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A slide with a header image showing the Boston skyline at sunset, similar to the one above. The header includes the text "IMA SUMMIT 2023" and "CONNECT IN BOSTON". The main content area is white and contains the title "Demonstrating the Value of Recognition: Measuring the Impact and ROI of Recognition Programs" in blue, followed by the name "Jack J. Phillips, Ph.D., Chairman, ROI Institute, Inc." in black. A small number "2" is in the bottom right corner of the slide.

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Objectives

After attending this session, participants should be able to:

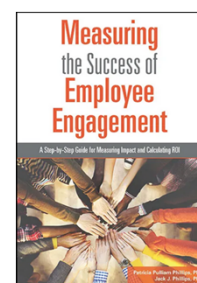
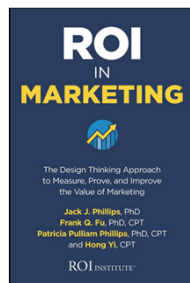
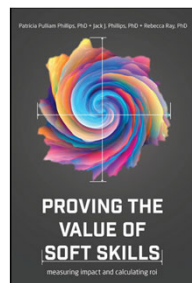
- Describe how employee recognition drives actions, impact, and ROI.
- Identify the five levels of outcomes from recognition programs.
- Explain the need to deliver impact and ROI for selected recognition programs.
- Design recognition programs to deliver results using design thinking principles.

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Resources



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How is your current recognition or incentive program working?

- A. It's not supported by senior executives.
- B. Team members are not happy with it.
- C. It could be improved.
- D. It seems to be working appropriately.
- E. It's achieving its purpose.
- F. It's driving business performance.



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Types of Recognition



Day-to-Day Recognition

Appreciate one another daily to create an environment for success.



Informal Recognition

Anytime recognition which acknowledges the behaviors that move you toward your mission.



Formal Recognition

Formal recognition involves symbolic and tangible awards that celebrate significant milestones and achievements.

-terryberry.com

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ROI is Appropriate for All Types of Recognition Programs

- A. Special Recognition
- B. Appreciative Feedback
- C. Bonuses
- D. Incentives
- E. Special Achievement
- F. Service Awards
- G. Suggestion Systems
- H. Feedback Systems
- I. Incentive Travel
- J. Gift Card Systems

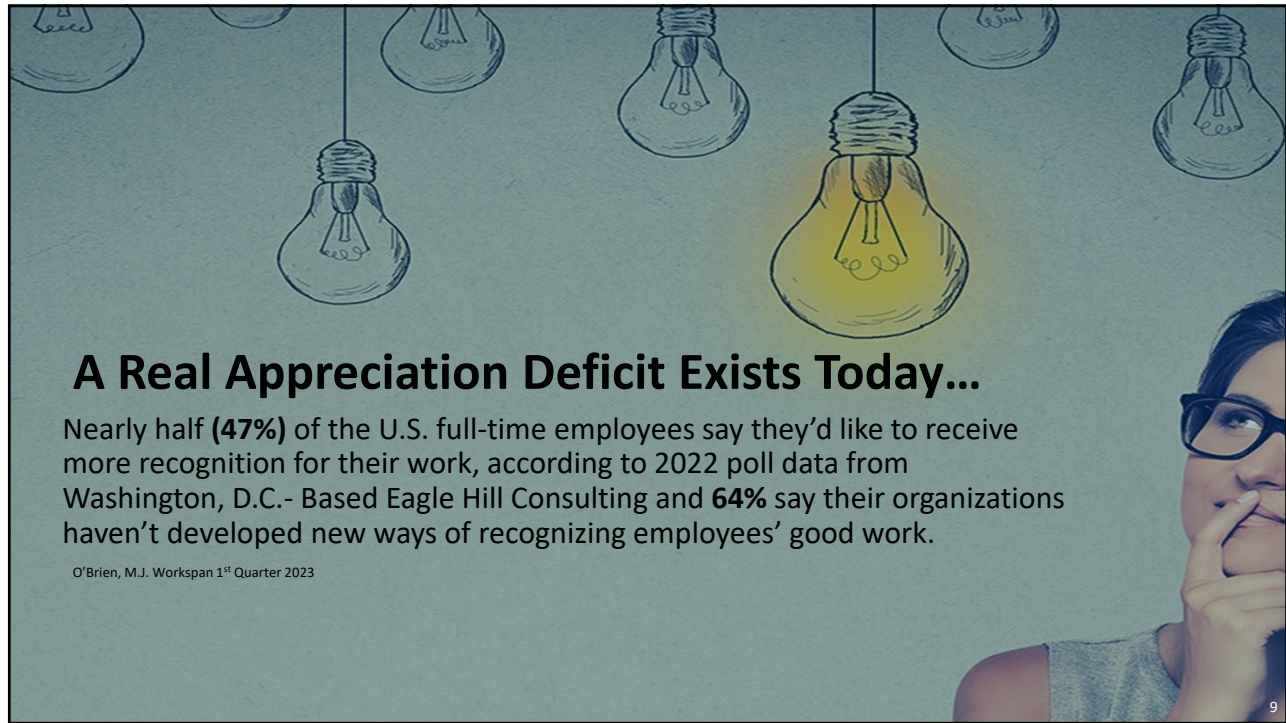
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Motivational Factors

- Providing recognition for accomplishment
- Encouraging achievement at work
- Treating employees with respect
- Empowering employees to take actions
- Providing feedback and coaching
- Building trust with employees
- Involving employees in decisions
- Setting clear expectations
- Proving routine and transparent communication

Phillips, J. J., Phillips, P. P. Strategic HR Review 3/2019

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A Real Appreciation Deficit Exists Today...

Nearly half (**47%**) of the U.S. full-time employees say they'd like to receive more recognition for their work, according to 2022 poll data from Washington, D.C.- Based Eagle Hill Consulting and **64%** say their organizations haven't developed new ways of recognizing employees' good work.

O'Brien, M.J. Workspan 1st Quarter 2023

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The Value Chain

	LEVEL	ISSUE	MEASURES	TARGETS**
*Can Predict	0	Inputs	Volume, Hours, Convenience, Cost	100%
	1	Reaction	*Relevance, Engaging, *Important, Useful, *New Content, *Intent to Use, *Recommend to others	100%
	2	Learning	Concepts, Trends, Facts, Contacts, Skills, Competencies	90%
Executives prefer	3	Application	Use of content, Frequency of use, Success with use, Barriers, Enablers	30%
	4	Impact	Productivity, Time, Quality, Costs, Image, Reputation, Engagement, Compliance	10%
	5	ROI	Benefit-Cost ratio or Return on Investment, expressed as a percent	5%

**Best Practice: Percent of programs evaluated at this level each year.

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Why Impact and ROI? The New Normal?

1. Budgets are tight, and obtaining approval is going to be more difficult than in the past.
2. A “show me the money” mentality is ever-present.
3. In a competitive environment, there is a need to stand out from others.
4. There is a need to validate the value proposition.
5. In some cases, ROI forecasting might be the only way to get approval for a major incentive and recognition program.



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Serious Performance Challenges: True or False?

1. Most recognition programs are wasted (not used).
2. The recognition program outcomes desired by executives in client organizations is rarely measured.
3. Most recognition providers do not have data showing that they make a difference in the organization.
4. Most executives see recognition programs as a cost and not an investment.
5. Most executives view hard skills more valuable than soft skills.

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What Gets In the Way of Delivering Impact and ROI?

Top five barriers to Impact and ROI evaluation:

- Fear of the outcome
- Lack of business alignment
- Inappropriate solution
- Lack of focus
- Not designed for impact

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What CEOs Want

ROI Institute research shows that the data CEOs receive are not demonstrating what they want out of their talent investment. (N=96)

Measures	Currently Measure	Should Measure	Importance
Inputs and Indicators	94%	86%	6
Efficiency	78%	82%	7
Reaction	53%	22%	8
Learning	32%	28%	5
Application	11%	61%	4
Impact	8%	96%	1
ROI	4%	74%	2
Awards	40%	44%	3

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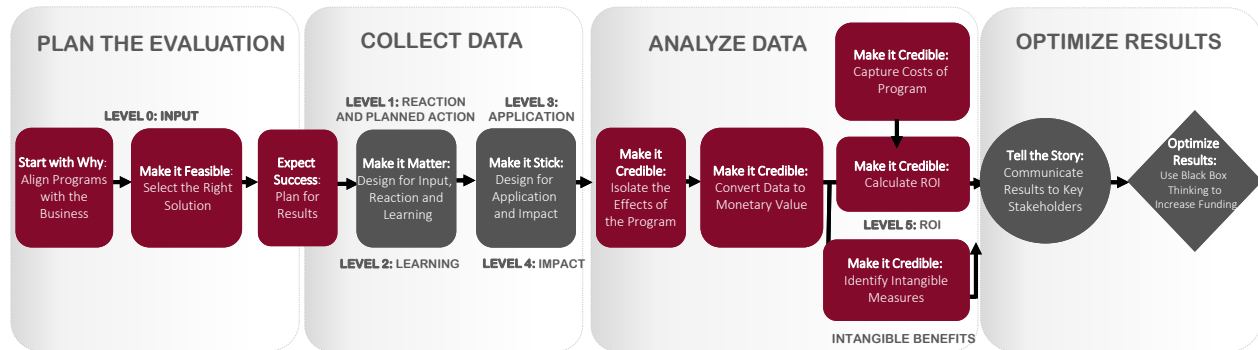
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The ROI Methodology® Process Model

Designing for the Delivery of Business Results



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Measurement Targets

	Level	Recommended % of Programs	**Benchmarking %
0	Input	100%	100%
1	Reaction	100%	80%
2	Learning	80-90%	70%
3	Application	30%	49%
4	Impact	10%	37%
5	ROI	5%	18%

*Percentage of programs evaluated at each level each year

**Benchmarking 2020

What is your status?

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Characteristics of Programs Suitable for Impact & ROI

-  Cost of the program
-  Linkage of program to operational goals and issues
-  Importance of program to strategic objectives
-  Top executive interest in the evaluation
-  Visibility of the program
-  Size of target audience
-  Investment of time required

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Start with Why: Align Programs with the Business

Design Thinking Principle 1

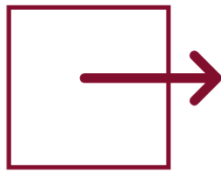
A problem-solving approach to handle problems on a systems levels

- Alignment is the key.
- Is it a problem or opportunity?
- Need specific business measures.

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Hard data exists in every organization...



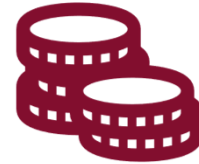
Output



Quality



Time



Costs

*See application guide

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Output

Criminals Prosecuted

Inspections Made

Applications Processed

Patients X-rayed

Students Graduated

Permits Issued

Projects Completed

Jobs Secured

Productivity

Patients Discharged

Criminals Captured

Shipments

Citizens Vaccinated

Graduation Rate

Placement Rate

Units Produced

Sales

Items Assembled

Money Collected

Licenses Issued

New Accounts Generated

Forms Processed

Loans Approved

Inventory Turnover

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Soft Data



Leadership



Work Climate/
Satisfaction



Initiative/
Innovation



Client
Service



Employee
Development/
Advancement



Image/
Reputation

*See application guide

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Work Climate/Satisfaction

- Grievances
- Discrimination Charges
- Employee Complaints
- Job Satisfaction
- Organization Commitment
- Employee Engagement
- Employee Loyalty
- Intent to Leave
- Stress



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Make It Feasible: Select the Right Solution

Design Thinking Principle 2

A mind-set for curiosity and inquiry

- What are we doing (or not doing) that's influencing the business measure?
- How can we achieve this performance?



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Is it the Right Solution?

- Examine the data and records.
- Initiate the discussion.
- Reference a case study.
- Use benchmarking from similar solutions.
- Use evaluation as the hook.
- Involve others in the discussion.
- Use diagnostic tools.
- Discuss disasters in other places.



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Expect Success: Design for Results

Design Thinking Principle 3

A framework to balance needs and feasibility

- Redefine success of program
- Set objectives at multiple levels
- Expand responsibilities

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Matching Evaluation Levels with Objectives

After completing this program, participants should:

1.	Decrease employee turnover by 20% in one year.	
2.	Use appreciation every day with the team.	
3.	Be able to demonstrate the five steps to calm an upset colleague.	
4.	Rate the facilitator 4 out of 5 on presentation skills.	
5.	Increase productivity by 30% in six months.	
6.	Achieve a 20% ROI one year after implementation of a recognition program.	
7.	Perceive the content to be relevant their situation (4.5 out of 5).	
8.	Decrease transfers by 25% in six months.	
9.	Conduct a proper investigation when there is an employee performance problem.	
10.	Score an average of 8 or better on a motivation quiz.	
11.	Increase new accounts by 10% in six months.	
12.	Use 4 of 8 engagement skills each day.	

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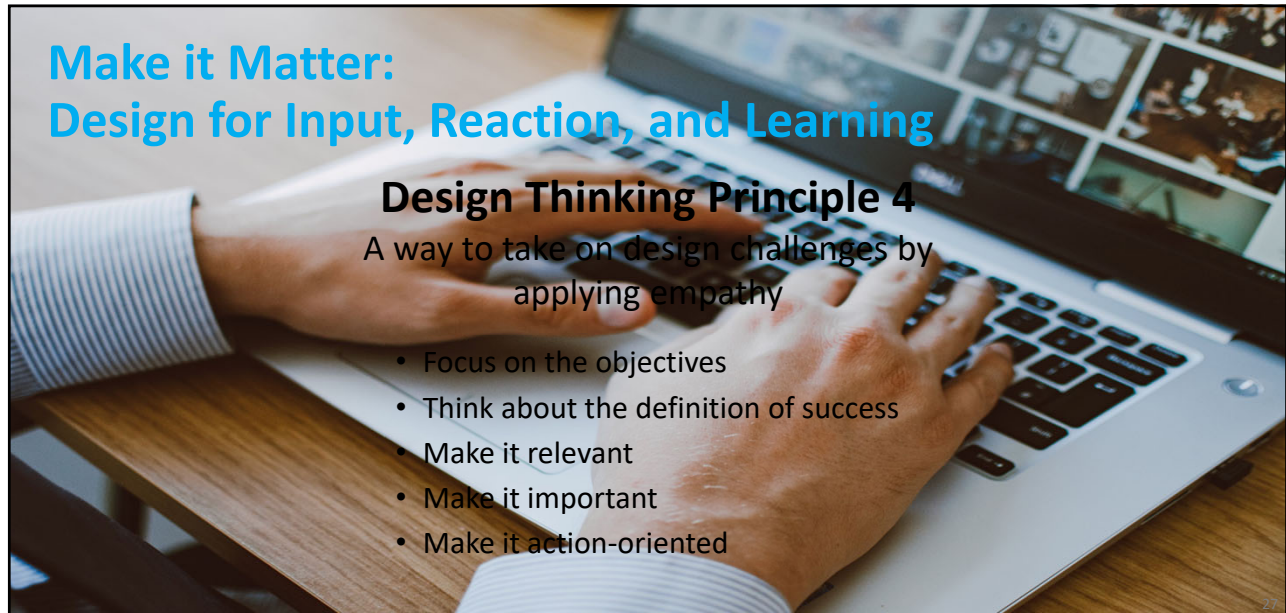


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Make it Matter: Design for Input, Reaction, and Learning

Design Thinking Principle 4

A way to take on design challenges by applying empathy

- Focus on the objectives
- Think about the definition of success
- Make it relevant
- Make it important
- Make it action-oriented

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Make it Stick: Design for Application and Impact

Design Thinking Principle 5

A culture that fosters exploration and experimentation

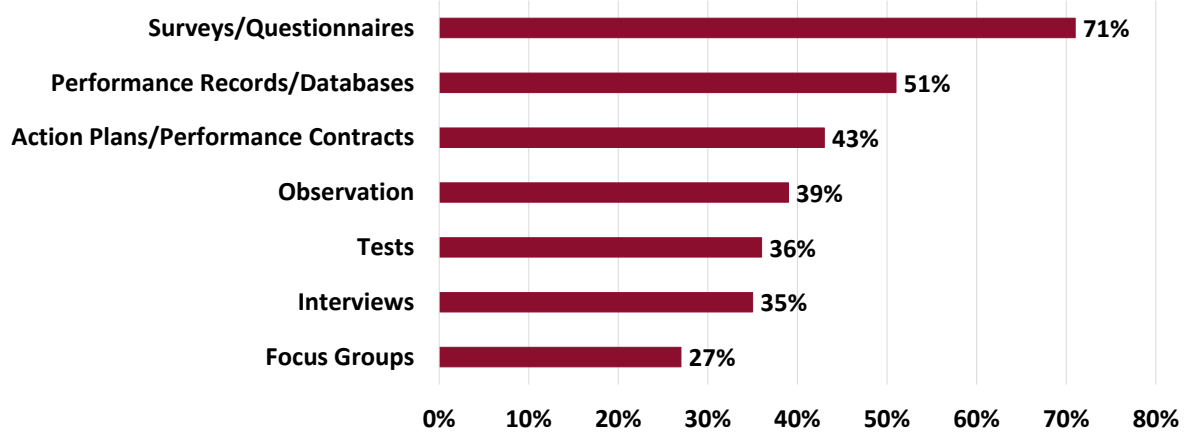
- Collect data
- Focus on objectives
- Ensure transfer to the workplace
- Design for application

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Data Collection Methods



*Survey of Users, N = 246

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Make it Credible: Measure Results and Calculate ROI

Design Thinking Principle 6

A fixed process and a tool kit

- Isolating the effects of the program
- Converting Impact data to money
- Identifying intangible benefits
- Tabulating cost of the program
- Calculating ROI

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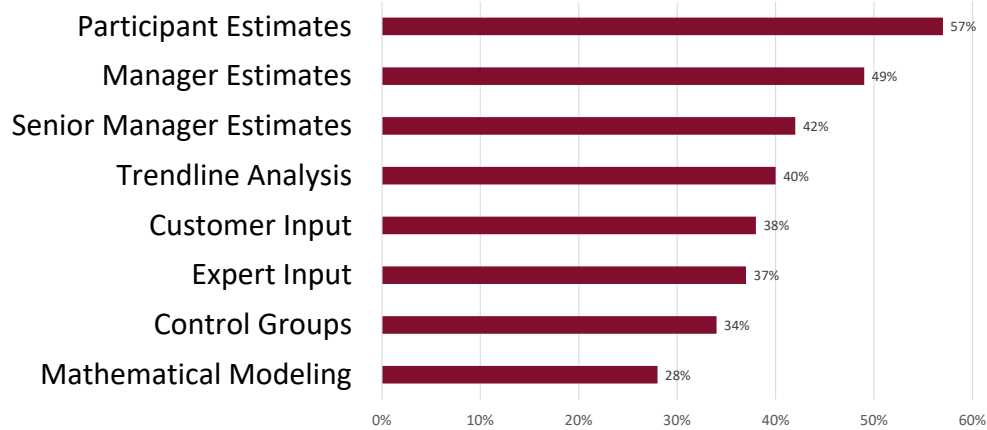
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Isolation Methods



*Survey of Users, N = 246

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Data Conversion Methods



*Survey of Users, N = 246

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Intangibles

- Adaptability
- Awards
- Brand awareness
- Career minded
- Caring
- Collaboration
- Communication
- Conflicts
- Corporate social responsibility
- Decisiveness
- Engagement
- Image
- Innovation
- Job satisfaction
- Leadership
- Networking
- Organizational climate
- Organizational commitment
- Reputation
- Stress
- Talent
- Teamwork



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Fully-Loaded Costs

“When in doubt, put it in.”

The process should withstand even the closest scrutiny in terms of its credibility.

DIRECT

- ☐ Program materials
- ☐ Facilitator
- ☐ Facilities
- ☐ Travel, lodging, meals

INDIRECT

- ☐ Needs assessment (Prorated)
- ☐ Program development (Prorated)
- ☐ Participant time (salaries & benefits)
- ☐ Administrative/overhead
- ☐ Evaluation

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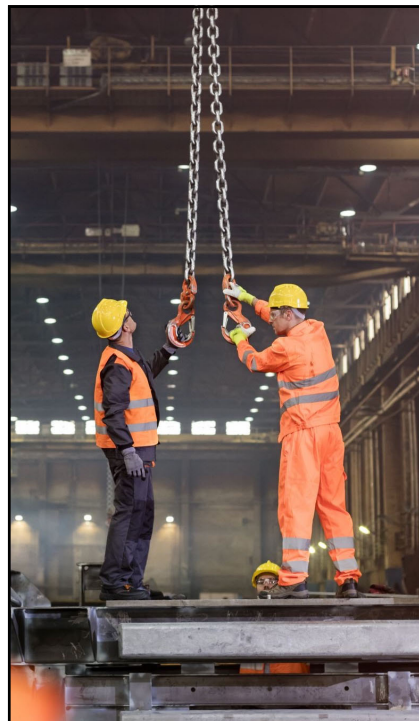
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Measuring ROI in a Safety Incentive Program

National Steel

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Case Study

- National Steel divisions incurred **unacceptable accident frequency rates, accident severity rates, and total accident costs**. For a two-year period, these costs had been around the \$400,000 to \$500,000 range annually.
- Safety managers **met to seek appropriate solutions**.
- HR specialists analyzed the cost and types of accidents.
- As a result of the assessment, the team implemented a **group-based safety incentive plan**.
- The plan included a **\$75 cash award** to each employee in the plant for every six months the plant worked without a medical treatment case.

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ROI Calculation

$$\text{BCR} = \frac{\$345,898}{\$72,172} =$$

$$\text{ROI} = \frac{\$345,898 - \$72,172}{\$345,898} \times 100 =$$

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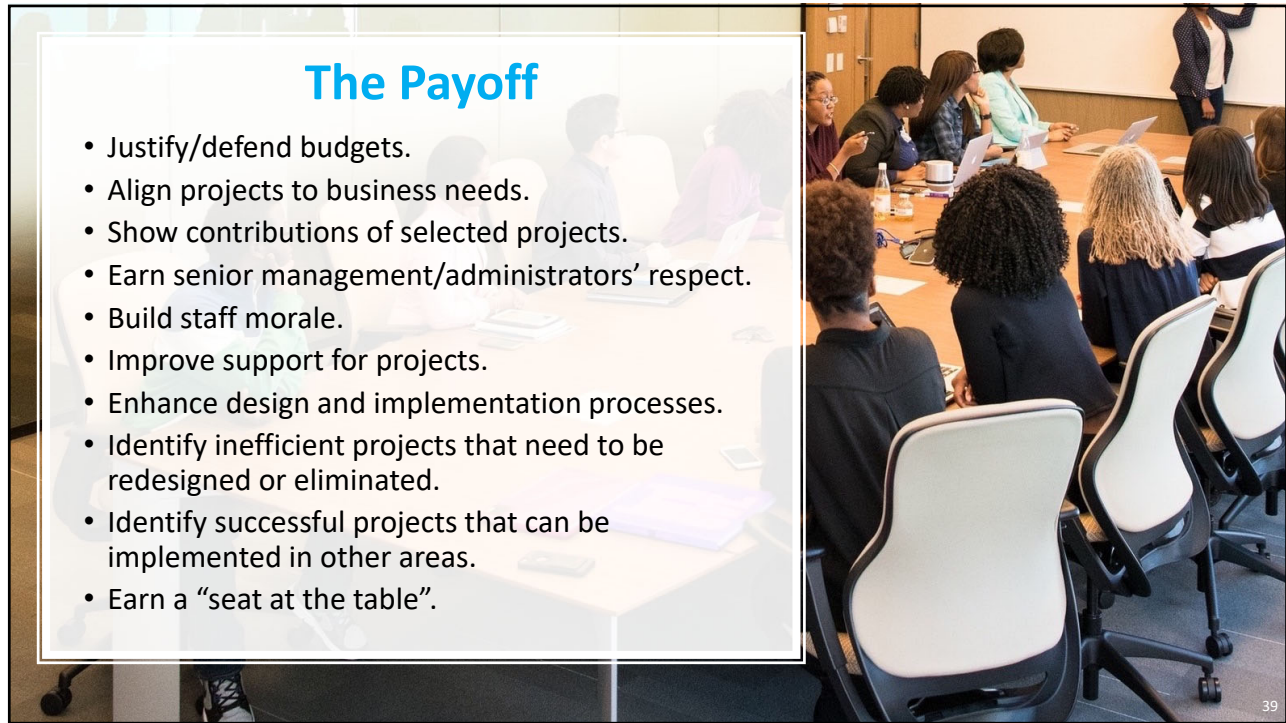
Incentive Travel Program Issues

- Payoff is not in sales increase, but profits.
- Must isolate the effects of the incentive.
- All costs of the program must be included.
- Payoff could be multiple years.
- Value of the meeting is a plus.



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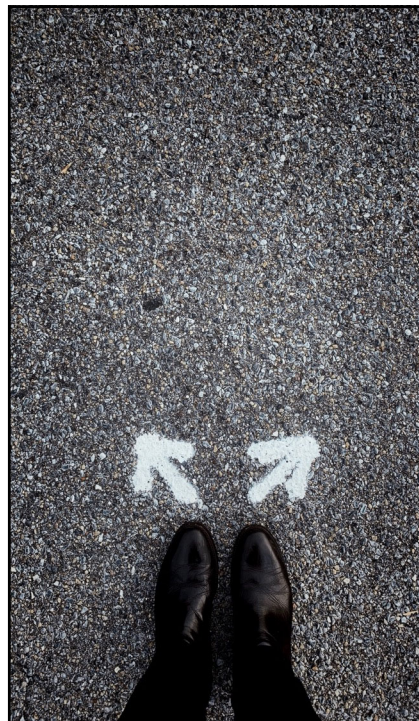
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The Payoff

- Justify/defend budgets.
- Align projects to business needs.
- Show contributions of selected projects.
- Earn senior management/administrators' respect.
- Build staff morale.
- Improve support for projects.
- Enhance design and implementation processes.
- Identify inefficient projects that need to be redesigned or eliminated.
- Identify successful projects that can be implemented in other areas.
- Earn a "seat at the table".

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Be Proactive

Remember, when it comes to delivering results:

- Hope is not a strategy.
- Luck is not a factor.
- Doing nothing is not an option.

Change is inevitable.
Progress is optional.

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