



What Top Performing Technology Companies Do Differently for Incentives and Rewards

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

Most of today's research benchmarking "top performing companies" leverages pre-existing lists – for example the Fortune 500 or Best Places to Work. The research collected for *The IRF Top Performers Study* series was designed to use a national cross-section of firms with at least \$100 million in revenue, collecting data to objectively classify each firm as "top performing" or "average."

To qualify as "top performing," a firm had to demonstrate strong performance in 2018. The most important requirement for classification as a top performer is financial growth: **more than 5% growth in revenue or stock price.**

Top performers also were required to demonstrate *both* of the following:

Strong performance with customers

- 90% or higher in customer satisfaction or loyalty, or
- Customer acquisition rates higher than 5%

Strong performance with employees

- 90% or higher in employee satisfaction or
- Loss rate of less than 5% per year among high-performing employees and
- 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.

This report summarizes findings from data collected across multiple technology firms. Of the 118 respondents, 69 were classified as average performing firms and 49 were classified as top performing firms. The report first presents key overall findings, then drills down to results for sales reward programs, channel partner reward programs, and employee reward programs at technology firms.

Overall Findings for Top Performing Technology Firms

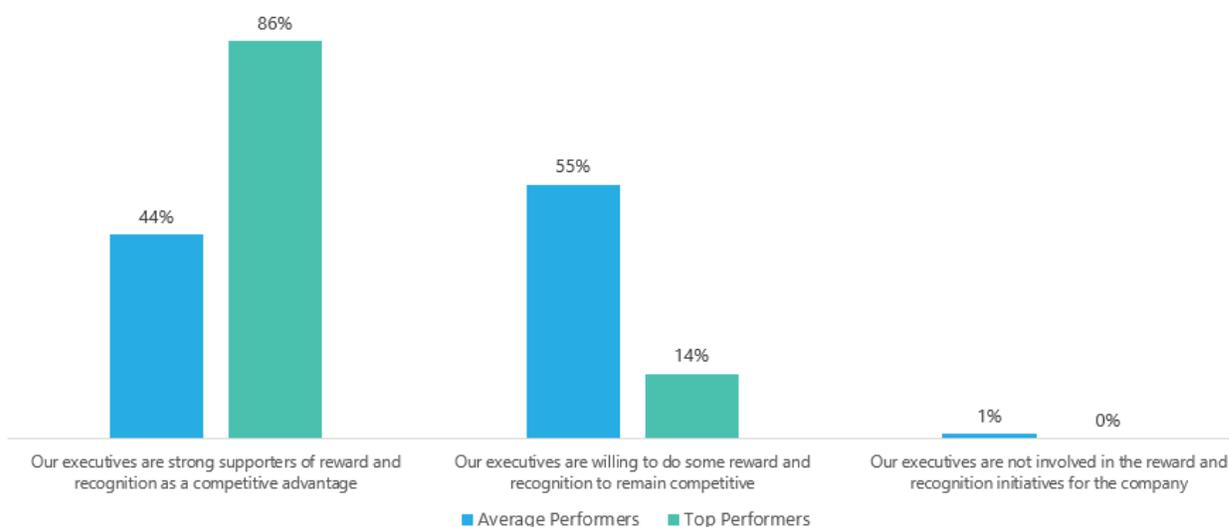
Executives at top performing technology firms are significantly more likely than those at average performing firms to:

- Regard their reward and recognition programs as a competitive advantage (twice as likely - 86% vs 44%)
- Believe that rewards and recognition are a critical tool in managing the performance of the company (15% more likely)
- Strongly agree that their reward and recognition programs are effective recruitment tools (33% more likely)

Top performing technology firms were also more likely than average performing firms to:

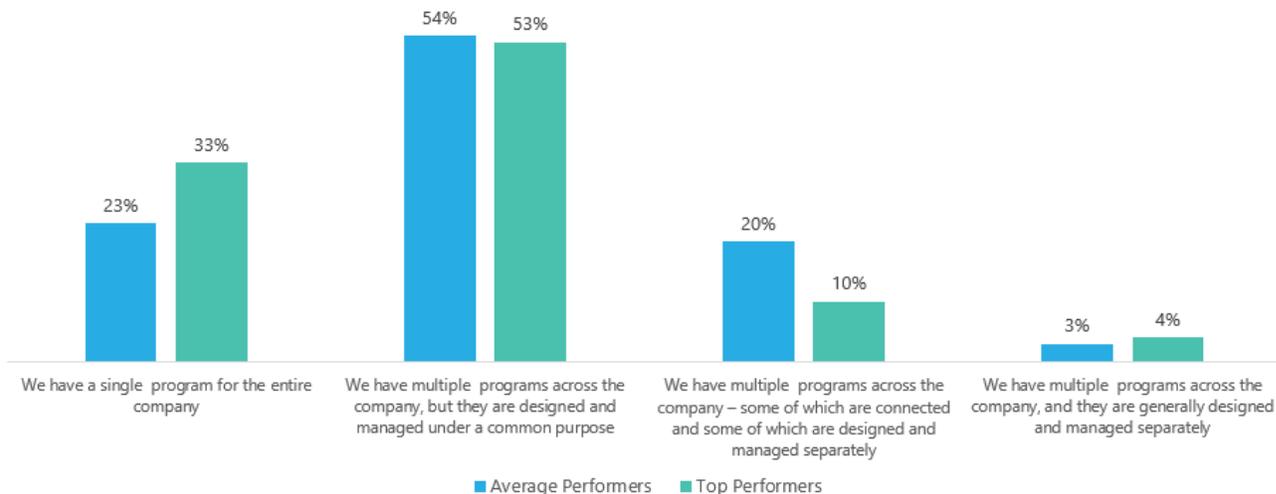
- **Consolidate:** Top performers are more likely to have a single program across the company (10% more likely), but most top performing firms (53%) had multiple programs designed under a common theme
- **Collaborate:** Top performers are more likely to design and manage programs with strong collaboration among multiple departments (27% more likely)
- **Reach:** Top performers are more likely to structure their programs with the goal of reaching each participant versus only recognizing the top performers (22% more likely)
- **Reward:** Top performers are more likely to use both reward points (25% more likely) and to use a group incentive trip (twice as likely)
- **Support:** Top performers are more likely to evaluate their programs as having excellent executive support, excellent alignment to corporate goals, and excellent budget
- **Partner:** Top performers are more likely to look to outside partners for expertise on the best ways to recognize and incent their program participants (25% more likely)

Executive Sponsorship



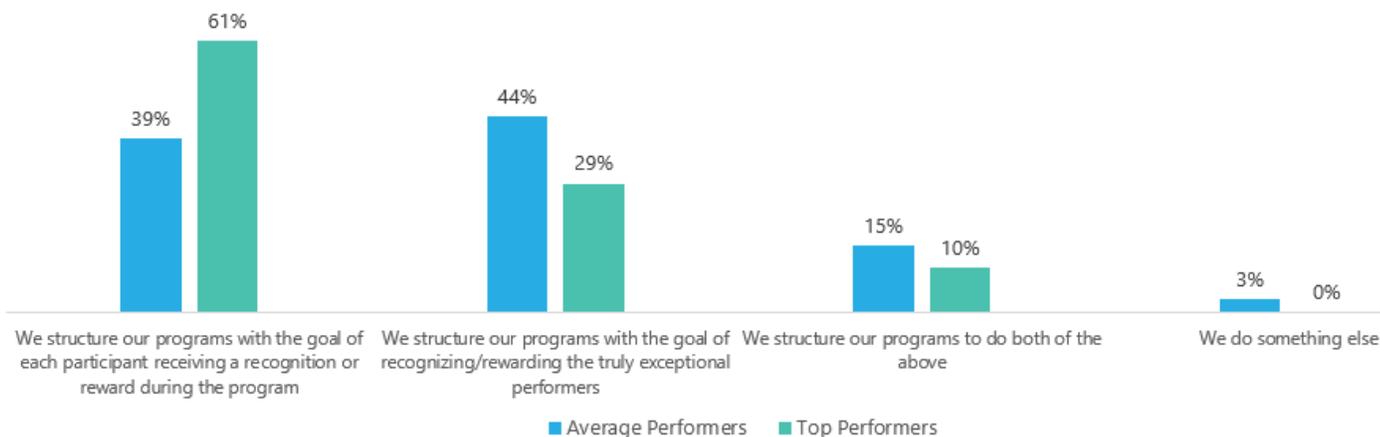
Which of the below best describes the executive sponsorship of reward and recognition programs in your company?

Program Connectivity



Which of the descriptions below best describes your programs?

Program Reward Reach



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

Benchmarking Sales Incentive Programs at Top Performing Technology Firms

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

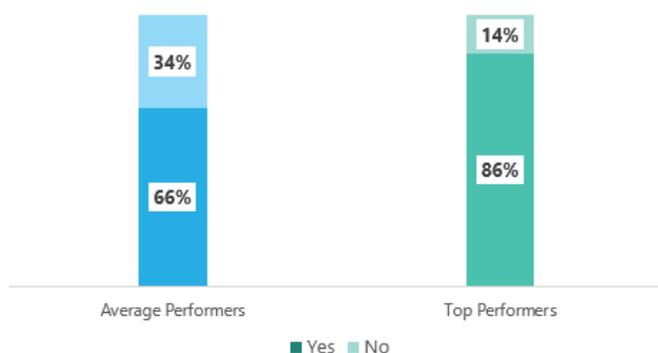
- **Bottom-Up Budgeting:** Top performing technology firms calculate 6.7% of participant income as appropriate annual spend for rewards and recognition
- **Merchandise, Gift Card, and Point Award Values:** Top performing technology firms award a value of \$4,292 on average to their top performers and \$2,685 to their average performers in award points, merchandise, and gift cards
- **Incentive Trip Values:** The average award value is \$6,833 for their top performer incentive trip earners.

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

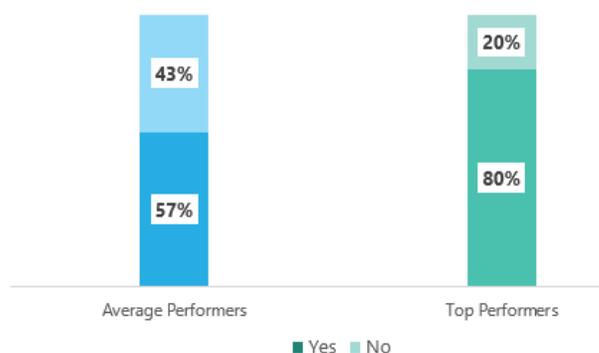
- **Incentive Trips:** Sales incentive programs at top performing technology firms were more likely than those at average performing firms to offer a top performer sales award (20% more likely) and have that award include a group trip (23% more likely).
- **Variable Number of Winners:** Sales incentive programs at top performing technology firms were more likely than those at average performing firms to award a variable versus fixed number of winners (13% more likely).
- **Hit and Win:** Programs were more likely to have their awardees earn automatically on predefined goals, versus committee selection intervention (14% more likely). Their qualifications were also more likely to only include achieving 100% of the pre-defined goal to qualify for trip, versus requiring their sales people to exceed their goal. (9% more likely)
- **Simple Rules:** Sales incentive programs at top performing technology firms were more likely than those at average performing firms to provide simple rules for their program. (19% more likely)
- **Tiers:** Programs were more likely to have tiered reward programs, offering BOTH top performer travel awards and also including award points, gift cards, and merchandise for those salespeople who do not earn the trip. (20% more likely)
- **Financial and Activity Metrics:** Sales incentive programs at top performing technology firms were more likely than those at average performing firms to use financial metrics as program qualifiers (21% more likely), but many also use activity metrics and/or customer relationship metrics.

Top Performer Group Incentive Trips

Program Includes Top Performer Award

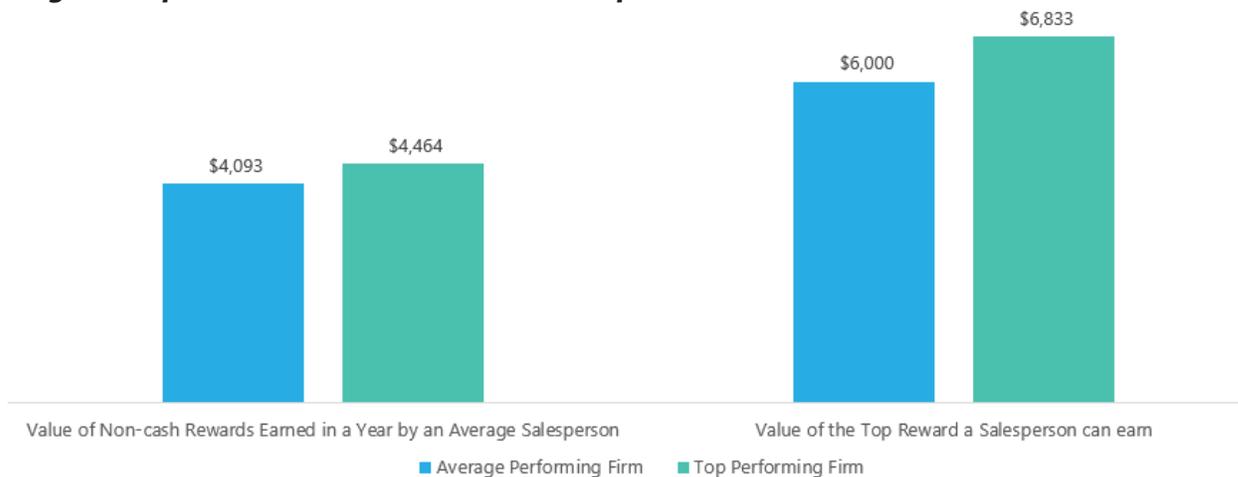


Top Performer Award Includes Group Trip



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

Average & Top Dollar Values: Incentive Trips



Using your best approximation, what are the AVERAGE and TOP reward values for your sales incentive trips?

Benchmarking Channel/Dealer Partner Incentive Programs at Top Performing Technology Firms

Top performing technology firms on average reported several differences in their incentive travel benchmarks for their channel partner/dealer programs:

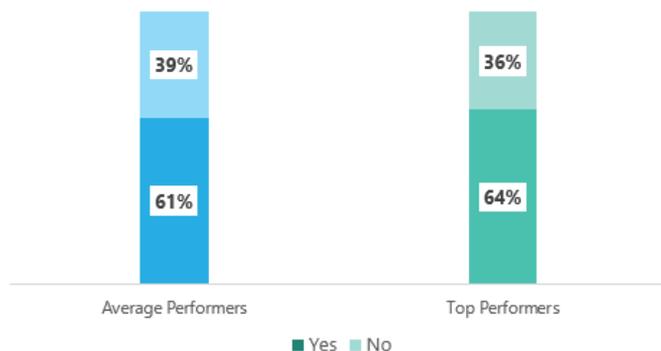
- Top performing technology firms had an award value of \$6,722 per person for their channel/dealer partner incentive trips
- Channel partner incentive programs at top performing technology firms had eight times as many incentive trip attendees as programs at average performing firms

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

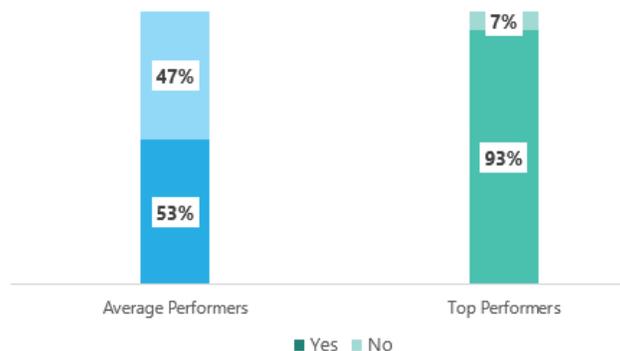
- **Fixed Winners:** Channel partner incentive programs at top performing technology firms were more likely than those at average performing firms to award a fixed number of winners (12% more likely)
- **Top Performer Trips:** Channel partner incentive programs at top performing technology firms were more likely than those at average performing firms to use a top performer trip (93% of top performing technology firms)
- **Tiered Structures:** Programs were more likely to have a tiered structure using award points, merchandise, and gift cards to maximize reach to participants who did not earn the top performer trip award (15% more likely)
- **Hit and Win:** Program were more likely to ensure participants earner their incentive trip automatically based on achievement of goals, instead of having a selection process that involves a committee. (12% more likely)
- **Simple Metrics:** Channel partner incentive programs at top performing technology firms were more likely than those at average performing firms to establish simple metrics for their incentive trip. (24% more likely)
- **Tie to Product Sales:** Channel partner incentive programs at top performing technology firms were more likely than those at average performing firms to tie non-cash incentives to overall sales with a percentage of each product sold going to fund the program (14% more likely)

Top Performer Group Incentive Trips

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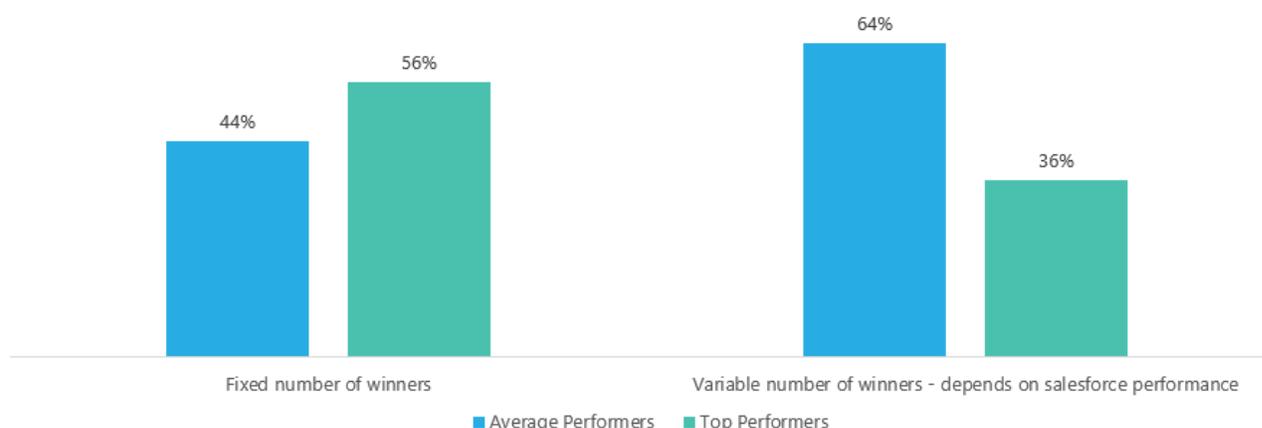
Top Performer Award Includes Group Trip



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

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Limits on Number of Top Performer Trip Winners



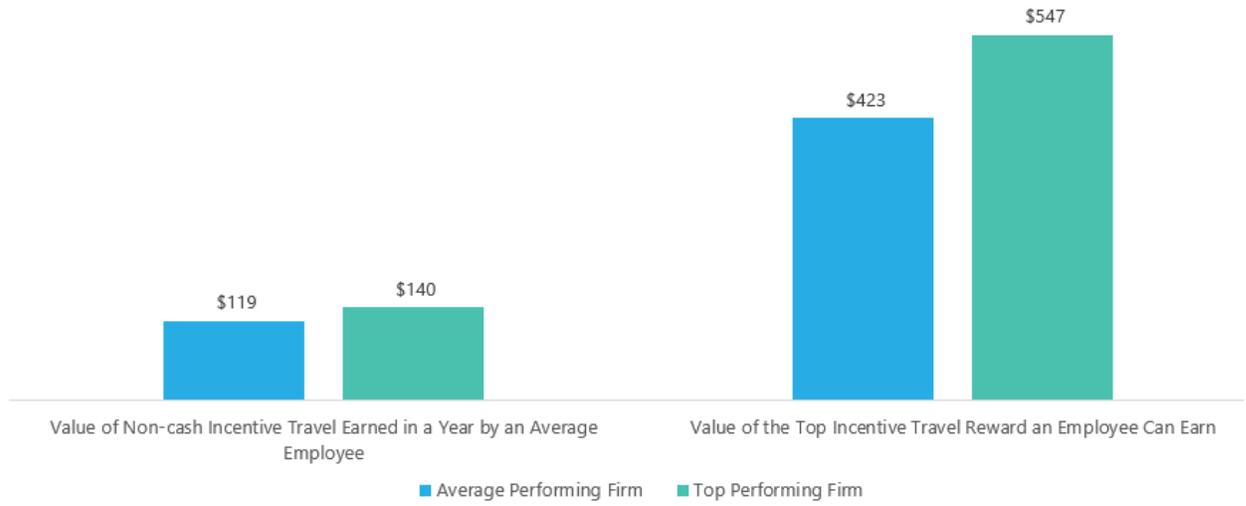
Is the number of Top Performer trip winners set in advance, or does it vary based on the performance of the channel?

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Benchmarking Employee Reward & Recognition Programs at Top Performing Technology Companies

- Employee reward and recognition programs for top performing technology firms are 16% more likely than those at average performing firms to use goal-based earning, with individualized goal targets.
- Top performing technology firms are 10% more likely than average firms to create “bottom up” budgets for incentives, calculating the appropriate investment as a percentage of the participant’s income.
- Excluding incentive travel, top performing technology firms invest \$119 in non-cash rewards on an average per employee and \$451 per top performer.
- Top performing technology firms spend \$124 more on their top incentive travel rewards than average performing firms do.

Average & Top Dollar Values Incentive Travel



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