



What DIY Travel Incentive Programs Really Cost

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THE HIDDEN COST OF IN-HOUSE TRAVEL INCENTIVE PROGRAMS

It is increasingly common for US businesses to utilize recognition and non-cash rewards to motivate employees and encourage engagement in the workplace. 75% of US businesses choose this route¹, and their decision is affirmed by the fact that 65% of employees prefer a non-cash award.² Findings by McKinsey and Co verify this: “numerous studies have concluded that for people with satisfactory salaries, some non-financial motivators are more effective than extra cash in building long-term employee engagement.”³

Of these non-cash incentives, travel is the most preferred award for high-pro-

ducing employees.⁴ What’s more, 100% of best-in-class companies—considered such for high customer retention rates and sales growth—utilize travel incentive awards to boost both productivity and revenue growth.⁵ The positive effect of travel incentives on revenue growth is well-documented. Aberdeen Research reports that organizations using incentive travel as an employee engagement award see three times higher revenue!⁶ Other studies reveal additional benefits of travel incentive programs: productivity increases by 18%, team performance increases by 45%, and a 112% ROI.^{7,8}

WHEN TO OUTSOURCE:

- When you lack sufficient buying power
- When you rely on software or the internet to check pricing and handle booking/reservations
- When you lack sufficient staffing resources to scout a location, plan an event, etc.
- When you lack destination connections that allow participants to truly experience the culture
- When you’re unsure where savings can be made without sacrificing quality
- When you want to mitigate the risk—who assumes travel insurance risk, taxes, etc.
- When you’re unsure of what details might be missed—you don’t know what you don’t know
- When you’re inexperienced with contract clauses and review
- When you lack a crisis plan in case of emergencies
- When you need extra support services during the event

¹ <http://theirf.org/research/irf-2016-trends-in-incentive-travel-rewards-and-recognition/1692/>

² <http://theirf.org/research/2015-landmark-study-participant-award-experience-preferences/1619/>

³ <http://www.mckinsey.com/business-functions/organization/our-insights/motivating-people-getting-beyond-money>

⁴ <http://www.mckinsey.com/business-functions/organization/our-insights/motivating-people-getting-beyond-money>

⁵ <http://www.forbes.com/sites/joshbersin/2012/06/13/new-research-unlocks-the-secret-of-employee-recognition/#14dce64b2d94>

⁶ <http://theirf.org/research/rewards-and-recognition-as-a-vital-compensation-component/193/>

⁷ <http://theirf.org/research/measuring-the-roi-of-sales-incentive-programs/175/>

⁸ www.sitefoundation.org/site/show_news.asp?id=10-7k-

HIDDEN COSTS OF IN-HOUSE TRAVEL AND MEETING PLANNING

Handling travel and meeting planning in-house can sound appealing. But there is a reason that there are companies devoted specifically to planning and executing such events. Multiple reasons, in fact. When you try handling everything in-house you lose out on the myriad benefits that an experienced third party brings to the table.

1. Industry Expertise

a. Network: A third party company will already have a host of existing relationships. Connections to vendors, suppliers, etc. are invaluable assets that should not be taken lightly.

b. Destination: A third party will be well-acquainted with a variety of destinations and their respective amenities and accommodations.

c. Country Restrictions: It is immensely helpful to have a contact who is familiar with any passport, visa, or immunizations requirements.

d. Negotiation: You'll need to prepare to negotiate pricing, fares, extras, unpublished discounts from airlines, and transportation. Better to have someone experienced with such dealing.

e. Timing: A third party company will know the best time of year to book to get the best discounts, extras, etc.

f. Exchange Rates: Your travel plan will fall apart if monetary policies and exchange rates are not taken into account.

g. Contract Review: Cancellation penalties, restrictions, consulting, and negotiation all need to be handled by an experienced party.

h. On-Site Management: A third party company provides more 'staff on the ground' to support the event and helps ensure successful delivery of large-scale events.

i. Creative Services: Event materials, marketing, etc. will be handled adeptly by an experienced third party.

2. Financial Accountability

a. Quality for Less: Discounts, unpublished rates, consolidation specials, extra concessions at no charge, etc. all save money and still deliver the 'wow' factor.

b. Receipt and Cost Tracking: A third party helps ensure that the prices match what was agreed upon, vendors delivered on promises, etc.

c. Consciousness of Financial Risks: Contracts, liability cancellation, etc. are all things of which a third party company will be aware.

3. Safety and Security

a. Errors and Omissions: Travel incentive companies have experience fixing booking problems, looking for issues within agreements, and other related issues.

b. After-hours Support: Handling things in-house would require you to be available at all times during the event, since problems would need to be addressed as they arose.

c. Crisis Planning: In the event of an emergency (bad weather, delayed flights, etc.) having a third party company in play allows you to rest easy, know that everything will be handled competently.

4. Logistics

a. A travel incentive company can be trusted to take care of all the little details that are necessary but time-consuming.

b. A single point of contact to handle inquiries, questions, etc. will save you a lot of trouble.

c. You can't overestimate the comfort that comes from having someone onsite during your event.

5. Impact

a. Savings vs. Budget: Travel incentive companies have experience working within whatever budget a client has. These companies will know ways to save you money and eliminate unnecessary expenses.

b. Value vs. Budget: An experienced third party will strive to give you the most bang for your buck. They will learn what your specific needs are and deliver the best experience possible while staying within your budget.

c. Satisfaction of Participants: Companies devoted to travel incentives stay in business by giving their clients memorable experiences. A travel incentive is a reward for a job well done, so it's important that the recipient is thoroughly pleased. A third party dedicated to this goal, with plenty of experience, is preferable to an in-house attempt that may very well fall flat.

MEASURING THE ROI OF TRAVEL INCENTIVE PROGRAMS

CASE STUDY

Executing Automotive Product Launch of Unprecedented Acclaim

A global luxury automotive client in Virginia wanted to host a long lead press event for 80 participants. This exclusive event would present the launch of a new luxury vehicle to the highly-touted automotive press. No articles or photos were allowed to be published before the announcement date, so privacy was a top priority. In addition, the expensive new vehicles would require security.

Months of planning and contracting an exclusive buy-out of a resort had us well-prepared for the event. We arrived with the client VIPs four days prior to the event to load-in special maintenance support—parts and vehicles—so everything could run smoothly. However, weather reports threatened a possible hurricane turning north toward the shores of Virginia—and sweeping inland to include our area. Our special guests arrived safely, but the following morning our multi-media presentation was cancelled due to strong winds that knocked out power to the entire resort. Not only that, trees were uprooted surrounding the garage where the special new vehicles were housed.

We responded to this unfortunate obstacle by gathering the resort staff, placing dozens of candelabras in the presentation room, and meeting with the clients there. In the safety of the resort's main building, surrounded by candlelight, the automotive manufacturers and press were able to exchange insights and information in a more intimate setting. We also secured outside assistance to clear trees from the driveway of the property, which allowed the new vehicles to be driven and reviewed. We then worked to ensure that our partners in ground transportation and air services were ready for a flawless departure process.

Both the automobile manufacturer and automotive press experienced an unforgettable night. The intimate candlelit discussion was truly unique, devoid of the usual video promotions associated with this type of event. The review and feedback from the press who attended were the most positive ever in the history of a product launch by this automotive manufacturer.

Travel incentives exist to motivate employees and reward hard work, but employers also want a positive ROI. A good travel incentive doesn't merely give a recipient a good time—it must also be profitable. When it comes to measuring ROI for an incentive program it is most common to assess the satisfaction of participants. How did the top performers, who were awarded with the trip, feel about their experience? In addition, ROI in this context can also be measured by cost savings or value add-ons.

ROI of the travel incentive should include how the incentive improved the desired outcome. Did it meet or exceed target goals? Did the incentive program increase sales revenue? If revenue went up, by how much? A truly great travel incentive experience is one where the participants' expectations are not just met, but exceeded.

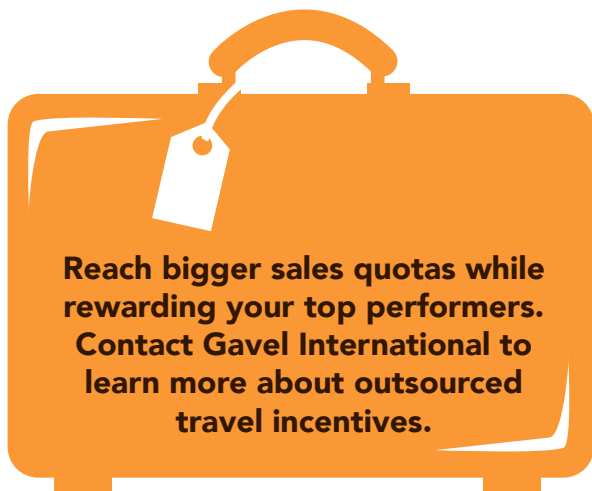
ROI should also include soft returns. One of the primary soft returns that travel incentives aim for is customer and employee loyalty. An employee who receives an incredible travel experience will feel more valued, which will likely make them more loyal to their company. Another similar soft return would be increased employee satisfaction and morale. Happy employees tend to be productive employees, after all. Customer and employee retention, as well as lower employee absenteeism, are also soft returns to consider.





Conclusion

Travel incentive programs are a proven means of boosting employee productivity, satisfaction, and loyalty. A successful travel incentive will give employees unique experiences that they will remember for years to come. In order for an incentive program to succeed, however, all the necessary details must be handled expertly. While it may be tempting to try dealing with everything in-house, a company experienced with travel incentive programs will be a much more reliable option. A seasoned travel incentive company knows exactly what must be done to give participants the best, most memorable experience possible. The time and energy you'll save by letting the professionals handle things will be worth it.



Reach bigger sales quotas while rewarding your top performers. Contact Gavel International to learn more about outsourced travel incentives.

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About Gavel International

Gavel International

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Gavel International was founded on the premise that companies place more value on an efficient, boutique-style organization with the assets and negotiating power of a large company. Our clients prefer the flexibility and high level of personalization we bring to each and every corporate meeting and travel incentive program. As a client-focused, team-driven organization, we strive for continuous improvement while adhering to sound business principles and industry practices. We work tirelessly to help our clients succeed and to deliver programs that have positive outcomes for all participants.