



## **P2M Webinar Series**

Measuring ROI from  
Recognition Programs & How  
to Give Your Program A Boost

# Today's Agenda

1. Recap P2M Webinar Series
2. Measuring 3 Types of Return on Investment
3. Questions
4. Program Boosters
5. Questions

# Recap From Series So Far

- Business is behaviour
- Behaviour is a function of its Consequences
- Recognition is a crucial management skill
- Two Types of Motivators

Antecedents - threats, goals, vision

Consequences - positive & negative reinforcement

# Recap From Series So Far

- Four Types of Positive Reinforcement

Social  
Tangible  
Work Related  
Manager Related

# Recap From Series So Far

- Effective Employee Recognition must be:

Timely  
Earned  
Frequent  
Celebrated  
Of personal value

# Recap From Series So Far

Recognition produces:

1. Lower Turnover Rates
2. Improved business Results
3. Managers seen as stronger in goal setting, communication, trust and accountability



**500%** difference in shareholder value between companies with most engaged workers and least. *Kenexa White Paper 2009*

# Recap From Series So Far

Avoid the common pitfalls by using effective Change Management practices

## 3 Step Launch Process

1. Strategy Development
2. Design
3. Implement, test & refine



# 3 Ways to Measure ROI

1	2	3
<b>Short, Medium &amp; Long Term ROI Indicators</b>	<b>Behavioural ROI Indicators</b>	<b>Financial ROI Indicators</b>
<ul style="list-style-type: none"><li>● Short term goals</li><li>● Medium term goals</li><li>● Long term goals</li></ul>	<ul style="list-style-type: none"><li>● Communication</li><li>● Participation</li><li>● Recall</li><li>● X functional cooperation</li><li>● Engagement</li></ul>	<ul style="list-style-type: none"><li>● End user share of investment</li><li>● Breakage reduction</li><li>● Tangible Results</li><li>● Savings</li></ul>

# Short, Medium & Long Term ROI

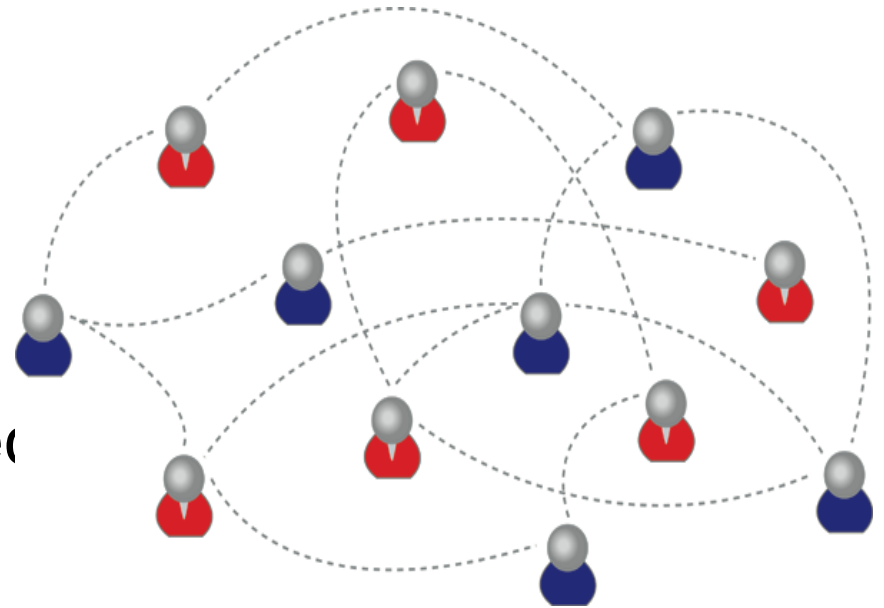
Short	Medium	Long
<ul style="list-style-type: none"><li>● Activation rates</li><li>● Nominations<ul style="list-style-type: none"><li>- numbers</li><li>- frequency</li><li>- quality</li><li>- types</li></ul></li><li>● Recall of target behaviours</li></ul>	<ul style="list-style-type: none"><li>● Participation rates</li><li>● Positive feedback</li><li>● Budget consumption</li><li>● Improved cross functional interaction</li><li>● Improved performance metrics</li></ul>	<ul style="list-style-type: none"><li>● Behavioural changes</li><li>● Improved KPI results</li><li>● Decreased recruitment &amp; training costs</li><li>● Improved engagement measures</li><li>● Recognition survey responses</li></ul>

# Behavioural ROI Indicators

- Communication
- Interpretation, understanding and demonstration of targeted behaviours (e.g. Company Values)
- Participation Rates
- Behavioural Reinforcement (e.g. repetition of behaviours relating to Company Values)

# Behavioural ROI Indicators

- Recognition "Hotspots"
- Increased engagement
- Reduced staff turnover
- Increased awareness of "rec"



# Financial ROI Indicators

- Share of Recognition Investment delivered to End Users
- "Breakage" on Rewards
- Administrative Savings
- FBT reporting and consequences

# Financial ROI Indicators

- Savings on Decreased Head Count Turnover
  - Recruitment
  - Training
- Return on Investment Calculator

# Sales Incentive ROI Calculator

# of Sales people x

# of Units Sold Per Person x

Selling Price Per Unit Sold (\$) x

Gross product margin (%) x

Incentive per Unit Sold (\$) x

# Additional Units Sold per Sales person

= ROI



# Sales Incentive ROI Calculator

Sales people = 50

Units Sold Per Person = 100

Selling Price Per Unit Sold = \$150

Gross product margin = 50%

Incentive per Unit Sold = \$5

Additional Units Sold per Sales person = 10

ROI =

# Sales Incentive ROI Calculator

<b>ROI Analysis</b>	Before Incentive	After Incentive	Increase	% Increase
# Units sold	5000	5500	500	10
Revenue	\$750,000	\$825,000	\$75,000	10%
Gross Profit	\$375,000	\$412,500	\$37,500	10%
Incentive Cost	\$0	\$13,750	\$13,750	0
Total Cost	\$375,000	\$426,250	\$51,500	14%
Net Profit	\$375,000	\$398,750	\$23,750	6%

# Sales Incentive ROI Calculator

## Return on Investment

The return on investment for your sales incentive program is 173%. This means that for every dollar invested you will receive \$2.73 in return.

## Breakeven

The breakeven for your sales incentive program is 3.4 units sold per person. At 3.4 additional units per person your sales incentive program pays for itself.

# Financial ROI Indicator

## **The most engaged work places:**

- 50% have lower turnover
- 56% have higher than average productivity
- 38% have above average productivity
  - Engaged employees are 50% more productive than disengaged workers
  - 27% report higher profits

\*Gallop

# Employee Turnover and ROI

## **The Visible Cost of Turnover\*:**

- 50% - 150% of an employees salary
- Conservative estimates = \$30 - 88,000 per staff member you lose (Avg \$59,000 - see next slide)
- There are invisible costs - "Training Up", Lost Opportunities, Active Disengagement etc.
- Invisible Costs can account for up to 3 times an average employees salary

\*2007 The Hudson Report (Australia)

# Employee Turnover and ROI

**So: Assumptions: Employee Salary \$59,000**  
**X Turnover Cost (salary + 50%)**  
**\$88,000 per Employee**  
**A company with 100 employees**  
**+ 20% annual rate of turnover**  
**Total cost= \$1,760,000**

**So, think of your organizations size and what your current annual turnover is,  
what would happen if you could reduce turnover by 50%?**

**A 100 Employee Company**  
**Lose 20% of all employees annually by natural attrition**  
**50% reduction in this attrition rate**  
**Saves 10 employees**  
**10 X \$88,000= \$880,000**  
**Spend \$290k on retention program costs**

**ROI= 300%**

# Questions

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# Boost Your Recognition Program

1. Re-brand & Re-launch
2. Re-train
3. Extend program coverage, frequency & choice



# Re-Brand & Re-Launch

- Its a fact that recognition programs can go stale
- Refresh the "brand"
- Tap into a shorter business cycle
  - annual & quarterly themes
  - seasonal themes
  - team specific sub programs

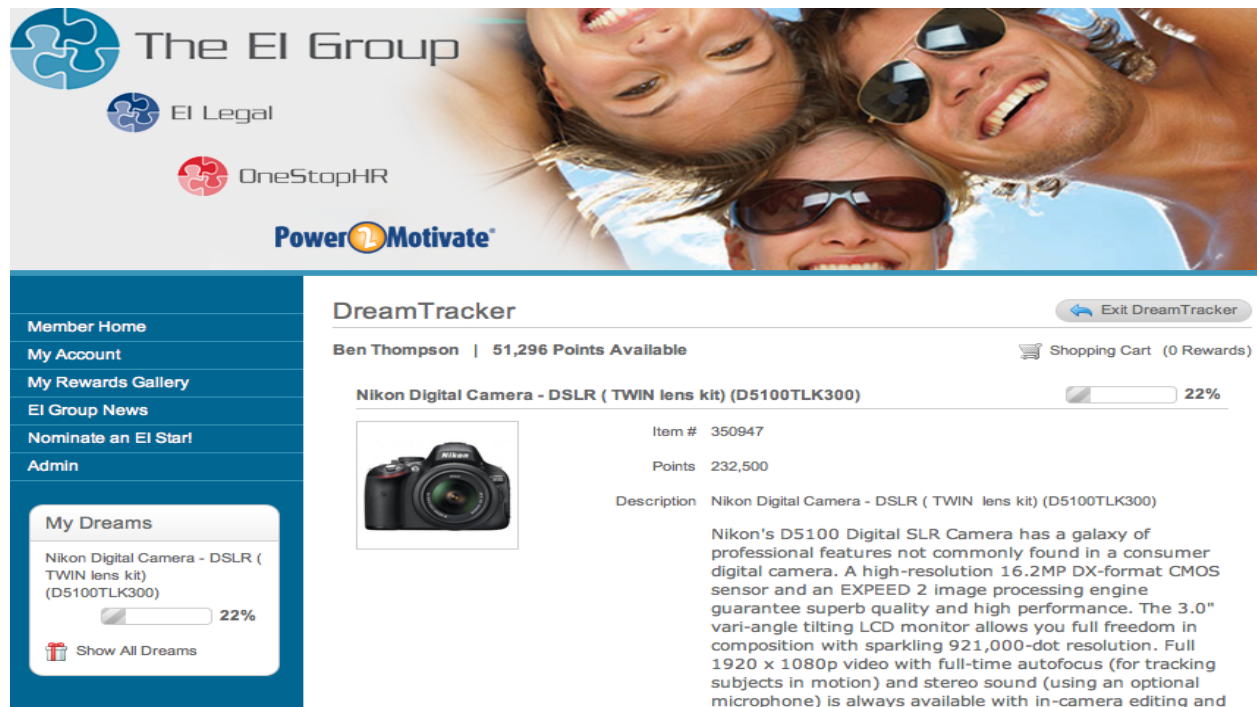
# Run A Recognition Competition

1. Team v Team
2. Great Ideas Think Tank
3. Faster, Better, Stronger (1% per day)
4. First to spend their budget



# Dream Tracker

Encourage team members to nominate a "Dream Reward" and add it to their Dream Tracker



The screenshot displays the user interface for the Dream Tracker feature. At the top, there is a navigation bar with the 'The EI Group' logo and links to 'EI Legal' and 'OneStopHR'. Below this is the 'Power2Motive' logo. The main content area is divided into a left sidebar and a main panel. The sidebar contains links for 'Member Home', 'My Account', 'My Rewards Gallery', 'EI Group News', 'Nominate an EI Start', and 'Admin'. The main panel shows the user's profile 'Ben Thompson' with '51,296 Points Available' and a 'Shopping Cart (0 Rewards)'. A specific reward is highlighted: 'Nikon Digital Camera - DSLR ( TWIN lens kit) (D5100TLK300)' with a progress bar at 22%. Below the reward name is a small image of the camera and a detailed description of its features.

**The EI Group**  
EI Legal  
OneStopHR  
Power2Motive

**DreamTracker** [Exit DreamTracker](#)

Ben Thompson | 51,296 Points Available [Shopping Cart \(0 Rewards\)](#)

**Nikon Digital Camera - DSLR ( TWIN lens kit) (D5100TLK300)** 22%

Item # 350947  
Points 232,500  
Description Nikon Digital Camera - DSLR ( TWIN lens kit) (D5100TLK300)

Nikon's D5100 Digital SLR Camera has a galaxy of professional features not commonly found in a consumer digital camera. A high-resolution 16.2MP DX-format CMOS sensor and an EXPEED 2 image processing engine guarantee superb quality and high performance. The 3.0" vari-angle tilting LCD monitor allows you full freedom in composition with sparkling 921,000-dot resolution. Full 1920 x 1080p video with full-time autofocus (for tracking subjects in motion) and stereo sound (using an optional microphone) is always available with in-camera editing and

# Re-Train

- Managers and team leaders need to be frequently reminded of the fundamental drivers for recognition
- Remember that recognition is a critical management skill that must be taught
- Ensure that use of the recognition program is a feature of induction training for all staff

# Re-Train

- Frequently remind program members of the critical behaviours which will be rewarded
- Prepare offline collateral (in the bathrooms, outside lifts, stickers on the back of proximity cards etc)



# Extend Coverage, Frequency & Choice

- Ensure all parts of the enterprise are included. For example, remote employees or employees in the field can be involved via offline recognition ("Scratchies")
- Identify the teams with the lowest use and identify the reasons and remedies
- Identify the teams with the lowest frequency and identify the reasons and remedies

# Extend Coverage, Frequency & Choice

- Choice is critical
- Remind members what is available with special offers
- Consider adding new galleries and products
- Focus on redemptions and stories with regular communication (i.e. team newsletters, interviews and even podcasts)

# Questions

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