

STUDY:

Best-in-Class Service Awards Programs

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Recently, BI WORLDWIDE conducted a Service Anniversary Benchmarking survey to 78 Fortune 1000 companies. We received feedback from 93% of those surveyed and have developed a "Service Anniversary Awards Customer Profile" from the data compiled.

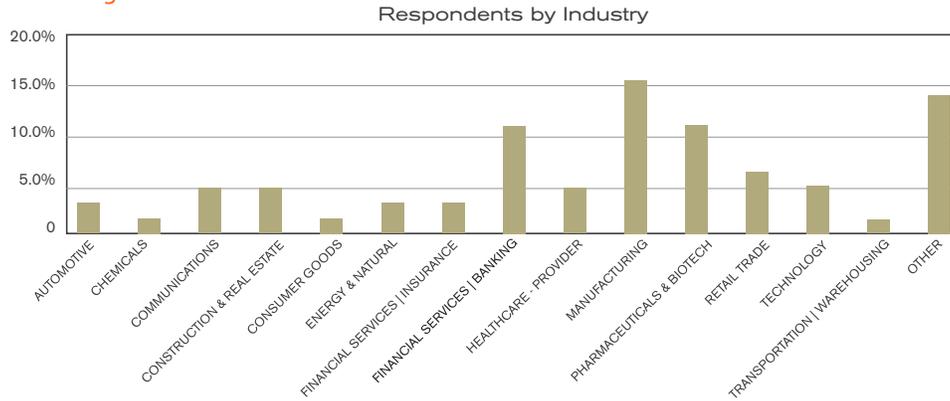
Summary:

BI WORLDWIDE is grateful to the respondents and the depth of information they shared. The benchmarking validated a number of observations we have made within the Service Anniversary Awards marketplace and also better defined some areas we were not as familiar with:

- ✓ The report substantiated that most organizations both value and recognize service with formal programs that offer a gift to the celebrant. Often, that gift is one that can be utilized outside of the workplace in a lifestyle environment. It is not uncommon for the gift to carry the corporate identity or the program logo, but that approach is becoming less pervasive within the gift selections available.
- ✓ Most companies offer an award every five years starting with the fifth anniversary, but increasingly, certain industries are recognizing employees at one and three years.
- ✓ Companies typically spend between \$15 and \$20 per year of service for the gift, but that can vary with some spending less and some spending more.
- ✓ The majority of programs feature leadership involvement, including dinner or lunch recognition events, banquets, or team events.
- ✓ Inclusion of a certificate, plaque or symbolic gift is also prevalent.
- ✓ For programs that offered gifts, the respondents with deep knowledge of the program metrics indicated an average of 85% response rate for the award redemption.



Survey Details:



Of Those Surveyed:

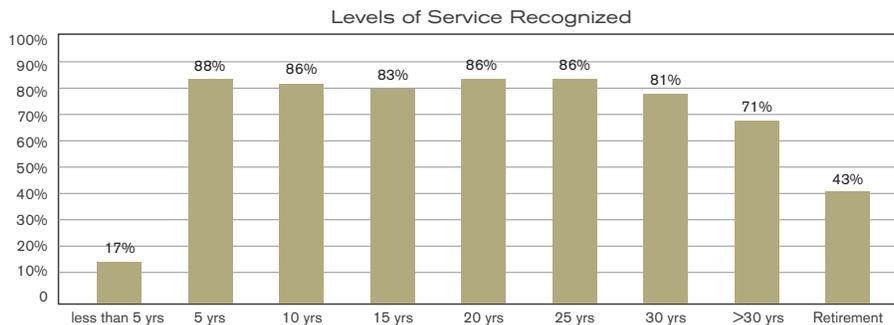
- ✓ 45% reported gross sales of \$2.5 billion or more
- ✓ 52% reported working at organizations with 10,000+ employees
- ✓ 75% of respondents were located in North America
- ✓ 72% of respondents were in Human Resources

Compliance:

- ✓ 72 out of 78 (92%) respondents stated that their organization has a program to recognize employee years of service.

Program Parameters:

- ✓ Employees are typically recognized every five years beginning with the fifth year of service. This is consistent with national average as a rule.



- ✓ Slightly less than 20% of respondents also recognize one and/or three years of service.
- ✓ Many programs also feature an element associated with retirement.
- ✓ 91% include award or gift.
- ✓ 90% include card, letter, or email communication.
- ✓ 71% include banquet, party, meal, mention at team meeting or some other celebration event.
- ✓ Communications (printed or electronic) are typically personalized with employee name or special message (reported by 93% of respondents).



Program Offering:

Popular award categories included:

- ✔ Lifestyle merchandise (45%+ of respondents said they gave these types of awards)
- ✔ Items that carry the corporate identity (20% said they gave these types of awards)
- ✔ Emblematic jewelry (20% said they gave these types of awards)
- ✔ Some respondents indicated they gave cash or gift cards as awards. However, both of these items fall outside of the tax protected status of the IRS guidelines and are considered compensation, not gifts. For more information on the benefit of using non-cash rewards to motivate employees visit BIWORLDWIDE.com/Resources.
- ✔ Employees typically have a choice of five or more lifestyle gift items. In some instances this number was much higher than five, but industry averages around 12-15 items per level, representing many award categories.
- ✔ Employee choices for logo gifts and emblematic awards vary by organization (sometimes less than five choices, sometimes more, and increasingly, no choices).
- ✔ 85% of respondents reported that members of the leadership team are allowed to participate in the program.

Program Participation and Performance:

One measure of the health of a program is the rate of redemption associated with the awards collection. It is derived by taking the number of employees who choose an award, divided by the number eligible to make a choice.

- ✔ 19% reported a 75%-90% redemption rate
- ✔ 41% did not know
- ✔ 28% reported a redemption rate higher than 90%
- ✔ 12% N/A (did not respond)

Budget Consideration:

Typical budgeting for awards averaged between \$15 and \$20 per year of service. Expenses for other elements such as communications, freight and sales tax fell outside of this budget.

Expenses per employee for celebration events (Banquets, lunch or dinner or recognition meetings):

- ✔ Respondents budgeted from less than \$10 per person to more than \$100 (party/banquet events typically fall in this range)
- ✔ \$10 - \$50 is typically spent for team meal/outing events
- ✔ Less than \$10 is typical for recognition at team/company meeting

Roughly 45% of respondent's programs featured a recognition plaque or certificate in addition to the anniversary gift. A typical price for an additional item would range from \$5 to \$50, depending on the item selected.



Conclusion:

Typical Customer Profile

Based on the results of this survey and our experience in the Service Anniversary Awards marketplace over the last 30 years, we have concluded a program of this nature for our typical customer would include the following elements:

- 1 Formal recognition for employees after the **first** and **third** years of service
- 2 Formal recognition for employees every five years beginning with the fifth year of service
- 3 Formal recognition for **retirement**
- 4 Formal recognition elements include:
 - An award or gift (lifestyle merchandise)
 - A personalized card, letter or email communication
 - An event (for example a banquet, party, meal or mention at a team meeting or other celebration event)
 - A certificate, plaque or symbolic gift
- 5 A budget of:
 - \$15-20 per years of service for the award or gift
 - \$10-100 for celebratory events
 - \$5-50 for a plaque or certificate
- 6 Leadership involvement throughout the program
- 7 Rate of redemption calculation to measure **program performance**

For more information:

For more information about service anniversary awards, employee engagement, motivating employees and employee recognition, visit biworldwide.com/resources.

If you have questions about this study or are interested in making a change to your service anniversary awards program, please contact us at info@biworldwide.com.



