

# IN/OUTSOURCING

## *Using technology to improve recognition and rewards programs*

BY DOUG PETERMAN

American businesses have greatly increased productivity and profitability in recent years by implementing business software to manage such tasks as payroll, general ledger, human resources, manufacturing, and time and attendance. Following this strategy, executives are now seeking to further improve organizational efficiencies by automating processes that were deemed less critical in the years leading up to and immediately following Y2K.

Recognition and rewards programs fall into this "second-tier" category, yet these programs also stand out because of their unique ability to influence the well-being of an organization. Policies and programs that increase employee morale and productivity can be the difference between a successful and a struggling business. However, a recognition and rewards program is only as good as the data on which it is based, and many businesses still rely on inaccurate pencil-and-paper methods to track employee incentives and exceptions.

Manual methods of tracking come with many obvious shortcomings—human error, inconsistency, lost time, and the possibility of preferential treatment, to name a few. These shortcomings can negatively affect the acceptance and overall success of a recognition and rewards program. By using technology to overcome these obstacles businesses can improve morale, increase productivity, and become more profitable.

### GOALS

Recognition and rewards programs are typically based on an employee's avoidance of exceptions like instances of tardiness, absence, and abuse of break policies—in other words, measurable performance indicators that are tracked over a set period of time such as a calendar year.

Although the specific exceptions and the demerit values associated with them vary from business to business, the goal of most rewards programs remains the same: to penalize employees who repeatedly receive demerits and reward employees who do not. Penalties might include verbal warnings, written warnings, and even termination, while rewards often come in

the form of cash bonuses or extra paid time off.

Since the success of recognition and rewards programs depends on the accuracy and availability of exception data, businesses must first ensure that they are collecting and archiving all relevant data. Fortunately, this data is readily available to businesses that have implemented time and attendance tracking software.

Time and attendance applications collect employees' punches, compare the punches to schedules, and apply pay rules in order to calculate total hours worked. Exceptions are a by-product of this process, and organizations simply need to leverage the data they're already collecting in order to automate their recognition and rewards programs.

The ideal solution may vary depending on an organization's budget, technical expertise, and complexity of policies. Some businesses have automated their recognition and rewards programs by developing custom reports or applications; however, time and attendance software vendors are increasingly offering recognition and reward modules that integrate with their timekeeping programs.

### ADVANTAGES

Perhaps the greatest benefit of automating a recognition and rewards program is the positive effect it can have on employee morale and productivity. If incentive data is inaccurate or inconsistent, or if policies are unfairly applied to some groups, employees are less motivated to perform their best each day. Indeed, a mismanaged incentive program may actually do more harm than good, as some employees will inevitably find ways to cheat a system they know to be broken.

Businesses that use technology to manage their recognition and rewards programs realize significant gains in morale and productivity because employees know that demerits and rewards are automatically applied to their records; there is simply no way to cheat the system.

This empowers well-performing employees because they know that they will be rewarded for avoiding demerits. In addition, the program filters

underperforming employees from the organizational workforce, leaving only those individuals who consistently meet expectations. These changes combine to help decrease disruptions, increase productivity, and improve the bottom line.

While employees gain an advantage from the accuracy and fairness of technology-based recognition and rewards programs, executives benefit from having a better-managed and more productive workforce. Managers who are responsible for applying rewards policies to large groups of employees often spend several hours per week capturing, calculating, and monitoring incentive-related data—time that could be much better spent directly managing their workforce. Technology-based recognition and rewards programs free managers to spend more time focusing on their jobs.

Such programs also decrease management's liability in termination situations because each employee's demerits and penalties are documented. And because rules are uniformly applied to employees by an unbiased software application, charges of favoritism are easily dismissed.

Recognition and rewards programs that are accurate, fair, and effective can help businesses improve in many ways, and the best way to achieve this success is through a technology-based solution. By automating your incentive program your business can free managers from data administration while ensuring that the program performs the task for which it was designed: increasing employee morale and productivity. ■

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