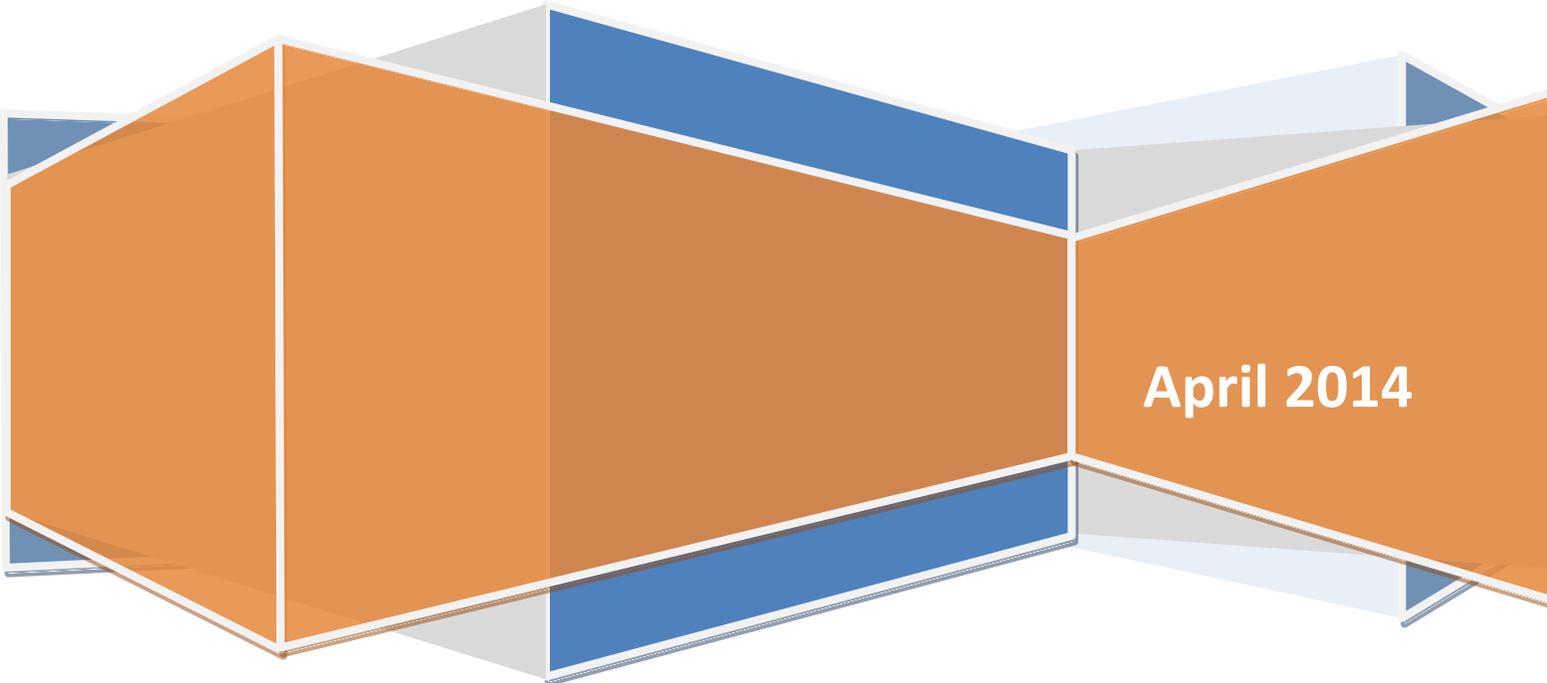




Local Gifts, On-the-Go

Yiftee Thought Leadership: Spot Awards for Employee Recognition

A large, 3D geometric graphic at the bottom of the page. It consists of several interconnected rectangular blocks in shades of orange, blue, and grey, creating a complex, multi-faceted shape. The blocks are arranged in a way that suggests depth and perspective.

April 2014

Yiftee Thought Leadership: Spot Awards for Employee Recognition

Executive Summary

As the world exits the long recession, organizations are shifting focus from defense to offense and growth. In this climate of "full speed ahead", hiring and retaining top-flight talent increases in difficulty daily. Keeping critical, skilled employees engaged and motivated is an ongoing challenge given the mobility of highly educated workers. The arrival of the 21st century workforce, the Millennials (born between 1980 and 2000) will continue to shape this challenge as they grow to 75% of the workforce by 2025. Their workplace expectations will be a driving influence on evolution of corporate reward structures. Organizations hoping to keep high performing employees will need to look beyond current bonus structures and annual performance reviews to more immediate feedback, and acknowledgement. Rewards must not only recognize exceptional performance, but also reflect the organization's culture, personality and values.

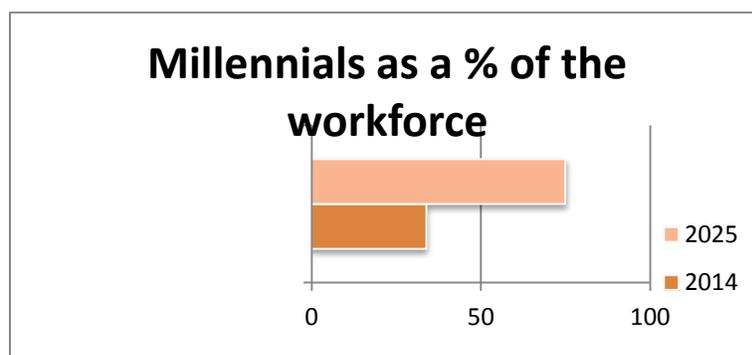
Employment Trends

According to a recently released research study from Towers Watson, the 2013-2014 Talent Management and Rewards Study¹, of 311 organizations surveyed:

- 66% of companies have problems attracting critical skills employees. They are often in short supply and can command a premium in the marketplace.
- 48% have a hard time attracting top performing employees with more than a third (35%) struggling to retain them.
- 41% have problems retaining critical-skills employees; this percentage has been trending upwards for the last four years. One common way companies deal with this situation is by luring talent away from their competition through better compensation and rewards programs.

Here Come the Millennials!

Add to this the arrival of the Millennials. According to Deloitte Consulting, while Millennials make up 34% of the workforce today, they will grow to 75% of the workforce by 2025.²



Millennials are different. They grew up in a wired culture, with instant feedback (social media, gaming) and helicopter parents. According to Young and Successful Media and RSJ/Swenson LLC, 80% of Millennials look for immediate feedback in their employment situation. "They prefer on-the-spot recognition over formal reviews and feel that this is imperative for their growth and understanding of a job." ³

According to Lisa Orrell, author of *Millennials into Leadership*, the top six ways to retain employees are:

- Constant, daily contact with their manager.
- A praise culture with quicker feedback and rewards. This improves retention of non-millennial employees as well.
- Rapid advancement alternatives.
- No more cubical shackles, with flexible work times and the ability to work from anywhere.
- Mentor program -- Millennial employees grew up with lots of guidance from helicopter parents, society and teachers. Now they want this sort of handholding in the work environment.
- Leadership training. Millennials expect to be promoted and to be given the education on how to get there. ⁴

Daniel Pink summarized the situation this way, "Consider a typical 28 year-old. From the moment she was born, her world has been rich in feedback. When she presses a button, something happens. When she plays a video game, she gets a score. When she sends a text message, she hears a sound that confirms it went out. She's lived her whole life on a landscape lush with feedback. Yet, when she steps through the office door, she finds herself in a veritable feedback desert." ⁵

"The workplace is one of the most feedback-deprived places in modern life." ⁶

Beyond the Annual Performance Review

Regardless of generation or position, all employees need to feel valued, appreciated and engaged with their organization to give it their best work. Research about employee retention has shown that a high-recognition culture can be just as important as above average compensation. Companies with a strong culture of appreciation, recognition and "thank you" have a 31% lower turnover rate, resulting in significant cost savings and increased productivity ⁷. A way to quickly show employee recognition and appreciation is with a variety of immediate reward programs.

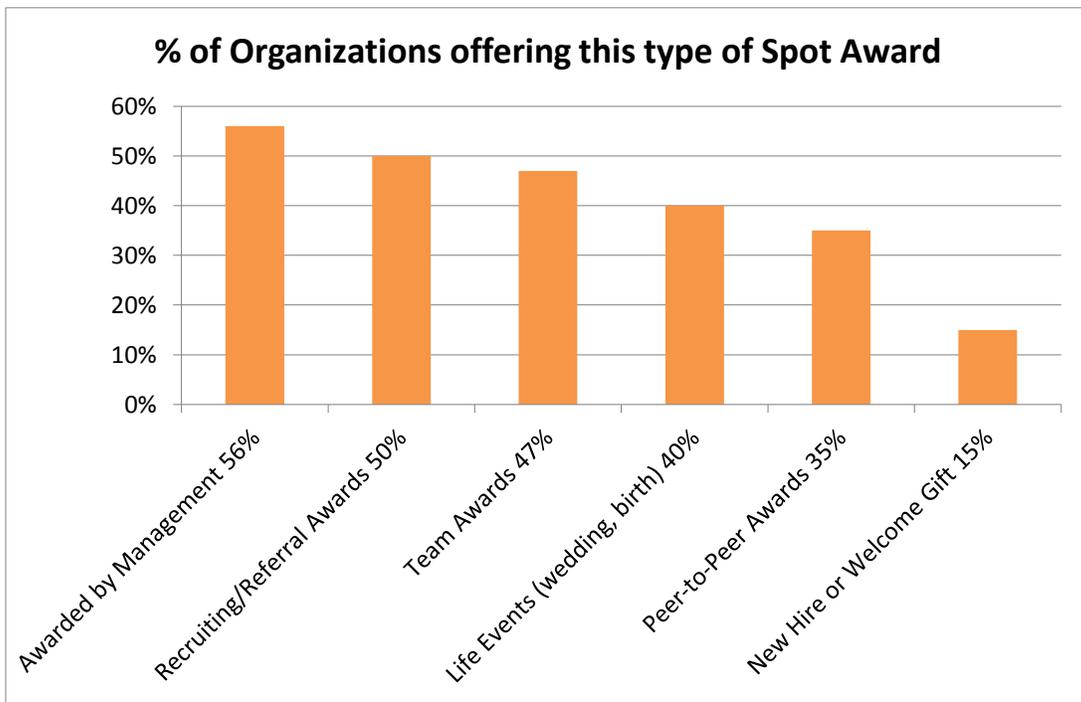
According to the WorldatWork 2013 "Trends in Employee Recognition Survey" ⁸, employers offer an average of 3.9 reward programs, beyond the annual review, to foster employee engagement, retention and to motivate specific behavior(s). In their study the top five programs in 2013 were:

- Length of Service Awards
- Spot Awards or above-and-beyond performance awards. These are used to recognize special contributions or performance that goes beyond in a specific instant or on a specific project. They are generally given quickly after an event occurs. They can be provided to an individual or small team.
- Peer-to-Peer Awards are an expression of appreciation from a peer, in the moment, for helping with a specific situation, problem or event.
- Programs to motivate specific behaviors (e.g. teamwork, health)
- Retirement

Spot awards, peer-to-peer awards and programs to incent specific behavior across all levels of employees are increasing popular devices in the manager's toolbox because of their immediacy, personalized nature and ability to have a more direct impact on bottom line results.

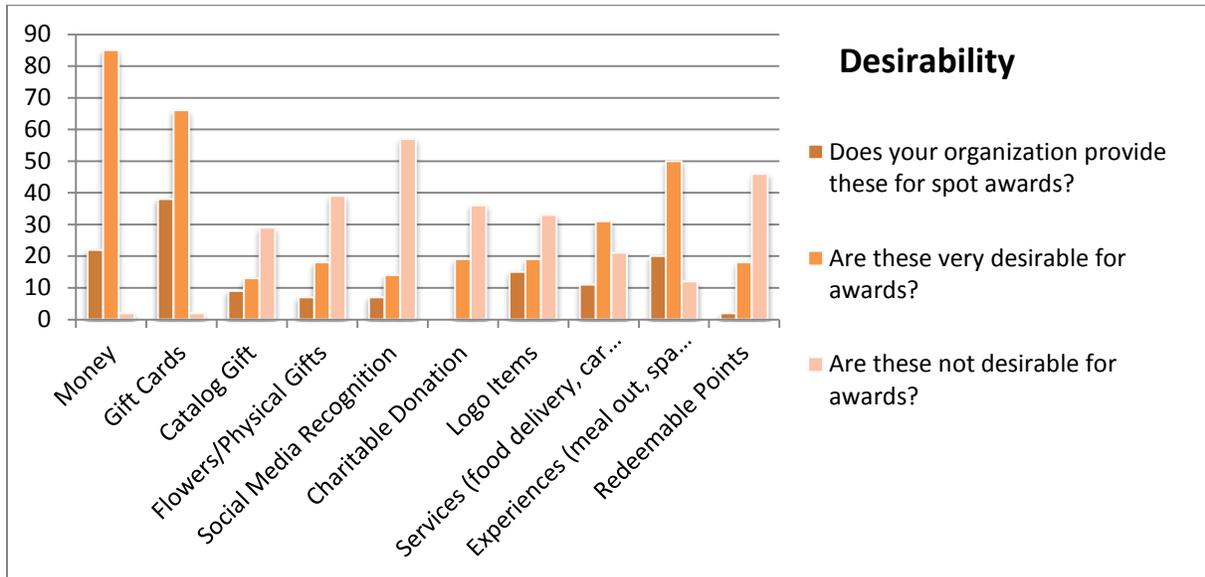
The 2014 Yiftee Thought Leadership Survey: Spot Awards for Employee Recognition⁹ asked the question "Does your organization offer the following kinds of spot awards?" to gain a greater understanding of what sorts of "in the moment" types of awards are being provided. Respondents were allowed to select all that applied.

"Does your organization offer the following types of spot awards?"



The percentages in the above chart, show us that 44% of the organizations in the Yiftee survey do not have an "in the moment" award program to provide recognition for a job well done, 50% do not reward employee recruiting and referral efforts, 53% do not have a program for team recognition, and 65% do not have a peer-to-peer recognition program. It is clear that the majority of managers do not use all of the tools available to them to improve employee engagement, enhance motivation in the moment, and improve recruiting.

Respondents were then asked about what their organization provided for spot awards, and if these items were desirable or not. Again, they were allowed to check all of the items that applied to their situation.



In looking at these results it becomes clear that there is a mismatch between the items that employees want -- cash (or equivalent), services, charitable donations and experiences -- and what they actually receive. The most successful awards are those that employees can personalize to meet their needs. Cash or Yiftee gifts, are clear choices that satisfy a large diverse group.

How Much Should a Spot Award Be? How Soon Should They Be Presented?

Award amounts varied in the Yiftee survey, with the majority of spot awards being valued between \$25 and \$250. Eight percent (8%) of respondents indicated that their organization would award up to \$1,000 for a spot award. To be effective, 47% of Yiftee respondents felt awards needed to be presented within a week of an important event, while 28% thought it could wait as long as a month. Typical of the millennial generation, younger workers prefer to receive their awards sooner.

How Should a Spot Award Be Presented?

Forty-three percent (43%) of employees told Yiftee that they prefer to receive their awards in a team or department meeting, 38% want to receive them one-on-one, and 34% want to receive them at a company meeting. Email and award ceremonies are less desirable ways to receive an award. For younger workers, consider trumpeting the award announcement via social media as well.

Real Life Examples from Private Industry, Education and Government

[Kimley-Horn](#), a 2014 Fortune 100 Best Place Companies to Work For, is a large engineering consulting firm that uses Peer-to-Peer awards. At Kimley-Horn, all employees can award a \$50 bonus to a colleague at anytime. While a person's supervisor must sign off on each award, the ultimate decision rests with peers, not bosses. This "puts the feedback control in the hands of the folks who are closest to the activity", according to Julie Beauvais of Kimely-Horn.¹⁰

[NASA](#) offers a variety of employee awards, including senior executive bonuses, quality improvement, the congressional space medal of honor and the space act award. Awards geared to increase employee engagement and performance includes¹¹:

On-the-Spot Awards: A "Special Act or Service" award of nominal value designed to give immediate recognition for a job well done. This award is for employees who "go the extra mile" or who perform "above and beyond the call of duty."

Special Act or Service Awards: "A lump-sum cash award to recognize an individual employee's or group of employees' suggestion, invention or special act or service, which exceeds normal job requirements, that contributes to the efficiency, economy or other improvements of Government operations in the public interest.

[Yale Information Technology Services](#) has a "CIO Spot Awards Program - The program awards staff members who deliver such high-quality service to the Yale Community that it creates a profound sense of gratitude from those community members receiving the service -- a clear sign that the staff member is delivering 'world-class service'." The awards are announced monthly.¹²

[Zappos](#) uses several different types of Peer-to-Peer awards to help build team spirit or acknowledge someone who has done an excellent job. Zapponians can provide a coworker with a one time per month \$50 bonus using Zappo's Coworker Bonus Program. There is no limit to the number of bonuses a Zapponian can receive in a month, as long as they are from different employees. The Zappos HERO Award works in conjunction with the Coworker Bonus Program. Zapponians who have won a Coworker Bonus award are eligible for the HERO award. Hero award winners are chosen by the leadership team. In addition to the \$50 Coworker Bonus a hero receives a cape (because all heroes need a cape), plus a \$150 Zappos gift card.¹³

Considerations in Designing a Spot or Peer-to-Peer Awards Program

- Keep it simple with a title that explains the purpose of the award.
- Define eligibility. Only full time employees? Part timers? Contractors? Employees up to the Director level? Who can nominate someone?
- Define any criteria required for winning the award. Try to align award criteria with the organizational strategy.
- If possible, have team members help with the award design.
- Consider adding an immediate public acknowledgement via social media.
- Before launching a new rewards program, make sure that your managers are aware of and trained on the new program(s).
- Define award amounts or items. Make sure it is something that can meet a wide variety of employee wishes, and will be appreciated by anyone who receives it.
- On average, organizations are budgeting 2% of their payroll budget for recognition programs.¹⁴
- Be creative and have some fun!

“Organizations are budgeting 2% of their payroll budget for recognition programs”

Global Considerations

In the WorldatWork study, 46% of the organizations they surveyed with employees outside of North America said that their offshore employees participated in most, if not all, of the same recognition programs as their North American employees. An additional 19% of offshore employees have their own rewards programs.¹⁵

If you are considering extending your North American rewards programs to offshore sites, it is worth noting that one program rarely fits the whole world. Award compensation and presentation will vary between countries and regions due to cultural factors. For example, some employees may not want to be in the spotlight, preferring to receive their reward in private. Still other countries may value teamwork, and team awards over individual contribution awards. The key is to be sure to include your global management team in your program design.

Summary

As competition in hiring, continues to accelerate across all organizational levels, organizations need to arm their managers with more relevant employee reward solutions. Programs that provide more immediate feedback, acknowledgement, and recognition include spot award programs by management for a job well done, peer-to-peer awards, team awards or awards to incent desired behaviors such as participation in a wellness program or for referring new employees. Rewards that are easy to deliver, quickly obtainable, easily customizable, and meet individual desires (such as a food delivery service, a spa experience, or a charitable donation) are most effective.

About Yiftee

Yiftee is an online and mobile gifting service for people who want to surprise and delight their employees, customers, friends and family with thoughtful gifts at *local* shops and restaurants. Businesses use Yiftee gifts to reward employees, appreciate customers and stand out to their prospects. Recipients immediately get their Yiftee gift via email, text or Facebook, and can pick it up using their smart phones at their favorite spots, driving profitable business to those merchants. Merchants gain additional sales, foot traffic, an eCommerce capability like the big retailers, plus a free mobile/web sales channel. Please visit yiftee.com to send a Yiftee gift today!

Endnotes:

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- ¹ Towers Watson "The Targeted Employee Value Proposition Drive Higher Performance Through Key Talent and Differentiated Rewards" 2013-2014 Talent Management and Rewards Study, North America, Dec 19, 2013
 - ² Deloitte, Global Human Capital Trends 2014 Engaging the 21st -Century Workforce, 2014
 - ³ Jennifer Kushell Young & Successful Media, Eric Swenson, " Understanding the Next Generation Global Workforce" Paper presented at the Western Independent Bankers 2013 Education Summit & Expo , Anaheim CA, September 23-25, 2013.
 - ⁴ Lisa Orrell, "6 Ways to Retain Your Generation Y Future Leaders" on thehiringsite.careerbuilder.com, April 14, 2011
 - ⁵ Pink, D. 2010 Think Tank: Fix the workplace, not the workers, *The Telegraph*, Nov 6, 2010
 - ⁶ Ibid
 - ⁷ Deloitte, Global Human Capital Trends 2014 Engaging the 21st Century Workforce, 2014
 - ⁸ WorldatWork, Trends in Employee Recognition, June 2013
 - ⁹ Yiftee, 2014 Thought Leadership Survey: Use of Spot Awards for Employee Recognition, March 2014
 - ¹⁰ Pink, D. 2010 Think Tank: Fix the workplace, not the workers, *The Telegraph*, Nov 6, 2010
 - ¹¹ http://NASApeople.nasa.gov/awards/agency_award_programs.htm#bookmark6
 - ¹² <http://its.yale.edu/about/organization-within-its/cio-spot-awards>
 - ¹³ <http://zapposinsights.com/blog/item/four-peertopeer-ways-zappos-employees-reward-each-other>
 - ¹⁴ WorldatWork, Trends in Employee Recognition, June 2013
 - ¹⁵ WorldatWork, Trends in Employee Recognition, June 2013



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