



E-MAIL sz@schuster-zingheim.com • PHONE 310 471-4865 • WEB SITE www.paypeopleright.com

TOTAL REWARDS

Patricia K. Zingheim and Jay R. Schuster

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Olympic ski champion Picabo Street is a winner. When she was growing up, her home was near the Sun Valley Ski Resort. When she won her first Olympic medal, the resort let her select the ski run that it would name after her—"Picabo's Street."

No money in the world could have made up for the power of that message about recognizing and celebrating success. Recognition and celebration count—these so-called nonmonetary rewards can have bottom-line consequences for your company. We believe companies can get business value from strongly and visibly acknowledging success—and we believe they must do so proactively.

Every company has its "Picabo Streets"—and it should have recognition as meaningful as is naming ski runs after its performance heroes.

No serious organization believes it can drive business success merely by offering T-shirts, coffee mugs, more vacation days, or for that matter, "employee-of-the-month" recognition. Executives like Herb Kelleher of Southwest Airlines don't believe they can lead their workforce armed only with free lunches and pizza parties—but these are a powerful part of a total reward solution that provides differential advantage.

Total rewards—including recognition and celebration as part of total pay—are powerful tools for communicating of the business directions and values of an organization.

TOTAL REWARDS

People work for more than pay! In *Pay People Right! Breakthrough Reward Strategies to Create Great Companies*, we suggest that companies must provide a "better workforce deal" to attract and retain top talent. That deal is based on a win-win relationship that provides something for all stakeholders. Where the *old* deal paid mostly for tenure and entitlement and negative actions such as reengineering and rightsizing typified the *new* deal, the *better* deal characterizes times when more jobs are chasing fewer qualified people. The better workforce deal is balanced, with the company and workforce each coming halfway.

Our research and consulting concludes that the better workforce deal comprises four components of total rewards. People want to work for a company with a *compelling future*—one that has vision, growth and direction, something they can buy into. They also want a company that focuses on *individual growth*—development and training, feedback and coaching, and opportunities to grow and learn to add value over time.

Third, they want a *positive workplace* in terms of leaders, colleagues, open communications, trust and commitment, and meaningful work they want to do--this is the stuff "best places to work" are made of. The last, *total pay*, is where recognition and celebration fit. If pay is the accelerator pedal for the enterprise, recognition and celebration are the overdrive. What's important is not so much what tools are used to acknowledge success, but how they are aligned to help give a clear, understandable message about what people can do to make their company a success and subsequently share in the fruits of this success.

This is not a one-size-fits-all proposition. Some companies emphasize one component over the others. Companies with high total pay may not have a very positive workplace or a compelling future. Those that invest more in people may not be as strong in total pay. The combinations are endless.

Yet while they may stress one component over another, the best companies offer something in each component—they are balanced. It's part of the better workforce deal. When talent became scarce, companies had to provide what people wanted, and that's where total rewards gained momentum and added value to the business.

COMMUNICATING VALUES AND DIRECTIONS

Smart companies use recognition and celebration to help communicate what's important to the business and reinforce desired improvements. As goals and objectives are achieved during a performance period, make this an achievement of note.

How many of us have checked into a hotel and seen a picture of the "employee of the month" on the wall? On a business trip we were helped by a harried desk clerk standing under her picture as that month's awardee. We asked her, "What did you do to receive that honor?" She replied, "They rotate the award—one month housekeeping gets it, and another month maintenance or the front desk may get it. It was our turn, and I had not received it for awhile."

What message do you think that form of recognition communicated (not only to the worker but also to us as customers who were trying to celebrate her success with her)? Recognition is more effective if it is tied to an event, not just to a time period.

Recognition and celebration are geared toward giving visibility to accomplishments achieved collaboratively or individually. They can be attention-getting or given in private, depending on the company and workforce. Successful recognition and celebration involve doing much more than just buying a bunch of stuff and giving it away. They must be a natural extension of everything else the company does to show people how they matter and add value.

Some management styles and cultures support more recognition and celebration than others do. Disney, Ben & Jerry's, Microsoft, Hewlett-Packard, Motorola, Nordstrom, and Wal-Mart are good at recognition. On the other hand, many companies do little or none of this at all, and they survive.

We believe that every business should raise its recognition and celebration IQ—and continue increasing it periodically. Take a look at the literature about "the best places to work" and "employers of choice." While a lot makes them super, recognition and celebration often play a major role in their total reward solution.

FLEXIBILITY AND INVOLVEMENT

A strength of recognition and celebration is the opportunity they provide to customize and provide choice in rewards. In the '70s flexible compensation was developed to permit people to pick from a menu of total pay options. But this has become primarily a program of flexible benefits. People are offered choices but seldom can trade cash for benefits or make major changes even in their benefits programs. This is too bad—people want choice, and reward flexibility is possible.

For nonmonetary rewards, choices can be dramatic and customized, going beyond just providing a few choices from a catalog or two. For companies that are interested in testing broad-based choice-making for the workforce, recognition is a great chance to do so. In our experience members of the workforce can design, manage and refresh these solutions in top-drawer fashion. They can help define criteria for recognition and celebration, choose the tools, do the communication, keep the program interesting and current, evaluate how it is doing, and make needed course corrections. In fact, participating in recognition and celebration program management can itself be a reward.

In many companies, pay is a fairly sluggish affair and can be pretty boring. But not recognition and celebration. Solutions can combine planned and unplanned opportunities. What could be better than enabling team leaders, managers and colleagues to spontaneously recognize or celebrate something that adds value?

Managers could have free lunch tickets in their pocket to pass out in recognition of something done well. That meal ticket represents more than just a free lunch, but a chance for managers to talk with a member of the workforce and say "thanks." Team members could give entertainment tickets to a member who has made a significant improvement in a skill or competency the team needs to be a success. Recognizing and celebrating doesn't have to mean a formal lunch with the boss or a major awards dinner—it can be quick and agile.

Fun counts. Recognition and celebration can range from the formal to the corny, but fun is important. You don't need to "dunk the boss" to make things fun or have members of the executive team serve lunch in the cafeteria to celebrate something—but in some companies this is effective. We recall an awards banquet where a line of people passed by a presenter on the stage (who mispronounced names and obviously had never seen the people getting the awards) to receive an elaborate flower bowl with the name of the company on it. One person said to us afterwards, "I would rather have had a lunch with my team leader." Was the banquet fun? Not for the attendees.

Make sure the recognition and celebration are fun for those earning the awards rather than for the person giving them. The presenter above could have better used the time getting acquainted with the workforce members, listening to people describing how they accomplished their recognition-worthy achievement, and talking about how everybody can add value to the enterprise.

TYPES OF RECOGNITION AND CELEBRATION

You have a smorgasbord of choices, not only between the form the acknowledgement takes, but also in how it fits in the entire reward picture. Here are several types of recognition and celebration to consider:

- **Verbal and written:** Powerful and inexpensive recognition such as an expression of "super job," a thank-you note saying what was worthy of recognition, or credit given when passing an individual's idea on to others. This is "free," and everybody can do more of it because it makes people feel good and costs nothing. Give verbal and written recognition as quickly as practical after seeing the behavior or achievement and tell why it is being given.
- **Work-related:** Participation in a process improvement team or an attractive special project, lateral and vertical career opportunity, special office and work equipment, education and development opportunities, and time off are examples of work-related recognition.
- **Social:** Examples include team or organizational-unit success celebrations involving ice cream or pizza parties, articles in newsletters, opportunities for increased visibility at public functions, and social situations that provide the chance for others to see that something special has happened.
- **Symbolic:** These recognition items have more intrinsic value than their monetary worth, such as trophies, coffee mugs, plaques, and company logo-wear. When Ford was successful at the introduction of the Taurus automobile, hundreds of "Team Taurus" members received jackets to acknowledge team membership and success.

- **Tangible:** While really costing something, items like gift certificates, trips, meal tickets, and merchandise give the chance to "get something" in exchange for value-added to the business. Because recognition and celebration are part of total pay and total rewards, they aren't "instead of" but rather a "part of." Start first with total rewards and then see where recognition and celebration fit in the total picture.

ENHANCING RECOGNITION AND CELEBRATION

Recognition and celebration have some advantages. They provide the chance to customize into infinity. If a person to be recognized likes chocolate, the company can give him or her something chocolate. While cash has universal meaning, combining cash with recognition adds power to total rewards. It is clearly best to do both. Kash n' Karry, a large Florida grocer, offers monthly variable pay depending on store sales and customer satisfaction. Monthly, each store also holds a brief meeting to celebrate the results; the store manager hands out checks and verbally recognizes what each individual contributed that month to help the store be successful. In this case, the workforce values the verbal recognition and the money as powerful partners.

Compare "Our boss never recognizes or celebrates anything!" with "Wow, my boss acknowledges good things we do when we do them!" Having a written policy is of no value if it doesn't get used.

Make it more than just it's OK to recognize and celebrate—make it a priority. Make recognition and celebration mostly public. "Be just like Mike" (Michael Jordan) created a way to emulate something good. Build a "book of lore" about recognition and celebration similar to the storytelling model of the American Indians.

Recognize both individuals and teams—rewarding excellence is both individual and collaborative. Many things that add value to the business are done by individuals. But increasingly, more things that are important require the cooperation of many people with a variety of skills. This means more team celebration and recognition. Team reward and recognition by its nature minimizes internal competition for what the company has to offer. But this still requires periodically evaluating and changing the recognition solution to make it better and more effective.

In the end, recognizing and celebrating truly matter. They fit in the total reward solution of any enterprise. They are "in addition to" and not "instead of" other things that make a workplace exceptional.

It's important to develop a total reward strategy for your company and a business case for the role of the four total reward components that fit your company's needs. Increasingly, rewards are becoming more strategic and integral to adding value to the business. HR champions are part of the solution and future. Involving the workforce in total rewards is very useful—members of the workforce can work wonders in keeping recognition solutions current, relevant, nimble, and in the spotlight of making the business an excellent place to work.

Since speed and agility are the future of total rewards, recognition and celebration can be a way to start. The next decade will see accelerating innovation in total rewards, and new and aggressive moves to more creative forms of acknowledging success will be one tool of this change.

Patricia K. Zingheim and Jay R. Schuster are partners in Schuster-Zingheim and Associates, Inc., a pay and rewards consulting firm in Los Angeles (310-471-4865). They are recipients of WorldatWork's 2006 Keystone Award, the highest honor in the total rewards profession. They are the authors of three books, *High-Performance Pay* (WorldatWork, 2007), *Pay People Right!* (Jossey-Bass Publishers) and *The New Pay*. Their Website is www.paypeoplewright.com.