



Employee Rewards & Recognition Case Study AEIS - Max! Employee Reward & Recognition Program

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Objectives:

- Satisfy/retain employees by demonstrating the value placed on them.
- Support achievement of company performance goals to create recognition culture.
- Provide a “leading edge” recognition structure that will create marketplace presence for AEIS in terms of employee recognition.

American Express Incentive Services’ (AEIS’) definition of recognition is “showing an employee that you value them for their contributions and as a worthwhile person.” AEIS needed a short catchy and memorable way to link recognition with high performance and to convey the value that AEIS places on its people. The Max! employee recognition program was developed to create and enhance a high performance culture, and was based on the premise that the Max! -imum performance of AEIS employees is worthy of Max! -imum recognition. The Max! Employee Reward & Recognition Program is personified via Max!, a graphic character who embodies the spirit of a champion. The custom-designed, blue-skinned superhero dons a red cape and tie and carries a briefcase in his quest for superior performance being helped along the way by AEIS peers, supervisors and officers who know the value of recognizing and rewarding achievement.

The Max! Employee Reward & Recognition Program and character were introduced in April 2006 through multi-media kick-off meetings that included an animated video and focused on providing training about the program and explaining the guidelines for effective recognition. Employees

were also provided with support materials to serve as reference as the program unfolded.

Program promotion included posters and banners displayed throughout company headquarters and animated Max! kiosk displays placed prominently in high traffic areas. Max! branded launch materials included items such as Post-it notepads, Max! Reward cards, and employee ID badge clips. Subsequent program communications included a small reminder card with tips for effective recognition, periodic email blast/reminders to all employees with unique Max! -themed headers, and Max! branded Valentine's Day chocolates and bottles of sparkling grape juice. The Max!-imize Friday initiative featured posters and email blasts with targeted Max! headers along with special treats such as giant Max! decorated cookies to remind and encourage employees to recognize each other at the end of the week.

Max! recognition is awarded through four general types of programs: 1) all-employee programs designed so that employees at all levels have the ability to give and receive recognition to/or from any other employee in the company, 2) management-driven programs designed to help the management team recognize the performance of the people directly reporting to them, 3) general AEIS company-driven recognition programs to support specific company or departmental objectives that are not based on achievement or performance, and 4) sales incentive programs focused on driving profitable sales growth by achievement of sales goals or other contributions. Each employee's reward points vary based on the value of their contributions and the discretionary point value awarded by the manager or peer. Points are loaded onto custom designed Max! prepaid American Express® branded rewards cards that can be reloaded every time an employee earns additional points. The purchase value of the points is \$1 for every point earned.

Two programs are included under the all-employee driven umbrella. CustomerFirst allows employees to recognize one another with points for exceeding customer expectations or making it easier to do business with AEIS. In CustomerFirst, every employee is given 150 points on an annual basis to recognize fellow employees in any amount up to 150 points (most awards range

from five to 20 points). The AEIS Award of Excellence is the company's most prestigious program and is designed to recognize significant or major contributions toward key business objectives or initiatives. Any employee may submit an Award of Excellence nomination, however, the final determination of four quarterly and four annual winners is carefully considered and voted on by the entire Leadership Team with final determinations made by the officer team. Quarterly recipients receive 100 points and a plaque; annual recipients receive 550 points and a trophy.

Management-driven programs awarded by officers, directors and managers are similar to employee-driven programs in that they involve discretion in determining who receives an award and its value. Three recognition programs are available to managers: Free Lunch and Denim Day Certificates, Performance Based Recognition and Above and Beyond Recognition. Free Lunch and Denim Day certificates are allocated to all members of the Leadership Team based on the number of direct reports. These certificates are used to recognize and reinforce the positive behavior of their employees. Free lunch certificates are valid for a \$6 free lunch at the company cafeteria and Denim Day certificates are valid for one day of wearing denim to work. For those with direct reports in the field, a supply of \$10 American Express® Gift Cheques are provided instead. Performance based recognition is given through a variety of reward cards or Gift Cheques. A "pool" of reward points is allocated to the manager based on the number of direct reports and are used primarily to recognize specific and significant accomplishments/contributions toward company goals or to recognize superior performance. Leadership has the discretion to award these points through the reward platform most meaningful to the recipient and in any denomination up to the total value of the reward pool. The Above and Beyond program allows the Leadership Team to recognize an employee's major contributions toward reaching the company's goals and its significant impact on the company's near- or long-term success. Leaders may request from the Officer Team special award funds to a maximum of \$5,000 value for such recognitions. All Above and Beyond recognitions must have Officer Team approval. Employees receiving management-driven rewards are recognized at monthly Town Hall meetings by managers wearing special red Max! capes for the occasion. Management is strongly

encouraged to use their entire allocation of awards and custom-designed Max! trophies are awarded to managers who exhibit outstanding recognition of employees.

AEIS' four company-driven programs are designed to support specific company or departmental objectives such as employee retention, employee referrals, etc. These rewards are not based on achievement or performance. The Service Anniversary program recognizes and rewards commitment and loyalty to AEIS by awarding 10 points for every non-milestone year of service to AEIS and 15 points for milestone anniversaries such as 5, 10, 15 years, etc. Recipients also receive a congratulatory letter from the CEO. The Holiday Gift program awards each employee 100 points in celebration of the holiday season. The Leads to Success program rewards employees for contributing to AEIS' sales efforts by providing leads that ultimately convert to sales, with rewards based on the sale amount. The Employee Referral program rewards employees for referring qualified candidates for employment; 1,000 points are awarded to the AEIS employee making the referral: 250 points are issued to the referring employee on the new hire's start date and the 750 point balance after the new employee has been on the job for 90 days.

AEIS' Circle of Excellence sales incentive program targets all sales channels within the organization. This traditional sales incentive program is focused on driving profitable sales growth by recognizing sales force and sales manager over-goal performance or contributions. There is no discretion in this program and it is a direct reward for achieving measurable results.

In addition to the programs listed above, additional programs exist to recognize exemplary performance. The You've Got a Billion Dollar Attitude award encourages positive attitude and advocacy in support of a changing business environment and is awarded on a monthly basis at Town Hall meetings. Awards are officer-selected to be personally relevant to the honoree. The Recognition to the Max! award acknowledges commitment by individuals to both formal and informal recognition at AEIS. This award may be presented to the individual the officers feel has

best exemplified and demonstrated “Recognition to the Max!” during the course of the year. The recipient, if one is named, is honored at the Annual Business Conference and receives an officer-selected award. A special travel award is awarded to three AEIS employees (and their guests) during the Annual Sales Conference. A blue-skinned actor in a red cape and tie hired to play “Max” presents the travel awards, and employee entries are based on the number of times they are recognized throughout the year.

Results:

- Employee satisfaction surveys show an increase from a score of **3.2 prior to Max! program launch to 4.25 since program inception.**
- **All employees** issued points to their peers
- **65%** of employees issued **all their available points**, **34%** issued **50% to 70%** of their available points.
- The Circle of Excellence sales incentive program rewarded **27** sales employees at the annual dinner for exceeding their sales goals.

Employee response to the Max! program has been overwhelmingly positive with a majority of employee responses indicating the program is easy to use. Employees have also reported that they enjoy the privilege of receiving awards and rewarding their peers in a memorable way.

Managers appreciate the flexibility the program offers in how to recognize their employees.

Through its multi-level approach to recognizing and rewarding employees and their performance, AEIS is “practicing what they preach.”