

O.C. TANNER RECOGNITION COMPANY



Volume 10 Number 3

# Accelerating Results

**avis budget group** Uses Recognition to Drive Value-based Performance

If you've ever rented a car online from Avis, chances are Rahul Sahi decided how much you should pay. Sahi typically works to move Avis Budget Group inventory on the Web, but when his manager asked for temporary assistance in taking over a new market, he didn't hesitate. For three months Sahi pulled double duty, working through lunches to manage his new market plus all of his existing responsibilities.

"I knew it would be a challenge for a few months, but they needed the help and I knew what had to be done," says Sahi.

And, at the end of it all, Sahi's extra effort and get-it-done attitude did not go unnoticed. Honored with Avis' highest performance recognition award, Living the Values, Sahi says recognition makes a big difference.

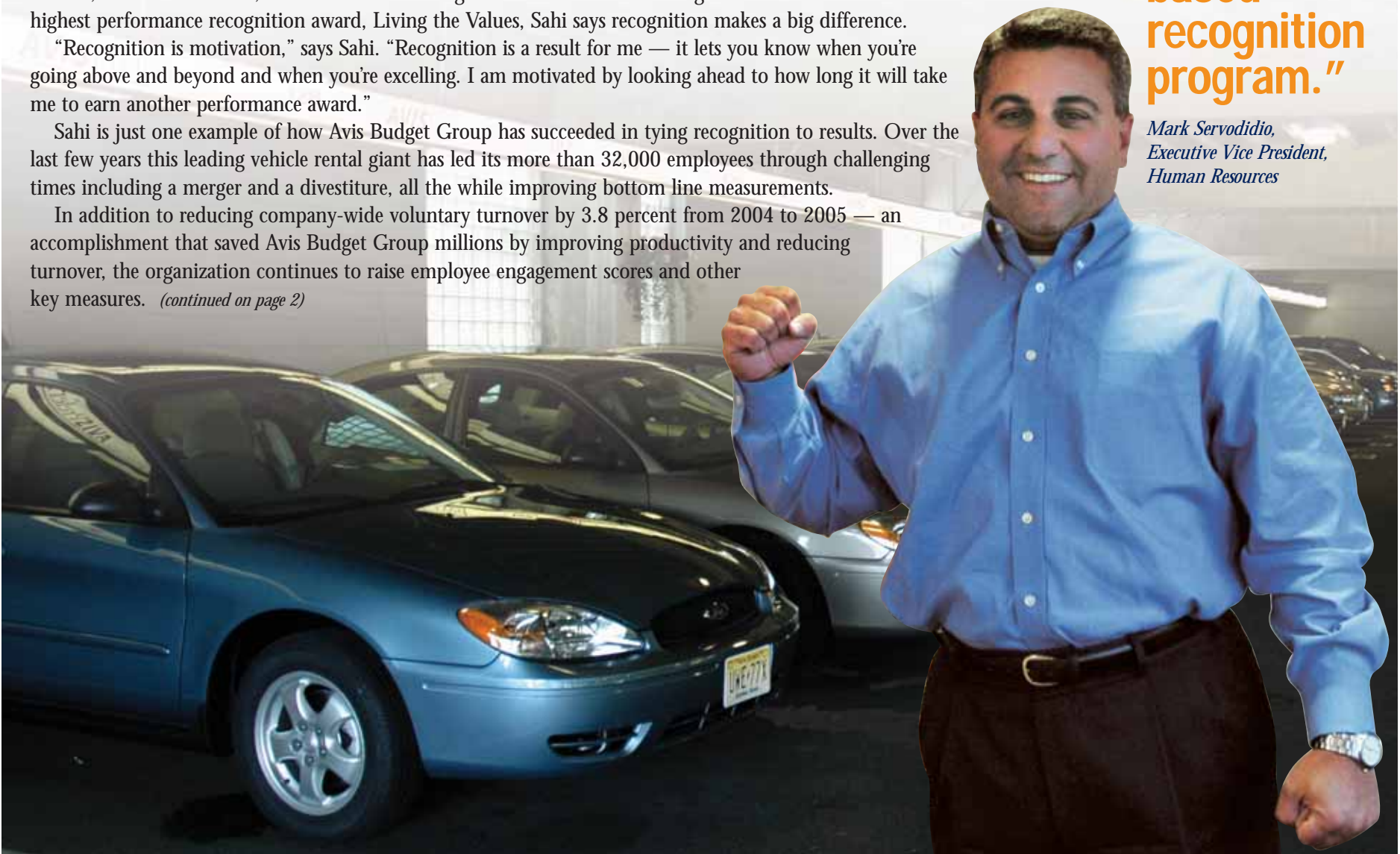
"Recognition is motivation," says Sahi. "Recognition is a result for me — it lets you know when you're going above and beyond and when you're excelling. I am motivated by looking ahead to how long it will take me to earn another performance award."

Sahi is just one example of how Avis Budget Group has succeeded in tying recognition to results. Over the last few years this leading vehicle rental giant has led its more than 32,000 employees through challenging times including a merger and a divestiture, all the while improving bottom line measurements.

In addition to reducing company-wide voluntary turnover by 3.8 percent from 2004 to 2005 — an accomplishment that saved Avis Budget Group millions by improving productivity and reducing turnover, the organization continues to raise employee engagement scores and other key measures. *(continued on page 2)*

**"The best strategic decision we made was making this a value-based recognition program."**

*Mark Servodidio,  
Executive Vice President,  
Human Resources*



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### RECOGNITION SNAPSHOT

#### TOP MOTIVATORS

A recent study of 235 managers reveals what they believe motivates employees most. The top employee motivation techniques listed in order of frequency used:

Motivator	Percentage of Managers Who Use It:
Employee Recognition	83.8 %
Gift Certificates	65.5 %
Special Events	63.4 %
Cash Rewards	59.1 %
Merchandise Incentives	57.0 %

Source: *The Awards Selection Study: Insights from Managers* from the Forum for People Performance Management and Measurement





#### ACCELERATING RESULTS *(continued from page 1)*

When you consider each point of turnover costs Avis Budget Group an average of \$3 million, the benefits of recognition and engagement to the bottom line become abundantly clear.

#### Ready for a Tune Up

As an organization, Avis Budget Group takes great stock in employee surveys. So years ago when employee surveys repeatedly told company leadership there was a lack of recognition of what people do well, leaders took notice.

"There were a lot of things we did well as a company," says Executive Vice President of Human Resources, Mark Servodidio. "But one of the recurring themes was that we needed to do a better job at recognizing people."

**"Our measurements and employee surveys show that recognition does matter... It's been enlightening to see how results-oriented recognition can be."** *Jane Falcone, Employee Loyalty Specialist*

So the company set out to do just that.

"We designed a recognition program based on the voice of the employee, connected it to the values of the company, and in 2002, we put the process online so it's very easy to nominate, approve and distribute awards," says Servodidio.

Since introducing the recognition program, Avis Budget has seen tremendous growth in program usage and success. Constant improvements include the move to a paperless program that increased formal performance program participation by more than 650 percent in just one year. Continual enhancements keep employees and managers coming back to the program, keeping year-over-year participation growth usually in the double digits. It's clear: Avis Budget Group employees and leaders have incorporated recognition as an important way to reinforce company values and objectives and recognize accomplishments.

#### A Smooth Ride

Program leaders say consciously making every effort to assure the recognition process is easy has contributed to its success.

"Taking the program online was essential to its survival," says Servodidio. "Keeping track of the paperwork and the forms before we were online was a nightmare. By the time the award was shipped, four weeks had gone by, and there was no impact. Going online has made it easier; it expedites and it lightens the load for HR."

Employee Loyalty Specialist Jane Falcone agrees.

"If the program wasn't web-based we'd still need three people just to manage it," says Falcone. "Now I can spend time focusing on surveys, analytics, measurements and the overall direction of the program. We most definitely could not have encouraged the program to grow the way it has if our processes weren't online."

Avis Budget Group program leaders worked with O.C. Tanner regional manager Kim Purcell to make the program simple to administer and use.

"O.C. Tanner is a can-do company," says Katy Corrado, the HR manager who oversees Avis Budget Group's program. "It's exciting when ideas can translate into actual program improvements or changes. It's a good partnership."

The Group's managers say the simplified online program makes the difference for them.

"Having access to a program like this makes my job easier," says Robert Calderone, district manager for Avis Rent A Car at Newark Liberty International Airport. "The program makes it very simple. I just go online, explain what was accom-

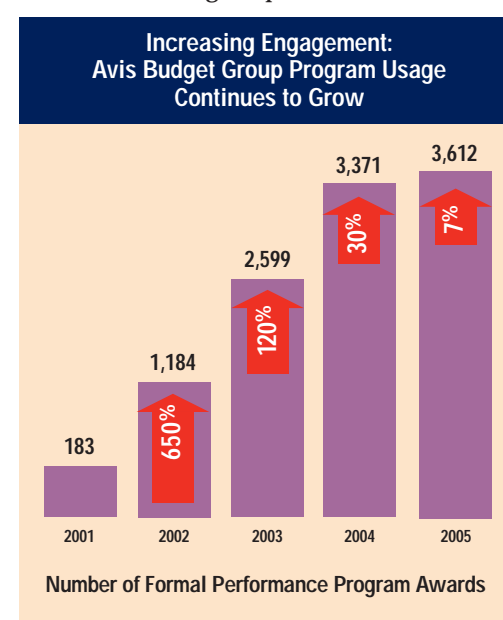
plished and how it relates to company goals. It's all very quick and easy.

"If the program were more complicated, we probably wouldn't use it as much," admits Calderone. "It's nice to have the program as an outlet; you don't have to go to the store and hope you choose an appropriate gift. With the program, you know the gift fits the accomplishment and it's incredibly easy to use."

#### Value-based Recognition

Beyond being easy to use, Avis Budget Group's recognition programs are designed to reinforce specific corporate goals. Using recognition as a tool, the Group focuses on attaining its goals and improving employee engagement scores by motivating employees like Sahi to feel more connected to the company and understand that they can make a difference.

"The best strategic decision we made was making this a value-based recognition program," says Servodidio. "The company's core values stay the same; these are the values that you want employees to carry with them. By basing the program on core values, it eliminates the flavor of the month feeling. The program is tied to something deeper, and that makes it better understood."



Avis has used recognition to help foster understanding during critical periods. In 2002, recognition served as a tool for helping to orient and ground employees of Budget Rent A Car following its acquisition.

Leaders explain that Budget went through a difficult history as a company. Following the acquisition, the company discovered that many Budget employees did not know the company's core values or what was expected of them.

"We held listening meetings to try to understand what mattered most to Budget employees," says Servodidio. "We then focused our

recognition efforts on those core values to really distill what we thought was important."

The result?

"We saw a marked change among Budget employees in terms of understanding what the company stands for and the awareness and importance of the organization's values," says Servodidio. "Now, there is definitely a sense that our Budget employees understand our vision and our expectations of them. And recognition has helped us reinforce that."

#### Driving Performance

Monica Knox, an airport manager at Avis Budget Group's Newark location and 27-year employee, understands firsthand the impact recognition has on employees.

"If we didn't treat employees the way we do, the turnover would be tremendous," says Knox. "There is no way to explain the longevity of our people other than Avis' actions as a company. The company recognizes what employees need and they deliver on it. Recognition is important because it's our employees that keep our customers coming back. Our people are willing to give a little more when the company walks the walk — and Avis Budget Group does that."

Fellow manager and seven-year Avis Budget Group employee Steve Durante agrees.

"Recognition is a good thing because we don't have nine-to-five jobs," says Durante. "We work more and stay late when the

*Left to right: Monica Knox, Airport Manager at Avis Budget Group's Newark location, Steve Durante, Manager and seven-year employee and Robert Calderone, District Manager for Avis Rent A Car, Newark International Airport*



customers need us. At the end of the day, when the company acknowledges that effort and recognizes it in a formal way, you feel a bigger sense of purpose, like we're here for a reason. And sometimes that's all you need to carry on and excel."

Avis Budget Group's recognition mix includes on-the-spot awards, formal performance awards and service awards. When you couple all that with manager

**TURNOVER**  
**3.8%**

**Decreasing Turnover:** Avis Budget Group succeeded in reducing voluntary turnover by 3.8 percent 2004-2005. When you consider each point of turnover costs Avis Budget Group an average of \$3 million, the benefits of recognition and engagement to the bottom line become abundantly clear.

training on the importance of verbal praise and creating a culture of recognition, you become the type of organization that the Gallup Organization says is most likely to cultivate engaged employees.

"Recognition sustains the culture," says Corrado. "It helps reinforce the service mentality and operation-driven philosophy. Recognition is an individualized engagement effort."

According to Gallup, employees are most likely to be engaged when they receive recognition or praise every seven days. And Avis Budget Group managers agree the frequency of recognition is important when it comes to keeping employees motivated.

"We have reviews every year, but between reviews you can struggle to find a way to let employees know they're doing a good job and you appreciate them," says Alyssa Andersen, manager of regional pricing. "The recognition program provides a way for us to keep recognition top of mind. It's good to recognize employees in front of their peers so everyone knows what kind of individual we're looking for and what actions are important to the company."

### Realizing Results

In addition to saving the company millions by reducing turnover, Avis Budget Group leaders expect employees' heightened levels of engagement to result in greater productivity, better customer service and, ultimately, more loyal customers.

"It's been enlightening to see how results-oriented recognition can be. It's something I didn't fully understand before I came into this position," says Falcone. "Our measurements and employee surveys show that recognition does matter. Avis Budget Group is working to truly understand recognition and loyalty

and make it work for the employees."

Recent feedback lets company leaders know their efforts are paying off. In 2005, employee surveys reported that 97 percent of Avis Budget Group employees who receive recognition say they feel like "part of the company." An equal number also agree the recognition program "reinforces company values."

"Of course, these are good indicators for us," says Servodidio. "The correlation between turnover and engagement drivers is clear. Recognition is critical to driving employee engagement as is relationship with manager, training and development, fair pay, and being valued. Recognition helps tie all of these things together." ▼



Jane Falcone,  
Employee Loyalty  
Specialist and Katy  
Corrado, HR  
Manager

## Introducing: The Carrot Principle

*Best-selling authors Gostick and Elton present a groundbreaking 200,000-person study that reveals the undeniable link between effective recognition and superior business results*

Hiring people is one thing, but truly engaging them — that's the difference between companies that leap from ordinary to extraordinary. So how do you foster engagement and move your company from average to elite? In the latest installment of the Carrot series by Gostick and Elton, *The Carrot Principle*, the authors reveal the results of a breakthrough study of 200,000 people over 10 years that proves a definitive link between managers who recognize employees and dramatically greater business results.

Addressing corporate America's greatest uncalculated expense, disengagement, Gostick and Elton show how the transformative power of purpose-based recognition produces astonishing increases in operating results — whether measured by return on equity, return on assets, or operating margin. The authors say that for organizations that do recognition right, it's bit like discovering gold in your backyard. Employee recognition, long considered a benefit that costs money, can actually be a management tool that makes money.

But it's not the type of recognition many managers are using. Instead, *The Carrot Principle* presents a new paradigm: Applying employee recognition techniques within a context of goal setting, open communication, trust and accountability — what they call the Basic Four — accelerates the impact of all of these critical management skills. In other words, employee recognition boosts your proficiency as a manager. Using case studies from world-renowned businesses and their leaders, Gostick and Elton demonstrate what *The Carrot Principle* can do for you as a leader:

- **Increase profitability and customer service levels**

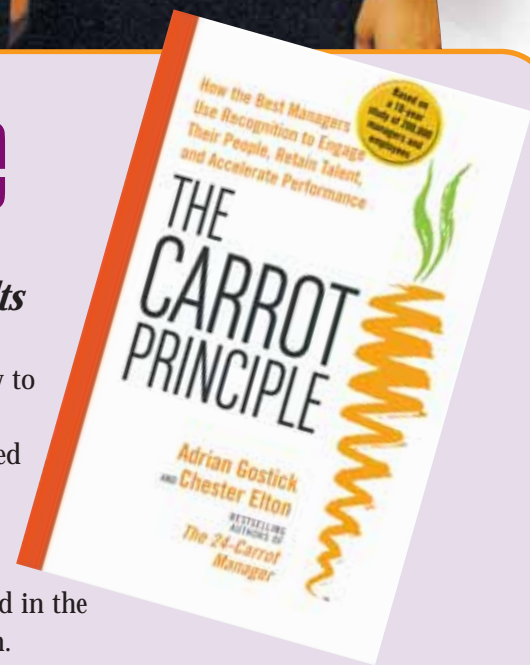
Every way they cut the data, from every single angle, empirical evidence from The Jackson Organization's 200,000-person study demonstrated a direct link between employee recognition and financial indicators. Return on equity and return on assets were an amazing three times higher in

organizations with an effective way to recognize employee excellence. In addition, the teams and offices rated most highly by employees in response to, "My manager does a good job of recognizing employee contributions," also typically placed in the top scores for customer satisfaction.

- **Heighten employee engagement and satisfaction**

The Jackson Organization's research showed employees who feel recognized demonstrate greater innovation and creativity, take more personal responsibility, demonstrate a greater desire to contribute to the success of the company, and have a stronger emotional bond to the organization and its goals. In short, recognized employees are willing to do more to help the company succeed, including lead, innovate and serve customers.

Whether you're already one of the Carrot faithful or an enlightened manager planting your first crop, don't miss the latest in the Gostick/Elton Carrot series, *The Carrot Principle*, scheduled to hit bookstore shelves in January 2007. ▼





# O.C. TANNER RECOGNITION COMPANY

## AWARD SPOTLIGHT

# Ho! Ho! No...

## What to do when office gift giving sneaks up on you

Are you starting your holiday shopping a bit late? Looking for that perfect one-size-fits-all gift that still shows you care? No need to rush all over town. Instead, give the gift of choice with festive holiday gift cards from Thanks™

Thanks™ gift cards are nifty tools that make holiday gift giving fun. A gift card from Thanks™ shows your thoughtful appreciation in a way that makes co-workers feel valued. Each card features a funky snowman design that will put merry all over the face of even your biggest bah humbug.

Whether you need to thank individuals or teams, employees, clients or vendors, Thanks™ does the job. It's not too late. No one will know it's a last minute gift, but you.

Spread the merry. Scatter joy. Give Thanks.™

See more at [thanks.com](http://thanks.com)



ON THE COVER:  
Dunlop LoCo Hybrid Golf Clubs  
Man's Burberry Watch

### As a manager, do I really need to recognize my employees during the holidays?

First, realize you must do something. Managers who try to carry on as if the holidays aren't happening can do real harm to employee loyalty.

Start simple: Get more mileage from the company's holiday gift or your modest holiday purchase by personally delivering the items to your employees. Spend a little time with each person and express sincere gratitude for specific contributions.

Excerpt from *A Carrot a Day* by Adrian Gostick and Chester Elton. Learn more at [carrots.com](http://carrots.com)

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