

Non-Cash Rewards

Can Help Your Company Weather the Economic Storm

By Christopher Cabrera, Xactly Corp.

Today human resources has the opportunity and the pressing need to get creative with pay-for-performance compensation. The Alexander Group, a sales-growth consulting firm, has forecast a modest 4-percent increase in incentive compensation pay for sales personnel this year. Companies, meanwhile, are getting serious about managing through the uncertain economy; buyers are watching expenditures; and sellers are looking for every bit of sales motivation they can muster. This dictates thinking outside the traditional incentive compensation “cash box” to counter the effects of the modest 4-percent raise with other rewards.

Non-cash rewards have proven effective in motivating employees to excel in all types of economies.

And they have proven effective not just for the sales team, but other functions such as customer support, marketing and other specific corporate audiences.

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QUICK LOOK

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greater agility anytime there's a special opportunity such as rewarding up sell or cross sell, moving excess inventory in the channel, resolving customer-support cases, attracting prospects to marketing events, etc. The instant gratification factor of non-cash rewards also is attractive to many employees, particularly younger employees with little patience for annual or semiannual bonuses.

Requirements for Success

Despite their inherent flexibility, however, non-cash rewards should not be treated as an ad-hoc, stand-alone solution. Following are seven important elements in a successful non-cash reward program:

1. **Integration.** To get maximum mileage out of non-cash rewards, they need to be integrated with the total performance and talent-management environment. This effectively drives short-term behaviors *and* long-term performance improvements.
2. **Customization.** In order to address and capture the attention of discrete audiences across the enterprise, rewards must be customizable. Non-cash rewards are not a one-size-fits-all solution. In fact, it is their range that makes them so powerful.
3. **Clarity.** Real-time visibility into rewards attainment is critical. Participants must clearly see what is required to earn a particular reward and where they are in the earning process.
4. **Choice.** Non-cash rewards programs need to offer instantaneous selection and redemption from a comprehensive array of choices, which helps ensure every employee has something to reach for. And being able to immediately cash in points for the desired offering can give a major spur to performance.


5. **Accuracy.** Accurate administration of non-cash rewards programs is key. Trying to figure it all out on a spreadsheet is not the way to go. Automation allows accuracy and the ability to continually monitor performance in addition to measuring, analyzing and learning from program results.
6. **Variety.** Give people something to strive for, but surprise them periodically with various new types of rewards to keep up their interest in the program. For example, allow top performers to redeem points to schedule a tee time at their favorite golf course. Move beyond gift cards. According to a recent *Consumer Reports'* survey, 27 percent of last year's gift cards remain unused. In addition, many cards are lost or expire. Use rewards programs that offer the broadest array of value-oriented, tangible rewards.
7. **Motivation.** Like all strategic compensation, rewards need to motivate behaviors that support corporate goals. Don't waste effort on non-strategic rewards programs. Make them count. Use them to reward behaviors that support meaningful objectives, such as the sales of higher-margin products, best discounting practices, new-customer acquisition, call-handling metrics, etc.

Using Technology

A new generation of non-cash rewards management applications are emerging to help companies accomplish all this in a cost-effective manner: on-demand applications require no costly up-front fees, no software to install, no extra hardware to buy, no ongoing software maintenance demands and little to no need for IT involvement. In automating the end-to-end non-cash rewards process — from program creation to implementation to payoff — these

applications eliminate reliance on the spreadsheets that have traditionally been used to manage and, consequently, hamper, such programs.

These applications enable the creation and launch of much more sophisticated, complex and granular non-cash rewards programs for addressing multiple audiences within a company. They provide real-time visibility into attainment for participants and managers, the ability to quickly modify programs and communicate the modifications, and the assurance that everything is calculated correctly. Finally, they support a multiplicity of reward and redemption options, and can integrate with talent-management programs and/or other sales performance management applications.

Non-cash rewards present companies with an infinite number of incentive options. And now that technology is available to effectively design, implement, manage and measure these programs, they are integral to the total incentive and performance-management picture. 

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