

## Motivating The Masses

Just when you thought you had sales force motivation licked, you realize other workers' motivation is just as critical to overall sales success. Here are ways to motivate and retain nonsales workers—the people whose jobs are hardest to measure.

By Maggie Rauch

For many managers, the economic recovery projected for the coming months is a double-edged sword. On the one hand, better times bode well for the bottom line at most businesses. But on the other hand, it could mean higher turnover rates as unhappy workers take advantage of an improved job market.

This is just one of many reasons that now is a good time to make sure your incentive program successfully motivates all employees, whether they have a sales role or not.

"In the type of economy we're coming into, organizations have started to face the need to recruit and retain top talent at all levels," says Karen Renk, executive director of the Incentive Marketing Association, based in Naperville, Illinois. "I think that is going to translate into the need for more nonsales initiatives."

The link between incentives and retention is clearly demonstrated in a recent poll by Maritz Research, based in St. Louis. The survey of 1,000 workers found that 66 percent feel an incentive program affects their continued employment at a company. The link is even stronger for young employees—74 percent of respondents between the ages of 18 and 34 linked their future at a company to incentives, compared to 57 percent of 45- to 54-year-olds.

"Recognition is a major factor in retention," says Rick Garlick, director of strategic consulting for Maritz Research. "Knowing that my company appreciates what I'm doing is a validation of the work that I do."

The statistical case for nonsales incentives isn't limited to the value of retention and recruiting, though. A recent study by the Forum for People Performance Management at Northwestern University, in Evanston, Illinois, confirms that happy employees—even the ones who never see a client—impact customer satisfaction, and customer satisfaction in turn directly affects the financial performance of a company.

"When employees are engaged—satisfied and challenged—you have customers who score high on satisfaction and are more committed and loyal," says Frank Mulhern, the Forum's chairman. "We weren't looking at sales or customer service personnel for this study, so it's clear that other employees impact the overall customer experience by creating high-quality products and service."

Mulhern believes most companies don't do enough to motivate outside their sales forces. Renk agrees. "The sales team tends to get a lot of the attention because it's the most visible," she says. "But behind every sales team is a support staff, and behind that support staff is a human resources department, a marketing department, and so on. All employees need to be aware of the corporate goals and need to be attuned to keeping the brand's promise to clients."

### Room for Improvement

One company that recently became a believer in incentive programs for employees in all departments is London-based global information provider Reuters. Like many organizations, Reuters had a difficult 2002. It suffered its first ever full-year loss, saw its share price plummet to an anemic one pound from its high of 16 pounds in 2000, and also was losing ground to its top competitor in customer satisfaction.

Rather than take the easy way out and blame its troubles on the economy, Reuters looked inward and found room for improvement. Employee confidence in senior management was suffering, along with any hope for better times ahead and understanding among workers of why and how their roles made an impact.

To address its problems, Reuters introduced a five-pronged effort to rejuvenate performance, called "FAST Forward." One of the five "work streams," as Reuters calls them, is the company-wide Living FAST Recognition Program. Living FAST was introduced to employees in June 2003, with kickoff events around the world.

"We had heard from employees that the recognition was going to the same people over and over, and that it was really concentrated in the sales force," says Megan Healy, global program manager for Living FAST. "People in every department wanted a way to make a name for themselves within this organization."

Reuters developed a two-tiered system, in which employees can receive both immediate recognition within their team, and global, semiannual awards. Anyone can nominate another worker to receive up to 1,000 Reuters Points, redeemable for merchandise and travel awards online. Globoforce, a provider of employee, distribution channel, and consumer motivation solutions based in Dublin, Ireland, handles the complex catalog, fulfillment, and Web needs for Reuters, which employs nearly 15,000 workers in 92 countries.

Managers are empowered to either approve or veto nominations for the on-the-spot awards, and Healy says that managers' cooperation is vital to the program.

"Putting the burden on the managers, who know the most about what's going on, to approve or decline rewards has been very important," she says.

### **What to Reward**

When implementing an incentive program for nonsales workers, one challenge is developing a clear idea of what behaviors and results to reward.

"You can easily incentivize particular objectives in sales with a set bonus structure," says John Reid-Dodick, Reuters' global head of organizational development. "But for this, we needed to measure conduct that anyone can exhibit."

Reuters ties its recognition program to the company's FAST acronym, which stands for the four values the company identified as key to its transformation: fast, accountable, service-driven, and team-oriented. Nominations for recognition must explain how an award recipient demonstrated extraordinary commitment to these values.

"There are three key inputs into any nomination," Healy says. "First is the general background; second is the behavior and its result; and third is the long-term impact in terms of cost savings or time savings. All the nominations have to identify how the FAST values were demonstrated."

Not only does this approach give managers guidance in determining which workers have earned recognition, but it also supports the company's wider FAST Forward initiative.

### **Tracking Results**

Reuters' requirement that nominations include a demonstration of cost- or time-saving results addresses another challenge presented by nonsales incentive programs: ensuring that they deliver a return-on-investment, instead of simply applauding fuzzy notions of achievement.

The winners of Reuters' global Living FAST awards—selected by a committee whose makeup changes every year—demonstrate how employees in many different departments can have a real impact on the bottom line. For example, a winner from the engineering department was honored for his role in getting a new product to market quickly and meeting the highest quality standards. In a company-wide e-mail, the award committee explains that he contributed to 900 new sales of this product in one month, and also to the retention of more than 2,000 customers.

Nonsales incentives don't have to be based around abstract concepts, according to Ron Huston, CEO of circuit-board manufacturer Advanced Circuits, based in Aurora, Colorado. He finds ways to track hard numbers and reward a variety of nonsales objectives.

"Every job has a value—you just have to find it," Huston says. "I always say, 'If it can't be measured, we're going to find a way to measure it.'"

The Forum's Mulhern agrees that creative and careful managers can find ways to gauge nonsales performance. "Any company or department should be able to define the specific criteria that determine the level of performance of employees," he says. "And we encourage people to look at outcomes, like retention and profitability of customers, rather than task output data, like the number of calls made."

As for the outcome of Reuters' program, many of the indicators that pushed its leaders to launch FAST Forward have improved. The share price quadrupled in the program's first year, revenues showed an upward trend, and the customer satisfaction gap with the competition has narrowed. But Reid-Dodick prefers to gauge the success of Living FAST in employee metrics. For that, he relies on the London-based survey company ISR, which tracks the company's employee engagement index.

"The index measures how people feel about a range of things: their emotional commitment, willingness to make discretionary effort, intent to stay, and pride in the company," he says. "We had a very good uptick overall from 2003 to 2004."

Healy says she hopes the company-wide incentive program is fostering a culture of recognition that will continue to include all employees. "Long after this initiative is over," she says, "I'd like to have it viewed as a tool that really impacted the broad transformative efforts that we have undertaken."