

# Recognizing Employees

Lilly Canada Increases Employee Engagement with a Dynamic Rewards Program

—Katherine Jones, *Director* | July, 2011

## ▶ IN THIS CASE STUDY

Attracting, motivating and maintaining a productive workforce requires more than simply providing equitable salaries and wages. To achieve these talent goals, organizations often create a complete “total-rewards” offering for employees and candidates that includes a variety of reward options, as well as monetary compensation. We see total rewards as the critical integration of an organization’s strategic approach to incenting and rewarding its talent. Bersin & Associates defines this as,

*“All of the monetary and non-monetary elements provided to incent candidates to join the organization, and to motivate the performance and engagement of existing employees who are valued enough to retain as employees.”<sup>1</sup>*

This case study details the development and implementation of a total-rewards program by pharmaceutical company Lilly Canada, the Canadian affiliate of major American pharmaceutical company, Eli Lilly & Company.

<sup>1</sup> For more information, *Total Rewards as a Strategic Talent Management Tool*, Bersin & Associates / Stacey Harris and Katherine Jones, May 23, 2011. Available to research members at [www.berstin.com/library](http://www.berstin.com/library).

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MANAGEMENT

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STRATEGY

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PERFORMANCE  
MANAGEMENT


LEADERSHIP  
DEVELOPMENT

SUCCESSION  
MANAGEMENT

COMPETENCY  
MANAGEMENT

TALENT  
SYSTEMS

The report highlights:

- The role of recognition in employee engagement; and,
- The use of the I Love Rewards solution to implement an affiliate-wide rewards and recognition program. 



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## Company Overview

Lilly Canada, one of Canada’s top pharmaceutical companies, is the Canadian affiliate of major American pharmaceutical company, Eli Lilly & Company. Founded in 1876, Lilly is now the 10th largest pharmaceutical company in the world. Headquartered in Indianapolis, Indiana, the company employs approximately 38,165 employees across the globe. Approximately 7,271 employees are engaged in research and development (R&D), with clinical research conducted in more than 50 countries. Lilly maintains R&D facilities located in eight countries, manufacturing plants in 13 countries and markets products to 143 countries.

## Talent Management Strategy


Lilly Canada is known for bringing best-in-class strategies and behaviors to its global talent management programs. The company’s talent management strategy is tightly integrated with its succession management strategy, which makes for a strong focus on empowering the supervisor / employee relationship. Implementation of I Love Rewards helped Lilly Canada move from a rewards and recognition environment that was “artificially” generating rewards and recognition to an environment that allows for, as one of the team leads said,

*“... More spontaneous behavior in the delivery of reward and recognition, with performance of the business motivating reward and recognition.”*

## Talent Management Challenge

When data from “Voice of the Employee” surveys (done internally at Lilly Canada) showed room for improvement in rewards and recognition between supervisors and employees, the hunt began for a “current” third-party solution that was going to be easy to use and easy to roll out to the affiliate’s 500 employees.

The affiliate’s existing solution was a rewards and recognition process which peers would not use. It was typically only used by managers for their subordinates and required a formal awards nomination process to award employees for the previous year’s accomplishments.

 **KEY POINT**

Bersin & Associates defines "total rewards" as, "... all of the monetary and non-monetary elements provided to incent candidates to join the organization, and to motivate the performance and engagement of existing employees who are valued enough to retain as employees."

*“You’d take a 25 dollar gift card and write their name on it and they could redeem it for meals or entertainment. It was a very tactile means of trying to transfer value ... in the end, it just looked like 25 dollars being given away....”*

*Vice President, HR & Learning  
and Development*

*Lilly Canada*

Lilly Canada wanted to move to a solution that would recognize and reward sideways, up and down – as well as peer to peer, and also supervisor to subordinate and subordinate to supervisor. The affiliate also wanted something easy to use and easy to roll out to its employee base, in addition to a solution that was “current.”

Another consideration in evaluating and deciding which rewards solution to implement was factoring in how the implementation of the solution would impact the company’s culture of privacy. Despite a high number of Gen-Yers<sup>2</sup> in the affiliate office, the HR team knew the culture of privacy that existed in the company, as well as the conservative culture that permeated the pharmaceuticals industry. With this in mind, the internal HR team had to assess whether employees would find the transparency of a solution culturally acceptable.

For example, employee names would be scrolling across the newsreel on Lilly’s I Love Rewards portal – enabling fellow employees to see for what their coworkers were being rewarded. Ultimately, this cultural consideration would affect which elements of the solution the HR team would decide to use.

## Implementing the Solution

In 2010, Lilly Canada determined that I Love Rewards had all of the aspects of a solution which the team was looking for – ease of use, as well as being supported by a vendor with passion, expertise, and state-of-the-art views of recognition and rewards strategies. So, a purchase decision was made relatively quickly.

The affiliate began working with the solution provider to roll out the new rewards programs to the company’s 500 employees. The HR team took the budget that it had for all of the other rewards programs and reallocated

<sup>2</sup> “Generation-Y” (also known as “Millennials”) are those individuals who were born between 1981 and 2000, and are culturally known to be confident, impatient, socially conscious, family-centric (or “tribal-oriented”) and technology-savvy.



### KEY POINT

Lilly Canada wanted to move to a rewards solution that would recognize and reward sideways, up and down – as well as peer to peer, and also supervisor to subordinate and subordinate to supervisor.

that dollar amount into a point value for use with the new system. This meant that Lilly Canada’s awards nomination process, along with all the dinners and gift cards, were replaced with a performance-based points system. Based on the number of people managed by each supervisor, points budgets for supervisors were developed. The solution was implemented to mimic the same performance leadership behaviors that show up in Lilly’s performance management system and code of conduct, in which performance management, leadership assessment and rewards are tightly integrated together.

## Business Impact

The implementation of the I Love Rewards program has proven to be so successful in the space of a year that, significantly, Lilly Canada has seen its overall employee engagement scores go from an unremarkable low-to-midrange score to a dramatic high. The company is now the number one affiliate worldwide when ranked against peer affiliates in employee engagement.


*“Our favorable response rate on the question on the ‘Voice of the Employee’ survey was so dramatically different year over year that our VoE score actually lifted and went up so high it raised us from mid-to-bottom in employee engagement to the top affiliate in Eli Lilly & Co.”*

*Vice President, HR & Learning  
and Development*

*Lilly Canada*

The implementation of the new rewards program in Lilly Canada also helped to markedly increase awareness of the affiliate’s performance in employee engagement among Lilly’s global affiliates. The program has generated enough interest that other affiliates, as well as Lilly’s executive team, have taken note. While a uniquely Lilly Canada solution currently, other affiliates globally have shown interest in the I Love Rewards program for their markets.

Training and transparent exposure were key to a successful implementation. The transparency of the rewards program online made it easy to see who was and was not being rewarded, as well as for what supervisors were giving out points. The transparency of the system also helped managers learn best practices from each other. The HR team used both training and learn-as-we-go processes to bring the new rewards program to managers, knowing that some managers would be concerned with over-recognition.

 **KEY POINT**

For Lilly Canada, training and transparent exposure were key to a successful implementation.

*“We had reports that showed by position the rewards being given out. It was so stark! We could see why our ‘Voice of the Employee’ results are low – we were able to talk with our line managers and say, ‘Look at what you are doing or NOT doing compared to our peer group!’ ... The tool itself doesn’t change management behaviors per se, but what it did do was subject folks to a bit of peer pressure – and that pressure created change. It was amazing to see how their behaviors changed!*

*Vice President, HR & Learning  
and Development*

*Lilly Canada*

Training employees in an affiliate in this manner has also had other benefits for Lilly Canada. From its hiring process, the affiliate makes it known to candidates that, as employees, they will be groomed in the affiliate for roles eventually in other Lilly offices around the world. Possibly most important, in an organization known for seeking out and cherry-picking top talent, and then carefully grooming them for future success, implementation of I Love Rewards has helped Lilly Canada to level the playing field for rewards and recognition.

Some of Lilly’s Canadian-based employees are managed by global managers around the world. These managers also have an opportunity to use the Canadian-based tool to recognize their Canadian staff. This helps to ensure that physical separation or country location does not prevent the Canadian-based employees from benefiting by this offering.

Implementation of the rewards program has also given Lilly Canada a way to track employee satisfaction and engagement. The team used its 2010 I Love Rewards data to evaluate implementation usage, as well as employees’ response to Lilly’s Voice of the Employee survey. The team was delightfully surprised by the initial response from employees. In the future, the company plans to use the program to evaluate and correlate business impacts, such as employee retention, manager and employee turnover rates, high-potential<sup>3</sup> turnover, sales performance, and more.

<sup>3</sup> A “high-potential employee” is an employee who has been identified as having the potential, ability and aspiration for successive leadership positions within the company. Often, these employees are provided with focused development as part of a succession plan and are referred to as “HiPos.”



## KEY POINT

Lilly Canada plans to use data from the rewards program to evaluate and correlate business impacts, such as employee retention, manager and employee turnover rates, high-potential turnover and sales performance.

*"... To underscore how important this has been for us, we're having a party with a cake to celebrate our one-year milestone!"*

*Vice President, HR & Learning and Development*

*Lilly Canada*

## Best Practices

Dynamics in the company and the size of the affiliate made it easier to roll out, manage and track the success of the implementation of I Love Rewards within Lilly Canada. Best practices derived from the Lilly deployment include the following.

- Identify and evaluate implementation success in year one – then make correlations between program implementation and business impacts, i.e., management reward metrics and employee turnover rates.
- Include a mobile solution for field personnel in a global organization.
- First initiate the implementation in a local or regional office before doing any global rollout. Success can then be replicated gradually, per each affiliate's unique talent management needs.

From its experience, Lilly concluded that peer pressure to change the affiliate's reward behavior is not a bad thing if changing reward behaviors within the organization is one of the desired outcomes. Supervisors learn to reward most effectively by watching how peers reward performance and a transparent reward program can help support the learning process.

## Conclusion

Lilly's learning and development team concluded that the use of I Love Rewards will significantly and positively impact corporate-level employee engagement scores. A rewards program can have a significant effect on employee morale and the currency of rewards technology can have a transformational effect on a corporate culture.

### KEY POINT

A rewards program can have a significant effect on employee morale and the currency of rewards technology can have a transformational effect on a corporate culture.

## Appendix I: Topics for Discussion and Learning

The following sections will provide you with considerations for sharing and implementing the best practices that were highlighted in this report.

### Key Learnings

Below is a list of key learnings (the “gems”) from this case study.

1. The successful implementation of a formal rewards and recognition program increases employee engagement at work.
2. Training is *key* to a successful implementation.
3. Tight integration between the performance rewarded and the behaviors evaluated in the performance management system, and explicitly linking recognition to the key aspects of the corporate code of conduct are important constructs to build into the program.

### Ideas for Action

Below is a list of actions that you can take in order to apply or implement the best practices highlighted in this report. These are some of the foundational elements that we highly recommend be in place inside your company in order to execute such a plan, process or program.

1. Ascertain the current recognition “culture” in your company. Is public praise for a job well done likely?
2. If your company does currently give rewards, ascertain if those rewards are closely tied in time to the behavior being rewarded.
3. Evaluate how you might link rewards and recognition to your performance evaluation processes.

### Questions to Consider

Below is a list of discussion questions that you can ask your team, colleagues and business leaders, which will help you to take the next steps.

1. Do we know how engaged our employees feel today?
2. Do we think disengagement is leading to unwanted attrition?
3. Would a formal recognition program increase that engagement?



## About Us

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