



Inspired Incentives

The Psychology of Performance Incentives

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As a company, perhaps you are considering implementing an incentive program within your organization. Be it a group incentive travel program, a points based loyalty program (such as HMI's OnDemand Award Program) or a short term promotion, your biggest concern is most likely, "Will it work?" Before making any sort of budgetary commitment, you want to be sure that your resources are going to be put to good use. You will be expected to present clear objectives, initiatives, and ROI metrics.

It goes without saying that a major component to program success is clear and frequent communication. In order for a program or promotion to succeed, participants need to know it exists. Beyond the semantics of unique program logistics, however, is the more existential question – what is it about human nature that drives us to increase our productivity in return for being incentivized?

It all stems from the very basic need for recognition in return for a job well done. From the gold star our elementary school teacher put next to our name, to the superlatives awarded in our high school year book – recognition gives us a sense of importance, satisfaction, and an overall sense of accomplishment. This logic is no different when applied to the psychology of performance-based incentive programs.

A "reward" in exchange for excelling at a task serves to psychologically satisfy employees and program participants (sales people, customers, or channel partners). This, in exchange, leads to performance satisfaction and loyalty. Incentive programs keep your company top-of-mind and ultimately drive the desired business results. Another reason why performance incentives work is that humans are competitive. We love a good challenge! There is a reason why we are drawn to our television sets during Sunday football. An incentive program can incite zeal and enthusiasm towards work, create friendly competition among co-workers, and increase overall productivity within the organization.

For more information on structuring and executing effective incentive programs, or to set up a unique program within your company, contact TIMBR - HMI today!