The Ultimate Recognition Playbook

6 Key Steps to Building an Impactful Recognition Program

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Introduction

Hi, Skai Dalziel and Joe Facciolo here.

We are the co-founders of Guusto – a simple, automated online gifting program built to help HR leaders create impactful employee recognition and appreciation within their companies.

This guide will take you through six simple steps to rolling out an impactful recognition program that will encourage awesome results and growth from your hardworking employees.

We'll cover what you need to know to:

1. Make the case for employee recognition
2. Build your team of champions
3. Find the right solution for your needs
4. Set goals for your program
5. Launch your program
6. Measure your results

At Guusto, we strive to create a culture of recognition in which our employees feel motivated and valued for their hard work. By implementing our own product and the strategies in this guide, we have seen the results that recognition can produce, and have been able to help our clients achieve the same success. We hope we can do the same for you!

Muucho Guusto!

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1. Make the Case for Employee Recognition

So, you know WHY it is important to create an impactful culture of recognition at your company, but it is time to convince your executive team that investing in a culture of recognition can be the next step toward creating meaningful, lasting, company-wide growth.

In this section, we'll look at how to make that case. First, we'll look at some statistics that underline the importance of employee recognition in today's workplace. Then, we'll examine the potential ROI of an employee recognition program, and how it can boost your company's performance in a number of key areas. Finally, we'll look at how to prepare and present these facts to your executive team in a compelling way.

Why Employee Recognition Matters – The Stats

A common reason that employees leave their jobs is due to lack of recognition

Millenials need immediate rewards for recognition

In the last year **65%** of employees received NO recognition for good work

Most large companies have "service awards" programs, but **only** **58%** of employees know about these programs

Companies within the top 20% of "recognition-rich culture" have **31%** lower turnover rates

ONLY **14%** of companies provide their managers with the tools they need to create an impactful culture of recognition

Having an employee recognition program is a great way to inspire performance, increase productivity and build an amazing company culture. Not only does employee recognition keep your current employees engaged, but it also helps you attract the best candidates and retain your top talent.

The ROI of Recognition

Measuring the Return on Investment (ROI), or quantifying the potential ROI, will solidify that it's worth recognizing your people and help you build your case to your executive team.

In order to add context to these numbers, let's use a simple example: You have a company of **600 employees**, invest **1% of employee salaries in rewards** and spend **$1.50/employee/month for a peer-peer nomination program**:

Annual Investment = Cost of Rewards + Platform Fees
Annual Investment = 600 x 1% x $50,000 + 600 x $1.50 x 12 months
Annual Investment = $310,800

What Kind of Returns Can You Expect?

A Gallup study estimated that the cost of employee disengagement is $1 trillion a year in lost productivity in the U.S. alone. The study also showed that **26% of workers ranked recognition** in the **top three factors for staying in their job** and about **20% pointed to a lack of recognition** as the main reason they'd consider **leaving for a new job**. An effective recognition program can **boost productivity**, while **reducing turnover, absenteeism** and **onboarding costs.**

Productivity

Research shows that companies with higher than average employee engagement levels benefit from 21% higher productivity. Let's be conservative and estimate that an effective employee recognition program can lead to 10% higher productivity.

Total Productivity Gain Equals				
# of Employees	x	Salary	x	Productivity Increase
600	x	$50,000	x	10%
Total Productivity Gain		**$3,000,000**		

Absenteeism

Absenteeism in the workplace is often caused by low morale and disengagement. The US Department of Labor Statistics reported that employees are absent around 8 days a year. Creating a more engaged workforce can lead to reduced absenteeism and reduces costs related to lost productivity.

Absenteeism Savings Equals				
# of Employees	x	(Salary / # of Work Days)	x	Reduced Days of Absenteeism
600	x	(50,000/240)	x	2
Absenteeism Savings		**$250,000**		

Turnover

The Bureau of Labor Statistics reports an average turnover rate of 44% annually in the US, as well as an average turnover costs at 38% of the annual salary. Besin by Deloitte research found that companies that scored in the top 20% for building a "recognition-rich culture" had 31% lower turnover rates.

Turnover Savings Equals				
# of Employees Leaving	x	Cost of Losing Employee	x	Turnover Reduction
(Total Employees x Turnover Rate)		(Salary x Turnover Cost)		
(600 x 44%)	x	($50,000 x 38%)	x	31%
Turnover Savings	**$1,554,960**			

Onboarding

Onboarding cost is the cost of lost productivity in a 60 working day onboarding period out of a 240 working day year. We estimate an engaged workforce can speed up onboarding by 10%. The number of onboarded employees include new employees through business growth (assumed to be 10% here) as well as from turnover (at 44%).

Onboarding Savings Equals				
Onboarding Cost	x	# of Onboarded Employees	x	Savings %
(Training Period x Salary)		# Employees x (Growth + Turnover)		
(60/240 x $50,000)	x	600 (10% Growth + 44% Turnover)	x	10%
Onboarding Savings	**$405,000**			

Total Cost Savings

Total Cost Savings Equals						
Productivity Gain	+	Absenteeism Savings	+	Turnover Savings	+	Onboarding Savings
$3,000,000	+	$250,000	+	$1,554,960	+	$405,000
Total Cost Savings	**$5,209,960**					

It's Crazy Not To Invest in Recognition

The total calculation results in the following:

ROI = (Additional Revenue + Cost Savings - Investment) / Investment

ROI = ($X + 5,209,960 - 310,800) / 310,800

ROI = 1576% Per Year

This means that for every dollar invested in your employee recognition program, you see a $1,576 return. Not bad! Access our ROI Calculator to help build your case for an employee recognition program.

Making the Case for Recognition to Your Executive Team

So you've done your homework. You know how important recognition is, and the potential ROI of investing in it. Now it's time to take it to the C-Suite.

Before we can even start recognizing our employees with an impactful and structured program, our executives have to be our champions and supporters. Here's how to make a compelling case to your leadership team.

Step 1. Broaden the Conversation

Too often, we fall into the trap of just focusing on numbers and data. Although important, potential ROI is no longer the whole conversation. Ensure you are prepared to cover your bases on ROI and data, but don't stop there.

Now more than ever, company culture, connected teams, and office community are strained. There is a growing need to ensure our teams connect, have a sense of community, and feel that their work is recognized and appreciated.

At its core, employee recognition is about your people.
Shift the focus to the impact of recognition on your teams. Communicate how it will connect employees and empower managers to better engage their teams. Show that timely and relevant recognition will promote behaviors that you are hoping to instill as an organization.

Step 2. Find the Budget

For every new program you want to implement, one of the first questions asked is often: "How much will it cost?" Thankfully, successful employee recognition doesn't have to be expensive. In fact, you may be able to pull from existing funds.

We often see companies that are already paying for employee recognition but don't even realize it. We call this Hidden Manager Spend.

Connect with your finance team to see how much is being expensed by managers for employee recognition with no strategy, organization or tracking. For instance, you might see expenses submitted from managers and leaders for lunches, gift cards, small gifts, or other team members' rewards. Often you can find the budget because it is already there. You just have to dig for it.

Next, look at the often Neglected Benefits Package by auditing your current total rewards program. Where are your dollars being spent, and how impactful is each dollar? You can usually pull budget from under-utilized programs with a low effectiveness rate and refocus that money into programs with a higher impact, like real-time recognition.

It's also important to remind your executives that recognition is not just another cost, but should be viewed as an investment in your teams.

Step 3. Make the Pitch

So, you've crunched the numbers on ROI and built out a case for employee engagement, culture, and community. Now it's time to pitch your program to your executives.

First things first, know your audience. Hone in on what YOUR executive team cares about. Is it team collaboration, promoting diversity and inclusion, recruitment, learning and development, or just making sure managers are on top of their projects and working with their teams?

Align your pitch to what your executive team is most concerned about. Be prepared with data and know how to tie it back to employee recognition.

Be ready to handle objections and and don't be surprised if you leave the meeting with a "No" to your initial budget proposal.

So be prepared to try again. Run surveys, talk to employees, and get feedback from managers. Then, re-align your pitch to address your executive team's concerns.

2. Build Your Team of Champions

You can't do this alone! You will need support from all levels of the organization to roll out a successful employee recognition program. Make a list of the key stakeholders in your company and how the program will affect them:

You'll then want to reach out to a few people from each group to show them the benefits of the employee rewards and recognition program, learn about their concerns, and garner their support.

Getting Your Managers on Board

Even the best employee recognition program on the planet is doomed to failure without buy-in from those responsible for executing it. When launching a new recognition program, manager adoption is vital to the program's success.

Employee recognition must be consistently applied across all departments, both horizontally and from the top down. The best place to start building that consistency is by bringing your managers onside from day one.

5 Steps to Increase Manager Adoption of Your Recognition Program

Step 1: Build Awareness and Excitement

Your managers will be more invested in a program when it's one they've contributed to creating. Loop them in from the get-go by engaging them in a conversation about the importance of a recognition program and the specific ways it will benefit their departments and the company as a whole.

Step 2: Keep it Simple

To create a recognition program managers will be excited to implement, it has to be easy for them to use. The key to encouraging adoption is keeping it simple. To achieve this, give your managers the following:

1. Autonomy
2. Simple workflows
3. Clear parameters
4. Deadlines for recognition

Step 3: Lead by Example

Ensuring the program is consistently applied across the company means recognition must come from the top down, including from the leadership team and HR to managers. Managers who receive recognition are far more likely to pay it forward and recognize their own team members.

Step 4: Build Consistency

To start building consistency from the moment your program launches, specify the number of people your managers should recognize within the first week, including a suggested gift value. This will allow you to immediately begin setting expectations around the volume of rewards, frequency, value, etc.

A few additional metrics you might consider include:

- Total number of rewards issued per manager
- Number of monetary vs non-monetary rewards
- Number and value of peer nominations

Step 5: Share the Impact

Collect regular feedback from managers on how well they think the program is working, and feedback from employees on their level of engagement and satisfaction with the program.

Share the aggregated findings with your managers to demonstrate the impact of their recognition efforts on employee satisfaction and performance. Seeing their teams aim higher and achieve better results will motivate managers to commit to the program long-term.

Getting Your Employees Excited About Recognition

Ensuring your employees are actively engaged with your recognition program is key to creating an equitable and successful culture of recognition. If you succeed in getting your team on board and recognizing each other consistently, the returns for your organization will be incredible.

4 Critical Steps to Encourage Employee Adoption of Your Recognition Program

Step 1: Build the Muscle of Recognition

Centralize Rewards

In order for your program to become an ingrained part of your culture, recognition needs to become a habit. All rewards should be centralized into a single platform, so submitting a nomination becomes the first instinct rather than an afterthought.

Remind, Remind, Remind!

And then remind again. Constant reminders from managers and HR will help employees get into the habit of nominating their peers for recognition.

Create a Sense of Urgency

Setting deadlines for nominations, even if those deadlines are artificial, will create a sense of urgency around recognition.

Rinse and Repeat

Create fun holidays or events as a way to celebrate each other. Give your employees a small budget to recognize each other on Co-Worker Appreciation Day, or to try a new cuisine on International Dish Day.

Step 2: Showcase Recognition

Showcase Peer Recognition

Use all-hands, town hall, quarterly, or other all team meetings and celebrations to showcase peer recognition.

Spotlight Top Receivers

Set up a cadence of spotlighting top performers. Highlighting those who are receiving the most nominations, and rewarding them even further, will inspire their co-workers, encourage them to cheer each other on, and perhaps even foster a bit of healthy, fun competition.

Share the Love

Create an internal channel for employees to share the impact of their rewards. How are they using any monetary rewards they have received? Celebrate the positive effect rewards are having on employees' lives and share those employee stories on company social media.

Step 3: Simplify & Empower

Make the Program Easy

Give everyone the opportunity to recognize their peers with easy-to-use tools, unencumbered by roadblocks or complex approvals. If the process isn't simple and straightforward, no one will use it.

Empower Everyone

Everyone within your organization should receive a reward budget. It doesn't have to be huge, but even a small budget of say $20-50 per month (or quarter) will empower your team members to recognize and reward their peers in a meaningful way.

Step 3: Get Involved and Lead by Example

JUST DO IT

Actions speak far louder than words, so if you're not leading by example, you're simply not leading. If you don't recognize and reward your managers and employees then you have no reason to expect them to recognize each other.

Supplement Your Program with Additional Rewards

Use your top peer-nominated lists as a way to give out additional rewards. Your CEO and other execs should also be meeting with your top performers and getting to know them. These are your key employees, the ones you want to nurture and grow within your company.

3. Find the Right Solution for Your Needs

To ensure you create a program that suits your needs, there are a few important things you need to consider.

What's your budget?

What kind of rewards do you want to offer? Is it better to opt for taxable rewards or non-taxable gifts?

And most importantly, what kind of system should you use (milestone program, points-based system, flexible rewards)?

In this section, we'll explore how to answer some of these questions for your team, and some of the advantages and drawbacks of different recognition platforms.

Budgeting for Recognition

Money can't buy happiness, but recognition can!

We all know the perks of employee recognition. But how do you make room in your budget for recognition with so many competing priorities? From acquiring talent to developing new business strategies, to digitalizing operations, it can be difficult to imagine where recognition might come into play.

Here are six actionable steps you can take right now to build the recognition program of your dreams, all without breaking the bank!

1. Determine Your Company's Needs

Identify what your employees are motivated by. Do they need more recognition from managers or peers, or both? Do your teams prefer tangible rewards or verbal affirmation?

Whether your company wants to increase retention or create a better remote work strategy, or focus on a combination of priorities, recognition that rewards the individual matters.

2. Focus on Flexible Rewards

After the challenges of the last few years, it is important to realize that your employees have drastically different needs. With a wide range of personal and professional hardships emerging, flexibility is key. The gift of choice is a powerful one. Bottom line: Everyone has different needs. But the good news is, flexible rewards have flexible budgets.

3. Bust Recognition Myths

Misconception #1: Money is the greatest motivator.

According to Gallup research, the most successful forms of recognition are at low or even no cost to your company.

Misconception #2: Competitive rewards are the most effective way to drive performance.

Competitive reward programs may motivate the handful of employees who actually get the reward, but those who do not will likely be less engaged than before.

Misconception #3: Top-down recognition is the most impactful.

Senior managers and directors may not always have the time to provide consistent, sincere feedback to all employees. It is important for employees to feel like they are truly part of a team and not just a cog in a machine!

4. Crunch Those Numbers

SHRM recommends that HR departments spend at least 1% of payroll on recognition. Outlining your budget and allocating funds for rewards is the next step in creating a recognition program that works for your company.

The most successful recognition programs boil down to three costs:

- Cost of service awards
- Cost of top-down recognition
- Cost of peer-to-peer recognition

Depending on your company's needs, you'll want to decide how much of your budget to invest in each category.

Taxable vs Non-Taxable Rewards

The word taxable, no matter what it's associated with, often triggers immediate resistance. And sometimes for good reason — for business, "taxable" can mean extra work for accounting teams, and for employees, it can often feel like they're being nickel-and-dimed by taxes on every little thing.

But even though recognition rewards are often taxable, it's possible to make them easy on your finance team while ensuring your employees have the information they need to understand both the benefits of rewards and the tax implications. Let's take a closer look at taxes on rewards and awards, and what they mean for you, your company, and your people.

"Why are rewards considered a taxable benefit?"

Most benefits and perks you provide to employees are taxable, including parking, gas, cell phone benefits, gym memberships, equipment, or work-from-home stipends. Any cash or near-cash bonuses are also considered a taxable benefit, and gift cards are no exception.

"My employees don't want to be taxed on rewards!"

That may be true, but have you actually asked them? Try sending out a quick survey and ask for input during an all-hands meeting, or ask your managers to connect with their teams about it. While nobody likes paying taxes, it's better to be rewarded and taxed on a reward than to not receive any recognition at all.

"What about a points program? You can't tax points!"

True, employees won't be taxed on the actual points as they accumulate. But as soon as an employee redeems their points for a gift or reward from a catalog, it becomes a taxable benefit. A points system can also quickly become overly complicated, making it difficult to track both rewards and taxes.

"Taxable awards are a pain for our accounting department."

Taxable awards have historically been an accounting team's worst nightmare because it can be extremely difficult to keep track of who is getting awarded, what they're being awarded for, and how much the award is worth. This is often the case when gifts are given to employees by managers on an adhoc basis, sometimes referred to as a 'manager's hidden spend'.

Without a formalized system to document or track these expenses, this situation can turn rewards into liabilities, as your company could be vulnerable to an audit. You can make both your managers' and your accounting department's lives easier by centralizing your recognition program within a single system that provides transparent reporting.

"What is the benefit in providing taxable gifts?"

Financial transparency into all forms of cash and near-cash awards and gifts is in your company's and your employees' best interest. Rolling recognition awards into payroll reporting makes the process simple and straightforward for everyone, making them part of your overall taxable benefits program.

Employee Recognition Platforms

There are a number of different employee recognition platforms on the market, each with their own specific functions and capabilities. Broadly speaking, though, your options will fall into one of three categories:

1. Points-based recognition programs: Where each employee is given 'points' as a form of recognition in real-time, which can later be redeemed for rewards, usually from a catalog.
2. Traditional milestone programs: These programs simply allow managers to send out rewards to mark milestones and anniversaries, rather than in real-time. Rewards in these programs are also often catalog-based.
3. In-house recognition programs: Recognition programs created in-house by companies. These are often organized manually, with HR administrators taking on the task of ordering, tracking, and sending gifts.

Unfortunately, each of these programs have their drawbacks…

Why Points-Based Recognition Programs Fall Short

For the last 10-15 years, points-based reward programs have been the gold standard in employee recognition. While these programs created the perception of "instant" recognition, many companies have discovered that in practice, the actual redemption process is anything but instant, and these programs come with a slew of problems for both companies and employers.

Not Meaningful Enough

"It takes too long to reach enough points to get just a $5 gift certificate"

The time it takes to accumulate enough points for redemption is just one of several drawbacks to points-based programs. Even if an employee receives their points instantly, those points have no value until the employee has enough to redeem them for something meaningful, and that can often take a long time.

No Apparent Retail Value

"You can receive a lot of points, but those points are worth far less "actual money" than you expect, so you feel like you're being cheated – [it's] insulting."

There's also an inherent lack of transparency into the purchasing power of points, particularly when that power can vary by item and with no apparent correlation to retail value. Points programs are often tied to specific product catalogs with huge markups.

Limited Choice

"Most of the prizes are either too outdated or not worth the number of points required."

Product catalogs are often outdated, with product offerings that are less than current. Let's face it, they can sometimes feel like a 2007 clearance catalog from a B-level department store.

Time Delay

Accumulating enough points isn't the only thing employees have to wait for to redeem their "instant" recognition points — ordering items from a catalog typically involves shipping time, shipping delays, and procurement issues, since the item is coming from a 3rd party, further distancing the reason for recognition from the reward.

Pitfalls of Traditional Milestone Programs

Milestone Programs have been around for a long time now. Unfortunately, many service providers have failed to update their programs over the years. If you're still using one of these older programs, here are some reasons it's likely not cutting it anymore.

Outdated

Traditional forms of milestone awards, like plaques, pins, pens, watches and certificates are lackluster, and no longer resonate with most employees, especially millennials.

High Fees

Many large providers are used to getting away with charging an arm and leg for their service. Not only do they charge exorbitant setup and annual service fees to execute programs, there's also significant markups on catalog products (often 25-30%), and shipping fees for getting items delivered to the recipient's house or the company's office.

Not Timely

Without integrations that keep your employee data accurate in service provider systems, anniversary dates can sometimes get missed or simply forgotten. Similarly, shipped items can run into delays, resulting in rewards being issued days or even weeks after the actual work anniversary date.

No Awareness

Many traditional programs will provide a milestone reward to the employee, but fail to notify an employee's manager in advance about the anniversary so they have time to plan something for them.

Why In-House Employee Recognition Programs Don't Work

Most recognition software is very expensive, so many companies opt to create their own in-house programs. Unfortunately, they are not very effective. Here's a list of reasons why in-house programs don't work.

Costly

Running an in-house recognition program has many hard costs. You're usually paying retail rates for everything, and there's significant shipping costs to get stuff out to different offices or field workers. And forget ever getting refunds for gift cards misplaced by recipients.

Too Manual

It takes a lot of work to administer an in-house recognition program. Running out to the store to buy gift cards, writing letters, and shipping stuff to various offices is very time consuming. Some stores even have maximums on gift card purchases, so you might need to visit multiple stores to get enough rewards.

Delayed

Recognition and rewards are often issued weeks or even months after an employee has demonstrated great performance (due to budget request workflows, approval processes, long shipping times, etc). This is way less impactful than an immediate reward, which would encourage the employee to repeat the desired behavior in the near future.

Inflexible

It's difficult to know what every employee will value. Even if you can figure it out, it takes a lot of time to fulfill all those wishes with different rewards. As such, most in-house programs provide inflexible rewards, like the same Starbucks gift card for everyone. What about all the people who don't like coffee? Employees end up feeling like the company doesn't really care to know them or appreciate their efforts.

Poor Tracking

Keeping track of everything in spreadsheets can be an onerous task. Every time a reward is issued, it needs to be manually recorded and shared with HR and finance teams. This can add up to a lot of admin hours, and possibly a bunch of errors.

Few Insights

Manual programs provide very little insight, as any data collected is usually not centralized or digestible for various administrators. This makes it difficult to measure costs, understand who your top performers are, where they are excelling, and ultimately take action on those insights.

Poor Visibility

It's difficult to make recognition visible to everyone across the company. Giving a shout-out to an employee at a team meeting, highlighting the employee of the month with a photo on the wall, or awards for top performers at annual meetings are a good start, but most recognition goes unnoticed by managers and other colleagues.

Liability

In-house programs that use physical gift cards are riddled with liabilities. If you have a bunch of them sitting in your office, there's a risk of theft or being misplaced. There's also a chance that some get lost when being shipped to other offices. Finally, it's difficult to know for certain that managers actually deliver physical gift cards to the intended recipients.

Exclusive

It's difficult to make sure everyone is included in an in-house program, especially if the company has different locations or remote workers. Without specific tools, some people will get left out if their managers are not great at recognition.

Inconsistent

This is the big one! It's difficult to set up a program that is not disjointed across locations, departments, and teams over a long period of time.

There is too much onus on too many people to execute consistently. If just given recognition budgets without specific direction, some managers will take their teams out for lunch, others will buy gift cards, and some may forget to do anything.

The 5 Attributes of Effective Recognition

So how do you create a recognition program that takes all of these things into account? And how do you choose a system that fully supports your needs?

To make your recognition program as effective as possible, we recommend you structure it around 5 key principles:

Simple

Make it easy, so your employees are more inclined to participate and don't feel burdened by the program.

Instant

Don't wait for performance reviews that are months away. Reinforce desired behaviors as soon as they happen, and reward results in real-time.

Flexible

Every employee has different preferences. Offer rewards that are flexible so everyone gets something they want and value.

Inclusive

Give every employee the opportunity to participate in recognition. If some people feel left out, the employee recognition program can actually have a negative effect. If you're offering an online program, make sure there are offline options available.

Consistent

Ad Hoc programs don't work! Make sure your employees understand that the program is not a fad. Create a consistent employee reward and recognition program with longevity to ensure your employees will continue participating.

Guusto is...

Simple:

Automated, user-friendly platform, 9-minute setup

Instant:

Send up to 1,000 gifts at once, real-time recognition

Flexible:

Over 50,000 partner locations & Prepaid MasterCard option

Inclusive:

E-gift cards or printed physical gift cards for ALL employees

Consistent:

Easy to use Reports tool, downloadable, real-time results

4. Set Your Goals

What outcomes do you want from your recognition program? Are you hoping to improve retention? Create a more engaged workforce? Reduce turnover? Better align your team around your core values and goals?

The potential benefits of recognition are numerous. To ensure you get the outcomes you want, it's best to start with specific goals in mind.

Tying Recognition to Your Core Values

At Guusto, we recommend that customers tie their recognition programs to their company's core values.

A company's core values provide a guideline for making decisions and identify the behaviors that drive success for the organization. By recognizing employees that demonstrate core values, they will be much more likely to repeat those behaviors.

As such, it can be very effective to set the company's core values as the possible reasons for recognition. This way, your managers and employees know WHY to formally recognize team members and colleagues.

Recognition data can then come in very handy during performance reviews, as it will identify which core values employees are demonstrating and where they could focus on improving.

Common Goals

This chart provides an overview of some common recognition goals, together with suggested average gift values, frequency, and other tips and pointers for success.

Goal: Retain Top Talent

Gift Reason	Gift Value (~)	Sender	Frequency	Tips & Pointers
Anniversary Awards	~$50 per year	HR	1 yr, 3 yrs, 5 yrs, 10 yrs, etc.	Save time by scheduling gifts for future dates
Milestone Rewards	$25-$75	HR	Special life events (e.g. birthdays, first home purchase, having kids)	Add special event in "notes" to keep track
Real-time Recognition Rewards	$10-$50	Managers	Any time an employee embodies a company value/ key behavior	Use "Gift Reason" to see which category is embodied the most
Peer-Peer Recognition	$5-$25	Everyone	Anytime a peer embodies a company value/key behavior	Your peers will appreciate your kind gift, and will likely recognize your hard work too!
Professional Learning & Development	$25-$50	HR, Managers	Upon completing training courses	Send gifts to increase incentives for learning, and recognize employees for efforts put into your growth!

Goal: Increase Engagement

Gift Reason	Gift Value (~)	Sender	Frequency	Tips & Pointers
Winning / Participating in Contests	$50-$1,000+	HR	Monthly, quarterly, annually	Engage employees in monthly or quarterly events, and reward them for participation. Even better, organize competitions to add some fun and diversity to the regular work schedule!
Wellness Program	$10, $25, $50	HR	On completion of wellness goal	Facilitate health awareness by administering an internal wellness program to encourage your employees to focus on self wellness.
Marketing Engagement	$5-$10	Managers	E.g. every 15 marketing posts shared on personal social media	Give incentives to your employees for sharing marketing materials, e.g. Tweets, blog articles, LinkedIn posts, etc.
Positive Customer Feedback; Sales Incentives; Hard Work	$10-$100	Managers	Anytime an employee has accomplished something noteworthy	Recognizing employees for a couple months of hard work on a tough project can give them the boost they need to stay motivated on the task.
Build Team Culture	$5-$25	Managers	When an employee helps others out; buys coffee for the team; sending sick coworkers a care package, etc.	Reward employees for positive behavior to promote a positive company culture!

Goal: Create Alignment & Consistency

Gift Reason	Gift Value (~)	Sender	Frequency	Tips & Pointers
Company Core Values (e.g. Innovation, Leadership)	$10-$50	Managers, Everyone	Any time an employee embodies a company value/ key behavior	Allocate budgets to managers so that they can recognize in real-time. This sets parameters around spending, but doesn't complicate the approval processes. Rewarding employees for embodying company values makes individuals feel recognized for their efforts. The positive incentives also help reinforce these values in the work culture.
First 90 Days (Reduce Turnover)	$10, $25, $50-$250	HR	Day 1, Day 30, Day 90	Clearly communicate this to new hires so that they are aware that these rewards are coming. The value of the day 90 reward is a broad range because some very high turnover industries require a higher incentive.
Achieve Goals (e.g. Productivity, Sales)	$25-$100	Managers	Weekly / Monthly / Quaterly / Annual Achievements	Set clear goals and have defined rewards for winners or for exceeding those goals.

5. Launch Your Program

Communicate with all Stakeholders

To make your employee recognition program a success, it's critical to have a successful launch. Make sure all stakeholders are aware of the program, its objectives, what is expected of them, and why their participation will be beneficial for them. Your program will not achieve the desired results if your employees are unsure how to participate.

Anticipate objections from each stakeholder (other leaders, managers, financial team etc.). Everyone will have different concerns about the employee recognition program, so be sure you have a solid response to each objection, and lean on your **Team of Champions** to communicate benefits.

Build a Pilot Program

Here's a common scenario:

1. Based on engagement survey results or a metric like turnover, it's evident that the company needs to improve their culture of recognition.
2. An HR leader is tasked with coming up with a plan (intentions are good).
3. Many months of research for program requirements take place, as they want to get this right.
4. The HR leader leaves the company and the project is shelved.
5. Based on engagement survey results or a metric like turnover, it's evident the company still needs to improve their culture of recognition.

Many companies across the continent know they should launch employee recognition programs, but they suffer from analysis paralysis. They spend so much time deciding what to do, that nothing actually gets done.

Using Agile HR to Build Pilot Recognition Programs

In his book called The Lean Startup, American entrepreneur and blogger Eric Ries suggests that companies building new initiatives take the **Build-Measure-Learn** approach.

Instead of spending months or years burning money, hypothesizing and building out what you believe to be the perfect product or program (which will likely be flawed), rapidly launch a Minimum Viable Product (MVP).

This MVP is a very scaled back version of a product or program. In your recognition program, it could be a small pilot program like modern milestone awards, or real-time spot awards with a single team, department, or location. The idea is that you launch something fast (which is probably better than the status quo), you learn from it – some things will work, other things won't – you iterate and improve. When the program is proving effective, roll it out to the full company, gather feedback, measure results and continue to tweak things.

You will learn about what's working and what isn't, then adjust. Build-Measure-Learn.... Repeat!

The idea is that you don't have to do everything at once. When pilot programs provide proof of concept, roll them out to the whole company.

6. Measure the Results

Finally, your recognition program must be measurable. To understand the effects of your program, you need a way to measure two main areas:

- Program KPIs
- Organizational KPIs

Here is an overview of some of the most common metrics and KPIs you should be tracking as your program progresses.

Program KPIs

Measuring program KPIs will give you an overall sense of how successful your recognition program is, such as what percentage of your employees are participating, budget usage, and what behaviors your people are recognizing.

Essential Program KPIs

There are a number of different data points you can use to measure the success of your program depending on its structure and specific goals. As a starting point, though, we recommend focusing on these 3 KPIs, which will give you an overall sense of the impact of your program.

Participation Rate

Your participation rate is the percentage of team members who are using the system to either send gifts or nominations. Generally speaking, a participation rate of 80% means you have a strong, recognition-rich culture.

However, you shouldn't necessarily expect that level of adoption straight off the bat. Within the first 90 days of implementing your program, a 40% participation rate should be enough to ensure you're on the right track.

Percentage of Budget Used

The percentage of your overall monthly gift budget that is being used can also be a good measure of the health of your program. If the percentage is high, it's a sign that the program is making an impact for your team, and could even mean that you might want to think about expanding your program. If it's low, you may need to work harder to increase adoption rates.

Percentage of People Using Full Monthly Budget

In addition to tracking what percentage of your budget is being used, you should also keep an eye on the percentage of people who have used their full monthly budget. This will give you a sense of how widespread adoption is across different departments and employees.

Additional Program Metrics

The metrics above can serve as a good gauge of program success for any company running any kind of recognition program. But there are also a number of additional program KPIs that could be worth tracking depending on the kind of program you're running, and your specific organizational goals.

Gift Reasons/Core Value Performance

In Guusto, the Gift Reasons report gives you a quick snapshot of what your team members are recognizing each other for, meaning it can be very instructive when you want deeper insights into the behaviors and actions your program is driving.

For best results, we recommend tying your Gift Reasons to your company's core values. This way, you can see which values are truly being applied in the day-to-day work of your organization.

Recipient Rate

You can also keep an eye on the percentage of your team who are receiving gifts. This can be important if you want to make sure that the program is inclusive, and that managers are not showing favoritism or neglecting the contributions of certain members of your team.

Average Number of Gifts Sent

Are your team members sending a number of gifts to different people, or just sending larger gifts to one or two individuals? Tracking the average number of gifts sent will help you understand how your program is being used.

Average Value of Gifts

Similarly, you can track the average amount spent on gifts to get a better sense of how your team members are distributing their budgets. This can be helpful if you're trying to determine whether you need to increase budgets in order to ensure more people are receiving recognition. In Guusto, you can also track the value of gifts by gift reason, which can help you determine which behaviors your team members value the most.

Redemption Rates

The percentage of claimed versus unclaimed gifts can give you a sense of how many people are using their rewards. This can be especially helpful in milestone programs, as you want to make sure that people truly value the rewards they are receiving.

Top Performers

You should also pay attention to which individual team members are using the system most. Guusto provides leaderboards for senders and recipients for both gifts and nominations. This can help you ascertain which managers, employees, and departments are excelling in both giving and receiving recognition.

Custom KPIs

Have a more specific data point you want to track? Guusto allows you to create custom fields for users that can help you to measure your program's impact on a more granular level. For instance, you could create a 'region' field if you wanted to track adoption in one location versus another, or a 'department' field to compare results on different teams.

Organizational Outcomes

At a more macro level, you can measure KPIs based on specific organizational outcomes you would like to see, such as improvements in turnover rates, conversion rates (marketing), close rates (sales), productivity (e.g. rooms cleaned per hour), etc. At a cultural level, you may also want to measure overall employee engagement and morale through pulse surveys as the program moves forward.

Tracking these larger goals will give you a sense of how your recognition efforts are working to build a better culture in your company as a whole.

Performance Metrics

Tracking performance metrics that relate to specific goals you have defined for your recognition program can be very instructive. While any gains you see might not be solely attributable to your recognition program, a correlation between improvements and your attempts to build a culture of recognition is probably not a coincidence.

Productivity

Studies have shown that recognition can improve productivity, and it can be worthwhile to see if there is any noticeable improvement in this area after you implement your program. Productivity metrics will largely depend on what business you're in, and the departments within your company.

Some examples might be:

- The average response or resolution time to tickets logged with customer service
- The number of rooms cleaned per hour by hotel staff
- Manufacturing output at a factory

Results

If your goals relate to your bottom-line metrics, you might also want to track KPIs that influence revenue. Again, what these are will depend on the nature of your business. Some examples might be:

- Conversion rates for a marketing team
- Close rates for a sales team
- Revenue generated by the company as a whole

Reduced Admin Time

While it is less related to overall business performance, one thing you may want to keep track of once you launch your recognition program is reduced admin time. If you've been running an Ad Hoc or in-house program before, switching to a centralized recognition system could dramatically cut down on red tape, freeing up a lot of time for your admins.

Absenteeism

Having a more engaged workforce could reduce absenteeism, so it could be worth tracking your total absenteeism after you launch your program and compare it to your previous rate of absence.

Turnover

Recognition can dramatically boost retention, so monitoring your turnover rate (the percentage of employees who have left the company over a given period) could give you a clear sign that your program is working.

Cultural Health

In addition to boosting your bottom line metrics, implementing a recognition program could have a drastic impact on employee morale. While this is a bit more subjective than other outcomes, you can still measure it by surveying employees and asking for feedback.

eNPS

If you're running regular pulse surveys, you're probably already tracking your employee net promoter score (eNPS), which measures how likely an employee is to recommend working at your company to others. As your recognition program progresses, you should see this score climb higher.

Additional Survey Feedback

You can also get a better understanding of how appreciated and engaged your employees feel by asking more direct questions about it in your employee pulse surveys. For example, you could ask employees to rate their agreement to the following statements on a scale of 1-10:

I feel recognized for my efforts (1 - strongly disagree, 10 - strongly agree)
I care about the company succeeding (1 - not at all, 10 - a great deal)
I wouldn't leave for a 10% raise (1 - strongly disagree, 10 - strongly agree)

These questions will give you valuable quantitative information about how your employees perceive your new program and your company as a whole, giving you a clearer picture of the impact of recognition.

Next Steps

You probably downloaded this guide because you were feeling overwhelmed with the stress of building a culture of recognition from scratch. Maybe you have tried following these steps and are starting to see some improvement, but you are ready for your results to skyrocket to the next level.

Guusto is here to help put your program into motion with our simple, automated platform that can be set up in 9 MINUTES and is completely FREE to use.

Ready to take the next step in recognition?

Start in minutes, not months.

Book a Free Demo Now