

CATEGORY FOCUS | EMPLOYEE REWARDS PROGRAMS

Appreciative Gestures

TIMES ARE TIGHT, and you can be forgiven if the mere thought of starting an employee rewards program right now sparks reflexive guffaws. But consider these counterintuitive words from Michelle Smith, vice president of O.C. Tanner (a one-time jewelry company that's grown into a giant in the field of employee appreciation): "If you have to make a choice between cutting a customer-appreciation program or an employee rewards program, keep the employee rewards. Recognition and incentives are not 'nice to have' — they're a critical business tool. Even though jobs are tight, talented people are always in demand, and there's another store that would love to have your star performer. And if you have happy, engaged employees, they'll take care of your customers." — JOSH WIMMER

POINTS TO CONSIDER

"The hard thing is to get employers past the idea that it's about cash. Employees don't look at cash as memorable or rewarding. They just look at it as something that pays the bills. The minute that happens, the incentive value of what you did is gone." — *Kate Peterson, president, Performance Concepts*

"Companies are gravitating toward using experiences as rewards — from thrills, like driving a race car, to learning about glassblowing, to getaways like a murder-mystery weekend. Employees come back and talk about it and have this powerful memory associated with the reward, versus if they'd just gotten a gift card or some merchandise they'll forget about." — *Nancy Lamberton, founding partner, Excitations*

"We offer programs that give employees an individual choice among several options for their reward. Because you might be interested in cars, while I might be into balloon rides. If you're going to be rewarding multiple people, even over time, you want things that feel more personal, because they're going to have more impact." — *Lamberton*



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"Talk to vendors and other local businesses [about using their products or services as rewards]. That can be a win-win for everyone. The better your partnerships are, the further your dollar goes." — *Peterson*

"It's vital to communicate that 'This is what we're doing, this is how we're doing it, this is how you'll be measured.' That's a deceptively simple step. That communication needs to be ongoing, too. A lot of programs fail just because people forget about them." — *Michelle Smith, vice president, O.C. Tanner, and board president, Forum for People Performance Management and Measurement*

"Right now, the figure [for what to spend on a program] is 2.5 percent of payroll. That said, employee rewards are such an important tool that if you really can't allocate that much, go forward anyway, with a more modest number." — *Smith*



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