

Sustaining Morale Through Good Times and Bad: Incentive Programs Work

By **BRIANGALONEK**

Economic slumps come and go. No matter the economic conditions, it is vital for successful businesses to retain their most important assets – their “Star Performers.” This paper explores the methods and benefits of utilizing employee engagement and recognition towards the goal of improved employee retention.

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The People Investment

A company's workforce drives productivity, maintains a company's competitive status, and ensures that a company's long-term goals are met. There are several studies that conclude the most valuable asset a company has is its workforce. In "The Power of Incentives: Performance Improvement Through ROI," Donna Oldenburg states, "The ability to maximize employee performance and maintain customer loyalty will be crucial to companies that wish to remain competitive in today's marketplace". It is therefore in a company's best interest to invest in and protect their employees in good and bad economic times as a recent Gallup Study reveals, employee satisfaction impacts the bottom line by 39 percent.



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According to a industry survey published in part by Wirthlin Worldwide, and referenced in Incentive Magazine, 96 percent of the respondents indicated that morale is important to their company's success. Also, 90 percent of the respondents said that employee

morale would improve if their companies offered more appreciation or recognition.

Ongoing performance feedback is an essential tool in maintaining employee motivation and a positive work culture. Although employees are less likely to leave their current positions when the economy is in decline – because of poor job markets and the need for security – employees plan ahead regarding whether or not they

will stay when the economy improves. A study by the Society for Human Resource Management, moreover, reveals that 79 percent of the people who leave their jobs attribute their departure to a lack of appreciation for the work they do.

Creating A Positive Work Environment

Corporate reorganization and general economic uncertainty leads to job security uncertainty. The related stresses often lead to negative morale throughout a company. To combat the internal morale pitfalls caused by economic uncertainty, companies must incorporate employee engagement into their overall business strategy to create a positive work environment. Companies must research what types of recognition motivate their employees because



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what motivates one culture is often different than what motivates another. Kathe Farris, a Recognition Consultant out of Boston, Massachusetts and a founding member of the National Association for Employee Recognition, notes that recognition can take place in several forms – day-to-day observations to reinforce that people are on the right track, informal appreciation expressed through verbal gratitude, and formal rewards to commemorate specific achievements. According to Farris, "Employers should look at opportunities to incorporate all recognition options to make the work environment positive." A management team has the power to help create a constructive, optimistic work environment that impacts how employees feel on the job. A positive work

environment will attract and retain good employees.

Often by the time managers realize that there is a problem with morale, they are unable to determine where the overall dissatisfaction is stemming from. Managers, moreover, are often at a loss as to what exactly will turn their workforce around because they haven't been paying attention to what behaviors increase morale in their employees. Addressing a negative work environment should happen immediately – preventing one should be a business priority. Although research states that "Star Performers" will most likely stay with a company through tough times, even when the environment is less than positive, it also notes that these top employees will leave when the economy turns around if not thoroughly engaged.

A properly constructed incentive program is often the infrastructure an employer needs to retain "Star Performers" and optimize company-wide productivity. Incentive programs based on research and measurement have the power to improve employee morale and increase performance and loyalty in the immediate future while helping to ensure long-term fidelity.

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Grow with Your “Star Performers”

What types of incentive programs work to upsize morale in any economy? The answer, results-driven and performance based. Kathe Farris further confirms that peer-to-peer programs have gained popularity in recent years. According to Farris, “Peer-to-peer recognition programs help build a positive culture by giving employees control of formal recognition.”

Online incentive programs are no longer a trend, but rather, the obvious way to go. Nowadays 90 percent of



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the incentive programs produced, by All Star Incentive Marketing’s clients are for online solutions. Online tactics make it easier to gather the quantifiable results necessary to show the correlation between incentives and increased performance, illustrating a return on investment. Online programs also cut down start-up and maintenance costs associated with offline incentive programs that require more administrative expenses. Less expensive online options that allow for greater measurability are clearly the way to go. In addition to the benefits of faster deployment, online incentive programs allow for better communication, integration and centralized management.

Show Me The ROI

Properly constructed incentive programs have been proven to increase performance. A study conducted by the Society of Incentive and Travel Executives, published by Incentive Performance Center, revealed that when incentive programs are used to persist toward a goal, people increase their performance by 27 percent.

Measurable results are important. When incentive programs are designed to achieve measurable objectives such as increasing productivity and reducing on-the-job accidents or absences due to work-related stress, they reveal a positive return on investment that is indisputable. A challenge for many employers is how to measure incentive program results when it comes to intangible assets such as positive morale and the prestige of being at a place where people want to work. Employers should incorporate employee satisfaction surveys to capture useful ROI data.

In “The Power of Incentives: Performance Improvement Through ROI,” Donna Oldenburg also notes that, “A tough economy and greater accountability have mandated a change...and managers are increasingly turning toward ROI methods to ensure incentive programs not only motivate but provide a maximum

In response to the growing demand for peer-to-peer incentive solutions, All Star Incentive Marketing created Propel for Performance, an online peer-to-peer solution that improves multi-level performance throughout an organization and recognizes “Star Performers.” Heidi Chatfield, All Star’s Manager of Marketing Communications, explains, “using this platform, your management team distributes points to employees for redistribution to their peers. Using predetermined award criteria, employees allocate points to their peers, and in the process, reveal and reward “Star Performers.” These top employees, in turn, redeem their points for awards.”

All Star’s solution does exactly what an effective, online peer-to-peer incentive solution should do – it gives employees the responsibility and power of recognizing colleagues while keeping redemption and fulfillment fun, easy and convenient. Moreover, the dynamic solution is multifaceted. Built into the peer-to-peer platform is a sub-admin level that also enables management to get engaged in the reward process. The Propel platform provides the tools for management to reward individuals, teams, or departments with ease – demonstrating their continued support for the employee, their growth, and future development.

return on the bottom line.” In his article, “The service edge: Retain and reward employees who meet your company’s goals,” Ron Zemke states that, “A National Science Foundation report examined 400 companies and found that those that switched from a system that didn’t measure work to one that measured work and included performance feedback (recognition) raised productivity an average of 43 percent. When both performance feedback and incentives were instituted, productivity rose 63.8 percent on average.”

With web-based incentive solutions comes the optimal reporting environment – real time results. Online incentive solutions provide real time results on performance, brand/product preferences, redemption and accumulation, all of which facilitate ROI, geographic trending, and reveal “Star Performers.”

Based on the successful programs that All Star Incentive

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Marketing has developed the following strategies to ensure a positive ROI have emerged.

1. Map the Plan – Identify the specific corporate objectives that the incentive program will support. Benchmark where you are today and where you want to go. Answer the question, “What business challenge do you want to address?” The stated objectives can be aligned with financial related (reduce turnover) as well as non-financial (improve employee satisfaction) measurement results.

2. Target – Seek out those with the greatest opportunity for improved performance and identify what they value to determine the mix of recognition options.

3. Engage & Communicate – Brand and launch the program with enthusiasm and maintain regular communication updates to keep the momentum.

4. Fulfill Expectations – Deliver what was promised in a timely manner.

5. Measure – Ask, “Did we achieve our objective, what was the return on our investment?” Evaluate the program and determine how to expand the focus and raise the bar. Incorporate a recognition strategy into your business plan that praises and awards for obtainment of measurable goals and you will build a culture where “Star Performers” want to come and stay, and a company that can sustain productivity even in times of uncertainty.

About The Author | Brian Galonek

Brian Galonek is President of All Star Incentive Marketing, a full-service Incentive House, and Education Committee Chairman for the Online Incentive Council. For decades, All Star has been improving the development, implementation, and strategic management of customized incentive programs to enhance clients’ business performance by targeting client sales teams, employees, customers, and prospects. The success of All Star’s clients can be attributed to All Star’s “Proven Process” which takes clients from concept through reporting to ensure maximum ROI.

Brian, who succeeded his father as President in 2001, worked as an Account Manager and Sales Manager for 13 years after graduating from the University of Massachusetts School of Business, where he majored in Marketing. Brian, who is actively involved in the Incentive Marketing Association, was one of the first 25 people in the U.S. to earn the Certified Professional of Incentive Management (CPIM) distinction. He also served as both the Education Chairman and President of Incentive Technology Council (ITC).

Under Brian’s leadership, All Star developed and launched PROPEL, its suite of web-based technology solutions for online program management, which has been widely adopted. The company also developed vertical industry expertise, becoming one of the nation’s top suppliers of safety incentive programs and winner of the Incentive Marketing Association (IMA) Circle of Excellence Award for best safety incentive program in 2007.

Brian on Motivation

“Now, more than ever, I am motivated by the challenge of making All Star an outstanding place for our employees to work. When we are successful at accomplishing that goal, the rest takes care of itself.”

All Star Incentive Marketing® is committed to helping businesses grow and thrive by **ENGAGING**, **MOTIVATING**, and **REWARDING** the people behind their success. We do this by developing, implementing and managing powerful incentive and engagement programs that drive customer loyalty, employee motivation, sales, safety, and wellness. With a combination of proprietary technology, superior program management, outstanding customer service, unparalleled product sourcing and fulfillment capabilities, All Star maintains leadership in the incentive industry by helping clients exceed their business objectives.

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