



## Inspired Incentives

### Prize vs. Praise – The Difference Between Incentive and Recognition Programs

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How is an incentive program different from a recognition program? It's a distinction that often gets overlooked. While both types of programs reward employee behavior, they do so by triggering very different motivational cues, are geared towards different types of people, and are best suited for different situations. Below, we've constructed a brief breakdown of the differences between the two program types:

#### Incentive Programs:

**Motivational Cue = Competitiveness:** The impetus for your typical incentive program is competition, whereby the sales instinct is cultivated and harnessed to promote growth among a specific group of results-driven individuals.

**Who's it for?:** Unsurprisingly, these programs are geared toward a particular type of person, one who is unafraid of failure and is fueled by visceral success—the ideal salesperson.

**When it works:** Incentive programs are thus generally suited for achieving short-term sales goals, targets or deadlines, due to the fact that in most cases the pressure amplifies the competitive nature of this type of person. The reward, or prize factor, will often be sufficient to motivate the participants of such programs.

#### Recognition Programs:

**Motivational Cue = Acknowledgement & Approval:** A recognition program, on the other hand, is designed as a concrete or quantitative form of praise-giving, a symbolic “pat on the back” that also carries some sought-after substance.

**Who's it for?:** It functions as a means to reinforce companywide values, and is thus constructed with a broader range of participants in mind, typically those who, because of the nature of their job or position, are generally unaccustomed to receiving praise.

**When it works:** Recognition programs are a way for management to reward employees for reaching specific goals or producing high quality results in the workplace. A recognition program is meant to encourage repeat actions by reinforcing the action that you'd like to see repeated. Most recognition programs reward people for long-term (usually annual) results. This type of program also works well during periods of uncertainty when the company is faced with a culture crisis, such as the transition time after a big merger or in the midst of unfavorable cutbacks. It not only reestablishes the underlying principles of the company, but it also reminds employees of their value and serves as an acknowledgement of that value from the top-down.

Both incentive programs and recognition programs have their respective places in any performance improvement strategy. But in order to figure out where each fits, it's important to understand how each functions. While one type of program seeks to **pull** performance up through the concept of a **prize**, the other seeks to **push** performance up through the use of **praise**. This subtle distinction can only be capitalized on when the situational factors driving them—motivational triggers, participant makeup, timing—are properly understood. At TIMBR, we're here to help you find the Incentive Program that's right for you.