Reward or recognition – get it right

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Two points:

Recognition is very different from Reward and can make greater impact

Non-cash (tangible) awards can deliver much greater impact than cash for a lower spend, as part of recognition and incentives
What is Recognition?

“A process of acknowledging or giving special attention to a high level of accomplishment or performance, such as customer care or support to colleagues, which is not dependent on achievement against a given target or objective. It can be day-to-day, informal or formal.”

Rose, 2011
Recently we were very busy and a few of us worked a lot of hours to help out, but you didn’t get any thanks for it. We’re just not appreciated at work. If someone were looking for a job, I wouldn’t tell them to get one where I work.”

Susan, 43, Customer Service Representative

“Catch people doing something right”

Blanchard and Johnson, The One-Minute Manager, 1993
Engagement

- **McLeod Review, 2009:**
  - Businesses in the top half for engagement had 27% higher profitability than those in the bottom half (Gallup)
  - Bank branches with higher staff engagement had 16% higher profit (Standard Chartered)
  - 78% of engaged employees recommended the companies products; only 13% of the disengaged

- **Gallup Q12** – One of the six most powerful: “In the last seven days, have I received recognition or praise for good work?”
Most effective motivators

- Praise from immediate manager
- Leadership attention e.g. 1:1 conversations
- Chance to lead projects or task force

Equal to or more effective than

- Cash bonuses
- Increased base pay
- Stock or stock options

*McKinsey Quarterly global survey, June 2009*
Reward and Recognition

British Airways:

- Reward is about pay or compensation
- Incentives are about meeting targets
- Recognition is about saying “Thank You”
## Recognition and Incentives

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76% of people save hand written thank you notes

Harvard Business Review (May, 2016)
Recognizing Employees is the simplest way to improve morale
You can’t incentivise creativity and innovation, but…

“Employees who receive strong recognition are 33% more likely to be proactively innovating and generate twice as many ideas as those who are not recognised frequently.”

Recognition Programmes

- Informal
  - Day to day
  - Local, informal, low key, simple
- Formal
  - Corporate, formal, high profile

Start here

£ £ £ £ £ £ £ £ £ £ £ £ £
Why use non-cash?

Perceived value

Display

Personal

Differentiation

Memory value
What do employees buy with cash awards?

Survey by Wirthlin Worldwide of 1,010, quoted in Workspan, Nov 2006

- Bills: 29%
- Not remember: 18%
- Never received: 15%
- Family gift: 11%
- Household items: 11%
- Savings: 11%
- Special treat: 9%
- Vacation: 5%
- Something else: 2%

Survey by Wirthlin Worldwide of 1,010, quoted in Workspan, Nov 2006
$30,000 or a Gold star?

- Accelerator would maximise commission for later sales
- ‘President’s Club’ for those selling more than 90% of peers so bring sales in earlier
- Sales people would ‘pay’ to join the club
- Club – gold star on their name card, email from CEO, companywide recognition and overseas trip

Ian Larkin (2009) Paying $30,000 for a Gold Star: an empirical investigation into the value of peer recognition to software salespeople
Getting started

- Think carefully about what you want to achieve
- Look for example of internal good practice and build from there
- Introduce low-key informal line manager based programme first; simple guidelines
- Build recognition into your management development programmes
- Balance technology and personal