



10 REASONS WHY INCENTIVE PROGRAMS CAN FAIL

Incentive program design is not taught in schools. There are no books on the subject distributed by well-known publishers, and little internal training provided by organizations for the people who plan these programs.

Consequently, many planners charged with developing an incentive program use their instincts or follow what colleagues or some other division of the company has done in the past – a simplistic and inefficient solution.

Thankfully, there exists a growing body of knowledge related to motivation and incentive programs that can provide the foundation for developing a successful program. Here's what that knowledge tells us can go wrong with an incentive program, based on best practices of successful program design and industry research.

1. Lack of a strategic plan.

Organizations often make the mistake of viewing incentive programs as a simple do-this, get-that offering, without understanding that incentive programs actually are fully integrated one-to-one marketing programs designed to change behavior in a positive way. Incentive programs require no less a focus than any other marketing plan, with a written document spelling out the objectives; the ways to achieve them; the strategies to be deployed, and all the other details of the plan, including budget and anticipated results.

Once an organization has developed the template for an incentive program, it can be re-used for future programs and by colleagues in other departments or divisions.

2. Impossible objectives.

No matter how motivated your team, they cannot achieve the impossible. Programs often fail because goals are designed based on what the organization requires, rather than on what is actually feasible. People simply tune out when they know the gain is unattainable. It pays to benchmark any goal against what the organization has achieved in the past and what it can realistically be expected to achieve based on the economic conditions in the industry, the competition, and any other issues that could materially affect a desired outcome.

3. Program is based on a closed-ended formula.

In order to control the budget, many organizations (without knowing the name) use what's known as a closed-ended approach to planning the program, which means that they pre-determine how many people will win. This approach almost automatically guarantees that your top performers will be the only ones to engage, since everybody else will figure they don't have a chance. The best programs include an open-ended component, meaning that anyone can win based on improving their own performance against some benchmark.



4. Program is based on complicated rules and exceptions.

It's surprising how many organizations introduce fine-print rules with complex exceptions, and even change rules during mid-program, thinking that they can get a way with it. Employees react the same way as consumers do when they encounter fine print on promotions or offers: they become angry. Even if the fine-print is well-intended, anything that adds complexity to goals decreases the chances that people will fully understand what is expected of them.

5. Failure to address obstacles or opportunities related to behavior change.

Many times there exists in organizations concrete reasons why goals fail to get met that have nothing to do with motivation or even with whether or not people know what they have to do. Oftentimes, systems, procedures, or lack of knowledge or communication lie at the root of performance failures. If you don't identify and address potential obstacles to performance, chances are your incentive program won't either.

A professionally facilitated program planning process that involves key members of your target audience helps make sure you identify hidden reasons why you would not hit your goals even with the most exciting incentives.

6. Failure to engage the target audience.

Sometimes the problem is that the audience you're targeting doesn't fully pay attention or engage. They hear about the program but don't really get that it applies to them or understand clearly why they should focus on it. Engagement can be encouraged by involving members of the target audience in program development, so that the people involved feel that management has listened to them. Or, it can be as simple as having a compelling enrollment package that clearly makes the program understand and requires people to enroll, usually today via the Web. Even if they work for your organization anyway and would be automatically enrolled, requiring enrollment is a way to get attention and buy-in.

7. Lack of communication or understanding.

Many organizations figure it's enough to select exciting rewards and announce the program and results will follow. In fact, successful programs include a dedicated multi-touch communication effort that touches people through every medium possible or feasible, based on the potential return-on-investment. This might include: a Web portal with information about the program, the rules, the rewards, tips, case studies, information on winners, etc.; an ongoing e-mail newsletter with useful information and recognition for winners, along with standing reports to help people see how they're doing and encourage them along; print pieces mailed to the home, and in company or departmental meetings, etc.



8. Inability of people to do what is required.

It's not enough to want to do something; one has to be able to do it. Many programs overlook the training component that should work alongside your incentive program to make sure that you've identified the key skill sets required to achieve an objective, and that your people have received the chance to address any personal deficits. Incorporating online information and quizzes into your communications program can help.

9. Inappropriate rewards.

Ideally, your program addresses intrinsic needs for success and satisfaction by placing the value on accomplishment, and not solely on the reward. That said, the rewards send a message to the organization about how much accomplishment is worth. Reward people who have worked a full year to accomplish the goal with a T-shirt, and it's unlikely you will see a repeat of the same effort in the following year. Rewards should be commensurate with what is asked of people. They should be memorable and involve significant others and/or the family, if possible, so that your key people get regular positive reminders of their accomplishment and of your organization. People get paid to work and perform; rewards are about honoring and recognizing people for special accomplishment in a similar vein to accomplished athletes or performers.

10. Lack of measurement and feedback systems.

A surprising number of incentive programs lack formal systems for measuring results, return on investment, the reasons behind specific outcomes, so that the organization can use that information to make future efforts better. Many organizations feel it's enough to identify whether or not the goals were achieved, rather than to understand why. This fails to take advantage of one of the key benefits of incentive programs; i.e., the ability to specifically target an audience and determine how the effort positively or negatively affected performance. This provides invaluable information for developing future strategies. For instance, if the program is a success, and through analysis you see that no one ever participated in quizzes and very few people read how-to information on the Web site, you can reasonably assume that training is not a clear issue in your organization, at least as related to those performance goals.

Return-on-investment measurement is best built into the program from the start. For sales programs, it's relatively easy to determine the value of performance improvement in terms of the bottom line. For non-sales employees, this often requires establishing a value per unit of performance improvement and then carefully measuring that performance.

Chances are, if you have followed appropriate planning procedures, you will have accumulated some value lessons that might benefit you or your colleagues in the future. This can help you avoid repeating mistakes. It's a good idea to close the case on any incentive program with a simple evaluation document kept in departmental or company archives that outlines what worked and didn't about each program.