

Guide

Employee Recognition Software 5-Step Buyer's Guide

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Introduction

At Qarrot, we speak to companies of all sizes, literally—from less than 10 employees to over 10,000—every day about Employee Recognition Software.

It's our business after all.

And whether we're speaking to the CEO of a smaller company or the HR Director of a larger, multinational organization, the same questions come up.

With that in mind, we've put together this 5-Step Buyer's Guide.

Our goal is to highlight the main purchasing considerations (based on our experience) to help prospective buyers like you find the best solution for your program's needs.

Plus, we know you don't have time to waste. So this guide is fanatically concise and to the point. For that reason, we focus on what we believe are the most important criteria.

Let's get started!

Step 1

Detail your objectives

Why?

Unless you have clearly described your program objectives, you have very little to go on when evaluating potential software alternatives.

And by “clearly describe”, we mean just that—we recommend documenting your program objectives and describing the intended benefits you want to achieve.

Common objectives include:

- Improving employee morale
- Increasing employee engagement
- Improving employee communication and collaboration
- Strengthening company culture
- Living the company's core values
- Increasing productivity
- Improving sales performance
- Improving employee health and wellness

And here are some common benefits:

- Higher productivity
- Higher revenues
- Improved customer service
- Lower turnover (or higher employee retention)
- Improved health and wellbeing (though, these should be related to productivity, retention, etc.)

- Higher on-time attendance
- Lower rate of accidents (for manufacturing environments)

We often advise customers to think of their benefits and program objectives as follows:

Benefits

Benefits ultimately boil down to the hard numbers you need to achieve in order to produce a return on your program investment. As such, benefits are either measured in terms of increased revenues or lower costs.

Program objectives

Program objectives are the actions, behaviors, and attitudes you need to increase or decrease in order to produce the intended benefits.

Step 2

Plan your budget

Why?

We debated whether budget planning should be step two or step five or not on the list... The counter-argument is that many buyers simply don't know how to budget for their program until they've spoken with vendors.

But, we would argue that there are enough resources online—our [Guide to Launching Your First Employee Recognition Program](#) being one—to give you a fairly quick idea of how much you should plan to spend per employee per year.

Budget planning should mostly be focused on the **cost of rewards**. This is the expense associated with the merchandise, gift cards, travel, and other perks you intend to purchase as rewards for your employees through your program.

The more performance-related your objectives, the higher the spend per employee—at least, generally. Having an initial budget figure prepared will help you have more productive discussions with vendors—some of whom qualify prospects based on their potential spend on rewards.

Step 3

Identify the features you want

Why?

To clarify, we're not suggesting you become an Employee Recognition Software expert before you begin speaking with vendors. But with your objectives outlined, you can begin to familiarize yourself with the features best suited to the target actions, attitudes, and behaviors of your program.

And there are many!

Some of the most common features, and what they're suited for, include:

Manager-to-employee recognition

Facilitates spot recognition by managers when employees demonstrate a target action, attitude, or behavior.

BEST SUITED FOR:

- Morale
- Productivity

Employee-to-employee recognition

Enables employees to recognize their coworkers (often called "peer-to-peer recognition").

BEST SUITED FOR:

- Workplace culture
- Morale

Goal-based awards

Allows program administrators and managers to create goals for employees or employee groups and to reward them for their achievement.

BEST SUITED FOR:

- Productivity
- Sales performance

- Customer service
- Health and wellness

Anniversary awards

Enables program administrators to easily award employees for their years of service.

BEST SUITED FOR:

- Morale

Birthday awards

Enables program administrators to easily recognize and celebrate employee birthdays.

BEST SUITED FOR:

- Morale

Social feed

Displays employee recognitions in a social 'news feed' style, making your program highly transparent to all participants.

BEST SUITED FOR:

- Employee engagement
- Morale
- Communication and collaboration

Points system

Provides a "currency" that your employees earn with each recognition or award. Usually, points can be redeemed for rewards also available through software.

Badges or hashtags

Provides a way for managers or employees to identify and show the reason they're recognizing someone.

Rewards

A digital catalog of gift cards and/or merchandise. Rewards can include travel and experiences as well.

Custom branding

The ability to update the software with your company logo and brand colors.

Data and reporting

Capabilities vary here, but many software applications offer the ability to view high-level program activity, trending themes, and to pull more detailed reports.

Some speciality features include:

Pulse survey

Pulse survey has the ability to gauge employee sentiment on a regular basis.

Communication and planning tools

Tools such as being able to publish announcements to your employee or visualize upcoming company events on a calendar.

Perks

Perks such as discounts at major retail brands.

Reward customization

The ability to add your own custom rewards to your employee's reward catalog.

Internationalization and localization

The ability to run your recognition program in multiple languages and tailor your rewards catalog for different countries.

Mobile experience

An experience optimized for mobile devices and operating systems.

Wellness-based award

The ability to track wellness metrics to encourage a healthy life balance.

Step 4

Understand vendor pricing models

Why?






It's never a bad idea to understand how vendors may charge for their products and services before starting discussions.

With employee recognition software, you can expect to encounter the following pricing models:

Setup fees

Charged upon the initiation of your agreement with the vendor, these fees cover any expected efforts on the part of the vendor to set up your software/program.




THESE FEES MAY INCLUDE:

-  Software setup
-  Onboarding
-  Brand customization
-  Software training
-  Provision of training or reference materials

Not all vendors charge set-up fees. It's worth noting this when speaking with vendors, since many software products enable you to launch your program without a big effort.

Subscription fees

Most employee recognition software vendors charge a subscription fee for the ongoing use of their software. While a monthly fee per employee is the most common approach, you may come across the following models:

-  Fee per employee per month, based on the software plan selected
-  Flat fee per month, based on the software plan selected
-  Flat fee per year, based on the software plan selected

Reward fulfillment fees

One of the most variable components of employee recognition vendor pricing is rewards. This is because some vendors are primarily focused on generating revenue from software subscriptions, while others focus more on the margin from the rewards (e.g. merchandise) they ship through your program.

Even where gift cards or their digital equivalents are offered, you may encounter some form of markup or fulfillment fee.

Another variant is to sell the rewards points to you upfront with a markup. This means that you commit to a certain expense even before you know how many points will be earned by your participating employees.

Again, some vendors do not charge heavy markups or require you to pre-purchase points—in particular, if they are providing digital gift cards as rewards.

Customization fees

As with all software, if you require customization beyond the configurations normally provided, expect to pay a little extra.

Customization is usually charged on a time and materials basis. However, you may also be required to pay a higher ongoing subscription fee as the vendor will have to apply additional resources to ensure your customizations function smoothly over the long run.

Step 5

Consider your integration requirements

Why?

If you're a non-technical person, like so many business software buyers, you may be wondering why you need to consider integrations.

In short, integrations facilitate the movement of information from systems you already use to your employee recognition software (or vice versa).

Here are the most common types of integrations:

Human Resource Information System (HRIS)

If your company uses an HRIS as the central repository for employee record management, then you may want employee recognition software that has a preexisting integration with your system.

An HRIS integration should perform the following functions:

- Automatically import employee records into your employee recognition software
- Remove or deactivate employees that have left the organization

That said, with the sheer number of HR systems on the market today, not all vendors will have an integration with the system you use.

Thankfully, most employee recognition software provides alternatives for ways to import and manage your employee records.

Identity Management Systems and Single Sign-On

An Identity Management System integration allows your employees to use their usernames and passwords from a system your company uses as their authentication credentials for the employee recognition software.

This may include Microsoft Office 365, Microsoft Active Directory, Google, and more.

Related to this is Single Sign-On (SSO). With SSO, your employees are automatically logged into the employee recognition software when they login to their desktop. These basically make it easier for employees to login, removing an extra step from their use of the software.

Again, not all employee recognition vendors offer this type of integration.

And many organizations do not require it, but it can be a consideration for some.

Communication applications

You mean like email? Well, sometimes. But more often, companies prefer software that is integrated with applications like Slack, Microsoft Teams, or Yammer.

These integrations most commonly work by allowing your employees to use major features—like sending a recognition to a coworker—from within the communication app.

The goal of this type of integration is to make employee recognition in an application your employees already use. This can improve overall engagement with your program.

However, most employee recognition software platforms are quite rich in features and these integrations don't always provide the full richness of the experience—though some come close!

CRM systems

If your program is focused on rewarding employees for meeting specific performance objectives, then a CRM integration may be helpful. For example, integrations with Salesforce and other major CRM systems would allow your employee recognition program to automatically payout rewards for meeting sales targets (or other similar goals).

A smaller number of employee recognition vendors offer this type of integration, but it's something to consider if performance is at the heart of your program.

Regardless, some software solutions allow you to create goals and import employee results data without a CRM. So don't be afraid to ask this option either!

Conclusion

As with buying any business software, the features and vendor you choose should respond best to your needs and objectives.

Accordingly, it's worth taking the time to detail your organization's goals and objectives for your recognition program before speaking with vendors.

Not only will this upfront investment point you in the right direction, but it'll help you better sift through the many vendors and software features now available on the market.

Plus, having clearly-defined objectives better positions you to budget for your program and evaluate the prospective ROI. This benefits both you and the vendors you'll be speaking with, as pricing varies considerably and it's always an advantage going into discussions having a more realistic understanding of how much you're prepared to spend.

With that in mind, happy buying!

If you enjoyed this guide or have any questions, we'd like to hear from you!

Write us at info@qarrotperformance.com