



Self Check

Check Your Knowledge Of This
Section

Answer these questions to check your knowledge of what's covered in the Design Principles Series. An Answer Key follows the questions.

Fill in the blanks

- The best available research suggests that people prefer incentive programs that are based on measures of results and not _____ measures such as those that track specific actions.
 - employee satisfaction
 - process
 - contingency
 - quantitative
- Fill in the blanks of this equation to indicate how to calculate ROI: $\frac{\text{---} - \text{---}}{\text{---}}$
 - Total Net Program
 - Program Costs
 - Incremental Costs
 - Awards Budget
- Merchandise awards are said to _____.
 - be more salient
 - be inappropriate for recognition programs
 - have less perceived value than cash awards
 - offer higher trophy value than cash awards
- Any program offering any type of reward, tangible or intangible, needs rules to make sure people believe _____.
 - the organization is competitive
 - that they have a chance for success
 - that program goals are in alignment with personal goals
 - all of the above are correct

5. _____ help(s) to ensure that people have the skills and are capable of reaching program goals.
 - A. Motivation
 - B. The award
 - C. Training
 - D. Program rules

6. _____ incentive programs are more motivational than other program types because they reach out to a broader audience.
 - A. Tournament
 - B. Team based
 - C. Closed ended
 - D. Open ended

7. When determining the budget, rewards and recognition should be based on _____ generated by participants, customers, channel partners or employees.
 - A. Industry average gains
 - B. Fixed costs
 - C. Variable costs
 - D. Incremental performance

8. When determining the budget, it is important to set up the program so that _____ consist primarily of strategic planning, communications, training, and tracking and administration.
 - A. The largest share of program costs
 - B. Fixed costs
 - C. Variable costs
 - D. Incremental costs

True or False?

9. T F In selecting awards, it is important not to ask potential award recipients, because they expect program planners to be the experts on that process – it could undermine the program.

10. T F Promoting the program and communicating changes or achievements to participant families is inappropriate.

11. T F Making a “big deal” about an incentive earner’s award with non-earners present is a bad idea – it has been shown to create resentment and hostility among the non-earners.

12. T F You cannot measure results without clear objectives, but if they are too lofty or “big”, participation in the program can suffer.

13. T F In designing a program, it is important to define the actions, that when repeated more often or more effectively, will yield the desired results.

14. T F When first assessing potential return on investment, payout should be measured only in financial terms.

15. T F Audience analysis has one of the greatest impacts on program outcomes of any incentive program design activity.

16. T F No matter what department you’re in, you can benefit by looking at all of the people who can affect the achievement of your incentive program goals.

17. T F Based upon the “20-60-20 Rule,” 20% of the best performers will probably continue to perform no matter what you do, because they already perform under the current circumstances.
18. T F Based upon the “20-60-20 Rule,” 60% of the audience will probably opt out of the program.
19. T F Based upon the “20-60-20 Rule,” the final 20% should be the primary target audience.
20. T F Research consistently suggests that programs too short in duration often fail to achieve buy-in because it takes people too long to learn about them before they are expected to act. Longer-term programs can suffer from ‘program burnout’ because employees simply lose interest.
21. T F This is an example of an open ended program: *Increase sales by 5% to get 1,000 points; increase sales by 7% and get 2,000 points; increase sales by 9% and get 3,000 points.*
22. T F This is an example of an open-ended program: *The 10 people with the biggest sales increase qualify; the 20 teams with the best safety record win.*
23. T F This is an example of a plateau program: *10,000 points for a 5% increase in performance; 20,000 points for a 7.5% increase; 35,000 for a 10% increase.*
24. T F When planning for program participation, making participation highly restrictive has actually been shown to increase motivation.
25. T F Team-based programs can discourage top performers who feel handicapped by weaker teammates.
26. T F Typically, program awards should account for about 50% of overall program costs.
27. T F Cash awards provide more recognition because they don’t get mixed with compensation.
28. T F Cash awards produce a longer-lasting boost because they are remembered much more readily than non-cash awards.
29. T F Cash awards have been shown to generate more organizational buzz and excitement than non-cash awards.
30. T F Non-Cash awards are easier and simpler to fulfill than cash awards.
31. T F An example of a quantitative measure is results from employee or customer surveys.
32. T F If a company can’t provide a tangible ROI, it is a mistake to implement the program.
33. T F Incentive programs should only have one measure.
34. T F An example of results measures for a salesperson might be to make more sales presentations or to make more sales calls.
35. T F Results measures track the outcome, the specific unit increase or decrease in performance related to the goal.
36. T F One of the key benefits of an incentive program is the ability to collect data other than specific sales information.

37. T F Incentive programs provide long-term gains, so there should not be a need for follow up programs until some other positive behavior is identified.
38. T F A 2004 nationwide poll of 1002 people revealed that the more frequent the communications about an incentive program, the more likely participants were to feel that they had a chance to earn in the program.

Matching

39. Match terms A-D with its theoretical basis for incentive program design.

- A. Justifiability
- B. Social Reinforcement
- C. Evaluability
- D. Separability

_____ When properly presented, non-cash awards ignite the imagination in a way that enhances their perceived value.

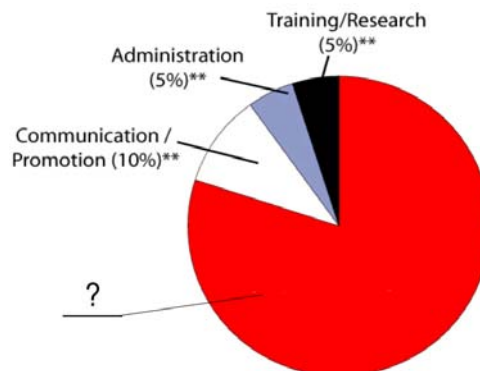
_____ Non-cash awards enable you to distinguish the recognition from compensation, whereas using cash invariably turns the extra reward into expected compensation.

_____ Participants get a special satisfaction from non-cash awards because there's no guilt associated with spending them.

_____ Non-cash awards facilitate communication and alignment because people feel free to talk about them in a way that would be inappropriate for cash compensation.

40. What should the question mark on the graph below be filled in with? Select A, B, C, or D.

- A. Program Profits
- B. Quantitative Measures
- C. Incremental Sales Results
- D. None of the above



Now turn the page to check your answers.



Answer Key

Self Check Answers

- | | |
|--|---|
| <p>1. B</p> <p>2. <u>A-B</u>
B</p> <p>3. D</p> <p>4. B</p> <p>5. C</p> <p>6. D</p> <p>7. D</p> <p>8. B</p> <p>9. False</p> <p>10. False</p> <p>11. False</p> <p>12. True</p> <p>13. True</p> <p>14. False</p> <p>15. True</p> <p>16. True</p> <p>17. True</p>
<p>18. False</p>
<p>19. False</p>
<p>20. True</p>
<p>21. True</p> <p>22. False</p> <p>23. True</p> | <p>24. False</p> <p>25. True</p>
<p>26. False</p> <p>27. False</p> <p>28. False</p> <p>29. False</p> <p>30. False</p> <p>31. False</p> <p>32. False</p> <p>33. False</p> <p>34. False</p> <p>35. True</p> <p>36. True</p> <p>37. False</p> <p>38. True</p>
<p>39. C. Evaluability. When properly presented, non-cash awards ignite the imagination in a way that enhances their perceived value.</p> <p>D. Separability. Non-cash awards enable you to distinguish the recognition from compensation, whereas using cash invariably turns the extra reward into expected compensation.</p> <p>A. Justifiability. Participants get a special satisfaction from non-cash awards because there's no guilt associated with spending them.</p> <p>B. Social Reinforcement. Non-cash awards facilitate communication and alignment because people feel free to talk about them in a way that would be inappropriate for cash compensation.</p>
<p>40. D. This area represents the amount for awards budgeting (Rule of thumb: 80% of program costs).</p> |
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