



helping organisations maximise the value
of everything they spend on reward

Reward or recognition – get it right

Michael Rose

2 November 2017

▶ 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

▶ Damage of poor recognition

“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

Working Life: Employee attitudes and Engagement Research Report, CIPD, 2006



“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

	Recognition	Incentives
Impact	Message	Prize
Cost & Value (€)	Low	High
Theory	Reinforcement	Expectancy
Feeling	Gift	Contract



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.”

Beckstrand, G (2016) Ways to Get Big Business Gains From Employee Recognition *Workspan* January pp62-65

Recognition Programmes



Day to day

Local, informal,
low key, simple

Corporate, formal,
high profile

Start
here



Why use non-cash?

Perceived value



Personal

Differentiation



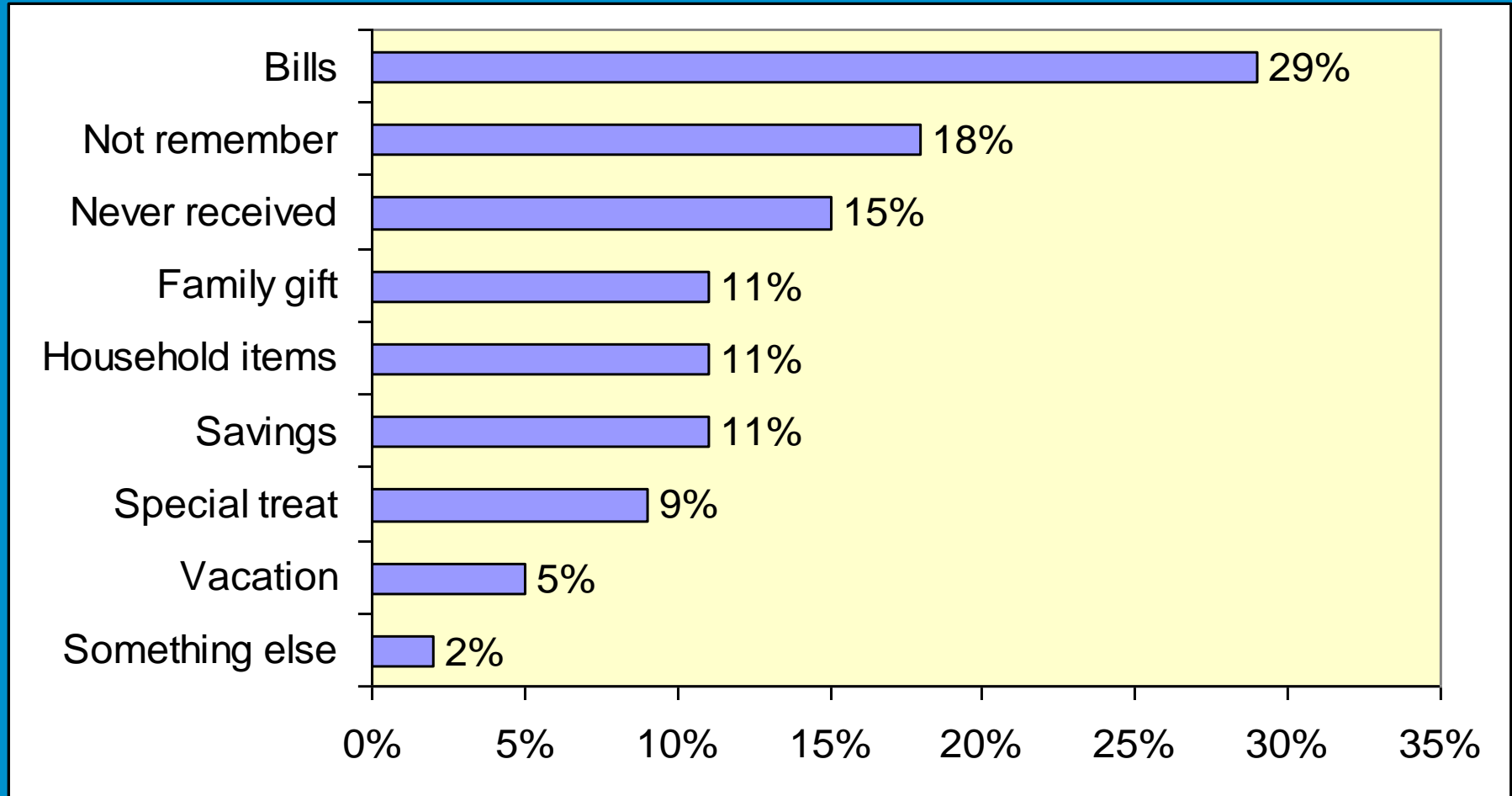
Memory value



Display



What do employees buy with cash awards?



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



www.rewardsconsulting.co.uk