Getting Happy with the **Rewards King**

Bob Nelson says praise and small rewards, not cold, hard cash, are theright way to motivate better workplace performance. Critics sniff at a "baubles and trinkets" approach, but his books sell big.

By Leslie Gross Klaff

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As an expression of gratitude, managers at a bank in Horsham, Pennsylvania, don chef hats and aprons to flip hamburgers for employees at a "Grill Your Boss" cookout. At a seminar-planning firm in Virginia Beach, female staff members are thanked with complimentary pedicures. Employees at a Chicago health-care company are rewarded with balloons, belly dancers, and a singer in a gorilla suit.

Why are these companies doing this? Because Bob Nelson says so.

Nelson, best-selling author of 1001 Ways to Reward Employees, has firmly established himself as the rewards king in a field packed with hundreds of motivational speakers and writers who talk the same language. He has platoons of fans who applaud his basic premise: While money is important to employees, thoughtful recognition motivates them to perform at higher levels.

He also has critics who dismiss him as a self-promoter, arguing that giving incentives such as parties and other treats is foolish and condescending. "Rewards are, at best, a waste of time," says Boston-based Alfie Kohn, author of the book Punished by Rewards. Kohn and other detractors charge Nelson with promoting simplistic, feel-good solutions to complex problems such as low morale and high turnover. "Working with employees, bringing them into decision-making, helping to design a democratic workplace takes time, talent, skill, care, and above all, courage," Kohn says. "1001 ways to manipulate people to jump through hoops" can't address those important issues--though "throwing baubles and trinkets at your employees is a hell of a lot easier."

Nelson counters by saying that the system isn't the problem. It's the personal relationships employees have with their managers that are critical to productivity and performance. Managers can't force employees to like their jobs, but they should create an environment that encourages workers to want to excel, and should provide meaningful rewards. The effectiveness of incentives has been substantiated by more than a century of research, adds Nelson, whose own credentials include a master's degree in organizational behavior from Berkeley, a Ph.D. from the Drucker Graduate School of Management at Claremont Graduate University, and years of experience working for top executives such as management guru Ken Blanchard.

Nelson, a 46-year-old father of two who lives near San Diego, is so passionate about his work that he has trouble separating it from his personal life. At home, he and his wife, Jennifer, use his rewards philosophy in raising their two children, Daniel, 12, and Michelle, 7. Rather than badgering them about cleaning their rooms, for example, they make a real effort to give them a pat on the back for a job well done. They try to make sure the "ratio of nagging to positive encouragement" is higher on the positive end, he says.

His message is, of course, a harder sell in a soft economy, when many managers argue that employees should be happy

Bob Nelson's clients include two-thirds of the *Fortune* 500.

simply to have a job. To add more credibility to his work, Nelson recently teamed up with IBM consultant Dean Spitzer to write his new book, *The 1001 Rewards & Recognition Fieldbook*. "My philosophy on rewarding and recognizing employees is to be real with employees in an up-front and sincere way," says Nelson, who earns $12,500 a day on the speaking circuit. "Managers need to think about what their employees need and what's important to them" when they design incentive programs, he says.

Nelson's book, *1001 Ways to Reward Employees*, sold 1.5 million copies.

Deep roots in human resources

Nelson started working in human resources and writing books right out of college. After earning a communications degree in the late 1970s at Macalester College in St. Paul, Minnesota, he got a job in human resources at a computer company and soon became known by friends as an astute job counselor. One Sunday morning he decided to write his ideas down. He was only 25 when his first book, The Job Hunt, was published. It sold 60,000 copies.

It was in 1985 that he noticed a review of one of Blanchard's books in the Wall Street Journal and decided to give him a call. He landed a job interview and was hired to co-author a business textbook with Blanchard. Nelson worked there for 10 years and was vice president of product development when he left to start his own consulting company in San Diego and return to graduate school. One night his management professor at Drucker lectured on positive reinforcement and how there was little application of the theory to business. Nelson was intrigued. He decided to prove that positive reinforcement is valuable in the workplace, an idea that spawned *1001 Ways to Reward Employees*.

"I got home at midnight and told my wife that I wanted to write a book filled just with ways to praise and thank employees," Nelson says. "I didn't want to fill it with boring studies from other Ph.D.'s. I wanted to make the case through example."

The book sold 1.5 million copies. Soon after its release, speaking engagements began pouring in. Five years ago he started his own business, Nelson Motivation, Inc., in San Diego, and he has since worked with more than two-thirds of Fortune 500 companies. What makes Nelson stand out, says one of his industry peers, is that he offers practical help. "People need ideas" for motivating employees, says Barbara Glanz, an author and speaker on regenerating spirit in the workplace. "They don't need a lot of philosophy and theory and concept."

Nelson's ideas helped Rhonda Rhodes, vice president of human resources at Universal Orlando, replace the company's traditional recognition programs, such as raffle drawings for employees with perfect attendance, with programs that reward employees for accomplishing a variety of goals. When restaurant workers meet sales goals, they win pizza parties and their managers do their jobs for them for an afternoon. With a "Cause for Applause Card," workers who see other employees making an extra effort receive a card describing the behavior. The cards can be redeemed for prizes such as movie tickets and free meals.

Nelson encourages managers to reward employees daily. The item is less important than the action. A manager at Hewlett-Packard Co., for example, once handed an employee a banana from his lunch after the engineer solved a difficult problem, and over time the Golden Banana Award has become one of the organization's most prestigious honors. Nelson also wants managers to think beyond monetary rewards.

That's increasingly important in a weak economy. Memphis-based FedEx Express got ideas for low-cost rewards from Nelson last spring. In addition to formal recognition programs, FedEx managers reward employees by washing their cars, shoveling snow for couriers, and putting retirees' names on banners hung in warehouses. The company also holds a drawing to pick the name of an employee's child to be inscribed in large letters on the nose of each new airplane in its fleet of 330 planes. The winner's family is flown to Memphis for the christening of the plane.

Jack Wilkie, a vice president at 7-Eleven, Inc., hired Nelson to speak before 3,000 employees at the company's anniversary last July. "He came across as your older brother, like he was letting you in on a little secret," Wilkie says. "He had genuine humor. No corny jokes." A few weeks later, Nelson called Wilkie to check in. "He wasn't selling anything, pushing anything.... It's just a part of who he is." Nelson also welcomes his audiences to contact him, giving out his e-mail address and responding to all messages,

$32 Billion Worth of Rewards at Work

There's a huge marketplace for recognition and rewards. Incentives—an area that includes travel, merchandise, trophies and plaques—is a $32 billion industry. Company spending on recognition and reward programs was nearly $27 billion in 2000. That's up from $22.8 billion four years earlier.

Of the companies that use rewards, here's what they spend:

Under $25,000:	49%
$25,000 - $50,000:	19%
$51,000-$100,000:	11.6%
$101,000-$150,000:	4.3%
$201,000-$500,000:	7.2%
$501,000-$1 million:	4.3%

Sources: Incentive magazine and the 2001 Incentive Federation Study:

usually about 30 a week. At his own 10-person company, he rewarded his team with a trip to Disneyland in a limousine for meeting their quarterly financial goals. For an employee who collects toy sports cars, Nelson rented him a Porsche for the day.

The rewards debate

It's 11 a.m. at a conference hotel in Philadelphia, and Nelson has just sauntered up to the podium to speak to 300 managers about creative strategies for rewarding employees. He is dressed in a crisp suit--accented with a red-and-yellow Winnie the Pooh tie. He has no trouble getting the throng to laugh at his jokes about humdrum rewards like anniversary clocks and employee-of-the-month plaques. Usually his audiences already believe in rewarding employees. The biggest challenge is reaching philosophical opponents. Almost half of U.S. corporations with 1,000 or more employees do not use incentives, according to the 2001 Incentive Federation study.

As one of Nelson's most vocal critics, Kohn believes that rewards cannot improve performance, and points out that there is a lot of research showing that the more people are rewarded, the more they actually lose interest in the work they're doing. He contends that Nelson's approach assumes that problems occur because workers are unmotivated, when the problem is, in fact, the workplace system itself. He proposes that employers motivate their employees by making sure they like their jobs and are involved in decision-making.

Workplace consultant Carleton Kendrick views rewards such as the boss serving employees ice cream as "condescending" and "one-shot deals of happy-feel-good." Kendrick, a Boston family therapist, says workers truly want more ways to help balance work and life, not ice cream. Others say that employees would rather earn more money than receive rewards. That was the sentiment of supervisors at the Defense Supply Center in Philadelphia, which buys military supplies. Nelson recently was at the facility to give a talk and had trouble convincing some managers that money is not the top motivator even though the theory is backed by numerous studies. "You have a family, kids, two incomes--and money helps," says Gordon Ferguson, one of the managers who isn't swayed by the research.

Nelson says he agrees that the best motivation comes from within. But in reality, he points out, most jobs are not intrinsically motivating. Customer service or retail jobs, for example, can become mundane because of repetition and pressure. To get employees excited about their jobs, managers must make sure their work supports their career goals, Nelson says. If managers give meaningful rewards, employees are motivated.

For Nelson, selling his message is tougher in today's lousy economy. Some managers argue that it's too hard to measure the return on investment with rewards. According to Nelson's own Ph.D. research on the subject, managers say they don't give rewards because they don't have time, their employees didn't value previous rewards, and they're worried that employees will take advantage of them. To convince more corporate leaders of the benefits, Nelson shows the financial consequences of not rewarding employees--such as the cost of increased turnover. Most of all, he emphasizes that rewarding employees is easy and inexpensive, and almost always has a lasting impact.

"A sincere word of thanks from the right person at the right time can mean more to an employee than a raise, a formal award, or a whole wall of certificates and plaques," Nelson writes in *1001 Ways to Reward Employees*. "Part of the power of such rewards comes from the knowledge that someone took the time to notice the achievement, seek out the employee responsible, and personally deliver praise in a timely manner." ■

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Rewards and Recognition

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Nelson's Ten Commandments of Recognition

Bob Nelson belives that today's workforce may be more motivated by a personal thank-you than a pay raise. He shares his top 10 ways (in order of priority) to motivate employees:

1. Personally thank employees for doing a good job. Thank them face-to-face, in writing, or both. Do it early, often, and sincerely.
2. Take the time to meet with and listen to employees-as much as they need or want.
3. Provide specific feedback about performance of the person, the department, and the organization
4. Strive to create a work environment that is open, trusting, and fun. Encourage new ideas and initiative.
5. Provide information on how the company makes and loses money, upcoming products and strategies for competing in the marketplace, and how the person fits into the overall plan.
6. Involve employees in decisions, especially as those decisions affect them.
7. Provide employees with a sense of ownership in their work and work environment.
8. Recognize, reward, and promoto people according to their performance; deal with low and marginal performers so that they either improve or leave.
9. Give people a chance to grow and learn new skills; show them how you can help them meet their goals within the context of the organiztion's goals. Create partnerships with employees.
10. Celebrate successes of the company, of the department, and of individuals. Take time for team- and morale-building meetings and activities.

Source: Bob Nelson

Bob Nelson, Ph.D., president of Nelson Motivation Inc. and best-selling author of 1501 Ways to Reward Employees, 1001 Ways to Energize Employees and The 1001 Rewards & Recognition Fieldbook. Contact Dr. Bob: bob@drbobnelson.com, 1-(858) 673-0690, www.linkedin.com/drbobnelson. Originally published in WorkForce.