

Why Recognition is Essential in a Challenging Economy



A White Paper by TharpeRobbins,
a Leading Employee Recognition Company

Tharpe  Robbins
REDEFINING RECOGNITION



While the need to balance budgets is real, be careful that you don't lose sight of your reason for being in business. Be sure that cost-cutting decisions don't impact the quality of the goods or services you provide. If employee morale suffers, productivity and quality will most surely follow suit.

Creating a defining moment

In a 2009 article in Fortune Magazine, Good to Great author Jim Collins notes that the companies that are able to weather the storm and come out as industry leaders are those who have strong values and understand that it is “their people who would get them through.”

“More important than the plan are the people you have with you,” Collins says. “If you do not find a way to get those great people, you're not thinking long term enough.”

Collins and his partner, Morten Hansen, have been studying those companies that survived the Great Depression and other tough economic times, emerged stronger and positioned themselves to go on to greatness. His research has uncovered examples of team building in uncertain times. “But there was also certain energy from that, the sense that they were all creating something together.”

The article closes with this advice from Collins: “I don't care how hard this period is. You have to have the combination of believing that you will prevail, that you will get out of this, but also not be the Pollyanna who ignores the brutal facts. You have to say that we will be in this for a long time and we will turn this into a defining event, a big catalyst to make ourselves a much stronger enterprise.”

The challenge for virtually any organization today is how to turn this adversity into a defining moment, which will only be achieved by good people.

The first reaction: Cutting back

We are living in a world of cutting back, of freezing salaries and of scrutinizing benefits. It is the new normal. Recent months have seen layoffs in the hundreds of thousands. At the same time, fearful employees are being asked to do more with less.

The threat of poor morale and even poorer performance looms large to those companies who at the same time face an increasingly competitive marketplace. No one wants to lose business to eager and hungry competitors.

What to do? Manny Avramidis, senior vice president of human resources for the American Management Association offers this advice:

- **Resist layoffs.** If a firm downsizes, it may not be able to rally when the recovery comes.
- **Be transparent. Communicate.** Not only do employees need to receive individual feedback from the company's performance management system but they also need to know virtually everything that top management knows about the organization's ongoing results.
- **Engage employees in developing strategies.** Those doing the work have good ideas about means for saving money. They know what is needed and what can most easily be cut.
- **Share the lay-off plans in advance.** Explain beforehand the plan for cutting back temporary and contract workers, permanent workers, employees in less profitable areas, severance packages and benefits.
- **Be careful about reducing benefits.** "Don't force out your best people because they can no longer afford to stay with you. Do your best to protect your most valuable human capital," he says.

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So, how do you maintain morale and motivate top performers?

Noted organizational and managerial practices authority David Lee cautions against overwhelming your workforce. “At the risk of stating the obvious, motivated, determined, and inspired employees are more likely to be engaged than those who are stressed out and overwhelmed,” he says.

He suggests the following for managing in turbulent times:

- **Give employees as much control as possible over their work.** Control in a difficult situation is the #1 factor in determining how stressful people find the situation. Create an atmosphere where employees think and act like small business owners, the ultimate can-do people who will do whatever it takes to get the job done. Coach them on how to solve their own problems and allow decision making.
- **Allow your employees to feel the “thrill of victory”.** Build self-efficacy. People grow stronger through challenges. Give them stretch goals and assignments with the tools they need to achieve the goal. Include them as much as possible in the operational execution of senior level initiatives.
- **Celebrate your wins.** When people feel their lives have meaning and purpose, they are better able to deal with difficult times. Inspired people rise above challenges, persevere and overcome. Share the stories of success. The more employees believe they are part of a great company and that they are making a difference, the more inspired and courageous they will be in the face of adversity.
- **Communicate, communicate, communicate.** Research has repeatedly shown that “not knowing” is a major factor in determining how stressful a situation is. Keep employees apprised every step of the difficult way to gain their support of company plans.
- **Strengthen relationships.** Research by the Gallup Organization and other firms has shown that when employees believe their employers care about them, they are more productive and loyal. Make time for team and relationship building.
- **Remove unnecessary sources of stress.** Look at eliminating ineffective processes, rules and obstacles to doing their jobs well.

Take care of your people

Employees are a company's most important asset. It makes good business sense to take care of them.

Employee satisfaction directly affects customer satisfaction. The higher the satisfaction of the workforce, the greater the satisfaction of customers, which in turn increases sales and impacts the bottom line.

Take a look at the Top 100 list of The Best Companies to Work For in Fortune Magazine and you will find that these companies have strong values, they invest in their people and profits have followed. A common denominator is a motivated workforce that feels valued and is engaged in doing their best to help their company succeed. Does your company have a clearly defined mission statement with a clear set of core values and meaningful business strategies that permeate the minds of the entire organization?

Garrett Gunderson, author and consultant, encourages companies to take better care of their people during a recession in order to thrive. He urges management to “focus on helping, building and inspiring your best people. Show strength, vision and most importantly, gratitude to instill a culture of production and loyalty, rather than fear, and to get the best out of your people. It's common sense that people who feel valued perform better.”

“While others are downsizing, cutting back, floundering and desperately trying to diversify, you should be building your people, spending more money on the right things, thriving by being on the cutting edge through education and by maintaining laser focus on what you do best,” Mr. Gunderson says.

It is also important to ensure that each person in your organization understands your company values. According to Dr. Tom DeCotiis, organizational researcher and author of Make it Glow, people are drawn to integrity in individuals and the companies they buy from or work with. If your employees understand what your company stands for and is trying to accomplish, they will work to achieve it.



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Increasing motivation: Even more important in a challenging economy

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The disconnect is that your employees may feel less motivated than ever and distracted by feelings of being overloaded, overwhelmed and under appreciated. We, as management, are asking staff to do more than ever. Are we balancing that with strategies to keep them engaged and working together as a team to achieve corporate goals? Do we recognize their critical roles in company success?

Researchers tell us that individual recognition and a feeling of appreciation is now more important than ever.

Bob Nelson, Ph.D, researcher and president of Nelson Motivation Inc., says that recognition is the single most validated principle for driving desired behavior and performance. “The best companies, he says on his Web site, “take a focused and long-term strategic view of employee recognition that systematically integrates the topic into the daily work practices of its managers, identifying and acting on opportunities in timely and specific ways.”

Based on his research, 89 percent of employees report recognition is very important or extremely important.

“We know from 100 years of research that behavior is shaped by its consequences,” Mr. Nelson says. “If you recognize and reward behavior, it will tend to be repeated. If you ignore or punish behavior, it will tend to stop. In short, you get what you reward. Catch them in the act of doing something right!”

Mr. Nelson found that recognition enhanced workplace performance. Of managers surveyed, 90 percent reported recognition helped them motivate employees while 84 percent said non-monetary recognition for good work increased performance.

The IRS tax benefits of recognizing people

Even the Internal Revenue Service recognizes the benefits of employee achievement awards given as part of a stated plan and meaningful presentation as set forth in Sections 74(c) and 274(j) of the Internal Revenue Code. Subsequent regulations define awards for achievement as “items of tangible personal property given for safety achievement or length of service”. For the employer, deductions range from \$400 to \$1,600 annually based on whether the company offers a qualified or non-qualified plan. For employees, the award may not be recognized as income for tax purposes, depending on the value of the item given.

Recognition comes in many forms from the coveted corporate lapel pin, writing pen or wristwatch given for five, ten and 25 years of service to a letter, a certificate, a plaque or award, or even a special parking spot for the month.

An emerging form of recognition starts with an annual presentation event attended by co-workers which goes one step further: the actual reward is a tangible item selected by the employee from a catalog of gifts.

In tough times, we are finding as a reward recognition company that our clients are looking for new ways to boost and maintain morale to reward and inspire improved performance.



Leveraging employee recognition to take it to the next level

Many companies are adding integrated recognition and reward strategies specifically to engage employees, enhance the employee experience, and drive shared responsibility for reaching corporate goals throughout the organization. Performance-driven reward programs offered by TharpeRobbins help our clients move beyond traditional service and safety reward programs to new levels of employee recognition.

CEOs and human resources professionals are increasingly discovering that products, services, events and trips earned regularly over time can be an even bigger motivator. The outstanding employee earns points for meeting team goals, receiving a customer e-mail praising their service, doing something above and beyond the call of duty, time worked, a promotion, cost savings or even positive comments from their peers....each quantifiable and tied to specific departmental or organizational goals and individual employee performance.

The key to a sustained culture of recognition is that the rewards are administered systematically and regularly, which takes commitment from senior management and buy-in from management down to the line manager. A program should be specific and methodical about the actions and activities to be rewarded and the points assigned to each, all managed electronically and reviewed by the next level of management.

Then, the reward itself must be meaningful and motivational for each employee.

So what *DO* employees want?

By 2012, it is predicted that the workforce will be older, more ethnically diverse, and employ more females. Employment growth will be polarized and the majority of job opportunities will be at the top and bottom of the pay and skill scales. But the greatest threat, the research suggests, is that employee disengagement will result in a largely unproductive workforce. Four out of 10 of today's employees feel disconnected from their employers, and a quarter shows up at work, "just for the paycheck." Only one-third of the employees surveyed viewed their management as strong leaders. Even with highly paid workers, only a quarter are motivated about their jobs and a third describe themselves as detached.

At TharpeRobbins, it's our business to feed the innovation cycle of what employees want by working closely with clients to anticipate future needs and identify new recognition and motivation opportunities. The goal is to continually push the boundaries about what engages and motivates employees through ongoing market research, situational analysis, and measurement of program effectiveness. This means our team monitors retail and consumer trends to ensure that emerging categories, "must have" brands, technology and new products are integrated into the product mix that best suits the client's budget.



As one of the first recognition companies to offer a choice of rewards, products range from personalized jewelry to fine art, electronics, sports equipment and outdoor merchandise. We have worldwide sourcing capabilities, long-standing relationships with top vendors and in-house, world-class jewelry and medallion manufacturing facilities.

All programs are customized to the company. For example, our Omni Program offers a reward system configured by the client and can include lifestyle choices reflecting health and wellness, the environment, and even charitable donations. Our Health Works program promotes health and well-being among employees through individual events and ongoing initiatives that prompt action and reward results, thus benefitting the company and employees. Our Masterpiece Collection customizes every aspect of the award and gift presentation to both the company and the individual. Everything associated with the recognition – from the letter, to the striking black packaging, to the gift-selection brochure – is personalized for both the recipient and the company. It's a tangible means for companies to show their most exceptional employees how valuable they are to the organization.

The presentation can multiply the impact

While every recognition moment does not call for a public presentation, how the reward is presented can make all the difference. The moment of recognition should make the person feel special. Words do not cost anything and everyone appreciates a compliment, especially in front of their peers. The value of the gift is also magnified when beautifully packaged. It is like adding an exclamation point to the person's achievement.

Bob Nelson puts it this way. "Everyone wants to feel like a star in his or her own play. Managers have the power to give employees that feeling to believe in themselves and their potential."



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Measuring the effectiveness of employee motivation

Peter Drucker says “If you can’t measure it, you can’t manage it.”

What systems do you have in place to methodically measure the effectiveness of your employee recognition programs? Can you press a button to learn whether and how you are recognizing the leaders throughout your organization? Are you honoring the people – from the bottom up – who are enabling your company to reach its business goals? Do you know whether your motivation programs are improving performance and strategic results?

Actually, there are easy answers to these questions.

At TharpeRobbins, we use technology to speed delivery and streamline communications. Our web-based platforms can be customized to your organization to assure accessibility and trackability. These systems include prompts, reminders and features that, for example, remind managers of company anniversaries. It can include e-birthday or get well cards. It becomes a tool that makes recognition an easily managed, company-wide program that can even tie into individual employee review programs. And, virtually any gift, card or recognition element can be branded with the company’s logo.

Recognition programs customized for your company

Our mission at TharpeRobbins is to foster superior performance in our partner organizations by creating new standards for employee recognition and rewards through imaginative solutions, flawless execution, professional services, and world-class technology.

To address the areas of greatest concern for corporate executives and human resources leaders, our in-house team of creative services develops unique, customized programs to drive major corporate initiatives ranging from continuous improvement, to greater community involvement, to healthy

living and re-engagement of a disenfranchised workforce. We turn pragmatic concepts into actionable, turnkey systems. Our exclusive “Train the Trainer” program helps deliver a more memorable and meaningful recognition experience. In addition, we offer employer branding, creative communications, merchandising and technology services to ensure the best possible program design, implementation and results for clients and their employees.

By linking recognition programs to employee engagement and corporate citizenship goals, we help companies:

- Express shared values in tangible ways that exceed compensation;
- Reward desired performance and behavior change;
- Enhance feelings that the company is a desirable place to work and excel;
- Strengthen corporate branding among employees and recruits.

TharpeRobbins: Walking the talk

We have built our reputation on developing customized programs to help our clients reach their employee attraction

and retention goals. Even more importantly, we set the bar when it comes to our own valued workforce.

With a consistently low employee turnover rate of less than seven percent annually, we are proud to have created an environment where many of our talented employees have looked forward to coming to work for more than a quarter century. In fact, more than 100 employees have been with us for more than 10 years.

We attribute our high retention rates to our focus on people and a culture that includes job sharing, telecommuting, four-day work weeks, a competitive benefits package and several family-focused events held throughout the year. Our company also makes time to reward our own teammates in the same ways our customers reward their employees.

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That’s why we are committed to helping you and your company. Because at TharpeRobbins, we are Redefining Recognition.





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REDEFINING RECOGNITION

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