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Recognition trends to embrace (or avoid)

Employers can learn something from programs that survived recessionary cutbacks

BY PETER HART

A century ago, recognition programs were a sales channel for manufacturers to sell pins, rings, jewelry and watches. Over the years, other manufacturers realized the value of this channel so programs started to include luggage, crystal and other luxury goods. Current recognition and reward programs often feature all of the above and just about any other product or service available.

But all too often, recognition misses the mark because managers don't understand the difference between rewards and recognition. Rewards are material objects while recognition is ethereal and not easily quantifiable. Just because a manager gives someone a gold watch doesn't mean that person has been recognized.

Recognition only occurs if the person truly "feels" valued and appreciated. The most powerful recognition begins with a person's name, and words, if used properly, can be the most powerful reward of all. As more companies realize this difference, they are putting more emphasis on educating managers on why recognition is important instead of just training them on how to present the reward.

Lessons from survivors

With the recent recession, and less money for rewards, senior leaders began to realize recognition could be used as a strategic tool to retain and engage talent. As a result, many leaders took a closer look at their recognition practices. Many programs were cancelled or cut back because they were viewed as a luxury the corpora-

tion could no longer afford.

The programs that survived usually had a number of things in common. First, they aligned with overall corporate strategy and specific business objectives. Because these were things senior leaders cared about, they had C-Suite support. Finally, these recognition programs were able to demonstrate real recognition return on investment.

Holistic approach

Another emerging trend is looking at programs holistically. In the past, recognition programs tended to be delivered in silos. HR would manage the years-of-service award and wellness programs. Sales and marketing would manage the performance and incentive programs. Siloed programs are wasteful — duplicate IT uploads and downloads, multiple websites and communication messages all burn money.

Now, more companies are creating recognition systems whereby all programs reside in a portal that becomes a destination. Technology can do amazing things, but one note of caution: Make sure it's only used as an enabler and not as the be-all-and-end-all. Effective recognition only occurs when real people recognize one another.

Different generations

There are many generations in the workforce, from generation Y right up to the traditionalists. But be wary of recognition programs that divide a workforce rather than unite it. Some employers are creating programs that focus mainly on generation X and generation Y, ignoring baby boomers. This is

a mistake. All employees should be treated equally and valued for who they are and what they do.

Boomers: A strategic opportunity

An employee's ability to retire when originally planned has been severely compromised due to the economy, according to the 2010 Society for Human Resource Management *Future Insights* study. Many boomers who were considering retirement may not be able to go anywhere. The last thing an employer needs is employees who really don't want to be there or feel left out because of your strategies.

But there's an opportunity here. The economy will recover and the talent crisis is not going away. In Quebec, for example, more workers will exit the workforce than enter it in 2013. Using recognition strategies to actively engage and retain boomers can dampen the effect of the talent shortfall.

Recognition programs aimed at boomers can include mentoring programs that encourage knowledge-sharing throughout the organization. Mentoring is a strategic business imperative that can transfer boomers' years of experience to gen-X and gen-Y employees, thereby helping shorten or even accelerate their learning curve. Mentoring, when done correctly, sends a powerful message an organization values all employees.

Mentoring programs work both ways because employees of all ages have valuable knowledge that will help an organization. Fostering cross-generational knowledge-sharing will increase performance throughout a company and recognize

the skills and experiences of all employees.

Get what you pay for

Many companies don't realize recognition programs are being operated on a "breakage" model. In these programs, the provider sends recipients award vouchers that can be exchanged for gift certificates. The company pays for the award vouchers at the time of issuance. The catch is these award vouchers have an expiry date.

Likewise, many points-based programs operate on a breakage model whereby points are charged to a company when they are distributed to employees, not when actual reward redemptions are made by the recipient.

The problem with both of these models is simple: Providers are hoping recipients don't exchange the award vouchers for gift certificates or redeem the points for rewards. This is called breakage.

Certain types of breakage are fine. For instance, insurance companies sell policies they, and we, hope are never collected. But breakage is an unfortunate trend that should be avoided at all costs in recognition programs. It means employees are not receiving the rewards they are entitled to.

Recognition programs are meant to show employees how much they are appreciated. It is imperative to make sure the program is designed with this in mind and accomplishes corporate goals.

Peter Hart is the president and CEO of Rideau Recognition Solutions in Montreal. For more information, visit www.rideau.com.