

Employee Incentive Program Guidance
A White Paper
January 4, 2015
Author: Payback Incentives



Why Should You Start an Employee Incentive Program?

Incentive and recognition programs help corporate America generate positive financial results through their people. Business improves when employees are recognized, rewarded and engaged through effectively structured programs with defined goals and proven returns.

In today's economy, the competitive advantage rests with employees because, according to the Brookings Institution, 85 percent of a company's assets are tied up in intangible resources defined as knowledge, reputation and human talent. Research shows that employee engagement is linked to customer satisfaction and organizational performance. More than half of America's largest companies use motivation programs as part of their business strategies.

Why You Need to Automate Your Manual Incentive Program

Maybe your company is currently bogged down with running an incentive program. Maybe you're worried about starting a program because of drains on administration time, staffing or cost. But consider these questions:

- How much time do people in your company currently spend managing your incentive program?
- Can you easily manage varied user levels, permissions, approvals, adjustments and rejections?
- How do you know who needs to receive tax reporting documents?

One program that answers all these questions, offering auto-generated reports, an easy interface, and total flexibility within the system, is Payback Incentives. You'll know who's taking part in the program, what they're earning, and how they are performing without the usual headaches associated with manual programs and many online programs.

Types of Awards for Your Employee Incentive Program

The use of tangible, non-cash rewards for employees, partners and customers has become a \$46 billion industry in the United States (Incentive Federation, 2007). This represents more than double the \$22.8 billion spent ten years earlier (World Incentives, 2000).

Tangible, non-cash rewards consist mainly of merchandise and travel, yet the largest and perhaps fastest growing component of non-cash rewards are gift certificates. According to Incentive Magazine's 2011 Gift Card IQ Survey, about 75 percent of organizations use prepaid gift cards. This makes prepaid cards more popular in incentive programs than travel, merchandise and even cash according to the October 2011 report "State of Gift Card Use in the U.S." by the Incentive Research Foundation.

Payback Incentives caters specifically to this growing market with a wide variety of e-gift cards that allow for immediate delivery to the recipient – with no delivery fees or upcharges.



How Much Should You Give to Your Employees?

According to the Incentive Research Foundation, when asked to report how they determined the optimal amounts to budget for their reward and recognition programs, the groups responding with “Intuition” or “Experience” was over 50 percent across four award categories: Cash, Travel, Merchandise, and Pre-Paid Cards.

Given that award expenditures range from 3-5 percent of salaries, this is an important area for future research, especially when considering how respondents answered questions regarding award effectiveness. The good news is that almost no respondents indicated that their reward and recognition programs were having a negative effect. In fact, a large number of respondents said their programs garnered from “somewhat positive” to “significantly positive” results.

What Offers Should You Give to Your Employees?

Employee incentives are used to support safety, wellness, years of service, productivity, sales, recognition, goal completion, training, attendance, loyalty and more. They can be structured in a variety of ways.

Peer-to-Peer Recognition—In this "culture of recognition," workplace equals give each other praise or rewards for good work. The Gallup Organization has found that in productive and engaged workplaces, employees receive recognition every seven days. Peer-to-peer recognition programs are a simple, powerful way to improve working relationships, employee engagement and retention. Peer recognition can work all sorts of ways: employees can show appreciation one-on-one or in public, using paper notes or e-cards, bulletin boards or social media.

Spot Rewards—Employees get handed rewards instantly, or "on the spot" when they show strong performance or exhibit highly-desired behavior.

Contests—Teams or individuals compete to win a reward, a popular method for highly competitive salespeople.

Points Programs—Employees collect points over time for meeting various goals. Points can be redeemed instantly or saved up.

One-Time Rewards—Incentives at their most straightforward: meet the goal, earn the reward. This structure is ideal for launching new products and policies.

Morale Improvement —Poor morale can polarize employees and deepen divisions that ultimately affect productivity. A general atmosphere of low morale will increase the anxiety of coming to work. Creating a positive environment of hard work and space for downtime can go a long way to improve employee morale. HR has the opportunity to use many creative ways to boost employee morale. Recognition of good attendance records is a good place to start; making sure there are scheduled breaks throughout the day; offering incentives or rewards such as group lunches for completing projects.



Another incentive is allowing employees to cash-in unused sick days at the end of the year. For every month of perfect attendance, give employees a small reward such as a \$10 gift card to a local restaurant.

Selecting the Right Recognition Provider: What to Look for in a Program

There are hundreds of incentive programs, many of which seem the same. Payback Incentives (<http://www.paybackincentives.com/>) provides the highest level of flexibility with the lowest cost, fastest setup and least amount of administrative time. You setup your organization, purchase points and then either grant them directly to employees (Starter and Advanced Plans) – or assign them to others who can request grants (Advanced Plan). Reports show earnings, purchases

Founded in January 2002, J. Fitzgerald Group is an international marketing technology company specializing in full-service advertising, marketing, web design and research. JFG's clients span local, regional and worldwide markets. JFG originally developed Payback Incentives in 2005 and then completely revamped the system as a do-it-yourself system in 2015. To learn more about Payback Incentives call 716-433-7688.

