

**Special Management Series**

# **Incentive Goal Setting Best Practices**

**This is a series of Training for your  
Management TEAM**

**Presented by J.W. Owens**



**A Management  
Perspective 303 Series**

**Management - JWO 388**

# Incentive Goal Setting Best Practices

## Incentive Goal Setting Best Practices

- Just like how you segment your audience is of optimum importance in any incentive program, the way you set your program goals is of equal weight.
- After all, **no matter how niche and targeted your audiences** are, if participants can't meet the goals you've set for them—or if they can meet them too readily—your program won't be successful.
- For instance, think about **inspiring CRM adoption** in sales: if you make the goal too high, people won't bother attempting to achieve it because they know they couldn't make it anyway. Or, if the goal is too low, your whole team will be raking in awards and will go back to their less-than-effective ways soon after.
- The secret is in finding that **“goldilocks”** sweet spot—not too hot and not too cold. But what's the best way to go about that?

# Incentive Goal Setting Best Practices



## What You Need to Know Before Setting Your Incentive Program Goals

- To find the sweet spot between “**that’s too difficult**” and “**no sweat,**” you’ll need to take a step back and evaluate your objectives, your audience, and the balance between the two.
- **Ask yourself these questions** before you start setting goals for your incentive program **to ensure you’ve got the right information:**
- What is my business objective? Is it reasonable? Why or why not?
- What audience behavior needs to change for the incentive program to be successful?
- How did my audience perform against goals last year? List pros and cons.
- Is training and support for my channel partners sufficient?
- How will I track and communicate goals? What is the message for each segment?
- What would the financial impact be if I set goals too low or too high?

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## Best Practices for Setting Meaningful Incentive Program Goals

- With the right information in hand, you've got everything you need for meaningful goal setting. But goal setting is seldom a set-it-and-forget-it process, and it's never 100% spot-on the first try.
- That's OK—so long as you gather data, iterate, and improve your goals, year after year and program after program.

**That said, to set meaningful incentive goals,  
follow these best practices:**

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- **Gather accurate individual historical data.**
- For example, if the participant had a different territory during the prior measured period, this may impact goal-setting, depending on factors not necessarily evident with historical sales records.
- In setting goals for new salespeople, you could use the previous salesperson's historical data to get an idea of what an objective might look like.

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- Set a minimum qualifier.
- This mechanism **ensures a minimum result, or the performance of specific behaviors**, before a participant earns awards. It also fosters engagement—in order to be involved in an incentive, **participants must do something first.**

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- **Avoid “double-dipping.”**
- Incentive goals should reflect incremental sales growth over base goals.
- Commissions are used to award base goal achievement, whereas incentive awards drive above-and-beyond performance.

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- **Communicate.**
- Let your target segments know exactly what you want them to do.
- For top producers, it might be asking for a 5% increase, with a 10% increase for the next tier down.
- Clear, frequent communication of goals, awards, etc. is critical throughout your program. It builds your program's brand and engagement.



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- **Keep an eye on your budget.**
- In a closed-end structure, the number of winners is capped generally for budget control reasons.
- In an open-end structure, the number of winners is variable, and therefore, it can be difficult to predict award payout.
- All things considered, goals need to be obtainable and should focus on recognizing more than just top performers.

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- **Iterate and improve.**
- With the historical data you've gathered from your incentive program, **take note of what worked and what didn't**, then include those improvements in the next program you run.

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Goals are the ultimate springboard for success in any earning structure.

**Investing the time to analyze, set, communicate, and monitor smart, strategic goals will pay in program momentum and better ROI.**

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# Good Selling !



J.W. Owens - 561-372-5922  
results.jwowens@gmail.com

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