

Building Successful International Incentive Programs

How the Evolution of Technology Enables Greater Program Centralization

United States corporations invest close to \$100 billion annually in incentive programs¹ that touch a wide range of internal and external audiences, and support a variety of marketing goals.

Increasingly, companies are seeking to manage their incentive and loyalty programs on an international scale. While these kinds of systems have become increasingly standard in the United States among organizations seeking to influence employee behavior, customer loyalty, channel-marketing partnerships and overall sales performance, a variety of factors are coalescing to enable these same companies to more easily – and more wisely – centralize their programs on a global basis.

In an ever-shrinking and flatter world, in which customers, partners and employees all have access to the same information in more or less real time, it's making greater sense than ever to approach incentive programming in holistic, globally consistent ways.

The growth of program centralization

One of the primary drivers behind the increased globalization of incentive programming is the evolution of technology, which enables greater program centralization and management, versus the globally decentralized models that have so often been the case.

Today there exist easy-to-use, affordable incentive-program software packages that can be translated into multiple languages with relatively little effort. Equally important, organizations can oversee these packages centrally, and easily customize them, on a regional basis.

Moreover, they can do this while ensuring that the unique tendencies and practices of individual countries are reflected in programs that are, for example, conceived from a headquarters in Palo Alto, California or Munich, Germany. This way the organization can maintain control over macro strategy and approaches, but the literal execution can be tweaked as appropriate by region.

However there are other reasons beyond strategy oversight and today's superior technology to consider centralizing internally and externally focused incentive programs, either nationally or internationally.

Leveraged buying power controls costs

A major advantage of a centralized approach, even on a global scale, is the enhanced leverage it brings in terms of cost control.

Program centralization or integration – even when the programs involved are far-flung and touch several audiences – typically enables organizations to save considerable money in set-up costs, because the programs can be managed from a single platform. Associated administrative fees can also be streamlined, as can any internal-management fees assuming that a single department at the company administers all program.

Better ways to monitor expenditures

Centralization also enables organizations to exert far greater control over other related costs. Companies already commonly know how much they invest in areas such as promotional items and advertising. Through a centralized system that makes use of the latest software, organizations can also closely define and monitor how much they invest on rewards and recognition – including breakdowns of how much each region is investing, and on what.

Discovery of best practices

Finally, another significant benefit is the data that centralized programs can generate. With consistent feedback from around the world, companies can ensure they are maximizing the structure of their programs in order to motivate and build loyalty among employees, partners and customers as effectively as possible. A welcomed by-product is that the data generated can often have quite

Building Successful International Incentive Programs

meaningful impact on how organizations run their overall business operations.

Elements of an international program

Internal and external incentive programs can take many shapes and contain many different elements. This is especially true when these programs are taken to an international level. Yet there are certain elements that are, or should be, common to all of these programs.

It's imperative, for example, that organizations evaluate the right web technology to execute the multiple campaigns that can be a part of a broad-based rewards and recognition system. Elements to look for include the ability to customize screen interface; perform one-to-one communications; conduct training and survey; provide and track content; translate as needed; provide standing reports or other desired information; and offer rewards that appeal to each country or culture involved. While several "off-the-shelf" software programs exist, it's unrealistic to expect that any single software product can meet all of your needs or desired work flow without some customization.

Regardless of the specific programs put into place, it's important that they be supported by a well-defined rules structure, that they be customizable and that they be "trackable" – with reports that express both global and regional data generated on a timely basis for management at both headquarters and regional operations.

This underscores one of the keys of an international rewards and recognition program; that all key management have access to the same data, broken out in a fashion that is most relevant to their specific region or area of responsibility.

A centralized international program will allow you to create an online program site that is consistent with your corporate portal. Yet even the best programs that take into consideration all of the various international nuances will struggle to succeed if they aren't also supported by strong communications tools that enable the content to respect regional customs and languages. Again, today's software packages can assist in what used to require a far more laborious manual effort.

How much freedom?

A logical question at this stage is "How do I balance the advantages of centralization with the need to allow

maximum flexibility to the regional managers who know their customers, channel partners and employees best?"

There is no definitive answer. But it's certainly important to establish global parameters with built-in opportunities for flexibility. This way, local managers can enjoy some tactical freedom, as long as they are still representing the goals and spirit of the corporate-wide program.

This, of course, is easier said than done. Many organizations find it helpful to coordinate a global task force to define, monitor and, when necessary, enforce these parameters. Task forces can address matters such as which types of programs are permissible, what cultural sensitivities need to be taken into consideration, and how to balance the rewarding and recognizing of individuals versus teams.

This will mean that all "voices" are represented, and challenges can be dealt with *before* they become problems. So, for example, if certain regions (unlike the United States) frown on public displays of recognition, suitable flexibility can be built into the company's recognition programs.

From an employee perspective, the impact of global systems on rewards and recognition programs is particularly intriguing. With a global-based system, awards can be more easily earned for global accomplishments, allowing recipients to choose their own prizes from comprehensive offerings via the Internet. Affiliates can help with shipping to any world areas.

Measurement is critical to organizations seeking return-on-investment information for any or all of their incentive programs. This means tracking not only outcomes, such as increases in sales, productivity, length of service, or accident-free days, but also the behaviors, if possible, that potentially contributed; i.e., making more sales calls, an increase in tailored customer programming, finding a better way to do a task, streamlining channel marketing costs, or passing out recruitment flyers at a local community event

Barriers to success

It stands to reason that a global program of any kind requires the eradication of barriers to success. Global rewards and recognition programs are no exception.

Any organization considering a global structure for these efforts will almost certainly need to work hard to break down silos, engage autonomous regional managements, and understand and respect cultural differences and

Building Successful International Incentive Programs

biases. The previously referenced task forces can be of tremendous value here. So can the Human Resources department which is uniquely qualified to coordinate global employee efforts in multiple countries.

The payoff

Why bother going through all of the hassle of eliminating these barriers and integrating your current regional incentive systems?

The reasons are numerous. Companies can gain greater control over their incentive-related investments, build consistency into their program execution, control costs and generate valuable business data on both global and regional bases. Plus, global rewards and recognition systems are great recruitment tools, because of the international flavor they can represent to prospective employees whose decision-making on which company to join might turn on considerations such as the chance to earn trips to foreign countries. Global companies will discover that the benefits are considerable.

¹ "Incentives, Motivation & Workplace Performance," abstract of SITE Foundation white paper found at www.incentivecentral.org.