MEASURING RECOGNITION
FIVE STEPS TO PROVE RECOGNITION PROGRAM SUCCESS
MEASURING FOR SUCCESS

The benefits of implementing strategic employee recognition as seen in some of the world’s largest organizations are clear.

For the employees, Strategic Recognition™ contributed to:

- A 26% increase in employee commitment to the company (Intel)
- A measurable culture change in just six months (Symantec)
- A four-fold increase in recognition while reducing costs by half (Quintiles)

Strategic Recognition also helped achieve executive goals while impacting the bottom line by:

- Reducing spend on recognition initiatives by approximately 50% while dramatically increasing the number of employees recognized (global, distributed manufacturing firm)
- Motivating 93% of employees to sustain high performance (Intuit)
- Influencing employee behaviors to achieve strategic goals (Amgen)

Yet many companies with the means and desire to measure the value of their “people initiatives” fail to do so. A recent Globoforce market research study showed a staggering 42% of organizations are not measuring the results of their recognition program in any way, leaving CEOs in the dark on program effectiveness and wasting the money invested.

The Chartered Institute of Personnel and Development (CIPD) issued similar startling findings in its Annual Reward Management Survey, showing 68% of organizations do not assess the impact of their reward practices.

Strategic recognition is a critical factor of success. By carefully targeting the funds invested in recognition to boost morale and productivity, companies can combat the effects of a psychological recession while saving money. Senior executives recently reported “failure to recognize employee achievements” ranked second only to communication as the thing that had the most negative impact on employee morale. Similarly, senior executives recognized recognition as a best remedy for low morale, again second only to communication.

Executives know recognition is critical to boosting morale and performance. Yet they are unaware of how their investment is being used to recognize employees and if these investments are successful against measureable goals. Now is not the time for companies to spend good money after bad on investments they do not measure or analyze.
FIVE STEPS TO MEASUREMENT SUCCESS

Build the business case for strategic recognition by demonstrating how the program will be measured against established corporate goals while illustrating the bottom-line value and long-term measurable outcomes of the program.

1 / Determine Metrics of Recognition Success

The success of any program requires a clear understanding of what defines success prior to program launch. Too often, when employee recognition programs are measured at all, they are measured on a tactical basis such as number of awards given and demographics impacted. These measures have no relevance to impact on overall strategic objectives. While metrics of success will vary based on unique company needs and goals, universal program metrics include:

PROGRAM COSTS

Demonstrate how program costs have gone down while results have increased. In the case of strategic recognition, this often requires a thorough audit of current recognition and incentive initiatives to learn current spend.

PRODUCTIVITY AND PERFORMANCE IMPACTS

Direct correlation in improvements in employee productivity measures, personal or group performance targets or other key performance indicators, relative to involvement in the recognition program. Key cross-reference measures can include impact on retention, absence rates, and productivity per employee.

COMPANY VALUES AND STRATEGIC OBJECTIVES

By using these as reasons for recognition, executives can determine what divisions, regions or teams do not fully understand the strategic objectives or demonstrate the values necessary for success. This allows for direct intervention and training in lagging areas.

PROGRAM REACH

Only those touched by the program can be measured for improvements in morale and productivity. Therefore, program reach metrics are foundational to understanding:

- Percentage of employees awarded to show the successful communication of values and strategic objectives across the company
- Geographic and demographic program penetration to show meaningful program deployment and acceptance into distributed locations
- Match of award distribution to the performance bell curve to show successful motivation of the middle 70% of employees, a critical component often ignored in traditional elitist recognition programs
- Frequency of awards, which reveals the adoption of a universal culture of appreciation across the organization
Organizations that apply talent management practices demonstrate higher financial performance compared to their industry peers. Those specific talent management practices that most distinguished financial outperformers from other organizations are understanding and acting upon employee engagement and aligning recognition and performance management systems.

—IBM AND THE HUMAN CAPITAL INSTITUTE, INTEGRATED TALENT MANAGEMENT, 2008

2 / Establish a Performance Baseline for Recognition

Once the metrics for success have been established, then a baseline of current performance must be determined (such as in the illustration above). This serves two purposes. First, this baseline clearly illustrates the status of employee morale, productivity and performance relative to legacy recognition and incentive initiatives. Second, this baseline gives a level-set against which future success can be compared. Without a baseline, it is impossible to accurately or credibly report percentage improvements in any of the areas discussed above.

3 / Measure Regularly and Consistently

Once a baseline has been established, then measure program results regularly and consistently to ensure the program stays on target. Measurements should be taken in two ways – via the program itself and through employee surveys. A strategic recognition program should provide reporting functionality for budget spend; reasons for recognition by team, group and/or division; and program reach. Program understanding, adoption and true cultural impact, however, should be measured through a regular employee survey that targets all employees annually and a percentage of employees more frequently (such as a quarter of the employee population randomly surveyed each quarter). Potential employee survey questions on recognition should refer specifically to employee understanding of why they receive recognition and the effect on their work.

4 / Analyze Results and Look for Trends

Once recognition program results are available through the program itself and from employee surveys, analyze the results to look for trends. Be sure to compare the results between these two measurement tools as well. Any dissimilarities could uncover a communication disconnect. For example, though employee surveys may be anonymous, if a high percentage of employees surveyed in a division report not receiving adequate recognition, but a similarly high percentage of employees in that division are being recognized through the program, then two potential problems should be addressed.
Managers may be neglecting a “personal recognition moment” in which direct and meaningful appreciation of effort is called out, or the recognition program itself may not have been communicated clearly to employees at the outset.

Additionally, look for trends over time for improvements in the success metrics established before program launch. Are there productivity improvements in areas where recognition is increasing? Have targets for program cost reduction been achieved? How do these results compare six months, a year, or two years after program launch?

5 / Report to Target Audiences in a Way that Matters

Solid results allow for custom dashboard reporting for various audiences. While program metrics of success should target executive desires, line managers and employees themselves should also be told program success. But the same results are not relevant to all audiences.

EMPLOYEES
Report to employees on recognition stories from colleagues across the company, demonstrated appreciation for employee efforts by the company, and continued investment in recognition going forward. Stories, names, divisions and highlights are the best means of reporting to this audience, likely in the format of newsletters, intranet reports and similar avenues. Social Recognition™ is the latest trend, providing a constant newfeed of this information, and your company culture in action.

MANAGERS
Report to managers on performance of a group or division against program targets and retention of top performers. Stories of individual success within the area of managerial responsibility and dashboard reporting functionality are preferred to give both the flavor of recognition along with the hard metrics of success.

EXECUTIVES
Report to executives on program cost savings; understanding of values and objectives; and improvements in morale, productivity and performance. Easy to view dashboard reports that link program results to desired executive outcomes, including trends over time, are the preferred option.

“Metrics must be linked to the organization’s objectives... Many introduce measurement and it remains static, but to be successful, these measures need to adapt over time to reflect the changing business objectives.”
—PUBLIC SECTOR MANAGER’S ASSOCIATION, 2008
WHO BENEFITS FROM MEASURING RECOGNITION?

While measurement statistics are often targeted to the executive suite to prove the value of the investment in the program, the benefits of effective measurement of employee recognition programs reach far beyond the executives to include managers and employees as well.

EMPLOYEES

Often, employees only hear feedback on their performance in an annual review, which does not put their efforts into the context of company success. Reporting to employees the results of recognition, such as percentage of rewards given for contributions to a key strategic objective, illustrates for employees how they, as a group, are helping the company succeed. Individually, immediate recognition for personal contribution reinforces the desire to repeat needed behaviors for success. Reiterating those recognitions in an annual review helps the employee see the value of their contributions over time and within a much broader context.

MANAGERS

Good managers crave detailed insight into performance improvements within their own teams and comparatively with other teams. Clear metrics, analysis and trends showing the correlation between amount of recognition to employee absence rates, productivity and team contribution to company objectives gives managers a path for improvement.

EXECUTIVES

On a monetary level, effective measurement of a recognition program gives executives a clear understanding of the return on their investment in recognition based on the metrics discussed above. Strategic Recognition programs also ensure proper corporate governance over budget spend and usage, tax allotment by country, and compliance with various international laws.

At the cultural level, when measured appropriately, company leadership can begin to map patterns of recognition behavior and understanding of values and strategic objectives across the relevant demographic and geographic groups in the company. With greater insight into how employees from the various generations and cultures regard recognition and the company values, executives can begin to manipulate the social architecture of the company to better achieve strategic goals and the company mission.
Are you measuring and reporting on recognition in a way that matters to executives, managers and employees? HR leaders can prove the business value of recognition to all three audiences while also boosting morale and productivity. Our recognition specialists are ready to help you build the business case for Strategic Recognition in your organization. Visit us on the web at www.globoforce.com or email us at info@globoforce.com. To speak to one of our global recognition consultants immediately, please call: +1 888-7-GFORCE.