Fundamentals of An Effective Employee Rewards & Recognition System
Star Culture transforms managers into leaders.

Leadership development for ALL levels of experience & skill.

Personalized executive coaching for every manager involved.

Sustainable improvement.

Learn More about transforming managers into leaders.

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About Star Culture

Use anonymous and honest employee feedback to guide your leadership development strategy. Review the results with the STAR Culture team to identify areas of opportunity and create specific action steps. Develop and train your managers into leaders through easy to consume tutorials and one-to-one coaching.

For even more on leadership development, here are a few of our most shared blogs:

5 Keys to Fixing Communication Before You Lose Another Employee

7 Fundamentals of An Effective Employee Rewards & Recognition System

Do Your Employees Know How to Win? 4 Steps for Creating An Achieving Culture

Your Employees are LEAVING Because You’re not LEADING: Understanding the 3 Pillars of Leadership

How to Retain and Grow Your Best Talent: 8 Steps to Employee Development
Introduction
The #1 influence affecting employee engagement and how employees perceive their jobs is their manager or supervisor. The relationship that managers build with their team members makes all the difference.

Strengthening that relationship is the key to reducing employee turnover and increasing employee engagement.
Why is this so important?
Engaged employees work harder, are more efficient, and take pride in what they do.

A “World Class” atmosphere of teamwork develops. A cooperative, competitive spirit blossoms, encouraging everyone to be a better employee and a better person.

People stop coming to work because they have to, and start coming because they want to. That means fewer performance-based layoffs and fewer top producers leaving your company for greener pastures.
Let’s get down to it: Rewards & Recognition
There are two kinds of employees: loyalists or mercenaries.

Loyalists know they are genuinely cared about; they believe in the cause and bond with other employees.

Mercenaries, on the other hand, are always looking for the next biggest check – whether it’s with your company or not.

If the only differentiator is pay, don’t be surprised when they pick up and leave for $5 more an hour.
7 Fundamentals of An Effective Employee Rewards & Recognition System
1. Determine the result

First, establish the end goal. Then, convey it to employees in a way that garners their interest and spurs them into action. Create an end goal that drives the company to success, and makes team members excited to accomplish it. Once employees can visualize what success looks like for them, they will be much more motivated to achieve it.
2. Establish the rules

Make sure the compensation or reward structure is clear and easy to understand. Make the rules crystal clear. Establishing trust in the system is imperative. Once the contest has started, stick to the rules. (Quick Tip: the simpler the rules, the more motivated your team will be to achieve them!)
3. Make the reward worth it

The reward needs to be worth the effort. Just as the “punishment should fit the crime” so the “rewards should fit the achievement.” Choose rewards that are appealing to employees, and are appropriate for the amount of effort it takes to win.
4. Set a goal that is challenging, But not impossible

Without challenge, employees will never know what it means to give their best. At the same time, don’t give them a goal that is unattainable – that’s worse than having no goal at all! By finding the perfect balance, it’s shocking to see how creative and driven employees can be with a challenging goal in front of them.
5. Reward on time

The closer the reward is tied to the goal achieved, the stronger the reinforcement will be. Write them a note when they go above and beyond to help a fellow team member. Award them as employee of the month for stepping it up four weeks in a row. Whatever it is, do it as soon as possible. Rewarding on time reaps massive rewards!
6. Analyze the entire rewards system

Often, managers create rewards systems that don’t make sense. If the company objective is higher sales, don’t tie most of the rewards to customer service. Confusion stifles innovation, motivation, and passion. Before the rewards system rolls out, bounce ideas off someone that can help clear up any ambiguities.
7. Protect against unintended consequences

If your reward system is detrimental to office culture, change it and keep teamwork a top priority. Think through the unintended consequences of the incentive program before implemented. Course correct if needed. It’s better to shift mid-stream than to continue on a path that leads to a worse place than where you started.
Conclusion

Applying one or more of these concepts will have a significant impact on leadership development.

Remember: Strengthening the relationship between managers and employees is the key.

Use the strategies outlined here, and examine your company culture for ways to improve the way you Retain & Grow Your Best Talent.