Designing new awards is often the most technically demanding element of rolling out an incentive scheme, and therefore among the most costly and time-consuming. New cloud-based digital technology makes this process much faster, more cost-effective and more secure.

The efficiency benefit that comes from automation is arguably enough reason to incorporate a cloud-based solution into your company's workflow. However, there's also a deeper strategic advantage of using the latest technology to design and test awards: a more flexible yet controlled workflow environment. In a rapidly changing world, robust systems is a strategic priority.

It's never one-size-fits-all

When designing awards, companies generally have two options: they can more-or-less cut-and-paste preexisting schemes, or they can rigorously design and test new awards.

Simply recycling previously used award terms is simple enough, but it makes little business sense, for a number of reasons.

Most notably, incentive schemes must closely align employees' interests with the interests of the company. That means tailoring performance incentives to fit the business. Confusing or ill-suited performance conditions can undermine the very purpose of the incentive.

Secondly, there are regulatory standards that need to be complied with such as tax laws, accounting standards and listing rules. This requires specialised skills and oversight, often from multiple parties.

Then, there is the need to ensure the awards conform to best practice so that companies can stay ahead of the curve within their industries to ensure they attract and retain the best talent.

Not least, changing market conditions have an enormous impact of the relevance of an incentive award. Companies that have applied the same awards, year after year, find themselves in a position where their awards don't accurately address the "incentive" in "incentive schemes".

Calculating the costs

As you probably already know, there is no simple definition of an optimal incentive scheme.

Each plan should cater for a type of business, the industry that it belongs to and more specifically, the level of staff you intend to motivate and retain.

Furthermore, an optimal scheme doesn't necessarily translate into a scheme that has a lower cost to your company. The financial team needs to consider the value you are giving away to staff and how it affects your company's finances.

The limits of outsourcing

The technical aspects and calculations when designing schemes are beyond the capacity of firms who don't have in-house expertise. Companies have no choice but to outsource this role, making it expensive, time-consuming and disconnected.

Due to high consulting costs, it is generally not feasible to test multiple scenarios, or to re-test those scenarios shortly after.

When knowledge really is power

The latest cloud-based incentive scheme technologies have fundamentally changed the way awards are designed and tested.

Firstly, these workflow technologies enable multiple stakeholders to partake in a coordinated and efficient approach to adding and reviewing information allowing for expedited decision-making.

Perhaps more dramatically, powerful digital tools allow almost anyone to perform complex data analysis, without the need to outsource these specialised skills. This means that even smaller firms can afford and gain access to world-class scenario planning and modelling. With complex analysis and flexibility at your fingertips, stakeholders are much better informed, and can make data-driven decisions in real time.

Predicting uncertainty

COVID has taught us to expect the unexpected - a changing business landscape and decentralised working environment is our new normal, at least for the foreseeable future. There is no place for traditional static workflows and manual processes any longer, as the risk and cost for businesses is simply too high.

An ever-changing business landscape requires robust and adaptable cloud-based solutions to assist your firm to make quick and effective numbers-based decisions so you can respond with agility.

ShareForce is a powerful cloud-based solution that enables businesses to design, test and manage incentive schemes in-house. ShareForce gives companies the flexibility and scalability they need to compete with the world's best.