



Abundantly

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**Rewarding
the
Human
Side of HR**

White Paper

Human Recognition & Reward Benefits



*Written by
Abundantly*

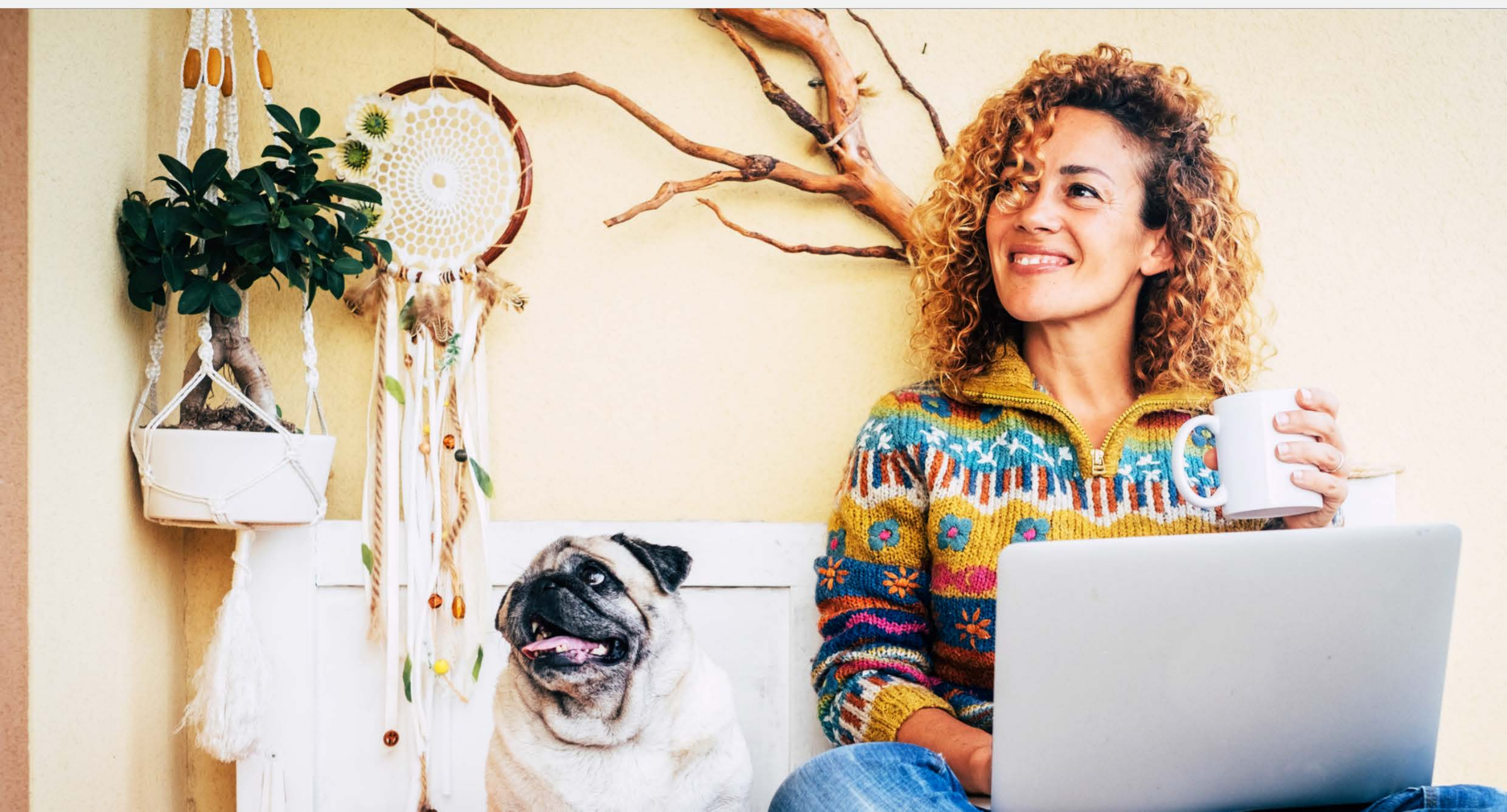
Abundantly – Rewarding the Human Side of HR

Every human resource manager understands the value of employee recognition. The business world has faced a significant change in which organizations must compete not just for top talent but to keep jobs filled. Recognition programs help companies deliver extraordinary rewards to their workforce and encourage maximum performance.

It has become essential for organizations to demonstrate to potential and current employees that they are far more than a warm body filling a job.

Companies that show they value their employees are the very organizations that are experiencing success in a time when it is difficult to find the needed employees to fill positions. In other words, if you want your company to be and remain successful, you need to reward the workers who put you there. Keeping your workforce engaged is how you stay on top.

Moreover, top companies are not only keeping their positions filled but are also experiencing significant returns on their investment. Their employees are happy, productive, and willing to go the extra mile. Why? Because their organization has made them feel like they matter, they are essential to their company, and their interests in the community also matter.

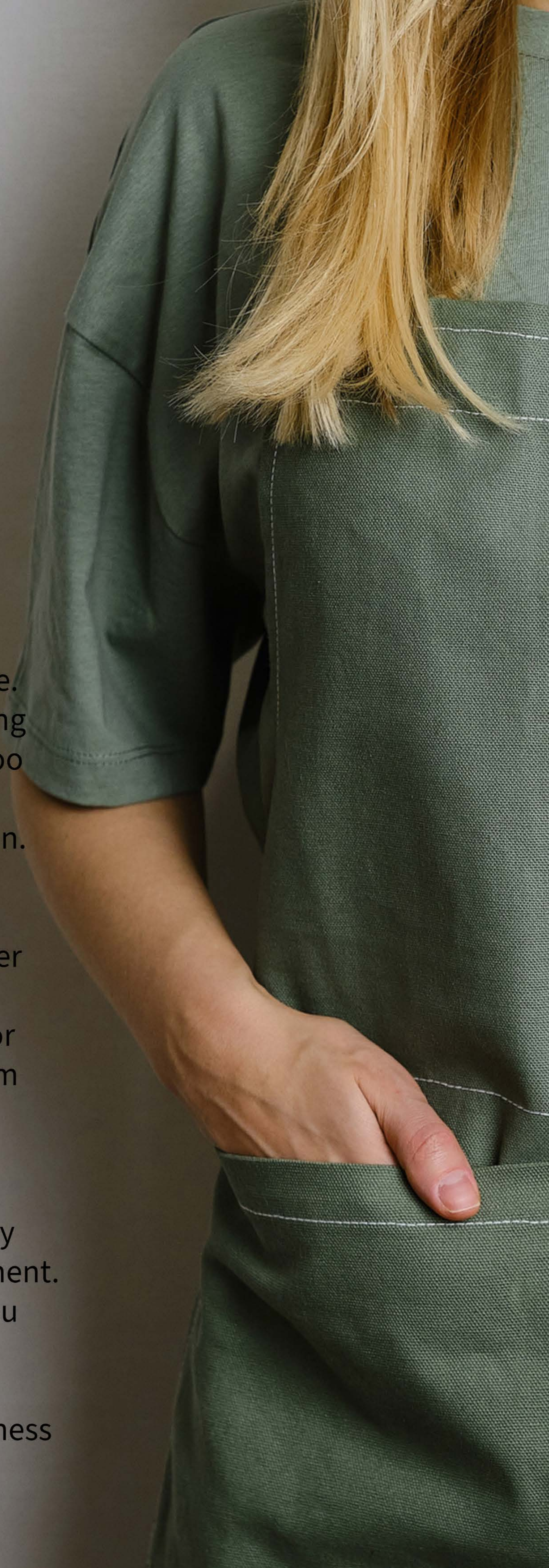


Rewarding Leaders Abundantly

Great companies create leaders—and they do this through recognition. Abundantly rewards the human side of your workforce. The first step to reaping the rewards of an employee dedicated to your company's success is creating a great recognition program.

Recognition Delivers ROI

Employee recognition can be simple. At times, it can be as easy as stopping to say thank you to an employee. Too often, companies hire workers and feel that is the end of their obligation. They believe the paycheck is the incentive. From the employees' perspective, nothing could be further from the truth. If their job has no meaning, doesn't recognize them for their talents, and doesn't make them happy, it isn't long before they are looking for new employment. Turnover costs money. When you slow your turnover, you immediately see cost savings in your HR department. Training employees for positions you cannot keep filled also comes from your budget. When companies add a recognition program to their business strategy, they are often stunned at the immediate increase in ROIs.





Recognized employees work harder. When you tie recognition programs into an ability to do good things for their community, support their favorite cause, or choose something that matters to their lives, your employee is now motivated to work even harder. Better yet, they are happier and more willing to put in this effort because they enjoy their job more and want the company to succeed.

HR Recognition Benefits Everyone

Employee recognition is far more than a morale booster. Top corporations have realized the benefits of making their employees feel like a significant part of their company. When you recognize an employee, you make them feel good. You reinforce outstanding performance, and the workforce is motivated to work harder. The employee who felt great from the recognition will want to be recognized again, and those employees who witnessed the glory, happiness, and enjoyed sharing in the reward will hope to be noticed next time around.

The added benefit of boosting an employee's drive to perform their job better has brought about an entire industry of employee recognition programs.

According to Forbes, employee recognition has grown into a 46 billion dollar industry.

Employee Recognition Key Facts

When making business decisions, it is all about the numbers. Let's review the facts surrounding employee recognition. A recent study of employee perceptions delivered some surprising data. Recognition was the biggest motivator for employees to work harder, perform better, and stay longer. Of the respondents, 37% stated that they would feel motivated to work harder if they received more recognition from their employers.

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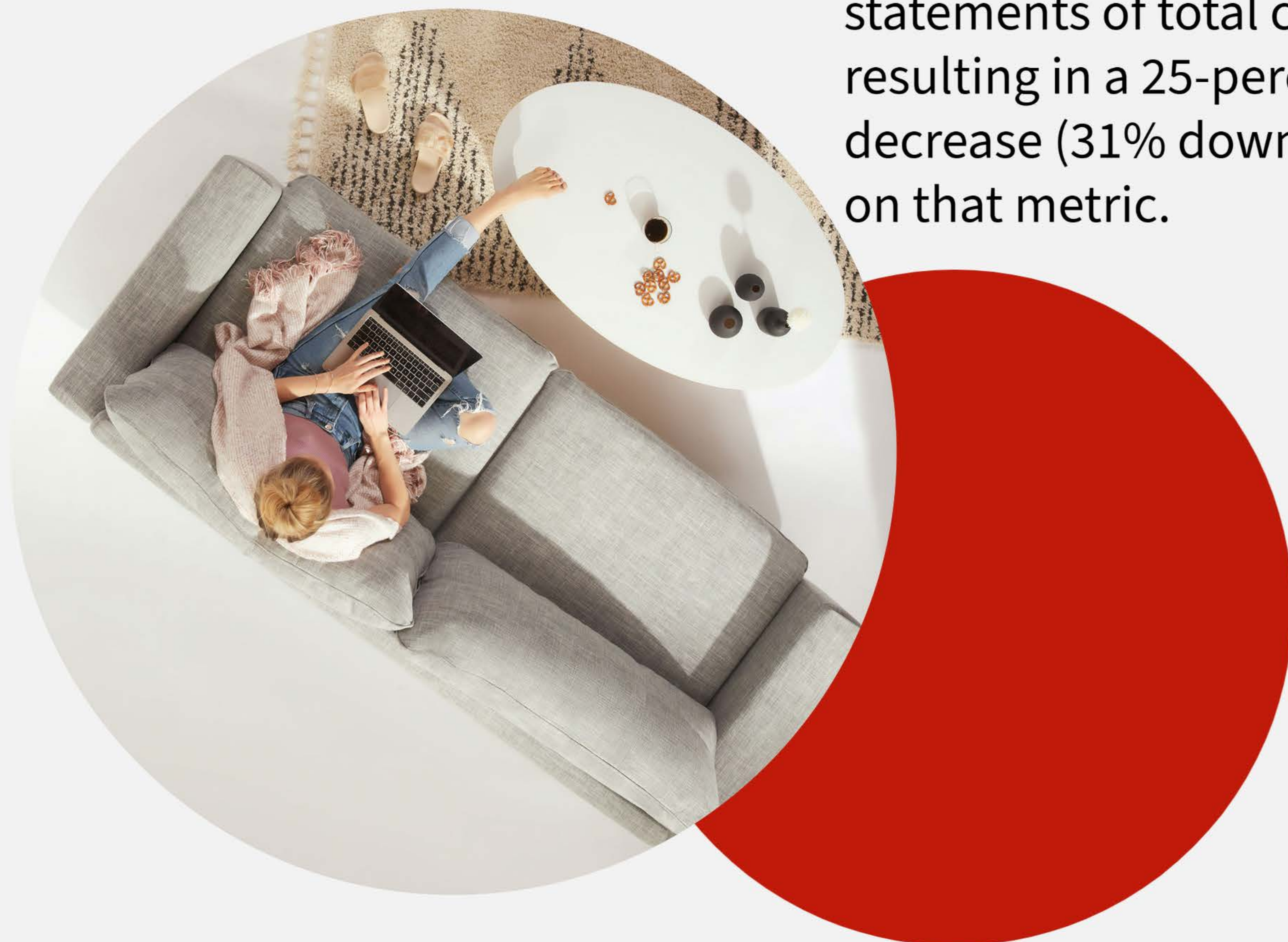
Companies that recognize their employees and are engaged with their workforce benefit from higher productivity, improved customer engagement, higher retention rates, and fewer on-the-job accidents. The most significant difference in results – companies that recognize their employees report a 21% higher profit margin. Here, case studies demonstrate positive outcomes.

Current Viewpoint Starko, Inc.: Recognition Program Outcomes

Our company has a strong culture with many elements that result in relatively high Employee Net Promoter Scores (eNPS). As the company welcomes many younger employees and adapts to the new realities of a post-Covid world, we remain committed to operating with optimized staffing levels (lean). The idea is that employees are supported in building careers when they join our team, regardless of which position they started.

Instant Proven Results

From an HR perspective, we have seen consistent success when deploying strategic interventions to address issues that show up in survey data (both quantitative and qualitative). For example, when Gradifi was deployed, we saw an immediate jump of 6 percentage points in the ensuing survey (from 36% to 42%). Another example came when perceptions of pay were negatively rated. The HR team composed personalized statements of total compensation resulting in a 25-percentage-point decrease (31% down to 6%) on that metric.



Recognition Can Become Customary

As we look to modernize our employee value proposition, a robust recognition strategy is one area where many industry peers have more formal programs (over 62%). These technology platforms can help us democratize how team members are appreciated and increase the frequency of recognition for all employees, regardless of seniority.

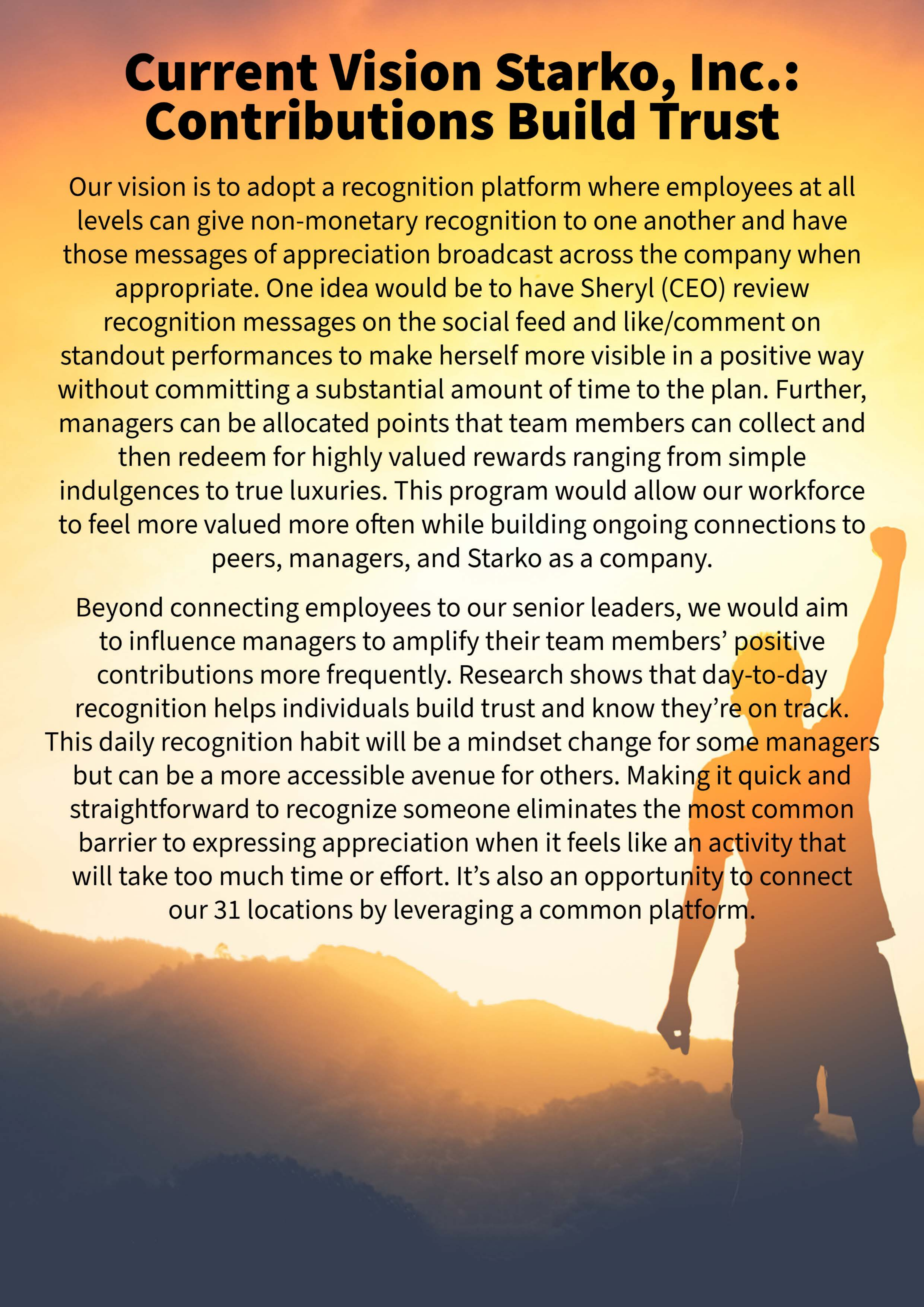
Anecdotally, our observations are that noting distinction in employees is not currently occurring often, is not customary for our managers, and those factors lead to a gap in our culture. We see an opportunity to make recognition easy to deliver and do so in an obvious manner. This delivery would supplement the current initiatives in place, such as President's Club and service awards for significant career milestones.



Current Vision Starko, Inc.: Contributions Build Trust

Our vision is to adopt a recognition platform where employees at all levels can give non-monetary recognition to one another and have those messages of appreciation broadcast across the company when appropriate. One idea would be to have Sheryl (CEO) review recognition messages on the social feed and like/comment on standout performances to make herself more visible in a positive way without committing a substantial amount of time to the plan. Further, managers can be allocated points that team members can collect and then redeem for highly valued rewards ranging from simple indulgences to true luxuries. This program would allow our workforce to feel more valued more often while building ongoing connections to peers, managers, and Starko as a company.

Beyond connecting employees to our senior leaders, we would aim to influence managers to amplify their team members' positive contributions more frequently. Research shows that day-to-day recognition helps individuals build trust and know they're on track. This daily recognition habit will be a mindset change for some managers but can be a more accessible avenue for others. Making it quick and straightforward to recognize someone eliminates the most common barrier to expressing appreciation when it feels like an activity that will take too much time or effort. It's also an opportunity to connect our 31 locations by leveraging a common platform.



Business Use Case

According to WorlдатWork (a Total Rewards association), the average investment in recognition is between 0.5% and 2% of payroll.

Our proposal would be more modest. If we invested, on average, \$150 per employee, the benefit could supplement the investment for current recognition programs; we could move some dollars from those less frequent modalities into this more systematic form.

Distribution of Responses					
0%	0.1%-1.0%	1.1%-2.9%	3.0%-5.9%	6.0%-10.0%	>10.0%
12%	58%	12%	12%	3%	3%

Figure 1: Data from WorlдатWork (“What percentage of your payroll budget is used for recognition programs?”):

Expectations at Starko, Inc. – ROI

The financial impact of a well-executed employee recognition strategy gives measurable rewards in several areas. Retention is one area that is easy to measure. According to Gallup, employees who are “adequately recognized” are half as likely to say they’ll quit in the next year.





Areas of Improved Results at Starko

- Retention
- Engagement
- Promotion
- Innovation
- Revenues
- Team Sizes
- Job satisfaction

Targeted Change

At Starko, we have an exceptionally high turnover rate for employees between 1 and 3 years of employment.

We can target that group specifically, measure the nominal decrease in turnover, and correlate that with the savings associated with each retained team member.

Further, we can calculate our overall turnover figure (15.73% in 2020) and associate a number with a decrease in the general employee population.

Engagement Data for Starko

eNPS: Research shows employees who receive frequent recognition are 54% more likely to be “Promoters” on the standard NPS scale – for Starko, that would be a lift of up to 12 percentage points.

Engagement: research shows this metric averages 34% in organizations where recognition is reported as “weak” and skyrockets to 78% where personal credit and appreciation are reported as “strong.”

More Broadly: organizations with highly rated recognition programs are (reported in 2019):

- 29% more likely to have employees innovating
- 27% more likely to have increased in revenue last year
- 25% more likely to have growth in team size in the previous year
- A win-win for business and employees as we see positive impacts in the areas of productivity, job satisfaction, morale, loyalty, and teamwork – amongst many other critical culture-related metrics



Current Viewpoint C & F Bank Recognition Program Outcomes

Our bank has a strong culture with many elements that result in relatively high Employee Net Promoter Scores (eNPS). As the company welcomes many younger employees and adapts to the new realities of a post-Covid world, we remain committed to operating with optimized staffing levels (lean) and the ideal that employees are supported in building careers when they join the bank, regardless of what position they start from.

From an HR perspective, we have seen consistent success when deploying strategic interventions to address issues that show up in survey data (both quantitative and qualitative). For example, when Gradifi was deployed, we saw an immediate jump of 6 percentage points on the ensuing survey (from 36% to 42%). Another example came when perceptions of pay were negatively rated and the HR team composed personalized statements of total compensation resulting in a 25 percentage point decrease (31% down to 6%) on that metric.

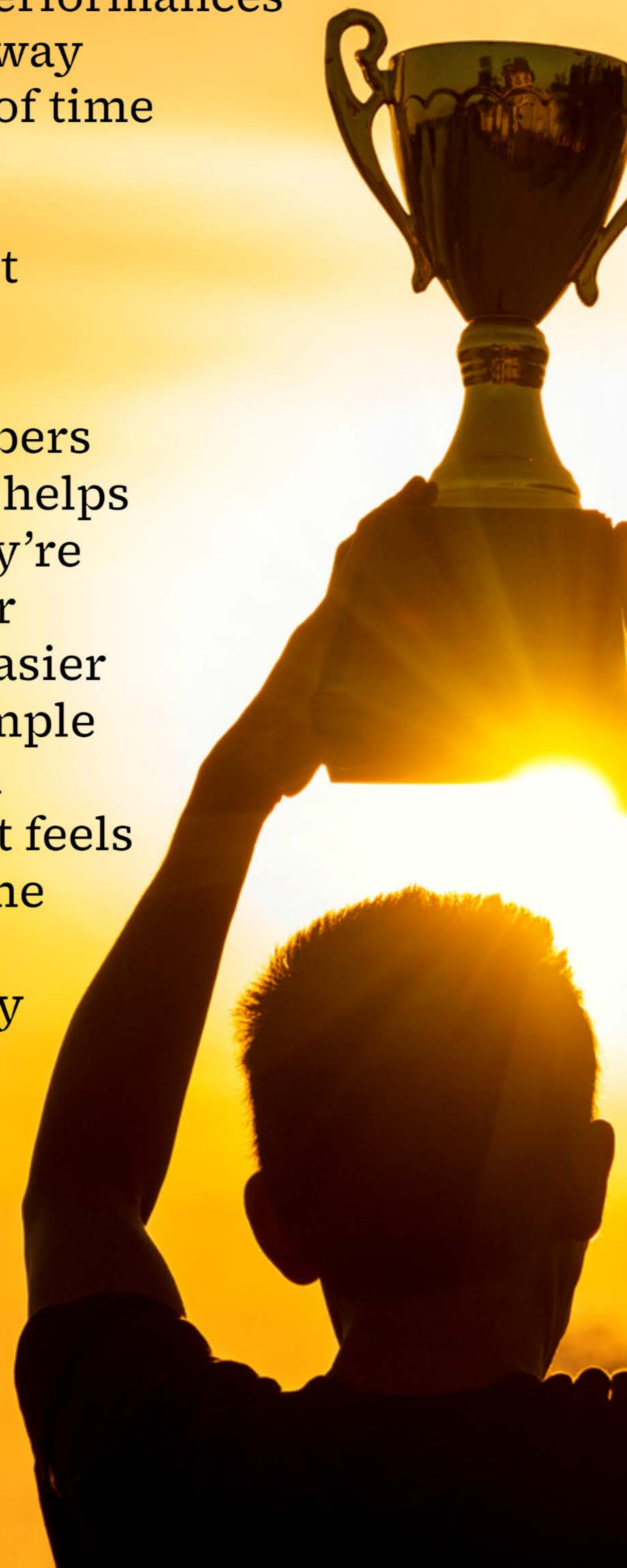


VISION: Expectations of Recognition Programs

Our vision is to adopt a recognition platform where employees at all levels can give non-monetary recognition to one another and have those messages of appreciation broadcast across the company, when appropriate. Further, managers can be allocated points that team members can collect and then redeem for highly valued rewards ranging from simple indulgences to true luxuries. This would allow our workforce to feel more valued, more often while building ongoing connections to peers, managers, and the Bank.

One idea would be to have Tom review recognition messages and like/comment on standout performances to make himself more visible in a positive way without committing a substantial amount of time to the endeavor.

Beyond connecting employees to our most senior leaders, we would aim to influence managers to more frequently amplify the positive contributions of their team members as research shows day-to-day recognition helps individuals build trust and know that they're on track. This will be a mindset change for some managers, but it will simply be an easier avenue for others. Making it quick and simple to recognize eliminates the most common barrier to expressing appreciation when it feels like an activity that will take too much time and/or effort. It's also an opportunity to connect our 31 branches to one-another by leveraging a common platform.



Business Use Case:

Current Investment in Service Awards: ~\$13K
Current Investment in President’s Awards: ~\$5K

According to WorldAtWork (a Total Rewards association), the average investment in recognition is between 0.5% and 2% of payroll. For C&F, that would represent a range spanning \$114K to \$456K annually (just accounting for the bank’s payroll).

Distribution of Responses					
0%	0.1%-1.0%	1.1%-2.9%	3.0%-5.9%	6.0%-10.0%	>10.0%
12%	58%	12%	12%	3%	3%

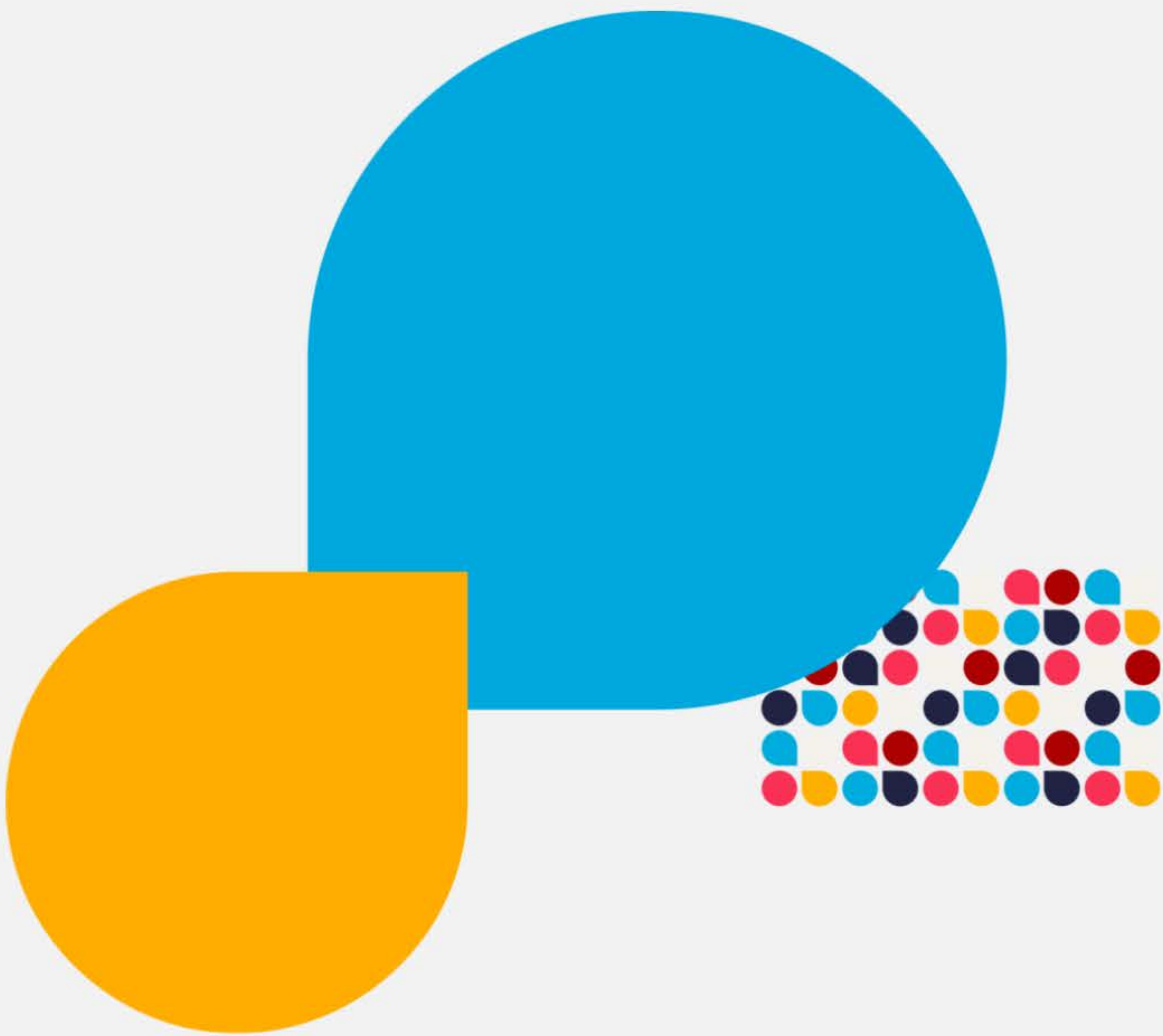
Figure 1: Data from WorldAtWork (“What percentage of your payroll budget is used for recognition programs?”):

Our proposal would be more modest. If we invested, on average, \$100 per employee, that would come out to \$35,000 annually. This could supplement the investment for current recognition programs or we could move some dollars from those less frequent modalities and into this more frequent form.

Expectations for ROI: C & F Bank

IMPROVED RETENTION

Retention is the easiest area to measure the financial impact of a well-executed recognition strategy:
According to Gallup, employees who are “adequately recognized” are half as likely to say they’ll quit in the next year.



- At C&F, we have a particularly high turnover rate for employees who are between 1 and 3 years of employment. We can target that group specifically and can measure the nominal decrease in turnover and correlate that with the savings associated with each retained team member. Further, we can measure our overall turnover figure (15.73% in 2020) and can associate a number with a decrease in the overall employee population.

- Recent turnover of top-performers has led this to become even more urgent as we create an environment where people want to come be in the workplace because it is an invigorating environment



eNPS: Research shows employees who receive frequent recognition are 54% more likely to be “Promoters” on the standard NPS scale – for C&F, that would be a lift of up to 23 points.

- Our range is 43 on the low end and 59 on the high end over the last three years

Engagement: research shows this metric averages 34% in organizations where recognition is reported to be “weak” and skyrockets to 78% where recognition is reported as “strong”

More Broadly: organizations with highly rated recognition programs are (reported in 2019):

- 29% more likely to have employees innovating
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- and see positive impacts in the areas of productivity, job satisfaction, morale, loyalty, and teamwork – amongst many other important culture-related metrics



Additional Notes:

- We've worked diligently to quantify the benefits of deploying a recognition platform in conjunction with a holistic strategy for improving the work experience for Bank employees.

Beyond the hard data, though, is the reality that recognition is a fun way to impact day-to-day interactions at work and that influences the broader environment which is highly likely to increase morale and do the right thing for employees because it's the right thing to do.

Summary:

A \$35,000 investment in a robust recognition strategy would deliver a measurable reduction in turnover and increase in eNPS to obtain greater likelihood of Best Place to Work status. Further, we anticipate improvements in engagement, innovation, and productivity while amplifying the strong culture we possess here at C&F Bank.

