

DEALER INCENTIVE PROGRAM

motivated and what you need the participants to do. For instance, does your audience sell only your product or do they carry many lines? With a chain of exclusive distributors, the goal would be to get them to sell more. But if you're trying to motivate resellers, the strategy is to get them to buy more of your product.

Your database should also contain demographic information about each member of your distribution chain. You'll want to group prospective participants by regional location and performance levels so they can compete on an equal level. Demographic information such as age, marital status, likes and dislikes, hobbies and other variables will help make award selection that much easier.

Conduct more research if your database doesn't answer these basic questions and keep it updated through the year.

Step 2 Setting Your Objectives

What do you want your dealer incentive program to accomplish? Increasing sales is the ultimate goal of every incentive program, especially a dealer incentive. Dealers get your products from the warehouse to the end user, which makes them one of the most important links in the marketing chain.

But you can add any number of other goals to a dealer incentive—some specifically sales-related and some that address other needs. For example, you may launch an incentive to:

- 4 Sell a new product
- 4 Increase market share
- 4 Move slow items
- 4 Bolster a slow season
- 4 Increase product knowledge or selling skills
- 4 Increase shelf space

No matter which goals you choose to pursue, they must all have the following qualities:

Simple: Too many objectives will make it impossible for participants to focus. Isolate two or three harmonious objectives such as promoting a particular product and increasing market share.

Realistic: Unrealistic qualifying goals only discourage the audience you're trying to motivate.

Specific: Be precise about the desired performance level, the products targeted and the qualified period.

Measurable: Make sure you have the ability to track the goals you are setting. Work has to be translated into countable units such as number of purchases, dollars sold, points accumulated, etc. Determine a baseline of performance so you can compare results at the end of the program.

Step 3 Building the Budget

Money—sometimes you have to spend some to make some. And while it's true that a successful dealer incentive program will pay for itself out of the profits it generates, initially you'll have to invest some money to get the program running. There are two types of budgets: fixed (or closed) and open. Don't confuse this with open-ended and closed-ended programs, discussed in step four.

A fixed budget caps the value of the award earned. An open budget allows participants to earn points for each unit sold or bought. Because there's no limit on the points earned, an open budget gives dealers the chance to earn more. The winners, of course, redeem their points for awards.

But how do you slice the budgetary pie? Here's some guidance:

1. Most companies spend between 5 and 15 percent of the budget on administration. Covered are costs for enrollment and database

