

The importance of **rewards** when creating a powerful engagement process

Rewards are a real challenge for change agents. It can seem all so logical, but it is hard to do well. The data we collect from clients is very consistent on this point and states that rewarding people remains one of the highest risk factors in change.

The “*logic*” is that most change initiatives require extra effort from people. We have to establish new goals and find different ways of working and behaving. For example, you could reward behaviour change, milestone achievement, active involvement in the change and the willingness to test and pilot new approaches. Organisations should seek to reward the extra effort and any successful achievement of those goals. Conversely, we also need to send out a strong message that old ways of working and resisting change will not be rewarded.

The logic continues to say that rewards help to encourage people to change behaviour and reinforce new positive behaviours. In other words, rewards drive positive change or – at the very least – change will falter or fail if it is not aligned to the rewards people receive. Logic clearly assumes that if you can incentivise someone to change, they will change faster and better.

All of the above is “*generally*” correct. The only problem is that most change agents can do little to influence financial rewards within an organisation.

There are a number of reasons for this. In most organisations, the formal reward system is set annually. So if you are the change agent for a major cross-organisational project you might get that project incorporated into people’s performance goals, which is likely to get their attention. But for most projects that is simply not possible. Additionally, it certainly appears hard to change compensation schemes for individuals or groups. Even if you can, compensation schemes of this nature are very hard to get right. Many times, the law of unintended consequences kicks in – where you want to get one result but inadvertently encourage another type of behaviour. And the last reason is that most companies are running multiple change programmes and it becomes next to impossible to align compensation plans with all of the activities.

But the good news is that you can encourage sponsors to give smaller rewards that are not tied to the company compensation system. Our work suggests that small rewards can have a disproportionate effect.

Four ways you can make rewards work

When discussing rewards it’s easy to assume that the only reward worth having is financial. It’s not. There are four other ways to use reward to facilitate and speed up change implementation success. Here they are:

1. Exceed people’s expectations. Satisfaction is often the gap between what you receive and what you expected. In other words, satisfaction equals perception minus expectation. Small awards can have a big impact on people’s favourable view of the change. I remember being in a meeting with a European CIO and his team discussing rewards. Initially people were very sceptical about the whole

topic but when they were asked to think again about what had worked for them in the past they began to list a host of things they believed had been effective. These ranged from letters from the CEO to project team members, impromptu celebrations, small financial awards such as gift tokens, thanks in public forums (*"it made me feel great"*) and small gifts sent to spouses or partners to recognise that project team members had been working sixteen hour days. People in the team then talked about the positive effect these rewards had on them versus the possibility of a small incremental salary increase or even a bonus which could be tied to many factors. Pleasantly surprising people doesn't have to cost a fortune, but it can lubricate the change process enormously.

2. Give rewards as soon as possible after the result. Small rewards should be given very close to the event that warranted them – so if sponsors catch someone doing something successfully they should try to reward them within hours or days. This tends to be far more motivational than a delayed reward. Compare this with the annual bonus process where you can complete a project in February and get a reward the following January. No one even remembers what they are being rewarded for.
3. Make the rewards appropriate. Think about going around to a friend's for dinner. Your host cooks a great meal and at the end of the meal you hand over £30 and say, *"This is to thank you for a wonderful meal"*. Your host would probably be very offended. But if you took a £30 bottle of wine around it would be accepted gratefully and in the spirit it was intended. There is still something magical about receiving a handwritten thank-you card; perhaps it's because they are now so rare, what with email and text messaging. But that little extra effort can make the world of difference to people and make them feel good for days. The reason the card or bottle of wine is so effective is that they are a social gift and the £30 is a market price. They come with different expectations, implications and unspoken contracts. Given appropriately, small rewards can be much more powerful than money.
4. Make the rewards feel personal. This builds on the idea of appropriateness. I was at dinner with a change agent team once when they were about three-quarters of the way through a project and doing well. One of the main sponsors had arranged the dinner. Towards the end of the meal he gave a very short but thoughtful talk about how well they had done and then gave out, to each person, a small wrapped present. Inside was a pen with the name of the project inscribed on it. Everyone was delighted. But talking to the team the next day it was clear that while the pen was a nice gift what had really impressed them was the care the sponsor had taken with the present. To them it felt very personal. It wasn't something the organisation had given them but rather something their sponsor had given them. This made the reward much more motivational.

This is an excerpt from David Miller's book *Successful Change*.

You can find out more about *Successful Change* on the Changefirst [website](#). It is available for or purchase from [Amazon](#) and other retailers.

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