

PAYBACK YOU CAN MEASURE

- Non-cash rewards achieve **three times the return on investment** when compared with cash-based programs, according to a study by WorldatWork (formerly the American Compensation Association).
- While both types of programs will boost performance, the "extra" increases you get with non-cash rewards can turn a good return on investment into an **exceptional return**.

Make Your Incentive Dollars Do More!

Research supports the benefits of tangible rewards over cash

What's the better motivator, cash or merchandise? When asked, program participants often say they prefer cash. But time and time again, studies show that participants work harder for tangible rewards.

For example, a study conducted for the Goodyear Tire & Rubber Company compared the performance of two groups of participants: one rewarded with cash, and the other rewarded with merchandise and travel. Both groups recorded a performance improvement in response to the incentive offered; however, the group receiving tangible rewards had results nearly **50% higher** than their cash-motivated counterparts.

A major drawback of cash is that it lacks "trophy value." When 1,010 people were asked in a survey how they spent their last cash reward, cash incentive or cash bonus, close to half responded "bills" or "do not remember." These answers (detailed below) underscore the limited impact of money as a motivator.

Bills	29%
Do not remember	18%
Never received cash reward/bonus	15%
Gifts for family	11%
Household items	11%
Savings	11%
Special personal treat	9%
Vacation	5%
Something else	2%

—Study Conducted by Wirthlin Worldwide (March 1999)

—More On Back—

THE POWER OF INCENTIVE PROGRAMS

A study by The Society of Incentive & Travel Executives (SITE) Foundation confirms the impact of incentive programs offering tangible rewards. In addition to increasing work performance an average 22%, such programs also help create positive emotion in the workplace, which greatly influences commitment to a work task, according to Mike Hadlow, president of SITE Foundation. "Incentive programs may be the single most important performance improvement tool available to executives today," he says.

Limitations of Cash Incentives

In a poll conducted by American Express Incentive Services, 17% of American employees surveyed said they had received a year-end cash bonus from their company; yet a full 32% of those who had been rewarded monetarily admitted the bonus did not impact their work performance.

In a separate study of incentive planners, 68% of respondents said cash bonuses can have a negative impact if they are considered to be too small; three of five respondents said that merchandise and travel are better rewards because they are more like a gift; and three of five respondents said that cash rewards tend to be perceived as part of an employee's compensation package.

Source: The Society of Incentive & Travel Executives

CASE STUDY

A national financial services company attracted new agents and sent sales skyrocketing by abandoning its annual cash incentive program for a more inclusive campaign offering merchandise and travel.

Whereas only top-producing agents were rewarded in previous years, the new program provided multiple award levels and involved new agents, as well. Results were astounding. By program end, policy enrollments were up 700% over goal, with 10,000 certificates issued—more than twice as many as planned.

How Much can an Incentive Program Improve Performance?

Research indicates that a well-designed incentive program offering non-cash rewards will increase performance an average 22%. Team incentives increase performance by as much as 44%.*

The key to success is in program design: targeting the right behaviors, offering rewards that are meaningful to your audience, and executing and tracking flawlessly. It's critical to choose an incentive supplier with know-how. Let us put our expertise to work for you!

*Source: Incentives, Motivation and Workplace Performance—Research and Best Practices (International Society of Performance Improvement)