



Creating a Successful Online Rewards and Recognition Program

Introduction

More and more companies are applying technology solutions to their recognition efforts. This move creates a tremendous opportunity, but also poses a number of challenges that you should be cautious about. This white paper will examine the benefits of online recognition programs, seven keys for a successful online program and pitfalls to avoid. A case study is also provided featuring a successful online rewards and recognition program.

The Need for Increased Employee Recognition Today

There has been overwhelming evidence in recent years that recognizing employees when they do good work is not just the right thing to do, but it also is the smart thing to do if you are interested in obtaining desired results in your organization. Seventy-three percent of managers in my doctoral study reported that they received the results they expected when they used employee recognition to reinforce performance with their employees. Organizations that have a “culture of recognition” have employees who report they are five times more likely to feel valued, seven times more likely to stay with the company, six times more likely to invest in the company, and eleven times more likely to feel completely committed in their jobs, which has been shown to account for 57 percent greater effort on the part of employees.

The financial benefits of recognizing employees are also clear. A recent study reported in *Incentive* showed a direct correlation between the perceived use of recognition in organizations and the profitability of those firms, the financial return of Fortune’s Best Places to Work has been shown to be 233 percent higher over a six-year period as compared with overall market returns, and companies with higher employee satisfaction scores—driven in large part by feeling valued for the work they do—have been shown to have a 700 percent higher shareholder return.

With the evolving shift in the employee base toward younger, more technical-savvy employees (some 58 percent of employees in today's organizations are from the two youngest generations in the workforce), the need to adapt recognition strategies to the changing expectations of today's employees is greater than ever before.

Fundamental Principles of Effective Recognition

"You get what you reward" is perhaps the most proven principle of management theory that has ever been established. Hundreds, if not thousands, of studies have systematically demonstrated that "what gets recognized, gets repeated". Other known findings about recognition include:

1. The Best Recognition is Specific, Meaningful & Timely (SMT)

Specific in that stating exactly why you are recognizing someone provides practical feedback we all need at work. Meaningful in that, if done well, recognition makes an employee feel special for what he or she has achieved. Timely in that the sooner you recognize performance, the greater you reinforce that behavior and the more likely it will be repeated.

2. The Best Recognition is Contingent

That is, it is based on performance that matters: to the organization, the manager and the employee. If you don't base recognition on performance, it tends to be either random (e.g., by lottery) or based primarily on presence (e.g., annual celebrations that involve everyone or years or service awards). Such approaches undermine the power of the principles and lead to employees having a sense of entitlement as to what is owed them that is independent of the quality of their work they are doing in their jobs on a daily basis.

3. The Best Recognition is FREE

Not only is cash not the only employee motivator, but some of the most powerful forms of recognition (thanks/praise, support involvement, autonomy/authority, learning/development, etc.) have little or no cost at all! Especially if you establish a "rhythm" of recognition that is provided to employees as deserved on a daily, weekly and other periodic basis, the chances of developing a culture of recognition are greatly enhanced.

Benefits of Using an Online Rewards & Recognition Program

There are a significant number of benefits to using an online rewards and recognition program today:

Consolidation of Recognition Programs, Efforts, Budgets and Administration

Most companies are striving to consolidate their recognition and reward programs across the organization (recognition done geographically, by department, ad hoc rewards, and all other incentives) into a single over-arching system. This allows for greater effectiveness, coordination, administration and tracking and leads to reduced redundancy, waste and administration costs to the organization.

Flexibility in Driving Changing Needs of the Organization and Program Types

In these dynamic times, it's important to have a recognition program that can adjust to the changing needs and priorities of the organization. Most recognition programs I've seen in companies tend to be "plopped" on the organization and operate independently of the needs and priorities of the organization, often spending excessive time, effort and financial resources on activities that have little if any impact on the success of the organization, e.g., recognition that focuses on years-of-service, birthdays or holiday parties. How much better would it be to have recognition that focuses on core company values, cost-saving ideas, hiring of talent and/or client referrals? Recognition on these types of performance are all possible with an effective online program and can all be run simultaneously, as well.

Freedom of choice in accessing virtually unlimited reward options and activities

Being online offers an expanded choice of rewards, not just “traditional” reward items such as plaques, logoed jewelry, pins or vases. Instead, recognition and reward items can be more impactful to your employees, something they will remember and speak highly of to others. Having an online, brand-name reward selection will allow for the latest products to be added easily as they are available as well as non-merchandise items such as gift cards, travel, experiences, charity or green options that can be easily integrated. Even virtual rewards that allow employees immediate access to a reward that can be instantly redeemed.

Ability to track usage and create on-demand reports to maximize leverage

What gets measured, gets done, and an online recognition and rewards platform provides a better way to track and report on recognition, correlate the use of recognition with performance and allow for better decisions and improvements to be made to the program along the way. Having your rewards and recognition program online can track every recognition, reward, inquiry, and transaction in the system to provide extensive data about the program. You can easily pull this information to see how the reward program is trending, identify top performers and make correlations to your business objectives. Having all recognition tracked online can easily be accessed by managers so they have a way of systematically tracking their employees’ successes, as well as by the employees themselves.

Tapping into social media favored by an increasing percentage of employees

Social recognition is made easier through the use of social networks that are especially important and used by the younger generations, currently representing 58 percent of today’s workforce and growing every year. Properly utilized, these technology applications can successfully combine public recognition for positive performance (i.e., desired behaviors and results) with the latest social communication technologies that increasingly bind together a significant percentage of the employee population.

Seven Keys to a Successful Online Recognition Program

The best online reward and recognition programs have the following characteristics, each of which can be built into your program:

Results driven: Focused on the performance you most want to drive in your organization

All performance starts with clear goals and expectations, so you need to first give consideration to what performance and results you most want to achieve with your recognition and rewards program, so you can be sure that those objectives are specifically addressed in your program.

Employee engaged: comprehensive in including all members of the organization

Recognition is not just a top-down, manager-driven activity, but should encompass all levels and locations of the organization, including peer-to-peer, employee-to-manager, manager-to-manager, executive-to-employee—and even involving the organization’s customers and vendors, where possible. Recognition must be available and accessible to EVERYONE in the organization as it provides an important form of feedback and helps to build the culture of the organization, essentially one which has recognition “without borders”. Technology is the most viable way to achieve this objective.

Custom branded: customized online platform, branded to your organization

Whatever online solution you select needs to be customized to fit your organization seamlessly. Some organizations want to select certain options, brands and specific ongoing information for their recognition websites. The flexibility to add or modify recognition tools can be integrated within the program. It should also be possible to run simultaneous recognition programs with the online solution you select.

Relevant communication: enhanced communication for launching (and sustaining) recognition use

Communication is an important aspect of any recognition program and not just in initially launching the program, but in systematically sustaining the initiative over time. Online recognition provides a more timely and less costly answer to communicating about the recognition program launch, but also as an ongoing hub for communication about the program, highlighting its successes and providing ongoing education and reminders that will help to sustain the program's success.

Effectively launched: making a positive transition with buy-in and excitement

Any recognition program needs a successful launch to be successful. This should include training for both the organization's recognition program administrator as well as training for everyone that is expected to effectively use the program. In addition, it is important to provide training to managers as to the importance of recognition and how they can best integrate the behavior into their daily practices at work. This is essential in that my research indicates the main reason why managers don't use recognition is that they are not sure how to do it well.

Meaningful rewards: available reward options that best fit your employees' preferences

One of the benefits of an online recognition and rewards program is the expansive potential of providing access to almost any type of reward imagined. Select those categories that most appeal to your employee population, which increasingly goes beyond merchandise to include activities, charitable giving, "green" options and learning and development opportunities.

Periodic assessment: for changing and building on the program's success

To keep your recognition initiative fresh and vibrant, you need to constantly be improving upon it, adding new elements as needed and eliminating those elements that have run their course before they become stale. This will help make the program a dynamic, long-term strategic initiative as opposed to a "flavor of the month" that most employees are wary of.

ConAgra Case Study

ConAgra Aligns Employees with Objectives Using Online Recognition

ConAgra Foods, a leading food company has consumer brands found in 97 percent of U.S. households including: Chef Boyardee, PAM, Hunt's, Eggbeaters, Orville Redenbacher's, POGO, Reddi Whip, Hunt's Snack Pack, Healthy Choice and V8. They have 24 of their products ranked either first or second in their category in the market.

- To align employees to ConAgra's business objectives, ConAgra launched an employee recognition program based on the company's Core Operating Principles.
- Employee engagement survey results in 2010 show 82 percent of employees believe the recognition program is aligned to ConAgra's business goals.
- ConAgra achieved an 88 percent increase in employee engagement scores year over year and reduced turnover.

ConAgra had an existing recognition program; however, annual employee engagement survey results revealed that 75 percent of their employees were not satisfied with the current program. The leadership team sought to re-launch their recognition program. They wanted to implement a program that helped align employees to company goals and improve employee engagement scores, the main four objectives of which were to:

1. Create a Culture of Recognition

To make employees feel appreciated for their contributions to the business and workplace.

2. Meet Diverse Needs of Their People

With a broad employee demographic, the Leadership Team understood the value of offering a choice of rewards. All employees want recognition, but the rewards they desire are different.

3. Customize a Program That Fits the ConAgra Culture

A tailored program that reflects the ConAgra employer brand so that it speaks to employees, and is founded on ConAgra's Core Operating Principles and business objectives.

4. Make the Program Easier to Use and Manage

A program that makes it easy for employees to recognize one another and redeem their rewards, and a program that program administrators can easily manage and sustain.

The Solution

ConAgra Canada partnered with Achievers to create an online, points-based employee recognition program for all ConAgra employees called You Made a Difference. Employees are awarded points from their managers and peers for exhibiting behaviors that are aligned to their Core Operating Principles, and addressed all four objectives outline by management.

The Results

A year after the program re-launched, the company experienced a 264 percent increase in employee satisfaction with the new You Made a Difference recognition program. Key results included:

- Employee engagement survey results in 2010 show that 82 percent of employees believe that the program is aligned to ConAgra's business goals. Alignment is crucial to tying employee performance to business results.
- Increase in the company's gross margins.
- Employee engagement scores have increased 88 percent and turnover has significantly decreased.

“We have had more than 500 nominations in six months, which has driven engagement and enthusiasm towards the company. Recognition is now part of our every-day activities!”¹

1 Oliveira, Luciana: Human Resources Manager, ConAgra

Pitfalls to Avoid in Setting up Your Online Recognition Program

1. Getting Online Access to All Employees

In many organizations (manufacturing, retail, hospitality, etc.) all employees do not necessarily have access to a computer in that is not required for their jobs. A common solution to this challenge is to use savings from the online recognition program conversion to purchase kiosks that are readily available to employees in their departments, allowing them time on the job to periodically access those kiosks. Since online recognition programs can be accessed from home computers, which are becoming more universal, this serves as another way to achieve total employee access, although training will still be needed to show all employees how to use the online platform.

2. Online Recognition is More Than Being Online, More Than Just Having a Website

Some incentive providers use technology just to provide a rewards platform. Employees go online, select their reward (using points or not) and then have it redeemed (i.e., sent to them). Look for a company that can provide a wider range of rewards and an ability to allow employees choice in the selection and timing of rewards for better merchandise, experiences, gift cards, etc — as well as technology for virtual redemptions (i.e. online gift cards for immediate delivery as well as technology to donate points to a charity of your choice and automatically receive a tax receipt)-all making the recognition and rewards experience more personal and meaningful to employees. Also look for an online solution that offers a more robust recognition and communication platform as well as the capacity and flexibility to integrate a variety of tools into the online solution.

3. Minimize Upfront Costs and Only Pay for Rewards and Services as They are Used

Many incentive companies require a substantial upfront investment, essentially to cover the development of the desired software solution. This should not be necessary in that technology is now readily available where many of the applications are already developed. Select an incentive company that is invested in your program's success, e.g., they don't make money if the program is not used and successful.

4. Getting Managers (and Employees) to Use the Online Program

One of the greatest recognition obstacles I've seen in organizations is getting managers to use recognition tools that are provided to them. This is a function of knowing about the tools and how to use those, but more fundamentally it is in developing the values in managers that lead to the behavior of recognizing employees as a viable business strategy. To this point, it is important to provide managers effective training that can help raise their awareness and abilities in providing recognition to their employees. The Society for Human Resource Management (SHRM) reports that 81 percent of organizations currently do not provide such recognition training for their managers and, as a result, even excellent recognition tools and programs will not be effectively used by their managers.

5. Overcoming any Loss of the "Personal Touch" of Face-to-Face Recognition

Sometimes when going to an online recognition solution employees notice a loss of personal thanks as they now are receiving praise online via the Internet. It's important to emphasize that the online recognition should augment, not replace, face-to-face recognition. The awareness of achievements can be heightened by the use of online recognition that should then also be acknowledged with the next employee contact. Online recognition can also be used to trigger nominations for more formal recognition programs in the organization and in this way help to amplify and leverage the grassroots recognition that is occurring.

Summary

The move to an online recognition and rewards platform helps an organization better manage their recognition and reward programs in a way that both enhances effectiveness in driving desired behaviors and results, while minimizing both the costs of the program and its risks of failure. This white paper outlined the primary benefits of an online recognition and rewards program, outlined seven keys that successful online program have in common and discussed common pitfalls to avoid.

About Achievers and Dr. Bob Nelson

About Achievers

Achievers (formerly I Love Rewards) is passionate about employee rewards and Social Recognition. Our software helps engage employees and inspire performance globally. Achievers' customers include Deloitte, 3M and Microsoft.

Check us out on the web at www.achievers.com.

About Dr. Bob Nelson

Bob Nelson is considered the world's leading authority on employee recognition, rewards and retention. He earned his Ph.D. on the topic of employee recognition (specifically addressing why managers do or do not use recognition with their employees), working with Dr. Peter F. Drucker, the Father of Modern Management, and holds an MBA from UC Berkeley. He is a multi-million copy, best-selling author of 1001 Ways to Reward Employees (now in its 55th printing) and The 1001 Rewards & Recognition Fieldbook, as well as over 800 articles on the topic of recognition and rewards. He has worked with over 3/4s of the Fortune 500 companies on the topic and is a frequent keynote presenter for national conferences, associations and management groups worldwide. On the web at www.nelson-motivation.com

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