

A GUIDE TO RECOGNITION



**A Recognition
Handbook**

Table of Contents

Introduction	page 1
Why is Recognition Important?	page 2
Tips on setting up a Recognition Program	page 4
Adding Rewards to the Mix	page 8
Top SIX Recognition Best Practices	page 10
Suggested Readings	page 14
About I Love Rewards	page 16
Acknowledgements	page 17

Introduction

Recognition is integral to building an engaged workforce and driving employee behaviour and performance. According to a recent Gallup poll, a leading opinion poll conducted by the Gallup Organization, 80% of surveyed employees responded that praise and recognition motivate them to do a better job at work. This results in an engaged workforce and an increase in overall company success. Motivated employees helping drive the bottom line results? Who would have thought!?!

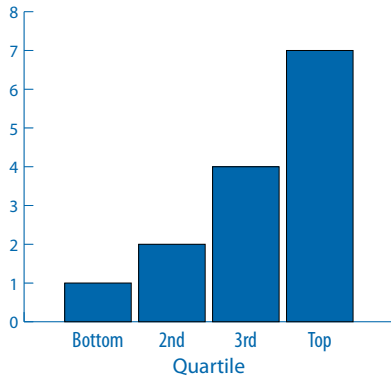
This Recognition Handbook is intended to help enhance how you recognize and reward your greatest asset – your employees! It provides insight into statistical data on why recognition is important, and provides best practices on how to build a culture of recognition that boosts employee satisfaction and employee engagement.

Did you know?

Recognition positively affects the bottom line. According to *Gurmek Bains*, author of **Meaning Inc.**, S&P 500 companies produced a 250% return from 2001 to 2006. The list of best companies to work for? They produced a 600% return within the same time period.

Why is Recognition Important?

Recognition is an important component of the total compensation and rewards package and has proven to be instrumental in organizational success. As illustrated in a study by Health Stream below, companies in the highest quartile of “Recognizing Excellence” report an operating margin of 6.6%, while those in the lowest quartile report only 1%. A recognition program helps reduce turnover, increase productivity and create a positive working environment – all elements necessary to achieving organizational success. These are numbers the Finance Department loves to see!

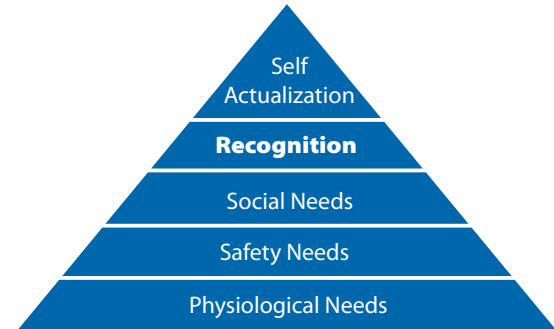


Operating Margin Performance by Quartile on “My Organization recognizes Excellence”

- Health Stream (212,226 respondents)

More Than Just a Thank You

Great companies realize that recognition is more than just a ‘thank you’. It’s a concentrated effort by the leaders of an organization to commit to personal excellence and a positive work environment. As Maslow’s Hierarchy of Needs identifies (think all the way back to high-school), after base needs are fulfilled (including regular compensation) recognition is the next step on the needs pyramid. The closer an organization can help their employees get to the top of the pyramid, the better they can drive peak performance from their workforce.



Good Read Anyone?

For more on driving peak performance based on Maslow’s Hierarchy of Needs, read **How Great Companies Get Their Mojo from Maslow** by *Chip Conley*.

Tips On Setting Up A Recognition Program

1 Identify Objectives: Results AND Behaviours

Before setting up your recognition program, identify what results you want to accomplish. Once you define what success looks like, you can then identify the behaviours you want your employees to exhibit in order to achieve that success. Sounds simple, but it isn't! Spend the time identifying what you're trying to accomplish.

2 Select the Best Recognition Approach. Design a program for Success.

Define recognition methods that fit your unique environment and culture. A 50 person organization has different considerations than a 10,000 employee organization with offices globally. Consider the following:

- Identify who can distribute recognition (top-down, peer-to-peer, bottom-up)?
- What vehicles for recognition fit your company (i.e. e-mail, in-person, recognition cards, carrier pigeon)?
- Is the program simple to understand? Complexity can and will stunt success
- Establish a rhythm to help ensure these processes are carried out – don't waver from the program – it's challenging but important!

- Create a structure that can be easily tracked (ROI is a beautiful thing!)
 - What information do you want to capture?
 - Is it an online system as opposed to manual – how can you reduce effort for gathering data?
 - Do the right people that can impact change have access to information?

... and remember this program is for the EMPLOYEES – consider how these end users will interact with the program. A good ol' survey or focus group can provide excellent insight.

3 Communicate Objectives Clearly. Train Leaders. Launch.

Once you've planned what the program is going to look and feel like, ensure you clearly communicate the expectations of the program to all employees. Train leaders on recognition and why it is important. Be clear about:

- What the company is trying to accomplish and why it is important
- The investment in the program is focused on improving the work experience
- Expectations on how and where recognition should take place
- How to recognize appropriately and for what reasons

Launch the program and create excitement around this new initiative. Be transparent about not having all the answers for a perfect program, but commit to listening to employees and continually improving it.

4 Recognize Employees for Performing Identified Goals & Behaviours

Once the program has launched, do not waver. Ensure employees are being recognized for the right reasons and monitor results to adjust where required. See the Best Practices section on page 10 to see tips on how create an environment where the program will flourish.

5 Reward employees accordingly. What gets Recognized gets Repeated.

Select desirable rewards to complement recognition. Make it meaningful by allowing employees to choose rewards that fit their lifestyle and tastes. The next section discusses what to consider when adding rewards to the mix.

6 Evaluate Program Effectiveness

What gets measured gets improved. Celebrate the positives and identify the gaps. Don't only celebrate the positives... recognize them!

PERFORMANCE SUCCESS CYCLE™



How I Love Rewards does it

At I Love Rewards, we approach every rewards and recognition program with a process we built called the Performance Success Cycle™. When goals are continually created and communicated, and results are rewarded and recognized, employees perform the behaviours that drive business results.

Adding Rewards To The Mix

In some instances, it is a best practice to complement recognition with tangible rewards. Recognition tied to a meaningful reward reinforces positive work performance, allowing your organization to drive positive results.

Rewards offer 'trophy' value and acknowledgment of recognition because every time an employee uses, sees or interacts with his or her reward, they affiliate it with the company. The reward helps employees recognize that their employer truly values employees and acknowledges positive work habits.

How I Love Rewards does it

At I Love Rewards, we award points to our employees for defined behaviours and results. These points can be redeemed for a reward through our online program we call **Pointaholics**. We believe in empowering employees to get the rewards they want, when they want them.

Points can be redeemed for thousands of items in our Rewards Catalogue including brand name merchandise, gift cards, travel, experiences, virtual redemptions, or charity donations.

What rewards should you give your employees? Consider the following:

- **Employee Demographics** – Will your selection of rewards appeal to all employees based on age, gender and geographic region?
- **Fulfilling Rewards** – Most organizations have moved away from purchasing and warehousing their own rewards due to security risks and tracking challenges.
- **Choice of Rewards** – Will employees be able to choose their rewards? If not, you may experience a negative response if employees receive unwanted/unusable rewards. The more choice, the better.
- **Taxation** – Ensure you are aware of the laws surrounding taxable benefits and how they impact your employees.
- **Cash vs. Non-Cash** – Recent studies reveal that non-cash motivators are more effective than cash in building long term engagement.



TRAVEL



MERCHANDISE



GIFT CARD



EXPERIENCE



CONCIERGE



DONATE

Top 6 Recognition Best Practices

Here are our Top Recognition Best Practices. Recognition is free, and when implemented using best practices #1 through #6, it's guaranteed to drive motivation and engagement.

1 Follow the PIC approach

PIC stands for **Positive, Immediate and Certain**. Establish a recognition program that is clear in design and has immediate and certain recognition components to trigger repeat behaviour.

2 Managers should recognize their employees at least once a week

It's been studied, tested and proven. In the book, **First, Break All the Rules**, authors *Marcus Buckingham and Curt Coffman* of the Gallup Organization show that a key variable in employee productivity and engagement is whether or not employees are recognized by their direct managers every seven days.

3 Combine on-the-spot recognition with rhythm recognition

Establish both types of recognition to ensure the seven day recognition rule and to reinforce desired behaviours.

On-the-spot recognition provides praise for contributions when the desired behaviours occur. Examples of on-the-spot recognition include recognition cards, e-cards, points cards and conversations with employees.

Rhythm recognition is consistent, formal and entrenched in the organization. These forms of recognition occur every week, month or year like clockwork.

How I Love Rewards does it

Building rhythm. On a weekly basis, each employee is given a budget of 500 points (equal to \$5) to give to any other employee for living one of the company values. Employees award points through our online system.

On a monthly basis, each employee provides a hand-written Recognition Card to any other employee worth 1,000 points, which can be redeemed on our online system using a unique code printed on the card.

We believe recognition and rewards need to be rhythmic in order to be successful.

4 Be specific!

Recognition is pointless if the recipient is unaware of the reason behind it. Get the most value from recognition by establishing ways employees and their leaders can communicate and personalize their praise.

5 Pinpoint the different ways employees want to receive recognition

Rule of thumb: provide recognition the way the recipient wants to receive it, not the way the sender wants to send it. Peer-to-peer recognition and feedback is important especially for Generation Y employees, so incorporate organic, bottom-up recognition opportunities into your overall strategy.

How I Love Rewards does it

Top-down, peer to peer, or bottom-up recognition. Outside of the rhythmic weekly and monthly points allocated as a budget to be given away by employees, our Leadership Team hands out additional 'Reward Cards' whenever someone displays 'over and above' behaviours. Points can be given top-down, peer to peer, or bottom-up with no exceptions.

6 Track & Evaluate

It is important to evaluate and gather data on recognition wherever possible. Using an online system allows information to be centralized, tracked and trended for visible return on recognition and reward investments. Over time, this information becomes valuable in identifying recognition gaps, opportunities, and employee specific information for performance reviews.

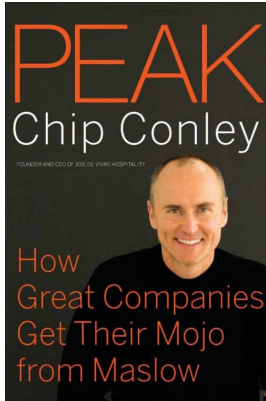
How I Love Rewards does it

Data-driven approach. We pull data from our online program on a monthly basis to analyze trends and pinpoint the individuals who receive recognitions and give recognitions. We highlight the top recognition receivers and providers at our monthly Rewards & Recognition luncheon. Anyone is welcome to attend these luncheons. Consider this an official invite!

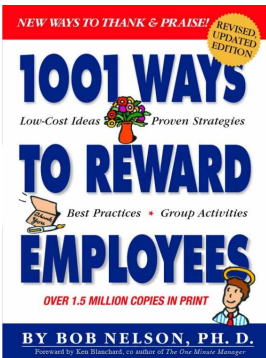
We use this data to help us conduct in-depth and accurate reviews.

Suggested Readings

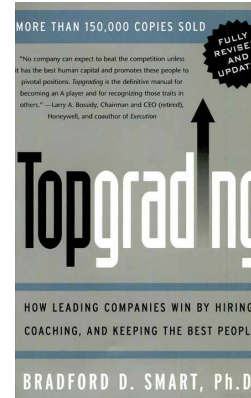
Here are some great books about rewards, recognition and retaining great talent:



PEAK: How Great Companies Get Their Mojo from Maslow
- Chip Conley



1001 Ways to Reward Employees
- Dr. Bob Nelson



Topgrading: How Leading Companies Win By Hiring, Coaching, and Keeping the Best People
- Bradford D. Smart



Crafting a Value-Added Rewards Program – Recognition at Work
- G. Michael Barton

About I Love Rewards

I Love Rewards is a leader in results-driven rewards and recognition solutions. We work with top employers in North America to launch and sustain successful, ROI-based programs. We are passionate about sharing our best practices, and helping organizations drive behaviour with points-based incentives. We believe that engaged and motivated employees produce the results most important to the success of your business.

We help HR Managers:

- Build a Culture of Recognition
- Celebrate Years of Service
- Promote Company Values
- Recruit & Retain Great Talent
- Boost Employee Engagement

I Love Rewards was recently ranked as one of the top online rewards and recognition companies by HRO Magazine, and has been named a top employer recognized for its democratic workplace and human capital leadership. With eight company culture related awards in 2009 alone, we want to share with others what has worked for us and our customers. Thanks for taking the time to listen!

Contact Us

Call: 1.888.622.3343

Visit Our Website: www.iloverewards.com

Acknowledgements

- 1 Crafting a Value-Added Rewards Program – Recognition at Work – G. Michael Barton
- 2 Meaning Inc. – Gurnek Bains
- 3 PEAK: How Great Companies Get Their Mojo from Maslow – Chip Conley
- 4 McKinsey & Company – McKinsey Quarterly (Nov 2009 Report – Motivating People: Getting beyond money)
- 5 Gallup Organization
- 6 Watson Wyatt – Human Capital Index

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Results Driven Recognition

www.iloverewards.com