

## Effective Employee Reward Programs

**Don't just depend on "of the month" awards. Let employees know why they're being rewarded.**

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By Aubrey Daniels

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**Q:** Do "Employee of the Month" programs work? My competitors have them, but since my shop is rather small (25 employees), I'm not sure I should do it. What do you think?

**A:** Employee of the Month programs are the most popular form of employee recognition in business today. Although they are, for the most part, good faith efforts by management to increase recognition, in my experience they create more problems than they solve.

Many managers naively believe that EOM programs cause poor performers to try harder. While they may try a little harder at first, if they don't get the award within a couple of months, not only will they stop trying to get it, but the whole idea will also become very negative to them.

The real problem with EOM is that one person's success creates another person's failure, and if the award is truly desirable, it creates destructive internal competition. It distresses me that schools have copied this horrible practice of management. Bumper stickers proclaim, "My Child is Student of The Month at Midtown Elementary." This does little to motivate students and certainly does nothing to promote teamwork and cooperation among classmates. It does no more for employees.

These programs ultimately become a "pass around." Eventually everyone gets it. Of course, this breaks any connection between performance and reward so that employees know that all they really have to do is to wait long enough and they will eventually get it.

In order to determine whether you should start an EOM, program just ask yourself two questions: 1) How many employees will be positively reinforced by this program? 2) How many will be punished by it? The answer to the first question is, at most, one. The answer to the second one is, many! Here is a good rule to follow: Never institute a process or program that potentially punishes more people than it reinforces.

### Next Step



Learn how to recognize your employees without spending a bundle in "[Rewarding Employees](#)."



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I have said it many times. EOM violates every known principle of effective positive reinforcement. It is not **specific**. People don't know what they did to get it. It is not **immediate**. The behavior that earned it could have occurred over a month ago and may no longer be occurring. It is not **contingent** on high performance. The award can be given even if everyone is performing poorly. There will still be a best performer. It is not **frequent**. Since only one person gets it a month, there are only 12 occasions in a year to recognize good performance. Positive reinforcement should be a daily occurrence.

My advice: If you don't have an EOM program, don't start one. If you have one, get rid of it as soon as possible. In its

right. place, institute a program where everyone can win. In other words, set a criterion for the award and recognize all who attain it. In bowling, for example, patches are awarded for any bowler who scores 500 points in three games. The team captain wants to award all the team members a patch every week. Of course they don't all get one every week. However, the captain will do whatever he can to help all achieve the recognition. Remember, your job is to help everyone become a winner.

*Aubrey C. Daniels, Ph.D., founder and CEO of management consulting firm Aubrey Daniels & Associates (ADA), is an internationally recognized author, speaker and expert on management and human performance issues. For more about ADA's seminars and consulting services or to order Aubrey's book [Bringing Out the Best in People: How To Apply The Astonishing Power of Positive Reinforcement](#), visit <http://www.aubreydaniels.com/>, or contact Laura Lee Glass at (800) 223-6191 or [lglass@aubreydaniels.com](mailto:lglass@aubreydaniels.com).*

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