

Q¹²® ELEMENT: Q04

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One of managers' most frequently asked questions is: "How much recognition does an employee need?" And that is usually followed by: "But can't we give too much recognition?"

Gallup's data reveal that the key to effective recognition is that it is honest and based on outcomes that are measurable. The right answer to "how much recognition" is once every seven days. Once every seven days, all employees should be individually recognized or at least told that they have done a good job or that they have set a record. And you can never give too much recognition if it is honest and deserved.

In the perception of employees generally, praise is painfully absent from most companies and the workgroups within them. Less than four in 10 employees can give a strongly positive answer to the statement, "In the last seven days, I have received recognition or praise for doing good work." At any given company, it's not uncommon to find between one-fifth and one-third of the people disagreeing with the item, as if to say, "Not only have I not received any praise recently; my best efforts are routinely ignored."

Businesses could write off this issue as a collection of sad but irrelevant emotional deficits if reinforcement were not so important to motivation on the job. But it is. The effects on the company begin with intentions to quit: Employees who do not feel adequately recognized are twice as likely to say they will leave their company in the next year. There are even larger consequences for outcomes short of quitting that reflect the energy the employee brings to work each day. Variation in the Fourth Element is responsible for 10- to 20-percent differences in productivity and revenue, and thousands of loyal customers to most large organizations.

In one large health care organization, a difference of 10 percentage points on the recognition statement represented an average difference of 11 percent on patients' evaluations of their experience. In one investment firm, the difference between half of its investment advisors feeling recognized and one-third feeling that way represented an 11 percent difference in revenue — millions of dollars in play.

A large, multi-company analysis puts the average benefit of such a shift in recognition at 6.5 percent greater productivity and 2 percent higher customer engagement, the latter being the most difficult and profitable metric to move, where each percentage point equates to hundreds of millions in sales for a Fortune 500 company.

These linkages hold true, regardless of the type of industry or culture. Some industries, such as manufacturing, and some countries, such as France, are even more prone to low recognition. Such generalities can be misleading if they obscure the fact that one can find managers who charge up their teams with praise in any country and in any industry. However, such managers are the exception. Because of its power, ridiculously low cost and rarity, the Fourth Element is one of the greatest lost opportunities in the business world today.

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This summary is a revised excerpt on this Q¹² element from *12: The Elements of Great Managing*.