


# Excerpt of RECOGNITION AT WORK

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## Establishing Program Objectives

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**F**igure 9 details the characteristics of an effective employee recognition program. All of these characteristics will be discussed in this publication. Let's focus on the first three in this section.

<b>FIGURE 9: CHARACTERISTICS OF AN EFFECTIVE EMPLOYEE RECOGNITION PROGRAM</b>	
Identify Responsible Parties	<ul style="list-style-type: none"> <li>• One individual should be identified as the in-house coordinator</li> <li>• Recognition should be established as a priority for all organizational leaders</li> <li>• The chief executive officer (CEO) should identify who is responsible for program success</li> </ul>
Develop Goals And Objectives	<ul style="list-style-type: none"> <li>• Establish 3 to 4 program goals or objectives</li> <li>• Goals and objectives should reflect what the organization is trying to accomplish by implementing a program</li> <li>• Goals should be succinct and easy to understand</li> </ul>
Establish Key Indicators Of Success	<ul style="list-style-type: none"> <li>• Develop 2 or 3 key indicators of program success</li> <li>• Tie key indicators to the program goals and objectives</li> </ul>
Develop Easily Understood Eligibility Criteria	<ul style="list-style-type: none"> <li>• Criteria should be understood by participants and key stakeholders</li> <li>• Avoid using complicated formulas to determine recognition</li> <li>• Criteria should be few in number and not an exhaustive list of requirements</li> </ul>
Build In Cost Containment Features	<ul style="list-style-type: none"> <li>• Establish reward levels and cap dollar limits</li> <li>• Recognition budget should be predetermined and not a moving target</li> <li>• Tie recognition cost to the financial success of the organization</li> </ul>
Communicate Program's Importance	<ul style="list-style-type: none"> <li>• Provide complete and updated information about the program</li> <li>• Survey participants and key stakeholders on a regular basis and ask for input about the program</li> <li>• Provide ongoing communication about the program</li> </ul>

## **Establish Ownership Responsibility**

It is imperative to name one individual to coordinate and nurture the recognition program. This individual is responsible for program development, oversight and setting overall program goals. The individual placed in this coordinator role should possess experience with tracking, designing and communicating a program of this magnitude. In addition, the individual should have familiarity with general operations and have a

high profile of trust and respect throughout the organization. The individual should be seen as approachable and committed to developing a program that meets the organizational needs. Figure 10 (Page 22) summarizes some key roles and responsibilities of the program coordinator. It should be noted this individual may or may not be part of the human resources department. This individual needs to be seen as an objective resource who can bridge the needs of a diverse work force.

The employee recognition team has the chief responsibility of assisting the program coordinator in developing and implementing the recognition program. This team consists of eight to 10 key individuals who have a direct interest in the program's success. The composition of the team depends on the design and needs of the organization. A typical team could include leaders and key executives from the following areas of responsibility (Note: Not all of the disciplines listed need to be permanent team members.):

- Finance
- Human resources
- Marketing
- Operations
- General services
- Legal compliance (Note: This can be the organization's legal counsel or compliance officer.)
- Payroll
- Administration

It is important to have a recognition team that has individuals who are committed to recognition and want to serve as the program's chief architects and torchbearers. Before accepting assignment on the team, each individual should answer honestly:

1. Do I have enough time to commit to this program? Note: The initial time commitment would be 40 to 60 hours to plan and implement the program. Ongoing commitment is four to eight hours monthly to review program progress with the coordinator.

**FIGURE 10: ROLES AND RESPONSIBILITIES OF THE PROGRAM COORDINATOR**

Roles and Responsibilities	Principal Accountabilities
Program Design	<ul style="list-style-type: none"> <li>• Assists in design of the program including developing eligibility criteria</li> <li>• Coordinates and administers readiness assessment with organizational leaders</li> <li>• Coordinates or conducts a survey of employees to determine design features.</li> </ul>
Policy Formulation	<ul style="list-style-type: none"> <li>• Develops and writes policies and procedures</li> <li>• Participates in developing specific program guidelines to ensure consistent program administration.</li> </ul>
Communication	<ul style="list-style-type: none"> <li>• Participates in designing a formal communication plan for the program</li> <li>• Assures ongoing communication is provided about the program and any modifications which are made.</li> </ul>
Training	<ul style="list-style-type: none"> <li>• Conducts initial training with key stakeholders about the program.</li> <li>• Coordinates ongoing training.</li> </ul>
Program/Legal Compliance	<ul style="list-style-type: none"> <li>• Ensures program is administered equitably and in accordance with approved guidelines</li> <li>• Reviews program concerns and complaints</li> <li>• Maintains an awareness of applicable laws and regulations that govern cash and noncash employee rewards programs.</li> </ul>
Monitoring	<ul style="list-style-type: none"> <li>• Develops statistical indicators to assess program success</li> <li>• Conducts periodic audit of indicators and reports results to the recognition team</li> <li>• Works with organizational leaders from each department or work unit to develop specific monitors</li> <li>• Conducts annual program audit to ensure program is being appropriately administered.</li> </ul>
Ongoing Coordination	<ul style="list-style-type: none"> <li>• Serves as the focal point for ongoing program development and continued maintenance of recognition activities</li> <li>• Functions as the major resource to the employee recognition program</li> <li>• Serves as the coordinating body for ongoing program development.</li> <li>• Oversees any program changes</li> <li>• Presents quarterly updates to the management team, and board of directors as appropriate, about program impact and utilization</li> <li>• Identifies potential areas of improvement</li> <li>• Identifies ongoing training and communication needs</li> <li>• Solicits feedback about the program from key stakeholders on at least an annual basis.</li> </ul>

2. Am I really committed to implementing a recognition program?
3. Do I feel recognition is important for the organization to carry out now?
4. Am I prepared to support the program to top management and the board if necessary?
5. Will I be comfortable being a member of a highly visible and possibly controversial team?

Before serving on a recognition team, the individual must be able to respond “yes” to all five of the above questions. The team also can assist in developing training approaches that will address the specific needs of individual departments/units. This is especially important since each department/unit generally will have varying degrees of support and understanding of the program’s impact. It will take a well-structured training effort to solidify the program’s impact and worth to the individual. A recognition team by virtue of its diversity and makeup should be able to identify what will work best for a particular department or geographic location. Finally, the team functions as a creative cabinet to the program coordinator. Creativity will keep the program fresh and kindle enthusiasm from key stakeholders.

While the program coordinator and recognition team provide guidance and direction, the final responsibility for the program rests with those individuals who are performing and observing excellent work performance. Figure 11 (Page 24) addresses the all-important question regarding recognition: “Whose job is this?” It is not too surprising that the ultimate responsibility for a good recognition program permeates throughout the organization. Responsibility for a successful program includes executives, managers, employees, customers, guests, vendors and even the employee’s family members.

The six statements addressed in Figure 11 are intended to emphasize the importance of including a wide range of key stakeholders in managing the program. Many times organizations forget the importance of the employee’s family. The family often knows firsthand the contributions its

**FIGURE 11: WHOSE JOB IS THIS?**

Possible Key Statement	Response	Key Stakeholder
1. I believe recognition is important to the organization's success.	<ul style="list-style-type: none"> <li>• Executives</li> <li>• Managers</li> <li>• Employees</li> <li>• Board members</li> </ul>	<p>Agree</p> <p>Disagree</p>
2. I personally have observed examples of excellent work performance that deserves some type of recognition.	<ul style="list-style-type: none"> <li>• Executives</li> <li>• Managers</li> <li>• Employees</li> <li>• Customers</li> <li>• Guests</li> <li>• Vendors</li> </ul>	<p>Agree</p> <p>Disagree</p>
3. Some employees are reluctant to share specific work accomplishments with their supervisor.	<ul style="list-style-type: none"> <li>• Co-workers</li> <li>• Managers</li> <li>• Employee family members (Note: Involving the family can give support and uniqueness)</li> </ul>	<p>Agree</p> <p>Disagree</p>
4. The organization has an excellent reputation for rewarding employees who do exceptional work.	<ul style="list-style-type: none"> <li>• Employees</li> <li>• Managers</li> <li>• Community leaders</li> <li>• Customers</li> </ul>	<p>Agree</p> <p>Disagree</p>
5. There are programs already in place that encourage and reward high work performance.	<ul style="list-style-type: none"> <li>• Employees</li> <li>• Managers</li> </ul>	<p>Agree</p> <p>Disagree</p>
6. Employee recognition is everyone's job.	<ul style="list-style-type: none"> <li>• Executives</li> <li>• Managers</li> <li>• Employees</li> <li>• Customers</li> </ul>	<p>Agree</p> <p>Disagree</p>

loved one makes to the organization. As the program is implemented, the family should be kept informed about what it takes for the employee to be rewarded. The employee's family then can lend its support to the program, generally making it more exciting and plausible for the employee.

Finally, recognition is the responsibility of everyone who comes in contact with the organization. The key stakeholders identified in Figure 11 are merely a few examples. Ultimately the organization's CEO is responsible for any program's success. The CEO must fully support and extol the virtues of having a program in place. If possible, the CEO either should select the program coordinator and/or the recognition team's members. The CEO should be kept informed and be involved in the program development and implementation. This involvement sends the message throughout the organization that everyone is responsible for the program's success.

## **Developing Goals and Objectives**

An effective recognition program must have a solid foundation framed with distinct goals and objectives. The goals should be few and reflect what the organization is trying to achieve with the program. Figure 12 (Page 26) provides some sample program objectives. These will be used to communicate the program to key stakeholders. These objectives also will be instrumental in the basic program design as well as being an integral part of training key stakeholders. It is important that the recognition team, executive staff, human resources department and other key organizational leaders review these objectives.

The program objectives should be aligned with the organization's business strategy and mission. The four sample objectives in Figure 12 are built on four key business strategies:

- Improved Employee Performance and Productivity
- Excellent Customer Service
- Positive Employee Morale
- Increased Employee Retention

**FIGURE 12: SAMPLE PROGRAM OBJECTIVES**

Note: To make them effective tools, all four objectives are specific and measurable. The “approval/review level” column for key stakeholders has three priority levels:  
 Level 1: Final Approval  
 Level 2: Feedback and Review  
 Level 3: Informational Only

Key Stakeholder Program Objectives	Approval/Review List	Review level
1. To provide a program to reward employees who exceed expected performance levels by at least 10 percent.	CEO	1
	Recognition Team	1,2
	Managers	2
	Program Coordinator	1,2
	Chief Financial Officer	1,2
	Employees	2,3
	Customers	3
	Board Members	1,2,3
2. To recognize employees who have made meaningful contributions to customer service as measured by survey data and personal feedback.	Vendors	3
	CEO	1
	Chief Marketing Executive	2,3
	Recognition Team	1,2
	Program Coordinator	1,2
	Managers	2,3
	Employees	2,3
	Customers	2,3
	Board Members	1,2,3
	Vendors	3
3. To create a more satisfying work environment for employees, which will be measured by achieving at least a 10 percent improvement in job satisfaction on the annual employee opinion survey.	CEO	1
	Chief HR Officer	2,3
	Recognition Team	1,2
	Program Coordinator	1,2
	Managers	2,3
	Employees	2,3
	Board Members	1,2,3
Family Members	2,3	
4. To provide a program that will align with other total rewards programs to reduce employee turnover by 20 percent.	CEO	1
	Chief HR Officer	1,2,3
	Recognition Team	1,2
	Program Coordinator	1,2
	Recruitment and Retention Committee	2,3
	Managers	2,3
	Employees	2,3
	Board Members	1,2,3

Figure 12 also includes a “key stakeholder review list” for each objective. This list provides a final reminder of who should be reviewing and approving the final program objectives before they are communicated.

Some key stakeholders will be involved in all three levels of the approval/review process. It is important to keep key stakeholders on task when soliciting their input. The best way to do this is to be sure that the following questions are addressed before communicating goals and objectives:

1. What needs to be communicated?
2. Who is going to be affected by the program?
3. Why is it important for the key stakeholder to know about the goals and objectives?
4. When is the established deadline for completing the approval or review process?
5. How should the goals and objectives be communicated? Examples: training updates, personal memorandums, audio tape, e-mail, intranet, Internet, etc.

The information obtained from these questions will allow the organization to move forward with the process. It also links goals and objectives with key program indicators.

## **Establishing Key Indicators**

Establishing key indicators early in the development of the program provides an anchor for its goals and objectives. Key indicators are really an extension of the program goals and objectives. They answer the burning question that all key stakeholders have about the program: How will we really know if it is successful? For this reason, there are a few key indicators to ensure that participants can grasp and fully understand what it takes to succeed. Most key indicators are built around at least two or three of the following strategic areas:

- Financial
- Quality

- Service
- Performance/Productivity
- Job Satisfaction/Employee Morale
- Employee Retention

It is important to remember that key indicators are not the only measures of program success. They focus on what is most important to the program's overall success. Figure 13 provides some sample key indicators built upon three of the strategic areas discussed. These indicators also can be linked back to strategic themes represented by the objectives provided in Figure 12. The key indicators will be vital in designing a recognition scorecard.

The CEO and employee recognition team have determined to emphasize the first three strategic areas in the first year of the program's operation. These are the most pressing issues for the organization at this time. The other strategic area will be measured as a stand-alone target and will

<b>FIGURE 13: KEY INDICATORS</b>			
<b>Strategic Area</b>	<b>Program Objective</b>	<b>Key Indicator</b>	<b>Target</b>
Service	Excellent customer service	Customer satisfaction scores	Organization will be at the 90th percentile or higher when compared to other similar organizations.
Employee Morale	Positive employee morale	Job satisfaction scores on the employee opinion survey	Organization to improve overall job satisfaction score by at least 10%.
Employee Retention	Increased employee retention	Turnover and job vacancy rates	Reduce employee turnover by 20% and maintain a job vacancy rate of less than 10%.
Performance/Productivity	Improved employee performance and productivity	Organizational and employee performance	Improve organizational productivity by at least 5% and or employee performance by 10%.

be tied directly to the organization's and individual employee's performance. For that reason, the performance/productivity measure often is linked to the employee's performance evaluation and is a more long-term recognition approach. Figure 14 (Page 30) is a potpourri of key indicators commonly used to measure the success of the six strategic areas. Obviously, this is not an all-inclusive list. The organization must decide what is important to focus on during the first year of the program's operation. Remember: Key indicators should be few and reflect what is important to the organization.

These indicators could be used to measure the success of other total rewards programs such as individual and organizationwide incentives. Focusing the indicators on how recognition has impacted each strategic area is what differentiates the application of the measures. For example, if employee morale is a strategic area of focus, recognition could be tracked to determine if it truly has had any impact on job satisfaction (e.g., opinion surveys, employee feedback and turnover). Again, selecting a few indicators and determining what is important to measure are key in determining the program's impact.

After the organization establishes what to incorporate in the program, key indicators then can be used to help monitor the program's impact on employees and the organization. Figure 14 illustrates that a solid recognition program has various ways to influence the organization's success. The organization should commit to making recognition an integral part of its total rewards program. Once this commitment is made, recognition becomes an essential tool for motivating and managing employees.

**FIGURE 14: SAMPLE KEY INDICATORS BY STRATEGIC AREA**

Strategic Area	Sample Key Indicator	Suggested Target/Measure
Financial	<ul style="list-style-type: none"> <li>• Return on investment</li> <li>• Cost per unit</li>   <li>• Net revenue</li> <li>• Gross revenue</li> <li>• Bad debt expense</li>   <li>• Nonsalary cost</li> </ul>	<ul style="list-style-type: none"> <li>• At least 5%</li> <li>• Cost savings as determined by program goals</li> <li>• A positive increase of at least 5% to 10 %</li> <li>• Increase of 10% of revenue</li> <li>• A positive reduction as determined by program goals</li> <li>• A positive reduction to be determined</li> </ul>
Quality	<ul style="list-style-type: none"> <li>• Product defects</li> <li>• Quality improvements</li>   <li>• Key quality indicators</li> <li>• Quality controls</li> </ul>	<ul style="list-style-type: none"> <li>• A positive reduction in product returns</li> <li>• Documented improvements in work processes</li> <li>• Assessment of key quality indicators should exceed established standards</li> <li>• Quality audits are conducted on a regular basis to determine if product or service meets or exceeds established control limits</li> </ul>
Service	<ul style="list-style-type: none"> <li>• Customer satisfaction level</li>   <li>• Wait times</li> <li>• Internal service approval rate</li>   <li>• Service standard</li> <li>• Customer compliments</li> </ul>	<ul style="list-style-type: none"> <li>• Generally should be at the 90th percentile level if benchmark data is available. If not available, there should be a specific target for improving customer satisfaction based on survey data (e.g., 5% increase).</li> <li>• A reduction in the time it takes the customer to receive service or pay for the product</li> <li>• Surveying internal customers and recognizing employees for positive approval rates</li> <li>• The organization exceeds established service standards</li> <li>• Tie recognition or rewards to compliments directly received from customers</li> </ul>
Performance/ Productivity	<ul style="list-style-type: none"> <li>• Employee performance level(s)</li> <li>• Downtime</li>   <li>• Output or service units</li>   <li>• New product or service development</li> </ul>	<ul style="list-style-type: none"> <li>• Employee performance exceeds established rates (e.g., 10% improvement)</li> <li>• Reduce or eliminate production/service downtime or delays</li> <li>• An increase in production or number of units sold or delivered</li> <li>• Individual or team input into new product or service development</li> </ul>

**FIGURE 14: SAMPLE KEY INDICATORS BY STRATEGIC AREA (CONTINUED)**

<p>Job satisfaction Employee Morale</p>	<ul style="list-style-type: none"> <li>• Job satisfaction rate</li> <li>• Employee grievances</li> <li>• Morale index</li> </ul>	<ul style="list-style-type: none"> <li>• Improve job satisfaction by 10% based on employee feedback</li> <li>• Number of grievances filed and resolved</li> <li>• Ongoing monitoring of morale on a divisional, department and unit level</li> </ul>
<p>Employee Retention</p>	<ul style="list-style-type: none"> <li>• Turnover rate</li> <li>• Job vacancy rate</li> <li>• Transfer process</li> <li>• Turnaround time to fill a vacant position</li> </ul>	<ul style="list-style-type: none"> <li>• A percentage reduction in employee turnover</li> <li>• Reducing job vacancy rate will impact the morale and retention of current employees</li> <li>• Promoting internal employees to job opportunities.</li> <li>• Meeting or exceeding the targets established for filling a job opening (e.g., from 21 days to 14 days)</li> </ul>