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LeadershipConversations

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Focus

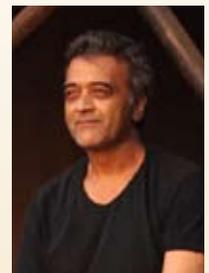
Rewards & Recognition's next big challenges

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Link rewards to behaviors, not just to outcome



by Yogesh Sood

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Human beings are motivated since time immemorial by one simple fact - “what’s in it for me” before undertaking any activity. The classic dilemma of “skill” vs. “will” to do a task tends to skew in favor of “will” when it comes to making a decision.

We favor ‘will’ when it comes to making a decision. If this ‘will’ factor is handled well then we have a higher degree of success in accomplishing our goals. However, it is easier said than done and most of the organizations struggle to design a reward system that meets its objective. Our global research shows that companies in India can design an effective rewards system if they consider the following strategies:

A rewards system should stimulate the ‘will’ part in the mind of the target group and should be continually reviewed for its effectiveness.

Identify rewards that reward

An organization wanted employees to feel recognized and respected, so leaders asked supervisors to give out five achievement awards each week. Supervisors carefully pored over possible candidates, wrote thoughtful recommendations, and handed out five awards each week. But soon, employees began to grumble because awards were used so often that they lost significance. So, the important question we need to continually ask is – is the reward rewarding the concerned individuals?

Reward behavior, not results

A good reward system should ensure that you are rewarding the behavior you want, not just results. Rewarding results alone can

sometime lead to unhelpful behaviors and disastrous results. Vital behaviors are defined as a small number of high leverage actions which would give the desired results if the same were demonstrated at the desired moment. Example - Most doctors in our private health care system are paid for the tests and procedures they perform, but not for keeping patients healthy. A call center pays employees based on number of calls they handle. Can you guess how these incentives affect behavior? What might be the unintended consequences for the patient? The call-center employees?

Rewards in moderation

Many companies jump straight at trying to design the reward system and fail to get the desired traction from the same. For example: An insurance company wanted to hire sales agents and announced a reward structure for their sales team with two parameters - a) number of sales agents recruited and b) the speed with which they were recruited. The distribution of the reward amount was skewed towards “b”, without considering whether this reward would reward or there are some vital behaviors which one need to focus on.

The result was that there were a large number of sales agents who were brought into the system at a very fast pace. The concerned sales team of the company earned huge money and everybody was happy in the short run. However, there was a high rate of attrition at the sales agents’ level and the company was back to square one within three months of completion of the rewards period.

Today, dynamic situations need a new approach to manage the “will” part of the target audience and the above mentioned three points are sure to ensure success in the short and long run.