

Reward with Awards:

How Merchandise Incentives Can Improve Morale, Retention, Recruiting, and All Around Good Will

- FOCUS -

The benefits of merchandise awards in business applications.

By Karen Renk, Executive Director, Incentive Marketing Association.

Did You Know ...?

Southwest Airlines may be best known for the company's wacky CEO, Herb Kelleher, or the company's ever-present spot on Fortune magazine's 100 Best Companies to Work for in America. But what most outsiders don't know is that even though the company received well over 140,000 applications last year, many of the airline's workers come from employee referrals. "In this economy, we still need to do everything we can to attract new employees," says Libby Sartain, SPHR, Vice President for the People Department, Southwest Airlines.

Southwest offers all kinds of incentives for their employee referral program. Those that refer family and friends participate in a drawing to win computer systems, flight coupons, and gift certificates.

How Loyal Are Your Employees?

The company has also given away Ford Explorers for their perfect attendance program. "We were able to demonstrate \$1-million in savings in sick leave pay," says Sartain. Companies use incentive programs to improve morale, retain, and recruit employees and to increase attendance-goals and objectives that foster a sense of corporate loyalty among a workforce.

“Companies get a lot of mileage out of incentive awards. I guarantee the person who wins the car is going to tell 100 people about it,” says Bob Nelson, author of *1001 Ways to Take Initiative at Work*. “And it doesn’t have to be a big reward. Anything can serve as a reminder—a key chain—as long as it has a high perceived value or has a good brand name.”

Creative Incentive Options

At United Airlines, there are weekly drawings for such items as logoed coffee mugs, to hats, to Swatch watches for its *Rewarding Moments* program. This employee-wide incentive lets employees nominate coworkers who have gone above and beyond the call of duty. The company also has the Milestone Recognition program, which acknowledges employee service anniversaries from first year of employment to retirement. “Any time you give something to an employee, they are reminded of a milestone. If you give the cash equivalent, for example, they’re going to put it towards a bill and forget about it in two days,” says Nelson.

CTX, an IT consulting firm based in Cabin John, Maryland, gives out Palm Pilots to employees who complete 16 class credits of on-site training. Attendance shot up from 25% to 60% since the program began. The company is now in the process of producing a CTX Goodies Catalog that will include gift certificates and computers as well as merchandise with the CTX University logo.

Nelson says that it’s a great idea when an employer gives merchandise that aids in an employee’s professional development, but also likes the idea of the recipients having a choice. “You can spend the same amount of money on a Palm Pilot, or a weekend at a bed and breakfast, or a barbecue set. If you offer more choices, you’re going to appeal to a wider audience,” says Nelson.

“Or they could always choose something for their spouse. It’ll make them a hero at home.”