



## **Obtaining Executive Buy-In**

For Employee Rewards and Recognition Programs

Executive buy-in and support is one of the most critical success factors for establishing and sustaining an effective employee rewards and recognition program. Buy-in must be viewed not solely as obtaining the necessary budget to implement a new rewards and recognition program, but also executive commitment to the strategic vision and engagement in the program is required.

There is no question that an employee rewards and recognition program can increase engagement and help organizations recruit, retain and inspire great people. As an industry best practice, you should allocate 1% of employee salary to rewards. But obtaining buy-in for a program can be easier said than done because HR professionals and business executives tend to have different mindsets when it comes to how they view employees.

Here are some tips for how HR can obtain the executive buy-in and long-term commitment needed to establish and maintain an effective program.

### Mind the Gap – Forging Closer Ties Between HR and the Business

Obtaining buy-in for a rewards and recognition program really comes down to how your organization views its employees. Perspective is everything. HR naturally views people as the organization's greatest assets. However, many CFOs, if they were being truthful, would have to admit that they view people as the organization's greatest expense. Both are right. Often, obtaining buy-in comes down to finding ways to bridge the gap between these perspectives.

In order to motivate and engage employees, organizations must recognize their efforts and achievements regularly and often. Employees work hourly, daily and weekly and they crave timely recognition. But because executives think in fiscal quarters, semi-annual and annual periods, it can be difficult to convince them of the need for a program that enables recognition that is frequent and sustained, rather than periodic.

## Employee Engagement By the Numbers

CFOs and business executives love numbers, so why not give them with some that show the financial benefits of recognizing and engaging employees?

According to the Hay Group, a global consulting firm, "Our research into employee engagement has shown that companies with the most engaged employees report revenue growth at a rate two-and-a-half times greater than their competitors with the lowest level of engagement."

Dr. Bob Nelson, best-selling author and a leading authority on employee recognition, has found that, "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."

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 have been shown to have a 700 percent higher shareholder return.

While the correlation between engaged workforces and financial performance is compelling, HR professionals should be cautious and avoid overselling the ROI component. It's more important to sell executives on the vision of creating a winning culture of recognition.

## Selling the Vision

What can HR do to sell the vision of a rewards and recognition program to the CFO and business executives? Three things:

### 1. Focus on Results

Results-driven rewards and recognition programs take a metrics-based approach by tying recognition to specific business objectives such as meeting a sales target or providing high quality customer service. Online, points-based rewards and recognition solutions allow employers and peers to recognize employees more frequently in order to increase their motivation and get better results for your business. Employees accumulate points based on employer-defined criteria such as meeting business objectives or living company values. They can then redeem these points for the reward item of their choice – electronics, travel, tickets to events, you name it – using an extensive online catalogue. Executives “get” points-based solutions – just think of the popularity of points programs like AeroPlan.

### 2. Make the Program Measurable

Another benefit of an online rewards and recognition program is that key metrics are tracked for real-time analytics and reporting. Online programs track every recognition, reward, inquiry and transaction providing extensive data and insight. Administrators can easily see how the recognition program is trending, identify top performers, make correlations with business objectives, track their budget and automatically create reports for senior management.

### 3. Make the Program Efficient

Online, points-based solutions significantly reduce the time, effort and cost required to administer a program. By automating key processes and consolidating different programs, online solutions free up HR resources to focus on other strategic initiatives. In many cases, existing budget can be reallocated from ineffective, costly, high maintenance do-it-yourself incentive programs, years of service programs or year-end cash bonuses. This money can be better spent on year-round recognition that focuses on continual engagement, repeated positive behaviors and sustained performance.

## Summing Up

The discipline of people management has come a long way since the days when HR was viewed as the payroll and personnel people. Employee engagement represents the future of HR, where human resources professionals will play an even greater role at the decision-making table.

In *Winning*, their 2005 international bestseller, Jack and Suzy Welch share perspectives on people and teamwork based on Jack's 40-year career at General Electric. Welch writes, "Without doubt, the head of HR should be the second most important person in any organization. From the point of view of the CEO, the director of HR should be at least equal to the CFO." The former CEO of GE asks, "If you managed a baseball team....Would you listen more closely to the team accountant or the director of player personnel?"

One thing that HR professionals and business leaders can agree on is the importance of attracting, retaining and cultivating top talent. An employee rewards and recognition program that has the buy-in and support of business leaders can transform your corporate culture, making your organization a great place to work and building your brand as a top employer.