

# WHITE PAPER

## Incentives / motivation for employees - as sales tools...

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### **Motivation and Incentives as a sales tool.**

Employee incentives were originally implemented as a sales tool. The theory that motivated and incentivized sales people are more likely to be more committed and sell more still stands and is used today in many companies. Sales people are offered rewards ranging from cash to vouchers to dream holidays based on performance and hitting sales targets.

Results indicate that this method is successful in achieving both sales targets and a motivated workforce.

### **Recognition and reward**

For performance-oriented companies, employee recognition is a vital part of continually communicating and reinforcing ever-changing goals. Not to be confused with incentives, recognition involves drawing attention to employees who perform. Recognition can be spontaneous, whereas incentives are publicised in advance and generally are intended to induce people to achieve a specific objective.

Research and common sense suggest that happy, committed employees work more productively and provide better service, thereby increasing customer satisfaction and profits. But some companies have been slow to react to this correlation between employee satisfaction and profits.

The key elements of employee satisfaction are:

- Sense of purpose
- Fair compensation
- A feeling of appreciation
- A feeling of participation in the way their jobs are done
- A management style that incorporates coaching, encouragement and empowerment

Some researchers argue that using traditional incentives can create an atmosphere of destructive competition within a company, focusing on winning instead of working together. But understanding the basics of recognition can help companies keep the emphasis on steady improvement in employee performance, not competition.

### **The critical steps in a recognition programme are:**

- Determine your objectives (i.e., the behaviors you want to recognise)
  - Analyse the demographics of your organisation to understand the culture(s) you have to reach
  - Determine the statement you want to communicate
  - Develop a communications strategy that creates awareness about the recognised individual
  - Develop an awards strategy that distinguishes compensation from recognition
  - Involve employees in developing the programme and even in helping to select achievers
  - Develop a company culture so that people feel that management cares
  - Re-think recognition on a regular basis to ensure it is in keeping with current corporate values and objectives
- Recognition can be as broad a concept as you want, based on the values you want to promote within the organisation.

### **Measuring effort**

- Some easy ways to measure results of recognition programmes include:
- Reduce employee turnover—ratio of voluntary departures, period to period
- Improve employee awareness of company values—percentage of employees who demonstrate knowledge of company goals and values in employee survey
- Job satisfaction—percentage of employees that, in company surveys, cite the recognition effort as an effective strategy for promoting employee loyalty

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### **Motivating your workforce**

Management success depends on two overriding factors: recruiting and mobilising the workforce. The manager who combines sound management with people skills stands a good chance of fielding a workforce that effectively develops accounts and satisfies customers.

The responsibilities of directing the workforce include staff recruitment, performance evaluation, training, directing daily sales activities, dealing with customer service, developing and tracking leads, compensation, and motivation.

Today's turbulent economy has spurred changes that affect the way managers manage, train, and motivate the workforce. They must meet the challenges of a changing marketplace. A prime example: containing costs while increasing the workforce's ability to remain positive, gather strategic information and cultivate relationships with customers and prospects.

### **Here are the key elements of successful management:**

**Vision.** Managers lead by identifying ways to create value for their customers.

**Strategic plan.** Leaders who understand the big picture must be able to specify the best opportunities and decide how the workforce should go after them.

Base your training strategy on specific needs. Make sure everybody in your operation buys into your strategy. Training should spell out paths of success for each individual.

Develop a relationship-oriented management style. Shift your focus from reviewing to planning. Sit down with people to help them plan crucial calls.

Empowerment. Effective managers prefer that people can make decisions. Adopt an attitude of trust and teach employees how to make these decisions.

Targeted incentive programmes. Achievement awards must be based on what your people want, and the requirements for winning must be realistic. Incentive programmes should focus not only on productivity, but on the contributions of all people and all channels involved.

Know whom to promote. Ambitious people often want to move into management, even though they might do better to stay where they are. Make sure such individuals get recognition within the organisation. They should feel valued for the work they do so that they don't feel a continual need to improve their status.

To find a supplier who can help you motivate your workforce.

Selecting the appropriate rewards.

Cash Vs Product and Vouchers.

Managers who plan recognition programmes often wonder whether they should offer cash as an award, or tangible incentives such as merchandise, travel, and vouchers. Proponents of cash argue that it's easy to administer and employees can use it for anything they want without the restrictions placed on other types of awards.

In contrast, proponents of tangible incentives say cash is a poor motivator, because it has little "trophy value." Most people don't talk about how much they earn, and the money often ends up being spent on everyday necessities or paying bills. Cash incentives also quickly become confused with salary and bonuses, so they can become yet another yearly expectation.

Where cash is being offered, it would be advisable to consider giving vouchers. The company often benefits from discounts and can award a lump sum as a gift voucher which offers the recipient the opportunity to select their own reward.

Both cash and tangible rewards can be appropriate in a recognition programme, depending on the company's purpose for distributing the reward.

