S4P1-1: Incentive Dissection Grid

Purpose:

Break down existing bonus and incentive inputs by function, ownership, and customer visibility to identify where rewards drive the wrong behaviours or conflict with customer outcomes.

Example Table – Current-State Incentive Analysis

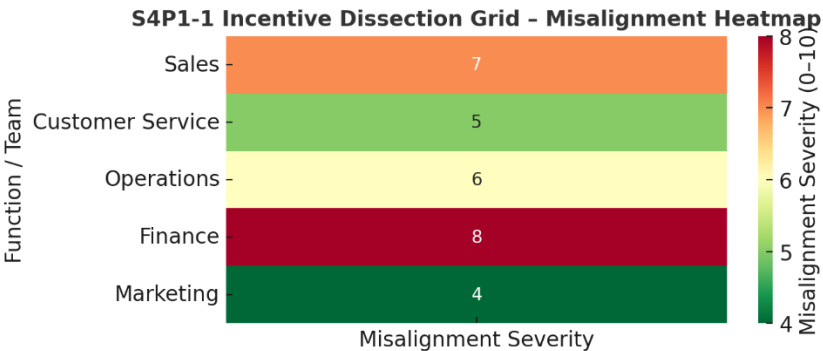| Function / Team	Incentive Component	Metric Measured	Customer Visibility	Owner	Identified Misalignment	Notes
Sales	Quarterly revenue target	Total sales volume	High (directly impacts customers)	Sales Director	High sales sometimes prioritised over suitability	Reward volume *and* retention, not just conversion
Customer Service	Quality score from internal audits	Audit compliance	Low (internal measure)	CX Lead	Over-focus on process accuracy, not customer sentiment	Add external VoC weighting
Operations	On-Time Delivery % (OTIF)	Logistics KPI	Medium (customer notices late delivery)	Ops Manager	KPI achieved even when communication fails	Pair OTIF with customer communication feedback
Finance	Cost-to-Serve reduction	Budget control	Low	CFO	Incentive encourages cost-cutting over service quality	Add value component from customer satisfaction
Marketing	Campaign engagement	Click/open rates	High (public-facing)	Marketing Director	Vanity metrics – little link to retention	Replace with NPS or conversion impact

How to use:

Review each incentive component and identify how visible it is to customers.

Flag misalignments between reward and value (Action × Response).

Use findings to inform redesign in S4P2 (Value Score Calculator) and S4P1-4 (Ownership Diagnostic Matrix).

What's Different from Standard Incentive Reviews:

Evaluates incentives through **ARP logic** — what action is rewarded vs. what response it creates.

Focuses on *customer visibility*, not just financial outcomes.

Exposes areas where incentives reward activity that undermines experience.

Uses:

Diagnose where bonus structures contradict customer outcomes.

Create transparency on ownership of incentive inputs.

Build the foundation for a fair, value-linked incentive model.

S4P1-1 Incentive Dissection Grid – Misalignment Heatmap

Function / Team	Misalignment Severity
Sales	7
Customer Service	5
Operations	6
Finance	8
Marketing	4

Action-Response Principle (ARP)

Ref: S4P1-1