PEPSICO’S JOURNEY OF EVERYDAY RECOGNITION

Effectively branding recognition in a house of brands

PepsiCo employees talk about how they win together. They talk about performance with purpose. And, they talk about a culture where achieving, and most importantly appreciating, great work is highly valued.

This combination of high performance, collaboration, and recognition has delivered great results for this $66 billion global company. In fact, PepsiCo’s iconic brands—22 of which generate more than $1 billion each in annual retail sales—have made the organization one of the top-performing food and beverage companies of the past 50 years.

How do they innovate and differentiate in such a demanding, hyper-competitive marketplace? With a workforce that is extremely proud, passionate, and purposeful in what they do.

“Our CEO, Indra Nooyi, has always had a vision of ‘Performance with Purpose.’ We deliver in a way that’s good for employees, good for the communities, and sustainable for our environment,” explains Erik Sossa, Vice President, Global Benefits and Wellness. “It’s a big part of what gives us such pride in where we work.”

“We have a philosophy of ‘Better Together,’” points out Duncan Micallef, Senior Vice President, Total Rewards. “Which means we achieve better things when we work collaboratively together across teams, functions, sectors, and markets. Our PepsiCo operating model is helping these efforts, in which recognition is a key part.”
For years, a decentralized approach had worked for PepsiCo and its various entities. Each business operated independently, and even within the businesses themselves, divisions had separate HR functions and recognition programs. But, with an increasingly integrated mindset, becoming “One PepsiCo” and breaking down silos was seen as vital to success.

**THE CHALLENGE**
Design a new employee brand that would still meet individual needs, while creating a centralized platform to bring everyone together.

“How do we build a brand we can all rally around, that will be meaningful across the entire organization? Asking these questions, working on it together, became a cross-divisional effort,” explains David Harris, Vice President, Human Resources, Corporate Functions and Strategic Projects. “The process itself was great and we were able to get to a common place that had meaning in building a culture of appreciation.”

Looking for a foundation to start with, the team turned to one of the businesses already seen as a thought-leader in the recognition space: Pepsi Beverages Company.

Re-acquired in 2010 by the “parent company,” Pepsi Beverages Company (PBC) itself was facing the need to reexamine its recognition efforts. For years, PBC had partnered with O.C. Tanner to implement an extremely successful (and nationally recognized) recognition program, True Blue. But in 2013, when Tropicana and Gatorade were brought in, the program needed to change to be more inclusive.

“At the same time, Frito-Lay was looking to do their own recognition program,” points out Danielle Gaston, Senior Director, Human Capital Management Communications. “We knew we needed to come up with something that would work for everyone.”

This kicked off a series of strategy meetings. For the first time, each business lead came together to figure out what would and wouldn’t work.

**THE RESULT**
Everyday Recognition, a flexible solution that felt relevant and meaningful for each business but wasn’t so diluted that it would fail to have impact.

The expertise that makes PepsiCo’s product launches so successful was deployed for its own employee recognition platform.

With a phased roll out, concepts were tested along the way with continual refinement and improvements. Frito-Lay was rolled into the program first, followed by North America Beverages, and finally Quaker and Corporate.

Powered by O.C. Tanner’s cloud-based technology, Everyday Recognition is comprised of eThanks (fun animated eCards and buttons), along with offline thank you cards, that provide quick ways to say thank you and encourage effort. Hi5 (High Five) awards—which do not require manager approval—are available for on-the-spot recognition of quick wins and the drive towards results they can be done online, which provides a personalized certificate, or offline with a reward check. Meanwhile W2G (Way to Go) awards recognize people who deliver results with an award and a shadow box which houses collectable branded magnetic buttons.

Finally, UxL (You Excel) awards are geared towards the best of the best, where a select number of employees receive an award and a symbolic trophy designed by O.C. Tanner artisans (for example, a crystal truck for Beverages, Herman Lay Pewter car for Frito-Lay, and a crystal PepsiCo Globe for Corporate) at a recognition event, town hall meeting, or company function that honors those who have achieved the highest accomplishments.

The program thrives because of its simplicity. Every business has access to all the tools on the platform. But, the aligning principles and award criteria for the higher-level awards can be modified depending on specific needs.

“Everyday Recognition helps managers know when to recognize, how to recognize, and gives them the tools with which to do it.”

—MEGAN BRODERICK, SENIOR DIRECTOR, GLOBAL HEALTH AND INSURANCE
“A recognition program like the one that we’re doing in partnership with O.C. Tanner is important because it builds in really simple ways for us to give meaningful recognition to people on a day-to-day basis.”

—JANINE WACLAWSKI, SENIOR VICE PRESIDENT, HUMAN RESOURCES AND TALENT MANAGEMENT

If there is a need to choose a principle from the beverage business, for example, it’s available to someone in another business. The W2G shadowbox magnets offer customized magnets not only by brands—but also include general principles that apply to everyone.

“This allows us to reward at the moment of truth when you see someone doing something right in the marketplace. We now have different tools or a methodology to reward based on what the person’s contribution really was,” explains Taylor Flake, Vice President, Human Resources, PepsiCo Global Groups.

“The ability to speak in one voice and bring the education of all the companies together in one place is contributing to the success of PepsiCo today. We have a lot of success to celebrate and now we can do it across foods, snacks, beverages, and corporate,” says John Reale, Senior Vice President, Sales Development and Portfolio Marketing.

Train for success.
Communicate for impact.

Seeing leader support as a big part of the launch success, the program was introduced with an email from each division head. This outreach detailed the importance of the program to PepsiCo and how everyone could leverage it to recognize the small, medium, and large efforts and results employees have produced.
Targeted communications to the managers followed, inviting each one to enroll in recognition eLearning training—customized training created by the O.C. Tanner Institute—and get a set of recognition materials. A home mailing to all employees introduced the recognition brand and town hall meetings further got the message out.

Ongoing program communication is sustained through monthly communication channels and PepsiCo’s quarterly newsletter. “Branding’s never an easy journey, particularly in a brand-heavy company. Being able to put something out there that people love, embrace, and are using is really exciting,” says Gaston.

By focusing on one area at a time in a phased launch, customized communications allowed the team to reframe and tweak without giving up on the core foundation.

The combination of training managers effectively, communicating broadly, and then equipping everyone with a wide range of on- and offline tools, has made a big difference in the program’s success.

**Delivering results that matter**

For the PepsiCo recognition team, success is measured in the amount of recognition moments occurring. In 2014, over 105,000 recognition moments were experienced by 42% of employees across North America.

But this year’s results are seen as even more impressive. In the first half of 2015, 102,843 moments of recognition have already gone through, which means they’re on track to double the results from last year.

“We love that our business leaders are creating these great moments. It’s wonderful for us to provide them with the tools, but I couldn’t be prouder of our front line managers and supervisors, who have really delivered these great results,” says Broderick.

Survey results reveal the full impact these moments are delivering. Ninety-seven percent of nominators indicated they saw an improvement in performance after the employee received their award and 86% of the employees report they’re inspired to do great work; 97% of managers indicated they are highly motivated to contribute to the success of the organization; 97% of employees who received an award felt that it was very meaningful and personal; 87% have a strong desire to stay with the company a year from now.
“We surpassed and exceeded every objective we had within the first year,” says Harris. “And now what we're seeing beyond the recognition moments is a corresponding dialogue around appreciation overall. It's helping drive an intentional culture shift of making the workplace more fun.”

“Our investment in recognition is paying dividends,” points out Phil Golino, Senior Director, Human Resources. “You see it in things like reduced turnover and better retention numbers. You see it in terms of productivity and business performance. You see it in how people feel about coming to PepsiCo every day, which fuels a desire to leverage the tools even further.”

Global expansion

What’s next for Everyday Recognition? Currently, the team is in the process of assessing the opportunities for recognition in their global locations.

“In North America, we have cracked the code of doing a great job. Now, how do we make this truly global? We’ve got to take into account local customs and cultures, but bring it all under one umbrella,” says Micallef.

“There is a lot of pride in this organization,” concludes Broderick. “When we tell our people how much we appreciate them doing a good job and taking that extra effort to get results, they feel terrific. And that’s what we’re going after here. Making sure that even the smallest of things have an opportunity in a structured way to be recognized in a meaningful way.”

BY THE NUMBERS

+$66B

PepsiCo reported
in revenue in 2014

$1B+

in annual retail
sales generated
by 22 brands

108K

employees in
North America

271K

global
employees

+102.8K

recognition moments
experienced in first
half of 2015

568

recognition moments
every day
<table>
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<th>Percentage</th>
<th>Description</th>
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<tbody>
<tr>
<td>90%</td>
<td>90% of eThanks senders had a wonderful experience using the tool</td>
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<tr>
<td>97%</td>
<td>97% of recipients felt appreciated after receiving an eThanks</td>
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<tr>
<td>95%</td>
<td>95% of nominators are satisfied with the nomination process</td>
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<td>96%</td>
<td>96% of managers indicate that EDR shows company appreciation for employee contributions</td>
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<tr>
<td>89%</td>
<td>89% of employees are satisfied with their award experience</td>
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<tr>
<td>71%</td>
<td>71% of awards were accompanied by a presentation, and of those presented</td>
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<td>97%</td>
<td>97% of employees felt the presentation of the award was personal, sincere and timely</td>
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<td>89%</td>
<td>89% of managers said the program improves company culture</td>
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The O.C. Tanner Institute regularly commissions research and provides a global forum for exchanging ideas about recognition, engagement, leadership, culture, human values, and sound business principles.

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