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

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Recognition: an expression of respect, approval and appreciation

Recognition's Role in Human Interactions

➢Family

➢Education

➢Sports

➢Workplace

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Maslow's Theory: The Workplace

Self Actualization Needs
Advancement opportunities

Esteem Needs
Recognition/Appreciation

Belongingness Needs
Work culture

Safety Needs
Health insurance, job security

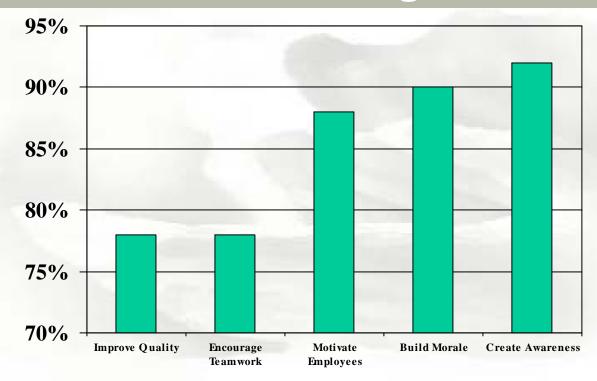**Physiological Needs**
Food, clothing, shelter (paycheck)

A.H. Maslow, 'Learning and Human Abilities.'

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Current Trends In Workplace Culture

- **Increased Pace of Business**

- **Depersonalized Communication**
    - Email
    - Instant Messaging
    - Voicemail
    - Telecommuting

- **Change in Commitment Expectations**

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Potential Pitfalls

- Dehumanization

- Burnout

- Lack of Engagement

- Demotivation

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The Results of a Recognition Culture– A Snapshot

The Human Element Returns

Morale Improves

Motivation Improves

Teamwork Improves

Retention Improves

Quality Improves

Profits Improve

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The Case for Recognition

Outcomes of Recognition

Category	Value
Improve Quality	78%
Encourage Teamwork	78%
Motivate Employees	88%
Build Morale	90%
Create Awareness	92%

Robert Half International

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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.

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The Case for Recognition

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**

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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%
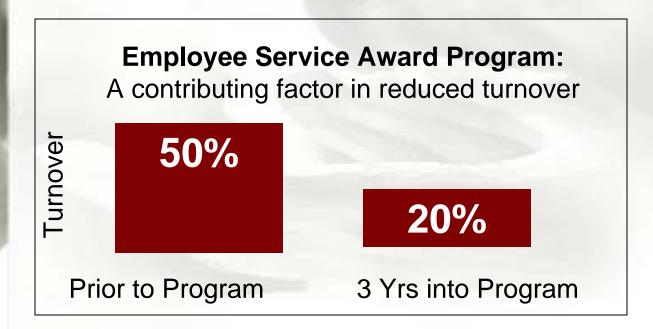
Compensation 29%

Limited Authority 13%

-Robert Half International Study

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Reduce Turnover

Case Study
Heritage Medical Associates, PC

Employee Service Award Program:
A contributing factor in reduced turnover

Turnover

50%	
	20%

Prior to Program   3 Yrs into Program

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"Size Matters: Better performers share secrets of success," Redling, Robert. MGMA Connexion, Vol.3, Issue 7, August 2003.

Improve Profits

Link between employee satisfaction & profitability

Operating Margin

1.0% — Worst

2.4% — 2nd

4.1% — 3rd

6.6% — Best

Employees' Rating

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"Hard Evidence", Incentive Magazine, August 2005 p.10

Improve Profits

Case Study

Sears

5% improvement in employee attitude yielded:

➢ Improved customer impression (1.3%)

➢ Increased revenues (1.04%)

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"Strategic Human Resource Management at Sears, " Rucci, Kirn, Huselid, and Becker, Human Resource Management, Winter 1999.

Recognition is good PR

100 BEST COMPANIES TO WORK FOR 2005
FORTUNE'S annual ranking of companies that rate high with employees

- ➢ Employees are ambassadors to the community

- ➢ Employee Recognition advertises that a company values its people

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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

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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

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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

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Recognition Program Outcome Goals

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

Examples

Talent Retention	Productivity
Quality	Innovation
Customer Service	Safety
	Sales

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Recognition Criteria

Determine the criteria employees must meet to earn recognition.

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Common Types of Formal Recognition Programs

Program	Percentage
Length of Service	90%
Performance	87%
Retirement	51%
Sales	51%
Suggestion	41%
Employee of the Year	39%
Safety	33%
Attendance	22%

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Types of Programs

Length of Service Programs

In the Shop   Fords   Ferraris

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Types of Programs

Incentive and Performance Programs

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

Reward Groups, Individuals or Both

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Types of Programs

Incentive and Performance Programs

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

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Guidelines for Establishing Recognition Criteria

➢ Program reach (# employees impacted)
➢ Attainable goals
➢ Positive goals
➢ Controllable
➢ Simple rules

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Setting the Budget

- 10-15% research, planning and administration

- 10-15% communication and promotion

- 70-80% awards

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Award Criteria
Incorporate Symbolic Significance

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

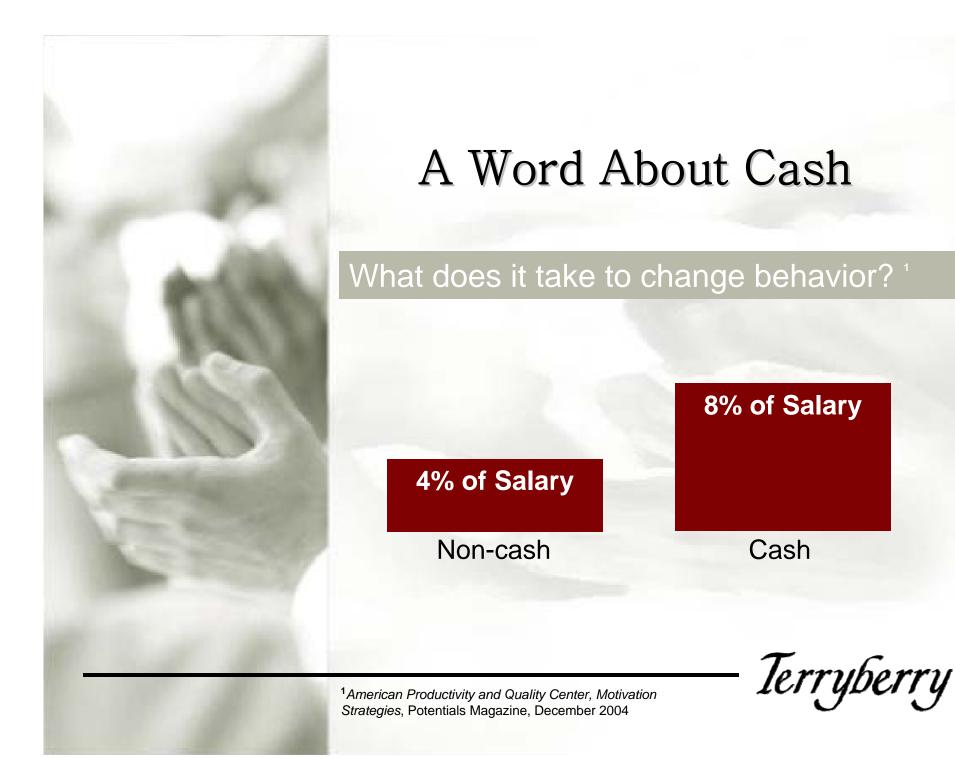## How Employees Spend Cash Incentives

Bills = 29%

Don't remember = 18%

Gifts for family = 11%

Household items = 11%

Special treat for yourself = 9%

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Wirthlin Worldwide March 5-8, 1999

A Word About Cash

What does it take to change behavior? [1]

8% of Salary

4% of Salary

Non-cash

Cash

[1] *American Productivity and Quality Center, Motivation Strategies*, Potentials Magazine, December 2004

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A Word About Cash

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

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Awards Criteria

➢ Special and exclusive

➢ Residual effect

➢ Personal

➢ Symbolic of your company or project

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About Taxes

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

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Presentations

Nothing is more effective than sincere, accurate praise, and nothing is more lame than a cookie-cutter compliment.

Bill Walsh

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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

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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

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Program Evaluation Strategy

➢ Employee satisfaction surveys

➢ Participation rates

➢ Number of nominations

➢ Turnover

➢ Customer surveys

➢ Productivity

➢ ROI

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Conclusion

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Q & A

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