

Are You Offering the Right Perks?

A well-planned incentive program will boost productivity.

By Veronika Knight, Tyler McAfee, & Brian Kleiner

Offering perks is a wonderful way to recognize employees' good work while motivating them to further success. Research shows that incentive programs benefit both employees and employers and needn't be expensive to be effective.

Why Are Incentives So Crucial?

For employees, good incentives are as important as a good salary. Incentives encourage people to be more engaged in what they're doing. Offering incentives to your workers shows that you care about their well-being and are willing to go the extra mile to recognize their accomplishments. Here are some of the main benefits of having an incentive program:

Increase productivity. A well implemented incentive plan can increase productivity by 10 to 30%. When workers feel appreciated, their motivation and morale increase, boosting performance and lowering absenteeism.

Decrease turnover. Incentive programs reduce the costs associated with high turnover rates. Organizations always lose money when an employee leaves, since they need to pay to recruit and train someone new. It would be much more effective to invest this money into current workers. Additionally, when workers leave, organizations lose human talent and knowledge, which aren't easily replaced.

Have a large pool of high-quality candidates to recruit. An organization with a reputation for rewarding good work increases its stake in recruiting top talent.

What Are the Two Types of Incentives?

We can divide incentives into two broad categories:

1. Extrinsic incentives are tangible. They include monetary rewards such as pay raises or bonuses as well as non-monetary perks such as reward points. These incentives are external to the work itself.

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The most common extrinsic perk used by organizations is the gift certificate. Also high on the list are trophies, plaques, pins, medals, framed photos, and other lasting reminders of employees' good performance that they can display to colleagues.

Smaller organizations with little money to spend on cash-based rewards can find low-cost options. Many companies are able to offer affordable incentives to nonprofit organizations by partnering with hundreds of vendors to obtain the best prices. For example, with AnyPerk (anyperk.com), you pay only \$5 a month for each of your employees to have access to discounts on hundreds of products and services, such as cell phones, movie tickets, restaurants, and gym memberships.

2. Intrinsic rewards are intangible. They motivate people from within, leading them to take actions for their own satisfaction. Examples include:

- **Interesting work.** Few things motivate people more than working on a task they find of interest.
- **Independence.** Most people are more motivated when they have the freedom to perform their work the way they see fit rather than being told what to do.
- **Respect.** Feeling respected and appreciated is an enormous motivator. Never underestimate the power of a sincere “Thank you” or “Great job!”

Which Incentives Should You Offer?

Before introducing any incentives, identify your employees' motivational needs. Survey employees to find out what types of rewards interest them. On your survey, give them specific options from which to choose as well as space to add their own ideas.

With these results in hand, tailor your incentives to what each person considers a valuable reward. For employees who prefer more time away from work, extra vacation days might be the best reward for meeting performance targets. Someone else might prefer a cash bonus.

Intrinsic incentives tend to be more motivating than extrinsic ones. Research suggests that too many extrinsic rewards can weaken a person's intrinsic motivation. Be

sure you don't focus too much on tangible rewards and overlook the vital importance of intangible ones. Have a mix of intrinsic and extrinsic incentives available, because not every type of perk will work for all people at all times. Let people choose the perquisites they prefer.

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What Are the Most Effective Perks?

Remembering that your incentive program will be unique, based on your employees' unique needs, here are examples of rewards that have worked well in other organizations. Many are free or low-cost. Mix them, try them, and adapt them to your organization's size, style, and culture.

Offer flex time. Give people the opportunity to set their own schedules – start when they want, leave when they want, eat lunch when they prefer. Allowing flexible working hours not only motivates your current staff but also will attract more high performing employees to your organization.

Let people telecommunicate. Most people appreciate the opportunity to work from home, and research shows telecommunication doesn't result in employees working less hours. To the contrary, it allows them to work at the times they're feeling most productive.

Try a peer recognition program. Giving employees a chance to recognize each other's accomplishments is an excellent way to improve employee engagement. The aim is for people to catch a co-worker doing a great job. You can encourage people to recognize each other's good work either one-on-one or in public through the use of social media, paper notes, e-cards, or bulletin boards.

Involve employees' families. Your organization's success depends not only on your staff but also the support of their families. Plan family events such as picnics, movie nights, and holiday parties. Provide plenty of opportunities for people to get to know each other's family members.

Give people project-completion perks to encourage them to work together to meet organizational goals. The perks don't need to come at the end of the project. Consider catered lunches, on-site massage therapy, and other rewards to keep employees motivated as they work toward a team goal. It's a good idea to offer team perks and individual perks as separate programs. Individual perks are usually more motivating, but it's also important to reward team spirit.

Plan social gatherings and networking events. These can range from get-togethers every Friday to sports activities on the weekend. Always celebrate people's birthdays, weddings, and the births of their children. Include all levels of management in these events. They give people a chance to get to know each other, and they provide an ideal opportunity for managers to receive important feedback in a relaxed setting.

Assess the needs of your employees in terms of their well-being – whether they need help losing weight, quitting smoking, or managing stress. Create a wellness program

based on their needs and your budget. A wellness program can be as simple as providing time for people to take walks, meditate, and visit the doctor. You can have nutritious meals brought in, have someone lead a yoga class, offer weight-loss classes, or add a fitness room with exercise equipment. You might set aside a quiet spot where people can meditate, rest, or re-center themselves. Or you can hold organizational athletic events, give employees discounts at gyms, or set up fitness contests. The City of Dallas asked employees to set goals for walking a certain number of steps each day and rewarded the person who walked the most steps with a free gym membership. Research shows that wellness programs are highly motivating for employees. The added benefit is healthy people, who have more energy to bring to their work and are less likely to stay home sick.

Have special days employees can look forward to, such as costume days when people come to work dressed as their favorite hobby, their favorite holiday, or the person they most admire. Or initiate a child-and-dog day when employees bring their kids and dogs to work with them. Be sure to give employees input into the kinds of special days they want. Perhaps you could reward high performers by letting them design the special day for that month.

Offer personal services at work, such as free laundry pick-up or hair cuts. Not only will employees appreciate such a service, but it saves them time, which translates into higher productivity.

Provide paid time off. Most organizations offer around 10 vacation days a year. If you can give your workers more days than the average, you'll have a vital recruiting and motivational tool, as most people value such days highly. You might also set up a program that rewards people with extra time off that they can use whenever they choose.

Offer discount coupons for either your own products or for local businesses. This strategy has the benefit of promoting your own offerings or establishing relationships with businesses in the area.

Make your organization a fun place to work. Let employees come up with ideas for ways to make work enjoyable, such as taking breaks to play games, tell stories, or share jokes. Put up a bulletin board where people can post funny photos and cartoons. At one organization with low morale, Terri Levine of the Coaching Institute introduced the idea of having a different entertaining event every week. “One week we asked everyone to bring in a baby picture, post

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it on a wall, then pick which person matched each picture,” she says. “Everyone was having fun and socializing while productivity went from 58% to 72% – all in the same week.” Choosing the fun event of the week could be a reward you provide in exchange for productivity.

Arrange special educational and training opportunities. For example, have employees choose the conferences they want to attend, the courses they want to take, or the specialized training they’d like to receive. You might also consider reimbursing tuition payments for those who want to go back to school. Another motivational tool is a mentoring program, which creates strong bonds while offering people the opportunity to grow.

Set up a points program similar to that used by credit card companies. Employees gain points for performing well and meeting their goals. They can redeem these points for gift cards or other items. Some organizations put their own spin on such programs to make them more fun by, for example, handing out monopoly money or other “bucks” that employees can trade for gifts.

Put formal and informal recognition systems in place so that you never forget to thank employees for their work, both verbally and in writing, both in private and in public, on a regular basis. Recognition is one of the simplest yet most important – and most often neglected – ways to show commitment to your workers. In addition to simply saying thank you, you might give out awards or take photos of employees who have done an outstanding job and place the photos on a special wall, along with the details of what they’ve accomplished.

How Should You Structure Your Incentive Program?

Plan your incentive program with these suggestions in mind:

Link people’s incentives to their performance. The degree to which employees see the connection between their productivity and the rewards they receive is essential to keeping them motivated.

When designing your incentive program, include the elements that most enhance employee engagement: compensation, benefits, work-life balance, recognition, development opportunities, and regular communication.

Reward effort as well as success. If someone takes a risk and tries a new idea, even if it doesn’t work out, celebrate the fact that they tried and that they learned something from the experience. Some organizations offer a monthly

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award for the person with the most spectacular failure. At the award ceremony, everyone learns a valuable lesson about what didn’t work and why.

Revise incentives every so often to keep interest high.

Keep your program simple. An overly complex plan is sure to fail.

Communicate your program to employees through as many channels as possible. It’s important to explain all the details in order to draw people’s attention and encourage them to participate.

Make sure all the goals of your incentive program have objectives that are measurable and fair.

Apply incentives frequently and consistently. The Gallup Organization has found that in productive workplaces, employees receive recognition every seven days.

Send e-mails noting the progress that people and teams are making toward their goals. Send these updates every week or so. Such communication will provide additional reinforcement of the incentive program. 

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Keep Your Workers Happy and Productive

Check out these online resources:
Articles from NonprofitWorld.org:

You Don’t Need Wall Street Bonuses to Improve Employee Morale (Vol. 29, No. 5)

The High Cost of Employee Turnover – and How to Avoid It (Vol. 31, No. 3)

Three Top Tips to Attract, Energize, and Retain Winning Employees (Vol. 31, No. 1)

Yes, You Can Balance Work and Family Roles (Vol. 31, No. 6)

Manage for Today, Mentor for Tomorrow (Vol. 23, No. 5)

The Key to a Productive Workforce (Vol. 32, No. 2)

“In productive workplaces, employees receive recognition every seven days.”