



## **How do I justify my recognition award and performance incentive expenses to my CFO?**

The way you communicate to your people that you understand their value will determine whether recognition and incentives stay a cost item or become a profit center. In today's economy, nobody has new money to spend. Everybody is looking for ways to make sure they're getting the most benefit from the dollars they're currently spending to recognize and reward their people. Or better yet . . . how to get even better results for less money!

Effective recognition is seen as appreciation, while disingenuous, poorly executed motivation can be interpreted as manipulation. There's a surprisingly fine line between the two and it's all about the employee's perception of your motives. If they see your actions as more about you than them, whatever you do will yield minimal, short-term results. On the other hand, if your communication appears to value them as a human being first, you will light a fire that leads to discretionary effort – that extra-mile performance you can't buy but is only earned through trust.

Everyone talks about Culture, Engagement and Recognition, but these can be vague terms that mean different things to different people. We look at it as a progression from a Culture of Appreciation to a Culture of Trust and finally leading to a Culture of Performance. The arrow diagram above shows how Recognition Creates Emotions, Emotions Shape Attitudes, Attitudes Drive Behaviors and Behaviors Create a Culture of Performance that optimizes the results of your recognition, employee engagement and performance management efforts.

Here's the problem. Most companies use a variety of disjointed programs to recognize and reward their people. Even if they're working, it's impossible to determine the level of participation and financial return. Imagine if you wrapped your arms around all of the tools used to communicate with employees, so they could be properly measured, kept relevant to company goals and you could easily teach your supervisors the proper way to implement them.

We call this an Integrated Recognition Solution and the benefits are numerous; however, there are potential challenges involved in transitioning your organization to this approach. First, you must realize that each existing program has an owner and an agenda. Some may be viewed as entitlements, so there is an inherent reluctance to open them up to scrutiny.

Here are the three steps you must be willing to take when implementing a Solution:

1. You've got to have upper management support. Only then will you be able to get all of the program owners to open up and provide the information needed to analyze the current situation and begin to see opportunities for improvement.
2. Your team has to be willing to consider new ideas and to brainstorm all viable options. One of the few positives to this current economic downturn is that things are on the table today that would probably not be open to discussion during more robust times.
3. The goal of your team needs to focus on developing the greatest ROI on your recognition investments, not protectionism or departmental isolationism. A macro view of the situation, where everyone is considering program initiatives from a broad perspective based on company culture, mission and long-term objectives is the secret to getting the best overall program and the ROI you deserve.

As you begin to evaluate your current situation (we use a tool call a Recognition Inventory to help organize this) you will be surprised at both the amount of money leaking out of the organization in various ways and why there may be inherent confusion from the employees' perspective. As your team identifies redundancy, overlap, and unnecessary complication, the potential for improvement will come to light and doubt will be replaced with enthusiasm.

A comprehensive Integrated Recognition Solution puts everything under a single technology platform, so you can view all aspects of the program with a few mouse clicks, as well as easily engage both supervisors and employees. But, to make it work well, there's more than just technology to consider. We recommend a Four Cornerstones approach:

**1. Communications** – Every employee wants to know the direction of the organization and your plan to get there. Communication addresses the "what to do and why to do it". Effective communications tools provide a professional, well-organized theme to overcome skepticism built on years changing strategies. First, you must communicate the commitment of top management to all employees. Then, managers need to be confidently equipped and incited to put themselves on the line. Finally, the strategy and measurements must be continuously communicated. This is done through strong visual concepts that have uplifting, ongoing visibility.

**2. Training** – Training focuses on the “how to do” and is an important (but often overlooked) element to Performance Improvement. Proper training deals with knowledge and skill that forces active engagement from the lowest level of the organization. Supervisor training must include a good working understanding of all of the program’s components, but even more importantly a realization of the personal advantages to each supervisor. This is the elusive “why are we doing this in the first place” component. Simply put, if your managers buy it, so will your employees. If not, you risk your best intentions being seen as nothing more than “throwing ‘em a bone”.

**3. Reinforcement** – Employees need to “want to do it”, but how do we achieve this emotional engagement? It’s done by validating. Employees must feel important and appreciated. If they feel noticed and celebrated when they go above and beyond, your people begin to see your motives as team-oriented (not just company-focused) and automatically start to look for ways that they can help. Most of us don’t recognize others often enough or at the right time, so a formalized reinforcement strategy that is readily available, easy to use and continuously updated and provides 8 – 12 meaningful touchpoints or more per year is proven to work the best.

**4. Measurements** – Measurements address the “how are we doing”. With the vision and strategy in place, the objectives and responsibilities of each employee to support the strategy must be determined. This is the most overlooked part of performance improvement programs, because it requires responsibility and can often be uncomfortable. Outstanding employees want to be measured and ineffective employees want to remain invisible. With this in mind, it’s important to create goals and measurement criteria that are fair and realistic for both individual and team performance. Keep things simple, determine the priority of measurements and create visibility at all levels of your organization. Establishing correct and useful measurements is a critical goal in program development. Only when this information is well organized and straight-forward to use will you achieve true Performance Management, not just a program, but a valuable management tool.

As you can see, there’s a lot more to this than just handing out awards and gifts, but therein lies the opportunity to turn accepted expenses into significant profits. Companies that take on the challenge of embracing this new view of employee engagement are seeing impressive improvements in productivity, profitability, morale and teamwork along with significant reductions in the turnover, recruiting expenses and safety related costs.