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### How to Make Effort Rewarding

**Jim Clemmer, The Clemmer Group**

Rewarding and recognizing employees is a ticklish business. It can motivate people to explore more effective ways to do their jobs - or it can utterly discourage such efforts.

#### Here are a few tips and traps:

Establish a clear link between what people are rewarded for and the organization's priorities. Does everyone see and understand the relationship between their improvements and financial rewards? Too many profit-sharing plans, for example, are disconnected from daily work. The effect of cost control or customer satisfaction efforts on the bottom line is so fuzzy that it's meaningless.

Be careful when offering money or recognition for employee suggestions. This can lead to conflict rather than cooperation. Individuals and groups often end up jealously protecting their ideas or arguing about the source of ideas. Suggestion systems also separate idea generation from implementation. Effectiveness is a function of how strongly ideas or strategies are accepted and then implemented by the people who can make them work.

Suggestion systems work best in traditional "command and control" or paternalistic organizations. Workers come up with ideas and managers decide which ones get implemented. In a highly involved organization, teams generate and test ideas as part of a bigger focus on improving their own key processes.

Involve team members, individuals or managers in developing their own incentive and reward systems. A study of group incentive plans in 144 U.S. companies by consultant Towers Perrin concludes that those plans with the highest levels of effectiveness also had the highest levels of employee involvement in design.

Involvement can be achieved through opinion surveys, focus groups, teams that study and recommend, or teams that design and implement the rewards. The best organizations always use combinations of these approaches.

Despite mountains of evidence to the contrary, many managers believe money is more rewarding than recognition and appreciation. You should balance your incentive plans and reward systems with generous amounts of "thanks pay." And make sure managers have the skills to show recognition when people are doing good work. They often find it awkward to express appreciation.

Reward systems and recognition practices speak volumes about your organization's values. Are they designed and delivered to employees - or with them? Do they reflect a management view of "we know what's best for you?" Are they partial and piecemeal or part of a larger system and philosophy?

You should ask if financial incentives seek to penalize people and have them "share the pain," or look for ways to make people feel like winners. Are people given paternalistic pats on the head or treated as equal adults?

Like customer service and quality, reward and recognition are highly subjective. Just as they monitor the changing needs of customers, effective leaders constantly try to understand the shifting perceptions and values of everyone in their organization.