

Non-cash reward and recognition plans can provide outstanding results when effectively designed. These plans require top management commitment, strong communication and training plans, technology to automate the process, reinforcements, as well as analysis and project management. Typically, a plan will have both tactical and strategic perspectives. While they may drive specific performance and results, they also are typically tied to broader corporate goals, strategies, and values.

In many organizations, cash has been the reward of choice. Other than rewarding with a relatively high percentage of an employee's pay (3%+), cash can be problematic. The case study below reflects the performance improvement and cost savings that can be expected in a properly designed and implemented program.

MEASURING CASH vs. TANGIBLE RECOGNITION

Background

A logistics company wanted to measure the effectiveness of an existing cash-based program with a points-based performance improvement program. Based on several factors, they split the company into two units to draw comparisons.

Objectives

- Create a safety improvement program that maximizes performance for minimum dollar exposure
- Provide managers with a turn-key program that communicates a consistent message to the drivers
- Provide drivers with a reward plan that maximizes performance and positive behaviors

Solution Approach

The Points-Based Program: the program uses a single platform that allows drivers to earn points for their efforts and select their own awards

The Cash-Based Program: the program is structured the same as the points-based program, except for the use of cash as the rewards medium

Additional Factor in Points-Based Program: the company reduced the budget for the points-based program 50% versus the cash program to further test whether they were receiving the best return on investment

Results

- **The terminals on the points-based program had an accident frequency of 9% less than the terminals on the cash-based program.**
- **The terminals on the points-based program spent 50% less on the program versus the terminals on the cash-based program.**
- **The drivers surveyed on the points-based program all agreed that the awards offered were a motivating factor for them and their families and that the communication plan was an important key to their raised awareness and improved performance.**