

# The Science of Employee Incentives

## Well-Planned Programs Can Be Part of a Culture of Success

By LAURIE BREITNER

**A**re you looking for ways to increase productivity, cut costs, or improve customer retention? Employee-recognition programs have worked wonders for many companies, and they can do the same for yours.

A well-planned, well-executed employee recognition program can get results, but a hastily formed program with vague goals will likely fail. Here are some ideas to get you started.

### Set Firm Goals

What changes in employee behavior would make a significant impact on your bottom line? Do you want to reduce unplanned absences, decrease reportable safety violations, or increase employee suggestions? Pick results that can be unambiguously measured. For example, design a program with a goal of reducing the number of reportable accidents by a certain amount, and within a certain time period. Having a clear goal will inform you how to measure progress, which departments to target, and how program success will impact your bottom line. In addition, this analysis will help you get your initiative funded.

### Develop a Budget

Some companies are so eager to start their employee recognition program, they fail to do the numbers! Here are a few questions to get that ball rolling:

- Who will be eligible?
- What percentage of participants will likely earn rewards?
- How much will success reduce costs or increase revenue?
- What portion of the estimated savings/revenue increase will

be invested in your program?

- How much will it cost to administer your program?

### Select Rewards

The key to a successful program is to determine what type of recognition will get your employees' attention without breaking the bank. Rewards should fit your company culture and reflect the tastes of the program's target groups. Examples of low-cost rewards include movie passes, restaurant gift certificates, apparel (with the logo of your recognition program, of course), time off with pay, or pizza for a team.

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panies design great recognition programs and then keep them secret. Pick ways to communicate that reach all your employees. If E-mail isn't available to everyone, find other ways to get your message out. Those you don't reach will feel unrecognized for their contributions.

Using two or three forms of communication will help ensure good results. Think about E-mail, newsletters, bulletin boards, notices with paychecks, and all-employee meetings. Make sure that communication is a two-way street. Provide regular opportunities for employees to give feedback on your program.

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that employees will work harder for more expensive items — actually, the converse is true. One manager let his employee recognition program's success go to his head. He reasoned that if employees' performance improved with modest rewards, it would skyrocket with gifts that were more expensive. Focus groups that were convened to determine why the previously successful program had tanked revealed that employees attributed the increase in gift value to massive company profits. They wrongly assumed the recognition program was being used to avoid salary increases. High-ticket items can blur the line between compensation and recognition — something to scrupulously avoid.

### Plan Communication

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panies design great recognition programs and then keep them secret. Pick ways to communicate that reach all your employees. If E-mail isn't available to everyone, find other ways to get your message out. Those you don't reach will feel unrecognized for their contributions.

### Work Out the Logistics

Ah, the logistics ... the details that so many find distasteful. If you don't love them yourself, delegate this to someone who thrives on working through the particulars. You'll be glad you did, because they matter! Here are just a few of the things to keep in mind:

- Who will be eligible to participate?
- How will rewards be delivered? At what intervals? In what venue?
- Are there tax implications of tangible rewards?
- How will progress be tracked and reported for each partici-

pant in the program?

- Precisely, how will program results be measured?

### Phase Implementation

No matter how much effort goes into planning, inevitably, there are hiccups. To identify the little issues before they become major hurdles, do a pilot rollout to a small subset of your target audience. Inform early users that they've been chosen because they'll be candid about issues, yet forgiving. Roll the program out to the pilot group exactly as you plan to implement the full program, and use what you learn. If you listen carefully and incorporate good suggestions from your pilot group, they will be your biggest cheerleaders when the full program is implemented.

### Remember to Have Fun!

Employee recognition programs can have dramatic positive results when done well and are absolutely worth the effort. They are an important part of a culture of success — one that sincerely values employees. Review your program periodically; keep what works, and discard what doesn't. Invent ways to keep your program fresh, and plan to keep it around for the long haul. ❖

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