



Accelerate Recognition to Accelerate Profits

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Want measurable returns in profitability and retention?

Recognize everyone—not just star performers—for doing the right things right.

Here's a newsflash—but only if you've been living in a cave: A serious shortage of skilled U.S. workers that began in 2005 is expected to grow to 5.3 million by 2010, and to 14 million by 2015.¹

What are companies doing to prepare for this crisis?

About a third of them are doing **nothing**.²

Now, we're assuming your company is *not* one of those cave dwellers.

Regardless of your corporate level of consciousness, this trend still hits close to home when you realize that at this very moment about 3 in 10 of your workers are thinking about walking out the door for greener pastures. Nearly half expect to be working for a different company three years from now.³

You probably already did the math in the nanosecond since you read that last sentence. Every new head you have to hunt costs you somewhere between \$2,000 and \$100,000, and it takes no small amount of effort and expense to get them oriented and trained, and, yes, *engaged* in your company.

When you've invested that dearly in each one, how could they think so cavalierly about leaving your company? There are reasons, and it's well documented that high on their list may be this simple yet profound complaint: They do not feel they are recognized adequately for their work.⁴

Well, you say, our top performers are surely well recognized. We treat them like prized racehorses.

But what about the other 80 percent of your workforce? Do you expect them to plod along, grazing happily on their salaries—I'm assuming you pay them handsomely? Statistics say *that* fence won't hold. According to a recent Gallup poll, more than two-thirds of employees say they are not as motivated by cash as they are by non-monetary recognition.

I'm here to tell you that many of those people you are taking for granted would become better performers—and more contented, too—if you would build some well-thought-out recognition into your systems.

"Systems" is the operative word. Recognition is not a stand-alone program that changes every month. It is part of a *system* for employee engagement.⁵

Systems take effort to design. Yet some Managers seem to think that recognition happens by magic. Or maybe by talking about it a lot. We've met more of those people than you care to hear about.

Our experience has confirmed over and over that recognition—the accolades people receive for doing the right things and doing them well—is not only a key to retaining good employees, it is often *the determining factor* for getting employees engaged and focused on what they need to do NOW to retain customers and increase profits.

When combined with rewards, recognition can become a powerhouse for permanent culture change, while delivering dramatic improvement in business performance. A recent Web-based system we designed for 90,000 employees of a major company has transformed the company's culture from one that employees found unpredictable and disjointed, to one in which everyone is engaged. (See The Power of Engagement below.)

While it is not simple to design such a program, technology makes it easier than ever to get a multi-faceted system installed, and to change certain elements to keep it fresh. Often, however, people overlook several important considerations that can make all the difference in the success of their efforts.

I'll let you in on a few tips I've discovered while working with corporate leaders to get their recognition efforts more focused.

1. **Keep it super simple with an online platform.** A platform is not expensive to purchase or maintain, and allows one-click access to the important elements of your recognition system. Ideally, anyone should be able to recognize anyone for anything—within the system's parameters, of course.

Our proprietary platform lets people customize an e-card with a picture and a personal message, and send it to anyone in their group's database. If rewards are part of the system, Managers can give reward ePoints and check the program's progress via the same platform that's used for recognition.

Participants can browse popular rewards and build their own wish list of reward items. It's visual. It's motivating. It's nearly as fun as playing computer games, which we know that no employee of yours would ever do at work.

You can build parameters into your program, such as having a Manager sign off on peer nominations, to prevent monkey business, but the easier you make it, the more people will enjoy using it.

2. **Don't forget about your Call to Action.** When you launch a recognition effort, key leaders *must* be on board and they *must* call people to action. No wishy-washy speeches allowed. The rules for giving and receiving recognition and/or rewards have to be crystal clear. Have a theme and make it an event. There should be some hoopla, some prizes, some festivity. And don't forget the food.

The most important decisions are made when designing your system: How will you structure it to focus on the behaviors and knowledge that will drive results for your organization? If you have an ePoint system, how can they earn ePoints toward rewards? A well-designed system will pay for itself in increased efficiency, sales, and customer retention. Not to mention more employees who aren't thinking about jumping ship.

Your Call to Action doesn't end with the first-time launch. Each time you modify your goals, you must trumpet your new call to action. Use visuals around your work space. Make sure everyone knows what's expected TODAY and "What's in it for ME?"

3. **Create an environment for fast learning.** From our observation, the most successful companies are those that create an environment for their employees to learn fast, and then immediately use what they learn in order to meet customers' needs better than competitors can. The creative use of online quizzes is an inexpensive way to transfer and validate knowledge.

It's never been easier. You can recognize or reward people on the spot who pass online quizzes in a timely manner. Use frequent little quizzes to keep them up to date on the essentials:

- How to listen for customers' needs
- How to talk about new product and service features
- How to determine which product features apply to a specific customer's needs

We call these items the knowledge mantra.

And while we're on the subject of knowledge, consider how you can recognize and reward top performers for **sharing** their knowledge. Why would they want everyone to copy what they're doing if it's getting them star treatment? But that's exactly what you *need* them to do. Make it worthwhile for them to share their knowledge instead of keeping it to themselves.

4. **Be sure your metrics move your Managers.** Who has time to wade through a lot of data? You only need a few good numbers:
 - Who is using the recognition tools and who is not?
 - Who is achieving the behavioral goals (acquiring knowledge and demonstrating skills)?
 - Is performance improving (efficiencies gained, sales closed, money collected, issues resolved)?
 - Are customers satisfied?

Make it easy for Managers to access and interpret the numbers. They will become champions of the program when they see the return on investment—especially if they can figure out how to take credit for it.

5. **Celebrate successes immediately.** We set up a system at an insurance company to recognize people who made offers and captured referrals. Each new success was posted on the bulletin board—nothing fancy; it was just a piece of paper with the person's name and their accomplishment. The rewards portion of the solution hadn't even launched yet, and the Customer Service Representatives had already increased their offers by **63 percent!**

The Power of Engagement

How a complex organization used recognition to transform its culture

A major company was using 17 different programs on a variety of platforms to recognize its 90,000 employees. In an industry characterized by frequent mergers and acquisitions, employees who were shifted from one organization to another experienced a corporate culture that was about as unified as a Picasso painting.

The company's executives asked Anderson Performance Improvement Company (APIC) to design a system that would transform its culture by making recognition a priority instead of an afterthought.

Leaders wanted employees to be challenged to higher standards of performance. But more than that, they also wanted to tie recognition clearly to corporate values and strategies. Recognition

would no longer be used haphazardly, but would consistently express the importance the company places on its peoples' attitudes and accomplishments.

APIC's new system streamlined the organization's recognition criteria. Managers now can track costs, manage budgets, and compare consistent metrics on one Web-based platform across the entire enterprise.

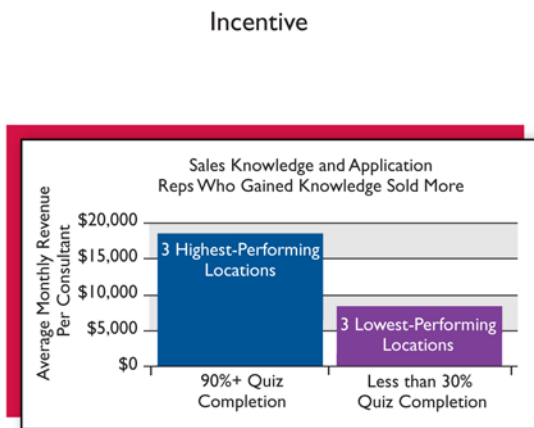
Here's a sampling of how it works. When Customer Service Reps pass an online quiz, their Manager is quick to observe them using their newly gained knowledge with customers. The Manager recognizes the Reps, making sure that plenty of people are watching. The Reps, surrounded by their applauding co-workers, are each presented with a Scratch-and-Win card. The Reps log in to their personal accounts and enter the number from their Scratch-and-Win card to find out how many ePoints they earned. The value of the ePoints is applied to merchandise the Reps have selected online.

This system allows each location to customize recognition to its needs: A call center may recognize referrals; a sales division may reward on individual or team revenue increases. Online quizzes can also be customized to reinforce product knowledge or to recognize those who share Best Practices so others can use them.

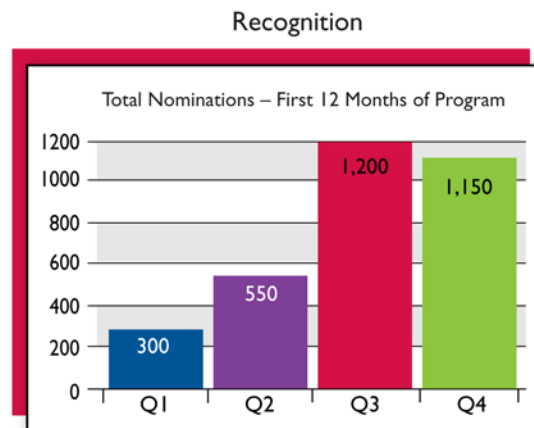
Peer-to-peer recognition is another important part of this system. When co-workers notice their peers doing the right things right, they can make online nominations. Managers use their cache of discretionary ePoints to reward those who are nominated. Managers also reward milestone achievements at quarterly and annual gatherings. Workers can follow their own progress toward goals as compared with others via online rankings for their organization.

Is this recognition system working?

That would be an understatement. During the first quarter the new system was running, there were 300 nominations. As the chart below shows, by the third quarter, the number had grown to 1,200, a 400 percent increase. Not only that, but associates experienced a sense of accomplishment from increased recognition on the job, and management reported a reduction in turnover rate. Now that's engagement!



Knowledge Attainment: Locations with the highest levels of participation in the product and solution-selling quizzes generated 133% more revenue per Rep than offices with low levels of participation.



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Now that you're convinced that recognizing your skilled workers is critical to keeping them at your company instead of your competitors', what's *your* Call to Action?

Don't just sit there and talk about it. Do something! Find a partner who has years of experience designing online recognition and reward systems. This partner should understand the science of performance improvement and know how to recognize and reward the knowledge and behaviors that meet your organization's strategic goals.

¹ Source: Bureau of Labor Statistics

² Purdum, Traci. "Workforce Shortage: Retaining Knowledge And Expertise," May 1, 2006, <http://www.industryweek.com/ReadArticle.aspx?ArticleID=11834&SectionID=3>.

³ Robert Half International and careerbuilder.com. "Employment dynamics and growth expectations (EDGE) report reveals job seekers have more influence than they realize," May 1, 2005.

⁴ 2004 Poll, The Gallup Organization.

⁵ Employee engagement is one of the five metrics of Human Capital Measurement (HCM) that predict superior business performance. Engagement is measured in terms of employees' satisfaction with items such as work design, workload, job security and advancement and recognition. See Bassi, Laurie and Daniel McMurrer. "Maximizing Your Return on People," *Harvard Business Review*, March 2007.

⁶ Purdum, Traci.