Building a Recognition Culture for the Fast Lane

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Building a Recognition Culture

A Two-Part Study

1. The case for recognition in today’s business environment

2. A methodical approach to developing a strategic employee recognition program for today’s workplace
Recognition: an expression of respect, approval and appreciation

Recognition’s Role in Human Interactions

- Family
- Education
- Sports
- Workplace
Maslow’s Theory: The Workplace

- **Self Actualization Needs**
  - Advancement opportunities

- **Esteem Needs**
  - Recognition/Appreciation

- **Belongingness Needs**
  - Work culture

- **Safety Needs**
  - Health insurance, job security

- **Physiological Needs**
  - Food, clothing, shelter (paycheck)
Current Trends In Workplace Culture

- Increased Pace of Business
- Depersonalized Communication
  - Email
  - Instant Messaging
  - Voicemail
  - Telecommuting
- Change in Commitment Expectations
Potential Pitfalls

- Dehumanization
- Burnout
- Lack of Engagement
- Demotivation
The Results of a Recognition Culture—A Snapshot

The Human Element Returns
Morale Improves
Motivation Improves
Teamwork Improves
Retention Improves
Quality Improves
Profits Improve
The Case for Recognition

Outcomes of Recognition

- Improve Quality: 70%
- Encourage Teamwork: 75%
- Motivate Employees: 80%
- Build Morale: 90%
- Create Awareness: 95%

Robert Half International
The Case for Recognition

Motivate Employees

Workers on average report that they can do 26% more work.

25% of workers report that they can do 50% more work.

Great Lakes HR Now, April 27, 2005.
The Case for Recognition
Improve Retention

Calculating the cost of turnover

2004 Average rate of turnover in US = 20.2%

Sample Scenario:
ABC Company 150 emp.
Annual Turnover 15 (10%)
Avg. salary per employee $40,000
Benefits/employee (30% of salary) $12,000
Compensation/employee (40K+12K) $52,000
Cost of turnover (25% of comp) $13,000
Annual cost of turnover $13,000 x 15 employees = $195,000 per year
The Case for Recognition

Employees cite lack of recognition to be THE top reason why they leave for other organizations.

Why Employees Leave

Limited Recognition 34%
Compensation 29%
Limited Authority 13%

-Robert Half International Study
Employee Service Award Program: A contributing factor in reduced turnover

<table>
<thead>
<tr>
<th>Turnover</th>
<th>50%</th>
<th>20%</th>
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</thead>
<tbody>
<tr>
<td>Prior to Program</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 Yrs into Program</td>
<td></td>
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</tbody>
</table>

Link between employee satisfaction & profitability

- Worst: 1.0%
- 2nd: 2.4%
- 3rd: 4.1%
- Best: 6.6%

“Hard Evidence”, Incentive Magazine, August 2005 p.10
Case Study

Sears

5% improvement in employee attitude yielded:

- Improved customer impression (1.3%)
- Increased revenues (1.04%)

Recognition is good PR

- Employees are ambassadors to the community
- Employee Recognition advertises that a company values its people
Strategic Planning for a Recognition Culture

People often say that motivation doesn’t last. Well, neither does bathing- that’s why we recommend it daily.

Zig Ziglar
Getting the Team Onboard

Management cannot dictate creativity. Management cannot force loyalty. Management must create an atmosphere that fosters loyalty and encourages creativity.

-Tony Calabrese
8 Simple Steps to a Recognition Culture

- Recognition Program Goals
- Recognition Criteria
- Recognition Budget
- Presentation Format
- Awards Criteria
- Implementation Plan
- Communication Plan
- Program Evaluation Strategy
Recognition Program
Outcome Goals

Align your recognition program with your organization’s overall mission.

Examples

Talent Retention  Productivity
Quality          Innovation
Customer Service Safety
                Sales
Recognition Criteria

Determine the criteria employees must meet to earn recognition.
Common Types of Formal Recognition Programs

<table>
<thead>
<tr>
<th>Recognition Type</th>
<th>Percentage</th>
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</thead>
<tbody>
<tr>
<td>Length of Service</td>
<td>90%</td>
</tr>
<tr>
<td>Performance</td>
<td>87%</td>
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<tr>
<td>Retirement</td>
<td>51%</td>
</tr>
<tr>
<td>Sales</td>
<td>51%</td>
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<tr>
<td>Suggestion</td>
<td>41%</td>
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<tr>
<td>Employee of the Year</td>
<td>39%</td>
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<tr>
<td>Safety</td>
<td>33%</td>
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<tr>
<td>Attendance</td>
<td>22%</td>
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</tbody>
</table>

“Trends and Best Practices in Employee Recognition”, NAER 2005
Types of Programs

Length of Service Programs

In the Shop  Fords  Ferraris
Types of Programs

Incentive and Performance Programs

Examples: safety awards, productivity awards, sales incentives, employee of the year

Reward Groups, Individuals or Both
Closed-Ended Programs
- A pre-determined number of awards will be presented
- Allows for precise budgeting

Open-Ended Programs
- Do more/Gain more
- Unlimited number of recipients and/or awards
- Increased motivational appeal
Guidelines for Establishing Recognition Criteria

- Program reach (# employees impacted)
- Attainable goals
- Positive goals
- Controllable
- Simple rules
Setting the Budget

- 10-15% research, planning and administration
- 10-15% communication and promotion
- 70-80% awards
Yeah I called her up, she gave me a bunch of crap about me not listening to her, or something, I don't know, I wasn't really paying attention.

Dumb and Dumber

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A Word About Cash
How Employees Spend Cash Incentives

- Bills = 29%
- Don’t remember = 18%
- Gifts for family = 11%
- Household items = 11%
- Special treat for yourself = 9%
What does it take to change behavior?

4% of Salary
Non-cash

8% of Salary
Cash

1American Productivity and Quality Center, Motivation Strategies, Potentials Magazine, December 2004
How employees respond to awards

**Cash** awards are processed by the **left brain**
- Logical, analytical side
- The amount is measured against the effort required to earn it
- Utilitarian view of the award.

**Non-cash** awards are processed by the **right brain**
- Creative, emotional side
- Mental images and emotions are assigned to the award
- Increased residual effect
Awards Criteria

- Special and exclusive
- Residual effect
- Personal
- Symbolic of your company or project
Criteria for Tax Free Awards*

- Tangible personal property (cash/gift cards are taxable)
- Under average award cost of $400.
- Max value $1600.
- Safety awards given to fewer than 10% of eligible employees. (Not management, administrative, clerical, professional)

*Consult your tax advisor
Nothing is more effective than sincere, accurate praise, and nothing is more lame than a cookie-cutter compliment.

Bill Walsh
Presentation Format

Presentations can impact both the recipient and observing peers

Common Presentation Scenarios
- Celebration event
- One-on-one with manager
- Staff meeting
- Company-wide meeting
The Message

- Timely
- Positive
- Appropriate Presenter
- Specific
  - Recipient’s personal contributions
  - Overall mission of the project or organization
  - Award’s symbolic meaning

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Implementation Plan

- Administration
- Tools
- Training

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Communication Plan

Two Objectives:
- Communicate program logistics
- Publicize employee achievements

Communication Methods
- New employee orientation
- Intranet
- Newsletter
- Mailing
- Table tents
- Posters
- Press Releases
Program Evaluation Strategy

- Employee satisfaction surveys
- Participation rates
- Number of nominations
- Turnover
- Customer surveys
- Productivity
- ROI
Conclusion

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Q & A

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