

Corporate faith in the power of incentives

A Research Report



A recent survey carried out by Grass Roots suggests that one area that companies will not be cutting back on during the economic downturn is that of incentive and reward programmes. The findings also demonstrate an increased focus on tactical incentive programmes to drive sales and increase employee motivation.

Adam Sidbury - Executive Board Director, Grass Roots

The research was carried out by our International Recognition and Incentives team in February 2009, using an online questionnaire sent to just over 800 known incentive buyers at companies in a variety of sectors including: automotive, telecoms, high tech, utilities, retail, healthcare, transport, financial services, insurance, and transport.

The survey revealed that:

- **Incentives create a point of difference** - 91% of respondents agree or strongly agree that incentives are a good way of gaining competitive advantage within their industry - fig 1. And 75% think they are good for morale - fig 2.

- **Market conditions drive decision making around incentive programmes** - 62% of respondents agree or strongly agree that their organisation will introduce incentives to drive performance on a tactical basis, in response to changing market conditions - fig 3.
- **Incentives have a positive bottom line impact** - 64% of respondents agree or strongly agree that incentives drive a positive return on investment within their organisation - fig 4.
- **Deployment is more tactical than strategic** - Only 40% of respondents state their organisation has a strategic plan in place for how they will use incentives in 2009.

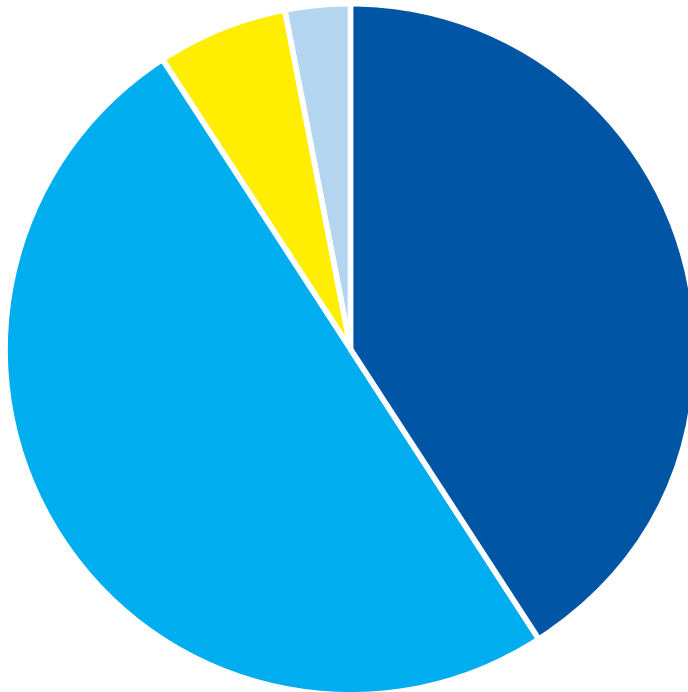


- **2009 should see more investment** - 61% of respondents agree or strongly agree that in times of economic uncertainty, there is a greater need to incentivise employees and customers.
- **Employees form the main focus of incentive programmes** - 71% of respondents incentivise employees, 38% use incentives with customers, 24% use incentives with the channel, 8% use incentives across all three channels.
- **Sales performance is the main objective** - 50% of respondents use incentives within their organisation to drive an increase in sales, 14% to say 'thank you'.
- **Programme ownership can be located in a variety of different departments** - 22% respondents from Sales, 21% HR, 19% from Marketing, 12% from Operations, 26% from Other (includes Finance, Accounts, Directors, Admin).
- **The biggest challenges to running an incentive scheme in 2009 were cited as:**
 - ensuring that participants buy into the scheme.
 - securing an incentive budget.





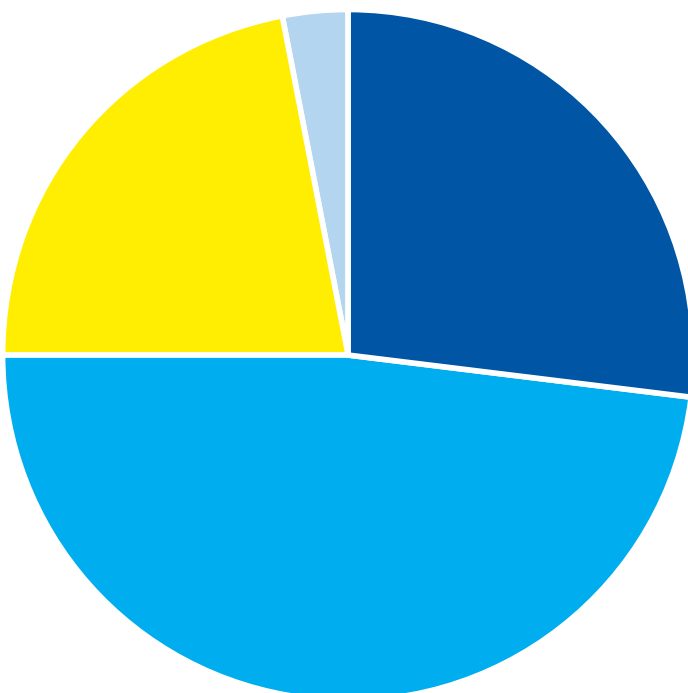
fig 1



Incentives are a good way of gaining competitive advantage within our industry

- Strongly agree (41%)
- Agree (50%)
- Neither agree nor disagree (6%)
- Disagree (3%)

fig 2

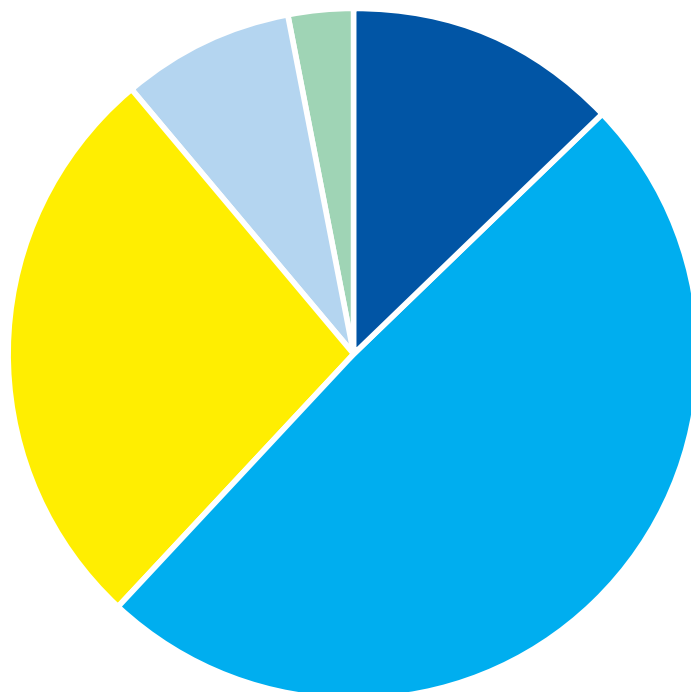


Incentives are a good way of boosting morale

- Strongly agree (27%)
- Agree (48%)
- Neither agree nor disagree (22%)
- Disagree (3%)



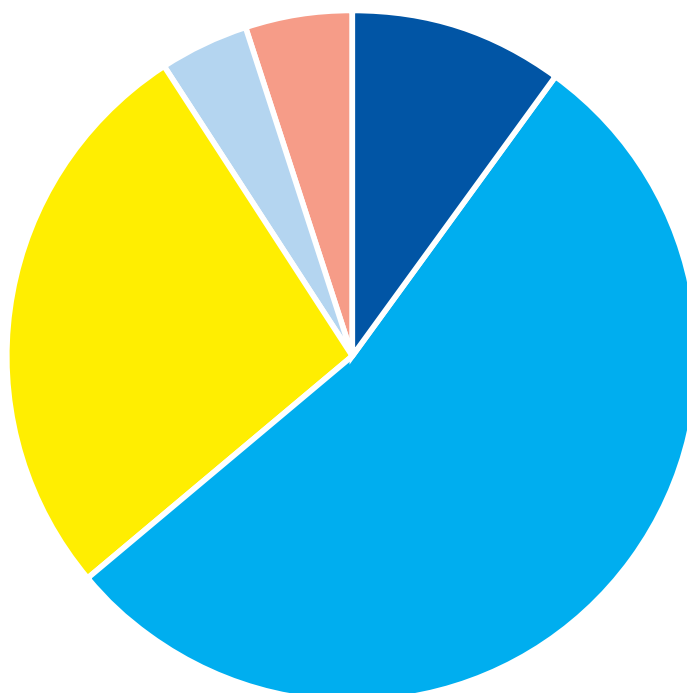
fig 3



My organisation will introduce incentives to drive performance on a tactical basis, in response to changing market conditions

- Strongly agree (13%)
- Agree (49%)
- Neither agree nor disagree (27%)
- Disagree (8%)
- Strongly disagree (3%)

fig 4



Incentives drive a positive return on investment within my organisation

- Strongly agree (10%)
- Agree (54%)
- Neither agree nor disagree (27%)
- Disagree (4%)
- Don't know (5%)



The findings of this piece of research support what Grass Roots experienced during the last major recession at the end of the eighties - namely that although cost control is high on the agenda, the two things that CEOs are prepared to invest in are: maintaining the sales line and increasing employee morale and performance.

Many organisations continue to view incentives as short term tactical initiatives, rather than an ongoing strategic tool to improve performance across their employee, channel partner and customer audiences. Whilst we recognise the impact of tactical incentives, our experience shows that effective incentive programmes require strategic planning to ensure the optimal mix of tools, communications and ongoing engagement activities. A programme that is well planned, structured, communicated and refreshed will produce results over time. Even in a difficult climate, this is the approach that we will continue to advocate.

About Grass Roots

- A leading international performance improvement company set up in 1980 by David Evans MBE. David remains at the head of the business today as Chairman and Chief Executive Officer.
- The specialist International Recognition and Incentives arm is headed up by Adam Sidbury who has been with Grass Roots for over 20 years.
- Grass Roots is part of Grass Roots Group PLC, with offices in 16 countries.

- In addition to the team of Incentive experts, Grass Roots also offers services in communication, education, measurement, rewards and events.
- In the UK Grass Roots has over 1000 clients.
- Grass Roots employs over 1000 people worldwide.
- Grass Roots UK is listed in the 2007, 2008 and 2009 Sunday Times list of Best 100 companies to work for - a unique achievement for a business services company of this nature.
- For further information on our incentive offering visit www.incentive-expert.com or contact:



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