

Employee Appreciation: ‘Soft’ Idea With Hard Results

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Money still talks in the workplace, but for many employees it's no longer the loudest or most persuasive voice. A successful Total Rewards strategy recognizes that companies need to offer other options beyond pay in order to attract, retain and motivate the best employees. But there's another key element that's often overlooked among the piling on of policies and programs: If employees don't feel appreciated, they'll be less satisfied and productive and more likely to leave, no matter how extensive (and expensive) your Total Rewards program might be.

If “employee appreciation” sounds like another nebulous, warm-and-fuzzy concept without hard results, consider this: Operating margins, return on equity and return on assets are all consistently higher at companies where

employees feel management recognizes and rewards excellence (*see charts on page 7*).

Noëlle Nelson, Ph.D, says appreciation is the linchpin of a successful employment relationship. Without it, a Total Rewards strategy could fall short of its mark, despite a solid plan and communications strategy, increased investment in pay and benefits, management buy-in and the company's best intentions.

A Common Attitude

Nelson is the author of *The Power of Appreciation in Business* and more than a half-dozen other books on communication and human relations. She has also worked extensively with attorneys in employment litigation cases as a trial consultant. One thing she says she observed regularly is that employees seemed to share a common attitude, regardless of the substance of the case.

“In some way, the complaining party felt unappreciated, treated as replaceable, unimportant and without value,” Nelson recalls. “If somewhere along the line the employee had been listened to, or someone had taken the time to learn what mattered to them, the lawsuit probably never would have been filed.”

So what are we talking about here? Is it just a matter of saying “good job” to people when they perform well? That's part of it. But it runs a little deeper.

Appreciation means staying in touch with individual employees, asking what they need to do their job effectively and offering praise and encouragement – which, as any experienced manager will tell you, is not as simple as it sounds.

Trainer/coach/author Quint Studer calls it building an “emotional bank account” with your employees. He says that both leaders and employees want a positive, productive, trust-based relationship, advising companies to “diagnose” employee satisfaction and act on the results. By learning what employees value – and giving it to them – you create enough goodwill in their emotional bank accounts to get through what Studer calls the inevitable “metaphorical rainy day.”

Appreciation in Action

The “rainy day” for Professional Cutlery Direct, an \$8 million mail-order firm headquartered in North Branford, CT, occurs during the busy holiday season. Nelson says the company listened when employees complained about the acute stress they feel when the phone and computer lines are jammed with buyers. The heavier workload means that employees must work longer hours during a time when they're feeling a lot of holiday-related stress in their own lives.

To deal with the holiday crunch, the company created an appealing value proposition for stressed-out employees by

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A Few Ways to Show Appreciation

- **Make the rounds.** Managers should regularly move around the workplace, look in on employees, ask them how they're doing and whether they need anything to do their jobs better.
- **Measure employee satisfaction.** Workplace surveys can help uncover what employees value most.
- **Give value to receive value.** Once you learn what employees value most, find concrete ways to provide it.
- **Weave appreciation into the culture.** Teach your managers how to notice excellence and appropriate and meaningful ways to express appreciation.
- **Share good results.** When the company has good news, share it with employees and let them know their contributions are appreciated.
- **Use “we” and “our.”** A problem should never be “your” problem, always “our” problem. The company should be “our” company, and success should be “our” success.
- **Ask for input.** Managers should have enough confidence to ask employees how they might solve a problem. When employees have good ideas, the ideas should be implemented and they should receive recognition.
- **Emphasize long-term excellence,** not short-term success. Employees should get the message that a continuous commitment to excellence will be noticed by management and rewarded.
- **Trust your employees** to do the right thing. The most productive employment relationships are built on mutual trust and respect.

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hiring a chef to prepare hot meals and a masseuse to offer shoulder massages during all work shifts at this critical time. These may seem like small things, but they've produced tangible results in terms of employee happiness, as well as measurable areas like reduced turnover and higher productivity.

Best Buy Co. is another example of how a value proposition translates to improved results. The company offers a generous package of compensation, benefits and perquisites, but it discovered that what the 2,000 employees at its corporate headquarters in Minneapolis, MN, really want most is more control over their time. So Best Buy launched a flex-time program that some initially called radical and unworkable.

The experiment is known as ROWE – “results-oriented work environment.” The headquarters employees have certain work to perform and clear performance expectations. But how long it takes them to meet their goals and exactly when they do their tasks is left up to them. They can work longer, shorter or off-peak hours, as long as they get the job done and do it well.

“Think about it. In today's workplace, with so many two-wage-earner families and single parents, a great majority of employees place a high premium on time,” says Nelson. “If you give something of value to them – more control over their time, for instance – they'll give something of value back to you: higher performance and more commitment.”

A report by ABC News on Best Buy's ROWE program highlighted a young husband and father whose wife has cancer. He considered taking extended family leave, but was instead able to successfully juggle all the demands on his time by going to the office when he could, working some at home and otherwise getting his job done. Bottom line: He was able to keep earning an income while still taking care of his family obligations.

By taking a leap of faith and instituting ROWE, Best Buy kept a good employee productive instead of trying to fill in while he was out on family leave. More importantly, the employee feels valued and trusted and has a strong and enduring sense of commitment to the company.

Again, it's not just an intangible nicety. Best Buy has recorded a 13% increase in productivity since starting the program. The ROWE coordinator for Best Buy told ABC News that the program is about excellence, not the timeframe in which the employee achieves it. The company is so pleased with the results that management is trying to figure out how to roll out the program to its retail locations as well.


Giving Them Tools

According to Nelson, the power of appreciation is the driving force behind Best Buy's success with ROWE.

Other successful companies – including the nation's most stable and profitable airline, Southwest Airlines – lets its employees know they're appreciated and respected, that they're a key part of the team, and that the company values excellence and cares enough to give them the information and tools they need to succeed.

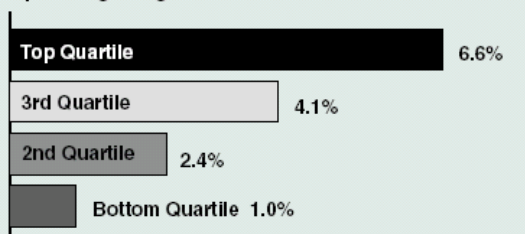
So how does a company leverage the power of appreciation to improve productivity and performance? Nelson notes that appreciation is a learned behavior and can be systematically woven into a company's culture at very little cost.

What appreciation really boils down to is recognizing the potential in all employees for excellence and treating them in a way that ignites their passion and commitment.

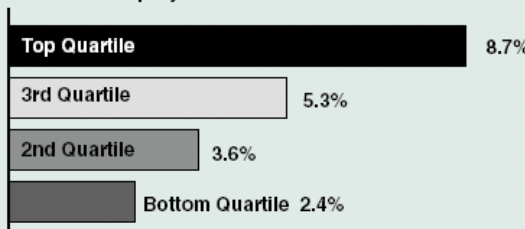
It's a soft idea with hard results. 

Performance by Quartile of Firms Whose Employees Agree That “My Organization Recognizes Excellence”

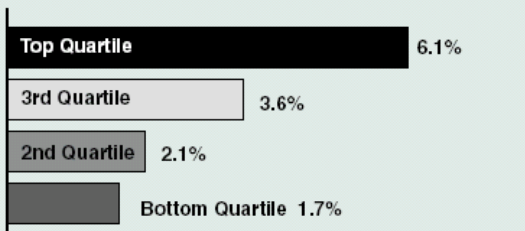
Operating Margins



Return on Equity



Return on Assets



Source: These charts are reprinted from *The Power of Appreciation in Business* by Noelle Nelson, with the permission of The Jackson Organization.