

Better than cash

Travel incentives motivate customers, employees

By MELANIE LEMAY

Business is all about motivation, whether it's pushing employees to do more with less, salespeople to sell one more widget, or customers to part with one more dollar.

So how do you motivate these people?

The old-school answer is to throw money at them. Year-end bonuses, tiered commissions, and volume discounts are traditional motivators, but today's business experts say money doesn't always get the best results.

That's why the tide is turning toward travel incentives. A recent study by the International Society of Performance and funded by the SITE Foundation (Society of Incentive and Travel Executives) found that incentive programs improve performance an average of 22 percent, and as much as 44 percent for team-based incentives.

Many Central Alabama businesses are seeing surprising benefits from tapping into the trend. Montgomery's Lowder New Homes blew the top off its sales goals this year with a creative sales incentive designed around a trip to Napa Valley -- wine country in California.

"Right now the real estate market is good, anyway," said Jimmy Rutland, vice president of Lowder New Homes sales and marketing. "Simply offering more commission doesn't automatically motivate sales people to do more if they're comfortable making a certain level of income, and the prevailing market conditions made it fairly easy for them to achieve that level. We found it was more motivating to offer them something they wouldn't ordinarily go out and do for themselves."

The logistics of arranging large-group travel can be daunting, however, especially for a company already working overtime just to handle its own day-to-day business. In response, companies throughout the nation have sprung up that specialize in travel incentive programs. The trend has been hot in Atlanta for several years, and is also booming in Birmingham. Alabama World Travel owner Liz Sutton caught the wave and spun off Sutton & Associates in 1995 just to serve the incentive travel market. Lowder New Homes is one of her clients.

"It's more expensive to hire a company to manage the incentive program,"



A company may reward its top employees or customers with a trip to a resort destination or cruise.

PHOTOS COURTESY OF SUTTON & ASSOCIATES

CONSIDERING A TRAVEL INCENTIVE PROGRAM?

Questions to help you get started

1. What is our goal?
2. Who is it that we're targeting to reach this goal?
3. How many are we targeting to participate in this incentive?
4. What will be the qualifying period for this incentive program?
5. How will we keep them motivated to reach the goal?

Source: Sutton & Associates

Rutland said, "but I think it's well worth it. They're travel professionals, and they're also professionals in promoting the program. They handled all the details of keeping that program in front of our sales people week after week, keeping them interested and motivated."

Rutland remembers summer days during the Napa Valley incentive program when the weather in Montgomery was more than 90 degrees and oppressively hot and muggy. "Sutton would send our sales people weather reports from Napa Valley, where the highs would be 78 and sunny and the lows would be in the 50s. They'd just groan."

Along the way, the Sutton group kept in touch with emails and postcards, and frequently surprised the sales force with little gifts. "They might have been those little corny things with motivational sayings on them," Rutland said, "but you know, they've still got them on their desks. Heck, I've still got them on my

desk!"

By program's end, the sales force had not only met, but also actually exceeded its goals. Theirs was a group incentive, which meant they won or lost as a team. "Everybody went or nobody went," Rutland said. "It was a great way to build teamwork while they were meeting the goals, and a great way for them to connect while they enjoyed the trip together."

With corporations increasingly subject to fiscal scrutiny, such programs could be questioned for their true return on investment. In a 2005 Incentive Federation survey of motivation and incentive applications, 75 percent of business people responding said ROI was a major criterion for evaluating incentive offerings. According to Incentive Federation Executive Director Howard Henry, "In this age of transparency and Sarbanes-Oxley compliance requirements, it makes more sense than

ever before for companies to take a bottom-line approach to every aspect of their business."

For this reason, incentive planners are careful to show clients exactly how their programs will affect the bottom line, dollar for dollar. Quantifying a travel incentive program is more complex than itemizing a cash bonus or commission, but it need not be more costly. "A good incentive program should easily pay for itself," Sutton said.

Rob Henry of the Robert F. Henry Tile Company made sure his travel incentive program wouldn't break the corporate bank. He established the sales goals around the cost of the incentive program itself and believes he came out ahead.

For Rob Henry, the motivation factor was trickier. He was trying to motivate his customers, rather than employees who depended on him for a paycheck. As a tile distributor, Henry wanted to motivate commercial tile and flooring dealers to buy from him rather than from his competitors. For a certain volume of sales, he offered an all-expense-paid Carnival cruise leaving from the port of Mobile with stops in Cozumel and Costa Maya.

"We'd offered our customers perks in the past," Henry said. "We'd had a golf tournament and a deep-sea fishing trip and a white-water rafting trip. But those hadn't been tied to sales, really. This cruise was the first real incentive program we tried, and our customers responded well."

Henry ran the program from July-December 2004, and the winners enjoyed their five-day, four-night cruise in late February 2005. "We had 17 couples, a woman and her mother, and six cabins with Henry Tile staff onboard," Rob Henry said, "including my father, who is CEO of the company. It was an excellent networking opportunity for us, because we got to really get to sit down and spend time with our customers, and they got to spend time with one another. Since they came from throughout the state, they enjoyed being with other people in the industry that they don't often get to see."

There is great "trophy value" in such trips, according to Debbie Szafran, director of marketing for Sutton & Associates. "People are proud to tell

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their friends that they've won a trip, and they can't wait to show off the pictures and souvenirs when they get back. Long after they've spent a cash bonus and forgotten it, they continue to have good memories of a well-planned trip."

Travel also assuages the guilt felt by some employees or customers who may feel they spend too many hours at the office or on the road. "Usually, an incentive package will allow them to take along their spouse and often even their children," Szafran said.

"A free trip like that can go a long way toward soothing the feelings of the family and make the spouse more supportive of the company that made the trip possible. And, it allows the family to take a trip that they might not otherwise invest in."

Though Americans value family time, they often can't see their way clear to pay for a major family vacation. Yet, in a recent Marriott Corp. survey, nearly 75 percent of 1,008 respondents said they would be willing to give up some of their pay in exchange for personal time with family.

Even in a time when American budgets are tight and two-income families are common, research shows that both employees and customers don't consider money as motivating as



"A good incentive program should easily pay for itself."

— Liz Sutton, owner of Sutton & Associates and Alabama World Travel

merchandise or travel.

In the Incentive Federation survey, 60 percent of respondents said employees perceived cash awards to be part of their total compensation and 53 percent believed cash bonuses were simply something they were due. Marriott's research showed that 32 percent of employees admitted that after receiving a cash bonus, it did not improve their work performance. Some 29 percent said their cash awards "disappeared" straight to bills, and 18 percent couldn't remember how they spent the money.

Research shows that about two-thirds of Fortune 1,000 companies use incentives for performance improvement

and employee recognition. At the same time, those companies also realize the accompanying "soft" benefits that aren't so easy to measure.

"Our clients see improved morale, more cohesive teams, greater loyalty among employees and customers, and greater employee retention," Sutton said.

As an incentive, travel is only desirable if it is perceived to be enjoyable. Companies such as Sutton's take care to inject entertaining and creative elements not only into the incentive program itself, but into the travel that ultimately rewards the winners.

"For big trips, we will actually have one or more of our own staff go along," Sutton said.



The winner of an incentive trip program may find a gift basket in their room.

"We're at the airport to be sure seat assignments are right. We're the liaison between the guests and the hotel or cruise ship. We host special receptions. Leave gifts in their rooms. Solve problems. Take care of special requests. In other words, we spoil them. We make our client company look good to the people who won that trip, so they'll remember that trip as a time when they were absolutely treated as VIPs."

Sutton believes travel incentives will become more and more a part of every organization's culture. "This will allow companies to set uncommon goals, and help both internal and external customers go above and beyond all expectations. Incentives can help you retain your best employees — after all, your people aren't going to leave in the middle of an exciting incentive program if they're halfway there.

"People want new experiences," Sutton said. "You can make your company a place where people get that — a place where they want to come to work every day because their performance is clearly tied to the chance to do something new and exciting. If your employees or your customers are underperforming — instead of giving them more training, give them some new incentives."

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BUSINESS PROFESSIONAL PROFILE: MONTGOMERY

Travel agency owner is 'architect of people's dreams'

By MELANIE LEMAY

MONTGOMERY — In a volatile marketplace, nothing is more valuable than the ability to reinvent your business, especially if you can do it just before the trend turns to your advantage.

Alabama World Travel's Liz Sutton has done just that — not once, but twice — since entering the travel market in the 1970s. Sutton combined her family tradition of positive attitude with her own determination, research, and intuition about consumer trends, and succeeded when many in the travel industry were closing their doors.

Those risks took courage too, of course, and money. "Back in the '70s, 98 percent of our business was airline tickets," Sutton said. "It took three years for our cruise specialist to convince us to focus on the cruise market. That was 1989, and a lot of people at that time, especially here in Montgomery, thought we were crazy. We had to change our logo, and add new staff. It was an investment, but it slowly began to pay off.

"And then after the Gulf War in the early '90s, people weren't as interested in flying, and the cruise market really took off. A lot of travel agencies went out of business because they were too dependent on the airline market.

Sutton changed direction again in 1995, and opened a customized travel division called Sutton & Associates. "We saw a market for travel packages that

LIZ SUTTON

Title: President of Alabama World Travel and Sutton & Associates
Family: Husband, Bill; children: Kristin, 16; Thomas, 14; Joseph, 11
Education: Attended Auburn University
Montgomery: certified travel consultant



Liz Sutton stresses the importance of a positive attitude.

companies could offer their employees as incentives for especially high performance or customers who reached a particular level of purchasing. That's a relatively new trend, too, and meant we had to invest in some training and research, but it's been a win-win for us."

Sutton, a Stephen Covey devotee, likes the win-win concept. It meshes well with her family's traditional insistence on positive attitude. "My father introduced me to the travel business when I was young," Sutton said. "He told me it was a happy business, and it was our job to make all the people who walked through our doors feel good about themselves and good about being in our office. He told me ours might be the only smiles those people would get that whole day."

While Sutton expects her staff to display the same positive attitude, she knows the example starts at the

top and must be constantly nurtured. "The best teams are constantly growing and changing," she said. "You've heard that saying — a manager is afraid to send his people off for training for fear they'll learn everything and then they'll leave. But I say the more important question is: What if you don't send them for training and they stay?"

Sutton reads constantly and encourages her staff to do the same. Every team member must read an industry article and report on it at the weekly staff meeting and the staff also has its own book club. Last month's selection was Zig Ziglar's classic "See You at the Top," culminating in a staff outing to hear Ziglar when he spoke in Montgomery.

"Americans are the kind of people who crave new experiences," Sutton said. "When we as employers can give them this, they come back very committed. We need to give them more than a paycheck, and make their lives more meaningful."

Having a committed and loyal staff is important for Sutton, because her calendar is always packed. She is a certified travel consultant and served as chair for The Travel Institute National Forum in Broadmoor, Colo. in 1998. She was named one of the Most Powerful Women in Travel by Travel Agent magazine in May 1999 and was recently recognized as one of the top 125 Super Agents by Travel Leisure magazine.

Melanie LeMay is a freelance writer based in Montgomery