Budgeting, Communications and Training

1
BUDGETING

2
COMMUNICATION

3 Things to Master for an Effective
Enterprise Recognition Strategy

3
TRAINING

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Executive Summary

Enterprise total recognition—an approach that recognizes and engages employees using a portfolio of recognition programs across an organization—is vital to retaining a high-performance workforce. But developing an enterprise total recognition program doesn't happen overnight. In fact, most recognition programs typically evolve and mature over three generations.

Regardless of where an organization falls on the Recognition Maturity Index™ or the complexity of its recognition program, experience and research show that truly successful enterprise total recognition requires the mastery of three absolutely crucial areas:[1]

1. Budgeting
2. Communications
3. Training

Best practice awards serve a dual purpose: recognizing outstanding individual programs and advancing the field through information sharing.

Delta Air Lines offers service to more destinations than any other global airline with Delta and Delta Connection carrier service to 300 destinations in nearly 60 countries. In terms of passengers carried—approximately 180 million in 2018—Delta is the second-largest airline in the world.

This paper first presents an overview of the Recognition Maturity Index™. It then explains why it is critical for organizations to understand the importance of budgeting, communications and training related to enterprise total recognition, and how to develop action plans in each of those key areas.

A successful recognition strategy must include an effective budgeting and expense-tracking process, an effective communication plan for pre- and post-launch and training tools. Implementing these crucial steps begins with understanding why they matter and ends with a clear plan to put them into action.

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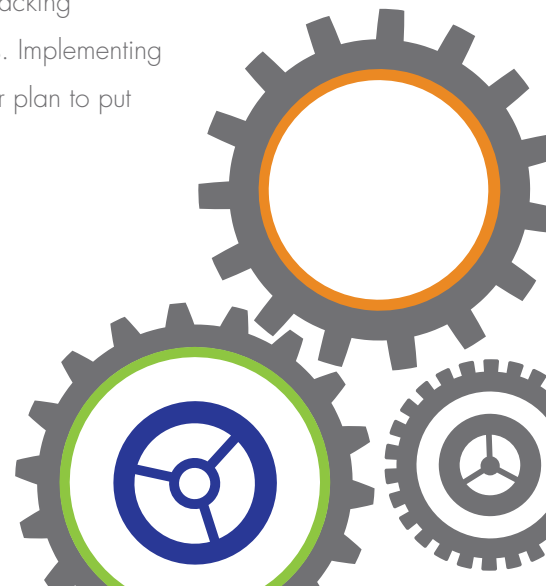
Recognition Maturity Index™

A Brief Look at Why It Matters and
Getting Started in Enterprise Total Recognition

Total recognition offers a comprehensive approach to appreciating employees' work. It leverages various forms of reinforcement, recognition and rewards in order to fully reach and engage a workforce. In short, recognizing employees' work leads to an engaged workforce—and an engaged workforce can lead to positive business results. To fully realize the best results, a carefully considered strategic portfolio of programs is optimal. But that doesn't happen overnight. Fortunately, there are tested best practices that can help ensure your success.

To get a great return on their investment, organizations need to prepare properly and make certain their recognition systems are strategic and effective. To be successful, an enterprise recognition system must be integrated on many levels:

1. Integrated with an organization's business priorities, mission, vision and values
2. Integrated with other key strategic initiatives (employment brand, wellness, etc.)
3. Integrated horizontally, as well as vertically, throughout the company

Fully integrated programs and processes take time to develop, communicate and support. Sometimes, spending time up front on proper planning that will link recognition to valid results means understanding that the organization needs to progress a little slower in the beginning to move fast later.

The first step is to know where your organization is on the Recognition Maturity Index™. It's important to know where you are on the index today, so you can properly chart your course and plan for the future. In brief, here are the three generations of recognition maturity:

Generation 1

- Quick design-to-implementation
- Relies on "stolen" budgets
- Implements uncoordinated ad-hoc programs
- Is not aligned to higher-level corporate strategy

Generation 2

- Is moving toward an automated system (versus a manual program)
- Leverages communication
- Leverages reward dollars
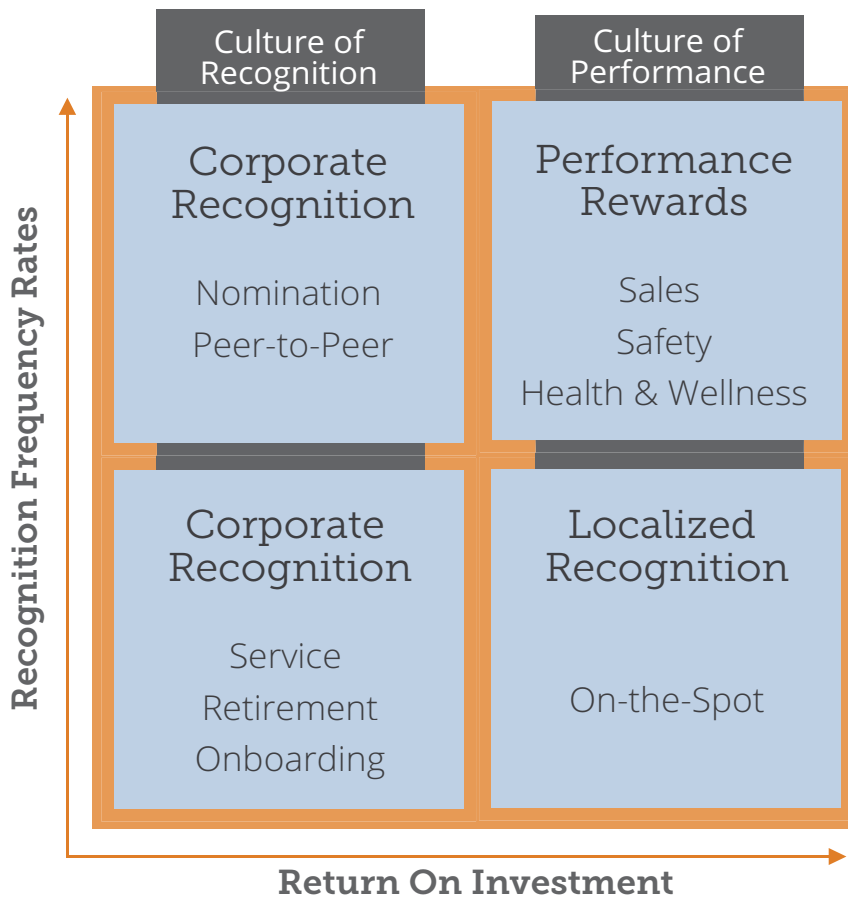- Includes tracking, reporting and basic accountability

Generation 3

- Includes reinforcement and rewards in the program
- Is leader-led and achieves recognition parity
- Proves intangible and tangible return on investment

Part of determining where your organization is in its recognition maturity involves understand the makeup of the individual programs in your "recognition portfolio." To maximize your efforts, the mix should be strategic and precisely targeted to achieve desired outcomes.

There are four primary types of recognition programs designed to reach the workforce in different ways that drive engagement:

- Milestone recognition (years of service, retirement, onboarding): These are the cornerstones of a rewards and recognition strategy. They "thank" employees for their contributions over their tenure.

- Corporate recognition (nominations, peer-to-peer): These are enterprise-wide programs that deliver recognition more frequently than milestone recognition. However, they are generally one step shy of providing a direct return on investment for the recognition program.

- Localized recognition (on-the-spot): These localized programs allow managers and business leaders to connect with their employees by directly giving the recognition to the chosen recipient. On the down side, these programs may be sporadic and often depend on the managers.

- Performance rewards (sales, safety, health and wellness, to name a few): Performance rewards are in the magic quadrant of recognition—they are frequent because they are linked to performance and a strong business case or ROI.

Recognition Frequency Rates

	Culture of Recognition	Culture of Performance
	Corporate Recognition Nomination Peer-to-Peer	**Performance Rewards** Sales Safety Health & Wellness
	Corporate Recognition Service Retirement Onboarding	**Localized Recognition** On-the-Spot

Return On Investment

The combination of these program types is very powerful. Together, they create a true culture of recognition and rewards—along with performance-driven returns to the business[2].

Budgeting for Enterprise Total Recognition

Strategically planned and well-executed budgeting for Enterprise Total Recognition is critical because it demonstrates fiscal responsibility, which in turn allows you to:

- Allocate appropriate budgets
- Track spending
- Reconcile your spending to your budget

The basic question your organization needs to answer to begin planning is really very simple: How much do I need to spend, and how should that money be allocated?

Without this information, it is nearly impossible for any business to tell a unified story about results and returns generated by their recognition and incentive programs. This in turn, paralyzes leadership buy-in for recognition.

Interesting Stats Based on the 2017 WorldatWork Trends in Employee Recognition, 89 percent use recognition programs as part of their rewards tool kit.[3]

- Organizations with recognition in place have 14 percent better employee engagement, productivity and customer service .
- Great recognition programs drive 31 percent lower voluntary turnover.

Top Three Recognition Programs:

- 85 percent length of service
- 77 percent above and beyond performance
- 49 percent peer-to-peer

A Few Tips
If you're just getting started with centralized budgeting, consider taking these first steps:

Prepare an inventory of all the recognition programs in your organization. This may require interviewing several business leaders.

Define current spending. Conduct an internal audit; work with your internal finance team and/or business leaders to define organizational spending.

Document the inefficiencies and/or costs you find in the audit process. This will help you build your business case later.

Executives are business leaders and are inherently fiscally minded. For business leaders to buy and fund recognition across the organization, the program must make business sense and be expressed in financial terms.

Most companies are taking a centralized approach to recognition program budgeting. Does this mean HR and compensation professionals run or control everything? No. It means that programs are centrally supported, but can be locally implemented and managed.

Most organizations choose to manage their recognition program budget centrally for several reasons:

1. Tracking is simplified with a centralized budget and management
2. Streamlined and centralized budgeting consolidates reporting and tracking
3. Organizational spending can be optimized
4. Costs are reduced because elements are not fragmented and decentralize
5. Centralized budgeting can reduce "shrinkage" associated with things such as misplaced gift cards

Budget Allocation

Based on surveys and research, Recognition Professionals International (RPI)—a professional association completely focused on employee recognition—recommends that companies dedicate between one and three percent of their annual payroll to recognition.

What's behind their recommendation? Maturity. Typically, organizations that have a scalable model to deliver recognition—along with a documented business case or measurement foundation—continually up their investment levels to garner incremental returns.

For Example:

Circular Communications is a hypothetical provider of telecommunications services to mid-size and larger businesses. It has 5,000 employees with an average annual salary of $70,000.

- 5,000 employees
- $70,000 average salary
- Total payroll = $350 million
- 1% of payroll = $3.5 million

Circular is a Generation 1 (G1) recognition company, spending one percent of its revenue. However, it would like to progress to Generation 2.

Circular is on its way to (G2) maturity because it has a centralized recognition budget and it offers a portfolio of recognition programs—some that are enterprise-wide and touch all employees, and others that are specific to each business unit.

Circular's Portfolio of Programs

Service Awards	Retirement	Chairman's Club	Wellness	Peer-to-Peer	Celebrations & Events
Enterprise Milestone - Service Awards	Enterprise Milestone - Retirement	Enterprise Pinnacle Program	Enterprise Wellness	Enterprise Peer-to-Peer Nomination	Enterprise Events
$200,000	$40,000	$500,000	$300,000	$400,000	$200,000

5,000 Employees = $3.5M Total Budget

Spot	Sales Contest	Safety	Project Completion
Business Unit On-the-Spot	Business Unit Sales Incentives	Business Unit Safety	Business Unit Incentive
$450,000	$750,000	$250,000	$300,000

Circular can easily manage its recognition budget because it is centralized.

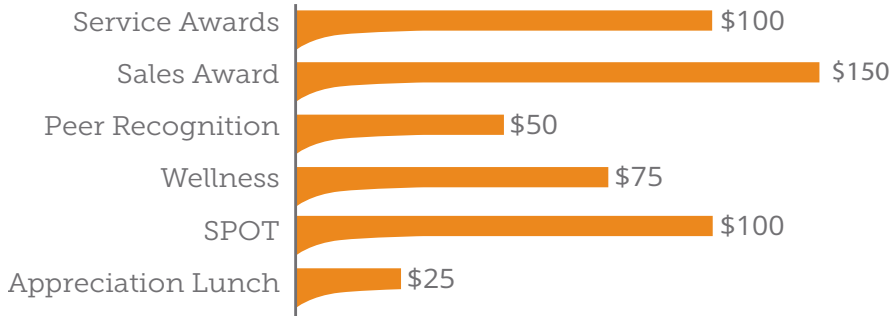|	A	B	C	D	E
	circular COMMUNICATIONS				
	Rewards & Recognition 2010 Budget				
7	Total Payroll	$350,000,000			
8	Total Employees	5,000		Admin Costs	
9	Average Salary	$70,000		System	$35,000
10				Communications	$50,000
11	1% of Payroll	$3,500,000		Training	$25,000
12	Admin (3% - 4%)	$110,000		Total Admin	$110,000
13	Rewards	$3,390,000			
15	Enterprise Programs				
16	Service Awards	$200,000			
17	Retirement	$40,000			
18	Chairman's Club	$500,000			
19	Wellness	$300,000			
20	Peer-to-Peer	$400,000			
21	Celebration & Events	$200,000			
22		$1,640,000			
24	Business Unit Programs				
25	SPOT	$450,000			
26	Sales Contest	$750,000			
27	Safety	$250,000			
28	Project Completion	$300,000			
29		$1,750,000			
31	TOTAL	$3,390,000			

What It Means to the Average Joe: Budgeting

To see the impact of a recognition program on an average employee, let's look at "the average Joe"—a hypothetical customer representative who's neither a low or high performer, but an individual who is in the middle 60 percent of the workforce.

Assuming Joe earns $50,000 a year, here's how much of the company's recognition budget would be allocated to him, directly or indirectly:

- 1 percent of payroll: $500
- 2 percent of payroll: $1,000
- 3 percent of payroll: $1,500

Here's how that $500 could be spent on recognition for Joe:

Category	Amount
Service Awards	$100
Sales Award	$150
Peer Recognition	$50
Wellness	$75
SPOT	$100
Appreciation Lunch	$25

It may not seem like a lot, but $500 can go a long way toward making Joe feel valued and appreciated throughout the year—along with keeping him engaged in performing his duties. Over time, this small investment can also move Joe from an average performer to an outstanding performer over time.

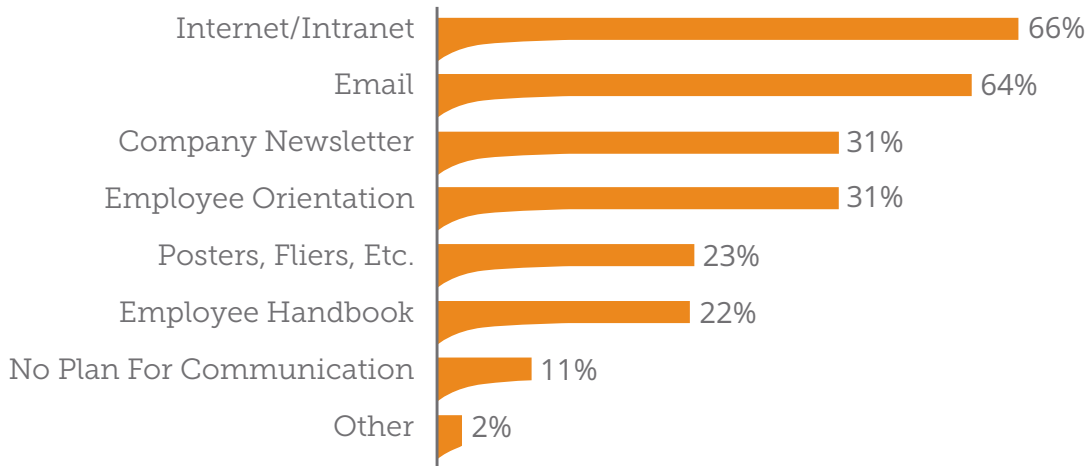# Developing a Communication Strategy and Plan for Enterprise Total Recognition

1. Providing information
2. Promoting recognition
3. Integrating recognition with your employment brand

How Do Others Communicate Recognition?

Based on the 2017 WorldatWork Trends in Recognition Survey, companies use the following to communicate their recognition programs:

What media do you use to communicate your recognition programs?

Media	Percentage
Internet/Intranet	66%
Email	64%
Company Newsletter	31%
Employee Orientation	31%
Posters, Fliers, Etc.	23%
Employee Handbook	22%
No Plan For Communication	11%
Other	2%

WorldatWork 2017 Trends in Recognition Survey

Understanding the Basics of Communication

Basic communication involves a sender and a receiver. The sender must consider the audience, the vehicle and the message.

To be effective, the sender must have a formal plan to manage many methods and touch points during the program's launch, ongoing promotion and results analysis. Ultimately, your communication goal is to maximize awareness and participation in your programs.
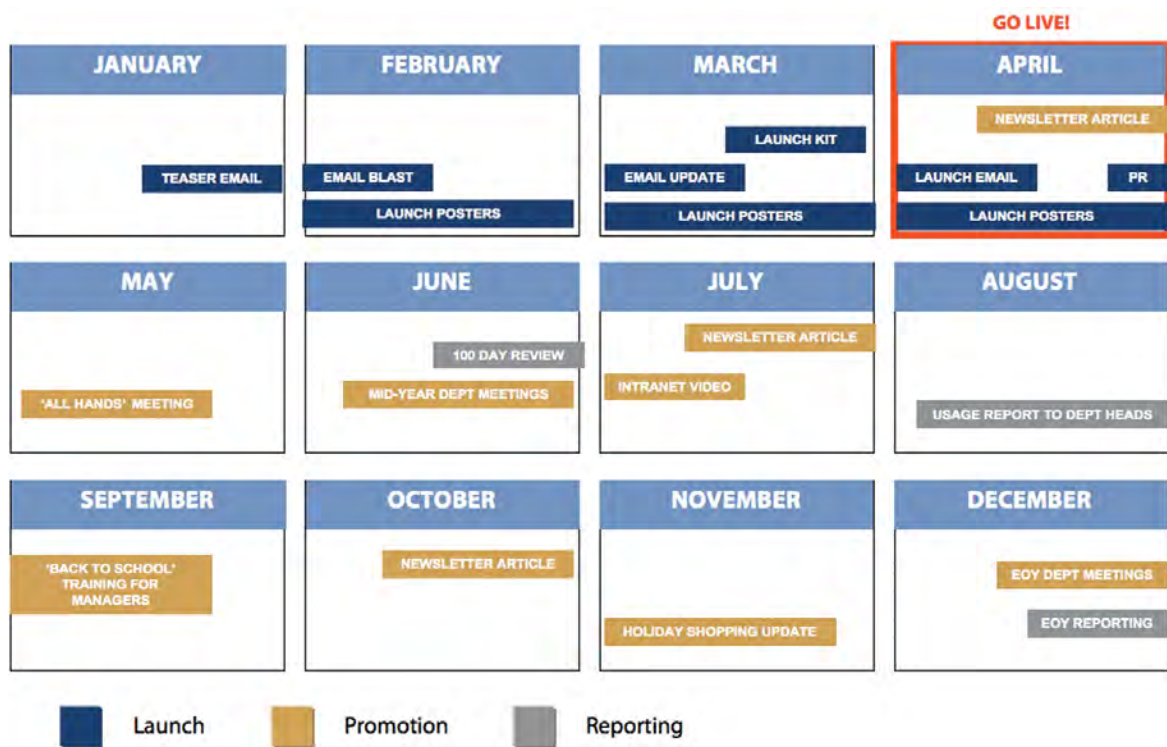
The Communication Plan

A communication plan will put the three elements of the plan into perspective by describing the communication activities (the vehicles) and how they are aligned with the plan's audience, key messages and objectives.

Communication Plan

	Audience	Vehicle	Message/Objective
1.	Frontline Workforce	• E-mail Blasts • Teaser • Launch Brochure • Posters	• Create excitement and awareness • Spread the word about the program • Encourage participation
2.	Leadership	• Orientation Packet • Email Blasts • Launch Brochure • Posters • Lunch & Learn Workshops	• To gain support for the program • Educate managers on the importance of recognition • Spread the word about the program • Create excitement and awareness

A Communication Calendar

After you develop a communication plan, you need to extrapolate it out over time—a task that obviously becomes more complex with the size of your organization and scope of your total recognition program.

JANUARY	FEBRUARY	MARCH	APRIL — GO LIVE!
		LAUNCH KIT	NEWSLETTER ARTICLE
TEASER EMAIL	EMAIL BLAST	EMAIL UPDATE	LAUNCH EMAIL / PR
	LAUNCH POSTERS	LAUNCH POSTERS	LAUNCH POSTERS

MAY	JUNE	JULY	AUGUST
		NEWSLETTER ARTICLE	
	100 DAY REVIEW	INTRANET VIDEO	
'ALL HANDS' MEETING	MID-YEAR DEPT MEETINGS		USAGE REPORT TO DEPT HEADS

SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
	NEWSLETTER ARTICLE		EOY DEPT MEETINGS
'BACK TO SCHOOL' TRAINING FOR MANAGERS			EOY REPORTING
		HOLIDAY SHOPPING UPDATE	

■ Launch   ■ Promotion   ■ Reporting

What Communication Means to "the average Joe"

To see the impact of a strategic and targeted communication plan on an average employee, let's once again consider "the average Joe" employee at hypothetical Circular Communications. Communication vehicles include:

1. A program launch kit
2. Two e-mail blasts
3. A poster in Joe's work area
4. A T-shirt
5. A program follow-up newsletter

As with any good marketing campaign, the more unique touch points and mediums you leverage in your total recognition communication plan, the greater the likelihood you will actively engage a majority of your workforce in enterprise recognition. Communication should not be an afterthought. It needs to be viewed as a critical element for success.

Developing an Effective Training Plan for Enterprise Total Recognition

Along with mastering budgeting and communication, successful enterprise total recognition requires strategic and well-implemented training to ensure effective use of the program and its tools. Effective training is critical because it allows you to:

Educate: Teach how to provide effective recognition

Inform: Explain the tools and processes available to provide effective recognition

Engage: Instill managers with a sense of why recognition is important and the value it delivers

After deciding how much you need to spend and how it should be allocated, work should begin on engaging managers so they understand the rationale behind recognition. According to WorldatWork, only 11 percent of employees who participated indicate that recognition is deeply embedded into their organization's culture.[4] That's a very low percentage when you believe, that the importance of training can't be overemphasized. If you look at our hypothetical case of Circular Communications, they're going to invest $3.5 million in recognizing and driving performance. It makes sense to invest some of that money in making sure everyone is trained to provide effective recognition and to use the programs, systems and tools properly.

Three Types of Training

For enterprise total recognition, there are three types of training to consider:

1. **Recognition Concepts:** What are the best ways to recognize and be recognized? Managers and leaders must first understand why recognition is important, and then be taught how to properly recognize and reward employees. This type of training is key to engaging managers and leaders in the recognition process.

2. **Program Specifics:** What are the specifics regarding individual programs? This type of training shares tactical information about how a specific program works, and not to promote it to the workforce.

3. **Recognition Platform:** This "how to" training offers tactical nuts-and-bolts information about your recognition system—including how to use the system, its platform and tools that support recognition. Everything from "How do I log in?" to "How do I make a nomination?" are covered with this type of training.

The Training Plan

For enterprise total recognition, there are three types of training to consider: As with a communication plan, a training plan has three elements: audience, vehicle and message. For training, however:

An audience is the target or recipient of the training material

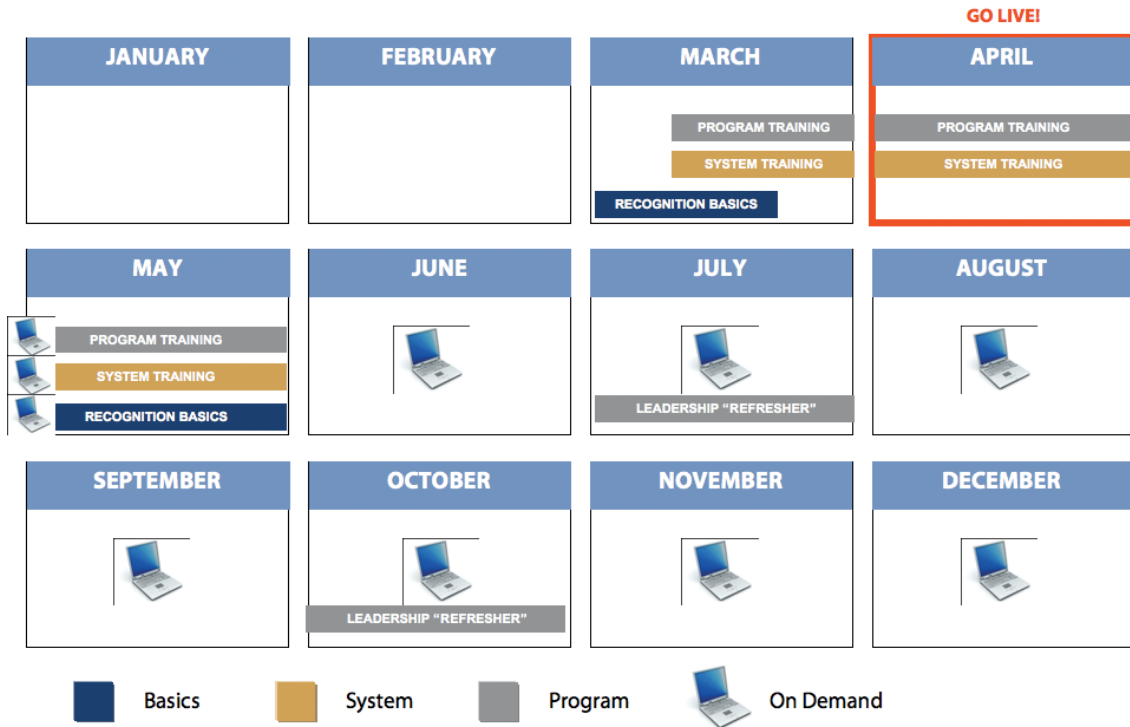A vehicle is the way training and information are delivered

The message reflects the purpose and desired outcome of the training

Training Plan			
	Audience	**Vehicle**	**Message/Objective**
1.	**Frontline Workforce**	• Participant QRG • Online FAQs • E-Coaching Modules • System User Guide • System HELP	• Introduce system capabilities and functionality (program overview, how to login, create a nomination, etc.) • Address most frequently asked questions • Provide easy to use recognition tips • Provide step-by-step instructions for system use
2.	**Leadership**	• Executive Training/Workshops • Manager QRG & System Guide • Administrator System Guide • Classroom Workshop/Instruction • Tool Kits	• Introduce system capabilities and functionality (how to elevate a nomination, recognition tips, etc.) • Provide step-by-step instructions for system use • Train the trainer

The Training Calendar

Just like the communication planning process, a training plan needs to be mapped out over time—linking key training tasks for each audience to relevant aspects of the program calendar. For example, our hypothetical company, Circular Communications, will launch its program in April. Here are some training benchmarks:

- **Pre-launch:** In March, leading up to its go-live date, Circular implements recognition basics training for managers and leaders
- **Launch:** Immediately preceding and during the program's launch, Circular implements program and system training materials
- **Post-launch:** After launch, Circular provides the materials on-demand for new employees, managers leaders, and employees who missed the first round of materials and training
- **Follow-up:** At 90 and 180 days after launch, Circular offers refresher materials and training

JANUARY	FEBRUARY	MARCH	APRIL **GO LIVE!**
		PROGRAM TRAINING	PROGRAM TRAINING
		SYSTEM TRAINING	SYSTEM TRAINING
		RECOGNITION BASICS	

MAY	JUNE	JULY	AUGUST
PROGRAM TRAINING			
SYSTEM TRAINING		LEADERSHIP "REFRESHER"	
RECOGNITION BASICS			

SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
	LEADERSHIP "REFRESHER"		

Basics   System   Program   On Demand

What Training Means to "the Average Joe"

From the perspective of our hypothetical "average Joe" at Circular Communications, a quality training program for Enterprise Total Recognition means he will receive training elements that include Recognition Basics training, access to e-coaching modules, a one-page Quick Reference Guide, a System Tutorial and User guides. Multiple touch points and types of training result in offering every type of learning style, thereby reaching every employee.

Conclusion

There is proven value in implementing an enterprise total recognition program throughout your organization. Effectively doing so is a multi-step process that involves:

1. Establishing where your organization is on the Total Recognition Maturity Index™
2. Assessing the benefits of a centralized budgeting and management for your enterprise program
3. Dedicating one to three percent of your payroll to your total recognition budget
4. Understanding and mastering the top three critical elements of successful enterprise total recognition:
   - Budgeting
   - Communications
   - Training

BRING JOY TO WORK. ONE EXPERIENCE AT A TIME.™

How Can Inspirus Help You?

Building a high-performance company takes a high-performance workforce—one that's both inspired and engaged.

To truly engage employees means implementing a consistent comprehensive total recognition strategy. A strategy that can reinforce, recognize and reward behaviors that align with the company's strategy and do so on a personal and meaningful level.

We would welcome the opportunity to help you inspire and engage your organization, maximize ROI and demonstrate true Motivation You Can Measure®. Please contact us for additional information.

References

1. Inspirus, "Finding Your Place on the Recognition Maturity Index™. The Recognition Maturity Index™ developed by Inspirus provides a point of reference and methodology for recognition professionals to understand and gauge recognition within their organizations.

2. For more information on the Recognition Maturity Index™ and getting started in Enterprise Total Recognition, visit http://www.worldatwork.org to download an on-demand webinar of Part I in the Recognition Executive

3. WorldatWork 2017 Trends in Employee Recognition

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 platform spanning recognition, service anniversary, well-being, and diversity and inclusion. Through Sodexo's broader mission of improving the Quality of Life of 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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