How recognizing milestones engages employees in your vision and inspires great work

Appreciation is basic. As humans we need it. We crave it. We respond to it. That makes appreciation basic to the success of companies, too. Research shows that 79 percent of people who quit their jobs cite lack of appreciation as the main reason¹, and recent focus groups on appreciation found employees become disengaged when they don’t feel appreciated. While there are many ways to show appreciation, recognizing an employee’s years of service, or milestones, is a simple, objective, and automatic way to communicate to your employees they are valued.

Chances are you appreciate your employees. Most companies do. After all, where would organizations be without their people? However, many employees don’t feel appreciated. Why? The gap occurs in effectively communicating that appreciation to each and every employee.
When employees feel appreciated, three important things happen: They embrace the goals and vision of the company; they feel their contributions make a difference; and they become inspired to do great work. In short they bring their hearts and minds to the table. And for most organizations that can make the difference between being good or great, ordinary or extraordinary, passing or profitable.

This whitepaper will explore the many ways milestone appreciation, also known as recognition for years of service, can uniquely and powerfully inspire employees to do the things that matter most to a company. It will explore best practices in achieving milestone program success and share strategies for creating a simple, automatic solution that provides focused, comprehensive opportunities for appreciation.

**MILESTONES HELP COMMUNICATE THE GOALS AND VISION OF THE COMPANY**

Beyond showing appreciation, milestone awards teach employees what matters most while reaffirming the company’s commitment. They show everyone’s work is valued and provide an opportunity to call out each individual’s most important contributions.

“Recognizing the unique qualities and contributions of each individual begins to break through that ‘us vs. them’ barrier that often separates management and everyone else,” says business coach Gary Henson.¹

One of the best ways to build team members’ trust in their leaders is through communicating a collective, value-driven vision.² In addition to showing employees they are appreciated, milestone awards act as a communication tool; they convey company values and goals in a very personal way. By training managers to connect employees’ actions to company goals during a short milestone award presentation or reinforce the values and goals of the company through accompanying written materials, communicating the company’s mission and vision is at the core of successful milestone recognition.

Communicating this vision creates meaning in your employees’ work. It gives your employees a purpose; making them part of the bigger picture. Such communication assures employees they have a role in the company’s success. Managers’ roles are enhanced also because they take time to consider the service and specific contributions of employees when they ordinarily might not have done so.
“A shared vision is the critical first step to high-commitment, high-performance organizations. This vision inspires and directs people so they work together successfully and feel fulfilled and purposeful... Because of a breakdown in communities and families, people are now especially eager to find purpose and meaning from their work. They want to believe that they are part of something larger than themselves, that they are creating value and moving forward. Employees will give their loyalty and energy to organizations able to build an inspiring, shared vision.”

— *PSYCHOLOGY OF LEADERS: USING MOTIVATION, CONFLICT, AND POWER TO MANAGE*[^1]

Milestone presentations communicate strategic messages in a way that reaches people. “If you want company messages to stick, combine them with something personal and meaningful to employees,” says James Kouzes, author of *Encouraging the Heart: A Leader’s guide to Rewarding and Recognizing Others*. “By lifting the spirits of people in this way, we heighten awareness of organization expectations and humanize the values and standards such that we motivate at a deep and enduring level.”[^6]

**MILESTONES DRIVE EMPLOYEE ENGAGEMENT**

Milestone awards celebrate significant achievements in an employee’s career – as well as important steps along the way. By appreciating employees at every stage in their careers, companies inspire loyalty and provide important touch points for managers. Such recognition also builds trust and trust drives engagement.[^3]

“At Sodexo, we know that employee recognition is a key driver in employee engagement,” says Tony Brewer, Vice President, Total Rewards. “[Regular appreciation] has the power to dramatically improve personal alignment with company goals, values, and the desired customer experience.”

When employees know their actions are noticed and understand the connection between what they do and achieving top company goals, they are more likely to trust their employer and reward that trust with a high level of engagement and enhanced contributions. Researchers found employees who were committed to both their immediate work group and the organization had the highest level of collaboration and overall job satisfaction, and were least likely to leave.[^7]

A recent study by Towers Perrin found that the impact of milestone awards also rings true around the globe. Most employees worldwide believed milestone awards show them the company cares about its people.[^3]

Furthermore, formally recognizing career milestones demonstrates that the contributions of all employees are appreciated. PricewaterhouseCooper’s Saratoga Institute recently published a whitepaper on today’s “pivotal employees,” employees who have a major impact on the success or failure of companies but desire more than promotions and raises to feel engaged. What is important to them is “feeling their work matters, having their opinion valued and being allowed to help make decisions.”[^8]

[^3]: “Milestone awards drive employee engagement,” Towers Perrin.
[^6]: Encouraging the Heart: A Leader’s guide to Rewarding and Recognizing Others by James M. Kouzes and Barry Z. Posner.
[^7]: “Milestone awards drive employee engagement,” Towers Perrin.
[^8]: PricewaterhouseCooper’s Saratoga Institute whitepaper. 
And as many of today’s top companies believe, appreciation can be key to encouraging employees to add value.

“When people aren’t having fun, when they’re not recognized for outstanding performance, when no one says ‘thanks,’ they do become disengaged and feel unimportant,” says Richard Kovacevich, Chairman of Wells Fargo. “Recognition, I believe, is, on the margin, more important than salaries, benefits and bonuses, since most all large companies pay competitively. It is corporate America’s most underused motivational tool.”

Gilbert Chavez, Senior Director of Total Compensation for Halliburton, agrees.

“The payoff of recognition is simple—engagement” says Chavez. “Employees who feel recognized are more productive and more successful, and they take ownership of their work. And that impacts more than the employee recognition experience; it impacts the entire company.”

MILESTONES INSPIRE EMPLOYEES TO DO GREAT WORK

In a time where economic security is waning, many companies are turning to non-cash awards to inspire performance and keep employees moving forward.

“This [service award program] matters to employees in a time where things are tougher in society in terms of pay and benefits – they value the appreciation,” says Sheila Fetterman of Akron Children’s Hospital. “The personal touch really makes a difference.”

After a milestone presentation, recipients generally feel more motivated to continue to add value and do great work. Employees walk away from a presentation feeling inspired, with a renewed sense of connection to their team, other employees, and the company. A bond is forged as stories and memories are shared, creating a desire for employees to see the team or company succeed.

“Public recognition serves as a valuable educational mechanism demonstrating public values and encouraging others to duplicate the actions they see rewarded,” says Kouzes and Posner in Encouraging the Heart.

A formal recognition program is also a tool managers need and welcome. A survey conducted by Northwestern University found that 90 percent of managers believe rewards/recognition encourages specific behaviors desired by the organization.

MILESTONE AWARDS INSPIRE THE ENTIRE COMPANY

The audience for a milestone award is not just the recipient – it also includes the manager, presenters, and observers (coworkers). A typical employee will probably observe numerous milestone presentations before experiencing their own. Happily, whether the presentation is directed at them specifically or not, the messaging is heard by all. Through these presentations, the entire company can embrace the company’s goals and vision, feel their contributions matter, and be inspired to do great work.
Because everyone gets a milestone award at one time or another, the audience is greatly receptive to the messages being communicated. It is a time of reflection for everyone: managers reflect on the contributions of the recipient, the recipient reflects on his own achievements, and coworkers reflect on their contributions. Stories of success and examples of actions taken cause the audience to think of what they can do to further important company goals as well.

Employees begin to feel proud – proud of the recipient, their own contributions, and the company. A company full of appreciated, proud, and engaged employees leads to success.

BEST PRACTICES FOR PLANNING A MILESTONE PRESENTATION

1. Prepare for the presentation. Consult with the recipient on what they would like. Who should be invited? Who should speak? Invite coworkers to comment, especially those who know the recipient well and are familiar with his or her contributions. Prepare a few thoughts you will share – take time to reflect on the contributions of the employee.

2. Choose the setting. According to the Advanced Public Speaking Institute\(^\text{13}\), a successful presentation must be in an atmosphere that is conducive to interaction:

   » There should not be too much distance between the presenters and the audience – observers need to be able to see the presenters and recipients in order to establish a bond

   » Semi-circle gathering encourages togetherness

   » Have the presentation in a place with minimal distractions

3. Extend the invitation. Give advance notice to attendees. Invite coworkers and appropriate leaders. When senior leaders attend milestone celebrations it shows they value their people and are committed to recognizing them. When senior leaders show interest in the well-being of employees, it drives engagement.\(^\text{3}\)

4. Have a presentation. Recipients who received their award in a special presentation are more satisfied with their experience (90 percent satisfied) than those who had a one-on-one presentation or experienced a presentation in a regularly scheduled meeting (67 percent satisfied).\(^\text{14}\)
BEST PRACTICES FOR MAKING AN EFFECTIVE PRESENTATION

1. **Make it personal.** Share memorable stories and real-life situations of where the employee did great work and the impact it had on the company or its customers. Positive stories and truthful examples highlight the employee’s unique qualities and illustrate the employee’s contributions to the rest of the organization.

   According to a global hotel giant, managers are asked to use stories as an important tool when recognizing employees. The hotel chain says stories that champion triumph over adversity, doing the right thing, ingenuity and innovation, devotion and kindness are great tools to make a presentation meaningful and bring people together.  

2. **Keep it short.** The presentation should be no longer than 10 to 15 minutes—any longer and you are likely to lose audience interest.  

3. **Make it timely.** Celebrate milestones on or before the employee’s milestone date, or as close to the date as possible. According to researchers Towers Perrin, recognition given in a timely manner drives appreciation.  

4. **Connect with the company.** The company gives context to the recognition experience. If the award has the company’s symbol on it, the symbol helps make the connection between the person’s contribution and what the company represents. In addition, the person presenting the award should say why the employee and his contributions matter to the company.

### SELECTING THE RIGHT AWARD

Awards provide a lasting reminder to the recipient of the milestone experience. Awards also serve as a reminder to fellow coworkers and family of the value of the employees’ contributions to the company. Awards should represent the employee and company as they have a significant impact on the recognition experience.
AWARD BEST PRACTICES

Make awards tangible. Non-cash items build a social relationship between employees and the company better than cash rewards. “Money, as it turns out, is very often the most expensive way to motivate people,” says Dan Ariely, author of Predictably Irrational. Employees view cash rewards as payment for their good work. On the other hand, employees view tangible awards as appreciation for their contributions. Awards are also required to be tangible by tax law in order for the gift to be tax free to the recipient.

Choose the awards carefully. Take care to consider the selection, quality, and lasting value of awards given. Your award should have lasting value and represent your company well.

Connect your brand or symbol to the award. Companies spend millions advertising their brand – both externally and internally. Brands connect customers and employees to a bigger purpose. They go beyond a product and reflect a company’s character, principle, and values; inspiring customers and employees to respond emotionally. “Brands touch souls, excite minds, satisfy needs, and motivate actions,” say brand experts Libby Sartain and Mark Schumann. Milestone awards create moments that reinforce the brand and the company’s investment in it. Employees who feel pride when they see their corporate symbol are more engaged.

If you want to inspire your employees to focus on delivering your brand to customers, your employees have to not only believe in the brand, but believe their work contributes to it. Once that happens, say Sartain and Schumann, “People get to doing—to taking necessary actions and adopting needed behaviors...When people believe in a company and its products, they do excellent work.”

Maximize tax deductions. A unique attribute of milestone programs is the tax benefit available in the U.S. Qualified milestone programs are tax deductible to the company and tax free to the employee. These benefits give milestone programs a significantly higher return on investment compared to other employee initiatives.

MANAGEMENT BEST PRACTICES

Successful companies recognize their employees at every milestone and hold their managers accountable for recognizing an employee when their service anniversary arrives:

1. Set clear expectations of your management team to recognize their employees on or near their anniversary date and guidelines on how to recognize them

2. Put a system in place that automatically reminds managers of upcoming service anniversaries.

3. Provide training. Managers can learn recognition best practices and subsequently feel more confident practicing them. Companies that have implemented recognition training for their managers see an increase in satisfaction with the recognition experience.
Interested in the effect of focused recognition training for its managers, McKay-Dee, a regional hospital located in Ogden, Utah, agreed to an experiment. The hospital embarked on a training program for all supervisors and managers that consisted of a series of training workshops that outlined the concepts of effective recognition and taught managers how to connect employees to the organizational values and goals through recognition practices.

After doing a baseline survey for reference, McKay-Dee re-surveyed employees after eight months with their recognition-trained managers to see if sharing best practices makes an impact.

The result? McKay-Dee’s overall recognition rating increased 10 percent in just eight months, indicating a real improvement in employee satisfaction with recognition experiences at the hospital. Such a dramatic increase correlates with improvements in recognition alignment, or managers and employees demonstrating core values, exceeding program objectives and increasing peer recognition.

THE POWER OF MILESTONE APPRECIATION

A key driver of engagement is demonstrating the company is interested in the well-being of employees. Milestone recognition is a simple, automatic, and effective way to do this. Regular award presentations communicate how employees and their work contribute to the company and the brand. They show your employees their contributions matter. They inspire employees to become engaged. Milestone recognition is a unique opportunity to build a sense of appreciation, well-being and inspiration into the core of your company’s culture. That is the power of milestone appreciation.

For more information on engaging your workforce and achieving key results by recognizing great work, visit www.octanner.com.
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www.octanner.com

Ed Bagley  
O.C. Tanner Company  
Director, Communications  
Toll Free: 800.828.8902  
Phone: 801.493.3923  
ed.bagley@octanner.com
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