

Years of Service Awards – New and Successful

by Razor Suleman

PERSPECTIVE

A long, long time ago, “years of service” awards served a business purpose. They were invented during the industrial age when employee turnover was high due to the monotonous and tedious work employees experienced on the assembly line. The Ford Motor Company, arguably one of the most innovative companies of the industrial age, found that in 1913, its employee turnover rate of assembly line workers skyrocketed to 370 per cent. The working conditions were so poor that 71 per cent of new hires quit after less than five days on the line.

In order to incite employees to stay on the job day after day, year after year, companies created reward systems that offered highly valued gifts of that era such as gold watches and grandfather clocks for their loyal years of service.

Over the last century, our workplace and workforce has undergone a transformation. We are now in a knowledge-based economy where innovation and

information give organizations a competitive edge. This knowledge-based economy has given rise to the knowledge-based worker: he or she is diverse and creative; and we all know that they’re not going to stay at the same job their entire career.

In fact, in 2008, the average employee tenure was 4.1 years and statistics reveal that the typical Generation “Y”er — those born between 1978 and 1994 — will have 10 jobs by the age of 38 and stay an average of 1.5 years with their employer.

Companies who wait to reward and recognize at the standard intervals — five, 10, 15, 20 years — risk losing their top talent and miss the opportunity to engage their Generation Y employees. They offer “too little too late” in terms of rewards and recognition.

How can organizations tailor years of service award programs to the needs of businesses and employees of today? Transform them with the following best practices.

BEST PRACTICES

Transforming Traditional Years of Service Awards in 2010

1. Offer rewards that make a personal impact

Just like recognition should be personal, so should the reward. There are many options available today that allow employees to choose their own rewards. One option is moving to a points-based currency where employees are awarded points and can redeem their points for items of their choice.

Beyond choosing the ever-popular iPods or iPhones, employees with special interests, say climbing mountains, can choose packaged vacations. Or what about the office philanthropist? No doubt he or she would opt to donate money to a charity.

Not everyone wants the gold watch or in this era, the iPod. Give them the choice and in doing so, you’re sending the message that you value their interests.

2. Automate the system

Heavy administration and reward redemption are two common “thorns” in the sides of those organizing traditional years of service awards or rewards. In particular, traditional years of service programs are

painfully slow to process and involve a great deal of manual work.

What to do? Look for opportunities to automate the process. Partnering with a years of service program provider is an option that allows individuals to manage the process instead of taking on all the time-consuming legwork. Program providers can integrate with current data systems such as a Human Resource Information System and build in the ability to:

- send notifications of upcoming anniversaries to the HR department and managers;
- create personalized letters of recognition for managers to give their employees; and
- allow employees to choose their own rewards from an online catalogue.

The future of years of service awards is here. Tailoring the program to your organization and the needs of your employees will help you build a culture of recognition, not a culture of entitlement, in your workplace. 