

performance perspectives

a publication of madison performance group: workforce recognition + incentive marketing

Using Rewards and Recognition to Improve the Impact of Training

By Mike Ryan, SVP, Madison Performance Group

Last year American businesses spent close to \$60B on training. So what did they get for all that money? If their results reflect the vast majority, the answer is probably very little—at least in the form of long-lasting behavior change. According to research conducted by Johns Hopkins University, 98% of companies continued to experience “performance deficiencies” even after making substantial investments in employee development and learning.¹ And that study is not an outlier by any means. Last year, PricewaterhouseCoopers found that 78% of senior-level business managers felt their educational efforts had yielded no real measurable return.² In a business environment that demands more from every dollar invested, those numbers should be a wake-up call for anyone responsible for the design or delivery of training initiatives.

So why have training investments underperformed? Ask anyone associated with them and you will hear a litany of reasons. Two of the more common excuses include: participants don't prepare before the training sessions as much as they should, or they aren't fully engaged during delivery. And while these conditions can always be improved upon, the main reason training does not have the desired long-term effect is because the lessons learned—and the

behaviors they are designed to change—are simply not reinforced enough in the real world. In fact, 70% of all “training failures” can be attributed not to the curriculum, or the delivery mode, but to a lack of reinforcement during every-day business scenarios.³ Employees are not encouraged—or motivated enough—to use what they have learned on the job. That sentiment led the authors of the Hopkins study to conclude that, “organizations that reinforce new skills have the best shot at making training a profitable proposition,” an attitude reiterated by McKinsey when they stated that the odds of changing behavior within any organization “can be greatly improved through role modeling and reinforcement mechanisms.”⁴

Why training alone is not enough

As some learning and development leaders have discovered, offering a core curriculum—no matter how well designed or delivered—is not enough to transfer “learned” skills into “actionable” behaviors; and it is certainly not sufficient enough to do so over the long haul. That is why some of the most progressive organizations in the world are integrating reinforcement and reward mechanisms into their training strategies. They have learned that they can drive and sustain change through an integrated formula of personalized communications, relevant objectives and reward offerings

that motivate their employees to use new skills in everyday work settings. This edition of Performance Perspectives will outline how they are doing so. Specifically, it will examine how smart companies are putting the business strategy behind the learning into a personal context, how they are aligning incentives with the desired behaviors and how they are leveraging available feedback loops to transform the company—one person at a time.

1. Putting corporate strategy into individual context

The Corporate Executive Board estimates that when employees are asked to embrace any type of change—be it a new process, a new procedure, or a new skill-set – as much as 67% of employees underperform against the set expectations. Why? Because the employees impacted have not had help processing all the implications and do not fully grasp what they are being asked to do—or why it's even important. As a result, they don't fully accept or adopt the new methods suggested.⁵

Adults learn best when new information is placed in a contextual framework that they can personalize. As training executives take aim at improving specific skill sets across work groups, they need a tool that can help

1. The Direct Path to Training ROI, Buelow, Johns Hopkins University, 2008

2. Growth Reimagined, 14th Annual CEO Survey, PriceWaterhouseCoopers, 2011

3. American Society of Training, 2006

4. The Irrational Side of Change Management, Akin & Keller, McKinsey Quarterly, 2009

5. Align Employees with the Corporate Strategy, Corporate Executive Board, March 5, 2010

connect those new methods into actionable behaviors—tangible outcomes that individual employees can comprehend and relate to. Simply put, before any new technique is introduced, training managers must first communicate to the individual “what’s in it for them” before they can hope to get the desired traction. Most training initiatives stumble right out of the gate for this reason. Their sponsors don’t give employees enough personal reason to embrace the change that’s being discussed—and without that buy-in—they inadvertently ratchet up the levels of resistance. To capture an employee’s attention and enthusiasm from the start, it’s important that training managers first find a way to put the business rationale behind the change into a behavioral context that each employee can understand and believe in.

2. Aligning incentives with improvements

After communicating what it is expected of employees to learn (or to change) and how doing so will not only serve the business, but how it will also help them grow and prosper on a personal level, it’s time to reward your employees for putting that new skill to work. And just as those earlier messages need to be aligned with their role, so do the objectives you are asking them to achieve. One of the biggest mistakes training planners can make here is to assume that a broadly defined one-size-fits-all objective will resonate with everyone. The reality is just the opposite. Generalized goals actually disenfranchise the bulk of employees. Lofty targets may be quickly dismissed as unattainable by the majority of satisfactory performers and that push-back will, once again, fuel resistance. No matter who they are, or what they do, employees are more enticed by goals and incentives that are relevant to what they do. If you really want your employees to get excited about applying what they’ve learned, give them stretch goals that are within reach.

Setting meaningful goals and then communicating them across a broad spectrum of employee subgroups may sound like heavy lifting for some, but it is easy when you use a reward system with a rules engine that allows managers to quickly segment messages and goals by any variable that makes sense, e.g., business

unit alignment, location, line-function, previous experience, past successes, etc.. The array of options gives training planners the flexibility they need to keep objectives meaningful, giving whole subsets of employees the context they need to test their new skills against outcomes that are perceived as attainable. And as each individual demonstrates improvement—either observed by their manager or through objective criteria—they will be rewarded.

But here is where smart companies do even more. As achievements are acknowledged, the next set of goals can simultaneously be presented. This stair case method—an approach that automatically sets, rewards, and then resets the next performance hurdle—helps employees see a clearer, more obtainable pathway to success. It’s a simple system that helps training managers propel larger populations toward incremental gains one person at a time. This methodology has proven itself time and again to be the most efficient way to motivate various groups of employees toward long-term, sustainable success.

3. Leveraging feedback loops

Just about every business makes it a point to survey their stakeholders. Some do so at intervals that are tightly connected to an event; a purchase, the completion of a project, or the anniversary of employment. These data sets provide rich insight to an employee’s strengths and weaknesses and that diagnostic awareness allows companies to push out specific learning refreshers to any individual who may exhibit a deficiency. That may mean helping a promising sales person better comprehend the benefits of a new product line, or helping a manager motivate their virtual employees to collaborate more effectively. Whether the audience is customer facing or in an internal supporting role, using the evaluative data collected during any feedback process—to push the right lesson, at the right time—is a new best practice among companies that have already discovered the benefits of linking training with reward and recognition initiatives.



Summary

Most training initiatives fail to generate—let alone sustain—any level of long term behavioral change. And while content development and delivery can always be improved, the main reason that training underperforms as an investment is because organizations do not give employees enough personal motivation to embrace and apply those new skills on the job. Training professionals that use and integrate reward and recognition tools have a distinct advantage as they have gained the ability to translate company goals into behavioral objectives that employees can better understand and act upon. They have sustained improvement by adjusting and resetting objectives as employees apply those new skills on the job, and they have leveraged a wide range of feedback options to keep individual employees motivated, engaged and focused on continuous improvement.

If your company is currently utilizing recognition as a training motivator, make sure your program is driving the right behaviors through:

- Improved Participation
- Higher Completion Rates
- Increased Adoption

The value of focusing on these behaviors will most certainly increase:

- Job Performance
- Employee Innovation
- Retention Rates