

The Guide to Modern **EMPLOYEE RECOGNITION**



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What Is Employee Recognition?

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Employee recognition (also commonly referred to as staff appreciation) is the open acknowledgment and expressed appreciation for an employee's contributions to their organization.

It is not simply a box to check on a 'best practices' worksheet. It has the power to impact everything from productivity and motivation, to engagement and retention.

It's a crucial element shared by many of the world's most successful organizational cultures.

Who Gives Recognition?

There are many methods and channels for giving recognition. Although commonly given by managers or supervisors, recognition is not the exclusive territory of management. It can be given by anyone.

For example:

- Peers
- Managers
- Senior Leaders
- Customers

Will Recognition Work for My Team?

Yes. A recognition-rich culture is a worthy and achievable goal for any organization, in any industry. It benefits everyone, from the new hire candidate to the CEO.

The key to success is understanding how employee appreciation works, and how to implement it effectively in your unique environment.

What Will It Cost?

Staff appreciation programs can be implemented without major budgetary strains, or any significant burden to management.

In many cases, the budget is already there, just allocated less effectively somewhere else.

An effective program normally pays for itself and more in the form of increased motivation, productivity, engagement, and retention.

What Can I Expect from This Guide?

The Guide to Modern Employee Recognition covers the knowledge you'll need to successfully cultivate and support a culture of recognition in your organization.

We'll start by laying a solid foundation for you to build on. Then we'll walk through the basic steps required to successfully develop, implement, and maintain an atmosphere of appreciation and recognition in any organization.

How Should I Use This Guide?

You can start with any section you find interesting or useful, but we recommend you start with the fundamentals and build up from there.

If you're already familiar with the fundamentals, it will be a great opportunity to brush up on current best practices.

Let's get started!

Why Is Employee Recognition Important?

Disengaged employees cost businesses an estimated **\$550 billion** last year in the United States alone.

Employee Engagement

Organizations across the world see the need to improve engagement, but there is little consensus on which methods and strategies are most effective.

In their attempt to overcome poor employee engagement, many organizations expend resources on tools and strategies that **fail to make an impact** on the source of the issue.

Funding ineffective solutions simply compounds the losses associated with disengaged employees.

Staff recognition is a highly effective and proven strategy for improving employee engagement. A well-implemented staff appreciation program **has the power to impact many aspects of business** from morale, to productivity, engagement, and even retention.

A non-existent, poorly-designed, or poorly-implemented employee recognition program can have the opposite effect, decreasing motivation, and even pushing good employees away.

Turnover and Retention

Employee turnover is an extraordinarily costly business expense that is often underestimated and underrepresented.

It's possible to calculate many static elements of employee turnover's cost, but there are such a [vast number of cost variables associated with employee turnover](#), the cost is almost always larger than expected.

You can use [our cost of employee turnover calculator](#) to establish a cost baseline, but it's important to remember that like an iceberg, much of the cost associated with turnover is hidden.

Employees whose work is recognized and appreciated are more likely to stick around.

Productivity

Frequent staff recognition often improves productivity. It's really fairly simple math: you do some great work, you're recognized and rewarded for that great work, you're incentivized and motivated to do more great work.

The benefits don't stop there. Recognizing great work can help teams produce work at a higher level.

Frequent recognition supplies employees with the constructive feedback they need in order to know which of their efforts are most appreciated. Armed with that information, they're able to direct their newly-inspired motivation toward work that will make the greatest possible impact on their organization.

Morale

Employee morale is a crucial element of any operation. With low morale, nearly every aspect of an employee's contributions will suffer. High morale, on the other hand, tends to inspire greater productivity, creativity, and overall satisfaction.

Showing appreciation for an employee's valuable contributions is a **great way to boost morale**. This employee morale boosting effect is intensified in a group setting.

Laying the Foundation

Building a culture and environment based on employee appreciation improves each of these important areas, but it's crucial to understand how the foundation fits together before starting to build the rest.

Types of Employee Recognition

There are many ways employers recognize staff contributions, but there are two main divisions between employee recognition styles: **top-down**, and **peer-to-peer**.

Top - Down Recognition

In a top-down employee recognition system, an employee's supervisor witnesses and recognizes their contributions. Top-down recognition can take many forms. Some examples are:

Years of Service Award

In recognition of an employee's continued contributions to an organization over a number of years, a '**Years of Service**' award can be given at specific intervals, or milestones.

'Years of Service' awards do not often involve financial compensation, but may include a gift of some kind. Commonly offered awards include: plaques, engraved pens, or group greeting cards.

Employee Appreciation Day

Employee Appreciation day is a semi-formal holiday founded by Bob Nelson, a founding board member of Recognition Professional International. Over the past 20 years, other companies have embraced the unofficial holiday, paying homage to their employees on the first Friday of March.

Organizations have been known to celebrate Employee Appreciation Day with small company-funded events like barbecues, or small office parties. Additional financial compensation is not often an element of Employee

Appreciation Day.

Annual Bonuses

An annual bonus is financial compensation given to employees in addition to their base pay. Annual bonuses are given once per year, usually at the end of the fourth business quarter. Annual bonuses can be given for a multitude of reasons, but are usually based on performance, either the performance of the organization, the individual, or both.

For example: Emma's sales numbers exceeded her quota for four consecutive business quarters. To recognize her achievements throughout the year, Emma is given an annual bonus in addition to her base salary and commissions.

Quarterly Bonuses

Quarterly bonuses are similar to annual bonuses, but are metered out on a more frequent basis (per business quarter). Quarterly bonuses are most commonly given as part of a heavily performance-based compensation model. Sales organizations are common adopters of the quarterly bonus structure.

For example: Alex landed Acme Inc.'s largest customer this quarter. In recognition of that achievement, Alex is given a quarterly bonus at the end of Q2.

Spot Bonuses

Many organizations choose to thank workers 'on the spot' for achievements that merit particular notice. These bonuses are generally given in recognition of an employee exhibiting exceptional productivity.

Spot bonuses are normally **\$50 USD** or more. They're most often given by a direct manager, an indirect manager, or senior coworker in the organization, but can also be given by coworkers as part of a **peer-to-peer recognition program**.

Their on-the-spot nature dictates that spot bonuses are given at an irregular cadence, in contrast to annual and quarterly bonuses.

For example: Fatima's attention to detail and quick thinking saved the

company from losing a long-time client. In recognition of her valuable contribution, Fatima is given a \$100 spot bonus.

Peer-to-Peer Recognition

In a peer-to-peer recognition system, managers as well as other co-workers are all empowered to recognize and reward the contributions of their colleagues. Some of the most common forms of peer recognition are:

'Gold Stars'

Some organizations encourage employees to recognize one another's contributions through the giving of small mementos. Gold stars are a good example of this type of recognition. These stars are sometimes given a tangible value, and can be exchanged for real-life items.

For example: Despite an already busy schedule of coding, Javier decides to help out his colleague in the marketing department, who is having trouble implementing a new tool. He earned a gold star from his colleague Allison in return for the impactful assistance he offered.

Verbal Praise

Verbal praise is perhaps the oldest, and longest-standing form of peer-to-peer recognition in the workplace. Verbal praise is given by colleagues, generally in an ad-hoc fashion, in recognition of a staff member's valuable contribution.

Although nearly always informal in nature, verbal praise is occasionally solicited as part of a formal staff recognition program.

For example: Acme's newest customer was extremely impressed with Esther's timeliness and attention to detail. At the beginning of their sales strategy meeting, Esther's colleagues all congratulated her on the achievement, showing their appreciation for her efforts.

Microbonuses

Microbonuses are small monetary rewards given frequently by one colleague to another in recognition of a valuable contribution. Although microbonuses can be given by managers to their direct reports, they can also be given by other colleagues, and even from a direct report to a manager.

Microbonuses provide several unique benefits. Like **spot bonuses**, staff recognition in the form of microbonuses can be given in the very moment that a valuable contribution is made by an employee. Employee recognition given in the moment has the greatest potential for impact, because the action is rewarded almost immediately, when it is top-of-mind.

Because microbonuses are small by nature, they can be given often, providing multiple positive instances of employee recognition without dramatically altering an employee's compensation.

For example: Jeremy's new update to the company's landing page improved conversion by 60 percent, and brought in three new signups in one day. Jeremy's colleague Elisa gave him a microbonus because those new signups became part of her sales pipeline.

How Do I Build a Successful Recognition Program?

It's possible to build an employee recognition program in any organization, but a few key elements can help ensure success.

It's no coincidence that many of the world's most successful organizations [have employee recognition programs in place](#). These programs enrich and sustain the cultures they are part of.

Most of these successful employee recognition programs share a few basic principles:

Timely

Recognition is most effective if it's given in a timely manner. This is when it has the most potential for impact. The more time that passes, the less associated the contribution becomes with its recognition.

For example: Susan stays late for an entire week in a heroic effort to organize a major event for the company. The event is a resounding success. That evening, as the event closes, nobody recognizes or rewards Susan's efforts.

Days, weeks, and months go by -- still nothing. At the end of the year, Susan is awarded a bonus in recognition of her contributions to the organization.

This approach to recognition is problematic for several reasons:

- Susan spent months thinking her massive contribution wasn't valued.
- Although nice to have, the extra money does little to compensate for the lack of appreciation Susan experienced.
- The bonus wasn't directly related to the effort Susan expended on the major event.

Frequent

Recognition is **more effective when given frequently**. Employees make myriad contributions throughout a single week. Failing to provide regular feedback eliminates the opportunity for those contributions to be appropriately recognized and rewarded. Infrequent recognition increases the likelihood of an employee feeling undervalued in their role.

To illustrate this point, let's look at another example:

Rashad does a superb job, day in and day out, but his excellent work only gets recognized once per year, or once per quarter. That recognition's impact will be severely diminished.

If Rashad is recognized on the spot for only one of the contributions he makes each quarter, countless contributions will go unrecognized and unrewarded.

This provides little to no extrinsic motivation for him to continue working at that level. It also fails to provide the intrinsic motivation he'd get by understanding the purpose behind his daily work, and the impact it has on his team.

Frequent recognition helps encourage an employee like Rashad to continue putting forth a consistently exceptional effort, by providing a consistent reminder of the value his work has.

Specific

Why is it important to call out and recognize specific contributions?

It's important for employees to know which contributions they make are considered most valuable. A quick "Great job last month" isn't without value; however, it's denying the recipient some crucial feedback.

A more useful piece of employee recognition might be something like "Great job catching that mistake on the Hernandez account, Eric. We might not have closed it without your attention to detail."

This piece of recognition not only shows that Eric's colleague genuinely

appreciated his work, but that his attention to detail was a valuable asset that contributed to his team's success.

Eric will be more likely to leverage his exceptional attention to detail in the future, to the benefit of other colleagues.

Visible

Although private recognition is effective, public recognition offers several advantages. For one, being recognized publicly often magnifies its impact, and gives other colleagues the opportunity to join in the recognition.

Visible recognition also provides examples of commendable behavior, actions, and contributions that others can repeat.

For example: Jessica deploys a performance fix to her company's codebase that saves customers several minutes during their checkout process.

Jessica's manager comments that "Jessica's performance update is saving time for thousands of customers, and that's priceless to us as a company."

Jessica knows her clever fix is appreciated, and her colleagues are given an example the type of great work her organization values most.

Implementation

Although it may seem challenging to implement each of these elements of an effective recognition program all at once, there are many great tools available that can simplify and streamline your efforts. In the next chapter, we'll discuss some of these tools, and how you can get the most from them.

Employee Recognition Tools and Resources

Employee recognition is easy to integrate into your organizational culture if you have the right tools and resources.

Helpful Integrations

Slack

[Slack](#) is a useful tool for both real-time and asynchronous team communication. It also includes file sharing, contextual search (to help find important conversations and files anytime), and a huge list of app integrations.

[Slack's Bonusly integration](#) makes it an excellent tool for employee recognition by allowing users to broadcast recognition activity to their team, and even give microbonuses without breaking their workflow.

HipChat

[HipChat](#) is another great team communication tool. It offers drag and drop file sharing, excellent search capabilities, and easy communication between individuals and groups.

HipChat also [has a great Bonusly integration](#) that enables users to broadcast staff appreciation activity, and even send microbonuses directly through the app. Integrating HipChat with Bonusly is dead-simple, and takes about 30 seconds.

Yammer

[Yammer](#) is a social network for enterprise. It's a great way to stay connected, and share assets and information between team members. Yammer offers contextual discovery, search, document sharing, an intelligent feed, and rich user profiles.

Yammer's Bonusly integration adds peer recognition capabilities to the list. This integration enables the broadcasting of peer recognition activity, as well as single-sign on capabilities to make integration seamless.

Small Improvements

Small Improvements is a tool for modern employee reviews and talent management. Small Improvements offers tools like 360 degree feedback, objective tracking, and seamless communication.

The Small Improvements Bonusly integration provides employee recognition data to help paint a more complete picture of an employee's contributions to the organization during reviews. Instead of trying to think back on an employee's greatest achievements over the past quarter, or past year, they're easy to view within an employee's profile.

Modern Measurement Tools

How do you gauge the success of your staff appreciation program? By measuring it. There are a number of great tools available to help you determine the effectiveness of any program you choose to implement.

TINYpulse

TINYpulse is a tool that enables leaders to better understand their team by regularly soliciting anonymous, low-overhead 'pulse' surveys. It's a great way to measure the effects employee appreciation initiatives are actually having on the team.

Bonusly Analytics

Bonusly Analytics uses the rich social data produced by the giving of microbonuses, and transforms it into useful data, predictive metrics, and timelines.

Bonusly Analytics can help you to see which employees are standing out as excellent contributors, and which employees might need extra support to help them succeed. You can also measure the effectiveness and overall engagement of your staff recognition program.

Officevibe

Officevibe is another great tool for measuring employee sentiments. You can send weekly surveys to measure employee satisfaction and engagement,

while offering useful and actionable advice on ways to improve it.

Officevibe's new Slack bot, [Leo](#) is a great way to keep that communication channel open and present without disrupting your team's workflow.

Employee Recognition Resources

There are many excellent information resources available to help you improve all aspects of organizational culture, from employee recognition to employee engagement. Here are a few great reads:

Bonusly Blog

[The Bonusly blog](#) covers a range of useful topics from creative employee reward ideas, to employee engagement and inspiring employee loyalty.

You'll find engaging infographics and regular interviews with industry experts and culture leaders who share their insights on a range of important topics.

Officevibe Blog

[The Officevibe blog](#) is a great resource. It includes entertaining, yet educational articles and infographics about employee engagement, company culture, and how to improve both. Officevibe's blog also features 'culture talks,' where industry thought leaders share valuable information over video interviews.

When I Work Blog

When I Work is a useful tool for scheduling and communicating with hourly employees, but the [When I Work blog](#) covers a huge range of topics. You can learn new ways to develop better people management skills, recruit and onboard new employees, and manage millennials. The WhenIWork also provide some excellent guides for small business HR.

TLNT

[TLNT](#) is a publication focused on HR news and insights. There are articles ranging from HR basics, to more complicated subjects like onboarding techniques, narrowing workforce skills gaps, and improving employee retention.

TalentCulture

[TalentCulture](#) covers HR, Technology, Recruiting, Leadership, Social Business, and more. It is a great source for keeping up to date with the latest HR news

and techniques. Industry leaders commonly contribute guest posts, and TalentCulture also hosts weekly discussions with experts over Twitter. Just search Twitter for "#TChat" to join the conversation.

Switch & Shift

[Switch & Shift](#) covers the human side of business and talent management. This is a great resource for tips and advice on subjects like managing millennials and inspiring a sense of purpose at work. Switch and Shift also hosts the 'Work That Matters' podcast, a weekly show featuring leaders exploring the richness of doing meaningful and purposeful work.

Continue Your Journey



Now that you have the foundation you need to build a culture of recognition in your organization, it's time to learn how to get the most from it.

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