

# Recognizing and Rewarding Employees

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**C**ompanies today are realizing that employees want more than competitive pay and benefits; they also want to be recognized and appreciated for their work. According to a 2003 National Recognition Survey sponsored by the National Association for Employee Recognition and World at Work, 87 percent of companies responding had programs to recognize and reward employees; 40 percent said they were expanding their programs.

Organizations aren't offering "warm and fuzzy" recognition programs. They are thinking strategically about program design and the potential impact they may have on the business. According to a recent Watson Wyatt Worldwide study, companies with effective recognition programs achieved a median return to shareholders that was almost twice that of companies without programs.

CMP Media, with approximately 500 employees based on Long Island, is one company providing several reward and recognition programs. According to Alix Raine, senior vice president of communications, CMP Media's sales staff compete for "Sales Achievement Awards," "Sales-person of the Year" and admission into the highly sought after "Senior Sales Society" for outstanding performers. They also offer "Editorial Awards" for editorial and design excellence.

## For a program to be effective, it must:

### \* Create value.

Programs must have performance criteria. They should be aligned to the organization's goals, strategy and/or values. One prominent Long Island-based company has programs that recognize and reward employee behaviors that reflect the company's values, which in turn, support the company's culture transformation and strategy.

### \* Have strong management support.

Recognition programs need to be valued and actively supported by management. Leaders need to visibly participate in the program by providing recognition to others and role modeling the desired behaviors. Without management support, the company will not provide the resources needed to administer or fund programs.

### \* Be understood and valued by employees.

To encourage buy-in and participation, employees need to understand the purpose of the program and what the criteria is for recognition. They must believe that they will be recognized appropriately based on their efforts with meaningful rewards. To do this, companies should allow employees to have some type of ownership in the program. One organization uses an employee team to select the winners.

### \* Have flexibility to meet various needs.

Companies should offer a variety of programs to cover different roles, such as providing recognition to promote company values, sales and customer service, or exceptional "stretch" performance. The rewards also need to meet the varied needs of employees. Some may value time off while others prefer to have monetary rewards. CMP Media's rewards include plaques, monetary awards and gifts for service awards.

### \* Be continuously improved upon.

At the end of every reward cycle, the organization should evaluate the impact and success of the program. Are the rewards fair and appropriate? How is it adding value? Has the program met its objectives? How do



employees perceive the program? What changes should be made?

### \* Have broad visibility and frequent communication.

A program should certainly be launched with lots of fanfare, but it's also important to continuously communicate. Explain the criteria and process and encourage nominees, provide public recognition to the winners and publicize the results of the program.

Many organizations have their senior leaders announce winners company-wide. One organization interviewed also uses spot awards to provide recognition for exceptional "stretch" performance on real-time basis. Awards range from \$100 to thousands of dollars.

There is a strong link between recognition and rewards (including non-cash awards) and improved job performance. Attracting and retaining talented employees will yield higher quality and customer service, reduced costs, and higher revenues and profitability.



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