

# EXECUTIVE RECOGNITION SUMMIT

*Leaders gather to discuss why appreciating great work matters in turbulent times*

As the Dow and other world markets turned in their worst month in more than two decades, key leaders of some of the world's largest organizations gathered to discuss the impact and importance of appreciating great work in difficult economic times. O.C. Tanner hosted the fourth annual Executive Recognition Summit in San Diego, Calif., where more than 100 senior leaders shared ideas, concerns, results, and strategies for putting recognition to work as a business priority. The consensus? Appreciation, now more than ever, is key to moving strategies, people, and profits in the right direction.

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The exclusive conference included presentations and panel discussions by: Jeffrey Pfeffer, Professor, Stanford Graduate School of Business, author, and world renowned management leadership and HR scholar; Eric Lange, Senior Vice President of Human Resources for the Nielsen Company; Dave Peterson, President, O.C. Tanner Company; Kevin Cronin, former Recognition and Reward executive and Board Member of Recognition Professionals International; Todd Helms, Vice President Corporate Human Resources and Communications at Newell Rubbermaid; Lori Hunt, Vice President of People for SkyWest Airlines; Dave Dodson, Communications Director for Texas Roadhouse; Dana Ullom-Vucelich, Vice President Human Resources for Ohio Presbyterian Retirement Services (OPRS); and Chester Elton, Best-selling author of *The Carrot Principle*. Also at the conference, Quest Diagnostics was named the 2008 Carrot Culture award winner with Michele Cox, Director of Employee Initiatives and Effectiveness accepting the award. Two-time gold medalist Monique Henderson also joined the event to be honored for her achievements in Beijing.

The Executive Recognition Summit is a one-of-a-kind event that has quickly become the premier conference for HR thought leaders. It provides its select group of attendees a candid look behind the scenes of some of today's most respected organizations and the people practices that help them gain and maintain market leadership. This paper takes a look at how some of today's companies are defining and dealing with a host of today's workplace issues including a turbulent economy, lack of resources, a multi-generational workforce and the issues and challenges it represents.



DAVE PETERSEN

#### THE CALVARY IS ALREADY HERE

### Dave Petersen, President, O.C. Tanner

Dave Petersen, President of conference host O.C. Tanner Recognition Company, started off the Executive Summit acknowledging the power the group had in leading their organizations through the precarious state of the world's economies.

"[You are] an impressive group. You represent some of today's leading business organizations and leading business strategists. You are from over 100 leading companies and from all across the nation. You represent some of the largest banks, health care businesses and organizations, casinos, home improvement stores, technology companies, and some of the greatest brands ever known. You are CEOs, COOs. You are senior and executive vice presidents of human resources, and your actions influence the lives of hundreds of thousands of people. Most of all, you are thought leaders in your organizations," said Petersen. "You are operating in an uncertain and challenging economic time. Competition is fierce, and you're being asked to do more, contribute more, and bring more value to the organization. We are here to help you do that."

Petersen went on to detail important considerations he believes allow companies to, "weather the storm the best and emerge sooner and stronger than they were before and stronger than their competitors." These considerations include:

» Don't neglect marketing: "Adapt, adjust, but don't pull back completely."

- » Don't forget about your customers: "As the lifeblood of any business, this is the time more than ever to get close to your customers, to appreciate them, to take care of them."
- » Think about your competitors: "It might be an opportunity to move ahead, to take advantage, to get better, stronger."

Moving ahead is exactly what Petersen hopes to help organizations inspire their employees to do.

"I want to tell you a little bit about the cavalry. There is a cavalry. It's not coming. It's already here. The cavalry is your people," said Petersen. "If you're hunkered down, waiting it out, hoping for the cavalry to arrive, I suggest you take a different view. The cavalry is your people and they matter. They are the ones we should look to. They are looking to us as leaders. They're looking to us, and so we ought to encourage them. We ought to appreciate them. We ought to motivate them. We ought to lead them. We ought to talk with them. We ought to engage them. We can do those things if we shape and reshape the culture of our workforce and our workplace so that they are totally engaged, they feel appreciated, and they feel a sense of belonging to the organization."



ERIC LANGE

#### THE NIELSEN STORY: MAKING RECOGNITION THE CONSTANT IN TIMES OF CHANGE

### Eric Lange, Senior Vice President, Global Human Resources

As a senior leader for the world's largest research company in charge of overseeing 35,000 employees in over 100 countries, Eric Lange makes big decisions when it comes to how to move his company forward. And since 2003, Lange and his team at Nielsen have used recognition as a key business tool for building the company.

"We wanted to communicate to our people through recognition how critical they are to achieving our goals," said Lange. "We don't make anything. We're not building things. We are selling services. We are selling solutions to our clients. It's all about the people. We're one of those companies, and many of you probably are too, where all your assets go out the door at night, and if you're not focusing on that..."

After just eight months of a focused recognition effort, Lange and his team at this worldwide leader in measurement decided they too must measure their success. What did they find? Nielsen found significant shifts in employee scores on the survey question, "Are special acknowledgements recognized and celebrated where you work?" They also found recognition to be most effective when the behaviors that are recognized and rewarded support and meet corporate objectives.

In 2006, Nielsen shifted ownership and focus to a more aggressive environment intent on realizing three key goals—simple, open, integrated. It was up to Lange and his team to carry the new message to employees. And they did it with recognition.

“We wanted to engage employees in this new world order that we were trying to build. We wanted to recognize efforts and results taken against very aggressive goals,” says Lange. “We asked ourselves, ‘We’re here, we need to get there, how do we get there?’ We put together some great programs on leadership and vision and building that commitment and executing the changes with recognition being a key part of all that. The recognition program is called Simply Excellent.”

Lange rolled out the new program with the full support of senior leadership who participated in a launch video. Nielsen CEO Dave Calhoun sent a strong message to employees about the bar that had been set in the new organization and the company’s commitment to honoring effort and celebrating victories.

Says Calhoun in a video message to company leaders, “As we go through all this, there are moments when everybody will wonder about our resolve. You need to know, you need to believe, that this company and this leadership team are going to see this one through. And one of the ways we see it through is to celebrate the successes that get us closer to that integrated, open, and simple company. And you know what? We have a million of them. So what we’re going to do with Simply Excellent is to recognize the people, the teams, who help us day in and day out overcome obstacles and get just an inch closer to those objectives. Some of the recognition will be around big things, and some of this recognition will be around little things. It takes both for us to capture momentum and then sustain momentum, to again build resolve around these ideals. It’s just the most important thing in the world that we recognize our people, and we have great people.”

Lange is careful to point out that it’s the company values of simple, integrated, open that are the focus of the recognition program and the key to its success—not just the bottom line.

“Our philosophy now is not just about the numbers. It’s how you get there as well. And if you get to the numbers, but you’re not living the values, that’s not good enough,” says Lange. Lange points out a carefully crafted nomination wizard has been a key tool to guiding users to the appropriate recognition award level through a series of questions. In addition to keeping the budget central, the wizard is helping everyone stay on track with strategic recognition.

“Our engagement program is about employee performance, it’s about retention, it’s about client satisfaction, and we’ve really built this program around those are the things that we want to focus on to help our employees become engaged,” says Lange. “And, for us, it’s about executing this and getting all of our leadership team on board to understand why these things matter and to understand how they take this and they bring it down to the workforce.”

**PANEL DISCUSSION: FACILITATED BY ADRIAN GOSTICK,  
BEST-SELLING AUTHOR, *THE CARROT PRINCIPLE***



DAVE DODSON

## Dave Dodson, Texas Roadhouse

“We operate 310 restaurants in 44 states and employ a little over 35,000 people. Our mission’s very simple – legendary food and legendary service. We’ve always adopted a people-first philosophy. Our founder, Kent Taylor, had a vision of ‘Take care of your employees and in return they’ll take care of your guests.’ There are a lot of challenges because in our industry we have a lot of young leaders, leaders that are in their roles for maybe the first time ever. We give each manager a toolbox of recognition ideas that really serves as the trigger to help initiate recognition with some of the younger managers in our company. That’s how we built the program so that we provide the tools that are triggering that regular recognition and encourage those regular actions by employees that add to our success. And in only six months since the launch we’ve seen our highest participating locations experience a solid 18 percent reduction in turnover.”



LORI HUNT

## Lori Hunt, SkyWest

“SkyWest Airlines has over 11,000 employees. We fly to 159 cities in 42 states, five Canadian provinces, and we will probably carry about 23 million passengers this year. Our mission at SkyWest is very simple and quite timeless. We simply want to be the employer of choice, the airline of choice, and the investment of choice. While we have an online peer-to-peer recognition program, appreciation week and performance awards, we are now focused on launching training. We want to help our people understand that recognition is not an event—recognition is something that happens on a regular basis. From now on every single job posting will include recognition as a responsibility and a requirement. Recognition will also be a responsibility and a requirement for every leadership evaluation. Our COO is beginning meetings by asking for stories of employees who demonstrated core values and were recognized for it. It’s very exciting to see that type of modeling.”



DANA ULLOM-VUCELICH

## Dana Ullom-Vucelich, Ohio Presbyterian Retirement Services

“We are 3,000 employees serving more than 50,000 elderly and hospice patients throughout Ohio. Recognition changed in my company when I was able to get it out of HR and operationalize it throughout the system. I partnered with Nancy King, our COO, to analyze the data and share the news that any measurable outcome from urinary tract infections to pressure sores had an outcome related to employee satisfaction. And our employees’ survey answers told us that their satisfaction was completely connected to how their managers recognized them. And employee satisfaction also equates to turnover for us. We see recognition as impacting decreased turnover and we estimate that saves the company \$5 to \$9 million a year.”



TODD HELMS

## Todd Helms, Newell Rubbermaid

“We are a house of power brands that does \$6.5 billion in sales globally with 22,000 employees worldwide. We’ve gone through some leadership changes. We now have a new CEO who recognizes the power of people and wants to execute on a strategy of becoming one company. Our around-the-world nature makes that complicated. But recognition is going to be one of those places within the company where we’re going to try and get there. We’ll be taking advantage of O.C. Tanner’s new global agreement with FranklinCovey to take Carrot a Day training outside the U.S. We’re also piloting some peer-to-peer recognition. We’re looking to measure gains in productivity, efficiency and overall job satisfaction.”



KEVIN CRONIN

### ALIGNING RECOGNITION PROGRAMS WITH CORPORATE GOALS AND CULTURE

## Kevin Cronin, RPI Board Member, Former Recognition and Rewards Executive

Engagement. It seems the holy grail of today’s workplace. And according to Kevin Cronin, recognition is the key to driving engagement all the way through the organization and setting yourself apart in the marketplace. So how do you get to engagement through recognition? Cronin explored the fundamentals to building a recognition culture.

“You don’t want to build a reward culture. You want to build that recognition culture and create emotional connections with your employees,” says Cronin. “Whether you are re-evaluating a program or creating something for the first time, it’s important to go through some key steps: Really look at your grand promise? What do you want your associates, your employees, to be able to do? And to deliver? And what is your company’s mission? What are you about? If your employees are advertisers for you, what do you want them to be able to say to their neighbors, their family and friends about what your company’s mission is?”

Getting clear on answers to these questions and others like them is key to finding the purpose in recognition at your organization says Cronin. Cronin also recommends companies invest in training.

“Don’t assume managers understand why you have recognition and reward programs,” says Cronin who shares the story of taking some reluctant members of his recognition and rewards team to an onsite Carrots training at O.C. Tanner headquarters in Salt Lake City. “They told me, ‘This is a waste of my time.’ ‘This is going to be one of the stupidest things we’ve done this year.’ I thanked them for their honesty and then watched as after the training they became the biggest champions and biggest converts about how and why we need to train managers on effective recognition. The 2½ hours it takes you to go through the training is one of the best investments I’ve made in 10 years since I’ve been doing recognition and reward work.”

Says Cronin, such training will inspire managers and others throughout the company to make recognition part of the culture, setting you apart as an employer of choice.

And why does engagement matter? Cronin cited these statistics:

- » Increased employee commitment can lead to a 57% improvement in discretionary effort
- » Greater effort produces a 20% performance improvement
- » 20% raise in employee satisfaction = 42% raise in financial performance

You may even consider holding managers accountable for recognition says Cronin.

“We had a manager who had the highest associate satisfaction every year and also had the highest associate usage of our R&R programs, and to me that was a great study to be able to really show real return on investment,” says Cronin. “He actually had it in his plan that they had to be at their metrics on their R&R programs, so his managers were clearly held accountable for it, and it drove the results.”



MONIQUE HENDERSON

#### OLYMPIC RING PRESENTATION

### Monique Henderson

The Executive Recognition Summit was proud to welcome two-time Olympic gold medal winner Monique Henderson to the conference to present her 2008 U.S. Olympic Team ring; designed and crafted by O.C. Tanner.

Starting with the Sydney Games in 2000, O.C. Tanner began donating a U.S. Team ring to every U.S. Olympic athlete, coach and staff member. It was their belief at that time, as it is now, that every Olympic athlete deserved a symbolic reminder of their accomplishment.

“I think one of the most beautiful things about receiving these rings is that they are donated to every athlete that makes the team as well as the coaches,” said Henderson. “A lot of athletes don’t come home with medals, but everybody is ecstatic to get the ring.”

Henderson represented the United States at the Olympics for the third time in her career this summer in Beijing, where she competed in the 4x400m relay. Henderson ran the third leg of the relay for the U.S., in just 3 minutes and 18 seconds, the fastest time in the world since 1993.

Henderson’s ring, like the 900 others presented to the 2008 U.S. Olympic Team, coaches and staff is custom; personalized with her name and sport.



JEFFREY PFEFFER

## OVERCOMING THE KNOWING-DOING GAP

### Jeffrey Pfeffer, Stanford, Graduate School of Business

Jeffrey Pfeffer, the world's foremost authority on organizational behavior and culture building, delivered an inspiring afternoon keynote exploring the knowing-doing gap or why organizations don't do what they know they should and what to do about it.

Pfeffer opened the learning by stating that there is no mystery about how to manage people for better results.

"Commitment is reciprocal," said Pfeffer. "If you want your employees to be engaged and committed, you have to be engaged and committed with them." Pfeffer believes this simple principle is sorely ignored in turbulent times when companies push the panic button and layoff "their most important assets" only to rehire weeks or months later.

"According to an American Management Association survey, one-third of all employers who have laid people off have wound up hiring back at least some portion of those people as outside contractors," says Pfeffer. "First you pay severance, then you hire them back at the same salary, then you pay 6 or 8 percent to an outsider's firm on top of this. This is not a way to save money. It does not increase stock price. It does not increase productivity. It hinders innovation."

How do organizations demonstrate commitment to their employees and inspire the same in return? Pfeffer outlined the following:

- » Training: "Sustained investment in training and skill development is important for organizational success. Training also activates the law of reciprocity. If I invest in you, you will invest in me. It provides skills that build confidence. It also causes people to feel that they are important and valued. The returns on investment on training are enormous."
- » Reward group performance: "Policies that reward groups as well as individual performance are associated with success...Teams are more efficient because you get rid of the people whose sole job is to watch people watch people watch other people do the work. And people will let their bosses down, but they will never let their colleagues or peers down. There is also more learning in a team environment because people help each other learn."
- » Promote from within: "We know that promotion from within ensures that the people in senior leadership positions know something about the company or the industry that they are working in. We also know that when we don't promote from within it signals to everybody in the organization who is not promoted a very simple fact, "You are not good enough." If you are lucky, they will leave, and if you are not lucky, they will retire in place."
- » Create an egalitarian culture: "We know that an egalitarian culture in which people are treated more or less equally fosters truth telling—a big problem in companies today. Organizations oftentimes don't tell the truth and that impacts at least two people. It will take down the person who told the lie

and the person who signaled in a thousand different ways that they wanted to hear the lie.”

- » Recruit for cultural fit as well as skill: “We know that selective recruiting for cultural fit as well as for skill is associated with success because, as opposed to selecting people for stuff that they can learn in a week, you want to select them for qualities that will be completely unchanged. “
- » Recognize, reward, and show appreciation: “We know very well that recognizing, rewarding, and showing appreciation to your people for loyalty, for performance, for innovation, for taking care of customers is absolutely critical. Who doesn’t like to be told thank you? Who doesn’t like to know that their work is having an impact if somebody they care about notices that and has taken the time and the effort to say thanks and show them in some demonstrable way how important their performance is to the organization?”

After reviewing these top things organizations know, but do not do, Pfeffer then answered the question of “Why?” Why don’t organizations do these things consistently, comprehensively, and for a long enough period of time to see results?

“It’s amazing any company can actually run these days,” says Pfeffer. “How can you actually run a business with 20% of your employees actively disengaged, with somewhere between 50 to 60% disengaged, and relatively a large number of people just showing up? There are great opportunities for improvement and an enormous amount of money being left on the table.”

Pfeffer encouraged the leaders in attendance to assess their own knowing-doing gap by writing a list of the most important things they ought to be doing in their organizations. He then admonished them to compare that list with the lists of other company leaders until there came a consensus of the organization’s most critical goals.

Once there is agreement on what is important to the organization, clarity about what the organization is actually doing, then you can get to work closing the knowing-doing gap says Pfeffer.

Why don’t more organizations close the knowing-doing gap? Pfeffer says it can almost always be traced to a lack of courage; organizations are too afraid to be different.

“It is impossible for you to earn extraordinary returns by doing what everyone else does,” says Pfeffer. “If you do what everyone else does, you will basically get the same results. You need to understand this. The exceptional organizations in every industry have figured out the essential truth of what will make their organizations successful, and they do not care what everyone else is doing.” Where do you start to find the courage and clarity necessary to close the knowing-doing gap? Pfeffer says start with leadership.

“Your job as a leader is to make others successful,” says Pfeffer. “Admitting mistakes, building a culture of evidence-based, fact-based decision making and reducing power differentials so that people will tell you the truth. This is for successful leaders. We know this.”

Pfeffer then challenged the leaders in attendance to own their futures and the future of their organizations.

“What can I tell you about economic forecasts? They are almost always wrong,” said Pfeffer. “Your future begins tomorrow. We construct our future from the actions and choices and decisions we implement every single day. That is how our future unfolds; our personal future and our organizational future. So the question I would ask you to think about is, ‘What do you want to do differently in terms of you,’—not in terms of what do you wish everybody else would do differently.”



CHESTER ELTON

#### GLOBAL RECOGNITION STUDY

### Chester Elton, Bestselling author, *The Carrot Principle*

Does recognition prove out globally? That’s what crowds around the world ask Carrot Culture trainers.

“As we would present in Singapore and Beijing and Istanbul, people would say, “Okay, I get that that works for you wacky Americans. What about us?” says Elton. “And so we were charged with proving the case for recognition as a key business driver in all these different cultures. And we were delighted to work with a great partner, Towers Perrin, to do the research.”

Although the findings are still preliminary, Elton shared that in the 13 representative nations surveyed around the globe initial findings indicate highly common key drivers of engagement and results.

“How to you get to employee engagement no matter where you are,” said Elton. “There are three cool, big drivers: Development and well being, trust, and pride in your symbol or logo. Now we know that while the execution of recognition around the globe may be different, the foundation is the same.”

An overview of the study’s finding will be available in a new edition of the Carrot Principle to be re-released in February 2009. The full study will be available in whitepaper by O.C. Tanner available Spring 2009.



MICHELE COX

## 2008 CARROT CULTURE AWARD

### Winner: Quest Diagnostics, Michele Cox

Each year O.C. Tanner and its Carrot Culture Group partner to honor an outstanding company whose efforts in the field of employee recognition have set it apart in its industry and with its employees.

O.C. Tanner selects from among its more than 8,000 clients, which include many of the *Fortune 100*. A committee of O.C. Tanner vice presidents, recognition trainers, authors and researchers is assembled to evaluate possible winners. Nominations are generated from O.C. Tanner's sales force, internal leadership team, researchers, trainers and authors who frequently work with the company's clients. The company bases its selection on the strategic nature with which the winning company pursues its business goals through recognition; the energy and enthusiasm devoted to appreciation in the organization; the success of the programs among employees and the results it generates.

In 2008 Quest Diagnostics was selected for their exceptional effort to manage growth, change, employee engagement and, ultimately, profits by training its managers to become more relevant to their employees. Quest's strategic approach to recognition was complemented by true passion and energy for the principle of appreciation and works to drive business results from the ground up through recognizing and appreciating great work.

Quest is truly a leader in the field of strategic, engaging, and effective employee recognition. The organization's "Because You Matter" initiative, as led by Michele Cox, has proved a model for others who seek to engage employees in the missions of their organizations and integrate appreciation into their cultures.

Quest is also a standout for leadership in appreciation training, its comprehensive approach to recognition including performance, community service and health recognition programs. The company's innovative approach to recognition makes a difference in the lives of its employees, its communities and the health of the company. O.C. Tanner honors Quest's courage, innovation, and success. Congratulations.

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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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appreciate..

O.C. Tanner is the world leader at helping companies grow by appreciating people who do great work. Because celebrating great work inspires people to invent, to create, to discover. And when people are inspired, companies grow.

Our solutions include world-renowned Carrot Culture training, individualized assessment, solution design, implementation and ongoing support. We turn corporate goals into reality for more than 8,000 well-known customers worldwide.

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