awardco

Rewards and recognition is back, baby.

Its dark history and bright future

For **over a hundred years**, companies have rewarded their employees with money and service awards like watches, plaques, and lapel pins. This was great and all, mainly because employees didn't leave their companies after a few short years or even months. Employees also didn't have access to a magical portal through which they select objects that show up on their front doorsteps in two days.

Well, now they do, and the industry needs to adjust. Unfortunately, it's hard to change old habits, especially when a fat portion of the bottom line relies on the status quo.

Of course, much of what has been the status quo in the world of work will likely change very dramatically over the coming months and years due to COVID-19. We acknowledge that. We hope, however, that we can be a significant part of that story, empowering organizations like yours to reward and recognize employees wherever they are, and more meaningfully than ever. Recognition **can be truly powerful** during times of uncertainty.

Recognizing and rewarding employees for their good work has been a powerful force in organizations for over a century. Technology now makes it possible to recognize employees at every level for any kind of work, fostering a more open, encouraging workplace.

> **Why is rewards and recognition important, anyway?** (pg. 21)

> **How has rewards and recognition changed over the years?** (pg. 21)

In this Lightpaper®, we want to walk you through a story about what it's really like to reward and recognize your people — the good, the bad, and the ugly. We'll then show you what the process should be like — the bright future of rewards and recognition.

Jump To...

Traditional rewards and recognition just ain't cuttin' it.

Congratulations! You've been promoted to the head of HR for a little-known company called General Toters. It's now your job to recognize and reward your star employees. You'll see firsthand just how difficult that has been for many people like you.

Let's dive in.

Imagine you have an employee who really excels at her job. She just crushes it. Let's call her Nora. She's a young twenty-something who's positive, friendly, serves the customer well, and, of course, her performance metrics are through the roof. In other words, she's a top performer for her employer, General Toters. You want to recognize her valuable contributions and how they align with your organization's cultural values and performance.

Historically, what few people understood about traditional rewards and recognition vendors, is that they implement crazy markups on their entire catalog of products as well as opaque fees and shipping costs. Although these practices are now becoming common knowledge, we still have a long way to go.

Rewards and recognition is now a quickly evolving market. Josh Bersin pointed this out in his HR Technology Market report for 2019, namely, that technology and transparency are changing the game. He noted that, because of new technology and an emphasis on transparent rewards practices, "incentive and rewards are being paid quite frequently, making the world of recognition and rewards a new, dynamic part of HR."

You see how traditional platforms can cause a problem for someone like you. You want to recognize and reward your superstars like Nora, but these vendors don't make it easy on you.

Here are some of the problems we're talking about …
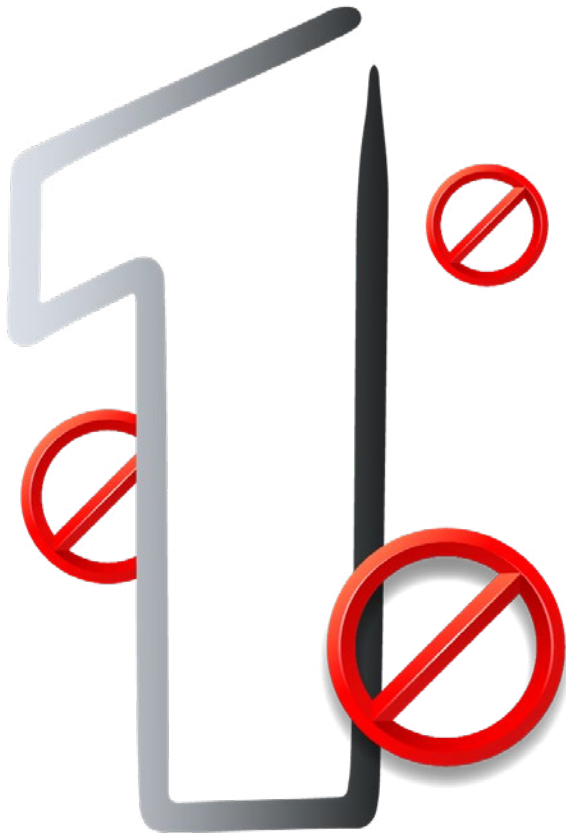
You have too few rewards to choose from.

Nora, like anyone else, wants a gift that's just right for her. You, like any manager, have to choose whether you want to buy an actual item, or give her a gift card, offer cash, provide tickets to an event, send her a hotel stay, or something else altogether.

Take an online store, what we in the biz might call a "marketplace." As you scroll around, you think about all the different gifts to give Nora. You imagine rows and rows of unique and valuable items to give her.

Let's assume Nora would like an actual item — not a gift card to Anthropologie or tickets to see Harry Styles (again). She appreciates the personal touch. (Who doesn't?) So, you tell her to go to the marketplace and pick out something meaningful, something that shows how grateful her employer is for her contributions.

81%

81% of HR leaders use recognition to boost retention

**BTW, do you have a different platform
for each type of reward?** (pg. 21)

When you recognize and reward Nora with a thoughtful, personal gift, she's immediately filled with appreciation. Her appreciation leads to feeling valued. Feeling valued leads to being motivated at work. Motivation leads to engagement. Engagement leads to productivity. Productivity leads to results. All of this, over time, leads to loyalty.

And it all starts with a thoughtful, personal gift from you.

Leaders know this to be true. In a 2017 SHRM survey, the author notes how retention is the top challenge for HR leaders, with many of them (81%!) turning to recognition to keep their employees around.

As Nora mulls over what she'd like to get, she sees on the screen only a handful of items, none of which she really wants: a golf club bag, a circular saw, a weighted blanket, a cat feeder, and a mousepad. She thinks, "Well, I'm not a golfer or a woodworker, I'm allergic to cats, and I'd rather not be on a computer while I'm at home … so I'll go with the weighted blanket. Those are cool, right?"

That weighted blanket doesn't look too bad after all. "Maybe I'll think of General Toters when I see it lying around." She decides that's the thing she wants.

But how much does it really cost?

Markups steal value from employees.

Later on, when you get the invoice for your rewards, you notice that the advertised price in the marketplace — $49.99 — is not the price on the invoice — $69.99. It turns out that the store is trying to take a cut of nearly 30% off the top! Just the other day, though, you saw a similar weighted blanket on Amazon for $39.99, so you begin to think something fishy is afoot...

Of course, in the real world General Toters can't eat those costs. That would lead to ballooning budgets for which your CFO would like to have a few words with you.

Let's say you have a $50 budget to recognize your people. You go to check out a $50 item, but if it rings up for $62 because of vendor fees, you don't "just get it anyway." Instead, you go back a few screens and find something cheaper. In the end, those fees lower the value of how you're able to reward your employees.

88%

One major vendor marked up its products by 88%

Essentially, markups steal value from the employees.

We recently analyzed vendor markups for a very large, well-known rewards and recognition company. On average, we found that they marked up their products by 88.4%! No, really! One item even had a markup of over 224%! That means it originally costs $37 at the store but $122 on the vendor's platform.

Pricing Comparison

Product	PREVIOUS VENDOR		AWARDCO	
	Total Cost	(Markup)	Total Cost	(Markup)
Weber Bluetooth Thermometer	$102.25	(91.7%)	$53.33	(0%)
Ion Plunge Max Boombox	$102.25	(48.2%)	$69.00	(0%)
Comelback Hydration Pack	$96.04	(55.7%)	$61.67	(0%)
Bushnell 8x42 Binoculars	$102.31	(24.3%)	$82.33	(0%)
Lasko Wind Curve 42" Fan	$103.07	(94.5%)	$53.00	(0%)
Wagon Tech JumpBoost V6 Air	$98.70	(56.7%)	$63.00	(0%)
Schwinn 3 Bike Trunk Rack	$98.66	(64.4%)	$60.00	(0%)
Eton Rugged Rukus Sound System	$96.06	(128.7%)	$42.00	(0%)
Triumph Disc Golf Toss	$100.71	(46.0%)	$69.00	(0%)
Sol Republic Earphones	$129.35	(116.2%)	$59.83	(0%)
iLive Wireless Speaker	$122.33	(224.7%)	$37.67	(0%)
Cuisinart Ice Cream Maker	$122.31	(115.8%)	$56.67	(0%)
Sony Bluetooth Boom Box	$129.60	(67.2%)	$77.50	(0%)
Suncast Golf Organizer	$124.63	(122.6%)	$56.00	(0%)
High Sierra Pathway Backpack	$121.33	(128.9%)	$53.00	(0%)
All-Clad BBQ Tool Set	$126.33	(28.9%)	$98.00	(0%)
AVERAGE MARKUP		88%		0%

Imagine losing over 88% of the money budgeted for Nora and instead lining the wallets of the platform you use.

For simplicity's sake, however, let's assume that General Toters absorbs the markups.

Now it's time to get the blanket shipped to Nora's house — but how?

Limited capabilities leave employees out.

OK, let's imagine the blanket is a go — despite the markups — but now it needs to be shipped to Nora. Where does she live again? Ohio or something? Will she get it in a reasonable amount of time? Will it be intact after using a trusted shipping service? Or do they use a proprietary shipping partner, meaning she'll get a pile of threads in six weeks?

You have thousands of employees all over the globe, some remote, some deskless, some gig. Hopefully the store can get their rewards to everyone you need.

You look through the list before approving the purchase: Southeast Asia? Nope. India? Nope. The Middle East? Nope.

This is an important point. We live in a globalized world. The implications of this have been amply highlighted by COVID-19. Administrators won't be able to send a reward to "the office" and hand it to employees directly. "The office" doesn't exist for many anymore: A recent Gartner study highlights that 74% of CFOs will permanently shift some employees to the remote workforce.

As you know, globalization adds complexity to organizational capabilities, as does diverse and nontraditional work arrangements. A McKinsey Global Institute report showed, for instance, that between 20% and 30% of the population engages in some form of independent work. Global flows of goods and services now accounts for 39% of global GDP (in 2014 numbers), though it was just 24% in 1990.

That means nearly 4 in 10 items around the world cross borders at some point, and this trend is only growing. Any rewards and recognition technology you use needs to have global capabilities, not just regional relationships built in some backroom boardroom somewhere.

You need to ship your gifts out, but, again, there's something standing in the way...

39%

39% of goods and services cross global borders.
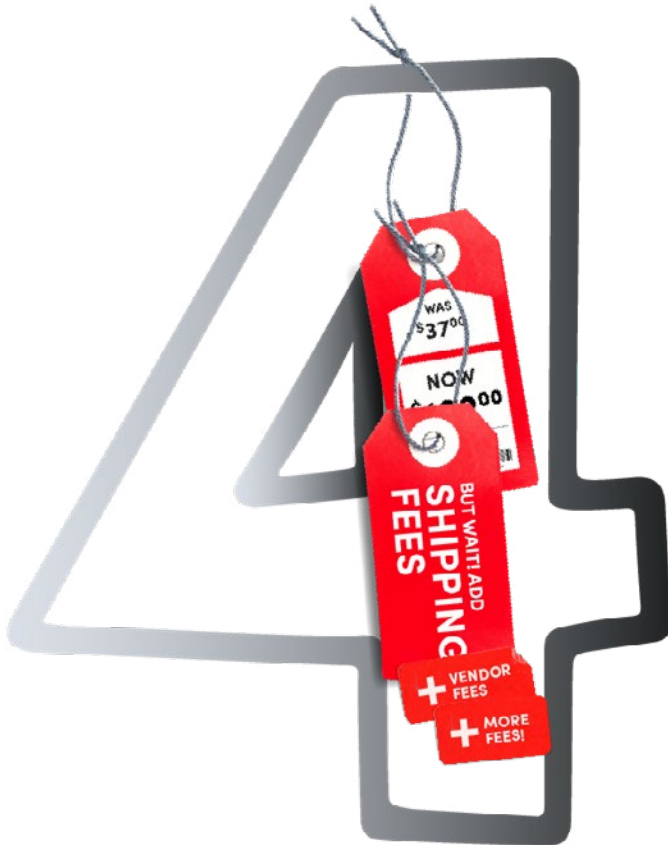
Shipping costs get in the way.

Now it's time to deliver that gift to Nora. Though the process is not as straightforward as you'd like, you're excited to give one of General Toters' brightest employees a rewarding, well, reward.

But holy smokes! The shipping itself is another $10! So, that weighted blanket you saw for $49.99 is now $79.99 going through this store. What in the heck? Remember that conversation that your CFO wanted to have with you? They ain't gonna be happy if you're well over budget because you had to pay for unanticipated shipping fees for your "global" recognition program.

$75,473

One vendor charged an extra $75,473 in vendor fees.

This is where many companies do eat the costs, despite what we said about markups earlier. By the time the rewards process comes to this point, many employers have no other choice. Shipping costs are what they are.

I know what you're thinking: This isn't real. No rewards and recognition company marks up prices this much and then adds shipping costs on top of that.

First of all, of course it's not real — who would name a company General Toters or turn down tickets to Harry Styles? I mean, come on.

Second, it is absolutely real. Analyzing another rewards and recognition provider's fees, we noticed that they charged an extra $75,473 in vendor fees and $17,605 in annual shipping costs! That's an extra $93,078 you shouldn't be responsible for.

Budget Breakdown

	PREVIOUS VENDOR	AWARDCO
TOTAL SPEND	$202,272	$184,668
Employee Rewards Budget	$184,489	$184,489
Spend on Actual Rewards	$92,244 VS	$167,718 !
Vendor Fees	$92,244	$16,771
Shipping	$17,784	$179*

This means you're losing over half your budget just to vendor fees!

But even more helpful overall is getting transparency and simplicity throughout this entire process.

You have no transparency through the whole process.

Worst of all, throughout all these shenanigans, no one explained to you all the steps, the additional fees, the loopholes and hoops you had to jump through just to give your employee a simple gift to say thank you.

You would think that with the increasing use of modern technology, open data, and shifting expectations for businesses, this wouldn't be the case. Part of the problem simply comes down to second and third-order effects from implementing technology into complex business problems.

Senior leaders implement these complicated technology solutions without knowing all the complexity hidden behind them. That's why, according to a 2018 PwC survey, "90% of C-suite executives say their company pays attention to people's needs when introducing new technology," yet only 53% of their staff agrees.

"MY COMPANY PAYS ATTENTION TO PEOPLE'S NEEDS WHEN INTRODUCING NEW TECHNOLOGIES."

90% of C-suite executives agree **90%**

53% of employees agree **53%**

There's clearly a disconnect. Employees want greater transparency from their leadership, the technology they use, and the organization as a whole.

It doesn't have to be this way.

One major section in Deloitte's 2019 Human Capital Trends report highlighted these important shifts in employee expectations when it comes to rewards and recognition. Here's how the researchers put it:

> " *Rewards programs are falling behind both internal and external expectations. For workers, rewards mean more than money. They are looking for personalized rewards that meet their needs — and yet most organizations have been guessing and don't know what their people want or value. Meanwhile, rising social pressures on organizations, driven in part by disparities in wealth and the gains from economic growth, mean more organizations need to account for how their own pay and rewards systems stack up against broader worker and societal expectations. In the domains of learning, leadership, teams, and career development, rewards have to be adjusted to drive the desired outcomes. There are gaps and growing frustrations across the board.* "

We couldn't agree more. Rewards and recognition doesn't have to be like the beginning part of this story, full of hidden fees, limited capabilities, and a total lack of transparency.

We think there's a better way to show your people how much you value them, making your organization the go-to destination for top-tier talent.

This is how it should be ...

There's a bright future for rewards and recognition.

Give employees millions of redemption options.

Instead of a limited catalog of marked-up rewards, employees should be able to get whatever they want. It's their hard work after all, right?

Besides, they're used to scrolling through Amazon's marketplace on their laptops and phones, seeing (literally) millions of items. With a magical portal like this, why would organizations settle for anything different? Using a portal like Amazon is simply what's easiest and most effective for the administrator, and the results are powerful: Employees get meaningful recognition and millions more choices, and you get less administration time.

It's a win-win for everyone.

If only there were a rewards and recognition company that partnered with Amazon … Oh, wait!

Awardco does that.

Get access to the largest reward network in the world.

- *Millions of reward options through Amazon Business*
- *Tens of thousands of events across the U.S.*
- *Over 60,000 Priceline hotels worldwide*
- *Virtual Visa cash cards*
- *Custom reward catalogs*
- *Thousands of eGift Cards*

You'll never have to think, "Oh, I bet they don't have that," ever again.

Reward your employees—not your vendors—for every dollar they merit.

Remember how we said markups essentially take the value from the employee and transfer it to the vendor's pockets? This should never happen.

Modern rewards and recognition has a totally different business model centered around the employee — where they create value for the organization and the organization simply rewards great work. No strings attached.

When rewards are done right, you could save on shipping costs, reduce vendor fees, and add value back to your employees.

We know this sounds too good to be true, but it's not: There's real gold at the end of this rewards rainbow. Companies that work with Awardco have extraordinary savings that they pass on directly to their people. You should hear the stories of what employees are able to get with their rewards, and how excited they are to be working with a company that recognizes greatness.

99%
Decrease shipping costs by up to 99%

81%
Decrease vendor fees by up to 81%

70%
Increase employee value by up to 70%

Offer global recognition capabilities.

Globalization isn't going away anytime soon, even though things are likely changing after the COVID-19 crisis. Employees are going to increase their work-from-home arrangements, they're going to be spread all over the world — in emerging markets like Eastern Europe and India as well as global cities like Paris and Tel Aviv.

The organization of the future must be able to provide rewards and recognition to its people no matter where they are, anywhere in the world, at any time.

No one else can do that except for Awardco.

Our platform comes with:

8

8 global Amazon Business integrations with localized warehousing

60,000

Over 60,000 Priceline hotels

1,288

1,288 eGift Card brands across the globe

115

115 supported currencies

100

100 countries reached

103

103 supported languages

Reward the Noras of the world no matter where they live.

Virtually eliminate shipping costs.

Speaking of global capabilities … As your organizational footprint expands across the world, your shipping costs increase exponentially. The only way to expand your rewards without expanding your rewards budget is to partner with a company with no shipping costs.

Of course, we'd be liars if we didn't say that some countries have in-country redemption fees that are out of our control. But unlike other vendors, we're able to reduce shipping costs by 99% for our clients.

That's all there is to say about that.

No, really. No shipping costs, except for in-country fees we can't help.

zip ZERO NADA
ZIL zilch

Get transparency in every step.

Best of all, throughout this entire experience, you can see all the data and numbers you want about where your spend is going. No more black boxes, vague "fees" line items, or support teams who can't offer you an explanation. You deserve better than that, and your employees deserve better than that.

We believe rewards and recognition should be rewardingly simple and simply rewarding.

We made Awardco easy to use because we know simplicity boosts efficiency, which means everyone's time can be spent more effectively.

With our platform, you can:

- Select an employee from a quick list
- Personalize by adding a note and amount
- Send directly to the employee, who gets notified and redeems points

You can look back at all your reporting and accounting needs throughout the month. You know exactly what you'll be spending with Awardco — a one-time implementation fee and a software license fee. That's it.

With Awardco, what you see is what you get.

Hi. We're Awardco. Let's talk.

If you feel like we do about rewards and recognition, we want to show you a whole new world, a bright and beautiful future.

We're ready when you are. Schedule a demo at **award.co/start**
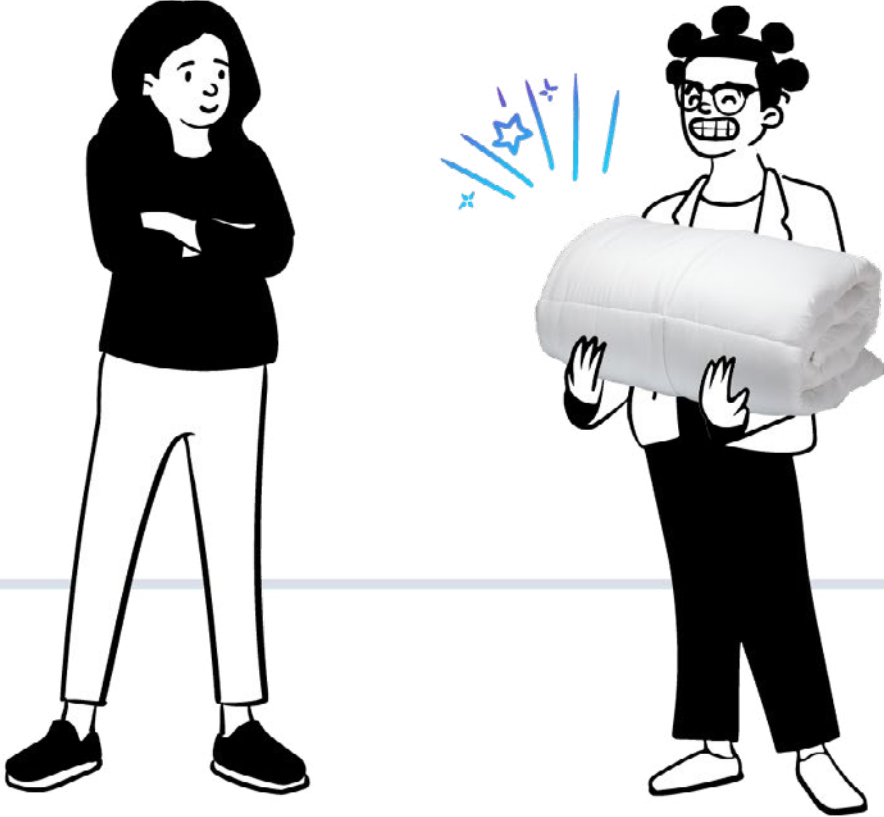
Questions

Why is rewards and recognition important, anyway?

Everyone wants to feel appreciated. Studies show that being rewarded and recognized for your hard work increases engagement, performance, retention, and many other aspects of the employee experience. Yes, a simple "thank you" really does have outsized effects on employees and your organizational culture.

For example, one LinkedIn study showed that "70% of respondents said they would work harder if they received recognition for their efforts." Similarly, an EY study (in the same article) showed that 31% of employees said "they would look for a new job if they felt excluded at work." Recognition shows employees that they're valued, where they can ultimately say, "A good job is not only what I do, but a good job is what I have."

For more information on this, read our blog post "Employee Engagement: More Than a Buzzword"

How has rewards and recognition changed over the years?

Like we mentioned earlier, the concept of rewards and recognition has been around for a long time. However, the workforce has changed dramatically in recent years, even in recent months as the coronavirus continues to reshape our economy. Bain released a report detailing these dramatic shifts in the workforce and their effects on organizations over the next decade. Three forces changing the world of work, according to researchers, include demographic changes (the workforce is getting older and more globalized), automation, and inequality.

With these changes, the younger generations of the workforce see work very differently from their more experienced colleagues. Deloitte has pointed out in several of its Millennial Leadership Surveys that younger workers care much more deeply about an organization's ethical values and impacts on the environment, for example. They feel much more engaged and motivated toward organizations that align with their social values, their happiness, and their health and wellness. A key component of that takes place when managers recognize and reward employees' success.

For more information, read our blog post "Five Ways to Make Sure Your Employees Feel Heard"

BTW, do you have a different platform for each type of reward?

If you were to count, you probably use over 20 software platforms in an average workday. Josh Bersin even wrote that "the average large company now has 11 core systems of record, 22 learning tools and platforms, and more than 15 different technologies in recruiting."

For decades, rewards and recognition companies have separated their platforms into distinct solutions with different underlying technologies. When the digital revolution started revoluting some years ago, these companies scrambled to patch up individual infrastructures and data sources, giving an appearance of cohesion.

For some organizations we talk to, this is a real problem. How about for you?