



AwardEmployees

... with the award they would choose for themselves.

Do Incentive Programs Really Produce Results?

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As this is my first article for Incentive Magazine I suppose my unqualified and enthusiastic answer to that question should be ABSOLUTELY! While that answer may be politically correct for this publication, it does tug at my integrity a bit.

Sadly, in over 35 years in the business, I have seen far too many programs that didn't achieve objectives and even worse, some that actually decreased performance. When we had the fortitude, we told clients up front the program that they wanted to implement had little chance for success. It wasn't always the way to endear ourselves to them, but better to do that than have our name on a program that we knew would be unsuccessful at best.

Sometimes incentive companies accept business and think they can "change the client to our way of thinking." I know we did, and all too often. But, those programs usually didn't produce satisfactory results and in the end, disenchanted clients both blamed us and never used us again, or stopped implementing programs altogether. In those cases, no one was the winner.

To quote an old proverb taken in part from St. Bernard, '*The road to hell is paved with good intentions.*' We all have good intentions of making our programs successful. The reasons they aren't has been discussed many times in many ways. I will jump into that debate in a later article. But for now, let's just say there's a lot of room for improvement in design, communications, implementation, operation management and awards selection for many incentive programs

I saw an interesting recap of some research the other day. It was taken from a study conducted by Kluger, Avraham and Angele DiNishi entitled "*Feedback Interventions: Toward the Understanding of a Double Edged Sword*" and published in Current Directions in Psychological Science. In it were the following conclusions:

- 1/3 of all non-cash incentive award programs **produce results**
- 1/3 of non-cash incentive award programs **produce no results**
- 1/3 of all non-cash incentive award programs actually **decrease performance**

While this type of research was rarely shown to a client, it was something that many of us in the industry already knew because of the ROI analysis we had done on many programs. Of course our results were typically better than average, and at times we even guaranteed results depending on the type of program and circumstances. Even then, it was not uncommon for a program to have only 50% or less of the participants actually performing above goals, earning awards and producing results.

Experienced industry sales people divulged this type of data to clients to manage expectations. The not-so-experienced took the money and hoped that the program wouldn't blow up in their face. If it did, it would be the last program they sold to that client. If it didn't, everyone would be happy and keep implementing programs until one finely did blow up. I've seen programs like this stay in place for years until some executive finally challenged their own management on why they were spending the money and what they were getting in return. At that point, things usually "hit the fan."



Today, the Incentive Marketing Association estimates the industry volume at \$46 billion! Of that total, how much is actually spent on successful programs?

If you believe the above report and based on the current estimate:

- \$15 billion is spent by corporations on programs that do produce results.
- \$15 billion is spent by corporations on programs that have no effect on performance
- \$15 billion is spent by corporations on programs that actually decrease performance

No wonder there are a lot of companies that don't believe in non-cash incentive programs. I guess they think that their cash programs produce better results? An interesting question!

Just remember, if you're planning to implement a non-cash incentive, motivation or recognition award program...there's a 66% chance that it might not be successful. Taking the time to find professionals in the industry to help you plan, design and implement your program could save you a bunch of money!

Thanks for reading!

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