

*Reference Deck*

# The IRF Top Performers Study: Financial Services Sector

Comparing Non-cash Recognition & Reward Approaches of  
Firms in the Financial Services Sector

June 2019



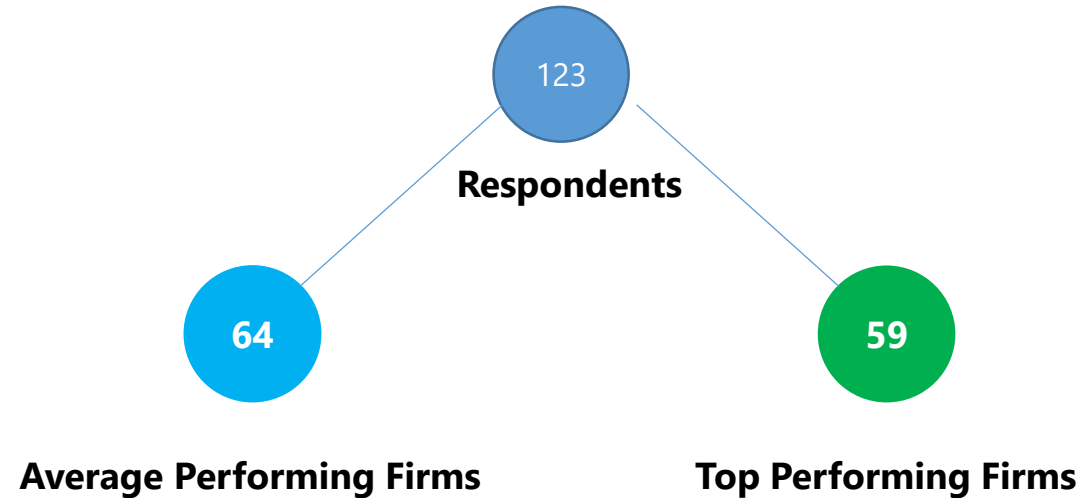
- As of 2016, 84% of U.S. businesses utilize non-cash rewards as a method of encouraging and engaging their employees, salespeople, and channel/dealer partners.
- The body of evidence for best practices and optimal program design is increasing every year, and businesses are looking to their supplier partners for expertise and advice on how to most effectively structure their reward and recognition initiatives.
- This research is designed to fill a gap by objectively identifying the non-cash rewards strategies and tactics used by top performing companies, providing benchmarks and best practices for the industry.

- Most research benchmarking “top performing companies” leverages pre-existing lists of these companies – for example the Fast 500 or Best Places to Work
- This research was designed to use a national cross-section of firms with at least \$100 million in revenue, collecting data to objectively classify each firm as “top performing” or “average”

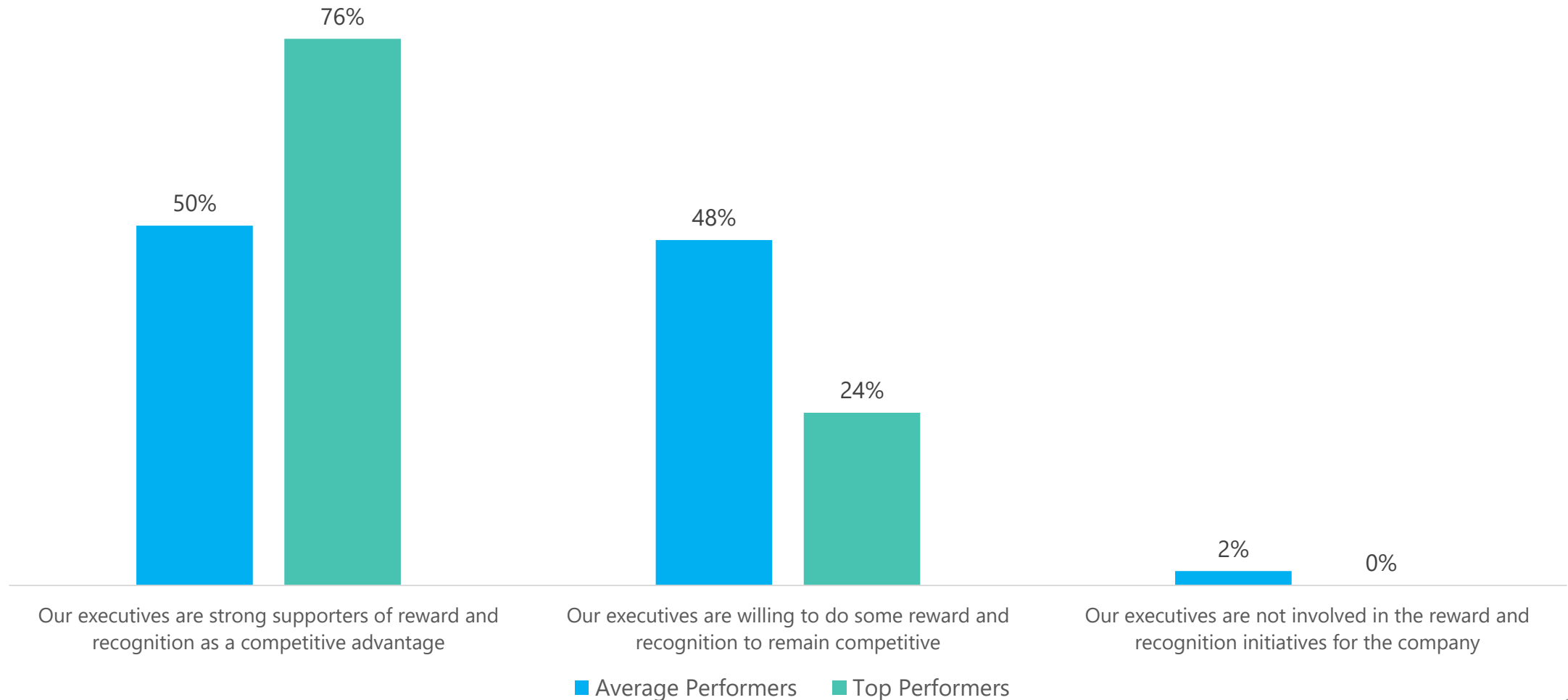
# Classifying Top Performing Companies

- To qualify as “top performing,” a firm had to demonstrate strong performance in 2018. The most important requirement for classification as a top performer is financial growth - **more than 5% growth in revenue or stock price.**
- Top performers also were required to demonstrate both of the following:
  - Strong performance with customers
    - 90% or higher in customer satisfaction or loyalty, or
    - Customer acquisition rates higher than 5%
  - Strong performance with employees
    - 90% or higher in employee satisfaction
    - Loss rate less than 5% per year among high-performing employees
    - Reputation as a highly-desirable place to work – a place where high-performing candidates compete to work
- The purpose of these survey questions and the ultimate classification as “top performer” or “average” was 100% opaque to respondents – they did not know they were assigned to a performance group

# FINANCIAL SERVICES SECTOR FINDINGS

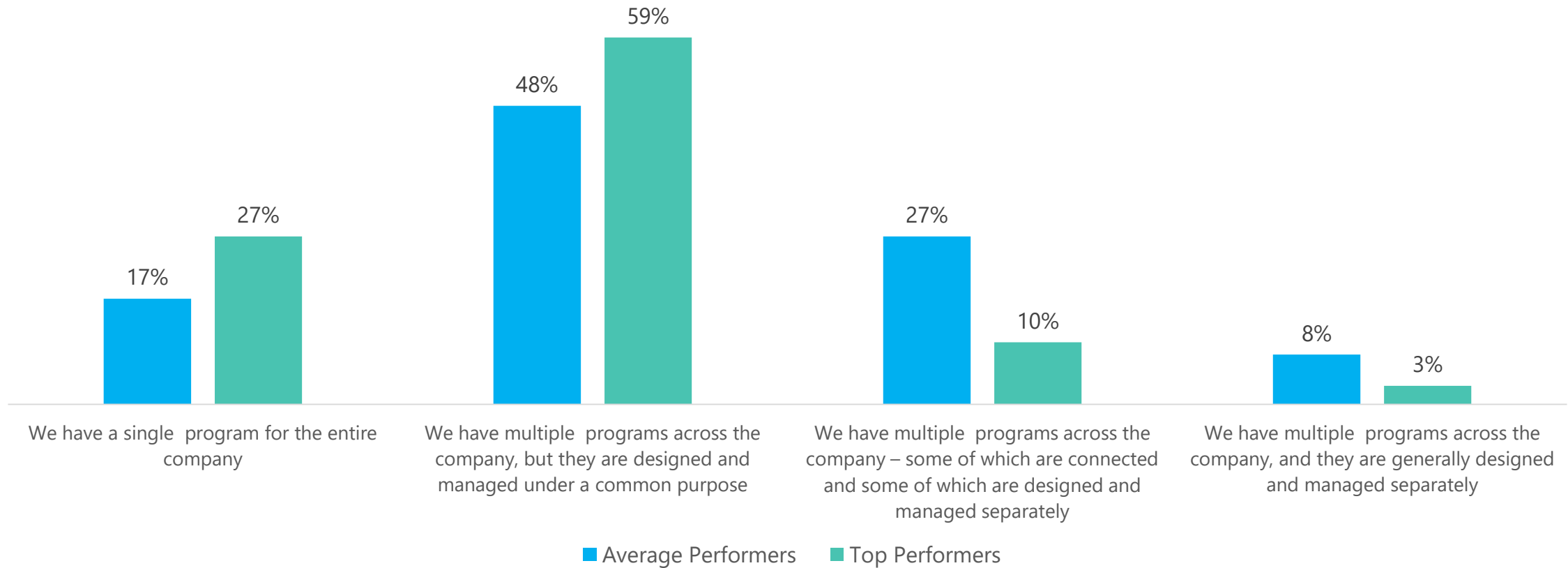


# Executive Sponsorship

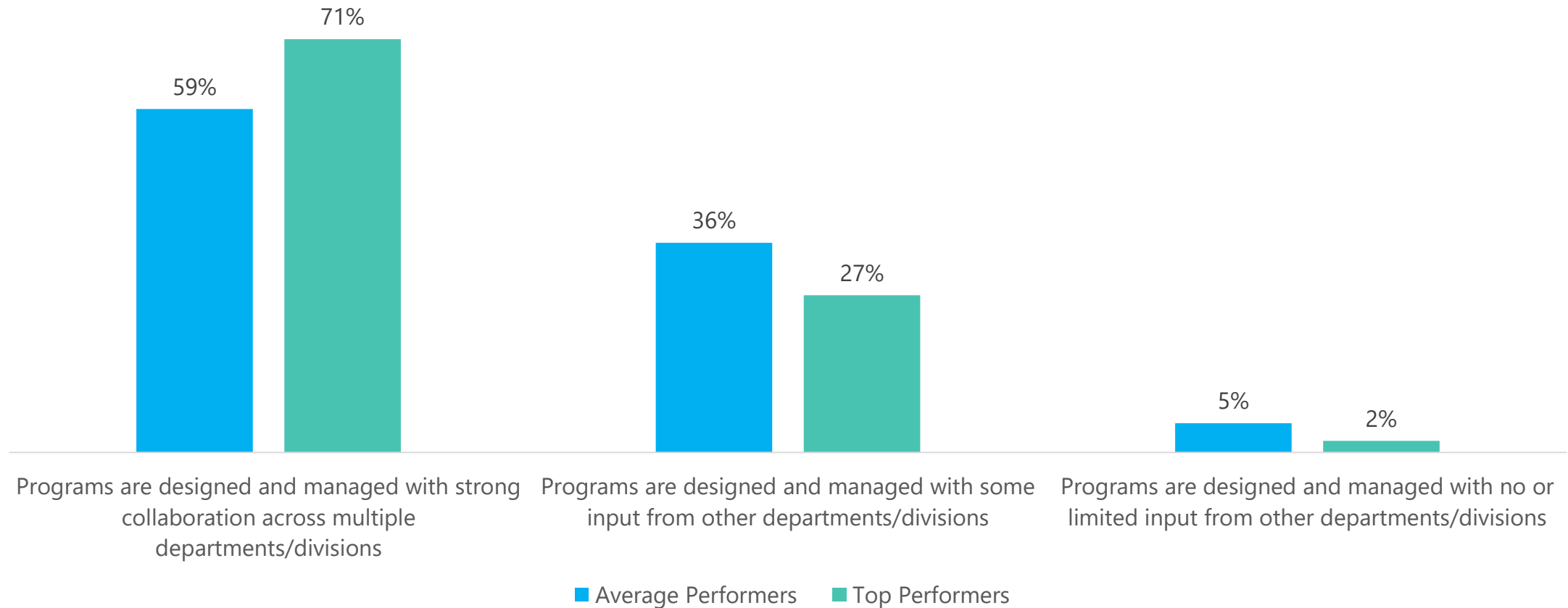


*Which of the below best describes the executive sponsorship of reward and recognition programs in your company?*

# Program Connectivity

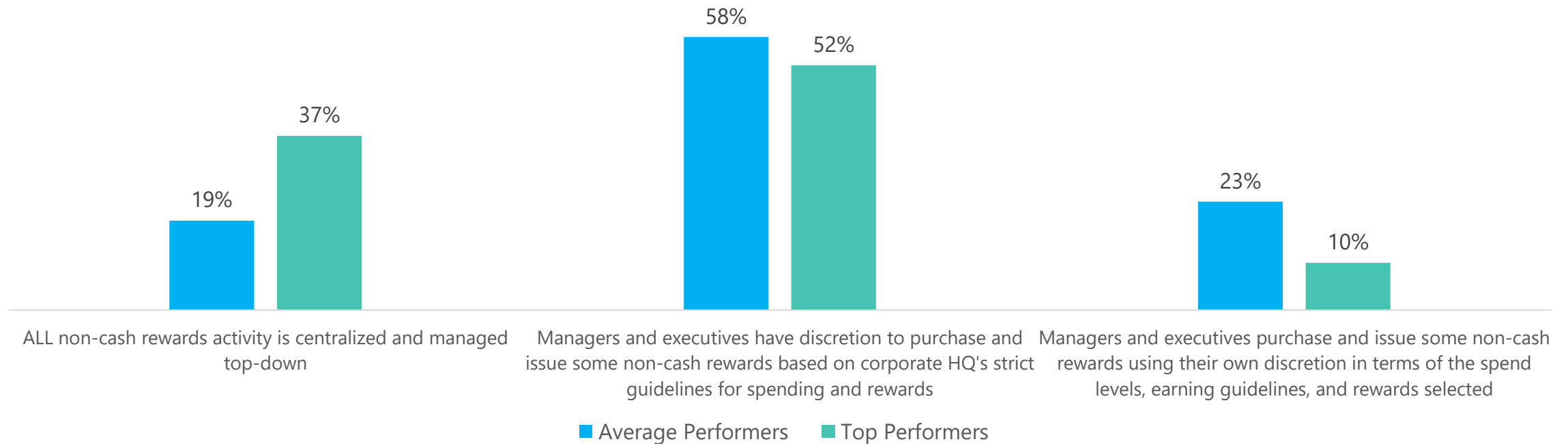


# Program Design Collaboration

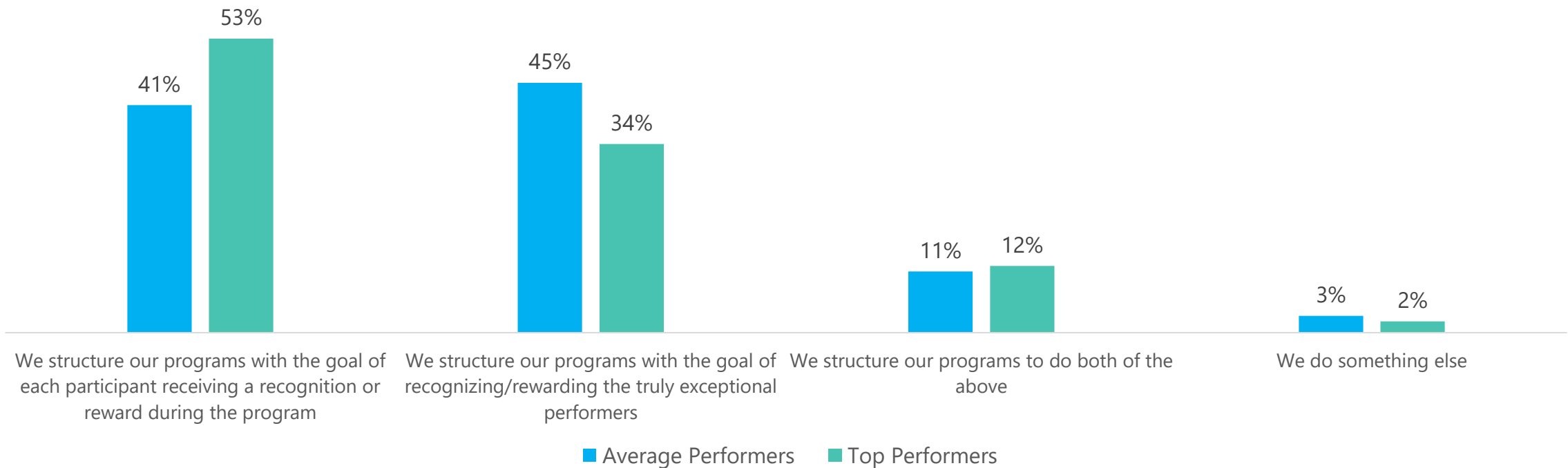




# Program Command & Control

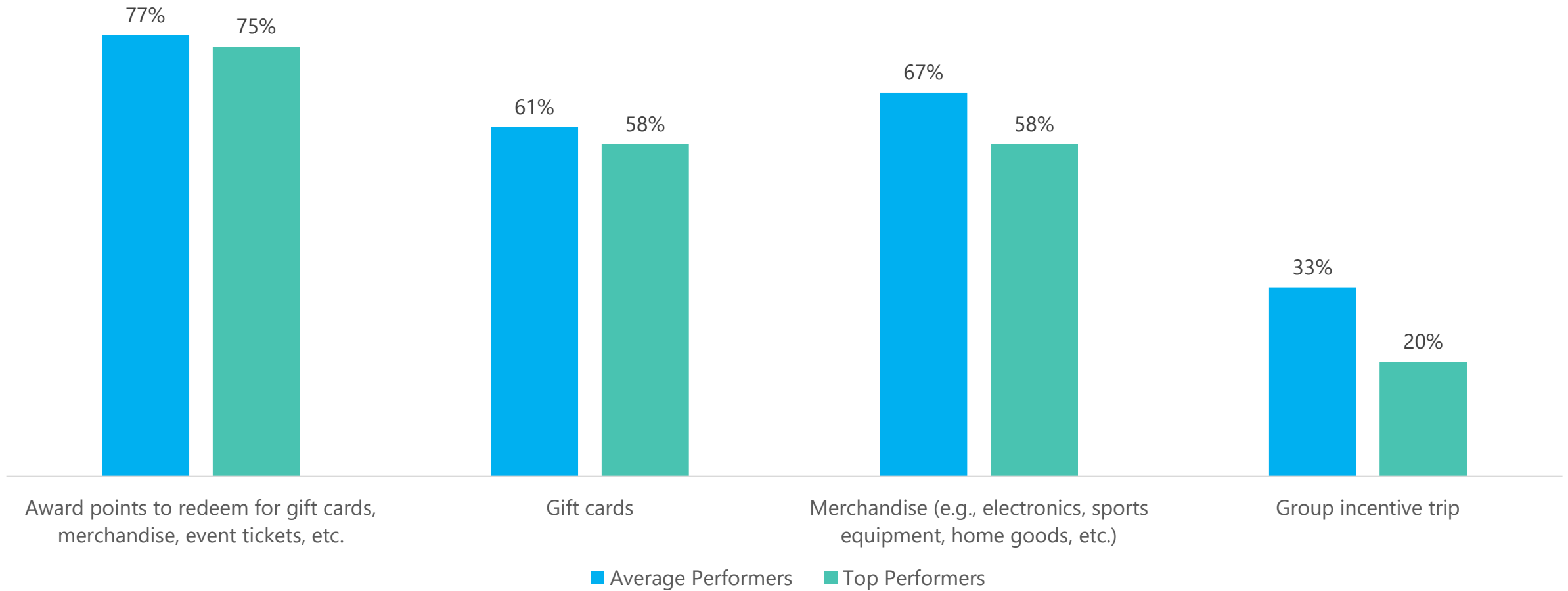


# Program Reward Reach



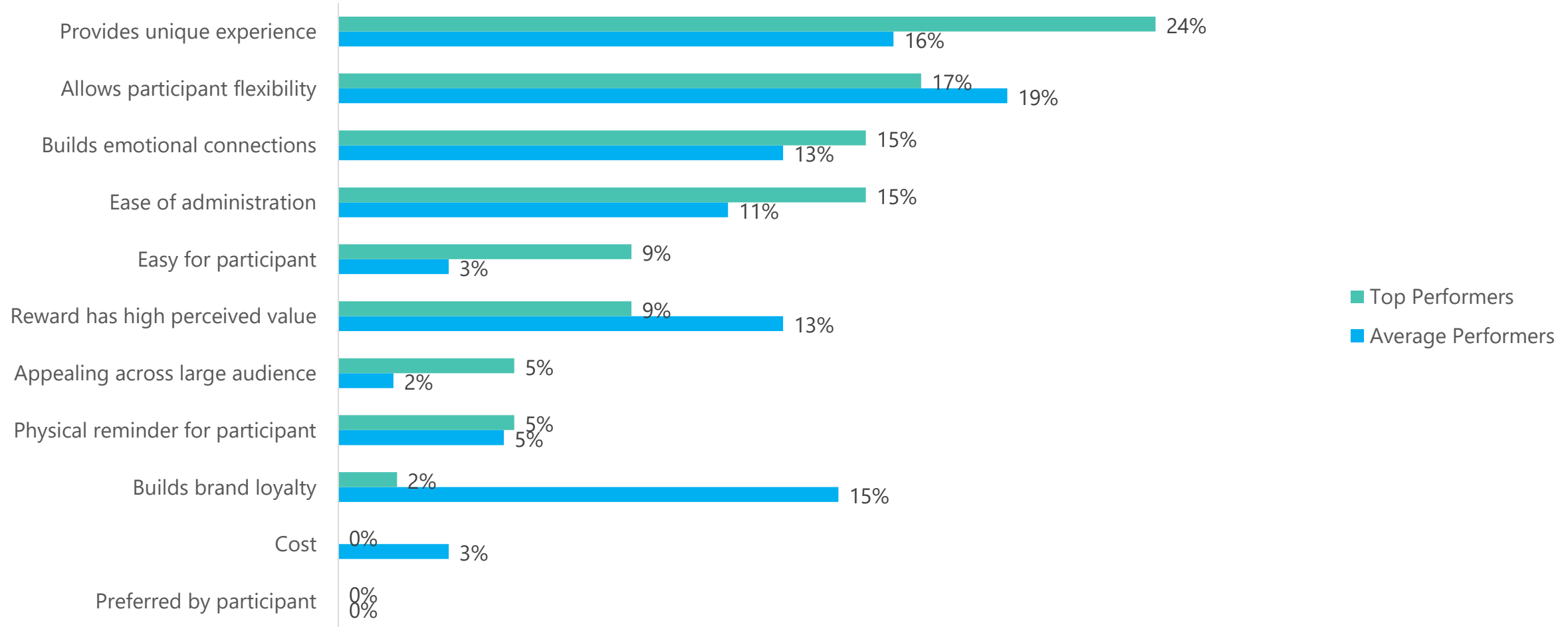
*Which of the options below best describes your company's approach when designing the rules for your programs?*

# Reward Types

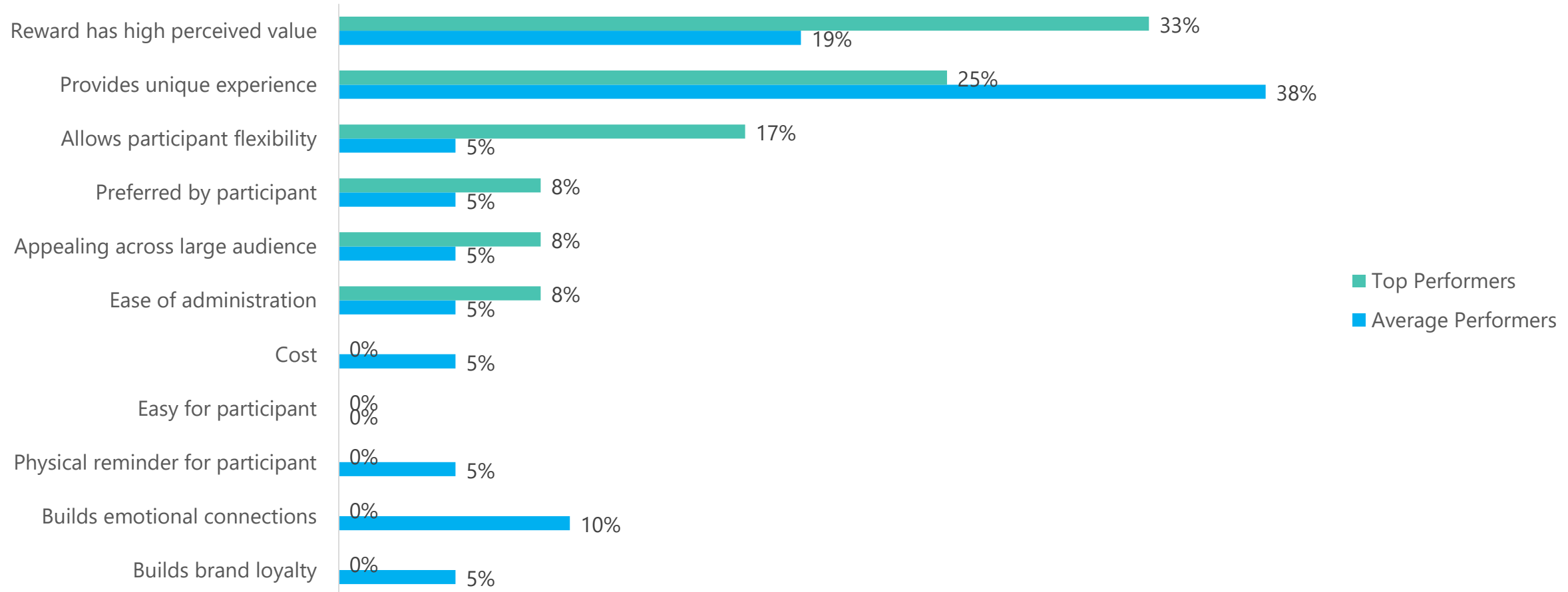


Which of the below are rewards participants can earn in your programs?

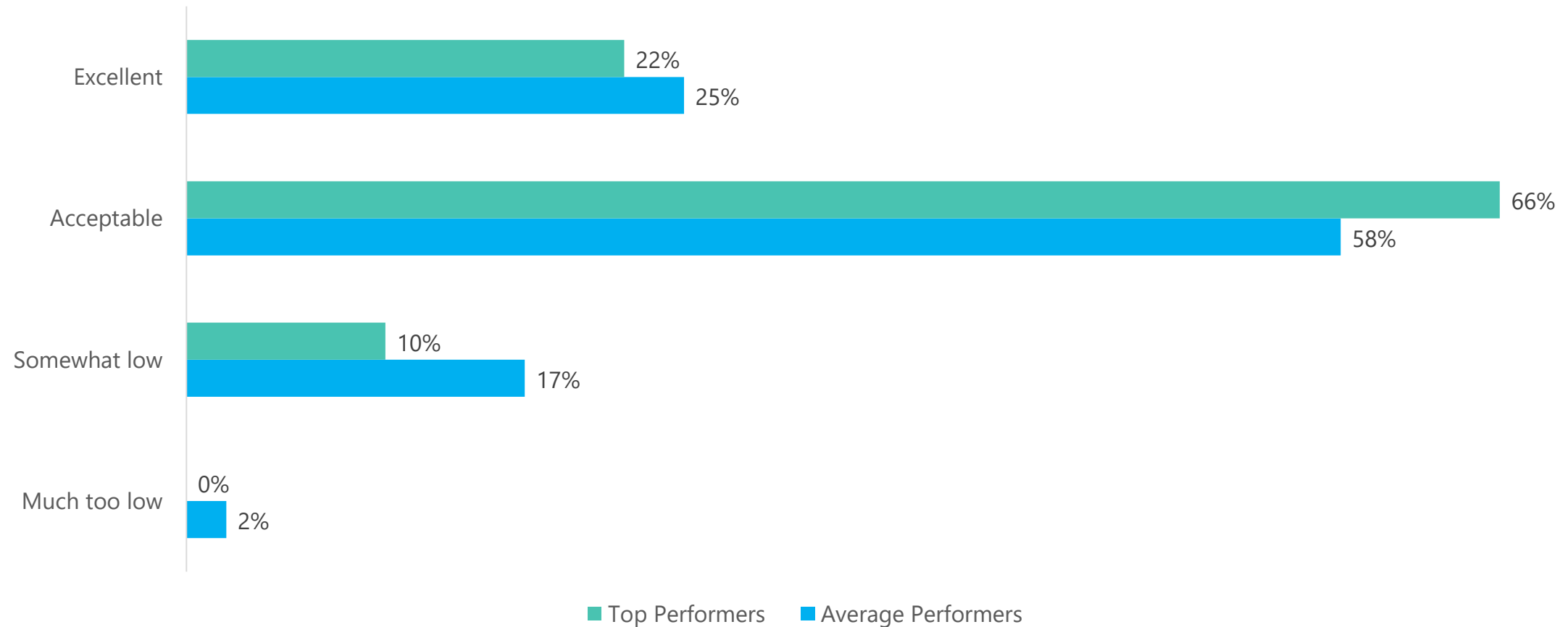
# Priorities for Tangible Rewards



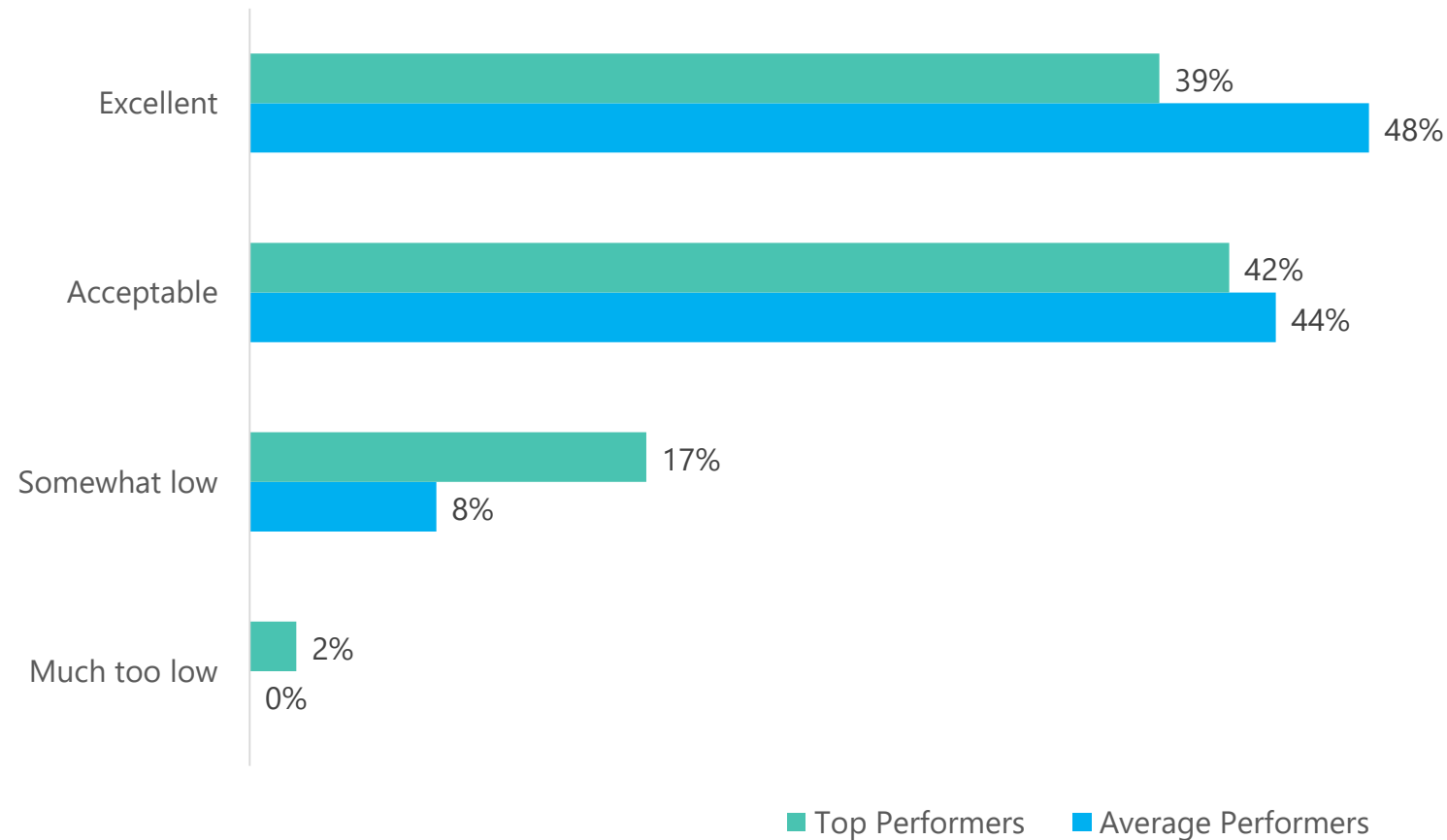
# Priorities for Incentive Travel



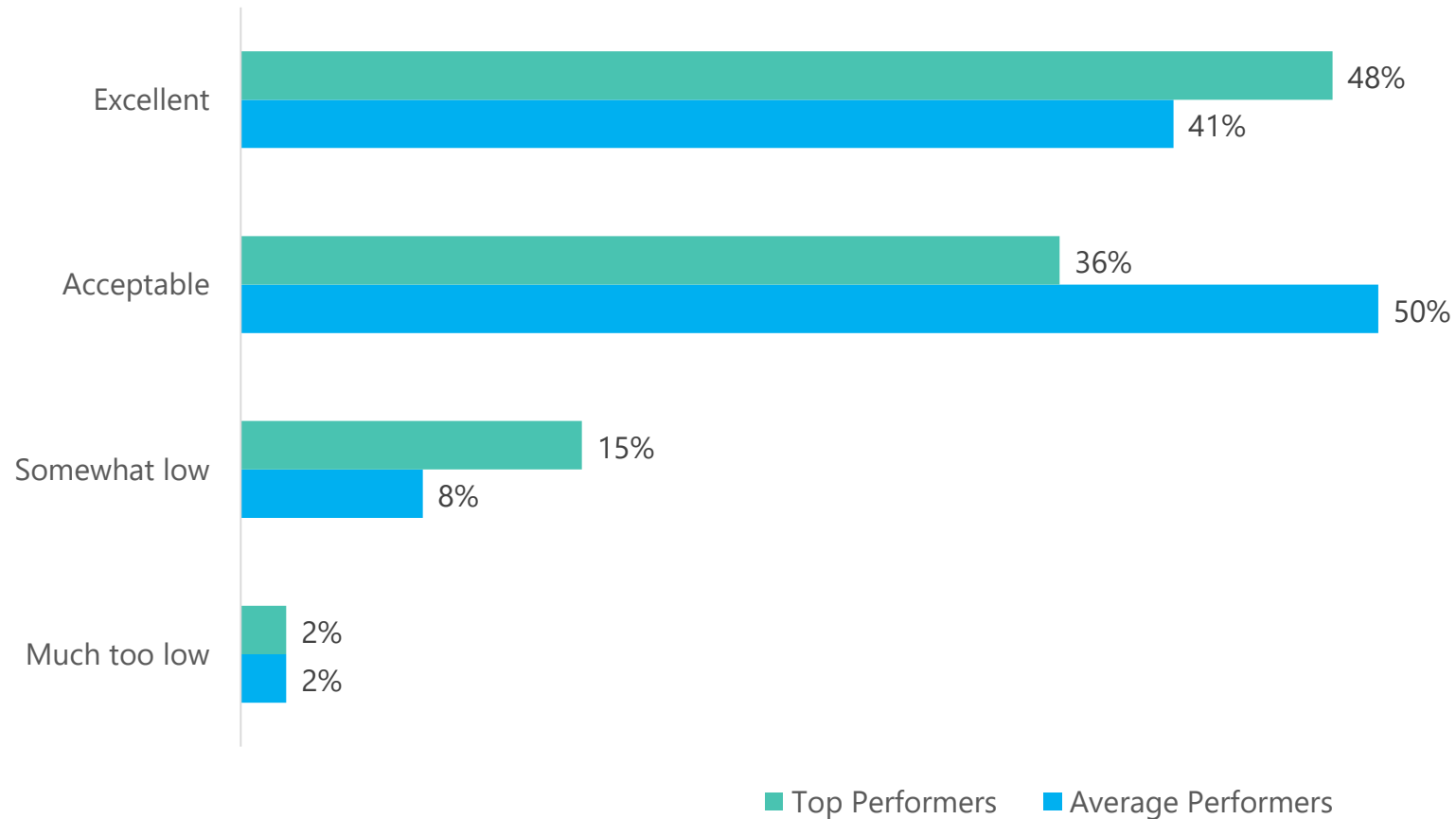
# Program Assessment: Staffing to support program



# Program Assessment: Executive support of program

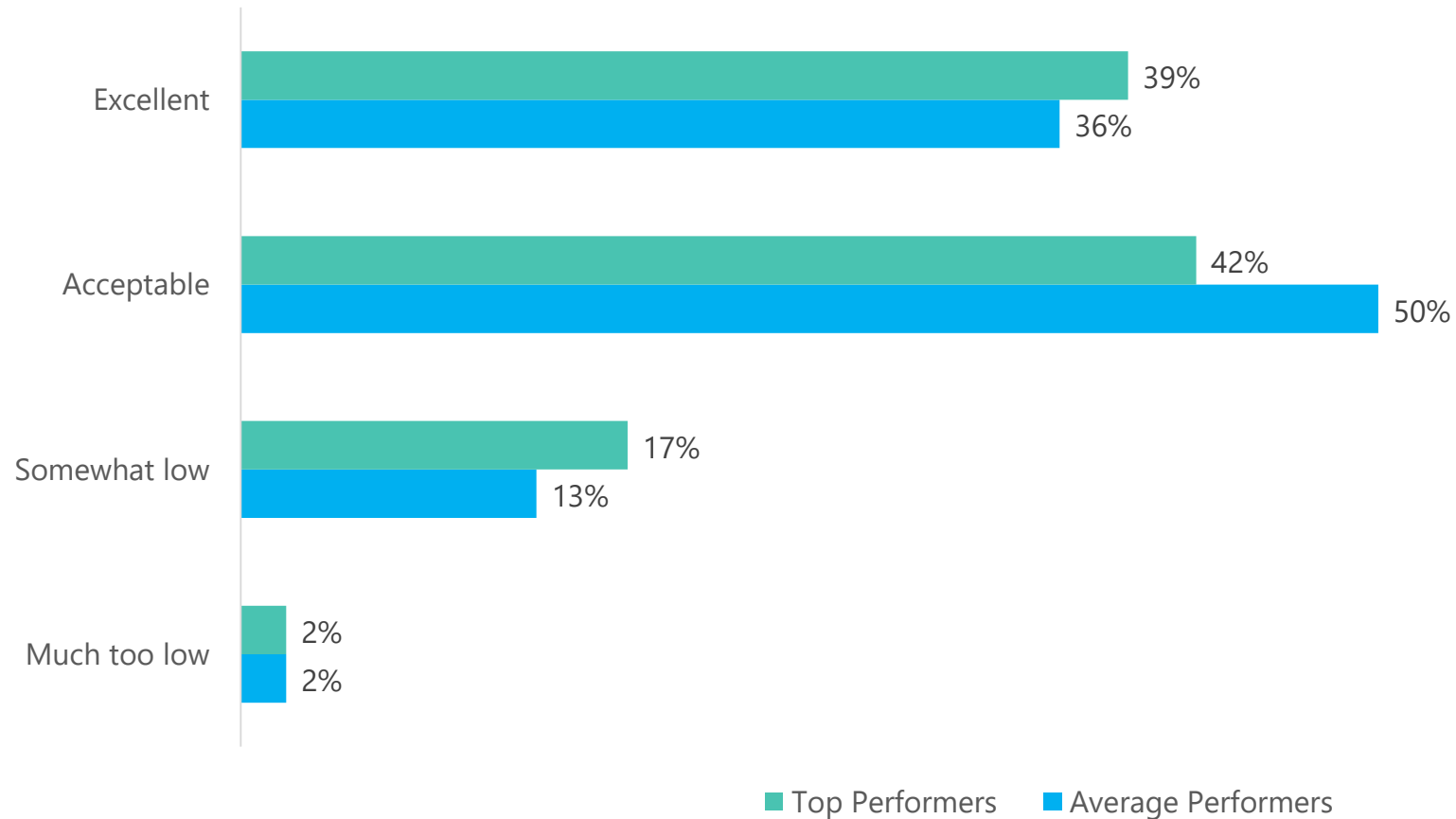


# Program Assessment: Alignment to corporate goals



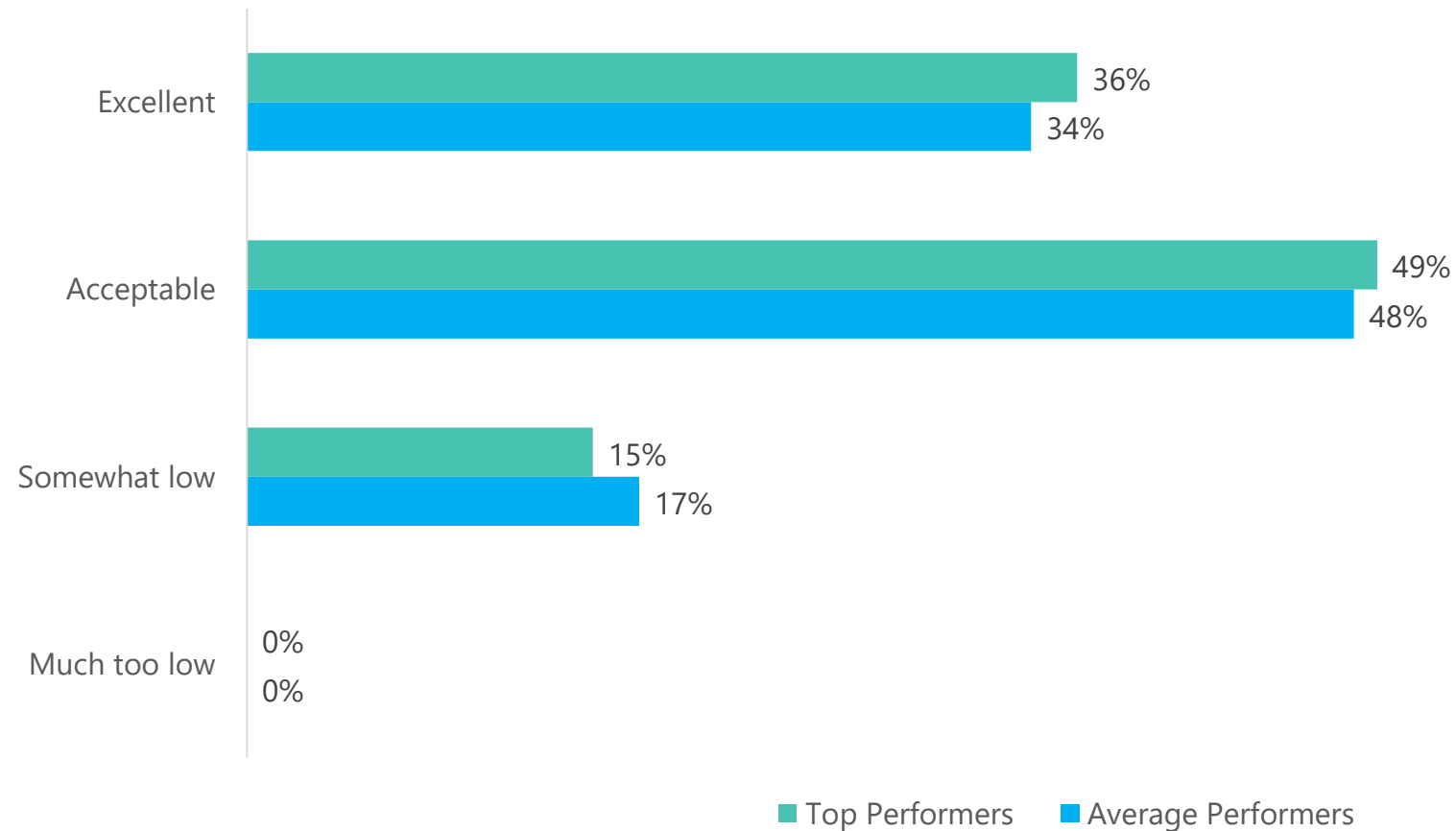


# Program Assessment: Budget



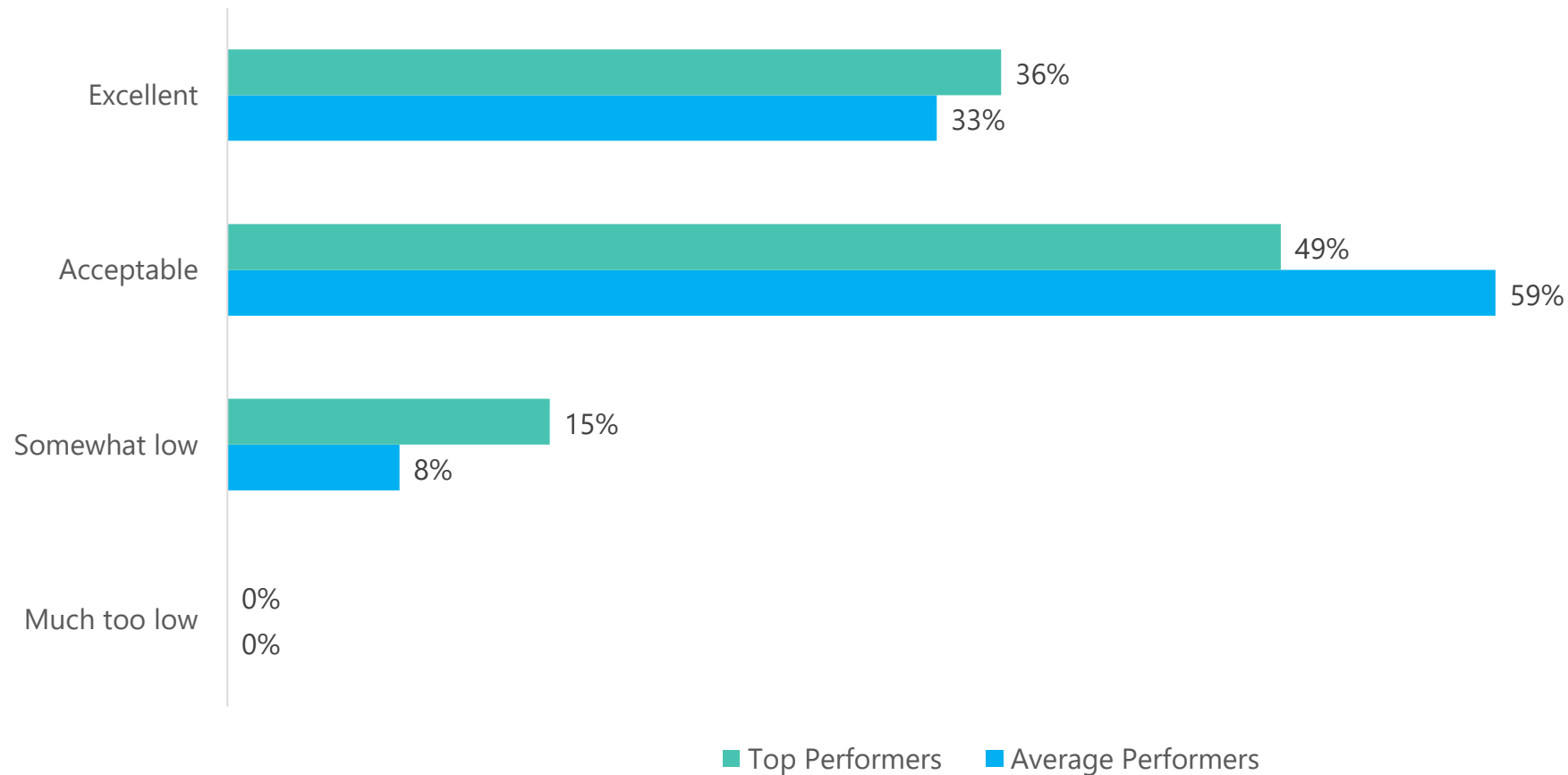
*For each line item below, please indicate your assessment of your programs.*

# Program Assessment: Participation



*For each line item below, please indicate your assessment of your programs.*

# Program Assessment: Manager Buy-in



*For each line item below, please indicate your assessment of your programs.*

# R&R Perspectives

Our executives believe that rewards and recognition are a critical tool in managing the performance of the company.



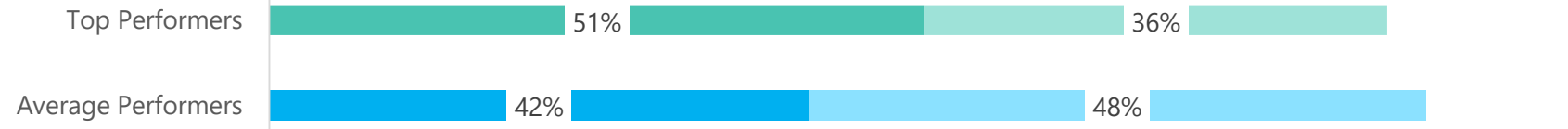
The reward and recognition programs we design and run reflect who we are as a company.



Reward and recognition programs are expected in our industry.



Non-cash rewards are more memorable than cash.

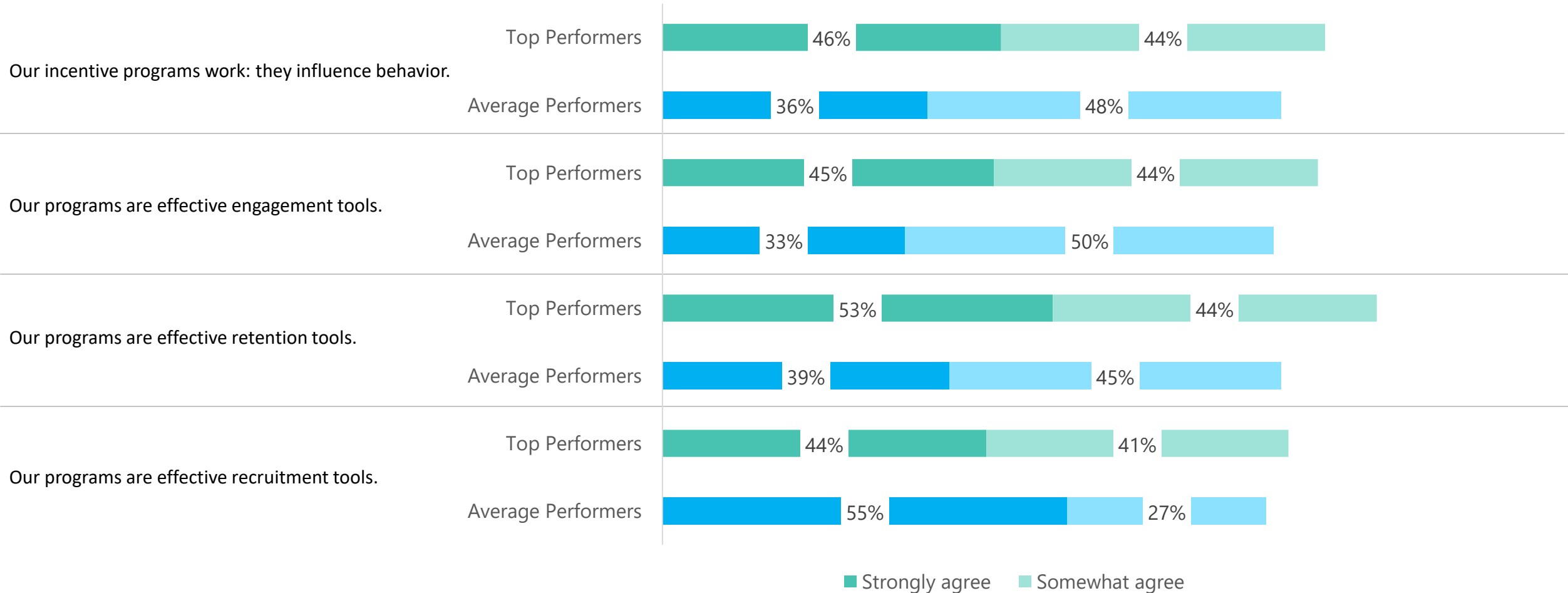


We run some or all of our programs because that is what we've always done.

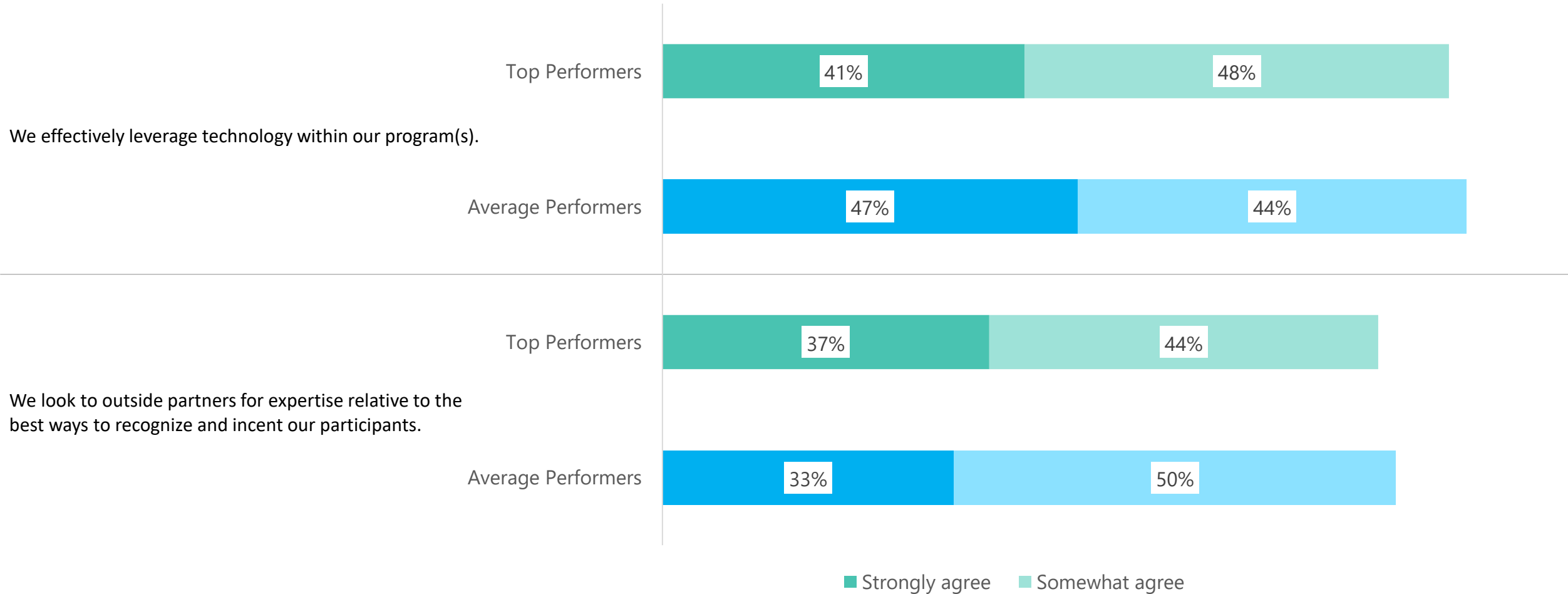


Strongly agree Somewhat agree

# R&R Effectiveness



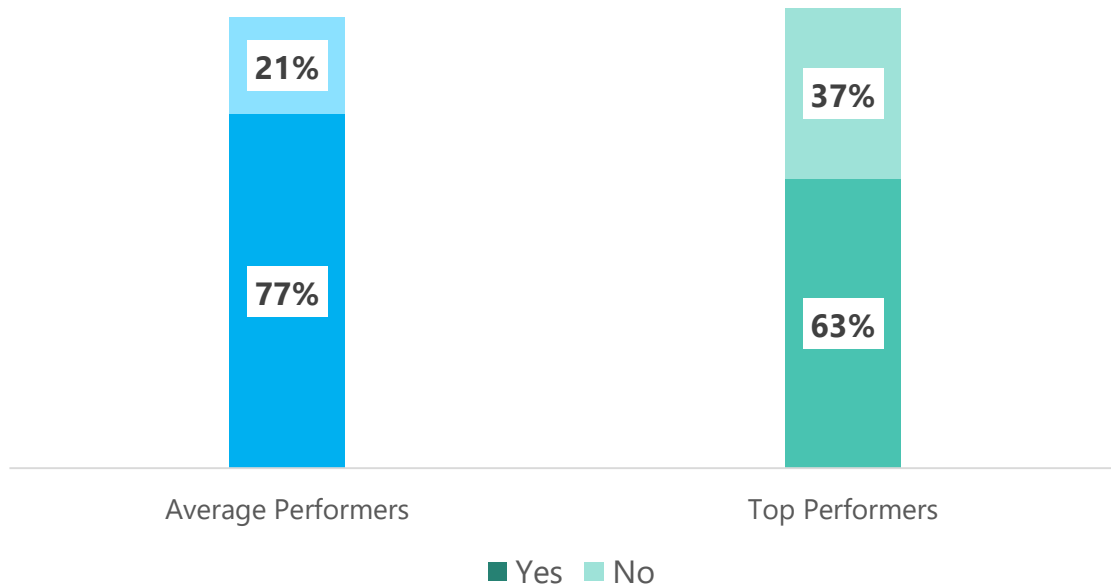
# R&R Leverage



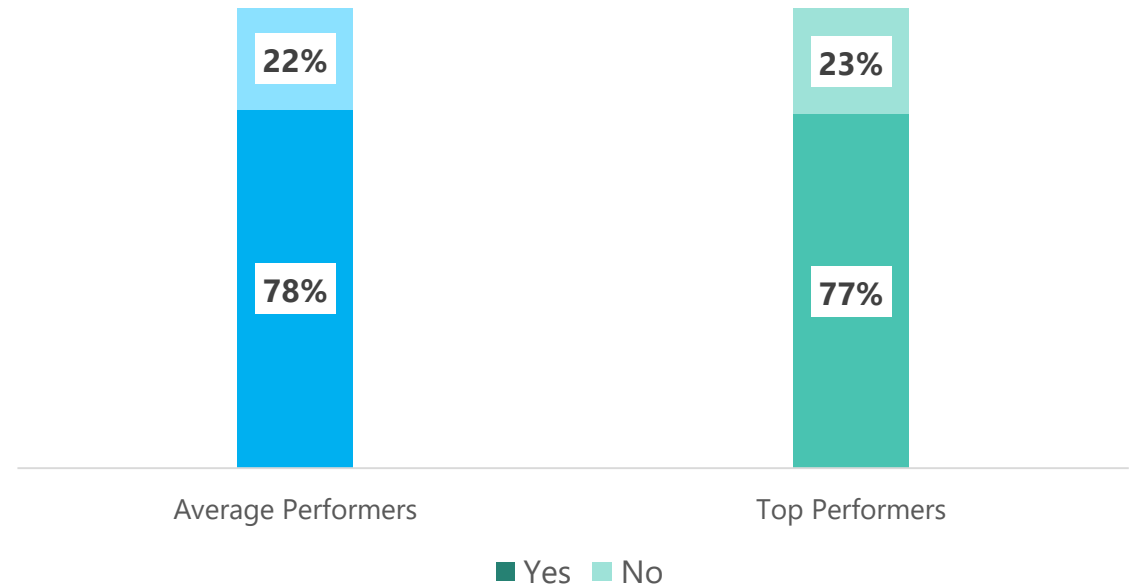
# **SALES PROGRAMS**

# Top Performer Group Incentive Trips

**Program Includes Top Performer Award**

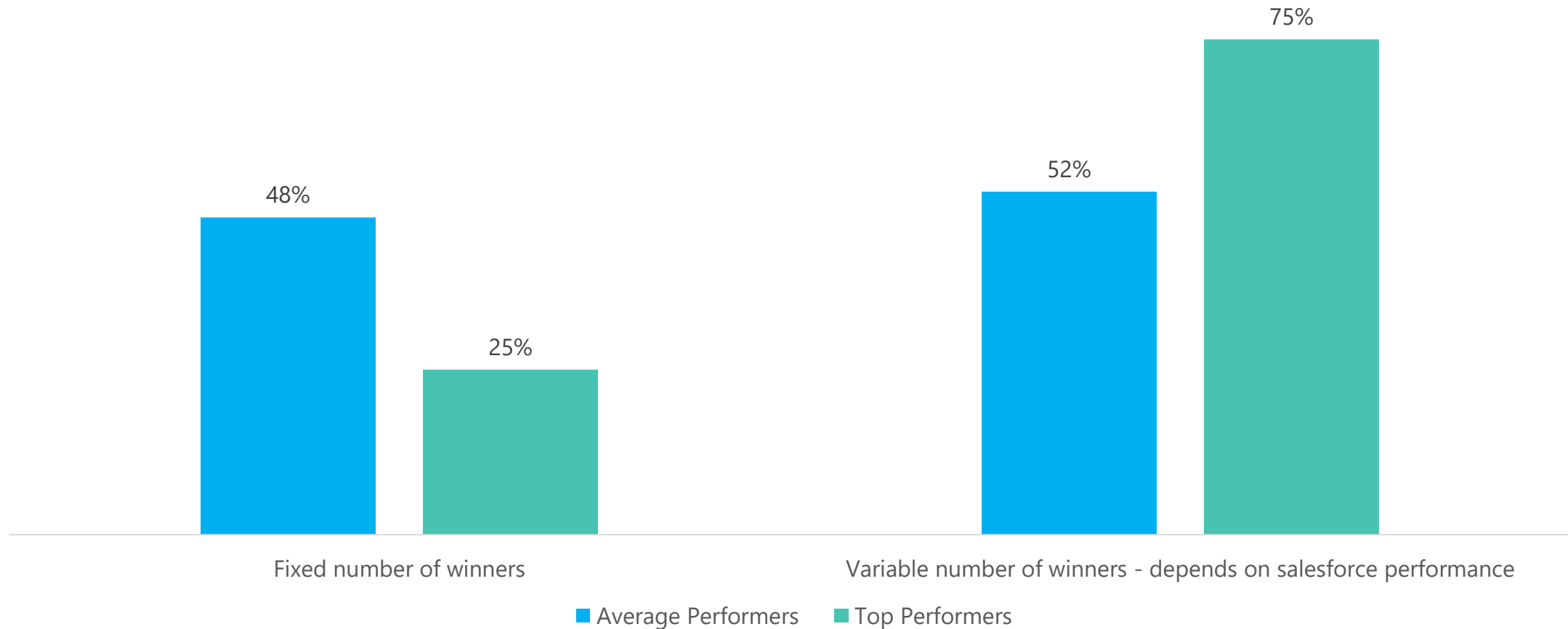


**Top Performer Award Includes Group Trip**

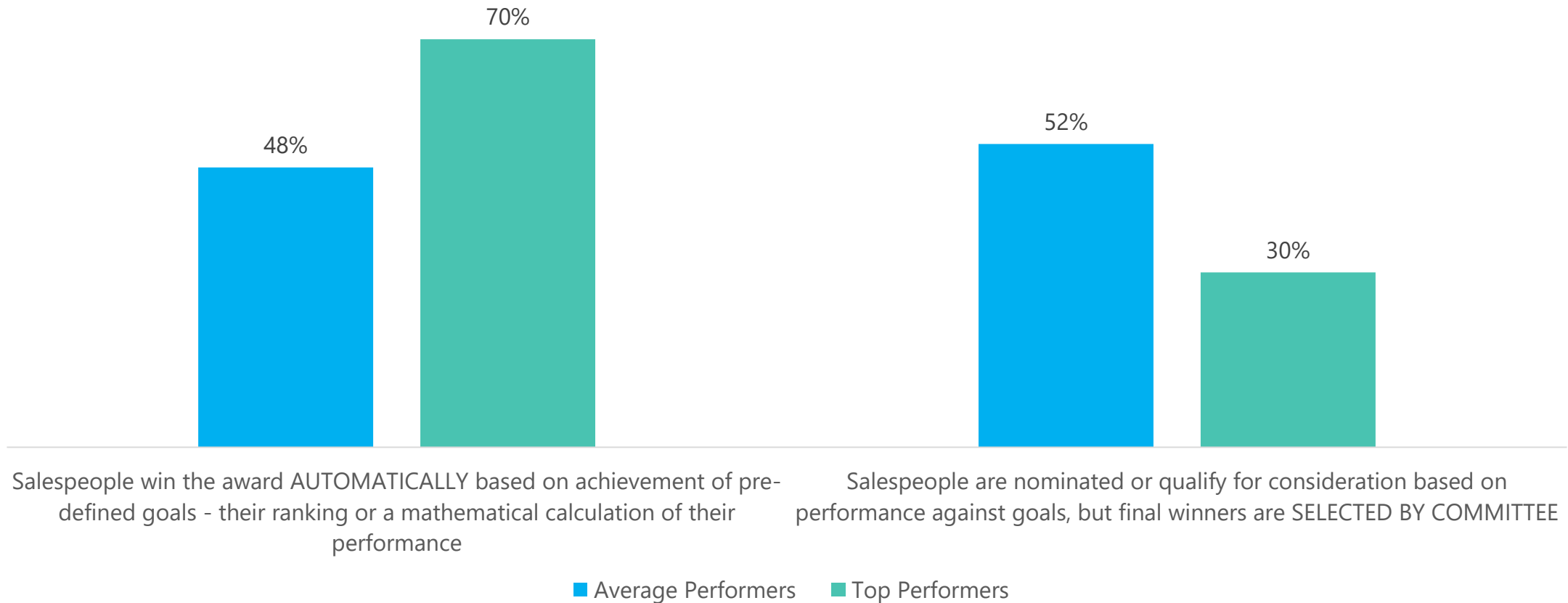




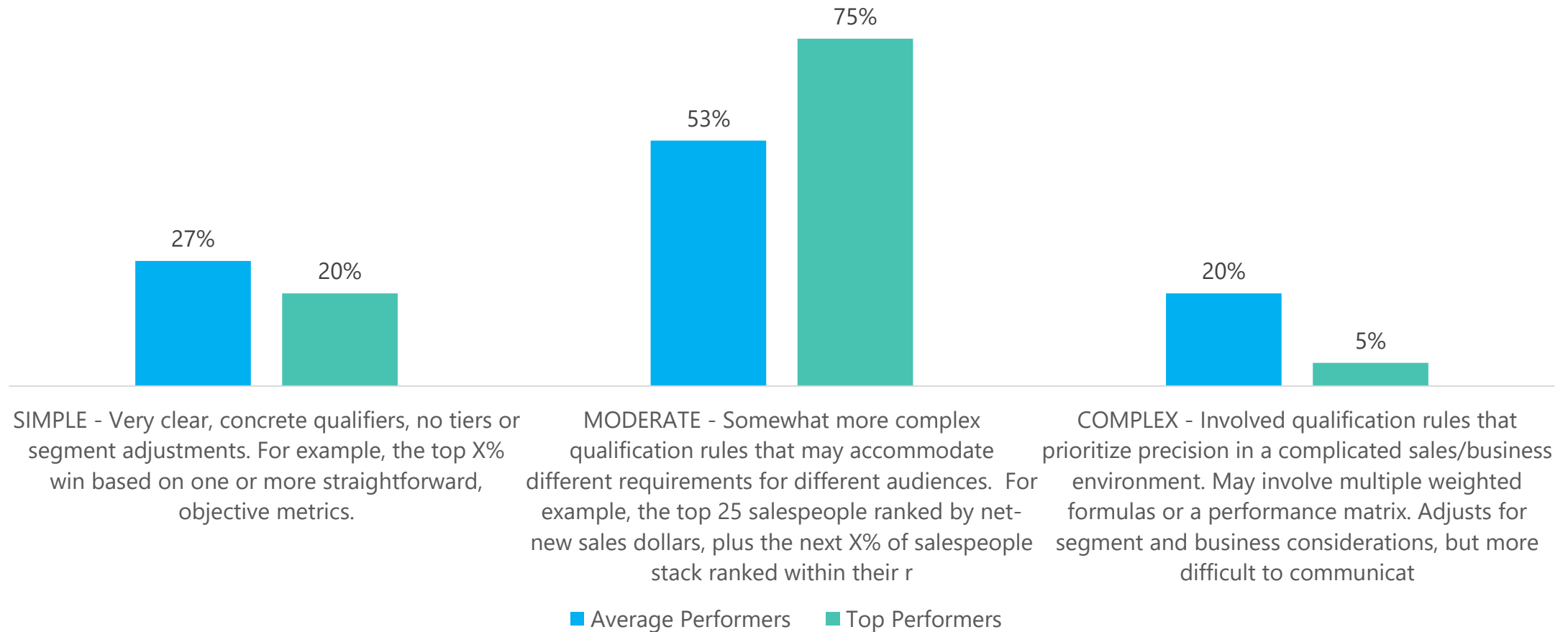
# Limits on Number of Top Performer Trip Winners



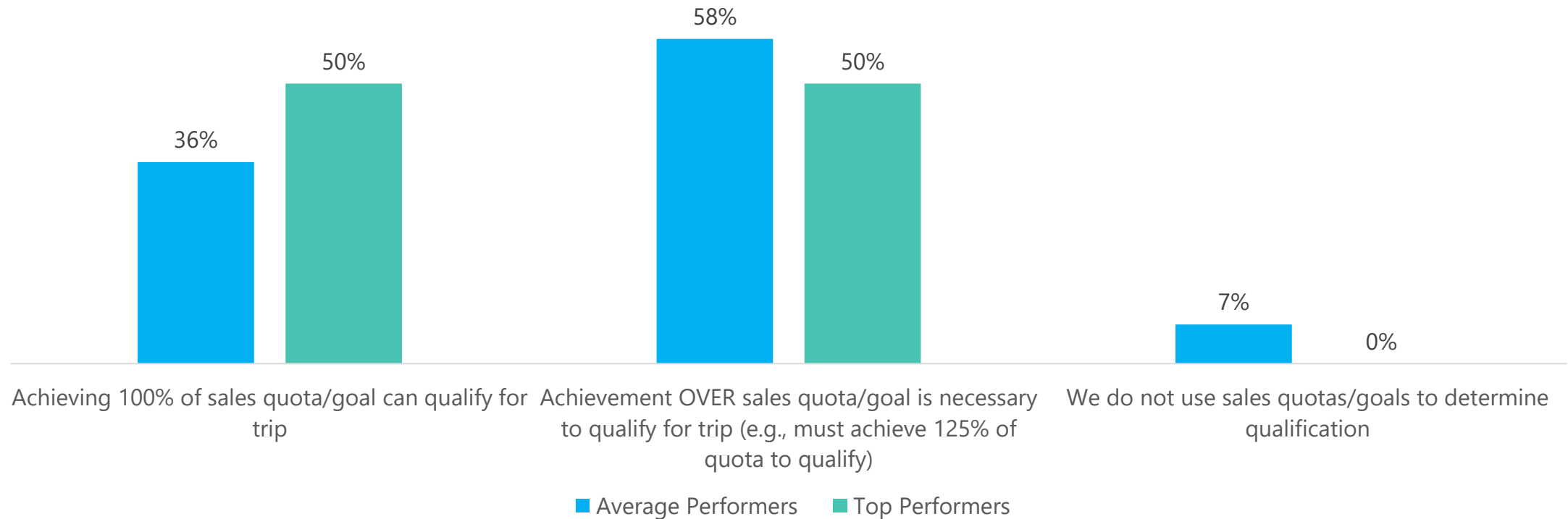
# Objective Qualification: Top Performer Incentive Trip



# Qualification Complexity: Top Performer Incentive Trip

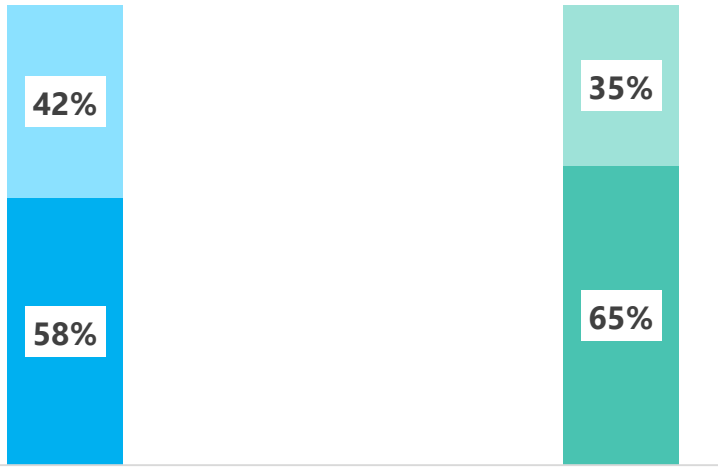


# Sales Quotas: Top Performer Sales Incentive Trip



# Reward Achievability: Top Performer Sales Incentives

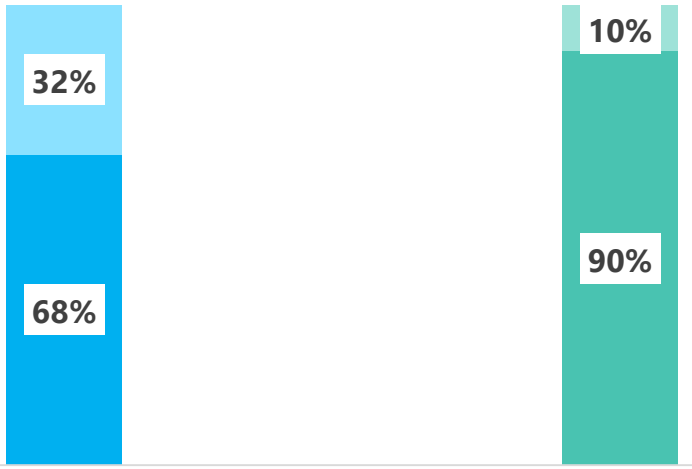
**Special Rules for New Salespeople  
Top Performer Award**



Average Performers                      Top Performers

■ Yes   ■ No

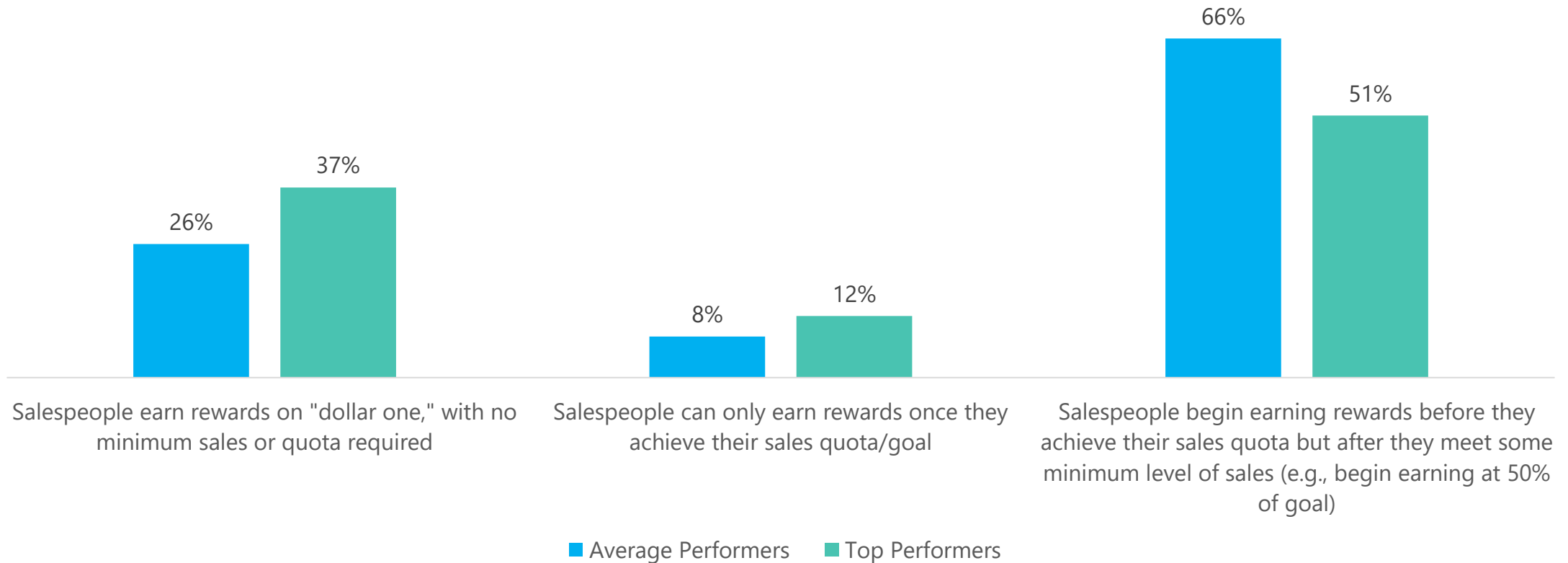
**Tiered Structure for Maximizing Reach  
Beyond Top Performer Award**



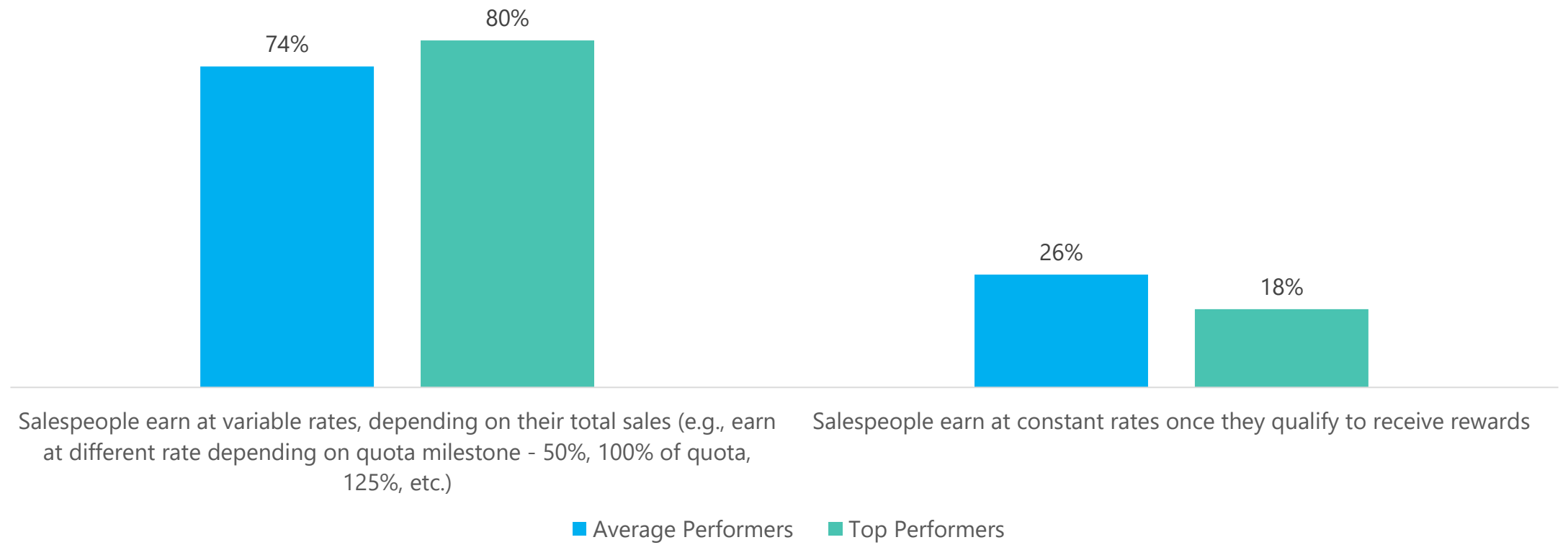
Average Performers                      Top Performers

■ Yes   ■ No

# Program Rules: Threshold to begin Earning Rewards

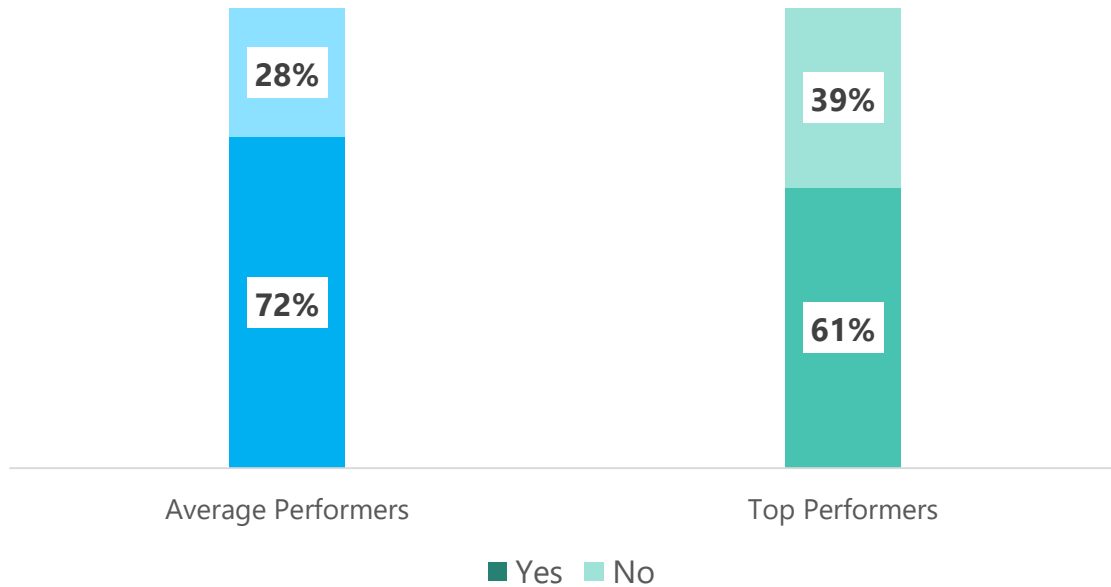


# Program Rules: Rate of Earning Rewards

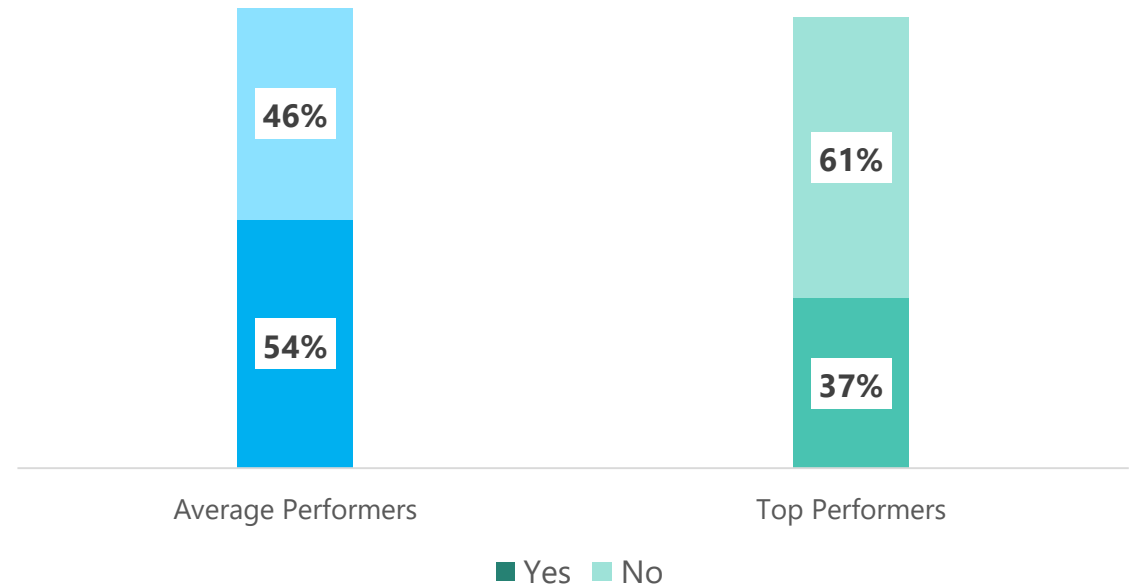


# Reward Approach: Non-Travel Rewards

## Special Rules for New Salespeople Non-Travel Rewards



## Any Programs without Earning Limits?

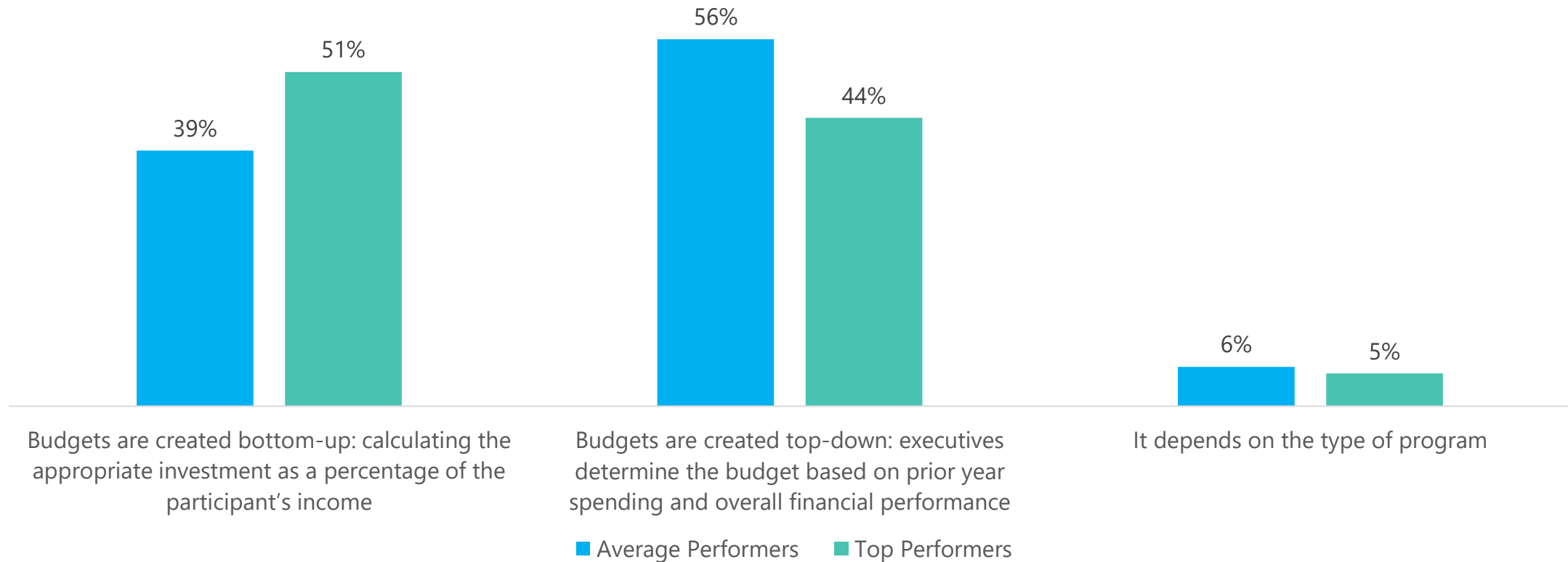


*Regarding award points, gift cards, and merchandise rewards, does your non-cash sales incentive program have a "Fast Start" that allows new salespeople to quickly earn, giving them early "wins" to boost their motivation?*

*Do you operate any non-cash sales incentive programs that do not have a "top-stop" - meaning the sales person can earn unlimited awards based on the amount of product/service they sell?*

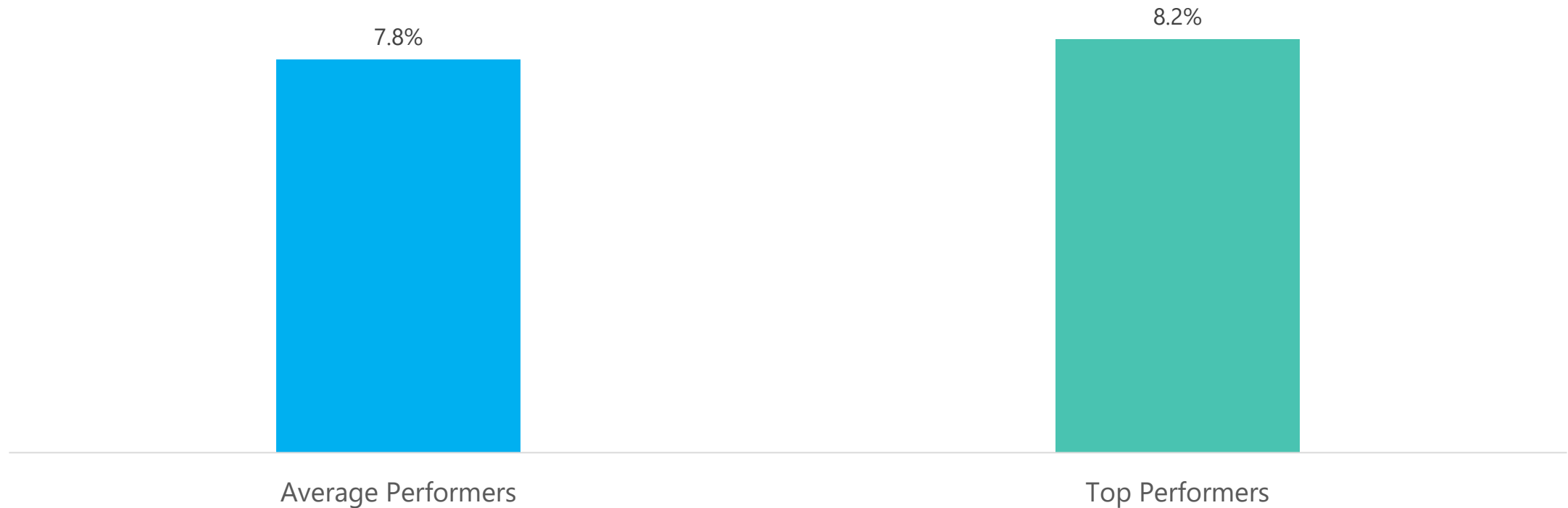


# Budget Approach

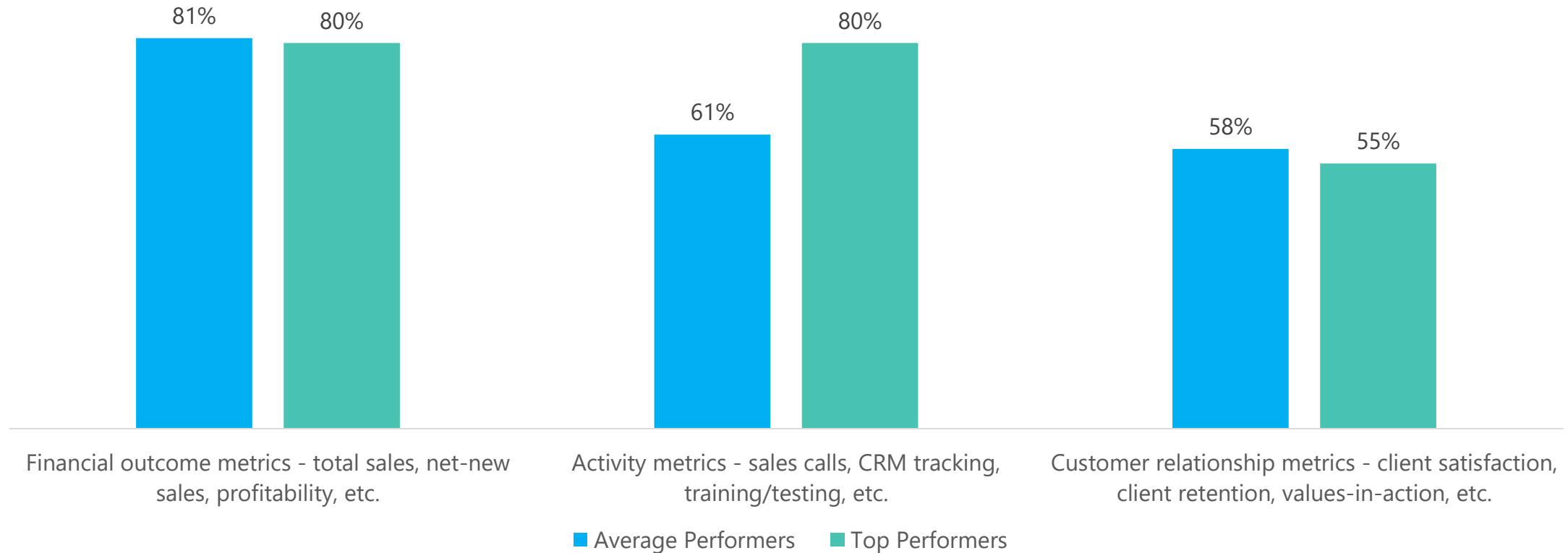


*Which of the options below best describes your company's approach to budgeting for your sales incentive programs?*

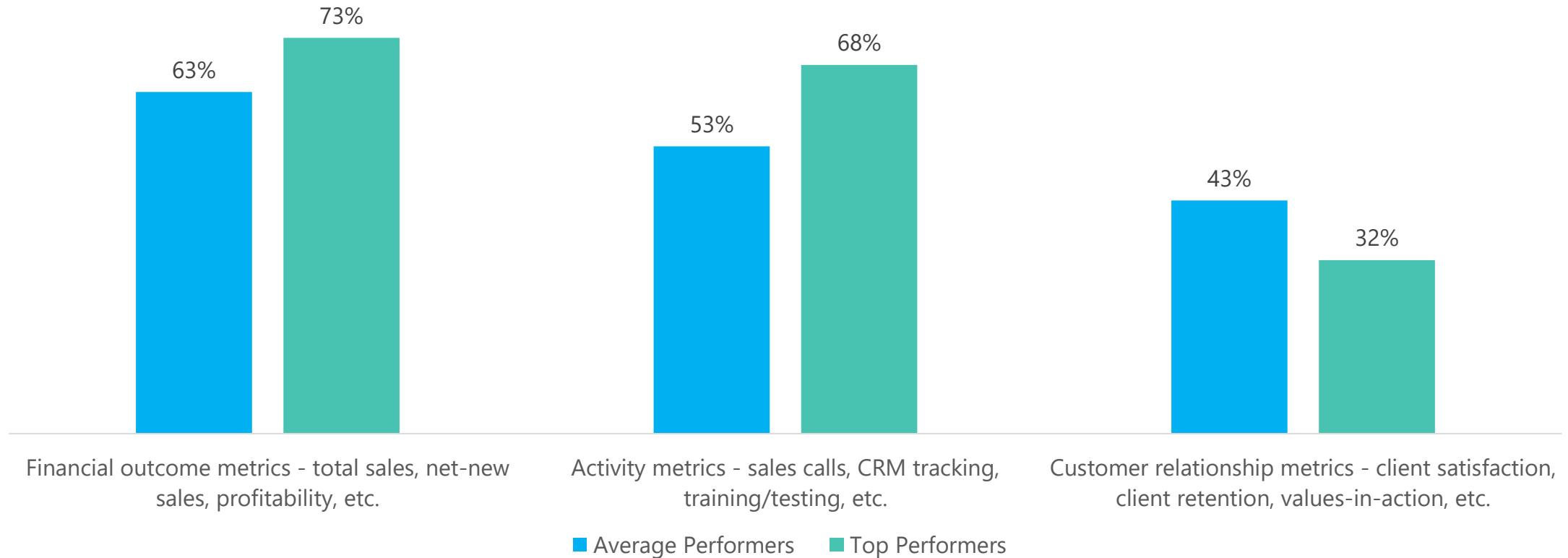
# Bottom-Up Budgeting Rate



# Qualification Metrics Top Performer Incentive Trip



# Qualification Metrics: Award Points, Gift Cards, & Merchandise

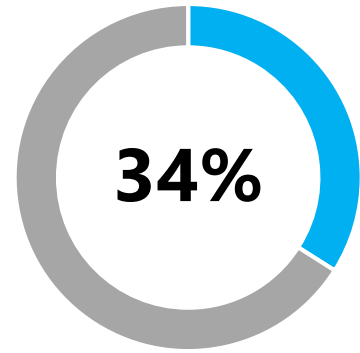
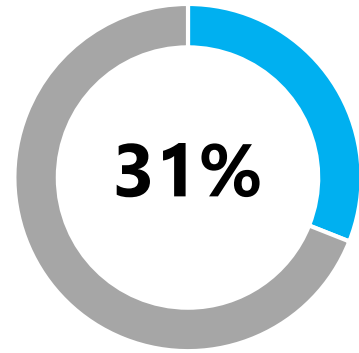


# Reward Reach

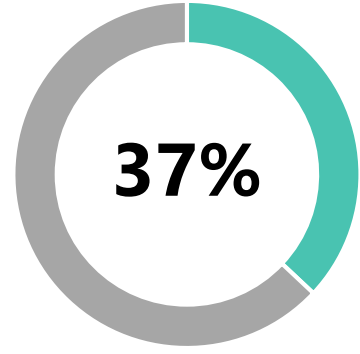
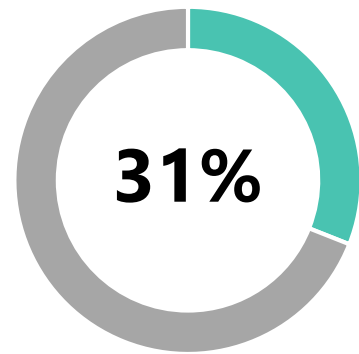
% Sales Reps Earning Trip

% Sales Reps Earning Reward Points,  
Gift Cards, or Merchandise

Average Performing Firms

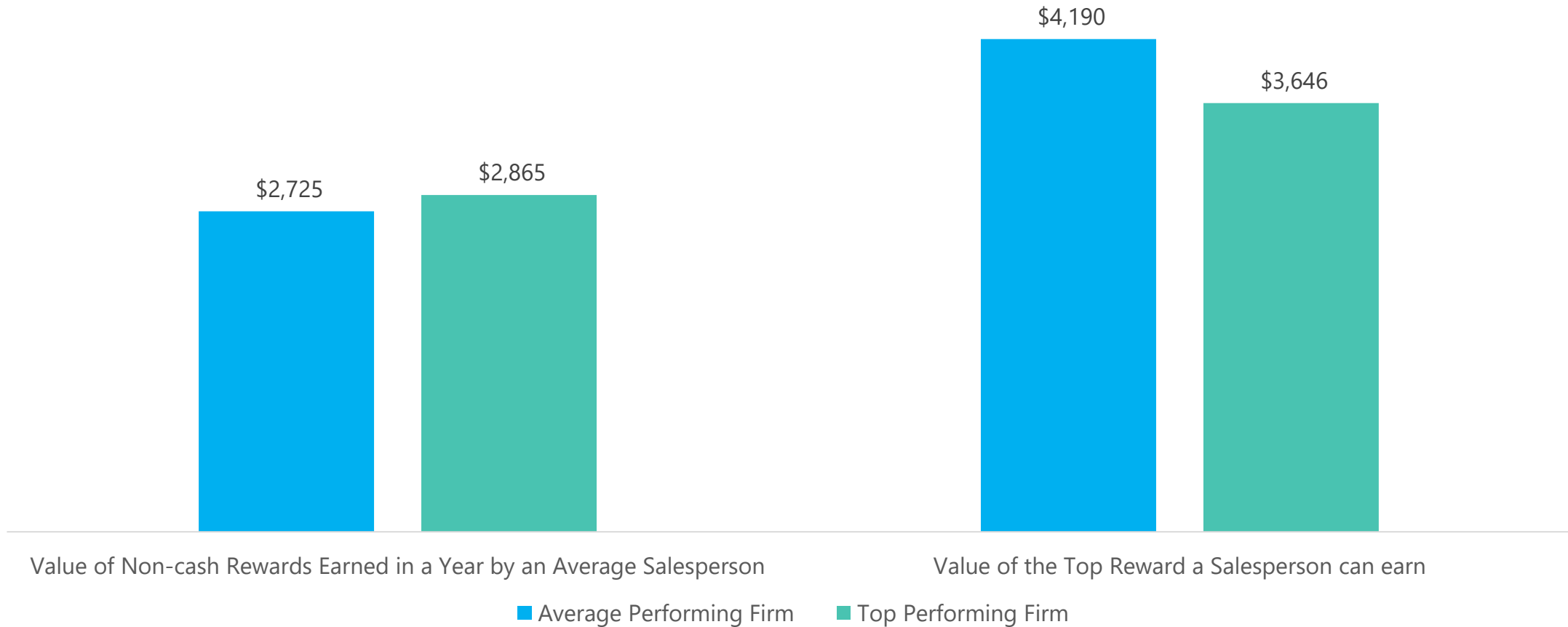


Top Performing Firms

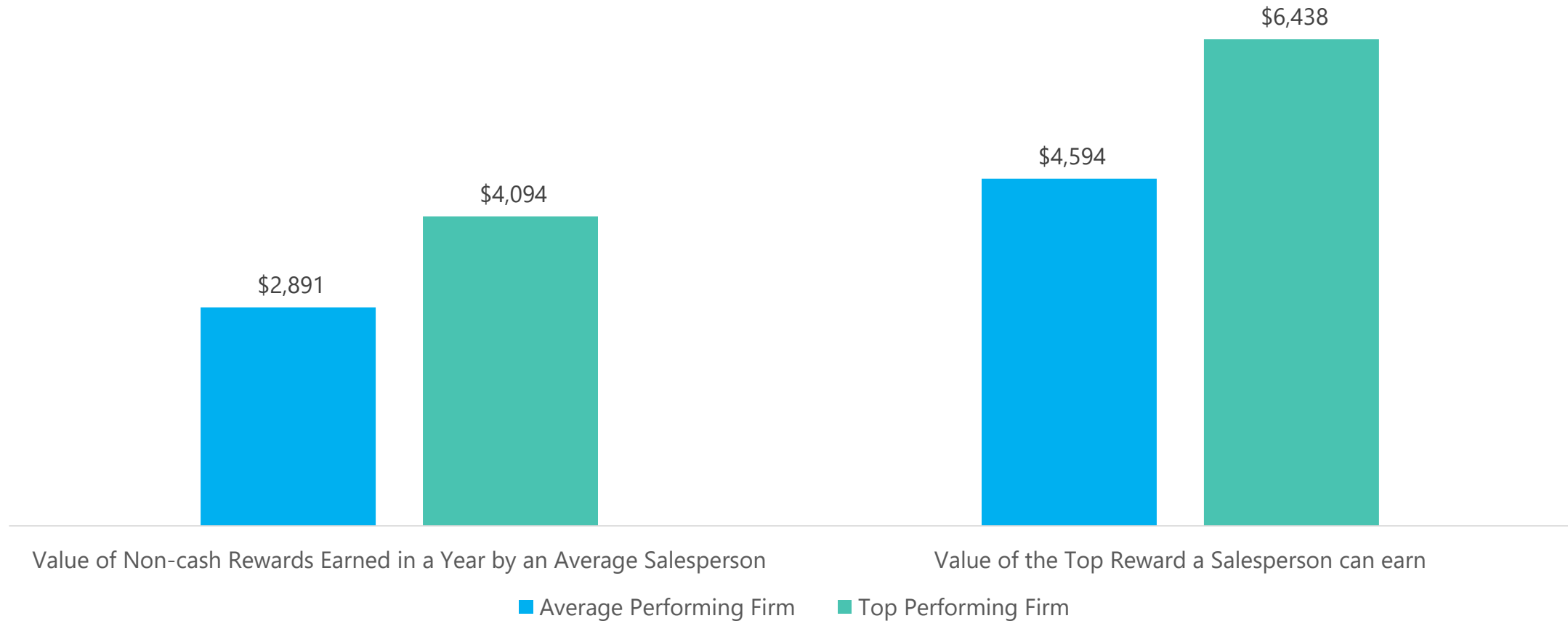


*Approximately what percent of your sales representatives do you take on the Top Performer incentive trip?  
Regarding rewards other than group incentive travel, what percent of your salesforce do you expect to earn award points, merchandise, or gift cards in 2018?*

# Average & Top Dollar Values: Award Points, Gift Cards, & Merchandise



# Average & Top Dollar Values: Incentive Trips

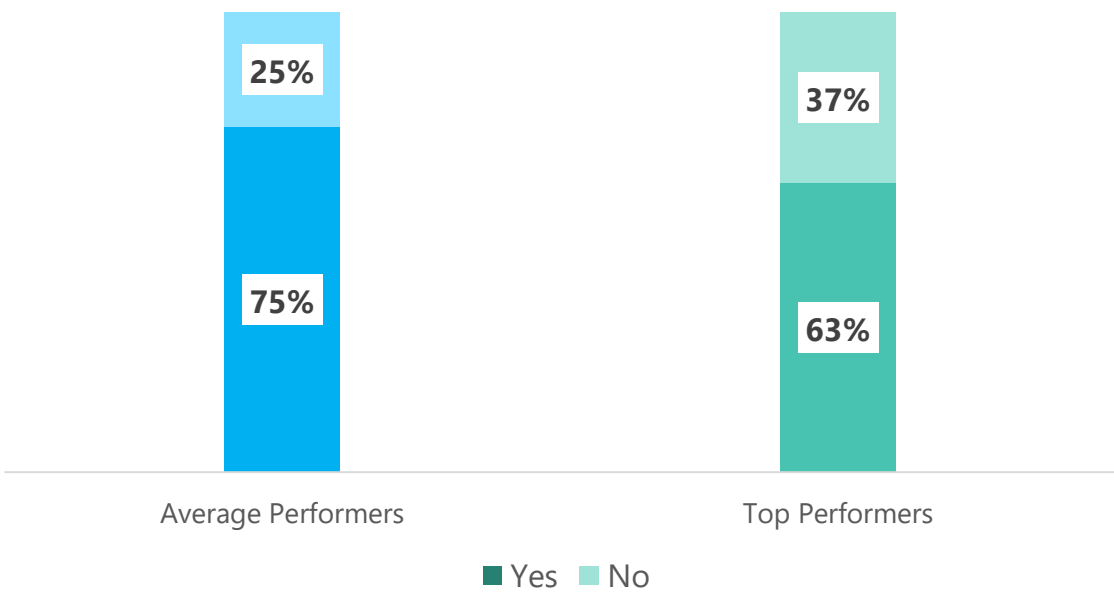


# CHANNEL PROGRAMS

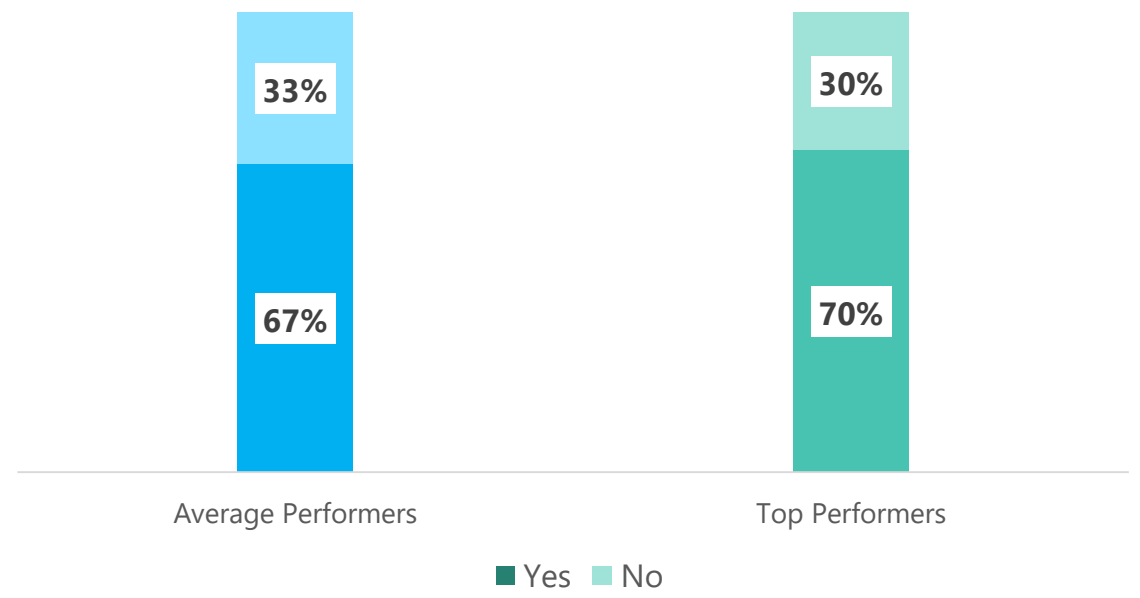


# Top Performer Group Incentive Trips

**Program Includes Top Performer Award**

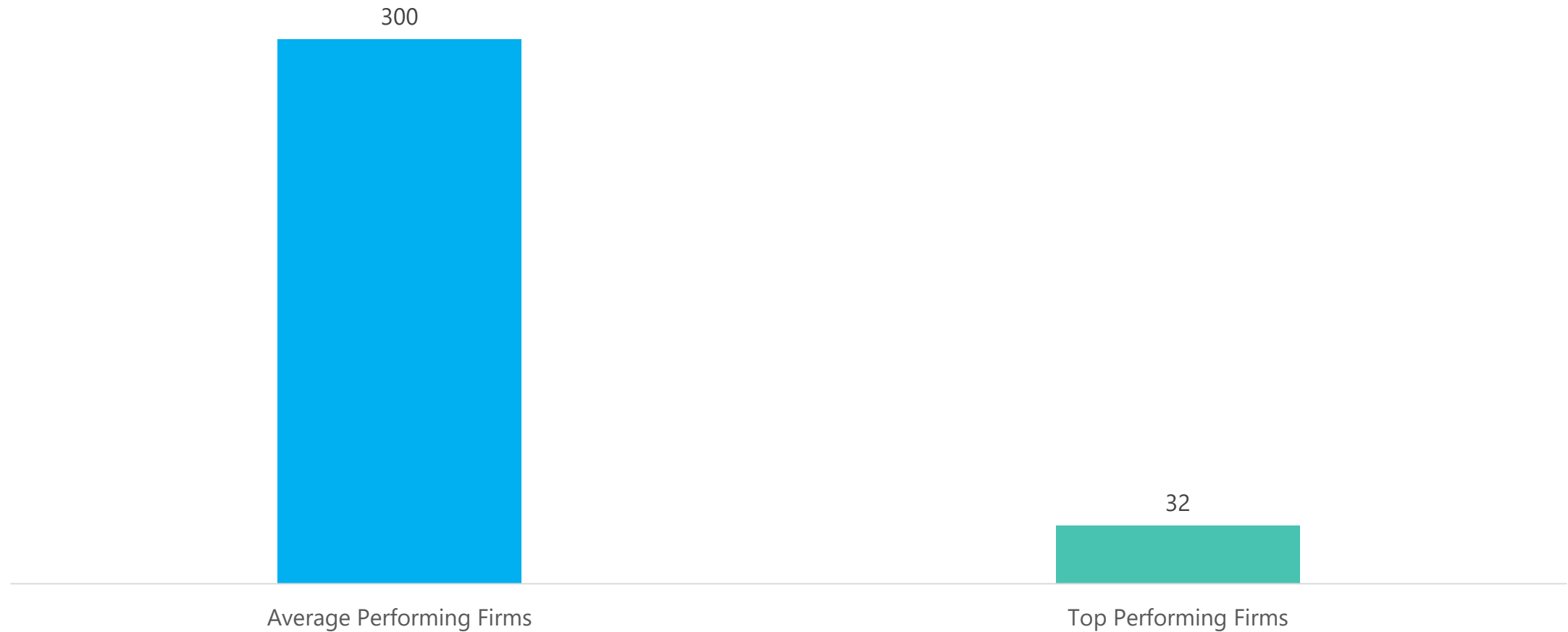


**Top Performer Award Includes Group Trip**

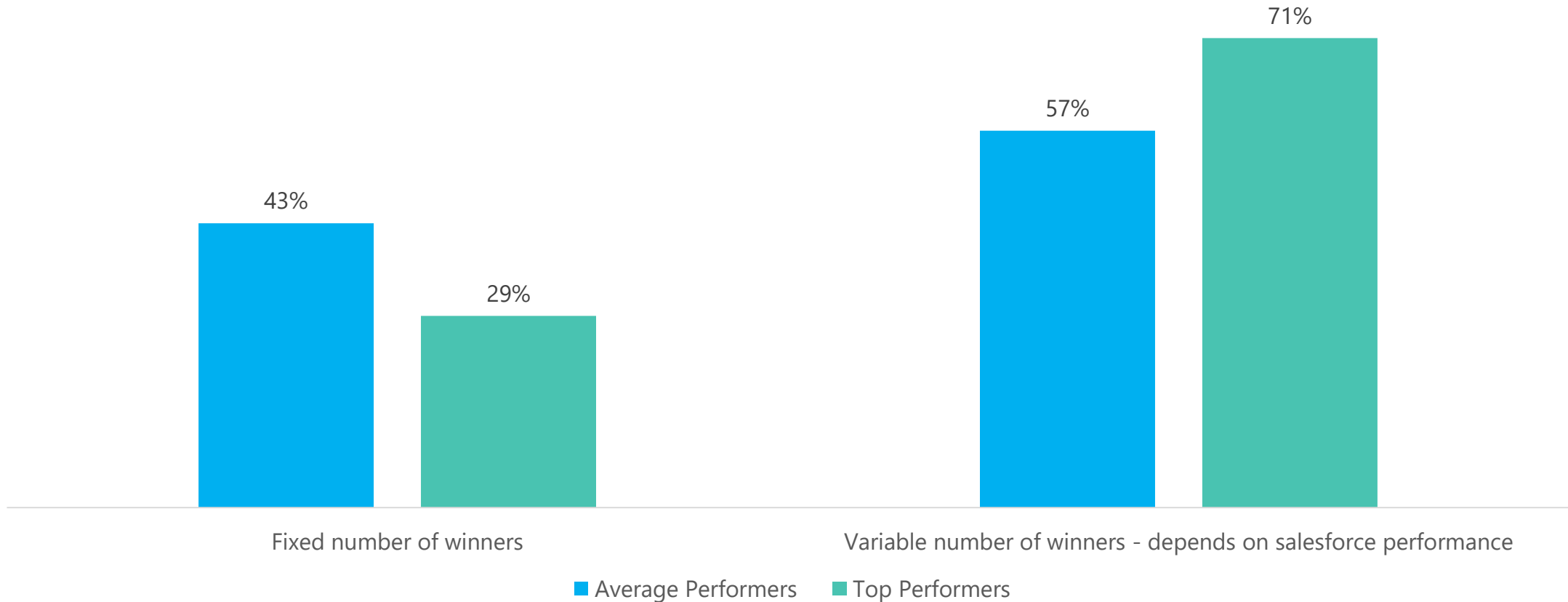


Does your non-cash sales incentive program include a Top Performer award?  
Does your Top Performer award include a group incentive trip?

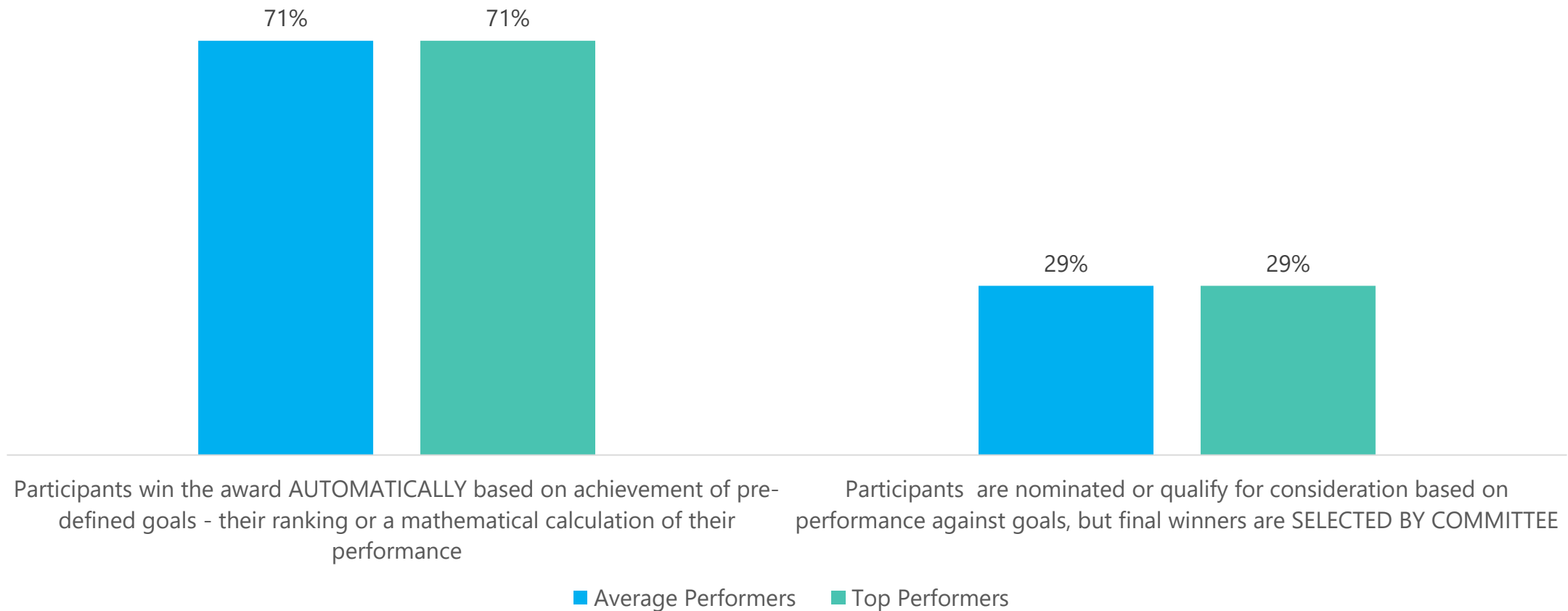
# Number of Trip Attendees



# Limits on Number of Top Performer Trip Winners

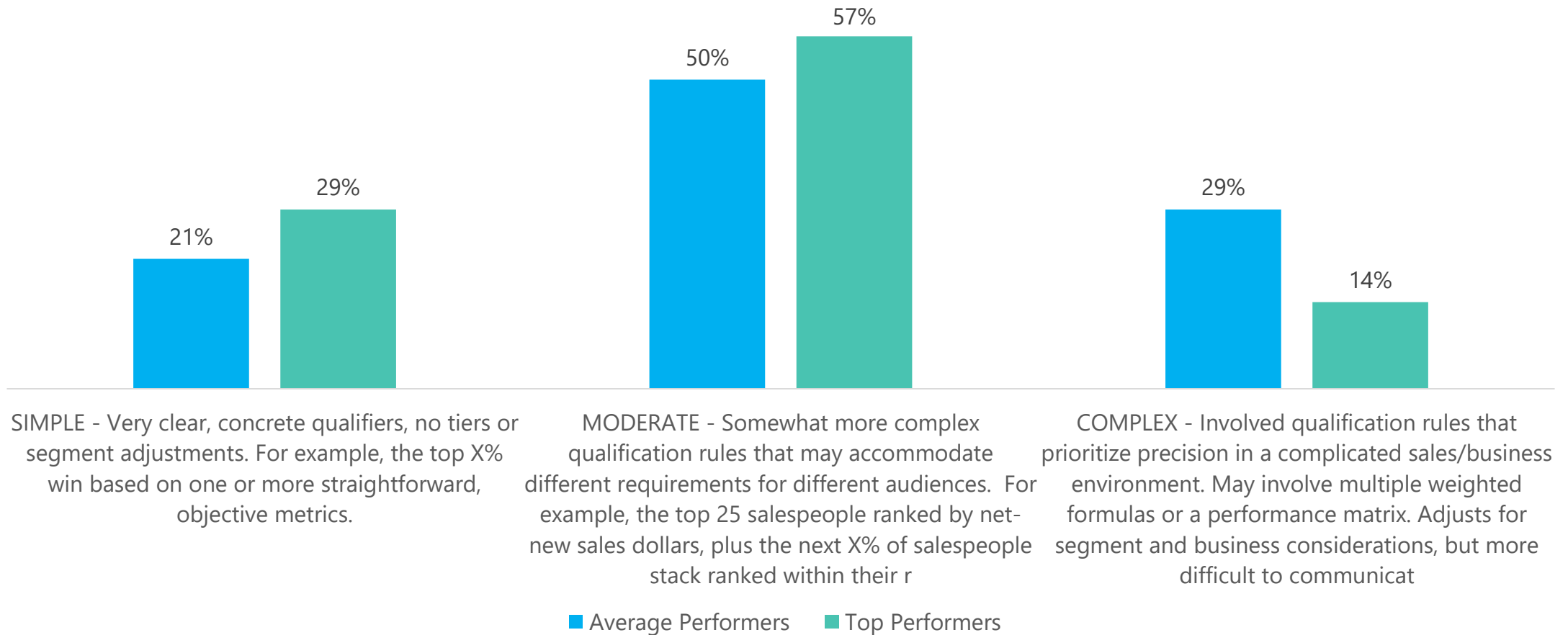


# Objective Qualification: Top Performer Incentive Trip



Which of the below BEST describes the qualification process for the channel Top Performer incentive trip?

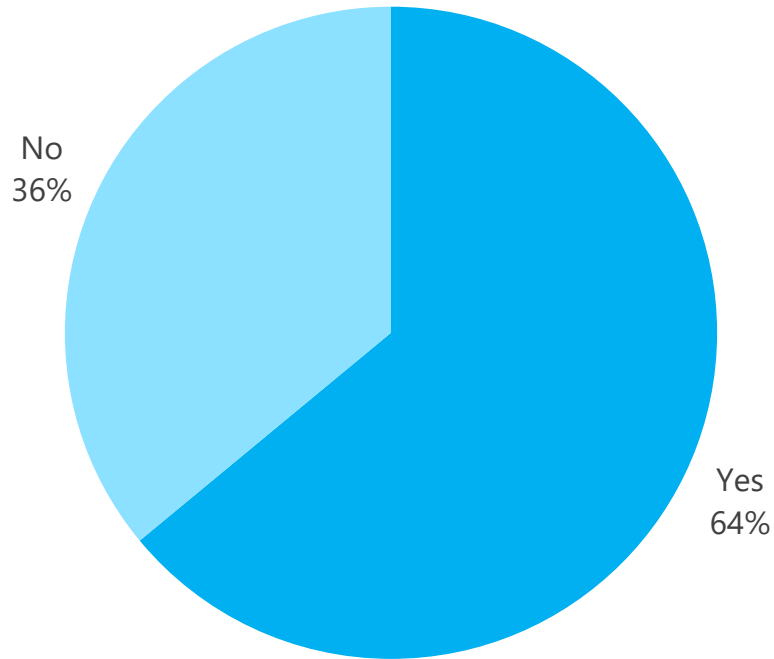
# Qualification Complexity: Top Performer Incentive Trip



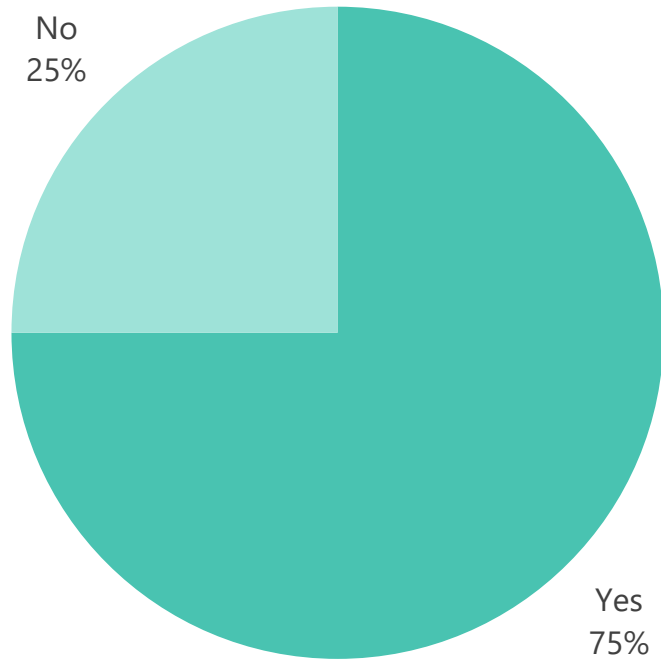
Which of the following best describes your qualification criteria for the Top Performer incentive trip?

# Sales Targets for Channel Participants

**Average Performing Firms**

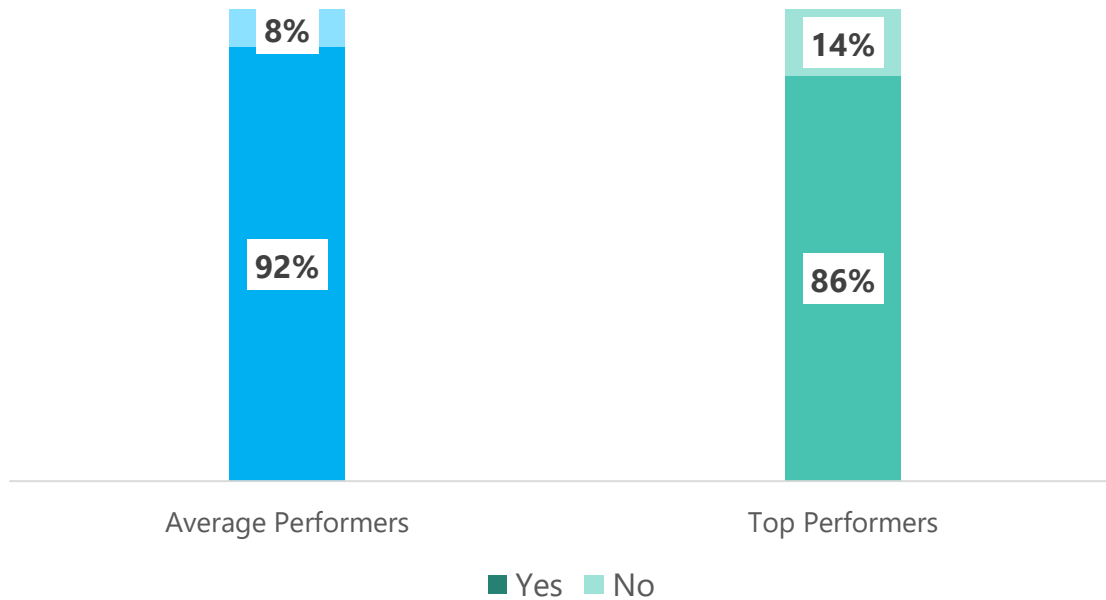


**Top Performing Firms**

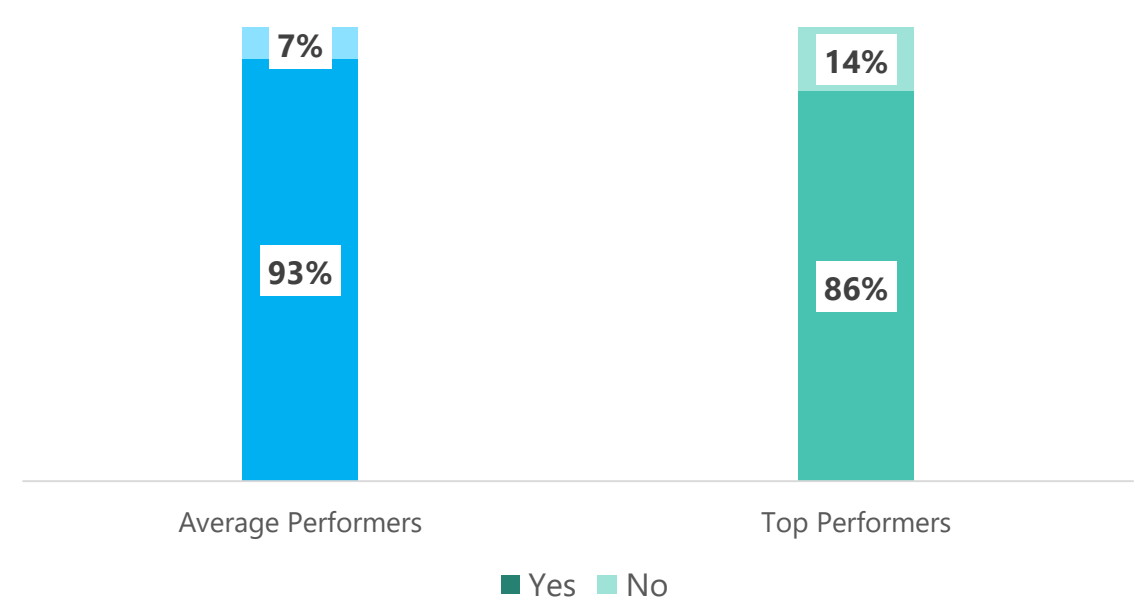


# Reward Achievability: Top Performer Channel Incentives

## Special Rules for New Channel Participants Top Performer Award



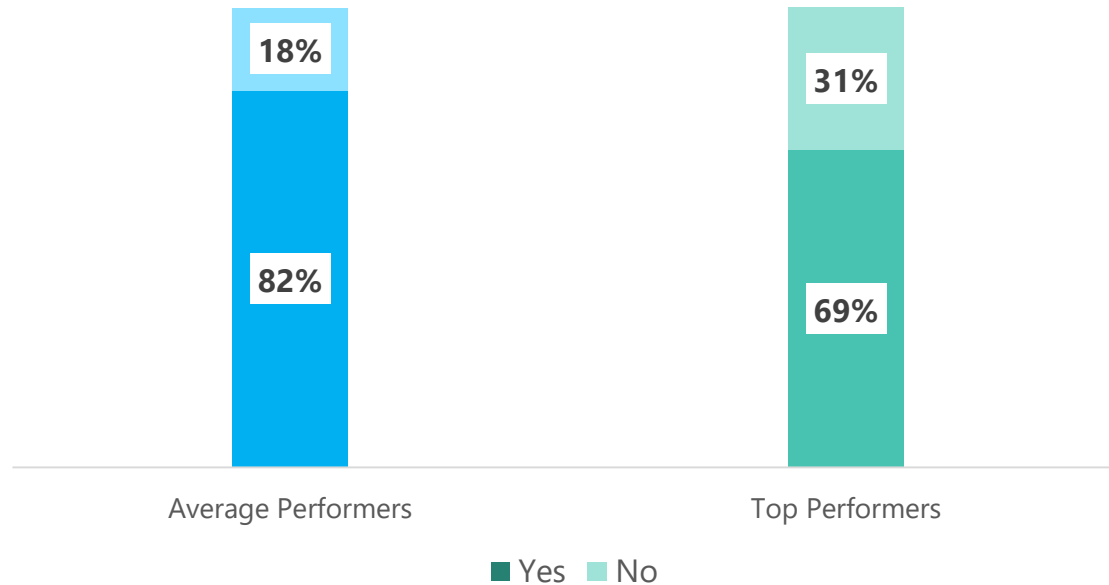
## Tiered Structure for Maximizing Reach Beyond Top Performer Award



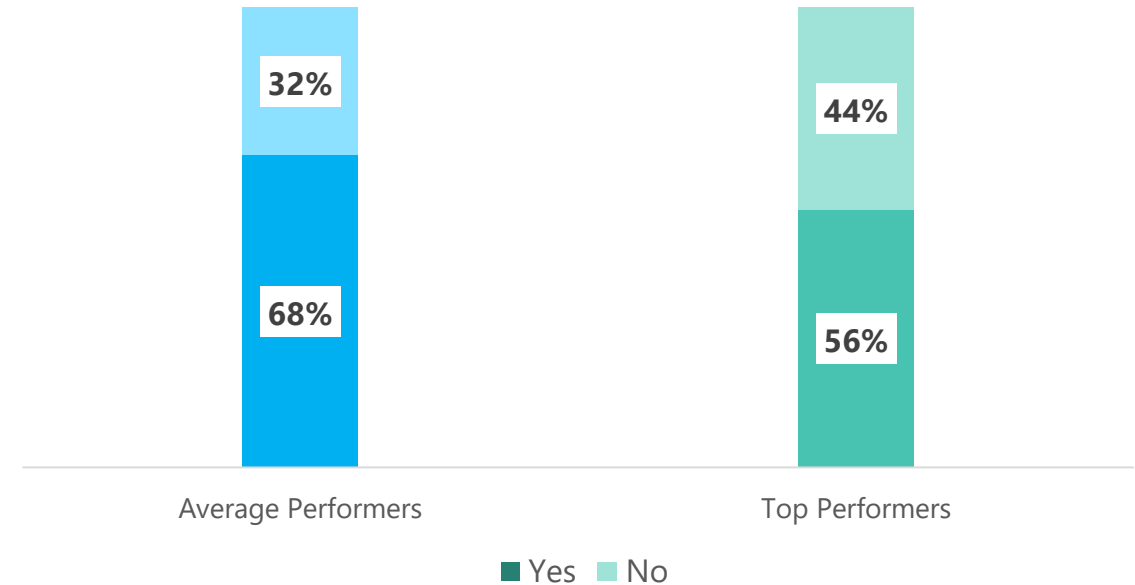
- Do you have special rules for new channel participants that allow them a better chance to earn a place on the trip?
- Is your Top Performer award program tiered - allowing channel participants who don't qualify for the trip to earn other rewards, such as award points, gift cards, or merchandise?

# Reward Approach: Non-Travel Rewards

## Special Rules for New Channel Participants Non-Travel Rewards



## Any Programs without Earning Limits?

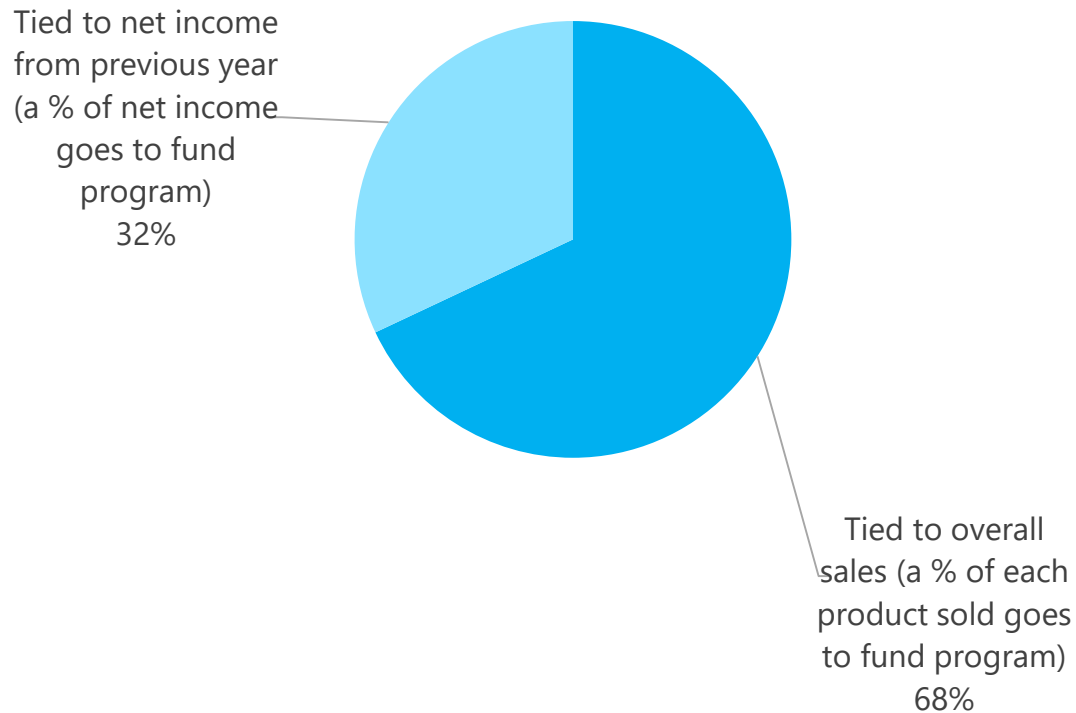


- Regarding award points, gift cards, and merchandise rewards, does your non-cash channel incentive program have a "Fast Start" that allows newer channel participants to earn quickly, giving them early "wins" to boost their motivation?
- Do you operate any non-cash channel incentive programs that do not have a "top-stop" - meaning channel participants can earn unlimited awards based on the amount of product/service they sell?

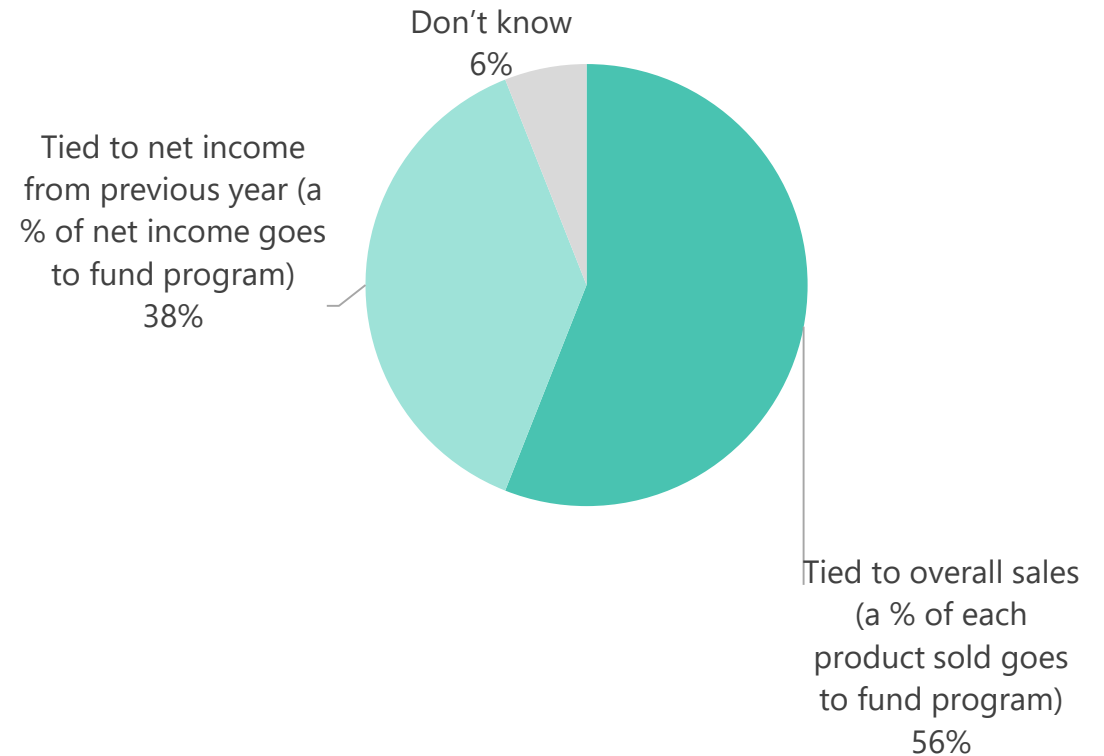


# Budgeting Approach Non-cash Channel Incentives

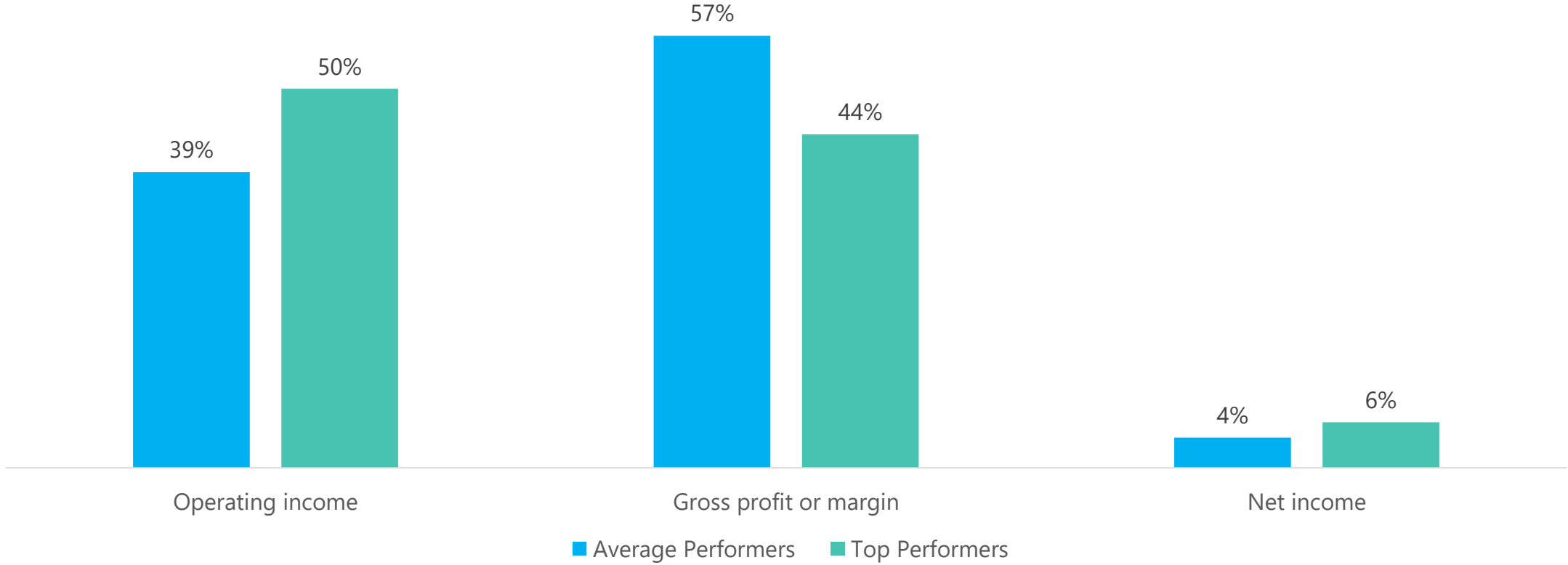
## Average Performing Firms



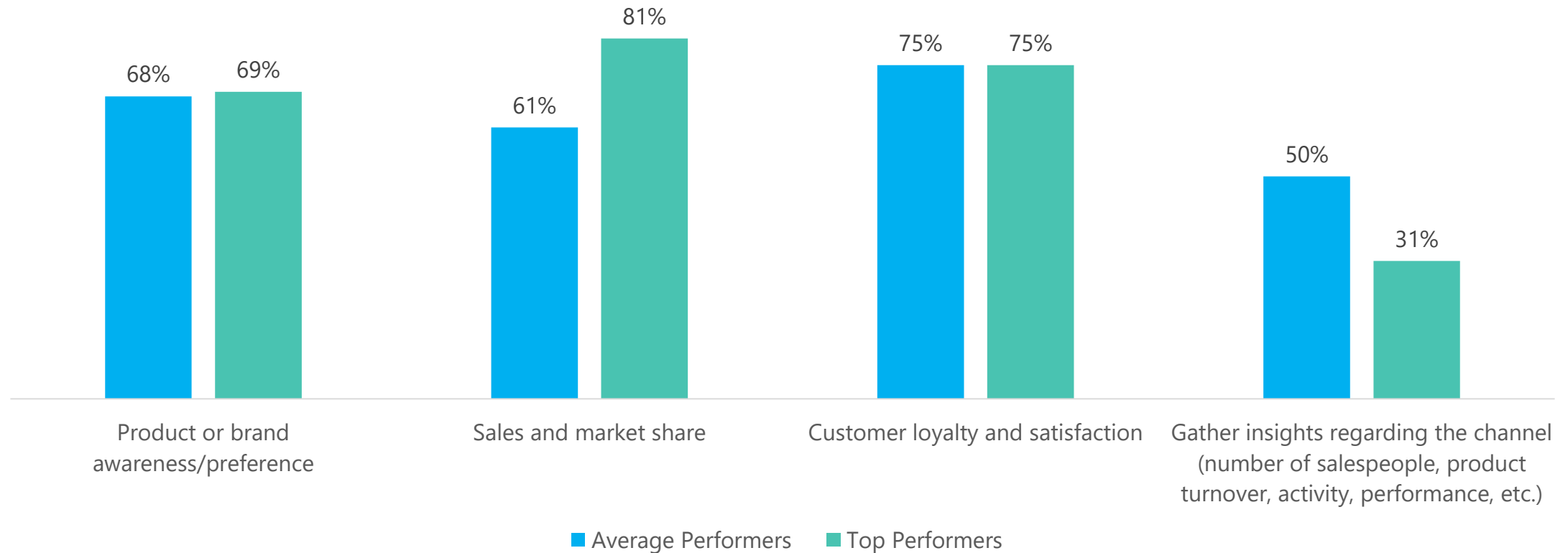
## Top Performing Firms



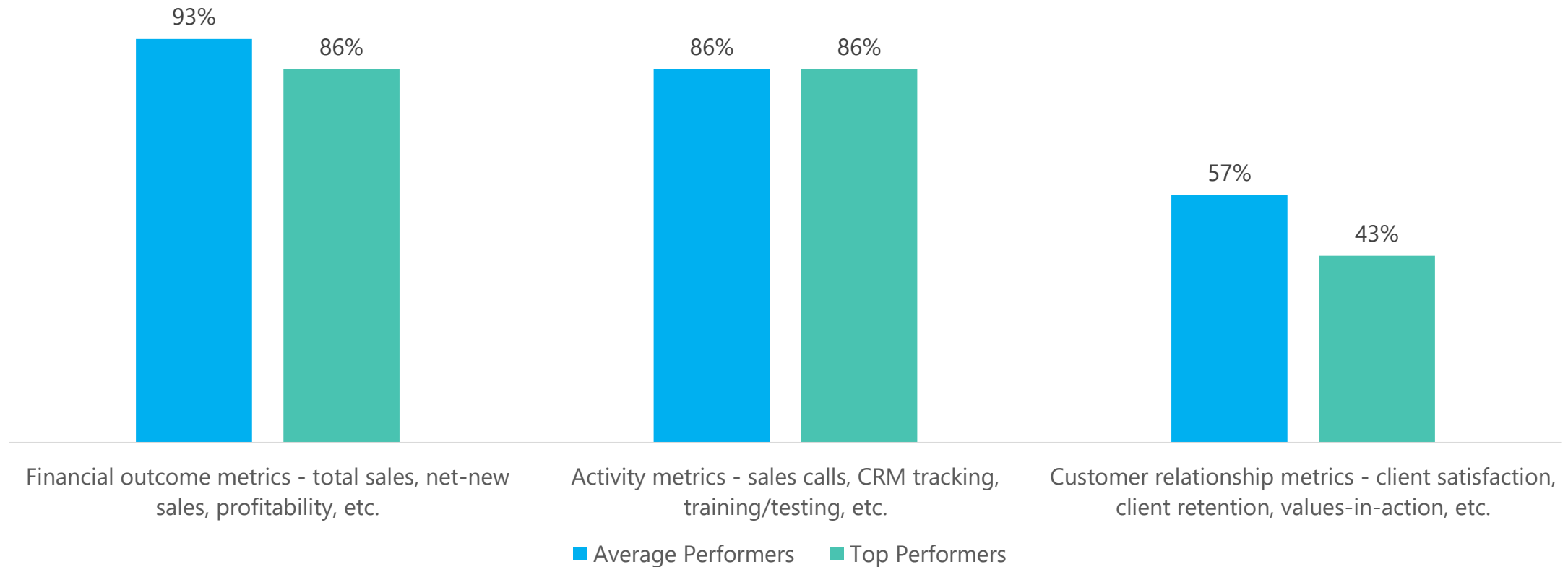
# Budget Influencers Non-cash Channel Incentives



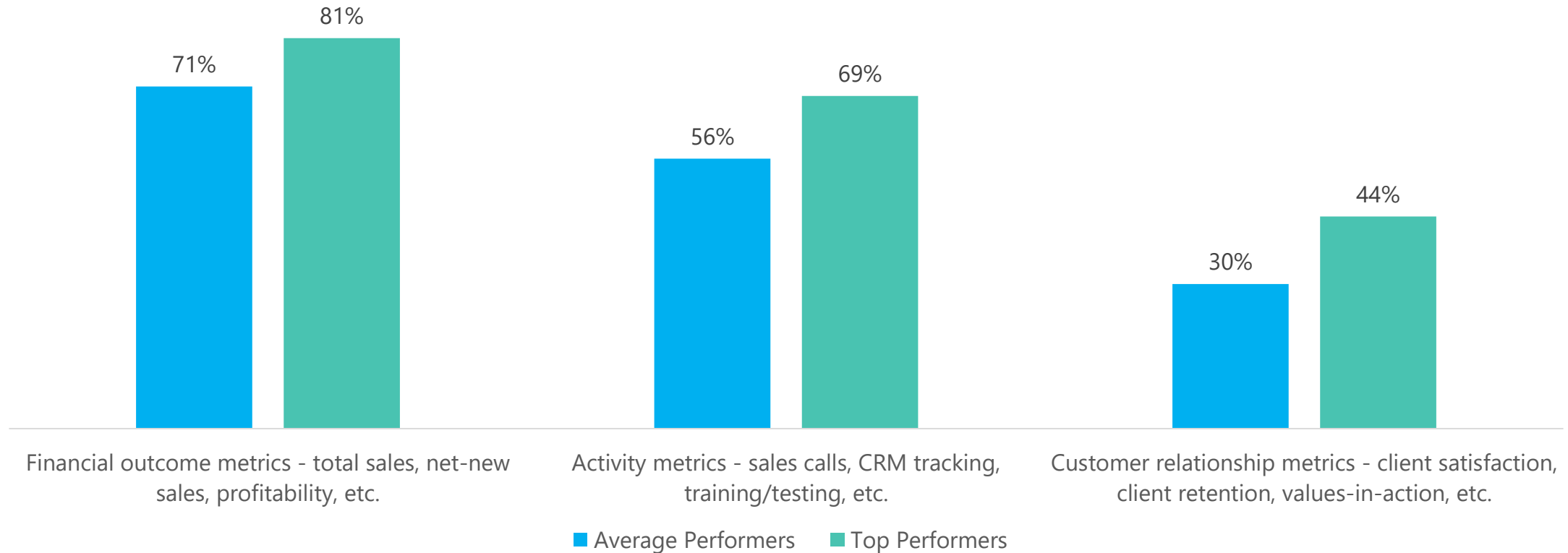
# Business Objectives Channel Reward & Recognition



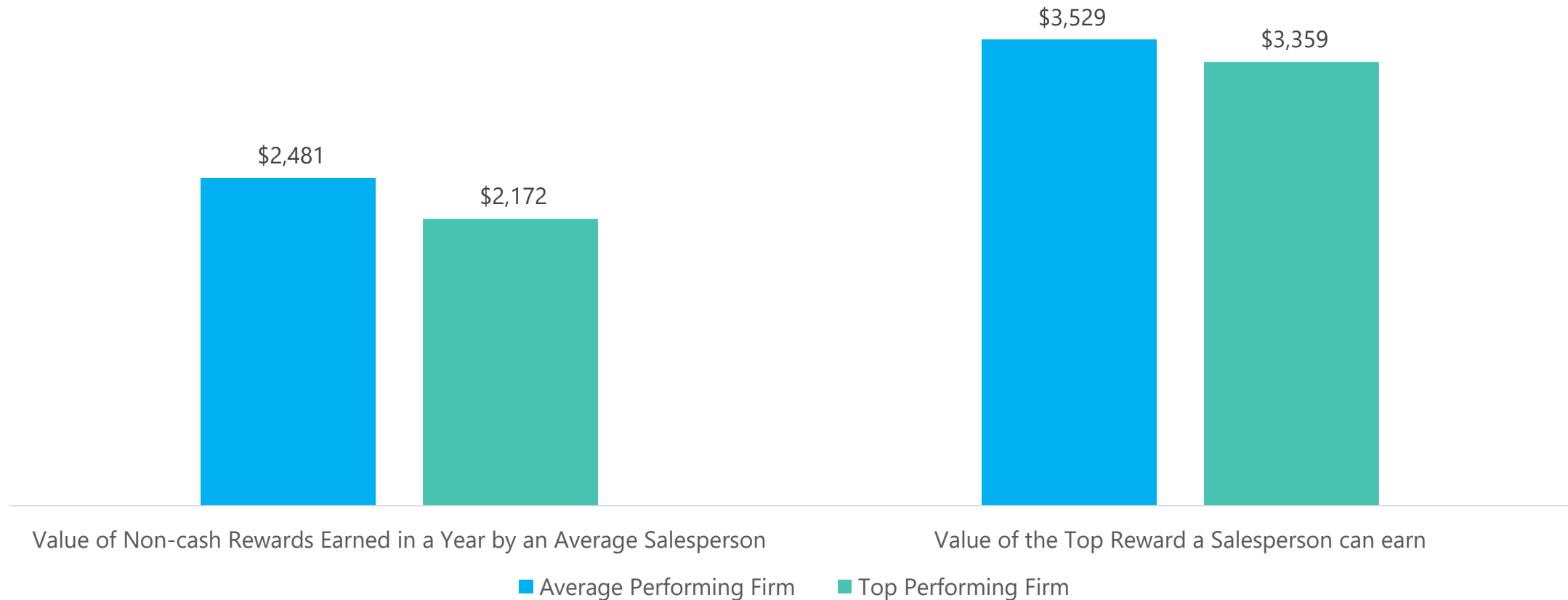
# Qualifying Metrics Top Performer Channel Incentive Trip



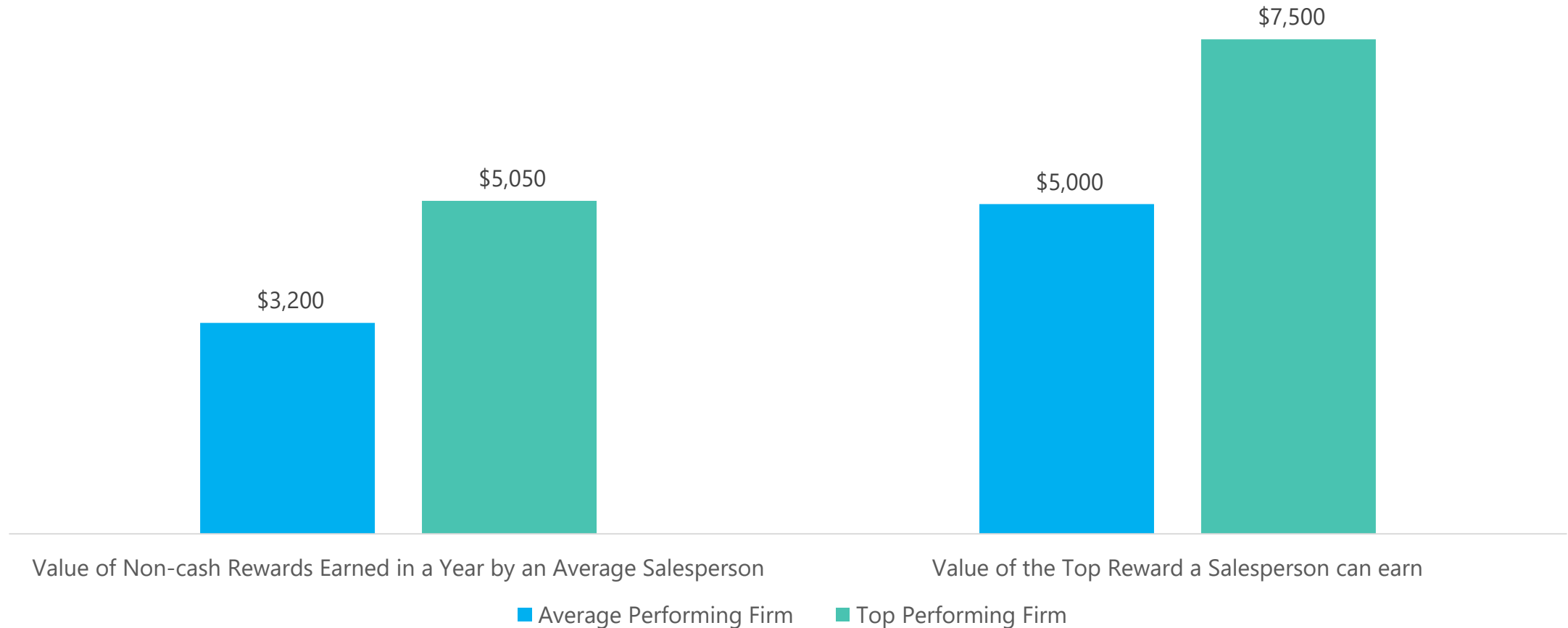
# Qualifying Metrics Top Performer Channel Rewards



# Average & Top Dollar Values Award Points, Gift Cards, & Merchandise



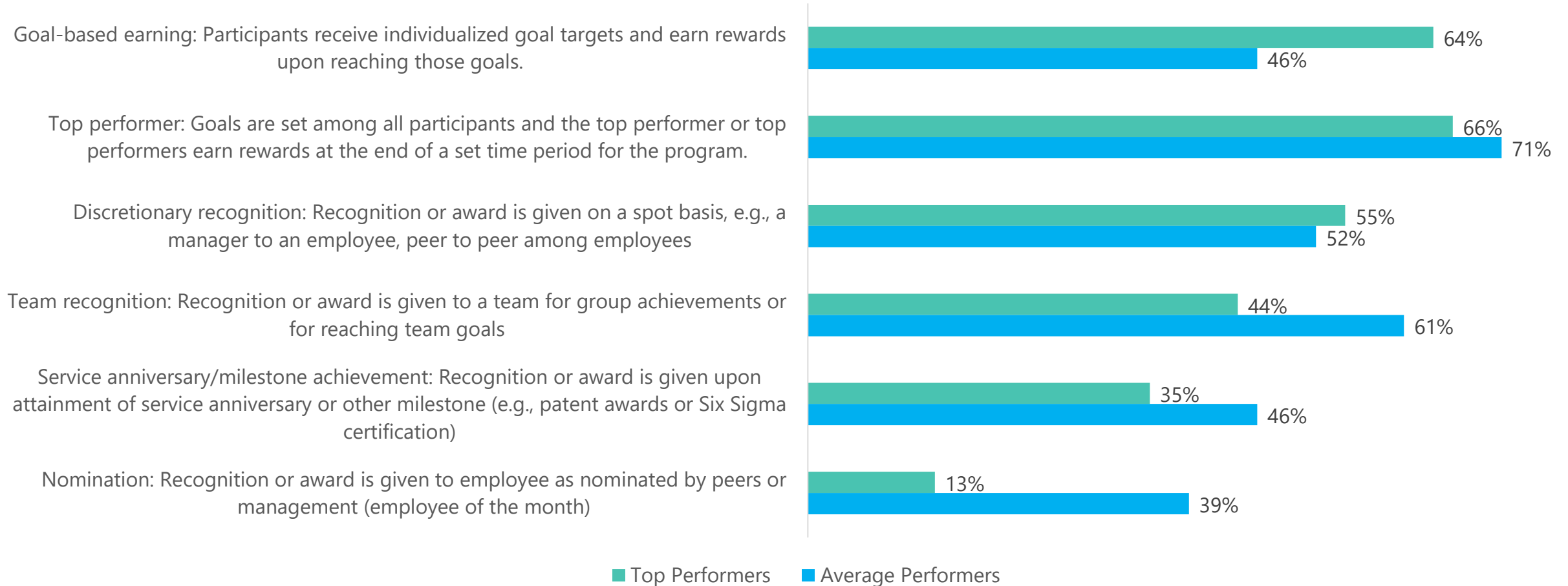
# Average & Top Dollar Values Incentive Trips



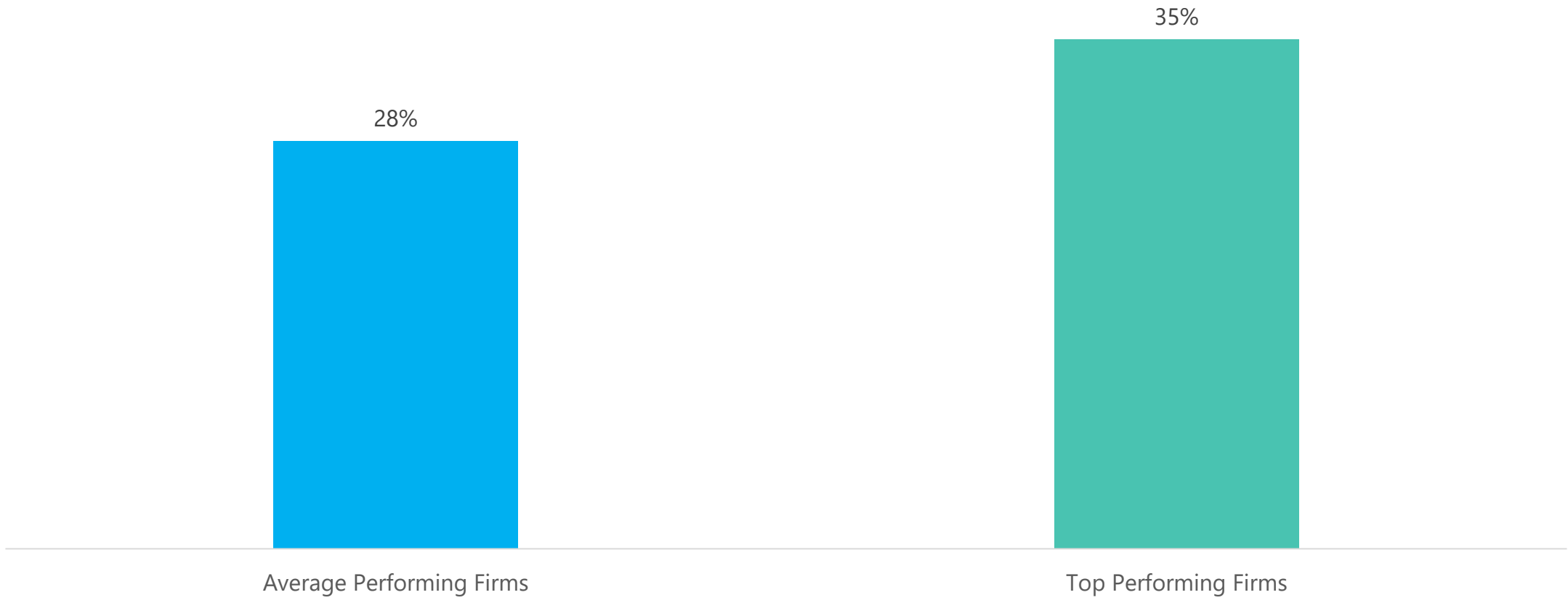
# **EMPLOYEE PROGRAMS**



# Program Structures Employee Reward & Recognition

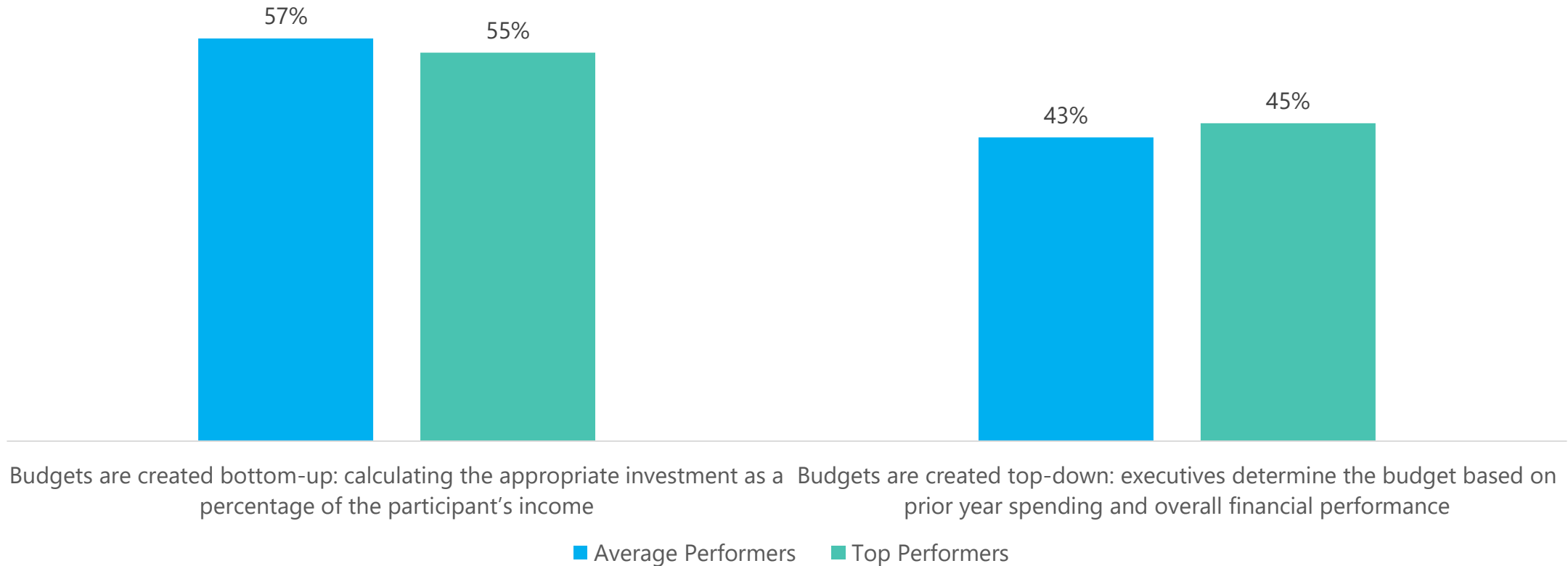


# Percent of Employees Earning Rewards

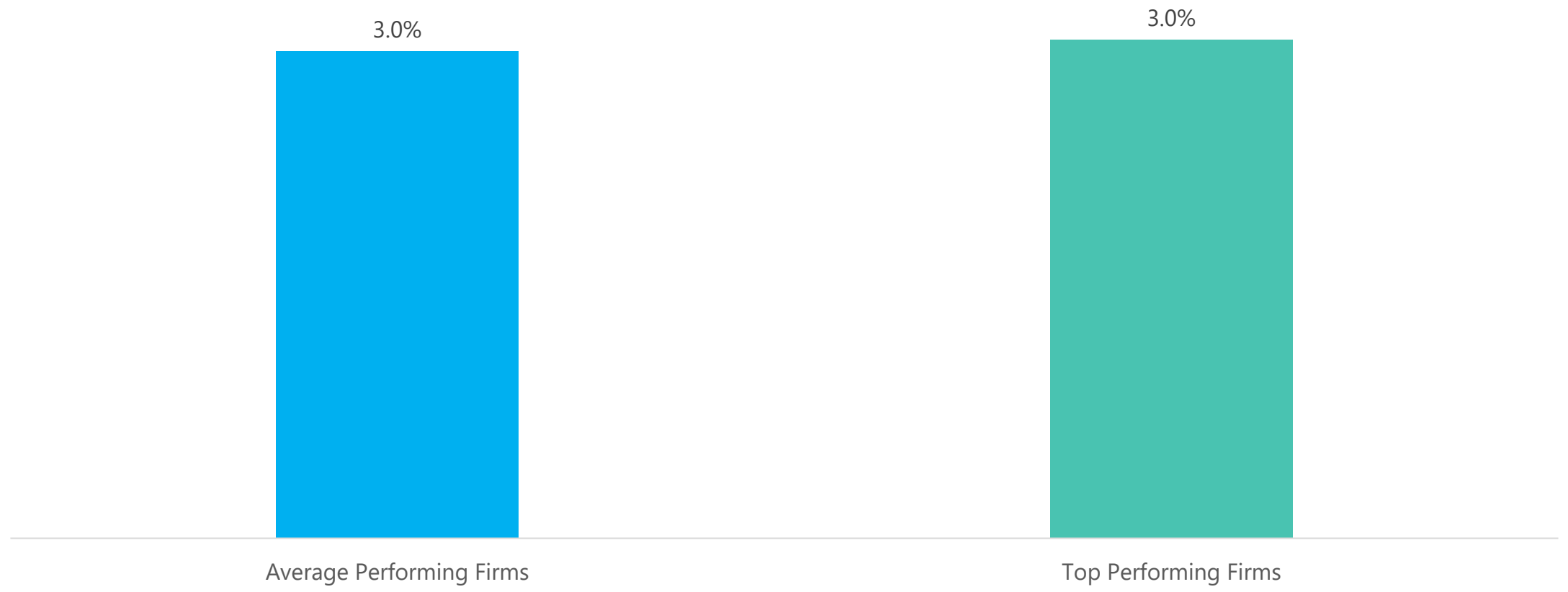


*What percent of your employees do you expect to earn non-cash rewards (merchandise, gift card, or trip) during 2018?*

# Budget Approach

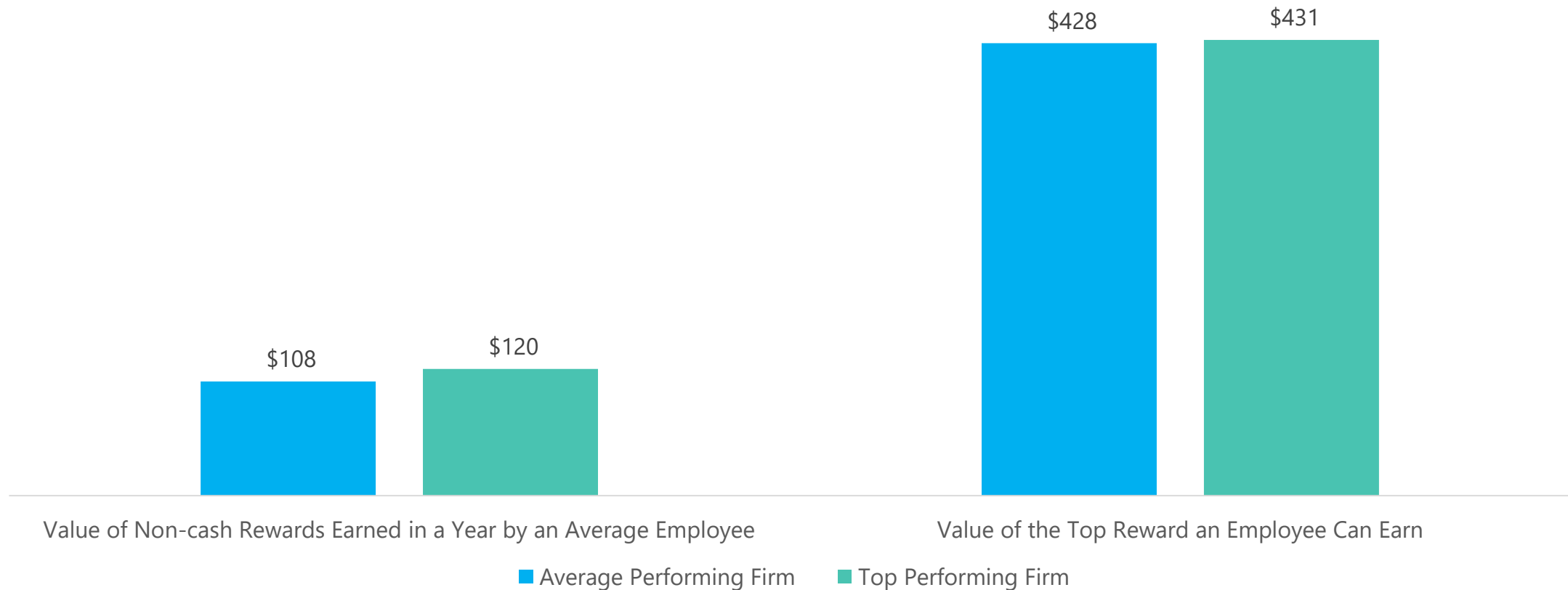


# Bottom-Up Budgeting. Percent of Payroll for Reward & Recognition

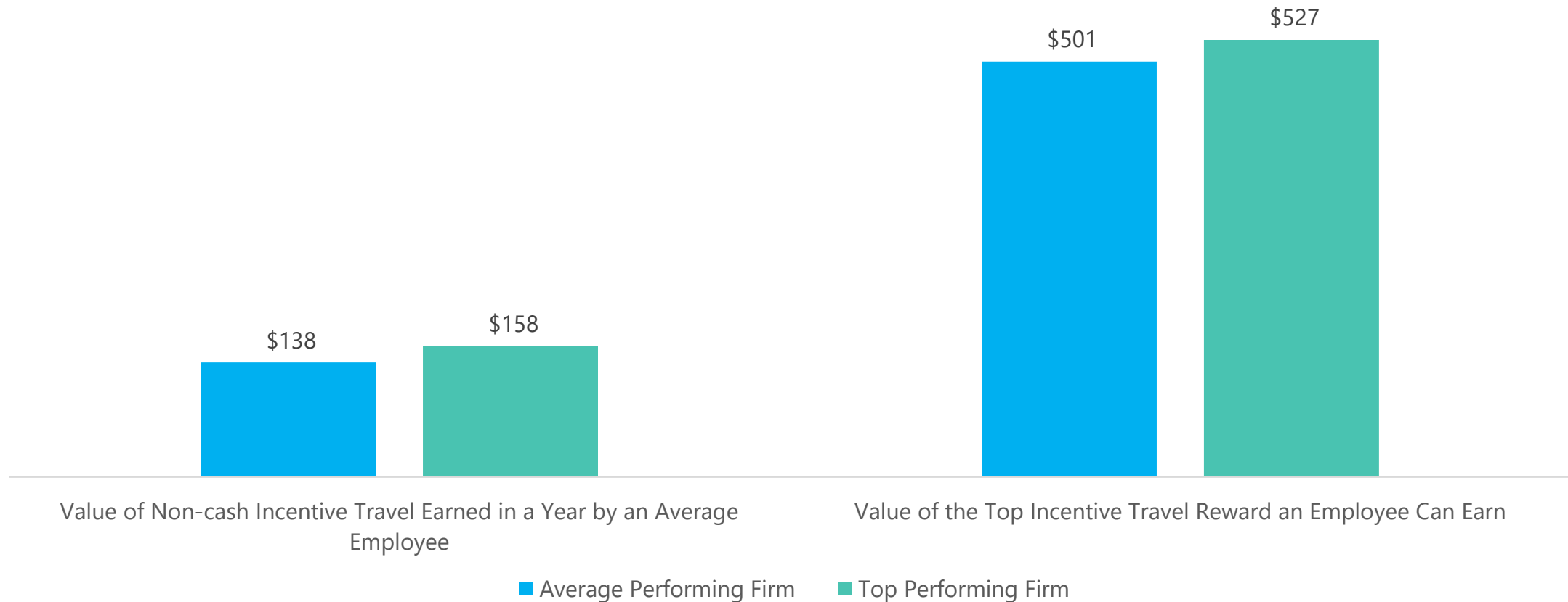


What is the approximate percent of payroll used to calculate reward and recognition investments for your employees?

# Average & Top Dollar Values Award Points, Gift Cards, & Merchandise



# Average & Top Dollar Values Incentive Trips



## **IRF has also conducted Top Performer Studies for:**

- **Technology Sector**
- **Manufacturing Sector**

Read the latest research on [www.theIRF.org](http://www.theIRF.org)