



Employee Recognition

Recognizing Top Producers is Key to Productivity & Retention

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Unemployment is at its highest level in five years, prompted by recession fears, which means much of corporate America is trying to do more with less. But since many businesses can neither afford bigger salaries in return for higher productivity demands, nor afford to lose key talent, more executives and HR professionals are seeking out other ways to reward high performers.

This can be achieved through recognition programs, praising good work and involving the rank and file in company decisions. Deciding which works best can often depend on the age of the employees and knowing what motivates your workers.

Employees are motivated through open communication with management and by knowing the company values them, according to Lee Froschheiser, CEO of Los Angeles-based consultancy Management Action Programs Inc. (MAP), who bases his assertions on MAP's latest quarterly CEO survey.

"People go to work every day and want to feel like they're making a difference. It doesn't have to be major stuff all the time, but just recognizing them for small things," Froschheiser says.

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– Lee Froschheiser, Management Action Programs Inc.*

Of the 262 CEOs who responded to MAP's survey, 42% said they plan to encourage "open communication between management and employees" to retain employees, while "more employee recognition" and "involvement in decision-making" came in second and third, at slightly more than 25% each.

Companies that offer special awards for outstanding performance, give frequent verbal praise for hard work and involve employees in company decisions cultivate a more loyal workforce, says Christi Gibson, executive director of Recognition Professionals International, a nonprofit based in Naperville, Ill.

"It's important because you want to keep your employees," Gibson says. "Regular recognition and praise of employees leads to lower turnover, higher productivity and better safety records."

The Big Event

Automotive information vendor Edmonds.com Inc., based in Santa Monica, decided to create an employee recognition program three years ago. The "V-12" award, named for a particularly powerful engine type, is given to five or six outstanding employees annually and consists of a fleece jacket, a scale model of a V-12 Aston Martin and a check for \$1,000 (after taxes).

The awards are given twice a year at Edmonds' twice-yearly meetings in front of the entire staff of 400, and introduced by company president and COO Avi Steinlauf. He says anyone can be nominated for the award, and

that it has gone to all levels of employees. Recognizing top producers in front of the entire staff, he says, reinforces the bonds between management and staff.

“The presentation, which gives us the most bang for our buck, begins by me reading facts about that person,” Steinlauf says. “When I eventually read their name out loud, it usually is followed with thunderous applause.”

Steinlauf did not cite specific figures, but says Edmonds has seen a reduction in voluntary turnover in the past few years.

One of the company’s latest V-12 award recipients, Howard Ogawa, says the experience was humbling and made him a little nervous, but that ultimately he felt invigorated and motivated by the honor.

“Personally, when I was recently given this award, it was a huge honor,” says Ogawa, who stresses the importance of being nominated by one’s peers. “I really give credit to the company and the culture they’ve created.”

Simple Praise Goes a Long Way

While formal recognition events are important, day-to-day acknowledgement of outstanding performance helps reinforce those traits and keeps the staff energized and motivated, Gibson says.

“The formal recognition is like the Oscars of your company. But the one you have to focus on the most is the day-to-day,” she says.

To use another analogy: One-time events are positive, says Oakland-based executive Michael Kanazawa, “But it can be like telling your spouse of 10 years, ‘I told you and the whole world that I loved you on the day we got married and things haven’t changed, so why do I have to say it to you today?’”

Anyone who is married will understand the flawed reasoning illustrated by Kanazawa, CEO of leadership and workforce consultancy Dissero Partners LLC.

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Kanazawa says he makes it a point to give deserved positive feedback right away, letting someone know they’ve done a great job as they’re walking out of a meeting, for example. It could be as simple as an email or verbal praise either while the “good deed” is being done or shortly thereafter, Gibson says, but it must be timely and motivational.

Problems arise when managers give direct feedback only when someone is doing something wrong, which Gibson says is all too common. By focusing on the negative, she says, employees sometimes become overcautious and too obsessed with avoiding failure to truly succeed.

Gibson also identifies the various generations of employees as having very different preferences for how they would like to be recognized. Older workers, particularly those born between 1920 and 1945, are less concerned with day-to-day praise and prefer formal, public recognition, she says, while the so-called Gen-Y workers – those born after 1980 – want everything “now” and would be most responsive to immediate praise.

Keep Them Engaged

Aside from recognition for a job well-done, workers also want to know that they have an important role to play in company decisions, that their concerns and suggestions are taken to heart and that the company is interested in their career development, most sources agree.

San Francisco-based commercial construction company Skyline Construction increased the employer contribution percentage for its 401(k) plan and added orthodontics coverage to its medical plan in response to its annual employee surveys, says president and CEO David Hayes. Generally speaking, he says, his

management philosophy is to get mentored “from below” and to always seek feedback from employees at all levels of the organization.

“If I want to know why we’re not executing paperwork like we should, I’ll go to the individual responsible for that and find out,” Hayes says. “There’s always something new I hadn’t known about before.”

Additionally, Skyline randomly selects eight employees to attend the company’s annual strategic planning meeting.

Stoking passion by developing and constantly challenging employees not only increases a company’s productivity, but also helps keep turnover low, says Los Angeles-based consultant Richard Chang, via email.

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Richard Chang Associates Inc.*

“They need to know that you trust their judgment and believe in their ideas,” Chang writes. “You can have systems in place to control the implementation of ideas, but you must be certain not to compromise the enthusiasm, creativity, and hard work that make them possible in the first place.”

Employees, especially younger workers, want to feel like their careers are being developed, Froschheiser says. Even though employees are not nearly as loyal as they used to be, he says, those who believe their employers value their career development will be more productive.

“As a boss, make sure you’re supportive and encouraging,” he says.

Employee recognition comes in a variety of flavors, but most pundits say it’s the cheapest and most effective way to nurture a productive and loyal workplace. And when belts are tight, holding onto top talent without spending a fortune is absolutely critical.

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