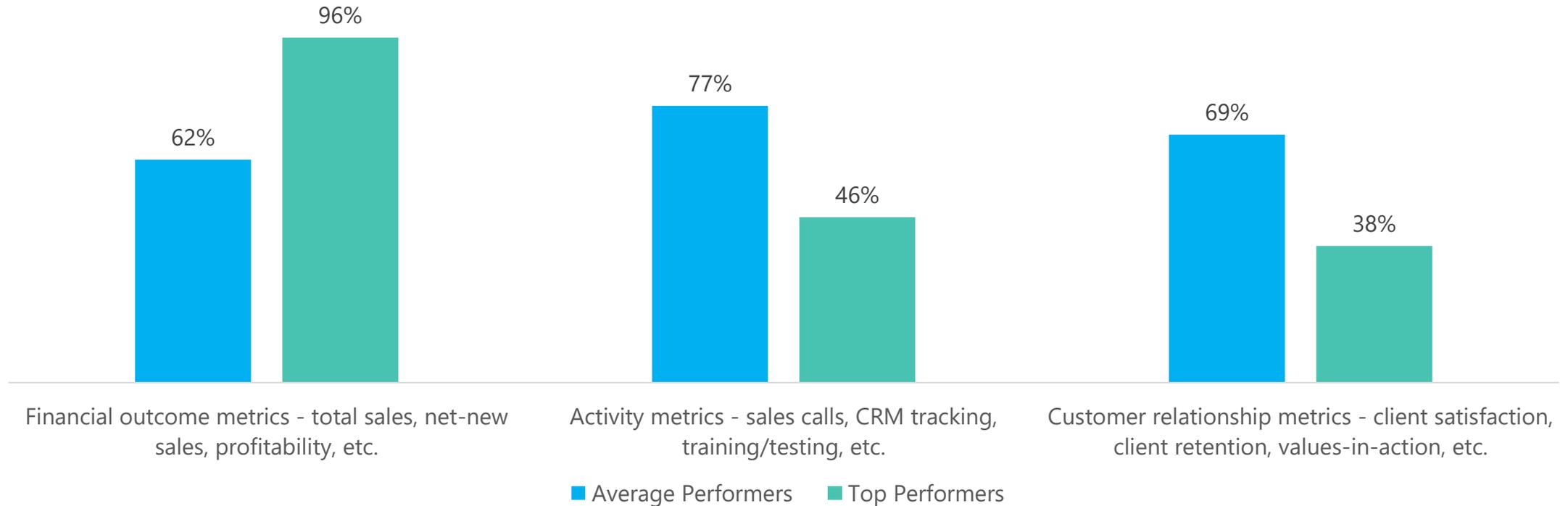
Budget Influencers Non-cash Channel Incentives



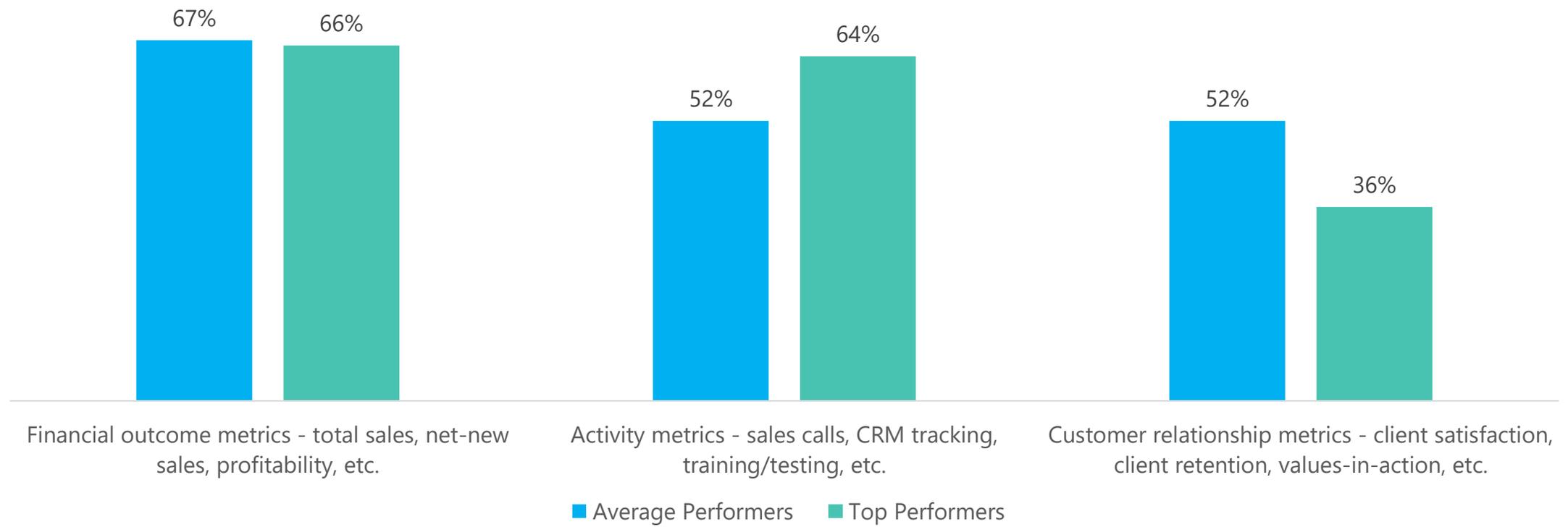
Business Objectives Channel Reward & Recognition



Qualifying Metrics Top Performer Channel Incentive Trip

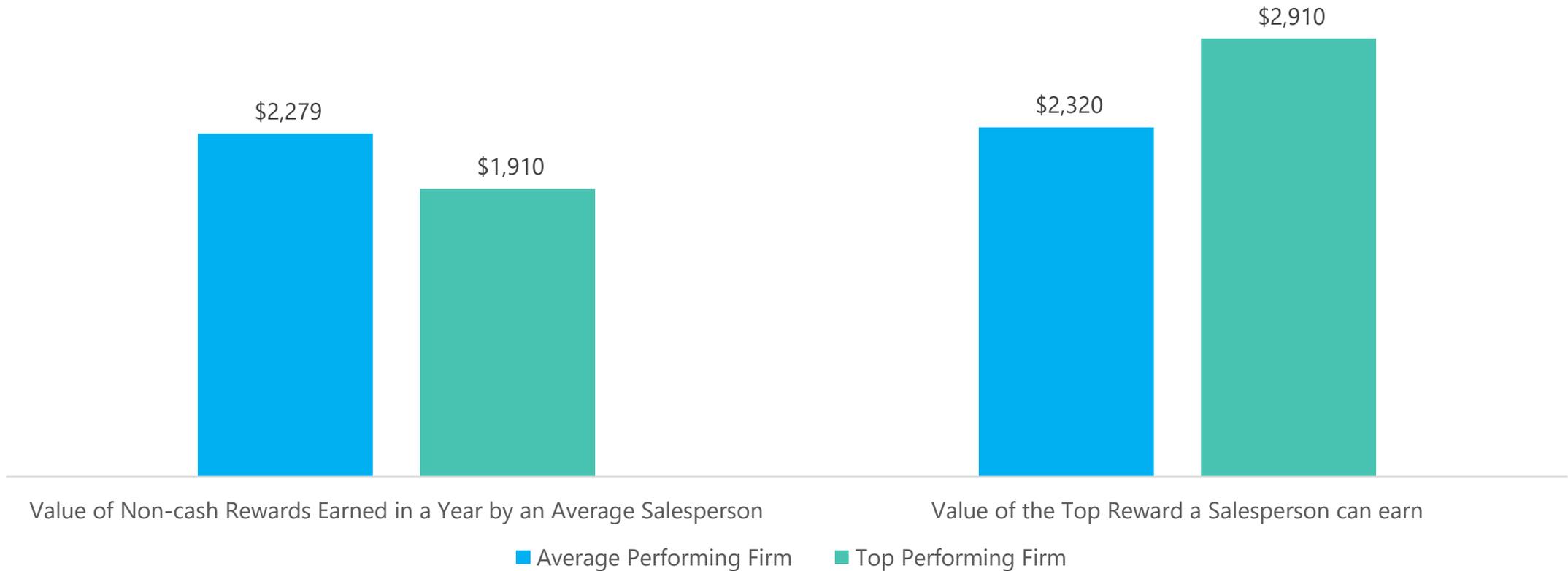


Qualifying Metrics Top Performer Channel Rewards

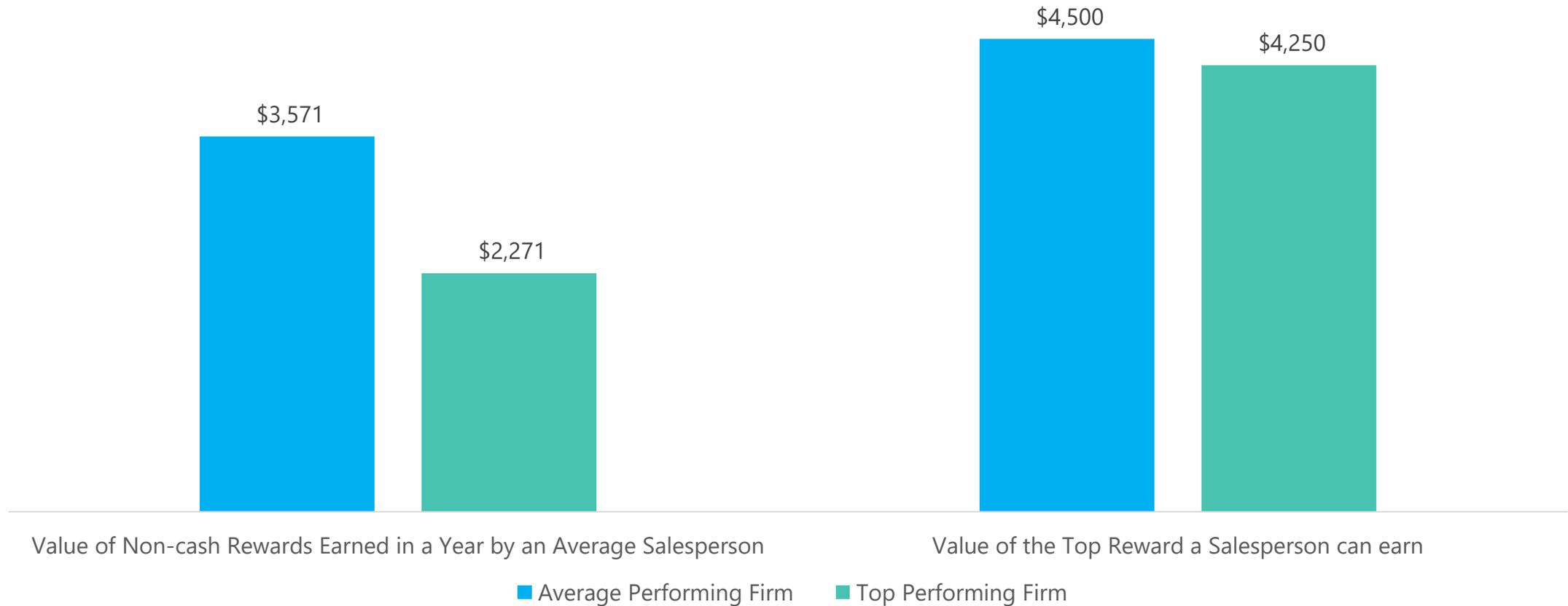


Which of the below best describes the metrics on which channel participants can earn award points, gift cards, and merchandise?

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

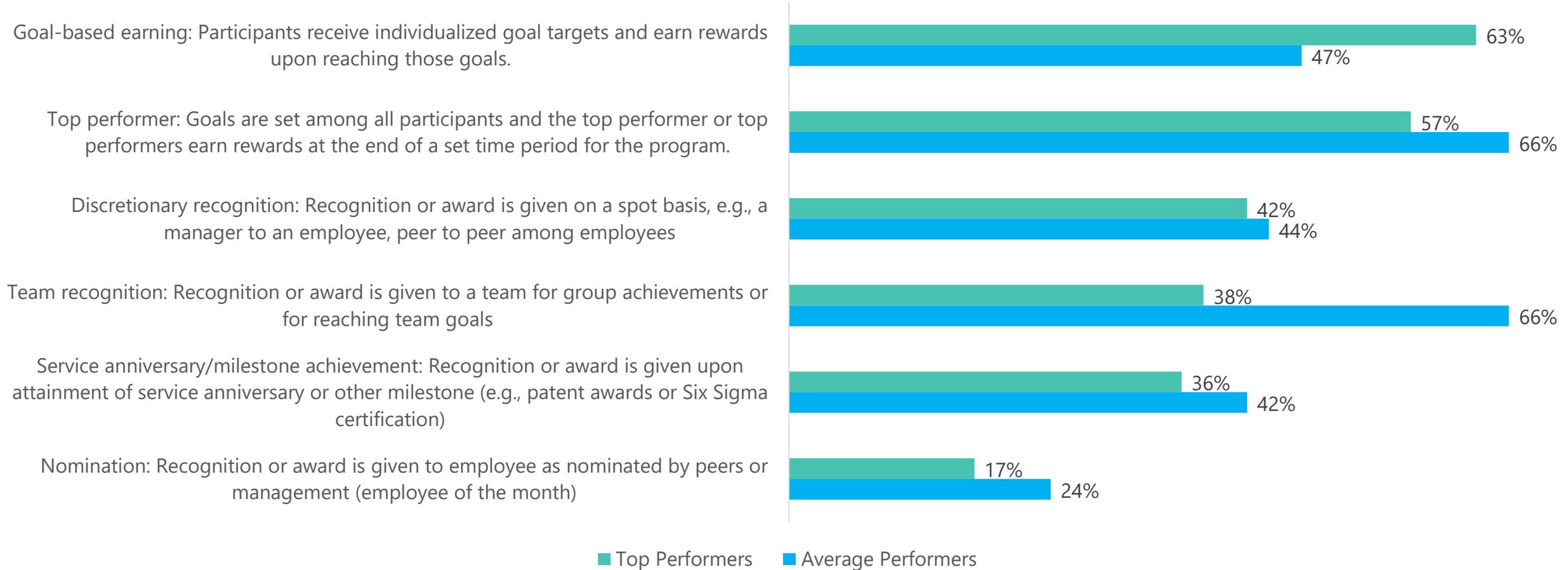


Average & Top Dollar Values Incentive Trips

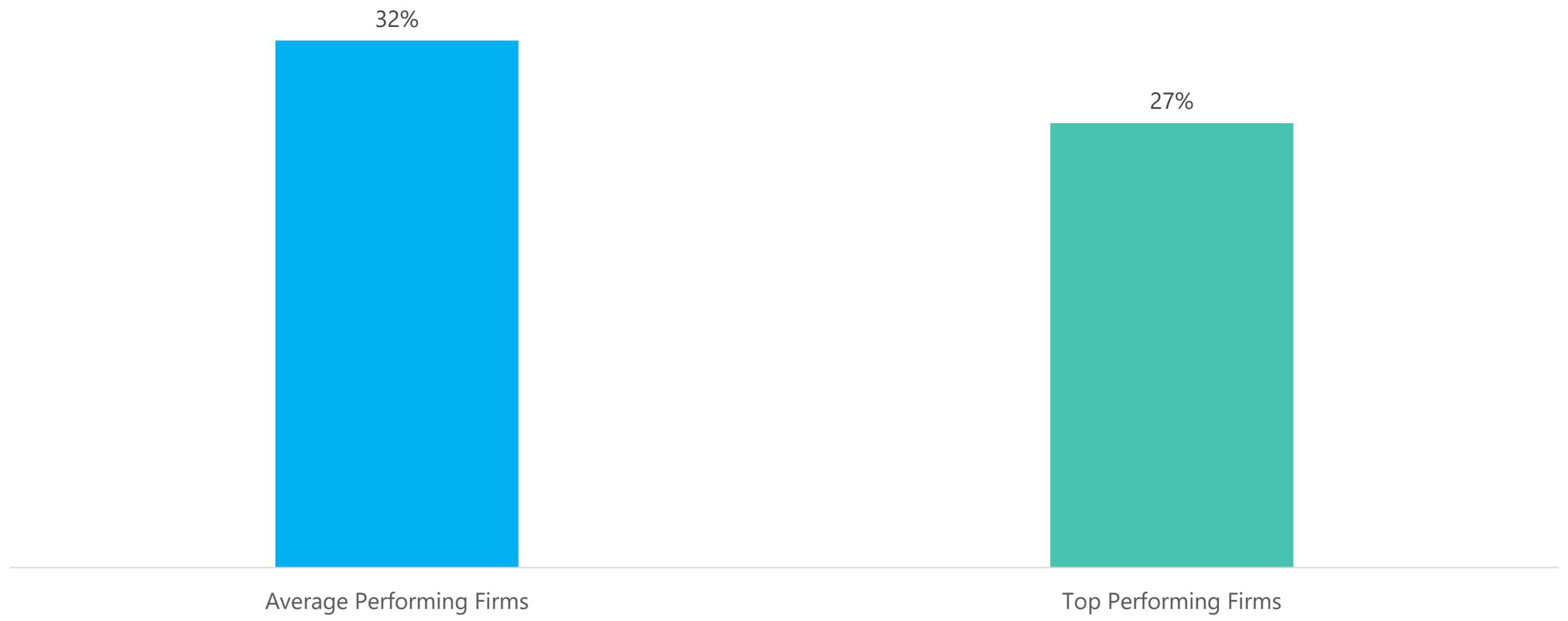


EMPLOYEE PROGRAMS

Program Structures Employee Reward & Recognition

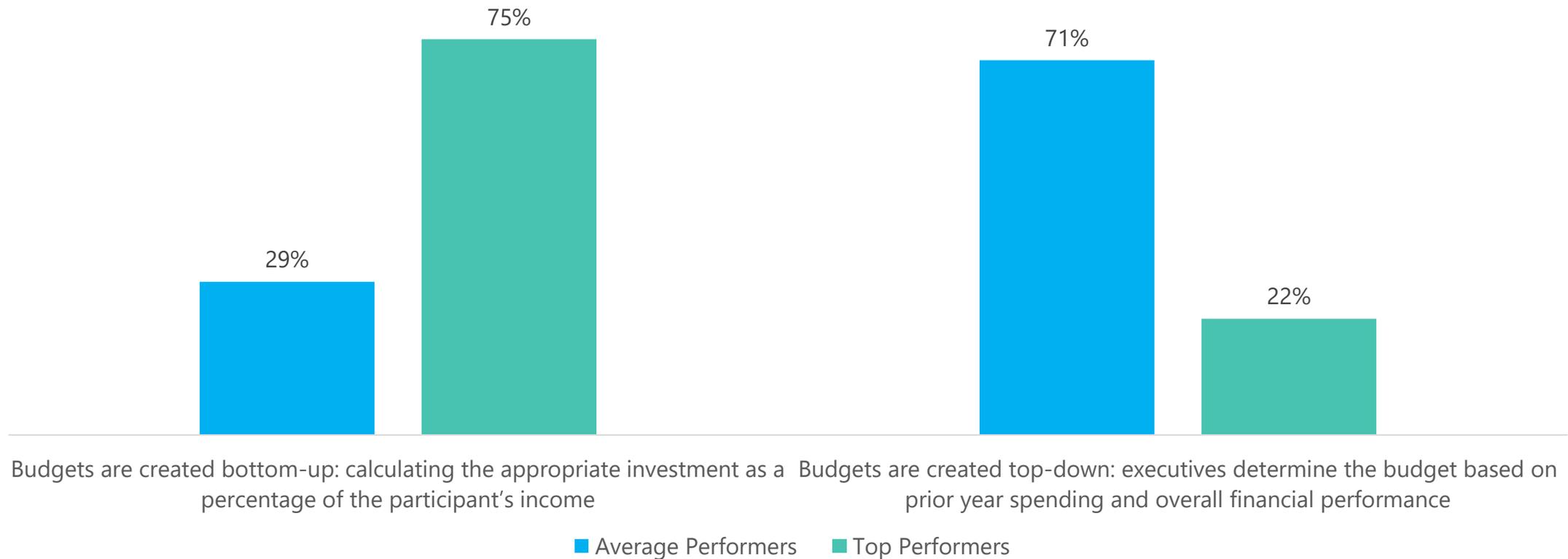


Percent of Employees Earning Rewards

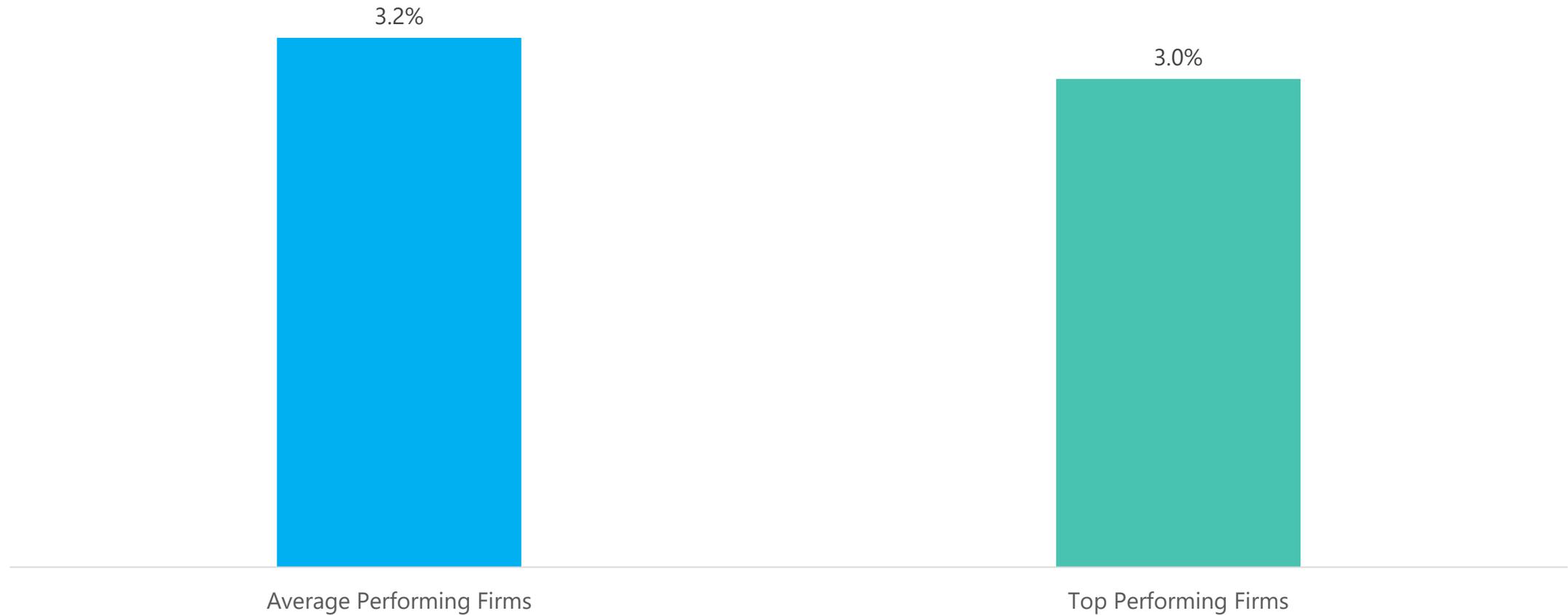


What percent of your employees do you expect to earn non-cash rewards (merchandise, gift card, or trip) during 2018?

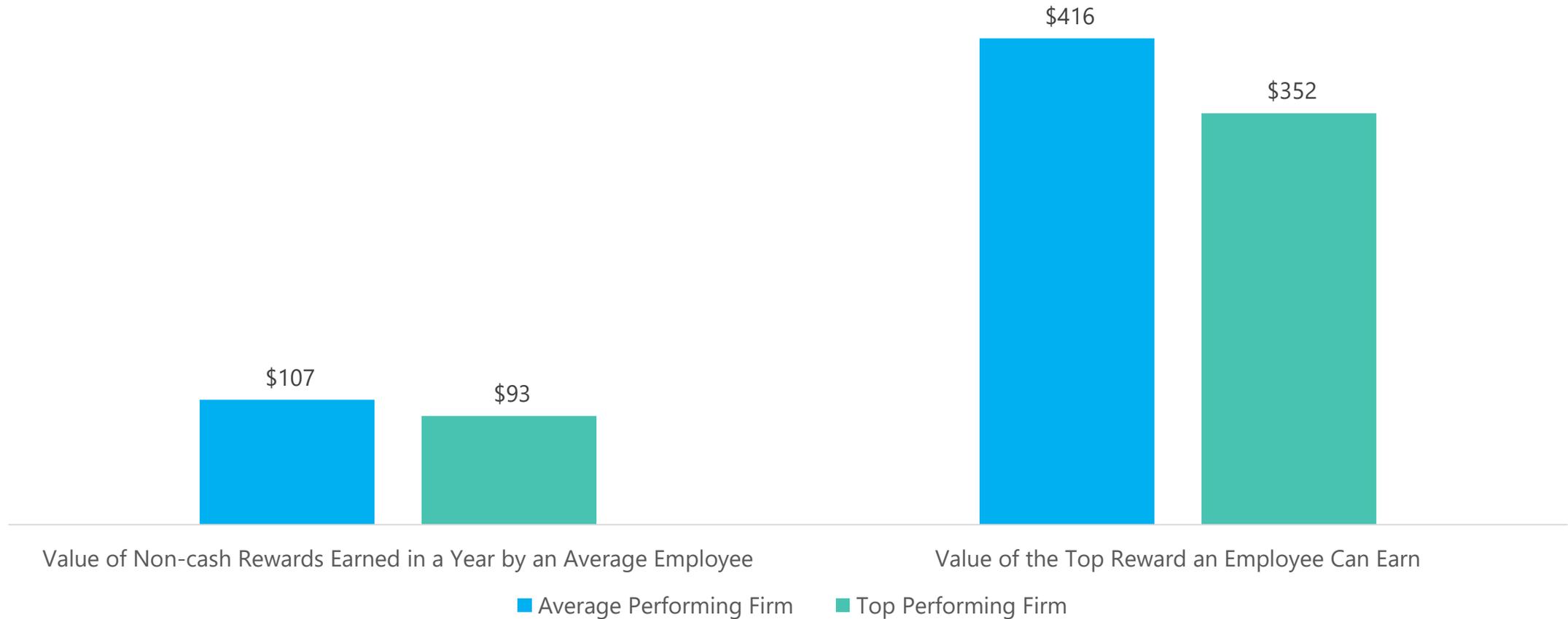
Budget Approach



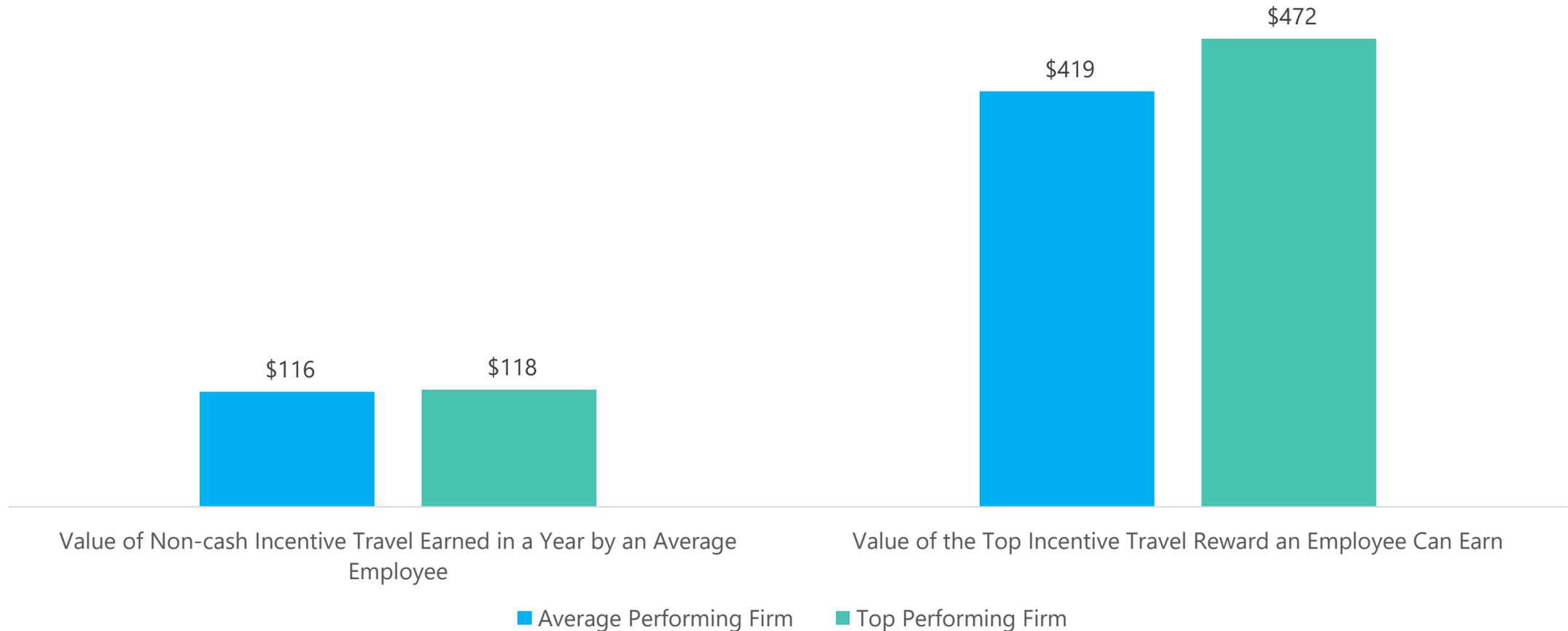
Bottom-Up Budgeting: Percent of Payroll for Reward & Recognition



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



Average & Top Dollar Values Incentive Trips



IRF has also conducted Top Performer Studies for:

- **Financial Services Sector**
- **Technology Sector**

Read the latest research on www.theIRF.org