



“Employee Owned. Retailer Focused.”

INCENTIVE & RECOGNITION PROGRAMS

The Importance of Changing Employee Behavior – Designing an Incentive & Recognition Program – Implementing and Administering an Effective Incentive & Recognition Program

Loss Control For The
Retail Grocer

The Importance of Changing Employee Behavior

No matter whom you ask, almost everyone agrees that good safety performance needs to be recognized and rewarded

Businesses face a tremendous risk of loss. Higher insurance premiums, damaged employee morale, reputation with customers and community, additional training and the ability to recruit and maintain good employees are only a few examples of how adverse loss experience can hurt their competitiveness. In today's litigant society, a single incident can seriously threaten the financial health of businesses big and small. Achieving a safe work environment and promoting a positive safety culture are essential to a healthy bottom line.

So how does a grocer, or any business-owner for that matter, maintain productivity and concentrate on preventing accidents at the same time? The answer is simple; by sharing the responsibility of working safely with each employee. The successful grocer must tell employees what the goals are with respect to loss prevention, ask for their input, listen to their suggestions, provide support and encouragement, then get out of the way.

The difference between an operation that is successful in preventing loss and an operation that fails to prevent loss is this: In the successful operation, Management has elevated safe behavior to a level that is equal in importance to quality, customer service and productivity. This can only be accomplished by gaining employee commitment through employee involvement.

Recognizing safety performance has existed under a number of different names for quite some time. Perhaps one of the best places to start is to examine the definitions and see if the words and understanding of the words actually mean what we think they mean.

Some refer to them as incentive programs, some call them recognition or safety awards programs. Generally speaking, incentives are rewards with some strings attached - what some commonly refer to as the carrot and stick approach. The presumption is that if you do certain things or reach certain goals you will receive your reward. These rewards are usually financial in nature, or hold some other monetary value. Pay for performance schemes are included under these incentives programs.

Though somewhat similar, the motivational power in recognition lies mainly in its ability to appeal to an employee's sense of pride. It's the "pat on the back," the "coffee and donuts with the CEO," or the "congratulations on a job well-done" type of system. The important thing to

INCENTIVE PROGRAMS

remember about recognition is that different people like to be recognized differently. One person's plaque or trophy proudly displayed in the rec. room may be another person's basement junk.

But whatever the name, the primary objective has been the same: to recognize and reinforce safe performance. The difficult question centers around just what is safe performance? Is it no lost time accidents? Is it no accidents at all? Is it doing all the prevention activities right, including exhibiting the 'correct' behaviors? Is it luck? Or is it a combination of all of these things?

Critics

It should be pointed out that, in recent years, incentive programs have unfairly been characterized as the "bad boys" of safety, due to a longstanding debate of "attitude versus behavior." Many critics contend that incentive programs cause workers to hide injuries.

And in certain isolated cases, they are correct. Incentives can be used improperly or misused with disastrous results. Just as a scalpel can be used to save a patient's life by removing a cancerous tumor, it can also be used improperly and cause harm. Incentive programs can be wielded the same way.

Unfortunately, many safety incentive programs are ill-conceived as they are thrown together at the last minute with little thought given to rule making. This is particularly true of programs that are developed in-house. It is not the incentive tool that is at fault, but rather poor rule design, which creates excessive peer pressure and results in hidden injuries and lawsuits.

What are the most common root causes of injury hiding in an incentive program? Careful observation reveal these as a few (but not all) of the underlying causes:

- Use of Big Ticket Prizes (new pickup trucks, \$1000 cash per person, etc.)
- Relying totally on group performance as the sole method of awarding a gift (while ignoring proactive individual achievements)

Supporters

Advocates of safety incentives believe use of a "carrot" encourages and promotes appropriate safe behavior. It is a way for companies to show they care for their employees and will recognize those who work safely. Long-term behavior can be changed by creating heightened safety awareness and providing financial rewards for proper behavior. The result can be improved morale and reduced workers compensation costs.

Proponents agree that to be effective, safety incentive programs must be properly developed, implemented, and maintained. Any failure of an incentive program to create the desired change in behavior is usually attributable to mistakes made in the implementation process. The most common failures are a loss of management commitment (leading to a breakdown in enthusiasm and eroding funding) or the improper administration (usually related to an over-burdened administration system struggling to cope with immense paperwork requirements).

INCENTIVE PROGRAMS

Finally, those advocating incentive programs stick with them in the belief that such programs do no harm (even if they do not help), and that discontinuing them would create even more difficulties; safety incentives "are too woven into our culture."

Setting Goals

Companies that are successful with incentive programs have learned to set goals carefully, knowing that the way a goal is worded may lead to different results. Raising safety performance is the obvious purpose of incentive programs. Given that overall goal, employees can receive incentives based on different criteria, such as days without recordable accidents, months without lost-time injuries and decreases in workers compensation claims.

Many firms now also choose to reward safe behaviors, as part of the growing trend towards behavioral safety techniques. Some of these behaviors are making safety suggestions, attending safety meetings and assisting inspections. These programs produce solid results in long-term safety improvement.

One basic choice is between change or maintenance. Some companies may want to maintain safety records that are consistently excellent, while others strive to cut down on losses due to injuries and accidents.

One goal that fits in almost any case is that of raising safety awareness. An incentive program can work simply by forcing people to pay attention. For example, the use of 'close call' forms to report situations on the sales floor that could lead to recordable accidents and injuries. With an incentive program in place, there is a reason for employees to pay attention, because they're going to get something back for noticing.

Get a 'bang' for the incentive buck

It's commonly assumed that an extra \$25, \$50 or \$100 added to an employee's pay will be the strongest incentive for employees. In reality, that bonus can quickly vanish in taxes or mundane expenses.

Many successful programs rely on low-cost gifts with high-perceived value for this very reason. Gifts that reinforce corporate identity can also spark high interest. For example, a trucking firm that transports new cars centered its program on a one-of-a-kind jacket imprinted with a special crest. To win the jacket, employees had to drive for three months without an accident.

A related issue is how to distribute incentives. We advise against contests that reward only a few people and reinforce the view that safety is a matter of chance or luck.

Designing an Incentive & Recognition Program

The development of an effective safety incentive program is essential in creating a strong safety culture in your company.

Perhaps a manager's greatest challenge is getting employees to feel as committed as the management staff to improving the organization. Not only in making it safer, but making it cleaner, more productive, more profitable, more friendly, etc. Whatever the goal, a manager's most important task is gaining employee commitment. And in order for employees to commit to something, they have to be involved in virtually every step of the project.

The first reality that a manager must come to terms with is that ***most projects don't fail at the operational level, they fail at the Management level.*** This isn't a secret, but the irony is that most companies, confronted with this reality, make little or no effort to involve and motivate their workforce. Through training programs, rules, policies and procedures, they may tell an employee ***what*** to do. But they have little impact on what an employee ***wants*** to do.

There is no single clear definition of what motivates people. Different people and different organizations respond to different things. But the following fundamental steps will, without question, have a positive impact on your organization.

- Tell employees what the goals are with respect to accident and injury prevention
 - Ask for their input
 - Listen to their suggestions
 - Provide support and encouragement
 - Get out of the way
 - Celebrate and reward success.
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INCENTIVE PROGRAMS

There are five critical steps for crafting an effective safety incentive program that must be addressed before implementing an incentive program.

1. **Have a properly functioning, and complete, safety program.** A safety incentive is just one part of an effective safety program. It is no panacea for an inadequate safety management process nor can it replace any other part of a safety program. Employees cannot improve performance if they are not properly trained to perform their tasks or have no idea what is expected of them. If employees have not been taught how to recognize and mitigate hazards and exposures, incentives simply become bribes to ignore or underreport injuries.
2. **Examine safety performance within the organization.** If accidents are higher than average, the safety program is either not working properly or is failing in implementation. Corrections must be made to reduce injuries prior to considering an incentive program. If this is not done, injuries will continue at the same rate as before, since the root causes have not been addressed. Plus, by adding safety incentives to a poorly functioning safety program, accidents may be underreported in pursuit of the rewards.
3. **Gain management support and proactive participation.** If management does not believe in the safety incentive program and stand behind it, neither will employees. Workers must believe the program is fair, it will be properly administered, and that they have a shot at actually winning achieving the reward. If not, the workers will not support the program. They must have trust, and this is best accomplished through an active and strong management presence and role.
4. **Structure the incentive program.** Set goals, select rewards, and develop the administrative process. The goals are important because if set too high (such as an all-or-nothing approach), early failure will discourage participation; if too low, there is no effort required (thus, no change in actions) to gain the rewards. Goals must be clearly defined and easily measured.

Rewards should be tailored to fit the workforce. If not, it's unlikely the incentive program would motivate anyone. The rewards must have value to the workers, not management. The power of money is strong, however, many other things, such as gift certificates or time off, can be just as powerful (if not more so, under the right circumstances).

There are two additional aspects to consider when structuring an incentive program. First, workers must be required to take an active role in some elements of the program. A passive approach requires less worker involvement, resulting in a lack of required action and, hence, no change in behavior. Second, it is essential to determine how the program will be run and maintained. This final step involves determining how records will be maintained, the methods of performance measurement, reporting and monitoring, and the process by which rewards are provided. These elements must fit together and be viewed as fair by the workers or resentment may result.

INCENTIVE PROGRAMS

Failure to establish proper guidelines and administer programs fairly is usually cited as the primary reason for incentive program failure. The larger (number of participants) and longer (in duration) the program, the more critical this step is. The importance of administration cannot be overemphasized. Workers will judge the program on how well and fairly it is administered.

5. **Ensure effective communication about the program as it is implemented.** Workers need to understand why the program is being implemented, the rules, how it works, and how progress is measured. They need to be continually reminded about the incentive program, the reasons for it, and how they are doing. They need to see management involvement and support, through active participation and coaching.

What To Recognize

It's crucial to ask the 'what' questions, such as 'what behaviors will be rewarded?' While prizes and awards can be tinkered with, the processes that ultimately drive successful incentive programs must be considered first and foremost.

Promoting safety awareness, generating safety suggestions and recognizing employees for safe behavior as top priority in an incentive program. The emphasis is on the rules of the program and how that motivates people rather than on the gift awards. The gift award is certainly the catalyst, but most of the emphasis is on how the program works to build teamwork and motivation.

Who To Recognize

Reward individuals and departments for safety achievement. Reward specific departments to promote teamwork, and reward individuals to recognize specific contributions. Also, be sure to praise intelligent mistakes. Your best employees probably take more calculated risks for the benefit of the organization than the average employee. The more risks they take, the more likely they are to make mistakes. Don't douse your best employee's enthusiasm by making it difficult for them to take risks.

How To Recognize

An incentive program can be just the thing to boost a flagging safety program. But the emphasis shouldn't be just on 'what' to reward employees with. The goal of implementing a safety incentive program seems clear cut. And yet programs can be worlds apart in terms of goals and rewards. For example, one company may offer a steak dinner to employees who go for a quarter with no lost time injuries while another offers cash, and yet another offers gift certificates to Best Buy.

With such an array of options to choose from, the first question is usually 'what incentives will work for my company?' Although not necessarily the most important question, it is a powerful one.

INCENTIVE PROGRAMS

Everything from bananas to boats

An incentive could be any item that people deem valuable. Bob Nelson illustrates this in his book *1001 Ways to Reward Employees*. He relates a situation that occurred at the Hewlett-Packard Company.

A team of workers had been plagued with a problem for weeks. An engineer came across the solution to the problem and overcome with enthusiasm, he burst into his manager's office and blurted it out. Thrilled by this idea, the manager offered the only reward he could find at the moment - a banana left over from his lunch. The incident started a trend, and the Golden Banana Award is now a coveted employee prize.

Cash awards are an obvious choice for incentives, and some safety managers also use gifts such as CD players, electronics, pens, keychains and fishing boats. For some incentives the price tag can run into five figures. Yet others, such as a compliment or a pat on the back, cost you nothing.

The most effective rewards don't come in the form of money or merchandise, but in recognition and praise. Money is eventually spent. Praise and recognition can never be used up, lost or taken away.

There are 10 basic categories of employee incentives. Besides money, these include: recognition, time off, stock ownership, special assignments, advancement, increased autonomy, training and education, parties and other fun activities and prizes.

When to Recognize

What better way to get someone to continue to perform at a high level than to reward them for their past success? What makes you tick? Think of a time when you received a compliment from a superior. Did it make you feel like you could relax because you were doing a good job, or did it make you want to do just a little better the next time? To assure that your strategies of reward and recognition achieve the results you want, follow the hints below:

- Publicly and privately acknowledge peak performers. Publicly to promote peer recognition and competition, and privately to demonstrate sincerity.
 - Reward immediately. You may forget tomorrow.
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Implementing and Administering an Effective Incentive & Recognition Program

*Incentive programs should reward employees for identifying and correcting unsafe behaviors **before** they cause accidents*

Though successful programs differ widely, their underlying processes are the same. A successful safety incentive program will raise awareness of safety issues, reduce injuries without causing workers to hide injuries and instill proactive behaviors that create a safe working culture.

Implementation of an Incentive and Recognition Program

Help jump-start your new Incentive & Recognition Program by holding a “Kick-off” Campaign attended by all levels of employees, including the top levels of management to demonstrate your commitment to the program.

Effectively communicate the objectives, goals, and tactics of the program. Answer these simple questions as you put the Incentive Program into place:

- What are the desired actions?
 - What are the desired results?
 - How do they align with our organizational objectives?
 - What is the time-frame?
 - How will the incentives be measured?
 - What are the roles and responsibilities of all involved?
 - How will the desired actions and rewards be rewarded?
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INCENTIVE PROGRAMS

- What are the rewards?
- How often will the recognition and rewards be distributed?

Administering a Safety Incentive and Recognition Program for Long-Term Success

Be flexible and make adjustments as necessary. A willingness to experiment and learn by trial and error is involved in creating a successful incentive program. Consistency and follow-through are also key. You can't start an incentive program and then walk away and expect it to run itself. You have to have safety meetings and give away incentives every month.

Also, incentive programs should be changed periodically so that they stay fresh. Even a minor change such as a new gift item may be enough to sustain interest. Raising safety performance is the obvious purpose of incentive programs. Given that overall goal, employees can receive incentives based on different criteria, such as: days without recordable accidents, months without lost-time injuries and decreases in workers compensation claims.

Don't expect results quickly if there is a significant need for behavior change and/or cultural change. Measured results may take some time to show themselves. Again, the program may need to be "tweaked" every now and then to achieve the desired results.

Programs work when employee suggestions are implemented to correct safety problems as they happen. Supervisors must correct unsafe acts immediately and consistently, and management must implement feasible solutions to unsafe conditions or hazards, as identified by employees, as timely as possible.

Finally, distribute loss statistics to senior managers, departmental managers and supervisors to maintain awareness and measure results (at least quarterly). And, hold departmental managers and supervisors accountable for safe behavior.

Incentive programs work when they tap into the reward that employees favor the most - an immediate recognition by their manager of a job well done. It cannot be stressed enough that Incentive programs should reward employees for identifying and correcting unsafe behaviors *before* they cause accidents. Successful programs are fun (even if they are somewhat "corny"), create a sense of competition, are not expensive to implement, and their benefit exists long after the program period is over. Contact your Benchmark Loss Control Representative for help in designing and implementing an effective incentive program that is right for your organization.

For Examples of "Turn Key" Incentive and Recognition Programs, the following websites can help to get you started:

www.safetyjackpot.com

www.safetystar.net

www.safetypays.com
