

How to Use Data Analytics to Personalize Sales Incentive Programs



Using Data Analytics to Personalize Sales Incentives: Maximize Sales, Satisfaction and Retention

Would you like to maximize employee sales at the same time increasing employee loyalty, retention and satisfaction? Traditionally, incentives and bonuses are used to achieve these aims. For example, employees may be given a monetary bonus for meeting some quarterly sales goal, or an extra two days off if they produce enough product without error. Many organizations have this type of incentive structure for their employees, and it is almost always a one size fits all structure. We'll reveal how data analytics can be used to create personalized incentives that can nearly double the success rate of a program.

We conducted a research study that showed only 37% of individuals met these criteria and received a reward. Our research also showed that not only does one size not fit all, but applying the wrong incentive structure for a particular individual can reduce productivity and satisfaction, and could lead a good employee to leave for other employment opportunities. However, there is hope. When scientific research findings are implemented and employee incentives are matched to the employee's job description and/or personality profile the success rate nearly doubles from 37% to 63%. In addition, employees report increased job satisfaction reducing turnover rates.

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Maddox

Incentive Structures that Work

Our research suggests that there are at least four types of incentive structures that are proven to work. These involve pairing the timing of the incentive (whether an employee is working to earn a bonus or avoid losing an already-promised bonus) with the task goal to maximize good performance or minimize bad performance. If the job is one that requires creativity, problem solving and "thinking-outside-the-box" then performance and job satisfaction are maximized when the employee is working to earn a bonus by maximizing good performance or is working to avoid losing an already-promised bonus by minimizing bad performance. On the other hand, if the job is one that requires some repetitive procedure and emphasizes consistency of application then performance and job satisfaction are maximized when the employee is working to earn a bonus by minimizing bad

performance or is working to avoid long an already-promised bonus by maximizing good performance. It is important to note that all four of these incentive structures can involve identical monetary values. In other words, from the employer's standpoint they are equal economically. Rather, it is the employees "perception" and motivational state that is affected by the incentive structure that drives the increase in performance and satisfaction.

Our research also suggests that (easily assessed) employee personality traits influence the motivational state induced by task goals in much the same way that timing of the incentives influences motivational states and job performance and satisfaction.

Why is this important? If you could use the data you already have, or that could be easily collected, and apply data analytics to determine the personality traits of your employees, you would be able to offer the types of jobs incentive programs that allow your employees to succeed. That would increase your sales, your employees' productivity, satisfaction and reduce turnover rates. The return on investment for something like this is huge. This research can be used in every type of scenario where people are asked to produce more to earn more. Isn't this true in every for-profit company?

Use Data You Already Have

By gathering your data and using data analytics with one of our statistical models to analyze it, you may be able to increase your sales and productivity immediately. You may be able to reallocate employees into roles best suited for their personality and present to them an incentive structure in a way that will maximize their productivity and satisfaction. If by doing these simple things, using real data with proven statistical models to maximize your resources, without expending large sums to train new people or research yet another one size fits all incentive program, isn't this an immediate win?

We're not saying give more money or hire more people, we are suggesting that tweaking the presentation and optimizing roles will increase your ROI as well as increase productivity and morale with little output using measurable analysis.

IDS can use data you may already have, or help you collect data you need; we can then run analysis that helps you identify the right incentive structure for your type of job and employee seeing benefits both tangible and

intangible in a relatively short period of time, with little output but reaping a potentially large return.

To complete the research, we used an experimental approach, which allowed us to show causal effect and is widely considered the more rigorous form of conducting research. The data analytic approach was inferenced based statistics using specifically analysis of variance. The final results showed an increase from 37% success rate in achieving goals to a 63% rate and an increase in the accuracy of the job performed from 86% to 91%. It also identified at least four different incentive structures that can be used to achieve maximum results with different personality types. The results were published in a peer reviewed scientific journal and can be read in full. See the references below.

Sources:

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About Insight Data Solutions

Insight Data Solutions makes the data hidden in your business accessible and relevant to the stakeholders who need it most.

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