

Rewarding Best Behaviors

More reward programs are recognizing employees for valued behaviors and getting good returns.

By Carol Patton

If employers were polled about their employee-reward programs, what new trends would be revealed?

WorldatWork wanted to know. In February, the Scottsdale, Ariz.-based global HR association surveyed its members and made an interesting discovery. While the number of employers with recognition programs increased from 86 percent in 2011 to 88 percent in 2013, the purpose of some programs had changed. Rewarding employees for specific behaviors grabbed the No. 4 spot, falling behind length of service, above-and-beyond performance and peer-to-peer recognition.

"... For the first time, programs to motivate specific behavior jumped to [one of the most] prevalent recognition programs with a 7 percent increase over 2011 to 41 percent ...," the survey report says. "What we may be seeing are organizations moving away from legacy recognition programs and toward those programs that can drive results."

Granted, the approach isn't new. At some organizations, rewarding for behavior is considered business as usual. Instead of giving employees kudos for finite achievements such as completing key projects, some companies are instituting reward programs that recognize workers for demonstrating behaviors reflective of the company's key values, such as creativity, collaboration or follow-up. In this way, these organizations contend, employees become role models, inspiring others to display similar behaviors. Just as important, they say, everyone in the workforce gets an understanding of which behaviors lead to success and can repeat them when working on other projects or tasks.

Intel is a good example of this. Innovation is highly valued at the high-tech company, especially when related to benefitting the environment and the company's bottom line, says Todd Brady, global environmental manager at Intel in Phoenix. Back in 2000, the company's corporate social responsibility leadership team created the Environmental Excellence Award program that encourages innovation around environmental projects. Employees can nominate themselves or each other.

Each year, a selection team consisting of approximately 12 employees from different departments reviews between 50 and 70 applications, Brady says, then chooses up to a dozen winners.

Examples of past winners include a group of engineers who found a creative use for plastic reels used in Intel's factory that were being discarded. Brady says the engineers now work with a local vendor who remolds the plastic into boxes that hold pencils, erasers and other school supplies for children from lower-income families in nearby communities.

Likewise, a team in Oregon reduced the water and energy consumption of chillers, boiler plants and vacuum pumps at Intel's global factories. Just one modification -- changing the backup cooling methods at one factory -- is projected to save an estimated \$38 million.

"[The selection team] evaluates applications for innovation, environmental impact and saving money," says Brady, adding that, although HR is not involved in this program, it has been deeply involved in creating a culture and environment that supports such initiatives.

"We have a set of [behaviors] that [team members] look at -- customer orientation, discipline, risk-taking . . .," Brady says. "Are they reinforcing Intel's values as part of these projects?"

Winners are recognized at an informal luncheon by local senior executives who also hand out trophies -- some made from recycled glass -- and a \$100 to \$300 cash award, he says.

In addition, though not performance-based, Brady also sets aside between \$100,000 and \$150,000 each year for non-performance-based Sustainability in Action grants, which fund employees or teams involved in creative environmental projects. He says most projects cost less than \$10,000, such as installing bee boxes to study colony collapse in California or planting a vegetable garden at a children's home in Singapore.

Strategic Characteristics

The idea behind rewarding employee behaviors was initiated years ago by those in sales, says Steven Slutsky, a principal at PricewaterhouseCoopers in Philadelphia.

For years, sales teams only focused on outcomes, such as quarterly revenues.

"Then [employers] learned that people would [achieve sales goals], but not in a way that was the most profitable for the company," Slutsky says. "So they started [identifying] what behaviors they were hoping to drive out of [their] sales-compensation program. That led to companies saying, 'If we can do this with our sales people, why can't we do this for the rest of our workforce?'"

Behaviors that should be rewarded of course depend upon a company's business strategy. Retailers, for instance, may focus on customer touch points, follow-through or retention. What's important for HR to understand, Slutsky says, is how its company creates success, what drives its business strategy and what behaviors are needed from employees to achieve that success.

"You have to be very concrete and really have to understand what employees can and can't do, and what messaging you've been giving them," Slutsky says. "Make sure at the end of the day that employees have a true line of sight between what you're asking them to do and company success."

Among the best ways HR can achieve this is to involve various levels of management across the company. Ask key questions that include, What behaviors drive outcomes in your department? and, How do they align with the company's overall objectives?

Although rewards must be meaningful, they don't need to reflect the behavior being honored. When rewarding employees for teamwork, for instance, Slutsky says a gift certificate may be more valued than a luncheon with peers.

Also valued is a phone call from the company's chairman. Irene Fuller -- vice president of marketing and communications at A Great Place to Work, a global research, consulting and training firm based in San Francisco -- points to one program at NetApp, a Sunnyvale, Calif.-based high-tech global firm with more than 13,000 employees. When NetApp employees spot co-workers doing something extraordinary that exemplifies a specific value or behavior, "they have a direct line to the company's chairman of the board, who calls the employee[s] to thank them," she says. "The chairman makes these calls from anywhere in the world."

A Great Place to Work recently conducted an employer survey that asked participants to rank the following statement, which reflects their organization's attention to employee behaviors and outcomes: Management shows appreciation for good work and extra effort. Out of the survey's 58 statements, Fuller says, this one ranked as the seventh most important factor associated with people who believe they work for a great employer.

Focusing solely on outcomes while ignoring the process can also send wrong messages. For instance, a person may be rewarded for completing a project, but during the process, alienated members of the project team, preventing the group from obtaining maximum results. "If you [only] focus on outcomes, [employees] don't necessarily connect the steps they took to get there," Fuller says. "So they may not have learned what behaviors ... drove them to the successful outcome."

Ripe Opportunities

Sometimes, employee behaviors are best judged by external sources.

Consider San Francisco-based Kimpton Hotels and Restaurants, with 8,500 employees in 60 hotels and 70 restaurants in 26 U.S. cities. Winners of its Ultimate Kimpton Moment award, who display genuine care for guests and other desired behaviors, are chosen by the hotel's inner circle, a group of roughly 50 frequent hotel guests, says Leslie Lerude, vice president of people and culture at the hotel chain.

Award recipients are honored and given \$10,000 each at the company's annual general manager and chef conference.

"Genuine caring speaks volumes for us," Lerude says. "Through enhanced empowerment, we're always educating employees on how they can do whatever it takes to go above and beyond to care for a guest. Every time a story is told, [employees] are honored for their great behavior."

Lerude tells the story of one award winner at Kimpton's Portland property. She demonstrated genuine caring for a hotel guest who had just flown into town because her son was seriously injured in a car crash. The woman was crying and distraught. The employee called the corporate office to obtain a special room rate and arranged to deliver meals for the guest and a small refrigerator from a hotel room's mini bar to her son's hospital room. "She created a complete movement to care for this woman," says Lerude.

She adds that each hotel property is assigned a service score tied to guest-service ratings, which are based on multiple employee behaviors. Ratings have risen, she says, crediting the increase of reinforcing desired employee behaviors.

The six-year-old program was developed with input from multiple departments ranging from HR and IT to legal. Its predecessor -- Kimpton Moments -- is just as valued, but lower-key. Based on personal preference, employees may be honored at a monthly luncheon or private meeting with their boss and select a gift from an online catalog or hotel store. A third tier may soon be added -- the Ridiculously Personal Experiences award. While details are still being worked out, Lerude says, its goal will be to drive the same behaviors but enable employees to have more fun by sharing personal moments that exhibit those behaviors.

Some of the 5,000 employees at The Container Store share written moments with the retailer's CEO, Kip Tindell. After visiting stores and talking with employees, Tindell often emails them, thanking them for exhibiting specific behaviors -- such as thinking out of the box -- that lead to important outcomes, says Audrey Robertson, vice president of cultural programs, community relations and social media at the retailer based in Coppell, Texas.

The company's president, Melissa Reiff, does something similar by congratulating employees for specific behaviors in weekly newsletters. Doing this, Robertson says, typically inspires their peers to adopt similar behaviors.

Even The Container Store's distribution center offers its own brand of recognition for its 350 workers. Each quarter, Robertson says, employees nominate their peers for the Air of Excitement award, which acknowledges employees who generate enthusiasm and help foster an atmosphere of excitement. After selecting the winner, the center's manager reads the submission out loud at a quarterly meeting, then presents the winner with a company T-shirt and plaque.

The company was built on an employee-first culture, Robertson says, and has awarded employees for their behaviors since its doors opened 35 years ago. Companies that focus solely on end-results may lose opportunities to promote and reinforce behaviors that reflect the company's culture and enhance profits.

Employees can be trained to develop a variety of skills. But it's their behaviors, says Robertson, that must match the work culture, otherwise, "it's extremely disruptive to the team."