

**Getting the Details Right Will Help Assure Incentive Program Quality and  
Success**

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In order to have effective incentive program implementation, program managers need to understand, identify and control the fine points of each part of the process or risk jeopardizing the program's success.

### **Introduction**

This paper will highlight the factors that could affect the successful implementation of an incentive program, and show readers how to deal with them. The content is based largely on experiences gleaned through years of designing incentive programs. It provides an empirical and proven approach of how to face the issues and, most of all, how to prevent problems.

For each element of the incentive program process, the quality goal will be defined, its importance as a point of control explained, and what can be done to assure the achievement of the goal.

In short, this paper is designed to help incentive companies establish the core of a Quality Management System without aiming to have them become ISO experts.

### **Program Brief**

#### **Quality Goals:**

- Ensure a clear understanding of the incentive program needs of a prospective or existing client.
- Acquire all the information necessary to be able to present a complete incentive program proposal that fits the client's or prospect's needs.

**Why It Is Important:**

Note that the first objective uses the word “understanding”, which goes well beyond “knowing.” When you deeply understand your client’s needs, you are more able to be empathetic and present a winning proposal.

Once you understand your client’s needs, you will be able to find the precise information that will allow you to develop a better design for your client’s incentive program.

**What To Do:**

Develop a questionnaire to be completed at a meeting with your client. If your client is in another city, a conference call will do, but you will get more empathy and better insights if you meet in person.

The questionnaire should include the following basic questions:

- What are the objectives of the incentive program?
- How and how often will you measure and track the progress of performance to the objectives? (Stotz and Bolger, Program Measures)
- Is the current lack of achievement of these objectives due to a motivational gap between the expected behaviors and results, and those currently delivered by the potential participants? (Oldenburg, ROI Incentive Programs: Driving People, Driving Profits, 2002).
- Will the company allow you to meet with a group of potential participants in order to involve them in the design of the incentive program? (Stotz and Bolger, Fact Finding & Involvement).
- Who is involved in the achievement of the objectives? Directors, Managers, Coordinators, Supervisors, Sales People, etc? Specify

how many people in each position, mix of genders, ages, and socioeconomics.

- Which territories are targeted to launch the incentive program? Is it a national, regional or local program?
- How long should the program last? Is the organization open for suggestions? (Stotz and Bolger, Program Structure).
- Is there any idea of the audience's award preferences? Are there any examples? (Stotz and Bolger, Rewards & Recognition).
- How much is the organization willing to invest in its Incentive Program? (Stotz and Bolger, Budget).
- Does the organization have any previous experience with incentive programs? If so, what were the outcomes, strengths and opportunities?

During the questionnaire exercise, you should pay attention to specific additional information that you will require to design the program: do not hesitate to ask for that information.

### **Program Design**

#### **Quality Goals:**

- Ensure the program's objectives as listed in the brief, are considered in the program's design.
- Ensure that the program's rules are clear and simple. (Stotz and Bolger, Program Measures)
- Be able of visualize the size of the incentive program needed.
- Ensure that the client agrees with the program design and with its rules.

**Why It Is Important:**

Once you have designed an incentive program that: bridges the motivational gaps among the participants (Oldenburg, *Driving People, Driving Profits*, 2002), has clear and simple rules so the participants understand what they need to do to win (Stotz and Bolger, *Program Measures*), and the client agrees to the rules and design, you will be able to launch the program. If any of these elements is missing before the launch, you might be placing yourself in a weak position.

**What To Do:**

Create a program overview that contains the following information:

- List of objectives from the program brief
- List of participants by hierarchy and how many participants are in each position
- List of locations where the incentive program will take place
- Explanation of how the participants' performance will be measured and controlled (Stotz and Bolger, *Program Measures*)
- Explanation of how participants at each level will win points
- List of the periods of point redemption and awards fulfillment
- List of the communication resources you are planning to use: website, call center, sms messages, plastic cards, brochures, posters, videos, training tools, etc. (Stotz and Bolger, *Communication & Training*)
- Explanation of any other information that could be missing from the program's rules.

In order to select the theme (Stotz and Bolger, Communication & Training) for the incentive program, make a table, and in the left column, write the words Program's Name and Participants. Next write all the participants' Titles, Points, Additional Incentives, and Phases.

Leave four or five columns at the right to be used for additional theme proposals. For example:

Program's Name	IMA 2012 Olympics
Participants:	
Sales Managers	Coaches
Sales Representatives	Athletes
Points	Medals
Additional Incentives	Olympic Torch
Phases:	
1 <sup>st</sup> Quarter	Swimming
2 <sup>nd</sup> Quarter	Tae Kwon Do
3 <sup>rd</sup> Quarter	Cycling
4 <sup>th</sup> Quarter	Marathon

Once you have done this, meet with your client in order to come to agreement. Once again, this could be done by e-mail, but it is always better to see your client's body language to have the whole picture.

**Award Selection**

**Quality Goals**

- Ensure a reliable supply of the awards.

- Ensure the awards are within the client's budget
- Ensure that the selected awards are attractive to the participants.
- Ensure that the awards to be bought are authorized by your client.
- Ensure previously quoted prices remain unchanged
- Ensure that suppliers are provided with all the information needed for delivery and invoicing
- Ensure that suppliers understand expectations, and that will do their best to fulfill them
- Ensure understanding of the reasons for things that do not go as planned, and take action to correct it

**Why It Is important**

When you are buying, packing and delivering an award, you are honoring a promise with your client; breaking that promise can result in losing your client. The award winner does not care if your supplier runs out of inventory and he/she will receive it in two months when the next container from China arrives. The participant did his/her part, and got the result so you must strive to fulfill the award even if it means losing money by buying the award at a department store.

**What To Do** (These suggestions relate to a market that is still evolving)

1. Take Preventive Actions

In all communication materials as well as in the program's shopping cart, declare that awards may vary due to inventory problems, and may be replaced by a similar item.

When selecting an award from your supplier, try to select something available from more than one source and be sure that you are dealing with the corporate sales department (Stotz and Bolger, Gift Selection Guidelines).

## 2. Supplier Selection

When selecting an award supplier, make sure that he/she understands and agrees with the following four points:

- All products will be listed in a points catalog, Since there are different product categories for each point range, individual products may be competing with some others according to the point range in which they are placed
- You cannot specify the exact purchase volume because you cannot foresee each product's specific popularity in the incentive program
- Immediate delivery is required, so only products that can meet this condition should be included
- If a purchase order is placed when an item is out-of-stock, the supplier will need a substitute item with the same or better characteristics at the same price

Once the supplier agrees with these conditions, you should determine the following:

- If the products are imported or manufactured in the local country
- If the supplier is a manufacturer or a distributor
- How many days of inventory are available at any given time?
- In case the supplier does not have an item, how long will it usually take to get it?

- How the supplier manages quality
- What are the warranty, devolution, delivery and credit policies?
- If there is a minimum purchase volume to supply and/or deliver
- If there are any specific requirements that a client must fulfill
- If the same item is available from another source at a similar price
- Contact information for sales, credit and invoicing personnel.

According to the supplier's answers you will be able to decide whether he/she is a reliable supplier.

### 3. Awards Proposal Request

In an ideal world, you should select the awards with the greatest task and utility value (International Society for Performance Improvement, Overview of the PIBI Model), which enhance your client's brand (Stotz and Bolger, Selecting Premiums). However, such ideal awards may be out of inventory or present a fulfillment problem.

A safer approach is to send an award request to your suppliers, specifying the range of prices you need and your participants' profiles. In addition, you should ask them to send you the name of the product, code or model, description, weight and size, high resolution picture and unit price.

Since they already know your expectations from the supplier selection process, suppliers should send you only the products they can fulfill and you can choose from that list the ones with bigger Task and Utility Value (International Society for Performance Improvement, Overview of the PIBI Model), and the ones that enhance your client's brand (Stotz and Bolger, Selecting Premiums).

From this selection, make an award list with the name of the supplier, item and model, and unit cost. Make sure to inform your supplier which items were selected and when are you going to place the purchase orders.

#### 4. Award Purchases

During the point redemption period, alert your supplier every day with the items selected by the winners, so he/she can be prepared.

When the point redemption period ends, prior to sending the purchase orders to your suppliers, send the award request list to your client asking for his/her agreement, remember that at the end he/she is the one who will pay for the awards, and you do not want to have any problems.

Once you have your client's agreement, send the POs, ask all your suppliers to deliver the goods closest to the date on which the slower supplier delivers so you avoid storage charges.

#### 5. Supplier's Assessment

Along with the PO, send the supplier an assessment form, so he/she is aware in advance that you are going to evaluate him/her.

On the form include things like: if the complete order was delivered, if the products were in good condition, if there were no delays, if the quote was respected, if the delivery schedule was observed, if the invoice was received on time, etc.

Once the products are delivered send the supplier the completed evaluation indicating whether the supplier is reliable or unreliable. If the supplier is unreliable, meet with him/her to see what actions need to be taken to improve.

## **Graphic Design & Communication Tools**

### **Quality Goals**

- Ensure that the graphic design executions meet expectations without inhibiting the creativity of graphic designers.
- Ensure that the client agrees with the communications material and the graphic design
- Ensure the budget is kept.

### **Why It Is important**

When participants are not told about the program, or are not kept up to date on the plan's progress, the program is likely to fail (Godard, Maximizing Performance Improvement Through Effective Communications, 2006). This is what communications is all about and Graphic design gives impact to the communications material to help keep the participants enthusiastic about the program (Godard, Maximizing Performance Improvement Through Effective Communications, 2006).

### **What To Do**

#### **1. Graphic Design.**

First of all, give the completed program design format to the graphic designer to provide all the insights he/she needs to effectively convey the message you are trying to communicate. Also, give him/her your client's brand and logo guidelines.

Create a graphic design request form and include the following information: requested materials; client name; program name, design objectives (what you need to accomplish with the design or the communication materials); phrases, texts, benefits or characteristics to communicate; marks, images,

colors, or typographies to use; due date; budget for the design of: website's look and feel, cards, brochures, posters, logo, diplomas, recognition letters, and others.

Never approve any design execution without getting the client's approval.

## 2. Communication Tools

Prior to sending anything to production, ask for quotes and get your client's agreement on the quotes.

For printed materials, use the designs made by your graphic designer, but be very specific with the times, sizes and materials you need, and be sure that they are considered in the printer's quotation.

For videos, write the script, and be sure that your client approves it before giving all of the creative materials, the brand and logos guidelines, and the script to the video producer, so that he/she can create a video that is in line with the rest of the communication tools.

Program e-mail: It is very useful to have a specific email address for the program ([contact@nameoftheprogram.com](mailto:contact@nameoftheprogram.com)) so the participants can be in touch with you, enabling you to solve participants' issues directly.

## IT

### Quality Goals

- Be able to visualize the technological tool needed to support the incentive program.
- Ensure that all of the program's rules are given to the program developer, and that he/she understands exactly how it should work.
- Ensure that all data entries are correct.

- Ensure that the program's website and its shopping cart work correctly, before launching the program.

### **Why It Is important**

A web-based incentive program gives you the ability to identify and build relationships with the people who can deliver results (Stotz and Bolger, Incentive Technology) but, like any system, to give the correct outputs, data needs to be entered accurately.

### **What To Do**

#### 1. Website Design

Make a layout of each screen you need your website to have, and send it to the program designer. Some examples of these screens are the following:

- Registration by hierarchy
- Access by hierarchy
- Home
- Rules
- Shopping Cart
- Standings
- Winners
- Order follow up
- Lotteries
- Communications
- Tests and trivia
- Questions and comments

Create a system brief form to be sent with the layouts and include on it the following information:

- Project information: Client, Name of the project, and the URL (website address) you want for your program
- Project Objectives: These should be the same as those you already have in your program's design summary.
- Hierarchies: Include the number of participants at each level.
- Teams: Will the program include team based results or awards? If teams are considered, these will be formed by: channel, area, department, branch, region, city, etc. Create the list of teams derived from the formation criteria including the team identity (For example, if the theme is Olympics, the team identity will be a country).
- Communication: Make a list of the types of communication tools (bulletins, videos, exams, program rules, others) and their frequency.
- How to win points: Create a table by level, name of the award, an explanation of how to win the points, the mathematical formula for calculating the points, and how many points will be given with the award give. Example:

Hierarchy	Awards Name	Explanation	Formula	Points
Sales Reps	Gold Medal	10% or more sales growth	Sales growth >= 10%	3
Sales Reps	Silver Medal	7.01% to 9.99% sales growth	Sales growth > 7% and <10%	2
Sales Reps	Bronze Medal	5% to 7% sales growth	Sales growth >= 5% and <7.01%	1

- Awards: Make a list of the names of the awards, sku numbers, descriptions, supplier(s), cost, and inventory. Do not forget to include HD pictures for the shopping cart.
- Fulfillment: Specify how the awards will be delivered in the client’s branches or in the participants’ homes so the address fields can be customized.

2. Website Review

Once the system designer has finished the website with the look and feel provided by the graphic designer, review the following with the system brief an layouts in hand in order to authorize the website:

- Spelling
- That all levels are considered
- In the case of a team based program that team name assignation fields exist
- That all communication tools are considered
- That the program rules are clearly explained

- That the award descriptions are correct
- That the delivery address fields are considered
- That every screen matches with the layout
- That every award is entered
- That the award pictures look okay
- That the point value of the awards is correct
- That the awards categories are correct.

### 3. Data Audit

Every time there is a data entry on the system, a person other than the one who made the entry should review the data. Among the information to be reviewed:

- Names and passwords of participants
- Team names
- Points earned by participant
- Awards
- Delivery addresses
- Periodic results.

For determining the sample size you can use the Military Standard Table 105E (Department of Defense United States of America, Military Standard, Sample Procedures for Inspection and Attributes, 1989), if the system entrance was performed by a data importation from another system, you can reduce the size of your sample to  $\frac{1}{4}$  of what the table suggests.

If you find a mistake, ask the person who entered the information to correct it and review it again. Let him/her know that once he/she finishes you will need to increase your sample 1.5 times for every time you find a mistake.

## **Fulfillment**

### **Quality Goals**

- Ensure that the goods are received in good condition
- Ensure that all winners receive the reward they requested on time.

### **Why It Is important**

Every time you send an award, it means that the winner of that award has achieved the goals that meet your client's company objectives. It is your duty to send the selected awards to the winners in the proper packing and on time.

Since the award presentation can be as important as the award itself (Stotz and Bolger, Corporate Gift Giving is The Ultimate Form of Target Marketing), it is very important to package the award in a way that, although it will travel via a delivery service, the award recipient still feels that he/she is receiving a gift from the company in recognition for his/her achievements.

### **What To Do**

Make a list of all the awards that you have bought, and send it to your warehouse or cross dock, instructing the warehouse personnel to report when the products are received, if the order is complete, and whether it has any damaged products.

Make sure that the people who will pack the product are aware of your needs they are packing awards, so good presentation is essential. Meet with them and explain your expectations.

Make a distribution list, so they can print the labels with winners' names and addresses at the warehouse or cross dock, and be sure to send the correct award to the correct winner.

Print your own packing tape with the legend indicating that if tape is violated, the recipient should not accept the package. This will diminish the possibility of robbery by the courier company's personnel.

Create a control tracking log, and keep it to prove to your client that every single award was delivered.

Strive for 100% fulfillment. There are extreme scenarios that can happen occasionally even if you follow these recommendations with the result that you may not have all of the awards you need. If this happens, the recommendation here is to do whatever you need to do to get those products, even if it means losing money on a single transaction by buying products in a department store. It would be more costly to lose a client.

### **Conclusion**

There are many things that can go wrong when designing and executing an incentive program, but being aware of the possibilities and taking action before they happen can be the difference between a failure and a successful incentive program.

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