



.THE 2013 GUIDE TO.

RECOGNITION

HOW TO CREATE A STRATEGY THAT DRIVES
>> **EMPLOYEE SUCCESS** <<

Contents

- 01 **Intro: Why Should I Read The 2013 Guide To Recognition?**
Page 03
- 02 **Why Does My Business Need A Recognition Strategy?**
Page 04
- 03 **How Do I Sell It To Senior Management?**
Page 07
- 04 **How Do I Get Started?**
Page 10
- 05 **Design For Your People And Launch Like NASA**
Page 14
- 06 **Change Management: Build A Culture Of Recognition**
Page 17
- 07 **Rewards Can Compliment Recognition**
Page 19
- 08 **Business Success Is Key! How To Begin And End There**
Page 22
- 09 **So Long... For Now**
Page 24

Intro: Why Should I Read The 2013 Guide To Recognition?

The statue of David, a Renaissance sculpture, was created between 1501 and 1504, by the Italian artist Michelangelo¹. Today, the statue still remains intact in Florence, Italy.

If humans were statues, then we would never change, evolve or grow. Can you imagine a life without change? If Thomas Edison didn't risk electrocution and invent the light bulb, we would rely on candlelight today. Forward thinking and innovation are what make our civilization so advanced. We've come a long way, yet why do organizations still conduct recognition practices from over 100 years ago?

Recognition – It's Always Been Around

Recognition has always been a part of our daily lives; but there's a significant disconnect being overlooked. Although it is expressed every day in personal settings, recognition is not so easily adapted in the workplace.

This 2013 Guide to Recognition can show you the value of creating a recognition strategy to drive employee success and ultimately, business success.

We will help you understand how recognition can solve your biggest pains, improve your employee engagement and help your workforce evolve for the future.

Ready to learn more? The journey to employee success starts here.



How to read this How-To Guide

This how-to guide is structured so you can start at the beginning, take a break, pick it up in the middle and use it as a reference for certain sections that you find valuable. Read the whole thing, and you will learn how recognition can benefit your organization for the long haul, convince your company of the benefits and change the way your employees work.

Get Started!

Why Does My Business Need A Recognition Strategy?

Some Context

You may find yourself in an environment that does not embrace new practices. Or, you may be part of a fast-paced, digital workplace that welcomes change on a daily basis. Either way, the sooner you start to understand the power of employee recognition, the faster your business will reap the benefits. Just to prove we aren't making this stuff up, this section will shed some light on why your business needs a recognition strategy. The rest is up to you.

Let's start with the obvious: the workplace has changed. We've moved from the Industrial Revolution to a knowledge and service-based economy that includes employees from all walks of life. That means your organization is expected to engage a large, diverse workforce with different habits and generational preferences.

It sounds challenging, and it is. But there is an easier way to connect your workforce (and we'll get to that later).

Our Evolution since the Industrial Revolution (hint: we haven't come that far!)

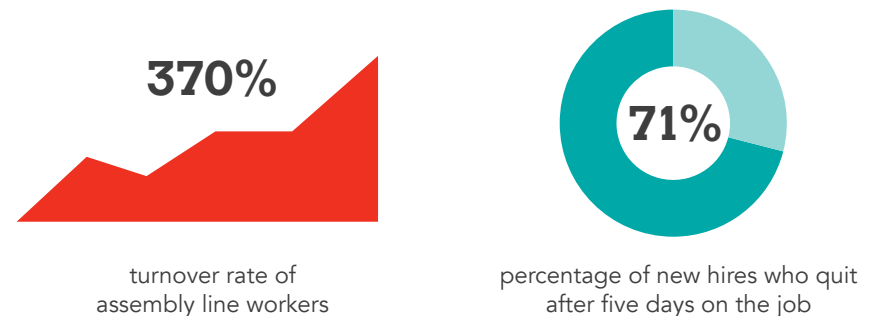
For now, let's set the stage so you can understand exactly how far we've come since the Industrial Revolution.

Employee turnover was a major production killer during that era. For example, The Ford Motor Company, arguably the most innovative

company of the Industrial Revolution, saw the turnover rate of assembly line workers skyrocket to 370 percent in 1913². Seventy one percent of new hires quit after five days on the job, presenting a threat to production since assembly line workers were Ford's competitive advantage. Employee presence was valued above performance, because the cost to replace an employee meant more money spent on ramp-up time and slower production.

This is why traditional tenure-based service awards were introduced to incentivize employee loyalty. You are probably familiar with these types of awards: gold watches, plaques and grandfather clocks. These programs were not tied to business results, so employees became detached from the big picture. But today, the big picture is just as important as the daily behaviors that get you there.

Ford Motor Company in 1913



Disengagement by the numbers:



64%

percentage of working Americans who leave their jobs because they are not recognized

87%

percentage of businesses today who still use unstructured programs like traditional service awards

71%

percentage of Americans who are not engaged in their current positions

As a result of disengagement:



Turnover is a Real Business Threat

According to the US Department of Labor, 64 percent of working Americans leave their jobs because they are not recognized³. However, 87 percent of businesses today STILL use unstructured programs like traditional service awards⁴, and expect to combat turnover without a strategy tied to employee success and business results. Ask yourself and your staff if you've ever worked harder or stayed an extra day because of your service award program. Not likely.

Employee Success is Your Power Source

Disengagement is all doom and gloom, as it costs \$300 billion per year in lost productivity alone. Furthermore, 71 percent of Americans are not engaged in their current positions⁵. But, there's a remedy for this workforce threat, and that's to focus on employees.

Business success comes from employee success – it's that simple. Think about it: a business is like a well-oiled machine, but a machine can't function without power. Employee performance is what powers a successful business; so it's important to drive employees every day with recognition. Your employees will be happier, and you'll start to see those lost productivity dollars return.

What Happens When You Don't Recognize

You may find your company here, but the cost of infrequent recognition, whether annual, semi-annual, or even monthly, is a missed opportunity for employers to offer critical feedback and inspire employees to do their best work. This ultimately impacts the bottom line of your business.

Your employees must perform in order to hold onto your customers, but it's difficult to evaluate or improve employee performance without regular feedback. Furthermore, positive feedback resonates with employees and helps them understand what behaviors deliver results. This solidifies their emotional connection with the organization, making them more engaged.

According to the Hay Group, highly engaged organizations have 40 percent less turnover as a result⁶. With today's war-for-talent, organizations need to focus on retention and attracting top talent. Thirty two percent of today's employees plan to leave their employer, versus 19 percent two years ago⁷. Finally, according to SHRM, "only 32 percent of college graduates have excellent skills to enter the workforce." It's more important than ever to invest in the talent you already have, rather than risk the burden accompanied by employee turnover.

Progressive Companies have evolved, now it's Your Turn

Progressive companies that execute new age principles of motivation thank their employees with frequent recognition.

Today's result-driven workforce has come a long way since the Industrial Revolution, yet most motivational practices remain static. Employees today are multi-generational, since Millennials and Gen X now make up 51 percent of the workforce⁸, so companies need a broad, scalable strategy to motivate an increasingly diverse workforce.

Have you evolved your ways to drive the right employee behaviors using specific, meaningful and timely recognition? If not, your top talent may find employment with a progressive organization that has embraced the value of employee success.

A recognition strategy can help you get there. Are you ready for change?



32%

of today's employees plan on leaving their employer.

How Do I Sell It To Senior Management?

Yet another Hat

The next section is going to transform the way you approach and convince your C-Suite to join you on this journey. Specifically, you will have all the right tools to create the vision for your recognition strategy, and then sell it. Sell it like you mean it.

Don't have a sales hat? That's OK – we've created one for you. :-)

First, we need to set the stage, so you can grasp what's important to your C-Suite and how it's directly correlated to recognition. Then, you will understand how to implement the three most important rules when selling your recognition strategy.

Where's the Sweet Spot?

Mainly, it's important to delve into the minds of your C-Suite and senior management team. What makes them tick? What keeps them up at night? What is the motivating force behind their ability to give you what you want?

The answer: *bottom-line success*.

How sweet it is. Bottom-line success – or profitability – is the sweet spot for the C-Suite, and once you hit it, you're in. But it takes a little more effort and planning than just marking a bull's eye on being successful. You must prove the value of your recognition strategy. Let's dig a little deeper.



As an HR professional, you care about your people and their success, so you manage your time as priorities arise whether by the hour or daily because that's how your employees work. However, your senior management team (CFOs especially!) views the organization within fiscal quarters and years. They care about the bottom line and fiscal benchmarks, reflected in earning statements. Ask yourself one question before you present your idea: how will a recognition strategy prove its worth and boost quarterly or annual measurements of success (e.g. profit) so you're speaking their language?

The Secret to Success: Southwest Airlines

Southwest Airlines has been in business for over 40 years, and is America's largest low-cost carrier today. Southwest reported earnings of \$152 million in profit in 2011 alone⁹, while other airlines continue to struggle. So, what's the secret?

Southwest has embraced the theory that "your front line is the bottom line." Southwest is committed to building a happy, talented and productive workforce, because they believe that happy employees create happy customers.

And, happy customers choose Southwest over the competitor because of the great service. What's important to note is the correlation between business success and employee success. Southwest has maintained this strategy and its employer brand, and continues to gain market share.

Southwest has embraced the theory that "your front line is the bottom line."

Happy Employees = Happy Customers = Sweet Success

According to Lloyd's risk index, the top risk facing global organizations today is loss of customers¹⁰. So, customer service is top of mind for the C-Suite because it directly influences the bottom line. It's not just about the product you sell; talent is a big determinate of business success.

It's your employees that determine the happiness of your customers, and in turn create memorable experiences that build loyalty. It's no wonder why talent and skills shortages are the number two business risk facing global organizations today¹¹. Without talented, successful employees, your business could not sustain profits because the customers would be dissatisfied. A talented, engaged workforce creates value, and that's the bottom line.

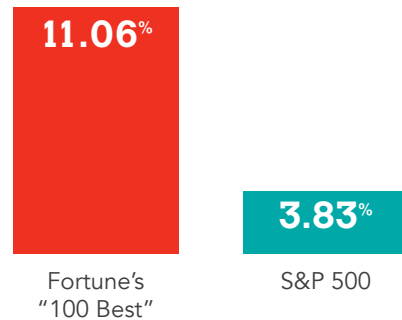
The Three Golden Rules to Sell your Recognition Vision

Here are three golden rules to consider before approaching the C-Suite:

01 Focus on the Sweet Spot (Bottom-line Success)

Nowadays, the term “employee engagement” has become a buzzword to throw in discussions about real business problems. Sales are too low? Blame disengagement. Your C-Suite is well aware of this buzzword, and will not consider your proposal unless you can provide the “so what.” How will your recognition strategy improve employee engagement and result in business success? You have to prove it.

A recent study from the Russell Investment Group reported a significant market increase between FORTUNE Magazine’s 100 Best Companies to Work For list versus the S&P 500. If you were to invest in the S&P 500 during 1998 – 2010, you would gain 3.83 percent return on investment. However, if you had invested in FORTUNE’s list, you would gain 11.06 percent in shareholder return. FORTUNE’s 100 Best Companies to Work For list is comprised of employers that offer dream workplaces, and are measured on employee satisfaction scores.



02 Program Insight is Key (Numbers are Everything)

Your C-Suite is hyper focused on success, so proving value is critical. By implementing a recognition platform, you can track key metrics and produce real-time analytics and valuable data – with little to no administration. Modern-day recognition platforms track every recognition, inquiry, transaction and reward, which provides extensive insight into the program’s success. Administrators can easily identify trends and top performers, correlate recognitions to business objectives, track budgets and automatically create reports for the C-Suite. If your current efforts are not measurable or providing valuable data, something needs to change. Numbers are everything.

For a glimpse into what the right numbers look like, and to see how high engagement scores can drive success, check out the Meridian Credit Union story on page 11.

03 Time is Money

Wouldn't it be nice to save time and money? You can have it all with the right investment. Your recognition program should help your business – not hinder it because of administrative burdens. If you use technology instead of the do-it-yourself alternative, then you will significantly reduce your time, effort and cost. Process automation and consolidating all programs into one recognition platform will free up your resources to focus on strategic initiatives. You're likely investing in recognition or rewards to date, but there is a better way to spend similar dollars and get more out of your investment.

How Do I Get Started?

Define your Strategy: Seven Decisions You Must Make

Would you buy a car without taking it for a test drive? Would you select a mutual fund without reading up on it? Probably not, as you will want to do research to validate your investment or risk. The same goes for business decisions, and defining your recognition strategy is no exception.

The Discovery Phase

At this point, you probably feel that recognition is a good idea. Ideas are great for conversation and speculation, but it's execution that gets the job done. The next portion of the guide is all about pushing to the finish. You'll learn where to start, how to build your road map for success, and what it takes to win.

01 The Purpose behind Recognition

This is where you define the "why" behind recognition. What aspect of your business could be better? For example, recognition could be used to improve culture or inspire better teamwork. Recognition should inspire employees to go above and beyond, so they must understand why they are doing it. And, make sure you separate the purpose of recognition from standard compensation (compensation is part of employees' base needs).

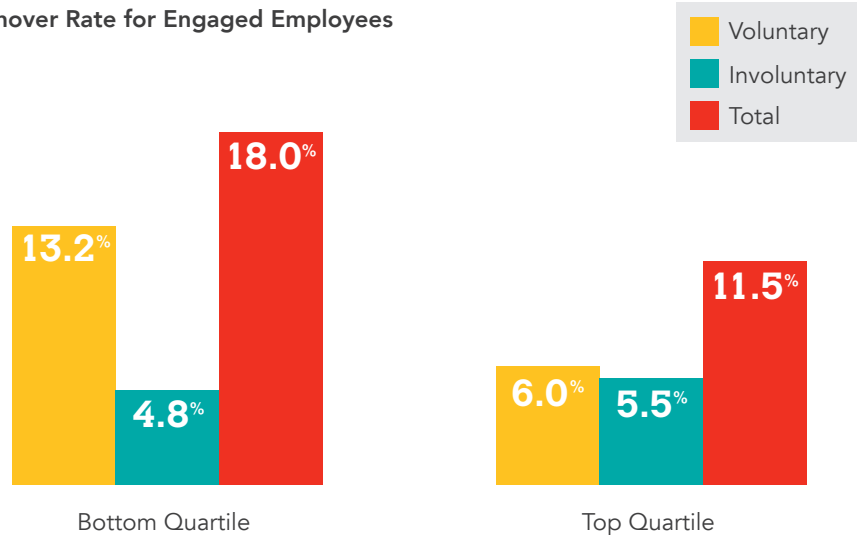
➔ *Decide and communicate the purpose of recognition to your team, so that everyone is on the same page prior to program launch.*

02 Business Goals

Improving employee engagement can lead to greater discretionary effort, which will directly impact the bottom-line. Recognition reinforces the right behaviors, but creating goals will set you up to measure success. Define your top three annual or quarterly business goals, and then work backwards to determine the right behaviors to get there. Employees should understand how their individual contributions impact the big picture.

➔ *Decide your end goals, whether increased employee engagement, retention, sales results, or improved culture.*

Turnover Rate for Engaged Employees



Case in Point – Meridian Credit Union

Meridian Credit Union, worth \$8 billion in assets, saw measurable business impact when they implemented a recognition strategy. The company serves over 260,000 customers, and has 63 branches and eight commercial business centers. The firm fully believes that the greatest success indicator is engaged employees. In 2009, administrative and management costs of running a program were greatly reduced as a result of implementing a recognition strategy. In addition, Meridian saw an increase in employee engagement and business success when they measured top and bottom quartile employees.

For example: each engaged employee (top quartile) was responsible for over \$2 million in growth, while the least engaged employee (bottom quartile) was responsible for \$1.29 million. The most engaged employee was responsible for a 4.7 percent increase in client-base, while the least engaged employee was responsible for just over 1 percent. And because of engaged employees, Meridian's financial margins increased over 10 percent. Least engaged employees caused -1.2 percent in financial margin growth¹².

Engaged employees are a proven success for Meridian's financial results, and recognition is responsible for driving the behaviors that impact engagement. Companies like Meridian benefit from a rewards and recognition program that defines the right measurements, and utilizes recognition to reinforce them based on desired outcomes.

10% *percentage increase in Meridian's financial margins, attributed to engaged employees*

03 Culture

Company culture is a living, breathing thing that cannot survive without care. It's your company's secret sauce, a competitive advantage, and something no other company can replicate. Culture includes your mission and values, and embodies the environment where employees collaborate. A company's recognition program can act as the agent of change within the organization to jump-start a positive culture. Value-based recognition helps engrain the values and keeps people aligned to the business.

➔ *Clearly communicate your organizational values, define the right behaviors that embody your culture, and reinforce them with recognition.*

Case in Point – Zappos and Delivering Happiness

Zappos, one of the most successful online shoe retailers of the decade, drives business success through ten defined core values that employees live by daily. The first value, Deliver WOW through service, encompasses how Zappos differentiates itself from the competition. Essentially, Zappos inspires its workforce to go above and beyond for the customer, and therefore, deliver happiness. Zappos uses a recognition strategy to drive behaviors around the ten values, and fosters a culture of happy employees that deliver happiness to customers. Zappos' core values directly impact business outcomes so the organization is completely aligned. As a result of a thriving culture, Amazon acquired Zappos for \$1.2 billion in 2009.

04 Talent Management

If you work within a large organization, you know that it takes a lot to manage existing talent. Your people are your greatest asset, so you need to determine how recognition will impact all other parts of the employee lifecycle, including:

- Compensation & Benefits
- Performance Management
- Employee Engagement
- Career Development and Succession
- Retention and Recruiting Top Talent
- Rewards

➔ *Make sure to identify any barriers to integrate recognition within your organization.*

For example, consider your current performance management process. If you only conduct annual or semi-annual employee reviews, then this process must be changed to accommodate a recognition program that provides frequent feedback. A recognition program must seamlessly integrate with all other processes.

05 The Current State of Recognition

In order to get where you're going tomorrow, you must know where you are today. Conduct an analysis to clearly show the things that must happen before you can execute the program. Use survey methodology to determine your current employee engagement score. This is the perfect starting point to understand how your recognition strategy impacts employee success.

➔ *Conduct focus groups with employees and managers, and ask for feedback on the current state of recognition and engagement. Administer surveys to gain real data and insight to guide your decisions.*

06 Accountability

Large organizations have many departments, so make sure to decide who's in charge, whether it's HR or a program manager. Just like other business initiatives, there needs to be employees that are accountable for the program's launch, adoption and success.

➔ *Decide specific points of accountability with respect to HR and other departments, and allocate responsibilities to define expectations.*

07 Globalization

This is the most important component for any global recognition program. How will your global audience respond to one type of recognition or reward? How will you manage cross-currencies, international customer service needs, and scaling culture across the globe?

➔ *In order for your program to thrive, you have to think globally, but offer consistency and individual attention and consideration.*

Finally, after you have a clear picture of what your strategy looks like, make sure to define your audience. Recognition should touch every member of your organization from executives, to managers, to employees, to contractors or union laborers. Design your recognition strategy so that it aims to make all employees happy, regardless of demographics.

Recognition Strategy Checklist

Your strategy must include the following considerations:

- The Purpose behind Recognition
- Business Goals
- Culture
- Talent Management
- The Current State of Recognition
- Accountability
- Globalization

Design For Your People And Launch Like NASA

The design and launch phases are critical to a successful recognition strategy. Design with the intent to engage your workforce and drive positive results, that way you can propel forward at the point of launch. Launch is important for employee adoption and program success; without a strong program launch, your employees will not absorb recognition into your culture.



The Top 10 Things you Need to Design your Recognition Program

The design of your program is like building a house; every phase of the project is integral to keep the house together. The design phase will address key variables that determine success, and they are all equally important. The following must be considered during the design phase:

01 Budget

Companies spend \$47 billion annually on employee rewards¹³. Those budgets typically average 1 - 3 percent of company payroll, according to Recognition Professionals International. It has to be viewed less as a cost, but more as an investment in your people.

➔ *Decide how much you will spend, and how you will tie existing performance goals to the right behaviors that are necessary to achieve success.*



annual spend on employee rewards



suggested percentage of payroll allocated to recognition

02 Criteria

Determine the right behaviors to drive success that are connected to company goals and big picture strategy. By defining the right behaviors to be recognized, the program has credibility. Without credibility, the initiative will fail to take off.

➔ *Make sure to communicate recognition criteria, so employees understand why certain behaviors are recognized over others.*

03 Who can Recognize

Everyone in your organization must use recognition in order for the strategy to be successful. Recognition should happen anywhere, at any time, on any mobile or desktop device (or in person).

➔ *Make sure to create a program so that all employees can recognize each other – not just management.*

04 Direction

If you want to stick with the top down approach, then employees are unable to recognize one another. Today, competitive organizations have abolished hierarchy, and enabled peer to peer recognition so employees can recognize in all directions.

➔ *If you want to see improved results, then everyone in the organization must participate at all levels.*

05 Barriers to Recognize

One barrier to a successful recognition program is limiting employees' ability to recognize and reward others. Very successful recognition strategies eliminate approval process for recognitions, and employees are trusted to participate.

➔ *Consider the barriers to user adoption if approvals are required and what level they should be introduced.*

06 Visibility

Recognition visibility is something to consider within your organization. There are three types: public, group and private. Public recognition can occur online within a newsfeed, group recognition can occur in front of your team, and private recognition can occur during an employee-manager one-on-one.

➔ *The types of visibility you give employees in your company will help them adopt different kinds of recognition and associate it to employee success behaviors. Be social with recognition – it will help amplify positive feedback.*

07 Frequency

In this case, frequency refers to how often recognition is received. Recognition can be received annually, quarterly, monthly or daily.

➔ *During the design phase, it's important to tie frequency with criteria and purpose, specifically.*

According to Gallup, employees should receive feedback or recognition once a week. Yet, only 22 percent of employees report that regular recognition actually happens¹⁴.

22%



08 Delivery

You know that exciting feeling when you receive a package or letter in the mail? That's why delivery is important for recognition. Recognition can be delivered face to face, in a letter/email, at an event, or online.

➔ *With global workforces, electronic is the way to go – but can still be made personalized and meaningful.*

09 Consistency

It's important to offer a consistent employee experience. Consider what program features will help you scale your strategy across a diverse and geographically spread workforce. You may want to customize preferred features based on cultural preferences or employee type. If rewards are part of your strategy, watches may be an appropriate reward offering for the United States; yet, the same reward is not socially accepted in China.

➔ *The experience must stay consistent, even if the components are globally customized.*

10 Measurement

Think about measurements with the end goal in mind, this is crucial to show that recognition has a major impact on employee engagement, sales data, retention, or whatever is most important to your business. Without measurement, you could not track recognition strategy ROI.

➔ *During the design phase, decide what will be measured, who will measure it, and the best way to administer reporting.*

For example, an online recognition platform can eliminate the burden of administration and you can benefit from automatic reporting based on predetermined criteria.

Launch like NASA

You only get one chance to launch, and you should prepare just like NASA prepares to launch a space shuttle.



Marketing and Communications Spread the Word

Remember those many hats? Here's another one to try on! But there are experts out there that can support you with this.

Marketing and communications are a vital part of the implementation strategy. There needs to be dedication to launching the program successfully, which includes communications and special training for the organization. Determine business goals attached to the program, and incorporate them into the communication plan and marketing collateral. Communication should happen during the design phase, prior to program launch. Communication pieces must match your brand, so that messaging stays consistent across a widespread, global organization. Think outside the box to creatively entice employees to get excited about the program.

Training is a Must

When you actually launch the program, special training is necessary for program administrators in the organization. Program administrators should be well-versed on recognition best practices, the power of recognition, how to use the program, and how to effectively administer dashboards and reporting tools. Too often managers are trained on the how, but not the why. Managers, especially, need to

know why you are implementing a recognition strategy. This is the most important part of launch, because managers need to buy into the strategy's purpose in order to achieve success. Make sure managers understand why recognition fulfills our intrinsic need to achieve, and motivates us because of our inherent desires for acceptance and belonging. Don't simply train on process and technology – focus on the impact of recognition.

“Managers, especially, need to know why you are implementing a recognition strategy. This is the most important part of launch, because managers need to buy into the strategy's purpose in order to achieve success.”

Change Management: Build A Culture Of Recognition

What You Need and How to Make it Happen


Designing a recognition program is a huge waste of resources unless you consider how to scale the program and sustain it for a long period of time. Success doesn't happen overnight, so the way you handle change management will make or break your program.

After all that time, energy, and investment, you've come way too far to stop now. Change management is affected by support from the top, administration, compliance, equity and on-going optimization.

Five Factors that Impact your Culture of Recognition¹⁵:

01 Senior Management: Are they in it to win it?

After you get the seal of approval from senior management, the fun has just begun – their participation is critical to sustain a successful culture of recognition. Senior leaders are required for cultural change, as they set a visible example and have the power to create a movement among employees. Remember, recognition reinforces your culture – and not the other way around.

 *Make sure you have the support of the senior management team prior to rolling out your recognition strategy to the business – this is a must.*

“Success doesn't happen overnight, so the way you handle change management will make or break your program.”

02 Administration

The way you administer your recognition program will impact the rest of your organization. Most companies' recognition programs tend to operate separately from other company systems. Can you imagine if your brain and nervous system never talked to each other? The same concept is applied to recognition. It has to work harmoniously with your business.

➔ *With most online programs, little administration is required; however, it's important to delegate a program manager to spearhead recognition efforts and measurement.*

03 Communication

Change is inevitable. Policies, structure, goals, and processes – it all can change with a moment's notice, so take careful measures to communicate changes to your organization.

➔ *Your recognition movement should be fluid throughout the organization, and any potential roadblocks could sabotage progress.*

04 Equity

As programs are added, discontinued, and changed, you must keep the big picture in mind. How do these changes affect your investment?

➔ *Make sure employees understand any new recognition criteria, why programs were disabled, and keep communication open to make sure changes are implemented properly.*

05 On-going Optimization

Over time, how will your recognition program achieve your organization's goals and eventually contribute to your vision? There must be constant program assessment, so solicit feedback like it's going out of style. Your recognition program will not be perfect overnight; it takes work over time from the entire organization.

➔ *Assess whether certain metrics or criteria are getting the results you want, and if not, change something about it.*

Build a Culture of Recognition: Let's Get to the Point!

- 01 Senior leader buy-in is required
- 02 Delegate a program manager to spearhead recognition efforts and measurement
- 03 Always communicate program changes to your workforce
- 04 Employees must understand program changes and how it impacts the big picture
- 05 Assess whether defined recognition metrics drive business success; if not, change something

Rewards Can Compliment Recognition

Rewards are Recognition's Best Friend

Employee success begins and ends with recognition, but there is more to the story. You have the chance to amplify recognition with a reward, but only if you do it right. If not, you could ruin the recognition experience and derail your strategy.

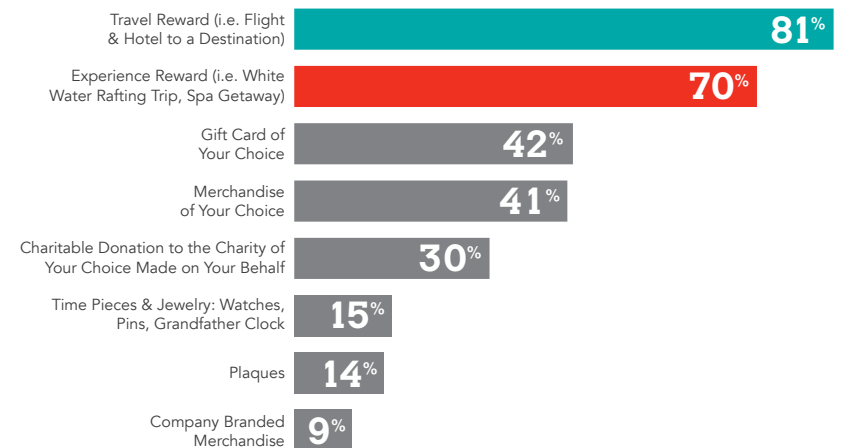
If recognition fulfills our intrinsic needs for love, belonging and self-esteem, then rewards act as an extrinsic motivator to compliment recognition. When you receive a reward that you choose, it is more meaningful and you'll associate it with positive memories tied to the company.

What Reward Type Works for You?

There are many types of rewards to choose from. It's up to your organization to decide what rewards align with your recognition strategy and company culture.

For example, Achievers and Experience Inc recently conducted The Class of 2012 Study, to understand the needs of the future workforce. For Millennials especially, the fact remains that travel and experience rewards are significant performance motivators. This speaks to the variety and choice the graduating class seeks when it comes to choosing their rewards.

Reward Preference



Class of 2012 Study, conducted by Achievers and Experience Inc.

Specific, Meaningful and Timely Rewards

Just like your recognition strategy must be specific, meaningful and timely, the same theory applies to rewards. Rewards need to be accessible, so that there is instant gratification and the reward can be associated to the results. Rewards should be meaningful and specific, and employees should be able to choose their rewards so that there is a positive memory associated with it.

Don't Forget About Criteria and Purpose

Remember when we discussed the importance of criteria and purpose for your recognition program? This is when you must decide how rewards impact the program – how are the rewards earned, tied to criteria, and linked to the overall purpose?

For example, tie specific rewards to achieving individual or department goals. Employees should understand what types of rewards are associated with different results, so they are more likely to repeat the action. If an employee receives a reward for hitting their sales quota, they should receive a consistent reward each time they achieve the same metric.

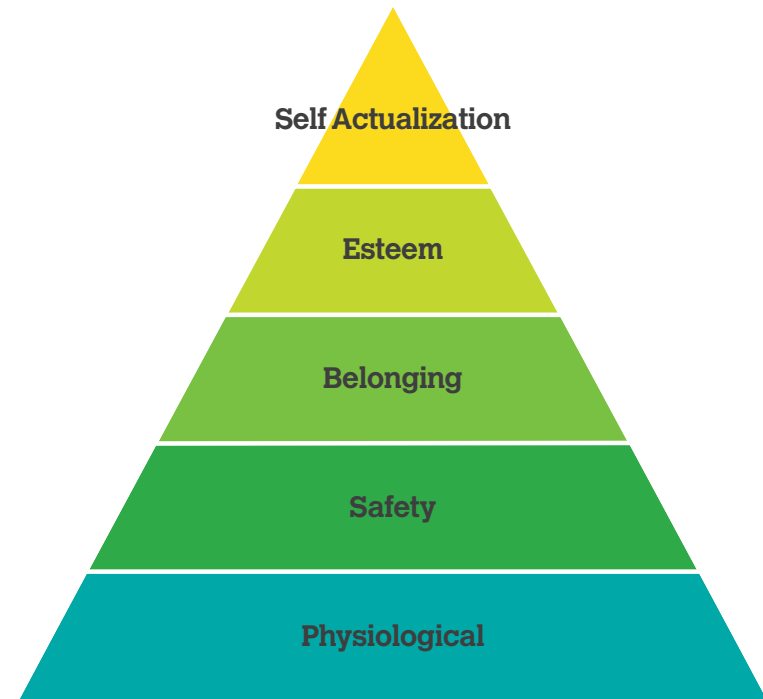
Cash is Not Necessarily King

In this instance, cash rewards are not necessarily the best option. It's important to consider both monetary and non-monetary rewards, because employees may associate cash rewards with compensation, instead of achievement. Recognition is all about initiating a behavioral movement towards business objectives, so make sure you are aware of how cash rewards are presented.

Contrary to what you may believe, spending as little as 1 percent of your employee payroll on specific, timely and meaningful recognition is just as important as the other 99 percent of your employee dollars. If you consider the impact on the "average" total compensation

package for an employee - 1 percent added to their paycheck or to some other benefit category would not only seem small – it would get lost in their direct deposit statement.

Adding another 3 percent in pay has little impact on those lower levels of our motivation hierarchy since they are already satisfied. However, adding 1 percent at the higher levels affected by recognition and validation, has a huge impact on our engagement with a company.



Maslow's Hierarchy of Needs pyramid is the perfect structure to illustrate where your money – not necessarily your effort, should go once compensation has satisfied the lowest levels of motivation.

Think Globally but Fulfill Locally

More companies are realizing that employee engagement is a key performance driver for their global workforce, so the demand for global rewards and recognition solutions has increased. Would you buy a car without basic functionalities, like a speedometer or gas tank? Doubtful. That's why you should select a global provider that offers the total package, by consolidating capabilities into one recognition platform. This guarantees a consistent experience for your employees, regardless of country and local currencies.

With respect to global fulfillment capabilities, the most competitive offerings will include local in-country fulfillment. This cuts down on cost to the provider, specifically when considering elimination of customs and duties, and in turn provides great value to the client. For example, it costs \$60 to ship a gift certificate from the United States to Egypt, but only costs \$5 to ship the same item within country. Imagine the operational ramifications of choosing a global provider that does not provide in-country fulfillment; the client ends up with significantly less ROI because of costs associated with shipping.

Rewards Can Compliment Recognition

Quick Recap!

- 01 Decide what rewards align with your recognition strategy
- 02 Rewards should be accessible, connected to results, and meaningful
- 03 Determine how rewards are earned through criteria and purpose
- 04 Beware of cash rewards; tangible rewards have more impact
- 05 Need global rewards? Ensure they are locally relevant and a consistent experience

Business Success Is Key!

How To Begin And End There

We're glad you're still reading, because this is the most important part of the guide. OK, every part is important, but this is the section where you will learn to prove your program's value. Without a valid return on investment, your senior management team will not support the program. It makes perfect sense; would you continue to invest in the same stock if the value started to plummet? Proving business success is the key to long-term growth and support.

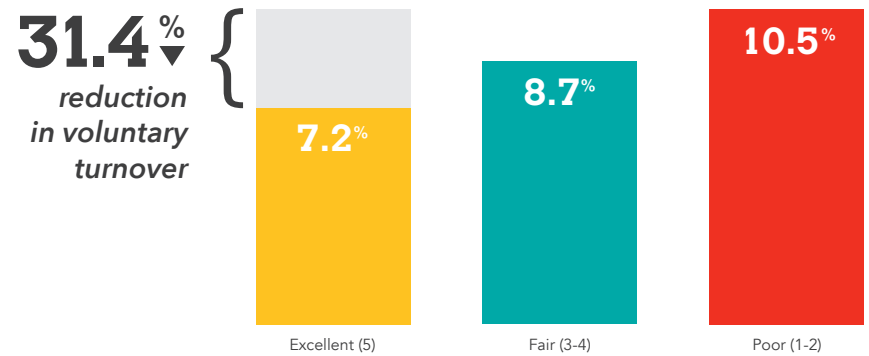
Tie Recognition to Corporate Goals

Remember when we told you about declaring business outcomes? The ability to measure business outcomes impacted by recognition will help you validate the program. Whether your goal is to reduce voluntary turnover, increase employee engagement scores or sales numbers (the list goes on and on), you must define outcomes from the start to understand progress.

Organizations with highly effective recognition programs experience 31 percent lower turnover¹⁶. What does this mean for business success?

Well, recent Bersin & Associates research compared four hotels' turnover costs for a front-desk associate, and found that reduction in voluntary turnover at a hotel with 10,000 employees (with an average salary of \$50,000/year) amounted to \$3,600,000 net savings per year. This translates to a 4 percent increase in profitability.

Voluntary Turnover Rate



Effectiveness of Recognition Program at Improving Employee Engagement

Comparison of four hotels' turnover costs for a front desk associate

	HOTEL A	HOTEL B	HOTEL C	HOTEL D
Separation Costs	\$25.88	\$25.63	\$21.01	\$21.01
Recruiting Costs	\$25.00	\$25.00	\$64.90	\$64.90
Selection Costs	\$165.00	\$123.50	\$1,098.40	\$1,224.80
Hiring Costs	\$1,608.53	\$2,118.25	\$3,460.90	\$4,425.95
Productivity Costs	\$4,140.55	\$3,395.65	\$6,953.49	\$7,144.99
Total	\$5,964.96	\$5,688.03	\$11,598.70	\$12,881.65

Ready, Set, Benchmark!

If you join your gym's fitness challenge, how can you understand your progress without checkpoints? Checkpoints, or defined benchmarks, indicate whether you are on the right track, or whether something needs to change. For example, if you aim to measure sales performance, set timely recognition checkpoints that will motivate employees to succeed. Benchmarks are a great way to define the right behaviors needed by your organization, which will eventually impact your results. If recognized behaviors are not contributing to the big picture, then you must reevaluate and change your strategy.

Don't Forget to Celebrate Success

Driving results is vital to success, but celebration is necessary to keep the momentum alive! Recognize top performers in front of the whole organization at a monthly luncheon, or reward individuals in departments that hit their goals. When sub-par performers see their colleagues' work being celebrated, they will be more motivated to hit the high bar set by your top performers. And, most importantly, communicate company successes when they occur, so positive feedback is specific, meaningful and timely. This practice follows in-suit with the way you give recognitions, so employees will be encouraged by this consistency.

“Research has clearly and consistently proved the **direct link** between employee engagement, customer satisfaction and revenue growth.”

So Long... For Now

If you shiver at the thought of change or innovation, think about what recognition can do for your business and employee success. And think about what will happen if you remain frozen like a statue. You'll start to realize that recognition is everywhere, and it's paving the way for the future success of your business and employees.

The next time you go to a Starbucks and order your double tall non-fat latte, think about the barista who is so willing to customize your drink and remember your name. This type of employee is a product of a happy corporate culture dedicated to employee success. It's time to take care of your employees by recognizing the right behaviors that help them drive results. They can't create loyal customers without understanding the big picture and that employees matter.

If you wait until the annual review to thank your employees, you may find yourself in that familiar turnover vortex: Groundhog Day all over again. It's frustrating to take two steps backwards with every resignation letter. Why start over when you can power forward, keep your current talent, inspire them to do their best work and connect behavior to business results. Embrace the need for change and revolutionize the way you power your business with recognition.

We want to know what you think about this guide, recognition as a whole, and answer any questions you may have. Feel free to contact us at any time. We live, love and breathe this stuff and are happy to chat about it with you.

Sources

1. http://en.wikipedia.org/wiki/David_%28Michelangelo%29
2. Adler, Paul, 2001, Market, Hierarchy and Trust: The Knowledge Economy and the Future of Capitalism (California)
3. U.S. Department of Labor, Bureau of Labor Statistics
4. The Bersin & Associates Employee Recognition Framework
<http://www.achievers.com/webinar/wb-2012-06-12/materials/researchreport-bersin-frame-work.pdf>
5. Gallup <http://www.gallup.com/poll/150383/majority-american-workers-not-engaged-jobs.aspx>
6. Achievers and China Gorman, Achievers Intelligence: Insight Into Today's Workforce
http://www.achievers.com/sites/default/files/whitepaper-achievers-intelligence_0.pdf
7. Mercer <http://www.mercer.com/press-releases/1418665>
8. <http://www.hrmreport.com/article/new-generation-of-workers-enters-us-workforce>
9. <http://www.dallasnews.com/business/airline-industry/20120119-southwest-reports-152-million-profit-but-fuel-prices-hurt-results.ece>
10. Lloyd's Risk Index 2011
<http://www.lloyds.com/News-and-Insight/Risk-Insight/Reports/Risk-Index-2011>
11. Lloyd's Risk Index 2011
<http://www.lloyds.com/News-and-Insight/Risk-Insight/Reports/Risk-Index-2011>
12. <http://www.achievers.com/sites/default/files/achievers-customer-success-story-meridian.pdf>
13. Adler, Paul, 2001, Market, Hierarchy and Trust: The Knowledge Economy and the Future of Capitalism (California)
14. Achievers and China Gorman, Achievers Intelligence: Insight Into Today's Workforce
http://www.achievers.com/sites/default/files/whitepaper-achievers-intelligence_0.pdf
15. Bersin & Associates, The State of Employee Recognition in 2012
<http://www.achievers.com/sites/default/files/analytstinsights-the-state-of-employee-recognition.pdf>
16. Bersin & Associates, The State of Employee Recognition in 2012
<http://www.achievers.com/sites/default/files/analytstinsights-the-state-of-employee-recognition.pdf>

Achievers

The Achievers mission is to Change the Way the World Works. We are accomplishing this by helping companies around the world recognize and reward positive employee behaviors on a daily basis resulting in higher employee engagement and better business results. With our award-winning technology, unmatched customer service and industry-leading expertise we have powered the world's most successful rewards and recognition programs.

Check us out on the web at www.achievers.com



23 Geary St., 6th Floor, San Francisco, CA 94108 USA | Phone: 1-888-622-3343 | www.achievers.com

© 2013, Achievers, Corp. All rights reserved. All product and company names and marks mentioned in this document are the property of their respective owners.