Entrepreneur

# The Best Ways to Reward Employees

Having an effective reward program in place can help solve many of your HR issues.

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URL: http://www.entrepreneur.com/article/75340

Every company needs a strategic reward system for employees that addresses these four areas: compensation, benefits, recognition and appreciation. The problem with reward systems in many businesses today is twofold: They're missing one or more of these elements (usually recognition and/or appreciation), and the elements that *are* addressed aren't properly aligned with the company's other corporate strategies.

A winning system should recognize and reward two types of employee activity-performance and behavior. Performance is the easiest to address because of the direct link between the initial goals you set for your employees and the final outcomes that result. For example, you could implement an incentive plan or recognize your top salespeople for attaining periodic goals.

Rewarding specific behaviors that made a difference to your company is more challenging than rewarding performance, but you can overcome that obstacle by asking, "What am I compensating my employees for?" and "What are the behaviors I want to reward?" For example, are you compensating employees for coming in as early as possible and staying late, or for coming up with new ideas on how to complete their work more efficiently and effectively? In other words, are you compensating someone for innovation or for the amount of time they're sitting at a desk? There's obviously a big difference between the two.

The first step, of course, is to identify the behaviors that are important to your company. Those activities might include enhancing customer relationships, fine-tuning critical processes or helping employees expand their managerial skills.

When business owners think of reward systems, they typically put compensation at the top of the list. There's nothing wrong with that, since few people are willing or able to work for free. But the right strategy should also include an incentive compensation plan that's directly linked to the goals of your company for that period. You might want to include some type of longer-term rewards for key individuals in your organization. Historically, this has often included some form of equity ownership.

Benefits are another type of reward in a strategic reward system, and your employees are definitely going to notice the types of benefits you provide. Companies that don't match or exceed the benefit levels of their competitors will have difficulty attracting and retaining top workers. This is one reason an increasing number of businesses are turning to professional employer organizations like Administaff to gain access to a broader array of company benefits.

However, you can't diminish the importance of recognition and appreciation as integral components of a winning strategic reward system. These two elements rarely receive the attention they deserve from business owners, which is amazing because they're the low-cost/high-return ingredients. Employees like to know whether they're doing good, bad or average, so

it's important that you tell them.

Recognition means acknowledging someone before their peers for specific accomplishments achieved, actions taken or attitudes exemplified through their behavior. Appreciation, meanwhile, centers on expressing gratitude to someone for his or her actions. Showing appreciation to your employees by acknowledging excellent performance and the kind of behavior you want to encourage is best done through simple expressions and statements. For example, you might send a personal note or stop by the employee's desk to convey your appreciation. Another approach is to combine recognition and appreciation in the form of a public statement of thanks in front of the employee's co-workers or team, citing specific examples of what they've done that has positively impacted the organization.

Now that you know what it should include, it's time to review your strategic reward system. Does it address compensation, benefits, recognition and appreciation? Is it aligned with your remaining business strategies? Is it driving the right behaviors for your company, as well as your performance goals? If it needs fixing, don't wait. It can mean the difference between your business' success and failure.

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