Finding Your Place on the Recognition Maturity Index™

G1
Generation One

- Quick design-to-implementation
- Uncoordinated ad-hoc programs
- Stolen budgets
- Not aligned to higher level corporate strategy

G2
Generation Two

- Leverage communications
- Leverage reward dollars
- Automation vs. paper-based/manual
- Tracking, reporting and basic accountability

G3
Generation Three

- Drive business priorities and individual behavior
- Reinforce and reward
- Achieve leader led recognition parity
- Quantify intangible and tangible return on investment

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The Value of an Engaged Workforce

In every organization there are "have-to" and "want-to" performers who make up the workforce. In a typical organization the middle 60 percent of the workforce falls into the "have-to" category of employees not fully engaged, but doing just enough to stay under the radar. Only the top 20 percent of the workforce in these organizations is intrinsically motivated and falls into the "want-to" category.

The real secret to developing a high-performance organization is to capture the extra capacity in the middle 60 percent of the organization and transform them into "want-to" performers. This increases productivity while maintaining head count. How is this possible?

Effectively engaging this 60 percent of performers is the catalyst for capturing extra capacity. Engaging employees starts with implementing an organizational enterprise total recognition strategy.

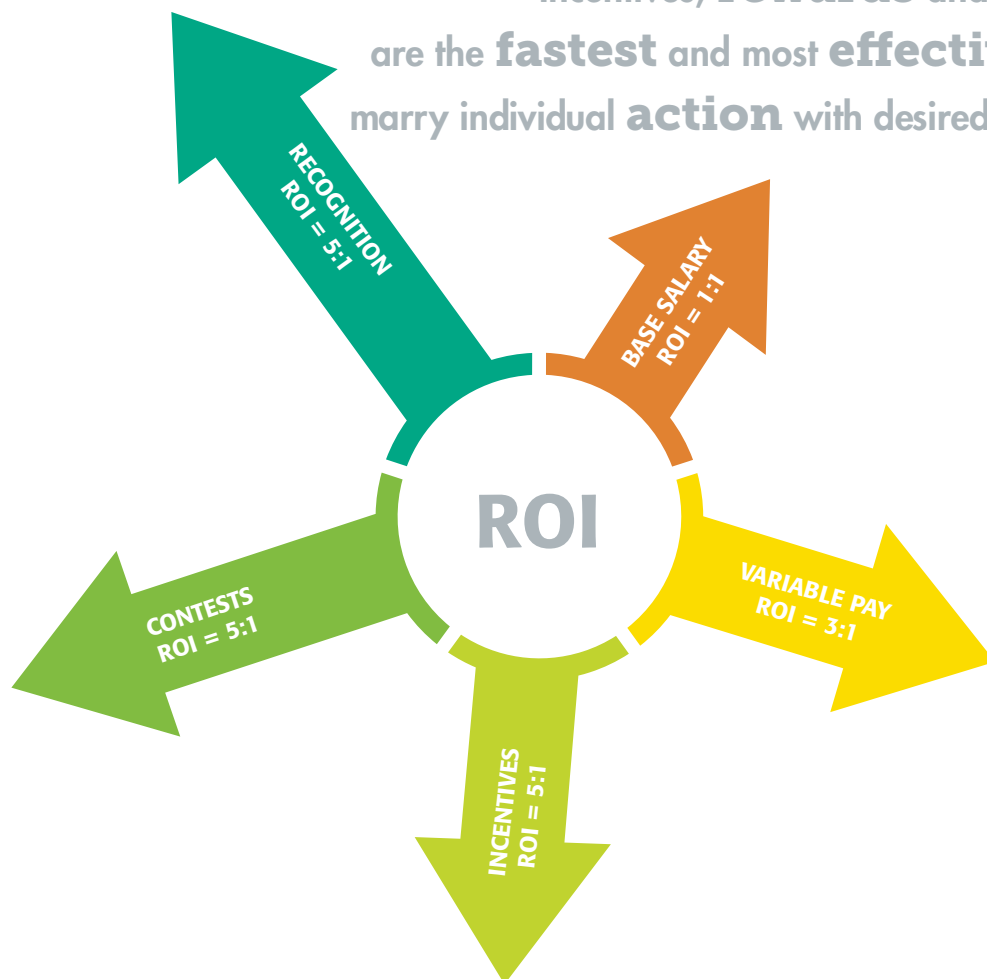**Transition HAVE–TO PERFORMERS into WANT-TO PERFORMERS with EFFECTIVE WORKFORCE RECOGNITION**

What is Enterprise Total Recognition?

Enterprise Total Recognition is a complete approach to recognizing and engaging employees. Whether it is recognition for years of service or performance-based recognition, recognizing and motivating employees creates a higher performance workforce.

Building a culture of recognition within your organization is accomplished by encouraging behaviors that create value through revenue generation, customer satisfaction, cost containment, safety, operational excellence, community engagement and retention.

Total Recognition is a complete approach to recognition that utilizes a portfolio of recognition programs of varying types across an organization to motivate and engage a workforce.

Incentives, **rewards** and recognition are the **fastest** and most **effective** ways to marry individual **action** with desired **results**.

ROI

RECOGNITION
ROI = 5:1

BASE SALARY
ROI = 1:1

CONTESTS
ROI = 5:1

VARIABLE PAY
ROI = 3:1

INCENTIVES
ROI = 5:1

What is Enterprise Total Recognition?

The Recognition Maturity Index provides a point of reference and method to understand and gauge recognition within an organization.

What generation is your organization?

Generation One (G1)

• *Quick design-to-implementation*

• *Uncoordinated ad-hoc programs*

• *"Stolen" budgets*

• *Not aligned to higher level corporate strategy*

Generation Two (G2)

• *Leverage communication*

• *Leverage reward dollars*

• *Automated vs. paper-based/manual*

• *Tracking, reporting and basic accountability*

Generation Three (G3)

• *Drive business priorities and individual behavior*

• *Reinforce and reward*

• *Achieve leader led recognition parity*

• *Quantify tangible and intangible return on investment*

What are the characteristics of maturity?

Deliberate action, mature consideration, due deliberation, richness of natural development, promptness, and the state of being complete or comprehensive.

An implicit component of the definition of maturity is that it evolves over time. Whether applied to people, processes, programs or systems, maturity is the result of growth. It brings awareness and depth of understanding that comes from experience.

The benefits of motivating and retaining talent, along with engaging employees in good times and bad—is well documented. Recognizing and motivating employees is a concept that seems simple on the surface. But when that concept needs a solution that can be applied consistently to large groups of people, the concept can be complex and sophisticated. Just as people aren't born fully grown, experienced and wise, recognition and motivation programs don't always improve morale and engagement, nor deliver significant, measurable ROI from inception. Occasionally there is a home run, but more often, recognition programs, processes and systems evolve over time. They mature.

Knowing where your organization is on the maturity index is key to charting a better course of action to plan for the future.

Generation One (G1)

Generation one recognition efforts start with the good intentions. The drive to "do something" usually occurs as either a grass roots effort from the front lines or a trigger event, such as poor scores on an employee satisfaction survey.

G1 Features

Quick Design-to-Implementation

Everything about a G1 effort is tactical and usually driven with a sense of urgency: "We need it, and we need it now." As a result, G1 programs are typically designed quickly. With a few quick Google searches, awards are sourced. The whole program takes a month or two to implement and launch.

Uncoordinated, Ad Hoc Programs

The G1 environment is decentralized. Business units, departments and even teams tend to go in diverse directions with little guidance or centralized coordination. Although there is momentum and a mandate for something, rarely are resources fully dedicated to it. Programs become a point-in-time priority and then languish due to lack of focus and attention.

"Stolen" Budgets

Most G1 programs don't have official recognition or reward budgets (often organizations don't even know what they are spending across departments). In fact, recognition and reward programs often represent "stolen" budgets—a little from marketing, a little from training and education, and if that fails, there's always the miscellaneous bucket.

Not Aligned to Higher Level Corporate Strategy or Brand

Because of their quick design-to-implementation and tactical nature, G1 programs are typically not aligned with the corporate strategy or brand. G1 programs usually have a very narrow, defined focus on business unit or team issues and operate with a strong sense of urgency. An obvious example is when a company, as part of its strategy, is focused on building deeper, longer relationships with high-value clients, but the sales team has a reward program for bringing in the most new clients in a quarter creating turmoil in goals and overall approach.
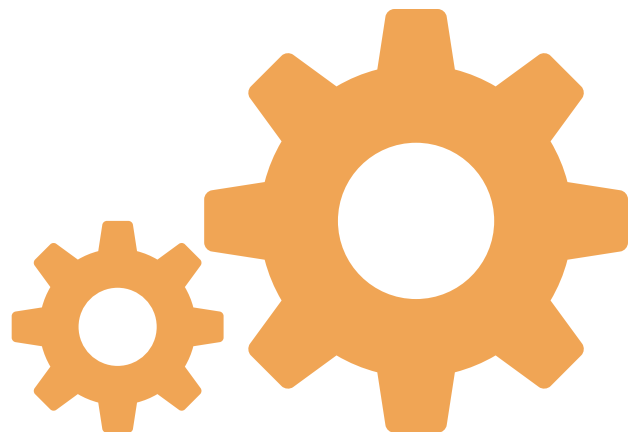
G1 Change Drivers

Companies can operate at this maturity for months or even years. At some point however, there will be pain. The pain may come from a variety of sources. A few of the most common include:

Lack of Alignment

Departments and divisions are "doing their own things" and are not aligned. Programs conflict or overlap with each other or are not aligned with the company brand or larger objectives.

Lack of Tracking, Reporting and Tax Compliance

Because there is no tracking, the company does not know what it is spending, and cannot accurately report tax consequences.

Inefficient Resource Utilization

Because everyone is doing their own thing, the company has multiple suppliers. The programs are supported with manual or semi-automated processes, and every division has resources assigned to programs part or full time—but they don't talk to each other. Often, they don't even know each other exists.

Entitlement and Lack of Promised Resultst

Although the programs aren't really achieving any measurable results, the company can't eliminate them because employees and managers have grown to expect them.

All that said, pain is not always bad. Some would assert that growth and maturity can't happen without a little pain. Most G1 companies at this point focus on consolidation and making the recognition programs, processes and systems more efficient.

Generation Two (G2)

Generation two represents progress. A concerted effort is made to define processes, programs and systems. As the organization becomes more mature in its recognition and reward programs, it defines processes more completely to ensure they are repeatable and can be managed efficiently.

For G2 recognition and reward programs, this usually means some level of centralized control, even though most companies still desire some level of autonomy and ownership at the business unit or department level.

G2 Features

Automated vs. Paper-based/Manual

At some point, companies become aware of the lack of coordination and communication within their organization. Although decentralization, discretion and flexibility are conceptually appealing, it is not a good idea for a department lead to have $90K in gift cards in his or her desk drawer. At this point, there is a drive to consolidate and automate key workflows, notifications and reporting. Companies are increasingly looking to enterprise recognition systems (ERS) to support all recognition and reward programs throughout their organizations.

Leveraged Reward Dollars

Another key trend for maturing G2 companies is an ability to leverage recognition and reward spending through supplier consolidation. Maturing organizations look for single-source, end-to-end workforce recognition specialists. In a marked departure from G1 companies that look for a tactical recognition vendor, G2 companies seek a strategic recognition partner. An effective single-source partnership: reduces costs associated with managing multiple relationships; consolidates and optimizes existing spending; and provides a trusted advisor relationship that equips the company with access to enhanced thought leadership, market leading solutions, service and technologies.

Leveraged Communications

As companies begin to think more strategically about recognition and rewards, they apply this thinking to the way they communicate their messages and programs. Maturing companies think of the bigger picture. They align programs and rewards with compensation, integrate them with their employment and engagement brands, and internally market the concepts, tools and programs to the broader workforce.

Tracking, Reporting and Basic Accountability

Through automation in the early stages of G2, workflows are optimized in many of the key processes for nomination-based programs, team awards, pinnacle programs, SPOT initiatives and others. The next step is to proactively manage programs. Administrators use reporting and tracking capabilities to assess program performance—including utilization, number of recognition contacts, frequency rates and overall results. In addition, managers and leaders are held accountable for effectively using the programs and tools.

G2 Change Drivers

Effective recognition has often been described as a "pulling phenomenon." People get pulled into the process, begin to like how it feels, talk about it and eventually initiate it themselves. Much like the concept of "viral marketing," it then becomes "viral recognition." For that to happen, it has to be clear, it has to be easy, it has to work and it has to feel good.

Many organizations never leave a G2 maturity. A few see the promise, have support at high levels of the company and envision more. The catalysts for ongoing improvements and change include:

### Loose Design, Subjective Link to Performance

Enterprise programs that reinforce corporate values and business priorities can be fairly high level. Even local or business-unit SPOT programs are often loosely designed by their very nature. For these programs, there tends to be quite a bit of discretion and subjectivity involved in approving rewards. Even though there is anecdotal evidence and a general feeling that "they work," when the time comes to crunch program numbers and articulate results, loosely designed programs with high degrees of subjectivity are almost always one step removed from truly quantifiable ROI.

Based on Results, Not Behaviors

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Tracking, Reporting and Basic Accountability

An important distinction exists between results and behaviors in most recognition and reward programs. Results tend to be ultimate outcomes: sales growth, margin, market share, cost-reduction targets, etc. Behavior reflects what we do. It is observable, measurable and reliable. **Behaviors drive results.** Savvy, mature organizations that want to drive results know they must drive the underlying behaviors that will help them get there. Since behaviors drive results, it becomes mission-critical to pinpoint and reinforce the profitable behaviors that are most likely to affect results.
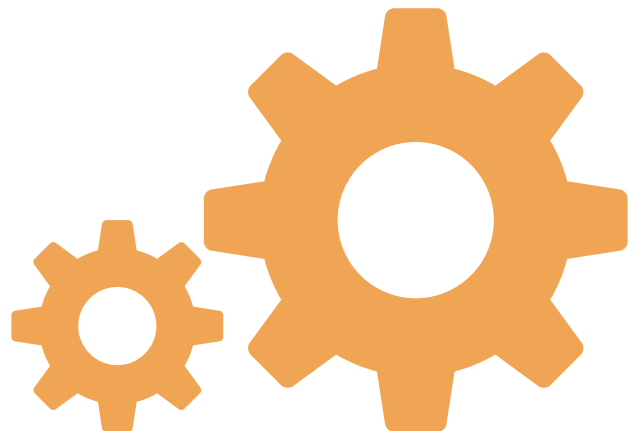
Little or No Accountability

Managers and leaders are usually measured on business results. Until managers and leaders understand and own the fact that recognition and reward programs can actually help them achieve key results, the programs will be treated as a "nice-to-have" rather than a "must have." Maturing organizations that have data that proves managers who use recognition programs, tools and systems achieve better results will mandate managers use them and hold them accountable.

Program Driven, Not Yet Embedded in Culture

A simple definition for culture is "the way we do things here." Companies that have immature recognition and reward processes treat the programs as something unique or out of the box. The implication is that they're something short-lived. Hence, a great number of programs start out strong and then fizzle out—the program metrics look like a reverse hockey stick. Companies that have experienced some value actively look to further embed recognition and rewards into their culture so it becomes part of "the way we do things here."

The evolution from G1 to G2 maturity is mostly driven by pain or a burning platform. However, the levers that drive an organization from G2 to G3 are more vision-led and tend to be a deliberate, focused and managerial effort to optimize outcomes and results.

Generation Three (G3)

Generation three usually represents mature recognition and rewards programs, processes and systems.

G3 Features

Aligns Enterprise Programs that Drive Business Priorities and Individual Behaviors

A mature recognition strategy incorporates programs, tools and processes appropriate at the enterprise level. It usually falls to corporate HR to control and manage the strategy for recognition, because in most companies, HR owns people strategy, compensation and employee engagement. Recognition and rewards is a perfect complement to those vital functions. In G3 companies, HR creates the work plans, provides the tools and infrastructure, owns the enterprise-wide programs, and provides a framework business units can operate within. Business units should retain some input or autonomy around programs that drive specific targeted results, but they should comply with broader organization policies to ensure tax compliance, recognition and reward parity and communications that support the overall recognition brand.

Reinforcement and Rewards Consistently Delivered at the Point of Performance

G3 businesses understand that positive reinforcement, recognition and rewards cause desired behavior to happen more frequently when a meaningful consequence closely follows the behavior. The closer the reinforcement, recognition or reward is to the behavior, the more immediate it is and the more effective it will be. An organization that uses reinforcement effectively will see improvement.

Leader Led and Recognition/Reward Parity is Achieved

Mature recognition and reward initiatives have the support of senior leaders. Senior leadership affects the success and maturity of enterprise recognition and reward efforts in two primary ways:

1. The entire organization looks to senior leadership to set the priorities and tone for the organization. Typically, when leadership talks, the company listens.

2. The allocation of resources and budgets can be enhanced. Resources—from people to program funding—are the key to ensuring that programs, processes and systems are in place and structured to scale enterprise-wide.

Scalability is critical to ensuring that recognition and reward parity (equal effort consistently generates approximately equal outcomes) is achieved. It is through consistency and parity that employees trust, use and promote recognition programs and systems.

Tangible and Intangible Return on Investment

G3 companies are able to quantify and articulate both tangible and intangible returns on their recognition and reward investment. Tangible ROI provides objective and quantifiable returns the business has experienced as a direct result of the reinforcement, recognition or reward programs in place. Intangible ROI is softer. It is logic-based, but more subjective and reflects non-quantifiable returns the business has experienced as a direct or indirect result of the programs. An example of an intangible return is higher employee satisfaction scores compared with a tangible return created by an uptick in the cross-sales of higher-margin items sparked by a sales reward program. A complete return-on-investment analysis incorporates both tangible and intangible results.

G3 Change Drivers

Once an organization achieves G3 maturity, the challenge is retention. Leadership tends to change. Business conditions change. These are truisms of corporate life. And just as businesses need contingency and continuity plans, so do their recognition and reward plans. Building a change management plan — one that proactively incorporates change and flexibility — will ensure the strategy continues to move forward and evolve.

Flexible to Incorporate Refinements as Business Imperatives Change

G3 enterprise recognition initiatives incorporate change, flexibility process improvement into their systems. Business conditions and industry trends are constantly changing and agile, flexible organizations are best positioned to leverage opportunities when change occurs. Process improvement is an ongoing effort to discover and eliminate roadblocks. A commitment to process improvement means being focused on refinement, and positioning a company to proactively incorporate changes to business conditions or industry trends as they happen.

Mature recognition and reward programs require vigilance. What makes them mature is that they have the strategy, programs, processes, tools, infrastructure, tracking and reporting in place, supported with flexibility to respond to changing business conditions and a commitment to continuous improvement.

Total Recognition Program Evolution

For recognition to progress from a "nice-to-have" to a "must-have" part of an organization, there needs to be a clear plan and business case for change.

	Generation 1 Employee Recognition	Generation 2 Efficiency & Cost Saving	Generation 3 Performance Results
features	• Quick design-to-implementation • Uncoordinated, ad-hoc programs • "Stolen" budgets • Not aligned to higher level corporate strategy or brand	• Automated vs. paper-based/manual • Leveraged reward dollars • Leveraged communications • Tracking, reporting and basic accountability	• Based on alignment of enterprise programs that drive business priorities as well as business unit programs that drive individual behaviors • Reinforcement and rewards consistently delivered at the point of performance • Leader led and recognition/reward parity is achieved • Tangible and intangible return on investment
change drivers	• Lack of alignment • Lack of tracking, reporting and tax compliance • Inefficient resource utilization • Entitlement and lack of promised results	• Loosely, subjectively linked to performance • Based on results, not behaviors • Little or no accountability • Program driven vs. embedded in culture	• Flexible to incorporate refinements as business imperatives change

About Inspirus

Inspirus believes employees make up the foundation of culture, which is shaped and evolved through everyday experiences that are essential to the development of strong, high-performing organizations. We seek to influence the employee experience through our six Quality of Life dimensions: recognition, health and well-being, personal growth, physical environment, social interaction, and ease and efficiency.

Only Inspirus combines an integrated rewards engine, learning courses, communication tools and analytics into a single global platform spanning recognition, well-being, safety, milestone awards and community involvement. Through Sodexo's broader mission of improving the Quality of Life for all we serve, Inspirus aims to bring joy to work, one experience at a time.

Visit inspirus.com for more information.

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