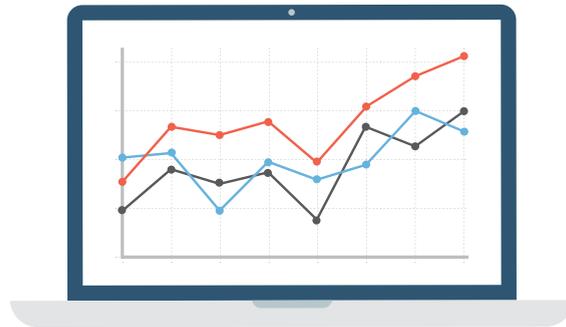


Building Productivity Through Reward & Recognition



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REWARD & RECOGNITION SHOULD BE A TOP PRIORITY

Reward and recognition programs matter.

Ask yourself a few key questions as you look at your own organization. Are you doing recognition thoughtfully and deliberately, or is it just something you flippantly discuss once every six months? Do you really care if your employees are in the “right seat on the bus” and have opportunities for growth? Are you giving intentional and purposeful recognition that deepens workplace relationships?

Rewarding and recognizing employees is something that a lot of companies don't know what to do about or where to start—let alone how to maintain an ongoing model. Which is understandable since HR has so much to do. However, reward and recognition programs yield such high results that it only makes sense to make it a top priority:

69 percent of employees would work harder if they were better recognized.

78 percent of workers say that recognition is a major motivator for them.

REWARD + RECOGNITION = RETENTION

A 2013 SHRM survey found that the top challenge facing HR over the next ten years was retaining and rewarding the best employees. And other studies had similar findings:

28 percent of companies listed retention as their number one concern in 2009.

By 2013 it doubled to almost 60 percent. —PayScale

These statistics aren't surprising considering most employees don't feel they're being recognized or rewarded often enough. Would you stick around at a job where your contributions weren't appreciated? We all want to feel valued. And rewards and recognition can help us feel that way.



Recently, BambooHR did a study to find out which things were annoying and which things were deal-breakers for employees. We discovered just how important recognition is:

82 percent of employees find it annoying when they're not recognized for their accomplishments.

If your employees feel annoyed, chances are they won't be around long. If you want to keep your people, it's time to sit down and deliberately and thoughtfully plan your strategy around reward and recognition.

LEAD YOUR COMPANY TO BETTER REWARD AND RECOGNITION

You care about your employees. You want them to feel valued. In fact, that's probably a big reason you went into HR. You know people are the most important asset to a company. They're critical. And that care is what makes people in HR great leaders.

Great leaders think more about the people who surround them than they do about themselves. Universally, across successful organizations and successful teams, the groups built around a caring leader with focus on the team always outpace the others.



*Make reward and recognition a priority.
Don't just give it lip service. Don't just read
about it or think about it.*

Actually do it!



THE MAGIC WORDS



A sincere “Thank you!” can be the difference between an employee staying with your company or leaving. Recognition and feedback on early contributions are some of the most important things new employees need to get up to speed and begin contributing. Be sure to include your new hires in recognition. A study by BambooHR found that **11 percent** of new employees who left their job in the first six months stated that the reason was no one appreciated what they were offering. And **12 percent** of employees said they would have stayed if they had been “recognized for [their] unique contributions.”



A few meaningful words frequently spoken not only improve morale, they also save companies thousands of dollars and avoid a lot of pain. A Globoforce study found that **49 percent** of employees would leave their job for a company that recognizes its employees.

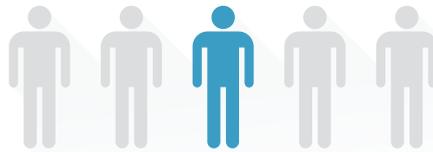
At BambooHR, we believe in using servant leadership—a leadership style that focuses on recognizing the importance of others and how they add value. When the leaders of the company show that serving each other and valuing their coworkers is a priority, it trickles down into the rest of the company.



PEER-TO-PEER RECOGNITION

Do your employees cheer each other on? Could you walk through your company's halls and hear employees say, "awesome job" or "way-to-go" to their coworkers? I hope so! Peer-to-peer recognition does wonders for productivity and team cohesiveness.

Just look at your own group of friends. Why are they your friends? Because they value who you are and cheer you on. Part of the fun of a startup company is knowing everyone really well when there are 5, 10 or even 20 people. You work with them every day. You're in the trenches with them, and you create a deep bond. How do you keep that bond and culture as you grow to 100, 200, 300, or 1000-plus employees? How do you do it when you reach a size where it's impossible to know everyone?



How do we knock down barriers so we can grow and learn? Great people and peer-to-peer recognition—this relationship that workers have with each other—are so meaningful and valuable in keeping that startup culture.



At BambooHR, we created a book of our brand attributes to combat this growing pain. By no means are we perfect, but our brand book is helping us all stay focused on attributes that contribute to our growth—including coworkers who care—as we become a larger company.

Encourage your employees to notice the good work their coworkers do. Consider giving them a social media platform where they can shout out to each other as your company grows. Employees want a way to recognize each other so give them the tools they need to do it easily.



RECOGNITION ISN'T ABOUT THE MONEY, BUT IT IS

Reward and recognition programs don't require a huge budget.

A study by The Incentive Federation found that **56 percent** of U.S. businesses have non-cash employee awards. It doesn't have to be about cash or compensation. You've got to get creative. It takes some energy and really defining and knowing your organization to build a successful program, but it doesn't take a lot of cash. According to research by Make Their Day, **70 percent** of workers are motivated by non-monetary rewards at work.

Recognition could be a mention from the CEO at a company meeting. A reward could be taking a team out to a movie or on a sailboat or to a local game. People will work harder for a chocolate shake or a piece of pizza than 50 bucks.

Psychology professors Victoria A. Shaffer and Hal R. Arkes wrote in the *Journal of Economic Psychology* that, “when given a hypothetical choice between cash and noncash incentives, participants chose the cash incentive.” However, when the scenario was no longer hypothetical, employees worked harder for non-cash incentives. Simply explained, when employees could visualize their incentive (the way you can with an object as opposed to cash), they had an emotional response that motivated them.





So, cash is not king. You will likely end up spending some money to purchase rewards. But recognizing doesn't have to cost anything.

11 WAYS TO RECOGNIZE EMPLOYEES FOR FREE

- 1 Say a sincere “thank you” face-to-face.
- 2 Send a personal note specifying exactly what the employee did that you want to recognize.
- 3 Take care of a project for the employee you know [s]he doesn’t particularly like doing.
- 4 Recognize a job well done in a meeting or get others involved in applauding the great work.
- 5 Send a shout-out around in your company’s private social site or other public social media channel.
- 6 Mention an employee’s success story in a presentation, webinar or even in the company newsletter.
- 7 Give a long lunch, an extra break or a get-out-of-work-free day.
- 8 Offer a stretch goal or even let an employee take on a more managerial role—like a team lead. Maybe even a title promotion.
- 9 Arrange for the CEO or other top manager to stop by and say, “Great job on [a specific incident]!”
- 10 Offer extra flexibility or more chances to work from home if desired.
- 11 Create a “Wall of Fame” or white board where you display what employees do that’s extraordinary.

Remember that it's not about the money. You can recognize for free (or close to it). You can reward inexpensively. Money just stops employees from being dissatisfied. It's the intrinsic things—like the “thank yous” and the feeling of a job well done—that motivate for the future. Focus on intrinsic things and not the dollars.

The core of reward and recognition is just being a good human being. It's saying hello, please, thank you and giving employees things they've earned. It's about letting people truly know they're important and enabling them to do their best and perform at the best they can. It's about trusting employee input and listening to them. It's showing that someone is a valued human being—who is just as important as you—and that you aren't trying to control or be king of some imaginary company-land.



IF MONEY ISN'T THE MOST IMPORTANT THING, WHAT REWARDS DO EMPLOYEES WANT?

Half of the workforce will be dominated by millennials in the next six years. Today, the largest population in terms of age within an organization is 20 to 24. Look at your organization, and you may see a pretty young demographic.

Millennials want more from their employer—and not just more money. Yes, they want to be paid well, don't get that wrong. But they want more.

So what do they want? According to a BambooHR study, learning/development is the number one thing that employees want. They also want a great culture where they fit and opportunities to give back. They want to love what they are doing at work and be able to buy into the “why” behind the company.

DEVELOPMENT

Employees feel more invested and loyal to companies that value them enough to develop them. Find a way to invest in your employees that actually gives back to the company.

Do you have a member of your marketing team who is really interested in search engine optimization? Invest in helping her develop this skill as a reward. She will bring that development back to your company, and you will benefit from her increased skill.



SERVICE OPPORTUNITIES

Many companies are making service a central part of their company. Whether it's one service day a year or a whole company foundation dedicated to service, every company can give back.

Smaller organizations can volunteer without a big foundation. Small groups can get together and create a volunteering event. Let employees do what they're interested in. If a group wants to go serve at a soup kitchen, let them. If a blood drive is more their speed, help them organize it. Sometimes volunteering can take on a life of its own, and the program will build itself. It's really about grasping that internal energy to make it happen.

That's classic recognition. When a group of individuals say what is important to them, the company should listen and reward the employees by trusting them to act on it.

CULTURE

Employees are starting to understand that money can't buy happiness. So if the pay is great but the culture is miserable, it just isn't worth it. Culture—a company's environment shaped by values and attributes—is becoming increasingly important to candidates and employees.

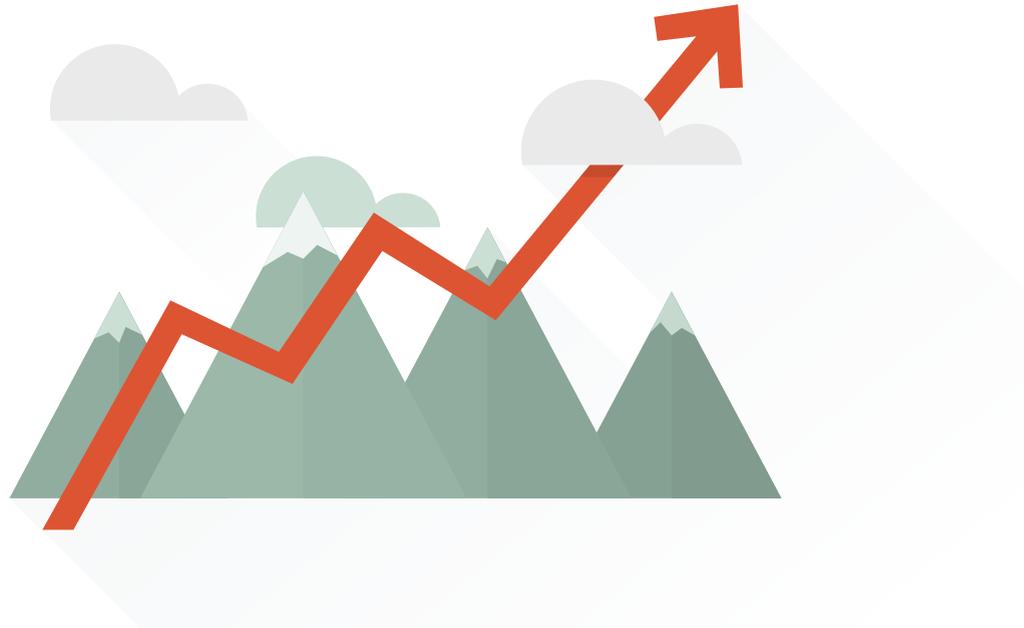
Your rewards and recognition should reflect your company culture. Does your culture emphasize the importance of a healthy lifestyle? Reward employees with an object that promotes that lifestyle—like a paid gym membership.

Reward and recognize employee behaviors that map back to culture. If your culture values teamwork, recognize a team for increasing its level of cohesiveness.



IN SOME WAYS, MONEY DOES MATTER

We need exceptional performance because as much as it's about the people, it's also about the money. You're a business, and money is the measuring stick that says your business is successful. You need money to grow, pay the bills and stay in business. Employee recognition helps employees be meaningfully engaged, and engaged employees means higher revenue.



RECOGNITION INCREASES ENGAGEMENT

Wait, why are we talking about engagement?

Recognition improves employee engagement. A Gallup study found that recognition is highly correlated with improved employee engagement—both for individual employees and the total organization. When we feel appreciated, we are more likely to invest in the company. And when we're invested, we work harder, smarter and better.

“Highly engaged employees are 26 percent more productive, and their companies earned 13 percent greater total returns for shareholders over a five-year period.”

—*Watson Wyatt WorkUSA*

“Whenever you’re recognized and praised for any accomplishment by someone whose opinion you hold in high regard, your self esteem goes up along with your eagerness and enthusiasm to do an even better job.”

—*Brian Tracy*

WHY DOES ENGAGEMENT MATTER?

We know your boss. Bosses want results. And how do you spell results? M-O-N-E-Y. Research shows a direct correlation between increasing employee engagement and increasing revenue. The Human Capital Institute found that companies with high employee engagement had a **19 percent** increase in operating income and a **28 percent** increase in earnings per share over a twelve-month period. In contrast, companies with poor employee engagement had declining operating income by **11 percent** and declining earnings per share by **9 percent**. That makes the choice pretty obvious: Increase engagement and bring earnings up by **28 percent**, or keep ignoring your employees and decrease earnings by **9 percent**.



And don't forget: *Employees who are engaged stick around longer and don't miss as many days of work.* A Gallup study found that companies with engaged employees have **51 percent** lower turnover and **27 percent** less absenteeism.

Increased engagement and fewer absent employees are both great for productivity. And what's the solution for increasing engagement and therefore employee attendance as well as revenue? Reward and recognition.

DON'T FAKE IT

You can't fake reward and recognition. We need to be real. In order to be (and feel) real, rewards and recognition need to be three things:

- 1 **Simple**
- 2 **Immediate**
- 3 **Relevant**

Rewards and recognition don't need to be extravagant. But they do need to happen immediately. Employees shouldn't be left wondering when they get the reward they earned. When an employee does something exceptional they shouldn't hear about it a month later. They should be recognized, or rewarded if appropriate, as soon as possible. The reward or recognition should also be relevant in order to be real. Don't just reward or recognize someone because it's been awhile. Do it whenever it's deserved.

In addition, we should be recognizing our employees because it's the right thing to. And as often as possible because employees don't feel sincere appreciation often enough.

65 percent of working Americans say they receive no praise or recognition on the job.

—Gallup

That means that we must make reward and recognition a top priority. But we also need to reward the correct things.

ACTIONS THAT ALIGN WITH COMPANY VISION

The key behaviors to reward are those that align with your goals and strategy, your mission and your values. If you don't have goals or a strategy, you've got a bit of a problem. You'd better nail that down, and thoughtfully so. Otherwise, your recognition and reward strategy is already doomed. Reward actions that align with company goals and strategy.



BIG AND SMALL WINS

It's not all about the big win. The small ones matter just as much and are a major part of your culture. Small wins may even be more important than the big ones because they're frequent and consistent. Harvard Business Review wrote that they "discovered how critical it is for teams and individuals working on complex problems to achieve small wins regularly, because setbacks are so common in truly important problems, people become disheartened unless they can point to some meaningful advance most days."

Even if that advance is seemingly minor, this strategy propels long-term goal achievement. Employees need to see their little wins so they remember why the work they are doing is worth it. HR understands this better than anyone else! In HR, we deal with setbacks and important problems all day. So HR loves the small wins. We love that little bit of relief that takes away some pain.

TEAMS

You've got to reward team players. We all know that team is greater than the individual. Moreover, those who help others are happier at work than those who do not. We should reward positive behaviors like working well together.



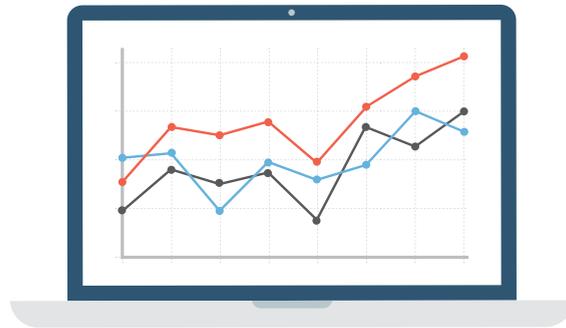
OBJECTIVITY

Objectively and transparently identify who deserves rewards and for what. Be sure that everyone has access to rewards, and don't just single out the same team or the same individual every time. Rewards shouldn't be a secret either. Make sure people know who's getting the reward and why. There's nothing to hide!



CONTRIBUTION VALUE

You also have to figure out what the value of the contribution being rewarded is. Value can mean many different things. It could mean something monetarily—like reaching a certain sales number. It can be something not based on any monetary value—like creating more efficiency in a company process. But if there is going to be a reward, you need to make sure that the action contributed some level of value to the company. And be sure that the reward matches the level of value contributed.

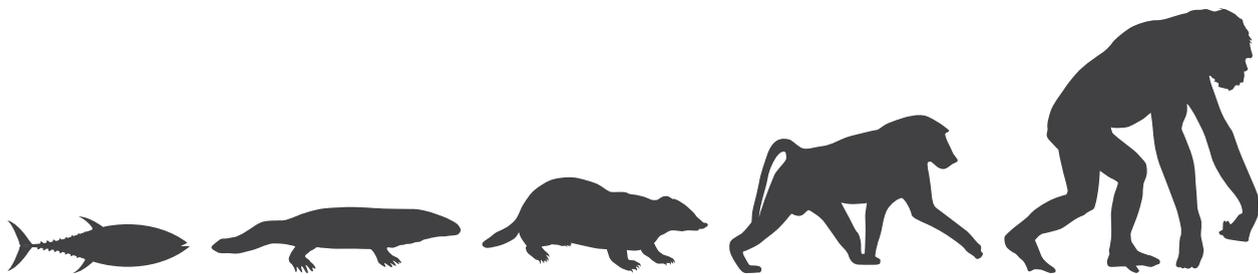


CONSISTENCY

Consistency is hugely important. You can't give someone a \$5,000 bonus and the guy next door a free cup of coffee for the same accomplishments. That's not fair, and it doesn't motivate. There's got to be some level of consistency of what and why you're doing the things that you're doing. This is where outlining a rewards program really comes into play. How companies are winning and losing really depends on consistency.



This doesn't mean that once you implement a certain reward it can't ever change. Consistency can also mean evolution. You can evolve these programs and make them more valuable over time, but it's important to show that consistency over that time.



COMMUNICATE, COMMUNICATE, COMMUNICATE

Communicate who's getting recognition, why they're getting recognition and what it's for. Showcase the rewards. Put the rewardee on a stand (literally or figuratively) and make sure the whole company knows who has done an amazing job. This will help employees understand what the company values and how they can be the recipient of a future reward.



CONCLUSION

Reward and recognition is something you can start right away. Reward based on this philosophy: dog does tricks, dog gets bone. Behavior should be immediately rewarded in order to reinforce the behavior. So don't wait. Give continual feedback and make it timely, specific, just the right amount and authentic.

Block out some time in your schedule this week. Take that time to pull apart what you're currently doing to reward and recognize employees. Is it as effective as it could be? If not, what could you do better?

Start where you stand. If you're a supervisor, you already influence people. And even if you're not, you don't have to be to influence reward and recognition. It's contagious. Be a leader in reward and recognition where you are and it will trickle into other areas of the company. See if you can take your good company and make it great. Simply understand your team and create something that will get them energized and excited.

