

A person in a blue shirt is shown from the chest down, sitting at a desk. They are holding a pen in their mouth and typing on a laptop keyboard. The background is a blurred office setting with a window. A large dark blue circle is overlaid on the right side of the image, containing white text.

Get the Most From Investing in Your People

A TOTAL REWARDS INVENTORY &
EFFECTIVENESS GUIDE

workhuman*

No budget? No problem.

Do you want to modernize your employee recognition program, but find yourself limited by budget constraints? Discover where you may have hidden recognition budget or potential funding options in our worksheet.

You want to create an employee recognition program that aligns to organizational goals and makes a tangible impact on employee retention, experience, engagement, and performance. But you have one small problem: There is no budget for a new program. What follows are two creative ways to find funding.

ONE

Ad-hoc, inconsistent recognition

Most companies are already funding recognition initiatives on an ad-hoc, inconsistent, and informal basis. Informal recognition programs are rarely centralized or measurable. They get tucked away into forgotten nooks of the organization, along with all the hours and dollars it takes to manage vendors, plan events, track inventories, and troubleshoot problems. Chances are you're already spending far more on recognition than you even realize.

TWO

Total rewards inventory

You can also find budget by conducting a complete inventory of your total rewards spend. Look for underperforming or obsolete programs that don't drive an optimal employee experience. It's not about cutting programs that are working, but figuring out which programs aren't delivering ROI or aligning with your total rewards strategy.

Once you've pulled your recognition budget together, you can then focus on creating a single solution, which helps eliminate existing program costs such as inefficient tax or standard of living adjustments, tax compliance issues, hidden administrative costs, and other fees.

By discovering, analyzing, and consolidating your hidden recognition spend and underperforming reward programs, you might be able to fund a new employee recognition solution that delivers a positive return on the investment and helps you measure and manage your culture.

As you evaluate the informal, homegrown recognition throughout your organization, consider:

Is it values-based? When recognition is tied to organizational values, it has a stronger impact on your culture. Be sure that any recognition you practice is hard-wired to your core values and strategic objectives.

Is it measurable? What gets measured gets managed. Recognition must be centralized to be properly tracked and analyzed. Measuring recognition will yield valuable data to help you manage your talent and your culture.

Is it equitable? The best practice for recognition is that it is equally available to all of your employees, anywhere in the world.

Is it social? Evidence shows that when recognition is shared and peers have the opportunity to add their congratulations, it is more impactful and amplifies your investment.

Using the worksheet on the following pages, here is a brief process to help you work out where some money might be found to support your new program.

1. Assess

Which of these efforts exists in your organization?
What is currently being spent on it?

2. Analyze/Decide

Does each effort meet benchmarks for being values-based, measurable, equitable, and social – shared across the organization? Does the program support your total rewards strategy? Is it contributing to a better employee experience? Are the results measurable and providing an appropriate ROI? Does this program still make sense for your organization to invest in?

3. Distribute

Determine whether you will:

- Eliminate the effort and transfer its budget to the recognition program
- Roll it into the new program along with its budget
- Transfer some of the budget to the new program
- Keep the program as is

4. Recalculate

Determine how much of the original spend will transfer to your new recognition program and total the results!

On the worksheet, you will find a list of possible areas that you can draw from to assess your existing programs and find the data to help you support your social recognition program.

1 ASSESS		2 ANALYZE/DECIDE					3 DISTRIBUTE			4 RECALCULATE	WHERE TO LOOK	
Existing total rewards effort	Current annual budget	Is it strategic?	Is it measurable?	Is it equitable?	Is it social?	Keep program, design, and budget exactly as is?	Keep existing program but transfer a portion of budget into new recognition program.	Cancel existing program, transfer all or some budget to new recognition program.	Roll existing program and budget into new recognition program.	"Found budget"	Who typically owns	Considerations
EXAMPLE ONLY: Recognition expenses (disguised as travel & entertainment)	\$1M	N	N	N	N	N	\$0	\$0	\$1M	\$1M		
EXAMPLE ONLY: Employee gifts	\$1M	N	N	Y	Y	N	\$1M	\$0	\$0	\$1M		
R&R expenses (disguised as travel & entertainment)											Varies by organization	If not managed at corporate level then becomes inconsistent and not equitable for all. As part of recognition program it is global, consistent, equitable, and allows for power of choice.
Employee gifts											Varies by organization	If not managed at corporate level then becomes inconsistent and not equitable for all. As part of recognition program it is global, consistent, equitable, and allows for power of choice.
Sales contests											Sales compensation	Can add as custom program but have budget come from sales comp.
Annual company merit increase or bonus plans											Compensation	Part of compensation but opportunity to shave % off of merit or decrease bonus target % and divert difference to stand up and fund recognition.
Employee social events & celebrations plans											Employee engagement	Think about population and work model (especially since COVID); does this allow for consistent, global, and equitable experience for all?
Retirement awards & celebrations											Business unit EE falls in	Recognition allows for social and visible milestone to the entire organization.
Personal milestone celebrations											Total rewards	Part of Life Events for consistency, social contribution, and visibility.
Formal recognition program spend											Total rewards	
Informal recognition (disguised as "other" employee payments)											Business units	

1 ASSESS		2 ANALYZE/DECIDE					3 DISTRIBUTE			4 RECALCULATE	WHERE TO LOOK	
Existing total rewards effort	Current annual budget	Is it strategic?	Is it measurable?	Is it equitable?	Is it social?	Keep program, design, and budget exactly as is?	Keep existing program but transfer a portion of budget into new recognition program.	Cancel existing program, transfer all or some budget to new recognition program.	Roll existing program and budget into new recognition program.	"Found budget"	Who typically owns	Considerations
Service awards											Total rewards	Part of corporate Service Milestones for consistency, social contribution, and visibility
CEO awards											CEO office	Can add as custom program but have budget come from office of the CEO.
Safety awards											Business units or total rewards	Can add as custom program or award type.
Patent awards											Legal	Can add as custom program but have budget come from legal.
Health & wellness awards (vitality awards)											Benefits	Can add as custom program but have budget come from benefits.
Employee referral bonuses											Talent acquisition	Can add as custom program but have budget come from talent.
Holiday bonuses											Compensation or business units	
Project completion bonuses											Business units	
Perks (meals, subsidies, commuting, games, memberships)											Facilities	Consider employee population and work model (i.e., remote, hybrid, etc.).
Community involvement programs											Corporate strategy	Potential negative connotation to question or remove funding – also potentially tied to strategic corp. initiatives.
Cultural change initiatives											DE&I/employee engagement	These can be built into the recognition program and/or Community Celebrations to bring visibility. Potential for custom program too.
Total current spend							Total found recognition budget					



Implementing a modern and central R&R [recognition & rewards] program gives organizations visibility and control into ad hoc recognition spend, which is important because it reduces exposure to potential tax infringements.

CHRIS PANG & MELANIE LOUGEE
Gartner

Call a Workhuman representative or visit workhuman.com today to learn how to get more ROI from your total rewards spend.

+1 888.743.6723 | workhuman.com
Or read more on our blog: workhuman.com/resources

©2023 Globoforce Limited trading as Workhuman®. All rights reserved. 1362420

workhuman 