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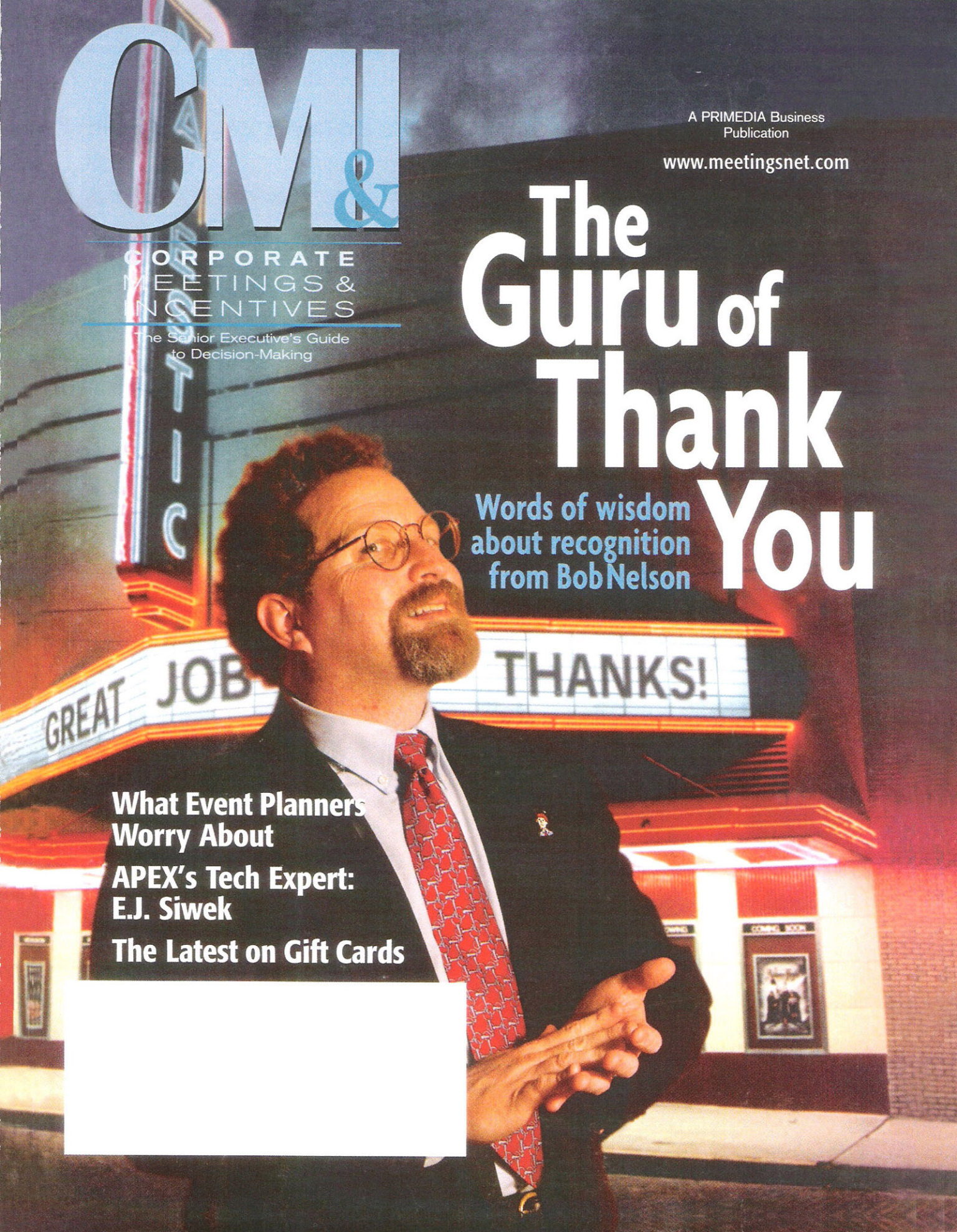
The Guru of Thank You

Words of wisdom about recognition from Bob Nelson



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By Bob Nelson

Many companies talk recognition, but how many walk the talk? For a corporate culture to be a "culture of recognition," recognition practices must be reflected in every behavior. Everyone must be convinced that recognition is the right thing to do because employees truly are the most important resource. And everyone must believe that recognition will have a positive impact on employee morale, tenure, performance, and productivity.

Many organizations "do" recognition, but that doesn't mean that recognition is part of their cultures. In companies where it is, you'll see recognition mentioned in vision and values statements. Recognition will be a part of their strategic personnel plans, an expectation on the part of all management, frequently discussed in management meetings, and included in most forms of communication (newsletters, e-mails, bulletin boards, written notes, formal certificates of appreciation, announcements, department and company meetings, etc.).

The companies that I consider to be models for their recognition practices often have organizational structures that support the ongoing practice of recognition (such as a Recognition Coordinator or Task Force). Employees are made aware of the potential dysfunctions of recognition (such as perceived inequity, or favoritisim) and work continually to keep recognition fresh, alive, and effective. Employees play a vital role in selecting and implementing recognition ideas, programs, and activities. These companies also use recognition positively and consistently to reinforce high performance, rather than sporadically as an attempt to manipulate employeees to achieve short-term performance targets.

If you can answer yes to the following three questions, your company has successfully integrated recognition into its culture:

- Is recognition being measured (thereby managed) throughout your company?
- Does your company continue recognition practices regardless of business conditions?
- Do people practice recognition from the top down?

At left, Bob Nelson, PhD, *CMI* columnist and world-renowed speaker on recognition

What if you can't answer yes?

If you weren't able to answer yes to the questions above, it's probably because you can't get certain managers to take the topic of recognition seriously. Many senior executives feel that recognition is common sense (even though they may not often give it themselves!) and falsely believe that their organizations al-ready do a great deal to reward and recognize employees. Others have a difficult time believing that something so simple could actually work—let alone affect the bottom line. Still others (and plenty of them) believe that the fact that their employees have a job at all is reward enough.

If your goal is to create a system of rewards and recognition in your organization, read on. You'll better understand why recognition works, while you get the information and data you will need to convince others of its value.

How Incentives Have Changed ...

from one-size fits all to multiple programs and activities—*During more stable times, companies could have a few traditional recognition programs, such as a years-of-service and employee-of-the-month programs, and keep employees relatively motivated. Today that's not enough.*

from centrally oriented programs to every manager's job—*Incentive programs of the past could be created and managed by the HR department. Today, the task of motivating employees falls on individual managers.*

from formal to informal—*Although formal recognition is still important, informal, spontaneous recognition—specifically tied to those things that most matter on a day-to-day basis—is even more so.*

from few choices to many options—*What motivates one employee may have no meaning to another. The best programs allow more merchandise choices, as well as development opportunities, family-shared activities, special considerations, team activities, and spontaneous celebrations.*

from infrequent use to greater frequency and flexibility—*The days of expecting a great performance review to motivate an employee for the next 12 months are over. Recognition must be used on an ongoing basis.*

from use for the top tier to use for everyone—*Incentives such as travel and merchandise used to be primarily reserved for top sales employees; now, they're used throughout the organization.*

Yesterday's Incentives, Today's Disincentives

Five major business trends are influencing the importance of recognition in today's work environment. First, traditional incentives such as cash have lost their power. In a recent study in *Compensation and Benefits Review*, 81 percent of workers did not expect to receive any reward for increases in productivity, and 60 percent of managers reported that their compensation would not increase if their performance improved. The magazine found that only 3 percent of base salary separates average from outstanding employees.

Clearly, the traditional system of rewards is in crisis if it fails to differentiate and encourage high performance on such a widespread basis. Employee loyalty is being negatively affected by the failure of managers to make the connection between pay and performance.

The second trend has to do with cash incentives being recognized as often having a demotivating effect on employees. Says Cecil Hill, corporate manager of improvement programs at Hughes Aircraft Co., Los Angeles, "I have found certain aspects of the cash awards approach to be counterproductive. Cash awards can reduce teamwork as employees concentrate primarily on individual cash gains. We have also found instances where pay for certain types of intellectual performance tends to denigrate the performance. It removes it from the intellectual achievement category, which elicits pride and satisfaction, and reduces it to a more mundane 'pay-for-performance' concept."

Third is a trend toward variable compensation systems, in which base salaries are frozen and employees receive only merit increases if they reach specific performance targets. While it might make a lot of sense for a company to tie pay and performance tightly together, many employees often have little or no control over meeting the targets. They're left frustrated when they don't get an increase.

The fourth trend has to do with the growing need for empowered employees. Whether they're in a different location (or on a different shift) than their managers, have flexibile work hours, or telecommute, employees are expected to act independently and in the best interests of the organization with less direct manage- ment supervision. Recognition and rewards can be used to reinforce desired behavior and performance in less structured work environments.

The final trend is one we all experience every day: change. Never before have companies of all types and sizes seen such constant and rapid change. As management professor Henry Mintzberg has observed, informal and therefore

the magic jacket

Daniel Boyle, vice president and treasurer of Diamond Fiber Products, Inc., Thorndike, Mass. (now Cascades Diamond Inc.), described the impact of a "100 Club" nylon and cotton jacket on one employee:

"You might think this is a trivial thing, but it means a lot to the people who earn a jacket. A teller at a local bank told me that a woman once came in and proudly modeled her baby blue 100 Club jacket for bank customers and employees. She said, 'My employer gave me this for doing a good job. It's the first time in the 18 years I've been there they've recognized the things I do every day.' During those years she had earned hundreds of thousands of dollars in wages, which had paid for cars, a mortgage, food, vacations, college educations. In her mind, she had provided a service for her earnings. The money wasn't recognition for her work, but the 100 Club jacket was."

more flexible systems work better during times of uncertainty and provide just the right combination of relevance, immediacy, and individual value. Which is where recognition comes in.

Recognition and the Bottom LIne

In my doctoral study, I found evidence to support the link between the use of recognition and enhanced performance in at least three different ways.

First, managers broadly agreed that the use of recognition led to enhanced performance. The parentheses indicate the percentage of managers in the study who agreed with the following statements.

- Recognizing employees helps me better motivate them. (90.5 percent)
- Providing nonmonetary recognition to my employees when they do good work helps to increase their performance. (84.4 percent)
- Recognizing employees provides them with practical feedback. (84.4 percent)
- Recognizing my employees for good work makes it easier to get the work done. (80.3 percent)
- Recognizing employees helps them to be more productive. (77.7 percent)
- Providing nonmonetary recognition helps me to achieve my personal goals. (69.3 percent)
- Providing nonmonetary recognition helps me to achieve my job goals. (60.3 percent)

Second, 72.9 percent of managers in the study reported that they received the results they expected when they used recognition either immediately or soon thereafter, and 98.8 percent said they felt they would eventually obtain the desired results.

Third, of the 598 employees who reported to the managers in this study, 77.6 percent said that it was either very important or extremely important to be recognized by their managers when they do good work. Employees expected recognition to occur either immediately (20 percent), soon thereafter (52.9 percent), or sometime later (18.8 percent).

But the question remains: "Will recognition enhance the profitability of my organization?" Consider the following stories of companies that have tracked the financial payback of their recognition efforts:

Pegasus Personal Fitness Centers asked employees to list the rewards they wanted, up to a value of $25, that would then be given to them as they achieved performance goals. The company reports that this practice helped to double sales in six years.

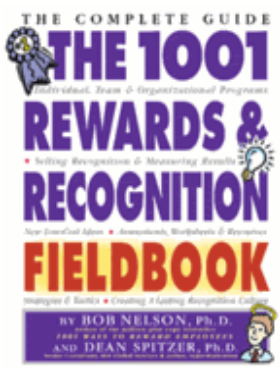
Amtech threw Victory Parties for its employees and credits the technique with helping to obtain a phenomenal 890 percent growth in revenue over a five-year period.

American Airlines' AAchievers points-for-merchandise program rewarded employees for suggestions they made to save money, fix a problem, etc. Cost savings that resulted from employee suggestions allowed the company to purchase a new airplane.

Boardroom Inc.'s I-Power program recognized and rewarded every employee for submitting two suggestions per week. and resulted in a fivefold increase in the company's revenues in just a few years.

Recognition: The Time Is Now

So many employees we speak with report that they seldom received even verbal praise or written thank-you notes from their managers. I view this as an enormous opportunity lost.



The 10001 Rewards & Recognition Fieldbook: The Complete Guide, by Bob Nelson, PhD, and Dear R. Spitzer, PhD, is available through your local bookstore or through www.amazon.com. Contact - bob@drbobnelson.com, 1(858) 673-0690, www.linkedin.com/in/drbobnelson

The truth is that recognition works. Anyone can learn to reward and recognize effectively. When managers recognize their employees' efforts, the employees will respond by giving their best efforts.

In other words, it's a win/ win/ win/ win outcome: The employee wins, the manager wins, the customer wins, and the company wins.