

# EXECUTIVE RECOGNITION SUMMIT

*Accelerating business results with engaged  
managers and recognition champions*

Effective recognition, the kind that accelerates business results and motivates employee performance, requires engaged managers. It requires top leaders of an organization to understand the value of recognition and to implement initiatives within the company that utilize it effectively.

These and other important insights into recognition were discussed in detail at the second-annual Creating a Carrot Culture: Executive Recognition Summit on October 6, 2006. This event, hosted this year in San Francisco by recognition industry leader O.C. Tanner Company, provided a unique opportunity for a select group of senior business executives and thought-leaders from around the world to dialogue with peers and learn from business leaders who are consistently recognized for best practices in people management.

The event included insightful presentations and panel participation by: Dave Petersen, President & COO of O.C. Tanner; Mark Servodidio, Executive Vice

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President of Human Resources at Avis Budget Group; Jim Olson, Chairman of Harman Management/KFC; Jim Kouzes, Bestselling Author, *The Leadership Challenge* and *Encouraging the Heart*; Chester Elton, Bestselling Author, *A Carrot a Day*; Deb Gondek of Rich Products Corporation; Judy Gray of St. Peter's Healthcare; Cheryl Hutchinson of Friendly's Restaurants; and Bill Newby of Xcel Energy.

Summit participants discussed how great organizations are made up of engaged employees who know what matters most to their company and strive every day to help the company achieve its goals. They're made up of leaders and managers who believe in their people and who use employee recognition to reward, communicate, and motivate.

The Executive Recognition Summit proved useful and insightful to executives across various industries throughout the world. The high profile symposium has become an annual, can't-miss event for senior leaders to discuss best practices regarding the power of recognition and its business impact.



DAVE PETERSEN

#### KEY TO SUCCESS: ENGAGED EMPLOYEES

### Dave Petersen, President & COO, O.C. Tanner Company

Dave Petersen spoke about the challenges and responsibilities leaders face. Though it can feel like a tremendous responsibility to consider that the fate and livelihood of so many people depends on your decisions and leadership, Petersen talked about the comfort and assurance that comes to a leader who knows he has engaged employees who are contributing to the company's success.

"I think the thing at the top of most leaders' lists (of requirements for success) is engaged people," said Petersen. "You need people who are engaged, who understand the company strategy, who are connected and who are part of what the company is trying to accomplish, every day."

Petersen continued by stating the role of recognition in building an engaged, motivated workforce.

"Recognition, in its many forms, is strategic in that it helps engage our people. It is the number one thing we can do to engage our people and transform our cultures. Strategic recognition is also a business necessity, a foundational principle that provides a return. It will communicate, align and inspire. What business leader doesn't want that? Not one."



MARK SERVODIDIO

## BECOMING AN INDUSTRY LEADER THROUGH RECOGNITION

### Mark Servodidio, Executive Vice President, Human Resources, Avis Budget Group

When the CEO of a large company left his PDA—his lifeline—in an Avis rental car, he frantically got in touch with an Avis associate at the airport. This associate, realizing an opportunity to demonstrate Avis’ superior customer service, located the PDA, met the customer outside the terminal and returned the item to him. The action prevented the customer from missing his flight and saved him the inconvenience that would have resulted had he been unable to recover the device. Later, the CEO contacted Avis, telling a representative, “You’ve won us over; my company is a customer for life.”

That’s a great story of customer service, but, as Mark Servodidio explained, it’s an even greater example of an engaged employee taking the company’s values to heart and performing in a way that helps the company achieve success.

Many are familiar with the Avis tagline, “We try harder.” Servodidio explained that this goes far beyond a marketing campaign—it is a true initiative internalized by every employee in order to fulfill the company’s strategy on a daily basis. Employees at every level, in every capacity need to understand what is expected of them and what is important to the company. And when they demonstrate those behaviors—namely commitment, integrity, and responsibility—they are appropriately rewarded and recognized, and the company takes a step forward.

“It’s about setting the bar higher by standardizing the same principles, the same values across the country in all locations, so that when you have a customer in Tampa, in Newark, or in Phoenix, they all have the same experience because every employee has received the same consistent message and they are engaged in the mission,” Servodidio said. “It’s what motivates us and separates us.”

Avis Budget Group performs approximately 22 million transactions every year—that’s a lot of customer-employee interactions, and each one of those is crucial. An average customer comes in contact with an employee or company representative about seven times. When you multiply those seven interactions by the number of total rental transactions in a year—22 million—that’s a lot of opportunities to leave an impression—good or bad—on a customer. That is why, Servodidio says, so much of the company’s success revolves around customer service and why employees need to know what is expected of them. More importantly, it’s imperative that each employee is properly motivated and engaged to make every customer service moment a positive for the company and recognition is an important way to achieve that.

Servodidio also talked about the challenges facing his company during a six-year period of growth, relocation of headquarters, acquisition and reorganization, and how the company used recognition to align all employees with corporate values and goals to become a leader in its industry. A company’s values, Servodidio said, need to be clearly communicated to employees and should be consistent throughout the company.

“At the end of the day, when you talk about things like integrity, commitment and responsibility, those things should be consistent. They shouldn’t change,

even when the company itself goes through change. That's why when I talk about recognition I always connect it back to the company's values."

Servodidio offered some suggestions for companies that want to have a similar impact on their employees and their bottom line. It begins with training managers on the importance of recognition, and then training them how to recognize effectively. He also praised his company's constant communication channels that remind employees what is most important to the company. The company's formal recognition programs are a vital part of this strategy.

Avis Budget Group, as demonstrated through employee surveys, experienced dramatically improved employee satisfaction and engagement largely because of strategic recognition initiatives. This engagement and satisfaction has been shown to link directly to retention and other important business metrics. Locations that had markedly high engagement scores also had higher retention, higher quality scores, and higher profitability.

"This is not that complicated," Servodidio said of recognition. "It just takes heart, it takes commitment, and if we know there's an impact to the business and that it's going to drive some results, then let's make sure we do this and do it well and do it right."



DEB GONDEK

**PANEL FACILITATED BY ADRIAN GOSTICK,  
BESTSELLING AUTHOR OF *THE INVISIBLE EMPLOYEE***

### Deb Gondek, Rich Products Corp.

"We learned very early on that ownership of the recognition program was key. The recognition champion role from each region of the company is key because with 7,000 associates using the program there's no way that I can make sure that every single manager is playing their role, but I can work with 32 recognition champions."



JUDY GRAY

### Judy Gray, St. Peter's Healthcare

"We really needed to develop our leaders to be able to feel comfortable with recognition. We needed to make the program simple so that managers who say they are too busy are able to recognize people in a spontaneous manner. Also, having a recognition champion in HR that can make sure that people are recognized quickly has really helped our program to be successful."



CHERYL HUTCHINSON

## Cheryl Hutchinson, Friendly's Ice Cream Corp.

“We could have the best training materials in the world, but until we started to talk about having passion and building passion within the organization with the employees, we weren't going to move the needle on improving customer service. When we started the employee recognition program, that was really the goal: to drive passion, enthusiasm, and engagement.”

In talking about the advantage of using recognition awards instead of cash, Hutchinson related recognition to a trophy. Many of us have trophies and plaques from our extra curricular activities that we've saved for decades, because they hold value, they mean something to us.

“When you look at (the item), it brings back the memory of who gave it to you, why you got it, what you achieved. But if I give you \$25 and ask you a year from now what you did with (the money), most will say, 'I paid bills.' The strategy behind recognition is to reinforce behaviors and to have people remember the moment in which they got that recognition, and money isn't going to drive that.”



BILL NEWBY

## Bill Newby, Xcel Energy

“If recognition's not real and it's not real for senior executives, you might as well not even bother because it's never going to permeate the organization. Recognition needs the commitment of the senior group, and if it's not real, employees will see through it very quickly. It's incumbent upon all leaders of organizations to make sure recognition is real, and you only do that by walking the talk.”

“(Keeping managers engaged in recognition) is tough. The reality is that it's a continuous journey. You never get there. You've got to constantly think about revamping things: What's involved in keeping employees and managers engaged? What are the metrics being used to manage whether the program is stagnant or still progressing? It's like any other element of business: you've got to really keep your eye on the ball all the time. You've got to keep things fresh. You've constantly got to be reviewing these programs to make sure that they're working.”

### CREATING A CARING CULTURE TO INSPIRE PERFORMANCE

## Jim Olson, Chairman, Harman Management/KFC



JIM OLSON

Jim Olson knows the importance of every individual in a company, regardless of their title or salary. He started working with his company at age 16 frying chicken and worked his way through the company to his current role as Chairman of Harman Management, the largest and most profitable KFC franchise. Olson's experience gives him a unique perspective on the value of every part of an organization and how vital it is to show appreciation to every employee.

“Success is important to any organization, but success isn't just the top-line profits,” Olson said. “It's about making every individual in the organization feel successful, too.”

Olson said that creating a caring culture, an environment where his 7,000 employees feel valued for their contributions and are thus more willing to work to help the company meet its goals, is imperative for success.

“If we were just imminently successful in profits but we were not caring toward the employees that we had working for us, we’d feel that we had failed. We could set all the service marks in our industry, but if we didn’t have a caring culture for our employees and managers in our stores, we’d feel that we had failed. That’s the umbrella under which everything else is measured.”

Olson knows a thing or two about creating this type of culture. Harman’s has implemented several unique and effective programs for recognizing outstanding performance—from something as simple as handing out a pin for a demonstration of excellent customer service, to giving away a Ford Mustang to the top manager of the year. Regardless of what type of recognition is given or how expensive the award is, the real value of any recognition is determined by the relationship between the giver and receiver.

“Recognition only counts if it’s based on relationships. If a stranger gives you something, it doesn’t mean very much,” Olson said. “But if recognition is based on the fact that somebody knows you well and talks about you and presents the award to you, that adds a lot of value to the award.”

Olson’s company releases an internal magazine that features stories of employees that have done great work and other good things going on in stores around the country. The chairman has made a habit of reading the magazine and writing a note of appreciation on the page of a story that features a certain employee or store location. He signs the page and sends it to that employee or store. It’s a simple act that takes just a few minutes of his time, but the impact is great. He often sees his letters hanging on walls and bulletin boards when he visits his stores. Employees appreciate the fact that the chairman of the company really cares about every employee in every store and office around the nation.

Olson reminisced about the time when the founder, Pete Harmon, approached him and other executives and established the goal that 25 percent of their stores should be \$1 million stores. At that time, they had no stores that fit that description, so it was a lofty goal. They created the “Million Dollar Club” to motivate and celebrate every store that hit that important business mark. The program quickly became outdated, as almost all of the stores achieved the goal. Now, the program has turned into the “Two Million Dollar Club.” Setting clear goals and rewarding those who work hard to reach them is extremely motivating, said Olson.

Lastly, Olson spoke of how crucial it is to have the top leaders and managers of an organization buy into recognition or creating this type of culture is impossible.

“To have a recognition culture that’s strong in your organization, it has to start with the top guy and work its way down to every level,” Olson said. “Recognition has to be a culture, it has to be a lifestyle, a way of thinking every day when you go to work.”



JIM KOUZES

## ELEMENTS OF SUCCESSFUL RECOGNITION

### Jim Kouzes, Bestselling Business Author

Jim Kouzes applied content from his bestselling book *Encouraging the Heart* to the theme of effective leadership. Kouzes' research shows that people need encouragement to perform at their absolute best. And it goes beyond formal recognition programs or corporate initiatives and projects. It starts with the very basic principles of respect and caring for others.

The ultimate goal of recognition is to improve performance and achieve better results, he explained.

"In the end, when you get right down to it, it's all about whether or not people improve their performance," Kouzes said. "We all want to make people feel good about their work and about themselves, but in the end it needs to tie to some sort of performance."

It is vital to establish clear values and standards within a company prior to engaging in recognition, or it won't have the desired effect in the long run. If values and goals are established, recognition becomes a communication tool and a motivator.

"As leaders, the first task that we have is to find our voice, to make sure that we are clear about what it is that we stand for and believe in. Otherwise, every reward, every recognition, every act that we take will be disingenuous. It will seem like just another flavor of the month. It has to be on some kind of foundation. We have to be clear about our values and beliefs."

Kouzes told the story of one of his former employees. This man was required to go out of town often to train and teach groups of professionals. After one trip, the employee rushed into Kouzes' office with a letter and shared it with him. The letter was addressed to the employee's son and came from a man who had attended one of this employee's sessions. The letter told the son that if his father was as good of a father as he is a teacher, the boy had himself one fine dad. The letter made a lasting impression, and on other trips he would often think about the letter and find motivation to be a good teacher and a good father. A simple letter that exemplifies thoughtful, personalized recognition.

Kouzes added, "Make sure you know the person, make sure you know precisely what the person has done, and make sure you know how to emphasize the importance of such actions. Be specific and be sincere."

In closing, Kouzes stated the seven elements that make up effective recognition and encouragement:

- » Set clear standards—make clear what you're recognizing and tie it to corporate values.
- » Expect the best—people who are encouraged are more likely to succeed.
- » Pay attention—observe people doing the right things and recognize them for it.
- » Personalize it—know the person, know what the person has accomplished, and use the person's name when giving the recognition. Be specific.

- » Tell the story—put the recognition into context. People remember stories.
- » Celebrate together—what we choose to honor is what we will see produced in our organization.
- » Set the example—leaders must walk the talk and demonstrate the correct way to do things in order for people to follow.



CHESTER ELTON

#### THE CARROT PRINCIPLE

### Chester Elton, Bestselling Author of *A Carrot a Day*

Chester Elton revealed data based on a 200,000-person survey conducted by The Jackson Organization, which will be included in Elton's upcoming book, *The Carrot Principle*.

According to the survey, only 8 percent of employees working for managers who don't recognize consider themselves "highly engaged" in their work. Of the employees who work for managers who recognize often, 73 percent are highly engaged.

Only 24 percent of employees who work for managers who don't recognize plan on staying at their job for another year, while 70 percent of those who work for managers considered most effective at recognition plan on sticking around. That's retention.

Through this and other compelling data, Elton illustrated how necessary recognition is to business success and how effective recognition can truly drive performance in employees. Recognition, Elton said, accelerates business results, but the onus falls on the shoulders of company leaders and managers to make recognition work within a company.

"We talk about recognition being the great accelerator," said Elton. "You've got to be able to set goals, you've got to be able to communicate well, you've got to build trust in your organization and you've got to hold people accountable."

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For more information on engaging your workforce and achieving key results by recognizing great work, visit [octanner.com](http://octanner.com).



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