

INCENTIVE

WHAT MOTIVATES



HONoring a Lifetime of Results

INCENTIVE'S 3RD ANNUAL MOTIVATION MASTERS AWARDS

• By Vincent Alonzo

There were lots of great entries for *Incentive's* third annual Motivation Masters competition. The programs, which took place between Jan. 1, 2010 and March 31, 2011, covered the range of disciplines from internal sales and channel partner incentives to engagement and employee recognition programs. But the one that stood out was a channel sales program by HON, a leading office furniture manufacturer located in Muscatine, IA.

Its program, which took the Grand Motivation Master award, not only produced great

results, but it orchestrated a sea change in the way HON, a subsidiary of HNI Corp., motivated its channel partners while creating a new motivational solution, which is currently patent-pending.

Until HON partnered with Maritz in 2010, it ran, for 15 years, a channel sales program for its network of dealer sales representatives (DSRs) that employed a fairly arcane "do this, get that" strategy. Together with Maritz, HON abandoned that one-size-fits-all formula and started a program that saw each participant in a unique selling situation. While expanding the number of participants, the program improved HON's brand recognition and loyalty among

the DSRs and made them less susceptible to offers from competitors.

Reps for Life

Stan A. Askren, HNI's chairman and CEO, likened HON's program to airline loyalty programs and posited to the team: "Frequent-flyer programs turn flyers into customers for life. How do we get a DSR for life to HON?"

With this in mind, Maritz and HON collaborated on a solution for developing true loyalty, and the result was Maritz's patent-pending DSR for Life process. DSR for Life analyzes channel partners based on their Net Present Value and expected future contribution, known as

their Lifetime Value (LTV).

LTV scores derive from a statistical model that:

- Predicts future profits generated by a DSR
- Identifies DSR segments for targeted promotional and communications campaigns
- Results in more effective reward and recognition offers
- Identifies high-value and at-risk channel partners
- Measures channel partners' loyalty and engagement.

With a better pulse on their DSRs, through their LTVs, HON can predict the best and most engaged channel partners over time, and it can market to them in ways that create the most returns. The DSR for Life process allowed HON to clearly



understand its DSRs' attitudes, experiences, and preferences and design an engaging and effective loyalty program.

At Maritz's suggestion, HON also implemented a tier structure to its program. DSRs were grouped among three tiers based on prior performance: HONors, HONors Preferred, and HONors

.....
In addition to being named the Grand Motivation Master, HON earned the Motivation Master award in the Channel Sales category. The other two honorees this year are:
.....

Elite. Each participant received a custom-branded exclusivelyyours reward card that was based on his or her working tier. For each invoiced sale of eligible HON products, points were added to the card. As DSRs moved up in tier, their

status within the organization grew, earning them additional perks and privileges.

HON's top 50 DSRs and their guests earned an incentive trip to Scottsdale, AZ. The DSRs and HON executives had business and product meetings, and DSRs and guests participated in golf and

spa activities, desert Jeep tours, and river-rafting adventures. On the final night of the trip, they were feted with a recognition ceremony under a starry sky.

The Results

The combination of a tier structure, targeted marketing communications, and LTV data had a big impact. Exceeding HON's objectives, the 2010 program's results included:

- 10 percent increase in participant enrollment
- 10 percent of DSRs advancing at least one tier
- 13 percent increase in DSRs making sales
- 14.5 percent average increase in DSRs' LTVs from the beginning to the end of the program
- 12 percent sales increase of eligible products versus 2.5 percent increase for non-eligible products
- 100 percent of tiers having increased average and total sales
- \$36 million earned in incremental sales dollars
- 2.96:1 return on investment

HON has renewed the program for the 2011 calendar year and is implementing other strategies, particularly gamification, to further improve the DSRs' engagement levels. ■



The Science and Art of People and Potential®

www.maritz.com
1-877-4Maritz