

# You Can't Get This With a Paycheck



Authentic reward and recognition  
improves performance, increases loyalty  
and drives significant ROI



# Moving Past the Paycheck

Companies are aware of the importance of non-cash recognition. Now they just need to execute.

BY PAUL NOLAN

In July 2022, a 20-something New Yorker working a remote tech job posted a TikTok about a concept he discovered through a YouTube video regarding a trend called “quiet quitting.” Zaid Khan, the poster, explained that quiet quitters weren’t actually quitting their jobs, but rather “quitting the idea of going above and beyond.”

His video went viral, and within months, managers across the country – indeed, throughout the world – had a new concern atop their list of employee matters. “What if my workers aren’t motivated?”

Call them what you will – unenthusiastic, distracted, disengaged – lackluster workers have existed as long as there has been work itself. However, it is widely believed the COVID pandemic sparked widespread worker disengagement that many managers feel persists.

“The pandemic made me lazy and I got way too good at wasting time. I’m struggling to find my motivation again. Anyone else experiencing this?” reads the headline from a [Reddit discussion thread](#) from four years ago on the challenge to get motivated at work.

One poster replied, “Same! I have a full time [sic] job and I slack off so much. I feel guilty af but I can’t seem to get the will power [sic] to stop!”

In its “[State of the Global Workplace 2025](#)” report, Gallup stated that global employee engagement fell two points to 21% in 2024, costing the global economy \$438 billion. It estimated a whopping \$9.6 trillion in productivity could be added to the economy if the global workforce was fully engaged.

*Harvard Business Review* reported that one of the most significant fallouts of this deluge of disengagement was a commitment by corporate executives to ramp up employee recognition. In December, [HBR reported](#) that another Gallup survey indicated that the percentage of senior leaders who viewed recognition as a major strategic priority more than doubled between 2022 and 2024, from 19% to 42%.

Another sign that workplace recognition is being taken seriously – or at least more seriously than it was just a couple years ago – is the growth of the workplace recognition software industry. That market was valued at \$11.1 billion in 2021 and is now estimated to be \$38 billion.

## FEATURE STORY

### A Hierarchy of Workplace Needs

To be sure, there is a Maslow-like hierarchy of needs in the workplace for employees to be happy and motivated in their job. A competitive salary and meaningful work top that list. Training that allows each worker to feel fully competent and capable of exceeding expectations is also essential. Next comes supportive management that can help identify a clear career path, whether that is within the same organization or somewhere else. Alongside that is a need to be appreciated and recognized.



Getting past a paycheck is what non-cash rewards have always been about. As the HBR article suggests, corporate leaders are increasingly aware that work must mean more than money in the pocket, yet despite increased efforts to show appreciation, workers still report feeling undervalued. A [survey by Workhuman](#), a cloud-based human capital management software company, showed that 53% of employees feel either somewhat valued or not valued at all at work.

In its report on “why rewards go bad,” the Incentive Research Foundation (IRF) states that poor recognition and incentive program design is partly to blame for this lack of feeling appreciated. It’s a classic case of how doing something poorly can be more harmful than doing nothing at all. The IRF report identifies some common pitfalls of recognition programs:

- **An overreliance on cash and underappreciation of trophy value** – Your employees may say “give me cash,”

but it’s OK to ignore them. As long as you are paying a competitive salary, rewards of gift cards, merchandise or travel experiences produce memories and narratives that money can’t duplicate.

- **Too much of a gap between achievement and award** – Psychologically, delayed rewards are heavily discounted. You can hold on to your annual President’s Club travel incentive, but be sure to offer smaller rewards along the way. And don’t neglect continual communication of “attaboys,” both formal and informal, throughout.
- **Crowding out intrinsic motivation** – “If you overly control behavior with rewards, people can start working for the reward rather than for pride, purpose or learning,” an IRF report states. It recommends positioning incentives as recognition of contribution, not as coercive control.
- **Ignoring fairness and subjective judgment** – The IRF’s [Building a Culture of Recognition](#) report underscores that perceptions of fairness, including clear criteria, broad eligibility and manager training, are central to recognition program effectiveness. Make eligibility rules and criteria explicit, and act decisively and visibly on inequities. “Cognitive pitfalls are not bugs in your employees; they are features of human decision-making,” the IRF report states. “Incentive and recognition programs that ignore them will, at best waste money and at worst, erode trust and psychological safety.”

### Recognition + Affirmation

A final word about the importance of telling people they are appreciated. Non-cash rewards are an effective tool for engendering employee satisfaction and loyalty. However, managers need to be aware that the reward itself, no matter how extravagant and memorable, cannot carry the load alone.

Zach Mercurio, a researcher and consultant on purposeful leadership, and the writer of the HBR article on the topic, says people feel most appreciated from a brief interaction with a leader who mentions their strengths, points out the downstream impact of their efforts, or reminds them how their everyday efforts are vital to the team’s success. He distinguishes between recognition and affirmation. The former can be conveyed through awards, while the latter is only delivered through personalized interaction. Both are necessary. One acts as a force multipliers of the other.

“The good news is that leaders can learn the interpersonal skills they need to deliver regular, valuable affirmation. It requires them to notice and name people’s unique gifts, show them the difference they make, and deliver meaningful gratitude that validates their distinct impact,” Mercurio writes.

“Remember, each time a leader offers someone clear evidence of their significance, they strengthen that person’s belief that they matter,” Mercurio adds. “And when people feel that they matter, they act like they matter. They engage, commit and stay.” **SMM**

# With Incentive Travel, 'More With Less' Is Unsustainable

Rising costs and flat or shrinking budgets are forcing strategy changes

BY PAUL NOLAN

“What Happened to the \$150 Hotel Room?” a Washington Post headline screamed earlier this year. The midscale hotel hasn’t gone away, the story stated, it’s just moved on to richer pastures.

One day later, the Post published a story about the high price of tickets for events at the upcoming 2028 Summer Olympics in Los Angeles by featuring a Los Angeles couple who attended some events the last time the Olympics were in Los Angeles in 1984.

Sarah and Dennis Kissick still have ticket stubs from when they saw the world’s best boxers compete for \$16 and enjoyed track and field events live for \$33. They took in some baseball – then an Olympic exhibition sport – at Dodger Stadium for \$6!

They don’t expect to be able to afford to see any events at the 2028 Olympics live, as less than one-third of tickets will be available for under \$100, and many events will cost four figures to get into.

The Kissicks, who are huge soccer fans, won’t be able to attend any of this summer’s FIFA World Cup matches in Los Angeles, either. A ticket for those games costs as much as \$8,680, the Post reports.

## Inflation Hits Incentive Travel

The soaring travel and event costs that consumers are facing are also wreaking havoc on corporate incentive travel campaigns.

[A 2026 trends report from the Incentive Research Foundation](#) states, “While for the past several years, incentive program designers have resourcefully stretched budgets, the ability to do more with less via creativity as a success factor is simply gone. To ensure long-term viability of incentive programs, incentive professionals are having to cut certain aspects of programs to ensure they remain viable and incentivizing.”

The IRF report and industry suppliers we spoke with state that companies are finding ways to eliminate aspects of previous incentive travel programs from future campaigns without diminishing the overall experience. Cost-cutting measures include selecting less-expensive destinations, shortening the length of the trip, shrinking the number of



people who qualify for a trip, reducing per-person spend on event gifting, and giving participants more free time during an event by cutting certain expensive group activities. Free time, after all, is free for a program sponsor as well, and surveys of incentive travel program participants report desiring more free time to select activities of their own.

In a webinar earlier this year on incentive travel and offsite meeting trends, Mike May, executive chairman at [Brightspot Incentives & Events](#), said, “Costs are going up faster than

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**The IRF reports the average spend per person for incentive travel in the past 12 months increased by 4% to \$5,100.**

**Looking ahead to 2026 incentive travel budgets, 50% of buyers report that budgets would match inflation and 25% state their budget will outpace inflation, improving programs. The final 25% of buyers expect to trim per-person spending.**

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budgets. The key word we would have used in prior years was ‘volatility,’ but for this year, the word we would use is ‘selectivity.’ There is less tolerance for waste or fluff. The ability to say, ‘We’ve always done that,’ doesn’t cut it anymore.”

May’s colleague at Brightspot, Michelle Crosby, an account executive, said senior leaders at their client companies want clarity on why an incentive travel event exists. “Every event should have a concise explanation that is tied to a business goal. If you can’t explain the ‘why’ in one or two sentences, it will struggle to get approval. You have to be prepared to present a concise, CFO-ready explanation that ties directly to your business outcomes.”

### Thinking Differently

Sydney Nolan, incentives and engagement specialist at [Meetings & Incentives Worldwide](#), a third-party planner of incentive travel programs and offsite meetings, said a bright side of flat budgets is the challenge it presents to be more creative in program design. (Full disclosure: Sydney is this writer’s daughter and she has worked in the incentive industry for several years.)

“There’s a new opportunity for incentive professionals – and the incentives industry at large – to embrace the power and potential of narrative storytelling,” Nolan said. “Tighter restrictions and new demands, coupled with seemingly endless ‘mid’ AI-generated content, requires incentive industry leaders to dig deeper when crafting narratives and content, and making these elements the true backbone of a genuinely motivational rewards and performance strategy. Good, compelling storytelling also builds trust and confidence, magnifying and strengthening the impact of any non-cash reward.”

Creatively combatting the high cost of signature events has been an arrow in Marc Matthews’ quiver for decades. Matthews is the founder [Pulse Experiential Travel](#), which specializes in creating what it calls “transformative travel experiences” for smaller groups or individual incentive travel rewards.

Matthews can secure Super Bowl tickets for corporate clients if they want to go that route, but he also has staged a Super Bowl extravaganza in Aruba for more than 20 years for companies to use as rewards and channel incentives. Lower level tickets to see the Super Bowl live start at \$4,500 or more, Matthews states. And then there’s the hotel headaches, which come with four-night minimums and jacked-up costs, and the chaos of getting anything accomplished when the host city is overwhelmed with restaurant reservations.

“It’s \$25,000 or \$30,000 [per couple] before you get anything done at a Super Bowl,” Matthews told us in a [podcast interview](#) last year.

Why not bring top performers or key corporate clients to a beautiful beach setting for four days where Matthews and his team sets up big-screen TVs oceanside to watch the game and lays out a smorgasbord that would cost five times as much at the Super Bowl, if it could even be pulled off?

### The Individual Travel Option

Another cost-saving strategy that has existed for decades but is increasingly embraced by companies looking to stretch reward budgets is individual incentive travel. Pulse Experiential Travel and companies like [Luxury Concierge Travel](#) allow reward users to send top performers on a trip of their choosing on their timeline without worrying about hobnobbing with C-suite executives or line dancing with colleagues because it’s part of a group travel event.

These companies offer prepaid packages at different fixed price points or tiers, allowing companies to budget their incentive travel expenditures at the beginning of the year and know that won’t change. Recipients typically have two years or more to travel, and can choose the destination of their choice from options provided in the tier their reward allows.

Similarly, rewards like [Marriott GiftCards](#) are available in denominations between \$25 and \$2,000. With that flexibility, an incentive program sponsor can treat recipients to a day at the spa or a fully paid memorable weekend away.

The focus with any incentive travel reward should be on emotional impact. It’s difficult to earn one’s spot on these trips, so they must be designed with an intent to deliver what participants want, not what tops C-level executives’ wish list. **SMI**



# How to Select a Third-Party Partner for Incentive and Recognition Programs

BY IRA OZER

When sales, marketing and HR leaders want to launch a new incentive program or tweak an existing one, they often start with a general Google and social media search. They can find excellent information – like the comprehensive report this article is part of – but that can be a problem.

Once loaded up with information on how to properly implement an incentive or recognition program, some companies feel they can take a DIY approach, while others choose a third-party partner in the reverse order they should.

Although the information reward users find online can be quite helpful, the source may or may not provide the best solution for their needs. For example, when I Googled the term “employee engagement,” I found excellent content about how to achieve it, then realized it was posted by Snacknation, a company that sells employee snack subscriptions. This might be an excellent employee benefit, but it is not the incentive or recognition program I was seeking.

In my 25-plus years of experience as an engagement consultant in the incentive industry, I have identified six steps that can help business leaders select the most appropriate incentive agency for their program needs:

## 1. Strategy

Determine if the desired business objectives can be accomplished through improved engagement of your workers or business partners, or could it be a supply, technology or other issue? Ask these important questions:

- Who are the people that can accomplish the results needed based on the business objectives?
- What behaviors are required to accomplish them?

- How much money and resources can be invested in a program?
- Are there support team members who should be part of the program as well?

## 2. Solution

Elif people can accomplish the business objectives, is an incentive or recognition program the most effective solution, or might the performance issue be related to ineffective communications, compensation, training or enablement? Consider whether a longer-term integrated engagement program should be developed vs. a tactical incentive or recognition program? Are there multiple programs that should be implemented for the various stakeholders? Have existing or past programs been assessed to determine improvements?

## 3. Sequence

If multiple programs are required, in what order should they be implemented? For example, if a sales incentive program makes the most sense, should a sales training program be launched before the incentive period begins to ensure the best results? When should a customer support team program be implemented?

## 4. Services

There are 10 services needed to operate an effective engagement program. Even if a tactical incentive or recognition program is desired, all of them should be considered to achieve the desired results.

Specific questions should be answered before determining a supplier. These include which of these services will be outsourced to an incentive agency partner and which can be handled in-house?

Also, what types of incentive rewards should be included in the program? Options include specially curated merchandise or travel experiences, points that can be accumulated and redeemed from a vast catalog selection of items, gift cards and group incentive travel experiences. Decisions here may be impacted by how geographically dispersed your participants are.

The 10 services of an engagement program are:

- Assessment – How have past programs worked? How much can be budgeted? etc.
- Program design and administration – Who will be involved? What are the program rules and measure? How will the program be administered and reported?
- Communication – Will there be a program website, app, materials, promo items?
- Training – What do the participants need to know to achieve the objectives?
- Rewards – Which rewards make sense for the participants, budget, theme, etc.?
- Recognition – What is the criteria and how will people be recognized?
- Coaching and Mentoring – how will participants be coached and mentored?
- Innovation – How will the program encourage and process innovative ideas?

- Tech platform – What technology will be used to manage, measure and report?
- ROI analysis – What is the methodology to forecast and measure return on investment?

## 5. Suppliers

There are thousands of incentive and recognition agencies, as well as specialized program technology and rewards vendors that are capable of supporting programs. It's important to consider all four steps above before determining your agency partner. Do you need a full-service agency that can outsource all the 10 services above and manage the entire program, or a tactical vendor that can provide just one or a few of the services you need? What is the process, service and support level and pricing for each agency being considered?

## 6. Success

How will you measure results? Is your partner on board with that? Do you have an ROI methodology? Do the agencies or vendors you are considering measure ROI or is it something you should plan for separately? To properly assess program ROI, measures must be planned from the beginning during program design and measured throughout the program operation to determine changes that might be needed along the way. **smm**

Ira Ozer is engagement consultant for Sales & Marketing Management and president of Engagement Partners, an incentive and engagement consultancy that assesses performance needs and recommends the most effective engagement solutions and suppliers to achieve objectives. He can be contacted at [iraazer@engagementpartners.com](mailto:iraazer@engagementpartners.com).

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# Some Things Change, Some Stay the Same

## Thoughts on what's new with non-cash rewards

BY PAUL NOLAN

Editor's Note: I've written about the effectiveness of non-cash incentives and rewards for 35 years. (I know, it doesn't seem possible to me, either.) Some truisms about cash vs. non-cash rewards remain strong selling points for the latter.

- Cash bonuses get blended with pay and do little to engender employee loyalty.
- Non-cash rewards often cost less than their perceived value.
- Workers say they just want more money, but studies show non-cash recognition programs, when done well, are more motivational.
- Rewarding top performance with merchandise and travel reinforces company culture of valuing employees.
- You can't brag about a bonus, but you can show off that gas grill you earned without compunction or share photos of that once-in-a-lifetime incentive trip that you and your spouse were treated to.

It's true that the more things change in the world of non-cash incentives, the more many of the basic tenets stay the same. However, every business strategy must evolve. We asked some veterans of the non-cash reward and recognition industry to share the most significant changes about rewarding top performance with merchandise and travel. Here's what we heard back. (The response from Pádraic Gilligan of SoolNua is taken from a post on [Padraicino, his incentive travel blog](#). Reading [the full post](#) is highly recommended.)

## Nevermind AI, There's Another Acronym to Be Conscious Of

Everywhere you look, industries that designed themselves around certain assumptions about human bodies and appetites are suddenly confronting a world where those assumptions might not hold.

Have we, in incentive travel, given even five minutes of serious thought to what happens when a significant portion of our participants are on GLP-1 medications? If you don't recognize the term, you absolutely recognize the brand names: Ozempic, Wegovy, Mounjaro. These medications are already beginning to reshape behavior, appetite and expectation in ways that touch directly on how we design and deliver incentive programs. And we'd be foolish not to pay attention.

Imagine a cohort where 20%, 30%, perhaps eventually 50% of participants are experiencing fundamentally altered relationships with food and alcohol, not so much through willpower or discipline, but through pharmaceutical intervention that directly modulates appetite signals in the brain. What happens to the incentive program when the centerpiece experience no longer centers people in the way it once did?

We're in the business of creating peak experiences around travel, cuisine, celebration and reward. If the appetite mechanisms that make those experiences compelling are being chemically recalibrated for millions of people, that's not background noise. That's a structural shift. There's another angle here that makes me uneasy, and it's worth naming directly. If GLP-1 medications become widespread, particularly in corporate and professional contexts, they risk creating a new kind of conformity, a pharmaceutical smoothing of human difference that could make incentive travel participants more homogenous, not less.

One of the things that makes great incentive programs work is the collision of different people, different appetites, different ways of being in the world. Some people live to eat. Others couldn't care less. Some drink with gusto. Others abstain entirely. The best programs create space for all of that, tension and all.

But if everyone's on the same medication, operating from the same chemically modulated baseline, do we lose something essential? Does the program flatten? Does the experience become less textured, less human?

I don't know the answer. But I know it's a question we should be asking.

Our industry has always prided itself on being responsive to human need, on designing around how people actually are rather than how we wish they'd be. And if GLP-1 represents a genuine shift in how millions of people experience appetite, satiety, food and celebration, then we owe it to ourselves and to our clients to engage with that reality seriously.

Pádraic Gilligan, Co-founder, [SooiNua](#), a boutique consultancy based in Ireland

## People Want Personalized Memories

Award redemptions show a fascinating shift toward personalization and meaningful awards. Dining gift cards surpassed online-only retailers (Amazon), according to the IRF Outlook for 2026. Amazon cards, which had been No. 1, typically disappear on commodity purchases, but now winners prefer memorable experiences at a favorite restaurant. It's what the incentive industry has said is best, and now, winners are self-selecting experiential awards.

Mike May, Executive Chairman, [Brightspot](#)

## Personalizing Is Humanizing – and It's Essential

In an era where technology can sometimes create uncertainty about job security, incentives serve as tangible recognition of the irreplaceable human contributions within a company. To maximize the effectiveness of their incentive programs, companies should look to increasing the level of personalization being offered in both experiences and other rewards to further ensure employees feel truly seen and valued by the company. By understanding individual preferences, organizations can ensure that their incentive strategies recognize critical human contributions in the age of AI and add to the sense of belonging.

Stephanie Harris, President, Incentive Research Foundation

## Avoid the Rush

Merchandise trends continue moving toward experience-driven, data-powered and personalized strategies, with sustainability and well-being playing key supporting roles. Experiential rewards (49%) emerged as the top-ranked development in a recent study. Close behind are data-driven/AI selection (47%) and personalization and customization (44%), reflecting the growing importance of analytics and unique product tailoring for engagement.

Jeffrey Brenner, director, [Seiko Watch of America](#) and past president of the [Incentive Marketing Association](#)

## It's Not the Why As Much As It's the How

Non-cash rewards are much better understood and accepted as part of business strategy. It's not as much about convincing senior leadership to have a program, but rather how that program is funded, what outcomes will be targeted and measured, and what kind of program is most meaningful to that specific audience. Businesses need help designing a program that achieves their goals within their unique business realities.

Susan Adams, Vice President of Client Strategy & Engagement, [Next Level Performance](#) [SMM](#)

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# Performance Appraisals for the 21<sup>st</sup> Century



## Experts say aspects of traditional appraisal processes are outdated, but don't throw the baby out with the bathwater

BY PAUL NOLAN

Through the decades, performance reviews have evoked more groans than grins from employees. However, if they are removed from a company's practices these days, millennial and Gen Z workers are likely to protest and proclaim that management is restricting their career growth.

Today's workers want assessments of how they are performing at work; they just don't want that in the outdated methods of their parents' generation, says Ken Lloyd. The job appraisal process has undergone major changes since Lloyd first wrote "Performance Appraisals & Phrases for Dummies" in 2009, which is why he created an updated edition that was published in 2024.

"New employees in the workforce want feedback, but they want feedback that's relevant, and meaningful, and accurate, and productive for them, so they can actually take this and build with it as a source for career development," Lloyd told us in an [SMM Podcast interview](#).

The first major change, Lloyd says, is that the notion of a once-a-year annual appraisal is not only outdated, it's potentially harmful and demotivating. This aligns with what one 30-something worker in a communications and business development role told us she wants from performance reviews.

"I definitely prefer timely feedback. Making a comment or suggestion in the moment is often more impactful and helps me course-correct more effectively, especially when I've been part of smaller teams and offices. It's not helpful to hear a colleague or supervisor bring up a sudden comment about your performance related to an event or occurrence that took place months ago. It makes you wonder how long they've been sitting on that comment and how it's impacted their impression of you in the interim, which doesn't exactly make for a healthy or supportive workplace."

### Increased Frequency Improves Accuracy

The old-school annual performance appraisal often generated significant levels of dissatisfaction and distress for managers

and employees alike, Lloyd states. Increasing the number of formal appraisals allows for continuous feedback as well as "feedforward," a term Lloyd didn't invent, but one he endorses. Feedforward is a means of helping to improve performance and frame career growth by adopting a future-focused coaching approach more than analyzing past mistakes.

"Employees wait for a year to get measurable, quantitative feedback on their performance. In that year, a lot can happen," Lloyd says. "The performance standards change, goals change, a lot of forgetting goes on. The whole loss of getting feedback tied in with your actual performance is gone. By the time that annual appraisal arises, whether it's structured or unstructured, too much has happened for it to be really productive. Delayed feedback is hardly motivational, whether it's positive or negative."

Others we heard from stressed that increasing frequency of appraisals is only part of the solution. Ed Brzychcy, founder and president of the consultancy Lead from the Front, said it's imperative to divide the three traditional objectives of performance appraisals – evaluating performance, planning development, and justifying pay decisions – into separate conversations.

When you attempt to tackle all three roles in one conversation, you get an awkward dance in which managers soften criticism because they don't want to hurt an employee's feelings right before discussing promotions. He recommends using regular check-ins for development and using annual reviews for evaluation and compensation.

"Don't try to be a therapist and judge in the same meeting. Bad conversations aren't better just because you have them monthly instead of annually," Brzychcy says.

Lloyd also dislikes including a conversation about pay increases during a performance appraisal conversation, preferring that be a separate conversation.



“There should be a link between performance and pay increases, but money can dominate the whole interaction when we’re trying to have an open and productive conversation building on areas that need improvement, providing recognition where you’ve done well, and setting the course to go forward to learn and grow,” he says.

### Tweaking the Traditional Model

Joe Campagna has worked in HR for nearly 30 years. He’s the founder of [My Virtual HR Director](#), a New Jersey-based outsourced human resources firm and consulting service. Campagna says there is a place for the old-school performance appraisal approach as long as it comes with important updates.

**Make them quarterly.** This makes it easier to apply real-time, critical corrections in small bites to produce better business outcomes.

**Make them easy.** The harder and longer the actual appraisal, the more it gets skipped or skimped on until it is eventually abandoned. Campagna is a proponent of checklists with targeted behaviors supplemented with customizable spots for position or departmental goals.

**Keep ratings short and understandable.** Campagna likes a three-star rating system. Either they are performing to the goal, underperforming or outperforming. Five- and six-level rating scales are ineffective. And Campagna feels both managers and employees should be informed that an “average” rating is not only good, it’s expected for 90% of the employee base. Only 5% falls into the underperforming or outperforming categories.

**Train, train, train!** Managers should receive extensive training on how to provide continuous feedback, how to rate honestly, how to recognize rating biases, etc.

**Incentivize appraisals.** Charlie Munger said, “Show me the incentive and I’ll show you the outcome.” Managers’ own appraisals should include a goal or measure for completing the performance reviews consistently and on time. Employee performance should, as much as possible, be tied to incentives, whether that’s compensation or non-monetary recognition.

### AI’s Impact On Appraisals

Artificial intelligence is dramatically impacting business processes across the board, and performance appraisals are no exception. Because AI can increase efficiency in tracking goals and provide almost instantaneous feedback, it advances the goal of having more frequent formal appraisals.

[John Raisor](#), a writer and digital marketer, predicts that performance reviews in their current form will ultimately be extinct, one of the numerous operational changes that AI will bring into every workplace. He says employees will be able to monitor their performance at any time, and management will be able to do the same. Personalized AI will recognize exactly what each worker needs to maximize output.

AI is being used to aggregate and analyze performance data as well as writing initial drafts of reviews. Positives include more thorough data, more accurate analysis of that data, and the elimination of recency bias and other biases that can creep into reviews. The risks include a lack of empathy in providing

feedback and the absence of human connection that hopefully exists between managers and their team members.

“AI is not going to know how you feel in your role, what you want to improve on and the motivations that you have [in terms of] how you want to progress in your career,” states leadership coach [Kara Ronin](#) in a video explanation of how AI is changing performance reviews.

Ultimately, says Lloyd, performance appraisals cannot be considered the culmination of a process, but rather what should come out of a performance review are next steps.

“The performance appraisal is not an end-all to anything. It’s part of the process of leading, managing, coaching, building your team and developing your employees. Remember,” he adds, “as you continue to provide training that helps your employees build their skills, you’re also further developing your own training skills.” **SMM**



### Listening Is Learning In Appraisals



Adopting solid listening skills is critical for managing effectively in general, but especially important to have successful performance appraisal conversations. And it is important to remember that these sessions – not just one-way diatribes.

Ken Lloyd offers these tips for strengthening your

listening skills to create more meaningful performance appraisals:

**Be totally present.** Prevent interruptions and distractions. Your employees should have no doubt they’re getting your full focus and attention during your meeting.

**Let your employees talk.** Don’t interrupt, cut them off or use words or phrasing to rush them.

**Restate, rephrase and summarize.** It’s simple active listening. Putting their comments in your own words demonstrates your interest and involvement.

**Pay attention to what they’re not saying.** Watch their body language, including facial expressions and whether they maintain eye contact. Nonverbal communication sends a wide range of important information.

**Ask open-ended questions.** Using “what,” “why” and “how” questions will enable your employees to express and elaborate on their thoughts and ideas regarding the topics that are being addressed.



# Drive Greater Impact From Sales Incentive Programs

Sales incentives were once a peripheral perk. Now they've become a strategic imperative in driving sales performance. 84% of U.S. businesses invest in non-cash rewards from gift cards to trips, spending roughly \$176 billion annually to motivate sales staff, employees, partners and customers.<sup>1</sup> This article explores some key components of effective incentive programs and how modern prepaid card solutions can help SPIF-focused companies (Sales Performance Incentive Fund) drive greater impact in motivating their sales teams.

## Seven Keys to an Effective Incentive Program

**1. Align incentives with basic and psychological needs.** Maslow's Hierarchy emphasizes that motivation begins with fulfilling basic physiological and safety needs: fair compensation, job security and clear expectations. Neglecting such needs risks low engagement and high turnover. Ensure these foundational elements are present before applying higher-order motivational strategies such as recognition or self-actualization opportunities.

**2. Deliver rewards immediately.** It's a well-established principle in psychological research that immediate reinforcement creates stronger associations with desired behaviors. This holds true in sales program participation: immediate rewards reinforce positive behaviors.<sup>2</sup> A delay between achievement and reward diminishes the impact, reducing employee motivation and the desired repetition of targeted behaviors.

**3. Reinforce behaviors over time.** Successful incentive programs don't just reward single accomplishments, they

encourage sustained performance. Long-running programs that consistently acknowledge performance milestones foster continuous motivation and ongoing improvement. Organizations with extended incentive programs report stronger long-term engagement and enhanced employee satisfaction compared to short-term initiatives alone.

**4. Prioritize agile, efficient solutions.** Modern incentive programs must be agile and efficient, particularly in large organizations with complex channels and demanding clients. In high-volume sales environments with hundreds or thousands of sales performers, each requires timely and accurate reward distribution. Ensure uninterrupted motivation and sustained performance with agile incentive solutions that can rapidly scale and adapt to changing circumstances.

**5. Offer flexibility and personalization.** The Incentive Research Foundation (IRF) emphasizes that generational expectations greatly influence how incentives are perceived and valued.<sup>3</sup> For instance, younger generations such as Millennials and Gen Z often prioritize experiences, personalized recognition and professional development opportunities over purely monetary rewards. Conversely, older employees might value stability, financial security or recognition of tenure. Offer personalized options that enable employees to select rewards most meaningful to them.

**6. Balance reward impact and financial control.** Cash is always king. Employees of all age groups and income levels prefer gift cards and cash over travel, PTO and other prizes.<sup>4</sup> However, note that cash incentives pose challenges in security, traceability and overall administrative complexity. And cash

bonuses absorbed into paychecks often go unnoticed, losing their motivational power as they blend with regular income.

**7. Avoid common pitfalls.** Society for Human Resource Management (SHRM) research identified frequent incentive program errors such as unclear goals, poorly communicated incentives, and overly complex structures, which confuse or demotivate employees.<sup>5</sup> Overly competitive incentives can negatively impact collaboration and morale too, leading to unintended consequences such as internal conflicts or unethical behaviors. Clearly defined, transparent and straightforward incentive structures are vital, combined with realistic, measurable and clearly communicated incentive goals.

### Prepaid Cards in Sales Incentive Programs: A Strategic Advantage

One major shift in modern incentive programs is the rise of prepaid reward cards as the payout of choice. Prepaid cards, especially open-loop Visa® or Mastercard®-branded cards, offer strategic advantages that traditional cash bonuses or merchandise awards can't match. For SPIF programs aimed at sales teams, prepaid cards check all the right boxes: they are fast, flexible, motivating and cost-effective.

Not all card programs are equal. Look for features that make the reward experience seamless for your sales team and easy for administrators. Key features of an effective prepaid card program for SPIF companies include:

 **Reloadable cards:** A reloadable prepaid card means each participant keeps a single card that can be recharged with new rewards every time they earn an incentive. This is convenient and reinforces engagement — it becomes a running tally of their achievements. For the company, reloadable programs are typically more cost-efficient than continually issuing new one-time cards.

 **Open-loop acceptance:** Make sure your prepaid incentive card is an open-loop card (carrying a major network like Visa or Mastercard) rather than a closed-loop store card.<sup>6</sup> Open-loop cards can be used anywhere those networks are accepted. By contrast, a closed-loop card (like a specific retailer's gift card) might not excite everyone or may even go unused if it doesn't match the person's interests.

 **User-friendly administration portal:** For SPIF companies serving multiple clients with demanding timelines, a robust yet easy-to-use portal is a must-have. An incentive admin should be able to quickly issue cards or loads, set up automated rewards (for example, scheduling a payout when a certain target is reached), and monitor usage. Look for features like bulk issuance to handle large sales forces, reporting and analytics so you can track how rewards are used and correlate with performance, and the ability to customize messages or branding on reward notifications. A good platform will even integrate with your sales tracking or HR systems, simplifying the process of verifying achievements and triggering rewards.

 **Low Fees and Strong Support:** Pay attention to the fee structure and support services of a card program. High activation or maintenance fees can erode the value of rewards. Some corporate-focused prepaid programs reduce common fees that retail gift cards have, such as plastic fees and load fees. Additionally, ensure there's support for lost or stolen cards, and customer service for participants who might have questions. The backing of a reputable bank or experienced provider will add peace of mind as they have fraud protections and compliance measures in place.

 **Customization and Branding:** While not essential to functionality, it's nice if your prepaid incentive cards can be tailored with your company's branding or a custom design. A card embossed with your program name or logo can subtly reinforce the company's recognition and make the reward feel more exclusive. Some programs also let you include a personalized note or insert with the card, which can amplify the appreciation conveyed.

By choosing the right prepaid card solution, SPIF companies can ensure the incentive experience is smooth and rewarding for everyone involved. Sales teams will appreciate an easy-to-use, flexible reward, and HR/finance teams will appreciate the efficiency and control.

### Drive Sales Success with Smart Incentive Payments

When designed thoughtfully, sales incentive programs deliver measurable returns: better engagement, higher performance and lower turnover. Companies that effectively use incentives outpace those that don't.

Prepaid incentive cards have emerged as a linchpin in modern SPIF programs, marrying the flexibility and excitement that employees crave with the efficiency and control that companies need. By leveraging reloadable, fast and customizable prepaid rewards, businesses can better align their incentive payouts with the pace and preferences of today's workforce.

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[rewardscommunication@usbank.com](mailto:rewardscommunication@usbank.com)

1 Incentive Federation Inc, 2022 Incentive Marketplace Estimate Research 2 SPIFF, The Psychology of Sales Compensation 3 "[Generational Expectations of Incentives](#)", Incentive Research Foundation 4 "Ibid", Incentive Research Foundation 5 "[The Risks and Rewards of Employee Incentive Programs](#)", SHRM 6 An open loop card is a general-purpose charge card that can be used anywhere that brand of card is accepted. A closed loop card can only be used at a specific retailer.

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# The New Stakes for Recognition ROI

BY CHRIS WILLIAMS, CHIEF PRODUCT OFFICER, XCELERATION



For years, the conversation around recognition program ROI has centered on six metrics: participation rate, frequency of recognition, rewards offered, alignment with core values, manager versus peer recognition, and impact on key outcomes. These are solid indicators, and the right foundation for any program administrator who wants to understand what's working and where to focus.

The problem is that leadership expectations have shifted. Budget scrutiny has intensified. The organizations winning on culture are being asked to prove it in language the boardroom understands. Not recognition counts, but business outcomes.

## Why the Six Metrics Still Matter

Marisa Haehnlein, chief customer officer at Xceleration, works with enterprise recognition programs every day. "Organizations that protect and grow their recognition investments tend to share one thing: a short, consistent set of metrics they review regularly," she says. "Participation, frequency, reward mix. These tell you whether the program is healthy, but they're the starting point, not the destination."

Research from the [Incentive Research Foundation](#) consistently identifies recognition frequency as one of the strongest predictors of program impact. Reward mix matters because [non-cash awards drive stronger behavioral reinforcement than cash equivalents](#). Values alignment gives administrators a window into whether the behaviors the organization says it cares about are being reinforced day to day.

Track these well and you have a credible story about program health, but a healthy program and a provably impactful program are two different things.

## The Gap No Dashboard Has Closed

Every recognition leader faces this challenge sooner or later: The data that lives inside your recognition platform is only part of the story. Participation rates can look healthy while engagement scores quietly decline. Recognition frequency can climb while retention problems persist in specific business units or demographics.

The rest of that story lives in performance management systems, HRIS platforms, engagement survey results, NPS scores, customer satisfaction data. It sits in separate tools, owned by separate teams, almost never connected to recognition activity in any systematic way.

"Every company we work with already has the data," says Haehnlein. "The question is whether they can connect it. Can they show that highly recognized employees in a specific region turn over at half the rate? That's the conversation that changes how a CFO thinks about recognition budget."

## What Proving Impact Actually Requires

Proving recognition's impact at this level requires correlating program data with business data – by user, by team, by business unit, by geography, by employee demographic. It requires asking questions that cross system boundaries.

Does recognition frequency predict retention in our highest-turnover segments? Which teams show the strongest connection between peer recognition and employee satisfaction ratings?

These are questions a traditional recognition report can't answer. They require infrastructure that treats recognition data as one signal in a broader picture of workforce health and business performance.

## The Standard Has Shifted

The six metrics of recognition ROI remain the essential vocabulary of program management. But the organizations that lead on culture and performance choose partners who can help them connect recognition to the outcomes leadership tracks.

"Leaders want to see recognition's fingerprint on the business," says Haehnlein. "The programs able to demonstrate this will be the ones that survive the next budget cycle, and the one after that."

The question for every recognition professional is no longer just whether the program is running well. It is whether you can prove the business impact it's having in the language of retention, productivity and financial performance that leadership demands.

Chris Williams is chief product officer at Xceleration, a company that builds software and services for employee recognition programs. Xceleration's platform suite includes RewardStation, an enterprise recognition and rewards platform, and Maslow Insights, an AI-powered recognition intelligence tool.



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# The Case for Letting Winners Choose



BY SARAH LEVENBAUM, VICE PRESIDENT OF STRATEGY, MOMENTS BY LUXURY CONCIERGE TRAVEL

Incentive travel is having a moment. Budgets are growing, executive attention is rising, and the research is unambiguous: Travel works as a motivator in ways cash simply does not.

According to the 2024 Incentive Travel Index, [industry growth is projected through 2026](#). Buyers expect both participation and per-person spending to increase.

Senior leaders are paying attention, too. [Nearly 60% now say incentive travel plays a bigger role](#) in motivation and culture building than it did before.

The question is no longer whether travel belongs in your incentive strategy. The question is what kind of travel?

## The Default Setting

Most programs default to the group trip. There are real reasons for that. Shared experiences build culture, group events create recognition moments, and logistics seem easier to manage when everyone is on the same itinerary. We are not here to argue against group travel. It has earned its place.

But a shared itinerary is still a shared itinerary. Everyone goes to the same destination, on the same dates, with the same agenda. For some winners, that's exactly what they want. For others, it's a constraint dressed up as a reward.

What we are here to argue is that group travel should not be the only option. There is an assumption baked into most programs that everyone experiences a reward the same way. They do not.

## A Higher Bar

For some top performers, the barrier isn't money. It's the guilt of spending it on themselves when other things feel more urgent. A reward sidesteps that entirely, handing them the experience outright with nothing to justify.

This is especially true when the experience is something they couldn't easily design for themselves: a trip that reflects the achievement, accommodates their family, allows for a destination they truly want to visit, and arrives without the agenda of a shared itinerary.

That is a meaningfully different thing.

## What the Data Says

Research tells us something important about what North American incentive travel winners prioritize. [Free time now ranks as the single most cited feature](#) of a successful incentive trip. Not the group dinner or the awards ceremony. Free time. That preference is structurally easier to deliver in an individual program.

The [2026 Incentive Travel Index](#) makes the stakes explicit: 53% of respondents agree the industry must become fully customizable or it will become obsolete. The shift is already underway. Group programs are moving toward "deconstructed" experiences, where self-selected free time replaces packed, rigid itineraries. Individual travel is built on that premise from the start.

Personalization is the other driver. The [IRF's 2025 Top Performer Study](#) found that 63% of top performers prioritize high perceived value in their rewards, and 47% prioritize flexibility. A winner who chooses their destination, travels with the people they want, and follows an itinerary built around their preferences experiences the reward as genuinely personal. That is the difference between a trip and a Moment.

## The Gap

Individual incentive travel is underserved. It outscores group travel on motivational appeal, yet most programs still default to the group trip. We have seen firsthand what happens when a top performer receives a reward that feels like it was made for them.

The best incentive programs meet their participants where they are. For some, that is a group trip that builds bonds and creates shared stories. For others, it is the autonomy to take the trip they have always wanted, with the people who matter most, on a timeline that works for their life.

Incentive travel is growing. The companies that grow with it will be the ones that understand that one format, however well executed, won't always fit every person who earns it.

Sarah Levenbaum is vice president of strategy for Luxury Concierge Travel. Moments by LCT is the company's offering for organizations that want to reward top achievers with personalized, concierge-led individual luxury travel.

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