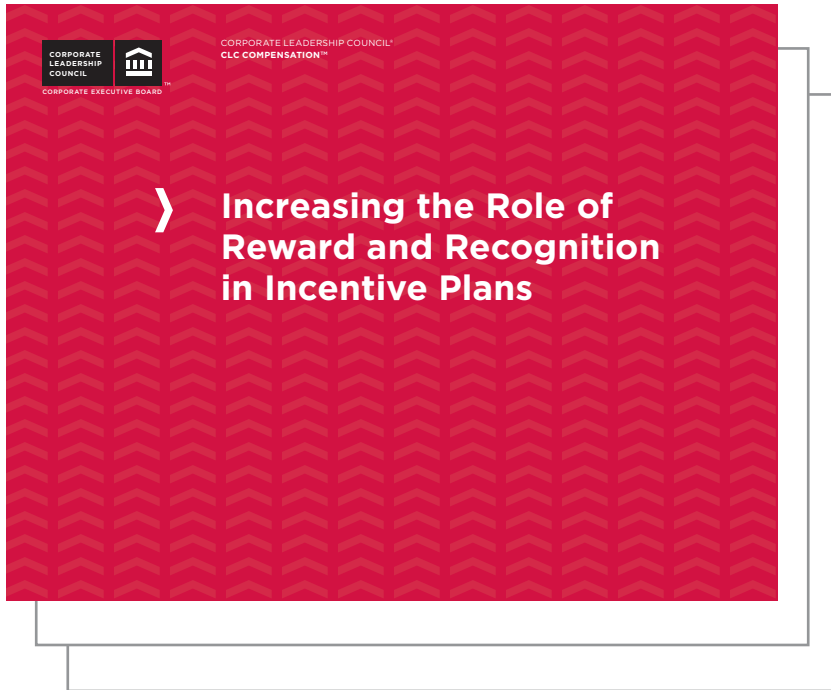




# A Recent Example of CLC Compensation Insight on Rewards and Recognition



## The Question Our Members Were Asking

With limited compensation budgets, how do we effectively use reward and recognition to motivate employees?

## Methodology

We leverage quantitative and qualitative analysis to determine what tactics are working at the best companies.

- Conducted a comprehensive survey of more than 7,000 employees globally to understand the impact of different kinds and designs of incentives, including reward and recognition
- Surveyed more than 50 organizations globally about their incentive programs and approaches
- Analyzed the data to empirically test hypotheses and quantify the impact of incentives on pay perceptions and key outcomes
- Determined the most effective strategies to maximize the impact of incentives and highlighted best practices from leading organizations

## Selected Best Practices Uncovered



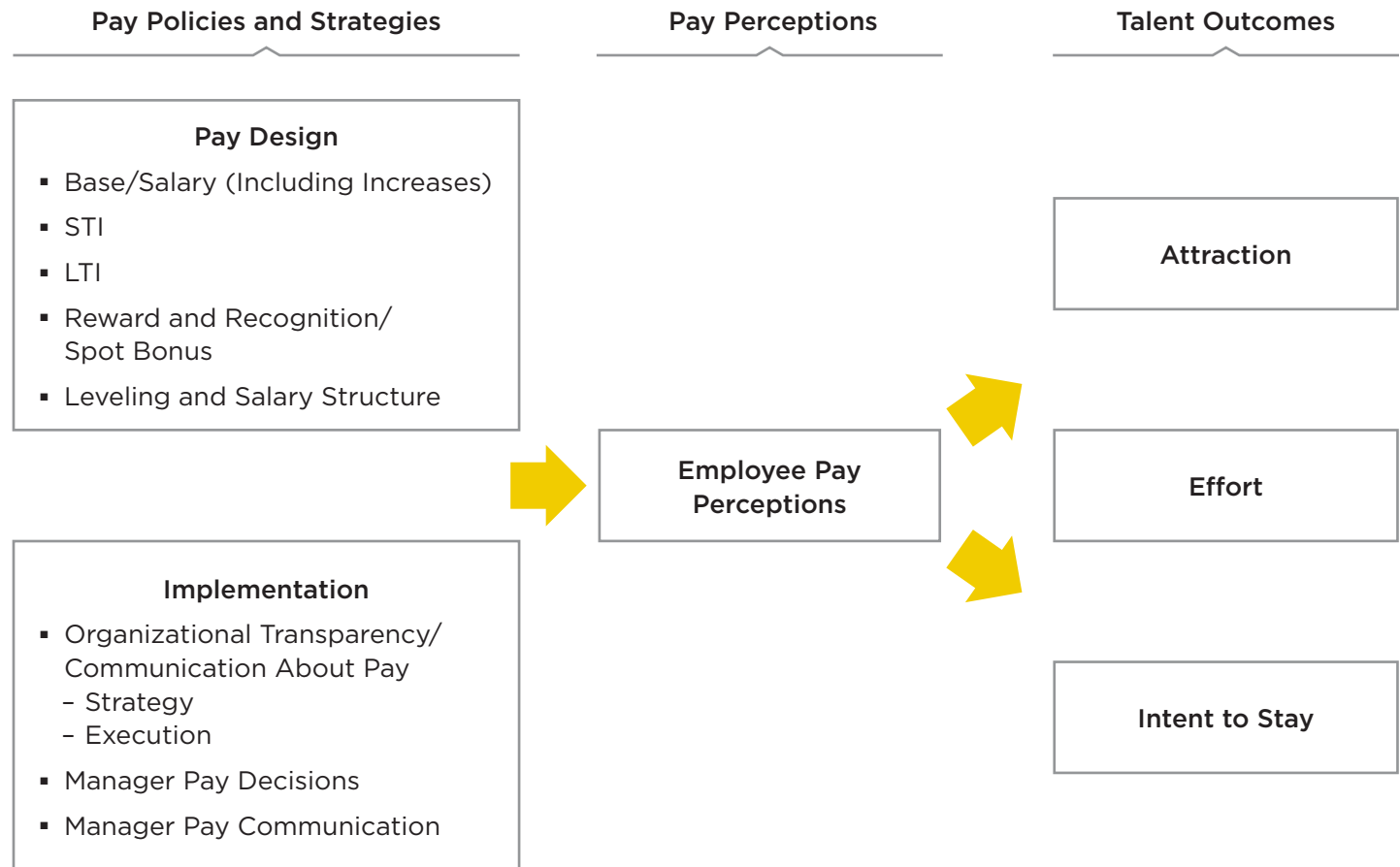


# The Challenging Situation

CLC Compensation Insight

An organization’s pay policies and strategies—including reward and recognition—drive the pay perceptions of its employees, and ultimately attraction, effort, and intent to stay.

Relationship Between Pay Policies and Strategies, Pay Perceptions, and Talent Outcomes



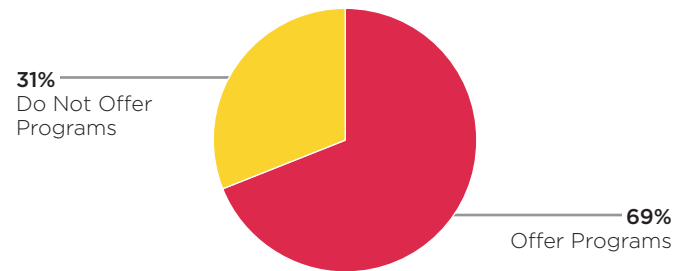


# The Challenging Situation (Continued)

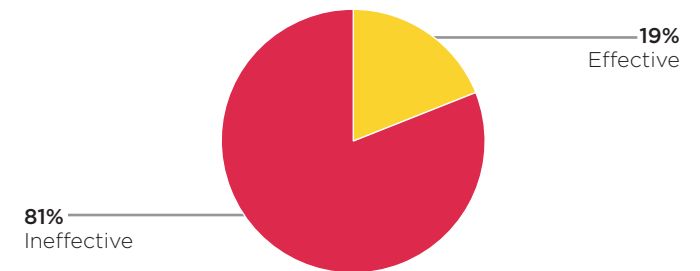
CLC Compensation Insight

While more than two-thirds of organizations have some type of reward and recognition program, most of those that have programs are not satisfied with their effectiveness.

### Prevalence of Reward and Recognition Programs



### Organizational Effectiveness at Reward and Recognition





# What the Best Companies Are Doing

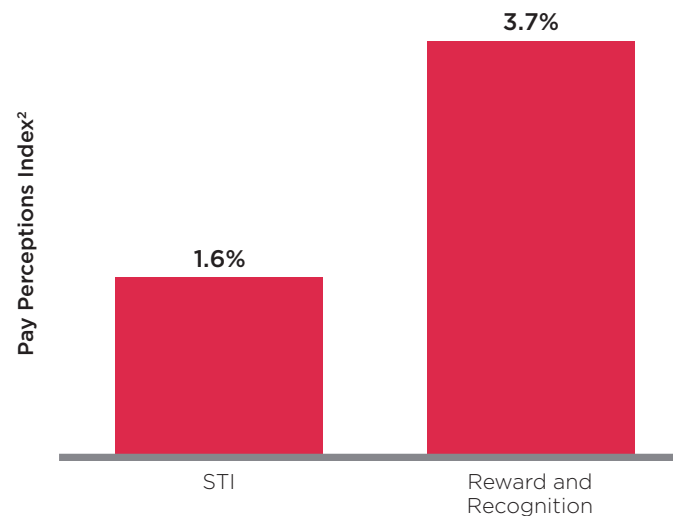
CLC Compensation Insight

The return on reward and recognition programs is more than double that of traditional incentives.

## Implication:

- Implement an effective reward and recognition program instead of investing more in traditional incentives.

Comparison of Returns on Reward and Recognition Versus STI  
Per \$1,000 per Employee per Year<sup>1</sup>



A \$2 million reward and recognition program at a company of 20,000 people would have the same impact as a one-time STI budget of nearly \$5 million.

## Key Reward and Recognition Questions

- Who and how many should receive rewards and recognition?
- If there is a monetary value, what should it be?
- Who should do the awarding and in what forum?
- When should rewards be used, and when should recognition be used?
- What is the optimal type of reward or recognition?
- How are reward and recognition programs best managed?

<sup>1</sup> Assumes annual salary of \$50,000.

<sup>2</sup> Impact of the first \$1,000 invested into STI and reward and recognition programs. Pay Perceptions Index is a measure of employee pay perceptions that directly influence employee effort and intent to stay.



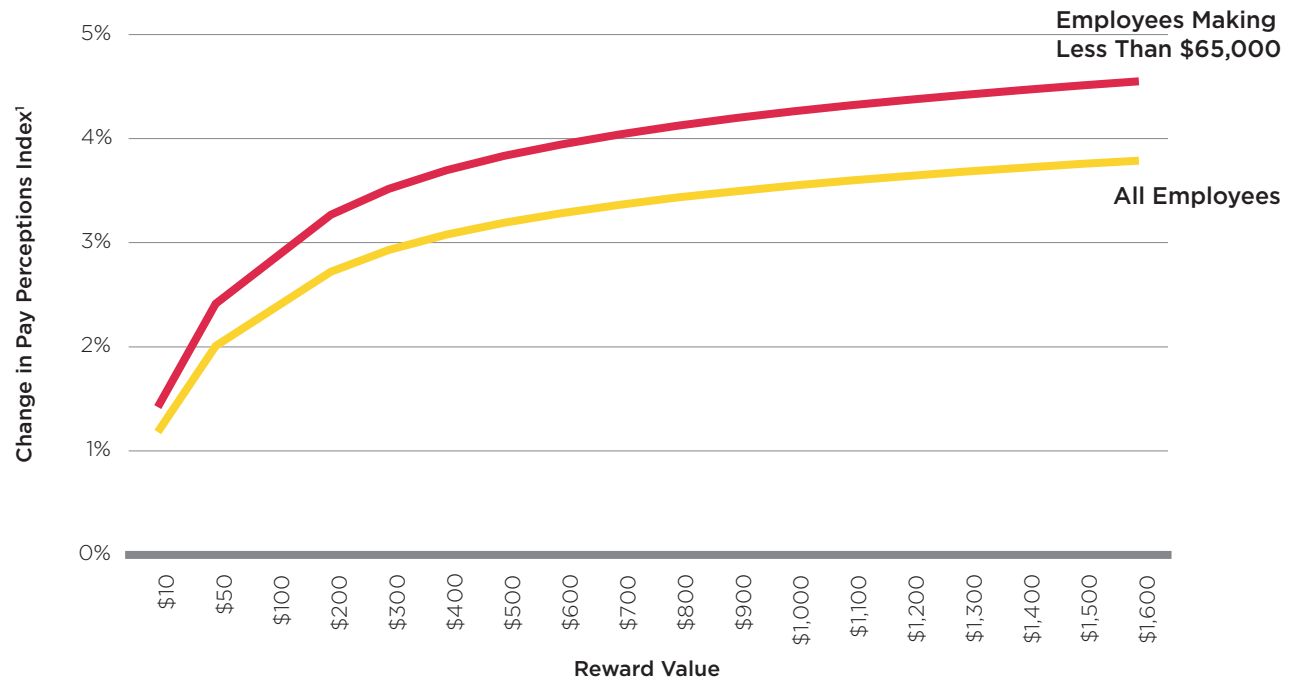
# How the Best Companies Succeed

CLC Compensation Insight

Reward amounts don't have to be high to generate significant positive impact. While the average organization gives rewards that average upwards of \$680, the highest return award amount is closer to \$100 per individual.

- The steepest improvement in the impact of an award comes from rewards of less than \$100. When rewards get larger, impact increases, but at a much smaller incremental rate.

### Impact of Reward Value on Pay Perceptions



Expected Average Monetary Value of Rewards in 2009



<sup>1</sup> Pay Perceptions Index is a measure of employee pay perceptions that directly influence employee effort and intent to stay. Change in Pay Perceptions Index is the percent increase or decrease of the average Pay Perceptions Index score for an employee. A 5% increase in Pay Perceptions Index leads to a 1.6% increase in employee effort and a 3.9% increase in intent to stay.



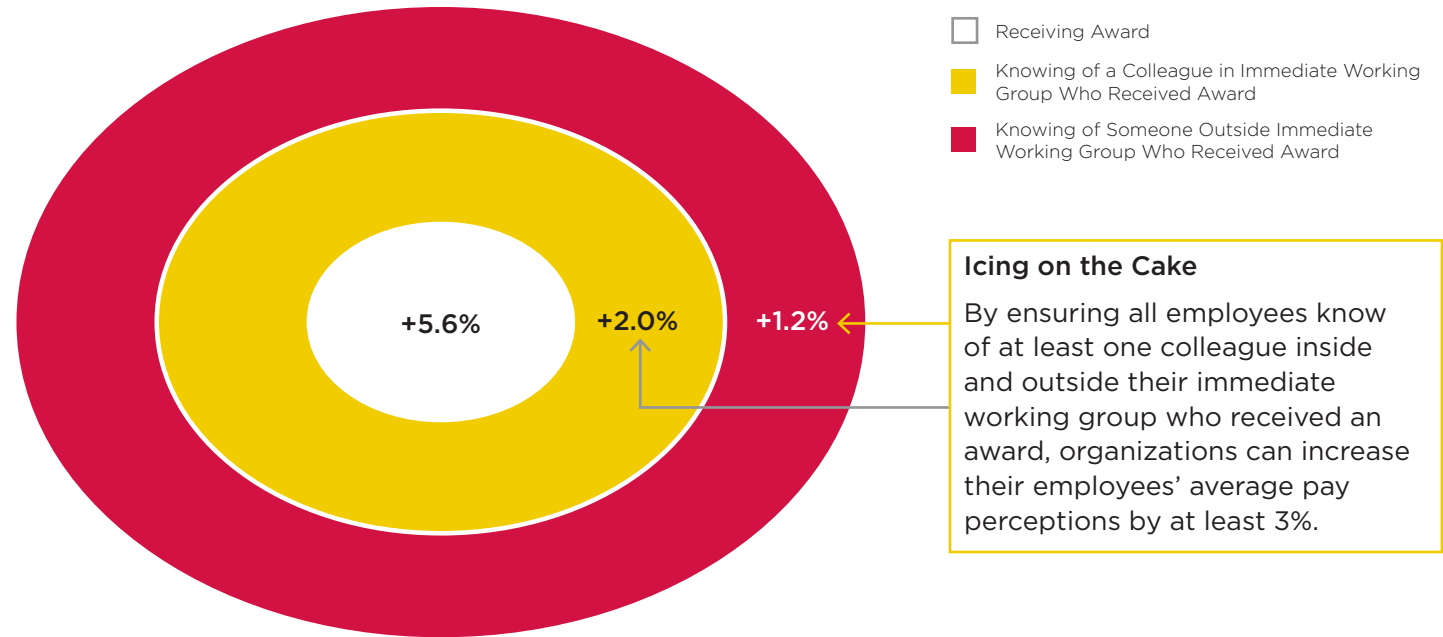
# How the Best Companies Succeed (Continued)

CLC Compensation Insight

**Awards have a positive impact not only on those receiving them but also on others who know the award was given.**

- The pay perceptions of employees who have heard about a colleague in their immediate working group receiving an award increase by 2% (more than one-third the impact of the receiver).

**Impact of Hearing About Awards on Pay Perceptions<sup>1</sup>**  
*Change in Pay Perceptions Index<sup>2</sup>*



<sup>1</sup> Assumes the awardee receives the average award of approximately \$110.

<sup>2</sup> Pay Perceptions Index is a measure of employee pay perceptions that directly influence employee effort and intent to stay. Change in Pay Perceptions Index is the percent increase or decrease of the average Pay Perceptions Index score for an employee. A 5% increase in Pay Perceptions Index leads to a 1.6% increase in employee effort and a 3.9% increase in intent to stay.



# Best Practice

CLC Compensation Insight

Symantec relaunched an integrated reward and recognition program that is simpler for managers to use, and rewards a much larger number of employees (with smaller reward amounts).



## SYMANTEC APPLAUSE PROGRAM

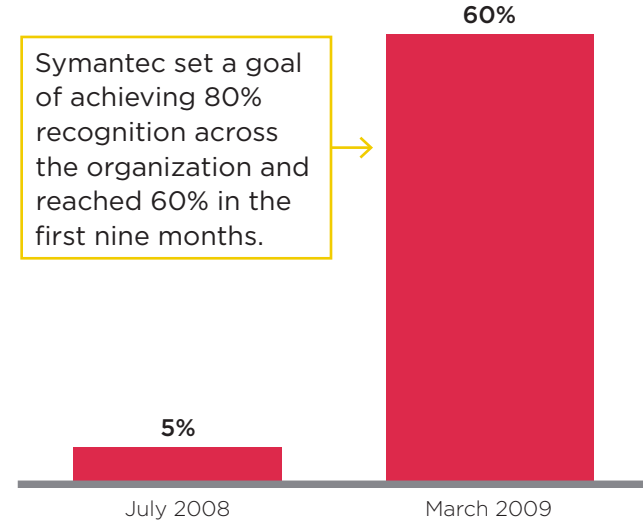
Recognize a co-worker today

Few things energize and motivate employees more than timely, meaningful recognition. The Symantec Applause Program makes recognizing your co-workers quick and easy. So why wait? Log in to **SymPeople**, click **Symantec Applause Program**, and thank or applaud a co-worker today.

Confidence in a connected world. © 2008 Symantec Corporation

### Number of Recipients

Percentage of Employee Population



# From Insight to Action

Increase the Role of Reward and Recognition in Incentive Plans

## Step I: Assess Need and Build the Business Case

Assess the need for implementing or redesigning a reward and recognition program and gain buy-in from senior leaders and managers.

## Step II: Design an Optimal Program

Identify the program design features that will maximize the impact of your reward and recognition program on employee performance and retention.

## Step III: Measure Success

Effectively measure the impact of your reward and recognition program and use metrics to address instances of ineffective program use.

### Products and Services



Business Case in a Box



Reward and Recognition Vendor Review Center



Verizon Business' Dual Recognition Measurement Approach



Reward and Recognition Returns Calculator



Increasing the Role of Reward and Recognition in Incentive Plans



Compensation Effectiveness Diagnostic



Research and Insights



Advisory Support



Proven Best Practices



Peer Benchmarking



Live and Online Learning Events



Decision and Diagnostic Tools