



Imagine a company where people work together toward common objectives which they all understand and agree with; where everybody behaves in ways which are right for customers and long term growth; and where people are rewarded on the basis of their contribution and feel that they are. This is a company business leaders would like to create and people would choose to work for.

In this article, Raymond Robertson draws on his new book – *The Together Company* (reviewed in this issue) – to give his perspective about some of the key reward choices open to organisations.

Reward Choices

Reward choices are the specific reward practices which support (sometimes drive) the four core business objectives of *The Together Company*. Some of you may be surprised that there are four only. But, when a company has a myriad of reward practices, each with lots of objectives, this leads to people taking their eyes off the ball, resources being spread too thinly and confusion among employees (shareholders and customers too) because they don't

know what the business priorities are. Focus on the few, success-critical objectives is what matters most. That's why I call them "Reward Choices" and they are:

- Rewarding team excellence
- Rewarding customer satisfaction
- Sharing in financial success
- Rewarding business leaders.

Together Companies combine and tailor Reward Choices in ways which match their organisational circumstances. This

might reflect size (numbers of people, for example), sector challenges (maintaining a competitive edge, for example), growth rates (rapid in one part of the business and slower elsewhere) and structure (project working, customer focused teams or the organisation as whole).

In this issue of *Stakeholder Satisfaction*, I'll look at the first two reward choices: rewarding team excellence and rewarding customer satisfaction. A future issue of will feature the other two reward choices.



Rewarding team excellence



Rewarding team excellence

I recently listened to a presentation given by Bear Grylls, the youngest Briton in 2000 to ascend Mount Everest, about the difference between ordinary and extraordinary. Bear talked about the bond that developed between members of the climbing team and how that bond was central to the success of the expedition. He spoke of the trust, reliability and teamwork among the climbers at all times, especially when the whole team or an individual climber faced a critical, sometimes life-threatening, situation.

Like that successful Everest expedition, teamwork is the characteristic spirit of The Together Company. People instinctively put the organisation's priorities before their personal agenda because they know that superior performance (for the organisation and themselves) will be achieved only by working together. While there's collective responsibility for team objectives, each team member also knows what's expected of them individually and they know what everybody else in the team is expected to achieve individ-

ually. So, helping and supporting colleagues to raise performance of the whole team comes naturally. When problems arise each person feels comfortable expressing a different point of view if it's for the benefit of the team's success.

While most organisations say that teamwork is important, few reward or recognise it. In fact, the reward landscape is covered with examples of individual performance related pay schemes when the organisation wants teamwork. This is where The Together Company differs markedly. It rewards, recognises and celebrates team excellence, regularly and in a wide variety of ways – financial and non-financial. Starbucks Coffee Company provides an excellent example of the right approach.

Rewarding team spirit at Starbucks

Starbucks Coffee Company recognises a team of partners (employees are called partners) for a single, exceptional achievement that reflects one or more of the six guiding principles of Starbucks Mission Statement. The principles are:

- Provide a great work environment and treat each other with respect and dignity.
- Embrace diversity as an essential component in the way we do business.
- Apply the highest standards of excellence to the purchasing, roasting and fresh delivery of our coffee.
- Develop enthusiastically satisfied customers all of the time.
- Contribute positively to our communities and our environment.
- Recognise that profitability is essential to our future success.

What actions and behaviours have been recognised?

Example: A Team Spirit Award was made to the Republic of Ireland project team in 2005 in recognition of their leadership and commitment which contributed to the successful opening of our first Starbucks store in Dublin. The cross-functional team enabled a successful new market launch, overcoming significant challenges including planning regulations, legislation, currency and logistics.



The team celebrated their award by going out as a team for a fabulous dinner with a cocktail or two at a restaurant of their choice.

What is the award?

A Team Spirit of Starbucks Award memento for each team member £20 per team member for a team celebration.

Who nominates teams for the award?

Any partner may nominate any team of partners.

Who presents the award?

The UK Director of the nominated team makes the presentation. The partner who nominated the team is invited to the award presentation.

Rewarding customer satisfaction

This is the second of my reward choices. How do you feel after you've stayed at a hotel where you were treated like a VIP? Great, relaxed and happy! You book a

return visit and you tell your friends about it. How do you feel after visiting a retail store where the sales representatives treated you as an "inconvenience" they had to deal with? Annoyed, dissatisfied and negative! You tell your friends and they tell other people too. Next time you, and they, shop elsewhere!

If you want to understand how customers feel about your organisation you have to use the same criteria that they use to make that judgment. Take a train company, for example. You can ask lots of questions about cleanliness, the range of sandwiches, the colour scheme in the coaches and the frequency of services, and get good scores. But, if punctuality and the cost of fares matter a lot to customers and you don't include them in your questionnaire, you won't get a measure of how satisfied or dissatisfied they feel. Establishing customers' views about products and services comes naturally to The Together Company. It's crucial to understanding what customers want and value, and to securing the customer loyalty that leads to long term growth and business success.

Who delivers that customer satisfaction and loyalty? Employees do, of course, by adding value through their product or service expertise, new ideas, efficient / competent service (they know what they are doing!), building relationships with customers (they actually think like a customer) and promoting your organisation's products and services. That's why The Together Company rewards customer satisfaction. The Royal Bank of Scotland Group is my second example of how to reward what matters most.

Rewarding customer service excellence at The Royal Bank of Scotland Group

"Performance Plus" is a team-based incentive plan that rewards employees in customer-service related roles for achievements in customer service and sales. The plan covers around 3,000 people in Royal Bank of Scotland and NatWest retail branches. For most employees, the plan pays out up to £3,200 per year. However, employees in some roles within the retail branch team have more opportunity to provide higher levels of customer service and generate





Employee

sales, so the plan has multipliers that increase the payment for particular roles. There are various non financial rewards for customer service excellence too.

Performance measures

To keep the plan simple there are just two performance measures:

Customer experience: this is measured at each branch through a Customer Satisfaction Index (CSI), which is based on aspects such as employees' product knowledge, helpfulness and responsiveness. Data to calculate the CSI is gathered in a variety of ways, such as mystery shopping and questionnaires.

Customer value points sold: each product such as a mortgage, savings account or loan that the branch team sells to cus-

tomers has a number of points. The financial value of these points is set centrally.

Payouts

Customer experience: the target is expressed as an improvement in the CSI. Payout works as follows:

If the CSI improvement target is missed, there's no payout.

When performance reaches target and above, there is a sliding scale of payments.

Customer value points sold: points sold by the whole team are expressed as a percentage of the minimum target. Payout works as follows:

If performance is below target, there is no payout.

When performance reaches target and above, there is a sliding scale of payments.

Finally.....is your organisation doing enough to reward employees for team excellence and customer satisfaction? If not (or it doesn't do it at all) you could be paying and rewarding things that don't add any value to the business. And that's a complete waste of money! ☹



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