



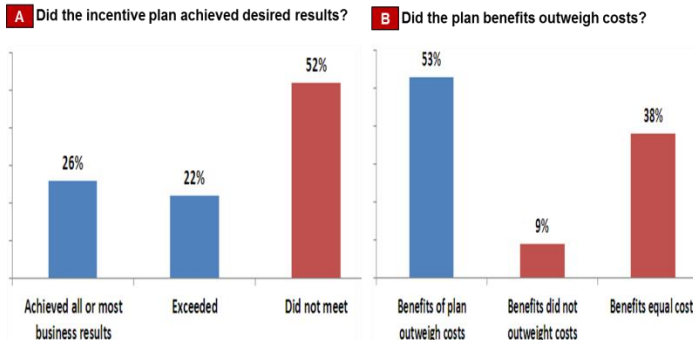
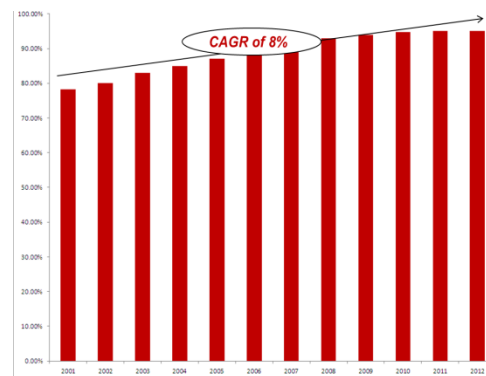
# A Relook at Incentives

## Total Rewards

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### Key Takeaways:

- It has been disapproved in many studies that financial incentives is the strongest motivator for individuals
- Annual Incentive plans have gained prevalence from 55% to 91% in last 2 decades
- Similarly Long term incentive plans CAGR have risen to 6% CAGR in last decade



### Did incentive plans achieve its goal?

*In more than 45% companies incentive plans achieved business results out of which in more than 20% cases it exceeded business results*

*But at the same time around half of companies analyzed that benefits plans did not outweigh costs or equaled it.*

### Factors effecting Incentive Plans:

- In accurate goals of individuals combined with poor communication about plans contribute to failure of incentive plans
- Employee understanding of plan objectives, appropriate award size and employee ability to impact results contribute the most of all to make incentive plan a success for a company

*A simple design leads to most effective plan structures, but if incentives are not monitored properly they act like assured compensation.*

Factors Contributing to Success of Plans	% Of Plans
Support of Executives / Management	79%
Realistic Goals / Targets	56%
Employee Understanding of Plan Objectives	54%
Effective Communication	50%
Appropriate Award Size	49%
Employee Ability to Impact Results	33%
High Level Champion	23%
Employee Participation in Plan Design / Goal Setting	21%