

When businesses are running the ruler over salary increases, showing employees you value them becomes an imperative. Katie Langmore investigates the benefits market

## Let me count the ways



Imagine if your workplace offered free gourmet food, a gym, swimming pool, masseur and yoga, an in-house doctor, a personal trainer and even free dry cleaning. In 2007 *Fortune* magazine named Google the workplace of the year. Not the highest paid nor the most

meaningful place to work, Google tops the list because its long list of perks suggests a fun place to work, which values its employees – and the 1300 resumes it receives daily and high retention rates suggest that's important.

The desire to feel valued and recognised doesn't disappear when we become adults, yet in the grown-up world of obligation and routine it easily gets lost. However, with the economic forecast remaining bleak and companies drawing the ruler over salary increases, it may be the time to take a leaf out of the Google book and recognise staff with employee benefits and rewards.

"Data from *The Carrot Principle* [Simon & Schuster, 2007] which surveyed 230,000 employees showed that when employees don't get enough recognition they rate their likelihood of staying another year in their job at only 24.7 per cent," says founder and CEO of Red Balloon, Naomi Simson. "In troubled times you need to hold onto your best staff and you want your employees more engaged than ever before. If there's no cash to flash it's doubly important to acknowledge them."

Like many employee benefit companies, Red Balloon works on the premise that through recognition and reward programs, levels of staff retention and motivation will reach higher peaks than within companies that don't have such systems in place. In the case of Red Balloon, the company organises a point or voucher system, which rewards employees' hard work with a selection of 2500 activities – including anything from sky-diving to trekking to the South Pole.

Simson believes the advantage of outsourcing the management of reward programs is that the systems are in place to enable employers to be consistent in the ongoing recognition of staff. "According to Gallop, we forget seven days after we were recognised, and that's why we work with

clients to create a formal program," she says. "It forces management to watch and look for and celebrate what's great."

Executive chairman of Solterbeck, Sue Jackson, agrees that the structured program offers the best return on investment and employee engagement. "Companies with a well-structured program consistently have greater retention and higher productivity than their industry's average," she says of research gathered over Solterbeck's 20-year history. "Whether it be an incentive or recognition program, employees will engage if the performance metrics are right, the program is communicated effectively and the rewards are desirable," she says.

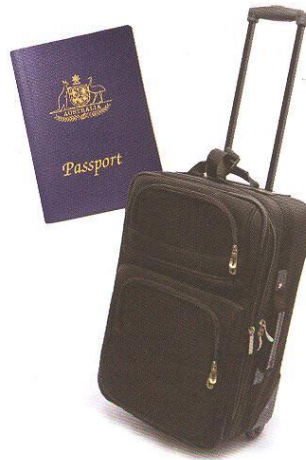
Solterbeck arranges programs with incentive rewards such as merchandise and travel, as does the company Accumulate, a division of Wishlist Holdings Ltd.

"It's crucial that organisations get their rewards right," says Accumulate executive director, Adrian Finlayson. "In the economic climate downturn, employees are going to be focused on things that help them out."

At the moment, Accumulate's most popular items chosen by employees are electronic goods and gift cards, such as David Jones vouchers. Likewise, Solterbeck has an equal split between redemption of merchandise and vouchers, with experiences and other rewards making up less than 10 per cent.

While cash bonuses could seem like the obvious reward during tougher financial times, they can actually be a less powerful incentive at times like these, as they swiftly get lost on bills and mortgages and the 'reward' quickly fades. Merchandise is a concrete award that can't be frittered away, while travel and activities almost force people to celebrate their hard work.

"With a reward that employees have to work towards and save up points for, the motivation



#### KEY POINTS

**Looking for innovative ways of incentivising staff is imperative in the current economic climate.**

**Staff apparently forget praise or recognition seven days after they are given it.**

**Cash bonuses can actually be a less powerful incentive at times like these, as they swiftly get lost on bills and mortgages.**

remains," says Finlayson. "It is also something they can take home and share with the family, and it sits there and reminds the employee about having got it."

Of course, offering incentives and encouraging motivation is one important aspect of recognition during the current economic climate, but offering an appealing recruitment package is another. With a strong workforce driving the success and competitiveness of a company, it is essential to attract the best possible employees.

Through Harvey Norman's salary packaging systems, companies can offer employees the opportunity to access cheap laptops and other

"I had a little drive but I was a bit of a nanna driver"

#### Racing for rewards

PRACTISING WHAT IT preaches, Red Balloon has its own multi-tiered recognition system for staff called Red Hot Rewards Program. Marketing manager Kristie Buchanan has been with the company for seven months and has already experienced an eclectic array of experiences. "When you first start you are given 100 points, equivalent to about \$100, to get you 'in experience' mode.

"For that I went Siberian husky dog sledding in the Hunter Valley, which I just loved - it's been my favourite experience," says the dog lover, who was particularly excited she got to hang out with the dogs afterwards.

The rewards program also offers a peer-to-peer nomination process called the Oscar Awards, which gives a monthly winner 250 points, and tri-annual point distribution by team leaders. With her first accrued points, Buchanan went on one of her most exciting experiences - a combo V8 Super Car Hot Lap with super car racing legend John Bove and then a helicopter ride all around Sydney Harbour. "I had a little drive but I was a bit of a nanna driver, so to really get the experience I rode with John Bove. When I got out of the car my hands were clenched so tight my knuckles were sore but I was also grinning."

Having worked in a different corporate environment with annual cash bonuses, Buchanan says she loves being rewarded with experiences, which have also included sailing and cooking classes. "The consistency of the rewards is something I appreciate more than I actually thought I would. Also, with a cash bonus, you pocket the money and it just seems to go, whereas if you have an experience and you attach that to the business you've done it with, then suddenly you have a deeper connection with the workplace."