



Incentive Travel Recovering from Belly-flop

After a lengthy downturn in workforce incentive travel programs, businesses are now starting to jump back into the pool.

It was only two years ago that the so-called "AIG Effect" was targeted as an ultimate incentive travel industry scourge. The AIG Effect, relates to the sentiment that emerged out of the ashes of what the media coined "the AIG scandal" – when, after receiving billions of dollars in federal bailout funds, AIG hosted its annual sales incentive travel program.

Media and politicians were quick to portray the event as inappropriate and lavish and the fallout began. Businesses that had long used incentive rewards programs dropped them abruptly and scurried for cover from sharp public/shareholder outcry. Other businesses, not wanting to get caught sending employees off to soak up the opulence of lavish destinations, took a different approach – simply moving events to more modest venues to deflect the eye of the microscope. The combined upshot was something of a doomsday scenario for many luxury hotels and facilities as corporations, almost across the board, hastily pulled the plug on scheduled events, seminars and meetings.

"The fact is that, right now – with the economy still in recovery – it is going to take a creative approach to solve issues and achieve departmental objectives. Smart businesses have recognized the connection between lower profit, higher churn, lost opportunities and reduced productivity with their decision to reduce or cancel their incentive and recognition programs" said Carol Wain, the president of the Incentive Travel Council (ITC) and of Marquee Incentives – a consulting firm that helps businesses find creative ways to optimize employee engagement.

"It's a perfect time for corporations to get back to the grass roots value of incentives, particularly travel. Short, mid or long-term, it's a proven and psychological fact that employees, channel partners and customers respond better to the carrot; not the stick. It's unfortunate that those organizations that abandoned these investments had to learn the hard way that the people involved and participating in their overall mission are living, breathing assets that want, need and deserve to be motivated, recognized and rewarded."



Reflecting Wain's optimism is a recent Society of Incentive and Travel Executives survey, in which more than 80 percent of those surveyed said they plan to incorporate motivational travel use in the next one to three years. Even more important for incentive and travel industry execs is a current, real-time climate in which companies are, right now, turning toward incentive travel rewards.

Benefiting, Right Now, From Incentive Travel DriveSavers leading the peak-performance pack

One of many organizations finding creative ways to lean on incentive travel is DriveSavers, based in Novato, California. This 90-employee outfit, founded in 1985, is generally considered the worldwide leader among data recovery service providers. Led by CEO Jay Hagan, DriveSavers specializes in recovering important data from storage devices and hard drives that have been damaged.

"Sometimes a strength can turn into a weakness pretty quickly," said Hagan of the business challenges. The average tenure of current professionals at the data storage technology leader stands at 12 years. Hagan acknowledged that such longevity is a blessing, but also a fact that requires DriveSavers to keep a constant eye toward ensuring peak production and optimal workforce motivation.

“The longevity and accumulated skill and experience of our workforce; that is all a big part of the reason why we are able to consistently outshine our competition in categories across the board,” said Hagan. “But, having said that, it also poses questions: How do we avoid workforce stagnancy? What do we do to try and keep our people fresh and motivated and eager?”

The answer, for DriveSavers, came in the form of an amended incentive travel rewards program that was designed to accomplish more specific, measured goals. Although DriveSavers had used incentive travel for a number of years, Hagan felt the company needed to reconfigure the model.

“We wanted to move away from a divisive, multi-tiered incentive travel system, and we wanted to make sure that the incentive travel rewards we offered were better suited to meet the lifestyle needs and wants of our employees,” said Hagan. “For example, we like to work with hotels whose certificates and gift cards have no expiration. For many of our employees that’s a plus because they might save up one- or two-night rewards and turn them into a week-long vacation down the road. Little things like that make our program enticing and valuable for our employees.”

According to Hagan, the reworked incentive travel program at DriveSavers has demonstrated itself to be highly effective as a way to increase morale, motivation, synergy and, ultimately, overall production. And in terms of financial contribution, the program has proved highly effective and efficient.

“Giving a cash bonus, or a fruit basket, just does not cut it for us anymore – it’s disposable,” he said. “The fruit basket, at least the good stuff, will be gone in ten minutes. And if you give them cash, it will be gone in ten minutes and

they, literally, will not be able to tell you how they spent it. We have found that, in offering incentive travel rewards, we give our professionals the opportunity for experiences they will never forget; something that stays with them, and becomes a permanent part of their narrative.

“There is no question, I know this for a fact, that our telephone group alone pays for our per year budget toward our incentive travel program,” Hagan said. “Everything else is just gravy on top for the rest of the employees, company-wide, and just kind of adds to the overall morale. And, trust me, gravy can be hard to find these days even for a company like ours, at the top of our game.”

Group therapy anyone?

Another company doing well to incorporate incentive travel into its corporate culture is Florida-based SFN Group, a strategic workforce solutions company that provides professional services and general staffing to help businesses more effectively source, deploy and manage people and the work they do.

The travel incentive program at SFN, which focuses chiefly on group incentive travel rewards, is described by SFN’s Director, Meeting Services, Dahlton Bennington, CMP, CMM, as a crucial part of the work culture.

“For us, it is really just as important as the style and setup of the office and the work schedule itself – our group incentive travel program is mission critical for us,” said Bennington. “It’s part of the reason we are able to build such great workforce chemistry and, I think, it really contributes to our ability to consistently produce fresh and innovative business ideas. And, obviously, it’s a great way for us to provide really memorable team-building experiences and, also, to reward our top performers.”

After a two-year long pullback, many companies plan to renew incentive travel benefits. But the firms who stayed with incentive travel managed it creatively, and retained and energized their workforces. Here’s a look at two such companies...

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The travel incentive program at SFN is more than a sales-driven incentive. It encompasses the entire realm of the job. The program at SFN makes use of position - and experience-specific criteria – to make things fair and ensure continuity – and takes into account sales quota, customer feedback and other factors in determining incentive rewards. Monthly updates reveal the top 10 performers, and, according to Bennington, friendly competition towards incentive rewards drives sales and overall quality of performance.

“Everyone on our staff responds well to our group incentive program, because we provide really outstanding destinations and experiences that are really memorable and fulfilling and give our professionals the rare chance to build camaraderie with their fellow workers outside of the office.” said Bennington. “For us, it works so well because everyone is happy. Our employees just love the program, and in terms of corporate strategy it just makes so much sense. Our employees are motivated to earn the rewards and work harder and more efficiently in order to achieve them. And it’s not because they are chasing a carrot. It is because travel makes them happy.”

Muffling the shot heard around the world

DriveSavers and SFN are proving that incentive travel never ceased to be a powerful business tool that creates the ability to inspire and motivate like no other performance-based reward.

While understanding the hesitation of some corporations to come back to incentive travel, Michael Upp, VP of the ITC and senior vice president at travel consultant Mitch-Stuart, Inc., stressed that there is never a good reason to miss the boat on industry-best practices that are proven to improve workforce morale and chemistry and are crucial in optimizing peak production.

Upp said that the incentive travel industry knew all along that performance-based incentives work; that they are crucial, and that employers who have not yet come back to offering travel rewards are looking forward to doing so.

He noted that the companies that stuck with travel incentives throughout have a lot less catch-up work to do, to get current with these effective performance-based reward systems, than those who dumped their programs overboard in a panic. ■

To learn more about incentive travel as a business strategy and to learn about the most pressing trends and topics in the industry, reference the “Behavioral Economics of Incentive Travel” at <http://incentivetravelcouncil.org>.

About DriveSavers:

Having built solid alliances with leading hard drive manufacturers around the world, and having demonstrated the wherewithal to rescue data other providers routinely abandon, Drive Savers – based in Novato, Calif. – is solidly in position to maintain its brisk pace at the lead of what is, and will continue to be, a changing realm of data storage technology. The company was founded in 1985.

About SFN:

With over 600 locations in both Canada and the U.S., Florida-based SFN is able to reach out to hundreds of businesses— from large-scale, million-dollar corporations to small and mid-size companies – in offering innovative and profitable solutions. A leader in generating opportunities and strategic workforce solutions for businesses, SFN has been providing a workforce, ICTs, and business plans to companies for over 60 years.

About the ITC:

The Incentive Travel Council focuses its efforts on helping organizations to fully understand how they can increase business performance through performance-based reward and recognition travel. The main objectives at ITC are to explore reward and recognition travel initiatives that can be effectively used to benefit business performance, to promote strategies to improve or establish programs based upon needs and objectives, and to educate in regards to how legal and industry regulatory issues influence the performance of travel incentives.



The Incentive Travel Council, a strategic industry group of the Incentive Marketing Association, is dedicated to exploring, promoting and educating about how incentive travel strategies can best be designed and leveraged to help organizations achieve better business performance. Our intent is to share experiences that will help demonstrate, support and improve incentive travel as a linking-pin for organizations looking to achieve significant breakthroughs in business performance.