

EXECUTIVE RECOGNITION SUMMIT

How the Carrot Culture is affecting employee engagement and bottom-line results

In September, for the first time in history, a select group of senior business executives and thought leaders from around the world gathered to explore methods for effectively motivating employees. Creating a Carrot Culture – The Executive Recognition Summit was held in New York City and provided an unprecedented opportunity for decision makers to dialogue with their peers and learn from business leaders who are consistently recognized for their best practices in people management.

The lessons learned from the first annual Summit include insights from: Scott Northcutt, Executive Vice President of Human Resources, DHL Americas; Ann Federici, Senior Vice President of Human Resources, The Auto Club Group; Eric Lange, Senior Vice President of Human Resources, VNU Media Measurement

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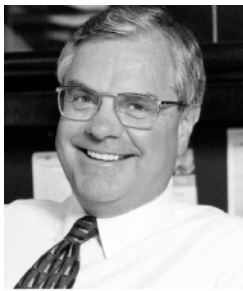
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and Information Group; Mark Servodidio, Executive Vice President, Cendant Car Rental Group; David Jackson, President & CEO, The Jackson Organization; and Robert Joyce, Chairman & CEO, Westfield Group.

Overall, Summit participants learned that great organizations have the ability to consistently outperform their peers. And the key to their success is no secret: They engage employee hearts, minds and energy through strategic recognition. Imagine a place where the energy of high employee commitment is harnessed. It's a place where people are engaged in their jobs, where they trust their supervisors, and where they care about the success of their enterprise and its goals. That is the Carrot Culture. And a foundational principle of such a culture is employee recognition.

The Executive Recognition Summit proved to be useful to executives across industries and from across the globe. Based on the success of this first-time event, O.C.Tanner will make The Executive Recognition Summit an annual event to continue the conversation on the value of strategic recognition.



KENT MURDOCK

ENGAGING EMPLOYEES HEARTS AND MINDS

Kent Murdock, President & CEO, O.C. Tanner Company

Kent Murdock set the tone of the Summit with an overview of the importance of engaging the hearts and minds of employees. Employees will not put their hearts into a culture where they do not feel appreciated or validated, or where they don't know what is valued. Hearts are needed to transform a company's mission into actions.

"I view employee recognition as a matter of leadership, not an employee benefit," stated Murdock. "It has moved from a "nice to have" to a "must have" in the world's marketplace.

"When people in an organization recognize other people, give them a place of worth, establish their validity, authenticate them, acknowledge and appreciate them, that organization becomes a community where there are relationships that allow the organization to become a team, working together toward a common goal and for the success of its members."



SCOTT NORTHCUTT

EVERYDAY HEROES DELIVER MEASURABLE RESULTS

Scott Northcutt, Executive Vice President, Human Resources, DHL Americas

Scott Northcutt charmed the audience with the story of his ten-year-old son who has been playing tackle football for several years. His son had a particular coach that he loved. Coach Dwight was effective because he had the ability to make each player feel valuable to the team – whether a quarterback, running back or defensive lineman. When Northcutt asked his son why he enjoyed playing for Coach Dwight, his son explained, “Because Coach Dwight told me as long as I am giving my best effort at all times, I could make a play that could help my team win the game.” And that made a ten-year-old football player give his heart and soul every time he played.

In the workplace, Northcutt said, the best leaders are the Coach Dwights of the world—those that get their employees to feel appreciated and valued to the point where they want to help the company be successful. Employees under these managers want to do the kind of work that could be the difference between winning and losing for the company.

These employees are what DHL refers to as “everyday heroes.” As Executive Vice President of HR for DHL Americas, and a member of the global leadership team for DHL, Northcutt realizes that the company needs to regularly identify and recognize these heroes in order to create an environment where employees are engaged.

“What does it really mean to have people that are engaged? When you have engaged employees you in turn have higher sales, higher customer satisfaction, higher productivity and lower turnover, says Northcutt.”

After evaluating the status of his company, Northcutt realized that employee recognition was one important area that could get employees engaged and committed in their work. Like most large firms, DHL had recognition programs, but they needed to be better.

“Recognition is a clear strategy we must have. According to internal research, we discovered that we just weren’t getting recognition out there, says Northcutt. We decided we had to make recognition a key part of what we do.”

At DHL, the company wanted to create better unity by reinforcing common values and beliefs among all employees. People need to know where they fit in, what their purpose is and how they contribute to the company. DHL needed to make it clear to employees what the company was trying to achieve and what the brand stands for.

“If we could have all 50,000 of our people marching in the same direction, think of how much stronger we’d be when going up against (our competition),” Northcutt said.

The answer was a culture of appreciation—a Carrot Culture.

“We wanted the recognition culture to be infectious, for everybody to have it. It should be a great spirit that exists. We want every employee to feel like they own it and like they can be the difference between winning and losing.”



ANDREW MCILVAINE

The Carrot Culture brought results. In the company's I.T. department, for example, turnover decreased 27 percent due in large part to recognition and the effect it had on employee morale. Northcutt says the workforce is more engaged and truly believes in the company and its mission, and they come to work every day to advance that mission.

"What makes a great company is its legends—the people that other people in the company talk about. Everybody knows who some of the stars (of the company) are, but does anybody know all of the stars? At DHL we have an endless number of heroes that we've yet to identify. We need to keep finding those heroes and getting them to believe what they can achieve for us."

**CHANGING CULTURE PANEL FACILITATED BY ANDREW MCILVAINE, EDITOR,
HUMAN RESOURCE EXECUTIVE MAGAZINE**



ERIC LANGE

**Eric Lange, Senior Vice President, Human Resources,
VNU Media Measurement & Information Group**

"We decided that recognition was one of the tools we would use to introduce one common culture into our businesses. Recognition has really been a unifying cry across all of our business and across the world. We have 38,000 employees in 105 countries and we rolled out one recognition program across that entire business and it's been a huge help in bringing VNU together."



ANN FEDERICI

**Ann Federici, Senior Vice President, Human
Resources, The Auto Club Group**

"We'd all like to think we are able to give recognition, but I think you'd probably find in your organization—we certainly did in ours—that not all managers are comfortable with that. They're not comfortable with making a presentation in front of a group and they're not even comfortable going up to someone and saying they did a good job. Now there is a structure (with our new program) and there are tools managers can use for presentations. It gives them a jumpstart, so now they can't just say they won't recognize because they're uncomfortable."



MARK SERVODIDIO

**Mark Servodidio, Executive Vice President, Human
Resources, Cendant Car Rental Group**

"Our goal was to figure out how to (get employees to) reignite their energy based on the values of the organization. The program was an opportunity for us to harness the energy of our employees in a way that they helped us build what is now the most profitable publicly traded car rental company. And we're still growing strong. The recognition program has really been dialed up over the last five years and it has become something that our CEO (is) a huge supporter of."



DAVID JACKSON

CHANGING CULTURE THROUGH EMPLOYEE SATISFACTION AND ENGAGEMENT

David Jackson, President & CEO, The Jackson Organization

How do we really know if our employees are engaged? David Jackson and his firm help organizations improve employee engagement, customer satisfaction, and brand recognition. He spoke about the need to implement effective, strategic surveys to measure employee satisfaction and engagement.

“One thing that reveals the level of employee engagement is what employees say about the organization when they go home at night,” says Jackson. “These are the types of open-ended questions that need to get into employee surveys and customer satisfaction surveys.”

Employee engagement and satisfaction are often misunderstood as one and the same, when really they are two distinct concepts. While many believe measuring just one is sufficient, Jackson says otherwise. He says employees may be satisfied with their pay and benefits, but not engaged in your mission. And, he notes, they may be engaged in your mission, but not satisfied with some aspect of their work – and are at great risk of leaving your firm.

“You hear a lot today that you don’t need to measure satisfaction, you only need to measure engagement. Measuring either one of those by themselves will cause you to miss some key metrics that can help change your culture,” says Jackson.

“The most effective way to have an organization full of employees that are both satisfied and engaged is to hire the right people for the right positions. As Jim Collins says in his book *Good to Great*, you’ve got to get the right people on the bus sitting in the right seats,” said Jackson. “This begins with interviewing. Potential employees should be selected based on behaviors and values that are important to the company. Employees should be able to demonstrate behaviors that the company values, and this only happens if they are in the roles that are best suited for them and provide the best opportunity to contribute.” At the Jackson Organization, for example, turnover in their call center is just 10 percent, compared with a national rate of 400 percent in call centers. Jackson attributes this to hiring the right people and motivating them with recognition and clear, measurable goals.

Recognition, Jackson says, is an important way to garner engagement and satisfaction from employees. He pointed to a landmark study recently conducted by his firm, showing companies that did a poor job of “recognizing excellence” realized a return on equity of just 2.4 percent compared with an 8.7 percent return for companies in the top quartile of “recognizing excellence.” Also, companies in the top quartile have an ROI that is three times higher than those at the bottom.

“This shows that recognition is not only a key driver of employee engagement and satisfaction, but that it also correlates to overall business success,” said Jackson.



BOB JOYCE
CHAIRMAN AND CEO,
WESTFIELD GROUP

**CRITICAL SUCCESS FACTOR:
STRONG MANAGER-EMPLOYEE RELATIONSHIPS**

Bob Joyce, Chairman & CEO, Westfield Group

Although Bob Joyce is chairman and CEO of a financial services organization, he says he spends the majority of his time in the people business— training, developing, and empowering the people in his organization. Joyce notes that for the first time ever, his company—and most others—are currently employing people from four different generations. What this means is that a large portion of the workforce will be retiring in the coming years, leaving companies with the challenge of filling empty positions.

“We are all in a huge talent chase. If you don’t have an environment that will attract people and keep them there, you’re going to have a hard time performing,” Joyce says.

This means creating a culture of recognition—a culture where employees feel valued and appreciated and are rewarded for the work they do. This starts with leadership. The mindset of leadership, Joyce says, needs to be transformed before the employees can be transformed.

According to Joyce, there are four things an employee needs in order to maximize his or her potential: proper training, resources, and tools; a clear understanding of what the company expects; respect for their abilities and talents; and recognition to motivate them. All four of these things come directly from leadership. When employees realize the importance of the work they do and how it affects the company mission, Joyce says the dots are being connected. It begins with establishing clear objectives and solid company values.

“The foundation of an organization is its values, but what sustains you is how you drive those values into the company and your employees.”

In looking to transform his leaders, Joyce realized that they had to create a relationship between supervisor and employees that helps them understand how the jobs they do every day meet established corporate goals and, ultimately, deliver on a promise.

“This system became the foundation for moving the company forward and changing the culture from a top-down environment to one where you get people thinking of ideas in their areas, and on their teams. It’s amazing when someone gets a team together and asks them how they can do things better,” says Joyce.

At Westfield Group, recognition and a culture of appreciation are implemented and utilized to get the most out of employees. Employees know what the company expects of them, and they know their above-and-beyond performances will be valued and recognized. And most importantly, healthy employee-manager relationships are cultivated in order to ensure continued success.

“If you’re in an organization where your managers and leadership teams are coming to you because they’ve got an employee problem, it’s too late. You need to be working with leadership up front on how you change, transform and engage the organization for the future. It’s absolutely critical.”



CHESTER ELTON

THE POWER OF THE CARROT

Chester Elton, best-selling author of *The 24-Carrot Manager*

“The Carrot Culture is a place where good people want to come and perform and stay—to build a career with you,” Elton says. With the power of the Carrot you’ll get higher retention of the people you want to keep and they’ll be more committed—that’s sustained productivity.”

Elton taught Summit attendees, “Recognition is not just the softer side of business anymore. It’s an essential part of good management. If you don’t know how to use recognition to engage and make your employees productive, you will fall behind.”

“We understand philosophically what we need to do, but how do we implement that strategy? At O.C. Tanner, we’ve found three keys: it needs to be strategic to reinforce company values; simple so that it’s timely and has impact; and measured to be able to see direct results,” Elton said.

For more information on engaging your workforce and achieving key results by recognizing great work, visit octanner.com.



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