

# Ten Tips for Successful Staff Recognition & Incentive Programs



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Well, 12 tips actually. You get two extra bonus tips.

I'm sure you remember the maxim "under-promise and over-deliver"? Well, it's no surprise that elements of surprise & delight will enhance any recognition & incentive program.

## Tip # 1 Program must link business goals with performance levers

This is probably the toughest part of designing a successful program.

Getting an alignment between the main levers on profitability or sales or market share with the correlative tasks or behaviours is hard enough.

But then to calibrate them so their relative impacts can be acknowledged and so each can be given appropriate incentives requires fine judgement.

One thing you need to grapple with is whether to reward inputs or outputs or both.

Clients often choose to blend both input and outputs to get a composite picture of achievement. That tends to assist new staff to achieve points or rewards.

Inputs  
*versus*  
outputs

Consider too the difference between a company selling widgets in a high-speed sales transaction setting *versus* a company whose salespeople are more like consultants where the sales cycle may extend over many months.

And business goals vary between businesses in different industry sectors (e.g. telco *versus* accounting), and for businesses in different life-cycles within an industry (e.g. start-up business unit *versus* a well-established competitor).

For all these reasons, one-size does **not** fit all. Tailoring a points-**earning** regime that is right for you in your industry for this year is **the** task.

Nevertheless a generic, entry-level platform like iPoints can be deployed quickly and economically to deal with the points-**burning** side of the equation.

## Tip # 2      **Program must move the masses**

Your top performers will perform well, despite what you do. So don't waste your money on a program that targets *only* those top performers. Sure, you don't want to exclude them from appropriate rewards – that would be de-motivating – but neither do you want them to be the only beneficiaries.

Indeed the greatest opportunity lies with the **middle 60 to 70%**. These are the people who carry a lot of your business. They want to know what they are supposed to do, and how to do it. When you motivate them to do better, the whole organisation moves forward.

An excellent way to ensure worthy people other than the elite top 5% are recognized and rewarded is to run a **peer recognition** program.

## Tip # 3      **Program concept must be simple**

Adhering to the KISS principle is vital. Complicated rules and qualifications and regulations will doom any program, even if other aspects are excellent.

In our experience, making a program too complex is the first of two big traps for the unwary.

Trap # 1

## Tip # 4      **Program must be ongoing to earn enduring commitment from staff**

And there are several requirements for a program to be ongoing:

- it has to be designed well
- the boss must demonstrate commitment to it
- staff participation rates need to be good
- it must be relevant and the rewards achievable

## Tip # 5      **Program must yield positive ROI or it won't be ongoing!**

A successful program is neither too lenient nor too tough. While mediocre results should not be rewarded – unless they represented a great improvement from a low base – neither should hurdles be set so high they are de-motivating.

In our experience trap #2 is to make hurdles unreasonably tough.

Trap # 2

**Tip # 6      Programs based on Key Performance Indicator (KPI) achievement may need a points currency**

There are several reasons for using a points currency:

- Greater flexibility
- Points can be used in conjunction with cash
- Points facilitate equity across divisions or functions.
- Points can create more perceived value per dollar.
- Participants can obtain rewards quicker if they are offered “points plus pay” rewards options

**Tip # 7      Recognition is as important as the tangible incentives**

Most people need to feel special and valued. Most good performers bask in the limelight of recognition. While they appreciate the tangible rewards they earn, the absence of any public recognition would be a vacuum. And remember that even an informal department public recognition gathering has an impact on everyone attending – not just the winners. These are opportunities for some “surprise and delight”: rather than predictable announcements at the end-of-month staff meetings, do something different – put some icing on the cake . . . when it’s warranted.

Motivational programs are about *people*, not programs.

**Tip # 8      Communicate, communicate, communicate**

Why? Because regular communications keep the program top-of-mind. Program objectives and encouragement bear repetition, even after a high-impact launch. And successes and milestones need to be celebrated.

**Tip # 9      Wide choice of rewards**

We’ve found that rewards must cater for a wide range of tastes and preferences. Also they need to be real, worthwhile and fresh. You don’t want anyone to be demotivated – “I don’t want any of those things”.

**Avoid cash.** Cash gets lost in household funds and has no lasting value. Cash has no “trophy value”. However the negotiability of cash makes it very attractive for some recipients.

Sourcing a wide range of rewards is both imperative and hard work.

One way for you to meet that need while getting kudos through its trophy value is to offer our new **Universal Gift Card** – spending power wherever VISA is accepted.

**Tip # 10      Rewards must be achievable by the masses**

Unless a program is extraordinarily generous, the reality is that some employees will earn relatively few rewards or points. Yet they deserve some reward for their achievements, and the program will gain credibility and support from the staff precisely because it allows most people to derive some benefit from it.

Off on a little tangent now: please don't forget benefits for **all** staff – independent of recognition and incentive programs. Thousands of employees have taken advantage of Pinpoint-managed benefits programs for great savings on merchandise, travel and entertainment tickets. And we can set up easy **salary-sacrifice** arrangements for the purchase of FBT-exempt items like laptop computers and PDAs.

Any company that doesn't offer its staff salary-sacrifice arrangements is a mean dinosaur.

**Tip # 11      Program must be flexible**

Because the business imperatives of your industry and company change as time goes by, you must be able to update your recognition and incentive program easily. We suggest evolution rather than revolution – to give it continuity.

**Tip # 12      Great execution**

We shouldn't have to say it, but great execution is another ingredient for success. Both the program launch and its ongoing communications and operation deserve care, thought and energy. Outsourcing may well be the way to go.

## Your checklist

Tip	Yes or No	How Pinpoint can help
Program links business goals with performance levers		Tailoring program parameters requires our experience blended with your judgment
Program moves the masses		By including a peer recognition module (with rigorous approval and accounting systems)
Program concept is simple		By minimising complications
Program is ongoing		By good design and operation
Program yields positive ROI		By collaborating with you in setting / adjusting the allowables.
Program uses points currency		By providing the infrastructure for points earning and burning
Recognition is big component		By providing recognition mechanisms and inspirations
Great communications		By compiling great emails or intranet bulletins. By helping with launch communications.
Wide choice of rewards		By sourcing at great prices merchandise, travel, tickets, gift cards, experiences etc
Rewards are achievable		By sourcing low-entry awards. By facilitating "points plus pay" options.
Program is flexible		By providing an infrastructure or chassis for your program that will never be obsolescent
Great execution		By using launch and operational checklists developed over years

If you cannot tick at least nine out of twelve, **STOP!** and talk to us -- on a free, no-obligation basis.

These 12 tips have been distilled from Pinpoint's 15 years of experience in designing and managing recognition and incentive and loyalty programs for the customers, members and staff of many Australian businesses.

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