

BEST PRACTICES *in HR*™

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CONTENTS

Case Study.....3

- Make Your Employees Feel Valued with Benefits Program

From the Courthouse.....4

- Did Poor Performance or Union Interest Prompt Driver's Termination?

The HR Professional.....5

- Tweak Your Brain for Career Success!

Tips & Tactics.....6

- Recent Storms Highlight Urgency of Planning Ahead
- Job Offerings for Hurricane Survivors

Case Study.....7

- Hospitals Recognized as Great Places to Work for Young and Old

Employee Recognition Plays Important Role in Retention

With 75 million Baby Boomers expected to retire over the next 5 years, and an anticipated shortage of 12 million workers by 2010, employee retention has become increasingly important, according to John Mills, vice president of business development for Rideau Recognition, a provider of traditional recognition programs and Web-based incentive management solutions.

One way companies can boost retention is through employee recognition. "It's a hot topic right now," Mills says. "There's going to be a lot of competition for those people."

Latest Trends

An effective recognition program can boost employee loyalty and performance and, in turn, increase retention and a company's bottom line, according to Mills. In addition, employees who feel rewarded by their managers are more

likely to remain working at the company. "It's proven that employees don't leave companies; they leave their managers."

Mills says there are two major trends impacting employee recognition. First, "companies are looking at ways to drive behavior versus strictly performance," he says.

For example, instead of just recognizing an employee who meets a certain sales target or completes 5 years of service, companies are also striving to recognize behavior they espouse, such as exemplary customer service.

There's also a trend toward providing recognition earlier in employees' careers with a company—sometimes as soon as 1 month or 6 months after hire—thanks to Generation X and Y employees, who Rideau (www.rideau.com) refers to as

(continued on page 2)

Recognition *(continued from page 1)*

the "Nintendo" generation. These workers, in their early to mid 20s, expect frequent recognition, according to Mills.

What to Do

To create a successful employee recognition program, Mills says you should determine what types of milestones and behaviors you want to reward, identify company goals, decide how to drive employees to meet those goals, determine what methods of reward you will use, and identify how employee recognition can help enhance working relationships between employees and their managers.

Mills also recommends that you:

- **Walk the talk.** "The key problem with a lot of companies is that they have wonderful [recognition] strategies, but they don't follow through. They don't walk the talk, so to speak." For example, employees are not properly recognized, or the recognition isn't handled in the most appropriate way, such as when an award is left on an employee's desk rather than presented to him or her at a meeting, he says.
- **Communicate the plan.** Senior management needs to buy in to the concept; frontline supervisors should be trained on techniques to show employees that they are valued; and employees need to

know what behaviors and milestones will be rewarded.

- **Recognize employees at least annually.** In addition to honoring employees when they reach certain service milestones, such as 1 year or 5 years, Mills says it's important to recognize all employee anniversaries. "You don't have to give them all big gifts," but a verbal "thank you" and a card from their manager will help employees feel recognized during their nonmilestone years.
- **Solicit feedback.** Ask employees on 360-degree feedback surveys or other surveys whether they feel recognized and appreciated by their managers. If not, find ways to make employees feel more valued.