

Cash : The Motivation Thief

By Doug Press



050729-009

Cash value or trophy value? While business people will always be motivated by cash incentives, merchandise and travel-incentive programs known as trophy value provide far greater and longer lasting employee motivation.

Our industry has not realized this and instead allows sums of cash to be doled out, repeatedly, stealing potential employee motivation and sabotaging the attainment of marketing objectives.

We all know how readily cash MDFs (*marketing development funds*) are misused. Despite the best intentions of caring manufacturers, cash often ends up as nothing more than reimbursement to the dealer for operating expenditures which may not have any relationship to that manufacturer's product.

Or, worse yet, in a highly competitive bid situation, cash incentives are put directly to the street in the form of *down-and-dirty* price discounts. This form of behavior has been proven suicidal.

Manufacturers need to work with their business partners to provide targeted incentives that increase a reseller's ability to generate new customers while servicing and expanding existing accounts.

What's wrong with cash incentives? Ask a person whether they would prefer cash, merchandise, or travel and they would say cash. But cash has been thoroughly discredited as an effective incentive. People receive cash every payday. It is illogical to assume that more of the same thing will provide dynamic motivation, unless it is a staggering amount.

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One reseller uses cash incentives and gets great motivational value by filling briefcases with \$10,000 in cash and handing them out at the national sales meeting to top performers along with their Hawaiian vacation. You can't do too many of those.

Perhaps the most negative aspect of a cash-incentive program is the danger that the salesperson will begin to think of the money as part of his/her basic compensation plan. This can create disastrous morale problems and can undo all the good that was accomplished and actually destroy motivation.

Merchandise awards offer a number of other compelling advantages. They are:

— **Highly promotable**

One of the greatest benefits of any merchandise award is its visibility. It stands out as a challenge for extra effort. It stirs the imagination.

— **Memorable**

A recent survey showed that participants remember more than 90% of what they had earned in merchandise over a 10-year period, including the brand names. Winners of cash seldom remember where the money went, even three months later.

— **Permanent symbols of achievement**

Winners relive their triumphs by pointing out the awards to family and friends. Their very presence serves as a constant reminder of the winner's accomplishments and the awardee's goodwill. It provides a continual source of pride and an ongoing inspiration for top performances.

— **A family affair**

More than 50% of all awards selected are for the family. There is strong family support for accomplishment of objectives.

— **Recognizable values**

The retail cost is often known, yet the participant feels that he is getting the merchandise for *free*.

— **Free from guilt**

Participants feel free to select *luxury* items that they normally would not purchase for themselves, thus enhancing the award's value in their eyes.

Finally, the beauty of a well-designed merchandise or travel incentive program is that it pays for itself several times over. When professionally constructed by a knowledgeable incentive consultant, only a small portion of the incremental sales and profit attained goes toward the incentive-program budget.

Win-win is the best way to describe these programs. You give awards with immediate gratification only when the desired results have been achieved and your sales, marketing and financial objectives have been met ☺