The 6 Keys to Rewarding High Performance in Your Business

American psychologist and philosopher William James once said, "The deepest principle of human nature is a craving to be appreciated." At a biological level, all humans want to be recognized and know our efforts have been noticed and appreciated. This is core to our personal and professional lives, and it's what makes things feel worthwhile. When we feel valued, our fundamental human need for significance and contribution are being fulfilled.

The number-one reason most Americans leave their jobs is that they don't feel appreciated[1].

Somebody saying, "Thank you for your time, contribution or special effort," has an uncommon value that transcends the moment and helps drive better results for the individual and the business. Research from the recruiting and employer rating site Glassdoor shows that 81 percent of employees work harder when their boss shows appreciation for their work[2]. Another study from Fox Business News shows as little as 17 percent of employees report that their supervisors do a sufficient job appreciating them[3]. Think about that for a second. Four out of five employees in your organization could either be working harder because they feel appreciated or underperforming due to lack of recognition. When you take into account the competitive landscape for most businesses, the cost of training new employees and the tight job market in many industries, it is no wonder companies with happy employees outperform the competition by 20 percent[4]. This is where rewards and high performance can come together to drive meaningful business results.

"There is an importance in the Amazon brand itself and our customers are well aware of it."

– Francesca Tangari, American Express (Italy)

It is important, however, for readers to understand not all recognition is equal. The value of a thank you or public praise has been shown to diminish the more it is used. In addition, 46 percent of employees list unexpected treats or rewards are what they value most[1]. In a world where we are all often working 24/7, it's best to understand how reward your teams for the occasions where going the extra distance in a project is vital to the business. Further, rewards cannot be one size fits all. In the same way not every accomplishment or achievement is equal, each employee is different as well. The challenge is to have rewards delivered not just where and when it matters, but also given in a personalized way that works for each individual. With 87 percent of the recognition programs in businesses today focused on tenure and usually tied to awards like plaques, most businesses are simply rewarding people for not quitting, but also while having zero impact on performance[5].

[1]Tom Rath, Donald O. Clifton, How Full Is Your Bucket?, Gallup, August 10, 2004, http://strengths.gallup.com/114088/Full-Bucket-Research.aspx

[2]Glassdoor Team, Employers To Retain Half Of Their Employees Longer If Bosses Showed More Appreciation: Glassdoor Survey, Glassdoor for Employers, November 13, 2013, https://www.glassdoor.com/employers/blog/employers-to-retain-half-of-their-employees-longer-if-bosses-showed-more-appreciation-glassdoor-survey/

[3]Maria Elena Duron, Employee Appreciation Is Vital to Productivity, Fox Business, April 3, 2014, http://www.foxbusiness.com/features/2014/04/03/employee-appreciation-is-vital-to-productivity.html

[4]Pete Maulick, How Rewards Are Running Loyalty Programs Into The Ground, Entrepreneur, April 14, 2014, https://www.entrepreneur.com/article/233021

[5]Bond Brand Loyalty in collaboration with Visa, The 2016 Bong Loyalty Report, 2016, http://info.bondbrandloyalty.com/2016-loyalty-report

"Amazon gift cards make a real difference in people's lives. People really love that it's familiar to them, easy to use and they can buy almost anything they need or want."

– Daniel Fohrman, Rocketmiles

With these facts in mind, there are six keys to changing rewards to deliver better business results:

1 **Rewards can drive great culture and performance when done in a timely manner and by recognizing the right kind of successes.**

Giving a monthly reward just for the sake of recognition does little for performance or employee motivation. However, waiting months to recognize behavior is a poor way of showcasing and rewarding the successes on your team. In a digital, instant world, employees are looking for more immediate feedback and recognition. Behavior and performance are shaped in small slices where employees and management make quick decisions and take instant action to drive results. Praise and immediate recognition of actions shows the entire team and organization what matters and what it looks like when done right. Combining this with instant, unexpected treats or rewards gives employees what they want while simultaneously reinforcing what the organization values.

Organizations with the most sophisticated recognition practices are 12 times more likely to have strong business outcomes[6].

2 **Rewards are not just a tool for leaders.**

Make no mistake, being recognized by your boss is a great morale booster for anyone. Sometimes, however, the boss's lack of visibility into the day-to-day operations of the staff means they tend to reward the same people rather than the best actions. Having your team members, who know your work best, or even your customers, be a part of the rewarding process is critical. This has the reverberating effect of rewarding the behavior the organization values as well as getting the teams and other individuals motivated to spot it and highlight it for the whole of the organization. There are a number of ways to get everyone involved in the rewards process (i.e. nominations, point tallies, etc.). But, no matter the method, having co-workers involved and actively engaged has shown to deliver better results and performance than the top-down approach.

60 percent of best in class organizations say employee recognition is extremely valuable in driving individual performance[7].

3 **People who have done something worthy of a reward are worthy of a story.**

The act of storytelling is also a basic part of human nature. Having living examples of the best actions and successes in the organization will be more powerful and better remembered than any policy manual or training session. There are countless examples in the business world where a story of an action resonated far more than the policy or principle it was based on. If you want people to really change their behavior, give them a story to live up to and guide their actions. This is a reward for the individual as they are now part of the company's history and it is a great way for new employees to understand and to see what the organization values.

"We don't have to sell Amazon, which makes our job a lot easier and helps us get the business results we need."

– Amazon Client

4 **Rewards need to be frictionless for the giver and the recipient.**

If the goal is to reward the best behavior as often and as quickly as it occurs, then your rewards system cannot be difficult to use. A reward should not require a time-consuming process either for the people giving them out or for the team that administers them. Time, logistics and capital can and have doomed great rewards programs due to the internal efforts needed to keep them running. At a minimum, the best programs include:

- Instant delivery to both the company and the recipient once chosen (usually via digital delivery)

- Easy sourcing and reloading as needed

- Paying for the rewards as needed and not in big cash outlays well in advance

- Enabling the recipient to understand and use the reward they are being given without complicated steps or actions on their part

[6]Bersin & Associates, Bersin & Associates Unlocks the Secret to Effective Employee Recognition, Deloitte development LLC, June 12, 2012, https://www.bersin.com/News/Content.aspx?id=15543

[7]The Power of Employee Recognition, Aberdeen Group, November 2013, http://go.globoforce.com/rs/globoforce/images/AberdeenReportNovember2013.pdf

"Amazon has opened our eyes to what speed and execution can do for our customers and our reputation."
— Lisa Irons, BeValued

5 An unused reward is not a reward at all.

The act of giving someone a reward should have real value and generate excitement for redemption. If the person does not see real value in the gift or if the gift cannot be turned into something the individual needs or wants, the entire gesture and behavior you seek to reinforce is lost. Far too often, rewards are given that don't allow for choice. A gift for an expensive meal to someone who has other pressing and more personalized needs or is on a diet is not much of a reward for that person. Businesses should understand that what you give is as important as the act of giving itself. While you may not be able to find the perfect reward for every situation due to time, logistics and other constraints, you can make each reward feel personal by giving something the individual can really use for their specific needs. Businesses that are flexible and recognize differing levels while still delivering a reward that is personal to the employee is the difference between driving real results and just wasting money on a "gift."

1 minute spent recognizing behavior = 100 minutes of initiative in return[8].

6 Tie rewards to building culture.

Research has shown companies that scored in the top 20 percent for building a "recognition rich" culture had a 31 percent lower voluntary turnover rate. Businesses with these types of cultures also wind up on "top company" lists. In addition, Dale Carnegie argues that $11B is lost annually due to employee turnover[9]. This and numerous other studies show employee engagement is vital. The importance of creating an organizational-wide rewards culture that supports your mission, goals and objectives cannot be overstated. Companies that understand and adopt this philosophy not only have higher employee retention rates, they also attract better candidates and have more productive employees across the board. Given the challenges in hiring and retaining the right skills, mindsets and experiences, leaders should think of employees in the same ways marketing departments think about and manage loyalty programs. Moving your culture and rewards programs into alignment at both the corporate and team level is the key. Giving leaders and team members the reward tools to quickly recognize and reward the best behaviors will do as much for your culture as any other action or effort as this rewards process becomes self-induced and directed.

Everyone is making more and more important and instant decisions as we manage our increasingly fast-moving worlds. Understanding and adopting your organization's own version of these six key insights can highlight and reward behaviors in a way that drives high-performance. Empowering employees in a natural way, driven by the employees themselves, is the road to success. This provides the organization with the talent, drive and behavior they seek, while demonstrating the appreciation for extra effort and best actions that employees need in order to feel fulfilled and motivated to deliver beyond their job descriptions.

amazonincentives

[8]Fadi Serhal, 25 Great Statistics On Employee Recognition, LinkedIn, December 27, 2015, https://www.linkedin.com/pulse/25-great-statistics-employee-recognition-fadi-serhal
[9]Victor Lipman, Why Are So Many Employees Disengaged, Forbes, January, 18, 2013, http://www.forbes.com/sites/victorlipman/2013/01/18/why-are-so-many-employees-disengaged/#3b46d4023ac5