

# The IRF Incentive Benchmarking Survey

Reward & Recognition Strategies of Top-Performing Firms





# Background

- 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.



# Methodology

- 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 2015. The most important requirement for classification as a top performer is financial growth in 2015 compared to 2014 - **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

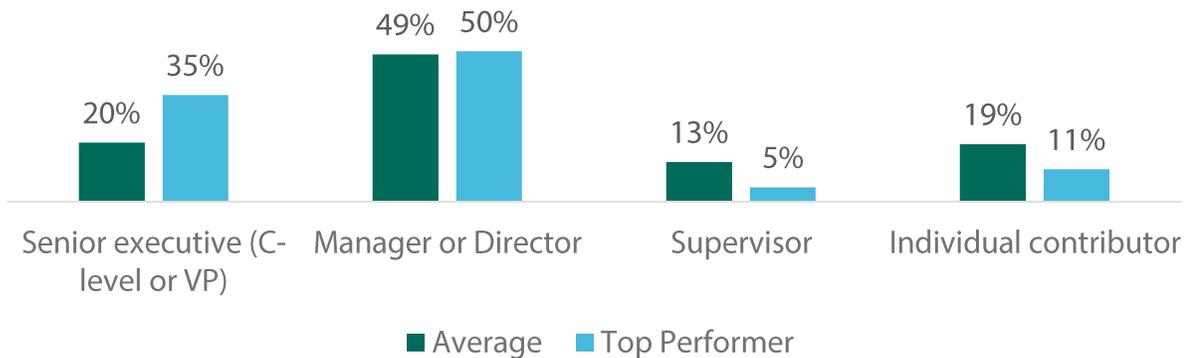


# Respondent Profile

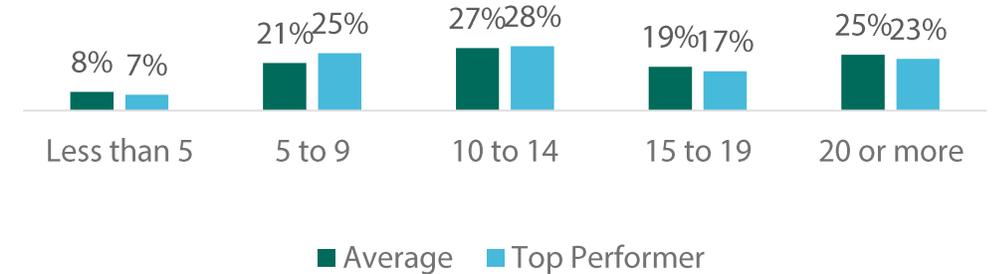
Respondent's Function



Respondent's Role



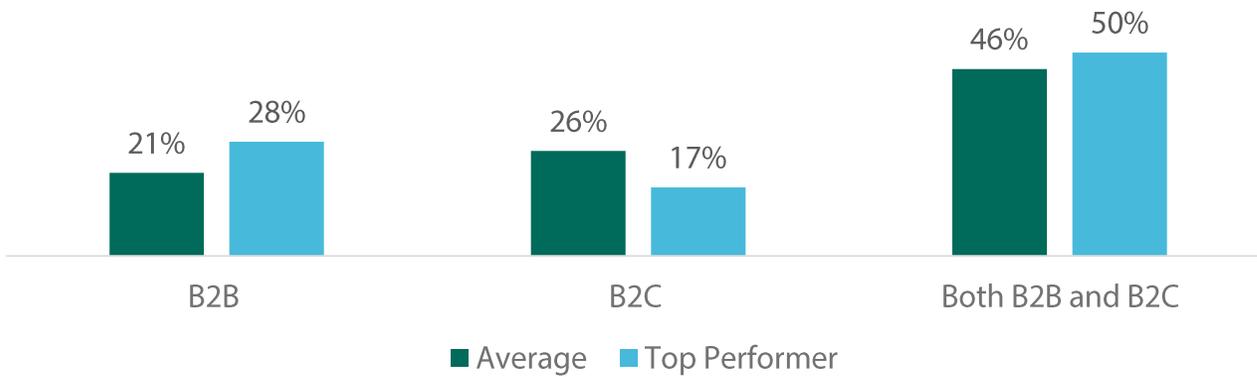
Years of Experience



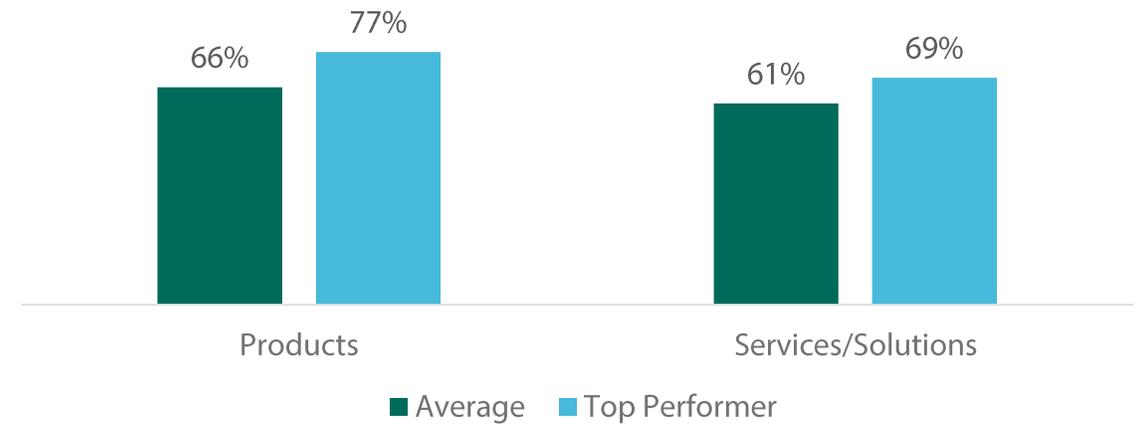


# Respondent Profile - 2

Business Model



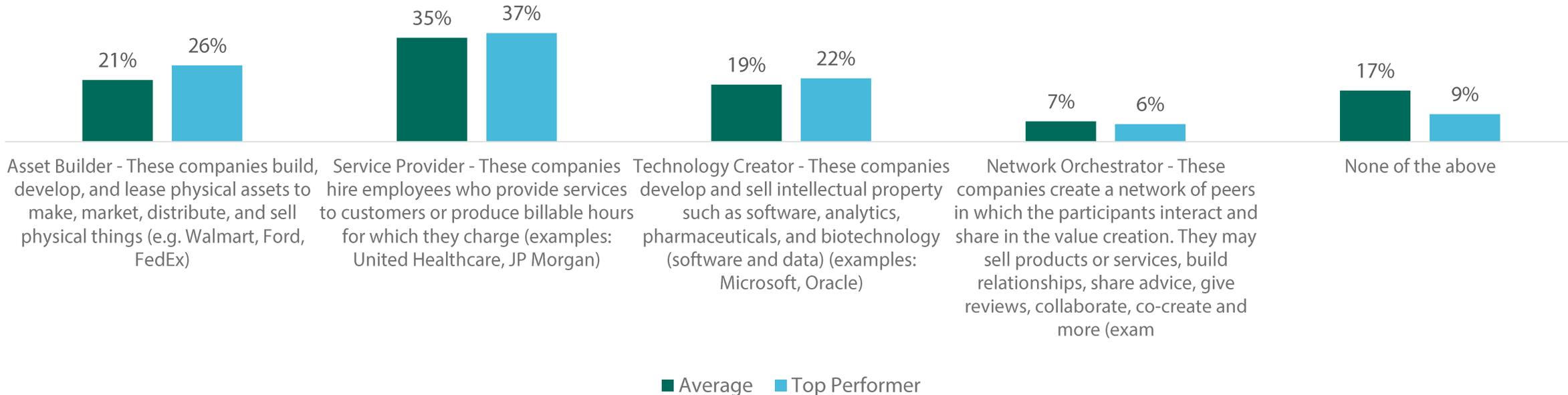
Deliverables





# Respondent Profile - 3

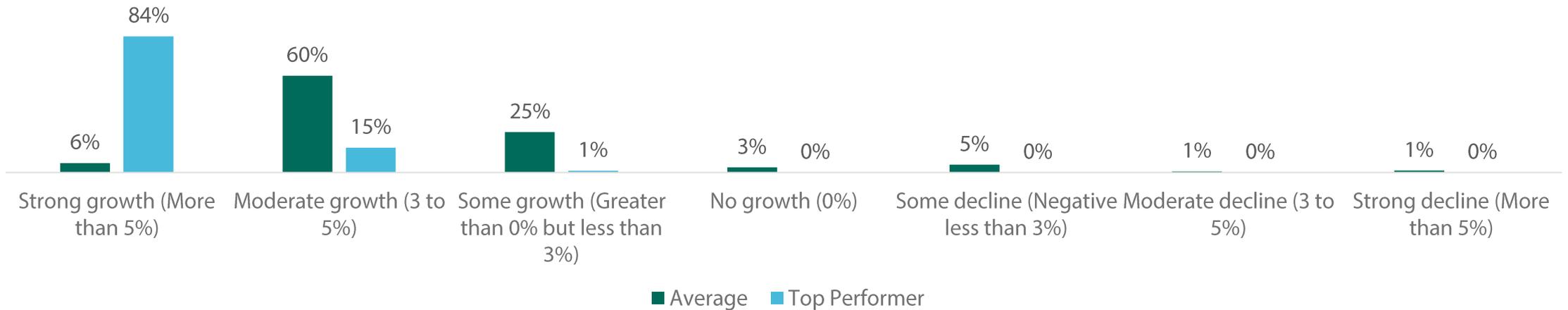
Type of Firm



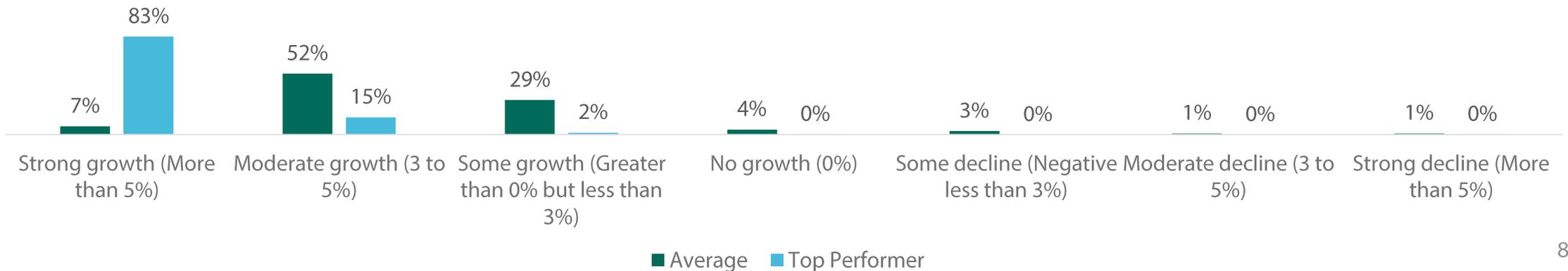


# Average Performers Saw Some or Moderate Stock or Revenue Growth

Stock Performance



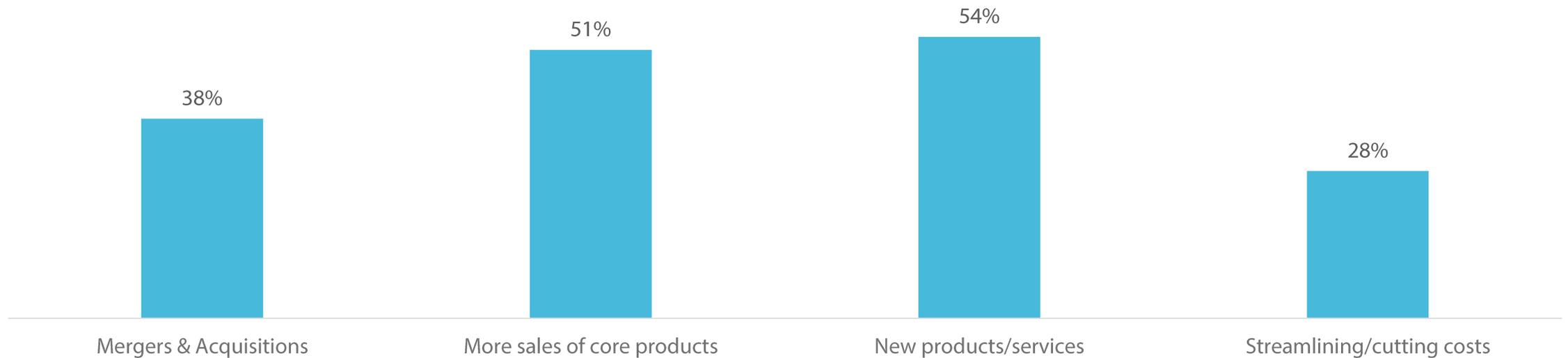
Revenue Performance





# Top Performers Growing through Sales

## Growth Drivers

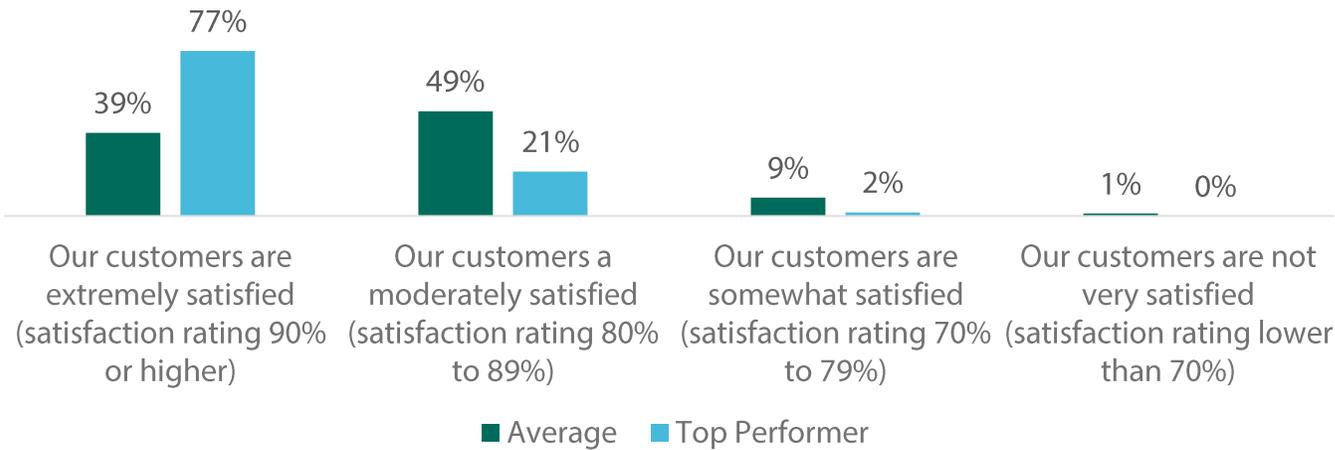


*In your best estimate, which of the below describes the reasons your company has been achieving strong growth?  
Base: 319 top performing companies*

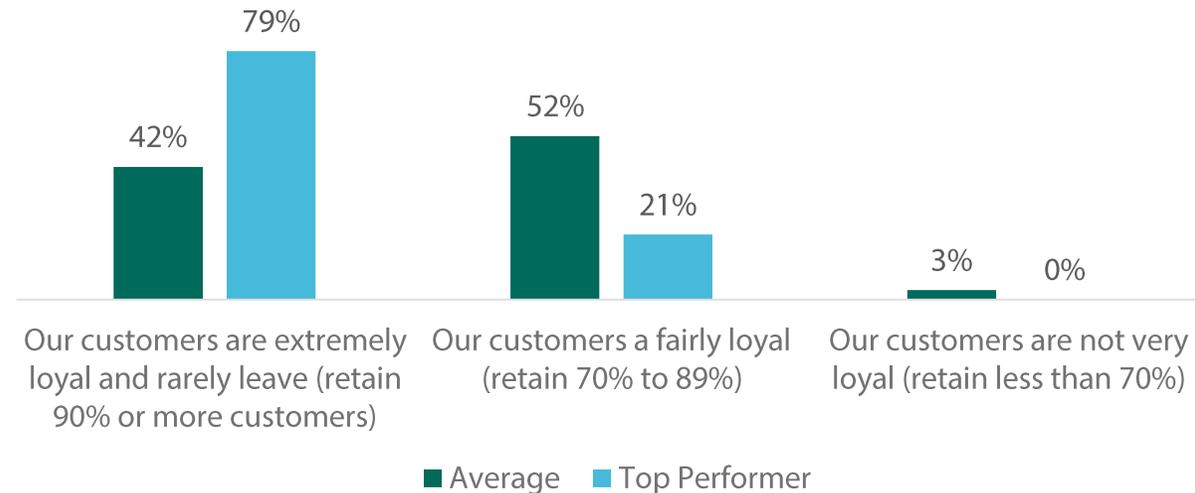


# Average Performers Have Moderate to High Customer Satisfaction and Loyalty

## Customer Satisfaction



## Customer Loyalty



To the best of your knowledge or ability to estimate, which of the below best describes how satisfied customers are with your company's products and services?

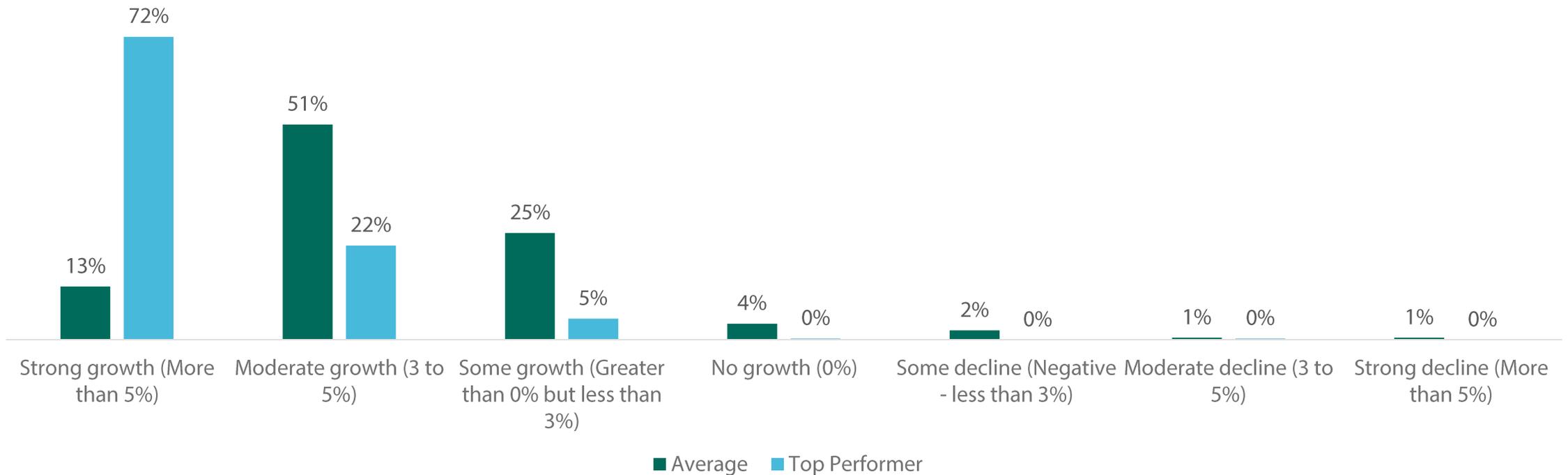
To the best of your knowledge or ability to estimate, which of the below describes your company's customer retention?

Base: 625 average/319 top performing companies



# Top Performers Much More Successful in Acquiring New Customers

Customer Acquisition Rate



Which of the below best describes the growth in the number of customers your company served in 2015 compared to 2014?  
Base: 625 average/319 top performing companies

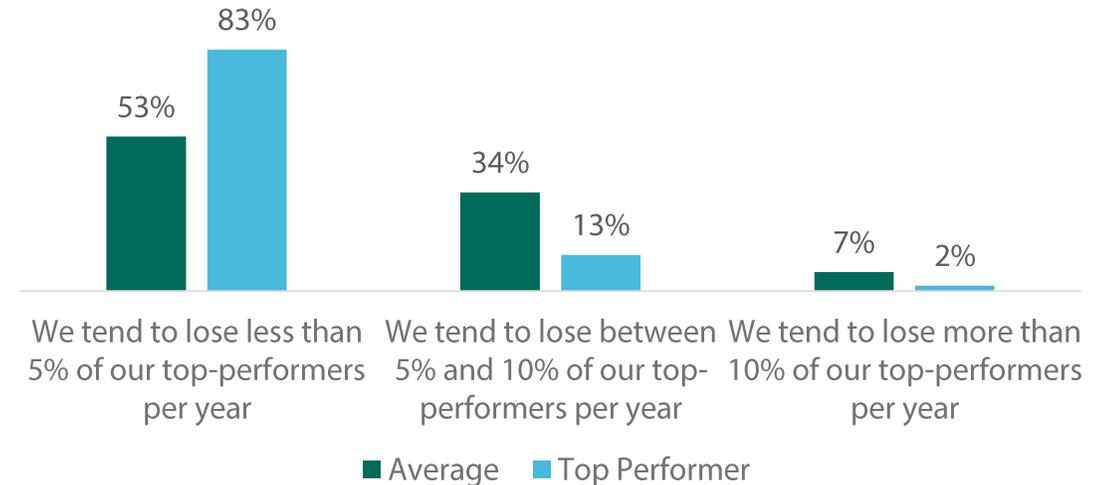


# Average Performers Have Moderate Employee Satisfaction and Loyalty

## Employee Satisfaction



## Employee Retention



To the best of your knowledge or ability to estimate, which of the below describes how satisfied your company's high-potential employees are?

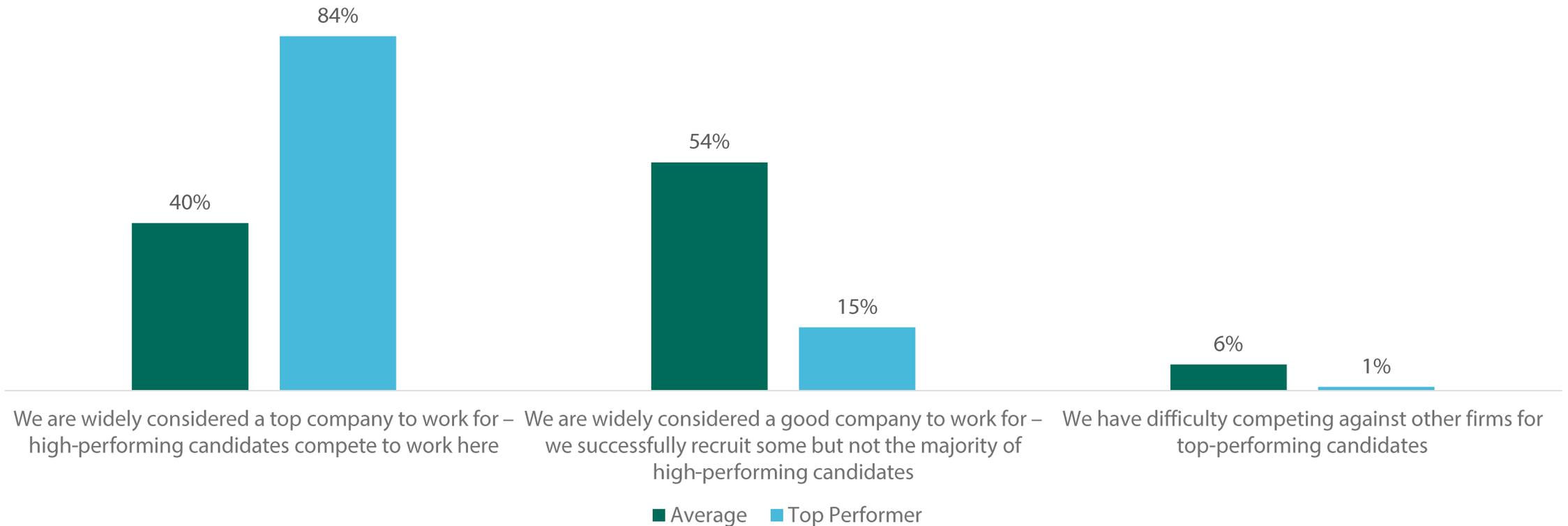
To the best of your knowledge or ability to estimate, which of the below describes your company's ability to retain high-potential employees?

Base: 625 average/319 top performing companies



# Top Performers Much More Effectively Attracting Top Talent

Recruiting Top Talent

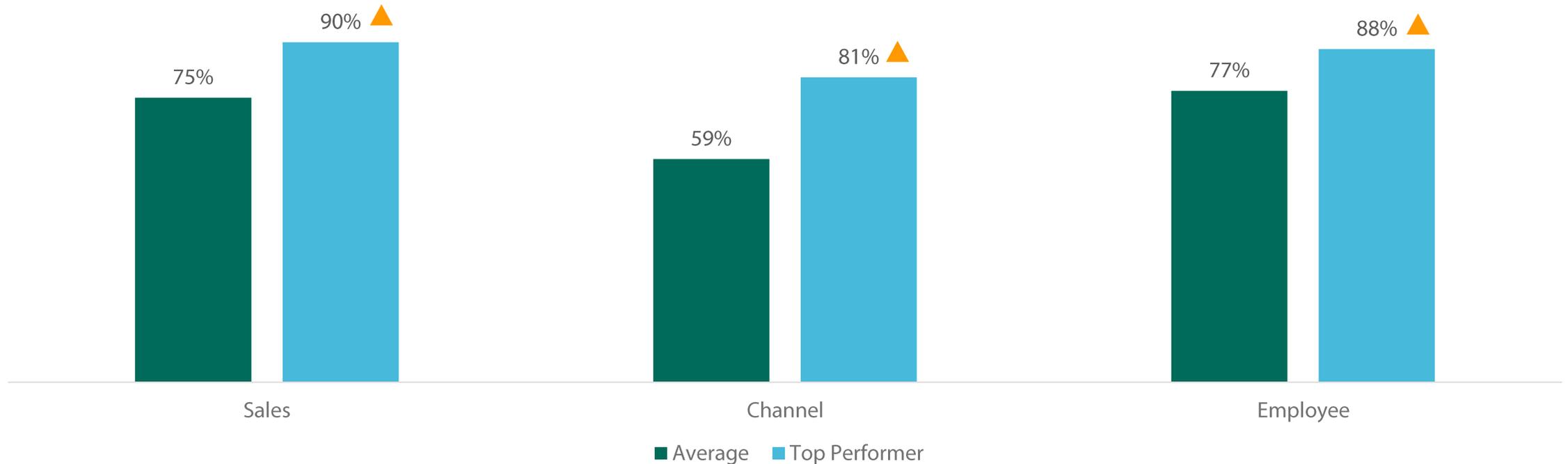


To the best of your knowledge or ability to estimate, which of the below describes your company's ability to recruit high-potential employees?  
Base: 625 average/319 top performing companies



# Top Performers More Likely to Utilize Reward & Recognition

Program Incidence by Performance Group



Percent selecting "Yes": To the best of your knowledge, does your company use non-cash rewards or "prizes" - such as gift cards, merchandise, trips, etc. to:

- Reward and/or motivate desired behaviors and achievements among your company's salespeople
- Reward and/or motivate desired behaviors and achievements among your company's distributors, channel, or dealer partners
- Reward and/or recognize desired behaviors and achievements among your company's employees



# Summary of Findings

- Top Performers focus on specific design aspects of non-cash incentive and reward programs:
  - More likely to have goal-oriented program structures
  - Prioritize organizational benefits when selecting rewards
  - Choose the same types of rewards as average performers
  - More likely to budget based on income
  - Have higher payouts
  - Prioritize reach over exclusivity
  - More advanced regarding program analysis
  - Include programs in broader corporate communications
  - Assess their programs more favorably in terms of resources and support

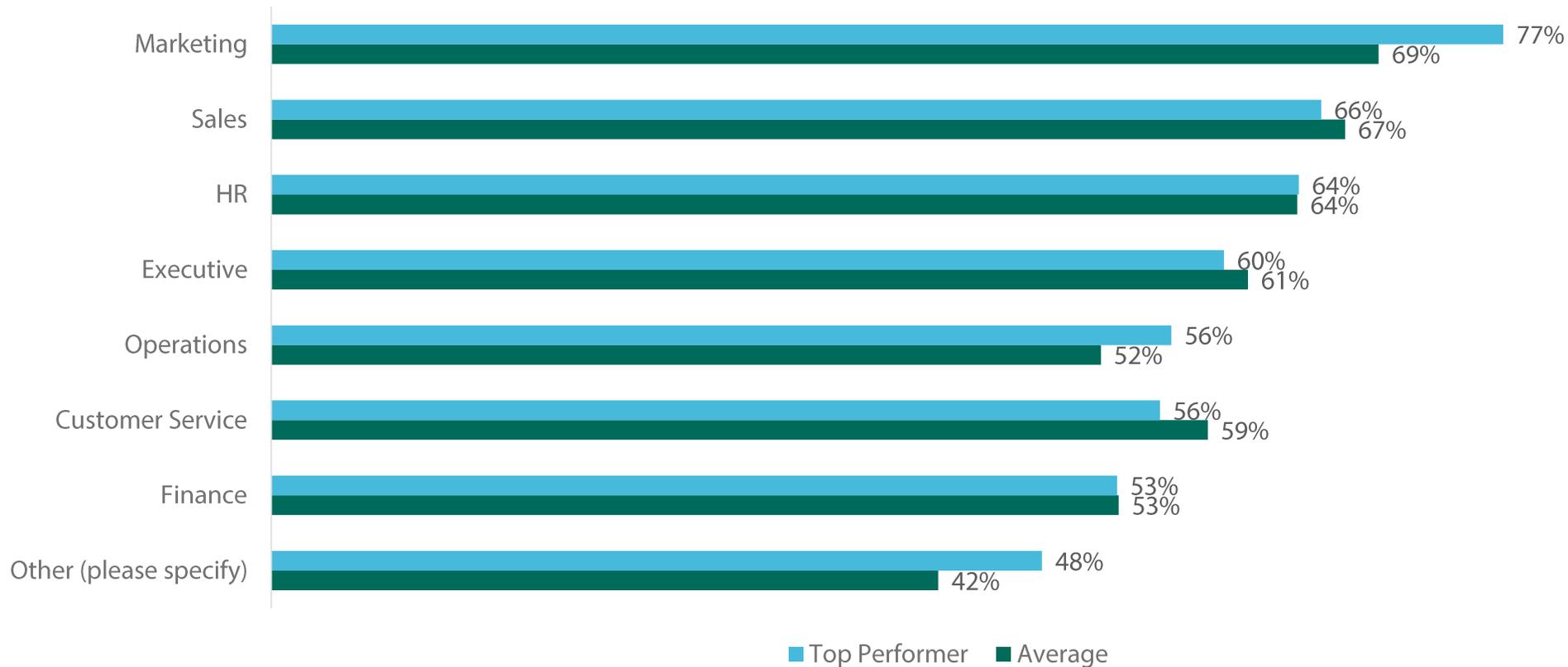
# **Sales Programs**



# Top Performers More Likely to Include Marketing for Design of Sales Programs

Sales

Departments Responsible for Sales Programs



What part of your organization is responsible for the design and/or strategy for your [sales] reward and recognition initiatives?

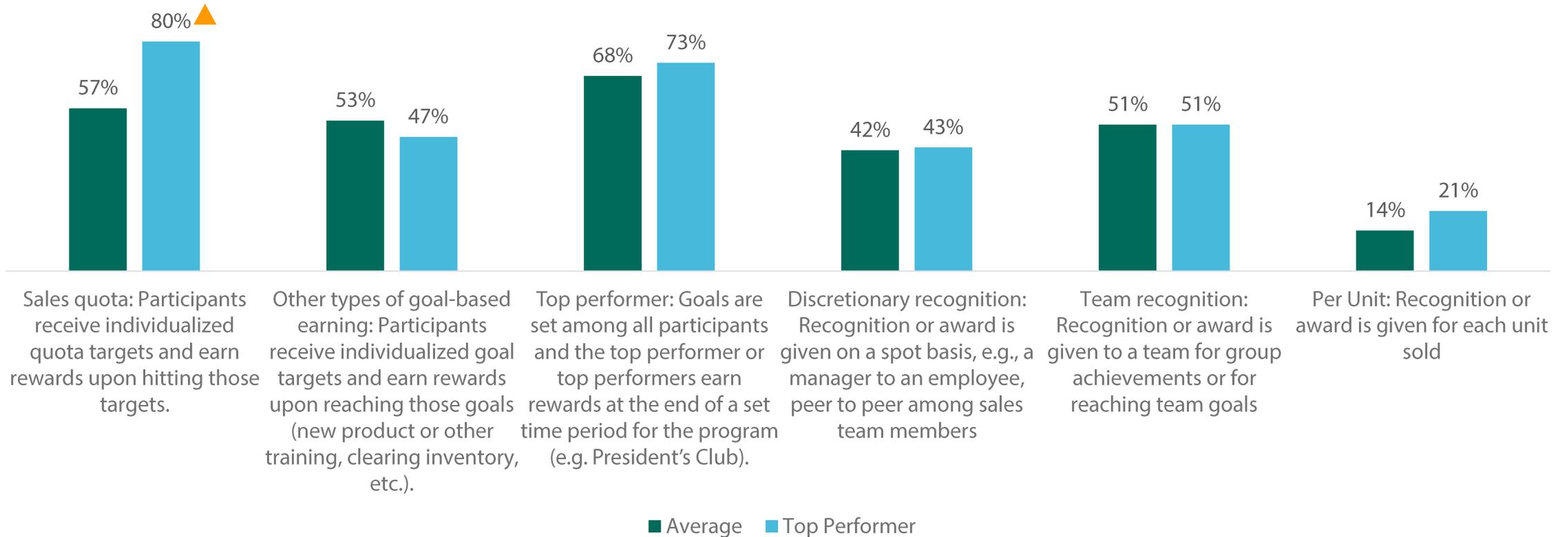
Base: 373 U.S. businesses using non-cash sales incentives



# Top Performers 40% More Likely to Use Sales Quotas for Programs

## Sales

Structures for Sales Programs



Below is a list of reward and recognition program structures organizations might use for salespeople. Please select the program structures your company utilizes.  
 Base: 373 U.S. businesses using non-cash sales incentives



# Rewards Orientation

## Sales

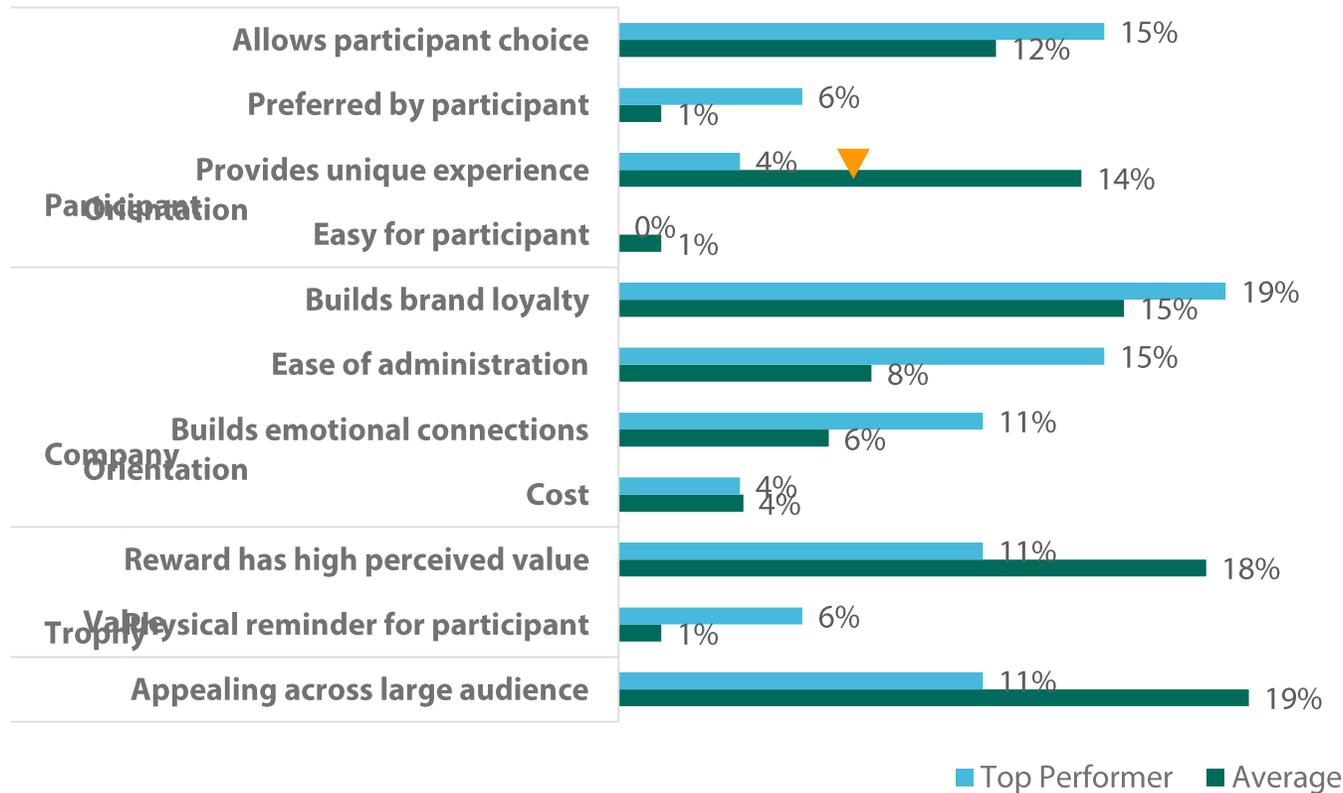
The factors program sponsors consider when selecting rewards for their programs can be categorized into three groups: factors concerned with satisfying participants, considerations about the firm itself, and trophy value.

Priority	Participant Orientation	Company Orientation	Trophy Value
Attributes	Allows participant choice	Ease of administration	Physical reminder for participant
	Provides unique experience	Builds brand loyalty	Reward has high perceived value
	Easy for participant	Builds emotional connections	
	Preferred by participant	Cost	



# Top Performers Less Likely to Prioritize Unique Experiences

Most Important to Selecting Sales Rewards



Which of the below are the most important when selecting the rewards to offer in your sales incentive programs?

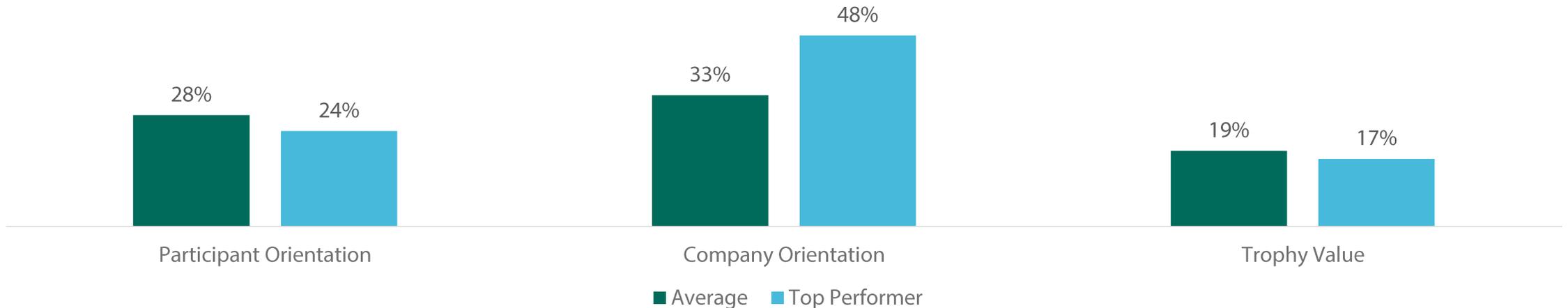
Base: 132 U.S. businesses using non-cash sales incentives



# Top Performers Prioritize Firm Benefits When Selecting Rewards

Sales

Importance to Selection of Sales Rewards



Derived from: Which of the below are the most important when selecting the rewards to offer in your sales incentive programs?  
Base: 132 U.S. businesses using non-cash sales incentives

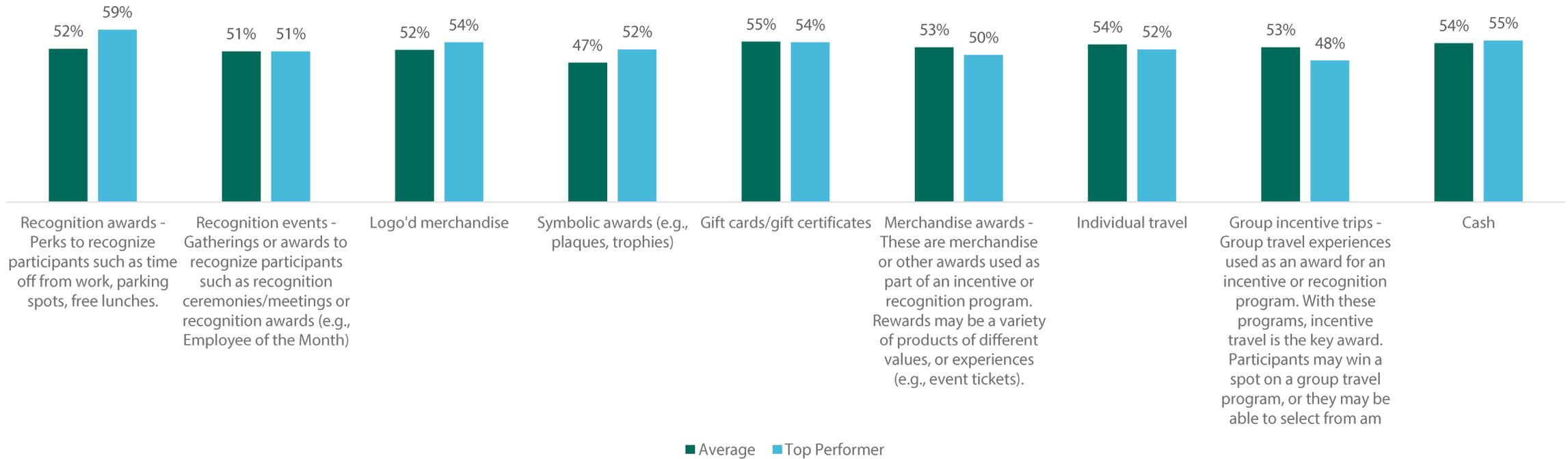


# Top and Average Performers Use the Same Rewards for Sales

## Sales

Rewards Used for Sales Programs

	Average	Top Performer
Number of Reward Types Used for Sales (not statistically different)	7.3	7.5



Which of the following types of rewards does your organization use to reward and recognize your participant audiences? – Sales Incentives  
 Base: 373 U.S. businesses using non-cash sales incentives



# Top Performers Less Likely to Include 100% of Salespeople, Have Higher Proportion Earning Top Reward

## Sales

Percent of Sales People Eligible to Earn Reward  
\*Not statistically different



Percent of Firms Where 100% of Salespeople are Eligible to Earn Reward



Percent of Sales People Actually Earning Reward  
\*Not statistically different



Percent of Sales People Eligible to Earn Top Performer Reward  
\*Not statistically different



Percent of Firms Where 100% of Salespeople are Eligible for Top Performer Reward  
\*Not statistically different



Percent of Sales People Earning Top Reward

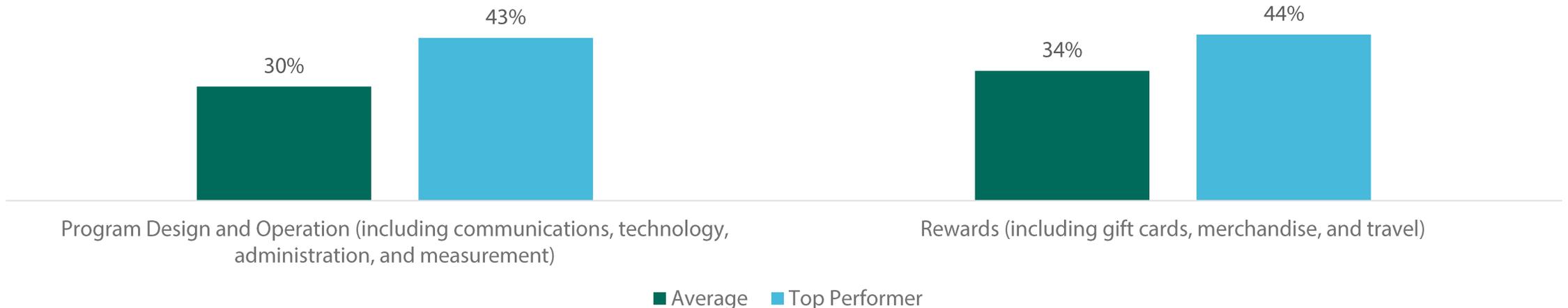




# Top Performers Allocate Higher Proportion of Budget to Program Design and Admin

Sales

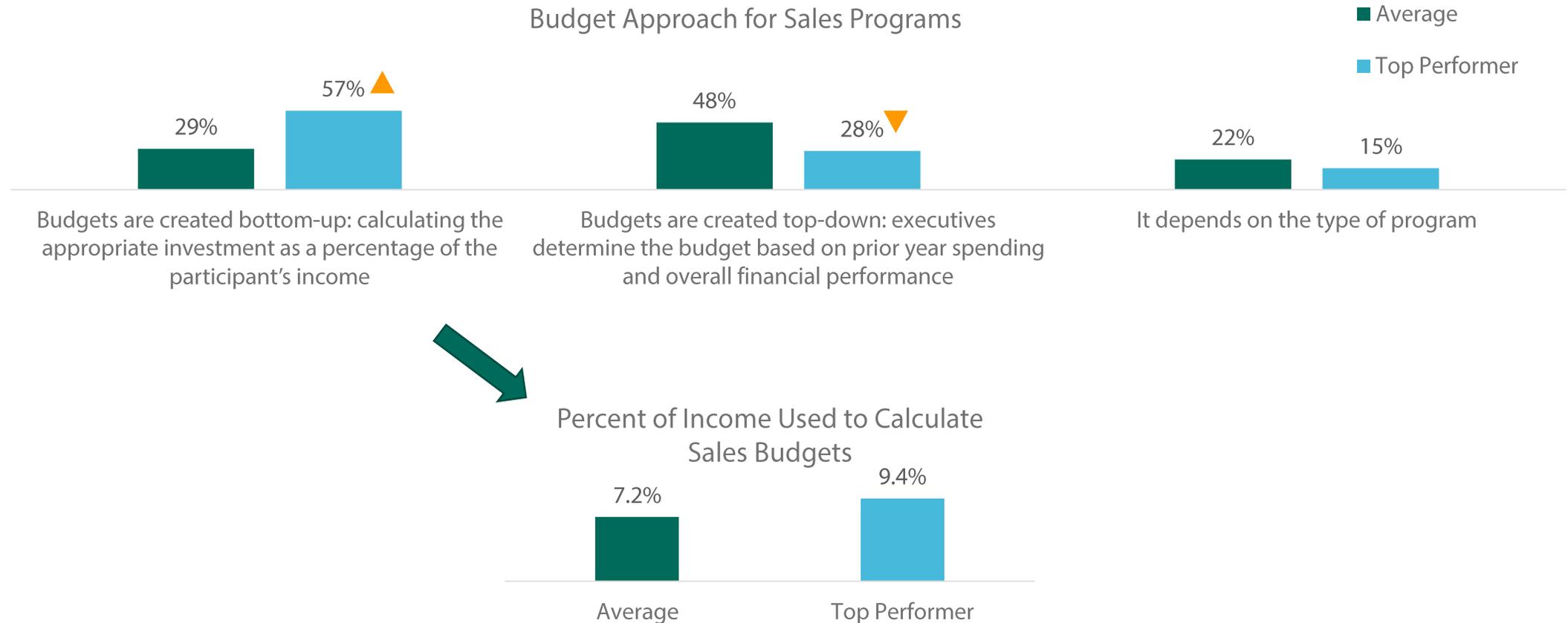
Proportion of Budget by Program Component





# Top Performers Twice as Likely to Budget Bottom-Up; Use Higher Percent of Income

## Sales



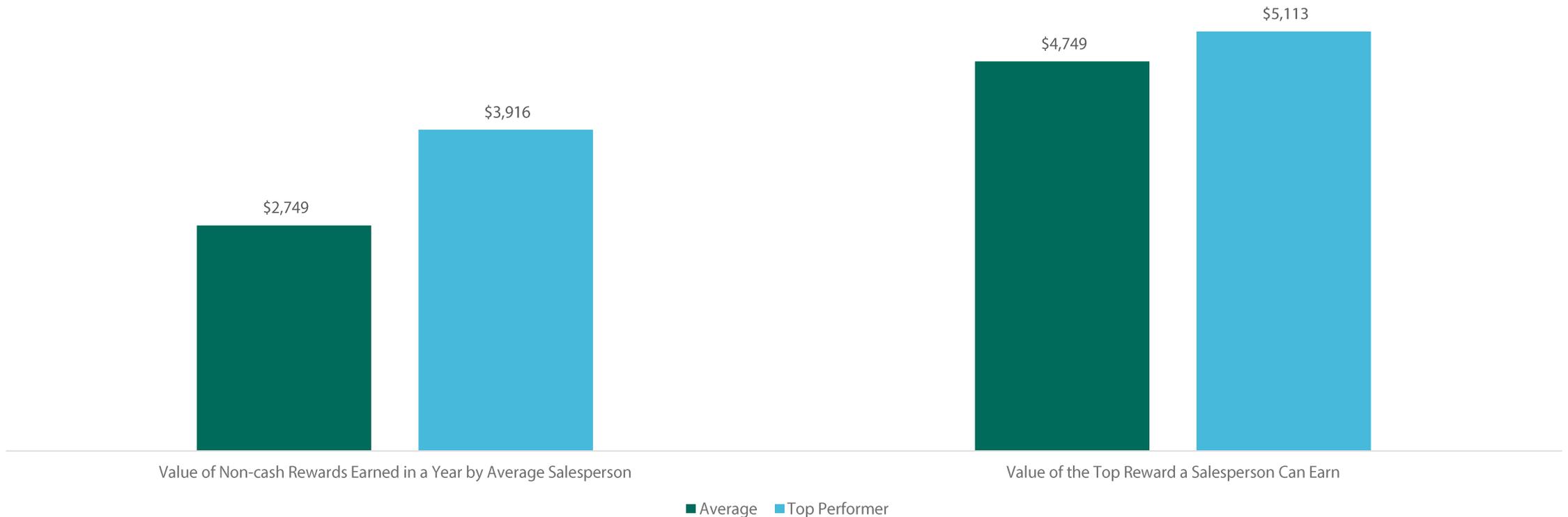
Which of the options below best describes your company's approach to budgeting for your sales incentive programs?  
What is the approximate percent of income used to calculate reward and recognition investments for your salespeople?  
Base: 373 U.S. businesses using non-cash sales incentives



# Top Performers Have Higher Payouts

Sales

Average Non-cash Reward Values



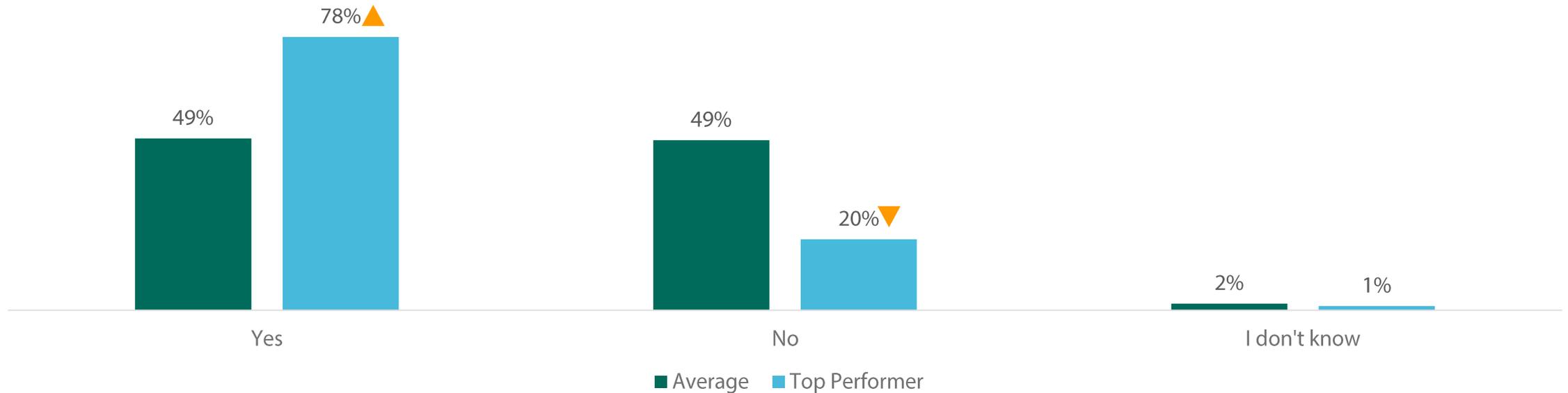
Using your best approximation, what are the average and top reward values for your sales reward and recognition programs?  
Base: 373 U.S. businesses using non-cash sales incentives



# Top Performers More Likely to Allow Unlimited Earning Potential

## Sales

Have Sales Programs With No "Top-Stop"



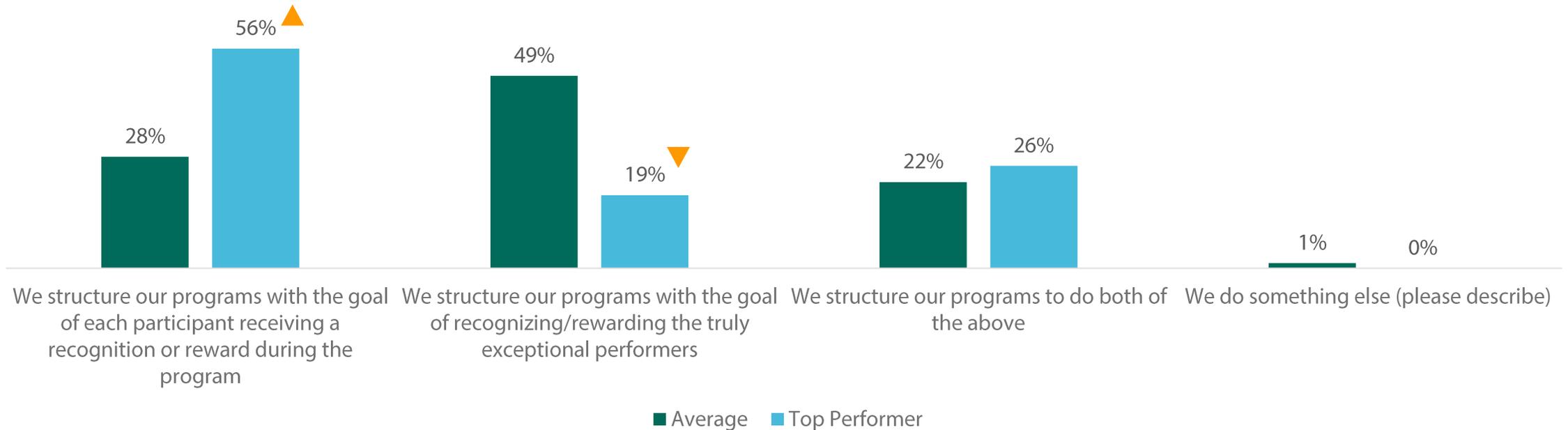
Do you operate any sales incentive programs that do not have a "top-stop" - meaning the sales person can earn unlimited awards based on the amount of product/service they sell?  
Base: 373 U.S. businesses using non-cash sales incentives



# Top Performers Twice as Likely to Prioritize Rewards Reach over Exclusivity

Sales

Design Philosophy: Reach vs. Exclusivity



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

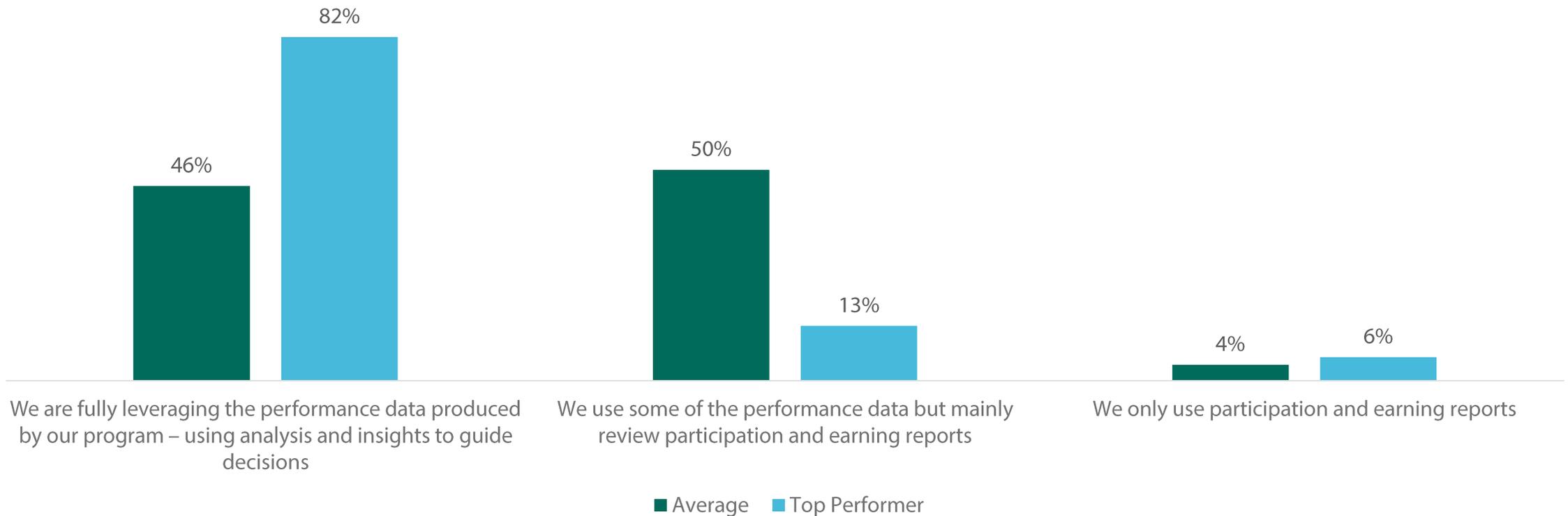
Base: 132 U.S. businesses using non-cash sales incentives



# Top Performers More Effectively Moving Beyond Reporting to Leverage Analytics

## Sales

Use of Data in Sales Programs



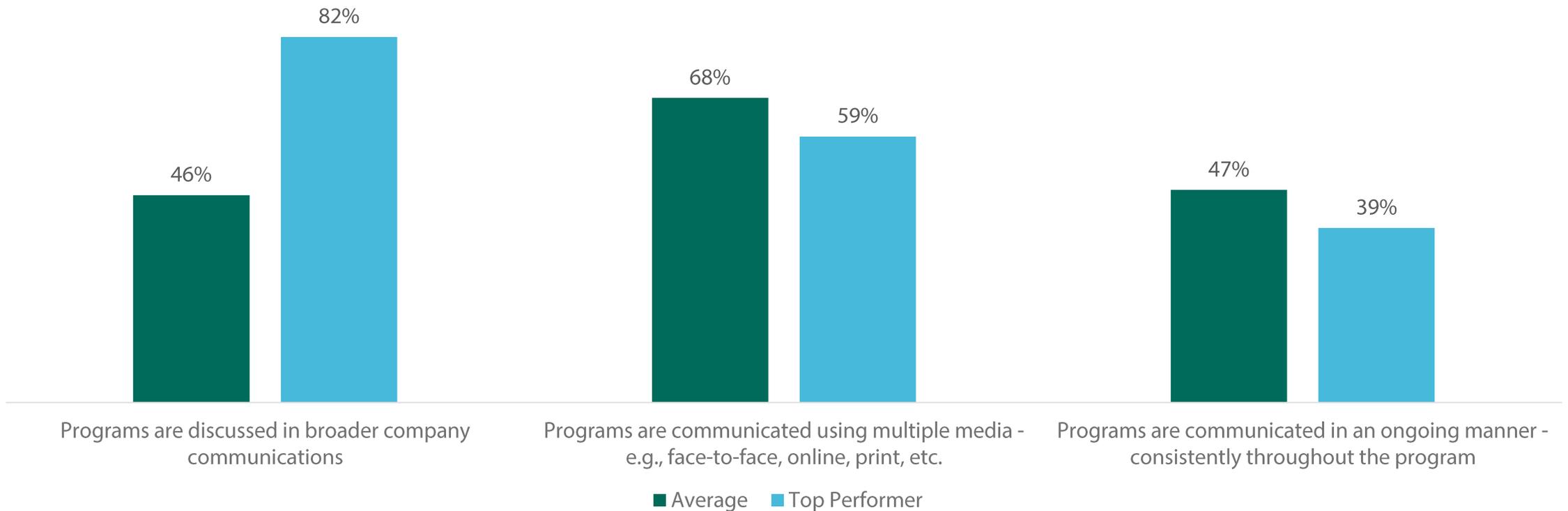
Which of the options below best describes your company's approach to measurement and analysis for your sales incentive programs?  
Base: 132 U.S. businesses using non-cash sales incentives



# Top Performers Leveraging Corporate Communications to Reinforce Programs

Sales

Communications Approach to Sales Programs



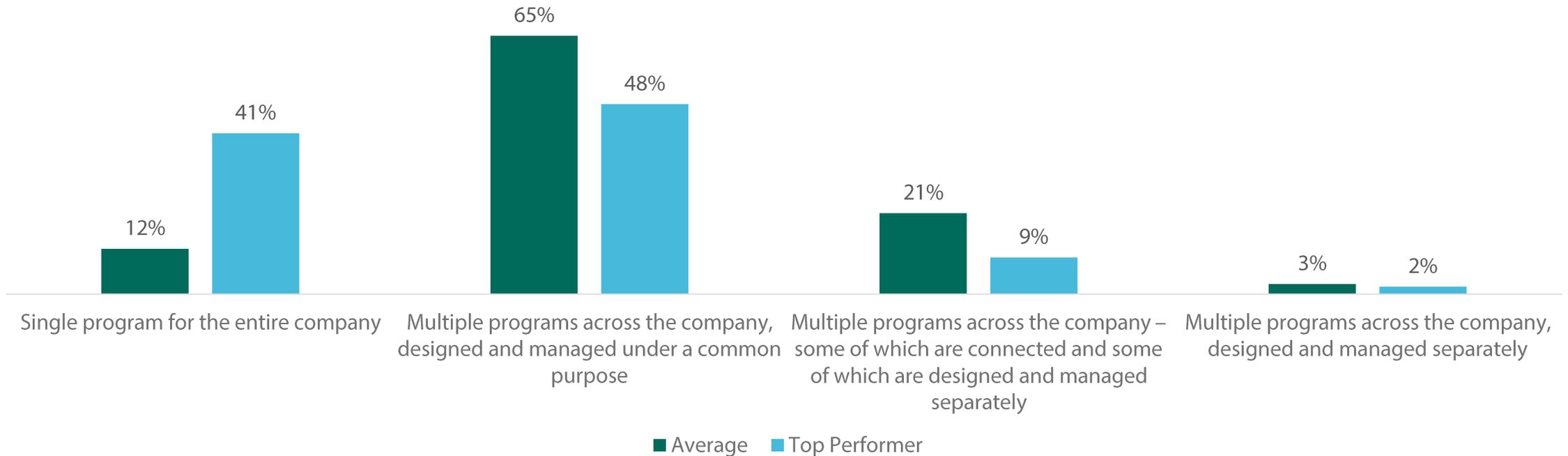
Which of the options below describe your company's approach to communicating with participants for your sales incentive programs?  
Base: 132 U.S. businesses using non-cash sales incentives



# Top Performers More Likely to Have a Single Sales Program Across Company

Sales

Integration of Sales Programs



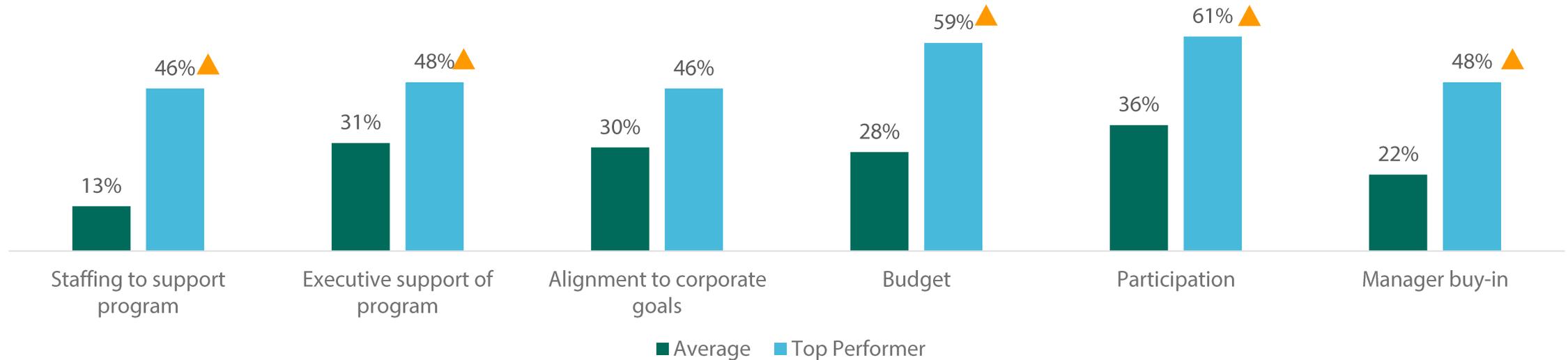
Which of the descriptions below best describes your sales incentive programs?  
Base: 132 U.S. businesses using non-cash sales incentives



# Top Performers Consistently Assess Programs More Favorably

Sales

Percent Rating Their Program "Excellent" in this Area



For each line item below, please indicate your assessment of your sales incentive programs.  
Base: 132 U.S. businesses using non-cash sales incentives

# Sales Programs Summary

- Top Performers:
  - More likely to utilize sales quotas in their program structures
  - Prioritize company benefits when selecting rewards
  - Choose the same types of rewards as average performers
  - More likely to budget based on percent of income
  - Budget a higher percent of income
  - Have higher payouts
  - Less likely to have “top-stop”
  - Prioritize reach over exclusivity
  - More advanced regarding program analysis
  - Include programs in broader corporate communications
  - Assess their programs more favorably in terms of resources and support

# Channel Programs



# Marketing Less Likely to be Involved in Top Performers' Channel Programs

## Channel

Departments Responsible for Channel Programs



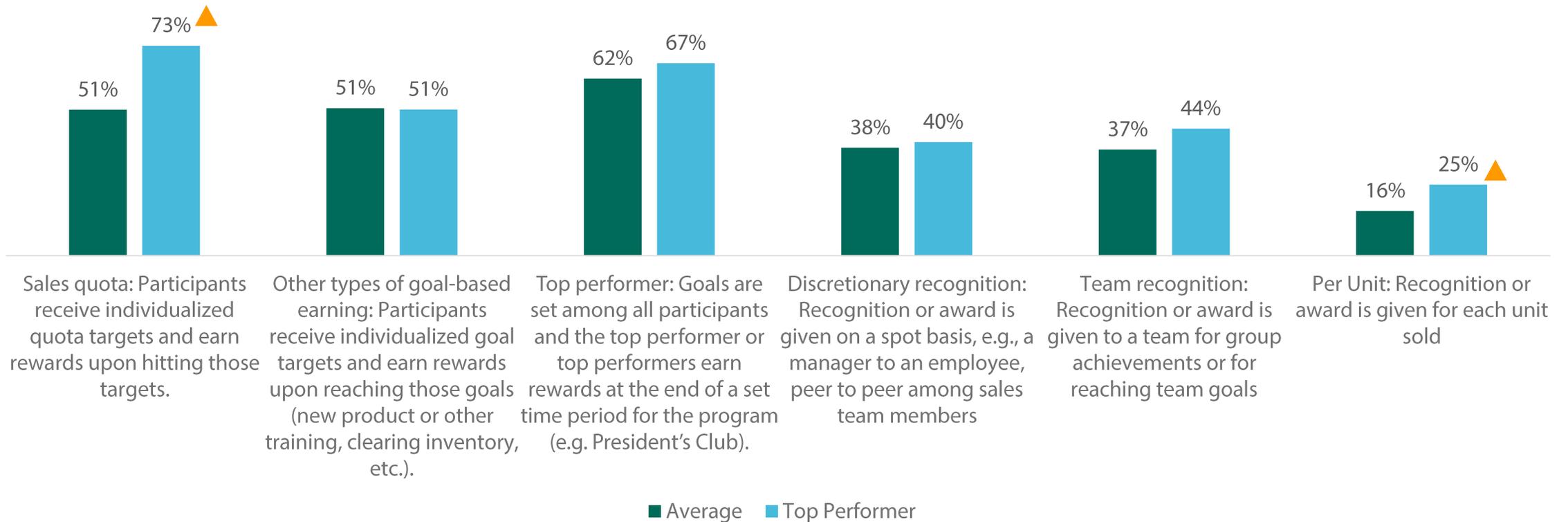
What part of your organization is responsible for the design and/or strategy for your [channel] reward and recognition initiatives?  
Base: 305 U.S. businesses using non-cash channel incentives



# Top Performers More Likely to Use Sales Quotas for Channel Programs

## Channel

Structures for Channel Programs



Below is a list of reward and recognition program structures organizations might use for channel programs. Please select the program structures your company utilizes.  
 Base: 322 U.S. businesses using non-cash channel incentives



# Rewards Orientation

## Channel

The factors program sponsors consider when selecting rewards for their programs can be categorized into three groups: factors concerned with satisfying participants, considerations about the firm itself, and trophy value.

Priority	Participant Orientation	Company Orientation	Trophy Value
Attributes	Allows participant choice	Ease of administration	Physical reminder for participant
	Provides unique experience	Builds brand loyalty	Reward has high perceived value
	Easy for participant	Builds emotional connections	
	Preferred by participant	Cost	

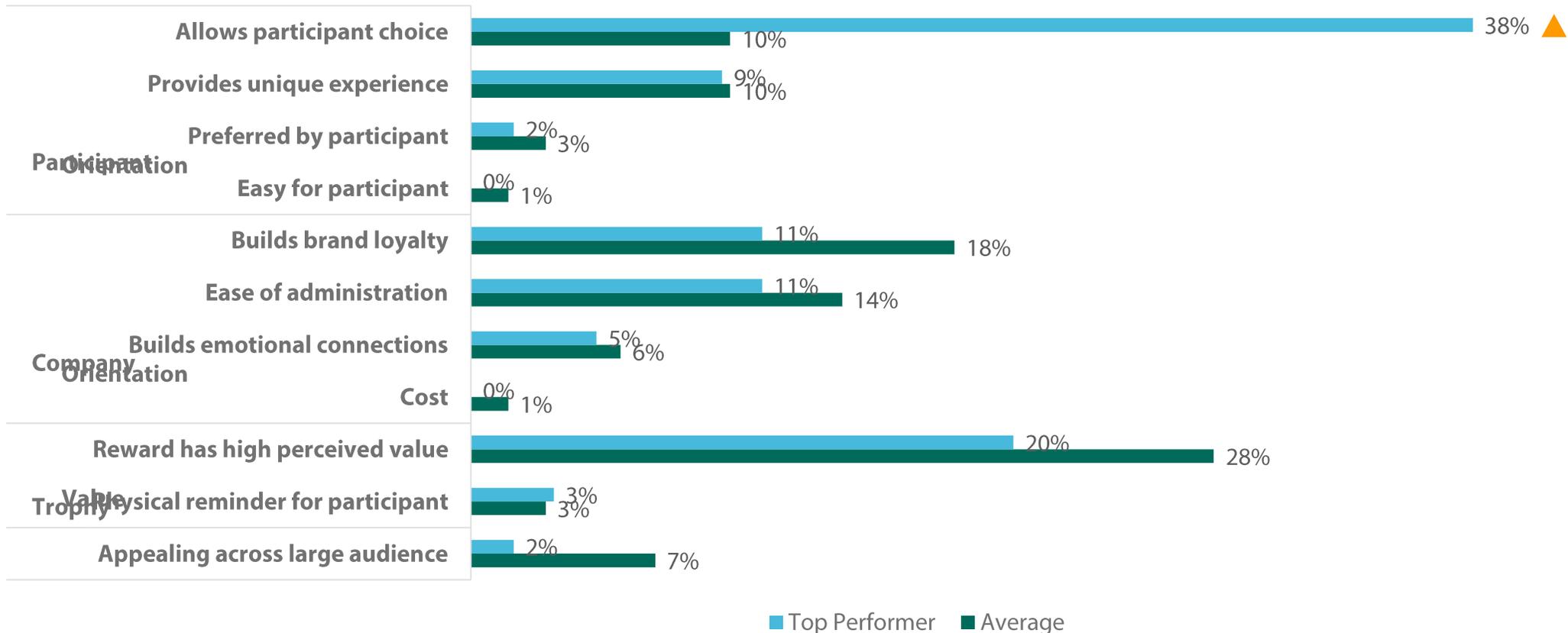
*Not Classified: Appealing across large audience*



# Top Performers More Likely to Prioritize Participant Choice

## Channel

Importance to Selecting Channel Rewards



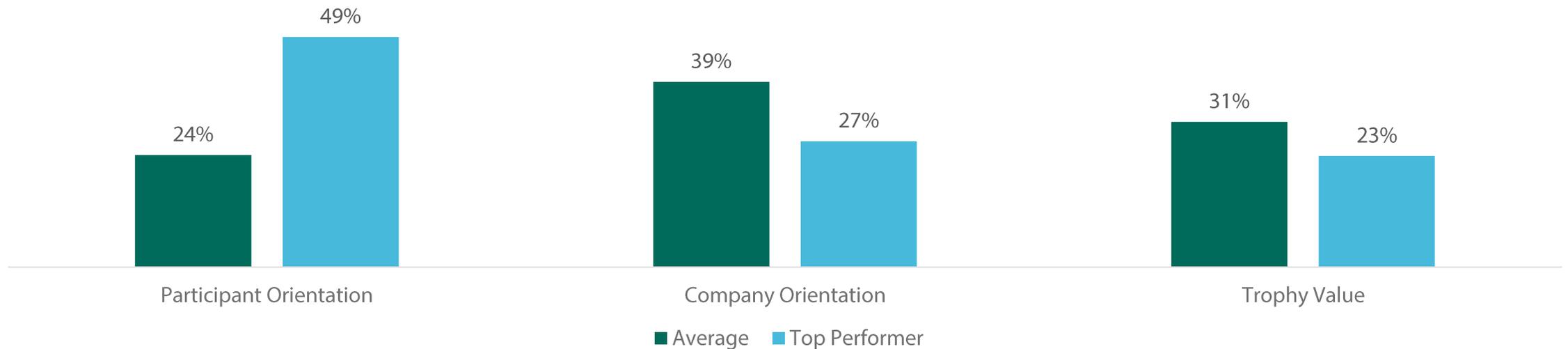
Which of the below are the most important when selecting the rewards to offer in your channel incentive programs?  
 Base: 136 U.S. businesses using non-cash channel incentives



# Top Performers Prioritize Participant Appeal for Channel Programs

Channel

Importance to Selection of Channel Rewards



Derived from: Which of the below are the most important when selecting the rewards to offer in your channel incentive programs?  
Base: 136 U.S. businesses using non-cash channel incentives

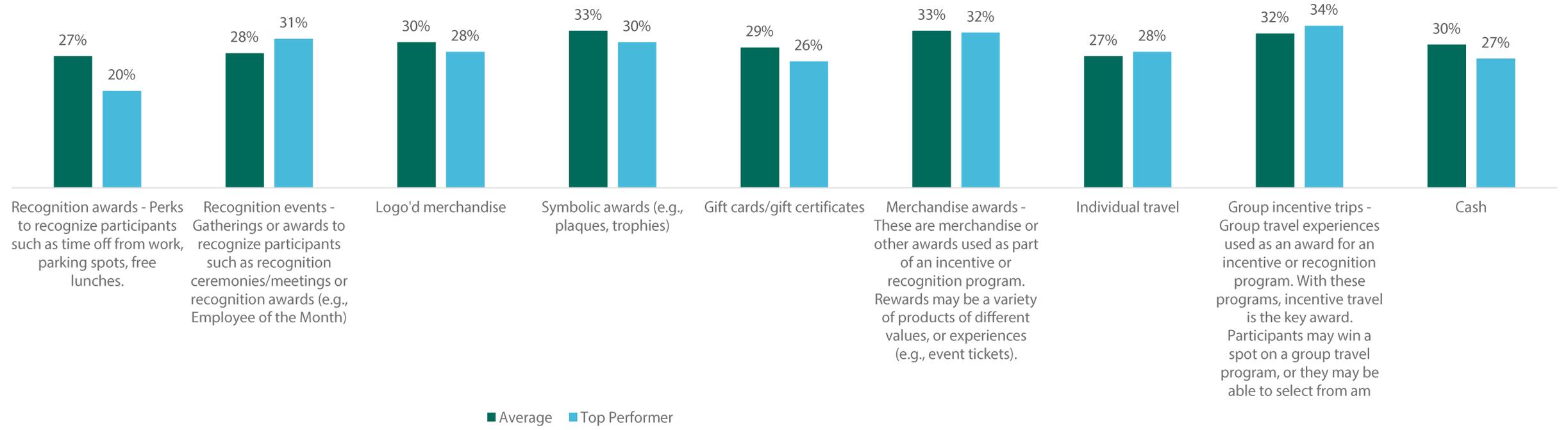


# Top and Average Performers Choose Similar Reward Mix

Channel Rewards

## Channel

	Average	Top Performer
Number of Reward Types Used for Channel (not statistically different)	6.6	6.6



Which of the following types of rewards does your organization use to reward and recognize your participant audiences? – Channel Incentives  
 Base: 322 U.S. businesses using non-cash channel incentives



# Top Performers Have Higher Proportion Earning Rewards

## Channel

Percent of Channel Participants Eligible to Earn Reward

\*Not statistically different



Percent of Firms Where 100% of Channel Participants are Eligible to Earn Non-cash Reward



Percent of Channel Participants Actually Earning Reward



Percent of Channel Participants Eligible to Earn Top Performer Reward

\*Not statistically different



Percent of Firms Where 100% of Channel Participants are Eligible for Top Performer Reward

\*Not statistically different



Percent of Channel Participants Earning Top Reward

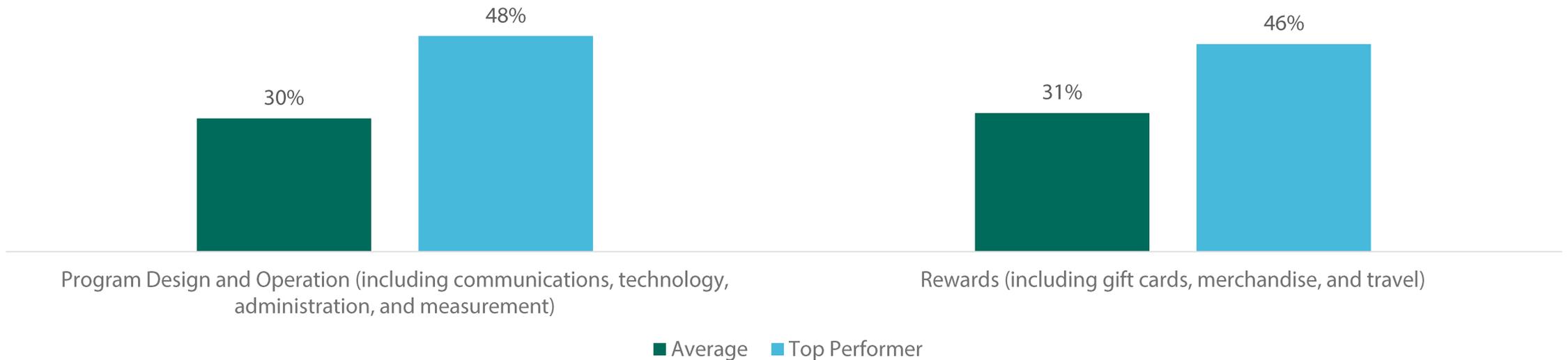




# Top Performers Allocate Higher Proportion of Budget to Program Design, Admin, and Rewards

Channel

Division of Budget by Program Component

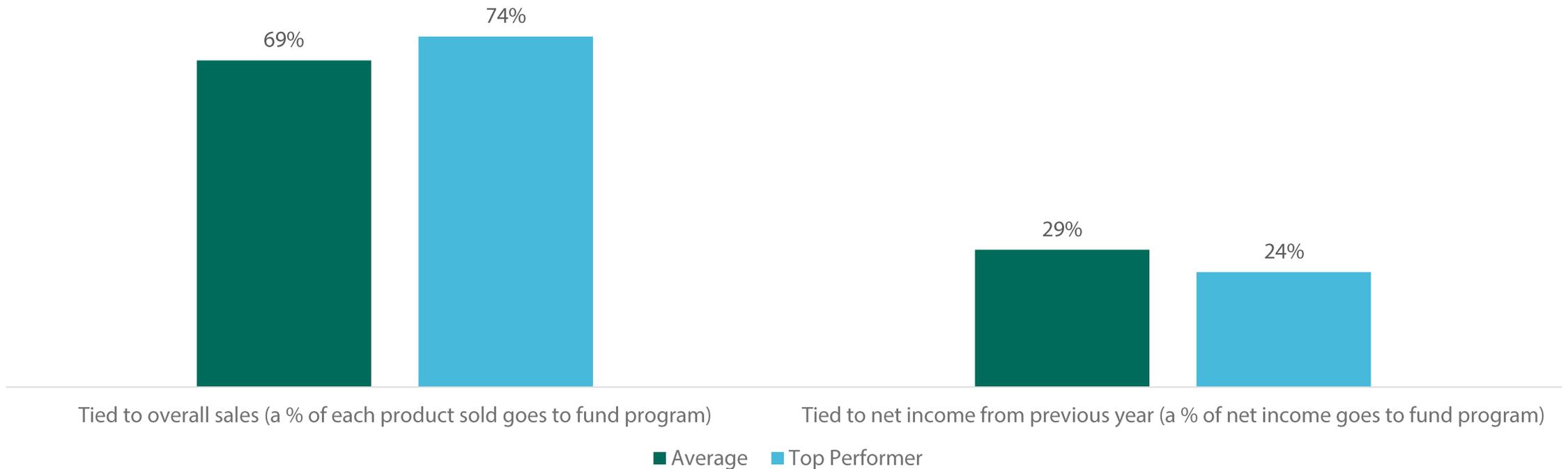




# Channel Budgets Tied to Overall Sales for Top and Average Performers

Channel

Approach to Budgeting for Channel Programs



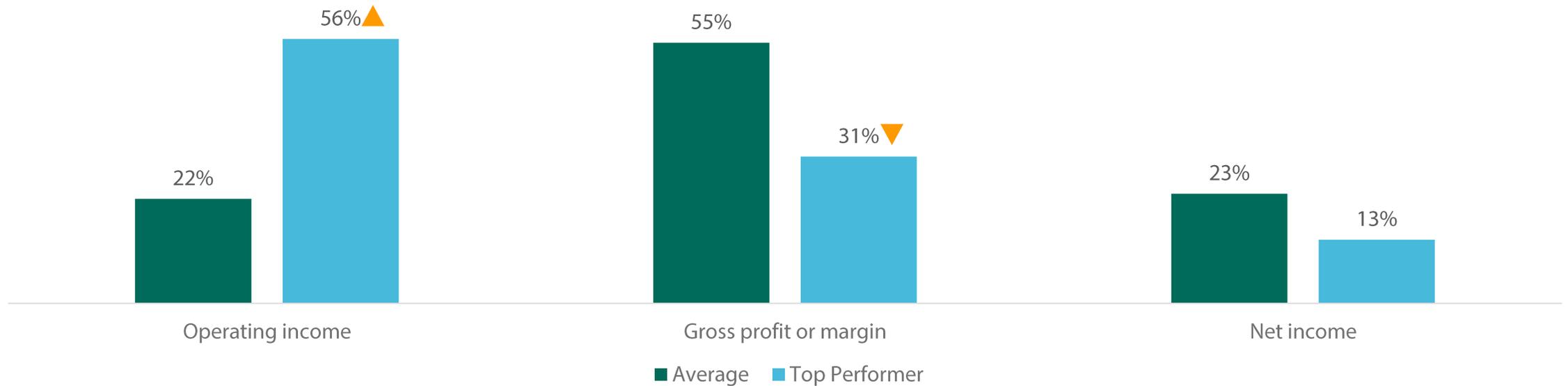
Which of the options below best describes your company's approach to budgeting for your channel incentive programs?  
Base: 322 U.S. businesses using non-cash channel incentives



# Top Performers' Channel Program Budgets Most Influenced by Operating Income

Channel

Factor Most Affecting Budgets for Channel Programs



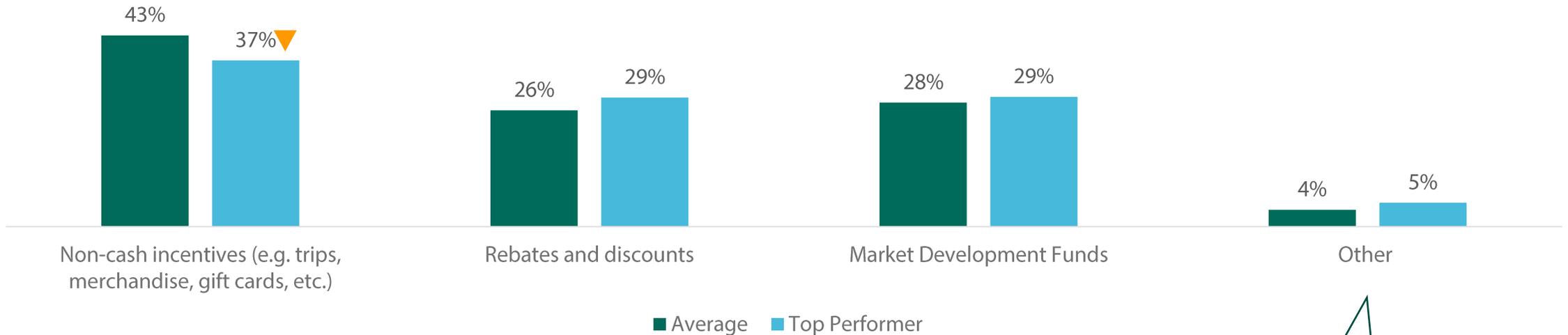
What factor most influences budget changes year-over-year?  
Base: 322 U.S. businesses using non-cash channel incentives



# Top Performers Allocate Slightly Less to Non-cash Incentives

Channel

Distribution of Channel Incentive Budgets



"Bonuses"  
"Cash"

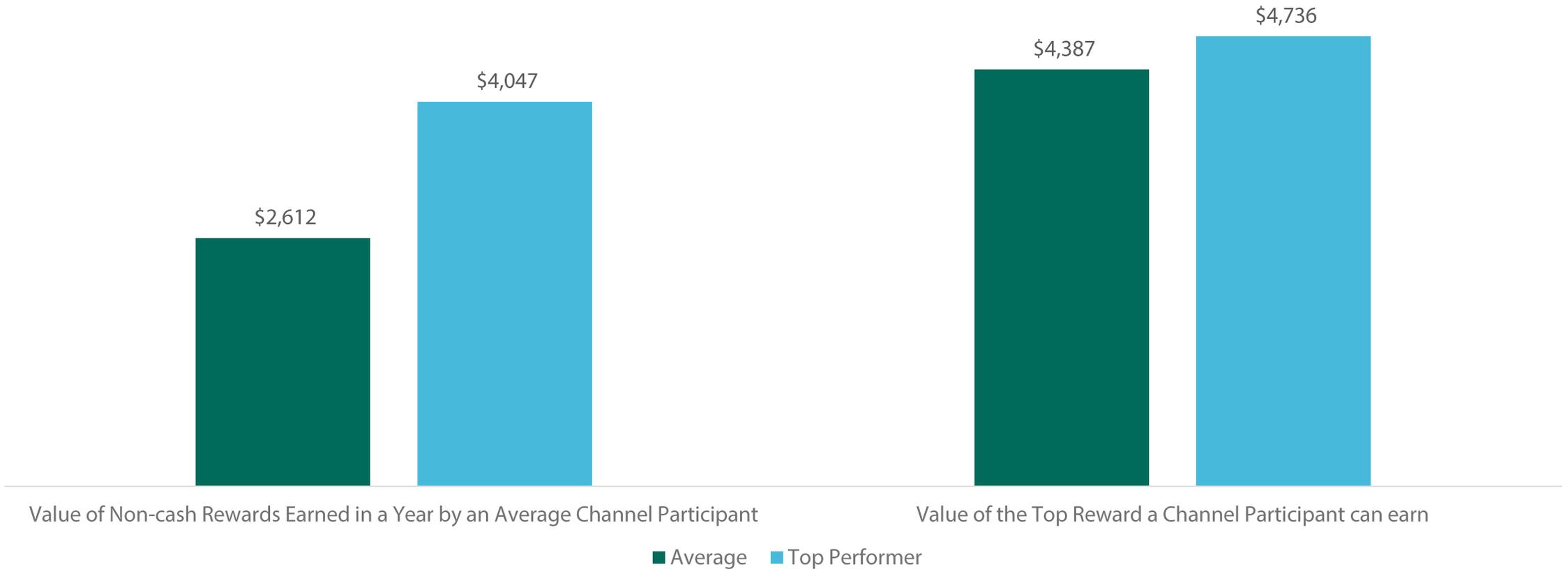
How does your channel incentive budget break out across the categories below?  
Base: 322 U.S. businesses using non-cash channel incentives



# Top Performers Have Higher Payouts

Channel

Average Non-cash Reward Values



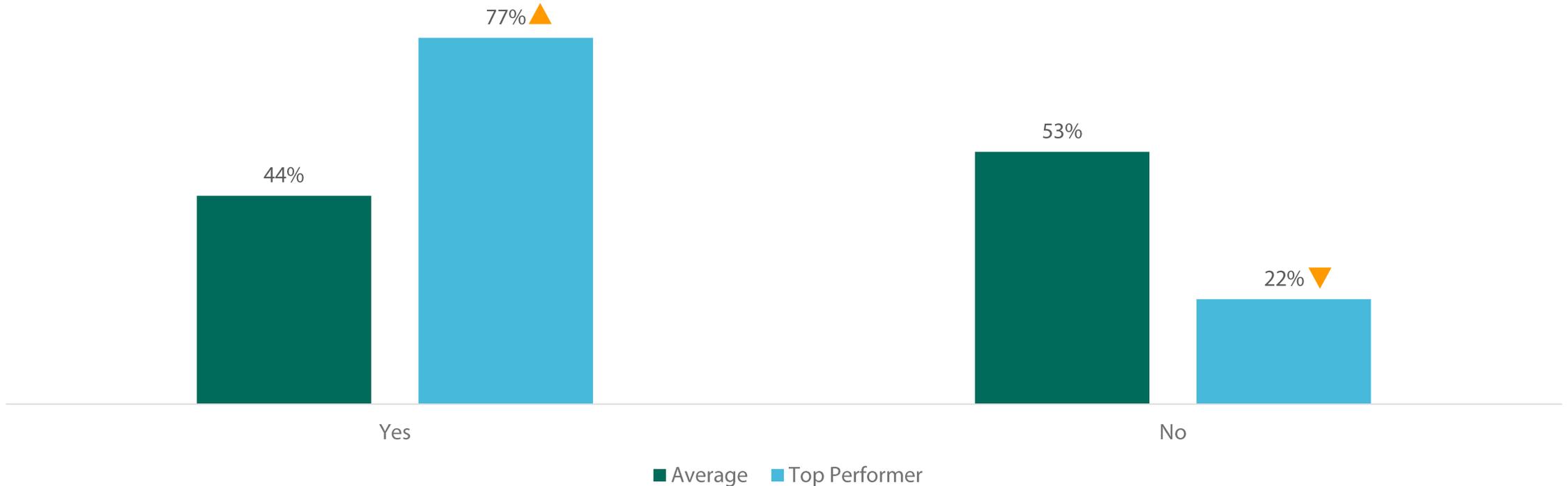
Using your best approximation, what are the average and top reward values for your channel incentive programs?  
Base: 322 U.S. businesses using non-cash channel incentives



# Top Performers More Likely to Allow Unlimited Earning Potential

Channel

Have Channel Programs With No "Top-Stop"



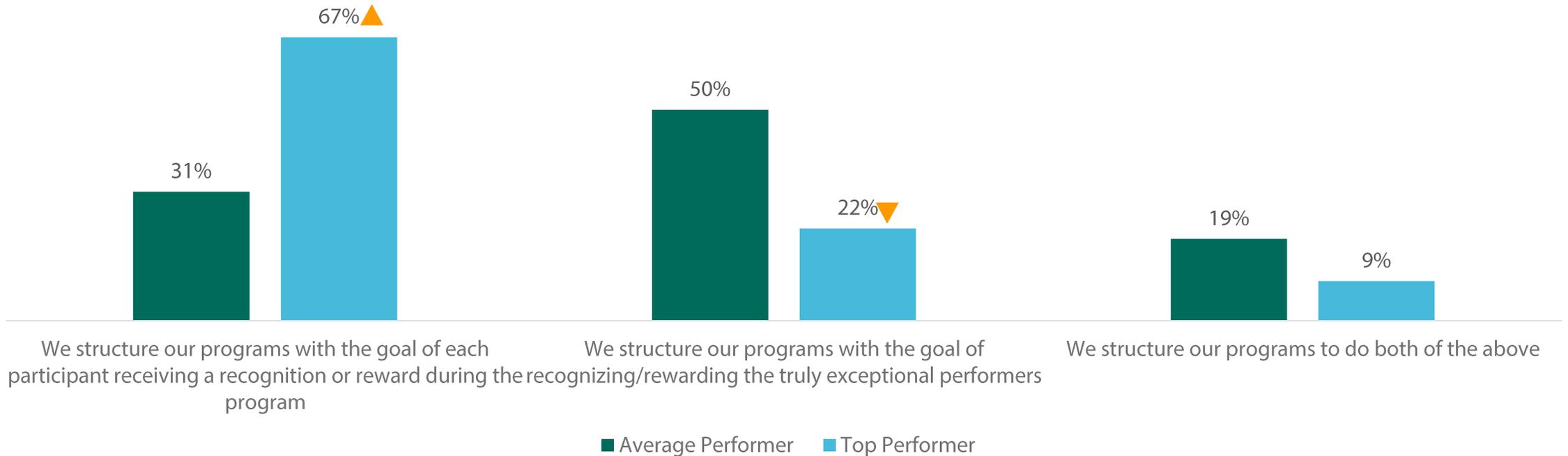
Do you operate any channel incentive programs that do not have a "top-stop" - meaning the channel participant can earn unlimited awards based on the amount of product/service they sell?  
Base: 322 U.S. businesses using non-cash channel incentives



# Top Performers Prioritize Reach over Exclusivity

Channel

Design Philosophy: Reach vs. Exclusivity



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

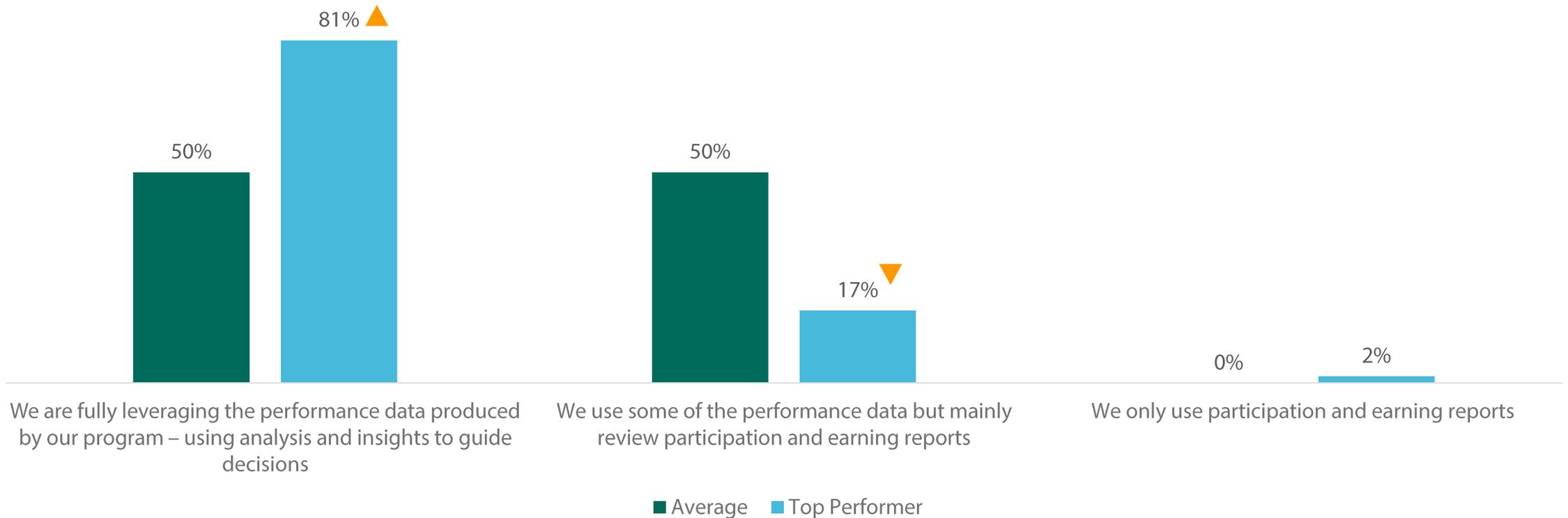
Base: 136 U.S. businesses using non-cash channel incentives



# Top Performers More Effectively Moving from Reporting to Analysis

## Channel

Use of Data in Channel Programs



Which of the options below best describes your company's approach to measurement and analysis for your channel incentive programs?

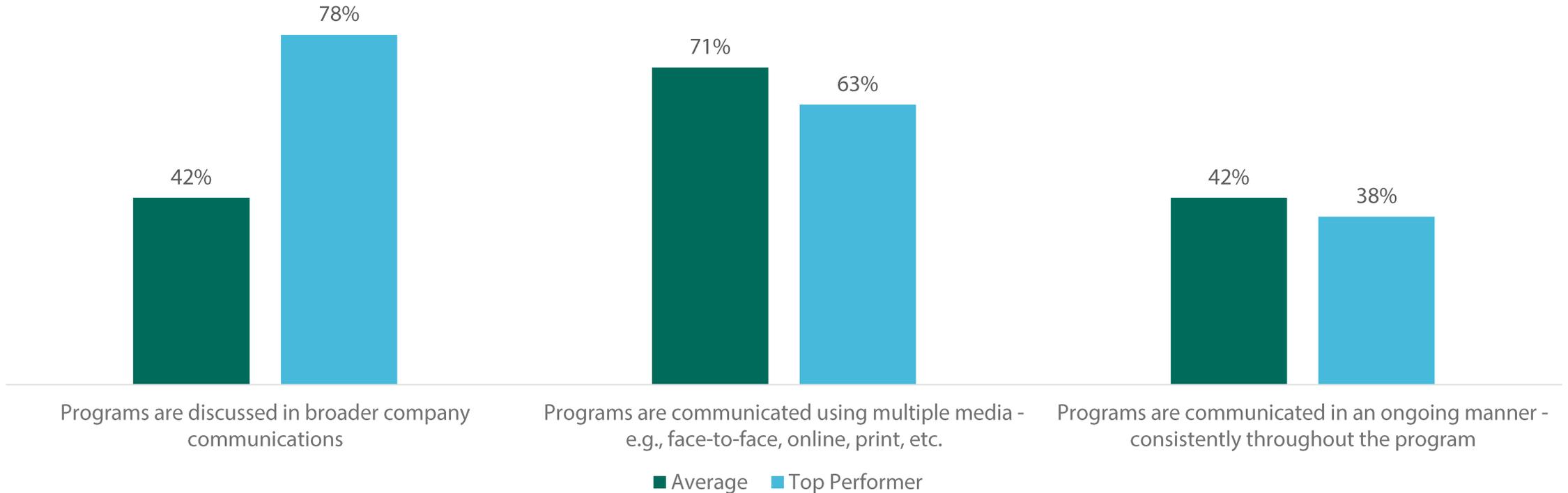
Base: 136 U.S. businesses using non-cash channel incentives



# Top Performers Using Corporate Communications to Emphasize Program

Channel

Communications Approach to Channel Programs



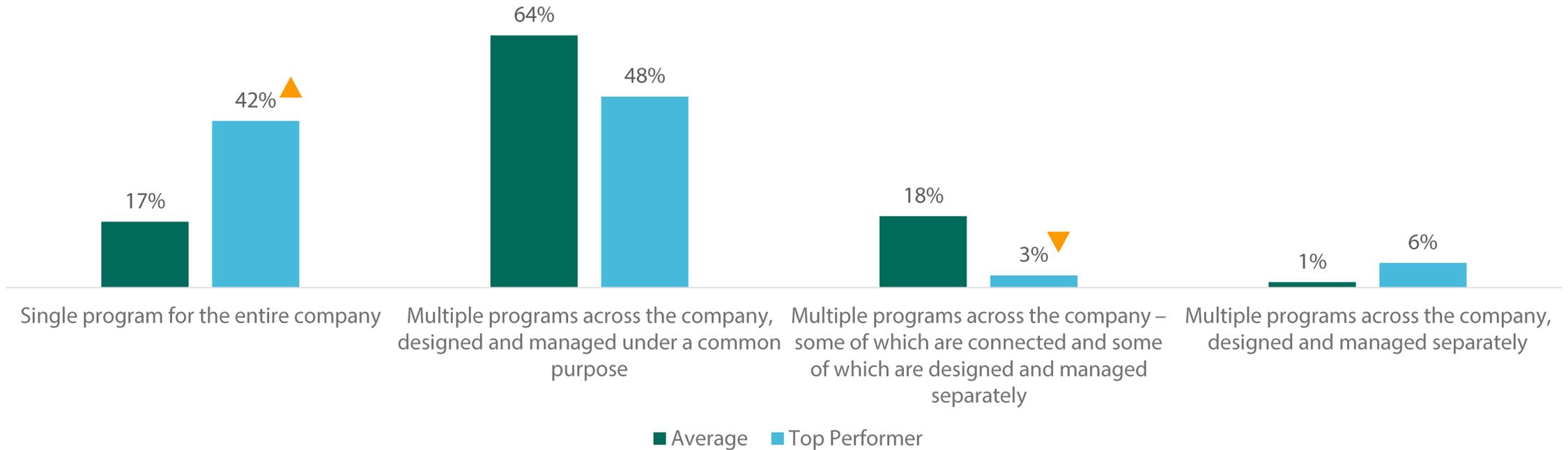
Which of the options below best describes your company's approach to communicating with participants for your channel incentive programs?  
Base: 136 U.S. businesses using non-cash channel incentives



# Top Performers Likely to Have Single Channel Program – Very Unlikely to Have Separate Programs

Channel

Integration of Channel Programs



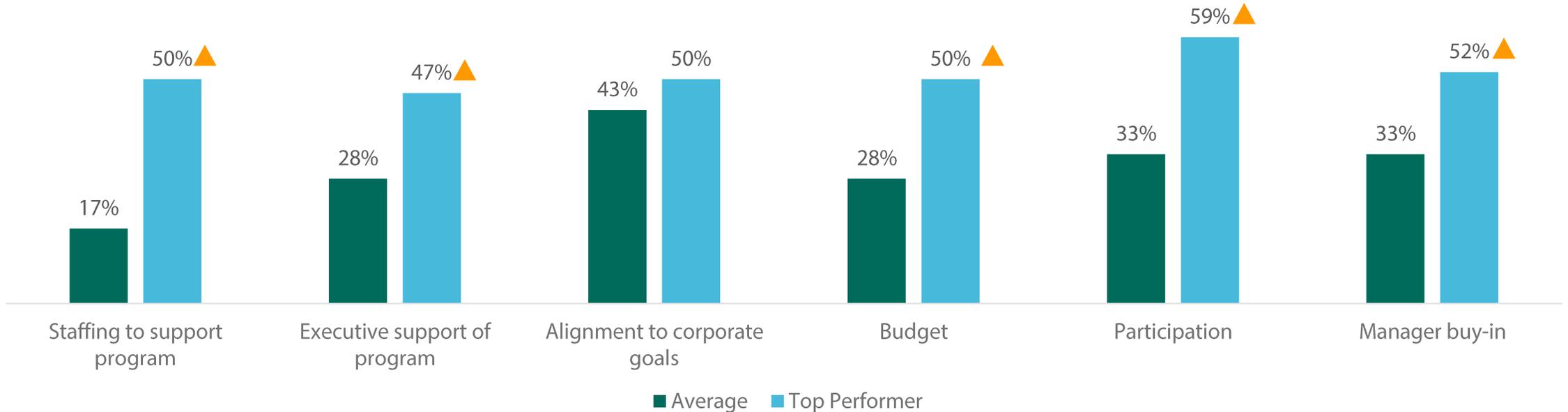
Which of the descriptions below best describes your channel incentive programs?  
Base: 136 U.S. businesses using non-cash channel incentives



# Top Performers Assess Programs More Favorably

## Channel

Percent Rating their Program "Excellent" in this Area



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# Channel Programs Summary

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  - More likely to utilize sales quotas in their program structures
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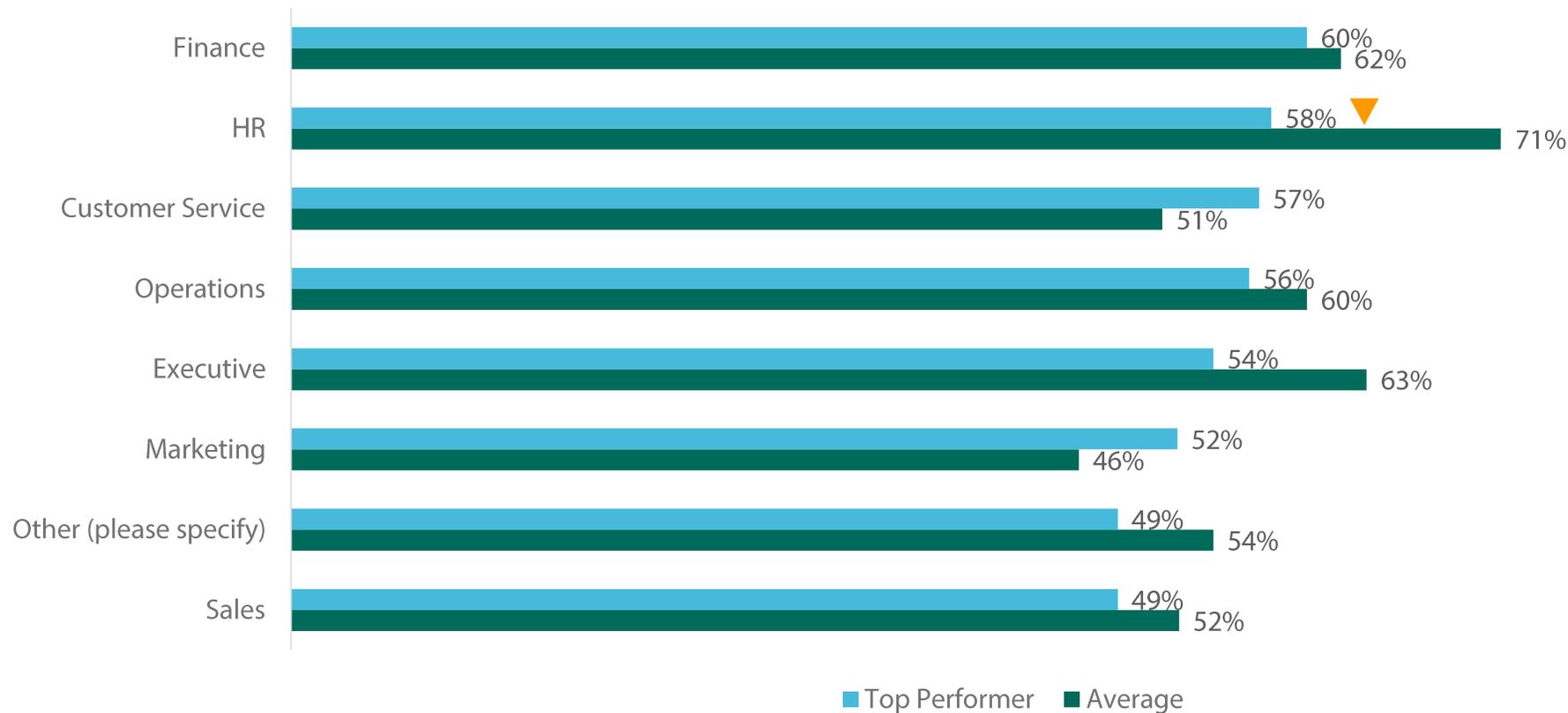
# Employee Programs



# Top Performers Less Likely to Rely on HR

## Employee

Departments Responsible for Employee Programs



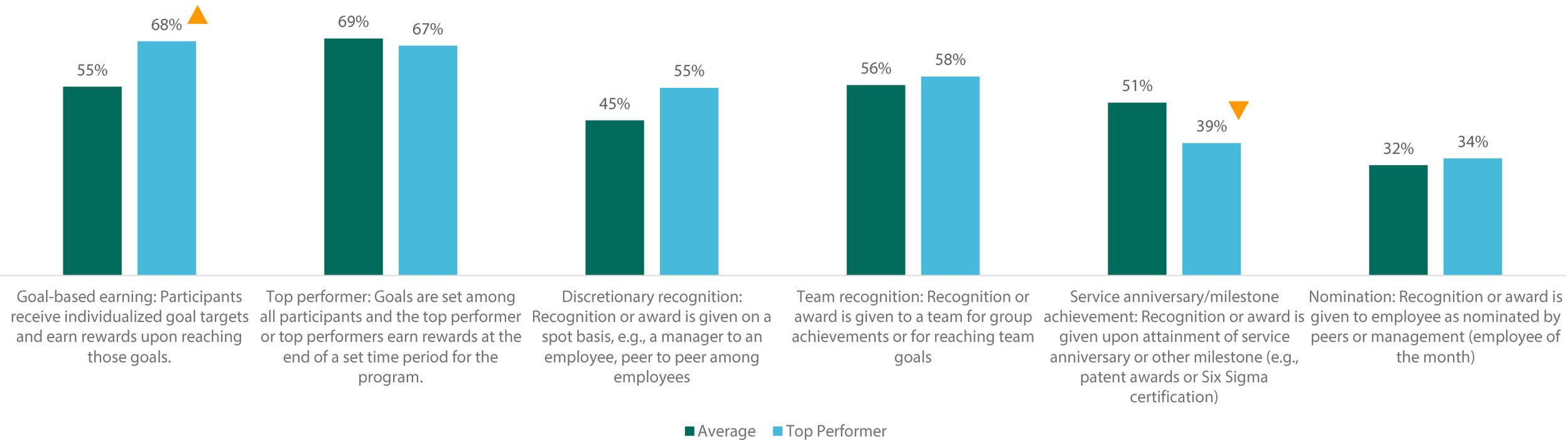
What part of your organization is responsible for the design and/or strategy for your [employee] reward and recognition initiatives?  
Base: 369 U.S. businesses with non-cash employee reward & recognition programs



# Top Performers More Likely to Use Goals for Employees, Less Likely to Have Service Anniversary Rewards

## Employee

Structures for Employee Programs



Below is a list of reward and recognition program structures organizations might use for employees. Please select the program structures your company utilizes.  
Base: 369 U.S. businesses with non-cash employee reward & recognition programs



# Rewards Orientation

## Employee

The factors program sponsors consider when selecting rewards for their programs can be categorized into three groups: factors concerned with satisfying participants, considerations about the firm itself, and trophy value.

Priority	Participant Orientation	Company Orientation	Trophy Value
Attributes	Allows participant choice	Ease of administration	Physical reminder for participant
	Provides unique experience	Builds brand loyalty	Reward has high perceived value
	Easy for participant	Builds emotional connections	
	Preferred by participant	Cost	

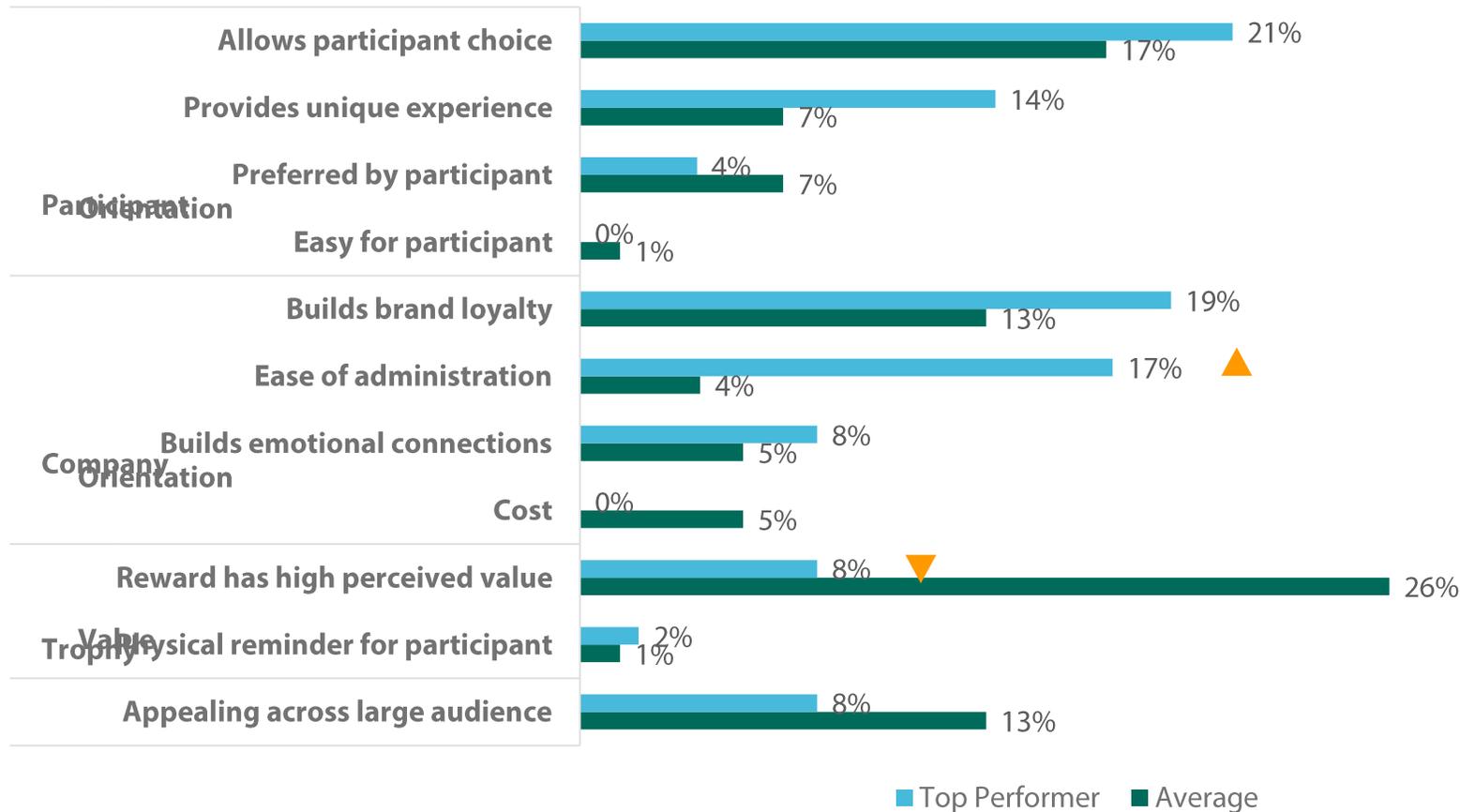
*Not Classified: Appealing across large audience*



# Top Performers Prioritize Ease of Administration, Average Prioritize Perceived Value

## Employee

Most Important to Selecting Employee Rewards



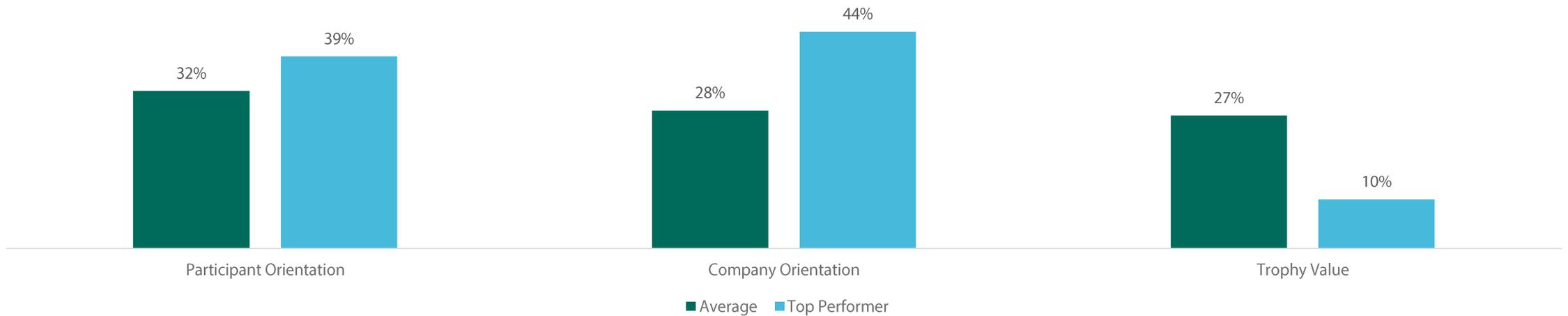
Which of the below are the most important when selecting the rewards to offer in your employee reward & recognition programs?  
 Base: 128 U.S. businesses with non-cash employee reward & recognition programs



# Top Performers More Likely to Prioritize Organizational Benefits over Trophy Value

Employee

Importance to Selection of Employee Rewards



Which of the below are the least important when selecting the rewards to offer in your employee reward & recognition programs?

Base: 128 U.S. businesses with non-cash employee reward & recognition programs

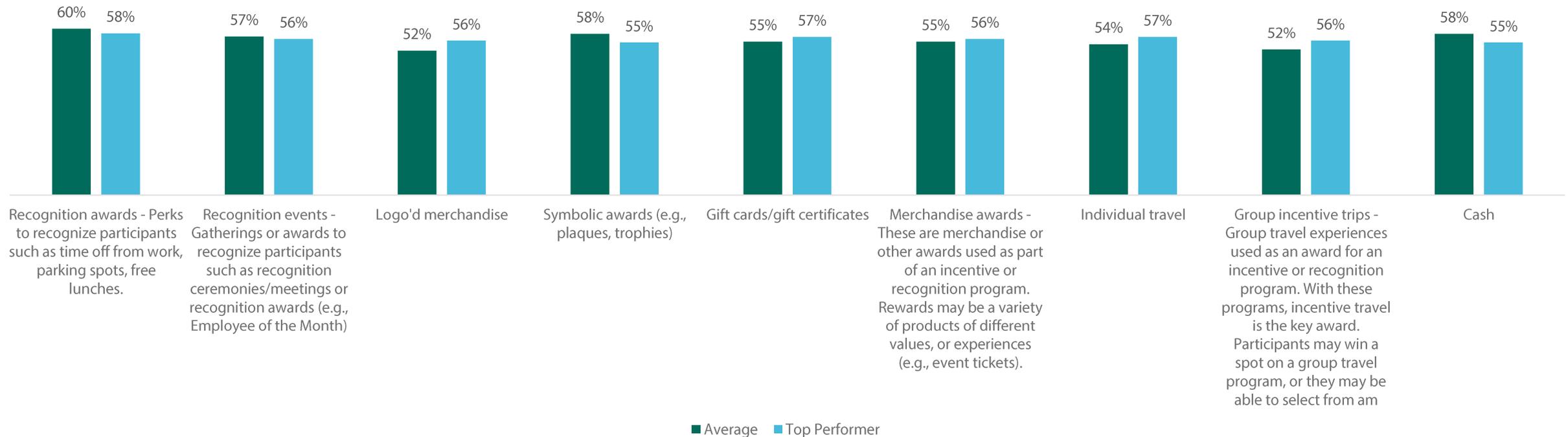


# Top and Average Performers Select Same Rewards for Employee Programs

## Employee

### Employee Rewards

	Average	Top Performer
Number of Reward Types Used for Employees (statistically different)	7.7	8.2



Which of the following types of rewards does your organization use to reward and recognize your participant audiences? – Employee Reward & Recognition

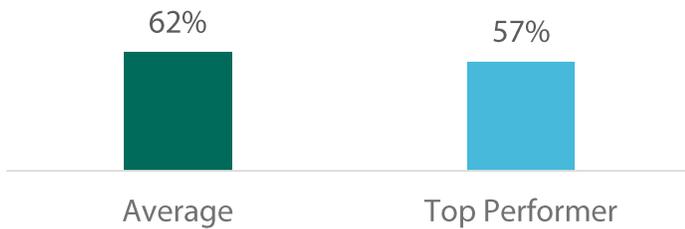
Base: 369 U.S. businesses with non-cash employee reward & recognition programs



# Top Performers Have Higher Proportion Earning Rewards

## Employee

Percent of employees eligible to earn non-cash rewards



Percent of companies where 100% of employees can earn



Percent Of Employees Who Actually Earn Non-cash Rewards



Percent of employees eligible to earn top-performer reward



Percent of companies where 100% of employees can earn top-performer reward



Percent of employees who earn top-performer reward

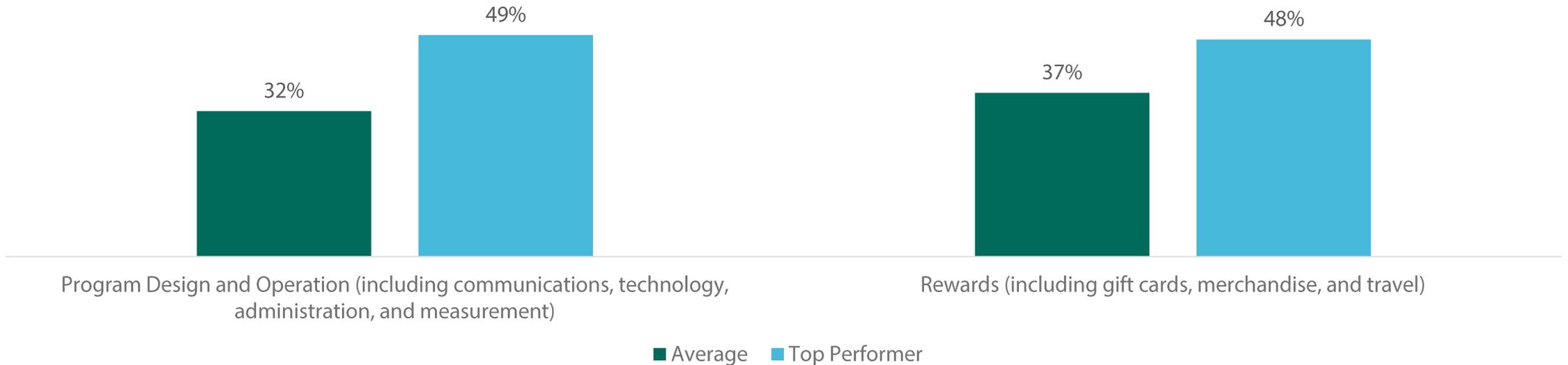




# Top Performers Allocate Higher Proportion of Budget to Program Design & Operation

Employee

Division of Budget by Program Component

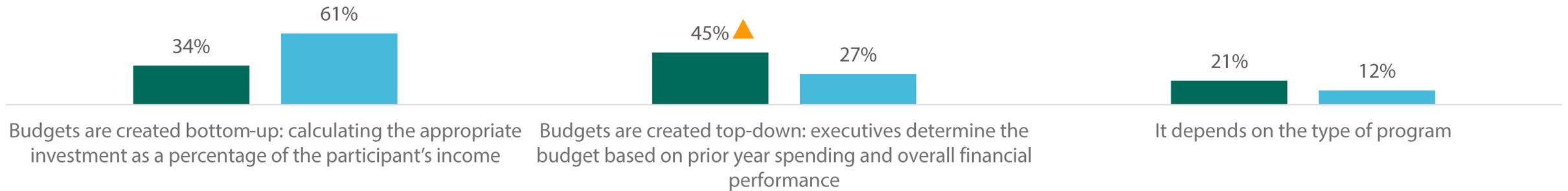




# Top Performers Use Bottom-Up Budgeting and Allocate Higher % of Wages

## Employee

Budgeting for Employee R&R



■ Average ■ Top Performer

Percent of Payroll Used to Calculate Employee R&R Budgets



Which of the options below best describes your company's approach to budgeting for your employee reward & recognition programs?

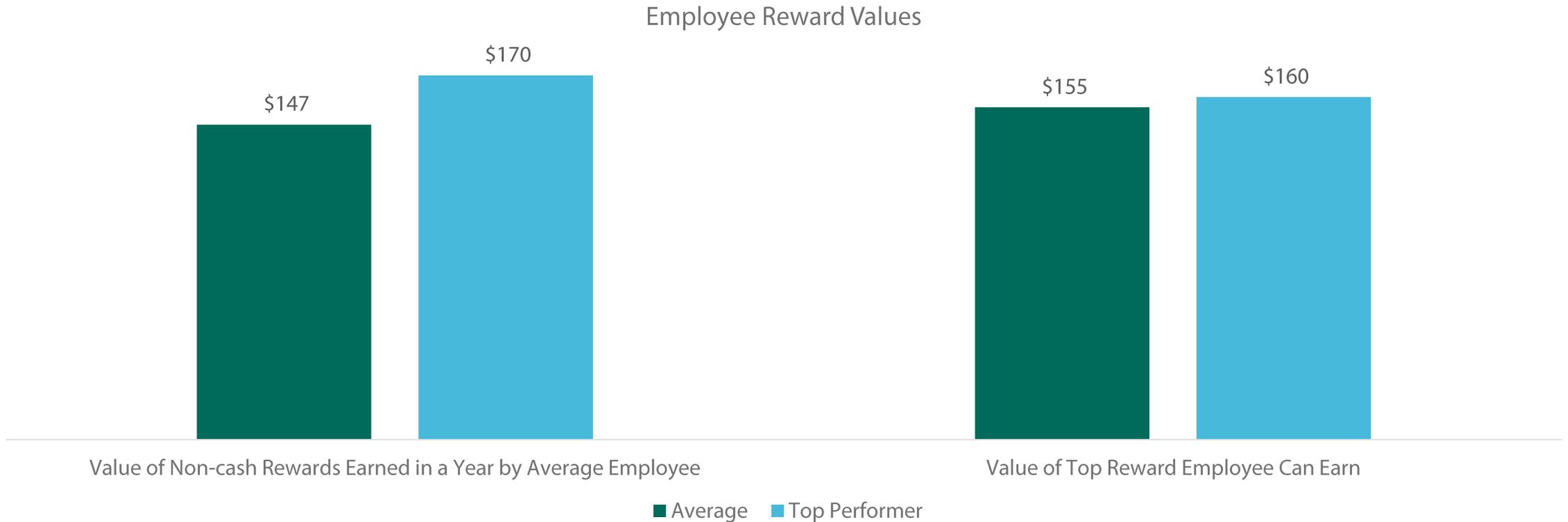
What is the approximate percent of income used to calculate reward and recognition investments for your employees?

Base: 369 U.S. businesses using non-cash employee reward & recognition



# Top Performers Have Higher Average Annual Rewards Value

Employee



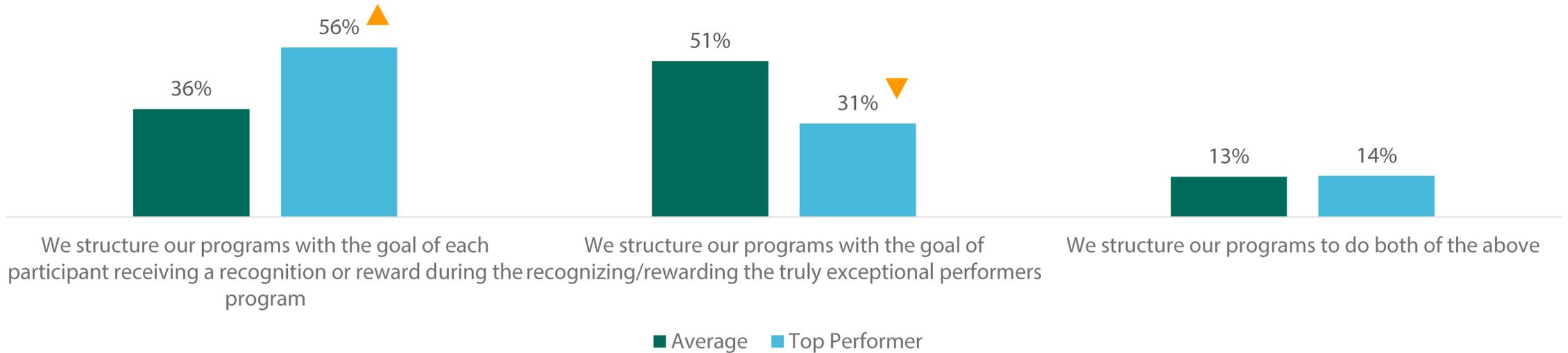
Using your best approximation, what are the average and top reward values for your employee reward & recognition programs?  
Base: 369 U.S. businesses using non-cash employee reward & recognition



# Top Performers Place Higher Priority on Program Reach

## Employee

Design Philosophy: Reach vs. Exclusivity



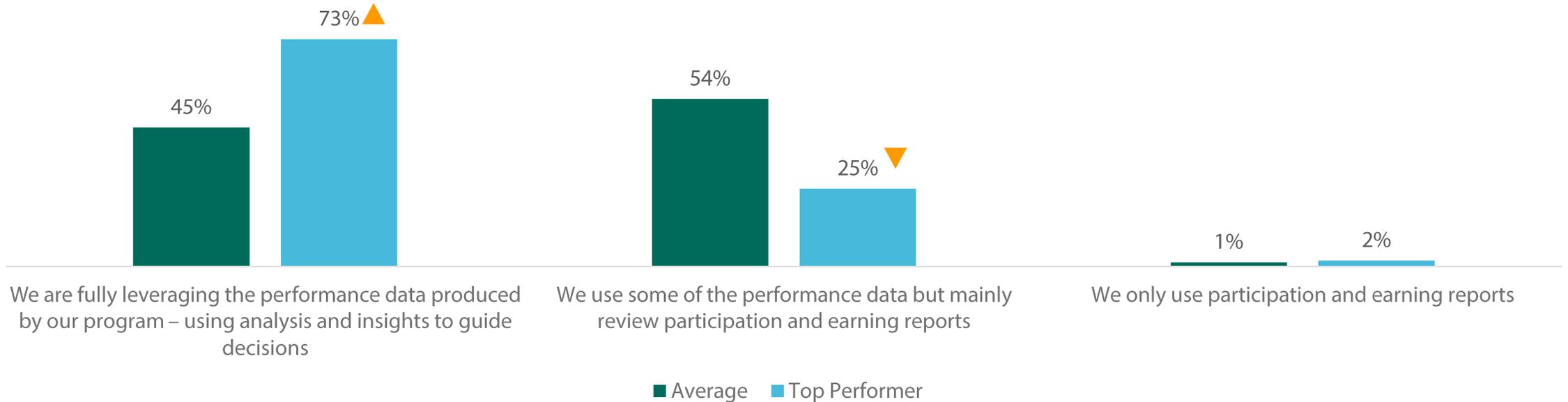
Which of the options below best describes your company's approach when designing the rules for your employee reward & recognition programs?  
Base: 128 U.S. businesses using non-cash employee reward & recognition



# Top Performers More Effectively Leveraging Analytics

## Employee

Use of Data in Employee Programs



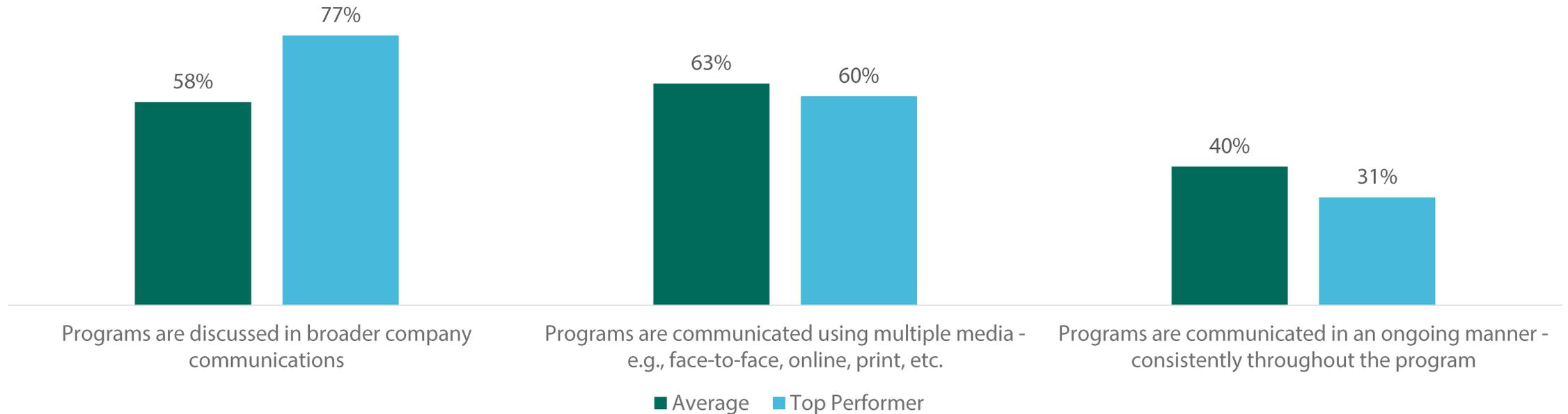
Which of the options below best describes your company's approach to measurement and analysis for your employee reward & recognition programs?  
Base: 128 U.S. businesses using non-cash employee reward & recognition



# Top Performers Use Corporate Communications to Support Programs

## Employee

Communications Approach to Employee Programs



Which of the options below best describes your company's approach to communications for your employee reward & recognition programs?

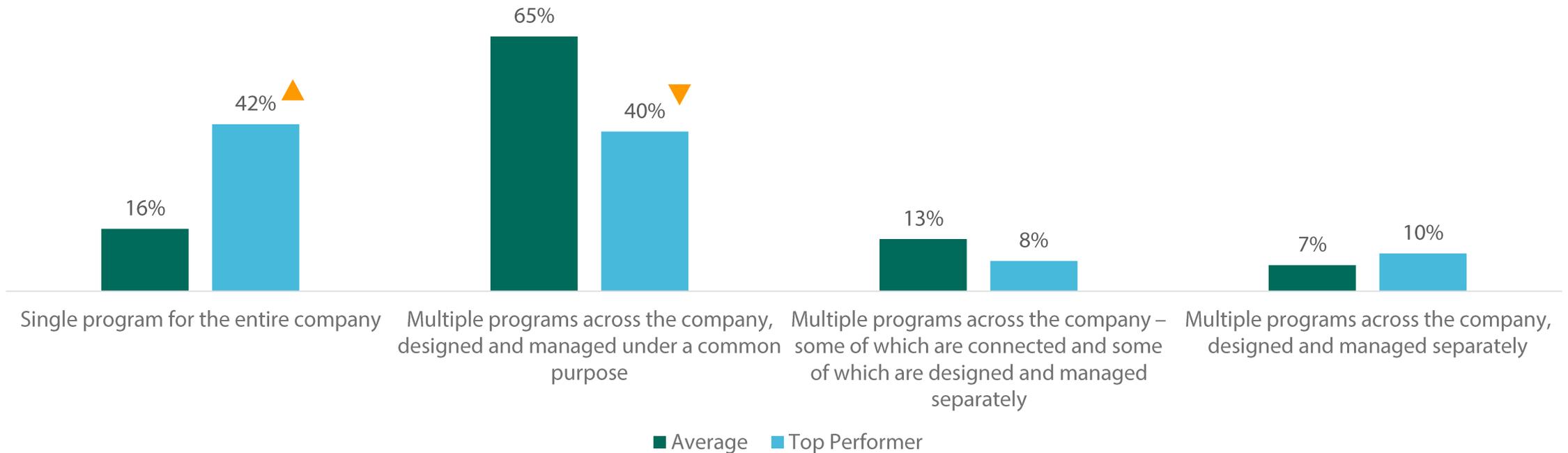
Base: 128 U.S. businesses using non-cash employee reward & recognition



# Top Performers More Likely to Have a Single Employee R&R Program

Employee

Integration of Employee Programs



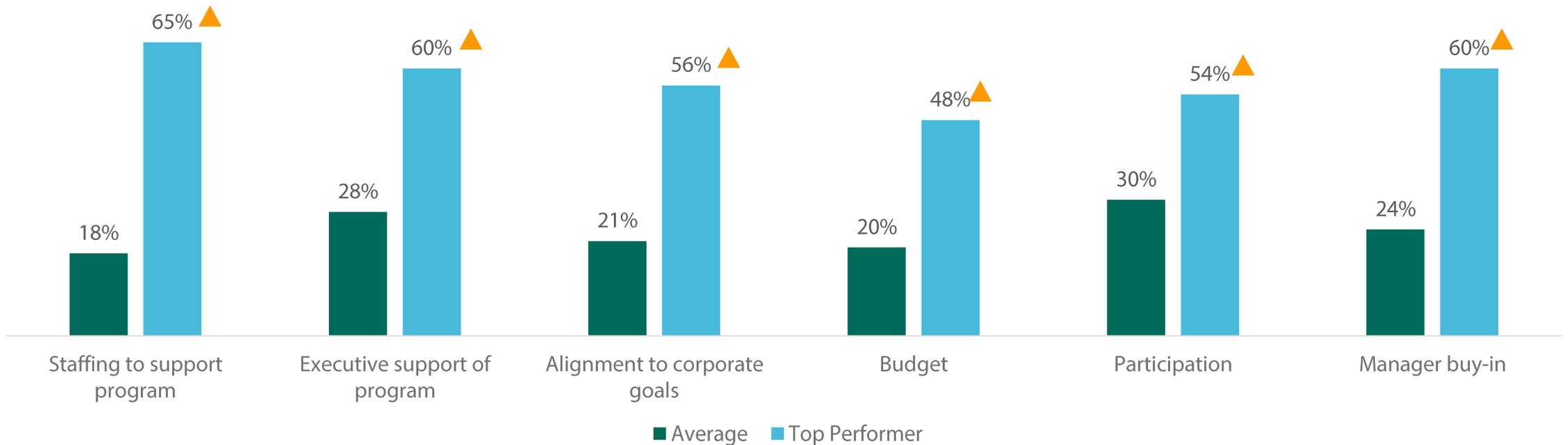
Which of the descriptions below best describes your employee reward & recognition programs?  
Base: 128 U.S. businesses using non-cash employee reward & recognition



# Top Performers Rate Program More Favorably Across All Criteria

## Employee

Percent Rating Their Program as "Excellent" in This Area



For each line item below, please indicate your assessment of your employee reward & recognition programs.  
Base: 128 U.S. businesses using non-cash employee reward & recognition

# Employee Programs Summary

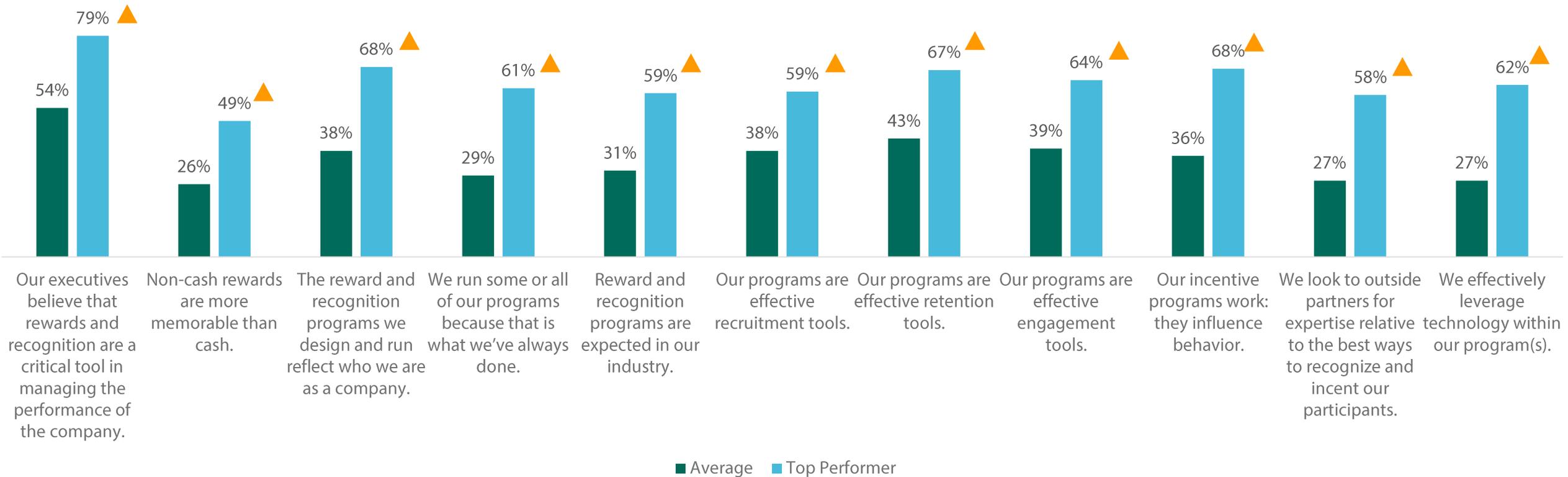
- Top Performers:
  - More likely to have goal-oriented program structures
  - Prioritize organizational benefits when selecting rewards
  - Choose the same types of rewards as average performers
  - More likely to budget based on income
  - Have higher payouts
  - Prioritize reach over exclusivity
  - More advanced regarding program analysis
  - Include programs in broader corporate communications
  - Assess their programs more favorably in terms of resources and support

# **Additional Findings**



# Top Performers Believe More Strongly in R&R

Attitudes toward Reward & Recognition

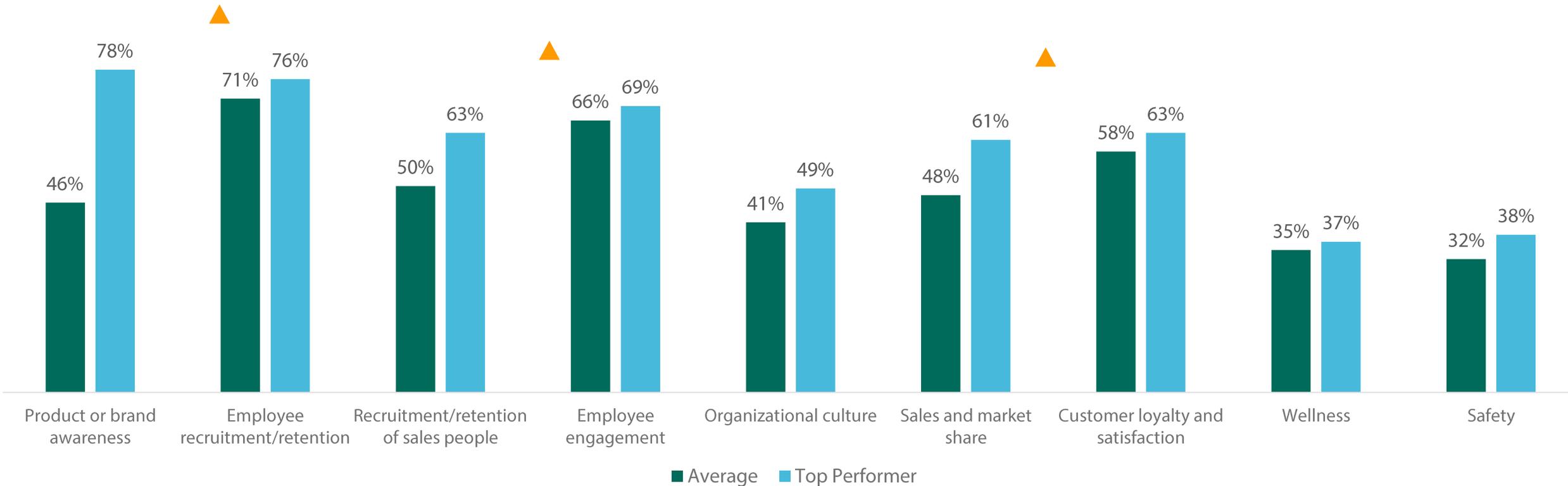


Percent selecting "Strongly Agree"  
 Base: 396 U.S. businesses using non-cash incentives



# Top Performers Use R&R for More Specific Goals

Reward & Recognition Used to Address These Business Issues

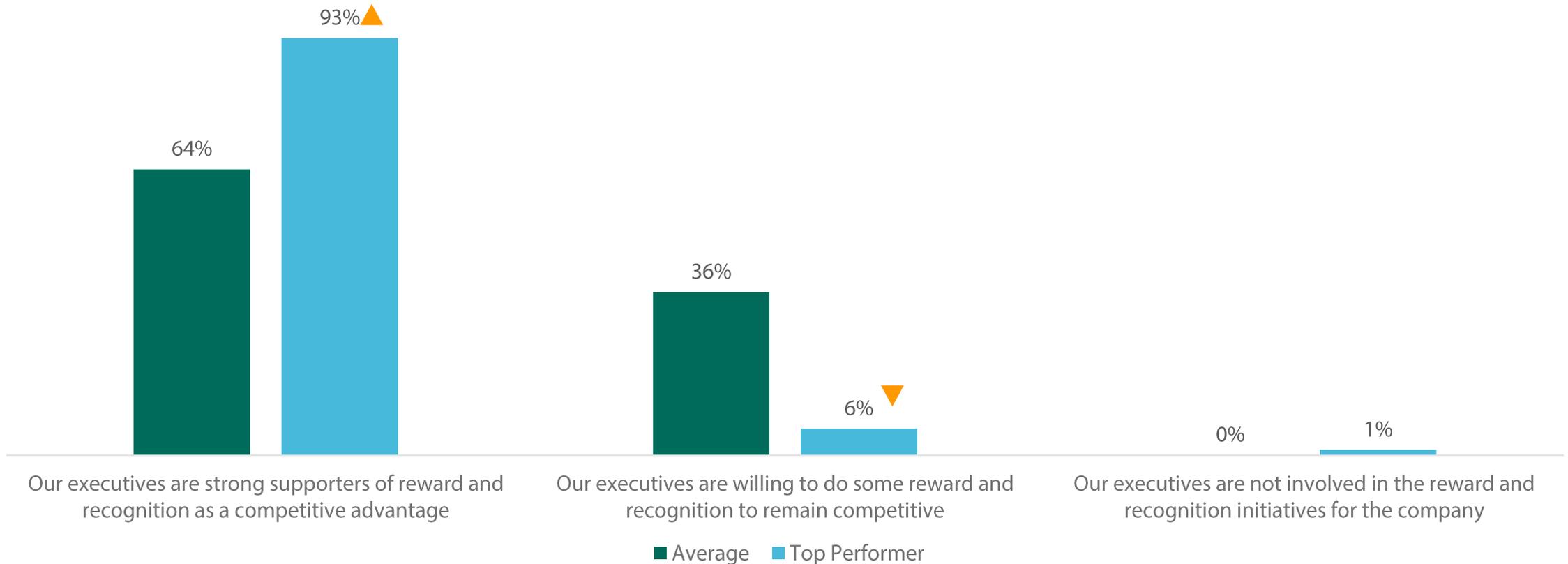


Which of the following business issues do your company's reward and recognition strategies address? Check all that apply.  
Base: 396 U.S. businesses using non-cash incentives



# Top Performers Report Stronger Executive Support

Executive Sponsorship of Reward & Recognition

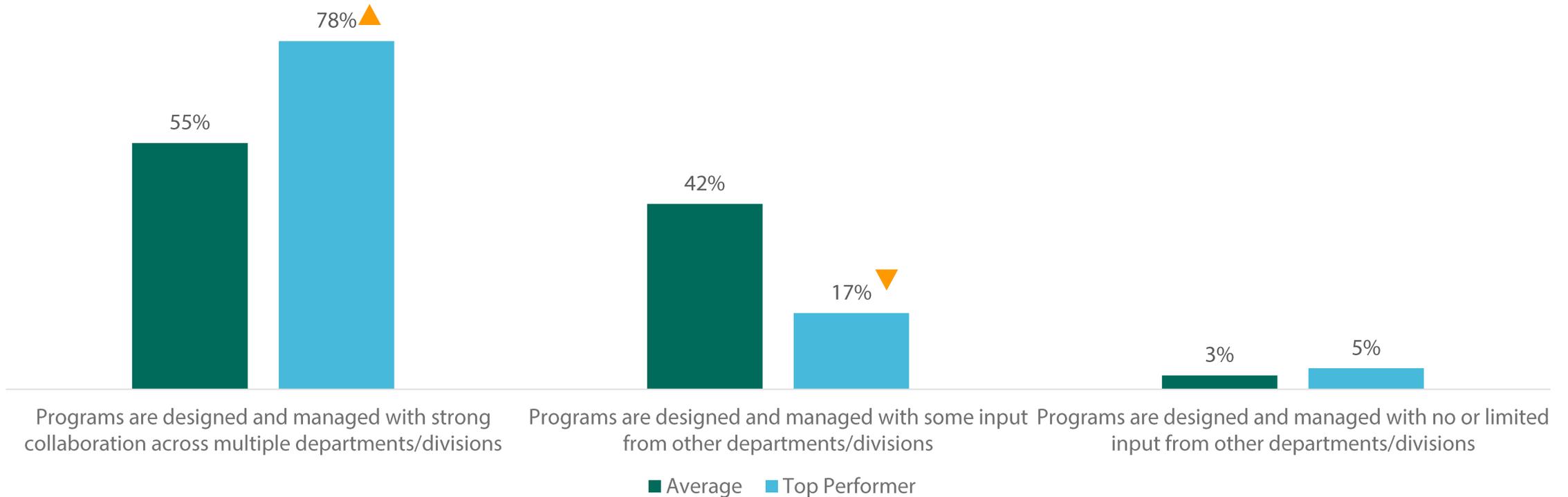


Which of the below best describes the executive sponsorship of reward and recognition programs in your company?  
Base: 396 U.S. businesses using non-cash incentives



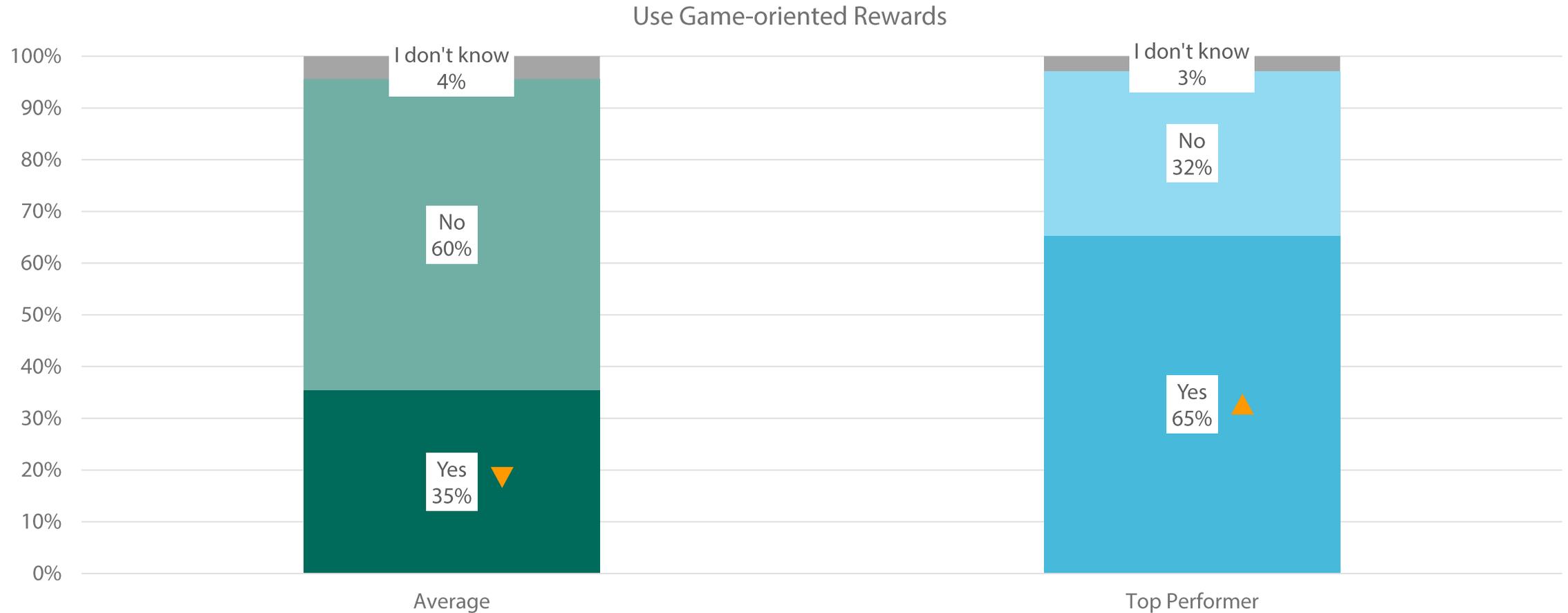
# Top Performers More Likely to Report Strong Cross-Department Collaboration

Program Collaboration





# Top Performers Leverage Game Rewards



Do you use any chance or game-based rewards, such as sweepstakes, spin-and-win, scratchers, etc.?  
Base: 396 U.S. businesses using non-cash incentives



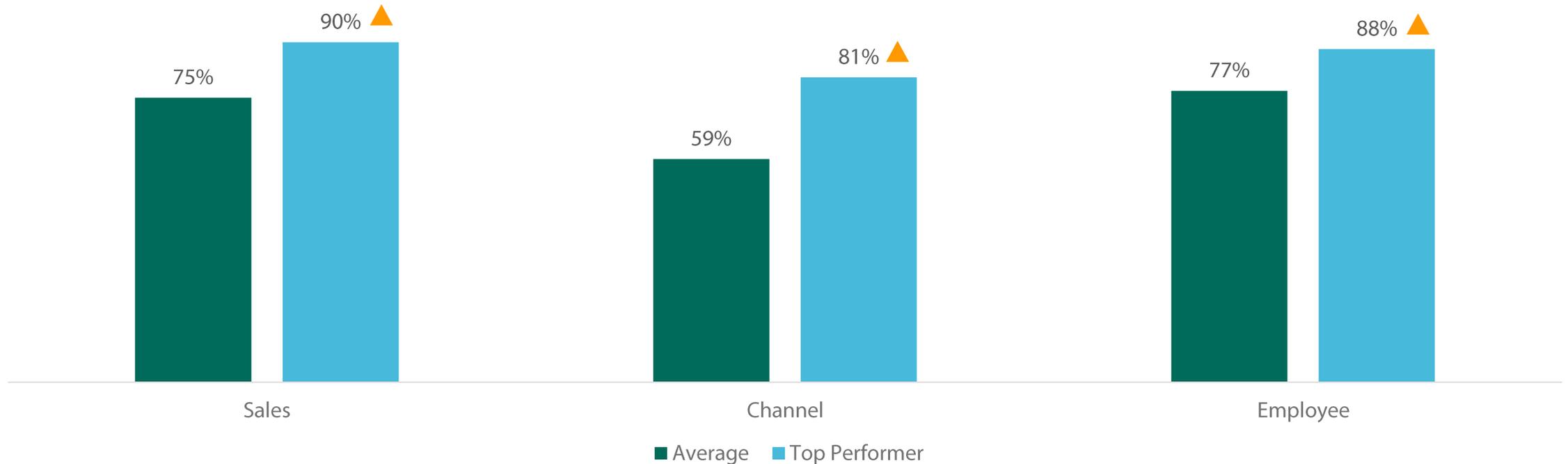
# Addendum

Industry Findings



# Top Performers More Likely to Utilize Reward & Recognition

Program Incidence by Performance Group

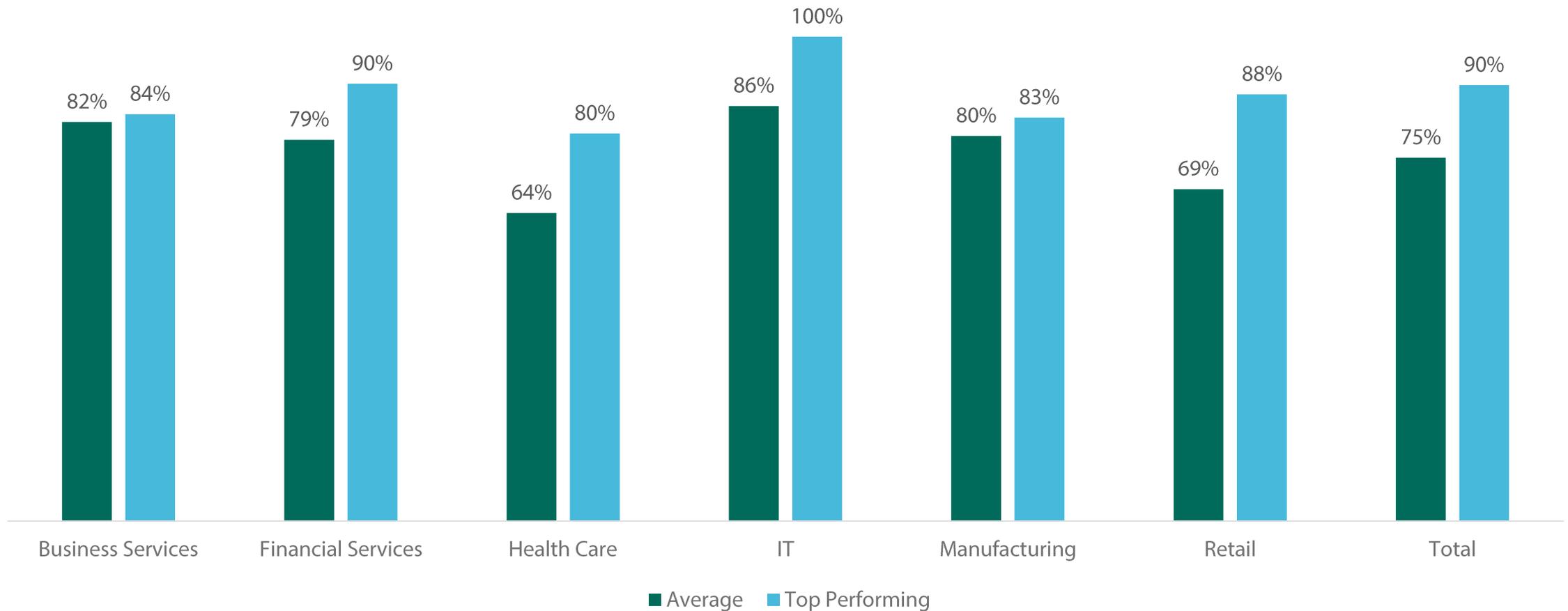


Percent selecting "Yes": To the best of your knowledge, does your company use non-cash rewards or "prizes" - such as gift cards, merchandise, trips, etc. to:

- Reward and/or motivate desired behaviors and achievements among your company's salespeople
- Reward and/or motivate desired behaviors and achievements among your company's distributors, channel, or dealer partners
- Reward and/or recognize desired behaviors and achievements among your company's employees

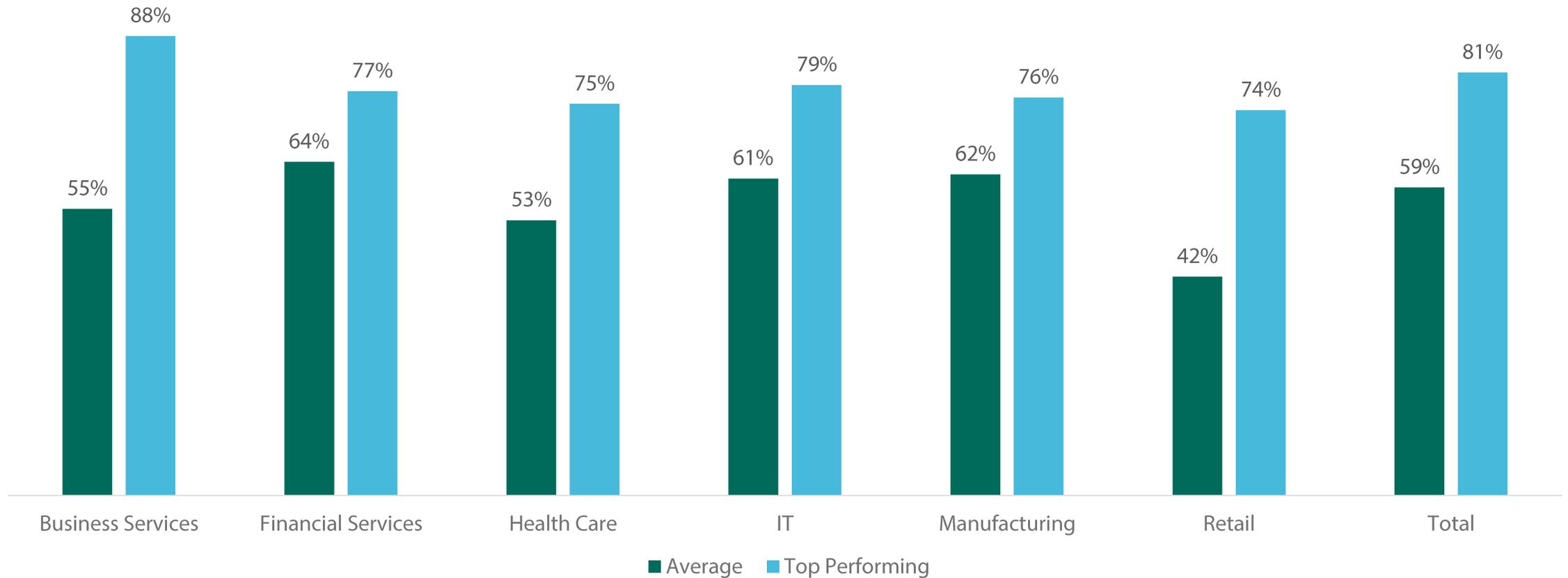


# Top Performers Have Higher Incidence of Sales Programs across Industries, except Business Services and Mfg



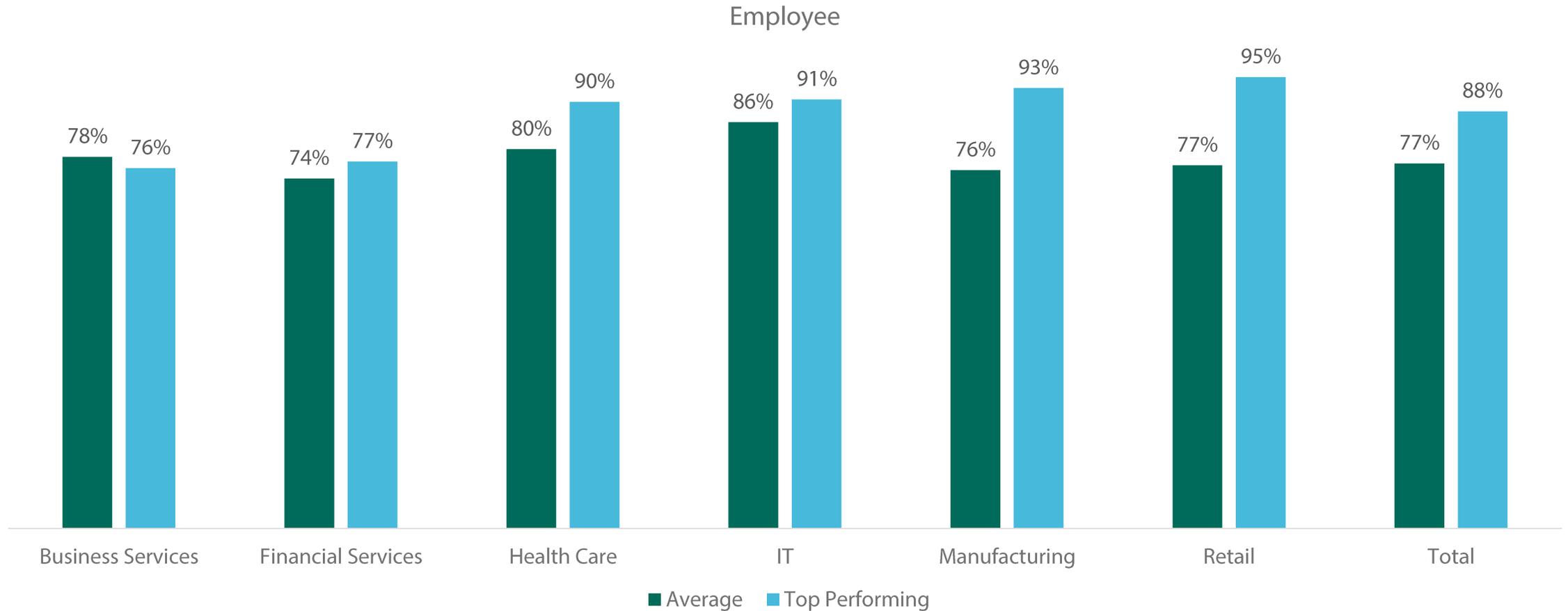


# Top Performers Have Higher Incidence of Channel Programs across Industries





# Top Performers Have Higher Incidence of Employee Programs in Health Care, Mfg, and Retail





**Thank you!**

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