

HOW TO RUN A SUCCESSFUL

maintenance, award tracking, updating and mailing performance standings reports, writing reports for management, collecting necessary data for 1099 and/or W-2 forms for winners and the post-program evaluation.

2. A full 20 percent is spent on promotion, one of the most important components of a successful incentive program. Don't skimp on this amount. A high-impact communications program is necessary to spread the word, capturing participants' imagination and motivating them to work through to the end of the program. Your communications portfolio should include these pieces:

The Teaser: These letters, sometimes accompanied by a small gift, hint at the coming program. They're designed to entice interest in the program.

The Announcement: This piece clearly tells participants what they can win and how to do it. Include the program's objectives, the fine-print rules, the measurement system, the length of the program and tax issues. Although the announcement piece is packed with a lot of information, it should have an eye-catching design, attractive colors and lively copy. Try to include glossy shots of the merchandise awards so participants can visualize having them.

Kickoff Materials: These pieces usually include posters, brochures, banners and videos that are distributed to the dealers to display. They're designed to generate excitement and put some steam into the program. However,

Pros and Cons to Consider

n On the surface, fixed-budget programs appear to be the wiser choice, however, they often fall short when it comes to motivating. Participants might feel they have no chance of making it into the winner's circle. Closed-ended programs work best for groups of top performers with fairly equal track records.

n While there is no limit to the amount of award points a participant can earn in a program with an open-ended budget, the downside is that they tend to generate higher administrative costs and the total cost of the program is unknown until the campaign has ended.

Inside Your Communications Portfolio

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you can stage a live kickoff for your dealers at an ideal setting such as your annual business meeting, a trade show or convention. Other venues include meetings at hotels hosted by your sales offices around the country or world, if you're going global with your program.

Standings Mailers: Send out standing mailers at least once a month. These pieces tell participants how they're doing in the program and how close they are to reaching their goal.

Newsletters: This is the perfect place to include tips for dealers on how to increase their chances of winning, how to motivate their salespeople and strategies for boosting sales.

Final Mailer: Along with the final standings mailer, send a congratulatory note to the winners and a letter from the company president thanking the dealers for their hard work.

3. Up to 75 percent of the budget should go to awards. The value of an award should generally range between 2 and 5 percent of a winner's income during the incentive program.

A short program should provide higher value prizes in order to create quick results. Also keep in mind that the more incentive campaigns the participants have taken part in, the more enticing the rewards should be.

4. Remaining funds should be allotted for any necessary research and training that may help your dealers achieve their goals.

Step 4 Structuring the Program

The objectives you set in step one will guide your program's structure and help you write the rules for it. These two basic options work with