


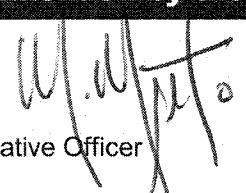
Request for Decision City Council





Type of Decision										
Meeting Date		December 12th, 2007			Report Date		December 7th, 2007			
Decision Requested			Yes	X	No	Priority		X	High	Low
		Direction Only				Type of Meeting		X	Open	Closed

Report Title
REWARDS AND RECOGNITION PROGRAM AT CGS

Budget Impact / Policy Implication	Recommendation
<p>This report has been reviewed by the Finance Division and the funding source has been identified.</p>	<p>In response to Council's request for more information, attached is the Trial Rewards and recognition Program previously approved by Council on November 14th, 2007.</p>
<p>X Background Attached</p>	<p>Recommendation Continued</p>

Recommended by the Department	Recommended by the C.A.O.
<p> Patrick Thomson Director of Human Resources and Organizational Development</p>	<p> Mark Mieto Chief Administrative Officer</p>

Report Prepared By	Division Review
 Shelley Carpenter Co-Ordinator of Compensation	 Patrick Thomson Director of Human Resources and Organizational Development

BACKGROUND

Under the leadership of Mayor John Rodriguez, the Senior Management Team (SMT) and the leaders of the City of Greater Sudbury's (CGS) five (5) Unions/Associations agreed to a series of meetings in 2007 under the banner "2007 - Year of the Employee" with the hopes of bringing forward initiatives aimed at improving workplace culture and the experience of our Employees at work. Both parties agreed that if these factors could be improved, service to citizens would inherently be improved (as Employees are the primary delivery agent of municipal services).

One of the prominent ideas that was promoted by all participants to this initiative was the need for some type of Rewards and Recognition system for CGS. The contents of this Report have been reviewed and endorsed by both CGS's SMT, and the leadership of all five (5) Unions/Associations representing eighty-six (86%) percent of all CGS's Employees.

WHY RECOGNIZE EMPLOYEES?

CGS recognizes that our Employees' experiences at work and attitudes towards work are the primary determinants of quality of service provided to citizens (hence the slogan: "Great Employees Delivering Great Service"). While CGS is working to provide an employment experience that will allow us to attract and retain a high caliber work force, little is in place to allow CGS to recognize exemplary Employee behaviours that are in line with our stated Vision, Mission and Values.

This situation is surprising given that studies find that lack of recognition on the job is the number one reason why Employees decide to leave their jobs.¹ A comprehensive study by Watson Wyatt Worldwide (WWW) surveyed 614 organizations employing 3.5 million workers found that dissatisfaction with pay ranked behind recognition as the top three (3) reasons why Employees leave their jobs.

¹ Sigel, Randy. (February 1999). Seven Steps To Keep Top Performers, *Public Relations Journal*.

WHAT IS EMPLOYEE RECOGNITION?

Employee recognition has been defined as "the practice of acknowledging Employees' contributions to an organization."² Although paying Employees more money is often thought of as the most effective form of recognition, studies have found that "nonfinancial incentives - especially those that promote feelings of achievement, ownership, and involvement - may be far more critical to retention."³

Recognition can cover a wide range of practices. It can be informal, such as a verbal thank you, or formal, such as awards or special events. The type of recognition provided will often vary from organization to organization and will depend on the action or behaviour being demonstrated.

Currently CGS has adopted a very ad hoc and elementary approach to Employee recognition, which only recognizes Employees for working safely (i.e. Safety Awards) and service (i.e. Quarter Century and Pensions Reception). Although these Programs are appropriate, more frequent formal and informal forms of recognition have the potential to improve Employees' experiences at work and attitudes towards work, and at the same time, assist CGS in meeting its organizational objectives, by shaping Employee behaviours towards our stated Vision, Mission and Values.

WHAT TYPE OF RECOGNITION PROGRAM IS BEST FOR CGS?

There are many models of Recognition Programs to choose from, however, one that appears to be achieving results is a highly comprehensive program recently implemented by The Regional Municipality of York (York). York's Program is based on the "carrot principle" which was developed by the O.C. Tanner Recognition Company.

York was recently named as one of the top 100 companies to work for in Canada and one of the top 50 companies to work for in the Greater Toronto Area by Mediacorp Canada Inc.⁴ The listing of "Canada's Top Employers" received national recognition when it appeared in Maclean's Magazine's October 16th, 2006 edition, and is scheduled to be prominently featured in the 2007 edition of the Canada's Top 100 Employers book to be released nationally this fall by Mediacorp publishing.⁵ The

² Gostick, Adrian and Elton, Chester. (2007). How The Best Managers Use Recognition To Engage Their People, Retain Talent And Accelerate Performance: The Carrot Principle. O.C. Tanner Company Free Press. New York, NY Page 9

³ Garger, Eileen M. (Autumn 1999). Holding On To High Performers: A Strategic Approach To Retention. *Compensation and Benefits Management*, 15, 4; ABI/INFORM Global Page 10

⁴ Mediacorp Canada Inc. is a Canadian publishing company who publishes annually a book titled "Canada's Top 100 Employers".

⁵ Mediacorp Canada Inc. (2007) "Canada's Top 100 Employers"

existence of York's Recognition Program is credited (at least partially) with these successes.

Given the very positive feedback and outcomes for York, (i.e.: a similar sized municipality to CGS operating in Ontario), it is recommended that CGS adopt a similar type of program, on a trial basis.

WHAT IS THE "CARROT PRINCIPLE"?

The carrot principle is about building a culture of recognition. It is about rewarding Employees for actions that support organizational goals.

The "carrot" label was adopted by O.C. Tanner as the traditional symbol of anything that "motivates" - something used to inspire and motivate an Employee - something desired. Many assume that money is the most effective "carrot", however, the carrot principle suggests that while pay must be competitive to attract and retain talented Employees, cash rewards are easily forgotten. Studies have shown that, "unlike money, symbolic recognition awards have the power to evoke real emotions."⁶

RECOGNITION TOOLBOX:

Currently, CGS has very few means of recognizing Employees for excellent citizen service/other achievements. As a result, inappropriate attempts are sometimes made to use non-recognition processes to reward individual Employee performance.

A Recognition Program can assist in reducing these inappropriate behaviours, and move all CGS Employees towards behaviours that support our purpose as a municipality. It could also provide co-workers and Management with an additional set of "tools", which can be used to recognize and reward co-workers for excellent citizen services, etc.

KEY ELEMENTS - EMPLOYEE RECOGNITION PROGRAM - REGIONAL MUNICIPALITY OF YORK:

1. Peer-to Peer and Manager-to-Employee Recognition Program

York's Program is a Peer to Peer and Manager-to-Employee Recognition Program. This means that peers and Managers/co-workers can recognize

⁶ Gostick, Adrian and Elton, Chester. (2001). Managing With Carrots: Using Recognition To Attract And Retain The Best People. O.C. Tanner Recognition Company. Gibbs-Smith, Salt Lake City Page 50.

Employees for outstanding actions/behaviours in the workplace. The Program is meant to encourage Employees to encourage one another through the spirit of peer to peer recognition.

2. **Corporate Values:**

Recognition is provided to Employees when they demonstrate outstanding actions/behaviours which are related to the organization's corporate core values or goals (e.g. integrity, improved customer service). Desirable actions/behaviours are communicated to Employees, and subsequently recognized, in order to achieve organizational objectives.

3. **Formal and Informal Recognition:**

Informal and formal recognition is provided based on specific criteria. Informal recognition is provided to Employees on the spot and is spontaneous, whereas formal recognition is funnelled through a nomination and approval process.

4. **Levels of Recognition:**

York's Program has five (5) different levels of formal recognition:

Level I - "True Blue Thanks".

Level II - "Scratch'n Win" Cards.

Level III - "Blue Ribbon" Awards.

Level IV - Nomination of Teams.

Level V - Endeavour Award.

If this proposal were approved by Council, a template of behaviour/service outcomes that reflect CGS's unique values would be developed, along with guidelines for levels of recognition that would be appropriate to both our workplace and in our community (e.g. could range from a simple Thank You card/token, through to a free parking pass for a month, to potentially a coupon for two (2) to dine out at a local restaurant).

HOW THE PROGRAM WORKS:

Corporate values and desirable actions/behaviours are communicated to employees (e.g. via the intranet, Bulletin Boards and Sectional Meetings). Nominations Forms are made available to all Employees along with a list of recognition/reward levels. Each Department has a champion who is chosen to help disseminate information and

promote the Program.

When an Employee witnesses desirable actions/behaviours or outcomes resulting from the work of another Employee, they nominate this individual by completing and submitting a Nomination Form. For lower levels of recognition, the feedback and recognition is nearly spontaneous without a lot of "red tape". For higher order recognition, the individual completing the Nomination Form is asked to explain what desirable action/behaviour/outcomes were demonstrated by the Nominee, grounding their example with specifics (i.e. who did/said what, when, where and how). Nomination Forms are sent to the Manager in the area who then recognizes the Employee based on the strength of the nominations received.

YORK'S START UP AND OPERATING COSTS FOR THE PROGRAM:

York devoted significant resources to the rollout and management of their Rewards and Recognition Program, purchasing all of the services offered by O.C. Tanner including:

- O.C. Tanner start up costs (includes consulting fees, building the program/software - queries, reports usability, design of website, linking rewards with core values, presentations/training for Managers and Employees)	\$ 43,000.00
- 1 Permanent FTE hired as Rewards and Recognition Facilitator (yearly basis - includes benefits)	\$ 80,000.00
- Ongoing maintenance costs (includes website updates, consulting firm maintains system, technical support).	\$ 6,000.00
- Recognition Budget - \$25.00 per FTE x 2,300 FTE's	\$ 60,000.00
Total	<u>\$189,000.00</u>

PROPOSAL FOR CGS - STARTUP AND OPERATING COSTS:

Recognizing that this Program must compete with other matters for scarce Municipal resources and is being recommended on a Trial basis only, it is proposed that we engage O.C. Tanner's motivational speaker group for the initial rollout of the Program, but use our GroupWise System, existing e-Links, and other existing resources to manage the administrative aspects of the Program during the Trial. Under this version, the estimated cost for the Program under a two (2) year Trial, is as follows:

- Introduction/Speaker from O.C. Tanner	\$ 10,000.00
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- Staff costs (0 FTE's managed on a decentralized basis)	\$	0.00
- Administrative Costs (GroupWise/interoffice mail used for Nomination Forms, e-Links, Bulletin Boards and champions used for promotion)	\$	0.00
- Recognition Budget - \$25.00 (recommended use same as York per capita) x 2,300 (estimated number of FTE's on payroll at any given time).	\$	<u>60,000.00</u>
		1st year - \$ 70,000.00
		2nd year - \$ <u>60,000.00</u>
Total		<u>\$130,000.00</u>

If the Program were approved by Council, oversight of Program administration would be housed in the Compensation Section of the Human Resources and Organizational Development Division. Allocation of the Recognition Budget would be done on a per capita basis in each Department/Division/Section and would be managed by the managerial staff in each area of CGS on a decentralized basis.

The listing of valued behaviours/services/outcomes, and the "menu" of appropriate levels of recognition (working within the above budget) could be developed by one of our standing Union/Management Standing Committees, or an ad hoc group, tasked to complete that objective within a specific time frame, as determined by the SMT.

FUNDING SOURCE AND FEEDBACK/EVALUATION OF THE TRIAL:

Sufficient monies exist in the Human Resources and Organizational Development Division's Human Resources Management Reserve Fund (which is earmarked for Employees), to fund this Trial under the above budget for a two (2) year period (\$130,000.00 over two (2) years).

At the conclusion of the two (2) year Trial, a Report will be brought back to Council outlining the learnings, successes, and difficulties experienced during the Trial, with a recommendation/options on next steps, based on our experience during the two (2) year period.

Our Unions have supported the trial, but also desire that similar 'tools' be added to our standing joint Continuous Improvement Program (CIP), to increase participation. Staff are examining how these 'tools' could be applied in a CIP context, and if changes can be recommended, they will come forward under separate cover.

SUMMARY OF YEAR OF THE EMPLOYEE OUTCOMES

Staff wishes to summarize for Council the outcomes of our joint efforts on the Year of the Employee:

1. Paramedical trials approved.
2. Ergonomic Assessments approved.
3. Compressed Work Week trials approved.
4. Twelve (12) permanencies with a commitment into 2008.
5. Rewards and Recognition Program trial approved.
6. Employee Survey approved.
7. Wellness Cards approved as an ongoing benefit.
8. Delegated approval of Wellness Program extension and Fitness programming supports to SMT.
9. Approval of extension of YMCA discounted memberships.
10. Approval of RFI to "For Profit" sector on fitness supports.

These outcomes are real, substantive, and demonstrate Council's belief that Employees are our prime Resource, driving positive outcomes for all CGS Citizens.