

Modernizing Your Incentive Program

How Program Enhancements Drove Business Results



About the Client

Our client partner is a leading global manufacturer of hydraulic drilling and demolition equipment for the construction industry.

The Challenge

Our client had a pre-existing incentive program in place for their dealer sales channel, but they wanted to modernize it by automating processes and creating more efficiencies. They also hoped to expand dealer registration for the program and foster greater collaboration between their district managers and the dealers. For years, our client utilized cash payouts as the reward currency, but they recognized that cash wasn't doing enough to drive results. Cash had become forgettable, disappearing into a recipient's bank account. It's a shallow reward because people don't recall how they spent the earnings. And it wasn't providing a "brag factor" like high perceived value rewards. Offering more valuable rewards, along with greater choice and more individualized options for dealers was a core goal of this initiative.

In the old program, sales tracking was done manually on spreadsheets. It was cumbersome for administrators to track and there was a long lag time between when a dealer sold a piece of equipment and when they were rewarded. In fact, many times it took months before it was verified and approved; sometimes six months would elapse before a dealer would receive a payout for their sale. This was a challenge, because

the immediacy of delivering a reward after an action takes place is a critical consideration for motivational effectiveness.

A 2018 Wharton study concluded that immediate rewards increased intrinsic motivation for an activity and, interestingly, a larger reward did not increase intrinsic motivation as much as an earlier reward did.

The Solution

Program Marketing & Ongoing Communications

Brand awareness for the program was limited, so we began by designing an identity that participants could associate with the program. The program marketing tactics included creating a program name, theme and design language that tied to our client's brand and purpose.

In collaboration with our client's marketing team, we created monthly communications that highlighted standings and program updates. Quarterly newsletters showcased new earning opportunities – some tied to organizational milestones, such as their corporate 100-year anniversary, along with information about upcoming tradeshows and additional product training opportunities. And it worked – there was an 80% open rate among the digital communications used!

Platform Upgrades

The revamped, fully branded platform incorporated the new program rules, housed

ongoing communications, and provided an easy reward redemption experience. An electronic form automated the process for the dealer to submit their sale. A supervisor could then immediately approve the sale and the reward points were delivered quickly to the recipient. Plus, these process changes provided leadership with greater visibility into overall product sales and forecasting.

Deeper Relationships

In order to expand the reach of the program to more dealers, we devised a rule structure that encouraged District Managers (DMs) to get involved with increasing dealer participation and rep activation. They would receive an override for dealer participation in their program (as well as their dealer equipment sales). If a dealer sold an item but they weren't registered, the DM encouraged them to join the program and earn reward points. The additional engagement between the DMs and their dealers resulted in deeper relationships and, ultimately, an increase in the sales of rent-to-own equipment – one of the areas they were looking to boost.

More and Better Rewards

Our client wanted to move away from cash rewards to "stickier" offerings that provided a wide selection of choice and greater appeal for varied audiences. We customized the reward portal to offer top brand merchandise, gift cards and individual travel packages, along with amazing sports and entertainment experiences. A wider array of premium rewards, along with targeted communications, encouraged families to get involved in the reward selection process too. Encouraging family engagement further anchored both the recognition for the effort involved, and the memory of the reward selected.

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The Outcome

Through streamlined processes and a much-improved user experience for participants, our client saw significant program results. Participating dealers generated \$1.9M in incremental revenue, a 48.3% increase through the current life of the program. If we attribute 50% of the profitability directly to the program; that's a 4:1 return*. The client saw a 22.7% YOY revenue growth in overall sales.

The ability to offer rewards in real time with an easy-to-use platform provided an enhanced user experience, and that delivered real business results for our client.

*ROI is a range that attributes some % of incremental revenue to the program.

If we attribute nearly 50% of the profitability directly to the program; that's a 4:1 return*.